Planday A/S

Kuglegårdsvej 7, 1434 København K

CVR No. 27666248

Annual Report

For the 12 month period ended 31 March 2023

The annual report was submitted and approved by the general meeting on the 29th September 2023

Rasmus Schou Pedersen

Chairman of the meeting

Contents

Entity Details

Entity

Planday A/S

Kuglegårdsvej 7

1434 København K

Business Registration No.: 27666248

Registered office: Copenhagen

Financial period: 01.04.2022 - 31.03.2023

Board of Directors

Christopher O'Neill, Chairman

Kirsty Vanora Godfrey-Billy, Vice-Chair

David Robert Lee, Board Member

Executive Board

David Robert Lee, CEO

Anders Kynde Frederiksen, Director

Auditor

EY Godkendt Revisionspartnerselskab

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Planday A/S ('Company') for the 12 month period 01.04.2022 - 31.03.2023.

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 financial position of the Company at 31.03.2023 and of the results of its operations for the 12 month period 01.04.2022 - 31.03.2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Copenhagen, 29th September 2023

Executive Board

Dave Lee

David Robert Lee
CEO

Anders Frederiksen

Anders Kynde Frederiksen
Director

Board of Directors

CHRISTOPHER R O'NEILL

Christopher O'Neill
Director

KW Godfrey

Kirsty Godfrey-Billy
Director

Dave Lee

David Robert Lee
Director

Independent auditor's report

To the shareholders of Planday A/S

Opinion

We have audited the financial statements of Planday A/S for the financial year 1 April 2022 – 31 March 2023, which comprise 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 financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 note 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. In connection with our reading, we have found that the section in the Management's review regarding outlook does not include an acceptable range of expected result in accordance with the requirements of the Danish Financial Statements Act section 99 (1.5). We did not identify any other material misstatement of the Management's review.

Aalborg, 29 September 2023
EY Godkendt Revisionspartnerselskab

Hans B. Vistisen

Hans B. Vistisen
State Authorised
Public Accountant
mne23254

Mads Obel Knøsgaard

Mads Obel Knøsgaard
State Authorised
Public Accountant
mne49041

Management review

	Year ended 31 March 2023 DKK'000	15 month period ended 31 March 2022 (*) DKK'000	Year ended 31 December 2020 DKK'000	Year ended 31 December 2019 DKK'000	Year ended 31 December 2018 DKK'000	Year ended 31 December 2017 DKK'000
Key figures						
Gross profit	25,860	50,206	41,569	15,794	2,176	13,403
Operating loss	(139,613)	(167,885)	(36,951)	(47,679)	(54,366)	(29,379)
Net financials	2,002	(1,317)	(2,078)	249	(1,271)	(1,531)
Loss for the period	(135,542)	(169,202)	(33,529)	(41,931)	(48,459)	(24,199)
Balance sheet total	156,337	118,930	246,717	229,752	235,097	88,949
Investments in property, plant and equipment	823	3,507	3,666	711	757	760
Equity	67,376	31,259	139,656	173,105	214,610	76,577
Employees						
Average number of full-time employees	212	163	131	95	83	74
Ratios						
Return on equity (%)	-274.8	-198.0	-21.4	-21.6	-33.3	-63.1
Equity ratio (%)	43.1	26.3	56.6	75.3	91.3	86.1

2022 numbers are for a 15 month period. Current and previous years are for 12 month periods.

The financial ratios stated under "Key figures" have been calculated as follows:

Return on equity (%):
Profit/(loss) for the year *100
Average equity

Equity ratio (%):
Equity *100
Balance sheet total

Management review (continued)

Primary activities

The Company's primary activity is to conduct business with sale and licensing of software and other related activities. Specifically software to allow for smooth and efficient scheduling, communication, time tracking, reporting and staff management.

Development in activities and finances

Net loss for the 12 month period stands at DKK 135,542k (FY22 DKK 169,202k), equity at DKK 67,376k (FY22 DKK 31,259k) and total assets at DKK 156,337k (FY22 DKK 118,930k).

Net loss includes a one-off restructuring costs of DKK 3,410k and one-off gain of DKK 11,315k related to management incentive scheme, cf. note 3 to the financial statements.

