



MARKET RELEASE

Xero successfully completes A\$1.85bn Institutional Placement

WELLINGTON, 26 June 2025 — Xero Limited (ASX: XRO) (**Xero**) is pleased to announce the successful completion of its A\$1.85 billion (US\$1.2 billion)¹ fully underwritten institutional placement announced on Wednesday, 25 June 2025 (**Placement**). Proceeds raised under the Placement will contribute to funding Xero's acquisition of Melio Limited and its associated entities (collectively **Melio**) and transaction costs.

Xero CEO Sukhinder Singh Cassidy said: "We're very pleased with the strong support we've received from both existing and new institutional investors for this Placement. We can't wait to welcome Melio's world-class team to Xero, once the transaction completes, and work together to deliver on our shared goals. Melio presents an incredibly exciting opportunity for Xero and we look forward to creating a market-leading Accounting and Payments offering that maximises value for our customers and supports our 3x3 strategy and US ambitions."

Approximately 10.5 million new fully paid ordinary shares in Xero (**New Shares**) at the price of A\$176 per share (**Placement Price**) will be issued under the Placement. All New Shares were allocated to sophisticated and institutional investors in the Placement.

Eligible institutional shareholders who bid for an amount less than or equal to their 'pro rata' share of New Shares under the Placement were allocated their full bid, on a best endeavours basis.

The trading halt is expected to be lifted prior to the market opening today.

Settlement of Placement Shares

Settlement of New Shares is expected to occur on Monday, 30 June 2025, with allotment and normal trading expected to occur on Tuesday, 1 July 2025. The New Shares will rank equally with existing Xero shares from the date of issue.

1. A\$/US\$ conversion of 0.6501



Share purchase plan (SPP)

Xero will also offer eligible shareholders² the opportunity to participate in a non-underwritten SPP. Xero is targeting to raise ~A\$200 million under the SPP. Xero expects participation in the SPP should provide the vast majority of eligible shareholders who are not able to participate in the Placement with an opportunity to subscribe for a number of New Shares that they would have been entitled to subscribe for under a pro rata entitlement offer.

Applications may be scaled back (in whole or in part) at the absolute discretion of Xero. If a scale back is applied, it is Xero's intention that the scale back will be applied having regard to the pro rata shareholding of eligible shareholders who apply for New Shares under the SPP. Xero may (in its absolute discretion) in a situation where total demand exceeds A\$200 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back. Maximum application size of A\$30,000 per eligible shareholder across all of their holdings, free of transaction and brokerage costs.

The issue price of the New Shares under the SPP (**SPP Shares**) will be the lower of:

- the Placement Price; and
- a 2.0% discount to the 5-day volume weighted average price (**VWAP**) of Xero shares up to and including the closing date of the SPP (currently scheduled for Monday, 21 July 2025), rounded to the nearest cent.

SPP Record Date is 7.00pm (Sydney time) on Tuesday, 24 June 2025. SPP Shares will rank equally with existing Xero ordinary shares from their issue date. An SPP booklet with further details on the SPP is expected to be sent to eligible shareholders, in accordance with their communications election, on or around Wednesday, 2 July 2025.

Any funds raised under the SPP will be used for general corporate and working capital purposes.

For questions in relation to how to participate in the SPP, please contact Xero's registry from 8.30am to 5.30pm (Melbourne time) Monday to Friday (excluding public holidays) on 1800 262 299 (for callers within Australia) or +61 1800 262 299 (for callers outside Australia) during the SPP offer period or consult your financial or other professional adviser. For questions in relation to whether an investment in Xero through the SPP is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

Authorised for release to the ASX by the Chief Executive Officer of Xero.

Contacts

Kate McLaughlin - Communications
Mobile: +64 27 533 4529
kate.mclaughlin@xero.com

Nicole Mehalski - Investor Relations
Mobile: +61 400 947 145
nicole.mehalski@xero.com

2. An eligible shareholder is a registered holder of Xero shares on the Record Date (being 7.00pm (Sydney time) on Tuesday, 24 June 2025) and shown on the register to have an address in Australia or New Zealand (subject to receipt of relevant Financial Markets Authority approvals in respect of retail shareholders resident in New Zealand), that is located outside the United States and is not acting for the account or benefit of persons in the United States (and who are otherwise eligible to participate in the SPP under the terms of the SPP offer). Subject to compliance with applicable law, directors of the Xero Board who are registered holders of Xero shares on the Record Date may also participate in the SPP under the terms of the SPP offer.



Important notice and disclaimer

About Xero

Xero 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

About Melio

Melio serves US SMBs and accounting firms with accounts payable, receivable and cash flow management solutions. Headquartered in New York with offices in Tel Aviv, Israel. Founded in 2018, Melio has scaled rapidly to serve over 80,000 customers and generate FY25 (March 31 year end) revenue of US\$153 million, with a revenue CAGR since 2021 of 127%. Melio's leading platform integrates with and maintains partnerships with financial institutions, allowing businesses to sync payments data and avoid manual entry. Melio also acts as a technology service provider for vertical SaaS platforms and financial institutions including Capital One and Shopify, and distribution partners including Fiserv through a syndication model. This enables Melio to potentially reach millions of small businesses to provide embedded accounts payable products.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement may not be distributed or released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any New Shares in the United States or any other jurisdiction in which such an offer would be unlawful. The New Shares to be offered and sold under the Placement and the SPP have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**US Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to any persons in the United States or any persons acting for the account or benefit of a person in the United States, unless the New Shares are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. Save for any Xero directors who may be in the United States, the New Shares under the SPP may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Future performance and forward-looking statements

This announcement may contain certain forward-looking statements, forecasts, estimates, projections and comments about future events, including Xero's beliefs, assumptions and expectations regarding plans, strategies and objectives of management, the completion and the effect of the acquisition of Melio, the timetable and outcome of the Placement and SPP and the use of the proceeds thereof. Forward looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "goals", "aims", "target" and other similar expressions. Indications of, and guidance or outlook



on, future earnings or financial position or performance (including after the acquisition of Melio) are also forward-looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, including the risk factors described under the “Key risks” section of the Investor Presentation relating to the acquisition of Melio, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors, both known and unknown, could cause the Xero's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, and many of these factors are beyond the Xero's control, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. As such, there can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material.

Any forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee or predictions of future performance. As such, no undue reliance should be placed on any forward-looking statement, particularly in light of the current economic climate and certain geopolitical tensions (such as the Russian-Ukrainian War, Israeli-Palestine conflict and Israeli-Iran conflict). Past performance is not necessarily a guide to future performance, and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement or any other information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Xero. None of Xero, the underwriters, their respective related companies and/or related bodies corporate (as applicable), securityholders or affiliates, or any of their respective officers, directors, employees, affiliates, partners, representatives, consultants, agents or advisers (each a **Limited Party**) makes any representation or warranty as to the accuracy of any forward-looking statements contained in this announcement. Forward looking statements speak only as at the date of this announcement, and the Limited Parties disclaim any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this announcement (including to reflect any change in expectations or assumptions), except as required by law or regulation (including the ASX Listing Rules).

General

Nothing contained in this announcement constitutes financial product, legal, tax or other advice or recommendation. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making any investment decision in respect of Xero, prospective investors should consider the appropriateness of the information in this announcement and Xero's other announcements having regard to their own investment objectives, financial situations and needs and with their own professional advice. Xero is not licensed to provide financial product advice in respect of New Shares. Cooling off rights do not apply to the acquisition of New Shares.