



Lessor A/S

Engholm Parkvej 8
3450 Allerød
CVR No. 24240010

Annual report 01.06.2022 - 31.05.2023

The Annual General Meeting adopted the annual
report on 29.11.2023

Peter Tvermoes Meier
Chairman of the General Meeting

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Entity details

Entity

Lessor A/S

Engholm Parkvej 8

3450 Allerød

Business Registration No.: 24240010

Registered office: Allerød

Financial year: 01.06.2022 - 31.05.2023

Board of Directors

Efrain Rivera

Stephanie Lynn Schaeffer

John Bradley Gibson JR

Executive Board

Henrik Basso Reichsthaler Møller

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Lessor A/S for the financial year 01.06.2022 - 31.05.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.05.2023 and of the results of its operations for the financial year 01.06.2022 - 31.05.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.11.2023

Executive Board

Henrik Basso Reichsthaler Møller

Board of Directors

Efrain Rivera

Stephanie Lynn Schaeffer

John Bradley Gibson JR

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 01.06.2022 - 31.05.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.05.2023 and of the results of its operations for the financial year 01.06.2022 - 31.05.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 29.11.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Buch

State Authorised Public Accountant
Identification No (MNE) mne47793

Management commentary

Financial highlights

	2022/23	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	104,008	88,263	75,823	88,380	73,705
Operating profit/loss	6,015	4,441	(2,816)	(6,864)	(9,990)
Net financials	(75)	(120)	(153)	6,956	1,470
Profit/loss for the year	4,278	3,392	(1,326)	1,581	(5,049)
Total assets	74,682	63,193	67,617	112,098	110,875
Equity	6,863	2,585	(808)	519	(8,063)
Ratios					
Return on equity (%)	90.56	381.77	917.65	(41.91)	91.20
Equity ratio (%)	9.19	4.09	(1.19)	0.46	(7.27)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100
Average equity

Equity ratio (%):

Equity * 100
Total assets

Primary 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 finances

The Company's income statement for 2022/23 shows a profit of DKK 4,303 thousand as against DKK 3,392 thousand in 2021/22. Equity in the Company's balance sheet on 31 May 2023 ended with DKK 6,888 thousand as against DKK 2,585 thousand at 31 May 2022.

In 2022/2023, the management have identified material errors in previous years related to the recognition of revenue due to misstatements in the accrued revenue. The comparison figures have been adjusted accordingly.

The restatement impacts the comparatives, and the opening equity as follows:

- Gross profit increased by DKK 1.964 thousand
- Profit/loss before tax increased by DKK 1.964 thousand
- Profit/loss for the year increased by DKK 1.532 thousand
- Joint taxation contribution receivable decreased by DKK 432 thousand
- Equity increased by DKK 1.532 thousand
- Prepayments increased by DKK 1.964 thousand

The increase in the profit is in line with managements expectation.

Profit/loss for the year in relation to expected developments

The increase in the profit is in line with managements expectation. The growth is driven primarily by migration the new Lessor Løn product platform.

Outlook

The company expects activity growth and revenue in the new financial year for its product. We are expecting a positive EBITDA of 15 million DKK in the following year.

Knowledge resources

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

Environmental performance

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

Research and development activities

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.

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.

Income statement for 2022/23

	Notes	2022/23 DKK'000	2021/22 DKK'000
Gross profit/loss		104,008	88,263
Staff costs	1	(93,406)	(79,579)
Depreciation, amortisation and impairment losses		(4,587)	(4,243)
Operating profit/loss		6,015	4,441
Other financial income		0	22
Other financial expenses		(75)	(142)
Profit/loss before tax		5,940	4,321
Tax on profit/loss for the year	2	(1,662)	(929)
Profit/loss for the year	3	4,278	3,392

Balance sheet at 31.05.2023

Assets

	Notes	2022/23 DKK'000	2021/22 DKK'000
Completed development projects	5	10,279	7,022
Intangible assets	4	10,279	7,022
Land and buildings		0	0
Other fixtures and fittings, tools and equipment		468	3,634
Property, plant and equipment	6	468	3,634
Fixed assets		10,747	10,656
Trade receivables		26,464	10,796
Receivables from group enterprises		13,208	19,830
Deferred tax	7	531	614
Other receivables		1,084	2,092
Joint taxation contribution receivable		0	4,413
Prepayments	8	16,173	4,999
Receivables		57,460	42,744
Cash		6,475	9,793
Current assets		63,935	52,537
Assets		74,682	63,193

