

ASX ANNOUNCEMENT

ASX:PEXA

24 November 2023

2023 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.

This release was authorised by the Company Secretary of PEXA Group Limited.

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About PEXA Group Limited

PEXA is a world-leading ASX-listed digital property exchange platform and property insights solutions business. Since 2014, PEXA has facilitated more than 16 million property settlements through the PEXA Exchange in Australia, with 88% market reach, and in 2022 PEXA launched in the UK. The PEXA Group of companies, including .id (Informed Decisions), Value Australia and Land Insight, delivers digital insights and property solutions that help government, financial institutions, banks and property practitioners to unlock the future value of property.

Please visit <https://www.pexa.com.au>

Chairman's Address – Mark Joiner

Good morning shareholders. It is my great pleasure to welcome you to our third annual general meeting.

A lot has happened in the last twelve months, much of which we will touch upon today, but perhaps the most significant from an ownership perspective was the in-specie distribution of PEXA shares by Link to its shareholder base. That move substantially enlarged the number of owners of our stock and markedly improved its liquidity, with approximately 75% of our shares now freely traded. I'd like to extend a special welcome to our new PEXA shareholders.

As I reflect upon the year just passed, it strikes me as being one of further steady and deliberate progress on the implementation of all aspects of our strategy.

First and foremost, the Exchange continued its establishment as an indispensable part of the Australian property value chain. There were market share gains, most notably in WA and the ACT. We have also commenced the planning and development for the extension of our PEXA Exchange platform to Tasmania, as well as supporting Northern Territory in the development of their plans - which together will give us comprehensive coverage of the domestic market.

We have also continued to invest in the customer experience and making it easier to use our platform through API development and integration into practitioner platforms.

On the regulatory side, interactions with ARNECC continued around the proposal for interoperability as currently defined, and deadlines for NSW and Queensland for the end of 2025 have been put forward. We have informed all parties that we do not see this date as feasible. Other stakeholders have also started to express concerns about interoperability and the potential adverse impact on the customer experience, performance and security of e-conveyancing. Notwithstanding all this we continue to be active and constructive in our engagement with all parties.

At the same time, we are increasing our focus on the productivity and efficiency of the PEXA Exchange, reflecting the maturity of the platform but mindful of the need for continued investment in customer experience. This is reflected in our guidance around margins, and sustainable productivity and efficiency gains will be an ongoing emphasis.

With respect to our Insights businesses, now called "Digital Growth", it is becoming clearer where we see commercial potential – both in terms of economic returns and relevance to our core Exchange customers.

We play in the value-added segment of the data insights market, which we expect to grow five-fold over the remainder of this decade to over \$1b. That would yield a \$600m addressable market in value-added land information services, which no-one dominates today. Three of the franchises we substantially own are showing decent potential to play a role in positioning PEXA to capture some of that growth. What's more, our future deployment of capital into this sector is expected to be much less and we have targeted operating EBITDA break-even for the month of June 2024.

Finally, let me comment upon our entry into the UK market.

Setting up in a foreign market was always going to be a complex and financially demanding exercise, and so the UK entry has proven. We have had to pivot a couple times, adjusting our strategy to the realities on the ground. That said, we are increasingly comfortable with where we stand. We have (hopefully) two small acquisitions that have existing relationships with major industry players, being both financial institutions and practitioners. As we have consolidated our business, we have appointed a new CEO with deep industry experience and an established network that will build upon our progress - and we still see the market as being in dire need of the types of innovation that PEXA is uniquely positioned to bring. We always planned for the first meaningful revenues to come in FY2027 after our sale and purchase platform is launched, and we continue to see that as the case.

All that being said, the UK has also been a learning experience for PEXA. We are often torn between focusing solely on the UK until we are ready to declare victory and moving to capture other markets while our abilities are unique. The fact is, we are unlikely to deploy meaningful capital to other opportunities whilst the UK is playing out, but that won't stop us finding more "capital light" options for other markets, be that through established players, financial investors or other parties in those markets.

Turning now to PEXA group governance, there have been three important developments around board memberships. First the retirement of John Hawkins, second Kirstin Ferguson's decision to stand down, and finally the appointment to the board of Jeff Smith.

