

ASX release (ASX: PXA)

## PEXA delivers another positive performance in FY22

Melbourne, Australia – 26 August 2022 – PEXA Group Limited (PEXA or the Company), operator of Australia’s leading digital property settlements platform, is pleased to announce its results for the 12 months ended 30 June 2022 (FY22), a year in which the Company delivered another good operational and financial performance.

### FY22 financial results (vs FY21 and FY22 Prospectus forecast (FY22 PF))

Year ended 30 June (\$m)	FY22	FY21	Growth	FY22PF	Variance
Revenue	279.8	221.0	27%	246.9	13%
Pro forma PEXA Exchange EBITDA	152.7	110.4	38%	126.3	21%
PEXA Exchange EBITDA margin	54.6%	50.0%	+4.6ppt	51.2%	+3.4ppt
Pro forma Group EBITDA	130.5	101.8	28%	107.6	21%
Statutory NPAT	21.9	(11.8)	>>	(2.5)	>>
Pro forma NPAT	38.0	(4.9)	>>	19.6	94%
Pro forma free cashflow before capex	121.1	113.2	7%	109.0	11%

### FY22 operating metrics (vs FY21 and FY22 Prospectus forecast)

Year ended 30 June	FY22	FY21	Growth	FY22PF	Variance
Transfer market penetration	85%	80%	+5ppt	86%	-1ppt
PEXA Exchange transactions (k)	4,051	3,326	22%	3,485	16%

### Commenting on the FY22 results, PEXA Group Managing Director and CEO Glenn King said:

“The Company’s focused growth strategy and commitment to our values, our people and our community underpinned PEXA’s performance in FY22, with key financial metrics outperforming Prospectus forecasts and upgraded FY22 guidance released with the H1 FY22 result. This result reflected the dedication and commitment of our highly engaged people (80% engagement score, which is top quartile of the “New Tech” benchmark), delivering strong customer engagement as seen in our Net Promoter Score (NPS) of 74, and high brand trust rating of 8.9 out of 10.

“Our team continues to deliver for the practitioners, financial institutions and homebuyers and sellers who have used the PEXA Exchange over the past 12 months in Australia, driving strong transaction volume growth on our Exchange platform that maintained 99.9% availability across FY22. We continue to execute on our strategy to build on PEXA’s position as the operator of Australia’s leading digital property settlements platform. With further enhancements made, and a new jurisdiction entered, we recognise the key and unique custodial role we play in managing this critical infrastructure that supports the safe and secure settlement of the majority of land transactions in Australia.

“In addition to growing the PEXA Exchange in Australia, we have made meaningful progress on two primary growth initiatives. PEXA International’s market entry in the UK is on track, with PEXA Pay being approved as the seventh net settlement payment scheme to clear through the Bank of England, technology development advancing and customer sign-ups commencing. We have signed up the first lenders onto our platform for mortgage refinances, with ‘go live’ to occur with the first lender next month, and we continue to explore and identify potential opportunities to further progress our development.

“As PEXA continues to build its reputation as a trusted source of robust, real-time property data, we continue to identify opportunities to extend our offering and meet market needs. Over the past 12 months, PEXA Insights launched two products, and invested in two relevant businesses, Landchecker and Elula. This continued in the new financial year, with an investment in Slate Analytics and the acquisition of .id. Likewise, PX Ventures is continuing to pursue opportunities across the property ecosystem.”

### **Continued growth in FY22 revenue and earnings**

Favourable market conditions and growth in our transfer market penetration to 85% combined to drive a 22% increase in PEXA Exchange volumes to 4.05 million. PEXA launched in the ACT, reaching 59% transfer market penetration by 30 June 2022, less than 12 months since entry. In Queensland, strong growth saw volumes more than double from FY21 to FY22 and PEXA transfer market share increased over this period by 15ppts.

Since launch, PEXA has facilitated more than 12 million property transactions worth more than \$2.4 trillion, and the Exchange is now supporting over 9,700 practitioner firms, over 160 financial institutions and over 1.1 million consumers per year. The growth in underlying business drivers enabled PEXA to increase revenue by 27% to \$279.8 million. With product mix stabilising, gross margin improved to 88% (from 87%) and pro forma group EBITDA increased 28% to \$130.6 million.

### **PEXA International tracking for ‘go live’ in September 2022**

Through FY22, major milestones were delivered in relation to PEXA International’s UK market entry. PEXA Pay became the seventh net settlement payment scheme to clear through the Bank of England, a UK Board has been appointed, and strong relationships have been built with Her Majesty’s Land Registry and other key stakeholders. Seven lenders successfully completed testing during FY22, with an additional four to complete testing by October 2022. All key milestones are tracking well, with ‘go-live’ of remortgage capabilities to occur in September 2022 with one of the first two lenders that have now signed up to settle via the platform.

