

Xero Limited

INVESTOR BRIEFING

3 February 2026



Sukhinder Singh Cassidy
Chief Executive Officer



Claire Bramley
Chief Financial Officer



Diya Jolly
Chief Product and
Technology Officer



Matan Bar
Xero US CEO & Melio Co-founder

xero



Xero UK partner Tyler Trew, founder of Highlight Accounting
and his client Rebecca Shoobert, owner of Oh Happy
Creative in Leigh-on-Sea— ohhappycreative.com

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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 40 & 41 for a glossary of the key terms used in this presentation.

Proven growth, large expanding TAM with right to win

Xero's fundamentals: proven growth engine, consistently delivering Rule of 40



Xero's AI advantage: large TAM opportunity, Xero positioned to be a net winner



Xero + Melio: accelerates US growth & delivers stronger unit economics



AGENDA

01

AI OPPORTUNITY

Xero AI strategy
Product demonstration
Proof points & FY27 plan

02

XERO + MELIO

Opportunity recap
Product demonstration
Growth & monetisation plan
(incl. ***new disclosures***)

03

Q&A

AI OPPORTUNITY



Sukhinder Singh Cassidy
Chief Executive Officer



Diya Jolly
Chief Product and Technology Officer

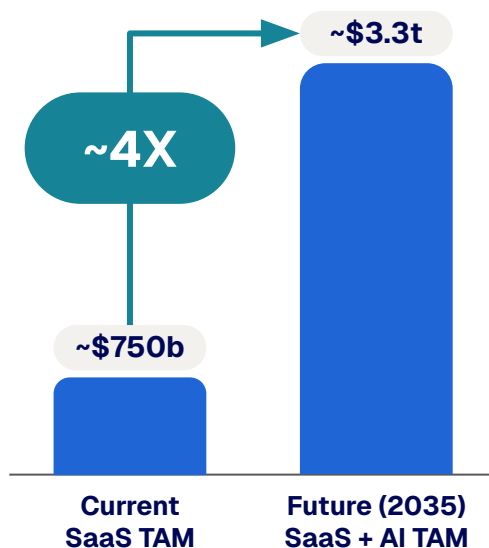


Xero UK customer James, owner of
Harris Horrology — harrishorology.com

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

AI EXPANDS SAAS TAM...

Global SaaS TAM¹ (NZ\$)



...BY UNLOCKING CUSTOMER VALUE

SMBs and ABs use AI to



Get help



Get time back



Manage their business smarter



Unlock new business growth

Xero has a critical role to play in helping SMBs realise the promise of AI

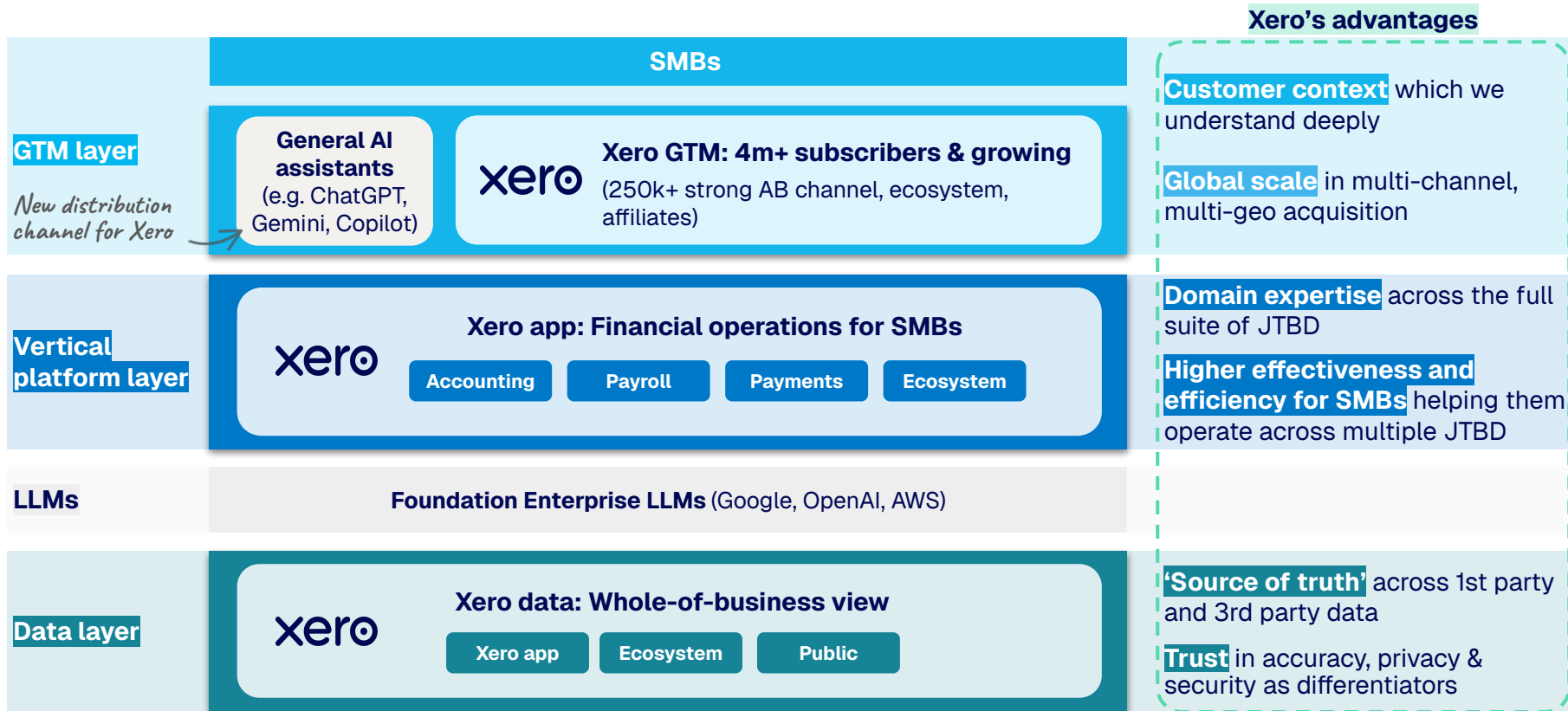
SMBs **get help & get time back** with
AI-enabled actions



