



Announcement Summary

Entity name

XERO LIMITED

Date of this announcement

Wednesday August 30, 2023

The +securities the subject of this notification are:

+Securities issued under an +employee incentive scheme that are subject to a restriction on transfer and are not being quoted on ASX until the restriction ends

Total number of +securities to be issued/transferred

ASX +security code	Security description	Total number of +securities to be issued/transferred	Issue date
XROAK	RESTRICTED STOCK UNIT	239,531	24/08/2023
XROAI	OPTION EXPIRING VARIOUS DATES EX VARIOUS PRICES	17,611	24/08/2023

Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of entity

XERO LIMITED

We (the entity named above) give notice of the issue, conversion or payment up of the following unquoted +securities.

1.2 Registered number type

ARBN

Registration number

160661183

1.3 ASX issuer code

XRO

1.4 The announcement is

New announcement

1.5 Date of this announcement

30/8/2023



Part 2 - Issue details

2.1 The +securities the subject of this notification are:

+Securities issued under an +employee incentive scheme that are subject to a restriction on transfer and are not being quoted on ASX until the restriction ends

2.2a This notification is given in relation to an issue of +securities in a class which is not quoted on ASX and which:

has an existing ASX security code ("existing class")



Part 3B - number and type of +securities the subject of this notification (existing class) where issue has not previously been notified to ASX in an Appendix 3B

Additional +securities in an existing class issued under an +employee incentive scheme

ASX +security code and description

XROAK : RESTRICTED STOCK UNIT

Date the +securities the subject of this notification were issued

24/8/2023

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class

Yes

Were any of the +securities issued to +key management personnel (KMP) or an +associate?

Yes

Provide details of the KMP or +associates being issued +securities.

Name of KMP	Name of registered holder	Number of +securities
Sukhinder Singh Cassidy	Sukhinder Singh Cassidy	64,475
Kirsty Godfrey-Billy	Kirsty Godfrey-Billy	4,975

Please provide a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms

Xero CEO succession, Sukhinder Singh Cassidy appointed - see Material terms of Sukhinder Singh Cassidy's employment agreement as CEO of Xero Group: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02596256-3A606843?access_token=83ff96335c2d45a094df02a206a39ff4

Xero's 2023 Annual Report - see Xero's FY23 Remuneration Report https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02667178-3A618524?access_token=83ff96335c2d45a094df02a206a39ff4

Any other information the entity wishes to provide about the +securities the subject of this notification

192,094 RSUs were issued to members of Xero's leadership team, including Sukhinder Singh Cassidy and Kirsty Godfrey-Billy. 60% of these RSUs are subject to performance conditions (noting this is the maximum, with the mix at target being 50% performance based and the balance service based). The performance conditions for the relevant RSUs relate to Xero's operating revenue compound annual growth rate (weighted 37.5%), Xero's average free cash flow margin (weighted 37.5%) and Xero's relative total shareholder return (weighted 25%), and will be assessed over the period 1 April 2023 to 31 March 2026. The introduction of free cash flow margin is a considered step to support Xero's focus on balancing growth and profitability.



Issue details

Number of +securities

221,958

Additional +securities in an existing class issued under an +employee incentive scheme**ASX +security code and description**

XROAI : OPTION EXPIRING VARIOUS DATES EX VARIOUS PRICES

Date the +securities the subject of this notification were issued

24/8/2023

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class Yes**Were any of the +securities issued to +key management personnel (KMP) or an +associate?** Yes**Provide details of the KMP or +associates being issued +securities.**

Name of KMP	Name of registered holder	Number of +securities
Sukhinder Singh Cassidy	Sukhinder Singh Cassidy	17,611

Please provide a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms

Xero CEO succession, Sukhinder Singh Cassidy appointed - see Material terms of Sukhinder Singh Cassidy's employment agreement as CEO of Xero Group: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02596256-3A606843?access_token=83ff96335c2d45a094df02a206a39ff4

