



ABN 23 629 193 764 | PEXA Group Limited

ASX ANNOUNCEMENT

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2022 Annual General Meeting – Chairman and Group Managing Director & CEO Addresses

PEXA Group Limited will hold its Annual General Meeting (AGM) today at 10:00am (AEDT).

Attached is a copy of the addresses to be given by the Chairman and the Group Managing Director & CEO at the AGM.

The release of this announcement was authorised by the Board of PEXA Group Limited.

Yours faithfully

Andrew Metcalfe
Company Secretary

Chairman's address - Mark Joiner

Good morning shareholders. It is my great pleasure to welcome you to our second AGM as we engage with you after our first full year of trading as a publicly listed company.

Turing now to my perspectives on the year under review, overall, I would characterise it as one of steady progress on all three of our strategic objectives, together with the delivery of our financial forecasts, all as set out in our 2021 Prospectus.

The PEXA Exchange has continued its progressive penetration of the Australian market, gaining share of transactions in key states, including bringing on-stream the ACT where 59% market penetration of transactions was achieved by financial year end. We continue to work with regulators around the arrangements for interoperability where we have made material financial and know-how investments in developing the necessary capabilities. System reliability and customer satisfaction metrics remain very strong indeed.

With respect to data and the wider digitisation of the Australian property value chain, we have made a number of small investments which, together with our own information resources, position us to play a significant role in this rapidly developing sector through our PEXA Insights business.

And finally, with respect to our expansion into international markets with the initial focus being upon the UK, we have made pleasing progress. Just recently, we launched our first product in the UK offering remortgage transaction processing, and purchased a conveyancing processing business specialising in the remortgage segment of the market. Our focus now is on increasing the number and size of banking institutions signing on to use the system while we consider how best to extend into the larger purchase and sale part of the market. We are also now looking more closely at other international markets where our second generation technology platform might be deployed.

As to governance, there have been important developments too.

First, we have welcomed Helen Silver to the board. Helen will introduce herself a little later, but we are delighted that she has agreed to serve as a non-executive director, bringing as she does deep expertise and connections in areas that are important to us. Second, we have begun the process of properly constituting a UK board, something that regulators in that country will likely soon require, initially by appointing John Hooper as an independent chair. John is connected and respected in UK banking circles and will be a valuable asset for us in reaching our potential in that market.

We have also brought in a number of new senior leaders to the management team and we are excited by the bench strength we now have in place in this market.

There was a good deal of uncertainty this year around whether the Link stake in PEXA might change hands. While that was never really a matter for us to be concerned with, it now appears likely that Link could make an in specie distribution of most or all of its PEXA investment to Link shareholders. If that is successfully completed, most likely in the first half of 2023, it should bring greater liquidity to the PEXA shares to the benefit of all shareholders and we welcome the development.

I should like to take this opportunity to express again my gratitude to the PEXA staff and members. Both have shown great enthusiasm and commitment this year, and made important contributions. Staff engagement is very high and it is perhaps notable that WRK+ rated PEXA as one of the top three places to work in Australia.

Finally, my thanks to you our shareholders for your interest in and support for PEXA. I look forward to further opportunities to update you on our progress.

I will now pass to our Group Managing Director & Chief Executive Officer, Glenn King to present PEXA's FY22 results, operational progress, and current trading performance.

Group Managing Director & CEO's address – Glenn King

Thank you, Mark. And thank you again to all shareholders who have joined us today.

People often think of PEXA as just a technology platform. In reality we're much more.

PEXA supports people through the most significant purchase they will make in their life – buying a home or property. It is PEXA's role to make that experience as efficient, safe, secure and reliable as possible, increasing certainty to industry participants, homebuyers, and sellers alike.

FY22 was a positive year for the PEXA Group – operationally and financially. As we came out of our Prospectus forecast period, we not only grew as compared to FY21, we also exceeded our FY22 Prospectus forecasts. Some key highlights included:

- Group revenue was up 27% year on year to \$280 million;
- PEXA Exchange EBITDA was up 38% to \$153 million, with our EBITDA margin up 5 ppts to 55%;
- Free cashflow before capex, financing and tax was up 7% to \$121 million;
- NPATA was up 123% to \$77 million; and
- Gearing, as measured by net debt to PEXA Exchange EBITDA was down 35% to 1.47x.

