

CONSOLIDATED ANNUAL REPORT

beginning of financial year: 01.01.2023

end of the financial year: 31.12.2023

business name: Advokaadibüroo Sorainen OÜ

register code: 10876331

postal address: Harju maakond, Tallinn, Kesklinna linnaosa,
Rotermanni tn 6

postal code: 10111

telephone: +372 6400900

fax: +372 6400901

e-mail address: estonia@sorainen.com

web address: www.sorainen.com

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Consolidated annual report of Advokaadibüroo Sorainen OÜ

for the economic year ended
on 31 December 2023

SORAINEN

sorainen.com

Management Report

Diverse team, one purpose
We are an international business law firm working as one integrated team towards a single goal: helping clients succeed in business.



Baltic Law Firm
of the Year 2023

Awarded by
Chambers & Partners

15 000+ clients, one approach

We combine our legal skills with business knowledge to be a strong partner for local and international businesses.

ECONOMIC IMPACT OF 2023

Most likely, Sorainen Estonia achieved the best possible outcome for 2023, although we had set higher hopes and goals for the year. Unfortunately, the Estonian economy continued to decline in 2023, and overall business activity remained lower than expected. Faster growth in real estate law and dispute resolution fields somewhat offset the stagnation of the M&A and financial services market. Nevertheless, the growth was insufficient to compensate for the overall increase in labour costs, resulting in lower-than-planned revenue growth and profits.

Despite the economic challenges, we consider the year strategically successful. Our strategy focuses on providing excellent client service, developing and empowering our team, and implementing new technologies to support our clients and team members. We made significant progress in these areas in 2023.

Our clients receive top-tier services in the market. We maintained our high point score from the previous year in the Prospera client satisfaction survey, and although we narrowly missed the top spot, we secured second place overall. Most importantly, clients rated our lawyers' legal expertise as the highest in the market—Sorainen led 9 out of 14 evaluated legal fields. Ultimately, our dedication to legal advisory competence remains at the core of our service.

Our employees continue to view us as a reliable employer. Despite the economic challenges, we maintained competitive salaries and continued investing in our team through training and professional development programs. Our internship program also continued, and we welcomed new colleagues onboard. We are another year closer to the perfect Sorainen Dream Team.



Kaupo Lepasepp, country managing partner of Sorainen Estonia

Technology integration into our legal services has always been integral to Sorainen's DNA, and 2023 was particularly eventful. The explosive development of generative AI brought a wave of excitement. Although many practical uses of AI are still in the realm of imagination, it is no longer possible to ignore AI, even in the conservative world of legal services. Sorainen has established a task force to find practical applications for AI, allowing us to create and experiment with various innovative tools.

Overall, 2023 was a challenging but exciting year that pushed us to focus on strategically essential developments. You can read more about these initiatives below.

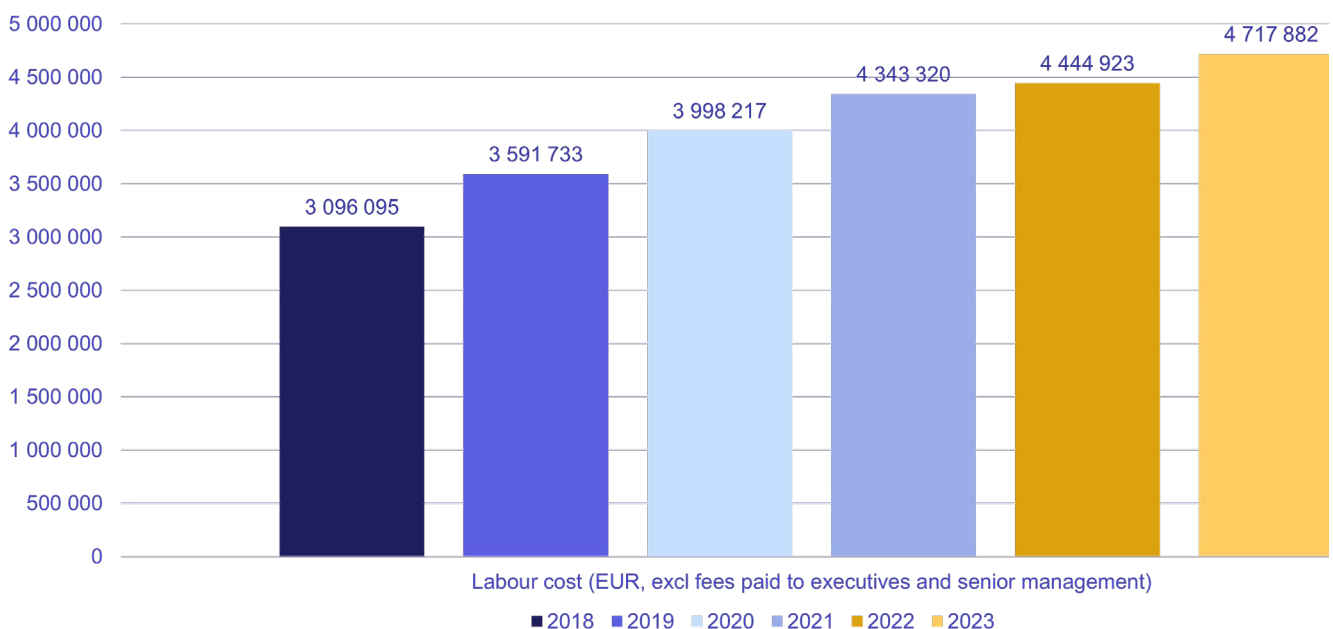
ACHIEVEMENTS RELATED TO THE MANAGEMENT OF OUR ORGANISATION

• **Sorainen ranks first in the “Best legal competence” category among top-tier Baltic law firms, according to the annual Baltic Kantar Prospera Tier 1 Law Firm Review.** Sorainen placed first in 9 out of 14 legal competence categories to earn this ranking, including dispute resolution, government relations, real estate and energy services, competition and EU law, employment, tax and corporate advisory law. Additionally, clients highly valued our lawyers’ availability and excellent service, good personal contacts with the lawyers, and our culture of operating as a unified regional firm. The Sorainen brand also remains the most well-known among law firms in Estonia.

• **We are one of the biggest employers in the legal market in Estonia.** The average number of employees in the firm has grown organically since its foundation in 1995, reaching 85 employees in 2023. For several years, we have been among the legal sector’s biggest

employers and payers of state taxes. In 2023, the firm paid EUR 4,606,685 in social, income and value-added tax. Our labour cost reached EUR 4,717,882.

• **The Estonian Ministry of Defence recognised our contribution to the security of our country.** For the first time in 2023, 50 Estonian companies and organisations received this recognition. The purpose of the award is to highlight the employers that not only support our national security by exempting reserve soldiers from their work duties but also consciously support them. We fully support our employees’ participation in national defence by continuing to pay their salaries and providing additional leave for two weeks per year for the members of the Defence League, the Women’s Voluntary Defence Organization and reservist training participants. National defence topics are closely related to our firm’s identity, both in internal and public communication, as well as in the activities of our management.

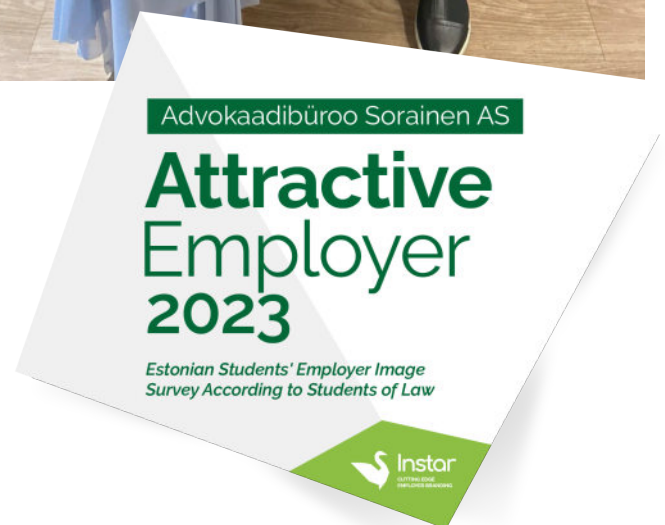




Partner Maria Pihlak

- **Maria Pihlak, head of the firm's International Arbitration sub-practice in Estonia, was promoted to partner.** Maria helps clients solve highly complex and resource-heavy disputes before arbitral tribunals in Estonia and abroad. Clients have resorted to her expertise and assistance in international disputes, whose total value in 2022 alone amounted to EUR 56 million. For several years, she has been among a few selected arbitration experts in Estonia recommended by the Who's Who Legal: Arbitration list featuring market-leading arbitrators, counsel, and expert witnesses.

- **Our firm is among the most attractive employers in the legal sector.** Law students chose Sorainen as the most attractive private-sector employer in the legal field. 6,000 respondents took part in the survey conducted by the Instar employer branding agency in 2023, of which 2,647 were students.





