

MARKET RELEASE

FY26 Interim Results Investor Presentation

WELLINGTON, 13 November 2025 — Xero Limited (ASX: XRO), in accordance with the ASX Listing Rules, attaches its FY26 Interim Results Investor Presentation.

Xero's H1 FY26 earnings webcast at 10:30am AEDT on 13 November 2025 can be accessed at: <https://webcast.openbriefing.com/xro-hyr-2026>

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

XERO LIMITED

INVESTOR BRIEFING

13 November 2025



Sukhinder Singh Cassidy
Chief Executive Officer



Claire Bramley
Chief Financial Officer



*your business
supercharged*



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

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, including Xero's Interim Report for the period ended 30 September 2025, and Xero's market releases on the ASX
- includes forward-looking statements about Xero and the environment in which Xero operates, which are subject to uncertainties and contingencies outside of Xero's control — Xero's actual results or performance may differ materially from these statements
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance
- may contain information from third parties believed to be reliable, but no representations or warranties are made as to the accuracy or completeness of such information
- includes Non-GAAP measures as we believe they provide useful information for readers to assist in understanding Xero's financial performance. Non-GAAP financial measures do not have a standardised meaning and should not be viewed in isolation or considered as substitutes for measures reported in accordance with NZ IFRS. These measures have not been independently audited or reviewed

All information in this presentation is current at 30 September 2025, unless otherwise stated.

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

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

See page 42 for a glossary of the key terms used in this presentation.

AGENDA

01

Introduction and
Summary of Results



Sukhinder Singh Cassidy
Chief Executive Officer

02

Financial Results



Claire Bramley
Chief Financial Officer

03

Strategic Themes



Sukhinder Singh Cassidy
Chief Executive Officer

04

Q&A

INTRODUCTION AND SUMMARY OF RESULTS



Sukhinder Singh Cassidy
Chief Executive Officer



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

H1 FY26 reflects momentum and execution to deliver strong financial results

Sustained, strong revenue growth across our 3x3 portfolio

Continuing to deliver above Rule of 40, strong cash generation

Operating revenue

\$1,194m

+20% YOY
(+18% in constant currency)

Adjusted EBITDA

\$351m

+12% or +\$38m YOY

Rule of 40¹

44.5%

+0.6pp YOY

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

ANZ is a key part of our portfolio & continues to deliver quality growth off a large base

\$664m REVENUE

(+17% YOY, +17% constant currency)

2.65m SUBSCRIBERS

(+7% YOY | H1 89k net additions)

\$46.39 ARPU¹

(+12% YOY, +8% constant currency)

- **Australia: Strong revenue growth**

- New sales motions in our partner channel **building momentum** and Syft provides **new opportunities**
- Direct channel **supports focus on mix**
- Customer migrations completed, **reinstated payroll inclusions** in low tier BE plans

- **New Zealand: Quality growth in deeply penetrated market**

Australia

	H1 FY26	Δ YOY	
Revenue	\$546m	+19%	+19% CC
Subscribers	2.02m	+9%	H1: +80k net additions

New Zealand

	H1 FY26	Δ YOY	
Revenue	\$118m	+8%	+8% CC
Subscribers	638k	+4%	H1: +9k net additions



1. Price changes for Australia were effective from July 2025. Price Changes for New Zealand were effective from September 2025

International revenue growth reflects strong strategic execution — well positioned for further growth

\$530m REVENUE

(+24% YOY, +19% constant currency)

1.94m SUBSCRIBERS

(+13% YOY | H1 87k net additions)

\$54.08 ARPU¹

(+19% YOY, +8% constant currency)

Reflects spot FX rates at 30 September, for more information refer to slide 41

- **UK: Continued momentum from good strategic execution**
 - Direct channel use **increasing**, partner channel focused on mix
 - Release of Xero Simple supporting **early adopters of MTD for IT**
- **North America: Good outcome in seasonally weaker half**
 - US subscriber additions reflected **typically low H1**
 - **Ready to capitalise** on early **Melio** completion
 - **Canadian** cloud accounting backdrop **remained subdued**
- **ROW: Capital light approach continues to deliver, South Africa key driver**

United Kingdom

North America

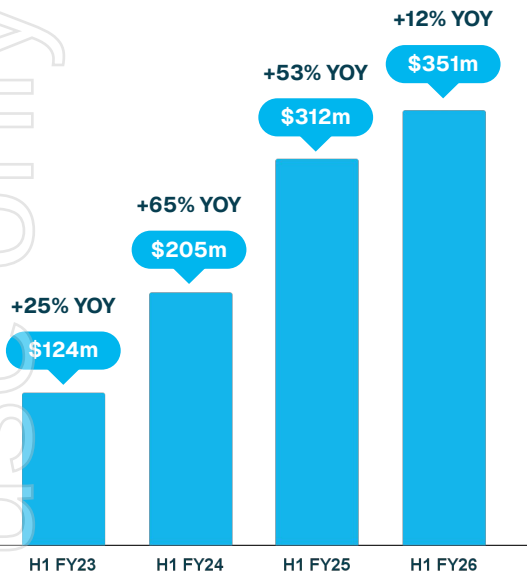
Rest of World

	H1 FY26	Δ YOY		H1 FY26	Δ YOY		H1 FY26	Δ YOY	
Revenue	\$339m	+25%	+20% CC	\$72m	+21%	+18% CC	\$120m	+22%	+16% CC
excl. Xerocon ²		+27%	+23% CC		+26%	+23% CC		N/A	N/A
Subscribers	1.21m	+13%	H1: +56k net additions	419k	+15%	H1: +19k net additions	308k	+11%	H1: +12k net additions

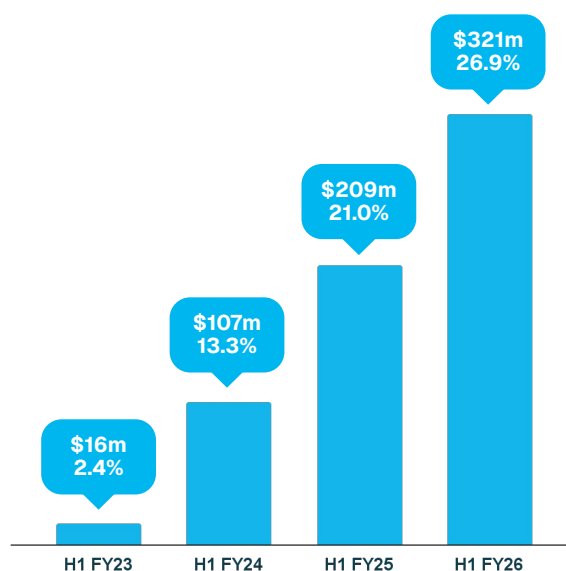
1. Price changes effective September 2025 in the UK, November 2025 in the US and in Rest of World 2. Xerocon occurred in the UK and North America in H1 FY25 only, resulting in a drag on H1 FY26 YOY growth

Consistent delivery: Performing above Rule of 40 — Strong cash generation

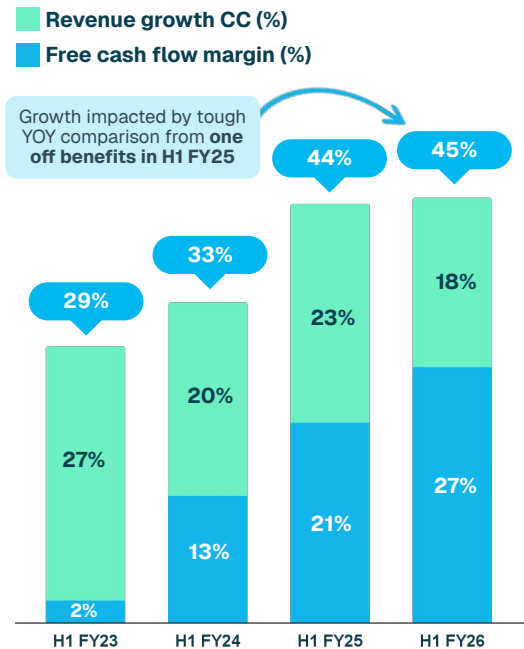
ADJUSTED EBITDA (\$m)



FREE CASH FLOW (\$m) & MARGIN (%)



RULE OF 40¹ (%)



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

FINANCIAL RESULTS



Claire Bramley
Chief Financial Officer



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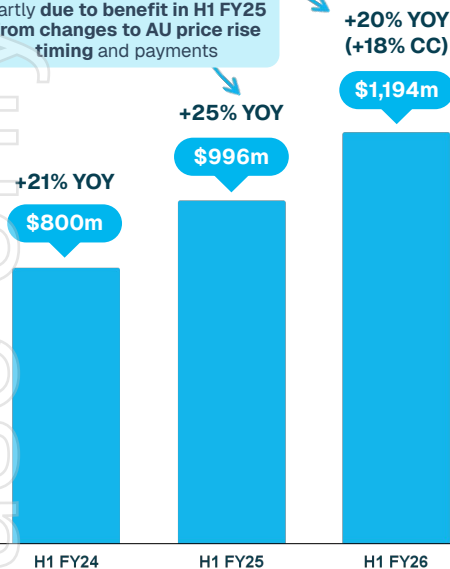


Millie O'Neill, Bookkeeper at The Highlight
Partnership and her client Oh Happy Creative in
Leigh-on-Sea - ohhappycreative.com