### **Balance sheet supports growth in PEXA Insights and PX Ventures**

PEXA closed out FY22 with \$75.4 million cash, and a prudent level of debt with 1.47x net debt to PEXA Exchange EBITDA. The Company’s capital position has been adequate to readily support the strategic initiatives being executed on.

PEXA Insights positioned itself to deliver growth. This has been achieved organically and through strategic partnerships and M&A during FY22. Its partnerships with universities have been extended to include Deakin

University, and PEXA Insights released its first products aimed at helping financial institutions improve efficiency. In addition, PEXA Insights also completed the following strategic investments in FY22 and shortly after financial year end:

- acquiring a 38% stake in property information leader, Landchecker
- acquiring up to 25% of AI software leader Elula, improving PEXA's offering to financial institutions
- acquiring a 70% stake in Slate Analytics, a progressive property analytics and technology solution co-developed by the UNSW Sydney and FrontierSI
- acquiring Australian demographics company .id – PEXA Insights' first 100% acquisition

These investments are consistent with the Company's strategy to unlock value for the property industry, supporting PEXA's goal of providing appropriate, innovative data insights and services for industry, government, consumers, and other stakeholders.

PX Ventures also continues to build on PEXA's digital and industry experience, with several ventures launched or progressed with external partners during the period, including partnerships with Business Advantage, Honey Insurance and Smaver. Most recently, PX Ventures signed a strategic partnership with Sorted Services, a local Melbourne proptech, to provide Australian homebuyers and sellers with a convenient and connected home services experience, making it easy to access everything needed for their new home, all available in one app. With the product to be offered in FY23, the partnership will see PEXA rapidly expand the services and value we add to Australian homebuyers and sellers.

### **Delivering meaningful ESG outcomes**

PEXA is a proud member of The Global ESG Benchmark for Real Assets (GRESB), having achieved a 5-star GRESB rating in FY22 and ranking second within its global peer group with a score of 92/100 (up from 84 in FY21).

As an organisation committed to getting people into homes, PEXA also focuses heavily on homelessness and housing affordability, partnering with not-for-profit Homes for Homes in the creation of sustainable and long-term housing. This is done via grant funding and technology that allows vendors to make a small contribution from the proceeds of sale directly to Homes for Homes at settlement via the PEXA Exchange platform.

The Company is continuously working to undertake new ESG initiatives, with its inaugural Environmental Statement delivered in FY22 outlining a commitment to achieve carbon net zero by 2025. In addition, PEXA has been working with Indigenous consultants to establish an Indigenous Engagement Strategy, creating employment, procurement, and community opportunities for First Nations' peoples.

### **Trading update – FY23 YTD**

As interest rates increase, the Australian property market is tempering, but remains robust supported by strong economic fundamentals – high household savings rates, low levels of unemployment and increasing inward migration. In addition, refinancing volumes remain elevated with longer-term fixed mortgage rates



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now falling. This has been reflected in July 2022 PEXA Exchange volumes being above 300,000, and Q1 FY23 volumes tracking to be greater than 900,000.

**Commenting on the Company’s FY23 outlook, Mr King said that PEXA had started FY23 in a strong position:**

“Volumes on the PEXA Exchange platform in Australia remain robust, and we are targeting an Exchange EBITDA margin in the 50% to 55% range. To drive future growth of the PEXA Exchange, we continue to invest in our core business, with PEXA Exchange technology investment expected to be circa 20% of revenue in FY23 with a focus on API development, customer-facing enhancements, and cyber security and platform resilience.

“We are excited by the opportunities for PEXA to grow its world-leading digital property settlement platform internationally, while also appropriately expanding data services in Australia to facilitate a more informed and efficient property industry at home. Our UK business will ‘go live’ next month, and by the end of FY23 we aim to have four lenders transacting on the platform.

“To support this, we plan to invest circa \$45 million in international expansion over the next 12 months. In addition, with the growth opportunities we see for PEXA Insights, we plan to invest circa \$15 million in FY23 into this business unit to support organic growth.”

**A briefing session for investors and analysts will be held at 11:00am AEST today**

Participants can register for the briefing session via: <https://s1.c-conf.com/diamondpass/10024085-gw68mr.html>. Please note that registered participants will receive their dial in number upon registration.

*This release was authorised by the Board of Directors of PEXA Group Limited.*

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**About PEXA Group Limited**

PEXA operates Australia’s leading online property exchange network. It assists members – such as lawyers, conveyancers and financial institutions – lodge documents with Land Registries and complete financial settlements electronically. PEXA is committed to supporting the property industry as it transitions towards a 100 per cent digital conveyancing process that is fast, safe and efficient. PEXA is actively exploring domestic and international growth opportunities that leverage its experience, expertise and proprietary technology. Please visit <https://www.pexa.com.au/>.