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

Contact

Simon Fitzgerald — Communications
Mobile: +61 460 294 680
simon.fitzgerald@xero.com

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

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

XERO LIMITED

INVESTOR BRIEFING

13 November 2025

Sukhinder Singh Cassidy
Chief Executive Officer

Claire Bramley
Chief Financial Officer

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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

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Sukhinder Singh Cassidy
Chief Executive Officer

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Claire Bramley
Chief Financial Officer

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Sukhinder Singh Cassidy
Chief Executive Officer

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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	Adjusted EBITDA	Rule of 40[1]
$1,194m	$351m	44.5%
+20% YOY (+18% in constant currency)	+12% or +$38m YOY	+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

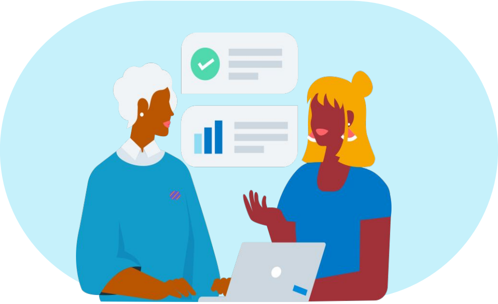
$664m REVENUE
(+17% YOY, +17% constant currency)

2.65m SUBSCRIBERS
(+7% YOY | H1 89k net additions)

$46.39 ARPU[1]
(+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			New Zealand		
	H1 FY26	**Δ YOY**		**H1 FY26**	**Δ YOY**	
Revenue	$546m	+19%	+19% CC	$118m	+8%	+8% CC
Subscribers	2.02m	+9%	H1: +80k net additions	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 ARPU[1]
(+19% YOY, +8% constant currency)

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

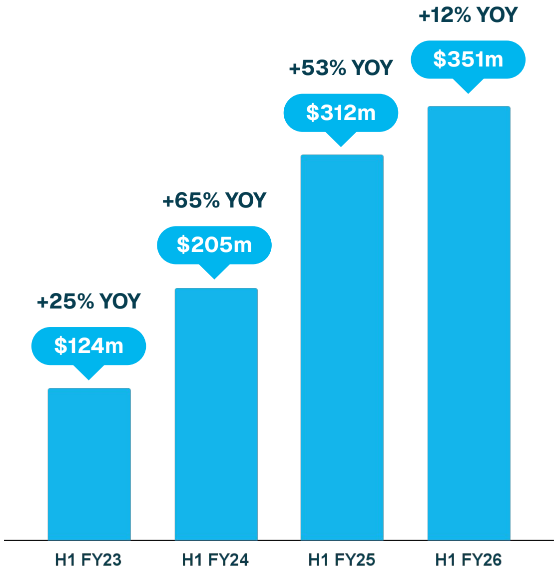
- **UK: Continued momentum from good strategic execution**
  - Direct channel use **increasing**, partner channel focused on mix
  - Release of Xero Simple supporting **early adopters of MTD for IT**
- **North America: Good outcome in seasonally weaker half**
  - US subscriber additions reflected **typically 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

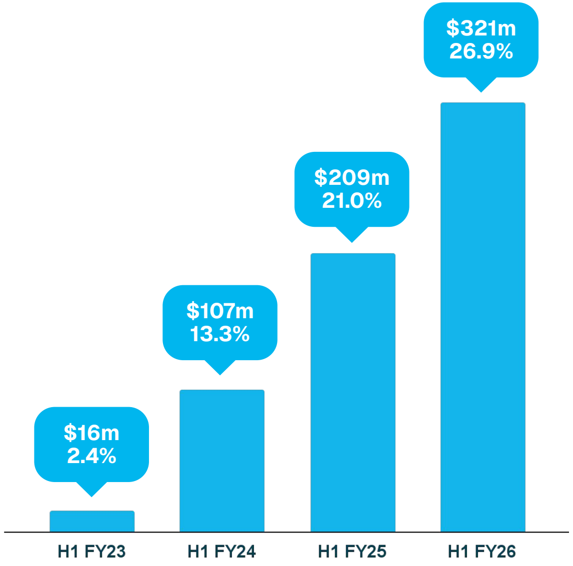
1. Price changes effective September 2025 in the UK, November 2025 in the US and in Rest of World 2. Xerocon occurred in the UK and North America in H1 FY25 only, resulting in a drag on H1 FY26 YOY growth

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

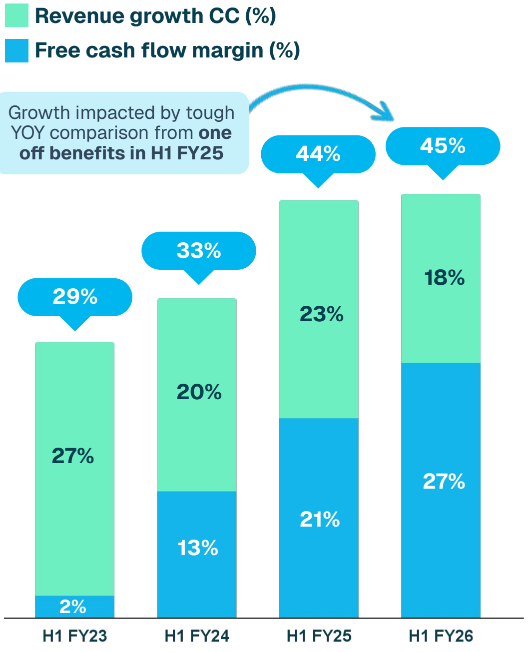
ADJUSTED EBITDA ($m)



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



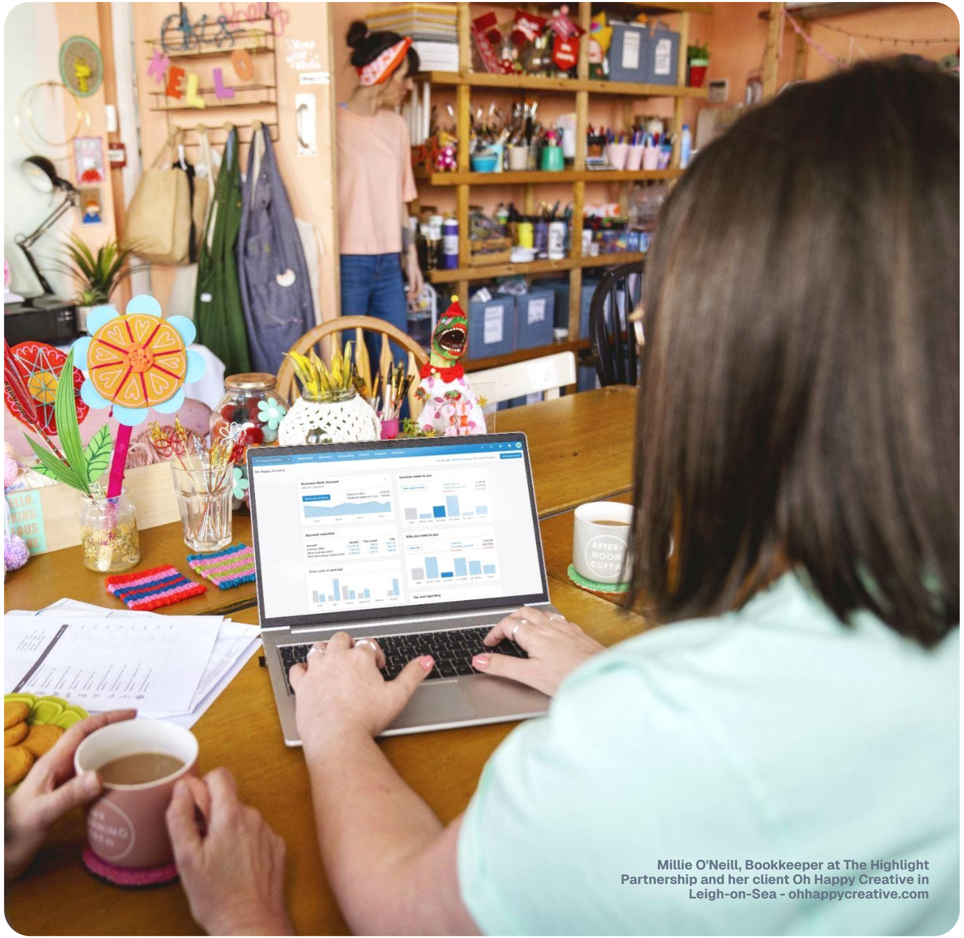
RULE OF 40[1] (%)