'Source of truth' on SMB financial data

SMBs **manage business smarter &
unlock new business growth**

Xero has multiple strengths to leverage in the AI era



A differentiated AI strategy focused on delivering customer value backed by a leading team, strong tooling & deep AI DNA

Xero's AI strategic pillars



**Automated
actions and
workflows**



**Actionable
insights**



**Reimagined
experiences**



**Trusted
partner**

Foundation



Team of top AI talent with
exp. from Google, Amazon
forming Xero North America
Centre of excellence



AI DNA with nearly a
decade of AI/ML
experience



**Self-serve tools to create
AI experiences** ~90% of
engineers using AI tools

We have clear proof points of the customer value being delivered

Customer value from AI



Get help

> 97%

Help sessions resolved without ticket (thanks to self-serve content, which is partly AI-enabled)¹



Get time back

~ 22 hrs

Time saved by customers monthly using bank feeds and automated actions



Manage their business smarter

~ 61%

Increase in JAX messages per user in the last 3 months



Unlock new business growth

> 12%

Eligible subscribers that have used AI Insights²

1. Across all help surfaces (in-product, dedicated help hub 'Xero Central' & chat bots) over FY26 YTD; 2. Of those subscribers who have been served AI insights

Supported by the depth & breadth of our AI offering

Customer value from AI



Get help



Get time back



Manage their business smarter



Unlock new business growth

Key agents & features launched

AI in Xero Central



Help in JAX chat



JAX web search



AI document ingestion



AI invoice generation



Automated bank reconciliation



Xero Analytics cashflow forecasting



Xero Analytics AI Insights



AI Benchmarking



JAX Financial Insights



JAX in Xero Partner Hub



*Key jobs-to-be-done
for 90% of users*



DEMOS



Lisa Huang
SVP Product

01

**DEMO:
AUTO BANK
RECONCILIATION**

02

**DEMO:
FINANCIAL INSIGHTS**

03

**DEMO:
JAX FOR ABs**

Customer feedback is overwhelmingly positive



Get help

“...The fact that this **gives us the answer without having to look for it** is pretty cool...”
– AB using JAX



Get time back

“**...It saves about 4 hours a week.** I went away last week and came back yesterday and only had a few transactions to reconcile, which was amazing...”
– SMB using Auto bank reconciliation



Manage their business smarter

“...One thing that we've always focused on is accurate data, because we can't make decisions without it. Just looking quantitatively, **we've had zero mistakes...**”
– SMB using Auto bank reconciliation



Unlock new business growth

“...It's **things like this that make my job, to my clients, more of value.** This is the impact of automation in our jobs...” – AB using Syft AI Analytics

Over 2m Xero subscribers benefiting from Xero AI capabilities

Pre-FY26 launches

FY26 launches

2m+ subs

Hubdoc / doc extraction

Email to bills

Cashflow prediction

Bank rec suggestions

AI in Xero Central

Xero Analytics cashflow forecasting

JAX Help

Xero Analytics AI Insights

JAX financial insights

JAX web search

AI invoice generation

Auto bank rec

JAX in Partner Hub

AI benchmarking

300k+ subs¹

1. Excludes users of the widely used 'Xero Central' help hub

Monetisation principles: focus on simplicity and driving adoption, while providing future optionality

Monetisation principles

 **Keep it simple**

Features bundled across plans, consistent with customer expectations

 **Encourage adoption**

Add-ons widen access, giving more customers opportunity to experiment with premium AI features

 **Futureproof it**

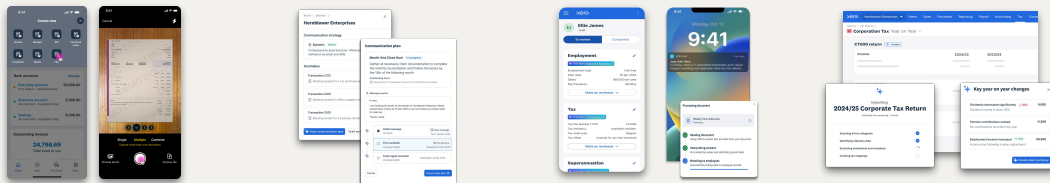
Introduce usage-linked pricing, with additional credits available for heavy users