First let me acknowledge the huge contribution to PEXA made by retiring Link appointed director, John Hawkins. As the ex-CFO of Link, John had the skills and experience to probe management proposals very effectively and enough history with PEXA to quickly grasp strategic developments. We thank him for his valuable service over many years.

Second, let me acknowledge the substantial contribution Kirstin Ferguson has made since her appointment over two years ago. She has some unique skills that we have benefitted materially from, not least through her chairing of our Remuneration, Nominations and People Committee. With increasing demands on her time, she has decided to step back from board roles and focus on other opportunities. We will miss her.

On a brighter note, let me say how delighted we are that Jeff Smith has agreed to join the PEXA board, bringing as he does deep technology expertise. Jeff will introduce himself to you a little later.

As a Technology company we decided to increase our focus on our tech agenda through the formation of a Technology Committee, which Jeff Smith has kindly agreed to chair. We anticipate this will contribute to a step up in our efficiency, effectiveness and overall security.

I should like to take this opportunity to express my gratitude to both our loyal customers and dedicated staff. Measures of customer satisfaction and staff engagement remain impressively high and, while we don't take either for granted and are constantly striving to improve, both make us very proud.

Finally, my thanks again to our shareholders for your interest and support for PEXA. I look forward to realising our potential and rewarding your patience.

I will now pass to our group managing director and CEO, Glenn King, to present the highlights of FY2023 and the period since.

Group Managing Director & CEO's address – Glenn King

Thank you, Mark. I'm pleased to join you all today.

Our Evolution

Buying a home or property is one of the most important purchases most people will make in their lifetime, and it is our role at PEXA to make that experience as efficient, safe and reliable as possible. Our world-leading digital property exchange platform has facilitated more than 16 million property settlements to-date, worth more than \$3 trillion to the Australian economy – but we are more than a technology company. E-conveyancing is only part of our story.

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Our purpose of Connecting People to Place which underpins our clear strategy – which I'll talk about further - drives us to improve the effectiveness of the property markets we operate.

PEXA is in a unique position to connect the dots for communities right across the property value chain, unlocking the potential of industry, government and not-for-profits, through our national property data insights to enable more informed local planning, infrastructure and investment decisions.

We're partnering with all sectors to drive better housing solutions that can make a real difference to the communities we serve.

In just 10 years, we have grown from operating Australia's first property exchange, that transformed the way property was purchased and sold in a handful of States – to what we are today – a multi-brand, multi-jurisdiction group of innovative digital services creating value across the wider property ecosystem, serving a strong customer need and delivering results for shareholders, our people and the community as a whole.

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Our FY23 performance

FY23 was characterised as a year of resilience and growth. PEXA has produced a solid result for the year, dealing with market headwinds, whilst investing for future growth, diversifying our revenue streams and increasing our reach in Australia and the UK.

Some key highlights included:

- Group business revenue for FY23 rose 1% to \$283 million, reflecting growth from new revenue streams such as PEXA International and our Digital Growth business, Informed Decisions, backed by the resilient performance of the PEXA Exchange;
- While Exchange revenues decreased 6% to \$263 million due to challenging market conditions, importantly, second half margins improved from 52.2% to 55.1%.
- We extended the reach of the PEXA Exchange which achieved an average market share of 88%, up 2 percentage points on last year; and a customer score of +81.
- Our Digital Growth delivered business revenue of \$12 million which was a combination of organic and inorganic sources – a nine-fold increase year on year; and

- And our PEXA UK business has progressed well with our PEXA platform going live in the UK market and the acquisition of Optima Legal in the UK delivering initial business revenues of \$9 million.
- Pleasingly the Group's cashflow generation remained strong at \$89 million before capex financing and tax.
- It was a challenging year for property markets across the globe, with the Exchange seeing a 10% drop in property transactions following a significant increase in cash rates by the Reserve Bank of Australia. We faced these challenges by taking several actions to execute CPI-linked price increases, lift market share and implement efficiency initiatives to reduce costs. This enabled the Group to continue to invest for growth and diversify our revenue.

Underpinning our year of solid growth has been the evolution of the PEXA Group operating model which has seen a new landscape of technical skills, capabilities, insights and exciting new businesses, complementing the secure and reliable enhancement of Australia's leading property Exchange.