Sustained revenue growth — balanced between ARPU & subscribers

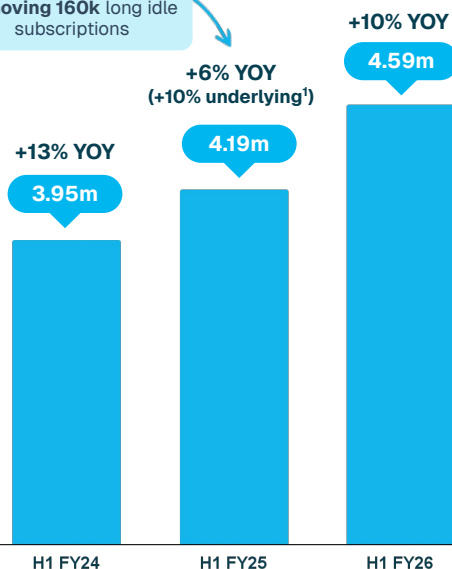
REVENUE (\$m)

H1 FY26 growth lower vs. H1 FY25 partly due to benefit in H1 FY25 from changes to AU price rise timing and payments



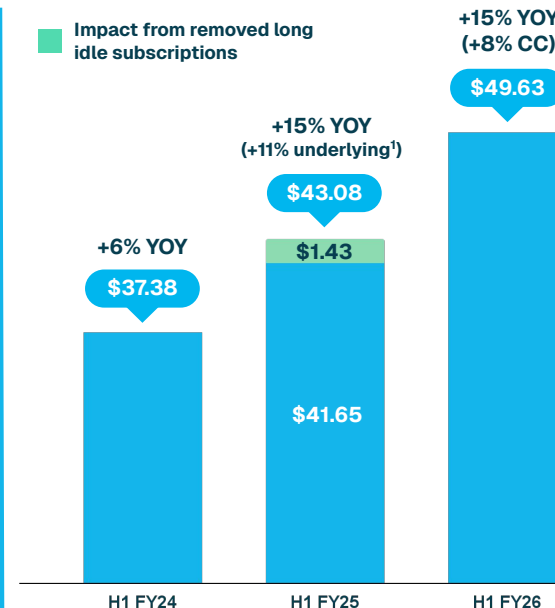
SUBSCRIBERS (#m)

Includes impact of removing 160k long idle subscriptions



ARPU (\$)

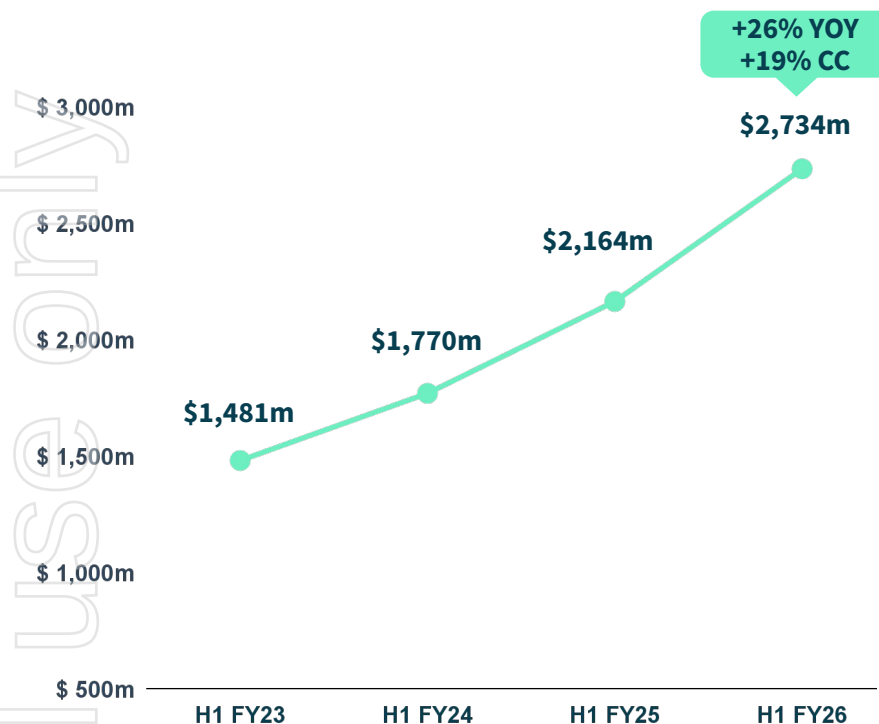
Impact from removed long idle subscriptions



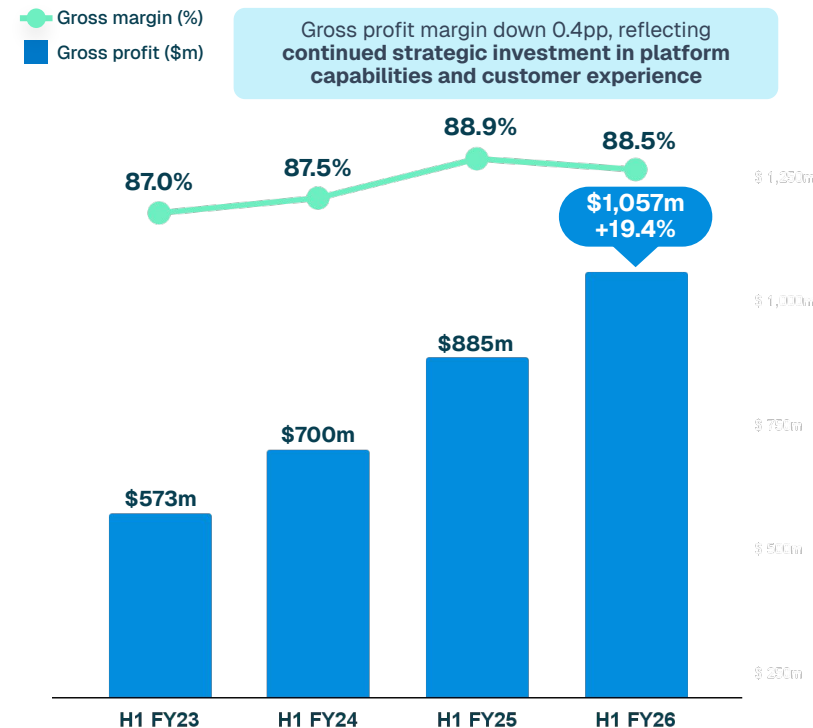
¹ Underlying subscriber and ARPU growth excludes the impact of the removal of long idle subscriptions. For further details refer to slide 33 of Xero's FY25 Results presentation

Good momentum in AMRR and robust gross margin

AMRR (\$m)

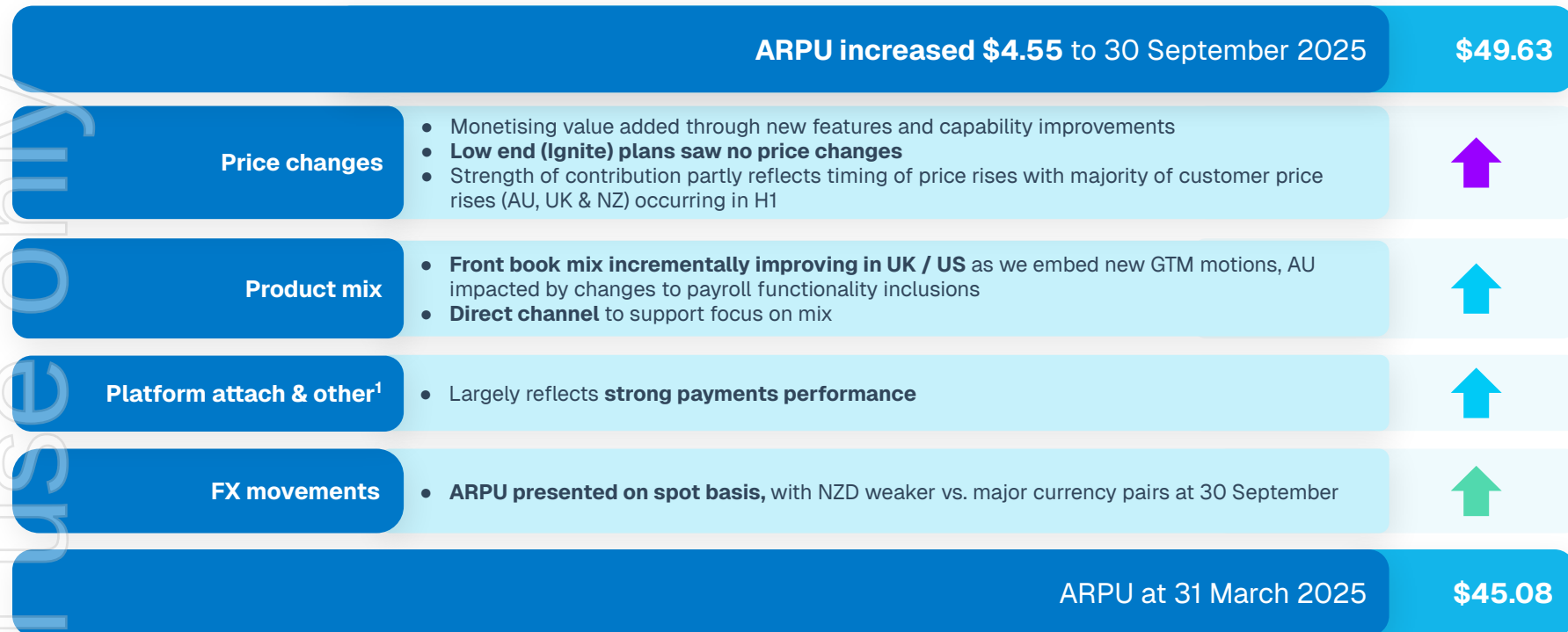


Gross profit (\$m) and Gross margin (%)



Continued ARPU expansion reflects pricing for value as we add new features and capabilities

■ 50 - 75% contribution ■ 25% - 50% contribution ■ 0% - 25% contribution ■ Negative contribution

