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MARKET RELEASE

Appendix 3Y - Change of Director's Interest Notice

WELLINGTON, 6 May 2020 - Xero Limited (ASX: XRO) releases the attached Appendix 3Y for David Thodey for Xero Limited ordinary shares acquired through a discretionary Australian equities model portfolio fund (Fund).

Due to an administrative oversight, the Fund acquired Xero shares following Mr Thodey's appointment as a director of Xero. Mr Thodey has now been made aware of this oversight and is making the required notification of the number of shares he holds directly and indirectly in the attached Appendix 3Y. Mr Thodey advised Xero of these transactions on 2 May 2020 promptly after he became aware of the Fund's trading.

Xero has implemented additional administrative checks to ensure a similar oversight does not occur in the future. In addition, the Fund has confirmed that it has implemented additional measures to ensure that no further Xero shares will be acquired or disposed of on behalf of Mr Thodey without his and Xero's prior approval.

These transactions occurred during a closed period for share trading in breach of section 3 of Xero's Securities Trading Policy. The shares were acquired on market through the Fund which is managed by an investment manager pursuant to a standing authorisation and without any consultation with Mr Thodey. Mr Thodey was not aware of the trading and did not direct or expressly authorise the acquisition of Xero shares. He promptly informed Xero on becoming aware of the issue and has assisted in implementing additional administrative procedures to avoid the risk of a similar trade in the future. Accordingly, no further action is considered necessary in the circumstances.

Each Xero director is fully aware of and understands his or her obligations under Listing Rule 3.19A.

Authorised for release to ASX by Chaman Sidhu, Company Secretary

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About Xero

Born in the cloud, [Xero](#) is a beautiful, easy-to-use platform for small businesses and their advisors around the world. Xero provides its 2+ million subscribers with connections to a thriving ecosystem of 800+ third-party apps and 200+ connections to banks and financial service providers. On the inaugural 2018 Financial Times FT1000 High-Growth Companies Asia Pacific list, Xero was the fastest growing tech company in the \$200+ million segment. Xero won 'Accountancy Software Provider of the Year' at the British Business Awards in 2019, and was rated by Canstar Blue as the best accounting software in Australia from 2015-2018 and in New Zealand in 2019.

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Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

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|---|
| Name of entity: Xero Limited (XRO) |
| ABN: 160 661 183 |

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

| | |
|----------------------------|--------------------|
| Name of Director | David Ingle Thodey |
| Date of last notice | 9 July 2019 |

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

| | |
|---|--|
| Direct or indirect interest | Indirect |
| Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small> | Fully paid ordinary shares in Xero Limited (Ordinary Shares) held by: <ul style="list-style-type: none"> • Aspiring Co Pty Limited as trustee for the Thodey Family Trust. David Thodey is a director of Aspiring Co Pty Limited and beneficiaries of the Thodey Family Trust are immediate family members • JP Morgan Nominees Australia Pty Limited (as custodian for Aspiring Co Pty Limited as trustee for the Thodey Family Trust) |
| Date of change | 11 October 2019 – 138 Ordinary Shares 14 October 2019 – 170 Ordinary Shares 15 October 2019 – 153 Ordinary Shares |
| No. of securities held prior to change | 4,000 held by Aspiring Co Pty Limited as trustee for the Thodey Family Trust |

+ See chapter 19 for defined terms.

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| | |
|--|--|
| Class | Ordinary Shares |
| Number acquired | 461 |
| Number disposed | Nil |
| Value/Consideration <small>Note: If consideration is non-cash, provide details and estimated valuation</small> | A\$66.24 for 138 Ordinary Shares A\$67.67 for 170 Ordinary Shares A\$68.63 for 153 Ordinary Shares |
| No. of securities held after change | <ul style="list-style-type: none"> • 4,000 Ordinary Shares held by Aspiring Co Pty Limited as trustee for the Thodey Family Trust • 461 held by JP Morgan Nominees Australia Pty Limited (as custodian for Aspiring Co Pty Limited as trustee for the Thodey Family Trust) |
| Nature of change <small>Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back</small> | Shares acquired on-market through a discretionary Australian equities model portfolio fund |

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

| | |
|---|--|
| Detail of contract | |
| Nature of interest | |
| Name of registered holder (if issued securities) | |
| Date of change | |
| No. and class of securities to which interest related prior to change <small>Note: Details are only required for a contract in relation to which the interest has changed</small> | |
| Interest acquired | |
| Interest disposed | |

+ See chapter 19 for defined terms.

| | |
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| Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation | |
| Interest after change | |

Part 3 – +Closed period

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|--|-----|
| Were the interests in the securities or contracts detailed above traded during a +closed period where prior written clearance was required? | Yes |
| If so, was prior written clearance provided to allow the trade to proceed during this period? | No |
| If prior written clearance was provided, on what date was this provided? | N/A |

+ See chapter 19 for defined terms.