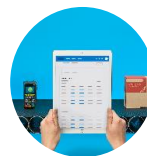
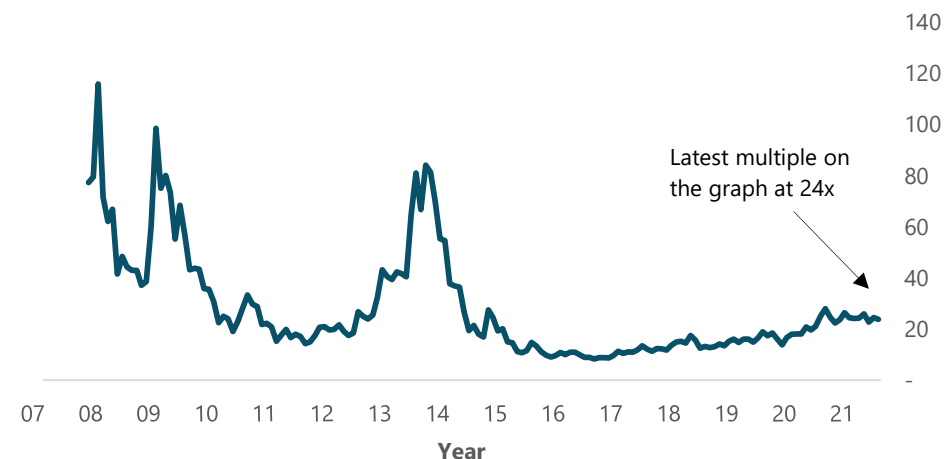
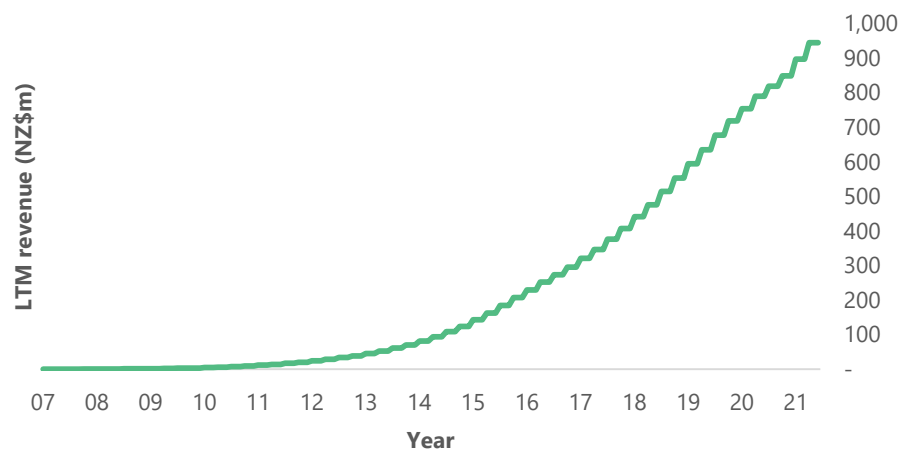


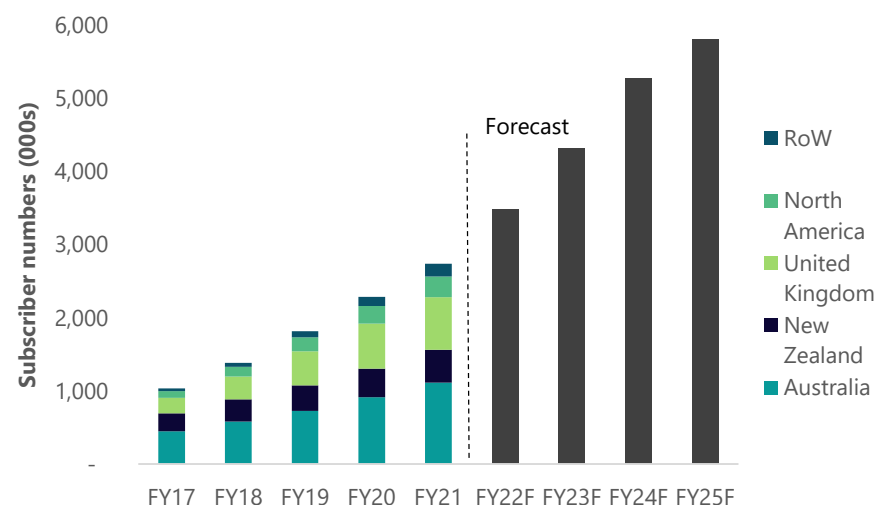
Overview**Clare Capital Tech Insights 236 - Xero to Hero - 20220218**

This report looks at some of Xero's key financial metrics and performance to date, specifically their revenue multiple over time. The first page looks at the company since it listed on the NZX in 2007 while the second page dives into its recent data in more detail. Forecast revenue and EBITDA numbers are based on consensus analyst estimates and the subscriber numbers are a Clare Capital interpolation. Figures in NZ\$ unless stated otherwise.