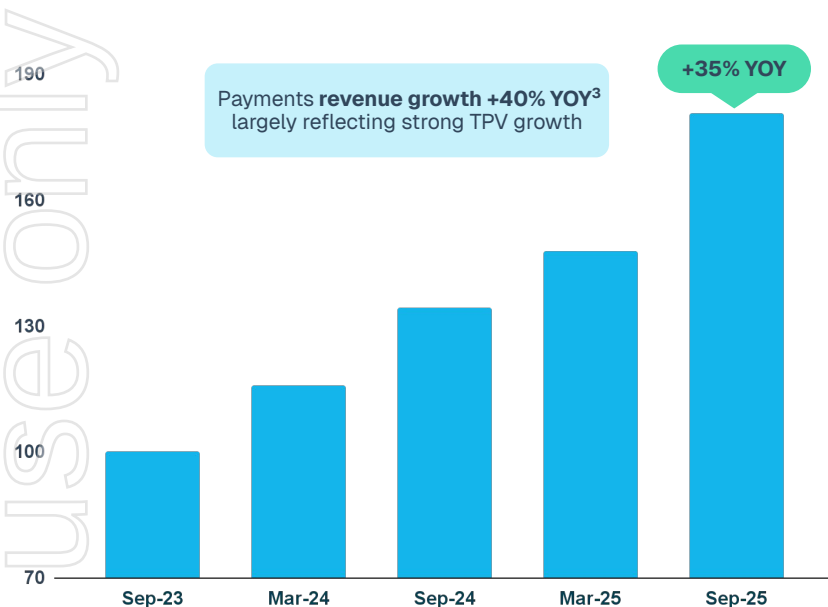


1. Platform attach includes products such as Payments, Payroll and Planday

Strong payments momentum continues. Gusto beta now live, adding payroll for US users

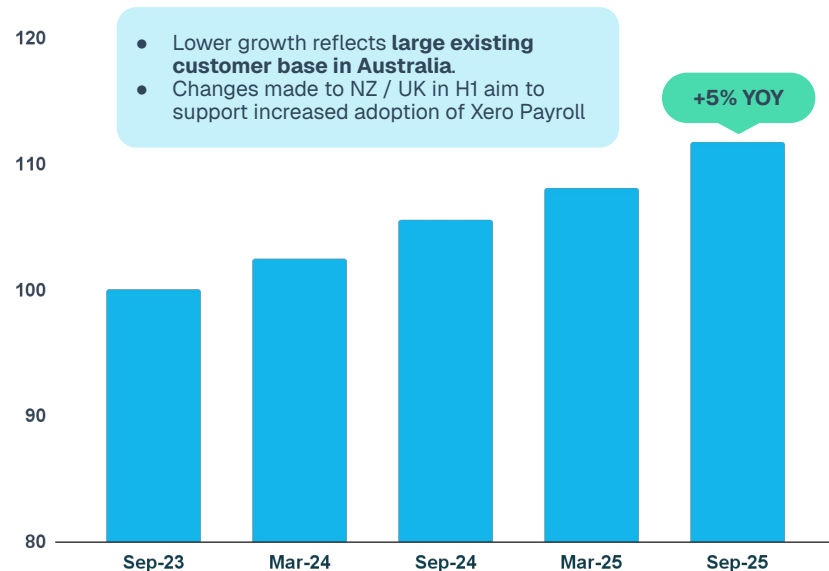
Total payment value¹

Indexed to September-23



Employees paid through Xero Payroll in AU / UK / NZ²

Indexed to September-23

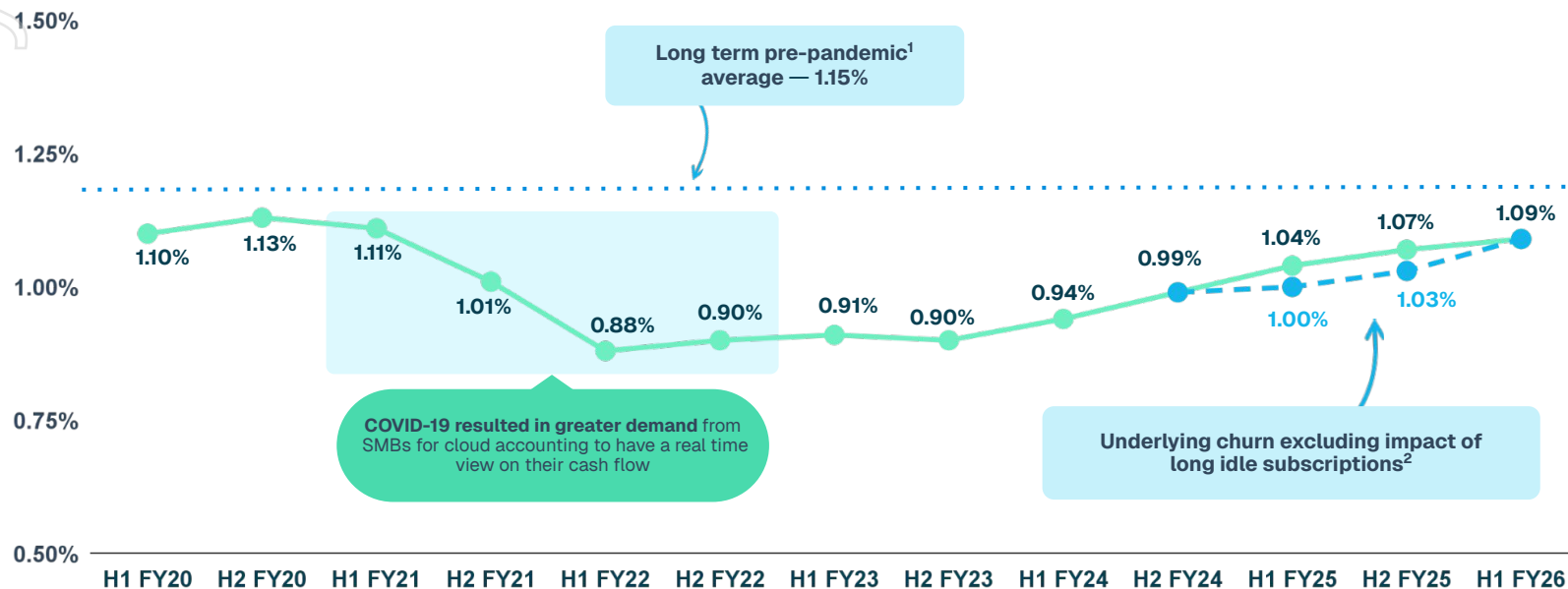


1. Total invoice payment value across our connected online payment service providers who process the payment of invoices on the Xero platform 2. Total employees paid through Xero Payroll in Australia, UK and New Zealand (markets with a Xero Payroll solution)
3. YOY referring to H1 FY26 vs H1 FY25 revenue growth

Churn remains below pre-pandemic trends, despite mix shift from growth in Direct channel and International

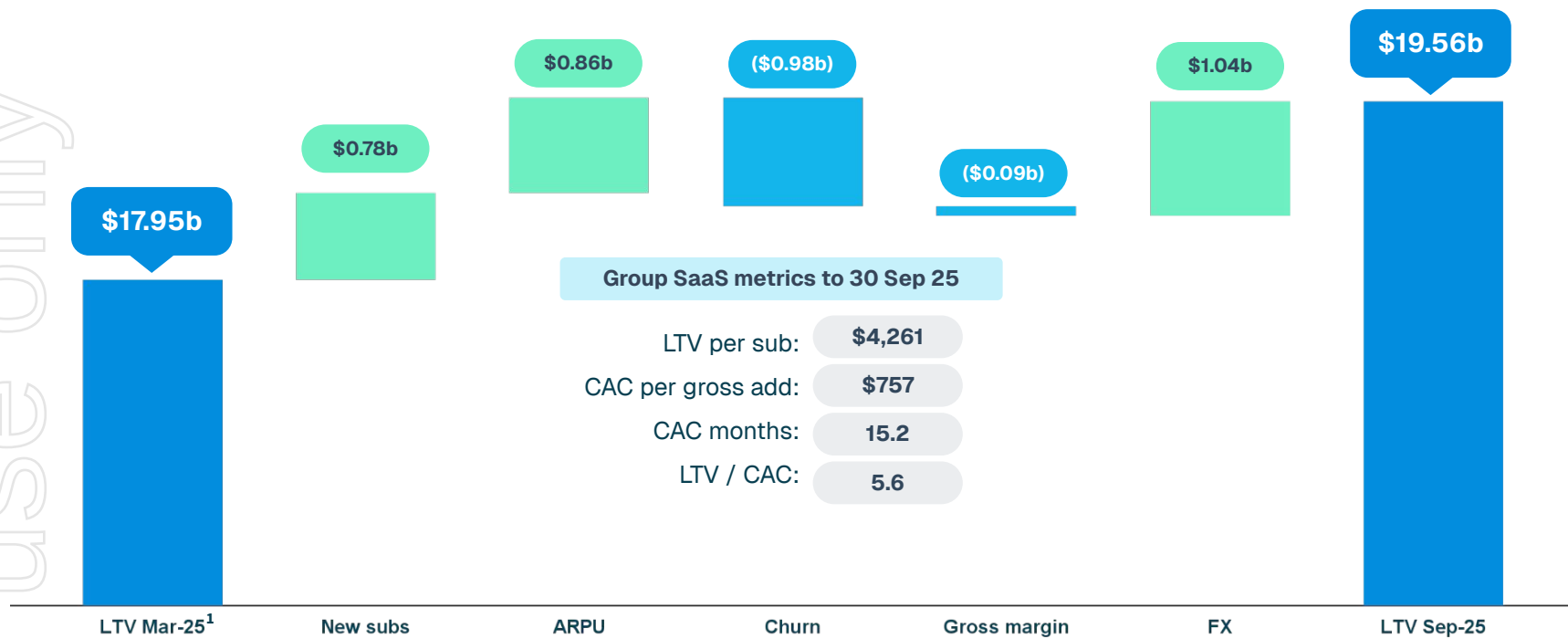
MRR churn (%)

