XERO LIMITED

ACQUISITION OF MELIO & CAPITAL RAISING

25 June 2025

xero

your business supercharged

Important notice and disclaimer

The following notice and disclaimer applies to this investor presentation (**Presentation**) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation, you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation is dated 25 June 2025 and has been prepared by Xero Limited (ARBN 160 661 183) (ASX: **XRO**, **Xero** or the **Company**) to provide summary information about the acquisition of Melio Limited and its associated entities (**Melio**) by way of a merger (**Acquisition**), and the associated equity raising comprising (i) an institutional placement of new fully paid ordinary shares in Xero (**New Shares**) to certain persons in Australia and select foreign jurisdictions who are institutional, sophisticated or professional investors (**Placement**), and (ii) an offer of New Shares to eligible shareholders in Australia and New Zealand (subject to receipt of relevant Financial Markets Authority approvals in respect of retail shareholders resident in New Zealand), as well as, Xero directors (wherever located) under a share purchase plan (**SPP**) (the Placement and SPP together being the **Offer** or **Equity Raising**). The Placement is fully underwritten by the underwriters (each an **Underwriter** and together, the **Underwriters**). The SPP is not underwritten. Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of the Company and the Underwriters. Xero and the Underwriters disclaim any and all liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law. You acknowledge and agree that you will rely on your independent assessment of any information, statements or representations contained in this Presentation and such reliance will be entirely at your own risk. By accepting this document, you acknowledge and agree to the terms set out below.

Summary information

This Presentation contains only summary information about Xero as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete, nor does it include all information that prospective investors would require to evaluate their investment in the Company, nor does it contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This Presentation has not been filed, registered or approved by regulatory authorities in any jurisdiction. The Company may, in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation or the announcement to which it is attached. Any further information will be provided subject to the terms and conditions in this notice and disclaimer. This Presentation should be read in conjunction with Xero's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, Xero does not have any obligation to correct or update the content of this Presentation. Statements in this Presentation are made only as of the date of this Presentation unless otherwise stated and the information in this Presentation remains subject to change without notice. Xero reserves the right to withdraw or vary the transactions described in this Presentation without notice. In considering an investment in Xero, investors should have regard to (amongst other things) the "Key risks" section of this Presentation when making their investment decision.

Not a prospectus or an offer

Nothing in this Presentation should be construed as either an offer or a solicitation of an offer to buy or sell securities in the Company in any jurisdiction or be treated or relied upon as a recommendation or advice by the Company to buy or subscribe for securities. This Presentation is for informational purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or the law of any other jurisdiction. Accordingly, it does not contain all the information required to be included in an offer document prepared in accordance with the requirement of the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other financial services or securities regulator. This Presentation has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This Presentation is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

This Presentation is not financial product or investment advice or a recommendation to acquire New Shares, nor is it legal, accounting or tax advice and is not intended to be used as the basis for making an investment decision. Any investor that intends to deal in any existing or prospective securities of the Company is required to make its own independent investigation and appraisal of the business and financial condition of Xero and its subsidiaries (wherever incorporated, and including Melio after closing of the Acquisition as the context requires) (**Group**) and the nature of the securities at the time of such dealing. No one has been authorised to give any information or to make any representations other than those contained in this Presentation, and if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Underwriters or their respective affiliates.

The information in this Presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person. Any references to, or explanations of, legislation, regulatory issues or any other legal commentary (if any) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. You should not rely on this Presentation, and in all cases, you should conduct your own investigations and analysis of the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of the Company, and the contents of this Presentation and seek legal, financial, tax and other professional advice. Xero is not licensed to provide financial product advice in respect of an investment in shares. Cooling off rights do not apply to the acquisition of New Shares. This Presentation is not and should not be considered an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of New Shares or any other securities or financial products in any jurisdiction and does not and will not form any part of any contract for the acquisition of Xero securities. This Presentation is intended as an outline only of the proposed Offer and does not purport to list or summarise all of the final terms and conditions of the proposed Offer, nor to identify or define all or any of the risks that would be associated with an investment in the Company.

Important notice and disclaimer

Foreign restrictions

This Presentation does not constitute or form a part of any offer or solicitation to purchase, subscribe or sell securities in the United States or any other jurisdiction in which such an offer would be illegal. No public offering of the New Shares will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited. Accordingly, this Presentation may not be reproduced in whole or in part, nor may any of its contents be divulged to any third party without the prior consent in writing of Xero. The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

The New Shares to be offered and sold under the Placement and 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 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 U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. Please refer to the "Foreign selling restrictions" section of this Presentation for more information.

Disclaimer

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed upon, the currency, accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this Presentation or as to the reasonableness of any assumptions contained herein or in any other information made available (whether in writing or orally) to the recipient. None of the Company, 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**) guarantees or makes any representations or warranties, express or implied, as to, or takes responsibility for, the currency, accuracy, reliability, completeness or fairness of this Presentation or the information, assumptions, opinions and conclusions contained in this Presentation. No Limited Party represents or warrants that this Presentation is complete or that it contains all material information about the Company or that a prospective investor or purchaser may require in evaluating a possible investment in Xero or an acquisition of shares in Xero. To the maximum extent permitted by law, each Limited Party expressly disclaims any and all liability (whether direct, indirect, consequential or contingent), including, without limitation, any liability arising out of fault or negligence on the part of any person, for any expenses, damages, costs or loss arising from the use of information contained in this Presentation or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this Presentation, including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom. Recipients agree, to the maximum extent permitted by law, that they will not seek to sue or hold the Company or any of the other Limited Parties liable in any respect in connection with this Presentation or the Equity Raising.

None of the Company or any of the other Limited Parties act, or are responsible, as a fiduciary to you, your directors, officers, employees, affiliates, partners, representatives, consultants, agents, advisers, securityholders, creditors or any other person. You and each of the Company and the other Limited Parties expressly disclaim any fiduciary relationship. The Company and the other Limited Parties are relying on you complying with this important notice and disclaimer and on the truth and accuracy of the representations, warranties, undertakings and acknowledgments given by you.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their respective affiliates and related bodies corporate have provided, and may in the future provide, financial advisory, financing services and other services to Xero and to persons and entities with relationships with Xero, for which they received or will receive customary fees and reimbursement of expenses. The Underwriters and their respective affiliates may purchase, sell or hold a broad array of investments (including holding security interests over these investments) and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments, or otherwise originate, hedge, enforce or effect transactions, for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Xero, and/or persons and entities with relationships with Xero. The Underwriters and their respective affiliates and related bodies corporate may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those securities. The Underwriters or their respective affiliates and related bodies corporate may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire securities in Xero in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Underwriters or their respective affiliates or related bodies corporate may be allocated, subscribe for or acquire new Xero shares or securities of Xero in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in Xero acquired by the Underwriters or their respective affiliates or related bodies corporate in connection with its ordinary course sales and trading, principal investing and other activities, result in the Underwriters or their respective affiliates or related bodies corporate disclosing a substantial holding and earning fees.

You acknowledge and agree that the Underwriters and Xero reserve the right to change the timetable in their absolute discretion including by closing the Placement bookbuild early or extending the Placement bookbuild closing time (generally or for particular investor(s)) in their absolute discretion (but have no obligation to do so), without recourse to them or notice to you. Furthermore, communications that a transaction is "covered" (i.e. aggregate demand indications exceed the amount of the security offered) in connection with the Placement bookbuild are not an assurance that the transaction will be fully distributed.

Important notice and disclaimer

Future performance and forward-looking statements

This Presentation may contain certain forward-looking statements, forecasts, estimates, projections and comments about future events, including the Company's beliefs, assumptions and expectations regarding plans, strategies and objectives of management, the completion and the effect of the Acquisition, the timetable and outcome of the Equity Raising 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) 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 this Presentation, 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 Company'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 Company'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 Presentation, 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 Company. None of the Company or any other Limited Party makes any representation or warranty as to the accuracy of any forward-looking statements contained in this Presentation. Forward looking statements speak only as at the date of this Presentation, and the Limited Parties disclaim any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this Presentation (including to reflect any change in expectations or assumptions), except as required by law or regulation (including the ASX Listing Rules).

Financial data

Xero’s financial information has been prepared in accordance with Generally Accepted Accounting Practice. It complies with the New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. Xero’s financial statements also comply with International Financial Reporting Standards (**IFRS**).

Financial information contained in this Presentation is unaudited, other than information relating only to Xero as at 31 March 2025, or unless otherwise stated, and is therefore subject to change. Recipients of this Presentation are cautioned therefore to not place any reliance on the financial (or other) information included in this Presentation. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation. All dollar values are in New Zealand dollars (NZ$) unless otherwise stated.

Effect of rounding: A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Pro forma financial information: This Presentation contains pro forma financial information reflecting the Acquisition and the Placement (as applicable). The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's (or anyone else's) views on the Company's future financial position and/or performance. The pro forma financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements under the International Financial Reporting Standards.

Any pro forma financial information or historical Melio financial information does not purport to be in compliance with Article 11 or Article 3-05 of Regulation S-X of the Rules of the U.S. Securities and Exchange Commission and has not been prepared with a view towards compliance with the published guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information. In addition, the historical and pro forma financial information is presented in abbreviated form and does not include all of the presentation and disclosures of general purpose financial statements prepared in accordance with applicable accounting standards and accounting interpretations.

Non-IFRS financial measures: This Presentation contains a number of non-IFRS financial measures under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act, as amended, and are not recognised under Australian Accounting Standards (**AAS**), New Zealand Accounting Standards (**NZAS**) and IFRS. The non-IFRS/ non-GAAP financial information (if any) has not been subject to audit or review and includes pro forma EBITDA.

Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS, NZAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the AAS, NZAS or IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS, NZAS or IFRS. The disclosure of such non-GAAP financial measures in the manner included in this Presentation may not be permissible in a registration statement under the US Securities Act. Although the Company believes this information provides useful information for investors and form key performance indicators for the Company investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

Important notice and disclaimer

Third party information

Certain market and industry data (including industry forecasts, projections, market sizes, market shares and market positions) included in this Presentation has been obtained from public filings, research, surveys or studies conducted by third parties, including industry and general publications, which has not been independently verified by the Company, as well as from the Company's own internal estimates and research. The Company cannot warrant or guarantee the adequacy, fairness, accuracy or completeness of such information. You should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the industry or market forecasts, including management estimates, which are referred to in this Presentation will be achieved. In addition, such data involves a number of assumptions and limitations, and there can be no guarantee as to the accuracy or reliability of such assumptions. In addition, while the Company believes its own estimates and research are reliable, such estimates and research have not been verified by any independent source.

This Presentation may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this Presentation belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with the Company.

Limitation on information relating to Melio

All information in this Presentation relating to Melio, including in relation to historical performance and operations, historical costs, and other financial information has been sourced from Melio and/or its securityholders. Investors should note that Melio is a privately held company, which means that it is not subject to the same continuous disclosure requirements as publicly listed companies in Australia (such as Xero) and does not publish or file periodic or other continuous disclosure reports with the ASX or in any other jurisdiction. Accordingly, the publicly available information concerning Melio may be more limited than that for listed companies.

Xero has conducted due diligence in relation to Melio, its operations and the Acquisition, but has not independently verified the accuracy, reliability or completeness of all such information and, to the maximum extent permitted by law, makes no representation or warranty, expressed or implied, as to the fairness, accuracy, correctness, completeness or adequacy of any information relating to those. If any such information provided to, and relied upon by, Xero in its due diligence and in its preparation of this Presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of Melio (and the financial position and performance of Xero following the Acquisition) may be materially different to the expectations reflected in this Presentation. Nothing in this Presentation can be relied on as implying that there has been no change to any information relating to Melio or its operations since the date of this Presentation, or as a representation as to future matters in relation to Melio. Neither Melio nor its securityholders has prepared this Presentation, and neither Melio nor its securityholders makes any statement contained in it and have not caused or authorised its release. Melio and its securityholders expressly disclaim any liability in connection with this Presentation, and any statement contained in it, to the maximum extent permitted by law.

Key investment risks

There are a number of risks specific to the Acquisition, the Offer, Melio, Xero and of a general nature which may affect the future operating and financial performance of Xero and the value of an investment in Xero. An investment in New Shares under the Offer is subject to known and unknown risks, some of which are beyond the control of Xero. Xero does not guarantee any particular rate of return or the performance of the Company. Investors should have regard to the risk factors outlined in this Presentation under the "Key risks" section when making their investment decision.

SPP

The offer booklet for the SPP (**SPP Booklet**) is expected to be available to eligible shareholders following its lodgement with the ASX. Any eligible shareholder who wishes to participate in the SPP should consider the SPP Booklet in deciding whether to apply under that offer. Any eligible shareholder who wishes to apply for New Shares under the SPP will need to apply in accordance with the instructions contained in the SPP Booklet and the SPP application form. This Presentation does not constitute financial product advice and does not and will not form part of any contract for the acquisition of New Shares including under the SPP.

CONTENTS

SUMMARY

STRATEGIC RATIONALE

Our 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**

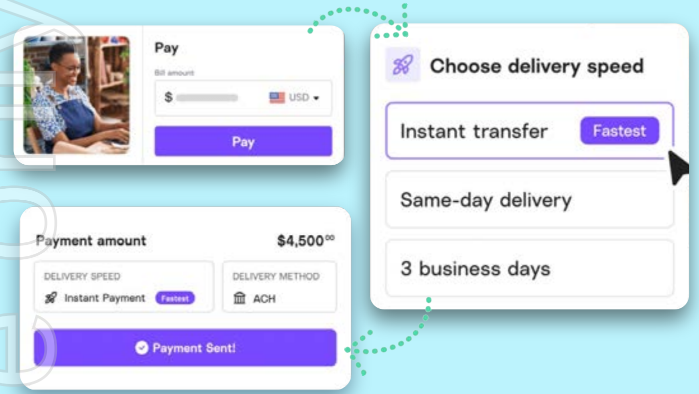
4 TOGETHER: COMPELLING VALUE CREATION

- ✓ **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; 3. NPS calculated from internal Melio survey of 400 direct customers, conducted in December 2024 & January 2025; for further detail refer to page 20

Melio: World-class SMB payments player, 127% growth

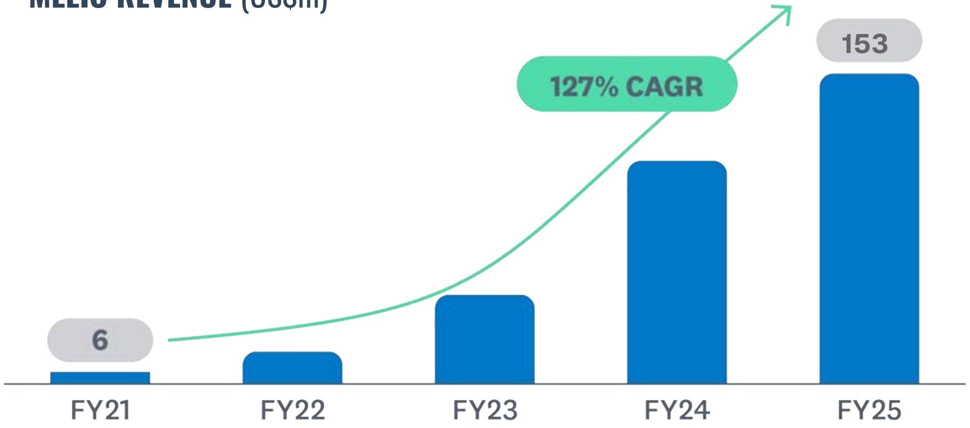
A LEADING US BILL PAY PLAYER



- Solves A/P workflow & payments need for US SMBs
- Helps users save time and better manage their cash flow

HIGH-GROWTH AT SCALE

MELIO REVENUE (US$m)



US$187m	US$250	US$30b	~700k
March 2025 revenue annualised	ARPU[1]	FY25 TPV	Transactions per month[2]

1. Melio ARPU calculated using total revenue in March 2025 divided by the number of users who made at least one transaction in March 2025; 2. Average number of transactions per month in FY25

The Why: Acquiring Melio is fundamental to our global growth aspirations…

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]

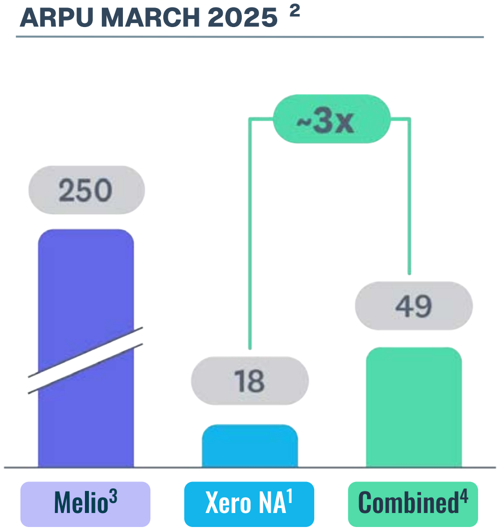
This outcome is expected to support our aspiration to deliver greater than **Rule of 40** outcomes for the group in FY28[3, 4, 5]