FY27 goals

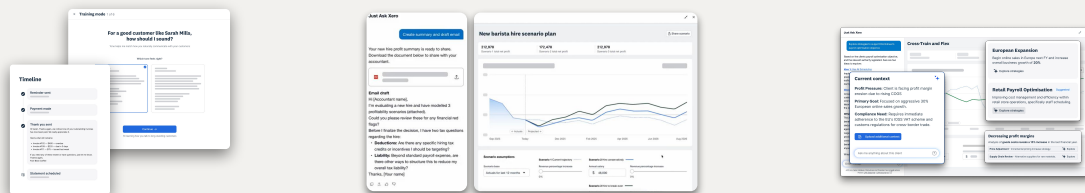
**DRIVE USAGE /
ADOPTION**

**MONETISE IN LINE WITH
OUR PRINCIPLES**

DEEPEN AI VALUE IN OUR PRODUCTS



Multiple new agents across core JTBD of Accounting, Payments and Payroll



XERO + MELIO



Sukhinder Singh Cassidy
Chief Executive Officer



Matan Bar
Xero US CEO & Melio Co-founder

xero



Millie O'Neill, Bookkeeper at The Highlight Partnership and her client Oh Happy Creative in Leigh-on-Sea - ohhappycreative.com

STRATEGIC RATIONALE

Our conviction

1

SOLVES CRITICAL CUSTOMER NEED

- ✓ Accounting + Payments = critical for US SMBs
- ✓ Large and growing US SMB Payments TAM US\$29b¹

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 CAGR²)
- ✓ Loved by customers (NPS 45³) & industry recognised
- ✓ Extends reach to millions of US SMBs

4

TOGETHER: COMPELLING VALUE CREATION

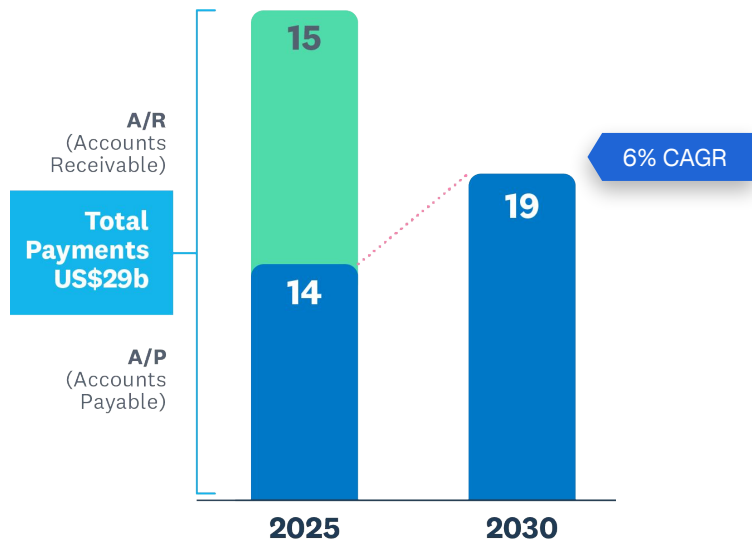
- ✓ Highly complementary platforms
- ✓ Improved unit economics to invest & scale the US
- ✓ Attractive long-term global growth profile for Xero

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 Mello Financial Statements restated to 31 March year-end (unaudited); 3. NPS calculated from internal Mello survey of 400 direct customers, conducted in December 2024 & January 2025; for further detail refer to page 20 of the Investor Presentation lodged with the ASX on 25 June 2025

US SMB Payments TAM – US\$29b¹, fast-growing & whitespace

A/P TAM GROWING TO US\$19B...

US SMB TAM¹ (<100 employees, US\$b)



...WITH SIGNIFICANT WHITESPACE

~70%

of US SMB payments volume are made **using slow & inefficient methods**²

~90%

of US SMB A/P TAM are **not using software yet**³

~20%

growth in software-penetrated US SMB A/P TAM each year⁴

Note: slide from 25th June 2025 acquisition announcement

1. Total Addressable Market (TAM) estimated by Xero using government statistics, public market data, internal Xero data and commercial assumptions; 2. Refers to ACH, cheque, and cash payments. Composition based on analysis of SMBs with <100 employees; 3. Software penetration estimated using survey data & market analysis; 4. Software penetration estimated using survey data & market analysis and estimated to grow each year from 2025 to 2030

SMBs are digitising their payments to reduce friction, bringing monetisation opportunities

A/P payment method	2025 US A/P volume mix ¹	Typical settlement time ³	Remittance data ⁴	Opportunity
Paper (including cheque, cash)	20%	5 - 10 business days	None / Analog	High friction drives digitisation
ACH (standard bank transfer)	52%	2 - 5 business days	Limited	
Card (credit & debit)	6%	As fast as same day <i>(pay a fee for 'instant' payouts)</i>	Good data	Multiple ways to monetise
Digital (including RTP, W2W ²)	22%	Near instantaneous <i>(seconds for RTP and W2W)</i>	Best data	

Over **US\$8 trillion** cheques annually⁵

Note: slide updated from 25th June 2025 acquisition announcement

1. Internal analysis of US transaction volumes and survey of payment methods used by US SMBs with <100 employees (n=293), April 2025; 2. Including Real-time payments (RTP), digital wallet to wallet (W2W), instant bank transfers and other; 3. Based on review of payout times by method on websites of leading providers of SMB payments; 4. The level of remittance data has a direct relationship with the ease of reconciliation for accounting purposes. Access to better remittance data is a driver of digital payments adoption, especially for SMBs; 5 US Commercial cheque value (all cheques drawn on private banks, including B2B, consumer and local government payments, excluding federal treasury cheques), drawn from [US Federal Reserve Quarterly Data](#) for Q4 2024 to Q3 2025

Melio helps customers save time & optimise cashflow when managing bills and accounts payable

EASY TO USE A/P WORKFLOWS

Payment approval workflows

if payment is

More than ▾


\$1,000.00

For the vendor

Lola Cafe ▾

Require approval from:

☒




Jada Williams

ACCOUNTANT

THEN

☒



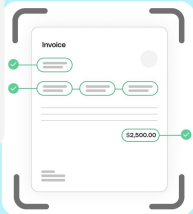
Maya Davis

ADMIN

✓

Workflow added

AI-powered bill capture



Seamless processes **reduce the time & cost** of managing payments

MULTIPLE WAYS TO PAY & GET PAID FASTER

Ways to pay incl. instant & same-day payments

How do you want to pay Toy Factory LLC?