Churn is reported on a percentage of monthly recurring revenue basis



LTV continues to expand

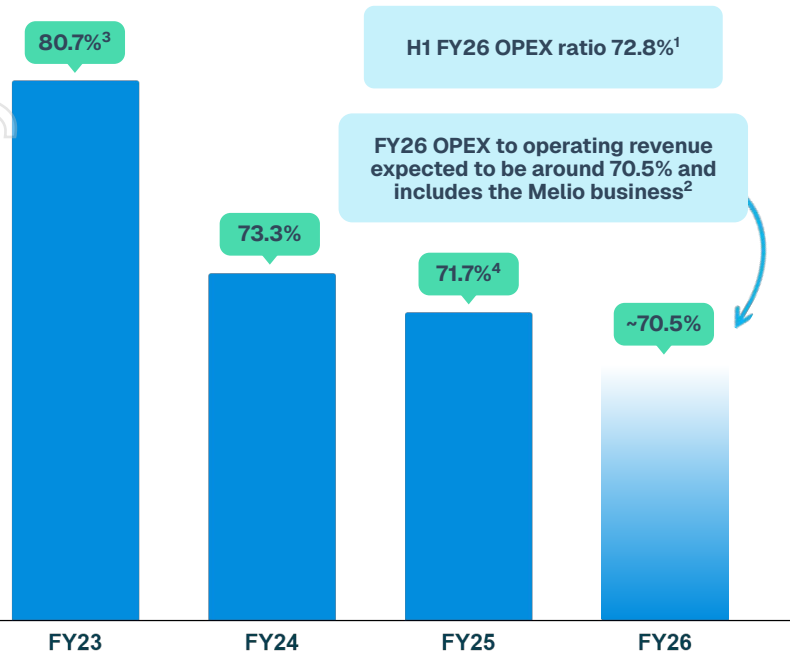
LTV movements by driver (\$b)



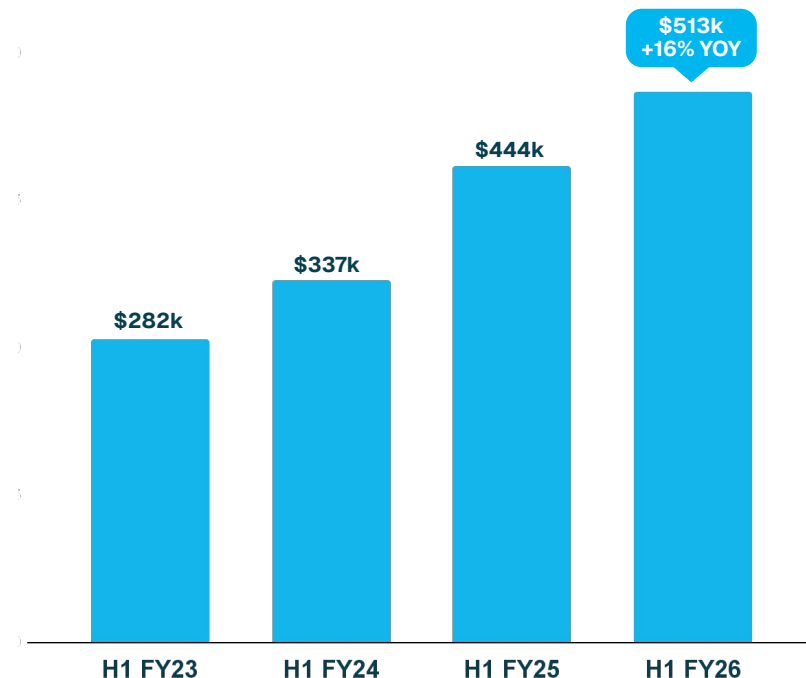
¹ March 2025 LTV, has been calculated using churn excluding the impact of the removal of long idle subscriptions of 1.03%, this reflects churn dynamics present in Xero's go-forward subscriber base. For further detail on the removal of these subscriptions refer to slide 33 of Xero's FY25 Results presentation

Investing for growth while driving operating leverage

Operating expenses as a % of operating revenue — excl. transaction costs



Revenue per FTE (\$k)⁵

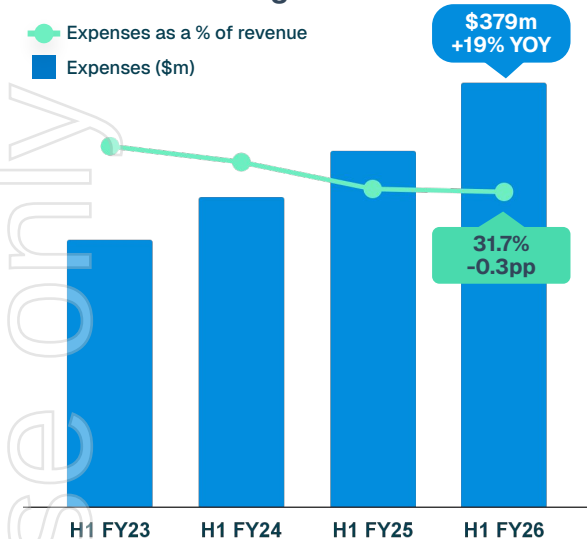


1. Excluding \$51m of transaction costs in H1 FY26 2. Refer slide 28 for further details of Xero's FY26 outlook 3. Excluding \$34.7m of restructuring costs from FY23 4. Excluding M&A costs associated with the acquisition of Syft 5. LTM revenue figures

Capital allocation remains disciplined, G&A impacted by non-recurring costs as highlighted at FY25 result

Sales & marketing

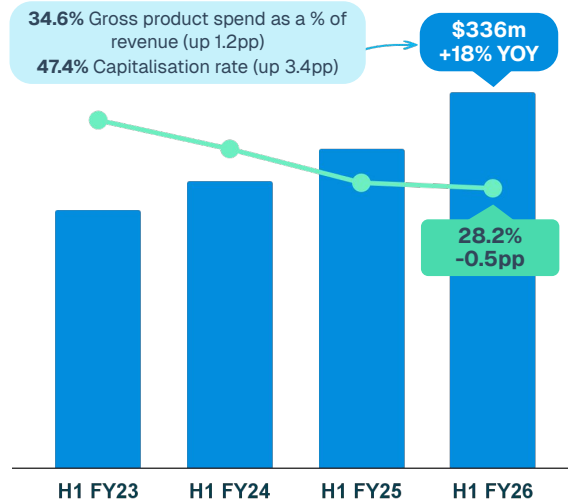
- Expenses as a % of revenue
- Expenses (\$m)



- Largely driven by investment in digital performance marketing to support growth in our core large markets
- Continuing to build internal marketing capabilities

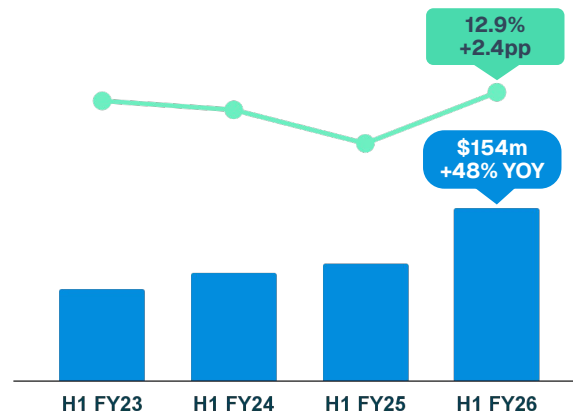
Product design & development

- 34.6% Gross product spend as a % of revenue (up 1.2pp)
- 47.4% Capitalisation rate (up 3.4pp)



- Increase reflects continued focus on pace of product delivery, including investment in domain experts
- Capitalisation rate elevated due to more developer time spent on releasing new product features for customers — including new AI capabilities

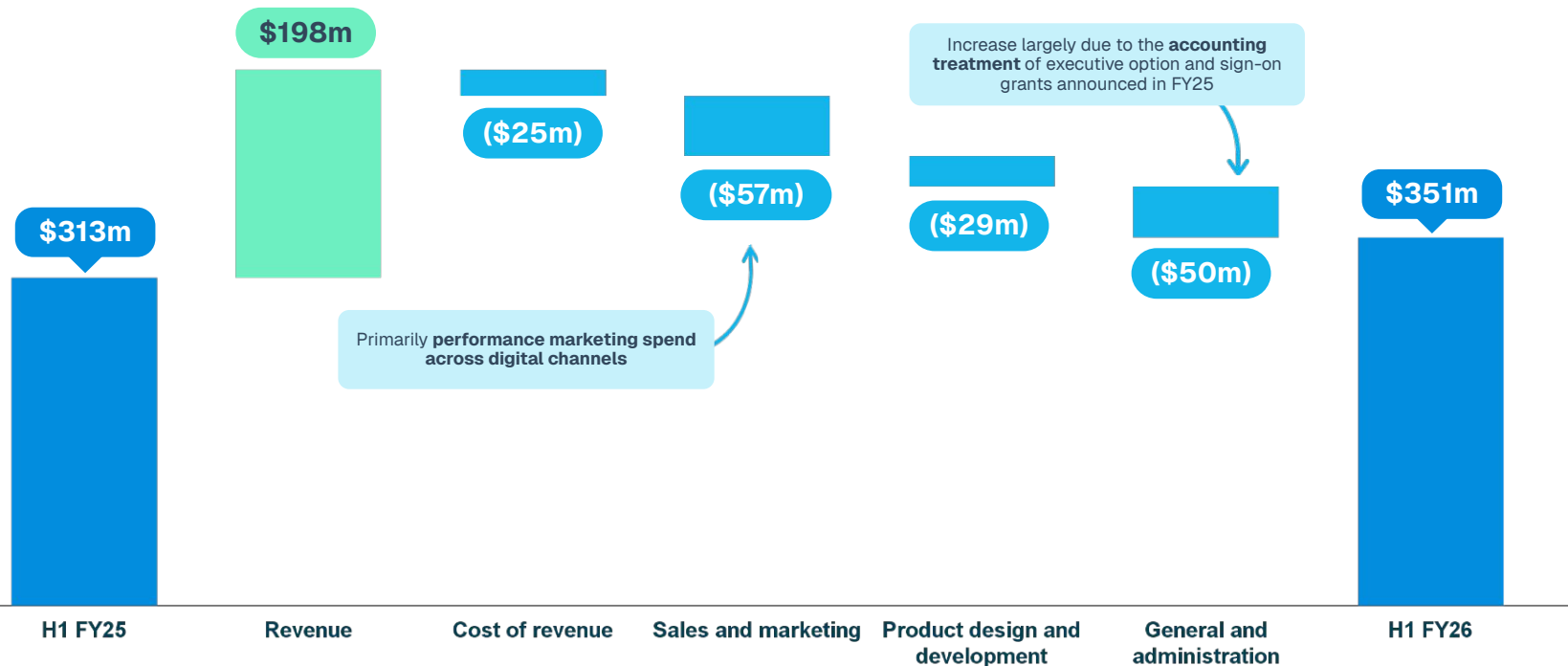
General & administration



- Increase largely driven by the accounting treatment of options and sign-on equity grants for executive compensation. **The majority of these costs are not expected to recur in FY27** (as highlighted at FY25 results announcement)