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



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

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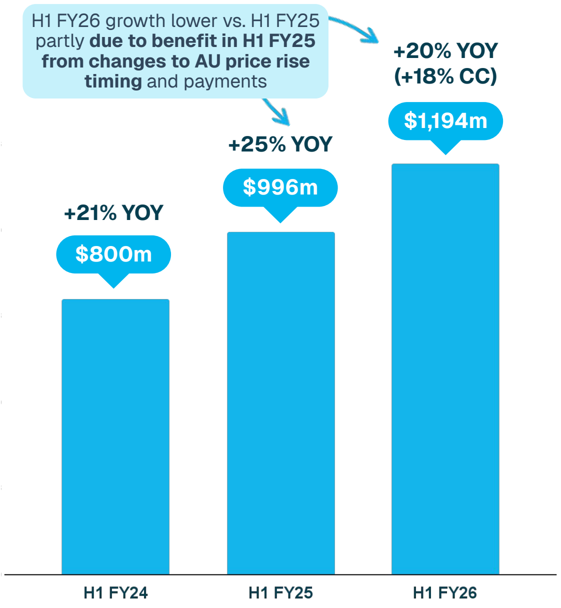
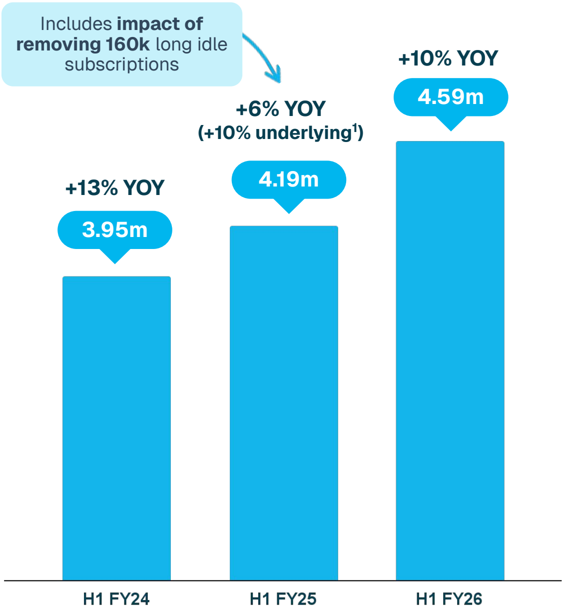
Sustained revenue growth — balanced between ARPU & subscribers

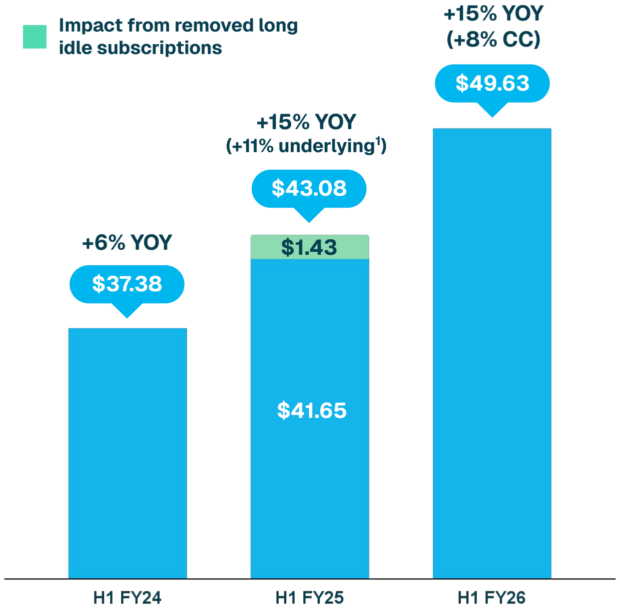
REVENUE ($m)



SUBSCRIBERS (#m)



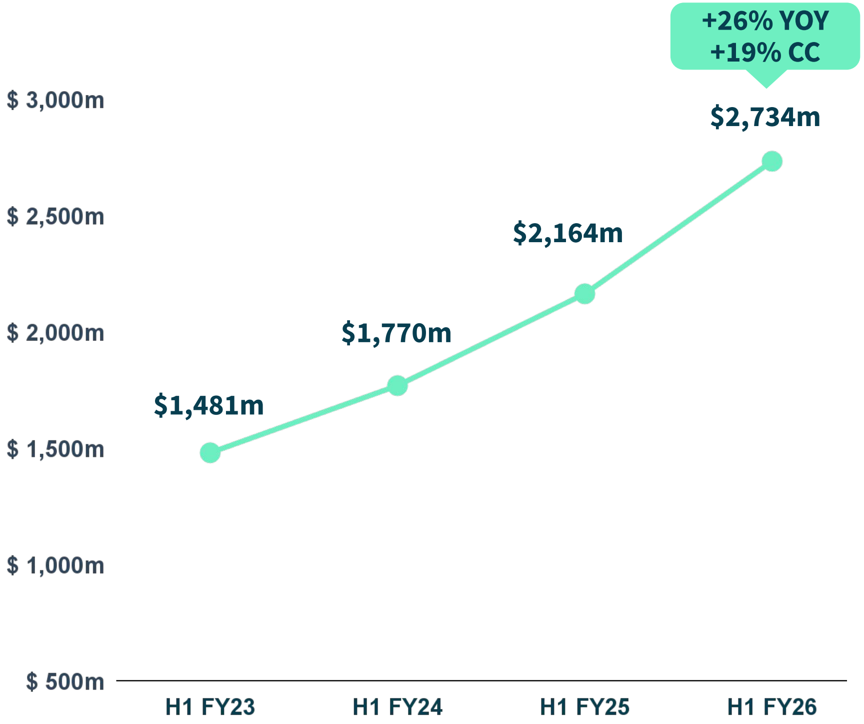
ARPU ($)



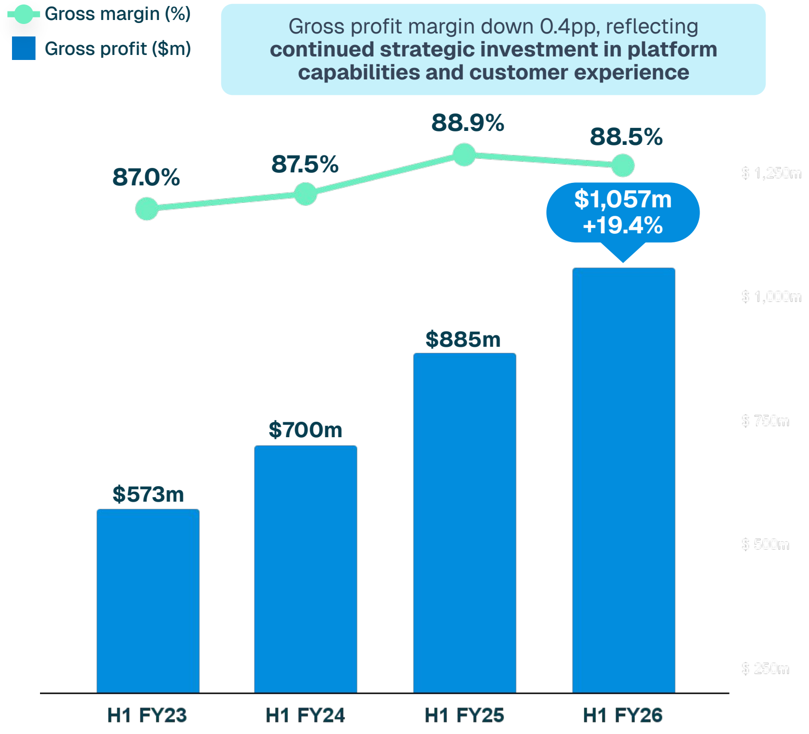
1. Underlying subscriber and ARPU growth excludes the impact of the removal of long idle subscriptions. For further details refer to slide 33 of Xero's FY25 Results presentation

