



ABN 23 629 193 764 | PEXA Group Limited

ASX Announcement: PXA

15 November 2024

2024 Annual General Meeting Chair 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 Chair 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

PEXA (Property Exchange Australia) is a world-leading, digital property exchange and data insights business, listed on the Australian Stock Exchange. Since 2013, PEXA has facilitated more than 20 million property settlements, and today, 90% of all property transfer settlements in Australia are processed on the PEXA platform. In 2022 PEXA launched its refinancing capability in the UK.

CHAIR'S ADDRESS

Thank you for joining us today for PEXA's fourth annual general meeting. I should like to extend a warm welcome to shareholders who are joining us in person and virtually.

I will begin with a few comments on what has been achieved in the business over the course of this, our third year as a public company.

In broad terms it has been another year of steady progress on the implementation of strategy and one demonstrating discipline around delivery against financial objectives.

In Australia, the Exchange achieved a number of important objectives. Firstly, our technology resilience was outstanding, being available 100% of the time during business hours over the full year. The number of customers deeply embedding PEXA technology into their own through the purchase of our APIs also increased, delivering us growth in non-regulated revenues. Customer satisfaction remains very high.

Our reach was also extended by August of this year to include Tasmania, in accordance with our obligations as an ELNO, and we now need only to add the Northern Territory to have full national coverage.

Finally, sound financial disciplines allowed us to maintain margins in the face of a fairly soft property market.

On the regulatory side, as many of you will know, ARNECC has now paused efforts to bring about interoperability, including standing down their project team. PEXA has suggested an alternate model that will increase market competition without the cost, complexity and risks that the original proposal embodied. This would include the separation of the core exchange from our other activities, allowing regulators to focus their attention there, and allowing others to on-sell its capabilities.

Having been declared critical infrastructure by the Federal Government, we are now finding ourselves a party to discussions around other important issues such as Anti Money Laundering / Counter Terrorism Financing, affordable housing and so on. As a trusted piece of Australian financial services infrastructure, we are keen to play a broader role where that makes commercial sense, and it can increase productivity in the Australian economy.

Our property insights businesses, now called Digital Solutions, continued to scale up and between them landed some large and reference quality customer contracts. Collectively they achieved a break-even run rate at the EBITDA level by year's end and we expect them to be largely self-funding from here on.

In the UK, the team made significant progress towards a successful market entry. Most significant amongst these were the extension of the tech platform to be able to service a wider array of refinance transactions, the substantial progress made on delivering the all-important Sale & Purchase functionality, probably by June next year, and the deeper engagement with a number of financial institutions as they position to incorporate PEXA functionality into their mortgage origination processes.

The integration of PEXA tech into Optimal Legal was completed, offering customers an easier way to adopt our services, and the acquisition of Smoove brought us relationships with around one third of the

fragmented conveyancer industry. Many forget that it wasn't until COVID that PEXA deepened its penetration of WA and South Australia, so engaging these small but vital agents is critical to meaningful market penetration.

It is worth highlighting that the technology platform being built to support entry into the UK market is largely reusable in other markets. In fact, parts of it have already been deployed to the Australian Exchange. Given therefore our interest in eventually extending to other international markets, it is increasingly seen as a Group asset rather than a UK investment.

Turning to group governance, we have been very pleased to welcome four new directors across Australia and the UK. All have highly relevant experience. At the Group level, we have already introduced Jeff Smith to you. Recently we welcomed Georgina Lynch to the board. I will let her introduce herself a little later. Suffice to say that we are already benefitting from her contributions.

With this latest year end, we have completed approximately five years under the leadership of our CEO, Glenn King. Glenn has recently announced his intention to retire when a suitable replacement has been identified. Your board is extremely grateful to Glenn for all that he has accomplished over that period and we will be sorry to see him go. He has completely transformed the leadership team, worked tirelessly and constructively with regulators towards a workable industry structure, positioned the UK business for eventual success and established a state-of-the-art and highly flexible new technology platform. He has also led the maturity of our ESG settings growing key industry and community partnerships central to our purpose of connecting people to place.

He achieved all that while maintaining a strong culture and generally high levels of engagement. He leaves an impressive legacy.

I will have more to say on succession in due course.

I would like to take this opportunity to thank our loyal customers and staff for their contributions and support this year. And to thank you, our shareholders for your interest and support.

MANAGING DIRECTOR & CEO'S ADDRESS

Thank you Mark for those kind words.

I would like to add my welcome to all of you joining us here in person and online and for your continued interest and support in the PEXA Group.

I will have more to say on our journey as a company over the last five years but first let me turn to our performance in FY24.

Slide 7

Customer Profile

The starting point for our business is the support we give to our customers and the value we provide for them and to the wider communities in which we operate.

As you can see from this slide, the breadth and depth of our customer relationships continues to grow.

Across all our brands and segments, we have a broad, interconnected customer base of government, financial institutions, lawyers, conveyancers and developers.