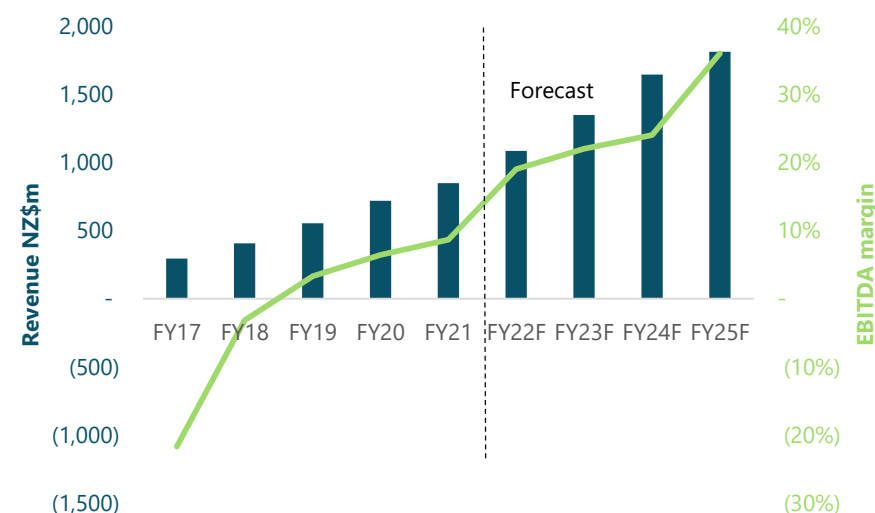
**Stock details (as at 18 Feb 2022)**

Market capitalisation	\$16,445 million
Cash	\$1,008 million
Debt	\$987 million
Enterprise value	\$16,424 million
Total shares outstanding	149 million

**Xero EV/LTM revenue multiple****Xero Last 12 Months (LTM) revenue NZ\$m****Xero Enterprise Value (EV) NZ\$m**

Xero subscriber numbers

*Subscriber forecast numbers are interpolated assuming a flat ARPU figure

Xero revenue NZ\$m and EBITDA margin**Xero key metrics**

Metrics	Units	FY17	FY18	FY19	FY20	FY21	LTM
Employee number	#	1,721	2,021	2,531	3,055	3,642	4,187
Gross Profit	\$m	226	330	462	612	730	819
ARR	\$m	363	484	638	821	964	1,219
Gross Margin	%	77%	81%	84%	85%	86%	87%
MRR churn	%	1.15%	1.10%	1.10%	1.13%	1.01%	0.78%
ARPU (monthly)	\$	29.0	29.1	29.3	29.9	29.3	30.8
CAC payback	# mnths	12.8	12.9	13.6	14.0	14.8	14.1
LTV	\$m	2,200	3,200	4,400	5,500	7,600	9,900
LTV/CAC	x	5.7	6.1	6.0	5.8	6.4	8.1
LTV/subscriber	\$	2,121	2,310	2,398	2,422	2,789	3,572

Xero's acquisitions made

Acquired company	Country	Date announced	Acquisition price
NZ\$ millions			
Trilogy Software	Canada	Dec 21	86
FBP	United States	Nov 21	27
Tickstar	Sweden	Mar 21	25
Planday	Denmark	Mar 21	304
Waddle Loans	Australia	Aug 20	88
Instafile	United Kingdom	Nov 18	10
Hubdoc	Canada	Jul 18	103
Monchilla	United States	Nov 14	9
Spotlight workpapers	New Zealand	Jul 12	0.8
WorkflowMax	New Zealand	Feb 12	6

Disclaimer

The information provided in this report has been solely sourced and calculated from S&P Global Market Intelligence and Xero's annual reports. Clare Capital holds no responsibility over the actual numbers. Clare Capital is not an Authorised Financial Adviser. If you are making investment decisions you should seek appropriate personalised financial advice.