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

ARPU increased $4.55 to 30 September 2025 — **$49.63**

Price changes (50 - 75% contribution)
- Monetising value added through new features and capability improvements
- **Low end (Ignite) plans saw no price changes**
- Strength of contribution partly reflects timing of price rises with majority of customer price rises (AU, UK & NZ) occurring in H1

Product mix (0% - 25% contribution)
- **Front book mix incrementally improving in UK / US** as we embed new GTM motions, AU impacted by changes to payroll functionality inclusions
- **Direct channel** to support focus on mix

Platform attach & other[1] (0% - 25% contribution)
- Largely reflects **strong payments performance**

FX movements (25% - 50% contribution)
- **ARPU presented on spot basis,** with NZD weaker vs. major currency pairs at 30 September

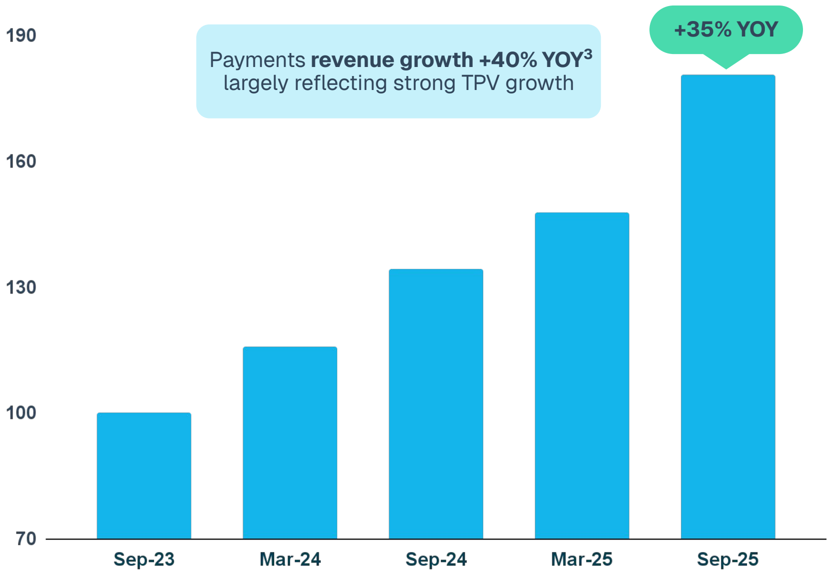
ARPU at 31 March 2025 — **$45.08**

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

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

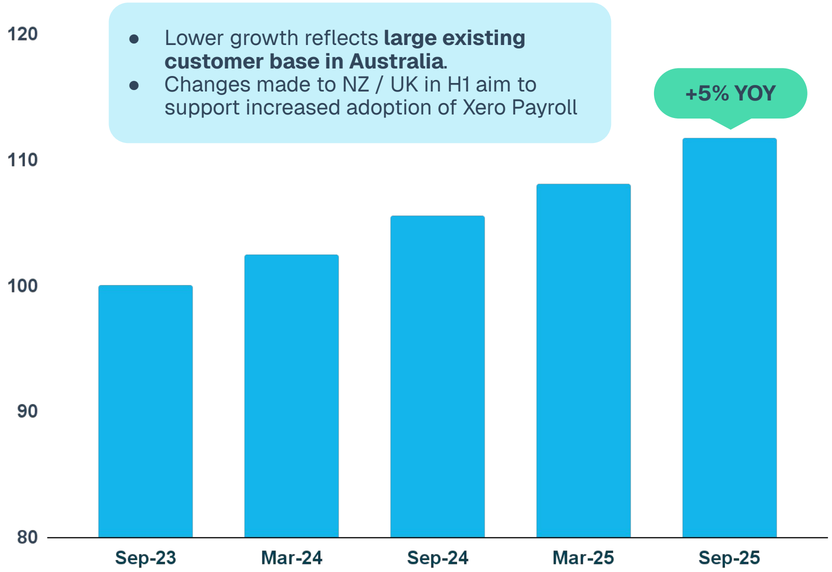
Total payment value[1]

Indexed to September-23



Employees paid through Xero Payroll in AU / UK / NZ[2]

Indexed to September-23

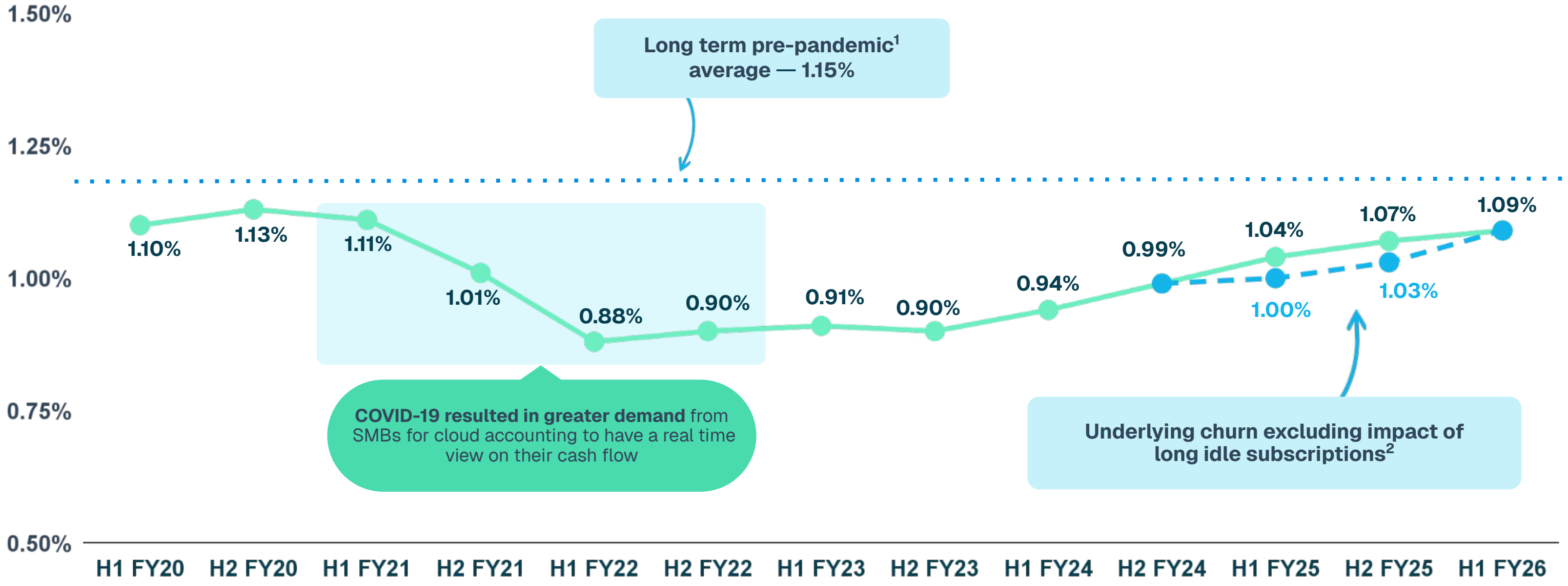


1. Total invoice payment value across our connected online payment service providers who process the payment of invoices on the Xero platform 2. Total employees paid through Xero Payroll in Australia, UK and New Zealand (markets with a Xero Payroll solution)
3. YOY referring to H1 FY26 vs H1 FY25 revenue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