In Australia, we support approximately 160 financial Institutions, more than 10,000 conveyancing and legal practitioners, more than 70 developers, and 345 government agencies.

In the UK we provide services through our brands to approximately 18 financial institutions (including 7 out of 8 of the largest institutions) and more than 2,000 practitioners.

Slide 8

Strategic Agenda

Our consistent goal and strategy are to deepen our customer service and deliver long-term sustainable value in line with our purpose of 'connecting people to place'.

To do this in Australia: We support our customers by enhancing our Exchange to maintain Australia's leading electronic lodgement platform. We have further extended our relationships with existing customers with property insights and other digital solutions that use our distribution and data capabilities.

Internationally, we are expanding, utilising our intellectual property to solve customer problems in markets with Australia-like land title systems, starting with the UK.

Slide 9

Business Outcomes – Australia (Enhance and Extend)

We have made steady progress in executing this strategy.

The PEXA Exchange strengthened its position in both transaction volumes and market penetration - with customer satisfaction and platform uptime 90 and 100% respectively.

I should also touch on an additional point relating to our Exchange business. As Mark mentioned the interoperability program being progressed by ARNECC has been paused since June. We continue to work with authorities on sound policy and customer outcomes.

Despite a modest overall contribution, and below our expectation, Digital Solutions remains strategically important – providing the foundation to build non-regulated revenues. For example, in FY24, Value Australia signed up its first Tier 1 lender, which has opened the door to positive discussions with other customers. Digital Solutions also delivered break even operating EBITDA for the month of June (as forecast) due to our focus on financial management.

Slide 10

Business Outcomes - International (Expand)

We remain confident of our UK aspirations due to our unique position, our platform progress, size of the market, consumer needs, government policy and now our distribution network.

From a PEXA platform point of view, we have increased its functionality in respect of remortgages, and we are on a path to launching our Sale and Purchase product. I note that whilst the UK is the first market in which we have deployed this platform, our estimate is that 85% of the work we have done on the platform can be deployed in other Torrens Title markets.

We have connected with the Bank of England and HMLR, with two FIs transacting on the platform and our continued work with other FIs.

Whilst we would have liked to see NatWest transacting on our platform, we continue to work with them and the other major lender that we have previously advised.

It is important to note that platform onboarding takes time as it includes Bank of England providing testing slots and these slots are limited – which I'll have more to say shortly.

Slide 11

Business Outcomes – Group (Evolve)

Whilst implementing our strategy, we have been focused on uplifting our culture, operational efficiency and diversity of our business. We have made positive steps towards gender parity within our leadership group and created operational efficiencies through structural redesign and better utilisation of technology, particularly AI.

We have also continued to serve our broader communities, as set out in our inaugural ESG report, which details our ongoing partnerships with organisations such as Homes for Homes and continued maturity in our ESG governance practices.

Slide 12

Group Financial Performance

The efforts of our people in serving our customers have led to solid results for FY24.

We took the market through these results in August, but I'd like to highlight some of the key performance outcomes.

Group business revenue was up to \$340.1m in FY24. This was up 21% in the past year and up over 200% since 2019.

At a Group level, our operating margin excluding the Smoove acquisition was 36.5% against guidance of greater than 35%. This was 1.7 ppts higher than the prior year on a like-for-like basis.

International and Digital Solutions revenue continued to climb and represent 15% of total business revenues, highlighting the growth of our new revenue streams with the PEXA Group, which were non-existent in 2019.

The Exchange continued to be the foundation of the business, with improved revenues and margin, which, at 54.5%, was up almost 1 percentage point on FY23. This was achieved against a backdrop of persistent inflation and relatively high interest rates presenting challenging conditions.

Overall, NPATA was \$21m. This increased by 22% and was driven by a combination of factors including higher revenue, improved margins and controlled cost growth.

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Economic Outlook

Turning to the outlook, the economic environment for both Australia and the UK remains mixed.

In Australia, we remain cautious about the operating environment, due to subdued economic growth, low confidence and low residential construction volumes.

In the UK, market conditions remain challenging despite recent bank rate cuts, due to very weak growth in GDP and employment. There have been promising signs of volume recovery across property sale and purchase transactions.

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FY25 Guidance reconfirmed

Notwithstanding this uncertainty, as we stated in our trading update earlier this week, we are reconfirming the guidance for FY25 that we gave at the time we released our FY24 results.

I would like to highlight that, inclusive of Smoove, we expect:

- An increase in Group revenue of 13-19%.
- Group margin greater than 34% compared to 31% for the prior year.
- Net interest expense broadly aligned to the FY24 experience; and
- Cash outflow in our international operations to fall to a range of \$55m - \$58m.

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FY25 Focus Areas – Building on solid foundations

To underpin these results, we have a clear set of things to focus on over the remainder of this year.

Our priorities for FY25 are all extensions of our strategy.

