

New Dawn Holding ApS

Engholm Parkvej 8
3450 Allerød

CVR no. 39 34 18 59

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

2 December 2020

Efrain Rivera
chairman

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Statement by the Board of Directors

The Board of Directors have today discussed and approved the annual report of New Dawn Holding ApS 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, 2 December 2020
Board of Directors:

Efrain Rivera
Chairman

Stephanie Lynn Schaeffer

Independent auditor's report

To the shareholders of New Dawn Holding ApS

Opinion

We have audited the financial statements of New Dawn Holding ApS 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.

Emphasis of matter regarding matters in the financial statements

We draw attention to the management's report on p. 6 and accounting policies on p. 11 in the annual report, which describe that a material error is adjusted in the opening balance and comparative figures for investments in subsidiaries. Our conclusion is not modified in respect to this matter.

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.

Independent auditor's report

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.
- 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.



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Independent auditor's report

Copenhagen, 2 December 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kim Schmidt
State Authorised
Public Accountant
mne34552

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Management's review

Company details

New Dawn Holding ApS
Engholm Parkvej 8
3450 Allerød

CVR no.:	39 34 18 59
Established:	16 February 2018
Registered office:	Allerød
Financial year:	1 June – 31 May

Board of Directors

Efrain Rivera, Chairman
Stephanie Lynn Schaeffer

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

The company is a holding company for a group of companies that develop, market and support software and systems for the development and management of human resources and payroll. The Group's products are mainly sold in Denmark and Germany.

Significant events

COVID-19

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

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK'000 -96,067 as against DKK'000 -109,565 in 2019. Equity in the Company's balance sheet at 31 May 2020 stood at DKK'000 861,821 as against DKK'000 957,888 at 31 May 2019.

A material misstatement in the annual report for 2018/19 related to investments in subsidiaries have been identified, which relates to the investment made in the subsidiary AX IV Holding III at 28. February 2018, the investment is recognized at equity value where a goodwill of 823.967 tDKK is identified but have not been depreciated on in the annual report and hereby the investments in subsidiaries and loss for the year is overstated with 102.996 tDKK.

The misstatement is adjusted in the opening balance and comparative figures for investments in subsidiaries cf. section 52(2) of the Danish Financial Statement Act.

Environmental matters

The group's products do not have a negative environmental impact. The group has an environmentally friendly office building in Allerød with rainwater collection and geothermal heat.

Outlook for the coming year

The Group expects activity growth and a revenue of approximately DKK 215 million in the new financial year.

Due to the deterioration in the economic outlook as a consequence of the COVID-19 situation, it is not expected that the Company's financial result for 2020 will be negatively affected.

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.

Management's review

Operating review

Intellectual capital

It is important that the group 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.

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	2019/20	2018/19
Other external costs		<u>-47</u>	<u>-18</u>
Gross loss		-47	-18
Depreciation, amortisation and impairment losses		<u>-82,397</u>	<u>-102,996</u>
Operating loss		-82,444	-103,014
Income from equity investments in group entities		-13,631	-6,555
Financial expenses		<u>-3</u>	<u>0</u>
Loss before tax		-96,078	-109,569
Tax on profit/loss for the year		<u>11</u>	<u>4</u>
Loss for the year		<u>-96,067</u>	<u>-109,565</u>
Proposed distribution of loss			
Retained earnings		<u>-96,067</u>	<u>-109,565</u>

Financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	31/5 2020	31/5 2019
ASSETS			
Fixed assets			
Investments	2		
Equity investments in group entities		<u>861,824</u>	<u>957,852</u>
Total fixed assets		<u>861,824</u>	<u>957,852</u>
Current assets			
Receivables			
Deferred tax asset		<u>4</u>	<u>4</u>
Cash at bank and in hand		<u>46</u>	<u>50</u>
Total current assets		<u>50</u>	<u>54</u>
TOTAL ASSETS		<u><u>861,874</u></u>	<u><u>957,906</u></u>
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,010	1,010
Share premium		1,066,443	1,066,443
Retained earnings		<u>-205,632</u>	<u>-109,565</u>
Total equity		<u>861,821</u>	<u>957,888</u>
Liabilities			
Non-current liabilities			
Payables to group entities		<u>64</u>	<u>0</u>
Current liabilities			
Corporation tax		-11	0
Deferred income		<u>0</u>	<u>18</u>
		<u>-11</u>	<u>18</u>
Total liabilities		<u>53</u>	<u>18</u>
TOTAL EQUITY AND LIABILITIES		<u><u>861,874</u></u>	<u><u>957,906</u></u>
Contractual obligations, contingencies, etc.	3		
Related party disclosures	4		

Financial statements 1 June – 31 May

Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Total
Equity at 16 February 2018	1,010	1,066,443	0	1,067,453
Net effect from adjustment of fundamental error	0	0	-102,996	-102,996
Transferred over the distribution of loss	<u>0</u>	<u>0</u>	<u>-6,569</u>	<u>-6,569</u>
Equity at 1 June 2019	1,010	1,066,443	-109,565	957,888
Transferred over the distribution of loss	<u>0</u>	<u>0</u>	<u>-96,067</u>	<u>-96,067</u>
Equity at 31 May 2020	<u><u>1,010</u></u>	<u><u>1,066,443</u></u>	<u><u>-205,632</u></u>	<u><u>861,821</u></u>

Financial statements 1 June – 31 May

Notes

1 Accounting policies

The annual report of New Dawn Holding ApS 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.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of New Dawn Holding ApS and group entities are included in the consolidated financial statements of Paycheck Inc, 911 Panorama Trail South, Rochester, New York.

Material errors

The Company has identified material errors in the following area that affect previously presented annual reports:

A material misstatement in the annual report for 2018/19 related to investments in subsidiaries have been identified.

The material misstatements relates to the investment made in the subsidiary AX IV Holding III at 28. February 2018, the investment is recognized at equity value where a goodwill of 823.967 tDKK is identified but have not been depreciated on in the annual report and hereby the investments in subsidiaries and loss for the year is overstated with 102.996 tDKK.

The misstatement is adjusted in the opening balance and comparative figures for investments in subsidiaries cf. section 52(2) of the Danish Financial Statement Act.

The effect of the identified errors has been recognised directly in equity at the beginning of the comparative year, and the comparative figures have been restated.

DKK'000	<u>2018/19</u>
Depreciation of goodwill	-102,996
Equity investments in group entities	102,996
Equity	102,996

Income statement

Other external costs

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

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Tax on profit/loss for the year

The Parent 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.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

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

Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 June – 31 May

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1 Accounting policies (continued)

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.

Liabilities

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.

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.

Financial statements 1 June – 31 May

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1 Accounting policies (continued)

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 income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, 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.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

2 Investments

	Equity Investments in group entities
DKK'000	
Cost at 1 June 2019	957,852
Cost at 31 May 2020	957,852
Net profit/loss for the year	-13,631
Depreciation of goodwill	-82,397
Revaluations 31 May 2020	-96,028
Carrying amount at 31 May 2020	861,824

New Dawn have acquired equity investments in Lessor Group (before merger at 31.05.2019 AX IV Holding III), which entailed recognition of a positive balance (goodwill) of 638.575 tDKK at 31.05.2020.

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3 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.

4 Related party disclosures

New Dawn Holding ApS' 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:

Paycheck Inc, 911 Panorama Trail South, Rochester, New York 14625-2396