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

MRR churn (%)

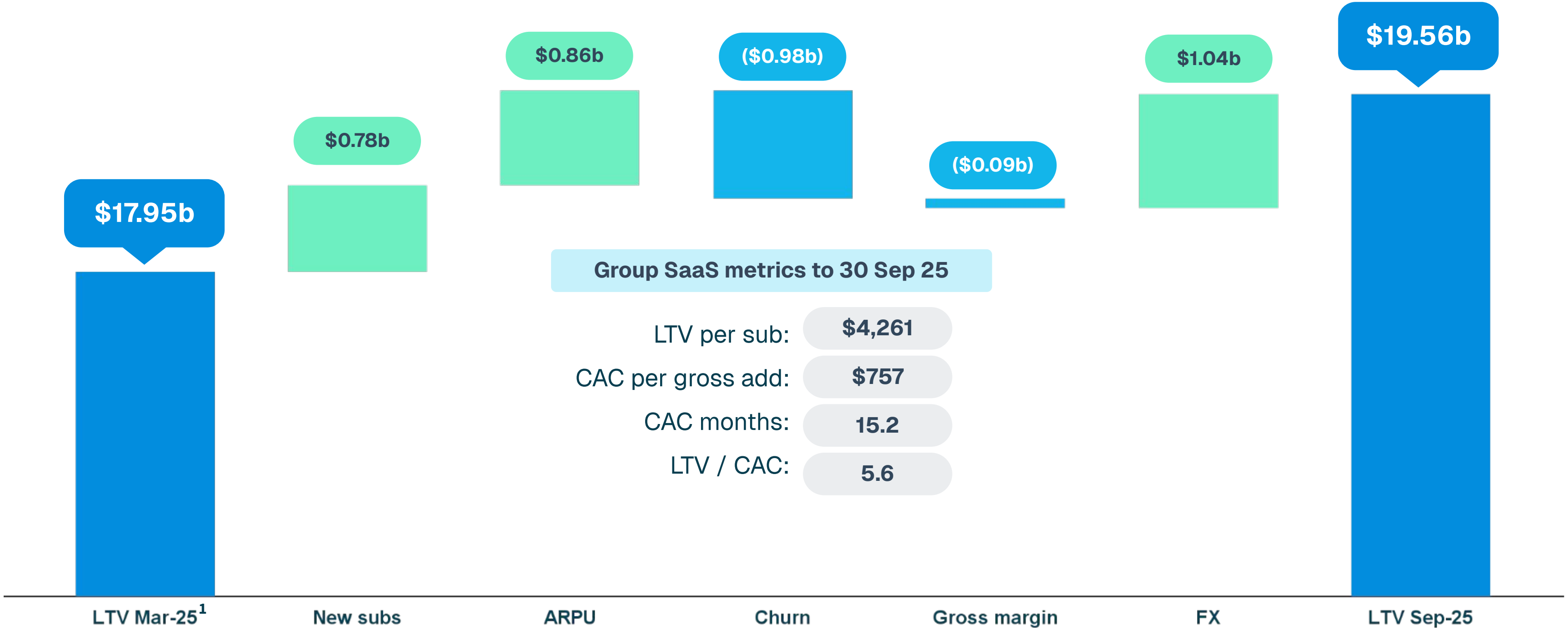
Churn is reported on a percentage of monthly recurring revenue basis



1. Average calculated as MRR churn for the period FY16-FY20 2. For further details refer to slide 33 of Xero's FY25 Results presentation

LTV continues to expand

LTV movements by driver ($b)



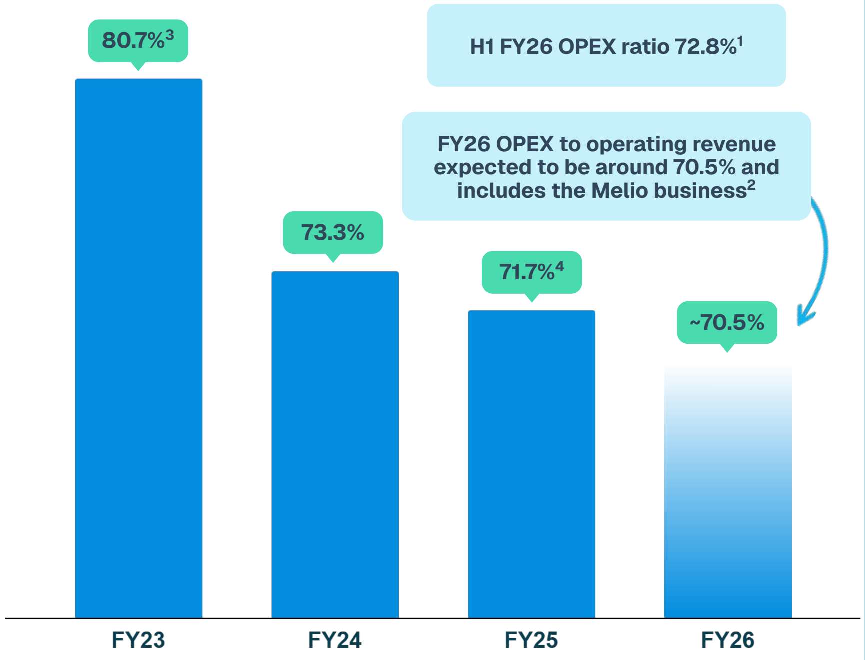
Group SaaS metrics to 30 Sep 25

LTV per sub:	$4,261
CAC per gross add:	$757
CAC months:	15.2
LTV / CAC:	5.6

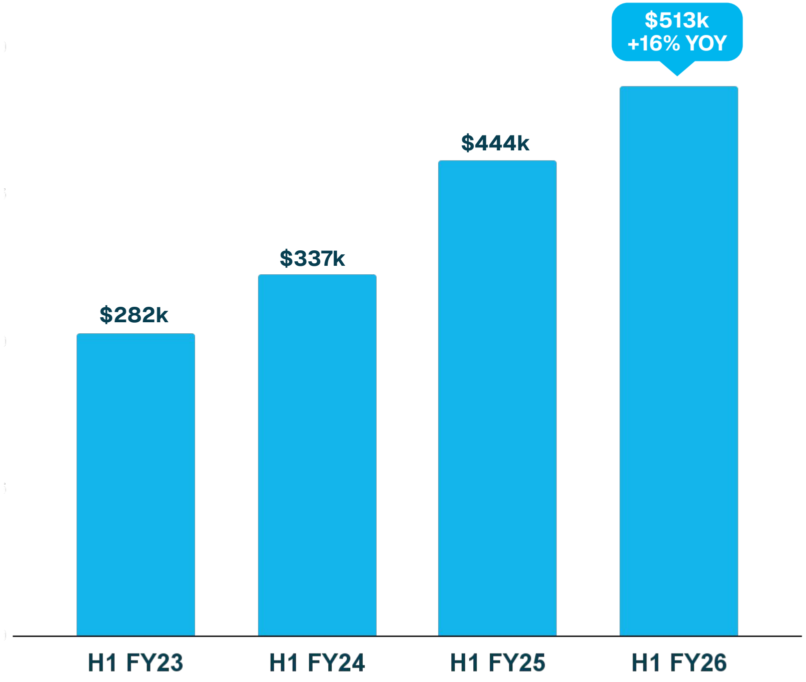
1. March 2025 LTV, has been calculated using churn excluding the impact of the removal of long idle subscriptions of 1.03%, this reflects churn dynamics present in Xero's go-forward subscriber base. For further detail on the removal of these subscriptions refer to slide 33 of Xeros FY25 Results presentation