From an Exchange perspective, we will continue to improve the effectiveness and performance of the Exchange by expanding coverage to Tasmania, progressing our proposed entry into the Northern Territory; and contributing to a market structure that supports customers and stakeholders. We continue to

prudently invest in our Exchange platform to benefit our customers and through our obligations as national critical infrastructure.

We will continue to deliver on our emerging Digital Solutions business, allowing the Group to tap into unregulated revenue opportunities and broaden the Australian TAM.

In the UK, we will continue to build out our international platform and deploy the S&P capability and integrate our Optima Legal, Smoove and PEXA service. We aim to progress the onboarding of lenders. This will be done against the backdrop of reducing our cash spend in the UK and improving the overall UK financial performance.

Overall, there is continued momentum and good engagement with a range of lenders. As part of this progress, Metro Bank, one of the UK's leading challenger institutions, recently announced that it will be working with PEXA to improve the remortgage journey for its customers. Hinkley & Rugby Building Society has also recently stated that it will be providing its customers with a fees assisted re-mortgage product utilising the PEXAGo platform through Optima Legal.

The Bank of England has advised that there has been a further delay to their system upgrades which will impact the timing of testing slots for potential users of our platform. Revised testing dates are still to be confirmed by the Bank of England but this is now expected to fall in FY26.

Our ambition remains to achieve an S&P market share of 25 per cent, and to achieve a re-mortgage market share of 25-40 per cent. We are focussed on working to realise our ambition in respect of S&P market share by the end of calendar 2027.

However, because of factors beyond PEXA's control, there are inherent and unavoidable uncertainties affecting the timing of when such S&P or re-mortgage market share aspirations may be achieved. We continue to heavily scrutinise our progress in the UK, and the expenditures we are incurring in respect of the market.

Lastly, at the Group level, we will continue to build out capability that supports all areas of our business such as ensuring platform security and resilience across all markets, developing talent to grow our business, performance efficiencies and ensuring our capital finds its way to the most productive activities across the Group.

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Progress over the past five years – Significant evolution

Given this may be my last AGM as Managing Director and Chief Executive, I hope you will indulge me as I offer a few reflections on our journey in the past five years.

PEXA is now the embodiment of the vision set by the Board back in 2019 and larger than the sum of its parts or its people.

In 2019, PEXA was a one-product one-jurisdiction Australian business operating in five states with some 50 per cent coverage, having settled close to \$500 billion worth of property since its launch in Victoria in 2013.

Five years ago, the brief was clear and a challenge accepted. This included:

Building strong stakeholder relationships and positioning the PEXA Group as a critical contributor to national discourse and sensible economic reform.

Diversifying revenue and profit by initiating value capture uplift in areas of data insights and adjacent businesses.

Exploring PEXA's unique IP in new geographies.

To highlight some transformative changes in the intervening five years, we have:

- Expanded national coverage to just shy of 90%, operating in every state and territory except the NT
- Facilitated a cumulative 21 million transactions since the first transaction in 2013 with property value worth \$4.3 trillion dollars.
- Delivered productivity savings of circa \$300m pa in the economy
- Recorded 90 per cent customer satisfaction and a reputation score of 72 in FY24 (in fact it's currently tracking at just over 75 which is very pleasing)
- Listed on the ASX in July 2021 requiring the rapid acceleration of the Group's capabilities, processes, governance and talent
- Declared critical infrastructure by the Commonwealth Government
- Created new revenue streams here in Australia around augmented data solutions
- Leveraged our IP with the build of the modular PEXA platform for international markets starting with the UK
- Developed a strong purpose of connecting people to place enhancing our relationships with industry, community and regulatory stakeholders
- Focused on diversity and inclusion, learning and development and innovation recognised by industry.

Of course there were areas in which we could have done better. And we always take on the feedback and strive to improve.

It has been a real honour and privilege to be part of the PEXA story through this exciting period of change and working with the team.

I want to again thank all the Directors, past and present - including the former Chair Alan Cameron who headed up PEXA for an incredible 11 years - and the inaugural team.

In particular I want to say thank you to Mark Joiner who was appointed Chair in 2021 and for working together to take the PEXA Group forward. He's been a wonderful support over the past three years.

Mark's counsel and collaboration is testament to the genuine commitment and confidence in the future of PEXA Group.

I would also like to thank my team again past and present. It is a collective team effort.



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Their dedication, commitment and passion for the PEXA Group is boundless and they are all making a real difference to our customers, stakeholders, employees, shareholders and the community at large.

To our wonderful employees who have delivered time and time again an optimum customer experience - demonstrated only last month with our Customer Operations team named the Customer Services Team of the Year at the 2024 Australian Service Excellence Awards.

To all our partners from government, academia, NGOs, business, industry and more - your connection to PEXA has in turn helped us deliver for customers and the community as a whole.

Finally, to our shareholders – your belief in the PEXA Group has been invaluable and motivates us to strive for greater heights.

Thank you for being an integral part of this journey.

I look forward to steering, as part of the team, the Group through the coming months as we set the path for a new chapter in FY25 and beyond.

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