The Estonian Ministry of Defence recognised our contribution to the security of our country

- **Our firm received nominations for The Financial Time Innovative Lawyers Awards Europe 2023, including the “Most Innovative Law Firm in Europe” and the “Innovative Lawyers in Technology” awards.** Sorainen was the only law firm from the Baltic and Nordic regions ranked among 50 of the most innovative European law firms, placing 29th. We received the nomination for pioneering innovative legal solutions and applying innovation in developing and training our people and in social responsibility.
- **Sorainen was named Baltic Law Firm of the Year at the Chambers Europe Awards 2023.** The award recognises our law firm’s pre-eminence in key regional jurisdictions, outstanding work, impressive strategic growth, and excellence in client service.

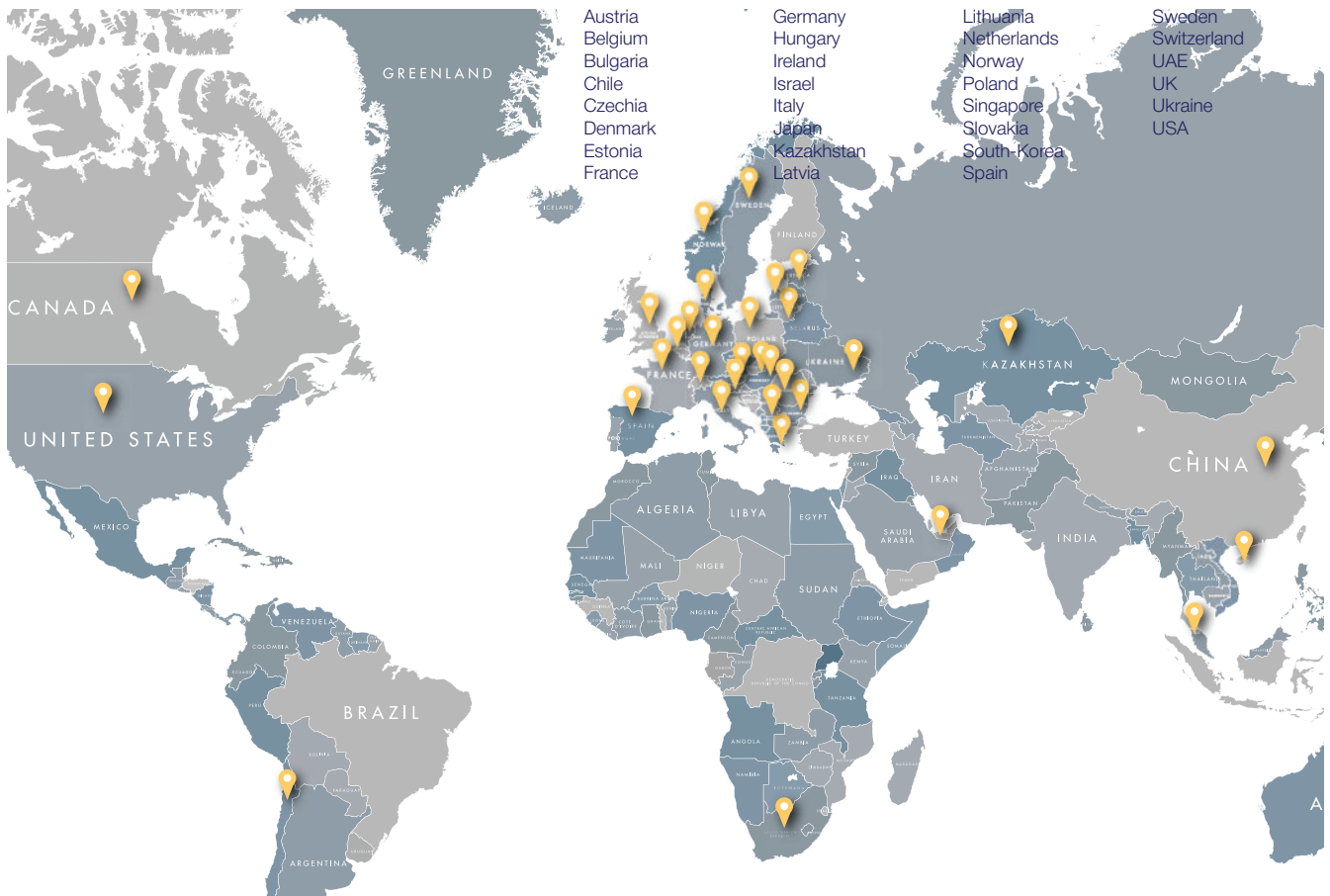
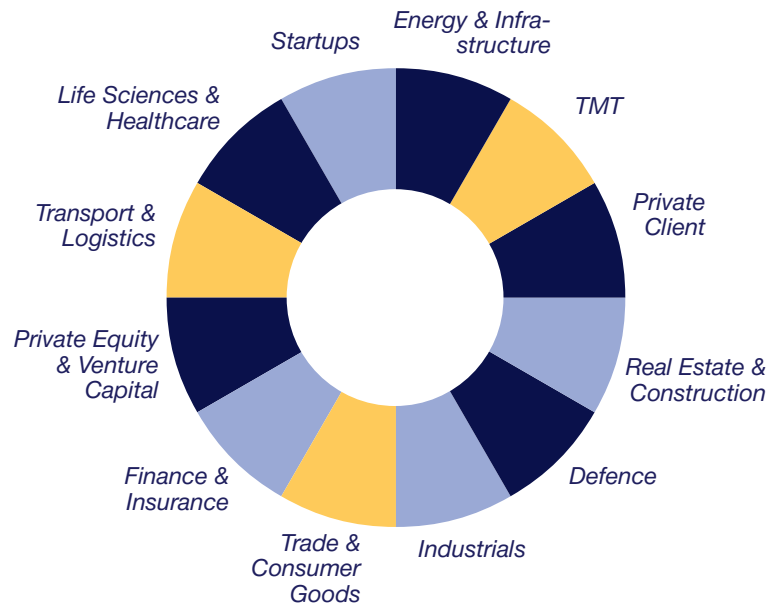


Karin Madisson at the Pärnu Leadership Conference

OUR CLIENTS AND SERVICES

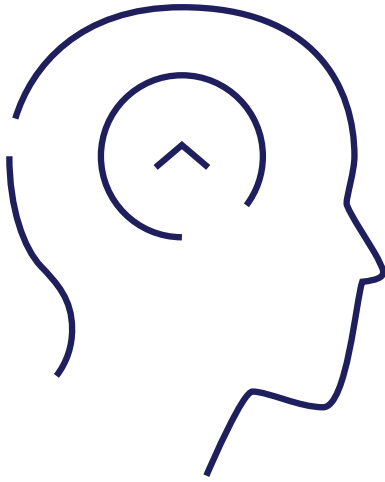
Business-minded legal advice. Our lawyers specialise in legal fields and business sectors to gain in-depth knowledge of our clients' businesses. In 2023, considering economic trends, we put a special focus on developing expertise and services in the energy and infrastructure, life sciences and healthcare, private clients, and defence sectors.

Sorainen's legal and tax advisors work on cross-border projects daily as a single team in all Baltic countries. Through our global cooperation network, we can assure clients have access to high-quality legal assistance worldwide in large-scale international projects.



SOME NOTABLE TRANSACTIONS AND CASES WE ADVISED ON IN 2023

- We advised the Estonian Ministry of Climate on the possibility of introducing nuclear energy to Estonia.
- We advised Deutsche Bank on a EUR 600 million syndicated loan agreement with Eesti Energia, the largest energy company in Estonia.
- We successfully represented Saaremaa Laevakompanii, an Estonian-based shipping company, in a dispute over the recovery of a compromise agreement of over EUR 60 million.
- We advised AstraZeneca, a global research-based biopharmaceutical company, regarding its participation in a novel public-private partnership to improve the lung cancer patient pathway and implementation of the national cancer control plan.
- We advised Škoda on signing a cooperation agreement with Elron, a government-owned passenger train operator in Estonia, for the construction of 10 additional electric trains. As a result of the contract, Elron's train fleet will increase by more than 40% by 2027.
- We successfully represented Lux Express and several other Estonian bus operators in their dispute with the Estonian state. The Estonian state is required to compensate bus operators for free rides.
- We advised Northern Horizon Capital, an independent real asset manager pursuing healthcare and other specialized real estate investment strategies in Northern Europe, on issuing EUR 42 million of Baltic Horizon Fund corporate bonds to refinance outstanding bonds.
- We advised Sunly, an independent power producer, on raising EUR 30 million from the European Bank for Reconstruction and Development (EBRD).
- We represented Elisa, Estonia's leading telecommunications services provider, in a public procurement dispute with Estonian Railways regarding the terms of a public tender announced by the latter. The parties reached an agreement, essentially a compromise, a rare occurrence in public procurement.
- We advised Energiasalv, an energy storage solutions company, on acquiring EUR 11 million in additional financing for its EU Project of Common Interest (PCI project), the "Zero Terrain Paldiski" Pumped Hydro Energy Storage (PHS) plant in Estonia.
- We advised Nova Post, a Ukrainian company, on opening its Estonian branch and obtaining a postal license.
- We helped the Estonian art association Kanvas.ai, which offers technical solutions for artists, collectors, and galleries, open its Web3 platform Nft.kanvas.ai.