Investing for growth while driving operating leverage

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



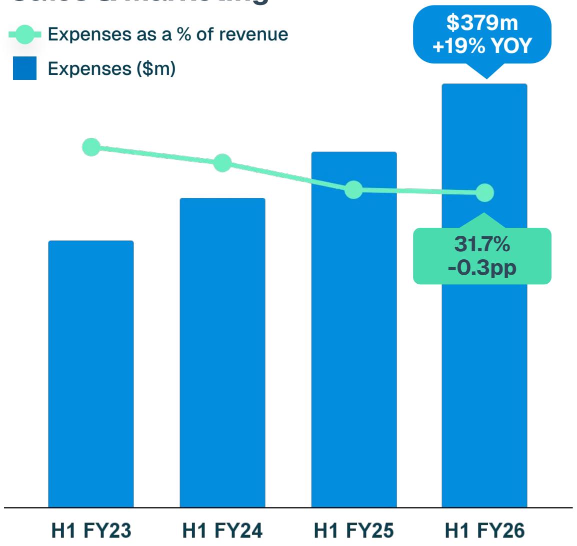
Revenue per FTE ($k)[5]



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

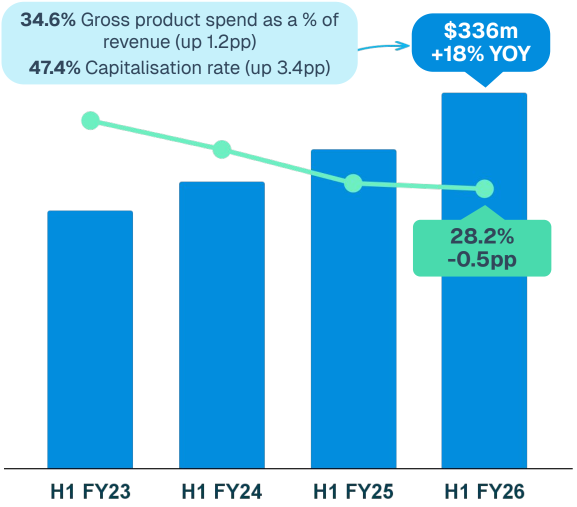
Capital allocation remains disciplined, G&A impacted by non-recurring costs as highlighted at FY25 result

Sales & marketing



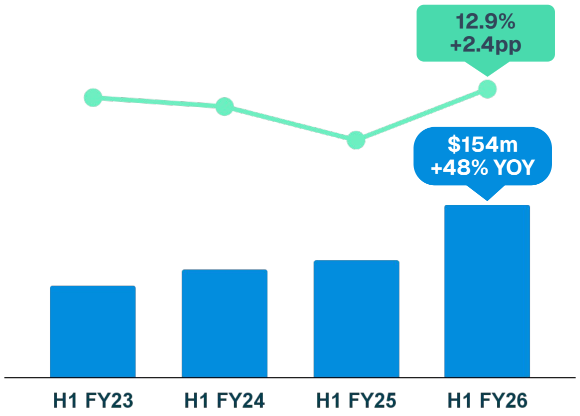
- **Largely driven by investment in digital performance marketing** to support growth in our core large markets
- Continuing to build internal marketing capabilities