Our commitment to PEXA's core values, our people, our customers and our role in the community is what underpinned the Company's performance in FY22. I am honoured to be leading such a wonderful and committed team.

Our team of around 500 people are highly engaged and along with a robust property market, underpinned record PEXA Exchange volumes, up 22% year-on-year to 4.05 million property transactions in FY22.

To put this in context, PEXA Exchange transaction volumes have grown from approximately 10,000 transactions per month in December 2015 to more than 360,000 transactions per month in June 2022.

In addition to growing the PEXA Exchange in Australia, we have made meaningful progress across our International and Insights businesses, providing multiple attractive growth paths for our business going forward.

All of this translated into another strong operational and financial performance in FY22, with positive key metrics demonstrating the growth in our portfolio of products and services.

Our strategy is anchored by four strategic pillars:

- ENHANCE the core Exchange service in Australia
- EXPAND in new Torrens title jurisdictions, like the UK
- EXTEND to provide innovative data insights, building deeper customer relationships across a broader group of stakeholders, and
- EVOLVE our business, platform and brand.

These strategic pillars are all in support of fulfilling our purpose – connecting people to place – and are delivered in accordance with our values:

- Innovate for Good
- Better Together
- Make it Happen, and Make it Count.

I will touch on all four strategic areas now as I update you on the strategic progress made across our Group.

The core of our business is the PEXA Exchange, a leading and highly trusted technology platform. The Exchange has processed more than 12 million property transactions since its inception equating to more than \$2.4 trillion in property value, of which more than \$900 billion was settled in FY22.

The momentum for digital transactions continues to accelerate in Australia. In FY22 we grew due to both market and market share growth. A good example is PEXA's successful launch in the ACT, reaching 59% transfer market segment penetration at 30 June 2022, an incredible result within 12 months of entry, despite not having mandatory eConveyancing like the other States in Australia.

We also continue to constructively contribute to regulatory reform, including engaging positively with ARNECC regarding the four key issues PEXA raised in relation to interoperability, and participating in the AusPayNet payments code to improve Australia's payment system.

Building on our experience and learnings in Australia, PEXA International seeks to replicate the success of the PEXA Exchange to develop digital property settlement solutions in new offshore markets, with a priority market being the UK as it provides a total addressable market opportunity of approximately A\$700 million.

Our initial focus in the UK has been on the remortgage process in England and Wales, and we have been making good progress.

In April 2022, we announced the successful development of a brand-new payment scheme – PEXA Pay, the 7th net settlement payment scheme, with the Bank of England. This platform and payment scheme was successfully tested with seven financial institutions, and the Bank of England has agreed to another cohort of lenders testing in the fourth quarter of this calendar year.

The first lenders have been signed onto the PEXA platform, and 'go live' of the platform with the first lender occurred in September 2022, with subsequent waves of lenders expected to join over 2023. The acquisition of UK-based remortgage processing firm Optima Legal will help build our market presence and rate of adoption, and we continue to explore and identify potential opportunities in the UK to deliver on our strategic intent for that market.

While our expansion into the UK has gone to plan, it's not without its risk, and we're being very measured in how we approach our launch to ensure that all stakeholders can benefit from PEXA as we support the digitalisation of the UK property market as we have done in Australia.

Turning back to Australia, our \$10 trillion housing market is continuing to be rapidly transformed by digital technology innovations, like the PEXA Exchange. The creation of significant volumes of property data is generating appropriate opportunities for solutions that enhance decision-making in a market being reshaped by economic, environmental, and social factors.

PEXA Insights delivers a generation of data solutions that empower businesses, governments, and consumers to appropriately make informed property related decisions including demand for land; use of land; transaction efficiency; and housing affordability.

We have a team of over 60 data specialists, focused on building a property data bureau and developing solutions that appropriately leverage our access to near real-time, accurate and comprehensive national property data. We have contributed to policy and data reform including various submissions and have implemented an Ethics Advisory Committee.

In addition, we implemented partnerships with universities, including Deakin and the Melbourne Business School, and released our first products aimed at helping financial institutions improve efficiency with our Quarterly Property and Mortgage Insights reports, providing a first taste of the power of data. And with new product concepts under development and others in beta, we are charting a path toward several new product launches in FY23.