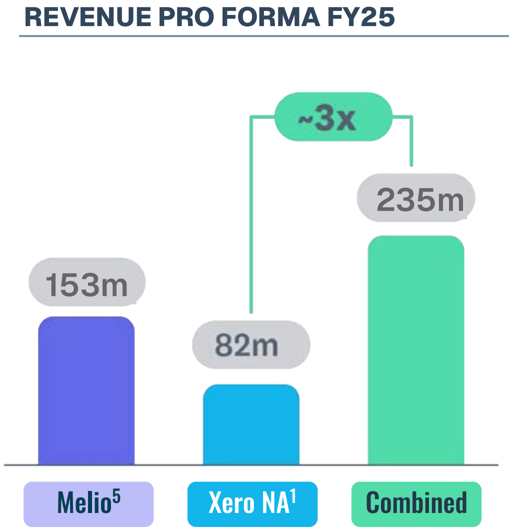
1. Anticipated FY28 revenue synergies are expected to be ~US$70m, for more detail refer page 27. Assuming constant currency conversion of NZ$/US$ 0.57, NZ$/AU$ 0.91 and NZ$/GBP 0.46
2. FY25 revenue was NZ$2,103m. This statement applies to FY28 only and no implication should be made relating to any other 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
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)

…our 3x3 strategy, and our ability to compete in the US

DAY 1: STEP-CHANGE IN US SCALE, & ABILITY TO COMPETE

North America[1] (US$) Figures for Standalone and Combined Business





1. Xero reports US subscribers and revenue within its North America region; 2. Average revenue per user (ARPU) is calculated on a monthly basis (see Glossary); 3. Melio ARPU calculated using total revenue in March 2025 divided by the number of users who made at least one transaction in March 2025; 4. Combined ARPU reflects average ARPU of the combined Xero NA and Melio base (subscribers/users); the method for calculating combined ARPU may differ to that used in future reporting; 5. 100% of Melio revenue is generated in the US

Transaction overview

SUMMARY	● **Xero has entered into a binding agreement to acquire 100% of Melio Limited** and its associated entities (collectively **Melio**) for **upfront consideration of US$2.5b** ● The upfront consideration values Melio on a **multiple of ~13.4x March 2025 annualised revenue[1], or ~9.7x March 2025 annualised revenue including pro forma FY28 expected revenue synergies[2]**, reflecting the high growth profile of the business which has delivered a **revenue CAGR of 100%+ since FY21** ● **Additional contingent consideration, deferrals and rollovers is payable to Melio employees of up to US$0.5b** payable over three years. The majority is linked to delivering against certain pre-agreed outperformance targets, and the remainder subject to the passage of time, annual business objectives and continued employment
FUNDING & STRUCTURE	● The upfront consideration will be funded **through a combination of:** ○ A fully underwritten A$1.85b[3] (US$1.2b) institutional placement (**Placement**) ○ ~US$0.36b of scrip issued to existing Melio shareholders[4] with the following voluntary escrow periods for those receiving scrip consideration: Founder Shareholders and Core Leadership: 100% for 12 months; Other Management: 50% for 6 months, 50% for 12 months; all other equity investors: 50% for 3 months, 50% for 6 months ○ US$0.4b fully underwritten, unsecured revolving credit facility ○ US$0.6b of existing cash on Xero's balance sheet ● Xero also intends to offer a non-underwritten share purchase plan (**SPP**) to eligible shareholders
FINANCIAL IMPACT	● On a pro forma FY25 basis, the acquisition of Melio would deliver a **~3x step-change in ARPU and revenue** in Xero's North American business ● **Xero's balance sheet strength will be maintained** through this transaction with pro forma FY25 net debt / EBITDA of ~2.3x. Xero expects to continue generating positive cash flow following the transaction, and for this to facilitate a meaningful deleveraging profile in the coming periods ● Anticipated **FY28 synergies** are expected to be ~US$70m in revenue and ~US$20m in costs ● 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. This outcome is expected to support our aspiration to deliver greater than **Rule of 40** outcomes for the group in FY28 (refer footnotes on page 10 for further information)
EXPECTED COMPLETION	● Targeted within 6 months of signing

1. 31 March 2025 annualised revenue of US$187m; 2. Expected FY28 revenue synergies of~US$70m; 3. A$/US$ conversion of 0.6501; 4. Melio Founder Shareholders, Core Leadership and Other Management will in aggregate receive a significantly greater portion of their upfront consideration in scrip relative to other equity investors; a small number of employees will be able to sell up to 25% of their shares from completion to fund tax obligations. The value of these is not considered to be material

STRATEGIC RATIONALE

1. SOLVES CRITICAL CUSTOMER NEED
2. POWERFUL STRATEGIC FIT
3. MELIO: WORLD-CLASS TEAM & PLATFORM
4. TOGETHER: COMPELLING VALUE CREATION

1 Accounting + Payments = critical need for US SMBs

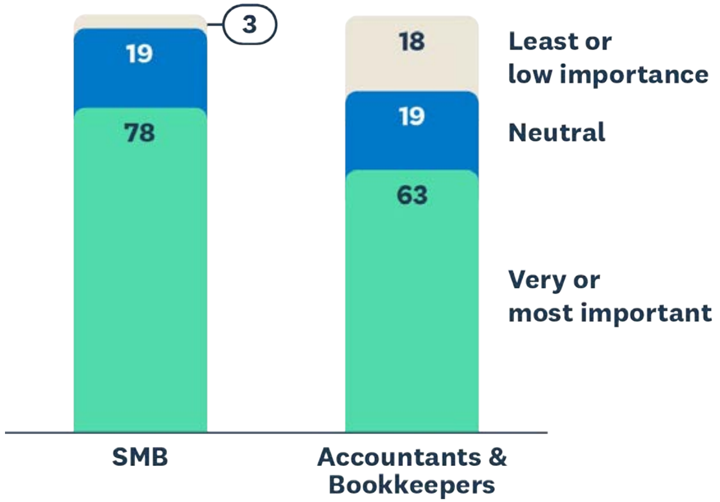
ACCOUNTING & PAYMENTS ARE TOP JTBD FOR SMBs...

Top-5 jobs to be done (JTBD)[1]

- Record keeping / reconciliation ✓
- Get paid for sales / services ✓
- Monitor & manage cash flow ✓
- Pay employees / contractors
- Manage taxes

...AND THEY WANT THEM INTEGRATED

Perceived importance of integrations between accounting and A/P software (%)[2]



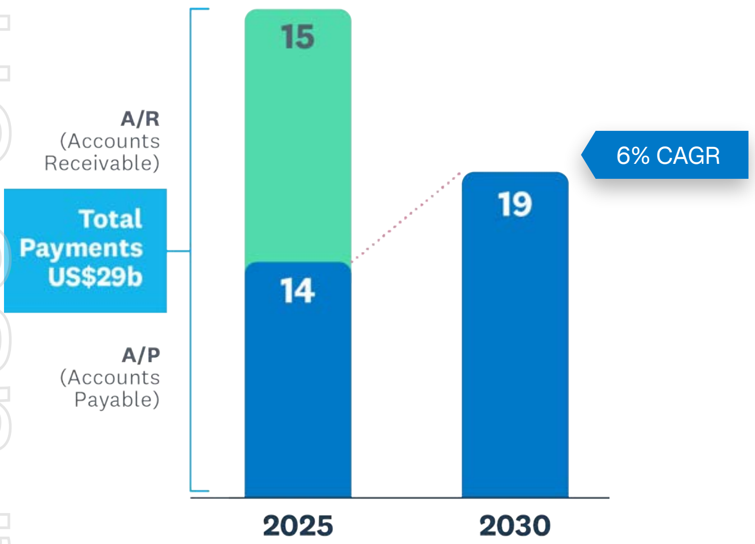
1. Xero Top Jobs Survey (2023, global SMB sample n=1,401), list of top-jobs was significant for aggregate results at 90% confidence; 2. Nov 2024, US SMB survey (n=750), US AB survey (n=731)

1

US SMB Payments TAM
US$29b[1], fast-growing & whitespace

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

US SMB TAM[1] (<100 employees, US$b)



...WITH SIGNIFICANT WHITESPACE

~70% of US SMB payments volume are made **using slow & inefficient methods[2]**

~90% of US SMB A/P TAM are **not using software yet[3]**

~20% **growth in software-penetrated** US SMB A/P TAM each year[4]

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

2 Payments is critical to our 3x3 strategy

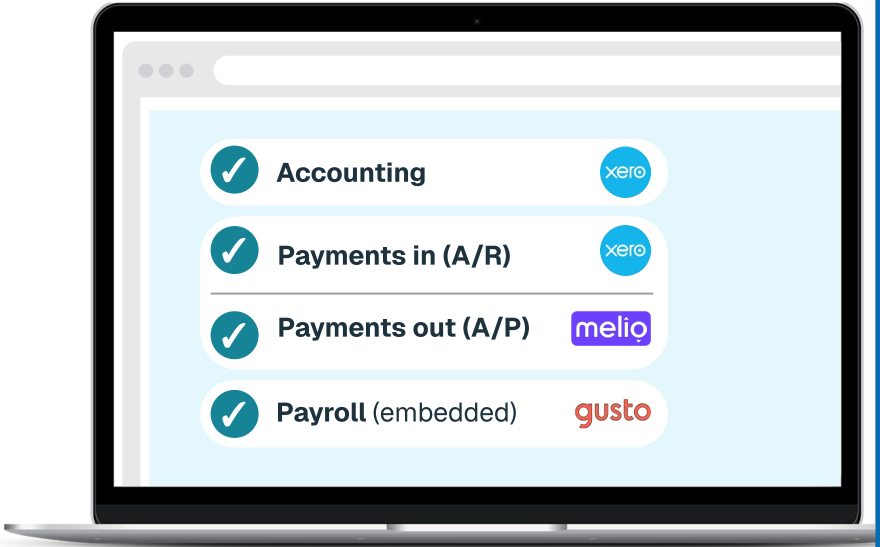
ACCELERATES OUR 3x3 STRATEGY[1]

Strategy: Complete the 3 key JTBD in our 3 large markets

		ACCOUNTING	PAYMENTS	PAYROLL
LARGE	AUSTRALIA	xero	xero	xero
LARGE	UK	xero	xero	xero
LARGE	US	xero	melio	FY26[2]
	REST OF XERO	xero	xero	NZ only

STEP-CHANGE IN OUR US VALUE PROPOSITION

FY26: US SMBs can complete the 3x3 seamlessly in Xero



1. Xero product strategy is to combine native & embedded third party functionality; 2. Refers to Xero's embedded partnership with Gusto to provide a Payroll solution for US SMBs, which is expected to be launched in FY26

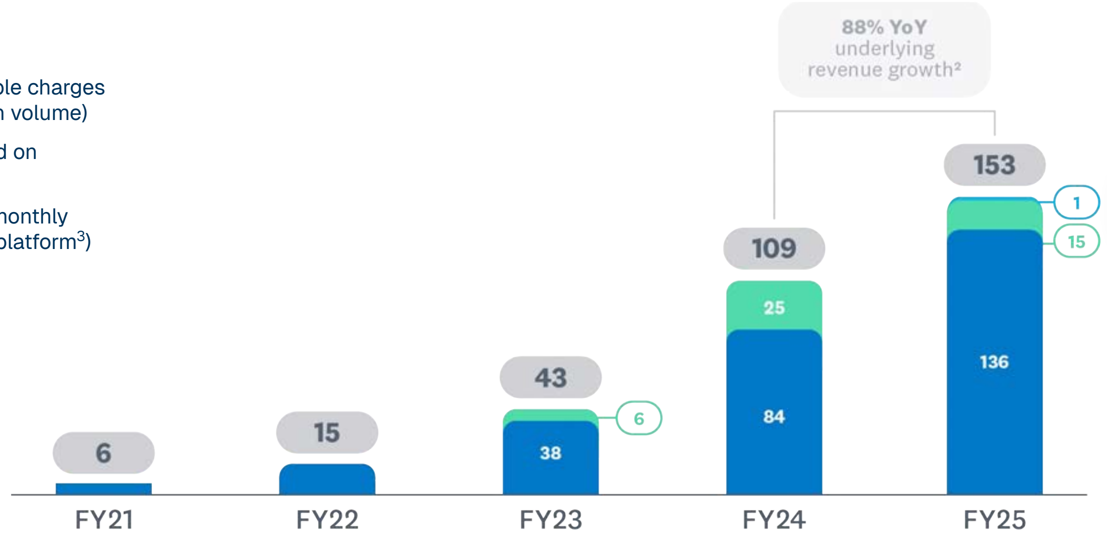
3

Strong product market fit: Melio has consistently delivered strong growth

IMPRESSIVE 127% REVENUE CAGR (FY21-25); MULTIPLE REVENUE SOURCES THAT SCALE WITH CUSTOMERS

REVENUE[1] (US$m)

- **Transactions** (variable charges based on transaction volume)
- **Float** (income earned on funds held)
- **Subscriptions**NEW (monthly recurring fee to use platform[3])



Continued strong growth momentum

US$187m

March 2025 revenue annualised

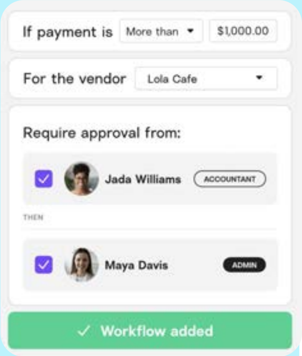
	FY21	FY22	FY23	FY24	FY25
TPV (US$b)	4	15	28	37	30
Underlying TPV[2] (US$b)	1	4	10	17	27

1. Unaudited Melio financial statements following adjustment to align with Xero's March financial year-end (Melio audited financial statements to December year-end). Disclosure of Melio's performance has been provided to support understanding of the business. Xero expects to integrate Melio into Xero's North America region and International segment disclosures. Numbers may not sum due to rounding; 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. Subscription plans were introduced in September 2024 and remain a small portion of customer ARPU

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

EASY TO USE A/P WORKFLOWS

Payment approval workflows

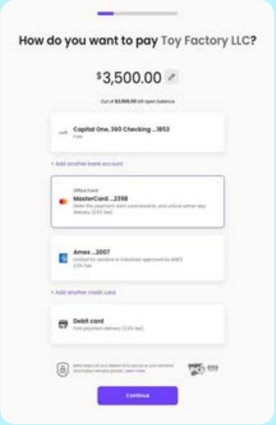


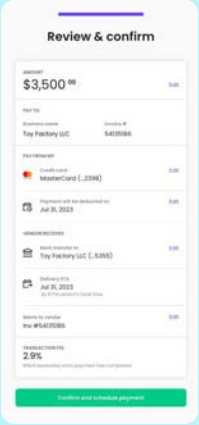
AI-powered bill capture

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

MULTIPLE WAYS TO PAY & GET PAID FASTER

Ways to pay incl. instant & same-day payments





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

APPEALS TO MULTIPLE SMB & AB SEGMENTS[1]

inc. pre-accounting SMBs

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

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

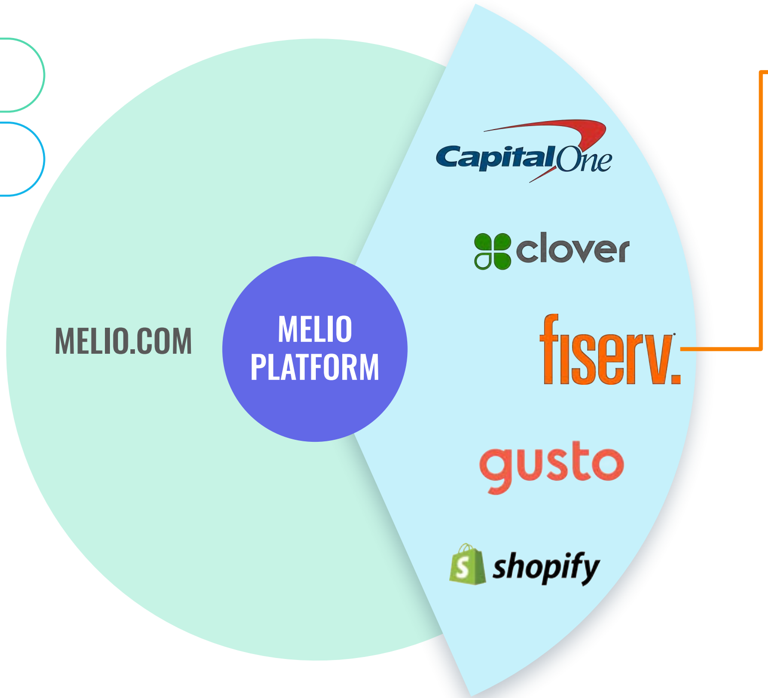
1. For further details on Xero's customer segments refer to Xero's Investor Day presentation from 29 February 2024

3

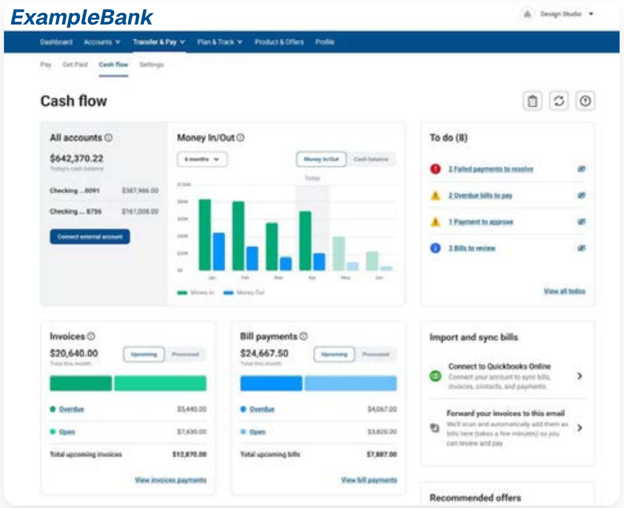
Melio.com & syndication network provide reach to millions of US SMBs

