



## MARKET RELEASE

### **2025 Annual Meeting Chair, CEO and People and Remuneration Committee Chair Addresses and Presentation**

**WELLINGTON, 21 August 2025** - Xero Limited (ASX: XRO) attaches the Chair, CEO and People & Remuneration Committee Chair addresses and presentation for Xero's 2025 Annual Meeting.

*Authorised for release to the ASX by the Company Secretary.*

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#### **About Xero**

[Xero](https://xero.com) is a global small business platform that helps customers supercharge their business by bringing together the most important small business tools, including accounting, payroll and payments — on one platform. Xero's powerful platform helps customers automate routine tasks, get timely insights, and connects them with their data, their apps, and their accountant or bookkeeper so they can focus on what really matters. Trusted by millions of small businesses and accountants and bookkeepers globally, Xero makes life better for people in small business, their advisors, and communities around the world. For further information, please visit [xero.com](https://xero.com)

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**XERO LIMITED — 2025 ANNUAL MEETING**  
**Thursday 21 August 2025**

**Address by the Chair, David Thodey AO**

Good morning from Auckland, New Zealand and welcome to Xero's 2025 Annual Meeting. I'm David Thodey and I'm the Chair of Xero's Board.

Thank you for attending today's meeting. We're broadcasting from our Auckland office.

The procedures for today's virtual meeting are intended to provide you the same opportunity to participate as you would at a physical meeting. This includes asking questions and voting using an electronic voting card. I'll discuss this process shortly.

In the unlikely event that we experience technical issues that impact the meeting, I'll assess the circumstances and communicate further with you. If this isn't possible, you will be emailed instructions on how and when to rejoin the meeting.

I am informed by our Company Secretary that a quorum is present and I now declare the meeting formally open.

I'd like to introduce the Board and members of Xero's executive leadership team. Joining me from Auckland are directors:

- Mark Cross
- and Susan Peterson

And from Xero's executive leadership team:

- our Company Secretary, Damien Coleman

Joining us from San Mateo are:

- our Chief Executive Officer, Sukhinder Singh Cassidy
- our Chief Financial Officer, Claire Bramley

As we are a global Board, joining us online from the US are directors:

- Steven Aldrich
- Anjali Joshi
- Brian McAndrews
- and from the UK, Dale Murray who is joining us in the wee small hours of her morning

Simon O'Connor from our auditor Ernst & Young, is present and available to answer any relevant questions directed to him.

Xero's General Manager, Corporate & Regional Communications, Simon Fitzgerald, will read out written questions submitted by shareholders through the online meeting platform.

I'll now turn to the agenda and order of events for today:



- I'll first say a few words
- We'll then hear from our CEO Sukhinder
- Then we'll turn to the formal business of the meeting as set out in the notice of meeting — where questions for each item of business will be addressed
- After that, there will be an opportunity for any general shareholder questions before I close the meeting

Before giving my address I do want to outline a little bit more about using the online platform.

Voting on the resolutions will be conducted by poll and that poll is now open. Please vote by using the electronic voting card you should receive after clicking the "Get a Voting Card" button.

Shareholders can submit written questions during the meeting by clicking on the "Ask a Question" button. I encourage you to submit any questions as soon as possible, including questions about any of the resolutions.

Shareholders can also ask questions by telephone.

To use the teleconference facility, shareholders should click the "Go to Web Phone" button, type in your name and click the green call button. If you wish to ask a question, dial 'STAR 1' on your keypad to indicate to the moderator that you wish to ask a question. The teleconference moderator will require your name and, at the relevant time, will introduce you and prompt you to ask your question by unmuting your line.

If you have any issues using the platform, please check the Virtual Meeting Online Guide which you can access through the "Downloads" section at the bottom of your screen or from Xero's website, or contact the phone help lines shown on this slide.

I will now move on to my address.

Xero delivered a strong operating result in FY25. The company delivered a successful balance between revenue growth and profitability with a greater than Rule of 40 outcome of 43.3%. This is a common metric used by high growth technology companies as an indicator of their ability to generate profitable revenue growth. It comprises the sum of constant currency revenue growth and free cash flow margin.

These results indicate that there is strong momentum in the business — and the trust our customers and partners place in us. Sukhinder will provide more detail on these results shortly. Let me now just make a few comments about our operating environment.

The environment in which we operate remains volatile and complex. Small businesses continue to be a critical engine for growth in all the markets where we operate. However, small businesses are facing headwinds from inflation, productivity challenges, and other macroeconomic influences.

Our Xero Small Business Insights program, which uses anonymised and aggregated customer data, continues to monitor how small businesses are performing. To date — I am pleased to report — that in aggregate small businesses are continuing to report positive sales growth.



The resilience our customers show in navigating these conditions is encouraging. Their perseverance underscores the value of Xero as an essential platform for greater efficiency and effectiveness, automating routine tasks and delivering valuable financial insights.

We are pleased that the market opportunity for our products remains large and growing — with a largely untapped \$100 billion market opportunity.

Let me now talk briefly about our progress.

During FY25, Sukhinder, working with the Board, welcomed several new leaders to our executive and senior leadership teams. This included our new CFO Claire Bramley and new Chief People Officer Jeff Ryan. These new leaders have previous international experience that will help to lead our global portfolio of businesses — and complement our already strong existing team.

We are now more than a year into executing our FY25-27 strategy, called *Winning on Purpose*. The business has made good progress, guided by a clear and focused plan.

This strategy is firmly anchored in our purpose: to make life better for people in small business, their advisors, and communities around the world.

A critical part of our strategy is having winning solutions (accounting, payroll and payments) in our three key markets (Australia, UK and the US) — we call this our 3x3 strategy.

The recently announced acquisition of Melio is a strong strategic fit that will provide a step-change in our US solution for payments. This transaction is vital for accelerating our 3x3 strategy. The Board has been deeply involved in this transaction from its inception, and has worked closely with the management team to test our strategy and the assumptions for this acquisition. We are confident in the opportunity that Melio brings Xero, its tight alignment with our strategy and the growth opportunity it provides as Sukhinder will discuss shortly.

Additionally, we are committed to pursuing sustainable growth in a socially responsible way.

As a Board we believe in high standards of governance which is required to create long-term value. In line with evolving global standards, this year for the first time, we have published a separate Sustainability Report, making it easier for stakeholders to find relevant information.

A key update within the Report is our new FY25 climate targets. These are aligned with the Science Based Targets initiative and the goals of the Paris Agreement. We are also helping our customers on their own sustainability journey — providing them with access to sustainability-related applications and educational resources.