\$3,500.00

Out of \$3,500.00 open balance

- ☒ Capital One 360 Checking - 1853
- ☐ Add another bank account

Office Card

MasterCard - 2398

Used for payroll, rent, transportation, and credit card pay delivery (2/3, 1/4)

Amerex - 2007

Linked for vendors & industries approved by AMEX (3/3, 2/2)

- ☐ Add another credit card

Debit card

Get your next delivery (2/3, 1/4)

Bank transfer

Set up your next delivery (2/3, 1/4)

Pay from my bank

Set up your next delivery (2/3, 1/4)

Review & confirm

AMOUNT	\$3,500.00	100%
PAY TO:	Toy Factory LLC	Vendor ID: 54135186
PAY FROM SET:	Credit card MasterCard - (2398)	100%
	Payment will be scheduled on Jul 19, 2023	100%
VENDOR RECEIVED:	Bank Transfer (1/4) Toy Factory LLC (5395)	100%
	Schedule: 5/3 Jul 19 By the vendor's local time	100%
Watch for vendor	Inv# #54135186	100%
TAXATION/TIMEUSE	2.9% Your responsibility upon payment has completed	

Continue
Confirm and schedule payment

Payors & payees can each choose preferred payment method, helping to **manage cash flow**

APPEALS TO MULTIPLE SMB & AB SEGMENTS¹

inc. pre-accounting SMBs

- ✓ Self-employed
- ✓ Micro & Small SMBs (<20 employees)
- ✓ Medium+ SMBs (20+ employees)
- ✓ Accountants & Bookkeepers

Ease of use attracts **SMBs** of all sizes, and their advisors

DEMOS

01

DEMO: [MELIO.COM](https://melio.com) & SYNDICATION CAPABILITIES



Ilan Atias
Melio Co-founder & CTO

02

DEMO: XERO + MELIO



Eli Danziger
SVP Product

Loved by customers, recognised by industry

An intuitive and flexible platform

	Leading alternatives to Melio		
	Melio	Peer 1	Peer 2
Simple onboarding	✓	✓	✓
Biller experience	✓	✓	✓
Breadth of payment options	✓	✓	✓
Syndication network	✓	—	—
New technology stack	✓	—	—

✓ Leading ✓ Competitive ✓ Basic — N/A

STRONG CUSTOMER SATISFACTION

45

Net Promoter Score¹

DEEP PRODUCT ENGAGEMENT

71%

TPV growth/customer
(in 12m post first transaction)²



Forbes Cloud 100
(2024)



Forbes Fintech 50
(2024, 2023 & 2022)



CB Insights Fintech 250
(2022)

1. NPS calculated from internal survey of 400 direct customers, conducted in December 2024 & January 2025; 2. For direct customers only, represents the average quarterly A/P TPV increase per customer cohort 12 months after the end of the first quarter that the cohort made their first transactions. Most recent available data indicates that this figure is 75%

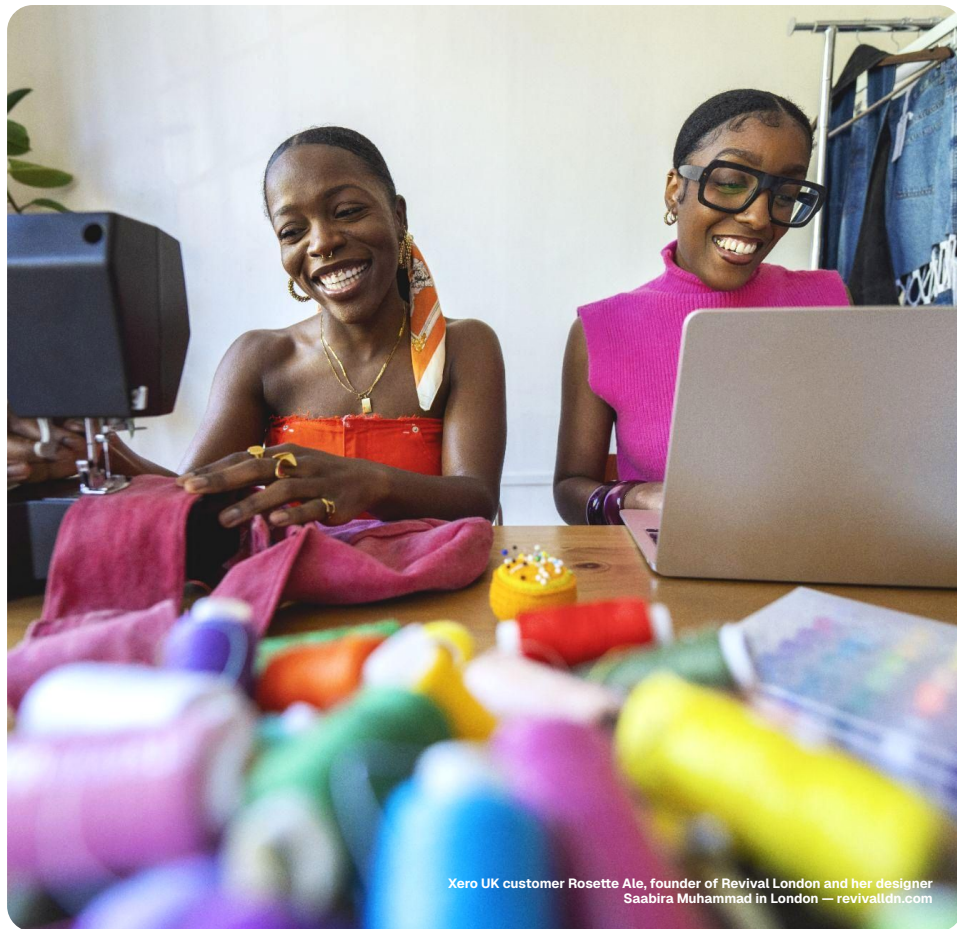
Note: slide from 25th June 2025 acquisition announcement

