ABN 23 629 193 764 | PEXA Group Limited

ASX and Media Release
Friday, 28 February 2025

Improved operating performance, up to $50m on-market buy-back

Melbourne, Australia: PEXA Group Limited (“**PEXA”** or “**the Group”**) today announced its results for the half year ended 31 December 2024 (1H25).

Key financials[1]

Statutory Revenue	Group OEBITDA margin	NPAT	NPATA	Leverage
$202.5m	**35.9%**	**($32.7m)**	**($13.2m)**	**1.9x**
$161.8m	36.0%	($4.6m)	$15.0m	2.9x

— 1H24 reported

Callouts

- **Group performance:** Reported revenue and operating EBITDA growth of 25% and 24% respectively, with NPAT impacted by non-cash charges.[2] Group operating EBITDA margin grew 5.2 percentage points on a pro forma[3] basis.

- **PEXA Exchange:** Continued solid performance from critical national infrastructure, supported by strong customer satisfaction, market growth, share and transaction mix improvement, and CPI-linked repricing.

- **International:** Platform development on schedule, progressing UK lender engagement, improved Optima Legal and Smoove performance, reduced cash outflows.

- **Digital Solutions:** Business scaling with strong revenue growth driven by demand from existing and new customers, operating EBITDA at breakeven.

- **Group capital management:** Stronger balance sheet and free cash flow support returns to shareholders via an on-market share buy-back of up to $50 million.

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[1] For definitions, glossary contained in the 1H25 Investor Presentation dated 28 February 2025
[2] Refer PEXA ASX announcement dated 6 February 2025
[3] Pro forma assumes PEXA owned Smoove, which was acquired in December 2023, for all 1H24

Commenting on the result, Glenn King, PEXA's outgoing Group Chief Executive and Managing Director, stated:

"The Group's strategic position and operating performance improved during the half, with all businesses contributing. Although statutory profits were impacted by non-cash charges, underlying cash generation grew, supporting a stronger balance sheet. Pleasingly, this means we can return up to $50 million to our shareholders via the on-market buyback announced today."

Results summary

Measure (reported results)	1H25	1H24	YoY movement
Statutory revenue	$202.5m	$161.8m	25%
Group Operating EBITDA	$73.2m	$58.8m	24%
Group Operating EBITDA margin	35.9%	36.0%	(0.1ppt)
Statutory net profit/(loss) after tax (NPAT)	($32.7m)	($4.6m)	Large
Adjusted net profit/(loss) after tax (NPATA)	($13.2m)	$15.0m	Large
Adjusted earnings per share (NPATA basis):	(7.5cps)	8.5cps	(16.0cps)
Free cashflow[4]	$27.9m	$15.3m	82%
Leverage (Net debt / Operating EBITDA)	1.9x	2.9x	1.0x

A reconciliation of operating results to reported financial results is provided at **Item 1.**

Business and performance commentary

Group

The Group delivered a solid operating result driven by focused strategic execution and improved outcomes for each of its businesses.

Business revenues grew by 25% relative to 1H24, supported by a solid uplift in Exchange revenues, and improved revenues for International and Digital Solutions. Operating expenses were well-controlled, growing only 1% excluding the impact of the Smoove acquisition, benefiting from the impact of prior period productivity initiatives. As a result, operating EBITDA grew by 24% to $73.2 million in the half.

The statutory NPAT result of ($32.7) million was $28.1 million adverse to 1H24, driven by the non-cash minority interest impairment arising from adverse conditions and changing market priorities, and de-recognition of certain deferred tax assets.[5]

[4] Non-IFRS measure
[5] Refer PEXA ASX announcement dated 6 February 2025

Free cashflow generation improved by 82% to $27.9 million, supported by higher operating earnings and lower capital expenditures (**capex**). This has supported further de-leveraging[6] of PEXA's balance sheet, from 2.4 times at 2H24 to 1.9 times at 1H25.

PEXA Exchange

The Exchange continues to perform strongly.