As we know, trust is the foundation of our business. We have been rigorous in our approach to managing security, especially cybersecurity — through multiple layers of data protection and robust management processes. We must continue to be a trusted custodian of our customers' data and this extends to how we approach and implement new technologies. It is important that we remain vigilant in all these areas.



Artificial intelligence represents one of the next significant opportunities for Xero. We are already investing in the use of AI across our business. For our customers, the focus is on using AI to help them to use our products in more efficient ways. We are excited about our GenAI-powered smart business companion, Just Ask Xero — JAX — this will be a key focus at our upcoming Xerocon event in Brisbane in September, as we broaden its offering to help both small businesses and their advisors work more efficiently.

Adopting GenAI internally provides us with opportunities to increase our productivity and effectiveness. Importantly, AI allows our teams to focus on high impact work that adds tremendous value to Xero.

We are committed to pursuing the use of AI responsibly. Building and maintaining trust is at the heart of our business, and our approach to AI can be no different.

We have a strong ethical framework defined by our established Responsible Data Use Commitments as well as our internal governance principles. We have a continued commitment to responsible innovation and empowerment. We understand that new technologies can raise complex considerations in areas like:

- privacy and security, transparency and explainability,
- safety and reliability,
- fairness and
- inclusivity and accountability.

Our governance approach is designed to guide us through these considerations. We hope to take advantage of the many exciting opportunities these technologies provide and also build on our position as a trusted platform.

Executing our strategy also requires world-class leadership — and a high-performing culture which is aligned with shareholder value creation.

Our approach to remuneration seeks to deliver this. It is founded on strong principles that connect reward to performance and is designed to attract the world-class talent needed to deliver our global strategy. As one of the few truly global SaaS companies on the ASX, securing leadership in a competitive international market is essential to creating long-term shareholder value. This framework that Susan will outline in her address is necessarily different from many ASX-listed entities and is a deliberate consequence of our strategy and global ambition.

We have actively engaged with stakeholders, including shareholders and proxy advisors, on this topic over the past year and thank them for their feedback on our remuneration approach, which has informed both remuneration structure and enhancements to this year's Remuneration Report. While we are committed to listening and responding to this feedback, we are also committed to attracting, motivating, and retaining the global talent required to lead Xero's global strategy.

Turning now to the Board. We are focused on upholding high standards of governance. The Board is well supported by its three committees: the Audit and Risk Management Committee, the People and Remuneration Committee and the Nominations and Governance Committee.



The Board has a continuous focus on succession planning to ensure we have the right capabilities to position Xero for future growth. We require a global team of experienced and engaged directors with a diverse mix of skills, knowledge, and backgrounds. I want to thank my fellow directors for their significant commitment and diligence in guiding Xero through this period of global growth.

In closing, we are very pleased with our FY25 performance and the significant progress made against our strategic priorities. The Board will continue to work closely with Sukhinder and her team to oversee the execution of our strategy, deliver on our purpose, and drive disciplined, customer-focused growth.

On behalf of the Board, my thanks to Sukhinder and the entire Xero leadership team for delivering another year of strong results. We are also deeply appreciative of the passion, expertise and dedication of our people around the world. Their efforts are fundamental to Xero's success, and we are committed to helping them do the best work of their lives.

Finally, I would also like to thank you, our shareholders, for your continued support and confidence in Xero.

That concludes my address. I will now hand over to Sukhinder before we commence the formal business of the meeting. Over to you, Sukhinder.

–ENDS–

**Address by the CEO, Sukhinder Singh Cassidy**

Thanks David and good afternoon from San Mateo. It's great to be joining you all virtually for our Annual Meeting.

Today I'm going to summarise Xero's 2025 financial year results and themes as well as briefly discuss our strategic priorities. Then to finish, I'll touch on Xero's outlook.

We're really pleased with our FY25 results, and in particular our ability to deliver strong financial outcomes while executing our strategy with focus and purpose.

Revenue grew 23% to \$2.103 billion year-on-year, with each of our large markets delivering macro-resilient strong revenue growth above 20%. Adjusted EBITDA of \$641 million was up \$114 million, or 22% on last year. Together the strong operating result and improved free cash flow generation resulted in a Rule of 40 outcome of 44.3%, up by 3.3 percentage points year-on-year.

Moving to the next slide. Xero is a macro-resilient business.

The charts in the middle and on the right show our key revenue drivers, subscriber and ARPU growth.

We provide both reported and underlying subscribers, and ARPU. Underlying excludes the impact of the removal of long idle subscriptions, which we completed in H1 FY25 with 160,000 subscriptions removed. For more details on this program please refer to our Full Year results materials.



On this underlying basis, subscriber growth was 10% and ARPU 11%, both strong outcomes.

This slide brings the key financial outcomes together as we balance growth and profitability, including Rule of 40.

If we move from left to right, the first chart shows strong growth in adjusted EBITDA year-on-year, up 22%.

This contributed to a strong free cash flow margin of 24% which you can see in the middle chart.

Adding this to revenue growth — where we use the 20% constant currency metric — resulted in our Rule of 40 outcome increasing another three percentage points, to reach 44%.

We're really pleased with this outcome. It demonstrates how we have continued to deliver revenue growth supported by disciplined investment to grow profitability, while at the same time, adding value for customers.

As you know, our vision and purpose are constants at Xero.

Our *Winning on Purpose* strategy, which you saw us lay out at our Investor Day in February 2024, has four key pillars:

- Win the 3x3
- Building a winning GTM playbook for Xero's next chapter
- Win the future — which is about focused bets and innovation
- And lastly, unleash Xero and Xeros to win

These four pillars are underpinned by our disciplined capital allocation framework for investment. This tightly aligns with our strategy, our Rule of 40 aspirations, and our Build, Partner or Buy approach to pursue organic or inorganic opportunities, such as the acquisition of Melio. Since the announcement of the Melio acquisition we have updated these aspirations, which I will talk to shortly.

We're making great progress as we execute our strategy with focus and purpose. We've made a number of moves in FY25, which was the first 12 months of our strategic period. These are highlighted on the slide.

I won't go through all of them, however I want to touch on the key themes under each of our four strategic pillars that show our disciplined approach to capital allocation.

Firstly, we have accelerated our product delivery for the 3x3 through working hard to build product ourselves, but also through partnerships and our acquisition of Syft and more recently, Melio.