Product design & development



- 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**

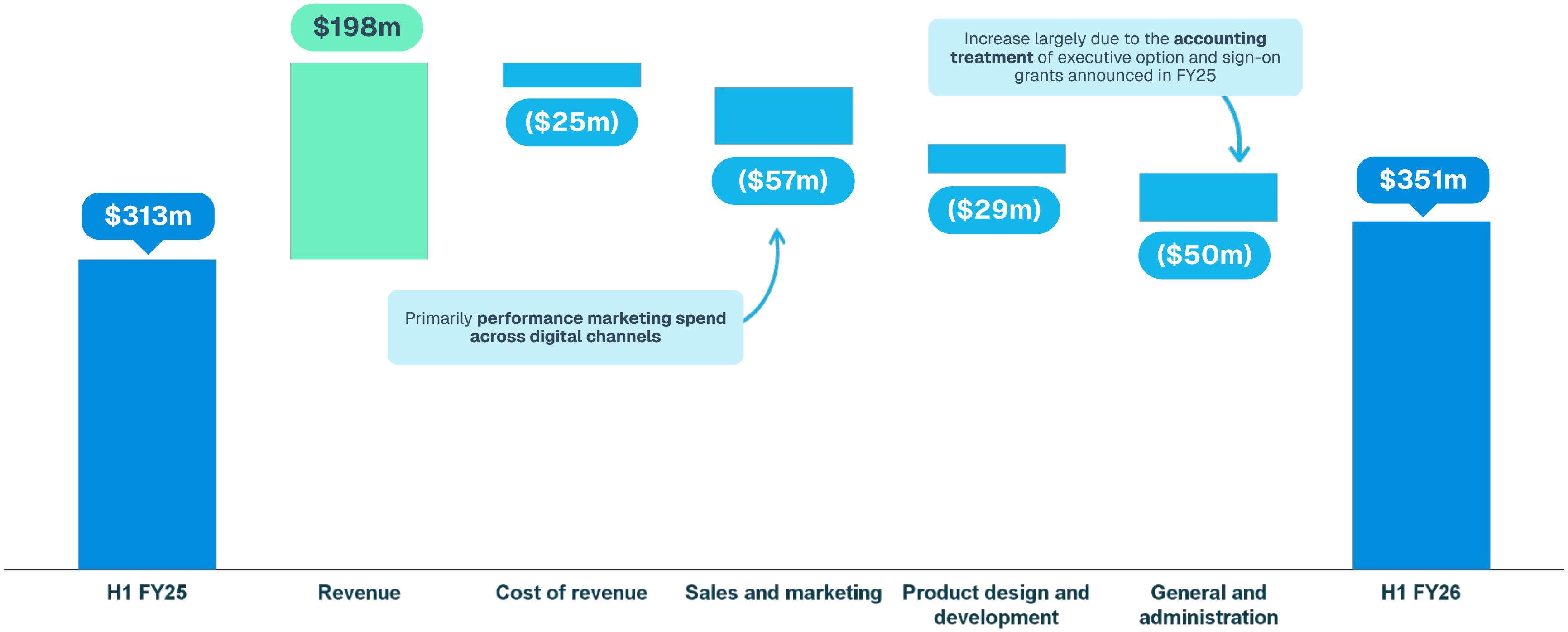
General & administration



- 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

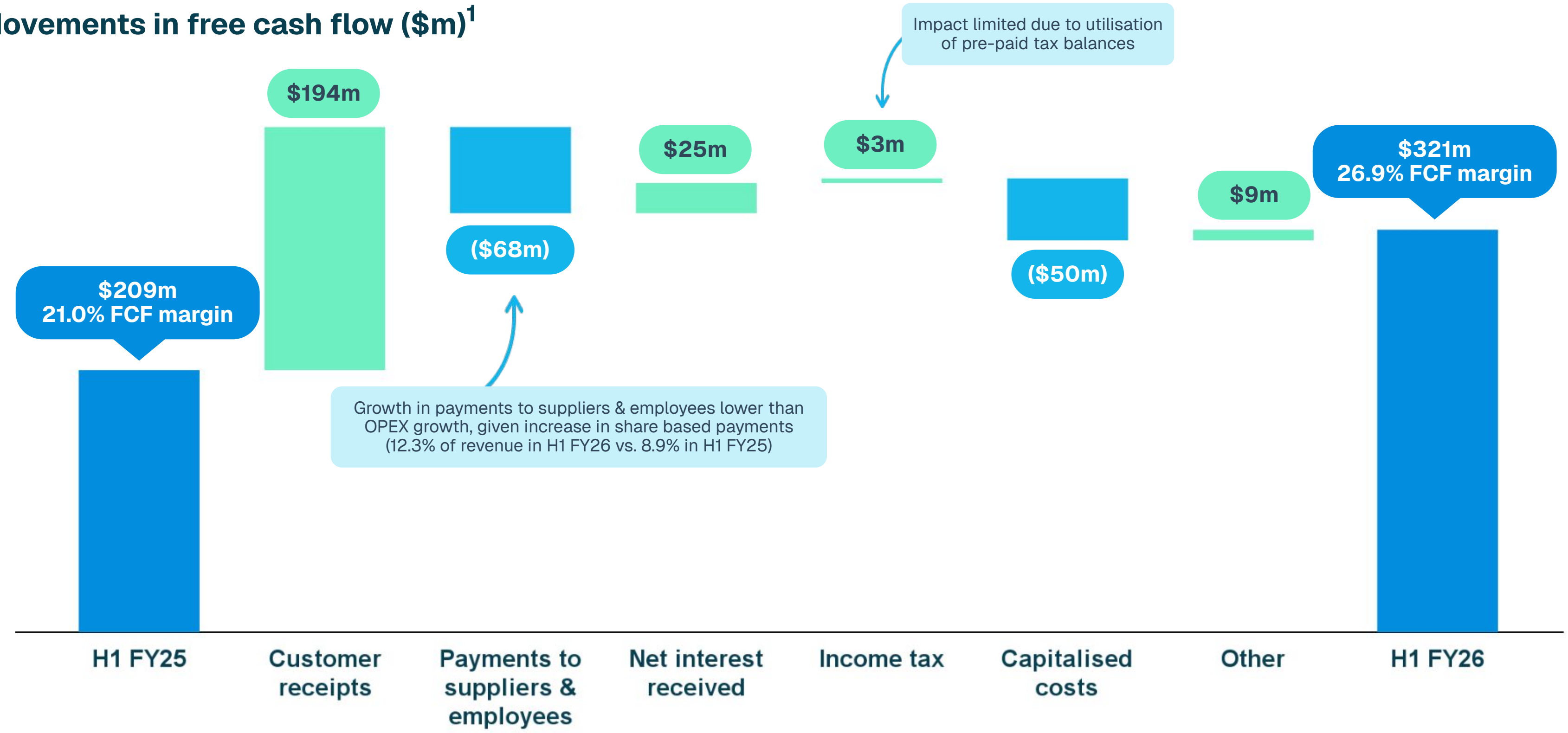
Movements in Adj-EBITDA ($m)[1]



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 acquisition[1]
- 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 ~0.9x[2]
- 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%
Margin	*23%*	*21%*	*(2pp)*
Free cash flow	$125m	$246m	96%
Margin	*11%*	*18%*	*+7pp*
Rule of 40[4]	36.2%	39.8%	+3.6pp
Melio Customers[5]	90k	87k	(3k)
Melio TPV	$26bn	$26bn	1%
Underlying TPV[2]	*$22bn*	*$26bn*	*18%*

H1 FY26 MELIO PERFORMANCE COMMENTARY

Revenue growth drivers

- Underlying[2] 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 place**[3]
- 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

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

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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

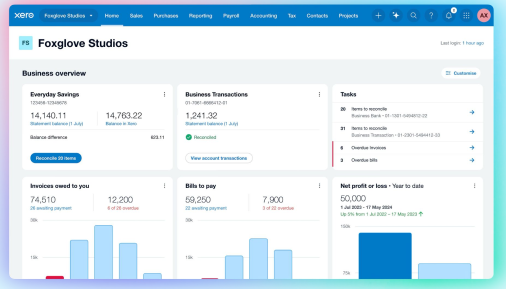
- **Next evolution of JAX** announced & in Beta rolling out incl **auto bank rec and financial insights**
- **Partnered with OpenAI** to bring integrated GenAI web research capabilities for financial information inside JAX
- **AI capabilities accelerating as we continue to invest in a world-class team**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

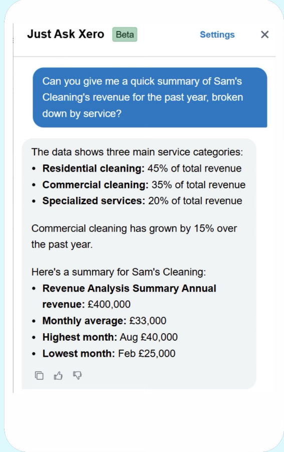
Payee/Reference	Account Code	Method
Ridgeway University	200 - Sales	Rule
Golden Gate Catering	420 - Entertainment	Match
Majestic Contracting	200 - Sales	Memory
Swantston Security	453 - Office Expenses	Prediction

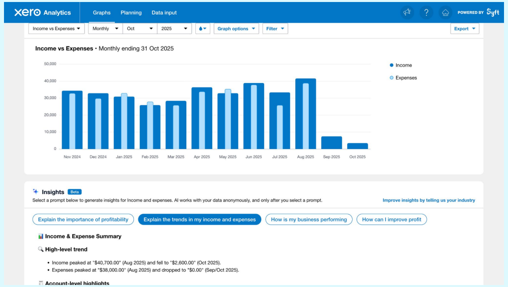
96 statement lines reconciled by JAX

Xero's AI strategic pillars

- Reimagined experiences
- Actionable insights
- Automated actions and workflows
- Trusted partner

Financial insights powered by Xero & Open AI





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$29b[1]

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 CAGR[2])
- ✓ **Loved by customers** (NPS 45[3]) **& 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**

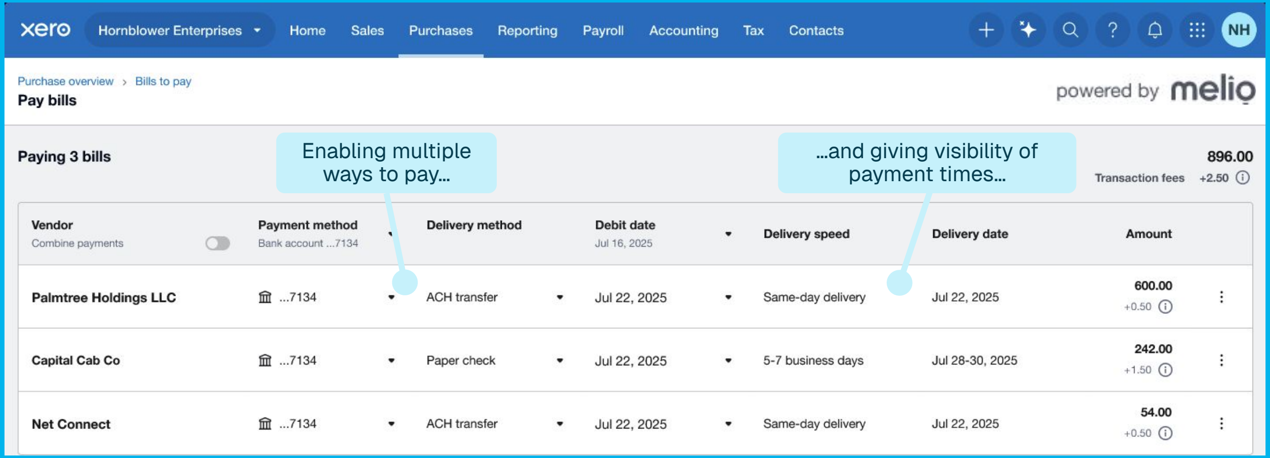
1. Total Addressable Market (TAM) estimated by Xero using government statistics, public market data, internal Xero data and commercial assumptions 2. Revenue growth based on Melio Financial Statements restated to 31 March year-end (unaudited); for further details refer to page 17 of the Investor Presentation 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

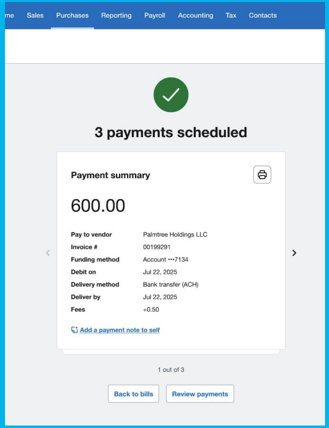
FY26 Integration Milestones

- **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



…allowing businesses to manage their cash flow!