Profit/loss for the year in relation to expected developments

The net loss for the 12 month period ended 31 March 2023 DKK 135,543k was expected by management and should be seen in relation to the growth plan the Company is following.

Outlook

Management expects that the Company will continue to grow its revenue according to the established business plan.

Liquidity and financing situation

The Company has in accordance with the annual report note 2 received letter of support from the Parent Company Xero Limited which commits itself, for the period of at least 12 months from the date of signing the annual report of the Company for the period ended 31 March 2023 to continue to financially support the Company, so that the Company has sufficient liquidity for the planned activities and operations and sufficient liquidity to meet its obligations as they mature.

Risks

The Company is exposed to financial risks relating to foreign currency risk, liquidity risk and credit risk. Foreign currency risk arises from transactions with foreign subsidiaries, along with transactions with third party vendors denominated in currencies other than Danish Kroner. Liquidity risk relates to the risk that the Company can not pay its contractual liabilities as they fall due, and credit risk relates to the risk that the counterparties to the Company's financial assets fail to meet their contractual liabilities.

The Company manages personal information for its customers and users through its cloud based software as a service. As a result, the Company is exposed to risks related to maintaining the privacy of data under management and compliance with data privacy legislation across its markets including the European Union General Data Protection Regulation.

Management is actively monitoring these risks and considering on an on-going basis the need to minimise these risks.

Management review (continued)

Knowledge resources

The Company's primary product is its online platform Planday. A key part of the growth of the Company is to continuously deliver new features etc. to enable the Company's product to be top of the line in the business.

The Company is specifically dependent on its staff in regards to its development projects and activities. The Company employs developers in the Danish Parent Company as well as in a number of its subsidiary entities.

Environmental performance

The Company has no particular environmental impact.

Research and development activities

The Company has capitalised development costs of DKK 63,665k during the 12 month period ending 31 March 2023. The Company's development costs are related to the continuous improvement of its primary product, the Planday platform. The total carrying value of capitalised development projects in the balance sheet amounts to DKK 116,106k at 31 March 2023. For 2023/2024, the Company expects to continue its focus on improving its product, as this is an important part of the business plan and the foundation for future growth. Please also see note 9 to the financial statements.

Income Statement

For the 12 months ended 31 March 2023

	Notes	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Gross profit		**25,860**	**50,206**
Staff costs	4	(102,756)	(119,768)
Depreciation, amortisation and impairment losses	5	(38,697)	(41,588)
Other operating expenses		(24,020)	(56,735)
Operating loss		**(139,613)**	**(167,885)**
Other financial income		2,114	-
Other financial expenses		(112)	(1,317)
Loss before tax		**(137,611)**	**(169,202)**
Tax for the year	6	2,069	-
Loss for the period	**8**	**(135,542)**	**(169,202)**

The financial statements should be read in conjunction with the accompanying notes.

Balance Sheet

At 31 March

	Notes	31 March 2023 (DKK000)	31 March 2022 (DKK000)
Assets			
Development projects		115,246	85,959
Development projects in progress		860	2,840
Intangible assets	9	**116,106**	**88,799**
Other fixtures and fittings, tools and equipment		2,874	3,637
Leasehold improvements		1,222	1,749
Property, plant and equipment	10	**4,096**	**5,386**
Investments in subsidiaries		10,042	63
Deposits		2,448	2,448
Financial assets	11	**12,490**	**2,511**
Fixed Assets		**132,692**	**96,696**
Trade receivables		3,866	3,689
Receivables from subsidiaries	17	441	4,808
Other receivables		121	365
Tax receivable	7	6,643	6,358
Prepayments	12	5,296	5,112
Receivables		**16,367**	**20,332**
Cash at bank		**7,278**	**1,902**
Current assets		**23,645**	**22,234**
Assets		**156,337**	**118,930**

The financial statements should be read in conjunction with the accompanying notes.