Secondly, we made a series of changes to help us Build a Winning GTM Playbook. This included removing long idle subscriptions, simplifying our subscription plans, and introducing new sales motions to deliver an improved mix. We launched initiatives such as our Partner Assist channel and AB segmentation to better enable our sales force to deepen relationships. We've also launched our B2B marketing engine and have become more sophisticated in performance and product marketing.



Thirdly, we're allocating capital long-term as we look to Win the Future, through focused, strategic investments in AI and mobile. We launched and rolled out JAX in beta to all our BE customers in less than 12 months. We've also made great progress in our mobile product with improved design and purchase buy-flow supporting sign up success. I'll touch more on AI shortly.

And finally, we're unleashing Xero and Xeros to win, introducing a new performance management framework, intended to drive focus and connection to our purpose and strategy.

As I said, we have made great progress over FY25 with our Win the Future strategic priority to deliver a leading AI experience for SBs and ABs. We recognise AI represents one of the next significant opportunities for the company and we are excited to grasp it.

The focus for customers is on accelerating innovation through new ways to interact, new insights, and automated actions. For Xero it's an opportunity to turbocharge productivity.

In less than 12 months we have taken JAX, our AI business companion, from prototype to launch to beta access by 100% of our BE customers. Meanwhile alongside the original invoicing tasks, we have added new features such as giving customers answers on how to best use Xero through JAX.

Looking ahead into FY26 our plans to accelerate the delivery of AI solutions for customers include a plan to launch JAX for accountants and bookkeepers to support their workflows, and continue to broaden the value of Xero's core offerings by leveraging GenAI more across the experience for small businesses. Xerocon Brisbane is just around the corner in September and we are looking forward to showing our customers new AI solutions.

Internally we're scaling the use of GenAI tools with every function at Xero pursuing their own targets and use cases which are tied to our company wide goal of increasing use of AI to increase productivity. This includes areas such as sales enablement, marketing content generation and product development.

So you can see our investment is disciplined, aligned to our strategy, and focused on the significant opportunities in front of us such as in AI.

Now I'd like to touch on our recently announced acquisition of Melio.

We are really excited about acquiring Melio and the opportunity it creates for our US business, and accordingly, our global growth aspirations.

Melio is a world-class US bill pay platform. It solves Accounts Payable workflows and provides multiple bill payment options for both US SMBs and their accountants and bookkeepers, helping them save time and manage cash flows better.

There are four key strategic pillars to this acquisition, which we outlined on announcement in late June.

First, there is a critical customer need in a large and growing market: SMBs and their ABs want their accounting and payments together; they are each must do jobs, but become more powerful and



efficient when integrated on the same platform. And the TAM of US SMB payments is also very large.

Second, the combination is a powerful Strategic Fit for Xero: Acquiring Melio aligns with Xero's critical "3x3" strategy, and gives us a step change in our US proposition, scale, and monetisation. On Day 1 by bringing Melio and Xero together we will nearly triple our US revenues and ARPU, and this is before we pursue our combined ambitions.

Third, it is a best-in-class asset. Melio has a world-class team and platform. It has a very strong growth track record, will extend reach to millions of SMBs, is well-regarded by customers, and has an experienced team behind it.

Fourth and most importantly, together Xero and Melio is a compelling value creation story: These are two very complementary platforms, delivering improved unit economics, and an attractive long-term growth profile for the US and broader Xero group.

By bringing Melio into Xero we add to our global growth prospects

Our aspirations are strong and they are credible with this acquisition — we expect the combined business to significantly accelerate US revenue growth, and give us the opportunity to more than double Xero's FY25 group revenue base in FY28. And this is before synergies.

And we continue to anchor to our Rule of 40 aspirations and deliver a balance of both growth and profitability at the group level.

This revenue growth outcome is anticipated to support the achievement of "greater than Rule of 40 outcomes" for the group in FY28, with a dilutive impact in the interim as we continue to invest in Melio and the business scales.

Moving on to our current financial year outlook. There are no changes to the outlook we provided at the announcement of the Melio transaction.

Total operating expenses as a percentage of revenue is expected to be around 71.5% in FY26. As we explained when we first provided this outlook, there are some non-recurring elements in this and we expect some seasonality, with the ratio expected to be higher in H1 than H2.

Please note that, as we highlighted at the Melio announcement, the FY26 operating expense to revenue guidance excludes any impacts of the acquisition, including transaction costs. We will provide an update in relation to any impact of the acquisition upon completion. As I just mentioned, we continue to target completion during the 2025 calendar year.

Of course, in addition to these shorter term considerations, I spoke earlier to our FY28 revenue and Rule of 40 aspirations.

Before I conclude, I want to acknowledge everyone who plays an important role in our journey. In particular our Xeros across the world, who continue to work hard and with purpose to deliver for our customers and partners.



I'd also like to thank David and the board for their support and hard work, and to you our shareholders, thank you for your ongoing support.

I'll now hand back to David for the formal business of today's Meeting.

–ENDS–

**Address by the People and Remuneration Committee Chair, Susan Peterson**

Thank you, David.

The last financial year can best be described as a year of strong performance against our global 3x3 strategy. This has been demonstrated through our strong financial results, including operating revenue growth of 23% to \$2.1 billion and a greater than Rule of 40 outcome of 44.3%. This performance has translated into shareholder returns, with Xero delivering Total Shareholder Return of 16% over the year and 73% since FY23.

To deliver on our strategy, it is essential that we have the right talent on our team. This year we were delighted to welcome new world-class leaders to our executive team, including Chief Financial Officer, Claire Bramley, and Chief People Officer, Jeff Ryan. Their global SaaS expertise is already proving invaluable. We also farewelled and thanked long-serving Xeros, Kirsty Godfrey-Billy and Nicole Reid, for their significant contributions.

We continue to prioritise supporting all of our Xeros to ensure that they can succeed and grow. Over the past year, we have focused on embedding our new performance and potential framework, expanded our investment in talent and leadership development, and have been deliberate in our internal succession planning to ensure that we have a strong pipeline of future-ready leaders.

It has also been a year of extensive shareholder, proxy, and stakeholder engagement. Our Chair, David Thodey, and I have engaged in no fewer than 50 of these meetings throughout the year. We have sought to ensure that our owners have been given the opportunity to have input on how we might best balance our compensation structures to secure the global talent required to execute Xero's strategy successfully. We have also sought to uplift the level of disclosure that we have included in our Remuneration Report.

We are deeply grateful to the investors and proxy advisors who gave us their time throughout the year and provided frank and constructive feedback. As an ambitious ASX-listed company with global growth aspirations, new ways of thinking have been required in terms of what is needed to ensure that Xero can attract and retain global talent. It was fantastic to have our investors and proxy firms willingly lean into understanding the dilemmas we face and offer their thoughts on how we might best balance the interests of all.

