



MARKET RELEASE

Xero acquiring LOCATE Inventory to enhance its inventory and ecommerce capability

Targeted US inventory management acquisition will secure talent and capability to help scale a new cloud inventory management solution

WELLINGTON, 11 November 2021 - Xero Limited (ASX: XRO) announces it is acquiring LOCATE Inventory or LOCATE (the trading name of New Tack, Inc), a US cloud-based inventory management provider, to better support the inventory needs of small business and enhance its ecommerce capability.

The acquisition will embed LOCATE's inventory and ecommerce talent and capability within Xero to enhance Xero's inventory management offering. This will help meet increased small business demand for inventory and cash flow management tools.

Using LOCATE's inventory-accounting workflows, Xero's new inventory solution will help small businesses track and manage inventory in real-time, across multiple locations and channels (including a number of Xero's ecommerce partners) to better serve their customers and improve their financial performance. The new offering is expected to launch to US customers before being made available in other markets.

Xero CEO Steve Vamos commented: "We selected LOCATE as it has some of the most comprehensive inventory-accounting workflows in the US market. LOCATE's talented team has a deep understanding of inventory management and product capability to help us scale our cloud inventory management solution for small business, accountants and bookkeepers. The LOCATE acquisition supports our strategic priority to grow the small business platform, strengthens our ecommerce offering and supports our growth opportunities in North America and globally as we strive to be the most insightful and trusted platform for small business."

LOCATE transaction details

Total consideration for the purchase of LOCATE and subsequent employee incentive payments will be US\$19 million. On completion, which is expected to take place in the coming days, consideration for LOCATE of US\$14 million is to be settled 20% in cash and 80% in shares in Xero Limited. Employees will be granted US\$5 million in restricted stock units which vest between three and five years after completion, subject to continuing employment. Transaction, integration and operating costs are expected to have a minimal impact on Xero's FY22 EBITDA.

Authorised for release to the ASX by the Chair of the Board



Beautiful business

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About Xero

[Xero](#) is a cloud-based accounting software platform for small businesses with over 3 million subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 1,000 third-party apps and 300 plus connections to banks and other financial partners. In 2020 and 2021, Xero was included in the Bloomberg Gender-Equality Index and in 2020, Xero was recognised by [IDC MarketScape](#) as a leader in its worldwide SaaS and cloud-enabled small business finance and accounting applications vendor assessment.

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