Balance Sheet

At 31 March 2023

	Notes	31 March 2023 (DKK000)	31 March 2022 (DKK000)
Equity and Liabilities			
Contributed capital	16	1,521	1,521
Reserve for development costs		90,563	68,787
Retained earnings		(24,708)	(39,049)
Equity		**67,376**	**31,259**
Provisions	13	3,410	-
Provisions		**3,410**	**-**
Trade Payables		7,968	3,961
Payables to group enterprises	17	61,600	54,548
Other payables	14	12,180	23,609
Deferred income	15	3,803	5,469
Deferred grant income		-	84
Current liabilities other than provisions		**85,551**	**87,671**
Liabilities other than provisions		**85,551**	**87,671**
Equity and liabilities		**156,337**	**118,930**

The financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the 12 month period ended 31 March

	Share capital (DKK 000)	Reserve for development costs (DKK 000)	Retained earnings (DKK 000)	Capital contribution (DKK 000)	Total (DKK 000)
Equity at 1 April 2022	1,521	68,787	(39,049)	-	31,259
Contributions from Parent	-	-	171,653	-	171,653
Tax on share-based payments	-	-	6	-	6
Proposed distribution of profit and loss	-	21,776	(157,318)	-	(135,542)
Capital contribution for equity-settled share-based payments	-	-	-	996	996
Return of capital contribution for equity-settled share-based payments	-	-	-	(996)	(996)
Equity at 31 March 2023	**1,521**	**90,563**	**(24,708)**	**-**	**67,376**

The financial statements should be read in conjunction with the accompanying notes.

Disclosures	Note reference
Accounting policies	1
Liquidity and financing	2
Special items	3
Staff costs	4
Depreciation, amortisation, and impairment losses	5
Tax on profit/loss for the year	6
Deferred tax assets	7
Proposed distribution of profit and loss	8
Intangible assets	9
Property, plant and equipment	10
Financial assets	11
Prepayments	12
Provisions	13
Other payables	14
Deferred income	15
Share capital	16
Related party	17
Contingent liabilities	18
Share-based payments	19
Events after balance date	20

Notes to the Financial Statements

1. ACCOUNTING POLICIES

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Planday A/S and its subsidiaries are included in the consolidated financial statements of Xero Limited.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flows of Planday A/S and its subsidiaries are included in the consolidated cash flow statement of Xero Limited.

Planday A/S was acquired by Xero Limited on 31 March 2021. To align with the company's new ultimate parent, Xero Limited, financial year-end, the Company's financial year-end was changed from 31 December to 31 March in the prior year. Comparative information in the income statement and the statement of changes in equity are not comparable as the prior financial statements have been prepared for a 15 month period from 01.01.2021 to 31.03.2022 and the current period figures comprise 12 months from 01.04.2022 to 31.03.2023.

The accounting policies applied to these financial statements are consistent with those applied in preparing the last annual report.

PRESENTATION CURRENCY

The financial statements are presented in Danish Kroner (DKK). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency translation adjustments resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

INCOME STATEMENT

GROSS PROFIT

Revenue, cost of sales, other operating income and other external expenses are summarised in the income statement into gross profit, with reference to section 32 of the Danish Financial Statements Act.

REVENUE

The Company has chosen IAS 18 as interpretation for revenue recognition. Revenue from the sale of services is recognised in the income statement when delivery is made to the customer. 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 cost directly related to revenue.

OTHER EXTERNAL COSTS

Other external costs include expenses relating to the Company’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs. This item also includes writedowns of receivables recognised in current assets.

STAFF COSTS

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, and share-based payments paid or payable to employees.

SHARE-BASED PAYMENTS

Planday operates a share-based compensation plan. The value of services received in exchange for Restricted Stock Units (RSUs) granted is measured to the fair value at the grant date of the RSUs granted. The fair value is recognised as costs in the income statement, over the period in which the service conditions are fulfilled (the vesting period). No cash consideration is required to be paid to exercise the RSUs. The share-based payments transactions are accounted for as an equity-settled share-based payment scheme in Planday A/S. At the initial recognition of the RSUs the number of RSUs expected to vest is estimated. Subsequently, the amount is adjusted for changes in the estimate of the number of RSUs ultimately vested.

OTHER OPERATING EXPENSES

Other operating expenses comprise of service fees paid to subsidiaries within the Group.

OTHER FINANCIAL INCOME

Other financial income comprises dividends etc. received on other investments, interest income, foreign exchange gains on payables and transactions upon settlement or re-measurement, amortisation of financial assets, as well as tax relief under the Danish Tax Prepayment Scheme.

OTHER FINANCIAL EXPENSES

Other financial expenses comprise interest expenses, foreign exchange losses on payables and transactions in foreign currencies upon settlement or re-measurement, amortisation of financial liabilities, as well as tax surcharge under the Danish Tax Prepayment Scheme.

