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Xero Limited will acquire Planday, a 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 labor 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

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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 €27.8million 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.

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

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