It was pleasing to hear directly from many of our largest active long-term shareholders who are very supportive of our approach and recognise the need for a globally competitive remuneration framework. We were also pleased to receive positive feedback from both shareholders and proxy



advisors on our uplifted disclosures. In response to feedback, this year's Remuneration Report includes, for the first time, retrospective disclosure of our short and long-term incentive targets and outcomes, and greater detail on our benchmarking process.

As a New Zealand-domiciled company, providing a Remuneration Report and a shareholder vote is voluntary. However, our Xero team is committed to good governance and we see this as an important way to obtain feedback from you, our shareholders.

Our approach to pay at Xero is guided by three simple principles that apply to all our people, from our newest team members to our Directors on our Board, namely: performance, the scope and criticality of the role, and the location where that individual is based.

These same principles were applied to the recent review of our CEO's remuneration. The independent review of the CEO compensation package at that time, based on data from a peer group of companies, showed that the package sat at the 10th percentile of the peer group. It is noteworthy that at the time, Xero's company performance sat at the 87th percentile of the EmCloud global index.

Following review, and after extensive shareholder and proxy consultation, the Board elected to move each component of the CEO compensation package to the market median of the peer group of companies, while also retaining some specific ASX features to protect against the risk of asymmetric outcomes between the CEO and other shareholders. This review resulted in the CEO base pay and STI opportunity being reduced and her equity opportunity being increased. The result is a package with at least 96% of the CEO's remuneration being performance-based or linked to share price performance.

There were two areas in particular that were highlighted by proxy advisors in their reports. Let me touch on those now and highlight why we believe our remuneration structure is appropriate:

- First, Long Term Equity or LTE — this is tied to tenure and is a standard and widespread component of remuneration in the US technology sector, viewed as a form of cash-efficient, deferred fixed remuneration that also forms an important part of executive retention. While service-based, the ultimate value of the LTE is directly tied to Xero's share price performance, which together with the holding periods makes it meaningfully aligned to long-term shareholder value creation. It is market practice in the US that the LTE balance to performance hurdle LTI is 50:50. At Xero, the balance between LTE and performance hurdle LTI potential is 40:60 and it is important to note this has not changed since last year
- Secondly, the one-off option grant — was provided to bring the CEO's total equity exposure to the median of the US peer group. Options are one of the purest forms of pay-for-performance. They have zero value unless the share price grows above the 'at-the-money' exercise price of AUD\$171.11. This creates a significant absolute TSR hurdle that must be overcome before any value can be realised by our CEO. To further reinforce a long-term focus, these options are subject to post-vesting holding restrictions, extending the total period of exposure to up to four years and we have been clear that no further option grants are expected to be made. If Xero's share price was to drop below \$171.11 at exercise, these options will hold no value

In Xero's past, we have tried to secure global talent on remuneration structures tied to ASX pay practices. Our experience has given us the confidence to know that it is mission-critical to pay local



market rates if we want to secure A-grade talent with the experience needed to prosecute a global strategy.

Finally, I would like to assure all shareholders that the voting outcome of Resolution 5 and the comments that have been provided will be carefully considered by the Board when setting future remuneration strategy, and preparing next year's Remuneration Report. You will also be interested to know that since the CEO compensation package has been reviewed to ensure that each component sits at the 50th percentile of the peer group of companies — Xero's actual company performance as at the time of this AGM continues to sit around the 90th percentile of the EmCloud index. It is fair to say that we are delighted with the long-term value being created for shareholders by our CEO and our team.

Turning now briefly to director compensation, we have not reviewed the Director fee pool this year, which was due on its two-year cycle. We felt that it was important to first focus on the executive management compensation structures. We will bring a recommendation to shareholders regarding the Director fee pool at next year's AGM.

I would like to thank my colleagues on the People and Remuneration Committee for their support and dedication in what has been a transformative year for our people and for Xero.

I will now hand back to David.

–ENDS–

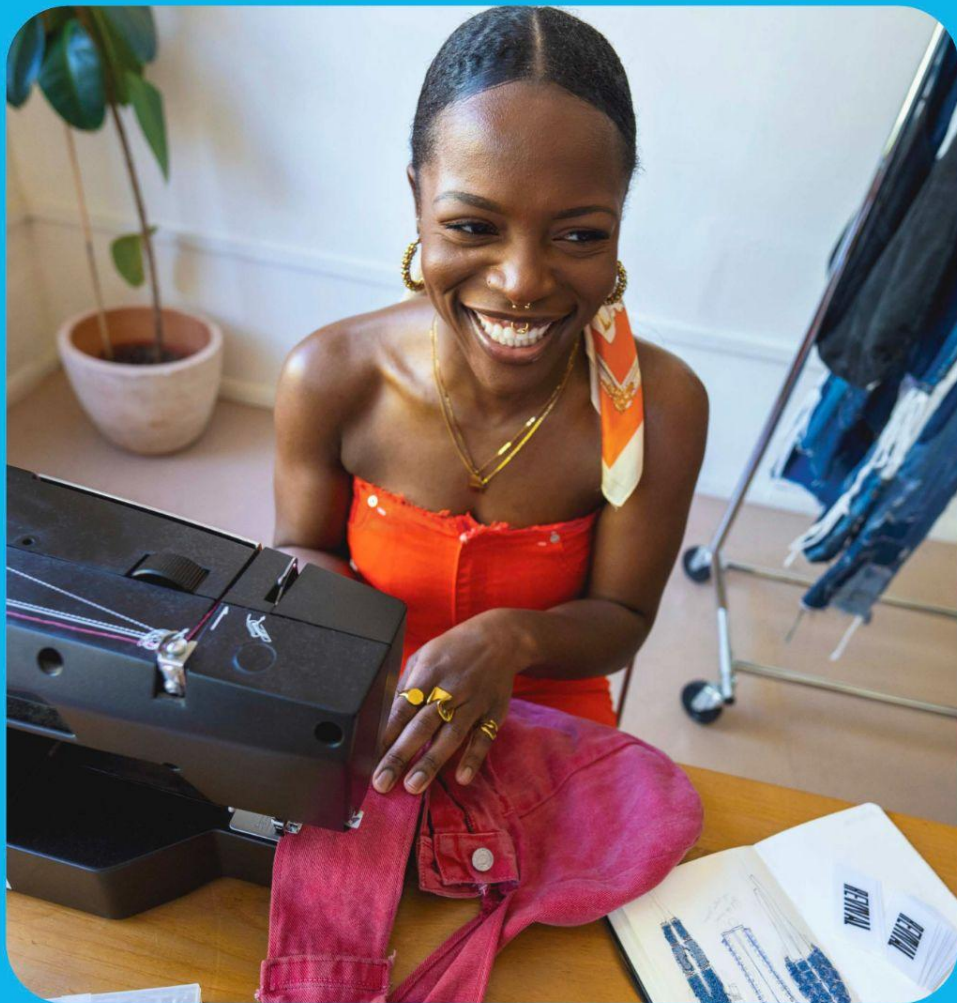
Xero Limited

# Annual Meeting 2025

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# IMPORTANT NOTICE

This presentation is given on 21 August 2025 on behalf of Xero Limited (Xero) (ASX:XRO) (Company number NZ 183 0488, ARBN 160 661 183)