OUR INNOVATION

Certified IT security. Our IT security has been certified with the ISO/IEC 27001 standard since 2021.

Legal technology solutions. We continue to implement various legal technology solutions, including Green Meadow Document Drafter, Definitely, Foxit, xLaw, Nuix, Visio, and Grammarly. These tools help to enhance our efficiency and productivity in various legal processes and tasks.

Green Meadow Document Drafter. We have continued to improve our lawyers' work efficiency by automating document templates. In collaboration with ExtendLaw, we developed a new feature that automatically integrates board member data into documents.

TiqTime. We have integrated TiqTime into our workflows, significantly improving time tracking and management. TiqTime is a top-tier time-tracking software designed to simplify the process of recording billable hours and optimise resource allocation within the organisation.

AI team. We established the AI@Sorainen working group, comprising assistant lawyers

and business services representatives. This team's focus is to promote AI training programs, develop tailored solutions with external service providers, and draft a strategy for future developments in the field.

Artificial intelligence. We updated our licensing policy and tightened confidentiality requirements, enabling the adoption of state-of-the-art AI tools from leading technology providers while maintaining stringent confidentiality standards. We prototype new AI tools with these new tools and build intelligent, automated solutions using various automation tools.

Document management system iManage. We completed the transition to the latest version of our document management system. This upgrade represents a strategic investment to enhance our document management capabilities and ensure our organisation's highest security and compliance standards.

Sorainen spin-off technology company. Crespect, our spin-off technology company developing comprehensive work management software for law firms, received innovative product development support and closed its first investment round.

OUR PEOPLE

In 2023, 15 employees joined Sorainen Estonia.

In addition to legal staff, our office has a support team of 30 members.

Lawyers who joined in 2023:



Aivar Kamal
Finance and Insurance



Iris Rebane
Dispute Resolution and
Risk Management



Moon Lökk
Dispute Resolution and Risk
Management



Liisa Kähr
Real Estate and Construction



Robin Sarapuu
Finance and Insurance



Nele Otsalt
Real Estate and Construction



Our partner Paul Künnap celebrated 25 years with Sorainen

Our celebrations and achievements

In 2023, the firm celebrated its 28th anniversary.

5 Years: 11 employees reached this milestone (27 colleagues have worked at Sorainen Estonia for 5-10 years).

10 Years: 4 employees reached this milestone (10 colleagues have worked with us for 10-15 years).

15 Years: 3 employees reached this milestone (12 colleagues have worked with us for 15-20 years).

25 Years: 1 employee reached this milestone (5 colleagues have worked with us for over 25 years).

The average employee tenure at Sorainen Estonia is 6 years and 1 month, and the average age is 34 years.

In 2023, 14 of our lawyers successfully passed their bar examination.



Robin Teever, Piret Jesse, and Mirell Prosa celebrated their work anniversaries



Fresh members of the Estonian Bar Association: Katariina Kuum, Kadri Puu, and Krista Ševerev



OUR WORK ENVIRONMENT

We furnished our Tartu HUB – remote workspaces in the college town, to provide employees who live or study in Tartu with a flexible workplace and for colleagues living and studying in Tallinn an option for a change of scenery. The cosy space has IT solutions and other necessary workstations, a meeting room, a kitchen, and a comfortable gathering area.

We offer flexible work arrangements and relations. Many people start working for us while studying at university and remain with us for decades. We offer our people the opportunity to gain external work experience by allowing them to work on a project basis with our clients in Estonia and abroad or through secondments to international law firms. We also offer flexibility in other ways – everyone can choose their work location and form. Younger colleagues can assist lawyers on the side while studying at university, and lawyers who wish to work part-time can choose their own workload.

We support continuous development. Individuals are increasingly seeking to further their education at local or international universities. We support this by offering part-time work opportunities and supporting people's desire to develop and learn. We have developed iKnow, our e-learning platform, which provides learning materials for external and internal training with various topics and formats. We have created individual learning pathways for our staff. Our people regularly participate in training

courses in Estonia and abroad to build professional competence.

We ensure equal pay and career opportunities. Our career model and salary system apply equally to everyone. Everyone has equal opportunities for salary growth and career advancement based on each individual's contribution and results. The career ladder and employee remuneration system are reasonable and depend on objective indicators known to employees. Managers regularly hold development discussions with employees to give and receive feedback and advice to guide their development.

We are proud of our people and their achievements. We celebrate various work-related and personal milestones office-wide, such as passing the bar exam, work anniversaries, promotions, graduations, etc. We organise events for employees and their families: New Year's party, Valentine's Day, Shrove Tuesday, International Women's Day, family hiking day, theatre evening, art exhibition openings in our office, children's Christmas event, and Sorainen's cosy Christmas evening.

We cherish and recognise our people. In 2023, the Sorainen Estonian office also held an internal selection of the best of the year. We accepted nominations in seven categories and recognised the best ones at our festive New Year's party.



Family Day

Mentoring. We strive to make newcomers and those returning to work after longer periods of leave feel welcome when they (re)join us, which is why we have set up a mentoring programme. In 2023, there were 28 mentoring pairs in Sorainen Estonia.

Wellbeing and satisfaction. In addition to the annual satisfaction and motivation survey, we held the second Sorainen Opinion Festival in the autumn of 2023. We asked our people how to achieve a more productive and even better work environment. Our flexible working arrangements and equal treatment still received the highest ratings. We support those participating in athletic challenges to balance mental and physical effort. For several years, we have participated in the Women's Run, and together, we tested ourselves on various distances within the Tallinn Marathon.

Summer days and team events.

All Sorainen employees across the Baltics come together every two years for regional summer days. In 2023, summer days did not take place. Instead, we had regional team events, where teams could choose when and in which country to meet and how to spend their time together. The regional team meetings have received positive feedback from our people, as they strengthen our relationships, and we get to know each other better outside of everyday work life.



Recognition of the Best of the Year



Women's Run



Sorainen Student Academy

OUR CONTRIBUTION TO YOUTH DEVELOPMENT

We recruit talented young people to the office during their studies, which helps them get to know our work culture and the expectations for future lawyers early on. Students can gain experience in various legal fields, allowing them to choose the focus closest to their hearts for building their careers.

From summer intern to employee. In 2023, 66 young people applied for our summer internship. We selected 17 young people for summer internships, 5 of whom are now working permanently at Sorainen. We also involved interns in the business services sector for the first time.

Job shadowing. We offer job shadowing throughout the school year to students from Grade 9 onwards. In 2023, we welcomed 9 job shadowers to our firm.

Sorainen brings together young people working and interning through the Sorainen ThinkTank, allowing them to organise their work on their terms. Working students lead the ThinkTank, thereby getting the opportunity to develop valuable leadership skills early on.

Sorainen Student Academy consistently supports the development of young law students. From October to April, Sorainen lawyers lecture law students, introducing their field of work and discussing interesting cases. This process helps students understand how to apply the knowledge gained at university in real-life scenarios and what the daily life of a lawyer involves, enabling them to make more informed career choices after graduation. In 2023, 22 law students graduated from the Estonian Student Academy programme, with 10 continuing as trainees in the Estonian office and 4 being offered permanent positions at



The University of Tartu recognised our partner Carri Ginter with a medal for his long-term significant contribution to the university's development

the company. In the autumn of 2023, we also began the new 12th season, which saw applications from 194 students across the region, including 65 in Estonia. The Sorainen Student Academy 2023—2024 season started in October with 23 curious young participants. Young people's continued interest in participating in the Academy confirms that it is a necessary and valued program.

We also contribute to the development of law students more broadly through various scholarships, grants, and other forms of collaboration. Our good partners include:

- Estonian Young Lawyers Association
- Estonian Law Students' Association
- ELSA (European Law Students' Association) Estonia
- Estonian Law Students' Union
- Estonian Moot Court Society

- Salzburg International Summer School
- Willem C. Vis International Commercial Arbitration Moot
- Youth For Understanding

Many Sorainen employees mentor students' bachelor's, master's, and doctoral theses, give lectures at universities and vocational schools, and assist international students in international studies.

The University of Tartu recognised our partner and associate professor of European Law, Carri Ginter, with a medal for his significant long-term contribution to the university's development. Carri's service at the university dates back to 2003, and he has been named Lecturer of the Year twice by his students. He is the founding father of the Sorainen ThinkTank – a team uniting law students working in the firm – and the Sorainen Student Academy program.