Xero's 2023 Annual Report - see Xero's FY23 Remuneration Report https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02667178-3A618524?access_token=83ff96335c2d45a094df02a206a39ff4

Any other information the entity wishes to provide about the +securities the subject of this notification

This information (to be read with part 2 of 2) applies to these 17,611 options and the 17,573 RSUs referred to below.
(Part 1 of 2)

On 30 January 2023, options were issued to the CEO in accordance with her contract of employment entered into on 10 November 2022 (CEO Initial Equity Grant). Details of the CEO Initial Equity Grant are included in the Material terms of the CEO's employment agreement document, annexed to Xero's ASX announcement regarding the CEO's appointment on 10 November 2022 (Material Terms of Employment Document).

As noted in the 2023 Remuneration Report, a miscalculation was made in relation to the CEO's options issued in January



2023. This miscalculation resulted in 445,697 options being issued with an exercise price of AU\$75.24. This was to the CEO's disadvantage as fewer options were issued and those that were issued had a higher exercise price than if the grant were made in accordance with the calculation methodology specified in the CEO's employment contract.

Issue details

Number of +securities

17,611

Additional +securities in an existing class issued under an +employee incentive scheme

ASX +security code and description

XROAK : RESTRICTED STOCK UNIT

Date the +securities the subject of this notification were issued

24/8/2023

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class

Yes

Were any of the +securities issued to +key management personnel (KMP) or an +associate?

Yes

Provide details of the KMP or +associates being issued +securities.

Name of KMP	Name of registered holder	Number of +securities
Sukhinder Singh Cassidy	Sukhinder Singh Cassidy	17,573

Please provide a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms

Xero CEO succession, Sukhinder Singh Cassidy appointed - see Material terms of Sukhinder Singh Cassidy's employment agreement as CEO of Xero Group: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02596256-3A606843?access_token=83ff96335c2d45a094df02a206a39ff4

Xero's 2023 Annual Report - see Xero's FY23 Remuneration Report https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02667178-3A618524?access_token=83ff96335c2d45a094df02a206a39ff4

Any other information the entity wishes to provide about the +securities the subject of this notification

(Part 2 of 2)
The number of options that should have been issued was 463,308. The exercise price should have been AU\$72.39.



Accordingly, on 24 August 2023 a grant of:

- 17,611 options was made to address the shortfall in the number of options; and
- 17,573 RSUs was made to address the difference in exercise price

The terms of the options align with those set out in the table in section 6.4.1 of Xero's FY23 Remuneration Report that will:

- vest in three equal tranches in November 2023, November 2024 and November 2025;
- lapse 10 years from the date of the original grant; and
- be treated on cessation of employment as set out in the Material Terms of Employment.

The RSUs will also vest in line with the vesting schedule outlined in section 6.4.1 of Xero's FY23 Remuneration Report (and summarised above).

Issue details

Number of +securities

17,573

Part 4 - +Securities on issue

**Following the issue, conversion or payment up of the +securities the subject of this application, the +securities of the entity will comprise:
(A discrepancy in these figures compared to your own may be due to a matter of timing if there is more than one application for quotation/issuance currently with ASX for processing.)**

4.1 Quoted +Securities (Total number of each +class of +securities quoted)

ASX +security code and description	Total number of +securities on issue
XRO : ORDINARY FULLY PAID	151,424,305

4.2 Unquoted +Securities (Total number of each +class of +securities issued but not quoted on ASX)

ASX +security code and description	Total number of +securities on issue
XROAK : RESTRICTED STOCK UNIT	1,460,766
XROAI : OPTION EXPIRING VARIOUS DATES EX VARIOUS PRICES	1,168,022



Part 5 - Other Listing Rule requirements

5.1 Were the +securities issued under an exception in Listing Rule 7.2 and therefore the issue did not need any security holder approval under Listing Rule 7.1?

No

5.2 Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1?

No

5.2b Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

Yes

5.2b.1 How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

257142

5.2c Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

No