

New Dawn Holding ApS

c/o Lessor A/S
Engholm Parkvej 8
3450 Allerød
Denmark

CVR no. 39 34 18 59

Annual report 2021/22

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

28 December 2022

Henrik Basso Reichsthaler
Chairman of the annual general meeting

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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 New Dawn Holding ApS 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 matters discussed in the Management's review.

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

Allerød, 28 December 2022

Executive Board:

Efrain Rivera
CEO

Board of Directors:

Stephanie Lynn
Schaeffer

Efrain Rivera



Independent auditor's report

To the shareholders of New Dawn Holding ApS

Independent auditor's report on the financial statements

Opinion

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

Independent auditor's report

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.
- 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

Report on other legal and regulatory requirements

Non-compliance with the Danish Financial Statements Act

The Company has failed to file its annual report for 2021/22 with the Danish Business Authority within the filing deadline laid down by the Danish Financial Statements Act. The Company's Management may incur liability for this respect.

Copenhagen, 28 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

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Management's review

Company details

New Dawn Holding ApS
c/o Lessor A/S
Engholm Parkvej 8
3450 Allerød
Denmark

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

Board of Directors

Stephanie Lynn Schaeffer
Efrain Rivera

Executive Board

Efrain Rivera, CEO

Auditor

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

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, The Netherlands and Germany.

Development in activities and financial position

The Company's income statement for 2021/22 shows a profit of DKK -121,998 thousand as against DKK -95,824 thousand in 2020/21. Equity in the Company's balance sheet at 31 May 2022 stood at DKK 644,000 thousand as against DKK 765,997 thousand at 31 May 2021.

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 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 Company expects activity growth and a group revenue of approximately DKK 296 million in the new financial year for Lessor and Empl products.

Research and development activities

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

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

On 7th of November 2022, the Company received USD 2.000.000 (DKK 15.027.936) capital contribution from its ultimate parent company Paychex Inc. in the USA. No other 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
Gross profit/loss		45	-211
Depreciation, amortisation and impairment losses		<u>-82,397</u>	<u>-82,397</u>
Loss before financial income and expenses		-82,352	-82,608
Income from equity investments in group entities		-39,633	-13,259
Other financial expenses		<u>-4</u>	<u>-4</u>
Loss before tax		-121,989	-95,871
Tax on loss for the year		<u>-9</u>	<u>47</u>
Loss for the year		<u><u>-121,998</u></u>	<u><u>-95,824</u></u>
Proposed distribution of loss			
Retained earnings		<u>-121,998</u>	<u>-95,824</u>
		<u><u>-121,998</u></u>	<u><u>-95,824</u></u>

Financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	31/5 2022	31/5 2021
ASSETS			
Fixed assets			
Investments	3		
Equity investments in group entities		644,138	766,168
Total fixed assets		644,138	766,168
Current assets			
Receivables			
Receivables from group entities		0	252
Deferred tax asset		4	4
Corporation tax		1,471	0
		1,475	256
Cash at bank and in hand		41	43
Total current assets		1,516	299
TOTAL ASSETS		645,654	766,467

Financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	31/5 2022	31/5 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,010	1,010
Share premium		0	1,066,443
Retained earnings		642,990	-301,456
Total equity		644,000	765,997
Liabilities			
Non-current liabilities			
Payables to group entities		200	96
Current liabilities			
Prepayments received from customers		100	180
Payables to group entities		1,355	0
Corporation tax		0	194
Other payables		-1	0
		1,454	374
Total liabilities		1,654	470
TOTAL EQUITY AND LIABILITIES		645,654	766,467
Average number of full-time employees	2		
Contractual obligations, contingencies, etc.	4		
Related party disclosures	5		

Financial statements 1 June – 31 May

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 June 2021	1,010	764,988	765,998
Transferred over the distribution of loss	0	-121,998	-121,998
Equity at 31 May 2022	1,010	642,990	644,000

Financial statements 1 June – 31 May

Notes

1 Accounting policies

The annual report of New Dawn Holding ApS for 2021/22 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.

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.

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.

Other external costs

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

Income from equity investments in group entities

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

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

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 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.

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 subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company'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 subsidiaries with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

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.

Financial statements 1 June – 31 May

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1 Accounting policies (continued)

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.

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.

Cash at bank and in hand

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

Liabilities

Other liabilities are measured at amortised cost.

Prepayments received from costumers

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>
2 Average number of full-time employees		
Average number of full-time employees	<u>0</u>	<u>0</u>
3 Investments		
DKK'000		Equity investments in group entities
Cost at 1 June 2021		<u>957,852</u>
Cost at 31 May 2022		<u>957,852</u>
Revaluations at 1 June 2021		-191,684
Net profit/loss for the year		-39,633
Depreciation of goodwill		<u>-82,397</u>
Revaluations 31 May 2022		<u>-313,714</u>
Carrying amount at 31 May 2022		<u>644,138</u>
		Voting rights and ownership interest
Name	<u>Registered office</u>	<u>interest</u>
Lessor Group ApS	Allerød	100%

New Dawn Holding 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 823.967 tDKK at 31.05.2020. The balance per 31.05.2022 amounts to 466.916 tDKK

4 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.

Financial statements 1 June – 31 May

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5 Related party disclosures

New Dawn Holding ApS' related parties comprise the following:

Control

Paychex, Inc., 911 Panorama Tail South, Rochester, New York 14625-2396.

Paychex, Inc. holds the majority of the contributed capital in the Company.

New Dawn Holding ApS is part of the consolidated financial statements of Paychex, Inc, 911 Panorama Tail South, Rochester, New York 14625-2396, which is the smallest 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.