OUR LECTURERS

UNIVERSITY OF TARTU



Carri Ginter



*Gerli Helene
Gritsenko*



Heidi Rand



Kadri Härginen



Kaido Künnapas



Lee Raudsepp



Liisa-Maria Puur



Lise-Lotte Lääne



Marcus Niin



Mihkel Miidla

TALLINN UNIVERSITY



Raul Kartsep



Sandra Mikli



*Steven
Andrekson*



Kaido Künnapas



Norman Aas

TALTECH

TTK UNIVERSITY OF APPLIED SCIENCES



Sandra Mikli



Isabel Kärtner



*Liisa Maria
Kuuskmaa*

TALLINN SCHOOL OF ECONOMICS



Verner Silm



Oliver Kuusk

PALLAS UNIVER- SITY OF APPLIED SCIENCES



Business breakfasts

OUR FREE LEGAL ADVICE

• **As part of the Shared Mission program, we provide EUR 100,000 worth of free legal assistance every year.** In 2023, we selected 17 innovative and sustainable energy projects, alongside our pro bono work focused on Ukraine, to receive free legal and tax advice from Sorainen through the Shared Mission program. The Shared Mission program started in 2020 when we aimed to contribute to the region's faster recovery from the health and economic crises caused by the COVID-19 pandemic. We decided to offer free legal assis-

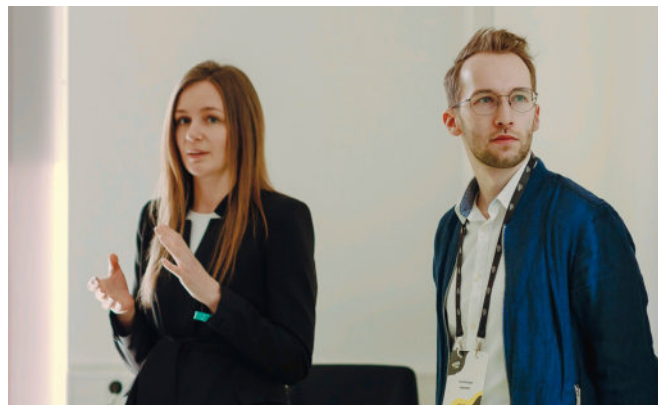
tance to valuable initiatives. After a successful inaugural year, Shared Mission became part of our sustainability strategy and evolved into an annual project.

• **Our Public Procurement and Public Projects team created the “Public Procurement Academy” series of video lectures,** which benefit law students, procurement specialists, and entrepreneurs. In 2023, the Sorainen Public Procurement Academy released 14 new lectures.



Our lawyers Gerli Helene Gritsenko and Mario Sõrm at the recording of the Public Procurement Academy video lectures.

• **We helped Startup Estonia create a free sample package of legal documents to simplify the lives of aspiring entrepreneurs and startups.** The package includes 25 essential contracts and documents that entrepreneurs and startup founders most commonly need initially. We also provided startups with free personalised advice in the free legal aid clinic “Legal Clinic for Startups: Start Up Smart” consultation sessions. We have been supporters and partners of the business festival sTARTUp Day for years.



Our lawyers Olivia Kranich, Oliver Kuusk, and Mirell Prosa presenting at the sTARTUpDay festival.





Kaupo Lepasepp, Reigo Ahven, Marian Moldau, and Oliver Ämarik at the recording of the Sorainen Frequency podcast

OUR OPINION LEADERS AND CONTRIBUTION TO LEGISLATION

We initiate discussions. Many of our lawyers are opinion leaders and spokespersons in their fields. We speak to the media to stand up for our values and give our input on improving the legal and economic environment. On our monthly podcast, Sorainen sagedus (in English: Sorainen Frequency), we hold discussions on the topics of the day, such as intellectual property in business, climate change related legislation, hate speech and whistleblower laws, community involvement in large projects, business opportunities for Estonian companies in Ukraine, and Estonia's ranking in tax system ratings, to name a few.

Our assistant lawyers and senior associates have spoken in the media on topical subjects such as the transition to Estonian-language education, Estonia's political culture, imposing an additional tax on banks, the legality of background checks in employee recruitment, the use of surveillance devices in employment relationships, creating a misleading greenwashing image of a company, using ideas seen in AI-created or well-known works and copyright,

and the development of climate legislation.

We contribute to entrepreneur-friendly legislation. Sorainen lawyers fight for a legal environment that is entrepreneur-friendly and less bureaucratic and contribute to designing laws:

- We contributed to the development of legislation regulating hate speech (Carri Ginter).
- We provided feedback on the draft amendment to the Competition Act, which would allow the application of group exemption regulations valid under European Union law in the context of domestic competition law (instead of creating separate domestic regulations), and on the draft amendment to the Competition Act, which transposes the ECN+ Directive into Estonian law (Piibe Lehtsaar as part of the Bar Association's Competition Law Committee).
- We assisted the University of Tartu draft the long-term personalised medicine program for the Estonian state (Lise-Lotte Lääne, Jaanika Alevi, Kärt Saar).
- We analysed the Weapons Act and submitted proposals for its improvement (Aku

Sorainen, Kaupo Lepasepp, Mario Sörm, Stenver Pärn, Henry Heinleht).

- We analysed and submitted amendment proposals for the draft Law on the Organization of Research, Development, and Innovation. We participated in a meeting of the Parliament of Estonia's Cultural Affairs Committee (Carri Ginter, Albert Linntam).
- We analysed the draft Whistleblower Protection Act (Albert Linntam).
- We participated in the Ministry of Justice's roundtable on the development of whistleblower legislation (Karin Madisson).
- We participated in a brainstorming session organised by the Chairman of the Parliament of Estonia to overcome legislative obstruction (Allar Jõks).
- We participated in discussions on the development of climate legislation (Karin Madisson).
- We contributed to the drafting of a bill related to derivative and repo transactions in

collaboration with the Ministry of Finance and the EBRD (Jane Eespõld, Kätlin Krisak, Kaido Künnapas, Krista Ševrev).

- We helped to establish the legal framework for creating a nuclear regulator in Estonia (Sandra Mikli).
- We contributed to developing a legal framework for financing social infrastructure (Sandra Mikli, Britta Pärk, Liisa Kähr).
- We conducted a business analysis for the new legal framework of the Building Register to facilitate the adoption of data-driven solutions (Sandra Mikli, Elina Mizerova, Cathriin Torop).
- We analysed the process of administrative procedures in Estonia at the request of the Ministry of Economic Affairs and Communications and submitted proposals for improving these procedures (Paul Künnap, Britta Retel, Kaspar Endrikson, Sandra Mikli, Anu Liinsoo, Andra Grünberg).



Our partner Allar Jõks speaking at a Sorainen business breakfast



Kadri Härginen, head of our public procurement team, at the recording of the Sorainen Frequency podcast

We actively participate in the work of the Estonian Bar Association:

Allar Jõks member of the Fundamental Rights Committee

Karin Madisson member of the Commercial Law Committee

Kätlin Krisak member of the Finance Committee

Maria Pihlak member of the Ethics and Methodology Committee

Mihkel Miidla member of the IP and IT Law Committee

Piibe Lehtsaar member of the Competition Law Committee

Pirkko-Liis Harkmaa member of the Employment Law Committee

Piret Jesse chairman of the Commercial Law Committee

Triin Toom member of the board



Client event at the Niguliste Church-Museum, organised in partnership with the Art Museum of Estonia

OUR CHARITY WORK AND CONTRIBUTION TO CULTURE

- **Christmas joy for foster children.** For years, we have been working with the NGO Naerata Ometi to give Christmas presents to children in need.

- **Contributing to the “Donate Time” project.** Sorainen has long allowed each employee to take one day off work for charity volunteering. Due to the outbreak of war and our people’s desire to help Ukraine, we increased the number of volunteering days to three a year.

- **Cooperation partner of the Business and Professional Women Organisation**

Estonia (EENA). We support EENA and participate actively in its work.

- **Supporting Ukraine.** Sorainen donated funds to the charitable foundation “Tryzub” to support Ukraine by purchasing an ambulance and other vehicles.

- **Supporting culture.** We have a long-term partnership with the Art Museum of Estonia, the Estonian Artists’ Union, the Estonian Composers Union and the Cultural Partnership Foundation. Our partner Toomas Prangli is a member of the supervisory board of the Estonian National Symphony Orchestra.



Our ESG leader, Elina Mizerova, and practice group coordinator, Getter Orav with the Green Office certification.

OUR ENVIRONMENTALLY FRIENDLY ACTIVITIES

- **We published our sustainability report for the second consecutive year.** The 2023 report provides an overview of Sorainen's sustainability initiatives in Latvia, Lithuania, and Estonia, along with environmental, social, and governance (ESG) risks, impacts, and opportunities. During the reporting period, our primary focus was measuring and promoting environmental sustainability. For example, we calculated our ecological footprint and actively worked on incorporating the Environmental Management System under ISO 14001.
- **The Legal 500 Global Green Guide, a prestigious legal publication, recognises our ESG achievements in all Baltic countries.** The recognition is awarded based on the firm's efforts and legal work in the ESG field.
- As part of the ISO 14001 certification process, **we developed an office-wide Environmental Management System guideline.** The guideline includes the environmental aspects and impacts of our activities, objectives, and indicators.
- Our Tallinn office's commitment and efforts in environmental sustainability were recognised with the **European Green Office certification.**
- We actively contribute to **organisations promoting corporate social responsibility**, such as Rohetiiger (Green Tiger) and VEF (Responsible Business Forum Estonia).