Business revenues grew 9%, supported by modest growth in the property market, improved market share and product mix, and the effect of CPI-linked repricing. Expenses grew by 7% due to continued investment in capability and the impact of inflation, offset by productivity improvements. Reflecting this performance, the operating EBITDA margin increased by 0.9 percentage points to 56.3%. Capex declined by $2.6 million, reflecting lower spend on regulatory projects. Underlying investment in the platform continues.

Business highlights during the half included ongoing strong customer satisfaction and increased cyber-security capability, including a new Group-wide partnership with Cyber CX. We initiated our coverage of Tasmania, and work has also progressed on the enablement of the Northern Territory for e-conveyancing in FY26, as well as supporting customer connectivity through APIs.

We note ARNECC's[7] recent statement on interoperability,[8] and welcome the opportunity to work with it on the next steps outlined in the statement. Preparations for the review of Exchange pricing, which is currently scheduled to start no later than July 2025,[9] are underway.

International

We are progressing the opportunity to leverage our Australian intellectual property and capability in other Torrens Title markets, focussing initially on the UK.

From a financial perspective, International business revenues grew by 20%, with operating expense growth held to 4%, on a pro forma basis.[10] This was supported by improved performance by Optima Legal, which increased its market share to 15% (measured on a rolling 3 month basis),[11] and improved productivity in a challenging re-mortgage market. Smoove is trading above our expectations, supported by modest sale and purchase volume growth across the market. Capex fell by 13% in the half, reflecting improved productivity and lower development activity. Overall, operating cash outflows reduced by $3.8 million compared to 1H24.

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6 As measured by the ratio of net debt to last twelve months operating EBITDA
7 Australian Registrars' National Electronic Conveyancing Council
8 Refer PEXA ASX announcement dated 19 February 2025
9 IPART: Interoperability pricing for ELNOs, June 2023
10 On a reported basis, business revenues grew by 394% and operating expenses grew by 48%
11 Market share based on UK Finance data (Table RL5) to November 2024. Calculated as Optima Legal Completions over Total Remortgages excluding Product Transfers for the period September 2024 to November 2024

Development of our multi-jurisdiction capable PEXA Go platform remains on schedule. Since July last year, we have completed our one-sided sale and purchase product, and increased the functionality of our re-mortgage proposition, which can now support around 80% of eligible transactions. Completion of two-sided sale and purchase capability is scheduled for 2H25.

We are advancing preparations for launching our sale and purchase proposition in 2H25, subject to receiving relevant regulatory approvals from the Financial Conduct Authority.

The joint NatWest-PEXA proposition is progressing; PEXA is working with the new NatWest mortgage leadership team to transition the business case and onboarding plan. We will provide updates on material milestones as they are agreed. We continue to constructively engage with the second lender we have previously discussed,[12] however activity is currently paused owing to strategic reprioritisation by the lender.

We have broadened our engagement with other Tier 1[13] UK lenders. While not as far along as we had wished for, we are now engaging actively – including undertaking discovery and technical workshops – with all the UK's largest lenders, who collectively account for around 70% of mortgage volumes. Additionally, we continue to receive good interest from a range of Tier 2 and Tier 3 lenders.

An important stage in our sales pipeline is testing the interconnectivity of a prospective bank customer's payment systems with PEXA's platform through the real time gross settlement system (**RTGS**) maintained by the Bank of England (**BoE**). Testing slot availability has been limited by the BoE's RTGS upgrade program. It remains our understanding that BoE testing slot availability will commence in early FY26, subject to successful RTGS go-live in late FY25. We are coordinating with the BoE and lenders to confirm testing slots. To date, two Tier 1 lenders have registered their interest with a further Tier 1 lender progressing approval through their internal governance.

Digital Solutions

Demand from existing and new customers increased PEXA's reach across the Australian property market and supported strong revenue growth for Digital Solutions.

