

6 August 2020

## **Xero Ltd (XRO)**

The company will hold its Annual Shareholders meeting **11.00am NZ Time/9.00am AEST Thursday 13 August 2020.**

Due to the Directors locations and the impact of Covid-19 in Australia this will be a virtual meeting.

You can join the meeting online at <https://agmlive.link/agm/xero2020/register>

Xero was listed on the NZX in 2006 and subsequently moved to the ASX.

Subscriber numbers continue to grow and are now 2.285 million up 25% on FY19 with 17% in New Zealand, 40% in Australia, 27% in UK, 11% in North America and 5% across the rest of the world. The total value of transactions through the platform were an impressive \$3.62 trillion with the total value of invoices raised via Xero at \$853 billion. Note the company reports in New Zealand dollars.

At the onset of Covid-19 the company quickly developed and rolled out a range of new support products. It established a Xero Central Hub to provide business continuity support to customers and set up a 24/7 customer response team to help customers access Government support in each jurisdiction.

Operating Revenue was up 30% at \$718.2 million with Gross Profit up 32% at \$611.6 million. The company recorded its maiden NPAT \$3.3 million compared to a Loss of \$27.1 million in FY19. Free cash flows were \$27 million.

The company had \$686 million of liquid resources including most of the US\$300 million raised in October 2018. The shares are trading at \$A91.75 and have traded through a range of \$A58.75/\$A96.56 over the past year.

### **Board Composition**

The Board comprises an Independent Chair, 4 Independent Directors and 2 Non-Independent Directors. The Board's policy is to have at least 3 female and 3 male Directors. Rod Drury, the founder, holds 11% of the shares and Craig Winkler holds 6%.

We consider the Board's skill sets to be appropriate to the business.

### **Resolutions**

- 1. That the Board is authorised to fix the auditor's remuneration for the coming year.**

This is an administrative resolution.

We will vote undirected proxies **IN FAVOUR** of this resolution.

**2. To re-elect Lee Hatton as an Independent Director.**

Lee Hatton was appointed to the Board in April 2014. She is a member of the global executive team at Afterpay and was CEO at UBank an Australian digital bank from 2015 to 2020. She is eminent in the field of artificial intelligence.

We will vote undirected proxies **IN FAVOUR** of this resolution.

**3. To re-elect Rod Drury as a Non-Independent Director.**

Rod Drury founded Xero in 2006 after a career at Ernst and Young. He has experience in establishing successful technology businesses.

We will vote undirected proxies **IN FAVOUR** of this resolution.

**4. To elect Mark Cross as an Independent Director.**

Mark Cross was appointed to the Board in April 2020 and is therefore required to offer himself for election. He is currently a Director of NZX/ASX listed Chorus and Z Energy. He is also the Chairman of Milford Asset Management.

We will vote undirected proxies **IN FAVOUR** of this resolution.

**Proxies**

You can vote online or appoint a proxy at <https://www.linkmarketservices.com.au/>

Instructions are on the Proxy/voting paper sent to you.

Voting and proxy appointments close **11.00am NZ Time/9.00am AEST Tuesday 11 August 2020.**

**Please note you can appoint the Association as your proxy. We will have a representative attending the meeting.**

**STANDING PROXIES - AUTOMATICALLY APPOINT NZSA AS YOUR PROXY MAKE YOUR VOTE COUNT! Details on the NZSA website.**

<http://www.nzshareholders.co.nz/shareholders-standing-proxies.cfm>

**The Team at NZSA**