Strong 29.4% Adj-EBITDA margin reflects robust return on investment

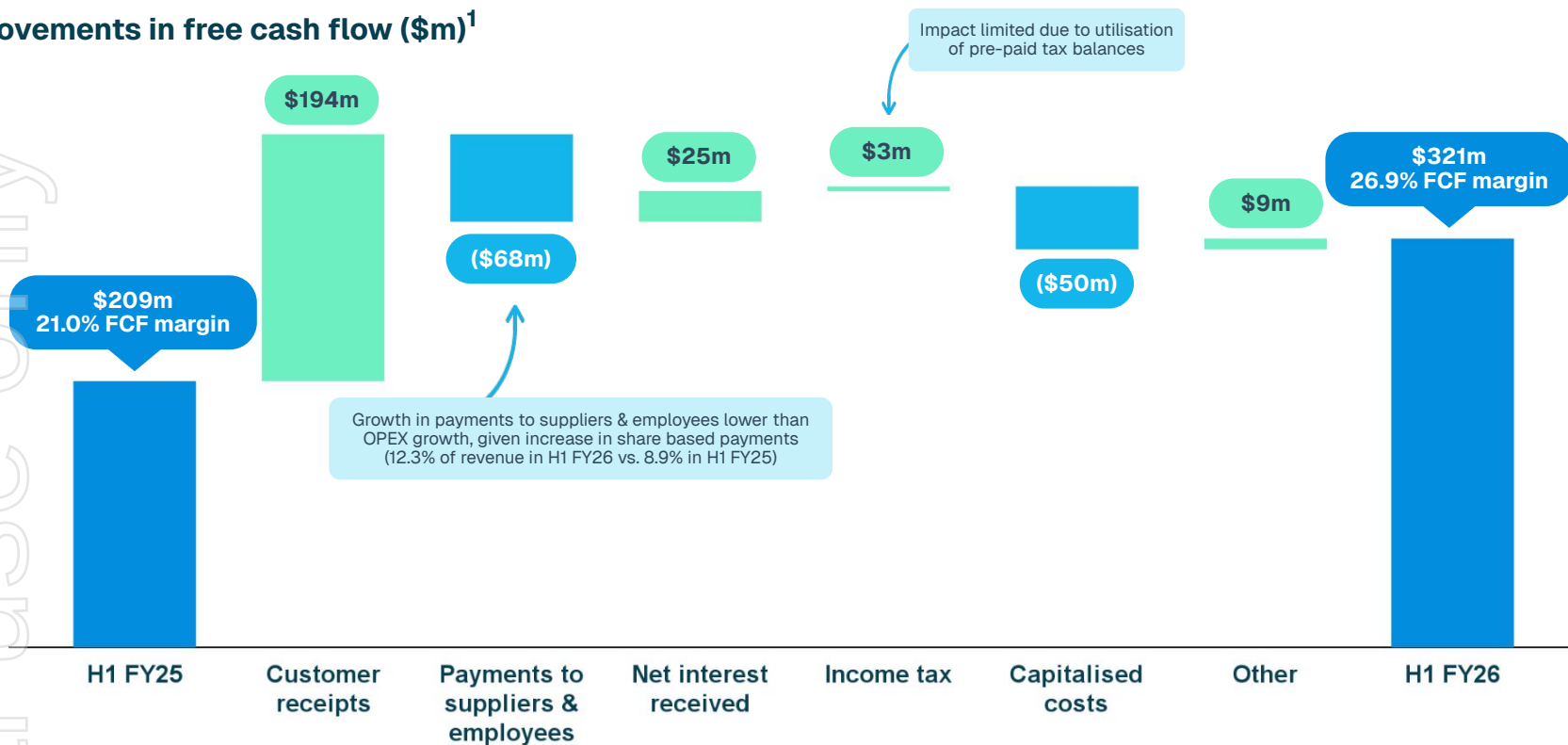
Movements in Adj-EBITDA (\$m)¹



1. Data based on Note 5 of Xero's H1 FY26 Financial Statements. For detail on Adj-EBITDA refer to slide 34. Chart may not add through due to rounding

Strong free cash generation growth continues

Movements in free cash flow (\$m)¹



1. Chart may not add through due to rounding 2. Refer to slide 20 for further details

Balance sheet strength maintained following Melio acquisition ensuring financial flexibility to pursue opportunity ahead

Movement in net cash position

\$bn	H1 FY25	H1 FY26	Δ YOY
Cash and cash equivalents	0.8	3.5	2.7
Short-term deposits	1.2	1.3	0.1
Total cash and short-term deposits	2.0	4.8	2.8
Convertible notes — principal value of term debt	(1.5)	(1.6)	(0.1)
Net cash position	0.5	3.2	2.7

Melio completion impact	H1 FY26	Completion	H1 FY26 pro-forma
Total cash and short-term deposits	4.8	(3.0)	1.8
Revolving credit facility	-	(0.7)	(0.7)
Convertible notes — principal value of term debt	(1.6)	-	(1.6)
Net cash / (debt) position	3.2	(3.7)	(0.5)
Shareholders equity	4.6	0.6	5.2

- **Net cash position grew by \$2.7 billion**, reflecting net funds raised for Melio acquisition¹
- Post acquisition completion **net debt of \$0.5 billion**
- **Xero's balance sheet strength will be maintained through the Melio transaction** — pro-forma LTM net debt / EBITDA of ~0.9x²
- Xero expects to continue generating positive cash flow following the transaction, and for this to facilitate a **meaningful deleveraging profile in the coming periods**

1. Net of FX impact on Convertible notes which are US dollar denominated 2. For further details refer to pro-forma EBITDA disclosure on slide 21

Melio contribution accelerates revenue growth, step change in US scale

XERO + MELIO COMBINED PRO-FORMA (NZ\$)¹

- Transaction completed 15 October, **did not contribute to H1 FY26 performance**
- Pro-forma provided to aid understanding of go forward business

	H1 FY25	H1 FY26	YOY Mvmt
Total revenue	\$1,108m	\$1,378m	24%, 22% CC
US revenue	\$158m	\$241m	53%, 49% CC
Adj-EBITDA	\$252m	\$295m	17%
<i>Margin</i>	23%	21%	(2pp)
Free cash flow	\$125m	\$246m	96%
<i>Margin</i>	11%	18%	+7pp
Rule of 40⁴	36.2%	39.8%	+3.6pp
Melio Customers⁵	90k	87k	(3k)
Melio TPV	\$26bn	\$26bn	1%
<i>Underlying TPV²</i>	\$22bn	\$26bn	18%

H1 FY26 MELIO PERFORMANCE COMMENTARY

Revenue growth drivers

- Underlying² YOY **Melio revenue growth ~68%**
- Customers up 7k since H2 FY25.** YOY contraction reflects impact of previously disclosed exit of syndication customer in accounting software segment

EBITDA

- Melio gross margin was largely flat compared to FY25**, reflecting timing of product-led syndication additions. **Key drivers for future expansion** including scale, syndication, payment mix and subscription growth, **firmly in place³**
- OPEX growth reflected **planned investment in sales and marketing to support growth** opportunity

Free Cash flow considerations

- Pro-forma FCF doesn't incorporate shift to net debt position.** This will increase interest costs and reduce interest received (H1 FY26 benefited from interest income on higher cash balances following capital raise)
- Accounting treatment of Melio management earnout / incentive plans will have an incremental ~\$10m OPEX in H2 FY26. This is not reflected in pro-forma

Acquired intangible asset amortisation

- Xero expects an **estimated value of NZ\$350-490 million of amortisable intangible assets** to arise from the acquisition.
- These will have a **useful life of 6-8 years on average**, and the related expenses will be **recognised as an operating expense from H2 FY26 onwards**, but have no impact on FCF or EBITDA

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. Underlying revenue growth and underlying TPV (Total Payments Value) excludes the impact of the exit of a syndication customer in the accounting software segment. 3. For further details on these drivers refer to slide 32 of the Investor Presentation lodged with the ASX on 25 June 4. Rule of 40 is defined as the sum of annual revenue growth percentage in constant currency and free cashflow margin percentage (free cash flow as a percentage of revenue) 5. Customers are defined as users who made at least one transaction in the final quarter of the reporting period.