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 business[3]

[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

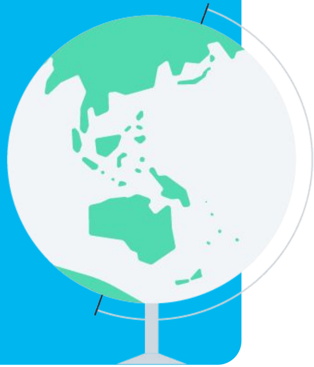
[2] FY26 operating expense to revenue guidance excludes any impacts of transaction costs associated with the acquisition of Melio. Melio's incorporation into Xero's FY26 OPEX ratio provides a small benefit, with other drivers including improved efficiencies, contributing to the majority of the reduction

[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$70m, for more detail refer page of 27 of the Investor Presentation lodged with the ASX on 25 June 2025. Assuming constant currency conversion of NZ$/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

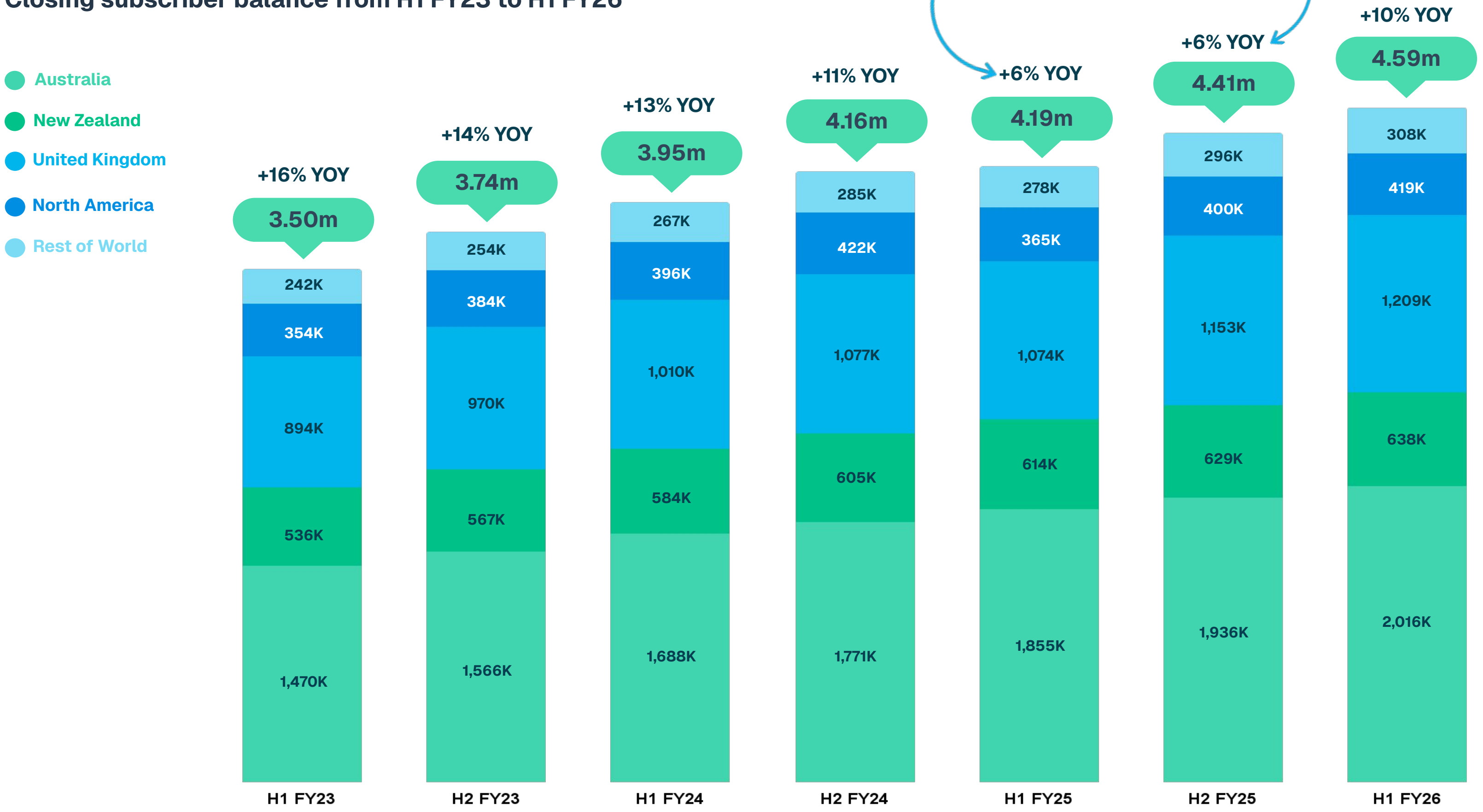

Xero UK team members in our London office

xero | *your* business supercharged

Subscriber growth trend

Closing subscriber balance from H1 FY23 to H1 FY26

Includes impact of 160k long idle subscriptions removed during H1 FY25.
Underlying subscriber growth was 10% in both H1 and H2 FY25 excluding this impact



SaaS metrics summary[1]

	ANZ Australia, New Zealand				International UK, US, CA, ROW				Group 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%
Gross margin	*88.9%*	***88.5%***	*(0.4pp)*
Total operating expenses incl. M&A costs	(708,948)	**(919,875)**	30%
Percentage of operating revenue	*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%
EBITDA margin	*31.3%*	***31.6%***	*0.3pp*
Net profit	95,093	**134,784**	42%

	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 EBITDA[1]	312,500	**350,927**
Adjusted EBITDA margin	*31.4%*	***29.4%***
Add back: share-based payments	65,923	**112,271**
Adjusted EBITDA (excl. Share-based payments)	378,423	**463,198**
Adjusted EBITDA margin (excl. share-based payments)	*38.0%*	***38.8%***

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

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**
Gross margin	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)
Percentage of operating revenue	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)
Percentage of operating revenue	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)
Percentage of operating revenue	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)**
Percentage of operating revenue	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)**
Percentage of operating revenue	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**
EBITDA margin	16.5%	6.7%	25.8%	31.9%	31.3%	29.5%	*31.6%*
Adjusted EBITDA[1]	**123,709**	**177,980**	**204,522**	**322,023**	**312,500**	**329,314**	**350,927**
Adjusted EBITDA margin	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

Current regional reporting	New regional reporting at FY26 result
Australia	Australia
New Zealand	New Zealand
United Kingdom	United Kingdom
North America (US + CA)	US
Rest of World	Rest of World (incl CA)

HISTORICAL FINANCIALS UNDER NEW REGIONAL REPORTING

Subscribers #	H1 FY24	H2 FY24	H1 FY25	H2 FY25	**H1 FY26**	
North America	396,000	422,000	365,000	400,000	419,000	*Current reporting*
US	**295,000**	**319,000**	**284,000**	**314,000**	**330,000**	*New reporting*
Long idle removed			*(46,000)*			
RoW (incl CA)	**367,000**	**388,000**	**359,000**	**382,000**	**397,000**	*New reporting*
Long idle removed			*(43,000)*			

Revenue $000s	H1 FY24	H2 FY24	H1 FY25	H2 FY25	**H1 FY26**	
North America	47,320	64,760	59,302	79,297	71,649	*Current reporting*
US	**36,955**	**41,022**	**45,590**	**52,048**	**57,411**	*New reporting*
RoW (incl CA)	**90,672**	**114,209**	**112,235**	**137,714**	**134,060**	*New reporting*

