MARKET RELEASE

FY27 Interim Results Investor Presentation

WELLINGTON, 12 November 2026 — Xero Limited (ASX: XRO), in accordance with the ASX Listing Rules, attaches its FY27 Interim Results Investor Presentation.

Xero's H1 FY27 earnings webcast at 10:00am AEDT on 12 November 2026 can be accessed at: https://webcast.openbriefing.com/xro-hyr-2027/

Pre-registration for the event is encouraged at the above link. A replay of the webcast will be available on Xero's Investor Centre: https://www.xero.com/au/investors/

Authorised for release to the ASX by the Chair of the Board and Chair of the Audit and Risk Committee

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About Xero

Xero is a global small business platform and a trusted financial operating system for the AI era. Xero's purpose is to make life better for people in small business, their advisors and communities around the world. By unifying core financial operations (including accounting, payroll and payments) underpinned by insights and a robust ecosystem into autonomous workflows, we empower 5 million small businesses and accountants and bookkeepers across 180+ countries to move from managing records to making informed decisions. For further information, please visit xero.com.

H1 FY27 Investor briefing

Results for the six months ended 30 September 2026





Sukhinder Singh Cassidy
Chief Executive Officer



Claire Bramley
Chief Financial Officer

12 NOVEMBER 2026

Important notice

This presentation is given 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, Xero's Interim Report for the period ended 30 September 2026, and Xero's market releases on the ASX
- includes forward-looking statements, including opinions, estimates and indications of, and guidance on, future earnings and financial information about Xero and the environment in which Xero operates, that involve known and unknown risks and which are subject to uncertainties and contingencies outside of Xero's control — Xero's actual results, outcomes or performance may differ materially from these statements. Any forward-looking statements are provided as a general guide only and are not guarantees or predictions of future performance or statements of fact. Forward-looking statements provided in this report are based on assumptions and contingencies, including those set out in this report. Other factors which may affect Xero's outcomes and developments also include: general economic conditions in the markets in which Xero operates; competition in the markets in which Xero operates; the continuing growth in the markets in which Xero operates; the implications of regulatory risks in the businesses of Xero; technological changes taking place in Xero's industry; future changes to Xero's products and services; the risk of cyber and data security issues; the geopolitical environment and exchange rates.
- 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

To the maximum extent permitted by law, Xero makes no representation, assurance or guarantee in connection with, and disclaims all responsibility for, the accuracy, completeness or likelihood of fulfilment of any forward-looking statement or any outcome expressed or implied in any forward-looking statement or any assumptions on which a forward-looking statement is based.

All information in this presentation is current at 30 September 2026, 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 slide 47 for a glossary of the key terms used in this presentation.

Consistent 3x3 execution compounding

Strong revenue and adj-EBITDA growth...



powered by **operational excellence**

FY27 Outlook upgraded[1]

...translating to strong FCF



Disciplined capital allocation + **flexibility**

Pro-forma Rule of 40 in FY27 — 1yr early[1]

Up to A$1bn on-market buy-back[2]

Scaling 3x3 + AI adoption



delivering **3x3** + a **trusted partner for >5.1m SMBs and our AB community globally**

1. Refer slides 20 and 21 for further detail on Xero's FY27 Outlook and FY28 Aspirations
2. Refer slide 23 for further detail

Consistent 3x3 execution compounding: Strong pro-forma revenue, adjusted EBITDA and FCF growth

Operating revenue

+27% YOY pro-forma

$1,745m

+46% YOY reported
(**+27%** YOY pro-forma, +22% CC)

Adjusted EBITDA

+23% YOY pro-forma

$362m

+3% YOY reported
(**+23%** YOY pro-forma)

Free cash flow

+32% YOY pro-forma[1]

36.1% R40

CC revenue growth **22.5%**
FCF margin **13.6%**[2]

Reported Rule of 40 54.9%[3]

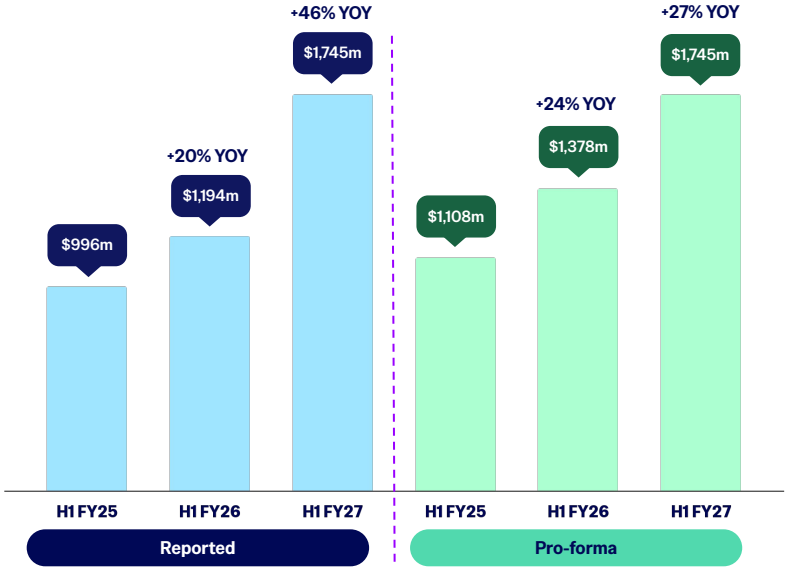
Pro-forma refers to performance if Xero + Melio were combined for the full period in H1 FY25 and H1 FY26[4]

1. Reported free cash flow was $238.1m in H1 FY27, down 26% on H1 FY26 $321.1m. This reduction was largely due to the incorporation of Melio in H1 FY27. Pro-forma free cash flow increased 32% (from $180.5m) and includes adjustments to reflect changes in Xero's balance sheet structure following the Melio acquisition
2. Refer to slide 44 in appendix for further details
3. 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)
4. Refer to slide 47 in appendix for further details

Strong revenue and adjusted EBITDA growth...

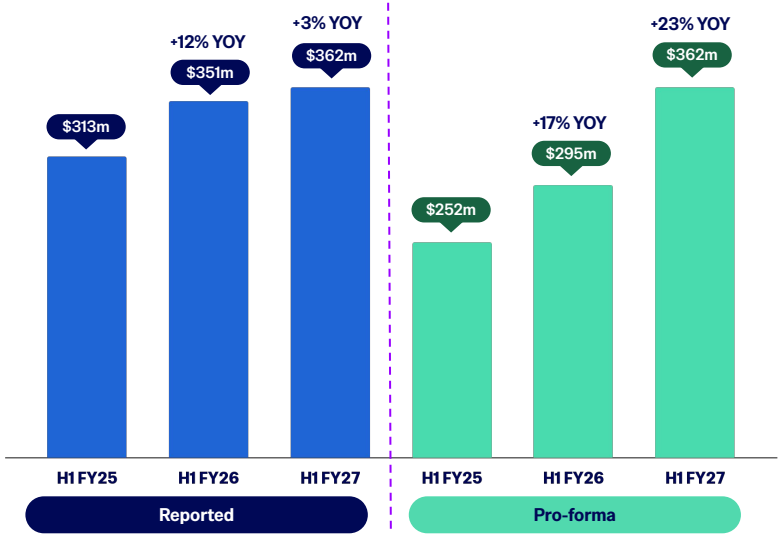
Strong revenue growth: 46%, 27% pro-forma

Revenue ($m)



Adjusted EBITDA 23% YOY pro-forma growth

Adjusted EBITDA ($m)



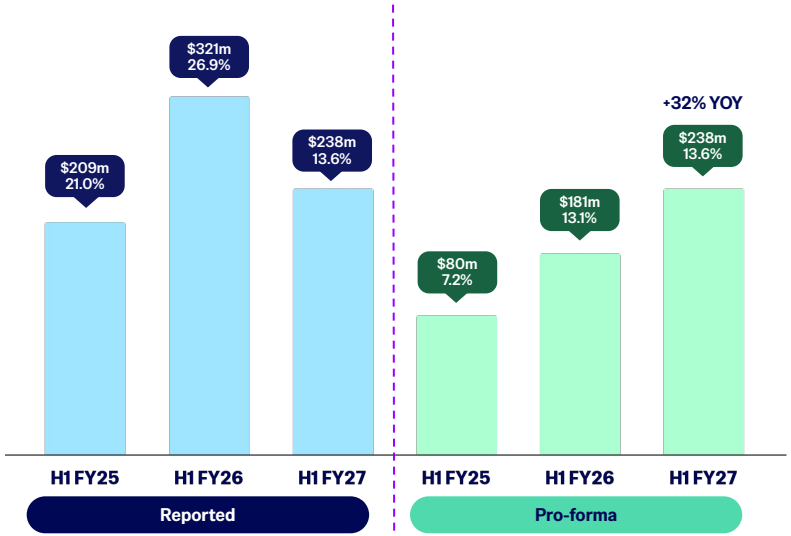
Pro-forma refers to performance if Xero + Melio were combined for the full period in H1 FY25 and H1 FY26[1]

1. For details on pro-forma definition see slide 47

...translates to FCF growth and improving rule of 40

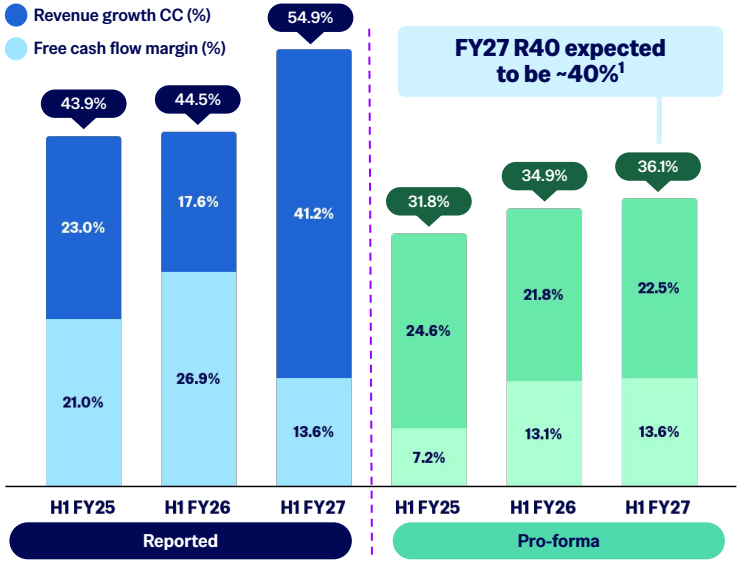
FCF growth 32% YOY pro-forma growth

Free cash flow ($m) & margin (%)



Pro-forma R40 increasing

Rule of 40[2,3] (%)



Pro-forma refers to performance if Xero + Melio were combined for the full period in H1 FY25 and H1 FY26[4]

1. Refer slide 20 for details on Rule of 40 guidance
2. 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)
3. Chart may not add through due to rounding
4. For details on pro-forma definition see slide 47

Executing on our promises: broad based growth across our 3x3

Strong 3x3 execution

Australia

+23% [1] **+91k** [2]

Continued robust growth

- Solid **customer** growth **9%**
- **Launched Ultra and AU Bill Pay**[3]

UK

+24% [1] **+85k** [2]

MTD success adds to momentum

- **MTD** for IT **drives 16%** customer growth
- **Payroll** Director in beta

US

+51% [1] **+31k** [2,4]

US momentum continues

- **Strong customer growth,** 18% pro-forma
- **Bill Pay live** alongside **Xero Payroll powered by Gusto**

A winning GTM playbook

- **Direct sales motion** across AU, UK and US
- Xerocon London and Denver **~3k attendees**
- **Launched Xero Coaches** in the US – 1:1 SMB onboarding

Focused bets to win the future

- **XeroForce** in beta
- **Claude, ChatGPT & Gemini** connectors deployed
- Launched **Claude plugin** for SMBs

