

# LESSOR A/S

Engholm Parkvej 8  
3450 Allerød  
Denmark

CVR no. 24 24 00 10

## **Annual report 2021/22**

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

13 December 2022

Henrik Møller  
Chairman

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**Lessor A/S**  
Annual report 2021/22  
CVR no. 24 24 00 10

## **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 Lessor A/S for the financial year 1 June 2021 – 31 May 2022.

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 2022 and of the results of the Company's operations for the financial year 1 June 2021 – 31 May 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Allerød, 13 December 2022  
Executive Board:

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Henrik Basso Reichsthaler  
Møller  
CEO

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 shareholders of Lessor A/S

#### Opinion

We have audited the financial statements of Lessor A/S for the financial year 1 June 2021 – 31 May 2022 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 2022 and of the results of the Company's operations for the financial year 1 June 2021 – 31 May 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- 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, 13 December 2022

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kim Schmidt  
State Authorised  
Public Accountant  
mne34552

Ilhan Dogan  
State Authorised  
Public Accountant  
mne47842

**Lessor A/S**  
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## Management's review

### Company details

Lessor A/S  
Engholm Parkvej 8  
3450 Allerød  
Denmark

Telephone: 48166000  
Website: [www.lessor.dk](http://www.lessor.dk)

CVR no.: 24 24 00 10  
Established: 25 May 1976  
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, CEO

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø  
CVR no. 25 57 81 98

## Management's review

### Financial highlights

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
<b>Key figures</b>					
Gross profit/loss	86,300	75,823	88,380	73,705	239,897
Profit/loss before financial income and expenses	2,478	-2,816	-6,864	-9,990	136,910
Profit/loss from financial income and expenses	-120	-153	6,956	1,470	-1,285
Profit/loss for the year	1,861	-1,326	1,581	-5,049	104,573
<b>Total assets</b>					
Total assets	63,625	67,617	112,098	110,875	113,646
<b>Equity</b>					
Equity	1,053	-808	519	-8,063	-3,015
Investment in property, plant and equipment	0	229	1,740	12,616	186
<b>Ratios</b>					
Return on invested capital	3.7%	-3.1%	1.4%	1.6%	147.9%
Return on equity	360.1%	-914.5%	41.9%	91.2%	523,280.0%
Solvency ratio	1.7%	-1.2%	0.5%	-7.3%	-2.7%

The financial ratios have been calculated as follows:

Return on invested capital 
$$\frac{\text{Operating profit/loss} * 100}{\text{Average invested capital}}$$

Return on equity 
$$\frac{\text{Net income}}{\text{Average equity}}$$

Solvency ratio 
$$\frac{\text{Equity ex. non-controlling interests at year-end} * 100}{\text{Total equity and liabilities at year-end}}$$

## **Management's review**

### **Operating review**

#### **Principal activities**

The company develops, markets and supports software and systems for the development and management of human resources and payroll. The company's products are mainly sold in Denmark and Germany.

#### **Development in activities and financial position**

The Company's income statement for 2021/22 shows a profit of DKK 1,861 thousand as against DKK -1,326 thousand in 2020/21. Equity in the Company's balance sheet at 31 May 2022 stood at DKK 1,053 thousand as against DKK -808 thousand at 31 May 2021. The increase in the profit is in line with managements expectation. The growth is driven primarily by migration the new Lessor Løn product platform.

A reclassification for 2020/21 of TDKK 19,907 has been made between staff cost and other external expenses.

#### **Significant events**

There have been no significant events during the year.

#### **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 126 million in the new financial year for Lessor products.

#### **Research and development**

During the financial year the company conducted development activities for existing and new products. Costs associated with development activities are recognized 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**

There have been no events after the balance sheet date that has a significant impact on the assessment of the annual report.