GROWTH AND MONETISATION



Claire Bramley
Chief Financial Officer

xero

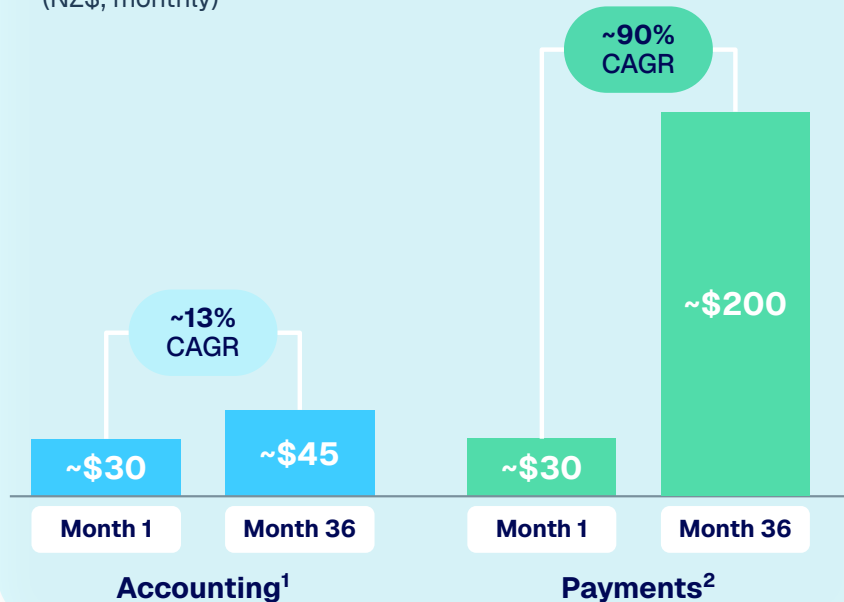


Xero UK customer Rosette Ale, founder of Revival London and her designer
Saabira Muhammad in London — revivalldn.com

Xero + Melio delivers the unit economics to accelerate scale in the US

PAYMENTS UNIT ECONOMICS ARE ATTRACTIVE

Illustrative Average Gross Profit per user
(NZ\$, monthly)



UNLOCKS FLYWHEEL TO SCALE SUSTAINABLY IN THE US



1. Xero subscription, invoicing & other revenue, calculated using Xero H1 FY23 and H1 FY26 reported ARPU and Gross Margin; 2. Based on an illustrative cohort of Melio.com retained direct customers with 3 years of data from Jan-23 to Dec-25. Includes transactional gross profit and subscription gross profit, excludes float-related gross profit

Xero + Melio: new drivers for our US business

New pro forma disclosures increase visibility of these drivers¹

NZ\$

Pro forma US Revenue composition	FY24	FY25	YoY %
Subscription, invoicing & other revenue	\$83m	\$107m	28%
<i>Xero BillPay payments revenue</i>	<i>\$91m</i>	<i>\$158m</i>	<i>74%</i>
<i>Syndication payments revenue²</i>	<i>\$84m</i>	<i>\$90m</i>	<i>7%</i>
Payments revenue	\$175m	\$248m	42%
Total Revenue	\$258m	\$355m	38%

New disclosure detail

Additional disclosure on
BillPay payments revenue
composition

Total Xero BillPay TPV	\$19.0bn	\$31.7bn	67%
Gross TPV take rate	0.48%	0.50%	+2bps