Equity and liabilities

	Notes	2022/23 DKK'000	2021/22 DKK'000
Contributed capital		500	500
Reserve for development expenditure		8,017	5,477
Retained earnings		(1,654)	(3,392)
Equity		6,863	2,585
Other provisions	9	0	1,084
Provisions		0	1,084
Joint taxation contribution payable		2,011	0
Other payables		0	300
Non-current liabilities other than provisions		2,011	300
Prepayments received from customers		42,714	35,859
Trade payables		1,185	3,537
Payables to group enterprises		4,002	0
Other payables		17,907	19,828
Current liabilities other than provisions		65,808	59,224
Liabilities other than provisions		67,819	59,524
Equity and liabilities		74,682	63,193
Contingent liabilities	10		
Non-arm's length related party transactions	11		
Group relations	12		

Statement of changes in equity for 2022/23

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	5,477	(4,924)	1,053
Corrections of material errors	0	0	1,532	1,532
Adjusted equity, beginning of year	500	5,477	(3,392)	2,585
Transfer to reserves	0	2,540	(2,540)	0
Profit/loss for the year	0	0	4,278	4,278
Equity end of year	500	8,017	(1,654)	6,863

Notes

1 Staff costs

	2022/23 DKK'000	2021/22 DKK'000
Wages and salaries	86,109	70,056
Pension costs	6,565	8,789
Other social security costs	732	734
	93,406	79,579
Average number of full-time employees	116	108

Pursuant to section 98b of the Danish Financial Statements Act, the Company have not disclosed information about remuneration of the Management.

2 Tax on profit/loss for the year

	2022/23 DKK'000	2021/22 DKK'000
Current tax	1,147	(843)
Change in deferred tax	83	1,772
Adjustment concerning previous years	432	0
	1,662	929

3 Proposed distribution of profit and loss

	2022/23 DKK'000	2021/22 DKK'000
Retained earnings	4,278	3,392
	4,278	3,392

4 Intangible assets

	Completed development projects DKK'000
Cost beginning of year	7,506
Additions	4,950
Cost end of year	12,456
Amortisation and impairment losses beginning of year	(484)
Amortisation for the year	(1,693)
Amortisation and impairment losses end of year	(2,177)
Carrying amount end of year	10,279

5 Development projects

Development projects relate to the development of software. Costs for ongoing development projects are included at cost. The value of ongoing development projects is expected to be at least equal to the book value, based on expectations of future earnings resulting from the development project. There is uncertainty associated with these expectations, as the value of the development project depends on continued customer growth in the company.

6 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	2,190	16,564
Disposals	(873)	(1,629)
Cost end of year	1,317	14,935
Depreciation and impairment losses beginning of year	(2,190)	(12,930)
Depreciation for the year	0	(3,166)
Reversal regarding disposals	873	1,629
Depreciation and impairment losses end of year	(1,317)	(14,467)
Carrying amount end of year	0	468

7 Deferred tax

	2022/23 DKK'000	2021/22 DKK'000
Changes during the year		
Beginning of year	614	2,386
Recognised in the income statement	(83)	(1,772)
End of year	531	614

Deferred tax relates to intangible assets, property, plant and equipment..

Deferred tax assets

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax asset

8 Prepayments

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

9 Other provisions

Other provisions consist of provisions related to a prior lawsuit.

10 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.

11 Non-arm's length related party transactions

	Parent	Other related parties
	DKK'000	DKK'000
Intercompany Liabilities	0	(4,002)
Receivables	(10,303)	(6,106)

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions. All transactions relates to the Danish joint taxation.

12 Group relations

Lessor A/S' related parties comprise the following:
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.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

The Entity has changed its accounting policies with regard to the presentation of Completed Development Projects (prior year Software).

Management has in current year, reassessed the nature of the assets presented as Software / Completed Development Projects, and deemed that these should be accounted for as Development projects in accordance with Danish GAAP. Consequently, the presentation is adjusted in accordance with section 83 of The Danish Financial Statements Act.

The change in accounting policies has no impact on the balances of prior and current year, except for Reserve for development expenditure.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Material errors in previous years

In 2022/2023, the management have identified material errors in previous years related to the recognition of revenue due to misstatements in the accrued revenue. The comparison figures have been adjusted accordingly.

The restatement impacts the comparatives, and the opening equity as follows:

- Gross profit increased by DKK 1.964 thousand
- Profit/loss before tax increased by DKK 1.964 thousand
- Profit/loss for the year increased by DKK 1.532 thousand
- Joint taxation contribution receivable decreased by DKK 432 thousand
- Equity increased by DKK 1.532 thousand
- Prepayments received from customers decreased by DKK 1.964 thousand

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm

or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income and external expenses.

Revenue

Revenue from the sale of manufactured goods, comprising the sale of software and hardware etc., is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, software for own usage etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest income and expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intangible assets

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

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 equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	4-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement

as such statement is included in the consolidated cash flow statement in the consolidated financial statements of Paychex Inc, 911 Panorama Trail South, Rochester, New York 14625-2396.