STRUCTURE AND DIVIDEND POLICY OF THE REGIONAL GROUP

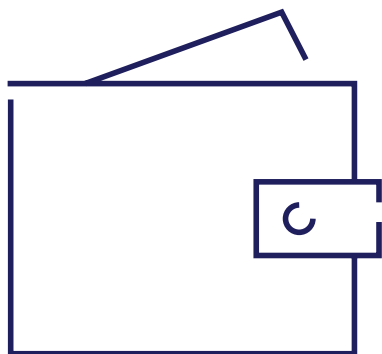
In 2023, the legal form of Advokaadibüroo SORAINEN AS (public limited company) was transformed into Advokaadibüroo Sorainen OÜ (private limited company) to simplify the management structure.

As of 31 December 2023, 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: 100%)
- Crespect OÜ (registered in Estonia, ownership: 100%)
- Crespect Investors Syndicate OÜ (registered in Estonia, ownership: 100%)

UAB SLOV SERVICES, SIA SLOR, and ASLO Konsultatsioonid OÜ specialise in rental and administration services. Crespect OÜ's main area of activity is developing and marketing cloud-based software for the daily management and operation of mid-sized international law firms. SLOH OY has no active business activity. IOOO SORAINEN i Partnery provides legal services in Belarus.

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's results for the year that ended, its liquidity position, and its shareholders' decisions.



KEY FINANCIAL INDICATORS OF ADVOKAADIBÜROO SORAINEN OÜ (PARENT COMPANY)

Key non-consolidated financial results of the parent company Advokaadibüroo Sorainen OÜ in the current financial year, as compared to the 2022 results:

	Growth (%)	2023	2022
Sales revenue	3,4%	15 063 617	14 561 961
Operating profit (EBIT)	-9,0 %	5 295 776	5 823 089
Debt ratio (total liabilities/assets)	-3,2 %	15,9%	19,1%
Liquidity ratio (total current assets/total current liabilities)	19,1 %	5,6	4,7

Labour cost and number of personnel of Advokaadibüroo Sorainen OÜ:

	2023	2022
Labour cost (in EUR, excl. fees paid to executive and senior management)	4 717 882	4 444 923
Average number of personnel (excl. executive and senior management)	85	82

At the time of the preparation of the annual report, the Management Board of the parent company had 14 members.

The Group's sales revenue increased by 1.1% compared to 2022 (2023: EUR 20,374,808; 2022: EUR 20,147,063). The operating profit of the Group decreased by 32.60% (2023: EUR 4,311,704; 2022: EUR 6,398,126).

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

In 2024, the Company plans to continue its core activities.

The annual accounts

Consolidated statement of financial position

(In Euros)

	31.12.2023	31.12.2022	Note
Assets			
Current assets			
Cash and cash equivalents	4 844 305	5 713 651	2
Financial investments	10 000	10 000	
Receivables and prepayments	6 543 379	6 019 291	3
Total current assets	11 397 684	11 742 942	
Non-current assets			
Receivables and prepayments	94 968	81 657	3
Property, plant and equipment	1 235 098	1 519 703	6
Intangible assets	1 247 815	668 469	7
Total non-current assets	2 577 881	2 269 829	
Total assets	13 975 565	14 012 771	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	1 298 207	0	9
Payables and prepayments	2 542 815	2 461 755	8
Provisions	0	52 612	
Total current liabilities	3 841 022	2 514 367	
Non-current liabilities			
Provisions	556	55 824	
Total non-current liabilities	556	55 824	
Total liabilities	3 841 578	2 570 191	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	25 358	25 358	10
Statutory reserve capital	2 556	2 556	
Unrealised exchange rate	44 503	-43 946	
Retained earnings (loss)	6 368 467	5 943 069	
Annual period profit (loss)	3 693 103	5 515 543	
Total equity held by shareholders and partners in parent company	10 133 987	11 442 580	
Total equity	10 133 987	11 442 580	
Total liabilities and equity	13 975 565	14 012 771	

Consolidated income statement

(In Euros)

	2023	2022	Note
Revenue	20 374 808	20 147 063	11
Other income	230 106	46 883	13
Work performed by entity and capitalised	54 594	14 053	
Raw materials and consumables used	-1 722 681	-2 110 526	14
Other operating expense	-4 408 564	-3 490 220	15
Employee expense	-9 450 284	-7 632 284	17
Depreciation and impairment loss (reversal)	-724 618	-529 853	6,7
Other expense	-41 657	-46 990	
Operating profit (loss)	4 311 704	6 398 126	
Interest income	69 699	4 004	
Interest expenses	-71 152	-5 527	
Other financial income and expense	280 936	34 270	18
Profit (loss) before tax	4 591 187	6 430 873	
Income tax expense	-898 084	-915 330	19
Annual period profit (loss)	3 693 103	5 515 543	
Profit (loss) from shareholders and partners in parent company	3 693 103	5 473 501	
Profit (loss) from minority interests	0	42 042	

Consolidated statement of comprehensive income

(In Euros)

	2023	2022
Annual period profit (loss)	3 693 103	5 515 543
Other comprehensive income (expense):		
Effect on unrealised exchange rate changes	52 688	-43 741
Total other comprehensive income (expense)	52 688	-43 741
Annual period comprehensive income (expense)	3 745 791	5 471 802
Comprehensive profit (loss) from shareholders and partners in parent company	3 745 791	5 429 760
Comprehensive profit (loss) from minority interests	0	42 042

Consolidated statement of cash flows

(In Euros)

	2023	2022	Note
Cash flows from operating activities			
Operating profit (loss)	4 311 704	6 398 126	
Adjustments			
Depreciation and impairment loss (reversal)	724 618	529 852	6,7
Other adjustments	-90 668	298 132	
Total adjustments	633 950	827 984	
Changes in receivables and prepayments related to operating activities	-395 185	-1 392 373	
Changes in payables and prepayments related to operating activities	-461 525	352 152	
Interest paid	0	4 579	
Total cash flows from operating activities	4 088 944	6 190 468	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-927 943	-727 719	6,7
Other cash payments to acquire subsidiaries	0	-179 930	
Other cash payments to acquire other financial investments	0	-15 000	
Other cash receipts from sales of other financial investments	0	12 500	
Loans given	-8 500	-10 505	
Repayments of loans given	10 455	1 650	
Interest received	57 301	0	
Other cash outflows from investing activities	0	-173 712	
Total cash flows from investing activities	-868 687	-1 092 716	
Cash flows from financing activities			
Loans received	1 298 207	0	9
Repayments of loans received	0	-172 556	
Interest paid	0	-20 302	
Dividends paid	-4 535 780	-4 084 261	
Income tax refund (paid)	-852 030	-915 330	
Total cash flows from financing activities	-4 089 603	-5 192 449	
Total cash flows	-869 346	-94 697	
Cash and cash equivalents at beginning of period	5 713 651	5 808 348	2
Change in cash and cash equivalents	-869 346	-94 697	
Cash and cash equivalents at end of period	4 844 305	5 713 651	2

Consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company					Minority interests	Total
	Issued capital	Statutory reserve capital	Unrealised exchange rate	Retained earnings (loss)			
	31.12.2021	25 358	2 556	-1 816	10 131 267		
Annual period profit (loss)	0	0	-43 741	5 473 501	42 042	5 471 802	
Changes through other contributions of owners	0	0	0	-61 895	-367 929	-429 824	
Declared dividends	0	0	0	-4 084 261	0	-4 084 261	
Other changes in equity	0	0	1 611	0	0	1 611	
31.12.2022	25 358	2 556	-43 946	11 458 612	0	11 442 580	
Annual period profit (loss)	0	0	52 688	3 693 103	0	3 745 791	
Declared dividends	0	0	0	-4 720 000	0	-4 720 000	
Other changes in equity	0	0	35 761	-370 145	0	-334 384	
31.12.2023	25 358	2 556	44 503	10 061 570		10 133 987	

Notes

Note 1 Accounting policies

General information

The financial statements have been prepared under Estonian financial reporting standards. Estonian financial reporting standard is internationally accepted accounting and reporting principles-based accounting, whose basic requirements are established by the Estonian Accounting Act and supplemented by the guidelines issued by the Accounting Standards Board.

The financial statements have been prepared under the historical cost convention, except for the cases which are described in the accounting policies below.

The financial statements are prepared in euros.