Direct-to-customer (65% of revenue[1])

Syndication network[2] (35% of revenue[1])



fiserv. Powering **~3,500** financial institutions serving **18m SMBs**



Scalable & cost effective syndication model:
(CAC & CTS predominantly borne by syndication partners)

Fiserv's 'Cashflow Central' offering includes **Melio's white-labeled A/P solution**

1. Split based on Melio's unaudited FY25 revenue; 2. Companies shown are examples of existing syndication partners

3

Loved by customers, recognised by industry

AN INTUITIVE & FLEXIBLE PLATFORM

Leading alternatives to Melio

	Melio	Peer 1	Peer 2
Simple onboarding	Leading	Competitive	Leading
Biller experience	Leading	Competitive	Competitive
Breadth of payment options	Leading	Leading	Basic
Syndication network	Leading	N/A	N/A
New technology stack	Leading	N/A	N/A

Leading · Competitive · Basic · N/A

STRONG CUSTOMER SATISFACTION

45

Net Promoter Score [1]

DEEP PRODUCT ENGAGEMENT

71%

TPV growth/customer

(in 12m post first transaction)[2]

Forbes Cloud 100
(2024)

Forbes Fintech 50
(2024, 2023 & 2022)

CB Insights Fintech 250
(2022)

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

3 Founded in 2018, world-class team, 600+ employees

DEEP PAYMENTS & TECH EXPERTISE

MATAN BAR - CEO & CO-FOUNDER

Deep payments expertise & serial entrepreneur

- Sold first payments business to eBay/Paypal in 2011
- Ran PayPal's Global P2P Payments for three years
- Started eBay's Israel Innovation Center

ILAN ATIAS - CTO & CO-FOUNDER

Tech leader with analytics & AI depth

- VP R&D at Windward
- Director of Software Engineering at PrimeSense (since acquired by Apple)
- ML research at Outbrain

TOMER BAREL - PRESIDENT

Experienced operational and risk leader

- COO at Novi (Meta)
- Chief Enterprise and Risk Officer at PayPal (worked with Matan)

BACKED BY WORLD CLASS INVESTORS[1]

Bessemer Venture Partners

Accel

THRIVE CAPITAL

GENERAL CATALYST

COATUE

TIGERGLOBAL

A GLOBAL TEAM OF 600+ EMPLOYEES

Founded in 2018

HQ in New York (~200 employees) and office & R&D hub in Tel Aviv (~400 employees)

1. Not an exhaustive list of entities that have invested in Melio to date

4 X+M = powerful combination: Complementary solutions with reach to millions of US SMBs

		xero	io	xero & io
JTBD	Accounting	Strong	N/A	Strong
	Payments in (A/R)	Strong	Basic	Strong
	Payments out (A/P)	Basic	Strong	Strong
Customer segments[1]	Self-employed	Basic	Strong	Strong
	Micro & Small (1-20)	Strong	Strong	Strong
	Medium (20+)	Basic	Strong	Strong
Channels	Direct	Strong	Basic	Strong
	Accountants & Bookkeepers	Strong	Basic	Strong
	Syndicated offering	N/A	Strong	Strong
Revenue model	Subscription	Strong	Basic	Strong
	Transaction	Basic	Strong	Strong

Completes all Payments JTBD for combined customers

Unlocks multiple segments for future growth

Extends Xero reach into vertical SaaS & financial services channels

Diversifies our business model

Assessment of relative fit[2]: Strong, Basic, N/A

1. For further details on Xero's customer segments, refer to Xero's Investor Day presentation from 29 February 2024; 2. Assessment of Xero and Melio strengths as relative to each other based on a variety of sources including analysis of product usage, customer & financial data

4

X+M: Day-1 US scale of combined business

Combined North America business, pro forma

Subscribers/users[1]	ARPU[2]	Revenue
480k	**$49**	**$235m**
(March 2025)	(March 2025, US$)	(FY25, US$)

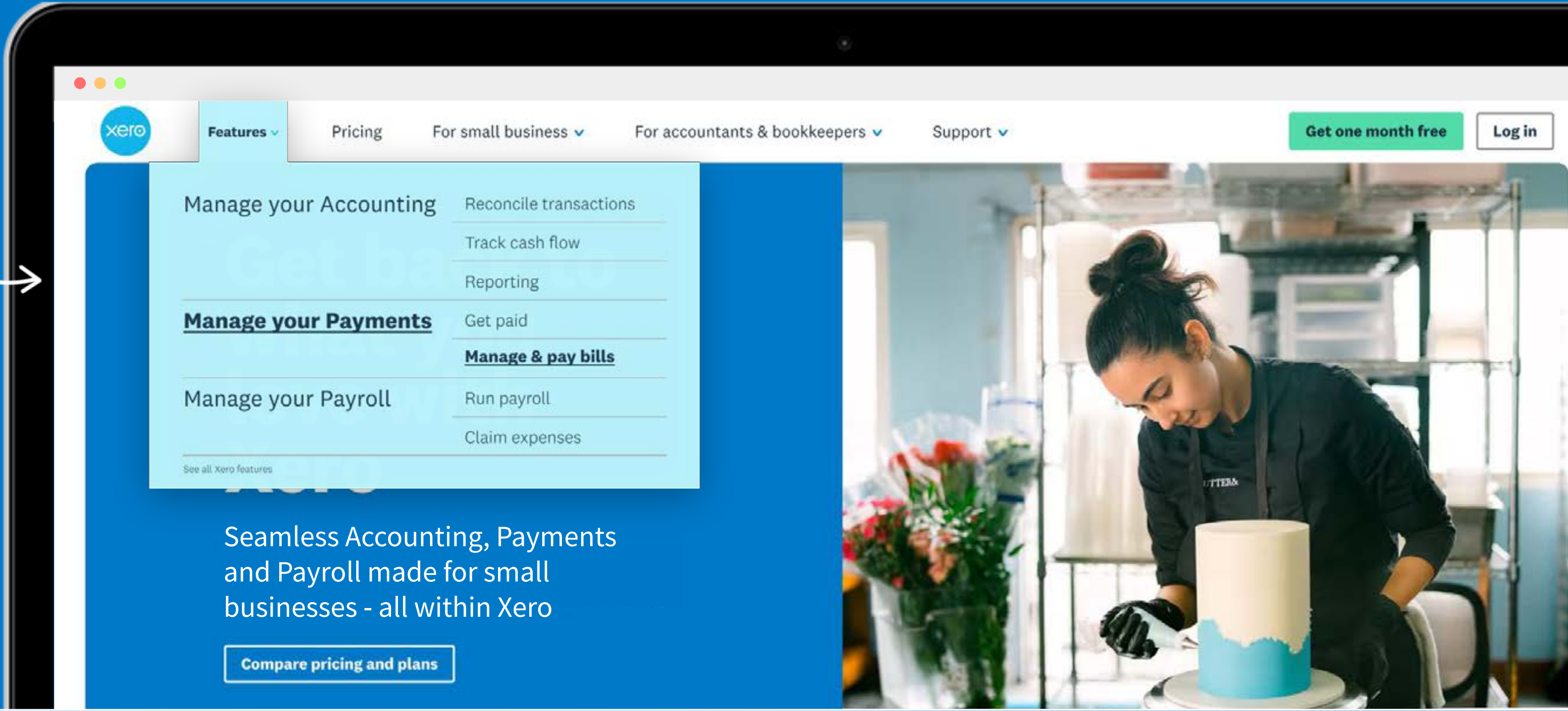
Value of invoices on platform[3]	Value of bills on platform[4]	TPV - invoices & bills monetised
$56b	**$88b**	**$32b**
(FY25, US$)	(FY25, US$)	(FY25, US$)

1. Represents Xero's North American (NA) subscribers and Melio's quarterly active users as at 31 March 2025; 2. Melio ARPU calculated using total revenue in March divided by the number of users who made at least one transaction in March. Combined ARPU reflects average ARPU of the combined Xero NA and Melio base (subscribers/users), the method for calculating combined ARPU may differ to that used in future reporting; 3. Combined total value of invoices generated in Xero by NA customers and TPV of A/R in Melio; 4. Combined value of bills generated in Xero by NA customers and TPV of A/P in Melio

4

X+M: One platform for seamless accounting and payments[1]

Xero.com/us



1. Our joint proposition will be in addition to Melio's existing businesses

4 X+M: Future opportunity to syndicate accounting

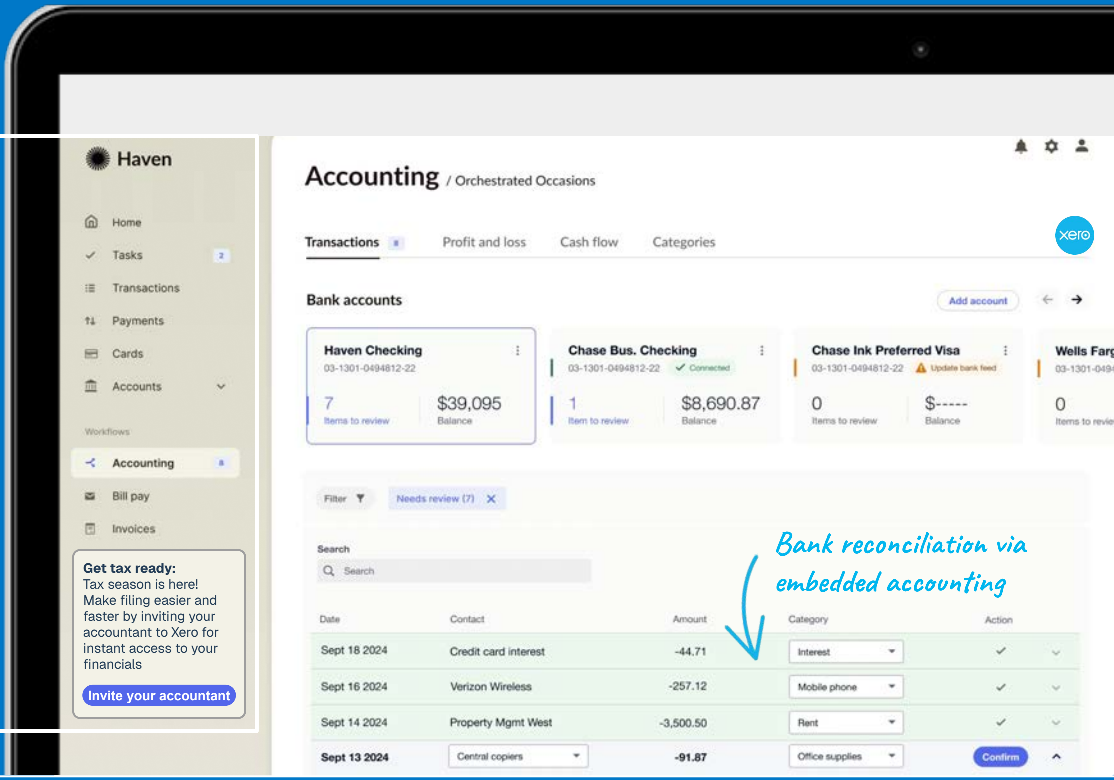
Illustrative opportunity

Bring embedded accounting to US SMBs via Melio's syndication capability and network

Subject to agreement with syndication partners

Haven, a fictional banking partner…

…embeds simple accounting & payments powered by Xero & Melio

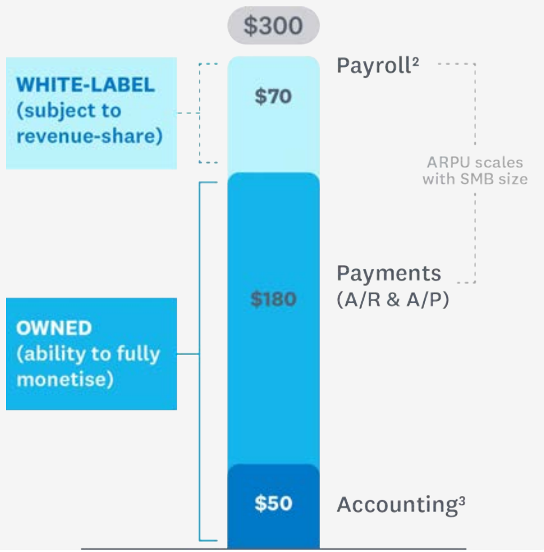


4

X+M: Driving fuller monetisation & LTV/CAC flywheel that scales

ARPU VALUE OF 3X3 JTBD IN US

US market monthly ARPU[1]
For average SMB (1-20 employees, US$)



UNLOCKS FLYWHEEL TO SCALE SUSTAINABLY IN THE US

1. US$ rounded down to nearest $10, for SMB with 1-20 employees in the US; based on Total Addressable Market (TAM) estimated using government statistics, public market data, internal Xero data and commercial assumptions; 2. Xero's US Payroll ARPU opportunity is subject to a revenue share agreement with a third-party white-label partner; 3. Indicative ARPU shown here is for Bookkeeping JTBD

4

X+M: Significant expected FY28 synergies, and additional upside

FY28 SYNERGIES: ~US$70M IN REVENUE & ~US$20M IN COSTS

GROWTH DRIVERS

- ✓ **Win new customers** (with compelling value prop)
- ✓ **Accelerate Melio's growth** (with Xero GTM)
- ✓ **ARPU expansion** (cross-sell Melio & Xero)

SCALE BENEFITS

- ✓ **Cost avoidance in GTM,** product & engineering investment
- ✓ **Consolidate G&A** and overheads (e.g. real estate, hosting)

Expected FY28 synergies

ADDITIONAL UPSIDE OPPORTUNITIES

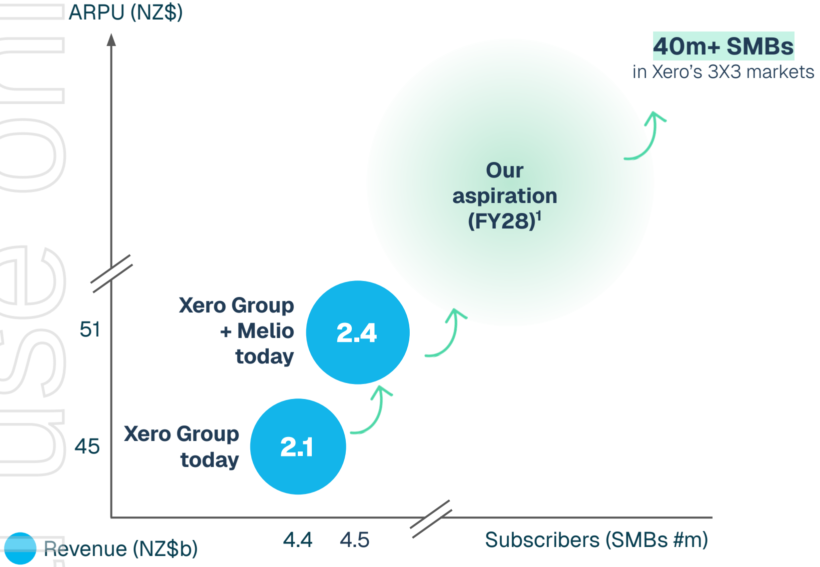
Extend Xero accounting to syndication network

Expand to new products (e.g. spend management)

4 X+M: Owning subscription + transaction revenue helps drive attractive & profitable global growth

INCREASING GLOBAL OPPORTUNITY IN 3x3 MARKETS

Combined business, pro forma FY25 & illustrative aspiration



SUBSCRIPTION + PAYMENTS = A VALUABLE BUSINESS MODEL

Select examples

	Fortnox	Shopify
Subscription rev.	68%	26%
Payments rev.	22%	74%
3yr. revenue CAGR	31%	24%
Gross margin	63%[2]	50%
Rule of 40	**52%**	**44%**
NTM rev. multiple[3]	19.6x	11.4x

1. For further detail on our aspiration, refer to page 10; 2. Fortnox gross margin is based on 3rd party coverage; 3. Average consensus Next Twelve Months (NTM) Enterprise Value (EV) / Revenue; FactSet, 11 June 2025

A compelling combination that accelerates Xero's 3x3 strategy and global growth profile

- ✓ SOLVES CRITICAL CUSTOMER NEED
- ✓ POWERFUL STRATEGIC FIT
- ✓ MELIO: WORLD-CLASS TEAM & PLATFORM
- ✓ TOGETHER: COMPELLING VALUE CREATION

OUR ASPIRATIONS

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$70m, for more detail refer page 27. Assuming constant currency conversion of NZ$/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
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)

TRANSACTION TERMS AND FUNDING DETAIL

Key transaction terms

Following a period of negotiation and conventional due diligence, Xero and Melio have executed a Merger Agreement containing the following key terms

