

# Danske Lønsystemer A/S

Engholm Parkvej 8  
3450 Allerød

CVR no. 15 61 14 72

**Annual report for the period 1 June 2019 – 31 May 2020**

The annual report was presented and approved at the  
Company's annual general meeting on

11 November 2020

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chairman

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**Danske Lønssystemer A/S**  
Annual report 2019/20  
CVR no. 15 61 14 72

## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Danske Lønssystemer A/S for the financial year 1 June 2019 – 31 May 2020.

The annual report has been 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 assets, liabilities and financial position at 31 May 2020 and of the results of the Company's operations for the financial year 1 June 2019 – 31 May 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Allerød, 11 November 2020  
Executive Board:

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Henrik Basso Reichsthaler  
Møller

Board of Directors:

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Efrain Rivera  
Chairman

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John Bradley Gibson JR

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Stephanie Lynn Schaeffer



## Independent auditor's report

### To the shareholder of Danske Lønssystemer A/S

#### Opinion

We have audited the financial statements of Danske Lønssystemer A/S for the financial year 1 June 2019 – 31 May 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position at 31 May 2020 and of the results of the Company's operations for the financial year 1 June 2019 – 31 May 2020 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility 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 that Management determines is necessary to enable the preparation of 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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

- identify and assess the risks of material misstatement of the company 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

## Independent auditor's report

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 11 November 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kim Schmidt  
State Authorised  
Public Accountant  
mne34552

**Danske Lønssystemer A/S**  
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## Management's review

### Company details

Danske Lønssystemer A/S  
Engholm Parkvej 8  
3450 Allerød

Telephone: 48166060  
Website: [www.danskelonssystemer.dk](http://www.danskelonssystemer.dk)  
E-mail: [info@danlon.dk](mailto:info@danlon.dk)

CVR no.: 15 61 14 72  
Established: 8 November 1991  
Registered office: Allerød  
Financial year: 1 June – 31 May

### Board of Directors

Efrain Rivera, Chairman  
John Bradley Gibson JR  
Stephanie Lynn Schaeffer

### Executive Board

Henrik Basso Reichsthaler Møller

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen

## **Management's review**

### **Operating review**

#### **Principal activities**

The Company develops, markets and supports internet-based software and systems for the development and management of human resources and payroll. The Company's products are mainly sold in Denmark, Germany, Norway and Sweden.

#### **Significant events**

In March 2020 the World Health organization declared the Coronavirus (COVID-19) to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. Currently, there is a significant increase in economic uncertainty which is, for example evidenced by more volatile asset prices and currency exchange rates.

For the Company's financial statements, the coronavirus outbreak and the related impacts are not significant. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

#### **Special risks**

The Company is not exposed to any special risks.

#### **Environmental matters**

The Company's products do not have a negative environmental impact.

#### **Outlook for the coming year**

The Company expects activity growth and a revenue of approximately DKK 94 million in the new financial year for web payroll products.

#### **Research and development activities**

During the financial year, the Company conducted development activities for existing and new products. Costs associated with development activities are recognised directly in the income statement and expensed.

#### **Intellectual capital**

It is important that the Company has the necessary intellectual capital resources. Importance is placed by Management on attracting, developing and maintaining qualified employees.

#### **Events after the balance sheet date**

The impact of COVID-19 has been limited in the current financial year with only a minor decrease in activity in April and May 2020. Activities returned to expected levels after year end. It is currently predicted that the impact will remain limited with a minor decrease in the growth expected in the new financial year. This prediction could change if there is a resurgence in infection levels.