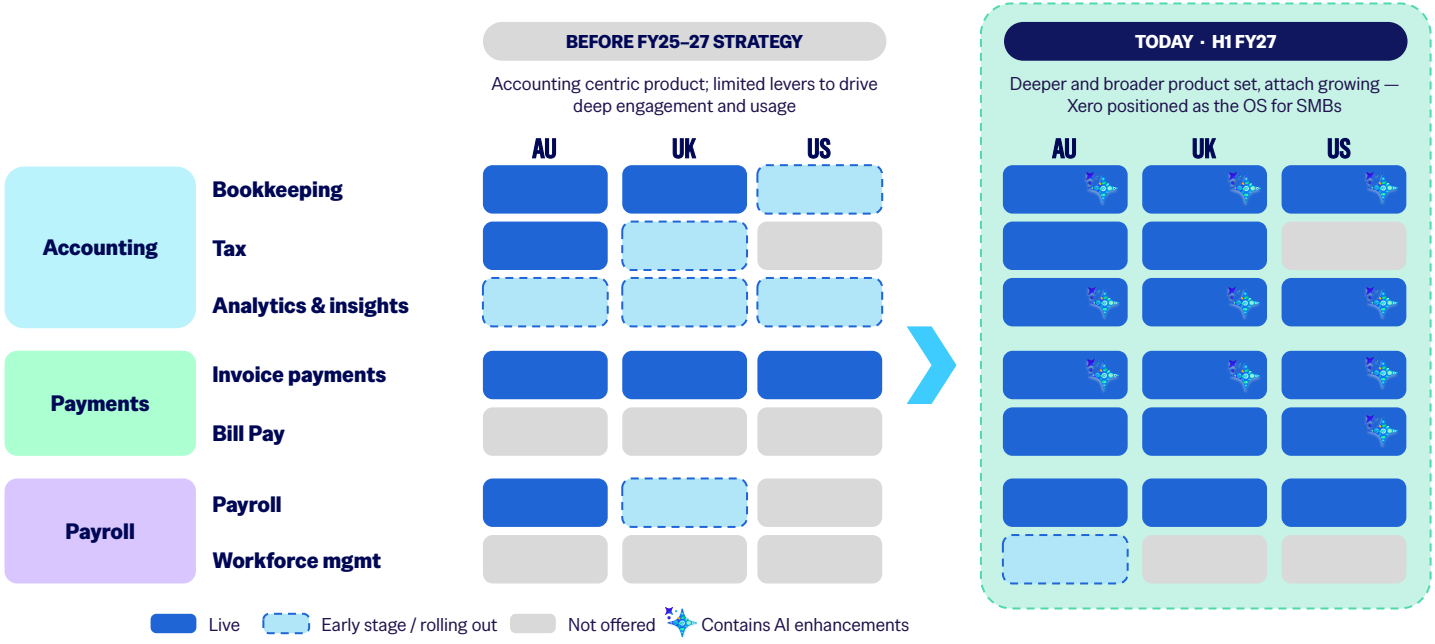
Unleash Xeros to win

- **Accelerating transformation**: Citizen builders shipping reusable skills & capabilities across Xero
- **Global Leadership Summit** — 550+ leaders
- Refreshed **leadership framework**

1. Revenue growth 1H FY27 vs 1H FY26 for AU and the UK. US growth presented pro-forma refer slide 39 for further detail
2. Net customer additions in H1 FY27
3. Powered by Airwallex
4. US customer numbers include c.5,000, who weren't previously included. These should be excluded to calculate an underlying growth rate and net customer additions for H1 FY27

Driving 3x3 through a deeper, AI powered, multi-product platform experience

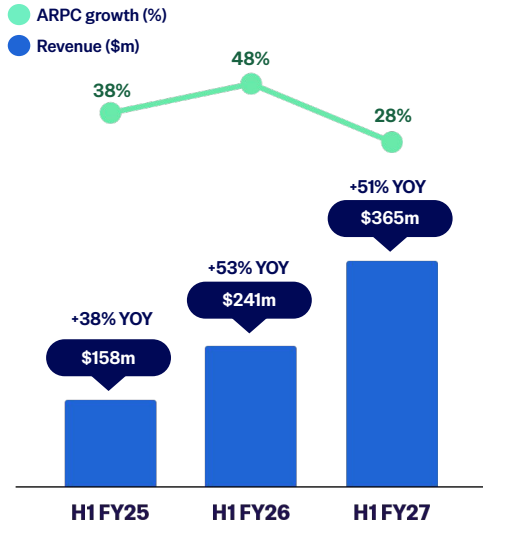
Expanding our value proposition by deepening offerings and adding AI innovation
Broadens revenue streams, and increases ARPC expansion opportunities



Multi-product journey progressing at pace as US business builds to scale

US growth momentum strong across key metrics reflecting value of offering

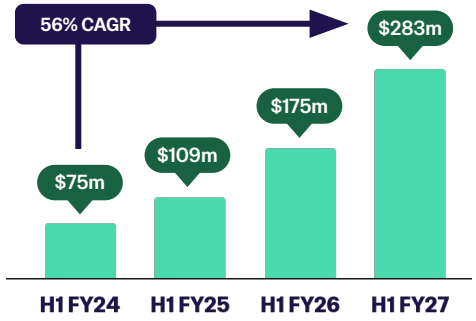
US pro-forma revenue ($m) & ARPC growth (%)



Melio delivering and enabling multi-product growth opportunities

Melio payments revenue ($m)[1]

- ✓ Xero embedded BillPay **Annualised TPV ~US$1bn**
- ✓ Melio BillPay take rate +21bps YoY[2]
- ✓ Melio BillPay TPV +25% YoY[2]



Brand uplift in early stages — Focus is on quality of customer

US brand spend underway expanding across different digital channels

- YouTube
- Streaming Audio
- Podcasts

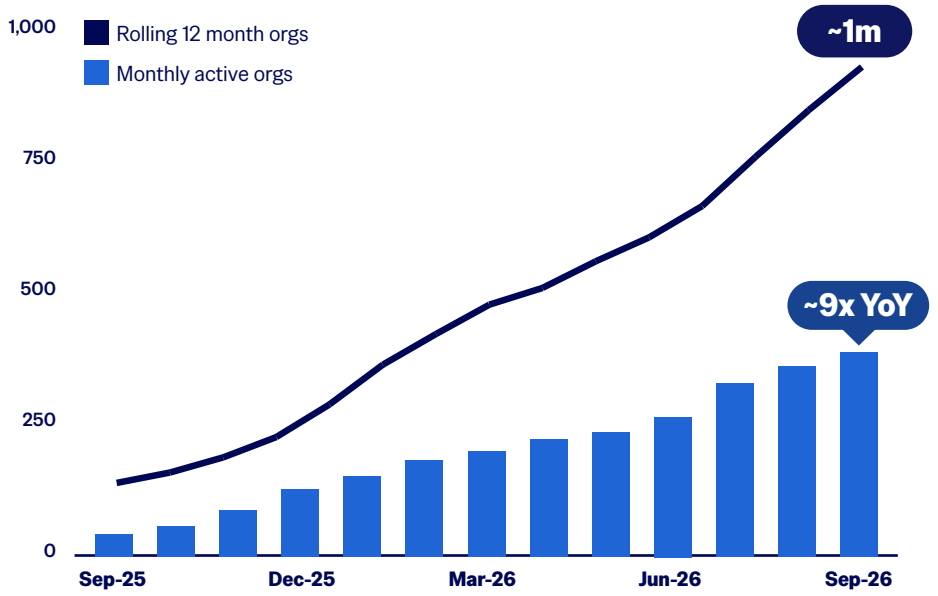
Unaided awareness +4ppts in H1 FY27[3]



1. Melio payments revenue comprises Xero BillPay and syndication payments revenue. For more detail refer to slide 39
2. Melio BillPay TPV and take rate refer to Total Xero BillPay TPV and gross TPV take rate, which include BillPay transactions by both Xero and Melio direct customers processed using Melio's payments capabilities, and exclude syndication. Refer to slide 39 for further detail
3. Based on internal brand performance measurements

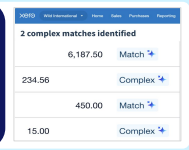
Increasing AI adoption across millions of customers — driven by Auto Bank Rec, JAX and Smart Doc Capture

Customers using GenAI features (000s)

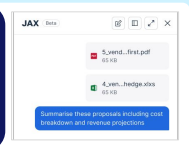


Top GenAI features

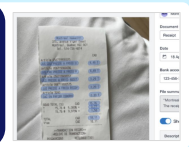
~90%
Auto Bank Rec return customers[1]



~6x
JAX chat monthly customers[2]



~4.5x
Smart Doc Capture monthly customers[3]



1. Return users defined as % of customers who used the product in concurrent months, average over 6 months to Sep '26
2. Increase in customers using the feature over 12 months to Sep '26
3. Increase in customers using the feature in first ~6 months since launch to Sep '26

Financial results



Claire Bramley
Chief Financial Officer

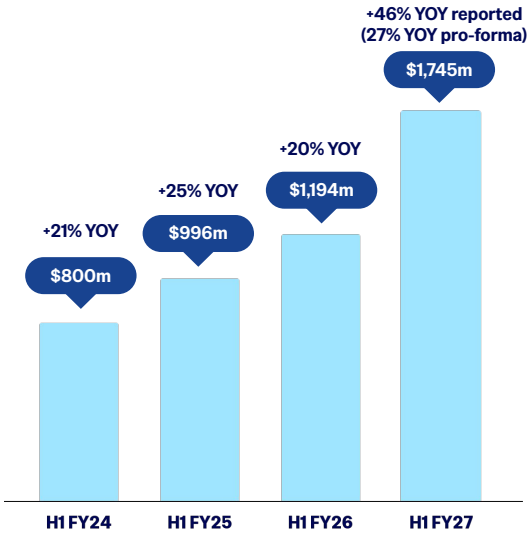
Strong revenue growth driven by both ARPC expansion and customer growth

Revenue up 46%, 27% pro-forma, AMRR $3.8b[1] — up 29% pro-forma

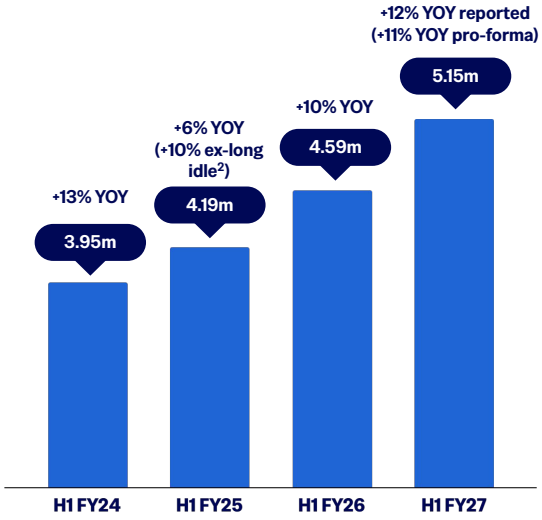
Customers up 12%, 11% pro-forma

ARPC up 25%, Melio Payments contributed 46% of uplift

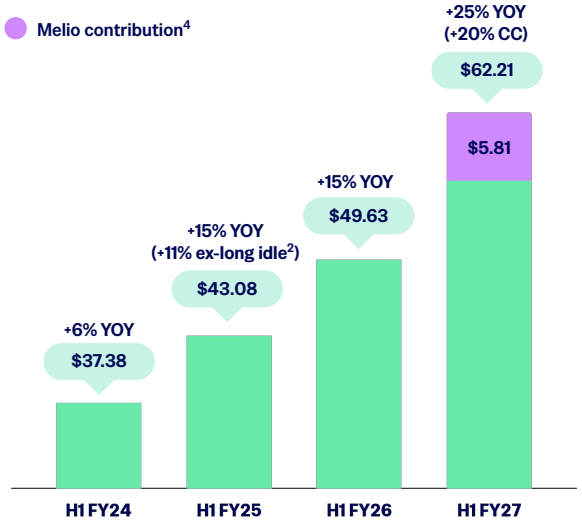
Revenue ($m)



Customers (#m)



ARPC ($)[3]

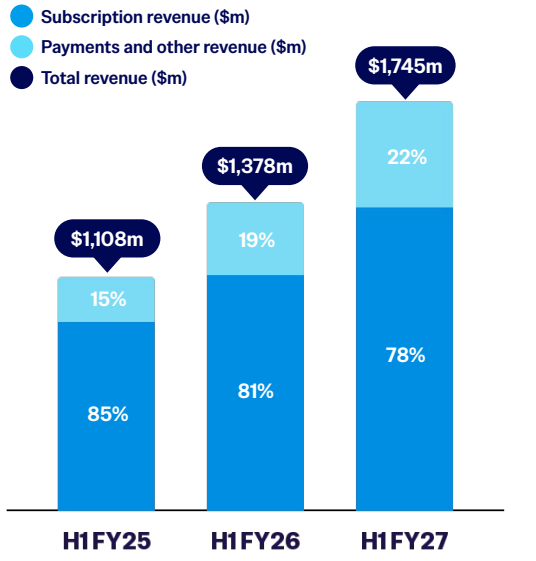


1. AMRR now includes Melio direct customer contribution but excludes syndication payments revenue, for details on definition refer to slide 47
2. Ex-long idle excludes the impact of the removal of long idle subscriptions on both customer and ARPC growth. For further details refer to page 29 of Xero's FY26 Annual Report
3. ARPC includes Melio contribution. ARPC reported in SaaS metrics shown on slide 41 excludes Melio
4. Melio contribution reflects Melio's direct customers only

Multi-product growth led by payments to drive growth and margin evolution

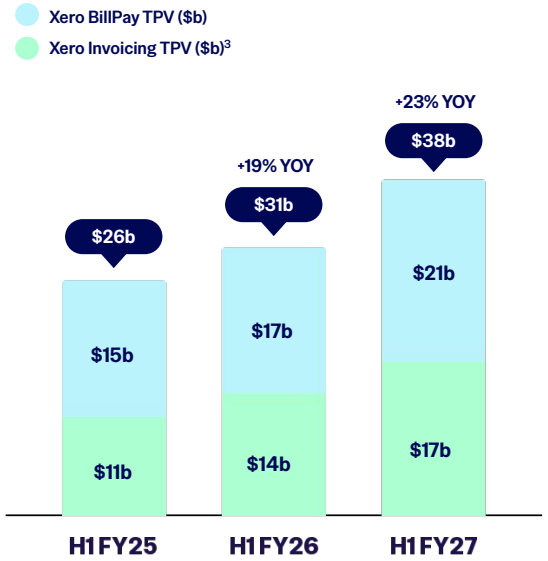
Revenue sources diversifying as we add products...