ENTITY TO BE ACQUIRED	• Melio Limited, an Israeli company, which is the parent of the Melio group
VENDOR SHAREHOLDERS	• Melio has a broad base of shareholders including venture capital investors, strategic investors and employees holding directly and through an ESOP[1]
TRANSACTION STRUCTURE	• The transaction will be effected by way of a newly incorporated wholly owned subsidiary of Xero merging into Melio
CONSIDERATION AND RELATED EMPLOYEE INCENTIVES	• US$2.6b comprising: (i) total up-front consideration of US$2.5b consisting of cash (~US$2.15b) and shares (~US$0.36b) on a debt free cash basis and subject to conventional working capital adjustments; (ii) deferrals and rollovers of ~US$0.1b (rollovers contingent on continued employment) • In addition, up to US$0.4b in cash and shares is payable to employee shareholders over the three years following completion, contingent on a mixture of performance and retention • See subsequent sections for details of the source of funding for these amounts
CONDITIONALITY	• Completion is subject to conventional conditions precedent to closing, including (i) satisfaction of various customary regulatory conditions and approvals for a business of this nature, including change of control consents for relevant state Money Transmittal Licences and US antitrust approval (Hart-Scott-Rodino or HSR); (ii) no "Material Adverse Effect" in the Melio business and; (iii) valid shareholder vote by Melio shareholders approving merger. As at the date of this announcement, Xero has received covenants to vote in favour of the merger from more than the required number of Melio shareholders • Xero has agreed to pay a break fee of US$37.5m in the event that the deal does not close solely due to failure to secure HSR approval
EXPECTED COMPLETION	• Targeted within 6 months of signing
REPRESENTATIONS & WARRANTIES	• The Merger Agreement contains conventional representations and warranties subject to standard caps and limitations. These are backed by a US$300m RWI[2] policy and ~US$50m through escrow arrangements
OTHER KEY TERMS	• Key executives have agreed to conventional non-compete and non-solicitation obligations • As part of its commercial arrangements with Shopify (i.e. its syndicated product offering), Melio has issued Shopify with a number of warrants, exercisable only on the satisfaction of significant commercial milestones. As anticipated under the contractual terms governing those warrants, Xero has agreed with Melio, subject to regulatory approval, to assume responsibility for the warrants on completion of the Acquisition to the extent they remain on foot, with the effect that were the warrants ever exercised, ordinary shares in Xero would be issued. In the event that the vesting conditions were met, the maximum value of Xero shares that could be issued is ~US$69m. Neither Melio's Management nor, following diligence, Xero, believe that the vesting conditions for the warrants are likely to be met

1. ESOP = Employee Share Option Plan; 2. Representations and Warranties Insurance

Transaction funding

TRANSACTION FUNDING STRUCTURE[1]

DEBT FACILITIES

- Fully underwritten commitment to provide a US$0.4b unsecured revolving credit facility, subject to satisfying conditions precedent
- The tenor of the facility is split equally between 3 and 5 years
- Proposed funding mix results in FY25 pro forma leverage of 2.3x[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

SCRIP CONSIDERATION

- ~US$0.36b of Xero scrip issued to existing Melio shareholders[3]
- Issue price based on the 5-day VWAP at transaction close[4]

PLACEMENT

- New equity raised from investors of A$1.85b / US$1.2b (excl. any funds raised under the SPP)
- ~10.5 million New Shares to be issued under the Placement, representing ~6.8% of existing ordinary shares on issue

CONTINGENT CONSIDERATION, DEFERRALS AND ROLLOVERS

- Deferrals and rollovers total US$0.1b (rollovers contingent on continued employment)
- Additional contingent consideration payable over three years to Melio employee shareholders, of up to US$0.4b payable up to 55% in shares in Xero (at Xero's discretion) with the remainder settled in cash, the majority of which is linked to delivering against certain pre-agreed outperformance targets, and the remainder to annual business objectives and continued employment
- The pre-agreed outperformance targets are related to revenue, gross profit and Monthly Active Users targets of the combined US business, measured from day one of the first calendar month occurring after closing date in the first 3 years of ownership

SOURCES AND USES OF FUNDS[1]

SOURCES	US$m
Existing cash	604
Debt financing	400
Scrip consideration[5]	356
Placement	1,203
Total sources	**2,563**

USES	US$m
Upfront consideration	2,506
Transaction costs	57
Total uses	**2,563**

1. A$/US$ conversion of 0.6501; 2. Pro forma adjusted EBITDA for the combined entity for 12 months ended 31 March 2025 of NZ$511m; 3. Melio Founder Shareholders, Core Leadership and Other Management will in aggregate receive a significantly greater portion of their upfront consideration in scrip relative to other equity investors. Voluntary escrow periods for those receiving scrip consideration: Founder Shareholders and Core Leadership: 100% for 12 months; Management: 50% for 6 months, 50% for 12 months; all other equity investors: 50% for 3 months, 50% for 6 months (a small number of employees will be able to sell up to 25% of their shares from completion to fund tax obligations. The value of these is not considered to be material); 4. Relates to the funding of the upfront consideration only; the number of Xero shares to be issued will be determined prior to closing using the volume weighted average trading price (**VWAP**) of Xero shares over a 5-day trading period, that is up to two business days prior to the transaction closing date; 5. Scrip value is subject to small fluctuations, contingent on the shareholder composition at completion. These minor changes will have a corresponding effect on the cash consideration

Pro forma combined P&L FY25 (NZ$)

	Xero	Melio[1]	Combined[5]
Subscribers/users	4,414k	80k	4,494k
ARPU	$45	$437	$51
Total revenue	$2,103m	$257m	$2,360m
YoY growth	+23%	+43%	+25%
YoY growth (cc)	+20%	+40%	+22%
Gross Profit	$1,872m	A $49m	$1,921m
Gross margin	89%	B 19%	81%
OPEX[4]	$1,510m	$207m	$1,717m
EBITDA	$638m	($127m)	$511m
Free cash flow	$507m	($154m)	$353m
FCF margin	24%	(60%)	15%
Rule of 40	44%	(20%)	37%

A Xero's accounting treatment presents **payments revenue gross of transaction related costs.** These, alongside CTS (hosting costs, customer assist / support salaries and other support expenses) are subtracted to result in Gross Profit. **This may differ from peers who apply different contractual arrangements with customers and partners, impacting accounting treatment**

GROSS MARGIN CONSIDERATIONS

B **Melio gross margin comprises:**

1. Direct Transaction Margin[2]: Significantly improved from 7% in FY23 to 20% in FY25, driven by scale benefits and increased adoption of higher-fee products

2. Syndication Margin[2]: Declined in FY25 due to a customer exit[3], but is a major growth opportunity with attractive overall unit economics

3. Subscription revenue: New feature for Melio, launched late in CY24 and has a materially higher margin than transactions

4. Float revenue: Dependent on balances (impacted by syndication partners, payment type and volume) and interest rate backdrop

5. Costs to Serve (CTS): Increased due to investments in support and customer assist functions, enabling future scale

Future gross margin evolution has several drivers:

- CTS efficiencies from greater scale
- Growth opportunities from;
  - Subscription revenue
  - Payment method mix within direct transaction margin
  - Mix of contribution from syndication partners

1. Unaudited Melio management accounts for the year ended 31 March 2025, adjusted for applicable US GAAP to IFRS differences (to align to Xero's reporting requirements). Disclosure of Melio's performance has been provided to support understanding of the business. Xero expects to integrate Melio into Xero's North America region and International segment disclosures; 2. Calculated as a % of revenue, numerator calculated as revenue excluding float and subscription revenue, less transaction costs and excludes other support and cost to serve expenses. Direct comprises ~2/3rds of Melio's revenue; 3. The syndication customer was in the accounting software segment and contributed to float revenue; 4. Includes D&A (depreciation & amortisation), however, does not include the impact of amortisation of intangible assets arising on acquisition of Melio, estimated value of amortisable intangible assets is NZ$350-490m with an expected useful life of 6-8 years on average; 5. NZ$/US$ conversion of 0.5716 for ARPU, and NZ$/US$ conversion of 0.5938 for all other financial measures

Pro forma combined balance sheet FY25 (NZ$m)[1]

As at 31 March 2025

	Xero	Melio	Adjustments	Combined
Cash and short-term deposits	2,330	347	(1,502) A	1,175
Other current assets	244	614	-	858
Total non-current assets	1,889	164	4,519 B	6,572
Total assets	**4,463**	**1,125**	**3,017**	**8,605**
Convertible notes – term debt	1,229	-	-	1,229
Other current liabilities	853	649	-	1,502
Revolving credit facility	-	-	693 C	693
Other non-current liabilities	186	56	110 D	352
Total liabilities	**2,268**	**705**	**803**	**3,776**
Total equity	**2,196**	**420**	**2,214** E	**4,830**
Principal value of debt	**1,647**	**-**	**700**	**2,347**
Net debt / (cash)[2]	**(683)**	**(347)**	**2,202**	**1,172**
Net leverage ratio[3]	**(1.1)x**	**N/A**	**N/A**	**2.3x**

ADJUSTMENT DETAILS

A Reflects the estimated net cash impact of the Acquisition, the Placement and the debt raise less the associated transaction costs

B Preliminary estimated value of intangible assets arising from Acquisition. **$350-490m of these assets are expected to be amortisable,** with useful life of 6-8 years on average. The residual value being recognised as goodwill

C Estimated $700m consideration funded through debt, less capitalised costs of $7m

D Fair value of **estimated contingent consideration payments.** The low recorded value reflects the outperformance nature of these targets

E Includes estimated $0.6b of consideration settled in shares, plus share Placement of $2.1b used to fund cash consideration. Offset by transaction costs of ~$0.1b, and elimination of Melio equity on consolidation of $0.4b

1. The pro forma balance sheet is presented to show the impact of the Acquisition and related Placement and debt raise (and for the avoidance of doubt excluding any funds raised under the SPP) as at 31 March 2025. NZ$/US$ conversion of 0.5716. Cash and short-term deposit adjustments, and total non-current asset adjustments are subject to change based on final net debt and net working capital adjustments; 2. Net debt/(cash) is calculated as principal value of debt less cash and short term deposits; 3. Calculated as net debt/ (cash) to EBITDA, Melio ratio is not presented due to negative EBITDA

EQUITY RAISING OVERVIEW

Equity Raising overview

OFFER STRUCTURE AND SIZE	• Fully underwritten[1] A$1.85b (US$1.2b[2]) institutional placement (**Placement**) and non-underwritten share purchase plan (**SPP**) under which Xero is targeting to raise ~A$200m • The Placement will result in ~10.5m new fully paid ordinary shares (**New Shares**) being issued, representing ~6.8% of existing issued shares • It is intended that eligible institutional shareholders who bid for an amount less than or equal to their 'pro rata' share of New Shares under the Placement will be allocated their full bid, on a best endeavours basis[3, 4]
PLACEMENT PRICE	• The Placement will be offered at a fixed price of A$176 per New Share (**Placement Price**): 9.4% discount to close price of A$194.21 on 24 June 2025
USE OF PROCEEDS	• The Placement proceeds will be used to partially fund the upfront purchase price of Melio and transaction costs • Any SPP proceeds will be used for general corporate and working capital purposes

SPP OVERVIEW	• Xero will also offer Eligible Shareholders[5] the opportunity to participate in a non-underwritten SPP
	• Xero is targeting to raise ~A$200m under the SPP. 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 SPP Shares. Xero may (in its absolute discretion) in a situation where total demand exceeds A$200m, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back
	• The issue price of the new shares under the SPP 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 21 July 2025), rounded to the nearest cent
	• Maximum application size of A$30,000 per Eligible Shareholder across all of their holdings, free of transaction and brokerage costs
	• SPP Record Date is 7.00 pm (Sydney time) on 24 June 2025. 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 2 July 2025

RANKING	• New Shares issued under the Placement and SPP will rank equally with existing Xero shares from their date of issue
UNDERWRITING	• The Placement is fully underwritten

1. Refer to Appendix C "Underwriting Agreement summary"; 2. A$/US$ conversion of 0.6501; 3. For this purpose, an eligible institutional shareholder's 'pro rata' share will be estimated by reference to Xero's beneficial register on 24 June 2025, but without undertaking any reconciliation and ignoring any New Shares that may be issued under the SPP. Accordingly, unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro rata share. Nothing in this Presentation gives a shareholder a right or entitlement to participate in the Placement, which remains solely at the determination and discretion of the Company, and Xero has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a shareholder's 'pro rata' share. Institutional shareholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement (see Appendix D "Foreign selling restrictions"). To the maximum extent permitted by law, Xero and the Underwriters disclaim all and any duty or liability (including for negligence) in respect of the determination of a shareholder's 'pro rata' share; 4. Eligible institutional shareholders who bid for more than their 'pro rata' share of New Shares are expected to be allocated at least their 'pro rata' share of New Shares on a best endeavours basis as set out in footnote 3 above, and any excess may be subject to scaleback; 5. An eligible shareholder is a registered holder of Xero shares on the Record Date (being 7.00 pm (Sydney time) on 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) (**Eligible Shareholders**). 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

Timetable

EVENT	DATE[1]
Record date for SPP (7:00 pm)	24 June 2025
Trading halt, announcement of Acquisition, Placement and SPP	25 June 2025
Placement bookbuild	25 June 2025
Announcement of the completion of the Placement	26 June 2025
Trading halt lifted	26 June 2025
Settlement of New Shares issues under the Placement	30 June 2025
Allotment and normal trading of New Shares issued under the Placement	1 July 2025
Despatch of SPP Booklet and expected SPP offer opening date (9:00 am)	2 July 2025
Expected SPP offer closing date (5:00 pm)	21 July 2025
Announcement of results of SPP	24 July 2025
Issue and allotment of New Shares issued under the SPP	28 July 2025
Normal trading of New Shares under the SPP	29 July 2025
Despatch of holding statements in respect of New Shares issued under the SPP	30 July 2025

1. All dates and times refer to Sydney times. The timetable (and each reference in this Presentation to a date specified in the timetable) is indicative only and Xero may, at its discretion, vary any of the above dates by lodging a revised timetable with the ASX

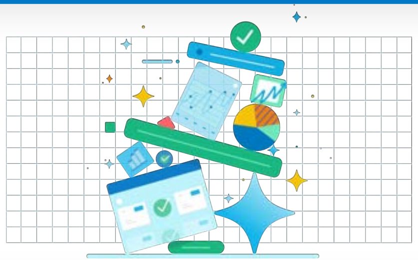
APPENDIX A SUPPLEMENTARY PAGES AND GLOSSARY

FY26 outlook not updated

Xero is not updating its existing FY26 operating expense to revenue guidance (see below) as part of this announcement. That FY26 operating expense to revenue guidance excludes any impacts of the Acquisition, including transaction costs. Xero will provide an update in relation to any impact of the Acquisition upon completion. Completion is targeted to be within 6 months of signing

Total operating expenses as a percentage of revenue is expected to be around 71.5% in FY26[1]

This ratio is expected to be higher in H1 FY26 versus H2 FY26[2]



[1] This includes an expected ~NZ$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] 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

Making payments is painful & inefficient for US SMBs

A/P payment method	2025 US A/P volume mix[1] (% total transaction volume)	Typical settlement time[3]	Indicative effort to make payment	
Paper (including cheque, cash)	**20%**	**5 - 10 business days**	**High**	**Slow & inefficient**
ACH (standard bank transfer)	**52%**	**2 - 5 business days**	**Medium**	
Card (credit & debit)	**6%**	**As fast as same day** *(pay a fee to receive 'instant' payouts)*	**Low**	
Digital (including RTP, W2W[2])	**22%**	**Near instantaneous** *(within seconds for RTP and W2W)*	**Low**	

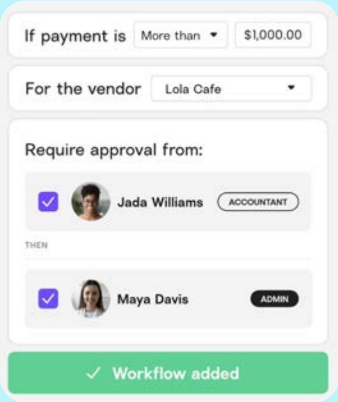
1. Internal analysis of US transaction volumes and survey of payment methods used by US SMBs with <100 employees (n=293), April 2025; 2. Including Real-time payments (**RTP**), digital wallet to wallet (**W2W**), instant bank transfers and other; 3. Based on review of payout times by method on websites of leading providers of SMB payments

Melio's Platform: Easy-to-use A/P workflows, multiple ways to pay bills

EASY TO USE A/P WORKFLOWS

AI-powered bill capture

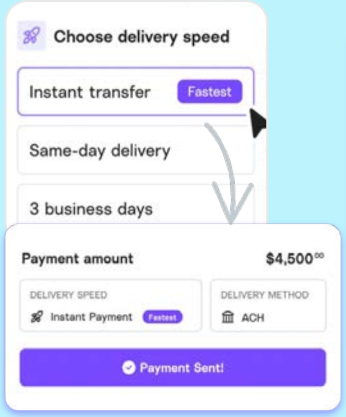
Approval workflows for better control

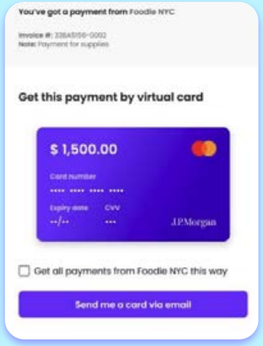


Accounting software sync

MULTIPLE WAYS TO PAY & GET PAID FASTER

Flexible payment options & faster access to funds for vendors





Simple integration plan: Complementary strengths to drive velocity

Melio CEO responsible for combined Xero and Melio US businesses (reporting to Xero CEO)