Provides key drivers to Xero
BillPay payments revenue

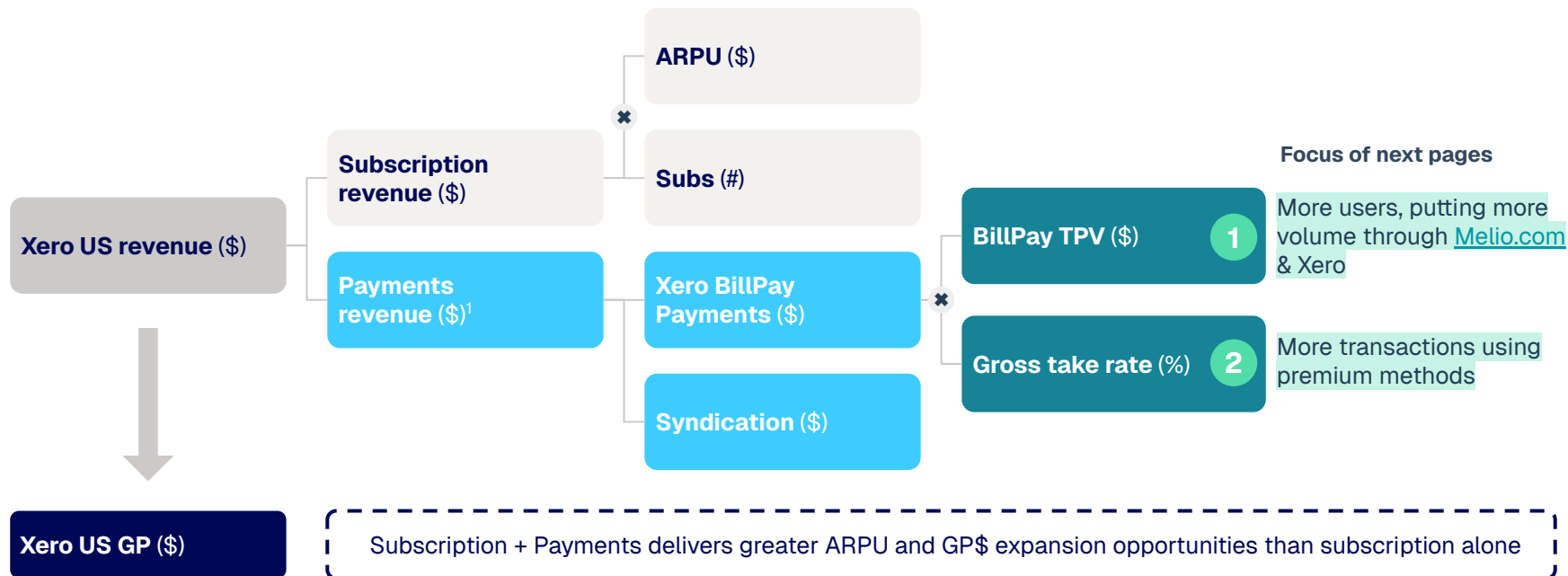
US Gross profit dollars	\$112m	\$136m	21%
US Gross margin	43%	38%	(5ppts)

Adds transparency on
absolute Gross profit \$s for
combined US business

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 40. Refer slide 39 for disclosure of these metrics on a half yearly basis; 2. Syndication revenue growth impacted by the exit of a syndication customer in the accounting software segment.

TPV and take rate are key drivers we can influence

SUBSCRIPTIONS + PAYMENTS = STRONGER BUSINESS MODEL¹



1. For definitions / details on these metrics refer to glossary on slide 40, for metrics themselves slide 26 and 39

1 Multiple ways to grow TPV, cohort analysis illustrates typical TPV per customer growth over time

WE CAN DRIVE & INFLUENCE TPV GROWTH

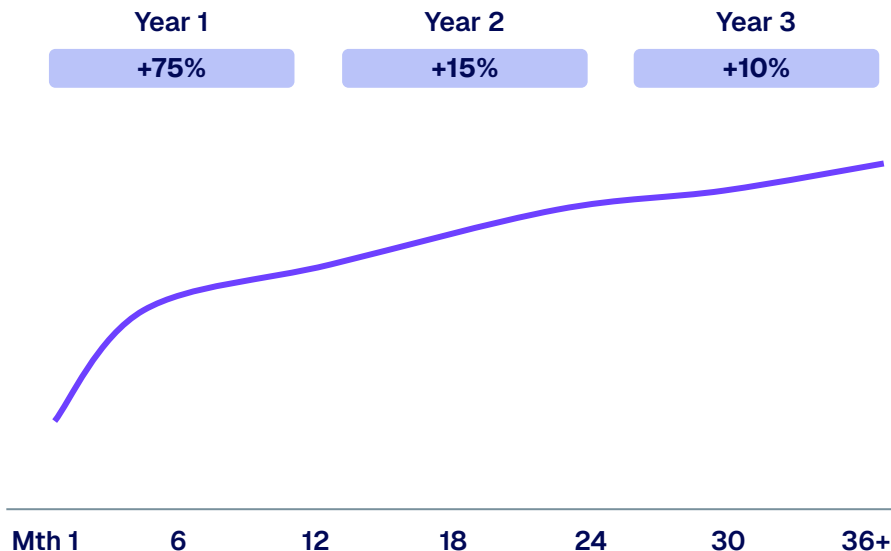
Organic growth - in payment frequency as customers realise value, and bill size grows (driven by both inflation and a customer's growth)

Product improvements - add payments to more workflows (e.g. payroll), and improve workflow tools to capture more TPV

Customer education - driving adoption of features among SMBs and their ABs

AND EXPECT STRONG TPV GROWTH/CUSTOMER

Illustrative TPV growth of real Melio customer cohort (indexed)¹

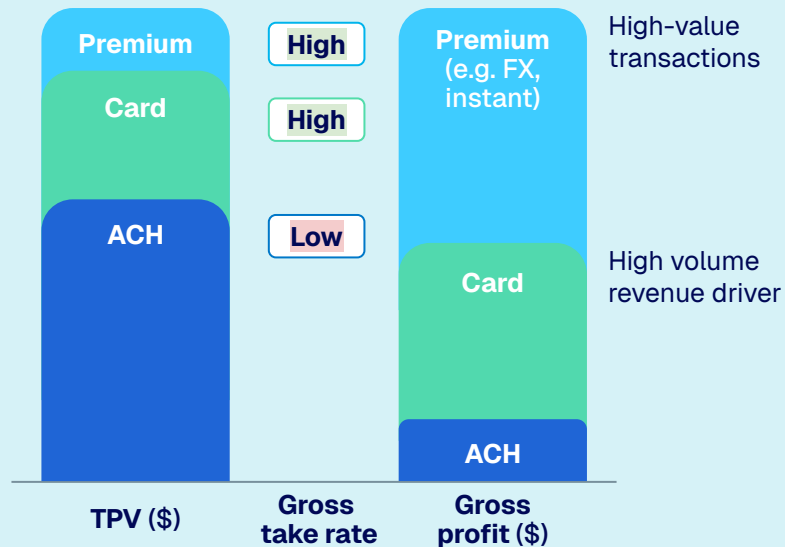


1. Illustrative cohort of Melio.com retained direct customers from Jan-22 to Jan-25

2 Take rate: actively managing mix to drive absolute gross profit dollars

MELIO OFFERS MULTIPLE METHODS FOR PAYERS & PAYEES...