Pro-forma revenue by nature ($m)



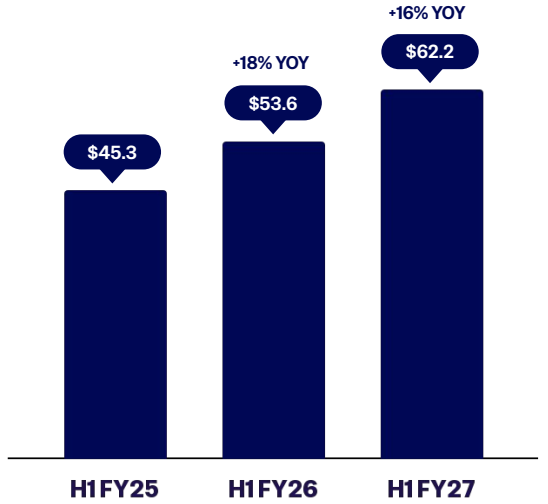
...with increasing usage...

Pro-forma total payment value ($b)[1,2]



...supporting higher ARPC

Pro-forma ARPC incl. Melio ($)

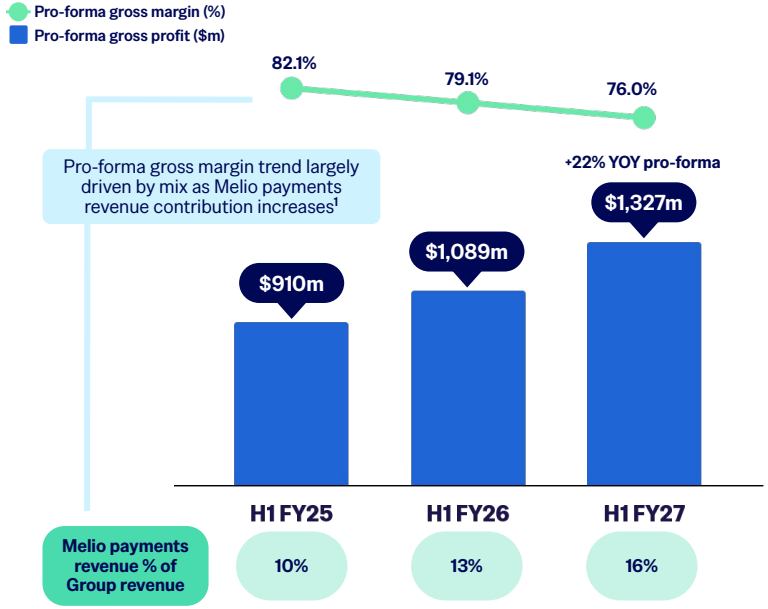


1. Presented pro-forma to include Melio payments on a historical basis, refer to slide 39 for more detail
2. May not add through due to rounding
3. Total invoice payment value across our connected online payment service providers who process the payment of invoices on the Xero platform

Gross profit dollar growth strong, margins reflect strong payments growth

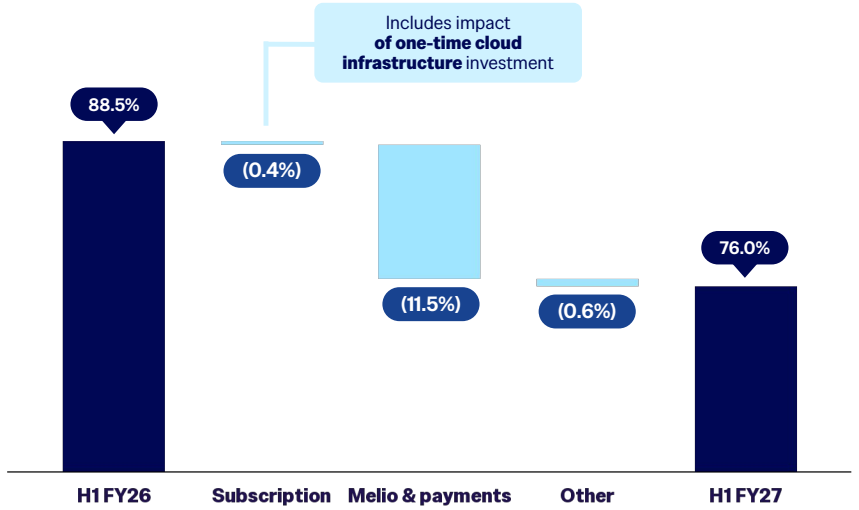
Pro-forma gross profit up 22%

Pro-forma gross margin (%) & gross profit ($m)



Gross margin profile reflects mix impact from integration of Melio

Gross margin drivers H1 FY26 vs. H1 FY27 (%)



1. Melio's payments revenue model has a lower gross margin profile than Xero's subscription revenue

Strong ARPC[1] expansion, reflects multi-product business

>50% contribution | 50% - 25% contribution | 25% - 0% contribution | Negative contribution

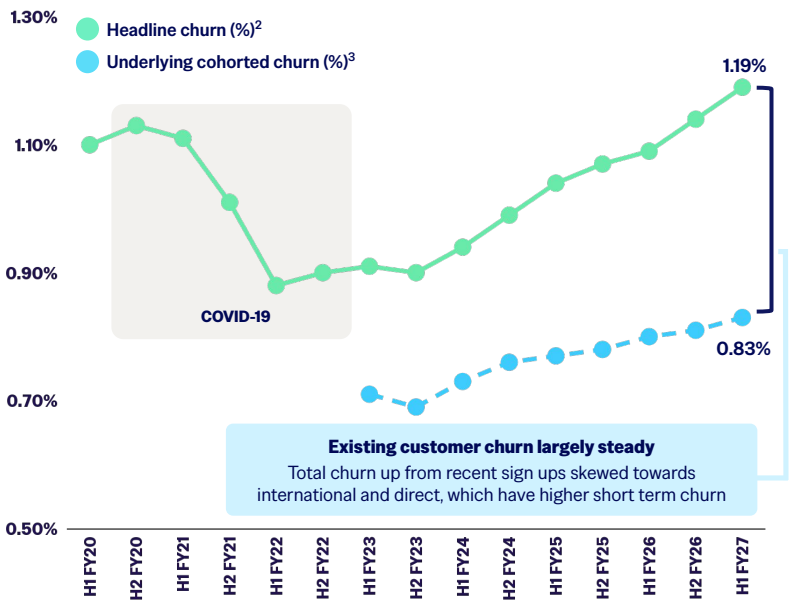
ARPC has increased $6.77 (up 12%) to 30 September 2026		$62.21
Direct payments	• **Strong Melio momentum** with higher TPV take rate & higher TPV per customer driving ARPC expansion, contributing $1.57 to the Group	▲
Price changes	• **Monetising value delivered through new features and capabilities** — price changes nuanced by tier • AU / UK price changes effective July / September & included in ARPC, revenue benefit to flow through in H2 • NZ / US price rises to come through in H2 ARPC and revenue	▲
Product mix	• Mild positive, with **strong mix contribution in US** offset by **impact of UK MTD** headwinds	▲
Platform attach & other[2]	• Continued **expansion, with improved invoice payments penetration, 25% invoice TPV growth**	▲
FX movements	• NZD weaker against all major FX pairs, AUD in particular a large driver	▲
ARPC at 31 March 2026		$55.44

1. ARPC including Melio contribution
2. Platform attach includes products such as payments, payroll and Planday

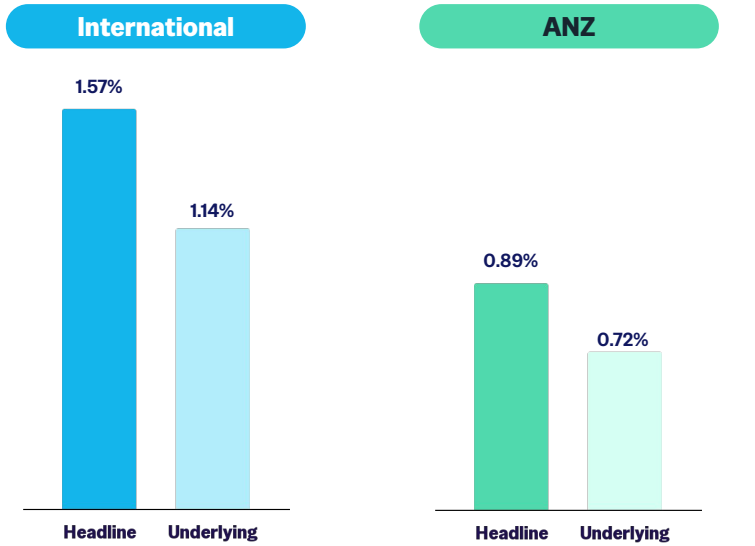
Underlying churn remains low — trends reflect mix and post-pandemic normalisation

Xero subscription MRR churn (%)[1]

Churn is reported on a percentage of monthly recurring revenue basis



International churn structurally higher & driven by higher weighting of direct channel



International headline vs. underlying differential bigger, **due to more direct channel contribution to new customer adds**

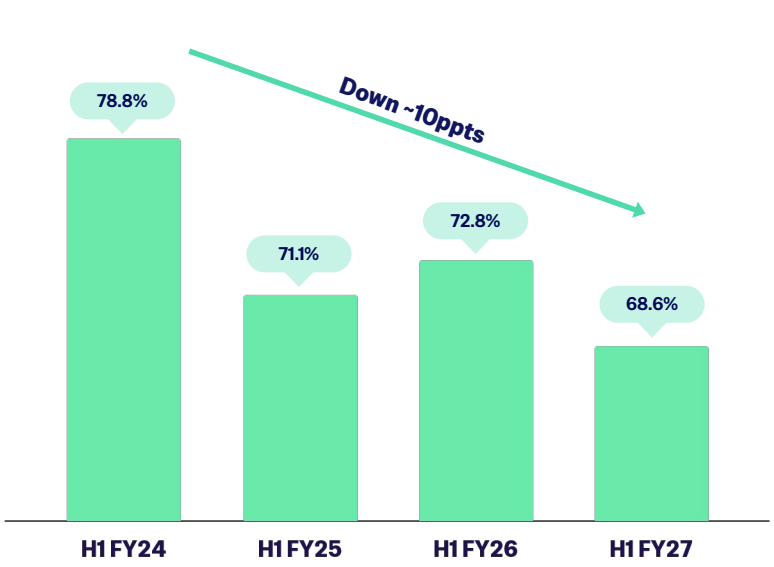
ANZ benefits from structural benefit of **very strong partner channel**

1. Does not include Melio
2. Includes the impact of removing long idle subscriptions in H1 FY25 and H2 FY25. Headline churn excluding this impact was 1.00% and 1.03% respectively
3. Underlying cohorted churn is presented excluding the impact of long idle subscriptions

Operational excellence a focus: revenue per FTE continues to expand strongly

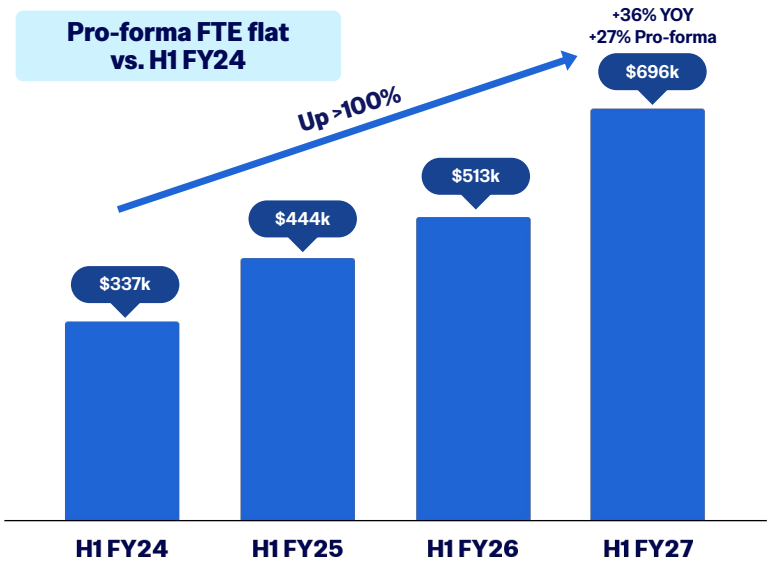
Continued OPEX ratio improvement

Operating expenses as a % of operating revenue — excl. M&A costs[1]