	Plan FY26: 0-12 months		Plan FY27-28: 12-24 months	Plan FY28+: 24 months+
	Drive Melio velocity, integrate where needed		Deliver on Aspiration, realise synergies	Drive future scale as combined entity
GTM	Use Xero capability & reach to **increase GTM efficiency** from Day-1		**Capture more SMBs in the US** (direct + syndication)	Scale **syndication opportunities** in the US
PRODUCT	**Enable upgrade path** (Melio to Xero)	**Embed Melio Bill Pay** inside Xero US	Iterate on our **leading Accounting + Payments offering**	
SYSTEMS & PROCESSES	Integrate **critical systems and processes**		Realise **operational synergies**	Progress towards **integrated back office**

Substantiating the economic benefits

FY28 PATHWAY

Information drawn from other pages in this Presentation, refer to source pages for footnotes

1. A business with scale (p. 33)

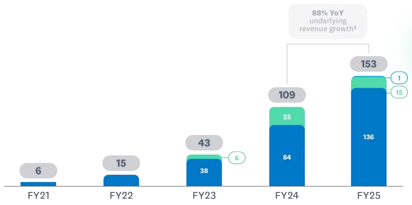
PRO FORMA COMBINED P&L FY25 (NZ$)

	Xero	Melio	Combined
Subscr./users	4,414k	80k	4,494k
ARPU	$45	$437	$51
Total revenue	$2,103m	$257m	$2,360m
YoY growth	+23%	+43%	+25%
YoY growth (cc)	+20%	+40%	+22%
Gross Profit	$1,872m	$49m	$1,921m
Gross margin	89%	19%	81%
OPEX	$1,510m	$207m	$1,717m
EBITDA	$638m	($127m)	$511m
Free cash flow	$507m	($154m)	$353m
FCF margin	24%	(60%)	15%
Rule of 40	44%	(20%)	37%

2. Consistent strong growth (p. 17)

IMPRESSIVE 127% REVENUE CAGR (FY21-25); MULTIPLE REVENUE SOURCES THAT SCALE WITH CUSTOMERS

REVENUE (US$m)



Continued strong growth momentum

US$187m

MAR-25 annualised revenue

3. Supports FY28 aspirations (p. 10)

THE WHY: ACQUIRING MELIO IS FUNDAMENTAL TO OUR GLOBAL GROWTH ASPIRATIONS

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

This outcome is expected to support our aspiration to deliver greater than **Rule of 40** outcomes for the group in FY28

LONG TERM VALUE CREATION

4. LTV flywheel (p. 26)

UNLOCKS FLYWHEEL TO SCALE SUSTAINABLY IN THE US

5. Expected FY28 synergies (p. 27)

FY28 SYNERGIES: ~US\$70M IN REVENUE & ~US\$20M IN COSTS

GROWTH DRIVERS
- **Win new customers** (with compelling value prop)
- **Accelerate Melio's growth** (with Xero GTM)
- **ARPU expansion** (cross-sell Melio & Xero)

SCALE BENEFITS
- **Cost avoidance in GTM,** product & engineering investment
- **Consolidate G&A** and overheads (e.g. real estate, hosting)

Expected FY28 synergies

ADDITIONAL UPSIDE OPPORTUNITIES

Extend Xero accounting to syndication network

Expand to new products (e.g. spend management)

6. Leading comparators (p. 28)

SUBSCRIPTION + PAYMENTS = A VALUABLE BUSINESS MODEL

Select examples

	Fortnox	Shopify
Subscription rev.	68%	26%
Payments rev.	22%	74%
3yr. revenue CAGR	31%	24%
Gross margin	63%	50%
Rule of 40	**52%**	**44%**
NTM rev. multiple	19.6x	11.4x

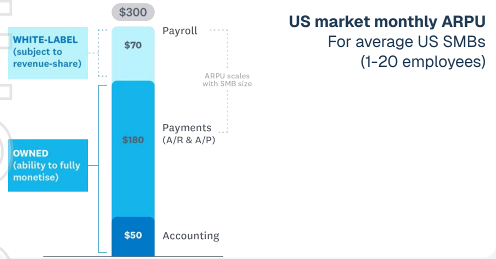
Rationale for buy vs. partner

We value owning the payments customer

Information drawn from other pages in this Presentation, refer to source pages for footnotes

1. Expand our unit economics, with higher ARPU and greater LTV/CAC (p. 26)

ARPU VALUE OF 3X3 JBTD IN US



UNLOCKS FLYWHEEL TO SCALE SUSTAINABLY IN THE US

2. Grow our segment reach, including pre-accounting and syndication channels (p. 18 and p.19)

APPEALS TO MULTIPLE SMB & AB SEGMENTS

inc. pre-accounting SMBs

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

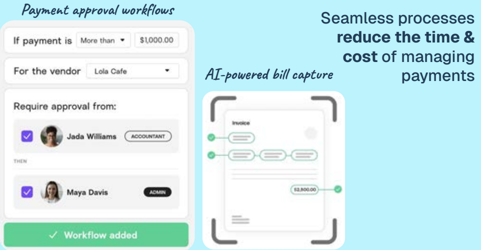
Ease of use attracts **SMBs of all sizes**, and their **advisors**

MELIO.COM & SYNDICATION NETWORK PROVIDE REACH TO MILLIONS OF SMBs

3. Deliver a superior product, with truly seamless CX, supported by a single roadmap (p. 18 and p. 20)

EASY TO USE A/P WORKFLOWS

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



AN INTUITIVE & FLEXIBLE PLATFORM

Glossary

AB
Accountant and Bookkeepers

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

Active Users
Active users are unique organisations registered on the Melio platform who made at least one transaction on the platform in the most recent period. For monthly active users that period is the last month, for quarterly active users that period is the last quarter

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

AMRR
Annualised monthly recurring revenue (AMRR) represents monthly recurring revenue at 31 March, multiplied by 12. It provides a 12 month forward view of revenue, assuming any promotions have ended and other factors such as subscriber numbers, transaction volumes, pricing and foreign exchange remain unchanged during the year

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

ARPU
Xero's average revenue per user (ARPU) is calculated as AMRR at 31 March divided by subscribers at that time and divided by 12 to get a monthly view. Melio's ARPU is calculated as total revenue in March divided by total SMBs who made at least one transaction in March. Combined ARPU reflects average ARPU of the combined Xero NA and Melio base (subscribers/users). The method for calculating combined ARPU is expected to differ to that used in future reporting (where ARPU is presented on a subscriber basis only

CAC
Customer Acquisition Costs (CAC) represent the total cost incurred by a company to acquire a new customer. For Xero subscribers, it is calculated using 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

CAGR
Compound annual growth rate

Constant currency (CC)
Constant currency (CC) comparisons for revenue are based on average exchange rates for the comparative reporting period (for example constant currency for the 12 months ended 31 March 2025 is calculated based on average exchange rates for the 12 months ended 31 March 2024). Comparisons for ARPU, AMRR and LTV on a constant currency basis use exchange rates at the end of the comparative period

CTS
Cost to Serve (CTS) represents the aggregate cost incurred by a company to deliver its products or services to a customer

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

FY25
Xero financial year 1 April 2024 to 31 March 2025 (inclusive)

GAAP
Generally accepted accounting practice

G&A
General & Administration expenses

GTM
A go-to-market (GTM) strategy details the action plan for reaching target customers and achieving competitive advantage for specific products or services. It encompasses strategies for sales, marketing, distribution, pricing and customer engagement

JTBD
Jobs to be done (JTBD) reflect the jobs that are most important to current customers and possible future customers of Xero from their perspective, and agnostic of Xero. It reflects the awareness among customers of what it takes to ensure a business survives and thrives

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

Glossary

LTV/CAC flywheel
The LTV/CAC flywheel represents a growth cycle where high LTV relative to CAC enables reinvestment into actions which further strengthen LTV or improves acquisition efficiency, fuelling continuous growth

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

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. Xero Group's assessment of Rule of 40 outcomes will be on this basis to adjust for the impact of the time of transaction completion.

Financial information contained in this Presentation on a pro forma basis is unaudited, other than information relating only to Xero or the Group as at 31 March 2025, or unless otherwise stated

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

P&L
Profit and loss statement

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

SMBs
Small and Medium-Sized Businesses

Subscribers
Subscriber means each unique subscription to a Xero-offered product that is purchased by a user (eg a small business or accounting partner) and which is, or is available to be, deployed. Subscribers that have multiple subscriptions to integrated products on the Xero platform are counted as a single subscriber

Syndication
Syndication refers to the business model whereby Melio offers financial institutions and other SaaS platforms embedded, white-labelled A/P solutions. These partnerships can be under a revenue-share agreement, or fixed fee/cost agreement

TAM
Total Addressable Market (TAM) is estimated using available government statistics, public market data, internal Xero data and commercial assumptions

Users
Users are unique organisations registered on the Melio platform who made at least one transaction on the platform for the given time period

3x3 strategy
A key strategic priority for Xero in FY25-27, "Win the 3x3" refers to our focus on completing the 3 core jobs to be done (Accounting, Payments and Payroll) across our 3 primary markets (Australia, UK & US)

APPENDIX B
KEY RISKS

Introduction to Appendix B - Key risks

This Appendix describes some of the potential risks associated with an investment in the Group.

An investment in the Group is subject to risks specific to the Group and its business and is also subject to general risks. There are also risks relating to the acquisition of Melio, and after completion of the Acquisition, Melio will be a subsidiary of Xero, and therefore part of the Group. Each of these risks could, if they eventuate, have a material adverse impact on the Group's business, financial position, operating and financial performance and the value of fully paid ordinary shares in the capital of the Company (**Shares**), including New Shares. Many of the circumstances giving rise to these risks are beyond the control of the Group and its directors and management.

You should note that the risks described in this Appendix are not the only risks faced by the Group. Additional risks (including risks of which the Group and its directors are currently unaware) also have the potential to have a material adverse effect on the Group's business, financial position, operating and financial performance and the value of Shares, including New Shares.

Before deciding whether to invest in the Group, you should consider publicly available information on Xero, read this Presentation carefully and in its entirety, and satisfy yourself that you have a sufficient understanding of the actual and potential risks associated with such an investment. You should consider whether an investment in the Group is suitable for you having regard to your personal circumstances, investment objectives, financial situation, tax position and particular needs. If you do not understand any part of this Presentation or are in any doubt as to whether to invest in the Group, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser.

References to Xero in the risk factors below include each member of the Group (unless the context requires otherwise).

Risks associated with the Acquisition

Acquisition due diligence and reliance on information provided

Xero undertook a due diligence process in respect of Melio, which relied in large part on the review of financial and other information (including audited and unaudited financial information) concerning the business and corporate structure of Melio, which was provided to Xero by Melio. While Xero considers the due diligence process undertaken to be appropriate, despite making reasonable efforts, Xero has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Xero has prepared (and made reasonable assumptions in the preparation of) the financial information relating to Melio (on a standalone basis and also with Xero post-acquisition of Melio) included in this Presentation from financial and other information (including audited and unaudited financial information) provided by Melio. Xero is unable to verify the accuracy, reliability or completeness of all of the information provided to it. If any of the data or information provided to and relied upon by Xero in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Melio and the combined group may be materially different to the financial position and performance expected by Xero and reflected in this Presentation.

Furthermore, there is a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the Acquisition or that the risks or adverse matters identified may not have been adequately appreciated or addressed, including the terms of the Acquisition (such as price, conditionality, warranties, and indemnities). A material adverse issue that was not identified prior to entry into the Acquisition could have an adverse impact on the financial performance or operations of the Group post the Acquisition closing.

As is usual in the conduct of acquisitions, the due diligence process undertaken by Xero identified a number of risks associated with Melio, which Xero had to evaluate and manage. The mechanisms used by Xero to manage these risks included, in certain circumstances, the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Xero may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated or unforeseen, and hence they may have a material adverse impact on the Group's operations, earnings and financial position.

Melio's future earnings may not be as expected

Xero has undertaken financial and business analysis of Melio in order to determine its attractiveness to Xero and whether to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by Xero, draw conclusions and forecasts that are inaccurate or which will not be realised in due course.

To the extent that the actual results achieved by Xero and Melio combined are different than those anticipated (for example, due to the unforeseen termination or non-renewal of any of Melio's material contracts including key partnerships or syndication contracts, changes in the payments market, changes in the payment product mix used by customers, development of new technologies, introduction or repeal of legislation), or any unforeseen difficulties emerge in integrating the operations of Melio, there is a risk that the profitability and future earnings of the operations of the Group may differ (including in a materially adverse way) from the performance as described in this Presentation.

Melio derives a large portion of its revenue from its larger customers. While no one customer is individually significant, the loss of a number of these key customers, or a general reduction by these customers in use (or the rate of growth of use) of Melio's products, or the mix of products used, could have a material adverse impact on the Group's financial performance.

Risks associated with the Acquisition

Melio also operates in a competitive environment that is, in particular, experiencing increased competitiveness in the payments space through new entrants, and increasing convergence between products. This will continue to be intense and disruptive - refer to the risk factor in section below, "*Competition and disruptive technologies and business models may negatively impact the Group's operating results*".

Xero may be unable to retain key Melio personnel

Following completion of the Acquisition, the founders and key employees, including senior management, software engineers, and compliance and regulatory specialists will continue to play an important part of Melio's business strategy and success, as they have extensive industry experience and knowledge of Melio's business. They are also important for maintaining relationships with key customers and suppliers, and regulators of Melio. Whilst it is intended that a new management incentive plan will be put in place following closing of the Acquisition, there is no guarantee this will be successful, and an inability to retain and/or motivate key Melio's employees could adversely impact the Group's financial performance and prospects.

The acquisition of Melio may not complete or may be delayed

Completion of the Acquisition of Melio is conditional on the satisfaction or waiver of conditions to closing customary for an acquisition of this nature – refer to page 31 of this Presentation for further detail on these conditions. If any of the conditions precedent to closing are not satisfied or waived (or the satisfaction of a condition precedent is found to be invalid or challenged) or otherwise takes longer than anticipated to satisfy, completion of the Acquisition may be deferred or delayed, or may not occur on the current terms, or at all.

To the extent completion is delayed or deferred, Melio will continue to conduct the Melio business (albeit subject to certain contractual restrictions on Melio on that conduct under the agreement for the Acquisition) and, therefore, integration with Xero's existing business and the time at which Xero management take control of the operations of Melio will also be delayed and deferred.

There is no guarantee that Xero will obtain all necessary approvals to complete the Acquisition within any particular timeframe, or at all, or that such approvals will be granted on terms that are acceptable to Xero or on an unconditional basis.

If the Acquisition is not completed as a result of a failure to satisfy conditions (or otherwise), Xero will need to consider alternative uses for the relevant portion of the proceeds from the Placement, including but not limited to, other potential acquisitions and strategic investments and general corporate purposes. Xero may also consider other capital management initiatives.

If completion of the Acquisition is delayed, Xero may incur additional costs and it may take longer than anticipated for Xero to realise the benefits of the Acquisition (including the synergies described in this Presentation). Any failure to complete, or delay in completing, the Acquisition may have an adverse effect on the Group's financial position, performance and share price.

Risks associated with the Acquisition

Xero may not successfully integrate Melio or realise expected synergies

The integration of a business of the size and nature of Melio carries risk, including potential delays or costs in implementing necessary changes and difficulties in integrating various operations. The success of the Acquisition, and the ability to realise the expected benefits of the Acquisition outlined in this Presentation (including any synergies), is dependent on the effective and timely integration of Melio's business alongside Xero's business following completion of the Acquisition, which cannot be guaranteed to occur successfully. A failure to fully integrate the operations of Melio (including from a strategic, operational, financial or cultural perspective), or a delay in the integration process, or management time and attention being divided between integration matters and managing Xero's existing business could impose unexpected costs or prevent the realisation of benefits that may adversely affect the financial performance and position of the Group.

Additionally, there are inherent risks in connection with the targeted potential synergies. For example, there is a risk that the targeted synergies of the Acquisition may be less than estimated or potential synergies are not achieved or take longer to achieve. If the integration of Melio and Xero takes longer than expected there may be delays in achieving the targeted potential synergies. In addition, Xero's initial estimate of the cost of integration may differ from the actual cost of integration. The estimated revenue and cost synergies from the Acquisition are predicative in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. These risks may have a material impact on the operations, financial performance and/or financial position of the Group and Xero's future share price.

Loss Making Operations

Like many start-up technology companies, Melio has incurred regular operating losses since inception. The Melio business may not be able to achieve or maintain profitability or positive free cash flow in the near term, if at all, and as such the business will likely require ongoing funding from Xero's cash reserves.

US expansion

With the significant expansion of the business in the US following the Acquisition, Xero becomes more exposed to the macroeconomic environment in the US market including competitive dynamics of the market and fluctuations in exchange rates. Xero may not be able to fully recoup its investment in the US should it not be able to accelerate the growth of its business through integration of the Xero and Melio solutions.

Xero will assume Melio's historical liabilities

Following completion of the Acquisition, the Group will be responsible for any outstanding liabilities that Melio has incurred prior to the Acquisition, including any liabilities that were not identified during Xero's due diligence or which are greater than expected, for which insurance may not be available, and for which Xero may not have post-acquisition recourse under the agreement for the Acquisition and which may result in Xero being liable, including for fines and penalties or subject to other sanctions. Such liabilities could include liabilities relating to current or future litigation or other proceedings, failure by Melio to hold required regulatory approvals, authorisations or licences, regulatory actions (including without limitation in relation to any such failure), health and safety claims, warranty or performance claims, historical tax liabilities and other liabilities. Historical liabilities may adversely affect the financial performance or position of the Group.