Information in this presentation:

- is for general information purposes only, and is not an offer or invitation for subscription, or purchase of, or a recommendation to invest in, Xero securities
- should be read in conjunction with, and is subject to, Xero's latest and prior interim and annual reports, including Xero's Annual Report for the period ended 31 March 2025, and Xero's market releases on the ASX
- includes forward-looking statements about Xero and the environment in which Xero operates, which are subject to uncertainties and contingencies outside of Xero's control — Xero's actual results or performance may differ materially from these statements
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance
- may contain information from third parties believed to be reliable, but no representations or warranties are made as to the accuracy or completeness of such information
- includes Non-GAAP measures as we believe they provide useful information for readers to assist in understanding Xero's financial performance. Non-GAAP financial measures do not have a standardised meaning and should not be viewed in isolation or considered as substitutes for measures reported in accordance with NZ IFRS. These measures have not been independently audited or reviewed

All information in this presentation is current at 31 March 2025, unless otherwise stated.

All currency amounts are in NZ dollars, unless otherwise stated.

Due to rounding, numbers in this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

See page 24 for a glossary of the key terms used in this presentation.

# Board of Directors



**David Thodey, AO**  
CHAIR  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*Nominations and Governance Committee*  
*(Chair)*  
*Audit and Risk Management Committee*



**Mark Cross**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*Audit and Risk Management Committee*  
*(Chair)*  
*People and Remuneration Committee*



**Susan Peterson**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*People and Remuneration*  
*Committee (Chair)*  
*Nominations and Governance Committee*



**Anjali Joshi**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*People and Remuneration Committee*



**Brian McAndrews**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*People and Remuneration Committee*  
*Nominations and Governance Committee*



**Dale Murray, CBE**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*Audit and Risk Management Committee*



**Steven Aldrich**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
*Audit and Risk Management Committee*

# AGENDA

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## 01

**CHAIR  
ADDRESS**



**DAVID THODEY**  
CHAIR

## 02

**CEO  
UPDATE**



**SUKHINDER SINGH CASSIDY**  
CHIEF EXECUTIVE OFFICER

## 03

**RESOLUTIONS**

## 04

**Q&A**

# Using the online platform

## Voting

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## Questions

Ask a question



Ask a question

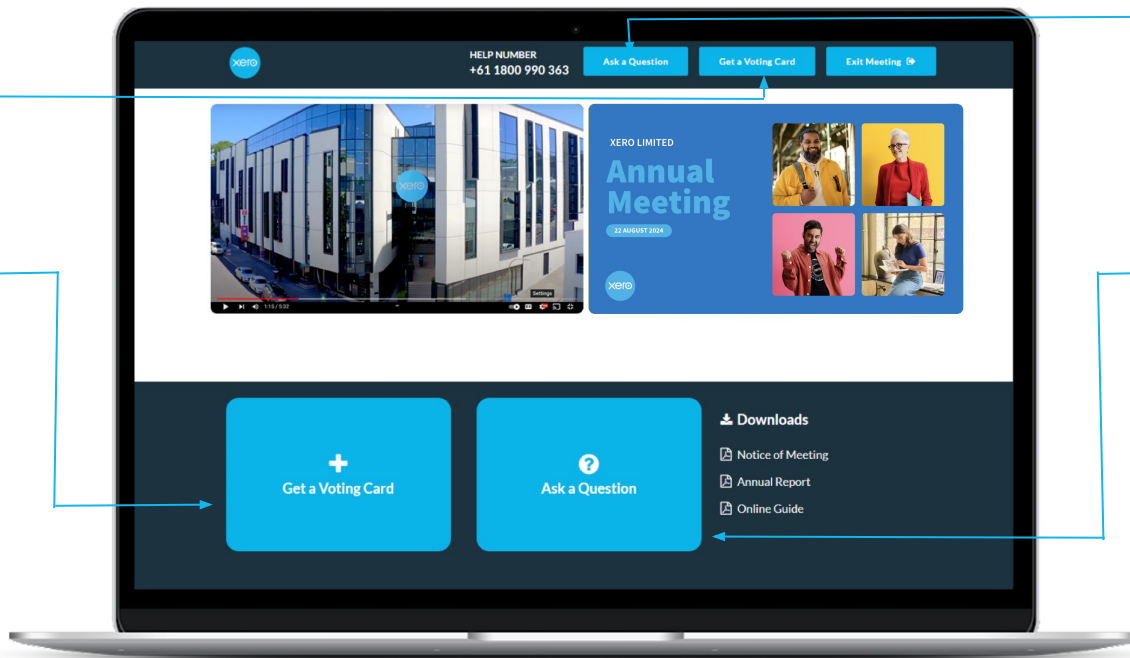
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# AGENDA