Rev/FTE up 36% reflects disciplined headcount management

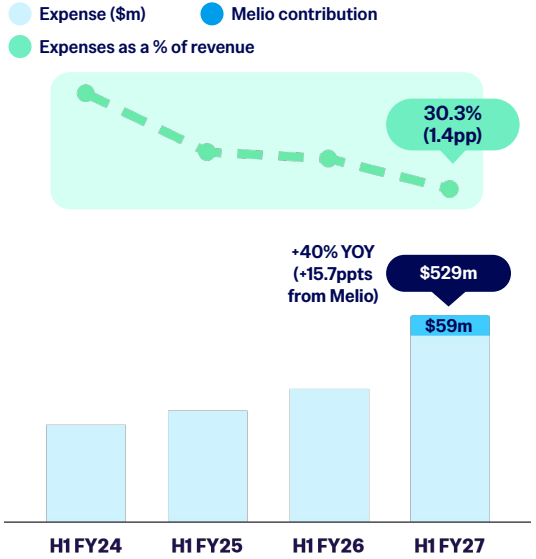
Revenue per FTE ($k)



1. For details on the impact of M&A and other transaction costs refer to slide 45

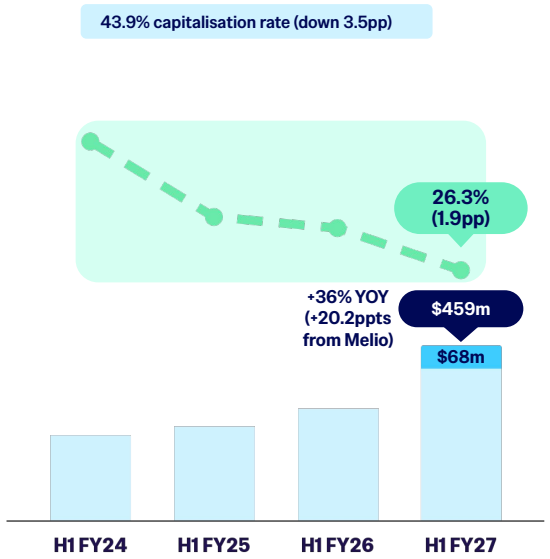
Delivering operating efficiencies across all three cost lines

Sales & marketing efficiency improved 1.4pp



- Continued investment in **performance marketing across digital channels**
- Incremental investment in brand through targeted channels

Product efficiency improved 1.9pp



- **High product velocity** and release cadence, particularly new AI product development
- Emerging **efficiencies from adoption of AI tools**

G&A efficiency improved by 0.9pp

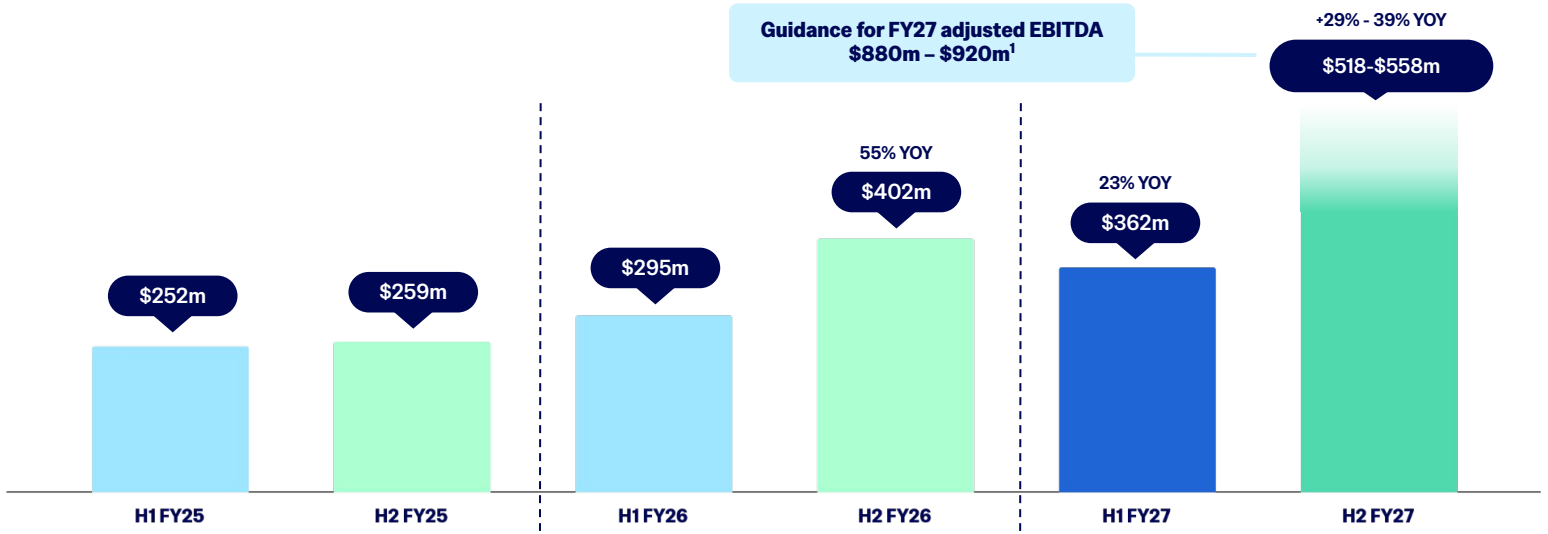


- Reported growth largely from Melio
- **Efficiency delivered** despite Melio's structurally higher G&A

Adj-EBITDA set to accelerate in H2 FY27 as Xero continues to deliver leverage

H2 FY27 Guide reflects expected emergence of significant operating leverage

Pro-forma adjusted EBITDA by half ($m)



1. Refer slide 20 for further detail on Xero's FY27 adjusted EBITDA guidance

FY27 Outlook upgraded, including expected early delivery of Rule of 40, reflecting strong momentum...

FY27 operating revenue is now expected to be between $3,770m and $3,830m

(up from prior range of $3,620m to $3,730m)

The increase in revenue guidance largely reflects **stronger Melio payments performance** alongside an FX benefit from the weaker NZD

On a constant currency basis pro-forma revenue growth is expected to be between 24%-27%

FY27 adjusted EBITDA is expected to be between $880m and $920m

(prior range of $860m to $920m)

This guide **continues to reflect a higher than historical H2 weighting**. H2 adj-EBITDA will reflect the benefit of announced price rises and payments growth momentum, disciplined headcount cost management & further operating efficiencies, and an **expected reduction in Melio's adjusted EBITDA losses**

Product capitalisation rate expected to be similar to long term range. D&A expense estimated at ~$475m (up $10m)

Xero expects to deliver a Rule of 40 outcome of around 40% for FY27 on a pro-forma basis, earlier than its previous aspiration

The Rule of 40 guide reflects Xero's updated FY27 revenue guide and strong free cash flow generation

This guide demonstrates Xero's confidence in cash flow generation, supporting our ability to return capital to shareholders through the announced buy back

Refer to slide 43 for further details including supporting assumptions and qualitative commentary

… which underpins a lift in our FY28 aspirations, reaffirming Melio breakeven guidance and confidence in FCF generation

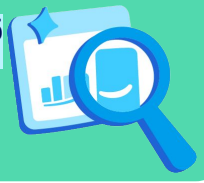
The strength of Melio's performance to date has expanded Xero's revenue growth opportunity. We now see the opportunity for Xero's FY28 revenue to be more than $4.6bn, excluding revenue synergies[1]

(up from prior expectation of more than double FY25 i.e. more than $4.2bn)

Xero's aspiration remains to deliver a greater than Rule of 40 outcome in FY28[2,3]

Melio is expected to reach adjusted EBITDA breakeven on a run-rate basis in H2 FY28[4,5]

This outcome reflects continued strong revenue growth, expanding gross margins, and accelerating operating leverage as Melio drives scale (with core Opex growth expected to be materially lower than Xero's)



1. Anticipated FY28 revenue synergies are expected to be ~US$70m, for more detail refer to page 27 of the Investor Presentation lodged with the ASX on 25 June 2025. Assuming currency conversion of NZ$/US$ 0.59, NZ$/AU$ 0.84 and NZ$/GBP 0.44
2. Assessed including both expected revenue and expected cost synergies outlined on page 27 of the Investor Presentation lodged with the ASX on 25 June 2025
3. 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)
4. Melio adjusted EBITDA definition aligns with the Xero group definition, for further detail refer to page 11 of Xero's H1 FY27 Interim Report. This guide aligns with Xero's assumptions outlined in its FY28 aspiration statement and excludes synergies
5. Run-rate breakeven refers to at least one month of positive adjusted EBITDA contribution to the Xero group during the referenced period

Balance sheet strength provides financial flexibility and optionality

Strong balance sheet $1.5bn with available liquid resources

Movement in net cash position

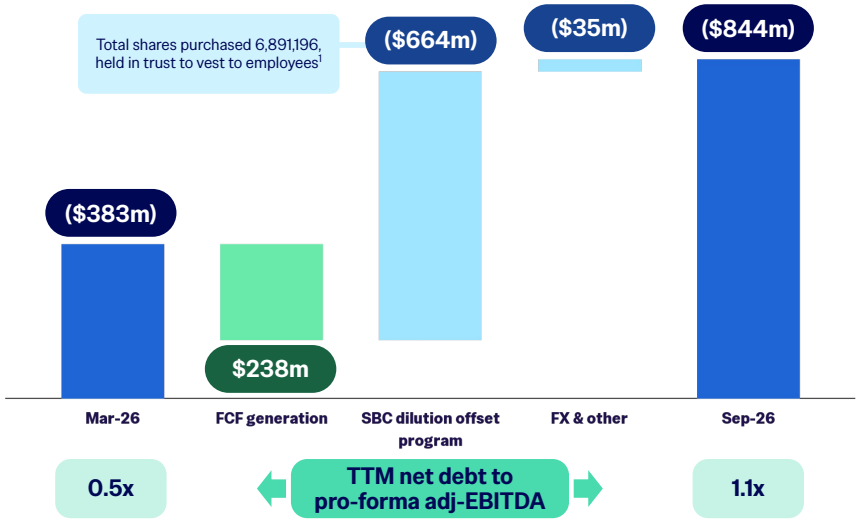
	$000s	Mar-26	Sep-26	Δ
	Cash and cash equivalents	884,372	973,634	*89,262*
	Short-term deposits	1,049,771	175,925	*(873,846)*
A	**Total cash and short-term deposits**	**1,934,143**	**1,149,559**	*(784,584)*
	Convertible notes — principal value of term debt	(1,617,880)	(1,639,054)	*(21,174)*
	Revolving credit facility	(699,624)	(354,390)	*345,234*
B	**Net cash / (debt) position**	**(383,361)**	**(843,885)**	*(460,524)*

A Lower balances reflects completion of SBC dilution offset program and repayment of US$200m of RCF partly offset by $238m of FCF generation

B Remaining US$200m of RCF paid down post 30-Sep, now fully undrawn

Underlying FCF generation strong. Net debt to EBITDA of 1.1x reflects completion of dilution offset program

Movements in net (debt) / cash waterfall



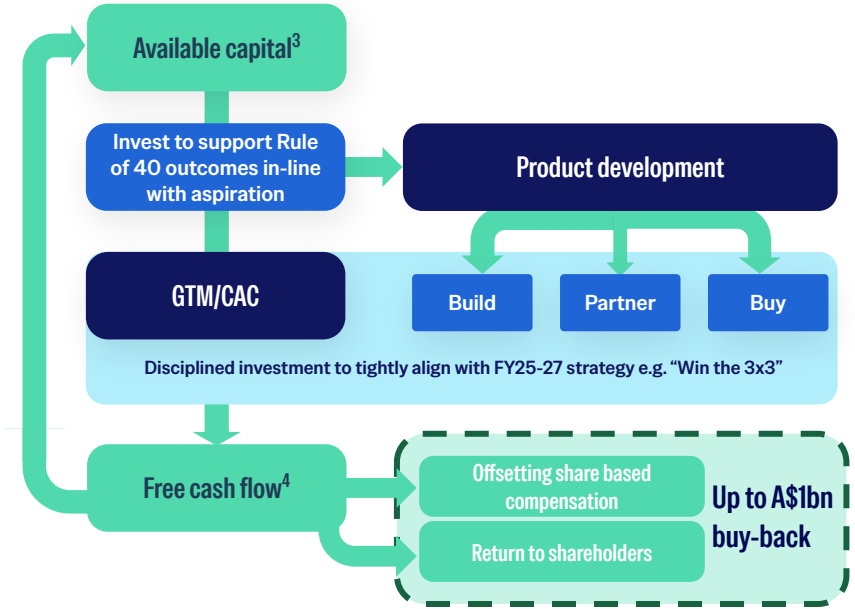
1. 58% of purchased shares were for FY27 grants which will vest over the next three years. The remainder were purchased to offset prior year grants which had a historical weighted grant price of A$146.15