Risks associated with the Acquisition

The financial capacity of, and recourse to, the vendors of Melio may be limited and there is counterparty and contractual risk

The ability of Xero to achieve its stated objectives will depend on the performance by the parties of their obligations under the agreements for, and related to, the Acquisition. If any party defaults in the performance of their obligations, it may be necessary for Xero to approach a court to seek a legal remedy, which can be expensive and time consuming.

A warranty and indemnity insurance policy has been obtained by Xero in relation to certain of the warranties under the agreement for the Acquisition. If the Acquisition completes and if a warranty or other claim is made under the agreement for the Acquisition, the warranty and indemnity policy may not respond on all matters and is subject to a maximum liability cap along with time and other limitations and exclusions in the policy or as a result of commercial or practical difficulties in pursuing and recovering losses from vendors. Therefore, the insurance policy may provide limited or no coverage on a particular liability or loss for Xero. Furthermore, if a warranty or other claim was made by Xero against the vendors of Melio under the agreement for the Acquisition, and the warranty and indemnity insurance policy does not respond to such claim, there is a risk that such claim may be contested or that funds may not be available to meet the claim in its entirety. Further, there can be no guarantee as to the on-going financial capacity of the vendors of Melio or of the warranty insurer. Any inability to recover amounts claimed under the agreement for the Acquisition could adversely affect Xero's financial position and performance.

Ongoing hostilities in Israel, as well as the relations between Israel and the other jurisdictions in which the Xero Group operates, could materially affect our business

Many of Melio's employees, including its founders and certain members of its management team, are located in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect Melio's business, financial condition and operations.

The acquisition of a company with a material operational presence in Israel, may result in heightened risk of cyberattacks on Xero, and more so as a result of the ongoing hostilities. The ongoing hostilities have already caused and may cause further damage to private and public facilities, infrastructure, utilities, and telecommunication networks. The continuation of the ongoing hostilities and any escalation or expansion of them could have a negative impact on both global and regional conditions and may more directly adversely affect Melio's and Xero's business, financial condition, and results of operations.

Melio has detailed business continuity and disaster recovery plans, policies and procedures in place, which are regularly reviewed. As part of these, Melio maintains a flexible operating model supported by global software platforms, is headquartered in the U.S., and has infrastructure and expertise intended to support continuous service delivery to its users (who are in the United States). However, such plans, policies and procedures may not be effective to prevent the ongoing hostilities in Israel (and any escalation or expansion of them) materially impacting Melio and its operations, including in respect of the safety and effectiveness of Melio's workforce, the temporary closure of Melio's offices, its operational capacity and its ability to conduct business efficiently, potentially increasing costs and disrupting revenue generating activities.

Any of the foregoing implications for Israel's security, business, economic or financial conditions may also have an adverse effect on Melio's and Xero's business, and potentially deter foreign investors and organisations from investing in or transacting with businesses with Israeli operations.

Risks associated with the Acquisition

Acquisition accounting may impact Xero's financial statements

Xero is required to undertake an assessment of the fair value of the tangible and intangible assets acquired as well as the actual and contingent liabilities of Melio at the date of the Acquisition. Accounting standards provide twelve months from completion for this assessment to be finalised. The outcome of this assessment could give rise to different values being applied than those used in the pro forma financial information contained in this Presentation. Such an outcome will impact the values of assets and liabilities reported in the consolidated balance sheet of Xero. There will also be differences in the depreciation and amortisation charges recognised in the consolidated profit or loss account which may impact reported profit before tax and net profit after tax.

The Acquisition is expected to give rise to significant amounts of goodwill. Xero will be required to test this goodwill for impairment at least annually. Xero would need to recognise an impairment in the event this testing is unable to support the goodwill's carrying value. Xero may also need to recognise a fair value revaluation gain or loss on contingent consideration if actual achievement differs from that assumed in the acquisition date fair value of the corresponding liability. Recognition of such an impairment or revaluation may affect the consolidated profit or loss which may impact reported profit before tax and net profit after tax.

Funding the Acquisition – debt funding risk

Xero intends to fund the Acquisition in part by debt funding. Xero has entered into a debt commitment letter (which attaches a long form term sheet in respect of a proposed facility) to fully underwrite the debt funding. The commitment letter is subject to certain conditions and termination events. In the event that any such conditions or requirements are not satisfied, the debt funding may not be available for the purposes of funding the Acquisition. These conditions include the debt funding being subject to finalisation of, and entry into full form facility documentation and satisfaction of conditions precedent customary for debt facilities of this nature.

In these circumstances, Xero may need to procure alternative debt (or other) financing. There can be no assurance that such alternative debt (or other) financing will be available at all or, if it is available, that it will be available on terms no less favourable than those currently proposed. If such alternative debt (or other) funding is not available and Xero is unable to complete the Acquisition, Xero may incur costs in connection with its failure to complete the Acquisition, which could have a material adverse impact on Xero's financial position, prospects and reputation.

Funding the Acquisition – equity funding risk

Xero has entered into an underwriting agreement with the Underwriters pursuant to which the Underwriters have agreed to underwrite the Placement (**Underwriting Agreement**). If certain conditions are not satisfied or if certain termination events occur, an Underwriter may terminate the Underwriting Agreement.

Those termination events are summarised in Appendix C "Underwriting Agreement summary" of this Presentation. Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Placement, which could result in Xero needing to seek alternative sources of funding to fund the Acquisition. Alternative sources of funding may result in Xero incurring additional costs (for example, by way of interest payments on debt) and/or potential restrictions being imposed on the manner in which Xero conducts its business and deals with its assets.

There is no guarantee that alternative funding could be sourced on satisfactory terms and conditions or at all. Failure to source alternative funding could result in Xero being unable to perform its obligations to complete the Acquisition, which could have a material adverse impact on Xero's financial position, prospects and reputation.

Risks associated with the Acquisition

Exposure to the foreign exchange markets

The Group's financial statements are presented in New Zealand Dollars. While the Group intends to hedge the AUD proceeds from the Placement to USD to cover its obligations under the Acquisition and to hedge proceeds of the SPP to either USD or another relevant currency (for example, New Zealand Dollars), there can be no assurance that the Group's hedging activities will be successful in mitigating the impact of exchange rate fluctuations and the impact on the Group's financial statements.

Risks specific to an investment in the Group

Strategic risks

The success of the Group’s business is dependent on its ability to retain existing customers and attract new customers

The Group’s business depends on its ability to retain its existing customers and the Group’s growth depends on its ability to attract further business from existing customers and to attract new customers.

There is a risk that the Group’s customers could reduce or change their use of the Group’s products. Changes in the number of users, number of products sold per customer, volume of transactions or type of payment method selected, could result in reduced payments to the Group. The Group generally does not require customers to enter long term contracts requiring minimum levels of usage or minimum time commitments, and the Group’s customer contracts can typically be terminated by either party on one month’s notice. Therefore, there is a risk that if customers terminate their contracts with the Group, or reduce their usage, or change (or switch off) a payment method, revenue could decrease. There is also a risk that existing customers fail to expand their use of the Group’s products or that new customers fail to select the Group’s products for their businesses.

The Group’s ability to retain and attract customers and the Group’s customers’ levels of usage of its products, depends on many factors including the adequacy of the Group’s products with respect to matters such as functionality, reliability, availability, cost-effectiveness, pricing, customer support and value compared to competing products. In addition, customers’ use of the Group’s products may be affected by external factors including a slowdown in global or regional trade, competition or changes to laws and regulations which affect the Group’s customers’ business. If the Group’s customers do not continue to use its products or do not increase their use over time, and if new customers do not choose to use the Group’s products, growth in the Group’s revenue may slow, or the Group’s revenue may decline.

Risks specific to an investment in the Group

Competition and disruptive technologies and business models may negatively impact the Group's operating results

Competition is and will continue to be intense and disruptive in the markets in which the Group operates and in which the Melio business operates, including from existing and potential competitors ranging from large established businesses to emerging start-ups. The Group faces risks that:

- existing competitors, including larger and well capitalised competitors who may have greater technical, marketing and other resources, greater name recognition, larger installed bases of customers, and well-established relationships with our existing and potential customers, could increase their competitive position through aggressive marketing campaigns, new technologies, product innovation, price discounting or acquisitions;
- existing companies, with significant established consumer user bases and broad-based platforms, may change or expand the focus of their business strategies and marketing to target our customers;
- new software products, updates, features and services may not be well received by customers or may fail to meet customer expectations and the Group may be unable to implement necessary changes to these products to improve customer satisfaction;
- the Group may fail to anticipate and respond to technology changes as quickly as its competitors;
- competitors may increase their product offering or value proposition to compete with the Group on a larger scale; and
- new competitors could develop products which compete with the Group's products.

New technologies and technological change also have the potential to generally disrupt the markets in which the Group operates. Existing and new competitors may introduce superior products and services, successfully implement or more effectively leverage new technologies such as artificial intelligence (**AI**) that may affect customer demand for our products or services and disrupt the Group's business models. Advances in AI may generally be a disruptive force in relevant markets, and a failure to rapidly integrate advanced AI capabilities and offer superior AI-driven insights could lead to decreased market share, reduced profitability, and loss of competitive advantage to more innovative, AI-centric solutions. Changes in the role and competitive dynamics affecting third parties with whom we have important business relationships for additional services and distribution, such as accountants and bookkeepers, may also disrupt the markets in which the Group operates and adversely affect the success of our business model.

It is possible that the Acquisition of Melio by Xero may catalyse more intense and disruptive competitive reactions from competitors of the Group.

Risks specific to an investment in the Group

Disruption to the Group's business from AI technology

Rapid advances in artificial intelligence are transforming, or have the potential to transform, the accounting and small-business management sectors. The rapid development and adoption of AI technologies present a significant risk to existing business models and operations across a wide range of industries. As a result, there is a risk that current products, services, or methods of operation may become obsolete or less competitive if the business is unable to adapt effectively to these technological changes.

There can be no assurance that Xero will be able to anticipate, respond to, or capitalise on developments in AI in a timely or cost-effective manner. If Xero fails to match the pace of AI innovation or differentiate its AI capabilities, its competitive position could be eroded, leading to reduced customer acquisition, increased churn, pricing pressure, and negative impacts on revenue growth and profitability.

Should competitors leverage AI more effectively, Xero's business, financial condition, and prospects could be materially and adversely affected, and the market price of Xero ordinary shares may decline.

Growth depends upon the Group's ability to capitalise on market trends and to innovate and deliver products in line with technological and customer behavioural trends

Commitment to investment in customer-led innovation and development of new products, services, features and functionality that meet the Group's customers' needs is important in maintaining and growing the Group's customer base, as well as attracting and retaining talent. This investment is expensive and often involves an extended period of time to achieve a return on investment, of which there can be no assurance of realising. A failure to deliver in alignment with customer expectations and ahead of competitors could impact the Group's financial performance and reduce its share price. This could also result if the Group is not able to effectively use data on its platform to deliver and demonstrate customer value, or develop products and services. There can be no assurance that the Group will achieve the necessary technological advances or have the financial resources needed to introduce new products or services or that it will otherwise have the ability to compete effectively in the markets that it participates in. Furthermore, if the Group devotes resources to the pursuit of new technologies and products that fail to be commercially viable, all or part of these expenses related to research and development may be lost and the business may suffer.

The Group believes that it must continue to dedicate resources to its innovation efforts to develop the Group's software and technology product offering and maintain its competitive position. The Group also believes it must manage the risks and opportunities from the application of AI and machine learning to product and platform features, including investment and deployment of generative AI and machine learning-powered solutions with appropriate governance, and ethical and responsible use of data. However, there is a risk that the Group's use of these technologies (including the operational risk and governance oversight of such use) may not be effective, and its use of these and similar technologies developed by third parties, could result in unintended consequences, and the Group may not receive significant revenues from these investments for several years, or may not realise such benefits at all.

Risks specific to an investment in the Group

The Group's business depends on its strong reputation and the value of its brand

The Group's brand equity is essential to ongoing growth. The Group considers its reputation for trustworthiness and integrity as important in maintaining customer goodwill and confidence for its operations and products. A range of events, including a material non-compliance with regulations or license terms, a significant outage, a breach of its information systems, or other disclosure of customers' personal information, could have an adverse impact on the Group's reputation and the value of its brand. This could also increase expenditure due to additional security costs and/or potential claims for compensatory damages.

If the Group does not set, make progress on, or deliver environmental, social and governance commitments in accordance with evolving stakeholder expectations, its reputation and social licence to operate may also be damaged.

In addition, maintaining and enhancing the Group's brand may require the Group to make increased investment in its business activities, which may not deliver requisite returns.

Damage to the Group's reputation and reduction in brand equity may reduce customer demand and negatively impact the Group's future financial performance and could also reduce its share price. If the Group does not maintain and enhance its brand successfully, or if it incurs excessive cost in this effort, the Group's business, financial condition and results of operations may be adversely affected.

The Group's intellectual property rights are valuable and any inability to protect them could reduce the value of the Group's products, services and brand

The Group has significant intellectual property rights including copyright, trademarks and patent assets which are important to its business. The Group regards its copyright, trademarks, domain names, patents, trade secrets, customer databases and similar intellectual property as critical to its success. The Group relies on a combination of copyright and trademark laws, patents, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect its intellectual property. These efforts may not be adequate, and third parties may infringe or misappropriate the Group's proprietary rights. A material failure to obtain or protect the Group's intellectual property rights could damage the Group's business and result in increased expenses and lost revenues. The process of applying for intellectual property protection can be time-consuming and expensive. There can also be no assurance that its current or future applications will be successful. For example, consultants, vendors, former employees and current employees may breach their obligations regarding non-disclosure and restrictions on use. Intellectual property laws in various jurisdictions may afford differing and limited protection, may not permit the Group to gain or maintain a competitive advantage, and may not prevent its competitors from duplicating its products or gaining access to its proprietary information and technology. A party could seek to challenge, invalidate, circumvent or render unenforceable any of the Group's intellectual property. Also, similar to other companies operating in the software industry, the Group could fall victim to attempts by a non-practising entity (commonly referred to as a patent troll) looking to enforce patent rights against the Group with the sole aim of gaining financial reward through settlement, licensing or litigation. Such claims, whether or not valid, could require the Group to spend significant amounts in litigation, pay damages, re-brand or re-engineer products or services, acquire licenses to third party intellectual property and may turn management attention away from the business, which may have a material adverse effect on the Group's businesses, financial condition and results of operations.

Risks specific to an investment in the Group

The Group may not successfully execute its strategic priorities

The ability of the Group to successfully execute its strategic priorities may affect customer, operational, financial and reputational outcomes. The Group's strategic planning cycle includes regular review of progress and strategic outlook, including the competitive landscape, emerging technologies and new market entrants, alongside broader economic and geopolitical events. In addition, management actively monitors the policy and regulatory environment to identify and address potential risks and opportunities and regularly reviews execution against the strategic plan across regions. Further, the Xero Board receives regular reporting and provides oversight of strategic risk, including the competitive environment and customer sentiment. However, there can be no certainty that this will result in the successful outcome of the Group's strategy. In particular, the Group may fail to adequately allocate financial and people resources, or fail to plan, prioritise, co-ordinate and deliver projects and programs of work in line with plans, leading to missed or delayed outcomes. The Group may also allocate capital to strategic priorities such as acquisitions, partnerships, sales initiatives and new products that do not result in the expected value or outcomes, or that insufficient capital is dedicated to priorities that have the ability to be more impactful.

The Group's financial performance may be impacted by the identification and availability of attractive investment opportunities in the future and the ability to integrate acquired companies or businesses successfully

The Group's corporate strategy includes growth driven by acquisition and/or investment in other companies or businesses.

The Group has acquired assets and businesses, and entered into strategic partnerships and minority investments, in order to expand its operations and the Group is continually looking for opportunities to strengthen its platform and business. The financial performance of the Group and the returns available to its shareholders will be impacted by the identification and availability of attractive acquisition and investment opportunities in the future.

There is no guarantee that the Group will be able to identify suitable assets or businesses and to acquire them or enter into joint ventures, minority investments or strategic partnerships on favourable terms. There is also a risk that not all material risks in connection with any such acquisition or the establishment of a joint venture, strategic partnership or minority investment will be identified in the due diligence process and will not be or could not be sufficiently taken into account in the decision to acquire an asset or business, or the decision to enter into a joint venture, strategic partnership or minority investment. Additionally, if such investment opportunities are ineffective, poorly implemented or implemented later than expected, this may result in underperformance of the business, delays, increases in costs and expenses, disputes and/or proceedings, impairment of the acquisition, or other adverse consequences that may have a material adverse effect on the Group's performance.

The Group expends significant time and management attention on integration activities, including negotiating terms of initial restructuring, training, providing know-how and business support and creating new incentive structures for management and employees. However, there is no assurance that such measures will be effective in successfully integrating the acquired companies or businesses into the Group's existing operations or to create growing profitable businesses.

No assurance can be given as to the impact of acquisitions and investments on the Group's overall financial performance in the future.

