



Beautiful business

MARKET RELEASE

Xero to acquire workforce management platform Planday

Helping small businesses and their employees to address the changing nature of work

WELLINGTON, 4 March 2021 – Xero Limited (ASX:XRO) today announces the acquisition of Planday, a leading workforce management platform with more than 350,000 employee users across Europe and the UK that simplifies employee scheduling, allowing businesses to forecast and manage their labour costs.

Aligned with Xero's strategic priority to grow the small business platform, the acquisition of Planday will help more small businesses save time, save money, deal with increasing compliance requirements, support more flexible forms of work, and look after their people.

Planday is an open platform that integrates with Xero, other accounting solutions and third-party workforce-related apps, to deliver a real-time view of staffing needs and payroll costs, alongside key business performance metrics. When combined with an accounting solution, such as Xero, Planday is able to provide insights to a business or its advisor that help them to adjust staffing levels to match trading conditions and control labour costs, which are often an employer's largest expense.

Planday's cloud-based technology offers significant flexibility and self-service functionality through a mobile app. Employers and employees can communicate easily, collaborate on scheduling, track time and attendance, manage payroll, vacation, absence, and other labour related compliance needs.

Following the acquisition, Planday will expand its presence into other markets where Xero operates, supporting Xero's long-term growth plans.

With an upfront payment of €155.7 million and a subsequent earnout payment of up to €27.8 million based on product development and revenue milestones, the total potential consideration for the acquisition of Planday is €183.5 million. Approximately 45% of the upfront consideration will be payable in shares in Xero Limited and 55% will be settled in cash. Up to 50% of the earnout payment will be settled in Xero Limited shares with the remainder being paid in cash.

Completion of the transaction is expected in Q1 of Xero's financial year ending 31 March 2022 (FY22) and is subject to the satisfaction of closing conditions. The acquisition is expected to contribute approximately three percentage points of additional operating revenue growth for Xero in FY22. Transaction, integration and operating costs are anticipated to have a modest negative impact on Xero's FY22 EBITDA.

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Xero CEO Steve Vamos commented: “The acquisition of Planday aligns with our purpose to make life better for people in small businesses and their advisors. Planday’s workforce management platform helps small businesses to respond to the rapidly changing nature of work. Planday also addresses the growing need for flexibility and rising compliance demands within the workplace.”

Planday CEO Christian Brøndum commented: “We are beyond excited for this next step in Planday’s journey. Our mission is to make our customers’ day work, and make life easier for both employers and employees. This mission fits perfectly with Xero’s passion for small businesses, for people, for growth and for communities. We’re looking forward to working within the Xero family to build a strong launchpad for businesses and employees to manage their time and joint potential.”

Planday was founded in 2004 and is headquartered in Copenhagen, Denmark. The primary markets in which Planday currently operates are Denmark, Norway, Sweden, the UK, Germany and France. The business, which has been a Xero ecosystem partner since 2019, will continue to offer services to existing customers and partners, including other accounting software providers.

Analyst and investor conference call details

Following this announcement, Xero will host a conference call at 9.30am AEDT today, 4 March. In order to join, participants must register for the conference call at this link:

<https://s1.c-conf.com/diamondpass/10012637-p3buho.html>

After registration, participants will receive telephone dial-in details and a unique pass code which must be quoted when dialling into the call. Please dial in 5-10 minutes prior to the start of the call.

A replay will be available on Xero’s [Investor Centre](#).

Authorised for release to the ASX by the Chair of the Board.

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About Xero

[Xero](#) is a cloud-based accounting software platform for small businesses with 2.45 million subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 800 third-party apps and 200 plus connections to banks and other financial partners. In 2020 and 2021, Xero was included in the Bloomberg Gender-Equality Index and in 2020, Xero was recognised by [IDC MarketScape](#) as a leader in its worldwide SaaS and cloud-enabled small business finance and accounting applications vendor assessment.