Our progress is testament to the resilience and focus of our talented, global team of highly engaged employees. I am honoured to be leading such a wonderful and passionate group of people, who live our Values every day, working together to innovate and grow our business in line with our Strategy.

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Delivering on our Group Strategy

I am pleased with the considerable momentum and positive progress we have made against each of the four pillars of our Group Strategy which aim to: **Enhance** our service, **Extend** into adjacencies, **Expand** into international markets and **Evolve** our business.

Looking at each of these pillars more closely:

1. ENHANCE

We are **enhancing** and leveraging our highly effective property exchange know-how to deliver sustainable profitable growth in Australia. In FY23 we demonstrated the resilience and growth of the PEXA Exchange's business including growth in Queensland and the ACT and with half-on-half improvements in margin.

Over the course of the year we served more than 10,000 practitioners, 20 government agencies, approximately 160 financial institutions and 70 developers.

Through them we supported 900,000 consumers undertaking 3.7 million PEXA transactions with a property settlement value of more than \$814 billion.

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As you can see from this Slide, the key revenue drivers for the Exchange are the volume and mix of transactions.

Transaction volumes hit the low point in March quarter of FY23, with quarterly volumes improving around 15% since then.

Transaction volumes are currently comparable to 1H23.

As you can also see, we had been seeing an elevated volume of refinances, which is reflected in proportion of refinances increasing to 27% and 28% over the past 3 quarters.

October has seen a significant reduction in refinance volumes – providing us with a more favourable transaction mix as transfers are higher margin for the Exchange.

Back to FY23, we delivered over 250 innovations to improve and expand the platform’s capability. We maintained 100% platform availability across business hours through our ongoing investment in the Exchange’s resilience and security, with new APIs made available to our customers, allowing them to more effectively integrate with the Exchange.

We also continue to constructively contribute to regulatory reform, to ensure the reliability and security of the Exchange is paramount.

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2. EXTEND

We are **extending** the range of services and solutions available in Australia to our practitioners, financial institutions, property developers, and government customers. Our customers’ needs are rapidly evolving with the digitisation of the property market. We established our Digital Growth business to build and acquire a range of innovative solutions that can service customer needs.

In FY23 we grew business revenue, through both organic and inorganic means, by 9x in PEXA Digital Growth whilst improving margin by around 400bp as the business has started to scale.

We also unlocked workflow efficiencies, data and insights solutions for our financial institution customers, for example:

- **PEXA Tracker** – we continued to grow its user base with over 12,000 Financial Institution front line staff who now have access to high level summaries of PEXA’s property transactions. We are now focussed on piloting the use of Tracker in adjacent markets.
- Secondly, our **PEXA Allocations** module transitioned from pilot to rollout, securing further Software-as-a-Service revenue for FY24 and
- We uplifted the tech resiliency, stability and efficiency of **PEXA Planner** this year, rebuilding the platform to improve the UX and UI for our banking customers and industrialising the product from a proof of concept to support increased industry usage moving forward.

Other key Digital Growth developments during the year included: acquiring 100% of the leading Australian data and insights company, .id (Informed Decisions) which provides demographic and economic forecasting data at the micro-geographic level, to more than 300 local councils and a variety of State Government Agencies across Australia.

We acquired a 70% stake in Value Australia, with a view to commercialising its award-winning technology to innovate the \$710 million valuation services industry. Value Australia’s technology applies state-of-the-art analytics and artificial intelligence to enriched property datasets, delivering highly accurate and consistent results in real time.

Our momentum continued into the first half of FY24, following the recent acquisition of Land Insight, leaders in environmental risk data insights and analytics. Land Insight presents an exciting prospect

for PEXA, opening new growth opportunities in the climate resilience market and helping customers prepare for the increasing impacts of climate change on land use.

Our focus now turns to embedding each of these leading businesses into the PEXA Group to generate sustainable profit growth, while continuing to improve the digital experience for our customers.

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3. EXPAND

We are **expanding** our proposition into the UK and I am pleased to welcome our newly appointed UK Country Head, Joe Pepper, to lead the team across our UK businesses. Just as the PEXA Exchange has already achieved in Australia, we are seeking to transform the UK property market and improve a fragmented refinancing and settlement process that currently delivers poor outcomes for homebuyers, sellers and the institutions that service them. It's not without risk and we have continually reviewed our progress, adjusted accordingly, and are cautiously pleased with our steady progress and momentum with:

- Our PEXA platform going live,
- the onboarding of new customers, and
- the acquisition and integration of specialist remortgage conveyancing firm, Optima Legal.