STRATEGIC THEMES



Sukhinder Singh Cassidy
Chief Executive Officer



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

Winning On Purpose

WHY WE EXIST

Purpose

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

Vision

To be the most trusted and insightful small business platform

FY25-FY27 STRATEGIC PRIORITIES

Win the 3x3

Complete our JTBD and journeys in AU, UK, US

A Winning GTM Playbook

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

Focused Bets to Win the Future

Invest selectively to help Xero keep winning longer term

Unleash Xero(s) to Win

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

VALUES



WE MAKE IT BEAUTIFUL



WE MAKE IT HAPPEN



WE MAKE IT HUMAN



WE MAKE IT TOGETHER

CAPITAL ALLOCATION

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

Well executed strategy with key wins in our 3x3, continuing to deliver value for our customers

WIN THE 3X3



- Completed Melio acquisition, **bill pay for US customers coming in December 2025**
- **Embedded Gusto solution now live in beta** to provide US payroll capabilities
- Analytics Powered by Syft rolled out to US, UK, AU
- **Customisable homepage** (in beta) provides an insight rich view of customers business performance

A WINNING GTM PLAYBOOK



- Increasing the sophistication of our **sales motions** to deliver improvements in new customer mix
- Added **Syft Analytics** features — to different business **plans to drive improved mix**
- Improved payroll flexibility across UK and NZ plans with **per-employee pricing for more straightforward onboarding** and scaling for customers

FOCUSED BETS TO WIN THE FUTURE



- **Next evolution of JAX** announced & in Beta rolling out incl **auto bank rec and financial insights**
- **Partnered with OpenAI** to bring integrated GenAI web research capabilities for financial information inside JAX
- **AI capabilities accelerating as we continue to invest in a world-class team**
- Enhanced mobile experience

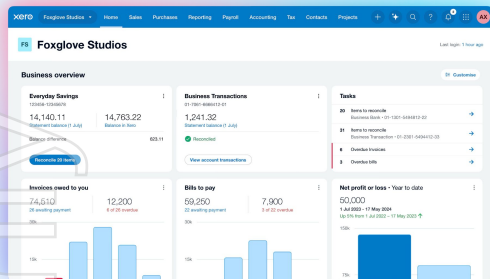
UNLEASH XERO(S) TO WIN



- CX wins **leveraging AI** continue
- Empowering **all Xeros with AI tools** to drive developer productivity opportunity
- Investing in improved employee development & learning opportunities

Financial superagent JAX to provide powerful new features

New homepages with JAX embedded



Auto bank reconciliation powered by JAX

Payee/Reference	Account Code	Method
Ridgeway University	200 - Sales	Rule
Golden Gate Catering	420 - Entertainment	Match
Malestic Contracting	200 - Sales	Memory
Swantston Security	453 - Office Expenses	Prediction

96 statement lines reconciled by JAX

Xero's AI strategic pillars

Reimagined experiences

Actionable insights

Automated actions and workflows

Trusted partner

Financial insights powered by Xero & Open AI

Just Ask Xero Beta Settings X

Can you give me a quick summary of Sam's Cleaning's revenue for the past year, broken down by service?

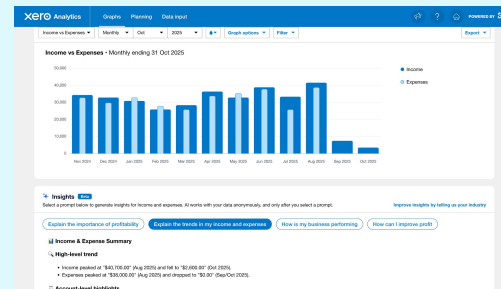
The data shows three main service categories:

- **Residential cleaning:** 45% of total revenue
- **Commercial cleaning:** 35% of total revenue
- **Specialized services:** 20% of total revenue

Commercial cleaning has grown by 15% over the past year.

Here's a summary for Sam's Cleaning:

- **Revenue Analysis Summary Annual revenue:** £400,000
- **Monthly average:** £33,000
- **Highest month:** Aug £40,000
- **Lowest month:** Feb £25,000



Strategic rationale for Melio gives us strong 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 Melio Financial Statements restated to 31 March year-end (unaudited); for further details refer to page 17 of the Investor Presentation lodged with the ASX on 25 June 2025 ³ NPS calculated from internal Melio survey of 400 direct customers, conducted in December 2024 & January 2025. For further detail refer to page 20 of Investor Presentation lodged with the ASX on 25 June 2025

Melio completion brings together world class teams & platforms to deliver value creation — Melio bill pay inside Xero, launch in December 2025

FY26 Integration Milestones

- Acquisition completed 15 October 2025
- Melio bill pay available inside Xero from Dec-2025
- **Moving quickly to leverage Xero's GTM capability & reach** to drive Melio standalone growth & cross sell opportunity on Xero.com

Xero bill pay powered by Melio for US customers

Xero Hornblower Enterprises Home Sales Purchases Reporting Payroll Accounting Tax Contacts

Purchase overview > Bills to pay

Pay bills powered by melio

Paying 3 bills

Enabling multiple ways to pay...

...and giving visibility of payment times...

Vendor	Payment method	Delivery method	Debit date	Delivery speed	Delivery date	Amount
Combine payments	Bank account ...7134		Jul 16, 2025			
Palmtree Holdings LLC	...7134	ACH transfer	Jul 22, 2025	Same-day delivery	Jul 22, 2025	600.00 +0.50
Capital Cab Co	...7134	Paper check	Jul 22, 2025	5-7 business days	Jul 28-30, 2025	242.00 +1.50
Net Connect	...7134	ACH transfer	Jul 22, 2025	Same-day delivery	Jul 22, 2025	54.00 +0.50

Transaction fees +2.50

896.00

...allowing businesses to manage their cash flow!

3 payments scheduled

Payment summary

600.00

Pay to vendor Palmtree Holdings LLC
Invoice # 00190291
Funding method Account ...7134
Debit on Jul 22, 2025
Delivery method Bank transfer (ACH)
Delivery by Jul 22, 2025
Fees +0.50

Add a payment note to self

1 out of 3

Back to bills Review payments

FY26 Outlook: OPEX ratio lowered, now includes Melio



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

Xero previously expected this ratio to be around 71.5% in FY26

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. Melio's incorporation into Xero's FY26 OPEX ratio provides a small benefit, with other drivers including improved efficiencies, contributing to the majority of the reduction

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

Xero continues to focus on its aspirations outlined as part of the Melio acquisition

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}



1. Anticipated FY28 revenue synergies are expected to be ~US\$70m, for more detail refer 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)

Wrap up of H1 FY26 key themes



Sustained, strong revenue growth across our 3x3 portfolio



Continuing to deliver above Rule of 40, strong cash generation



Well executed strategy with key wins in our 3x3, continuing to deliver value for our customers as we aspire to be a world class SaaS business