To build our capabilities in data solutions and insights, we completed several strategic investments in FY22 and two shortly after financial year end. We acquired leading Australian grown demographic based company .id. This land information business is a trusted provider of demographic and economic data and forecasts at the micro-geographic level to more than 300 local councils across Australia and New Zealand. We also acquired a 70% interest in Slate Analytics, a progressive property analytics and technology solution co-developed by the UNSW Sydney and FrontierSI.

Across FY22, PEXA Insights also acquired a 38% stake in data prop-tech Landchecker and a 25% stake in artificial intelligence software leader Elula. All four investments were cash investments.

Our fourth growth path, PX Ventures, builds on PEXA's digital and industry experience, innovative and entrepreneurial culture and established relationships to develop new business opportunities with partners for consumers, businesses and governments across the property ecosystem that could significantly transform the property journey.

PX Launchpad has received more than 100 ideas from several up-and-coming Australian businesses interested in scaling and commercialising their offering. Several ventures were launched or progressed with external partners during FY22, including partnerships with Business Advantage, Honey Insurance and Smaver.

Given the critical role played by PEXA in the economy, it is important for the Group to continue building and maintaining a culture of trust and community.

We're privileged to have a highly engaged workforce, as can be seen in our 80% team engagement score for the period, and we were proud to be named one of the best places to work in Australia, placing Top 3 in the 2021 Best Place to Work Awards. This translates to the positive experience our customers, partners, government and industry as a whole receive when dealing with our business.

In FY22 we set a new watermark for brand trust with the PEXA Group achieving an 8.9 out of 10 rating from members, and a Member Satisfaction Score of 97%.

PEXA is a proud member of The Global ESG Benchmark for Real Assets, having achieved a 5-star GRESB rating in FY22.

Our people are also engaged in the community through our shared value partnership with Homes for Homes, a not for profit focussed on creating sustainable and affordable housing for our communities' most vulnerable. In addition, we have been working with Indigenous consultants to establish an Indigenous Engagement Strategy, creating employment, procurement, and community opportunities for First Nations' peoples.

Now while the property market is currently slowing, it is still supported by strong economic fundamentals, including high household savings rates, low levels of unemployment and increasing inward migration. Refinancing volumes also remain elevated.

Reflecting this, PEXA Exchange volumes have held up well, with 962 thousand transactions undertaken over the first quarter of FY23, down just 7% from the first quarter of FY22, and just 5% from the last quarter of FY22. This was in line with our forecast for the quarter of above 900 thousand transactions when we released our FY22 results in August.

While some capital market participants try, it is not possible to infer PEXA's overall performance from historic transfer volume data published by just New South Wales and Queensland. New South Wales' transfer volumes were down circa 20% in the first quarter, but overall PEXA volumes were only down 7%.

The States all perform differently, and what we see in transfer trends is not what we're seeing with refinances and other transactions. PEXA transfer volumes were down 13% compared to the same quarter last year, whereas both refinancing and other volumes were actually ahead of last year. This resulted in the 7% drop across all products.

Based on what we can see ahead and our view of expected property market activity, we expect first half FY23 volumes for PEXA of circa 1.9 million transactions on the Exchange platform, close to the volume achieved in the second half of FY22. Given this, we have today reaffirmed our FY23 outlook previously provided. Specifically:

- Exchange EBITDA margins are expected to stay in the 50%-55% range;
- We continue to plan to invest approximately 20% of revenue in Exchange technology. We will also invest approximately \$45 million in international expansion and approximately \$15 million in PEXA Insights, before any M&A activities; and
- And in the UK we aim to grow the number of lenders transacting on our technology platform by the end of FY23.

So, in closing my presentation today, I'd like to leave you with some key observations. We continue to build and leverage our skills, capital, and capabilities. We are delivering on our clear strategy of Enhance, Extend, Expand and Evolve and working to manage and mitigate ongoing risks. Both operationally and financially we have delivered good outcomes across the Group in FY22 and continue to invest in our businesses including opportunities for future growth and value.

That concludes my presentation to you. I'll be very happy to answer any questions you have, and I'll now hand back to Mark.