



Xero Limited Shareholder Update

Dear shareholder

At the same time as providing you with a Notice under the Financial Markets Conduct Act 2013, we thought it was a good opportunity to share some updates before we end what has been an amazing year for Xero.

This month Xero has completed its 2 year re-platform project to Amazon Web Services (AWS). This has been an incredible challenge for our team as we migrated more than 1.4 petabytes of data and 59 billion records to the AWS platform. As a 24x7 business, moving to an entirely new platform can best be described as ‘changing the engines on a passenger jet while it’s still flying’. Amazingly our team managed this while releasing even more Xero features than the year before.

As well as providing the platform for millions of customers, AWS unlocks machine learning technology, allows us to ship software even faster and improve margins. It’s an exciting time to be in technology.

In just the past few weeks Xero has released a number of major features:

- **Xero HQ**, a platform to help accounting and bookkeeping practices grow
- **A new and automated partner program** for our accountants and bookkeeping customers
- **A new advisor directory** which helps connect Xero-certified partners with thousands of small businesses searching for an advisor
- **‘Hey Xero’ chatbot** to connect millions of small businesses on Facebook Messenger to advisors
- **Apple Pay** integration which makes it even faster and easier for customers to get paid.

We also announced the opening of a new regional office next year in the Hawke’s Bay, New Zealand, which has already garnered a huge response.

Xero continues to win best-in-industry awards globally including:

- Recognition for the second year running as the number one accounting solution in Australia, according to the annual Canstar Blue report
- Technology Company of the Year at Startcon 2016, Australia’s largest technology startup conference
- UK Cloud Awards for Financial Product of the Year
- ICB Global Annual LUCA Awards for Payroll Software of the Year, Bookkeeping Software of the Year, and The Michael Kintore Award for Outstanding Contribution to the Bookkeeping Profession
- Winner of New Zealand Trade and Enterprise’s International Business Award for Leadership Excellence.

And to close out the formalities, under the Financial Markets Conduct Act 2013 (FMCA), we are required to notify you that from 1 December 2016, all the requirements of the FMCA apply to Xero. The FMCA is a New Zealand statute governing the operation of financial markets. The FMCA requirements include financial reporting, governance of financial products, and dealing with financial products on regulated markets.

With that, a special thank you for your continued support as a shareholder. I wish you well for a safe holiday season and a prosperous 2017 for us all.

Rod Drury

Xero Founder and CEO

Xero Limited, 3 Market Lane, Wellington, New Zealand