The 2023 consolidated financial statements reflect the financial indicators of Advokaadibüroo SORAINEN OÜ (the parent company) and its subsidiaries ASLO Konsultatsioonid OÜ, SLOH OY, UAB SLOV Services, SIA SLOR, IOOO SORAINEN i Partnery, Crespect OÜ and Crespect Investors Syndicate OÜ. Percentages of holdings in subsidiaries and areas of activities are discussed in more detail in the management report.

The main accounting policies used in preparing these financial statements are set out below.

Changes in accounting policies or presentation of information

Additional item name	31.12.2022	Change	31.12.2022
Accounts receivable	6 100 948	-81 657	6 019 291
Long term accounts receivable	0	81 657	81 657
Retained earnings (loss)	5 775 988	167 081	5 943 069
Annual period profit (loss)	5 682 624	-167 081	5 515 543
Profit (loss) from subsidiaries	167 081	-167 081	0

Preparation of consolidated statements

The consolidated financial statements address the parent company and subsidiaries as a single economic entity. Financial indicators of parent companies and subsidiaries (items in the balance sheet, income statement and cash flow statements, as well as financial indicators published in notes and other sections of the report) are aggregated on a line-by-line basis (revenues and expenses of the subsidiary arising before the acquisition date and cash flows are not included in the consolidated income statement and cash flow statement). All intra-group receivables and liabilities, transactions between group entities and unrealized gains and losses are eliminated. If necessary, accounting policies of subsidiaries are adjusted so that they comply with the Group's accounting policies.

Subsidiaries are entities controlled by the parent company. Control is presumed when the parent company owns more than 50% of the voting rights in the subsidiary or the parent company is otherwise able to control the financial and operating policies of the subsidiary. The subsidiary of the company is recognized in the Group report since the acquisition of control until it is assigned.

Group entities use the currency of the primary economic environment - euro (EUR) in Estonia, Latvia, Lithuania and Finland, and ruble (BYN) in Belarus. In the consolidated annual financial statements the currency of presentation is the euro. All financial statements and the notes are presented in euros.

Assets and liabilities of subsidiaries located in foreign countries are converted into euros on the basis of exchange rates in force at the end of the reporting period. Income and expenses are converted to euros at exchange rates valid at the transaction date or, if the exchange rate between the euro and the currency has been stable, at an average exchange rate for the reporting period. Exchange rate differences used in the revaluation by using exchange rates of different dates are recognized in the income statement line item "Unrealised exchange rate differences" and unrealised exchange rate differences arising in revaluation of indicators of subsidiaries are included

in the parent company's consolidated equity report under "Unrealised exchange rate differences".

Recognition of subsidiaries in unconsolidated financial statements of the parent company

In the unconsolidated financial statements of the parent company which are presented in notes to the consolidated financial statements, investments in subsidiaries are carried at cost and investments in subsidiaries that are under common control are recognized in the balance sheet at net asset value (ie, as the acquired assets and liabilities were recognized in the balance sheet of the acquired company). The difference between the acquisition cost and the carrying amount of net assets acquired is recognized as a decrease or increase of the acquirer's equity.

Financial assets

Financial assets include cash, a contractual right to receive cash or other financial assets (e.g. accounts receivable) from the counterparty, equity instruments of other undertakings and contractual right to exchange financial assets with a counterparty under potentially favourable conditions.

Financial assets are initially recognized at cost, being the fair value of the payment made or received for the financial asset. The initial acquisition cost includes all transaction costs that are directly related to the financial asset.

When the adjusted historical cost method is used, the financial asset is recognized in the balance sheet in its initial acquisition cost discounted with an internal rate of interest less repayments of the principal and possible impairment caused from loss of value or unlikelihood of collection.

A financial asset is derecognized if the company loses the right to receive cash flows arising from the given financial asset or transfers to a third party cash flows arising from this financial asset and most risks and benefits related to this financial asset.

Cash and cash equivalents

The balance sheet item "Cash" includes bank accounts and short term deposits.

Cash flows from operating activities are prepared by using the indirect method. Cash flows from investing and financing activities are recorded as gross receipts and disbursements of the reporting period.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

Foreign currencies are all currencies other than the functional currency of the euro. Foreign currency transactions are recorded at the official currency exchange rates quoted by the European Central Bank on the transaction day*. Monetary assets and liabilities denominated in a foreign currency (cash receivables and loans) are revalued to the functional currency at the balance sheet date by using exchange rates of the European Central Bank valid in the balance sheet date.

The Belarusian company is revalued by using exchange rates between BYN and foreign currencies established by the Central Bank of Belarus.

Non-monetary assets and liabilities denominated in foreign currencies (such advances, property, plant and equipment and intangible assets) are not revalued at the balance sheet date but are recognized on the basis of the exchange rate valid on the transaction date. Exchange gains and losses are recognized in the income statement.

Financial investments

Equity and debt instruments that are intended for realization during the next reporting period are recognized in the balance sheet under "Current financial investments". Long-term shares and other securities are recorded as fixed assets in the balance sheet under "Non-current financial investments."

Receivables and prepayments

Current and non-current trade receivables are carried at amortized cost, i.e. at their present value less doubtful receivables.

In case of trade receivables whose collection is partly or fully doubtful, the impairment is recognized in the income statement under "Other operating expenses". Trade receivables whose collection is not feasible or economically justified are considered uncollectible and written off.

Loans granted and other current receivables are recorded at amortized cost.

Plant, property and equipment and intangible assets

Tangible fixed assets are assets that the Group uses for providing services or for administrative purposes for more than one year with the value of at least 1,000 euros. Tangible fixed assets are recorded at cost, which includes the purchase price and other directly attributable costs.

The linear depreciation method is used for calculating depreciation. The depreciation rate is assigned for object of the tangible fixed asset or to its each identifiable component separately depending on the useful life as follows:

- equipment 20% - 35% per annum;
- furniture and fixtures 10% - 25% per annum.

Improvements to tangible fixed assets are capitalized if they meet the definition of tangible fixed assets and the asset recognition criteria, including the participation of their expenses in generating future economic benefits. Maintenance and repairs are expensed when incurred.

Intangible fixed assets are intangible assets that the Group intends to use for a longer period than one year, and which are controlled by the Group, whose cost can be reliably estimated and that will generate probable future economic benefits for the Group. Tangible fixed assets are recorded at cost, which includes the purchase price and other directly attributable costs. Intangible fixed assets are depreciated on the linear method. Annual depreciation rates of patents, licenses and trademarks are between 17 and 35%.

Financial liabilities

Financial liabilities include contractual obligations to pay the other party cash or other financial assets or to exchange financial assets with another party under conditions that are potentially unfavorable.

Financial assets are initially recognized at cost, being the fair value of the receivable or payable for the financial asset. The initial acquisition cost includes all transaction costs that are directly related to the financial asset.

Depending on the type of financial assets, financial liabilities are further accounted either at fair value, cost or amortized cost.

The difference received in discounting the long-term liability between the nominal value and current value is recognized when accounting the long-term liability as interest income. In subsequent recognition, interest expense is debited and the balance of long-term liability is credited, i.e. the balance of the long-term liability grows to its nominal value by the end of the payment period.

Long-term liabilities are liabilities recognized in the balance sheet that mature later than one year after the balance sheet date. All other liabilities are classified as current liabilities.

A financial liability is derecognised when it is discharged, cancelled or expired.

Provisions and contingent liabilities

Provisions are recognized in the balance sheet as liabilities incurred in the reporting period or in previous periods, which have a legal or contractual basis, which requires a future outflow of resources and whose cost can be reliably determined, but whose final cost or payment date is not certain. Provisions are determined based on management estimates, experience and when necessary, by independent experts.

A provision which is likely to be realized later than in 12 months is recognized in the balance sheet at its discounted value, ie in the present value of the outflows related to the provision, unless the effect of discounting is immaterial. Present value is calculated using the discount rate for similar liabilities with respect to the prevailing market interest rate.

Increase in the discounted value of long-term provisions in connection with the arrival of the realization date is recognized in the income statement as interest income.

Promises, guarantees and other commitments that in certain circumstances may become liabilities are disclosed as contingent liabilities in the notes to financial statements.

Revenue recognition

Revenue is recognized on an accrual basis or in fair value of the receivable, i.e. in amounts receivable for services rendered less rebates. Revenue from the sale of service is recognized during the period if the receipt of the revenue for the provision of the service is likely and the revenue and expenses related to the provision of services can be reliably measured.

Interest revenue is recognized on an accrual basis and dividend revenue is recognized when the entitlement to dividends occurs.

Taxation

Consolidated income statement reflects the corporate income tax expense and deferred tax expense or income calculated from the profits of subsidiaries in Latvia, Lithuania and Finland, corporate income tax expense of dividends of companies registered in Estonia and the corporate income tax expense of the company registered in Belarus.

According to the Estonian Income Tax Act, legal entities are not liable to pay income tax from the profit earned in the reporting period. Income tax is paid on fringe benefits, gifts, donations, costs of entertaining guests, dividends and payments not related to business. Therefore, Estonia does not differ between the tax base and carrying amount of assets that would incur deferred income tax.