APPENDIX

not for use only



***your business
supercharged***

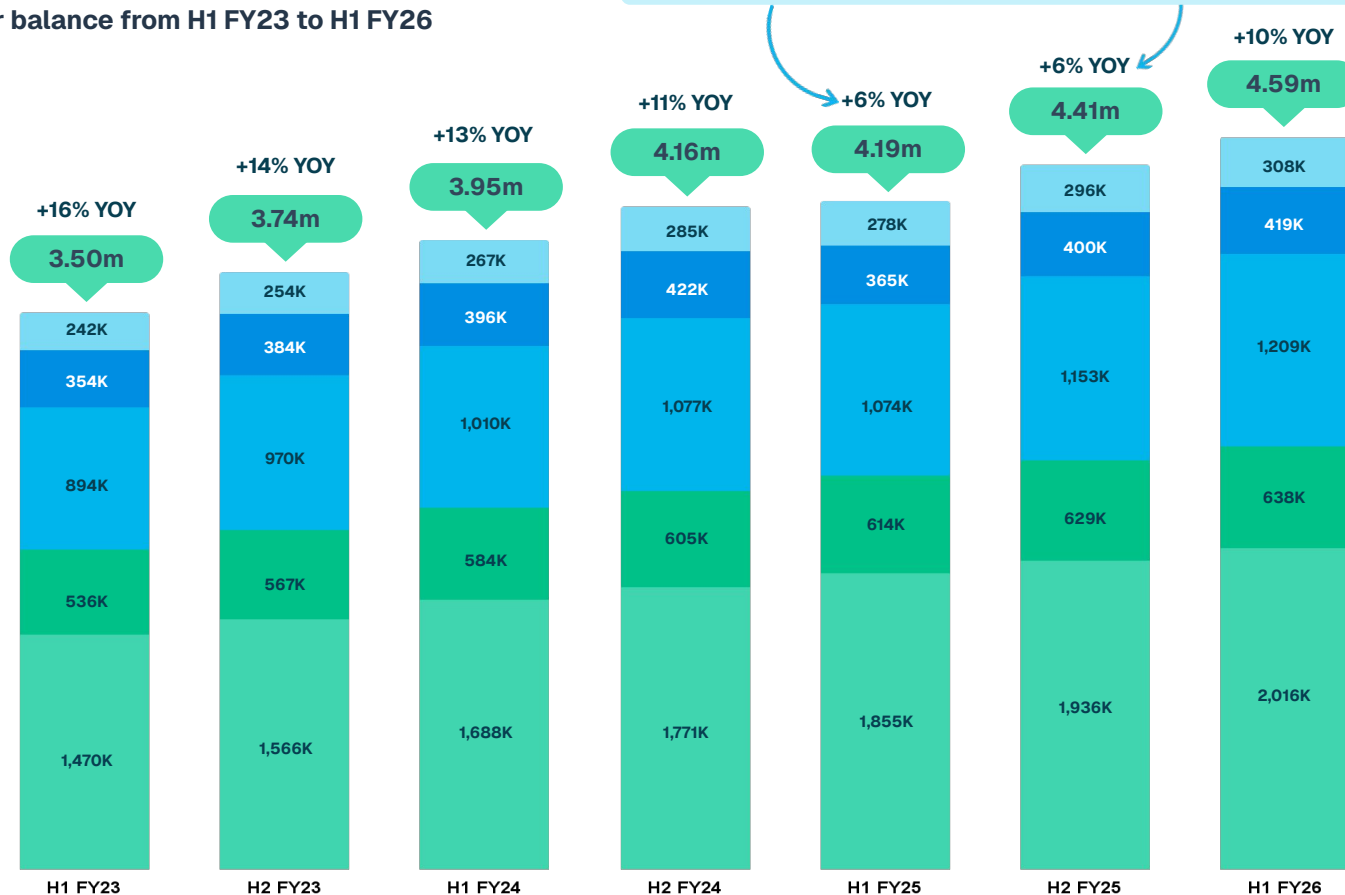


Xero UK team members in our
London office

Subscriber growth trend

Closing subscriber balance from H1 FY23 to H1 FY26

- Australia
- New Zealand
- United Kingdom
- North America
- Rest of World



SaaS metrics summary¹

	ANZ				International				Group			
	Australia, New Zealand				UK, US, CA, ROW				Global Total			
	H2 FY24	H1 FY25	H2 FY25	H1 FY26	H2 FY24	H1 FY25	H2 FY25	H1 FY26	H2 FY24	H1 FY25	H2 FY25	H1 FY26
ARPU	\$37.97	\$41.34	\$41.66	\$46.39	\$41.05	\$45.59	\$49.82	\$54.08	\$39.29	\$43.08	\$45.08	\$49.63
CAC months	8.1	8.1	9.4	9.9	22.4	21.1	20.7	18.7	15.2	14.9	15.9	15.2
Churn	0.76%	0.79%	0.81%	0.84%	1.28%	1.27%	1.31%	1.41%	0.99%	1.00%	1.03%	1.09%
Subscribers	2,376,000	2,469,000	2,565,000	2,654,000	1,784,000	1,717,000	1,849,000	1,936,000	4,160,000	4,186,000	4,414,000	4,590,000
Net additions ²	104,000	93,000	96,000	89,000	111,000	(67,000)	132,000	87,000	215,000	26,000	228,000	176,000
LTV per sub	\$4,431	\$4,669	\$4,550	\$4,899	\$2,802	\$3,191	\$3,394	\$3,385	\$3,732	\$4,063	\$4,066	\$4,261
LTV/CAC	14.3	14.0	11.6	10.7	3.1	3.3	3.3	3.3	6.2	6.3	5.7	5.6
Total LTV	\$10.53b	\$11.53b	\$11.67b	\$13.00b	\$5.00b	\$5.48b	\$6.28b	\$6.56b	\$15.53b	\$17.01b	\$17.95b	\$19.56b

¹ SaaS metrics including churn, LTV, LTV per subscriber and LTV/CAC have been calculated excluding the impact of the removal of long idle subscriptions on churn, this reflects churn dynamics present in Xero's go-forward subscription base ² Includes impact of removed long idle subscriptions. For further details refer to slide 33 of Xero's FY25 Results presentation

Strong underlying EBITDA trends

	H1 FY25 (\$000s)	H1 FY26 (\$000s)	Δ YOY (%)
Total operating revenue	995,865	1,194,193	20%
Cost of revenue	(110,533)	(137,180)	24%
Gross profit	885,332	1,057,013	19%
<i>Gross margin</i>	88.9%	88.5%	(0.4pp)
Total operating expenses incl. M&A costs	(708,948)	(919,875)	30%
<i>Percentage of operating revenue</i>	71.2%	77.0%	5.8pp
Operating income	176,384	137,138	(22%)
Asset disposals	(2,228)	(603)	(73%)
Other income & expenses	856	77,592	NM
EBIT	175,012	214,127	22%
EBITDA	311,698	377,866	21%
<i>EBITDA margin</i>	31.3%	31.6%	0.3pp
Net profit	95,093	134,784	42%

Due to Melio-related costs, operating income decreased 22% compared to H1 FY25.
Excluding acquisition-related costs, operating income increased 6%

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 gross profit (total operating revenue less cost of revenue) less total operating expenses

	H1 FY25 (\$000s)	H1 FY26 (\$000s)
EBITDA	311,698	377,866
Add back: M&A costs	802	50,647
Subtract: revaluation on acquisition financing	-	(77,580)
Subtract: non-cash revaluations	-	(6)
Adjusted EBITDA¹	312,500	350,927
<i>Adjusted EBITDA margin</i>	31.4%	29.4%
Add back: share-based payments	65,923	112,271
Adjusted EBITDA (excl. Share-based payments)	378,423	463,198
<i>Adjusted EBITDA margin (excl. share-based payments)</i>	38.0%	38.8%

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. Xero's adjusted EBITDA includes share-based payments

To aid in comparison to global tech peers **adjusted EBITDA (excl. share-based payments)** is calculated by adding back share-based payments to adjusted EBITDA and is presented net of capitalised amounts.

Share-based payments (incl. amounts capitalised) totalled \$147m or 12% of revenue in H1 FY26

1. H1 FY25 Adjusted EBITDA has been restated to include prior period M&A costs associated with the acquisition of Syft

Financial performance

	H1 FY23	H2 FY23	H1 FY24	H2 FY24	H1 FY25	H2 FY25	H1 FY26
Total operating revenue	658,512	741,372	799,547	914,220	995,865	1,106,787	1,194,193
Gross profit	572,912	649,029	699,790	811,472	885,332	986,918	1,057,013
<i>Gross margin</i>	87.0%	87.5%	87.5%	88.8%	88.9%	89.2%	88.5%
Sales & marketing costs	(238,980)	(232,851)	(277,220)	(264,015)	(318,239)	(345,469)	(378,904)
<i>Percentage of operating revenue</i>	36.3%	31.4%	34.7%	28.9%	32.0%	31.2%	31.7%
Product design & development	(230,710)	(259,338)	(256,392)	(269,791)	(285,650)	(332,151)	(336,366)
<i>Percentage of operating revenue</i>	35.0%	35.0%	32.1%	29.5%	28.7%	30.0%	28.2%
General & administration	(82,501)	(85,576)	(96,634)	(88,488)	(104,257)	(122,583)	(153,958)
<i>Percentage of operating revenue</i>	12.5%	11.5%	12.1%	9.7%	10.5%	11.1%	12.9%
Total opex excl M&A & restructuring costs	(552,191)	(577,765)	(630,246)	(622,294)	(708,146)	(800,202)	(869,228)
<i>Percentage of operating revenue</i>	83.9%	77.9%	78.8%	68.1%	71.1%	72.3%	72.8%
Restructuring costs	-	(34,692)	(2,131)	(882)	-	-	-
M&A costs	-	-	-	-	(802)	(456)	(50,647)
Total opex incl M&A & restructuring costs	(552,191)	(612,457)	(632,377)	(623,176)	(708,948)	(800,659)	(919,875)
<i>Percentage of operating revenue</i>	83.9%	82.6%	79.1%	68.2%	71.2%	72.3%	77.0%
Operating income	20,721	36,572	67,413	188,296	176,384	186,259	137,138
Asset impairments disposals and reversals	(26,532)	(96,148)	1,636	(26,116)	(2,228)	(809)	(603)
Other income & expenses	12,188	(6,598)	10,403	(2,077)	856	(4,756)	77,592
EBIT	6,377	(66,174)	79,452	160,103	175,012	180,694	214,127
EBITDA	108,551	49,848	206,090	291,328	311,698	326,768	377,866
<i>EBITDA margin</i>	16.5%	6.7%	25.8%	31.9%	31.3%	29.5%	31.6%
Adjusted EBITDA¹	123,709	177,980	204,522	322,023	312,500	329,314	350,927
<i>Adjusted EBITDA margin</i>	18.8%	24.0%	25.6%	35.2%	31.4%	29.8%	29.4%
Net profit/(loss)	(16,130)	(97,402)	54,084	120,556	95,093	132,724	134,784

1. H1 FY25 Adjusted EBITDA has been restated to include prior period M&A costs associated with the acquisition of Syft

New regional subscriber & revenue reporting aligns with 3 x 3 focus

To align with our 3 x 3 strategy, in Xero's Full Year 2026 Annual Report we will no longer report the North America (NA) region and will instead provide a US region (incl. Melio). Canada will move into the Rest of World (RoW) region



HISTORICAL FINANCIALS UNDER NEW REGIONAL REPORTING

Subscribers #	H1 FY24	H2 FY24	H1 FY25	H2 FY25	H1 FY26		Revenue \$000s	H1 FY24	H2 FY24	H1 FY25	H2 FY25	H1 FY26	
North America	396,000	422,000	365,000	400,000	419,000	Current reporting	North America	47,320	64,760	59,302	79,297	71,649	Current reporting
US	295,000	319,000	284,000	314,000	330,000	New reporting	US	36,955	41,022	45,590	52,048	57,411	New reporting
<i>Long idle removed</i>			(46,000)										
RoW (incl CA)	367,000	388,000	359,000	382,000	397,000	New reporting	RoW (incl CA)	90,672	114,209	112,235	137,714	134,060	New reporting
<i>Long idle removed</i>			(43,000)										

US H1 FY26 YOY Growth
 Subscribers 16%
 Revenue 26% (33% excl. Xerocon)

XERO + MELIO REPORTING

- Xero plans to report **Melio as part of its US region**
- Given the revenue opportunity and importance of integrated accounting software & payments for customers, **Xero will take a combined subscription plus payments revenue basis i.e. Average Revenue per Customer, for analysing customer unit economics**
- Xero views **TPV per transacting customer as a key performance indicator** for revenue generated from A/P transactions