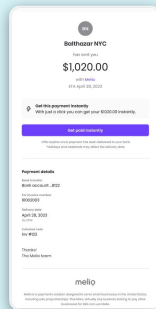
Illustrative contribution of payment methods to key metrics



...WHICH WE CAN INFLUENCE TO DRIVE PROFITABILITY

By using **data** and **in-product experience** (UI / UX) to optimise recommended method of payment

By **monetising both sides** of the transaction (payer and payee)



E.g. premium payments for businesses

When offered, **17%** of businesses expedite their payments

Additional Melio breakeven guidance in support of existing aspirations



OUR ASPIRATION (FROM JUNE 2025 ACQUISITION & CAPITAL RAISING)

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^{1, 2}

This outcome is expected to support our aspiration to deliver greater than **Rule of 40** outcomes for the group in FY28^{3, 4, 5}



ADDITIONAL GUIDANCE

Melio is expected to reach **Adj-EBITDA breakeven** on a run-rate basis in H2 FY28^{6, 7}



NEW FORWARD GUIDANCE FRAMEWORK

At its FY26 results announcement in May 2026, Xero will **transition to providing forward guidance on an Adj-EBITDA basis**⁸. This will replace the existing OPEX ratio framework

In addition, Xero will provide a **one-off FY27 revenue growth range guide, to help bridge to the existing FY28 revenue aspiration**

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 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 on page 27 of the Investor Presentation lodged with the ASX on 25 June 2025; 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); 6. Melio Adj-EBITDA definition aligns with the Xero group definition, for further detail refer page 34 of Xero's H1 FY26 Interim results Investor presentation. This guide aligns with Xero's assumptions outlined in its FY28 aspiration statement and excludes synergies; 7. Run-rate breakeven refers to at least one month of positive Adj-EBITDA contribution to the Xero group during the referenced period; 8. Refer page 34 of Xero's H1 FY26 Interim results presentation for definition of Adj-EBITDA

Strategic opportunity delivering growth & profitability



**SOLVES CRITICAL
CUSTOMER NEED**



**POWERFUL
STRATEGIC FIT**



**MELIO: WORLD-CLASS
TEAM & PLATFORM**



**TOGETHER: COMPELLING
VALUE CREATION**



Multiple revenue drivers and ARPU expansion opportunities



Clear disclosure on key metrics (including TPV/take rate)



Credible path to **Melio EBITDA breakeven**

INTEGRATION UPDATE



Claire Bramley
Chief Financial Officer

xero



Xero UK team members in our
London office

Integration progressing at pace

INTEGRATION PLAN (JUNE 2025)

Melio CEO responsible for combined Xero and Melio US businesses (reporting to Xero CEO)			
Plan FY26: 0-12 months		Plan FY27-28: 12-24 months	Plan FY28+: 24 months+
Drive Melio velocity, integrate where needed		FY26 PROGRESS UPDATE	Drive future scale as combined entity
GTM	Use Xero capability & reach to increase GTM efficiency from Day-1	✓ GTM teams unified	Scale syndication opportunities in the US
PRODUCT	Enable upgrade path (Melio to Xero)	Embed Melio Bill Pay inside Xero US	✓ Melio v1 embed in Xero live with strong feedback
SYSTEMS & PROCESSES	Integrate critical systems and processes	✓ M+X offices consolidated; shared services underway	

Note: slide updated from 25th June 2025 acquisition announcement

RECAP

01

AI OPPORTUNITY

- ✓ Xero AI strategy
- ✓ Product demonstration
- ✓ Proof points & FY27 plan

02

XERO + MELIO

- ✓ Opportunity recap
- ✓ Product demonstration
- ✓ Growth & monetisation plan
(incl. *new disclosures*)

03

Q&A

Q&A

xero



Millie O'Neill, Bookkeeper at The Highlight Partnership and her client Oh Happy Creative in Leigh-on-Sea - ohhappycreative.com

APPENDIX

xero



Xero Australia customers Wayne & Sallina, owners of Cheol's in Perth — cheols.com.au

Xero reiterates its FY26 guidance + reiterates FY26 disclosure impacts

GUIDANCE UNCHANGED FROM H1 FY26

Total operating expenses as a percentage of revenue expected to be around 70.5% in FY26^{1,2}

This ratio is expected to be lower in H2 FY26 vs. H1 FY26 and includes the Melio business³

¹ This includes an expected ~\$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

² FY26 operating expense to revenue guidance excludes any impacts of transaction costs associated with the acquisition of Melio

³ 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

PREVIOUSLY DISCLOSED MELIO IMPACTS ON XERO'S FY26 DISCLOSURES – FOUR KEY CONSIDERATIONS

1

H1 FY26 Adj-EBITDA impacts

- Acquisition impacts were a \$27m benefit to headline EBITDA in H1 FY26 from:
 - (\$51m) in acquisition costs, in OPEX
 - \$78m in non-cash FX revaluation gains, in Other income
- The **benefit was adjusted out in H1 FY26** Adj-EBITDA, and will also be adjusted out in the FY26 accounts