Strong FCF generation enabling up to A$1 billion on-market share buy-back[1]

Returning capital and offsetting share based compensation

- Value accretive use of capital for shareholders. The Board believes the **current share price does not reflect Xero's long-term value and growth potential**
- Strong financial position allows Xero to execute this program while **continuing to fully fund strategic growth priorities**
- **Balance sheet strength will be maintained** over 12-month program — funded by excess cash and expected strong free cash flow generation
- The Board intends to **maintain a healthy net debt to adjusted EBITDA** ratio during this program
- Program includes an amount intended to offset dilution associated with share-based compensation expected for FY28[2]
- Executed at the Company's discretion within guidelines designed to **maximise value accretion for shareholders**

Buy-back aligned with Xero's disciplined capital allocation framework and focus on value creation



1. As Xero Limited is subject to the NZ Companies Act 1993 Xero plans to notify shareholders in writing and release a separate standalone disclosure document on the ASX to explain the nature and implications of an on-market share buy-back for Xero and its shareholders
2. For reference 58% of shares purchased as part of the recently completed A$550m program related to neutralising expected FY27 share-based compensation
3. Balance sheet strength is maintained and therefore available for investment
4. Free cash flow also includes investment into cost-to-serve and G&A and other operating costs, which are excluded for simplicity

AI themes and wrap up



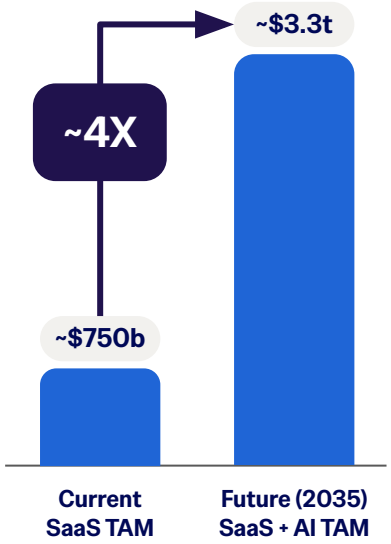
Sukhinder Singh Cassidy
Chief Executive Officer



The AI opportunity is immense. Long-term potential ~4x TAM expansion

AI expands SaaS TAM...

Global SaaS TAM[1] (NZ$)



...by unlocking customer value...

- **Get help**
- **Get time back**
- **Manage their business smarter**
- **Unlock new business growth**

...for which Xero has unique competitive advantages

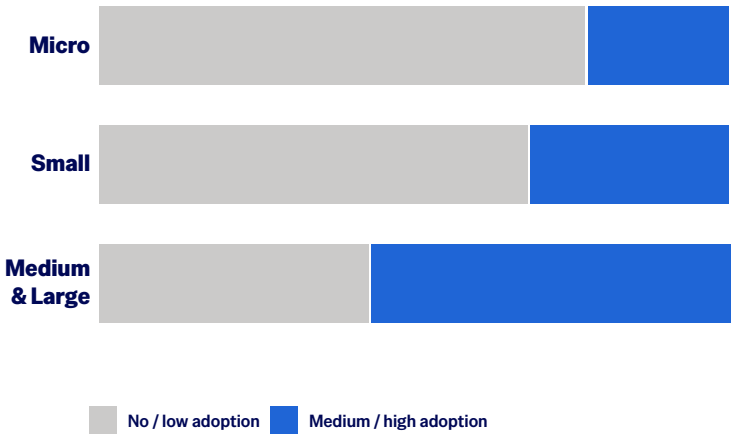
GTM Layer	✓ Customer context ✓ Global scale ✓ Xero SMBs/ABs are not billed by seats
Vertical Platform Layer	✓ Domain expertise ✓ 3 JTBD combined = more effective and efficient
Infra. layer	✓ System of record = 'Source of truth' ✓ Trusted experts in compliance ✓ Deep infra capabilities
Data Layer	✓ 20yrs of data across multiple regions

1. Current (2025) and future (2035) Total Addressable Market (TAM) estimates (expressed in US$) from Gartner (2025) report: 'Emerging Tech: Maximize Opportunities While Managing Risks of Agentic AI on Enterprise Software'

AI adoption is still nascent for SMBs; Xero seen as a leader in the category

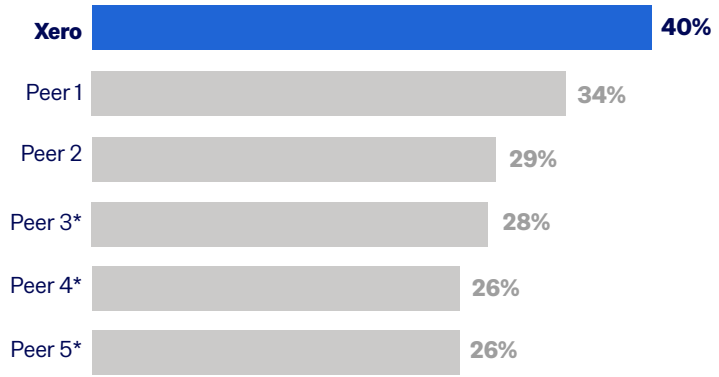
Adoption is nascent but increasing

AI adoption by SMB segment (% respondents)[1,2]



#1 for time saving in Accounting SaaS (AU, UK)

"This brand uses AI to automate tasks & saves time" (% respondents)[3]



1. Xero survey of small businesses (non-customers) in AU, UK & US, Jun to Aug-26 n=2,619
2. Micro (0-1 employees), small (2-19 employees), medium & large (20+ employees). Low adoption = occasional use for isolated/simple tasks. Medium/high adoption = use of AI in daily routine, core workflows redesigned for AI, or use of agentic automation
3. Xero survey measuring brand association. Peers ranked by pooled result i.e. average of the AU (n=973) and UK (n=1,439) results, weighted by sample size. *Peer appears in one market only

Customers trust Xero's AI products and see significant time saved

Saving countless hours

"The new auto bank rec feature... really shaved down [time] in high volume situations... **sometimes even more than half**."

Dan
MATAX



Supercharging skills with technology

"If we're getting transactions processed quicker and accounts reconciled faster, that's **a reflection of our skill and the technology we've chosen** to adopt."

Martine



Unlocking capacity

"Our monthly-quarterly package was actually our worst ROI... most of our time was spent coding and chasing... [it's now] **turned around to be one of our biggest revenue makers**."

Katie
The Vault Bookkeeping



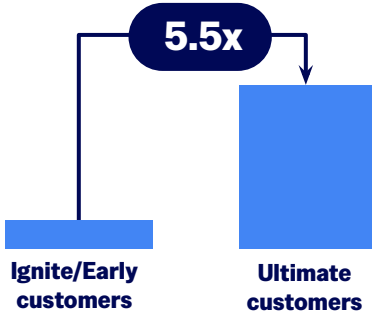
Accuracy you can trust

"I... **couldn't believe how well [auto bank rec] was working.** It's done most of our transactions. **I haven't found a single error. I have it on for four accounts now**." John | Dial A Rod Engineering Services

Within the 1m customers using AI, tens of thousands of power users also emerging

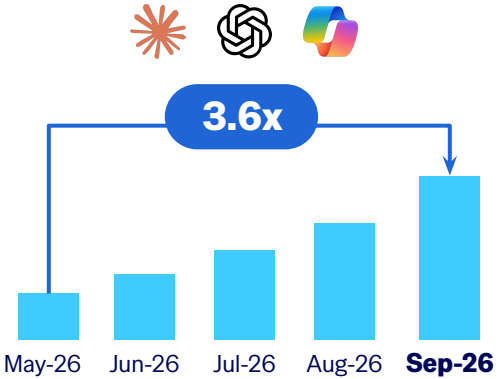
Typically larger customers

~5.5x higher AI adoption[1] in top tier vs lowest tier



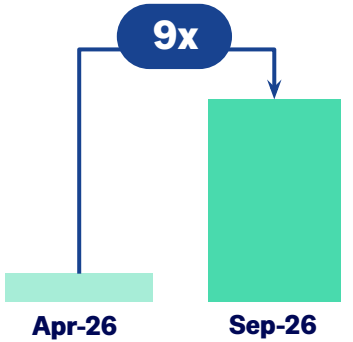
Actively using AI integrations via our MCP

~40% MoM growth customers using Xero via AI assistants[2]



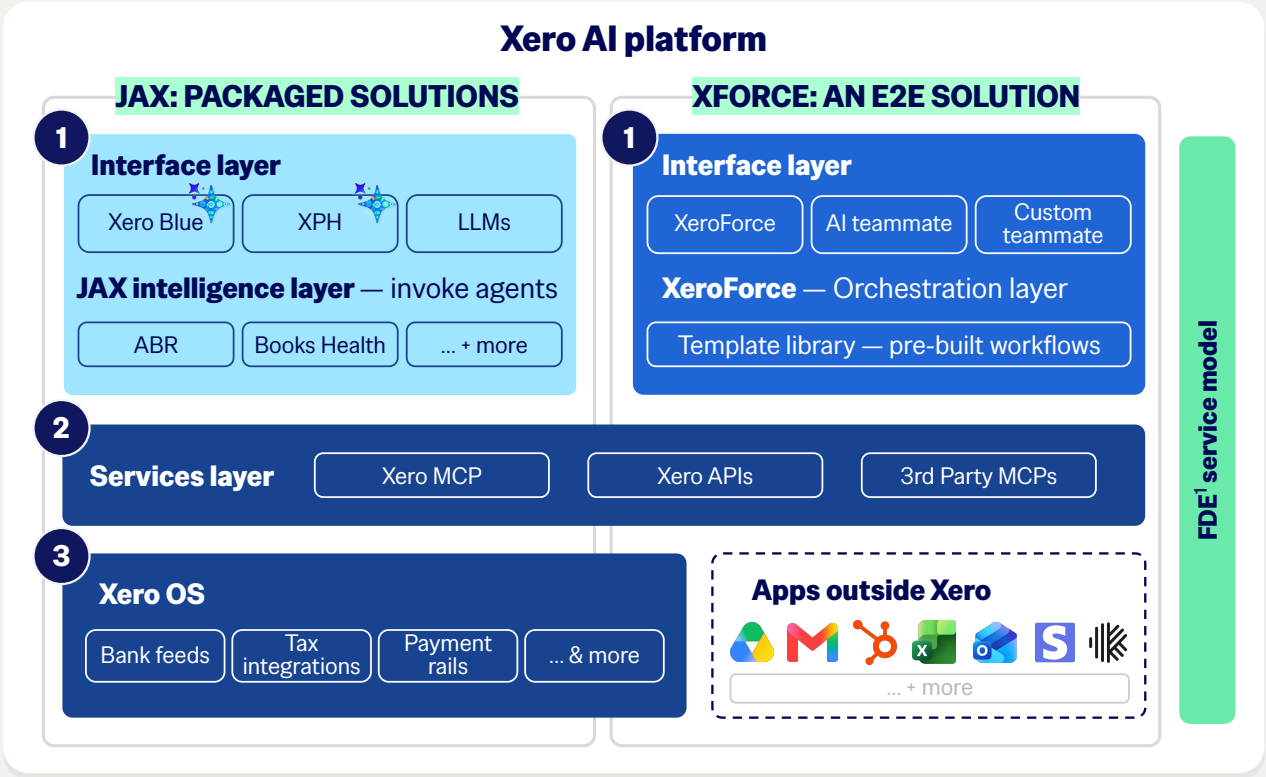
Executing core workflows with Xero agents

>100 XeroForce workflows serving 1000s of SMBs[3]



1. Portion of Ultimate tier customers in Sep-26 who were AI active was 5.5x that of Ignite/Early tier customers, where AI active = customer who has used an AI feature in the month; Note no Ultimate customers in the US
2. Monthly active customers making calls to an AI assistant tool including Claude, ChatGPT and Microsoft 365 Copilot in Sep-26 vs Aug-26
3. Workflows run or scheduled, and number of SMB clients that have Xeroforce workflows running against them. Xeroforce is in early beta testing and growth reflects this

