

ASX release (ASX: PXA)

PEXA grows strongly, upgrades FY22 Prospectus forecasts

Melbourne, Australia – 23 February 2022 – PEXA Group Limited (PEXA or the Company), operator of Australia’s leading digital property settlements platform, is pleased to announce its financial results for the six months ended 31 December 2021 (1H22).

1H22 result highlights (vs 1H21):

- Revenue up 46% to \$145.4 million
 - 2.1 million PEXA Exchange transactions, up 37% and equivalent to 60% of FY22 Prospectus volumes
 - Transfer market penetration of 84%, up 6 percentage points with strong growth in Queensland
- PEXA Exchange EBITDA¹ up 76% to \$83.2 million
 - PEXA Exchange EBITDA margin of 57%, up 10 percentage points
- Pro forma Group EBITDA up 71% to \$75.5 million
- Statutory Net Profit After Tax of \$9.7 million, up \$11.3 million
- Pro forma Net Profit After Tax of \$25.9 million, up \$29.7 million
- Pro forma net free cash flow before interest and tax up 39% to \$45.0 million
- FY22 Prospectus forecast upgraded for key financial metrics

Commenting on the 1H22 results, PEXA Group Managing Director and CEO Glenn King said:

“The Company’s growth trajectory continued over the first half of FY22. Our PEXA Exchange platform has continued to perform strongly, with the positive property market conditions of FY21 continuing into FY22.

“Our strategy to build on PEXA’s position as the operator of Australia’s leading digital property settlements platform is delivering attractive results. We now expect to materially exceed previous Prospectus guidance across FY22 and have increased guidance across all key earnings metrics.

“In addition to our current strong operating performance, we have made meaningful progress on our growth initiatives. Following successful Bank of England payments solution testing with seven lenders in January, we have signed up the first lenders onto our platform in the UK, making PEXA the UK’s 7th net settlement payment system to clear through the Bank of England. We have also signed agreements with the Bank of England and Her Majesty’s Land Registry. Our plans for the UK are on-track and we expect ‘go live’ later this calendar year.

¹ Earnings before interest, tax, depreciation and amortisation, excluding certain project and other non-PEXA Exchange related costs

“Meanwhile, we continue to leverage our existing platforms, insights and relationships to create new products and services. PEXA Insights launched its first two products during the half, and PX Ventures is pursuing a number of opportunities with external partners operating in the broader property ecosystem.”

Strong growth in revenue and earnings

PEXA performed strongly during 1H22, with key metrics increasing significantly on the prior comparable period (1H21).

Favourable market conditions, coupled with further growth in transfer market penetration in Australia to 84%, resulted in a 37% increase in PEXA Exchange volumes to 2.1 million in the half. In Queensland, PEXA Transfer penetration grew to 76% in December 2021, resulting in an 84% increase in PEXA Exchange volumes in the State. In addition, PEXA began operating in the ACT.

Since launching, PEXA has facilitated more than 10 million property transactions worth more than \$2 trillion, and the Exchange is now supporting more than 9,600 practitioners, 160 financial institutions and 1.1 million consumers.

The growth in underlying business drivers during 1H22 enabled the Company to deliver revenue of \$145.4 million (up 37% on 1H21). Gross margin improved to 87.6%, underpinned by an increase in multi-party transactions and stable costs of sale per lodgement and, together with a managed cost base, this led to a 76% growth in PEXA Exchange EBITDA to \$83.2 million.

PEXA UK delivering on key milestones

Momentum continues to build in PEXA International, with the UK market entry strategy achieving significant progress over 1H22. Seven lenders successfully completed testing of PEXA’s settlement payment solution with the Bank of England in January 2022, with the first lenders recently signing up to the platform, while others transition through the commercial and due diligence process. Agreements were signed with the Bank of England and Her Majesty’s Land Registry, while the technology build is well advanced to support a planned ‘go live’ in Q4 CY22.

Progressing growth opportunities in PEXA Insights and PX Ventures

PEXA continues to leverage its existing platforms, insights and relationships to deliver attractive growth opportunities.

PEXA Insights launched its first two products during 1H22 aimed at helping to improve financial institution efficiency, with promising responses from partners. In addition, PEXA Insights has made its first significant strategic investment, taking a 38% stake in prop-tech data company, Landchecker, alongside RACV (completion later this month). The investment enriches the unique and timely property data PEXA is unlocking

for industry and creates new value for consumers, government and industry through additional products and services.

At the same time, PX Ventures 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 and Honey Insurance.

Delivering meaningful ESG results

PEXA is a proud member of The Global ESG Benchmark for Real Assets (**GRESB**). A GRESB assessment is completed annually to ensure PEXA's progress is reviewed against global sustainability standards and the Company is consistently building on its ESG commitments, having ranked second within its global peer group and achieving a score of 92/100 (up from 84 the previous year). We make inroads on ESG initiatives every day, including achieving a 25% reduction in greenhouse gas emissions over 1H22, having committed to "Net Zero" by 2025. In addition, the first grant funding round for Homes for Homes was completed in the half.

FY22 Prospectus forecast upgraded

Positive property market conditions experienced during 1H22, coupled with deeper penetration in key States delivered 60% of PEXA Exchange's FY22 Prospectus volumes in the first half. As a result, PEXA is now expecting to exceed its FY22 Prospectus forecasts, and has upgraded guidance across key financial metrics:

A\$ million	FY22F Updated	FY22F Prospectus
Revenue	265.0 – 275.0	246.9
PEXA Exchange EBITDA	140.0 – 150.0	126.3
Pro Forma EBITDA	120.0 – 130.0	107.6
Pro Forma NPATA	70.0 – 80.0	59.2
Statutory EBITDA	95.0 – 105.0	75.6
Statutory NPATA	55.0 – 65.0	37.0

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/>.

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