

POTTER CLARKSON A/S
Havnegade 39, kl.
København K

Annual report for 2021

Adopted at the annual general meeting on
8 August 2022



Stephen Edward Smith
chairman

CVR-nr. 39 59 49 78

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of Potter Clarkson A/S for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

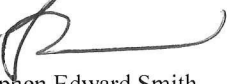
Copenhagen, 8 August 2022

Executive board



Stephen Edward Smith
Director

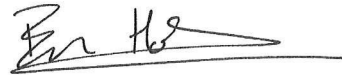
Supervisory board



Stephen Edward Smith



Andrew Thomas Argyle



Benjamin John Herbert Hoffmann

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Potter Clarkson A/S

Auditors' Report on the Financial Statements

Opinion

We have audited the financial statements of Potter Clarkson A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Report on other legal and regulatory requirements

Non compliance with VAT filing deadlines

The company has in one instance not complied with the filing deadline for VAT. Management may be held liable in this regard.

Copenhagen, 8 August 2022

MAZARS

Statsautoriseret Revisionspartnerselskab
CVR no. 31 06 17 41

Karsten Vedel
statsautoriseret revisor
MNE no. mne47841

COMPANY DETAILS

The company	Potter Clarkson A/S Havnegade 39, kl. 1058 København K
	CVR no.: 39 59 49 78
	Reporting period: 1 January - 31 December 2021
	Domicile: Copenhagen
Supervisory board	Stephen Edward Smith Andrew Thomas Argyle Benjamin John Herbert Hoffmann
Executive board	Stephen Edward Smith, director
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Midtermolen 1, 2.tv. 2100 København Ø

MANAGEMENT'S REVIEW

Business review

Potter Clarkson A/S is part of the UK based Potter Clarkson Group, that provides professional services as patent and trademark attorneys and intellectual property lawyers.

Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of DKK 325,602, and the balance sheet at 31 December 2021 shows equity of DKK 35,437.

Management considers the result for the year to be satisfactory.

The Company is still relatively young in terms of its development although it is now moving from its start-up phase into the next 5-year phase of its business plan where it is hoped that the Company will start to deliver consistent profitability. The Company has high aspirations for growth and therefore the focus remains on hiring additional staff as well as training and retention. The Company aims to provide experienced and technically skilled attorneys in order to service and support its growing client base.

Significant changes in the company's activities and financial conditions

As mentioned above the Danish activities are still being developed. To support this development the Parent Company has signed a letter of support towards Potter Clarkson A/S stating that it will support with additional cash-flow if needed for the Danish entity to continue operating until 31 December 2022 and beyond.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

ACCOUNTING POLICIES

The annual report of Potter Clarkson A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in work in progress and other external expenses.

Revenue

Income is mainly from professional services, comprising services related to patent and trade marks and intellectual property.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, payments under operating leases, etc.

ACCOUNTING POLICIES

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement as the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	1-3 years

Impairment of fixed assets

The carrying amount of equipment, is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Contract work in progress

Contract work in progress is measured as the cost of the work performed. The cost is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress.

ACCOUNTING POLICIES

The individual work in progress is recognised in the balance sheet under receivables.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognized in the income statement as financial income or financial expenses.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
Gross profit		6,919,402	5,041,531
Staff costs	1	-8,176,549	-6,136,553
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-44,530</u>	<u>-38,118</u>
Profit/loss before net financials		-1,301,677	-1,133,140
Financial income		982,619	353,731
Financial costs		<u>-6,544</u>	<u>-2,417</u>
Profit/loss before tax		-325,602	-781,826
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>-325,602</u>	<u>-781,826</u>
Retained earnings		<u>-325,602</u>	<u>-781,826</u>
		<u>-325,602</u>	<u>-781,826</u>

BALANCE SHEET 31 DECEMBER

	Note	2021 DKK	2020 DKK
ASSETS			
Other fixtures and fittings, tools and equipment		55,168	99,698
Tangible assets		<u>55,168</u>	<u>99,698</u>
Deposits		276,214	274,086
Fixed asset investments		<u>276,214</u>	<u>274,086</u>
Total non-current assets		<u>331,382</u>	<u>373,784</u>
Trade receivables		4,630,960	2,166,502
Contract work in progress		359,456	267,871
Receivables from subsidiaries		1,964,760	0
Prepayments		267,417	221,627
Receivables		<u>7,222,593</u>	<u>2,656,000</u>
Cash at bank and in hand		<u>2,880,206</u>	<u>1,767,796</u>
Total current assets		<u>10,102,799</u>	<u>4,423,796</u>
Total assets		<u><u>10,434,181</u></u>	<u><u>4,797,580</u></u>

BALANCE SHEET 31 DECEMBER

	Note	2021 DKK	2020 DKK
EQUITY AND LIABILITIES			
Share capital		1,124,925	500,000
Retained earnings		<u>-1,089,488</u>	<u>-763,886</u>
Equity		<u>35,437</u>	<u>-263,886</u>
Trade payables		907,024	364,985
Payables to subsidiaries		6,985,103	2,310,785
Other payables		<u>2,506,616</u>	<u>2,385,696</u>
Total current liabilities		<u>10,398,743</u>	<u>5,061,466</u>
Total liabilities		<u>10,398,743</u>	<u>5,061,466</u>
Total equity and liabilities		<u><u>10,434,180</u></u>	<u><u>4,797,580</u></u>
Contingent liabilities	2		
Related parties and ownership structure	3		

STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	500,000	-763,886	-263,886
Cash capital increase	624,925	0	624,925
Net profit/loss for the year	<u>0</u>	<u>-325,602</u>	<u>-325,602</u>
Equity at 31 December 2021	<u><u>1,124,925</u></u>	<u><u>-1,089,488</u></u>	<u><u>35,437</u></u>

NOTES

	2021	2020
	DKK	DKK
1 STAFF COSTS		
Wages and salaries	7,136,738	5,303,511
Pensions	503,583	513,090
Other social security costs	189,326	125,104
Other staff costs	346,902	194,848
	<u>8,176,549</u>	<u>6,136,553</u>
Average number of employees	<u>8</u>	<u>5</u>

2 CONTINGENT LIABILITIES

The Company has entered into rent obligation with a remaining term of 7 months and an average monthly lease payments of DKK 99 thousand, totalling DKK 695 thousand.

3 RELATED PARTIES AND OWNERSHIP STRUCTURE

Controlling interest

The company is a wholly - owned subsidiary of Potter Clarkson LLP, Corporate identity number OC 315197. The company's registered office is Nottingham;

The Belgrave Centre
Talbot Street
Nottingham
NG1 5GG
United Kingdom

Consolidated financial statements

The company is reflected in the group report of the parent company Potter Clarkson LLP