Deloitte.

Emply ApS

Lyngbyvej 2
2100 København Ø
CVR No. 31430747

Annual report 01.06.2022 - 31.05.2023

The Annual General Meeting adopted the annual report on 20.11.2023

Henrik Møller
Chairman of the General Meeting

Contents

Entity details

Entity

Emply ApS
Lyngbyvej 2
2100 København Ø

Business Registration No.: 31430747
Registered office: København
Financial year: 01.06.2022 - 31.05.2023

Board of Directors

Efrain Rivera
Henrik Basso Reichsthaler Møller
Stephanie Lynn Schaeffer
Robert L Schrader

Executive Board

Peter Tvermoes Meier Andersen
Thomas Jelbo

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 Emply ApS 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.

Alleroed, 20.11.2023

Executive Board

Peter Tvermoes Meier Andersen **Thomas Jelbo**

Board of Directors

Efrain Rivera **Henrik Basso Reichsthaler Møller**

Stephanie Lynn Schaeffer **Robert L Schrader**

Independent auditor's report

To the shareholders of Emply ApS

Opinion

We have audited the financial statements of Emply ApS 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, 20.11.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Buch
State Authorised Public Accountant
Identification No (MNE) mne47793

Management commentary

Primary activities

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

Description of material changes in activities and finances

The Company's income statement for 2022/23 shows a profit of TDKK -5,331 as against TDKK -3,499 for the period 1 January - 31 May 2022. Equity in the Company's balance sheet at 31 May 2023 stood at TDKK -6,871 as against TDKK -1,540 at 31 May 2022. Management see the result as unsatisfactory, however it is part of a long term growth strategy that will ensure profitability..

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022/23

	Notes	2022/23 DKK'000	2021/22 DKK'000
Gross profit/loss		**22,632**	**12,115**
Staff costs	2	(25,332)	(14,102)
Depreciation, amortisation and impairment losses		(4,325)	(2,492)
Operating profit/loss		**(7,025)**	**(4,479)**
Financial expenses from group enterprises		(160)	0
Other financial expenses		(15)	(32)
Profit/loss before tax		**(7,200)**	**(4,511)**
Tax on profit/loss for the year	3	1,869	1,012
Profit/loss for the year		**(5,331)**	**(3,499)**
Proposed distribution of profit and loss			
Retained earnings		(5,331)	(3,499)
Proposed distribution of profit and loss		**(5,331)**	**(3,499)**

Balance sheet at 31.05.2023

Assets

	Notes	2022/23 DKK'000	2021/22 DKK'000
Completed development projects	5	20,164	12,466
Intangible assets	4	**20,164**	**12,466**
Other fixtures and fittings, tools and equipment		410	269
Leasehold improvements		466	273
Property, plant and equipment	6	**876**	**542**
Investments in group enterprises		50	50
Deposits		95	0
Financial assets	7	**145**	**50**
Fixed assets		**21,185**	**13,058**
Other receivables		4	1,837
Joint taxation contribution receivable		3,192	3,082
Prepayments		489	237
Receivables		**3,685**	**5,156**
Cash		**3,984**	**1,746**
Current assets		**7,669**	**6,902**
Assets		**28,854**	**19,960**

Equity and liabilities

	Notes	2022/23 DKK'000	2021/22 DKK'000
Contributed capital		529	529
Reserve for development expenditure		15,727	9,723
Retained earnings		(23,127)	(11,792)
Equity		**(6,871)**	**(1,540)**
Deferred tax		1,702	379
Provisions		**1,702**	**379**
Trade payables		2,466	3,078
Payables to group enterprises		29,107	17,406
Other payables		2,450	637
Current liabilities other than provisions		**34,023**	**21,121**
Liabilities other than provisions		**34,023**	**21,121**
Equity and liabilities		**28,854**	**19,960**

Going concern	1
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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	529	9,723	(11,792)	(1,540)
Transfer to reserves	0	6,004	(6,004)	0
Profit/loss for the year	0	0	(5,331)	(5,331)
Equity end of year	**529**	**15,727**	**(23,127)**	**(6,871)**

The Company has lost more than half of its contributed capital and is thus subject to the capital provisions of the Danish Companies Act section 119.
The company's management expects the capital to be reestablished in the event of future positive operations.

Notes

1 Going concern

The company has lost its share capital, and the shareholders's equity is negative of DKK 6,871 thousand. Management expects to re-establish the share capital through future earnings.

The company has in 2023 received a letter of support from its parent company in Denmark (Lessor Group ApS).

The Board of Directors believes, based on the letter of support, that the company will have sufficient liquidity to fund the Company's activities for at least the next 12 months.

2 Staff costs

	2022/23 DKK'000	2021/22 DKK'000
Wages and salaries	21,984	12,674
Pension costs	2,133	786
Other social security costs	356	198
Other staff costs	859	444
	25,332	**14,102**
Average number of full-time employees	**39**	**24**

3 Tax on profit/loss for the year

	2022/23 DKK'000	2021/22 DKK'000
Change in deferred tax	1,323	1,387
Refund in joint taxation arrangement	(3,192)	(2,399)
	(1,869)	**(1,012)**

4 Intangible assets

	Completed development projects DKK'000
Cost beginning of year	25,194
Additions	11,771
Cost end of year	**36,965**
Amortisation and impairment losses beginning of year	(12,728)
Amortisation for the year	(4,073)
Amortisation and impairment losses end of year	**(16,801)**
Carrying amount end of year	**20,164**

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

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	1,594	282
Additions	301	285
Cost end of year	**1,895**	**567**
Depreciation and impairment losses beginning of year	(1,325)	(9)
Depreciation for the year	(160)	(92)
Depreciation and impairment losses end of year	**(1,485)**	**(101)**
Carrying amount end of year	**410**	**466**

7 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	50	0
Additions	0	95
Cost end of year	**50**	**95**
Carrying amount end of year	**50**	**95**

Investments in subsidiaries	Registered in	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Emply International ApS	Copenhagen	100.00	4,246	(1,159)

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities.

9 Related parties with controlling interest

Emply ApS related parties comprise the following:

Lessor Group ApS, Engholm Parkvej 8, 3450 Allerød
Lessor Group ApS holds the majority of the contributed capital in the Company.

Emply ApS is part of the consolidated financial statements of Paychex, Inc. 911 Panorama Trail S 14625 New York, USA, which is the smallest 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.

10 Non-arm's length related party transactions

	Parent DKK'000	Subsidiaries DKK'000	Other related parties DKK'000
Intercompany interests (1%)	(160)	0	0
Intercompany liabilities	(9,216)	(752)	(4,174)

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.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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, reassed 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.

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.

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, and other external expenses. Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue from the sale of goods, comprising 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, 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.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

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.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

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 years.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools 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.

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	2-3 years
Leasehold improvements	2-3 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.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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