TAX ON LOSS FOR THE YEAR

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date when they are included in the Group and up to the date when they are excluded from the Group.

The Company is the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities. On payment of joint taxation contributions, the Danish corporation tax charge 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 been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

BALANCE SHEET

DEVELOPMENT PROJECTS

Development costs comprise expenses, salaries and amortisation directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost on initial recognition and subsequently at cost less accumulated amortisation and impairment losses.

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 amortisation period is the remaining duration of the relevant rights. The amortisation period used is 5 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses.

PROPERTY, PLANT, AND EQUIPMENT

Other fixtures and fittings, tools and equipment, and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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 the 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:

- Other fixtures and fittings, tools and equipment 2-7 years;
- Leasehold improvements 3-5 years
- For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of the recoverable amount and carrying amount.

LEASES

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to ownership to the entity are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost. Where there is evidence of impairment of the investment an impairment test is carried out. Investments in subsidiaries will be written down to the lower of carrying amount and recoverable value of the investment.

IMPAIRMENT OF FIXED ASSETS

The carrying amount of intangible assets, property, plant and equipment and financial assets is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation made.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

RECEIVABLES

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

DEPOSITS

Deposits relating to rental property are measured at cost.

PREPAYMENTS

Prepayments comprise upfront or instalment payment made towards costs relating to subsequent financial years. Prepayments are measured at cost.

CASH AT BANK

Cash at bank comprises cash in hand.

EQUITY

RESERVE FOR DEVELOPMENT COSTS

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations. This is done by a transfer directly to the distributable reserves under equity.

DIVIDEND

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

PROVISIONS

Provisions comprise anticipated costs related to restructuring, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date, and it is probable that an outflow of the Company's resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value.

OTHER FINANCIAL LIABILITIES

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

PREPAYMENTS RECEIVED FROM CUSTOMERS

Prepayments received from customers comprise amounts received from customers prior to completion of the service agreed.

DEFERRED INCOME

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

CORPORATION TAX AND DEFERRED TAX

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax Company and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

LIABILITIES OTHER THAN PROVISIONS

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities. Other liabilities are measured at net realisable value.

2. LIQUIDITY AND FINANCING

The Company has received letter of support from the Parent Company Xero Limited which commits itself, for the period of at least 12 months from the date of signing the annual report of the Company for the period ended 31 March 2023 to continue to financially support the Company, so that the Company has sufficient liquidity for the planned activities and operations and sufficient liquidity to meet its obligations as they mature.

3. SPECIAL ITEMS

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's operating activities.

As disclosed in the Management's review, the profit/loss for the year is affected by a number of matters that Management does not consider part of the operating activities.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Cost/(gain)		
Management incentive plan	(11,315)	26,456
Restructuring costs	3,410	-
	(7,905)	**26,456**
Special items are recognised in the below line items		
Staff costs	(11,315)	26,456
Other operating expenses	3,410	-
Net (profit)/loss from special items	**(7,905)**	**26,456**

The Company has recognised a gain of DKK 11,315 thousand (2022: expense of DKK 26,456 thousand) on the revenue earn out incentive scheme based on revision of the likely probability of meeting set performance conditions. The restructuring costs of DKK 3,410 thousand (2022: Nil) relate to the announcement made of a program to streamline operations and realign the business to drive greater operating efficiency.

4. STAFF COSTS

	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Wages and salaries	143,872	118,788
Incentive plan	(11,315)	26,456
Pension costs	13,166	10,657
Other social security costs	1,014	1,657
Other staff costs	9,126	6,656
Total gross staff cots	**155,863**	**164,214**
Staff costs classified as assets	(53,107)	(44,446)
Total staff costs net of capitalised amounts	**102,756**	**119,768**
Average number of full -time employees	**212**	**163**

A management incentive plan is in place for which key members of the Executive Board and other executive officers are eligible. Those eligible can receive pre-specified amounts of cash (50%) and Xero Limited shares (50%) should certain revenue performance targets be met.

The total gain recognised in the income statement for the year related to the incentive plan was DKK 11,315 thousand (2022: Loss of DKK 26,456 thousand). See note 19 for further detail.