Risks specific to an investment in the Group

The Group may require access to additional funding for future growth

The Group may require additional funding in the future in order to maintain and/or expand its business and to retain an ability to allocate resources appropriately and productively. Under such circumstances, the Group may have to obtain banking facilities or obtain access to other forms of debt or equity financing to finance its operations and business activities. There is no certainty as to the availability of such financing facilities or that the Group would be able to obtain such additional funding on favourable terms and further interest charged on these financing facilities may have a material effect on the Group's results of operations. Any breach by the Group of covenants given in relation to such financing facilities may give rise to rights exercisable by the lenders. Such rights include, inter alia, terminating the relevant facilities, enforcing any security granted in relation to those banking facilities or accelerating the repayment of the outstanding loan amounts. Any such breaches may have a material and adverse impact on the Group's results of operations and financial position. Further, there is also a risk that a failure of financial performance to meet internal targets and/or external expectations may also adversely affect access to and cost of capital (as well as shareholder and/or market sentiment). If the Group is not able to secure relevant financing facilities at commercially reasonable terms, the Group may not be able to implement its future growth plans fully. In addition, offerings of equities could also have an adverse effect on the financial position or voting power of any individual shareholder.

Dilution

Shareholders will be diluted by the issue of New Shares under the Placement (and other issuances of equity securities associated with the Acquisition). 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. However, eligible shareholders should note that if they do not participate in the SPP, then their percentage shareholding in Xero will be diluted to a greater extent than would otherwise be the case, and they will not be exposed to future increases or decreases in Xero's share price in respect of the New Shares which would have been issued to them had they participated in the SPP.

In addition, in the future, the Company may elect to issue Shares (including pursuant to employee and management equity incentive arrangements) or engage in fundraisings including to fund acquisitions or growth initiatives that the Group may pursue. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), shareholders may be diluted as a result of such issues of Shares and fundraisings to the extent that such shareholders do not subscribe to additional equity, or are otherwise not invited to subscribe in additional equity.

The ability of Xero to issue Shares (including pursuant to employee and management equity incentive arrangements) or engage in future fundraisings (including to fund acquisitions or growth initiatives that the Group may pursue) within the above mentioned ASX Listing Rules constraints, during the period of 12 months after the Placement, may be affected by movements in the Xero share price and movements in the USD:AUD exchange rate. This is because the scrip issued as part of the Acquisition will be calculated on the 5-day Volume Weighted Average Price (**VWAP**) of the Company's shares up to two business days prior to the relevant closing, issuance or calculation date, so that a decline in the Company's share price after signing (i.e. the time of the Placement) would result in a reduced placement capacity under the ASX Listing Rules. If these factors were to operate to reduce Xero's placement capacity, there may potentially be an adverse impact on Xero's ability to issue further equity (such as in respect of employee share plans).

Risks specific to an investment in the Group

Operational risks

The Group needs to maintain, develop and manage business relationships or the Group's business may be negatively affected

The Group's operations and growth are supported by its ability to develop and maintain business relationships (e.g. banks, financial institutions, ecosystem partners, accountants and bookkeepers). The Group relies on these partnerships to provide bank and other data, additional services and distribution. Failure to develop and maintain these relationships may reduce the Group's revenues and profits and cause it to lose customers.

In particular, the Group relies heavily on accountants and bookkeepers to support distribution of the Xero product to their customers. If this key relationship category was negatively impacted in some way, through for example product quality issues, the ability to attract new small business customers could be adversely impacted.

The Group also relies on third party business relationships to support business operations. The failure of these third parties to provide acceptable and sufficiently high-quality products, services and technologies or to update their products, services and technologies could result in a disruption to the Group's business operations and its customers, which may reduce the Group's revenues and profits, cause the Group to lose customers and damage its reputation.

The Group does not control the relevant third parties, who may decide to increase their prices for services or discontinue their relationship with the Group (subject to any applicable contractual arrangements). There is no assurance that the Group will be able to negotiate or maintain terms commercially acceptable to it, or put in place alternative arrangements on a timely basis.

Changes in the Group's relationships with third parties could materially and adversely affect the Group's business and operations, as well as its profitability and competitiveness.

The Group's success is dependent on its key contracts and arrangements

The Group relies on a number of key contracts and arrangements, including contracts and arrangements that relate to key operational matters such as:

- hosting the platform;
- security and access gateway for customers to access the platform;
- software relating to operating the platform;
- customer relationship management;
- customer support;
- banks and financial institutions;
- ecosystem and other product partners; and
- business operations (e.g. ERP, payroll systems).

Risks specific to an investment in the Group

Any failure by the Group to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a counterparty to perform its obligations under such contracts or arrangements, could have a material adverse effect on the Group's business, operations and financial performance.

We note that, in respect of Melio's operations, there may be a heightened risk around maintenance of such relationships post-acquisition.

Further, certain key contracts and arrangements may be terminated by the counterparty for convenience, and some contracts are due to expire within the next 12 months. In these cases, the Group may not have contractual certainty in respect of the term of the relevant contract or arrangement or the operation of such contract or arrangement. As a result, these contracts and arrangements may give rise to a greater risk of unexpected termination or renegotiation of key commercial terms, or disputes.

A substantial portion of the Group's revenue comes from small businesses which may have fewer resources to weather an economic downturn

Most of the Group's revenues come directly or indirectly from small businesses. These customers may be materially and adversely affected by economic downturns, to a greater extent than larger, more mature and established businesses. Small businesses typically have more limited financial resources, including capital-borrowing capacity, than larger entities. If small businesses experience financial hardship as a result of a weak economy, the overall demand for the Group's products and services could be significantly affected.

Cybersecurity incidents could significantly disrupt the Group's business and damage its brand and reputation

Cybersecurity incidents, improper access to, or disclosure of, the Group's data or customers' data, or other cyberattacks on, or cybersecurity breaches relating to, the Group's or its customers' systems, could expose the Group or its customers to a risk of loss of system functionality or loss or misuse of Group or customer data and could significantly disrupt the Group's or customers' businesses or operations and damage the Group's brand and reputation and negatively impact its business. Globally, many businesses, including Xero, are experiencing increasing frequency and sophistication of such cyberattacks.

Similarly, the Group depends on third parties such as partners and vendors for the conduct of its business. The Group and/or its customers may grant access to customer data to these third parties in the ordinary course of business. While the Group assesses the security controls of these third parties, the Group cannot guarantee the effectiveness of such control measures. A cybersecurity incident involving these third parties may lead to disclosure of Group or customer data or sensitive business information. This could also disrupt the Group's or customers' businesses or operations and damage the Group's brand and reputation and negatively impact its business.

As stated above, the acquisition of an Israeli company may result in heightened risk of cyberattacks on Xero, and more so as a result of the ongoing hostilities.

Risks specific to an investment in the Group

Security measures the Group implements may not prevent all instances of unauthorised access to its systems and the Group's customers' personal data

The Group processes large amounts of personal customer data (including name, address and bank details) as part of its business and therefore must comply with strict data protection and privacy laws in jurisdictions in which it operates. Such laws may restrict the Group's ability to collect and use personal information relating to platform users and potential users including the marketing use of that information. The Group has put in place both systems and procedures and cyber security mechanisms which seek to ensure that personal customer data is handled appropriately and in compliance with applicable data protection and privacy laws. Notwithstanding these measures, the Group is exposed to the risk that, as a result of human error, cyber-crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on its behalf. For example, outside parties may induce employees, customers, or users to disclose sensitive information to gain access to the Group's systems. Inadequate use of security controls or security practices by the Group's customers or its employees could also lead to unauthorised access to data held in customer accounts. Outside parties may also use stolen identity information to gain unauthorised access to data held in customer accounts. Such an occurrence could result in the Group facing liability under data protection laws, the loss of its customers, the loss of goodwill of its customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's systems are subject to network failure or interruption risks

The Group's ability to provide its services to its customers and to effectively operate its services depends to a great extent on the reliability, stability and security of the information technology systems and third-party networks it uses. Information technology systems and the networks used by the Group are potentially subject to damage and interruption caused by human error, problems relating to telecommunications networks, natural disasters, sabotage, viruses and similar events. Failures of, and interruptions to, the systems and networks could have a negative impact on the stability of the platform and quality of the services offered by the Group and, as a result, on demand from consumers (through consequent disruption to customers' businesses, impact on customer experience or reputational damage) and consequently on the volume of revenue. In addition, interruptions in the system could result in the termination of certain of the Group's licenses or contracts or lead to the incurrence of compensatory damages.

If the Group fails to effectively process transactions or adequately protect against potential fraudulent activities its business may be harmed

The Group or its partners process large volumes (both in number and value) of transactions daily. Despite efforts to ensure that effective systems and controls are in place to handle these transactions appropriately, it is possible that errors may be made, or that funds may be misappropriated due to fraud.

Through Melio, the Group will be exposed to the risk of financial losses inherent in payment processing activities. These losses may arise from various sources, including fraud, chargebacks, disputes with customers or merchants, errors in processing transactions, and system failures. The occurrence of such events could result in direct financial losses, as well as increased operational and compliance costs, and may negatively impact the Group's financial performance and reputation.

Risks specific to an investment in the Group

Business interruption or failure of the Group's technology may impact the availability of the Group's products and services and may impact access to or result in loss of data of customers which may damage its reputation and harm its future financial results

The Group's disaster recovery planning may not sufficiently anticipate all eventualities. The Group's SaaS Solution utilises data processing and storage capabilities provided by Amazon Web Services (**AWS**). If the relevant AWS hosting region ever becomes unavailable, customers may not be able to access some or all of the Group's platform which could significantly impact the Group's future performance and financial results.

The Group's business operations are vulnerable to damage or interruption from natural disasters, fire, computer viruses, power loss, telecommunication failures, terrorist attacks and other events beyond the Group's control. In the event of a major natural or man-made disaster, the Group's insurance coverage may not completely compensate the Group for the Group's losses and its future financial results may be impacted.

The Group continually invests in its systems and software platforms to create appropriate technology architecture, to support platform availability and scalability for its rapidly growing customer base and to provide enterprise systems to support the experience and efficacy of its people. If these investments do not deliver the desired results, the Group's operations could be disrupted, and the Group's business could be harmed

If the Group experiences prolonged delays or difficulties in upgrading the scalability of its platform and associated systems, the platform may experience outages and the Group may not be able to deliver the level of service that its customers expect. This could result in material loss of customer revenue or damage to the Group's reputation. If the Group is not successful in transforming its core enterprise systems and maintaining them appropriately this may impact the experience and efficacy of its people in executing its strategy.

The Group is dependent on its key management team and skilled employees

The Group's operating and financial success will depend partly upon the performance, efforts and expertise of its people. There can be no assurance that the Group will be able to attract in sufficient numbers in the required regions, key management, operating and technical employees and/or be able to retain these individuals. Operations could be adversely affected if the Group was unable to attract and develop such staff or were to lose key employees which it was unable to replace with equally qualified personnel. The loss of key executives or the delay in their replacement, or the inability to attract key executives with the requisite skills and experience, could materially and adversely affect the Group's ability to implement its business strategies. There is also a risk that a failure to maintain and protect the wellbeing, health and safety of the Group's employees may adversely affect the Group's ability to attract, develop and retain employees.

The Group's success also depends on the continued efforts and ability to hire and retain skilled professionals with the requisite software development, product management and cloud-industry based technical experience. The dynamic and rapid changes in the software development industry requires the Group's skilled professionals to keep abreast of changing industry standards and trends to adapt to the changing requirements and business environment. Competition to attract such skilled professionals and personnel is intense and there is no assurance that the Group will be successful in attracting, developing or retaining skilled professionals and the lack of availability of such skills may materially and adversely affect operations.

Risks specific to an investment in the Group

The Group's ability to attract, develop and retain employees will also be dependent on the current and future organisational culture and there is no assurance that the Group will be successful in evolving its culture towards its aspirations as a purpose and performance-driven company. There is also a risk that the Group is not able to maintain its current organisational culture as it continues to evolve.

The Group is exposed to risks involving an inadequacy or failure of its internal controls

There is a risk that a failure or inadequacy of internal controls, people or procedures, or external events, may give rise to failures or disruptions in operational systems and controls. Such events may include but are not limited to fraud, security failures, unavailability of products and services, Group and customer data loss, manual processing errors and unauthorised access to systems or premises. Such failures may have an impact on the Group's reputation, ability to attract and retain customers and key personnel, and may subsequently impact upon the financial performance and position of the Group.

The Group is exposed to the foreign exchange markets

The Group's financial statements are presented in New Zealand Dollars. However, a significant proportion of the Group's revenue and expenses are denominated in other currencies, most notably Australian Dollars, Pound Sterling, U.S. Dollars and Canadian Dollars. As a result, the Group's revenues are highly sensitive to movements in the exchange rate between those currencies and the New Zealand Dollar where currency translation effects occur. This could diminish the impact of positive results or increase the impact of negative results recorded in the Group's financial statements.

While the Group generally hedges a portion of its foreign currency exchange rate exposure through derivative instruments based on the Group's treasury policy, the Group does not seek to hedge all of its foreign currency exchange rate exposure. There can be no assurance that the Group's hedging activities will be successful in mitigating the impact of exchange rate fluctuations. In addition, significant volatility in exchange rates may increase the Group's hedging costs, limit its ability to hedge its exchange rate exposure, particularly against unfavourable movements in the exchange rates of certain emerging market currencies, and could have an adverse impact on the Group's results of operations, particularly the Group's profitability. Any of the factors above may have a material adverse effect on the Group's business, financial condition and results of operations.

Climate change may affect the Group's business

The Group's climate strategy involves minimising its net climate impact and growing its business as the climate changes, including mitigation of business-wide climate risk, reducing net climate impact and harnessing climate related opportunities. The Group may not be successful in implementing this strategy. The impacts of climate related risks on the Group may include the impact of acute and chronic climate changes causing disruption to critical inputs, such as people, electricity, and communication infrastructure, that affects Xero's ability to service customers and impacting customers and demand for Xero's services. The Group may also be affected by changes in operating costs due to the pace and timing of the renewable energy transition and shifts in regulatory requirements and stakeholder expectations related to climate change.

Risks specific to an investment in the Group

Legal and compliance risks

The Group is subject to the risk of investigations, disputes and legal proceedings

The risk of litigation and claims is a general risk that applies across the Group's business.

From time to time, and at any point in time, in the conduct of its operations, the Group may be involved in investigations, inquiries or disputes, debt recoveries, and contractual claims with respect to its activities with suppliers, customers and employees, and may also be the subject of legal proceedings, regulatory investigations or actions arising from its operations (including any defects in the Group's products and services which results in potential non-compliance by users with applicable regulatory requirements and any other aspects of the Group's activities which might be alleged to infringe applicable law).

The Group may also become subject to infringement claims, including patent, copyright, trade secret, and trademark infringement claims. Litigation may be required to determine the validity and scope of the intellectual property rights of others.

A negative outcome from such investigations, inquiries, disputes, recoveries, claims, litigation, proceedings or actions (or the cost of responding to such matters) may have a significant negative impact on the financial performance and reputation of the Group, and require significant management focus.

Laws and regulations regarding financial services, privacy, data protection and collection and AI could result in claims, regulatory impacts and changes to the Group's business processes, penalties, increased cost of doing business or otherwise harm the Group's business

Regulations relating to the business of the Group are evolving as governments continue to adopt or modify laws and regulations regarding financial services, privacy, data protection, the collection, processing, storage, transfer, use of personal data, AI and mandatory notification of breaches of data security. In addition, there is a risk that laws and regulations that were historically formulated to regulate financial institutions either evolve or are interpreted by regulatory authorities to apply to aspects of the Group's products and services (particularly, though not exclusively, Melio's products and services).

In the context of this risk, it should also be noted that the businesses conducted by Melio are currently subject to regulation to a greater extent than the Group's current businesses and, of themselves, will require the Group to have a greater focus on regulatory compliance than its existing product offering.

Any new or altered laws or regulations which affect the Group's business could require the Group to increase spending and employee resources on regulatory compliance and/or change or restrict the Group's business practices, which could adversely affect the Group's operations and profitability. For example, to address the GDPR (EU's General Data Protection Regulation) and other data privacy regulations, the Group has made changes to its products and business processes. The Group may also be subjected to new laws and regulations in relation to new business products or services. If the Group fails to address these changing requirements or fails to support its customers to meet their regulatory obligations that may arise in connection with use of the Group's platform, demand for the Group's offerings could decline. In addition, the Group could incur penalties for non-compliance with these laws which may be significant.

Changes in government regulation regarding open data could impact the Group's competitive positioning and financial performance

Changes in regulation which result in more open access to banking and financial data may impact on the Group's ability to innovate and differentiate from competitors and reduce the ability to attract new customers. The future evolution of such regulation could extend to other sectors beyond banking with additional implications for the Group.

Risks specific to an investment in the Group

The Group is subject to government regulations and legal requirements

The Group faces and will continue to face ongoing legal risk arising from its exposure to a wide range of laws and regulatory requirements in various jurisdictions. Further, the businesses conducted by Melio are currently subject to a greater degree of regulation than the Group's current businesses, and consequently, a greater risk of impact from changes in those regulatory regimes (for example, changes in payments regulation/real time payments legislation).

In particular, holding money transmitter licences (**MTLs**) are critical to Melio's success. Melio may not be able to secure renewal or some or all of its MTLs if it does not have internal processes sufficient to successfully manage the renewal of its MTLs. If MTLs are revoked or not renewed, this may result in Melio experiencing negative financial consequences which may have a material impact on its revenues and operations. Having the appropriate internal regulatory and licensing management processes will be important to ensure renewals are secured within the relevant timeframes.