How we deliver AI for SMBs and accountants & bookkeepers



1 Meet customers where they are

2 Secure connectors (APIs, MCP) for AI

3 Infrastructure for e2e workflows

1. Forward Deployed Engineers

Launching Xforce today — E2E solutions for larger ABs and more complex SMBs

Introducing Xforce by Xero (beta)

AI solutions designed with accounting partners

Shared ambition to champion clients' success

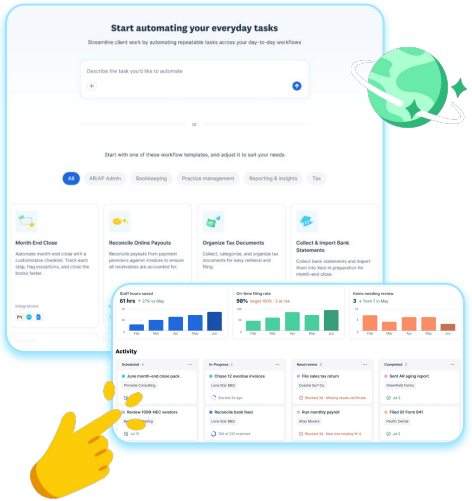
AZETS	United Kingdom
SUMER	United Kingdom
LISTON NEWTON ADVISORY	Australia
Nexia	Christchurch, New Zealand
shepherd hensman ltd CHARTERED ACCOUNTANTS	New Zealand

Packaged offering across the Xero AI platform

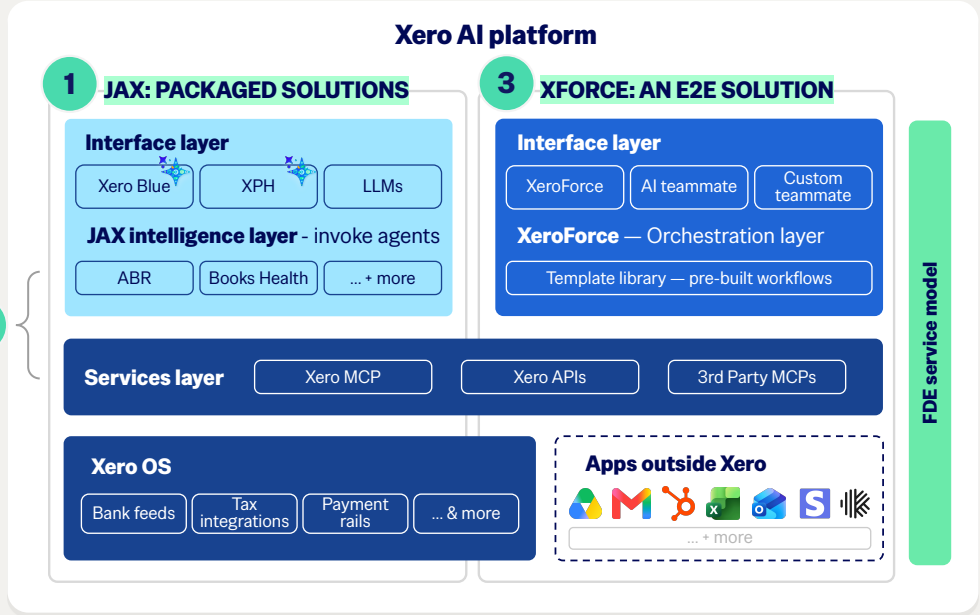
Customers can expect:

Platform	Tailored to needs
Skills	Agent orchestration
Services	MCPs and APIs
Xero OS	Bank feeds, payment rails, tax integrations & more
3P Apps	Seamless data & workflows
FDEs	Custom build & implementation

Built with Xero FDEs and partner consultants



AI monetisation opportunities in every layer, with positive early signals



Monetisation opportunities via:

1 **Bundles**
In-product features, add-ons

2 **Consumption**
Credits, API usage, workflows

3 **Solutions**
XForce (inc. FDEs, AI teammates)

Wrap up: Strong H1 sets the stage for an exciting H2 FY27 and beyond



1

Strong revenue growth across all regions



2

Consistent execution drives durable EBITDA growth



3

FCF generation provides capital flexibility



4

Trusted partner for ABs & SBs in the AI journey



5

Strong momentum entering next strategic period

Appendix



Xero's opportunity is to be the trusted O/S for the agentic era



Xero's competitive advantages

GTM layer

New distribution channel for Xero

SMBs + ABs

General AI assistants

Xero GTM: ~5m+ customers & growing

- Customer context
- Global scale
- Xero's SMB customers are not billed by seats

Vertical platform layer

Xero app: Financial operations for SMBs

Accounting | Payroll | Payments | Ecosystem

- Domain expertise
- 3 JTBD combined = more effective and efficient

LLMs

Foundation Enterprise LLMs (Anthropic, OpenAI, Google) are an input into our value chain

Data layer

Enriched & verified data across 1st party & 3rd party sources

- 20yrs of data

Infrastructure layer

Agent capabilities across JAX

External integrations into Xero

Bank feeds | Tax APIs | Payment rails | Ecosystem

Deterministic engine

Detect | Record | Reconcile | Comply

- System of record = 'Source of truth'
- Trusted experts in compliance
- Deep infra capabilities

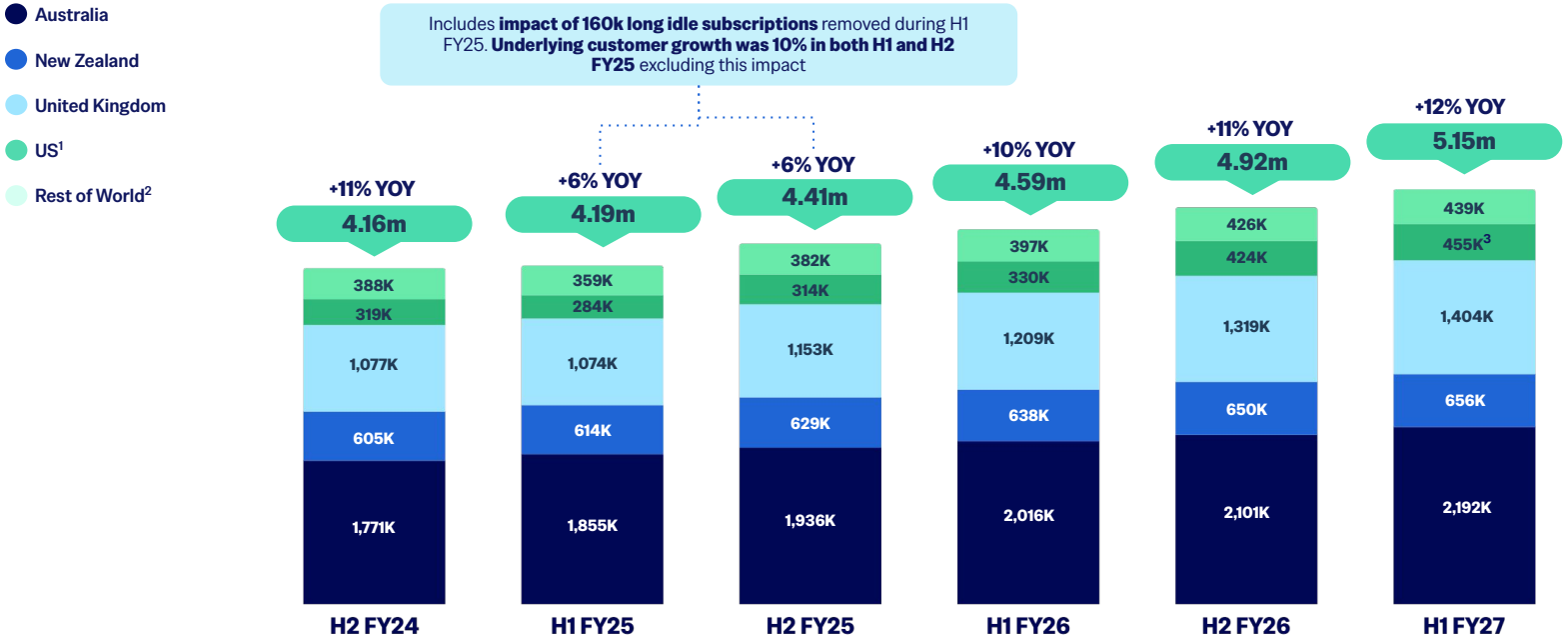
Xero has multiple structural advantages against potential AI threats

Competitor or threat	NATIVE AI START-UPS	LLM PROVIDERS	SEAT-BASED MODELS	"VIBE-CODING" SOLUTIONS
Area of concern / pushback	**"Startups built AI-first, no legacy cost base or architecture, and are autonomous at the core"**	**"General purpose models replicating SaaS functionality directly"**	**"AI agents replace human users collapsing revenue from per-seat pricing"**	**"SMBs can code their own solutions using AI agents such as Claude"**
Xero counters & strengths	• Start ups **don't have global scale** vs. Xero's multi channel. Multi-geo GTM creates competitive advantage • **Vertical providers see only a slice**. Xero captures multiple jobs, delivering deeper data context and broader domain expertise • **Trust isn't built overnight**. Our established governance practises, standards and secure systems support trusted workflows	• LLMs are probabilistic; accounting, payroll and payments requires precision. **Xero's structured deterministic data with context provides the source of truth that LLMs don't replicate** • LLMs are not a system of record. They **lack the workflows, integrations and audit trails Xero provides** • LLMs are an input and distribution play not a competitor	• **Xero is not seatbased**, & SMEs are not enterprises — **you can't automate headcount that isn't there** • Xero's AI pricing reflects a mix of both subscription and consumption pricing • Adding AI agent capabilities to Xero's model augments ARPC opportunity • The **AI opportunity presents total wallet growth**, global SaaS TAM of ~US$750b expands to ~US$3.3tn with AI[1]	• **Xero has a deep infrastructure layer** connecting to banks, payment rails, tax authorities etc. these all need to be replicated • SMBs are time poor the **opportunity cost of spending time coding solutions is substantial** vs. Xero's price • Xero provides and maintains a platform of multiple jobs. 'Vibe coding' is for simple single job workflows

1. Current (2025) and future (2035) Total Addressable Market (TAM) estimates (expressed in US$) from Gartner (2025) report: 'Emerging Tech: Maximize Opportunities While Managing Risks of Agentic AI on Enterprise Software'

Customer regional composition and growth trends

Closing customer balance from H2 FY24 to H1 FY27



1. US customers from H2 FY26 onwards includes Melio's direct customers
2. Rest of World restated to include Canada customers, in line with new reporting structure. In prior periods these customers were reported under the North America segment. For further details refer to page 36 of Xero's H1 FY26 Investor Briefing
3. US customer numbers include c.5,000, who weren't previously included. These should be excluded to calculate an underlying growth rate and net customer additions for H1 FY27

ANZ continues to deliver strong revenue growth supported by quality customer acquisition to reach almost 3m customers

ANZ Segment

$795m revenue
(+20% YOY, +15% YOY constant currency)

2.85m customers
(+7% YOY | 97k net additions)

$54.57 ARPC[1]
(+18% YOY, +10% YOY constant currency)

Australia

AU delivered continued robust growth

- Maintained solid **customer growth of 9%**
- Value based motions support **quality customer acquisition**
- ARPC supported by initiatives to **tailor customer engagement**
- **Ultra subscription** now live **for more complex SMBs**, expanding ARPC opportunity — early days with <1k customers

Revenue *+23%, +17% CC* **$670m**

Customers *+9%, +91k net adds* **2.19m**

New Zealand

Sustained growth

- Lower level of growth compared to other regions reflects **deep market penetration**
- **ARPC optimisation** continues

Revenue *+6%, +6% CC* **$125m**

Customers *+3%, +6k net adds* **656k**

1. Price changes for Australia were effective from July 2026. Price Changes for New Zealand were effective from October 2026

International growth momentum continues, supported by MTD in UK and continued US momentum

International Segment

$950m revenue

(+79% YOY reported | 33% YOY Pro-forma)

2.30m customers[1]

(+19% YOY reported, +129k net additions[4] | +16% YOY Pro-forma)

$71.67 (incl Melio) ARPC[2]

(+33% YOY, +31% YOY constant currency)

$58.73 ARPC

United Kingdom

UK MTD success adds to momentum

- **Strong MTD performance** reflected in customer growth of 16%
- Continued ARPC momentum, but impacted by **lower priced MTD**

Revenue *+24%, +20% CC* **$419m**

Customers *+16%, +85k net adds* **1.40m**

United States

US momentum continues

- Continued strong customer growth (18%)
- **US product suite now largely filled out**, with payroll by Gusto launched to customers
- Melio revenue growth very strong up 57% pro-forma

Revenue[3] *+51% pro-forma* **$365m**

Customers *+38%, 18% Pro-forma* *+31k customers[4]* *+26k net adds* *+5k from reclass* **455k**

Rest of world

Sustained revenue growth

- Strong momentum in South Africa, Asia also contributed

Revenue *+23%, +19% CC* **$165m**

Customers *+11%, +13k net adds* **439k**

1. Total customers includes Xero customers and Melio direct payments customers. Δ YOY pro-forma metrics are referenced in slide 39
2. Price changes effective September 2026 in the UK, October 2026 in the US, and November 2026 in Rest of World
3. Refer to slide 39 for further breakdown of US performance including Xero BillPay TPV and gross TPV take rate
4. US customer numbers include c.5,000, who weren't previously included. These should be excluded to calculate an underlying growth rate and net customer additions for H1 FY27

US pro-forma disclosure detail[1]

Reflects Xero's reported performance, **including a full six months of Melio contribution**. Prior period columns are pro-forma as if Melio and Xero were combined from the start of Xero's 2024 Financial Year.