Remuneration of management	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Salary	3,140	3,537
Incentive plan	(6,090)	14,240
Pension	239	214
Total	**(2,711)**	**17,991**

No fees were paid or payable to the Board of Directors during the period (2022: nil)

5. DEPRECIATION, AMORTISATION, AND IMPAIRMENT LOSSES

	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Amortisation of intangible assets	36,601	39,659
Depreciation on property, plant and equipment	2,096	1,929
Total	**38,697**	**41,588**

6. TAX ON PROFIT/LOSS FOR THE YEAR

CURRENT TAX EXPENSE/CREDIT)	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Tax adjustments, prior year	(2,069)	-
Total	**(2,069)**	**-**

7. DEFERRED TAX ASSETS

UNRECOGNISED NET DEFERRED TAX BALANCE	31 March 2023 (DKK000)	31 March 2022 (DKK000)
Deferred tax balance is comprised of:		
Development projects	(16,728)	(19,536)
Other facilities	1,473	(800)
Leasehold improvements	337	(385)
Other provisions	3,331	-
Share-based payments	3,901	-
Tax losses carried forward	86,265	68,993
Total unrecognised net deferred tax asset	**78,579**	**48,272**

As of 31 March 2023, the Company has deferred tax assets at a carrying amount of DKK 78,579 thousand (2022: DKK 48,272 thousand), that primarily relates to tax loss carried forward. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

The Company has received a ruling from the Danish Tax Authorities for the 2018 tax filing, that concluded that the received tax credit for research and development costs under the tax credit scheme of the Danish Tax Assessment Act should be repaid. The Company has subsequently sent an appeal to the Danish Tax Agency. Management is of the opinion that the research and development costs carried out meets the criteria under the tax credit scheme, hence a tax receivable of DKK 6,643 thousand is recognized in the balance sheet as of 31 March 2023.

8. PROPOSED DISTRIBUTION OF PROFIT AND LOSS

	12 months ended 31 March 2023 (DKK000)	15 months ended 31 March 2022 (DKK000)
Reserve for development costs	21,776	4,357
Retained earnings	(157,318)	(173,559)
Total	**(135,542)**	**(169,202)**

9. INTANGIBLE ASSETS

	Completed Development projects (DKK000)	Development projects in progress (DKK000)
Cost at 1 April 2022	205,691	2,840
Additions	62,824	842
Disposals	(23,206)	-
Reclassifications	2,822	(2,822)
Cost at 31 March 2023	**248,131**	**860**
Amortisation and impairment losses at 1 April 2022	(119,732)	-
Disposals	23,448	-
Amortisation for the period	(36,601)	-
Amortisation and impairment losses at 31 March 2023	**(132,885)**	**-**
Carrying amount at 31 March 2023	**115,246**	**860**

Development projects relate to the further development of the Planday platform, specifically software to allow for smooth and efficient scheduling, communication, time tracking, reporting and staff management. Management has an expectation of positive earnings from each development project. It is management's assessment that the expected useful lives of the assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

Management has assessed the valuation (the higher of the net selling price of the assets and its value in use) of the development projects and concluded that there is no impairment.

10. PROPERTY, PLANT AND EQUIPMENT

	Other fixtures and fittings, tools and equipment (DKK000)	Leasehold improvements (DKK000)
Cost at 1 April 2022	5,342	3,038
Additions	823	-
Disposals	(132)	-
Cost at 31 March 2023	**6,033**	**3,038**
Depreciation and impairment losses 1 April 2022	(1,705)	(1,289)
Disposals	115	-
Depreciation for the period	(1,569)	(527)
Depreciation and impairment losses 31 March 2023	**(3,159)**	**(1,816)**
Carrying amount at 31 March 2023	**2,874**	**1,222**

11. FINANCIAL ASSETS

	Investments in subsidiaries (DKK000)	Deposits (DKK000)
Cost at 1 April 2022	63	2,448
Additions	9,979	-
Cost 31 March 2023	**10,042**	**2,448**
Carrying amount at 31 March 2023	**10,042**	**2,448**

	Registered in	Corporate form	Ownership	Profit/(loss) (DKK'000)	Equity (DKK'000)
Planday GmbH	Germany	Gmbh	100%	(341)	1,106
Planday Norway AS	Norway	AS	100%	930	3,384
Planday Limited	United Kingdom	Ltd.	100%	1,601	16,099
Planday, Inc.	United States	Inc.	100%	102	80
Planday Australia Pty Ltd	Australia	Ltd.	100%	4,991	5,741
Planday Sp ZO.O	Poland	Sp ZO.O	100%	543	620

12. PREPAYMENTS

Prepayments relate to software subscriptions, consultancy and insurance etc.