Income tax assets and liabilities and income tax expenses and income are classified as current (payable) income tax and deferred income tax. Current tax liabilities are recognized as current assets or liabilities and deferred income tax liabilities are recognized as non-current assets or liabilities.

Deferred tax assets and liabilities are calculated at the balance sheet date as a difference between the tax bases of assets and liabilities and temporary differences in the book value. Deferred tax is calculated on current or expected tax rates, which are applicable in the periods when the temporary differences and tax losses are realized. Deferred tax assets and liabilities are offset only within a group company. Deferred tax assets is recognized in the balance sheet only if a deferred tax liability of a similar amount with the deferred tax asset is likely to incur in the foreseeable future that can be offset.

Related parties

The Group considers as related parties:

- owners of Law Firm SORAINEN;
- management and supervisory boards;
- the abovementioned persons and undertakings under their control or significant influence.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2023	31.12.2022
Settlement accounts	3 444 305	4 713 651
Term deposits	1 400 000	1 000 000
Total cash and cash equivalents	4 844 305	5 713 651

Note 3 Receivables and prepayments

(In Euros)

	31.12.2023	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Accounts receivable	5 377 007	5 377 007	0	0	
Accounts receivables	5 675 172	5 675 172	0	0	
Allowance for doubtful receivables	-298 165	-298 165	0	0	
Tax prepayments and receivables	168 231	168 231	0	0	4
Loan receivables	5 150	5 150	0	0	
Other receivables	182 556	182 556	0	0	
Interest receivables	13 197	13 197	0	0	
Accrued income	169 359	169 359	0	0	
Prepayments	876 977	782 009	13 311	81 657	
Deferred expenses	579 455	579 455	0	0	
Other paid prepayments	297 522	202 554	13 311	81 657	
Other short-term receivables	28 426	28 426	0	0	
Total receivables and prepayments	6 638 347	6 543 379	13 311	81 657	

	31.12.2022	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Accounts receivable	5 009 404	5 009 404	0	0	
Accounts receivables	5 173 299	5 173 299	0	0	
Allowance for doubtful receivables	-163 895	-163 895	0	0	
Tax prepayments and receivables	77 870	77 870	0	0	4
Loan receivables	8 505	8 505	0	0	
Other receivables	348 874	348 874	0	0	
Interest receivables	2 566	2 566	0	0	
Accrued income	346 308	346 308	0	0	
Prepayments	628 003	546 346	0	81 657	
Deferred expenses	511 965	511 965	0	0	
Other paid prepayments	116 038	34 381	0	81 657	
Other short-term receivables	28 292	28 292	0	0	
Total receivables and prepayments	6 100 948	6 019 291	0	81 657	

Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2023		31.12.2022	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Corporate income tax	19 433	11 158	0	79 835
Value added tax	16 636	247 668	0	238 341
Personal income tax	0	81 757	0	73 579
Fringe benefit income tax	9 616	9 033	0	5 427
Social tax	0	130 779	0	135 742
Contributions to mandatory funded pension	0	5 851	0	6 239
Unemployment insurance tax	0	7 128	0	7 329
Other tax prepayments and liabilities	3	727	0	12 704
Prepayment account balance	122 543		77 870	
Total tax prepayments and liabilities	168 231	494 101	77 870	559 196

Note 5 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2022	31.12.2023
10916533	ASLO Konsultatsioonid OÜ	Estonia	Administrative services	100	100
40003355893	SLOR SIA	Latvia	Administrative services	100	100
111658118	UAB SLOV Services	Lithuania	Administrative services	100	100
1870614-0	SLOH OY	Finland	Administrative services	100	100
190961147	IOOO SORAINEN i Partnery	Belarus	Legal services	100	100
16557621	Crespect OÜ	Estonia	Data processing, web hosting	100	100
16633670	Crespect Investors Syndicate OÜ	Estonia	Other business support activities not elsewhere classified	100	100

Note 6 Property, plant and equipment

(In Euros)

						Total
	Transportation	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	
31.12.2021						
Carried at cost	87 164	1 037 134	786 575	1 910 873	1 483 157	3 394 030
Accumulated depreciation	-2 612	-842 867	-227 267	-1 072 746	-674 757	-1 747 503
Residual cost	84 552	194 267	559 308	838 127	808 400	1 646 527
Acquisitions and additions	0	240 073	27 662	267 735	10 131	277 866
Depreciation	-13 217	-128 491	-87 542	-229 250	-175 605	-404 855
Other changes	-2	21 869	0	21 867	-21 702	165
31.12.2022						
Carried at cost	87 163	1 299 075	814 237	2 200 475	1 471 586	3 672 061
Accumulated depreciation	-15 830	-971 357	-314 809	-1 301 996	-850 362	-2 152 358
Residual cost	71 333	327 718	499 428	898 479	621 224	1 519 703
Acquisitions and additions	0	102 489	69 468	171 957	1 567	173 524
Depreciation	-8 681	-169 154	-97 520	-275 355	-172 549	-447 904
Other changes	2	-15 710	5 487	-10 221	-4	-10 225
31.12.2023						
Carried at cost	87 163	1 684 300	902 554	2 674 017	1 483 227	4 157 244
Accumulated depreciation	-24 509	-1 438 957	-425 691	-1 889 157	-1 032 989	-2 922 146
Residual cost	62 654	245 343	476 863	784 860	450 238	1 235 098

Note 7 Intangible assets

(In Euros)

					Total
	Development expenditures	Computer software	Concessions, patents, licences, trademarks	Unfinished projects and prepayments	
31.12.2021					
Carried at cost	0	0	3 299 634	0	3 299 634
Accumulated depreciation	0	0	-2 956 021	0	-2 956 021
Residual cost	0	0	343 613	0	343 613
Acquisitions and additions	262 741	0	87 788	99 324	449 853
Additions via business combinations	262 741	0	0	0	262 741
Depreciation	0	0	-124 996	0	-124 996
Reclassifications	-262 741	0	0	0	-262 741
Other changes	0	0	-1	0	-1
31.12.2022					
Carried at cost	262 741	0	3 387 411	99 324	3 749 476
Accumulated depreciation	0	0	-3 081 007	0	-3 081 007
Residual cost	262 741	0	306 404	99 324	668 469
Acquisitions and additions	0	808 852	52 721	0	861 573
Depreciation	-52 548	-90 859	-133 307	0	-276 714
Reclassifications	0	99 324	0	-99 324	0
Other changes	0	0	-5 513	0	-5 513
31.12.2023					
Carried at cost	262 741	908 176	3 434 487	0	4 605 404
Accumulated depreciation	-52 548	-90 859	-3 214 182	0	-3 357 589
Residual cost	210 193	817 317	220 305	0	1 247 815

Note 8 Payables and prepayments

(In Euros)

	31.12.2023	Within 12 months	Note
Trade payables	260 542	260 542	
Employee payables	1 156 937	1 156 937	
Tax payables	494 101	494 101	4
Other payables	477 239	477 239	
Interest payables	70 776	70 776	
Dividend payables	184 220	184 220	
Other accrued expenses	222 243	222 243	
Prepayments received	133 926	133 926	
Other received prepayments	133 926	133 926	
Total payables and prepayments	2 542 815	2 542 815	
	31.12.2022	Within 12 months	Note
Trade payables	237 946	237 946	
Employee payables	1 110 384	1 110 384	
Tax payables	559 196	559 196	4
Other payables	197 293	197 293	
Other accrued expenses	197 293	197 293	
Prepayments received	356 936	356 936	
Other received prepayments	356 936	356 936	
Total payables and prepayments	2 461 755	2 461 755	

Note 9 Loan commitments

(In Euros)

	31.12.2023	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Loans from a private enterprise	910 000	910 000			8%	EUR	June 2024
Loans from private individuals	120 007	120 007			8%	EUR	June 2024
Loans from a private enterprise	80 000	80 000			variable, up to 8%	EUR	open-ended
Loans from private individuals	188 200	188 200			variable, up to 8%ess	EUR	open-ended
Current loans total	1 298 207	1 298 207					
Loan commitments total	1 298 207	1 298 207					

Note 10 Share capital

(In Euros)

	31.12.2023	31.12.2022
Share capital	25 358	25 358
Number of shares (pcs)	2	4 025

Note 11 Net sales

(In Euros)

	2023	2022	Note
Net sales by geographical location			
Net sales in European Union			
Estonia	8 201 588	8 125 748	
Other European Union net sales	9 275 210	8 800 305	
Total net sales in European Union	17 476 798	16 926 053	
Net sales outside of European Union			
Other net sales outside of European Union	2 898 010	3 221 010	
Total net sales outside of European Union	2 898 010	3 221 010	
Total net sales	20 374 808	20 147 063	
Net sales by operating activities			
Legal services	17 444 739	17 491 660	
Operating lease income	622 199	586 336	17
Other	2 307 870	2 069 067	
Total net sales	20 374 808	20 147 063	