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

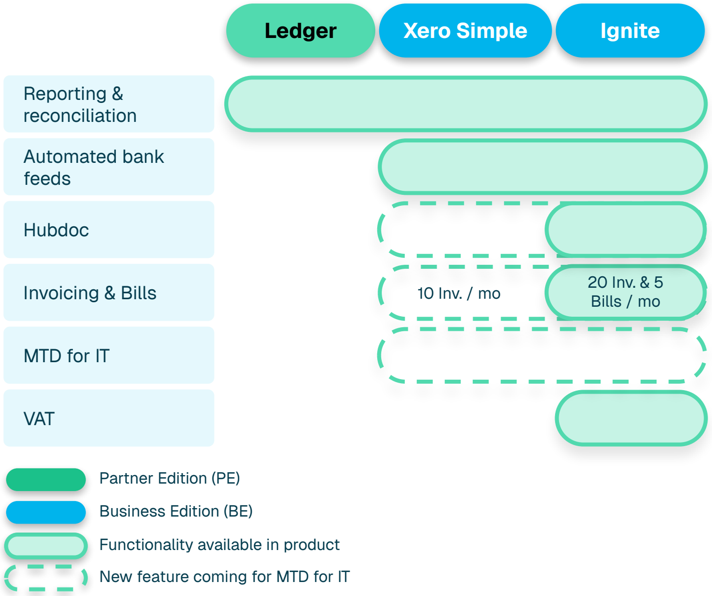
Next wave of Making Tax Digital (MTD) is coming to the UK

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 businesses[1] is ~2.7m, ~0.4m of which are already VAT registered[2]**

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



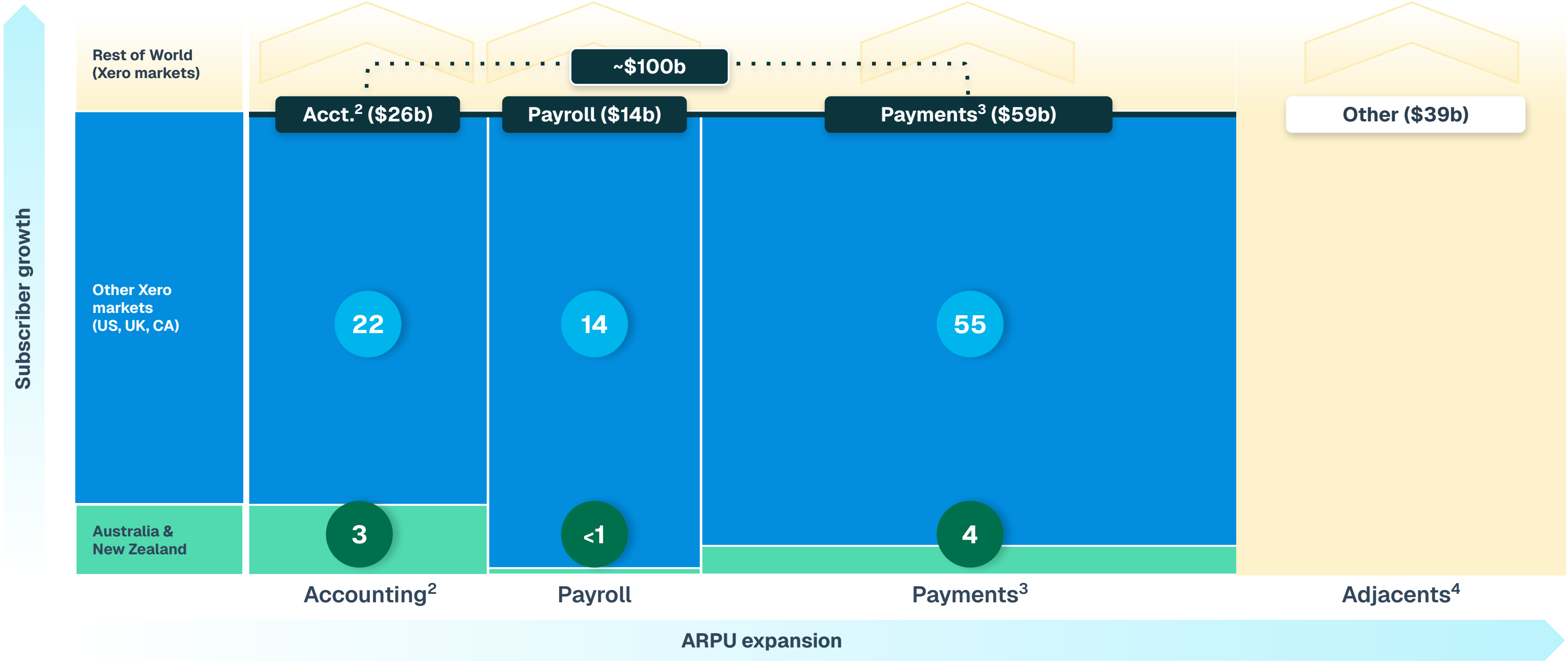
Xero Simple targets businesses needing to comply with MTD for IT it also includes:

- 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**

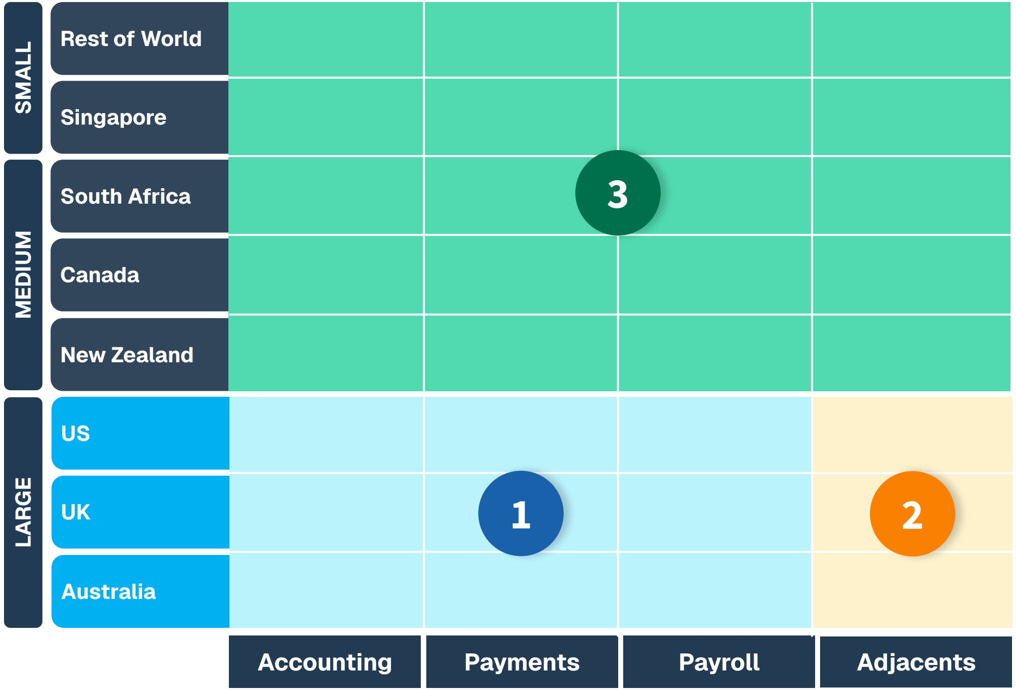
1. This includes sole traders and landlords with self employment and/or property income 2. These businesses were likely captured in MTD Phase 2 which required digital VAT compliance

Xero's top three super jobs, accounting, payments and payroll, represent ~$100b TAM in AU, NZ, US, UK and CA[1]



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 beingpresented 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



1 **The ‘3 x 3’ ($43b SAM[1])**
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 supportmoney 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 Melio 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**

CONTACT

Nicole Mehalski
INVESTOR RELATIONS
nicole.mehalski@xero.com
+61 400 947 145

Simon Fitzgerald
COMMUNICATIONS
simon.fitzgerald@xero.com
+61 460 294 680