Highlights included record first half revenues for .id, Value Australia (which is now working with a second large Australian bank), and Land Insight. Subscription-based revenues increased by 22% relative to 1H24, supported by significantly improved churn management by .id. Transaction revenues grew by 50% against 1H24, driven by increased usage of SendFX by our practitioner customers.

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[12] Reference: November 2023 PEXA Strategy Update

[13] Tier 1,2,3 refers to mortgage market share, refer 1H25 Investor Presentation for detail

Relative to 1H24, business revenues grew by 25% and operating expenses declined by 32%, enabling the business to breakeven at the operating EBITDA level. Capex fell by $1.8 million as we stepped down previous product development activity.

On-market share buy-back

PEXA has today announced its intention to undertake an on-market share buy-back ("buy-back") of its ordinary shares of up to $50 million.[14] The buy-back reflects the Group's proactive capital management strategy considering its cashflow and balance sheet strength.

Under the *Corporations Act 2001* (Cth), companies are permitted to buy back up to 10% of the lowest number of voting shares on issue during the previous 12 months, without requiring shareholder approval.

The timing and number of shares purchased under the buy-back will be dependent on PEXA's prevailing share price, market conditions and alternative capital deployment opportunities. The buy-back will be funded from cash and existing committed debt facilities as appropriate.

Outlook and guidance

As we move into the second half, we expect the macro-economic and property market outlook to remain uncertain in both Australia and the UK, as each market digests recent monetary policy changes and ongoing domestic and international developments.

However, PEXA reconfirms its previously announced guidance for FY25, which incorporates revised guidance for specified items and income tax. Refer to slide 25 of the 1H25 Investor Presentation.

As announced to the ASX on 17 December 2024, Russell Cohen has been appointed PEXA Group Managing Director and CEO and will commence on 31 March 2025. The transition plan remains on track and will ensure ongoing strong leadership until Mr Cohen's commencement. As previously outlined, Group Chief Financial Officer Scott Butterworth will today assume the role of Acting Group Managing Director and CEO through to 31 March, with outgoing Group MD and CEO Glenn King agreeing to provide advisory support until June 2025.

[14] There can be no guarantee that PEXA will repurchase any or all of the shares announced under the buy-back and the Group reserves the right to vary, suspend or terminate the buy-back at any time, subject to and in accordance with applicable legal requirements.

1H25 Results teleconference details

10:30am (AEDT) 28 February 2025. Participants can register for the conference call via the link here. Registered participants will receive their dial in number on registration, a calendar invitation, and a unique pin to access the call.

This release was authorised by the Board of Directors 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.

Item 1

Reconciliation of operating results to reported financial results

	1H25	1H24
PEXA Exchange	162.6	149.6
Digital Solutions	9.0	7.2
International (incl Optima interest income)	32.1	6.5
Total Business Revenue	**203.7**	**163.3**
Less: Optima interest income	1.2	1.5
Total Statutory Revenue	**202.5**	**161.8**
PEXA Exchange	91.5	82.9
Digital Solutions	0.1	(5.8)
International	(18.4)	(18.2)
Operating EBITDA	**73.2**	**58.8**
Specified Items	(22.8)	(15.4)
EBITDA	**50.4**	**43.4**
Depreciation	(2.3)	(1.6)
Amortisation	(18.6)	(13.6)
Depreciation & Amortisation	**(20.9)**	**(15.2)**
EBITA	**29.5**	**28.2**
Net Interest Expense	(3.0)	(2.6)
Tax (NPATA view)	(39.7)	(10.6)
NPATA	**(13.2)**	**15.0**
Historical Acquired Amortisation	(27.8)	(28.0)
Associated Tax	8.3	8.4
NPAT	**(32.7)**	**(4.6)**
Further detail		
Net interest costs	(1.4)	(0.8)
Remove Optima interest income	(1.2)	(1.5)
Add Amortisation debt costs	(0.4)	(0.3)
Net interest expense as reported	**(3.0)**	**(2.6)**
Tax effect (deduction) of specified items	0.8	1.4