There is a risk that laws, regulations and governmental agency administrative procedures may be adopted with respect to the Group's products and services, covering issues such as user privacy, the content and quality of products and services, intellectual property rights, financial services and information security. The Group may also be subject to new regulatory regimes or requirements in areas not directly related to the Group's products and services (for example, environment and climate change and health epidemics). These changes could limit the Group's current scope of business, or its proposed scope of business activities, and require significant investments by the Group.

In particular, changes in government regulation regarding location of data hosting and data storage may require the Group to invest in new data storage locations and may materially increase its cost base, therefore impacting the Group's financial performance.

Further, there can also be no assurance that any jurisdiction in which the Group operates will not change its licensing requirements, including the terms and conditions to which any existing licences and approvals are subject, or introducing new licensing or approval requirements. If the regulatory scheme of any jurisdiction in which the Group operates in were to change its licensing or approvals requirements, the Group may be required to expend significant capital or other resources in order to comply with the new requirements and/or may be required to modify its product offering or its operations in order to comply with the new requirements and/or may not be able to meet the new requirements, any or a combination of which could have a material adverse effect on its business, financial condition and results of operations.

In addition, tax and accounting laws and requirements applying to customers of the Group's platform, or changes in those laws and requirements, may impact the product functionality requirements of the Group's platform and may require significant investment by the Group. Further, any inability to meet those laws and requirements may result in loss of customers or liability to customers.

The Group utilises open source software and must comply with its legal terms and conditions

Some of the Group's solutions incorporate and are dependent on the use and development of "open source" software. Open source software is generally licensed under open source licenses which may include a requirement that the Group make available, or grant licenses to, any modifications or derivative works created using the open source software. If an author or other third party that uses or distributes such open source software were to allege that the Group had not complied with the legal terms and conditions of one or more of these licenses, the Group could incur significant legal expenses defending against such allegations and could be subject to significant damages.

General risks and risks associated with the Offer and investing in securities

The Group is subject to changes in accounting policy

The Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on the Group. The Group adheres to the Generally Accepted Accounting Practice in New Zealand (**NZ GAAP**) and the Group's financial statements comply with New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**) as well as International Financial Reporting Standards (**IFRS**), and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS as established by the New Zealand Accounting Standards Board (**NZASB**). These accounting practices, standards and notices are out of the control of the Group. From time to time, the NZASB may introduce new or refined accounting standards which may affect the future measurement and recognition of key income statement or statement of financial position items. Such changes may also be as a result of harmonisation of NZ IFRS with international accounting standards. There is also a risk that interpretations of existing NZ IFRS, including those relating to the measurement and recognition of key income statement and statement of financial position items, may differ.

The Group is exposed to risks associated with the performance of the global economy and the prevailing economic and political conditions in the markets in which it operates

The Group's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions, government fiscal, monetary and regulatory policies, tariff barriers and global trade relations. Prolonged deterioration in these conditions, including an increase in interest rates or an increase in the cost of capital, could have a material adverse impact on the Group's operating and financial performance.

Geopolitical events, including an outbreak or a material escalation of hostilities (including in Israel), including a declaration of war, acts of terrorism, the deterioration of trade or other relations between countries or regions or political instability, may affect the global economic and commercial environment and in turn directly or indirectly affect the Group's future revenues, operations and financial performance.

General risks and risks associated with the Offer and investing in securities

The Group is subject to changes in taxation laws

Changes to the current taxation regimes which apply to the Group globally in respect of its operations, or to its shareholders, including changes in interpretation or application of the law by courts or taxation authorities, may affect the Group or its shareholders. The Group's tax position is based on current tax law and an understanding of the practice of the relevant tax authorities in respect of the application of that law. An interpretation of taxation laws by the relevant tax authority that differs from the Group's view of the application of those laws may increase the amount of tax that is payable by the Group or reduce the pool of tax losses available. There is also the potential for changes to taxation law or changes in the position of tax authorities that may impact the Group's tax position, which in turn may impact the Group's financial performance. Tax authorities in the Group's largest markets, including Australia and the United States, are focused on the tax positions of multinational enterprises, and the impact of such tax changes could materially impact the Group's domestic and international tax positions and disclosure obligations. These tax matters include (but are not limited to) Pillar Two (minimum taxes), characterisation of cross border transactions and public country-by-country reporting.

In addition, the Group may from time-to-time be subject to reviews, audits or investigation from relevant tax authorities, the outcome of which may impact the timing and amount of tax payable by (or losses available to) the Group and impact the financial performance of the Group.

The Group is exposed to interest rates changes

Changes in interest rates will affect borrowings and cash investments which bear interest at floating rates. Any increase in interest rates will affect the Group's costs of servicing floating rate borrowings and any decrease in interest rates will affect the Group's return on cash. Changes in interest rates may affect the relative strength of the Australian Dollar, the New Zealand Dollar, the U.S. Dollar, Pound Sterling and Canadian Dollar, each of which could materially and adversely affect the Group's financial performance and position.

The Group is exposed to force majeure events

Events may occur within or outside the Group's key geographies that negatively impact global, New Zealand, Australian, United States, Canadian, United Kingdom or other local economies relevant to the Group's financial performance, the operations of the Group and/or the price of the convertible notes and Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that may have a material adverse effect on the Group's ability to perform its obligations.

General risks and risks associated with the Offer and investing in securities

The Group is subject to fluctuations in the price of its Shares and trading in shares may not be liquid

The market price of Shares will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors. Further, the impact on the Company share price of the announcement and completion of the Acquisition is not known and will depend on many factors, including but not limited to, market perception of the Acquisition, integration risks, dilution, increased debt levels, unforeseen liabilities or issues. These general and specific factors may result in the market price for the New Shares being less than the price paid for the New Shares.

There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which shareholders are able to sell their Shares. This may result in shareholders receiving a market price for the Shares that is less or more than the price at which the shareholders acquired or subscribed for the Shares.

There is no assurance that the Company will pay dividends

The Company has not declared or paid any cash dividends on its securities and does not have any present intention to pay cash dividends on its shares in the foreseeable future. Nonetheless, the Company's ability to pay dividends or make other distributions in the future is contingent on its profits and certain other factors, including the capital and operational expenditure requirements of the business and the capital management policies of the Group.

The Group is subject to the credit risk of its customers and counterparties

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations under a financial instrument and that this results in a loss to the Group. The Group may be exposed to counterparty credit risk arising from its operating activities.

There is no assurance that expected future events will occur

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinion or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

APPENDIX C UNDERWRITING AGREEMENT SUMMARY

Underwriting Agreement summary

Xero has entered into a placement agreement with the Underwriters pursuant to which the Underwriters have agreed to arrange, manage and underwrite the Placement (Underwriting Agreement). For completeness, the SPP is not underwritten and nothing in the Underwriting Agreement constitutes an agreement or obligation by the Underwriters (whether individually, jointly or severally) to lead manage or underwrite the SPP, or to subscribe, or procure subscriptions, for any SPP shares.

The Underwriting Agreement contains customary representations and warranties and indemnities in favour of the Underwriters. Details of the fees payable to the Underwriters are included in the Appendix 3B released to ASX on the date of this Presentation.

An Underwriter may terminate its obligations under the Underwriting Agreement at any time prior to 4.00pm on the Placement settlement date where:

a. (Merger Agreement) the Merger Agreement between the Company and Melio (among others) is breached in a material respect, terminated (or becomes terminable, void or voidable), rescinded or altered or amended in a material respect without the prior written consent of the Underwriters (not to be unreasonably withheld or delayed), or a condition precedent to which it is subject becomes impossible to be satisfied;

b. (debt commitment letter) the debt commitment letter between a wholly owned subsidiary of the Company and J.P Morgan Securities Australia Limited is breached in a material respect, terminated (or becomes terminable, void or voidable), rescinded or altered or amended in a material respect without the prior written consent of the Underwriters (not to be unreasonably withheld or delayed), or a condition precedent to which it is subject becomes impossible to be satisfied or any event occurs which gives a lender or financier under the debt commitment letter the right to accelerate or require repayment of the debt or financing thereunder;

c. (Announcements) a statement contained in this Presentation or the ASX release released to ASX on the date of this Presentation (together the Announcements) or public information does not comply with the Corporations Act in a material respect (including if a statement in any Announcement or public information is or becomes misleading or deceptive or is likely to mislead or deceive in a material respect, including by omission), or a matter required to be included is omitted from the Announcements or public information;

d. (cleansing notice) the placement cleansing notice is or becomes defective or the Company gives or is required to give a corrective statement under the Corporations Act and, in each case, that defective cleansing notice or corrective statement is adverse from the point of view of an investor;

e. (regulatory action):

   1. an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Placement, SPP, or Announcements, or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Placement, SPP or Announcements;
   2. ASIC or any other governmental agency makes an order or determination which prevents the Company from proceeding with the Placement or SPP; or
   3. any governmental agency makes an order or determination which prevents the Company from proceeding with the Proposed Acquisition,

   and any such application, investigation, hearing order or determination either:

   4. becomes public; or
   5. is not withdrawn within 2 business days after it is made or commenced, or where it is made or commenced less than 2 business days before the Placement settlement date it has not been withdrawn before the Placement settlement date;

Underwriting Agreement summary

f. (insolvency events) any material group member or Melio becomes subject to an insolvency event, or there is an act or omission which is likely to result in a material group member or Melio becoming subject to an insolvency event;

g. (listing):

   1. the Company ceases to be admitted to the official list of ASX or the shares cease trading or are suspended from official quotation or cease to be quoted on ASX (other than due to the trading halt requested by the Company to facilitate the Placement);
   2. ASX makes any official statement to any person, or indicates to the Company or the Underwriters that it will not grant permission for the official quotation of placement shares; or
   3. if permission for the official quotation of placement shares is granted before the date of allotment and issue of those shares, the approval is subsequently withdrawn, qualified (other than by way of customary conditions) or withheld;

h. (withdrawal) the Company withdraws:

   1. the Placement;
   2. the placement cleansing notice; or
   3. the Announcements;

i. (unable to proceed) the Company is or will be prevented from allotting and issuing the Placement shares by or in accordance with the Listing Rules, ASIC, ASX, any Applicable Laws or an order of a court of competent jurisdiction;

j. (change in chairperson, chief executive officer and chief financial officer) a change to the chairperson, chief executive officer or chief financial officer of the Company is announced or occurs;

k. (prosecution) any of the following occur:

   1. a director of the Company or any member of senior management is charged with an indictable offence; or
   2. any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act or the NZ Companies Act;

l. (certificate not provided) the Company does not provide a certificate as and when required by the Underwriting Agreement;

m. (trading halt) the trading halt ends early without the prior written consent of the Underwriters other than as set out in the timetable;

n. (timetable) any event specified in the timetable is delayed by one Business Day or more, other than a delay directly caused by the Underwriters, and in each case, without the prior written consent of the Underwriters; or

Underwriting Agreement summary

o. any of the following events occur:

  i. (change in board) a change in the board of directors of the Company is announced or occurs;

  ii. (representations, warranties and obligations) a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of the Company is breached, becomes not true or correct or is not performed;

  iii. (breach) the Company fails to perform or observe any of its obligations under the Underwriting Agreement;

  iv. (certificate incorrect) a statement in any certificate is misleading, inaccurate or untrue or incorrect;

  v. (constitution) the Company alters its constitution without the prior written consent of the Underwriters;

  vi. (capital structure) the Company reduces, reorganises or otherwise alters or restructures its capital structure, or agrees to do any of those things (other than issuing the Placement shares, SPP shares or as otherwise permitted under the Underwriting Agreement), without the prior written consent of the Underwriters;

  vii. (disclosures in the due diligence report and any other information) the due diligence report or any other information supplied by or on behalf of the Company (with the Company's consent) to the Underwriters in relation to the group or the Placement is, or becomes, misleading or deceptive, including by way of omission;

  viii. (change of law) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);

  ix. (prosecution) any government agency commences any public action against a group member or a director of the Company or senior management, in each case in their capacity as such, or announces that it intends to take action;

  x. (hostilities) the occurrence of any of the following:

    i. subject to clause x(ii), hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) or a significant terrorist act is perpetrated, in each case involving any of Australia, New Zealand, the United Kingdom, the United States of America, any member of the European Union, Japan, Singapore, Hong Kong or the People's Republic of China, or a national emergency or a major escalation of a national emergency is declared by any of those countries; or

    ii. in relation to any conflict involving Israel that is ongoing as at the date of the Underwriting Agreement:

      A. the use of nuclear weapons on or in Israel;

      B. a land invasion of territory of Israel by the government of another country; or

      C. power outages in Israel, damage to Israeli critical infrastructure or damage to Tel Aviv, in each case, which materially impairs Melio's ability to operate its business;

Underwriting Agreement summary

xi. (disruption in financial markets) any of the following occurs:

1. a general moratorium on commercial banking activities in Australia, New Zealand, Hong Kong, Singapore, any member of the European Union, the United Kingdom or the United States of America, is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
2. trading in all securities quoted or listed on ASX is suspended or limited for at least one day on which that exchange is open for trading; or
3. any other adverse change or disruption to the political or economic conditions or financial markets of Australia, New Zealand, the United Kingdom, the United States of America, Hong Kong, Singapore or any member of the European Union,

and, an Underwriter has reasonable grounds to believe that the event: (i) has or could be reasonably expected to have a material adverse effect on the success, settlement or marketing of the Placement or on the ability of that Underwriter to market or promote or settle the Placement; or (ii) will, or is likely to, give rise to a liability of that Underwriter under, or a contravention by that Underwriter or its affiliates of, or that Underwriter or its affiliates being involved in a contravention of, any applicable law.

APPENDIX D
FOREIGN SELLING RESTRICTIONS

Foreign selling restrictions

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Bermuda

- This document may be distributed, and the New Shares may be offered and sold, only from outside Bermuda to institutional and professional investors in Bermuda. No offer or invitation to subscribe for New Shares may be made to the public in Bermuda or in any manner that would constitute engaging in business in or from within Bermuda. In addition, no invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

Foreign selling restrictions

Canada (Alberta, British Columbia, Ontario and Quebec provinces)

- This document constitutes an offering of New Shares only in the Provinces of Alberta, British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are (i) "accredited investors" (as defined in National Instrument 45-106 – *Prospectus Exemptions*) and (ii) "permitted clients" (as defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*) if a lead manager offering the New Shares in Canada is relying upon the international dealer exemption under NI 31-103.
- No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.
- No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.
- The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.
- *Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.
- *Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.
- *Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Foreign selling restrictions

Cayman Islands

- This document may be distributed, and the New Shares may be offered and sold, only from outside the Cayman Islands to institutional and professional investors in the Cayman Islands. No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

China

- Neither this document nor any other document relating to the New Shares may be distributed to the public in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). This document has not been approved by, nor registered with, any competent regulatory authority of the PRC. Accordingly, the New Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for New Shares be made from, within the PRC unless permitted under the laws of the PRC.
- The New Shares may not be offered or sold to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

European Union (excluding Austria)

- This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").
- In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Foreign selling restrictions

Hong Kong

- WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).
- No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.
- The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

- The New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors.
- Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

South Korea

- The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the New Shares under the laws of Korea, including the Foreign Exchange Transaction Act and regulations thereunder. The New Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (FSCMA) and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.
- Accordingly, the New Shares may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).

Foreign selling restrictions

Malaysia

- This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except to “sophisticated investors” within the meaning of the Guidelines on Categories of Sophisticated Investors as issued by the Securities Commission Malaysia and, as such, are persons prescribed under Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act 2007.

New Zealand

- This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act).
- Other than as set out in paragraph (c) below, the New Shares under the Offer may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:
  - is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
  - meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
  - is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
  - is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
  - is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.
- It is intended that New Shares to be offered as part of the SPP will only be offered to existing eligible retail shareholders of Xero with registered addresses in New Zealand subject to receipt of relevant Financial Markets Authority approvals.

Foreign selling restrictions

Norway

- This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

- This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.
- This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.
- Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

South Africa

- This document does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act 2008 and may not be distributed to the public in South Africa. This document has not been registered with nor approved by the South African Companies and Intellectual Property Commission.
- Any offer of New Shares in South Africa will be made by way of a private placement to, and capable of acceptance only by, investors who fall within one of the specified categories listed in section 96(1)(a) of the South African Companies Act.
- An entity or person resident in South Africa may not implement participation in the offer unless (i) permitted under the South African Exchange Control Regulations or (ii) a specific approval has been obtained from an authorised foreign exchange dealer in South Africa or the Financial Surveillance Department of the South African Reserve Bank.

Foreign selling restrictions

Switzerland

- The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.
- No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).
- Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

United Arab Emirates

- This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (SCA) or any other authority in the UAE.
- No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This document may be distributed in the UAE only to “professional investors” (as defined in the SCA Board of Directors’ Decision No.13/RM of 2021, as amended).
- No offer of New Shares will be made to, and no subscription for New Shares will be permitted from, any person in the Abu Dhabi Global Market or the Dubai International Financial Centre.

Foreign selling restrictions

United Kingdom

- Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.
- The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.
- Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.
- In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (relevant persons). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

- This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares to be offered and sold under the Placement and SPP have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. 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 person in the United States or to any person that is 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 U.S. 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 U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

your business supercharged