The addition of Optima Legal has allowed us to scale our business with an established customer base, direct relationships with six of the top eight lenders, and an ordinary UK remortgage business processing a market share of approximately 20%. We have progressed the integration of Optima Legal into the PEXA Group and are now working on the technical integration of the PEXA platform into Optima Legal.

The UK market remains PEXA International's highest priority, and in June we reaffirmed this by announcing our intent to establish our UK office in Leeds.

In October we announced our plans to acquire Smoove, a UK-based conveyancing technology provider, listed on the London Stock Exchange. Smoove's primary product is e-Conveyancer.

It is a panel management service which brings together conveyancers and introducers such as mortgage brokers and lenders and their customers to offer a two-sided conveyancer marketplace, connecting consumers with quality conveyancers.

This presents a step forward as Smoove will allow us to build additional scale and depth in the UK market, enabling the PEXA product suite to reach more customers whilst streamlining and improving the UK property transaction experience.

For example, we will gain access to:

- Smoove's network of over 2,100 conveyancer firms;
- opportunities to cross-sell the PEXA platform to panel firms of Smoove;
- remortgage flows equivalent to 7% of the UK market; and
- sale and purchase flows across the Smoove platform equivalent to 3% of the UK's sale and purchase market; and

- important relationships with key Smoove customers such as Lloyds Banking Group, which Smoove has been supporting since 2007.

The deal is subject to UK takeover laws and we will have more information to share on expected synergies once the deal closes, which is expected to be towards the end of this year.

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4. EVOLVE

To support our business strategic priorities, we are **evolving** our business to ensure we deliver for our customers, people, shareholders and the community. We have provided our people with a best-in-class employee value proposition, achieving industry recognition as an Employer of Choice. We are championing an environment that fosters diversity, equality and inclusion for all, with a particular focus on attracting more women into technology roles at PEXA. We are uplifting our productivity, risk, compliance and control activities whilst ensuring we meet our ESG corporate governance obligations.

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FY24 Guidance

While property market activity has been mixed in FY24, demand is still being supported by strong economic fundamentals, including robust household savings buffers, low levels of unemployment, low rates of mortgages in arrears, strengthening property listings and record high net migration. Refinancing volumes, which were elevated in the first quarter of FY24, as mortgage-holders continued to adjust to new interest rate settings, now appear to be moderating.

Reflecting these drivers, PEXA Exchange volumes have held up well, with 169,000 property settlement transactions undertaken during the first quarter of FY24, down just 3% from the first quarter of FY23.

Based on what we can see ahead and our view of expected property market activity, we expect first half.

FY24 volumes for PEXA of circa 1.9 million. Given this, we have today reaffirmed our FY24 outlook previously provided. Nonetheless, we remain cognisant of the downside risks in the economic environment, and their potential impacts on volumes.

Specifically:

- Inflation-linked fee increases, customer-focused product enhancements and tight cost management will enable us to maintain the Exchange's EBITDA margin in that 50-55% range.
- We expect the PEXA Exchange to continue to show its resilience in these volatile market conditions, with refinancing and transfer volumes supported by growth in newer states and territories. We have a path to launching in the Tasmanian market in FY25.
- At the same time, our non-Exchange investments will gain momentum as we continue to scale the Digital Growth business. We expect to use the beachhead established in the UK market through the Optima Legal acquisition to accelerate our growth in that market, while harnessing the revenues and cross-company applications of our suite of Digital Growth investments and partnerships.

- While we're pleased with our current momentum, we know we're only at the early stages of our growth journey as a leading global prop-tech and there is no shortage of opportunity in front of us.

Closing statement

In closing, I'd like to leave you with some key observations. We continue to build and leverage our people, capital and capabilities. Operationally and financially, we have delivered solid outcomes across the Group in FY23, aligned to our Strategy.

We remain focused on executing and delivering on our strategy. We remain laser focussed to deliver shareholder value over the longer term.

That concludes my presentation, I'm very happy to answer any questions and will now hand back to Mark.