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## 01

**CHAIR  
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**DAVID THODEY**  
CHAIR

## 02

**CEO  
UPDATE**



**SUKHINDER SINGH CASSIDY**  
CHIEF EXECUTIVE OFFICER

## 03

**RESOLUTIONS**

## 04

**Q&A**

# AGENDA

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## 01

CHAIR  
ADDRESS



DAVID THODEY  
CHAIR

## 02

CEO  
UPDATE



SUKHINDER SINGH CASSIDY  
CHIEF EXECUTIVE OFFICER

## 03

RESOLUTIONS

## 04

Q&A

# FY25 reflects strong growth delivered with disciplined capital allocation

Strong macro resilient growth, with all large markets contributing

Rule of 40 outcome reflects continued investment with discipline

Operating revenue

**\$2,103m**

**+23% YOY**  
(20% in constant currency)

Adjusted EBITDA

**\$641m**

**+22% or +\$114m YOY**

Rule of 40<sup>1</sup>

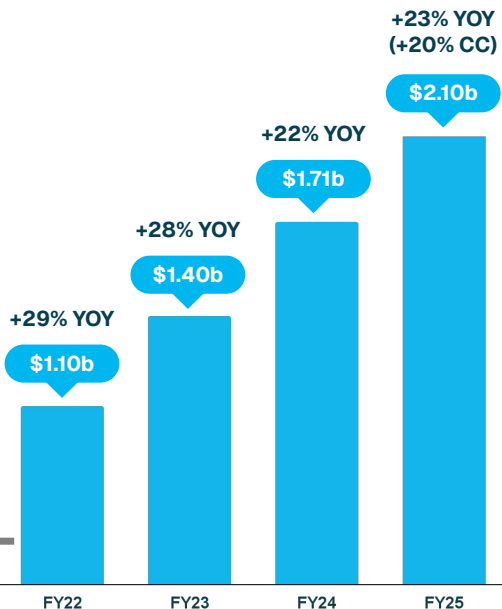
**44.3%**

**+3.3pp YOY**

1. Rule of 40 is defined as the sum of annual revenue growth percentage in constant currency and free cash flow margin percentage (free cash flow as a percentage of revenue)

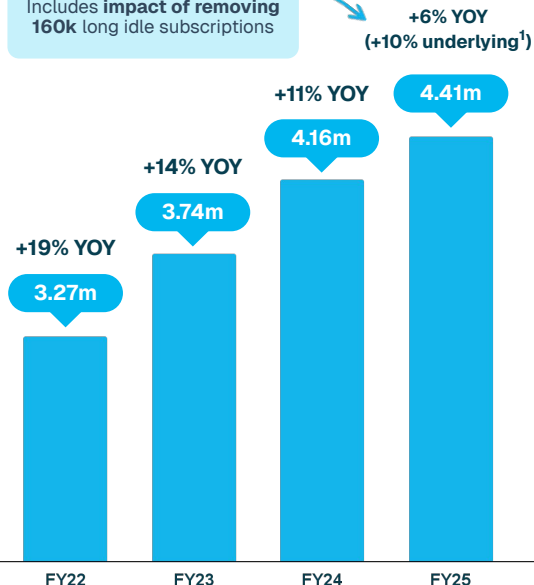
# Continued our track record of strong revenue growth

## REVENUE (\$B)



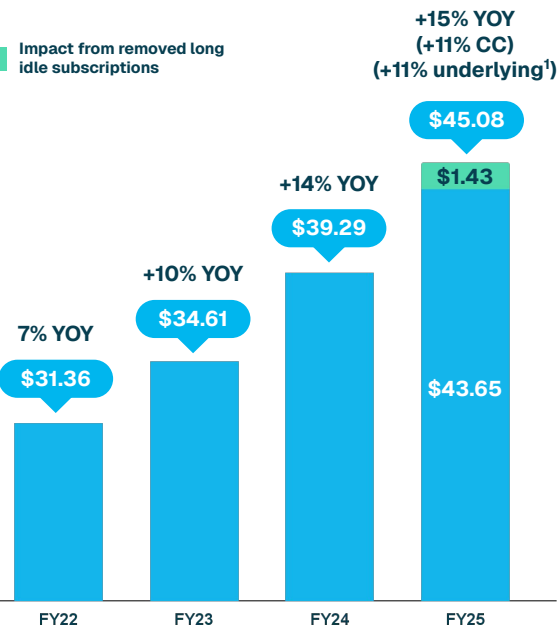
## SUBSCRIBERS (#M)

Includes impact of removing 160k long idle subscriptions



## ARPU (\$)

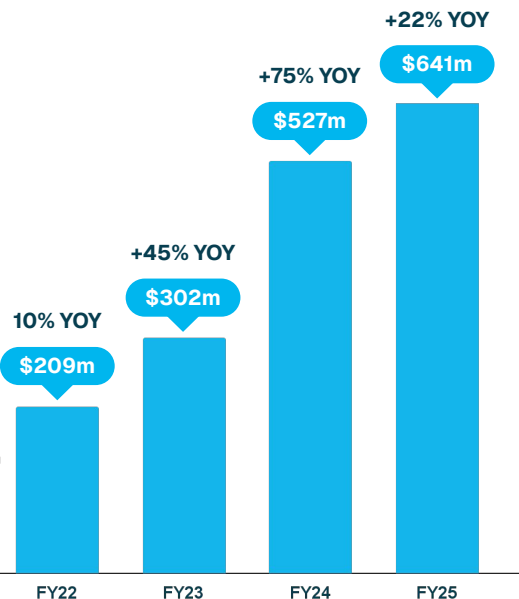
Impact from removed long idle subscriptions



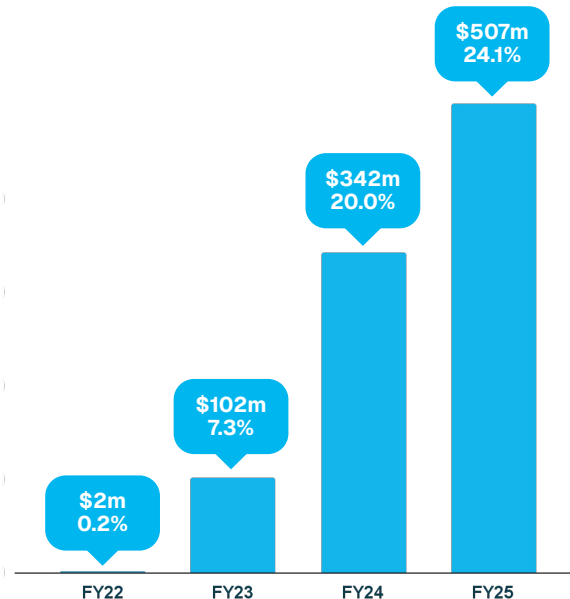
Strong underlying growth in both subscribers and ARPU as we increase our focus on the value of each subscriber

# Greater than Rule of 40 outcome reflects continued investment, operating discipline, and delivery of value to customers

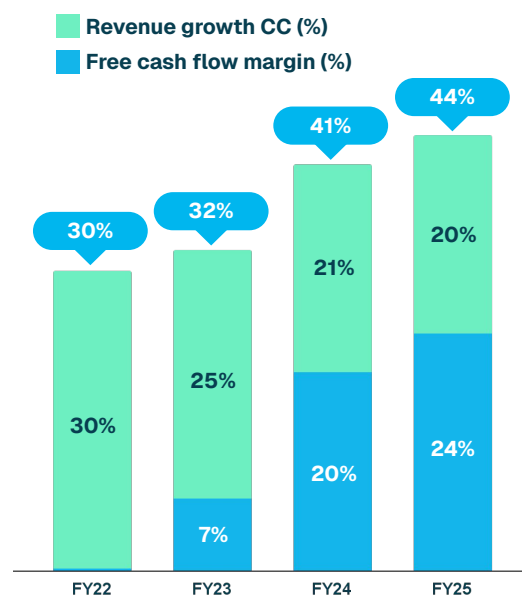
## ADJUSTED EBITDA (\$M)