## Financial statements 1 June – 31 May

### Income statement

DKK'000	Note	2021/22	2020/21
<b>Gross profit</b>		86,300	75,823
Staff costs	2	-79,579	-74,650
Depreciation, amortisation and impairment losses		<u>-4,243</u>	<u>-3,989</u>
<b>Profit/loss before financial income and expenses</b>		2,478	-2,816
Other financial income	3	22	89
Other financial expenses	4	<u>-142</u>	<u>-242</u>
<b>Profit/loss before tax</b>		2,358	-2,969
Tax on profit/loss for the year	5	<u>-497</u>	<u>1,643</u>
<b>Profit/loss for the year</b>	6	<u><u>1,861</u></u>	<u><u>-1,326</u></u>

## Financial statements 1 June – 31 May

### Balance sheet

DKK'000	Note	31/5 2022	31/5 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	7		
Software		<u>7,022</u>	<u>4,623</u>
<b>Property, plant and equipment</b>	8		
Land and buildings		0	8,721
Fixtures and fittings, tools and equipment		<u>3,634</u>	<u>7,217</u>
		<u>3,634</u>	<u>15,938</u>
<b>Total fixed assets</b>		<u>10,656</u>	<u>20,561</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		10,796	7,537
Receivables from group entities		19,830	23,210
Other receivables		2,092	2,627
Deferred tax asset	9	614	2,386
Corporation tax		4,845	3,571
Prepayments	10	<u>4,999</u>	<u>5,051</u>
		<u>43,176</u>	<u>44,382</u>
<b>Cash at bank and in hand</b>		<u>9,793</u>	<u>2,674</u>
<b>Total current assets</b>		<u>52,969</u>	<u>47,056</u>
<b>TOTAL ASSETS</b>		<u>63,625</u>	<u>67,617</u>

## Financial statements 1 June – 31 May

### Balance sheet

DKK'000	Note	31/5 2022	31/5 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		500	500
Retained earnings		553	-1,308
<b>Total equity</b>		<u>1,053</u>	<u>-808</u>
<b>Provisions</b>			
Other provisions		1,084	0
<b>Total provisions</b>		<u>1,084</u>	<u>0</u>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>			
Other payables		300	0
<b>Current liabilities other than provisions</b>			
Prepayments received from customers		37,822	46,062
Trade payables		3,537	648
Other payables		19,829	21,715
		<u>61,188</u>	<u>68,425</u>
<b>Total liabilities other than provisions</b>		<u>61,488</u>	<u>68,425</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>63,625</u></u>	<u><u>67,617</u></u>
<b>Contractual obligations, contingencies, etc.</b>	11		
<b>Related party disclosures</b>	12		

## Financial statements 1 June – 31 May

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 June 2021	500	-1,308	-808
Transferred over profit appropriation	0	1,861	1,861
<b>Equity at 31 May 2022</b>	<b>500</b>	<b>553</b>	<b>1,053</b>

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies

The annual report of Lessor A/S for 2021/22 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies applied remain unchanged from last year. However, a reclassification for 2020/21 of TDKK 19,907 has been made between staff cost and other external expenses.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Paychex Inc, 911 Panorama Trail South, Rochester, New York 14625-2396.

#### Foreign currency translation

The Company's reporting currency is DKK, every other currency is considered as foreign exchange.

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency positions are considered as securing of future cash flows, revaluations are included directly in equity.

Receivables, 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 recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross profit

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

#### Revenue

Income from the sale of goods, comprising the sale of software and hardware etc., is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and the economic benefits will be submitted to the Company.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies (continued)

##### Other external costs

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

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

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.

### 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.

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Land and buildings, property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

Cost includes the purchase price and costs directly related to the acquisition until the time when the asset is ready to be used.

Interest expenses on loans taken directly to finance the production of tangible fixed assets are recognized in the cost price over the manufacturing period. All indirectly attributable borrowing costs are recognized in the income statement.

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:

Buildings	100 years
Fixtures and fittings, tools and equipment	4-10 years

The useful life and residual value are reassessed annually.

Land is not depreciated.

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment 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 has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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.

## Financial statements 1 June – 31 May

### Notes

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognized as assets comprise prepaid costs relating to rent, insurance premiums, subscriptions and interest.

##### Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

##### 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.

##### Liabilities other than provisions

Other liabilities are measured at amortised cost.

##### Prepayments received from customers

Prepayments recognized as liabilities consist of received payments relating to income in subsequent financial years.