13. PROVISIONS

Provisions have been recognised in respect of restructuring costs. Restructuring provisions relate to the estimated costs of employee termination benefits and other exit costs related to business restructuring. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been announced publicly. Future operating costs are not provided for.

14. OTHER PAYABLES

As at	31 March 2023 (DKK000)	31 March 2022 (DKK000)
Holiday pay obligation	4,013	4,920
Other costs payable	8,167	18,689
Total	**12,180**	**23,609**

15. DEFERRED INCOME

Deferred income is composed of subscription-based revenue already invoiced, relating to the subsequent year.

16. SHARE CAPITAL

The share capital comprises 1,521,355 shares of a nominal value of DKK 1 each. All shares rank equally.

Also included in share capital are the capital contributions made by Xero Limited during the period.

17. RELATED PARTY

The ultimate controlling party is Xero Limited, which is a publicly owned New Zealand domiciled company listed on the Australian Securities Exchange. As at 31 March 2023, Xero Limited owns 100% of Planday A/S' shares (2022: 100%).

The consolidated financial statements of Xero Limited may be obtained from the Company on the website https://www.xero.com/nz/investors/financial-information/.

TRANSACTIONS DURING THE PERIOD	**31 March 2023 (DKK000)**
Sale of services to subsidiary entities	(15,860)
Purchase of services from subsidiary entities	141,918
Purchase of services from Parent	1,234

BALANCE AT PERIOD END	**31 March 2023 (DKK000)**
Receivables from subsidiaries	441
Payables to subsidiaries	(19,140)
Payables to Parent	(42,460)

18. CONTINGENT LIABILITIES

Contingent liabilities under rental or lease agreements until maturity:

As at	**31 March 2023 (DKK000)**	**31 March 2022 (DKK000)**
Other contingent liabilities	35,812	38,373
Contingent liabilities	**35,812**	**38,373**

19. SHARE-BASED PAYMENTS

The Company operates two share-based payment schemes, the Employee Share Scheme and the Management Incentive Scheme. Both schemes are operated as Restricted stock units (RSUs) schemes. RSUs issued under the schemes are issued under the Xero Limited Restricted Stock Unit and Option Plan. On grant date, an RSU agreement is entered into between the employee and the Company stipulating the number of units granted and their vesting schedules. On the vest date, the RSUs are converted to ordinary shares in Xero Limited on a one to one basis. No cash consideration is required to be paid to exercise the RSUs. The share-based payments transactions are accounted for as an equity-settled share-based payment scheme in Planday A/S.

The grant date fair value of RSUs is determined based on the 30 day volume weighted average share price of Xero Limited shares up to and including the day preceding the grant date. Expense is recognised within staff costs over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and the end of that period.

A management recharge, based upon the grant date fair value of the RSUs, is accrued over the vesting period of the share-based payment. As the recharge amount is directly based on the value of the underlying share-based payment, the recharge to Xero Limited is charged directly to equity, provided it represents a return of the capital contribution received up to the amount of the contribution and a distribution thereafter.

Employee Share Scheme
RSUs are issued to certain employees under the Employee Share Scheme as part of their annual remuneration package. RSUs issued under the Employee Share Scheme vest contingent on the employee's continuous service over a specified period of time. RSUs vest over a period of 12 months. RSUs issued under the scheme do not have any performance conditions.

The total expense recognised in the income statement relating to the Employee Share Scheme for the period ended 31 March 2023 was DKK 996 thousand (2022: DKK 1,018 thousand).

Management Incentive Scheme
A one-off grant of RSUs was issued to certain employees under the Management Incentive Scheme during the period ended 31 March 2022 amounting to DKK 13,341 thousand. These did not recur during the current period ended 31 March 2023.

20. EVENTS AFTER BALANCE DATE

No events have occurred after the balance sheet date that may materially affect the financial statements.