Xero Limited
Annual Meeting
18 AUGUST 2022
Important notice

This presentation is given on 18 August 2022 on behalf of Xero Limited (Xero) (ASX:XRO) (Company number NZ 183 0488, AU ARBN 160 661 183)

Information in this presentation:

- is for general information purposes only, and is not an offer or invitation for subscription, or purchase of, or a recommendation to invest in, Xero securities
- should be read in conjunction with, and is subject to, Xero’s latest and prior interim and annual reports, including Xero’s annual report for the period ended 31 March 2022, and Xero’s market releases on the ASX
- includes forward-looking statements about Xero and the environment in which Xero operates, which are subject to uncertainties and contingencies outside of Xero’s control – Xero’s actual results or performance may differ materially from these statements
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance
- may contain information from third parties believed to be reliable, but no representations or warranties are made as to the accuracy or completeness of such information
- includes Non-GAAP measures as we believe they provide useful information for readers to assist in understanding Xero’s financial performance. Non-GAAP financial measures do not have a standardised meaning and should not be viewed in isolation or considered as substitutes for measures reported in accordance with NZ IFRS. These measures have not been independently audited or reviewed

All information in this presentation is current at 31 March 2022, unless otherwise stated.
All currency amounts are in NZ dollars, unless otherwise stated.
Due to rounding, numbers in this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.
See page 17 for a glossary of the key terms used in this presentation.
Board of Directors

David Thodey, AO
CHAIR
INDEPENDENT NON-EXECUTIVE DIRECTOR
People and Remuneration Committee
Nominations Committee (Chair)

Steven Aldrich
INDEPENDENT NON-EXECUTIVE DIRECTOR
People and Remuneration Committee

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

Rod Drury
XERO FOUNDER
NON-EXECUTIVE DIRECTOR

Lee Hatton
INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit and Risk Management Committee

Brian McAndrews
INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit and Risk Management Committee

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

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

1. Chair’s address
   David Thodey
   CHAIR

2. CEO update
   Steve Vamos
   CHIEF EXECUTIVE OFFICER

3. Resolutions

4. Q&A
Using the online platform

Voting

Get a Voting Card

Questions

Ask a Question

Download the Online Guide at xero.com/investors/ or under Downloads

Help number

1 800 990 363 if you are calling from Australia

+61 1800 990 363 if you are calling from outside Australia
Agenda

1. Chair’s address
   - David Thodey
   - CHAIR

2. CEO update
   - Steve Vamos
   - CHIEF EXECUTIVE OFFICER

3. Resolutions

4. Q&A
Agenda

1. Chair’s address
   David Thodey
   CHAIR

2. CEO update
   Steve Vamos
   CHIEF EXECUTIVE OFFICER

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4. Q&A
# Financial and operating performance highlights for the year ended 31 March 2022

## Strong result with 29% revenue growth

<table>
<thead>
<tr>
<th><strong>SUBSCRIBERS</strong></th>
<th><strong>3.271m</strong></th>
<th>+ <strong>530,000</strong> net subscriber additions or <strong>19% YOY</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ARPU</strong></td>
<td><strong>$31.36</strong></td>
<td>+ 7% YOY (9% in constant currency)</td>
</tr>
<tr>
<td><strong>AMRR</strong></td>
<td><strong>$1,231.1m</strong></td>
<td>+ 28% YOY (30% in constant currency)</td>
</tr>
<tr>
<td><strong>TOTAL LIFETIME VALUE</strong></td>
<td><strong>$10.9b</strong></td>
<td>+ <strong>$3.3b</strong> or <strong>43% YOY</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>OPERATING REVENUE</strong></th>
<th><strong>$1,096.8m</strong></th>
<th>+ <strong>29% YOY</strong> (30% in constant currency)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$212.7m</strong></td>
<td>+ <strong>$21.4m</strong> YOY</td>
</tr>
<tr>
<td><strong>NET LOSS</strong></td>
<td><strong>-$9.1m</strong></td>
<td>- <strong>$28.9m</strong> YOY</td>
</tr>
<tr>
<td><strong>FREE CASH FLOW</strong></td>
<td><strong>$2.1m</strong></td>
<td>- <strong>$54.9m</strong> YOY</td>
</tr>
</tbody>
</table>
Strategic priorities

- Drive Cloud Accounting
- Grow Small Business Platform
- Build for Global Scale and Innovation
Outlook

Xero will continue to focus on growing its global small business platform and maintain a preference for reinvesting cash generated, subject to investment criteria and market conditions, to drive long-term shareholder value.

Total operating expenses (including acquisition integration costs) as a percentage of operating revenue for FY23 are expected to be towards the lower end of a range 80-85%.
Chair’s address

CEO update

Resolutions

Q&A
RESOLUTION 1

Fixing the fees and expenses of the auditor

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

For
107,113,402
98.83%

Against
1,223,837
1.13%

Discretionary
49,260*
0.05%

*36,888 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution
Re-election of David Thodey, AO

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

*36,959 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution

For

102,440,189
94.46%

Against

5,957,058
5.49%

Discretionary

50,609*
0.05%
RESOLUTION 3

Re-election of Susan Peterson

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

For

99,468,030
91.72%

Against

8,930,974
8.24%

Discretionary

50,684*
0.05%

*37,034 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution
RESOLUTION 4

Election of Brian McAndrews

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

For
107,867,942
99.47%

Against
524,743
0.48%

Discretionary
50,759*
0.05%

*37,109 of which are held by the Chair of the Meeting who intends to vote in favour of the resolution
## Agenda

1. Chair’s address
   - David Thodey
   - CHAIR

2. CEO update
   - Steve Vamos
   - CHIEF EXECUTIVE OFFICER

3. Resolutions

4. Q&A
Glossary

Subscribers
Subscriber means each unique subscription to a Xero-offered product that is purchased by an accounting partner or an end user (small business subscriber) 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.

AMRR
Annualised monthly recurring revenue (AMRR) represents monthly recurring revenue at 31 March, 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.

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

Churn
Churn is the value of monthly recurring revenue (MRR) from subscribers 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
Constant currency comparisons for revenue are based on average exchange rates for the 12 months ended 31 March 2021. Comparisons for ARPU, AMRR and LTV are based on exchange rates at 31 March 2021.

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

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

GAAP
Generally accepted accounting principles.
Beautiful business

xero.com/investors