## Financial statements 1 June – 31 May

### Notes

DKK'000	<u>2021/22</u>	<u>2020/21</u>
<b>2 Staff costs</b>		
Wages and salaries	70,056	65,494
Pensions	8,789	8,504
Other social security costs	<u>734</u>	<u>652</u>
	<u>79,579</u>	<u>74,650</u>
Average number of full-time employees	<u>108</u>	<u>106</u>
Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company have not disclosed information about remuneration of the Management.		
<b>3 Other financial income</b>		
Other financial income	22	81
Exchange gains	<u>0</u>	<u>8</u>
	<u>22</u>	<u>89</u>
<b>4 Other financial expenses</b>		
Interest expenses	<u>142</u>	<u>242</u>
	<u>142</u>	<u>242</u>
<b>5 Tax on profit for the year</b>		
Current tax for the year	-1,275	-8,360
Deferred tax for the year	1,772	5,630
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>1,087</u>
	<u>497</u>	<u>-1,643</u>
<b>6 Proposed profit appropriation/distribution of loss</b>		
Retained earnings	<u>1,861</u>	<u>-1,326</u>
	<u>1,861</u>	<u>-1,326</u>

## Financial statements 1 June – 31 May

### Notes

#### 7 Intangible assets

DKK'000	<u>Software</u>
Cost at 1 June 2021	4,770
Additions for the year	<u>2,736</u>
Cost at 31 May 2022	<u>7,506</u>
Amortisation and impairment losses at 1 June 2021	-147
Amortisation for the year	<u>-337</u>
Amortisation and impairment losses at 31 May 2022	<u>-484</u>
<b>Carrying amount at 31 May 2022</b>	<b><u><u>7,022</u></u></b>

#### 8 Property, plant and equipment

DKK'000	<u>Land and buildings</u>	<u>Fixtures and fittings, tools and equipment</u>	<u>Total</u>
Cost at 1 June 2021	16,519	16,275	32,794
Additions for the year	13	289	302
Disposals for the year	<u>-14,342</u>	<u>0</u>	<u>-14,342</u>
Cost at 31 May 2022	<u>2,190</u>	<u>16,564</u>	<u>18,754</u>
Depreciation and impairment losses at 1 June 2021	-7,798	-9,058	-16,856
Depreciation for the year	-271	-3,872	-4,143
Reversed impairment losses	<u>5,879</u>	<u>0</u>	<u>5,879</u>
Depreciation and impairment losses at 31 May 2022	<u>-2,190</u>	<u>-12,930</u>	<u>-15,120</u>
<b>Carrying amount at 31 May 2022</b>	<b><u><u>0</u></u></b>	<b><u><u>3,634</u></u></b>	<b><u><u>3,634</u></u></b>

#### 9 Deferred tax asset

DKK'000	<u>31/5 2022</u>	<u>31/5 2021</u>
Deferred tax at 1 June	2,386	9,103
Adjustment, primo	0	-1,087
Deferred tax of the year	<u>-1,772</u>	<u>-5,630</u>
	<u>614</u>	<u>2,386</u>

#### 10 Prepayments

Prepayments recognized as assets comprise prepaid costs relating to rent, insurance premiums, subscriptions and interest.

## Financial statements 1 June – 31 May

### Notes

#### 11 Contractual obligations, contingencies, etc.

##### Contingent liabilities

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.

The Company has contingent liabilities of DKK'000 5,845 related to rent.

#### 12 Related party disclosures

Lessor A/S' related parties comprise the following:

##### Control

Lessor Group A/S, Engholm Parkvej 8, 3450 Allerød.

Lessor Group A/S holds the majority of the contributed capital in the Company.

Lessor A/S is part of the consolidated financial statements of Paychex, Inc., 911 Panorama Trail S. 14625 New York, USA, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Paychex, Inc. can be obtained by contacting the Company at the address above.

##### Related party transactions

	Group	Parent Company
	<u>2021/22</u>	<u>2021/22</u>
DKK'000		
General administrative revenue	4,230,725	6,379,931
Support fee revenue	13,763,992	0
Management fee expenses	<u>0</u>	<u>20,198,744</u>
	<u>17,994,717</u>	<u>26,578,675</u>