US revenue composition (NZ$)	Units		FY24	FY25	H1 FY26	H2 FY26	FY26	H1 FY27 reported
Subscription, invoicing & other revenue	$m	A	83	107	66	78	144	82
Xero BillPay payments revenue	*$m*	B	*91*	*158*	*109*	*131*	*240*	*180*
Syndication payments revenue[2]	*$m*	C	*84*	*90*	*66*	*80*	*146*	*103*
Payments revenue	$m	B + C	175	248	175	211	386	283
Total Revenue	**$m**		**258**	**355**	**241**	**289**	**530**	**365**
US Gross margin	*%*		*43%*	*38%*	*34%*	*35%*	*35%*	*33%*
US Gross profit	**$m**		**112**	**136**	**83**	**103**	**186**	**119**
Total Xero BillPay TPV	$b	D	19.0	31.7	16.5	17.4	33.9	20.6
Gross TPV take rate	%	E	0.48%	0.50%	0.66%	0.76%	0.71%	0.87%
Xero BillPay payments revenue	$m	D × E	91	158	109	131	240	180
Total US direct customer revenue	$m	A + B	174	265	175	210	385	262
Direct US customers	#000s		377	368	382	424	424	455
Direct US customer ARPC[3]	$/mth		48	78	84	89	89	106

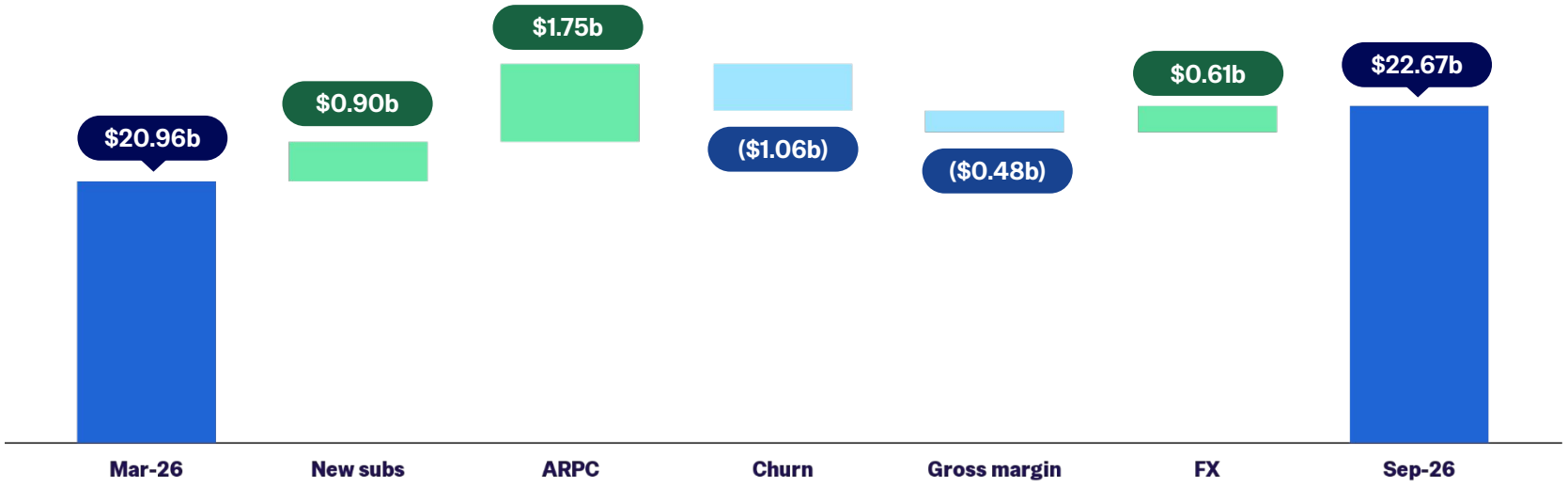
US customer numbers include c.5,000, who weren't previously included.
These should be excluded to calculate an underlying growth rate and net customer additions for H1 FY27

1. Pro-forma statements are unaudited and are created to illustrate the impact if Melio and Xero were combined from the start of Xero's 2024 Financial Year. For definitions / details on these metrics refer to glossary on slide 47
2. Syndication revenue growth between FY24 and FY25 was impacted by the exit of a syndication customer in the accounting software segment
3. Presented including Melio direct customers and associated revenue. This ARPC is presented on a different basis to Xero's SaaS metric disclosure on slide 41 which does not incorporate Melio direct customers

Organic unit economics are compelling: Strong LTV expansion, up 8% to $22.7b, reflects investment to drive ARPC and customer growth

LTV per customer $4,456	CAC per gross add $740	CAC months 13.1	LTV/CAC 6.0 International steady

LTV movements by driver ($b)[1,2]



1. Melio is excluded from SaaS metric calculations
2. Chart may not add through due to rounding

SaaS metrics summary[1]

	ANZ				International				Group			
	Australia, New Zealand				UK, US, CA, ROW				Global Total			
	H2 FY25	H1 FY26	H2 FY26	**H1 FY27**	H2 FY25	H1 FY26	H2 FY26	**H1 FY27**	H2 FY25	H1 FY26	H2 FY26	**H1 FY27**
ARPC[2]	$41.66	$46.39	$48.89	$54.57	$49.82	$54.08	$54.20	$58.73	$45.08	$49.63	$51.20	$56.40
CAC months	9.4	9.9	9.8	8.3	20.7	18.7	17.2	16.0	15.9	15.2	14.4	13.1
Churn	0.81%	0.84%	0.85%	0.89%	1.31%	1.41%	1.48%	1.57%	1.03%	1.09%	1.14%	1.19%
Net additions[3,4]	96,000	89,000	97,000	97,000	132,000	87,000	181,000	129,000	228,000	176,000	278,000	226,000
LTV per customer	$4,550	$4,899	$5,118	$5,384	$3,394	$3,385	$3,247	$3,276	$4,066	$4,261	$4,304	$4,456
LTV/CAC	11.6	10.7	10.7	11.9	3.3	3.3	3.5	3.5	5.7	5.6	5.9	6.0
Total LTV	$11.67b	$13.00b	$14.08b	$15.33b	$6.28b	$6.56b	$6.88b	$7.33b	$17.95b	$19.56b	$20.96b	$22.67b

1. Melio is excluded from SaaS metric calculations
2. ARPC excluding Melio contribution of $5.81
3. Net additions are excluding acquired Melio direct customers as these are not included in SaaS metric calculations
4. Net additions in FY25 were impacted by the removal of long idle subscriptions for further detail refer to page 29 of Xero's FY26 Annual Report

Reported NPAT to adjusted NPATA reconciliation — H1 FY26 vs. H1 FY27[1]

	H1 FY26 reported ($000s)	A Reval. of acqn. financing	Reval. of contingent consideration	M&A and other transaction costs	B Convertible note revaluations	H1 FY26 adjusted ($000s)	H1 FY27 reported ($000s)	FX: Financing revaluations	Reval. of contingent consideration	M&A and other transaction costs	B Convertible note revaluations	C Melio FV acquired amortisation	H1 FY27 adjusted ($000s)
Total operating revenue	1,194,193	-	-	-	-	1,194,193	1,745,305	-	-	-	-	-	1,745,305
Gross profit	**1,057,013**	**-**	**-**	**-**	**-**	**1,057,013**	**1,326,707**	**-**	**-**	**-**	**-**	**-**	**1,326,707**
Sales & marketing	*(378,904)*	-	-	-	-	*(378,904)*	*(528,891)*	-	-	-	-	*11,545*	*(517,346)*
Product design & development	*(336,366)*	-	-	-	-	*(336,366)*	*(458,708)*	-	-	-	-	*12,044*	*(446,664)*
General & administration	*(153,958)*	-	-	-	-	*(153,958)*	*(209,342)*	-	-	-	-	-	*(209,342)*
M&A and other transaction costs	*(50,647)*	-	-	*50,647*	-	*0*	*(5,267)*	-	-	*5,267*	-	-	0
Total operating expenses	**(919,875)**	**-**	**-**	**50,647**	**-**	**(869,229)**	**(1,202,208)**	**-**	**-**	**5,267**	**-**	**23,588**	**(1,173,353)**
Operating income	**137,138**	**-**	**-**	**50,647**	**-**	**187,785**	**124,499**	**-**	**-**	**5,267**	**-**	**23,588**	**153,354**
Asset imp., disposals & reversals	(603)	-	-	-	-	(603)	(507)	-	-	-	-	-	(507)
Other income & expenses	77,592	(77,580)	(6)	-	-	7	(14,072)	*5,679*	*3,059*	-	-	-	(5,334)
EBIT	**214,127**	**(77,580)**	**(6)**	**50,647**	**-**	**187,188**	**109,920**	**5,679**	**3,059**	**5,267**	**-**	**23,588**	**147,513**
Finance income/(expense)	17,046	(23,212)	-	-	10,435	4,269	(78,045)	-	-	-	29,531	-	(48,514)
NPBT (LHS) / Adj-NPBTA (RHS)	**231,173**	**(100,792)**	**(6)**	**50,647**	**10,435**	**191,457**	**31,876**	**5,679**	**3,059**	**5,267**	**29,531**	**23,588**	**99,000**
Income tax expense	(96,389)	28,222	-	-	-	(68,167)	(13,346)	-	-	-	-	(4,505)	(17,851)
NPAT (LHS) / Adj-NPATA (RHS)	**134,784**	**(72,570)**	**(6)**	**50,647**	**10,435**	**D 123,290**	**18,529**	**5,679**	**3,059**	**5,267**	**29,531**	**19,084**	**E 81,149**
Basic EPS (LHS) / Adj-EPSA[2] (RHS)	**$0.84**	**(0.45)**	**-**	**0.32**	**0.07**	**$0.77**	**$0.11**	**0.03**	**0.02**	**0.03**	**0.18**	**0.11**	**$0.48**

Key underlying NPAT adjustments

- **A** One-time FX revaluation gains on US dollar funds held for the acquisition of Melio
- **B** **Recurring mark-to-market of convertible notes** and related call option derivatives, driven by changes in market interest / FX rates and XRO share price. These are **non-cash in nature** & not tax effected
- **C** **Recurring acquired amortisation expense of assets generated as a result of Fair Value adjustments** from Melio acquisition

Effective tax rate impacted by US tax recognition

- **D** H1 FY26 eff. tax rate of 41.7% sat above NZ corporate tax rate due to the non deductibility of transaction costs, alongside US losses which at that time did not generate a positive tax offset. Melio is not included in H1 FY26
- **E** H1 FY27 eff. tax rate included a benefit from the **one-time recognition tax benefits on a portion of prior US Xero losses**. This more than offset the underlying drag from Melio losses which currently do not generate a positive tax offset
- Given uncertainty around the timing of recognising these tax offsets **Xero views adjusted NPBTA as a better reflection of underlying business performance and profitability**

1. Table may not add through due to rounding
2. Adjusted EPS is calculated by dividing adjusted NPATA by the weighted average number of ordinary shares on issue during the period

FY27 Outlook — supporting assumptions and commentary

FY27 operating revenue is expected to be between $3,770m and $3,830m

Revenue growth is expected to be supported by:

- A balance between ARPC expansion and Customer growth in Xero's subscription model, including some initial monetisation of new AI features
- Continued **strong revenue momentum in US Payments** which grew 62% on a pro-forma basis in H1 FY27[1]
- An FX benefit from the weaker NZD

Currency assumptions

- Xero's guidance is provided assuming the exchange rates shown here

Currency	Assumption
NZD / AUD	0.820
NZD / GBP	0.435
NZD / USD	0.585
NZD / CAD	0.810

FY27 adjusted EBITDA is expected to be between $880m and $920m

Adjusted EBITDA assumptions / considerations:

- Higher than historical H2 weighting of EBITDA reflecting;
  - The benefit of **announced price rises**
  - **Strong payments growth** momentum
  - Disciplined headcount cost management & further operating efficiencies
  - Timing of group investment spend across areas such as Xerocon and performance marketing
  - An **expected reduction in Melio's adjusted EBITDA losses**[2]
- US Brand spend commenced in H1 with spend expectations unchanged from previous guidance. This spend **is part of a multi-year program that aims to raise brand awareness sustainably in the US market**
- The capitalisation rate of gross product design and development costs is expected to be similar to Xero's long term range of 40-45%
- Depreciation and amortisation is expected to be around $475m, up $10m from the prior guide
- Adjusted EBITDA provides a view on underlying business performance and is calculated by adding back certain non-cash, revaluation and one-off costs to EBITDA[3]

1. Refer to slide 39 for more details
2. Refer to slide 21 for further details on Melio FY28 adjusted EBITDA breakeven guidance
3. For further detail refer to page 11 of Xero's H1 FY27 Interim Report

Summary of Xero + Melio pro-forma metrics & adjustments

Pro-forma adjusted P&L ($NZm)[1,2,3]

	H1 FY26	H1 FY27
Total revenue	**1,378**	**1,745**
Cost of revenue	(288)	(419)
Gross profit	**1,089**	**1,327**
Margin (%)	*79.1%*	*76.0%*
Operating expenses	(997)	(1,197)
Operating income	**93**	**130**
Adj-EBITDA	**295**	**362**
Margin (%)	*21.4%*	*20.7%*
Revenue growth (%)	*24.3%*	*26.7%*
Adj-EBITDA growth (%)	*17.0%*	*22.7%*

Pro-forma free cash flow ($NZ 000s)[1,2]

		H1 FY26	H1 FY27
Total revenue		**1,377,724**	**1,745,305**
Growth (%)		*24.3%*	*26.7%*
Adjusted EBITDA		**294,748**	**361,553**
Margin (%)		*21.4%*	*20.7%*
Reported free cash flow		**321,098**	**238,088**
Add: Melio free cash flow	A	*(79,268)*	-
Less: Interest on cash in acquisition	B	*(22,466)*	-
Less: Interest on cash from capital raising	B	*(22,011)*	-
Add: Revolving debt costs	B	*(16,818)*	-
Pro-forma free cash flow		**180,535**	**238,088**
Pro-forma free cash flow margin (%)		*13.1%*	*13.6%*
Pro-forma CC revenue growth (%)		21.8%	*22.5%*
Pro-forma Rule of 40[4] (%)	C	**34.9%**	**36.1%**

A Incorporating Melio FCF drag on a half year basis in H1 FY26

B Adjustments to **reflect Xero's balance sheet structure post acquisition completion** including; use of existing balance sheet cash and drawdown of revolving credit facility. Lower FCF reflects interest earned on balance sheet cash, revolving debt interest over a full year and removing additional interest earned on cash from capital raising. These impacts have been calculated on a pro-rata basis for the relevant periods interest was earned over

C Pro-forma Rule of 40 **aligned with Xero's FY27 Outlook and FY28 aspiration definition**

1. Unaudited Melio management accounts, not subject to independent review, adjusted for applicable US GAAP to IFRS differences (to align to Xero's reporting requirements)
2. Pro-forma statements are unaudited and are created to illustrate the impact if Melio and Xero were combined from the start of Xero's 2024 Financial Year onwards
3. Refer slide 42 for further details on adjustments to respective line items. Acquired amortisation costs which are recurring are not adjusted in the above table
4. 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)

Financial performance

	H1 FY24	H1 FY25	H1 FY26	H1 FY27
Total operating revenue	799,547	995,865	1,194,193	1,745,305
Gross profit	**699,790**	**885,332**	**1,057,013**	**1,326,707**
Gross margin	87.5%	88.9%	*88.5%*	*76.0%*
Sales & marketing costs	(277,220)	(318,239)	(378,904)	(528,891)
Percentage of operating revenue	34.7%	32.0%	31.7%	30.3%
Product design & development	(256,392)	(285,650)	(336,366)	(458,708)
Percentage of operating revenue	32.1%	28.7%	28.2%	26.3%
General & administration	(96,634)	(104,257)	(153,958)	(209,342)
Percentage of operating revenue	12.1%	10.5%	12.9%	12.0%
Total operating expenses excl M&A costs	**(632,377)**	**(708,146)**	**(869,228)**	**(1,196,941)**
Percentage of operating revenue	79.1%	71.1%	*72.8%*	*68.6%*
M&A and other transaction costs	-	(802)	(50,647)	(5,267)
Total operating expenses incl M&A costs	**(632,377)**	**(708,948)**	**(919,875)**	**(1,202,208)**
Percentage of operating revenue	79.1%	71.2%	*77.0%*	*68.9%*
Operating income	**67,413**	**176,384**	**137,138**	**124,499**
Asset impairments disposals and reversals	1,636	(2,228)	(603)	(507)
Other income & expenses	10,403	856	77,592	(14,517)
EBIT	**79,452**	**175,012**	**214,127**	**109,920**
EBITDA	**206,090**	**311,698**	**377,866**	**347,548**
EBITDA margin	25.8%	31.3%	*31.6%*	*19.9%*
Adjusted EBITDA	**204,522**	**312,500**	**350,927**	**361,553**
Adjusted EBITDA margin	25.6%	31.4%	*29.4%*	*20.7%*
Net profit	**54,084**	**95,093**	**134,784**	**18,529**

2026 Exchange Rates

	2026			2025	
	Average rate 6 months 30 September	Closing rate 31 March	Closing rate 30 September	Average rate 6 months 30 September	Closing rate 30 September
NZD / AUD	0.823	0.834	0.808	0.916	0.879
NZD / CAD	0.811	0.796	0.800	0.819	0.805
NZD / EUR	0.504	0.499	0.498	0.515	0.493
NZD / GBP	0.434	0.434	0.426	0.442	0.430
NZD / SGD	0.746	0.738	0.721	0.766	0.746
NZD / USD	0.583	0.572	0.564	0.593	0.578

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, other accounting adjustments and one-off charges to net profit/(loss)

AMRR
Annualised monthly recurring revenue (AMRR) is a non-GAAP financial measure that provides a 12-month forward view of revenue from customers, assuming short-term promotions have ended and other factors such as customer numbers, transaction volumes, pricing and foreign exchange remain unchanged during the year. For subscription revenue, this is calculated as recurring revenue at 30 September multiplied by 12. Melio AMRR is calculated by multiplying direct payments revenue (this metric excludes syndication payments revenue) for the second quarter by 4. This serves as a more representative base for Melio's operating profile by accounting for transaction-based trends.

Average revenue per customer (ARPC)
Average revenue per customer (ARPC) is calculated as AMRR at 30 September divided by the number of customers at that time and divided by 12 to get a monthly view

CAC months
Customer Acquisition Cost (CAC) months are the months of ARPC to recover the cost of acquiring each new customer. The calculation represents the sales and marketing costs for the year, excluding the capitalisation and amortisation of contract acquisition costs, less Xerocon revenue, divided by gross new customers added during the same period, divided by ARPC

CAGR
Compound annual growth rate

Churn
Churn is the value of monthly recurring revenue (MRR) from customers who leave Xero in a month as a percentage of the total MRR at the start of that month. The percentage provided is the average of the monthly churn for the previous 12 months.

Constant currency (CC)
Constant currency comparisons for revenue are based on average exchange rates for the 6 months ended 30 September 2025. Comparisons for ARPC, AMRR and LTV on a constant currency YOY basis use exchange rates at 30 September 2025 and for a HOH basis use exchange rates at 31 March 2026.

3x3 strategy
A key strategic priority for Xero in FY25-27, *Win the 3x3* refers to our focus on completing the 3 core jobs to be done (Accounting, Payments and Payroll) across our 3 primary markets (Australia, UK & US)

Customers
Customers include Xero customers and Melio direct payments customers. A Xero customer means each unique subscription to a Xero-offered product that is purchased by a customer (eg, small business owner or accounting partner), and which is, or is available to be, deployed in supporting an underlying entity (eg, a business or trust). Customers that have multiple subscriptions to integrated products on the Xero platform are counted as a single customer.

The Melio direct payments customer number is a Quarterly Active Customer metric, defined as a user that was monetised during that period by either making a payment and/or paying subscription fees during the final quarter of the reporting period. Melio's direct payments customer metric does not include any customers associated with syndication partnerships, as these are third-party relationships.

EPSA
Adjusted EPS is calculated by dividing Adjusted NPATA by the weighted average number of ordinary shares on issue during the period

Free cash flow (FCF)
Free cash flow (FCF) 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

GTM
A go-to-market (GTM) strategy details the action plan for reaching target customers and achieving competitive advantage for specific products or services. It encompasses strategies for sales, marketing, distribution, pricing and customer engagement

JAX
'Just Ask Xero', Xero's GenAI powered smart business companion

JTBD
Jobs to be done (JTBD) reflect the jobs that are most important to current customers and possible future customers of Xero from their perspective, and agnostic of Xero. It reflects the awareness among customers of what it takes to ensure a business survives and thrives

LLMs
Refers to Large Language Models

Lifetime value (LTV)
LTV is the gross margin expected from a customer over the lifetime of that customer. This is calculated by taking the average customer lifetime (1 divided by churn) multiplied by ARPC, multiplied by the gross margin percentage. Group LTV is calculated as the sum of the individual segment LTVs, multiplied by their respective segment customers, divided by total Group customers

Operating income
Operating income is a non-GAAP financial measure that has been included to demonstrate the operating performance of the business. Xero defines operating income as total operating revenue less cost of revenue less total operating expenses

Pro-forma
Pro-forma statements are unaudited and are created to illustrate the impact if Melio and Xero were combined from the start of Xero's 2024 Financial Year onwards.

Financial information contained in this Presentation on a pro-forma basis is unaudited, other than information relating only to Xero or the Group, or unless otherwise stated

Rule of 40
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)

SMBs
Small and Medium-Sized Businesses

Syndication
Syndication refers to the business model whereby Melio offers financial institutions and other SaaS platforms embedded, white-labelled A/P solutions. These partnerships can be under a revenue-share agreement, or fixed fee/cost agreement

TAM
Total Addressable Market (TAM) is estimated using available government statistics, public market data, internal Xero data and commercial assumptions

Underlying cohorted churn
Underlying cohorted churn is the value of monthly recurring revenue (MRR) from customers who leave Xero in a month that have been customers for more than 180 days, as a percentage of the total MRR at the start of that month. The percentage provided is the average of this metric for the previous 12 months.

US disclosure definitions

Subscription, invoicing & other revenue
Includes all direct subscription revenue across both Melio and Xero, Invoicing (A/R) related revenue (incl. Float revenue) across Xero and Melio, and any other non-BillPay related revenue (such as Xerocon revenue)

Syndication payments revenue
Refers to all revenue generated from Melio's agreements / relationships with syndication partners to both process payments and provide Melio's product / solutions

Xero BillPay payments revenue
Refers to transaction and float revenue generated from the processing of BillPay payments completed by both Xero and Melio's direct customers using Melio's payments capabilities

Payments revenue
The sum of Xero BillPay payments revenue and Syndication payments revenue

Total Xero BillPay TPV
Refers to the Total Payment Volume by direct customers (both Xero and Melio) for BillPay transactions processed using Melio's payments capabilities. This metric does not include TPV associated with syndication partners or for Melio's accounts receivable (A/R) capabilities

Gross TPV take rate
The average gross revenue percentage take rate across Total Xero BillPay TPV. When multiplied by TPV this output equates to Xero BillPay payments revenue in the given period

Total US direct customer revenue
The sum of Subscription, Invoicing & other revenue, and Xero BillPay payments revenue during the period. This is a subset of Total US revenue that excludes Melio's syndication revenue which is generated through partnerships with third parties

Direct US customers
The total number of both Xero customers, and Melio's direct payments customers. Xero customers are as defined on slide 47 of this presentation, Melio direct payments customer number is a Quarterly Active User metric, defined as a user either made a payment or was a subscribed customer during the final quarter of the reporting period. Melio's direct payments customer metric does not include any customers associated with syndication partnerships as these are third party relationships

Direct US customer ARPC
Refers to the average revenue per customer (ARPC) for Direct US customers. Contribution from Xero direct customers is calculated in line with previous disclosures, as AMRR at period end divided by customers at that time (and divided by 12 to provide a monthly view). Melio direct customer subscription revenue contribution is calculated using period end revenue divided by customers at that time. Melio payments revenue contribution is calculated as the average Payments revenue for the last 3 months to the period end divided by the quarterly active users who made at least one transaction in this quarter



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