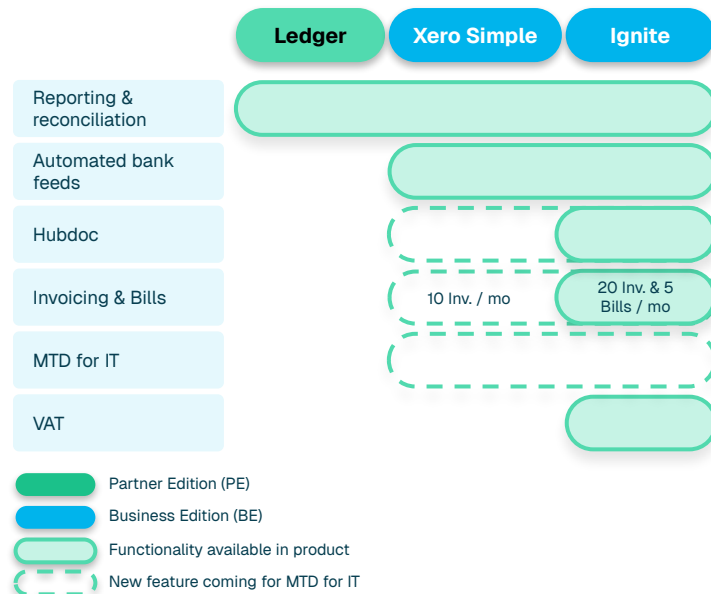
Next wave of Making Tax Digital (MTD) is coming to the UK

MTD for Income Tax (IT) confirmed for 2026-2028

Implementation in phases (>£50k from Apr 2026, £30-50k from April 2027, and £20-30k timing has been set for April 2028) covering all small businesses with turnover greater than £20k. **Total impacted small businesses¹ is ~2.7m, ~0.4m of which are already VAT registered²**

Compliance with MTD for IT will drive cloud accounting adoption, however **many of these customers are in our secondary segment**, but can be important clients for our accountant and bookkeeper partners

Enhanced UK product plans will meet MTD for Income Tax needs

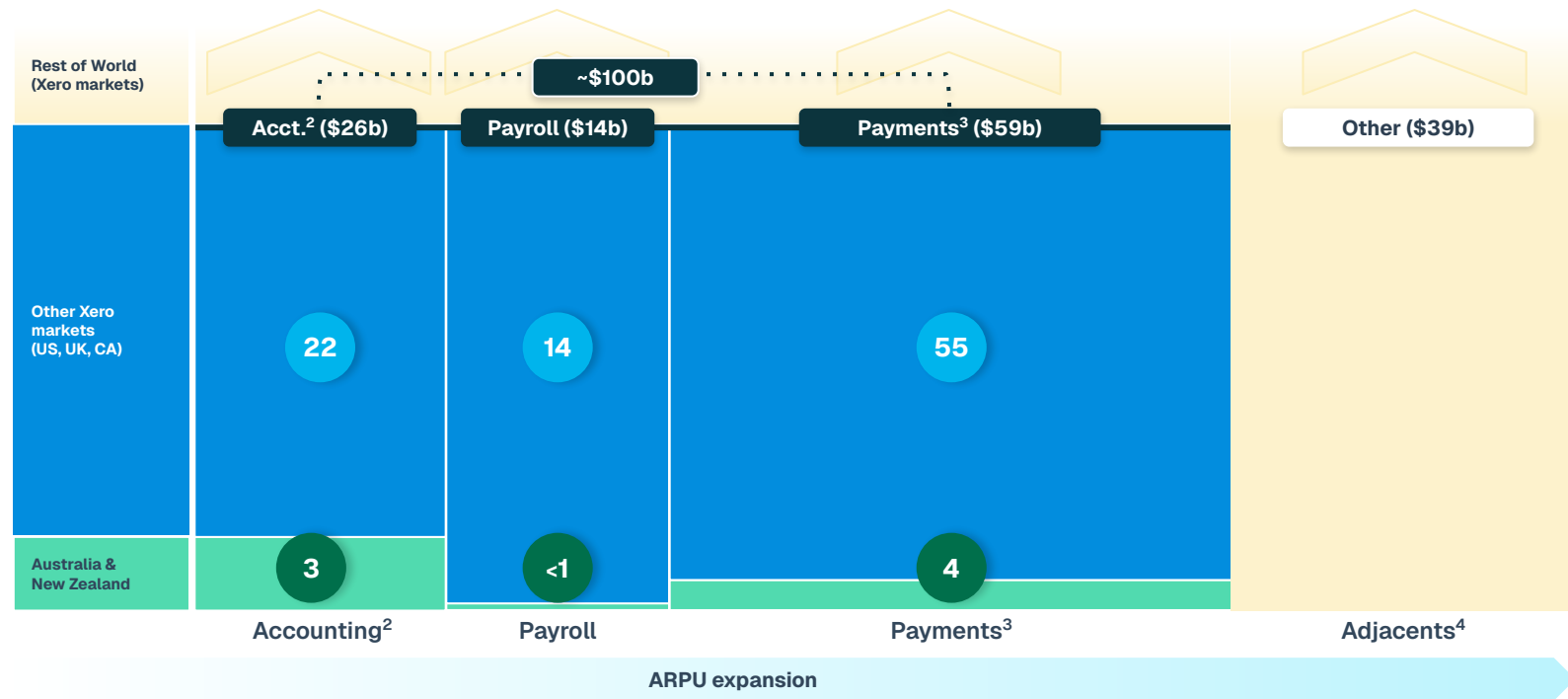


Xero Simple targets businesses needing to comply with MTD for IT it also includes:

- Bank feeds and reconciliation
- Easy data capture with Hubdoc
- Ability to send up to 10 invoices and quotes per month
- Client collaboration

Xero Simple is **available for accountants and bookkeepers** and **small businesses directly**

Xero's top three super jobs, accounting, payments and payroll, represent ~\$100b TAM in AU, NZ, US, UK and CA¹



1. Figures may not sum due to rounding. Total Addressable Market estimated using available government statistics, public market data, internal Xero data and commercial assumptions in relation to the relevant product(s). Calculations based on data available prior to being presented at Xero's 2024 Investor Day on February 29 2024

2. Accounting refers to combination of jobs to be done including annual tax, bookkeeping, data in and reporting & insights

3. Payments TAM refers to invoice and bill payment opportunities available to a full service provider

4. Adjacents include project management, expenses, inventory, time, attendance & scheduling and customer relationship management

Our focus for FY25–27: Complete the most critical jobs in the biggest markets, embed key JTBD, and extend even further through the ecosystem and APIs

SMALL	Rest of World				
	Singapore				
MEDIUM	South Africa		3		
	Canada				
	New Zealand				
LARGE	US				
	UK		1		2
	Australia				
		Accounting	Payments	Payroll	Adjacents

1 The '3 x 3' (\$43b SAM¹)

Complete the three key JTBD (accounting, payroll and payments) for SMBs and ABs in our large markets

+

2 Embed

Extend to other critical JTBD for SMBs and ABs in our three large markets with new embed capabilities and partnerships

+

3 Ecosystem and APIs

Leverage ecosystem to deliver profitable growth in medium and small markets

1. SAM opportunity represents the opportunity that is accessible to Xero over the short term. The estimation approach is consistent for the TAM, with the exception of payments, where only a subset of opportunity is captured, reflecting Xero's decision to rely on partners to support money movement, and therefore reduced margin

Jobs to be Done

Jobs reflect the common tasks that a customer can perform on the Xero platform to run their business.

A job does not directly represent a specific product or solution. Some examples are below.

XERO PRODUCT AREAS

Accounting	Payments	Payroll	Adjacents
------------	----------	---------	-----------

JOB AREAS

Data In	Book-keeping	Annual Tax	Reporting & Insights	Invoicing & Payments	Bills & Payments	Payroll	TAS	Expenses	Projects	Inventory
• Data In — data ingestion such as through bank feeds, Hubdoc, other data extraction tools • Bookkeeping — involves record keeping activities such as bank account reconciliation, recording sales tax, managing data and documents • Annual Tax — managing and filing annual tax • Reporting & Insights — analysing performance of the business such as through Xero Analytics Plus, planning and budgeting				• Invoice & Payments — managing invoices and debt collection by invoicing the customers, sending e-invoices, using payment services like Stripe to collect payments • Bills & Payments — managing and paying bills, including receiving e-invoices and using bill payment services like GoCardless		• Payroll — paying employees & contractors	• Time, Attendance & Scheduling (TAS) — tracking time worked by employees • Expenses — using Xero Expenses to manage expense claims and employee reimbursements • Projects — using Xero Projects to provide quotes and manage the workflow between staff (who is working on what, for which clients, for how long) • Inventory — manage my inventory e.g. tracking stock such as through Xero Inventory Plus			

2025 Exchange Rates

	2025			2024	
	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	0.916	0.909	0.879	0.915	0.918
NZD / CAD	0.819	0.814	0.805	0.831	0.858
NZD / EUR	0.515	0.526	0.493	0.559	0.568
NZD / GBP	0.442	0.442	0.430	0.475	0.474
NZD / SGD	0.766	0.767	0.746	0.813	0.812
NZD / USD	0.593	0.572	0.578	0.608	0.634

Glossary

Adjusted EBITDA

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

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)

CAC months

Customer Acquisition Cost (CAC) months are the months of ARPU to recover the cost of acquiring each new subscriber. 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 subscribers added during the same period, divided by ARPU

CAGR

Compound annual growth rate

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. Average subscriber lifetime is calculated as one divided by churn

Constant currency (CC)

Constant currency comparisons for revenue are based on average exchange rates for the 6 months ended 30 September 2024. Comparisons for ARPU, AMRR and LTV on a constant currency basis on a YOY basis use exchange rates at 30 September 2024 and for a HOH basis use exchange rates at 31 March 2025.

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

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

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

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 Mello and Xero were combined from the start of Xero's 2025 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)

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



your business supercharged

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