## FREE CASH FLOW (\$M) & MARGIN (%)



## RULE OF 40<sup>1</sup> (%)



1. Rule of 40 is defined as the sum of annual revenue growth percentage in constant currency and free cash flow margin percentage (free cash flow as a percentage of revenue)

# Winning On Purpose

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WHY WE  
EXIST

## Purpose

To make life better for people in small business, their advisors and communities around the world

## Vision

To be the most trusted and insightful small business platform

FY25-FY27  
STRATEGIC  
PRIORITIES

### Win the 3x3

Complete our JTBD and journeys in AU, UK, US

### A Winning GTM Playbook

Make it easier for customers to find, use and grow with Xero

### Focused Bets to Win the Future

Invest selectively to help Xero keep winning longer term

### Unleash Xero(s) to Win

Enable Xero to move faster and Xeros to do the best work of their lives

VALUES



**WE MAKE IT  
BEAUTIFUL**



**WE MAKE IT  
HAPPEN**



**WE MAKE IT  
HUMAN**

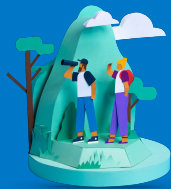


**WE MAKE IT  
TOGETHER**

CAPITAL  
ALLOCATION

**Underpinned by disciplined capital allocation; including a Build, Partner or Buy approach to pursue growth opportunities**

# Strong execution delivering key wins against our FY25–27 strategy and more value to customers



## WIN THE 3X3

- AU payments & AutoSuper
- UK payroll & tax features
- US bank feeds & end of period reconciliation
- Leading insights product via Syft acquisition
- Strong payments growth



## A WINNING GTM PLAYBOOK

- Streamlined plans launched
- AB segmentation & launch of Partner Assist channel
- New sales motions & BE product mix improvement in AB channel
- B2B marketing launched for AB channel
- Direct channel acceleration from performance marketing



## FOCUSED BETS TO WIN THE FUTURE

- JAX beta launched & rolled out to BE customers
- Gen-AI driving CX efficiency
- Investing in a world-class AI team
- Better mobile design driving sign ups via mobile web & app
- Efficient ROW & Planday growth



## UNLEASH XERO(S) TO WIN

- New CFO & CPO hires
- New performance management frameworks launched
- Better employee insights tool with Qualtrics

# Accelerating AI everywhere at Xero

Speed of JAX beta roll out demonstrates focus on delivery for customers

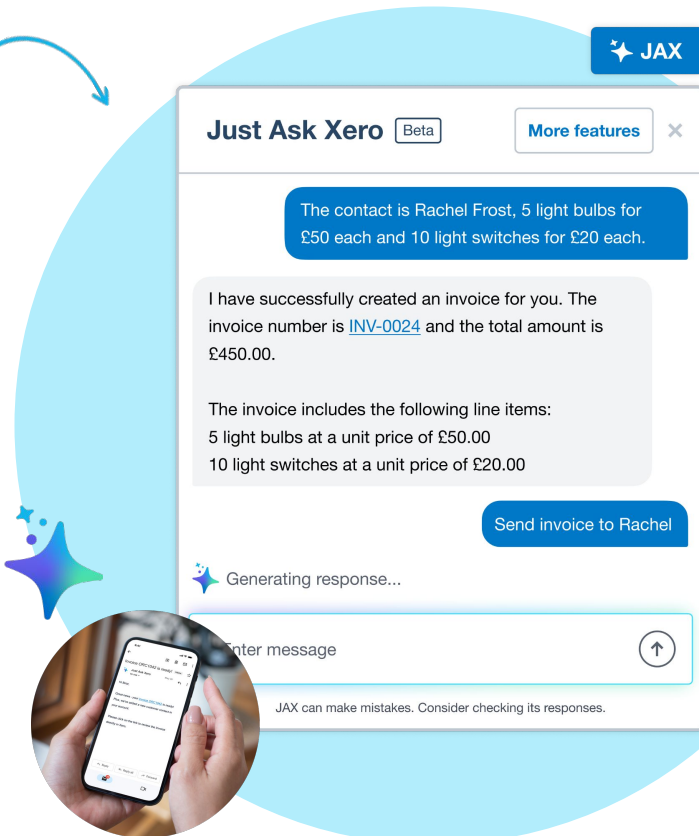
## Unlocking greater customer & internal value

### FY25

- JAX beta **launched and rolled out < 12 months** to all BE customers
- AI driving **Customer Experience** efficiencies internally

### FY26

- Focus on **expanding JAX utility and engagement** for small businesses
- Introduce **JAX** to accountant and bookkeeper workflows
- **Accelerate internal AI use cases** in Product & Tech, GTM and Customer Experience to drive efficiency



# MELIO ACQUISITION STRATEGIC RATIONALE

Our conviction

## 1 SOLVES CRITICAL CUSTOMER NEED

- ✓ Accounting + Payments = critical for US SMBs
- ✓ Large and growing US SMB Payments TAM US\$29b<sup>1</sup>

## 2 POWERFUL STRATEGIC FIT

- ✓ Owning Payments critical to our 3x3 strategy
- ✓ Delivers a step-change in US proposition & scale

## 3 MELIO: WORLD-CLASS TEAM & PLATFORM

- ✓ Consistent high growth (127% FY21-25 CAGR<sup>2</sup>)
- ✓ Loved by customers (NPS 45<sup>3</sup>) & industry recognised
- ✓ Extends reach to millions of US SMBs

## 4 TOGETHER: COMPELLING VALUE CREATION

- ✓ Highly complementary platforms
- ✓ Improved unit economics to invest & scale the US
- ✓ Attractive long-term global growth profile for Xero

1. Total Addressable Market (TAM) estimated by Xero using government statistics, public market data, internal Xero data and commercial assumptions; 2. Revenue growth based on Melio Financial Statements restated to 31 March year-end (unaudited); 3. NPS calculated from internal Melio survey of 400 direct customers, conducted in December 2024 & January 2025; for further detail refer to Xero's Investor Presentation on the Acquisition of Melio & Capital Raising (25/6/25)