2

US Subscriber reporting moves to Customers; includes Melio direct customers

- Xero has updated its regional disclosures to **present the US separately**
- From FY26 onwards the US will report Direct US customers**, (see slide 39 for historical pro formas) which incorporates Melio's direct payment customers

3

Balance sheet changes & tax accounting

- Pro forma balance sheet at H1 FY26 – (\$0.5bn) net-debt vs. \$3.2bn net cash on reported basis. This **shift impacts net cash interest** receipts
- P&L effective tax rate impacted by losses in **entities not creating Deferred Tax Assets** i.e Xero's US operations
- NZ tax losses fully utilised**, impacting cash taxes

4

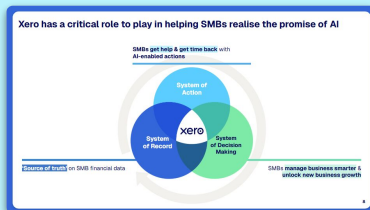
Acquired intangible amortisation

- Melio's acquired intangible assets are approximated at NZ\$350-490 million, and will be amortised over a useful life of 5-8 years on average. This **commences in H2 FY26**
- Xero will provide additional disclosure on **earnings excluding this amortisation impact at the FY26 result**

Xero is well positioned to capitalise on the AI TAM expansion opportunity, leveraging our advantages as a system of record

01

XERO IS A CORE SYSTEM OF RECORD (P. 7)



02

WE HAVE MULTIPLE AREAS OF ADVANTAGES AGAINST COMPETITORS (P. 8)



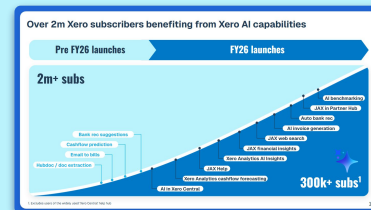
03

OUR STRATEGY DIFFERENTIATES US (P. 9)



04

WE ARE ALREADY DRIVING ADOPTION (P. 14)



New pro forma disclosure detail¹

US Revenue composition (NZ\$)		Units	H1 FY24	H2 FY24	H1 FY25	H2 FY25	H1 FY26
Subscription, invoicing & other revenue	A	\$m	39	44	49	58	66
<i>Xero BillPay payments revenue</i>	B	\$m	36	55	68	90	109
<i>Syndication payments revenue²</i>	C	\$m	39	45	41	49	66
Payments revenue	B + C	\$m	75	100	109	139	175
Total Revenue		\$m	114	144	158	197	241
<i>US Gross margin</i>		%	44%	43%	41%	36%	34%
US Gross profit		\$m	50	62	65	71	83
Total Xero BillPay TPV	D	\$bn	8.1	10.9	15.4	16.3	16.5
Gross TPV take rate	E	%	0.45%	0.50%	0.44%	0.55%	0.66%
Xero BillPay payments revenue	D × E	\$m	36	55	68	90	109
Total US direct customer revenue	A + B	\$m	75	99	117	148	175
Direct US customers		#000s	342	377	353	368	382
Direct US customer ARPU		\$/mth	41	48	56	78	84

REFER NEXT SLIDE FOR DEFINITIONS OF NEW DISCLOSURE METRICS

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 40. Refer slide 26 for disclosure of these metrics on a yearly basis; 2. Syndication revenue growth between FY24 and FY25 was impacted by the exit of a syndication customer in the accounting software segment.

New US disclosure definitions & FX rates

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 Subscribers, and Melio's direct payments customers. Xero Subscribers are as defined on slide 41 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 ARPU

Refers to the average revenue per user (ARPU) for Direct US customers. Contribution from Xero direct customers is calculated in line with previous disclosures, as AMRR at period end divided by subscribers 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 subscribers 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

NZD / USD Average rate

H1 FY24

0.612

H2 FY24

0.608

H1 FY25

0.608

H2 FY25

0.580

H1 FY26

0.593

FY24

0.610

FY25

0.594

General glossary

AB

Accountant and Bookkeepers

ACH

The Automated Clearing House (ACH) is a US nationwide network which enables electronic movement of money between bank accounts, commonly used for non-urgent direct deposits and bill payments

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)

AMRR

Annualised monthly recurring revenue (AMRR) represents monthly recurring revenue at 30 September, multiplied by 12. It provides a 12 month forward view of revenue, assuming any promotions have ended and other factors such as subscriber numbers, transaction volumes, pricing and foreign exchange remain unchanged during the year

A/R and A/P

Accounts receivable (A/R) and accounts payable (A/P)

ARPU

Average revenue per user (ARPU) is calculated as AMRR at 30 September divided by subscribers at that time (and divided by 12 to get a monthly view)

CAGR

Compound annual growth rate

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 practice

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

ML

Refers to Machine Learning

NPS

Net promoter score (NPS) is a customer experience metric that measures customer loyalty and satisfaction by gauging their likelihood of recommending a company, product, or service to others. Customers respond on a scale of 0 to 10, where 0-6 are Detractors, 7-8 are Passives and 9-10 are Promoters. NPS is calculated by subtracting the percentage of Detractors from the percentage of Promoters. Passives are not included in the calculation

Payments

Platform functionality that enables SMBs to manage and execute accounts receivable and accounts payable

P&L

Profit and loss statement

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.

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

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

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

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)