## Financial statements 1 June – 31 May

### Income statement

DKK'000	Note	1/6 2019- 31/5 2020	1/6 2018- 31/5 2019
<b>Gross profit</b>		65,470	67,058
Staff costs	2	-21,506	-18,730
Depreciation, amortisation and impairment losses		-245	-913
<b>Operating profit</b>		43,719	47,415
Financial income		1	0
Financial expenses	3	-490	-541
<b>Profit before tax</b>		43,230	46,874
Tax on profit/loss for the year	4	-9,433	-3,516
<b>Profit for the year</b>		33,797	43,358
<b>Proposed profit appropriation</b>			
Retained earnings		33,797	43,358
		33,797	43,358



## Financial statements 1 June – 31 May

### Balance sheet

DKK'000	Note	<u>31/5 2020</u>	<u>31/5 2019</u>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software		<u>298</u>	<u>0</u>
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment		<u>45</u>	<u>175</u>
<b>Total fixed assets</b>		<u>343</u>	<u>175</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		6,743	5,062
Receivables from group entities		26,338	37,140
Prepayments		<u>0</u>	<u>681</u>
		<u>33,081</u>	<u>42,883</u>
<b>Cash at bank and in hand</b>		<u>97,248</u>	<u>53,795</u>
<b>Total current assets</b>		<u>130,329</u>	<u>96,678</u>
<b>TOTAL ASSETS</b>		<u><u>130,672</u></u>	<u><u>96,853</u></u>

## Financial statements 1 June – 31 May

### Balance sheet

DKK'000	Note	31/5 2020	31/5 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		600	600
Retained earnings		101,690	67,895
<b>Total equity</b>		<b>102,290</b>	<b>68,495</b>
<b>Provisions</b>			
Provisions for deferred tax		56	137
<b>Total provisions</b>		<b>56</b>	<b>137</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Prepayments received from customers		551	874
Trade payables		938	1,392
Payables to group entities		4,557	14,724
Corporation tax		17,157	7,643
Other payables		5,123	3,588
		28,326	28,221
<b>Total liabilities other than provisions</b>		<b>28,326</b>	<b>28,221</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>130,672</b>	<b>96,853</b>
<b>Contractual obligations, contingencies, etc.</b>	5		
<b>Related party disclosures</b>	6		

## Financial statements 1 June – 31 May

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 June 2019	600	67,893	68,493
Transferred over the profit appropriation	0	33,797	33,797
<b>Equity at 31 May 2020</b>	<b>600</b>	<b>101,690</b>	<b>102,290</b>

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies

The annual report of Danske Lønssystemer A/S for 2019/20 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### Income statement

#### Revenue

Revenue from the sale of services, is recognised on a straight-line basis in the income statement as the services are provided.

#### Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, software for own usage, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense.

#### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies (continued)

### Balance sheet

#### Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment.

Amortization of the following intangible assets is provided on a straight-line basis over the expected useful lives of the assets

The expected useful lives are as follows:

Software	4 years
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Gains or losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the disposal date, and are recognized in the income statement as other operating income or other operating costs, respectively..

#### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	4-10 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

##### 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.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

##### Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

##### Equity

###### *Dividends*

The expected dividends payment for the year is disclosed as a separate item under equity.

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

##### Deferred Income

Deferred income comprises advance invoicing regarding income in subsequent years.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

## Financial statements 1 June – 31 May

### Notes

#### 2 Staff costs

DKK'000	1/6 2019- 31/5 2020	1/6 2018- 31/5 2019
Wages and salaries	19,358	16,316
Pensions	2,135	1,627
Other social security costs	112	98
Other staff costs	-99	689
	<u>21,506</u>	<u>18,730</u>
Average number of full-time employees	<u>33</u>	<u>29</u>

#### 3 Financial expenses

DKK'000	1/6 2019- 31/5 2020	1/6 2018- 31/5 2019
Other financial costs	490	537
Exchange losses	0	4
	<u>490</u>	<u>541</u>

#### 4 Tax on profit for the year

DKK'000	1/6 2019- 31/5 2020	1/6 2018- 31/5 2019
Current tax for the year	9,377	3,433
Deferred tax for the year	56	137
Adjustment of tax concerning previous years	0	-54
	<u>9,433</u>	<u>3,516</u>

#### 5 Contractual obligations, contingencies, etc.

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

#### 6 Related party disclosures

Danske Lønssystemer A/S' related parties comprise the following:

##### Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:



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## **Financial statements 1 June – 31 May**

### **Notes**

Lessor Group ApS, Cvr-no. 37 54 56 94. Engholm Parkvej 8, 3450 Allerød