## The Why: Acquiring Melio is fundamental to our global growth aspirations

The combined business is expected to **significantly accelerate US revenue growth** and gives us the opportunity to **more than double Xero's FY25 group revenue** in FY28 excluding anticipated revenue synergies<sup>1, 2</sup>

This outcome is expected to support our aspiration to deliver greater than **Rule of 40** outcomes for the group in FY28<sup>3, 4, 5</sup>



1. Anticipated FY28 revenue synergies are expected to be ~US\$70m, for more detail refer page 27. Assuming constant currency conversion of NZ\$/US\$ 0.57, NZ\$/AU\$ 0.91 and NZ\$/GBP 0.46
2. FY25 revenue was NZ\$2,103m. This statement applies to FY28 only and no implication should be made relating to any other financial year
3. In the interim period prior to FY28, Xero expects to deliver below Rule of 40 outcomes on a pro forma basis (pro forma refers to adjusting for inorganic revenue growth benefits from the time of transaction completion by comparing to a prior year revenue base that fully incorporates Melio's revenue)
4. Assessed including both expected revenue and expected cost synergies outlined in Xero's Investor Presentation on the Acquisition of Melio & Capital Raising (25/6/25)
5. Rule of 40 is defined as the sum of annual revenue growth percentage in constant currency and FCF margin percentage (free cash flow as a percentage of revenue)

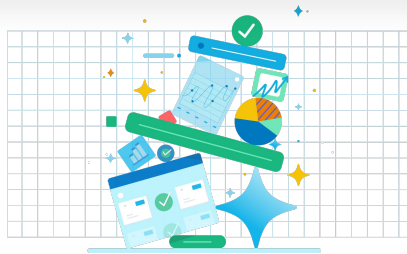
# FY26 outlook not updated

Xero is not updating its existing FY26 operating expense to revenue guidance (see below) as part of this announcement. That FY26 operating expense to revenue guidance excludes any impacts of the Acquisition, including transaction costs. Xero will provide an update in relation to any impact of the Acquisition upon completion. Completion is targeted to be within 6 months of signing



**Total operating expenses as a percentage of revenue is expected to be around 71.5% in FY26<sup>1</sup>**

**This ratio is expected to be higher in H1 FY26 versus H2 FY26<sup>2</sup>**



<sup>1</sup> This includes an expected ~NZ\$45m from the accounting treatment of option grants and sign on from new remuneration packages. The majority of this impact will not recur in FY27

<sup>2</sup> This reflects the phasing of the non-recurring remuneration impacts (described above), Xerocon Brisbane, and timing of other planned investment spend. In addition, Xero expects to generate more revenue in H2 compared to H1 following its typical trend

# AGENDA

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## 01

CHAIR  
ADDRESS



DAVID THODEY  
CHAIR

## 02

CEO  
UPDATE



SUKHINDER SINGH CASSIDY  
CHIEF EXECUTIVE OFFICER

## 03

RESOLUTIONS

## 04

Q&A

**RESOLUTION 1**

# Auditor's fee and expenses

That the board is authorised to fix the fees and expenses of Ernst & Young as auditor for the ensuing year

*\*66,749 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution*

**For****122,557,039**

99.80%

**Against****156,306**

0.13%

**Discretionary\*****83,182**

0.07%

**RESOLUTION 2**

# Re-election of Brian McAndrews

That Brian McAndrews, retiring from office as a director of Xero at the close of the Meeting and, being eligible, be re-elected as a director of Xero

*\*71,322 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution*

**For****120,181,710**

97.87%

**Against****2,530,534**

2.06%

**Discretionary\*****87,755**

0.07%

**RESOLUTION 3**

# Re-election of Susan Peterson

That Susan Peterson, retiring from office as a director of Xero at the close of the Meeting and, being eligible, be re-elected as a director of Xero

*\*71,307 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution*

**For****115,758,270**

94.26%

**Against****6,958,590**

5.67%

**Discretionary\*****87,740**

0.07%

**RESOLUTION 4**

# Re-election of David Thodey, AO

That David Thodey, retiring from office as a director of Xero at the close of the Meeting and, being eligible, be re-elected as a director of Xero

*\*70,775 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution*

**For****119,044,147**

96.94%

**Against****3,670,561**

2.99%

**Discretionary\*****87,208**

0.07%

**RESOLUTION 5**

# Adoption of the Remuneration Report

That the Remuneration Report contained in the FY24 Annual Report be adopted

*Note: Xero is putting this resolution to shareholders voluntarily as a matter of good governance. This is an advisory resolution and the outcome of the vote will not bind the Board or Xero. A voting exclusion applies to this resolution.*

*\*71,631 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution*

**For**

**62,842,952**

51.19%

---

**Against**

**59,825,692**

48.74%

---

**Discretionary\***

**87,864**

0.07%

# AGENDA

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## 01

CHAIR  
ADDRESS



DAVID THODEY  
CHAIR

## 02

CEO  
UPDATE



SUKHINDER SINGH CASSIDY  
CHIEF EXECUTIVE OFFICER

## 03

RESOLUTIONS

## 04

Q&A

# Glossary

## Adjusted EBITDA

Adjusted EBITDA (a non-GAAP financial measure) is provided as Xero believes it provides useful information for users to understand and analyse the underlying business performance. Adjusted EBITDA is calculated by adding back net finance expense, depreciation and amortisation, and income tax expense, as well as certain non-cash, revaluation and other accounting adjustments and charges to net profit/(loss)

## ARPU

Average revenue per user (ARPU) is calculated as AMRR at 31 March divided by subscribers at that time (and divided by 12 to get a monthly view)

## Constant currency (cc)

Constant currency comparisons for revenue are based on average exchange rates for the 12 months ended 31 March 2024. Comparisons for ARPU, AMRR and LTV are based on exchange rates at 31 March 2024

## Free cash flow

Free cash flow is defined as cash flows from operating activities less cash flows used for investing activities excluding cash used for acquisitions of, and investments into, businesses and strategic assets

## GAAP

Generally accepted accounting principles

## Rule of 40

Rule of 40 is defined as the sum of annual Revenue growth percentage in constant currency and annual Free cash flow margin percentage (Free cash flow as a percentage of revenue)

## Subscribers

Subscriber means each unique subscription to a Xero-offered product that is purchased by a user (eg a small business or accounting partner) and which is, or is available to be, deployed. Subscribers that have multiple subscriptions to integrated products on the Xero platform are counted as a single subscriber



## CONTACT

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