Note 12 Grants

(In Euros)

	31.12.2022		Received	Recognized in the income statement	31.12.2023		Note
	Receivables	Liabilities			Receivables	Liabilities	
Grants for acquisition of non-current assets							
Total grants for acquisition of non-current assets	0	0	211 372	211 372	0	0	
Total grants	0	0	211 372	211 372	0	0	

Note 13 Other operating income

(In Euros)

	2023	2022	Note
Revenue from grants	211 372	0	12
Profit from exchange rate differences	4 036	16 372	
Other	14 698	30 511	
Total other operating income	230 106	46 883	

Note 14 Goods, raw materials and services

(In Euros)

	2023	2022	Note
Services purchased for resale	-840 222	-1 157 583	
Leases	-622 199	-586 336	16
Other	-260 260	-366 607	
Total goods, raw materials and services	-1 722 681	-2 110 526	

Note 15 Miscellaneous operating expenses

(In Euros)

	2023	2022
Leases	-483 982	-496 820
Miscellaneous office expenses	-498 749	-492 389
Exploration and development expense	-1 012 761	-841 521
Travel expense	-281 648	-143 657
Training expense	-105 198	-85 270
Allowance for doubtful receivables	-199 117	-55 316
Other	-1 827 109	-1 375 247
Total miscellaneous operating expenses	-4 408 564	-3 490 220

Note 16 Operating lease

(In Euros)

Accounting entity as lessor

	2023	2022	Note
Operating lease income	622 199	586 336	11

Accounting entity as lessee

	2023	2022	Note
Operating lease expenses	1 106 181	1 083 156	
Future lease expense under non-cancellable lease contracts			
	31.12.2023	31.12.2022	Note
Within 12 months	1 169 386	1 106 181	
1 - 5 years	4 510 557	5 151 627	
Over 5 years	772 862	1 301 178	

Note 17 Labor expense

(In Euros)

LABOR EXPENSE OF ADVOKAADIBÜROO SORAINEN AS (non-consolidated financial results of parent company)

Wage and salary expense: 3 511 359 EUR (2023); 3 306 481 EUR (2022)

Social security taxes: 1 206 523 EUR (2023); 1 138 442 EUR (2022)

Total labor expense: 4 717 882 EUR (2023); 4 444 923 EUR (2022)

Average number of employees in full time equivalent units: 85 (2023); 82 (2022).

The mentioned results excluding fees paid to executives and senior management and average number of persons under executive and senior management (note 21).

CONSOLIDATED LABOR EXPENSE

As at 31.12.2023, the Group consists of the parent company and the following entities: ASLO Konsultatsioonid OÜ, UAB SLOV SERVICES, SIA SLOR, SLOH OY, IOOO SORAINEN i Partnery, Crespect Investors Syndicate OÜ and Crespect OÜ.

The total consolidated labor expense was the following: 9 450 284 EUR (2023); 7 632 283 EUR (2022). Average number of employees in full time equivalent units: 177 (2023); 170 (2022).

Note 18 Other financial income and expense

(In Euros)

	2023	2022
Profit (loss) from exchange rate differences	281 835	34 270
Other financial income and -costs	-899	0
Total other financial income and expense	280 936	34 270

Note 19 Income tax

(In Euros)

Income tax expense components	2023		2022	
	Taxable amount	Income tax expense	Taxable amount	Income tax expense
Declared dividends	4 720 000	882 305	4 084 261	915 330
Total	4 720 000	882 305	4 084 261	915 330

Note 20 Contingent liabilities and assets

(In Euros)

	31.12.2023	31.12.2022
Contingent liabilities		
Distributable dividends	8 364 800	9 369 889
Income tax liability on distributable dividends	1 741 273	2 044 777
Total contingent liabilities	10 106 073	11 414 666

Note 21 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	31.12.2023	31.12.2022	Note
Receivables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	2 224 802	2 203 248	
Total receivables and prepayments	2 224 802	2 203 248	

LONG TERM	31.12.2023	31.12.2022	Note
Loan commitments			
Other entities belonging into same consolidation group	892 290	0	8,9
Total loan commitments	892 290	0	
Payables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	50 271	293 450	
Total payables and prepayments	50 271	293 450	

LOAN COMMITMENTS	31.12.2022	Loans received	Loans received repayments	31.12.2023	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	850 000	0	850 000	42 290	8,9
Total loan commitments	0	850 000	0	850 000	42 290	

SOLD	2023	2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	6 200 451	5 681 060
Total sold	6 200 451	5 681 060

BOUGHT	2023	2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	845 481	748 023
Total bought	845 481	748 023

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2023	2022
Remuneration	382 055	374 023

Note 22 Non consolidated statement of financial position

(In Euros)

	31.12.2023	31.12.2022
Assets		
Current assets		
Cash and cash equivalents	3 743 702	4 773 750
Receivables and prepayments	5 899 280	5 491 196
Total current assets	9 642 982	10 264 946
Non-current assets		
Financial investments	699 751	699 751
Receivables and prepayments	81 657	0
Property, plant and equipment	438 627	545 058
Intangible assets	65 063	137 234
Total non-current assets	1 285 098	1 382 043
Total assets	10 928 080	11 646 989
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	0	491 982
Payables and prepayments	1 737 182	1 619 213
Provisions	0	52 612
Total current liabilities	1 737 182	2 163 807
Non-current liabilities		
Provisions	0	55 149
Total non-current liabilities	0	55 149
Total liabilities	1 737 182	2 218 956
Equity		
Issued capital	25 358	25 358
Statutory reserve capital	2 556	2 556
Retained earnings (loss)	4 680 119	4 369 154
Annual period profit (loss)	4 482 865	5 030 965
Total equity	9 190 898	9 428 033
Total liabilities and equity	10 928 080	11 646 989

Note 23 Non consolidated income statement

(In Euros)

	2023	2022
Revenue	15 063 617	14 561 961
Other income	5 146	31 039
Raw materials and consumables used	-465 430	-581 341
Other operating expense	-3 808 045	-3 039 306
Employee expense	-5 225 903	-4 875 843
Depreciation and impairment loss (reversal)	-233 665	-227 476
Other expense	-39 944	-45 944
Total operating profit (loss)	5 295 776	5 823 090
Other financial income and expense	69 394	-26 427
Profit (loss) before tax	5 365 170	5 796 663
Income tax expense	-882 305	-765 698
Annual period profit (loss)	4 482 865	5 030 965

Note 24 Non consolidated statement of cash flows

(In Euros)

	2023	2022
Cash flows from operating activities		
Operating profit (loss)	5 295 776	5 823 090
Adjustments		
Depreciation and impairment loss (reversal)	233 665	227 476
Total adjustments	233 665	227 476
Changes in receivables and prepayments related to operating activities	-566 431	-718 299
Changes in payables and prepayments related to operating activities	-167 453	21 726
Total cash flows from operating activities	4 795 557	5 353 993
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-55 063	-386 567
Other cash payments to acquire subsidiaries	0	-5 000
Loans given	-8 500	-797 355
Repayments of loans given	10 455	422 150
Interest received	54 898	0
Dividends received	36 617	0
Other cash outflows from investing activities	0	-173 712
Total cash flows from investing activities	38 407	-940 484
Cash flows from financing activities		
Loans received	0	1 000 000
Repayments of loans received	-491 982	-199 500
Dividends paid	-4 535 780	-4 084 261
Income tax refund (paid)	-836 250	-765 698
Total cash flows from financing activities	-5 864 012	-4 049 459
Total cash flows	-1 030 048	364 050
Cash and cash equivalents at beginning of period	4 773 750	4 409 700
Change in cash and cash equivalents	-1 030 048	364 050
Cash and cash equivalents at end of period	3 743 702	4 773 750

Note 25 Non consolidated statement of changes in equity

(In Euros)

				Total
	Issued capital	Statutory reserve capital	Retained earnings (loss)	
31.12.2021	25 358	2 556	8 471 962	8 499 876
Annual period profit (loss)	0	0	5 030 965	5 030 965
Declared dividends	0	0	-4 084 261	-4 084 261
Other changes in equity	0	0	-18 547	-18 547
31.12.2022	25 358	2 556	9 400 119	9 428 033
Governing and material influence ownership interest value of financial position	0	0	-699 751	-699 751
Governing and material influence on the value Of holdings under the equity method	0	0	2 714 298	2 714 298
Restated non consolidated equity 31.12.2022	25 358	2 556	11 414 666	11 442 580
Annual period profit (loss)	0	0	4 482 865	4 482 865
Declared dividends	0	0	-4 720 000	-4 720 000
31.12.2023	25 358	2 556	9 162 984	9 190 898
Governing and material influence ownership interest value of financial position	0	0	-699 753	-699 753
Governing and material influence on the value Of holdings under the equity method	0	0	1 642 841	1 642 841
Restated non consolidated equity 31.12.2023	25 358	2 556	10 106 072	10 133 986