

ASX ANNOUNCEMENT ASX:PEXA

Friday, 25 August 2023

PEXA delivers solid 2023 full year results

Melbourne, Australia – PEXA Group Limited (**PEXA** or the **Group**), a world-leading digital property exchange platform and property insight solutions business, is pleased to announce its full-year results for the 12 months ended 30 June 2023 (**FY23**) and provide an update on its performance and outlook.

FY23 financial results overview

	(\$ million)	FY22	FY23	Change
Group Business Revenue		279.8	283.4	1%
Group Operating EBITDA		133.0	98.7	(26)%
Group NPAT		21.9	(21.8)	n.m.
Group NPATA		61.2	17.6	(71)%
PEXA Exchange Business Revenue		278.5	263.1	(6)%
PEXA Exchange EBITDA		152.6	141.1	(7)%
PEXA Exchange EBITDA margin		54.6%	53.6%	100bps
Non-PEXA Exchange Business Revenue		1.3	20.3	15.6x

Commenting on the Company's FY23 results, PEXA Group Managing Director and CEO, Glenn King, said:

"The 2022-23 financial year was one of solid growth for PEXA. We navigated considerable market headwinds while also investing for future growth, diversifying our revenue streams and increasing our reach in Australia and the UK. Through strategic investments and considered acquisitions, we continued the development of the PEXA Group into a multi-brand, multi-jurisdiction network of businesses and digital offerings, serving a larger footprint of customers.

"FY23 was a highly challenging year for property markets, with house prices and transaction

volumes receding from the record highs of FY22. In the face of these headwinds, the PEXA Exchange again demonstrated its resilience, with the impact of reduced volumes and a shift in mix towards lower-margin refinancing transactions, partly offset by pricing changes and continued growth of usage in Queensland and the ACT.

“The Exchange’s share of all transactions nationwide now stands at 88%, with our focus on efficiency improvements also delivering an uplift in margin in the second half.

“Our FY23 results also demonstrate the rising contribution from new revenue streams identified at the time of our IPO – PEXA International, which is now beginning to establish itself in the priority market of the United Kingdom; and PEXA Digital Growth in the Australian market. In FY23, these emerging businesses generated 7% of PEXA Group business revenue, building revenue streams through the delivery of new solutions to our customers.

“With strong cashflow generation, a sound balance sheet and a disciplined approach to costs and investment, we expect to deliver continued growth through an operating model underpinned by a highly skilled team across the network and exciting emerging businesses complementing the secure and reliable enhancements of the PEXA Exchange.”

Financial performance

Total PEXA Group business revenue for FY23 rose 1% to \$283 million, reflecting growth from new revenue streams such as PEXA International and .id (Informed Decisions) and backed by the resilient performance of the PEXA Exchange. Revenue from the Group’s emerging business rose from \$1.3 million in FY22 to \$20.3 million and now represents approximately 7% of Group business revenue, relative to less than 1% in FY22.

Group Operating EBITDA was \$98.7 million, down 26%, This was primarily due to the challenging market conditions, which were partially offset by a range of management actions whilst the Group continued to make prudent investments for future growth. In line with guidance, in FY23 PEXA invested \$51 million in its international expansion and \$22 million in Digital Growth, excluding M&A activity.

Group loss after tax was \$21.8 million for the year ended 30 June 2023, down \$43.7 million from the prior year, a result of lower Operating EBITDA as outlined above, combined with higher levels of depreciation and tax expense. Free cash flow for the Group were \$14 million, down 52% from FY22, with strong operating free cash flows, partially offset by increased investment in the Group’s technology platforms and selective acquisition activity.

Reflecting the uncertainties of the operating environment and the scale and maturity of the business, PEXA has implemented a productivity enhancement program to hold operating costs growth at or less than inflation, excluding the impact of M&A activity.

PEXA finished FY23 with \$37 million in cash and the absolute level of debt remained broadly unchanged at \$300 million. In addition, PEXA’s gearing (net debt to PEXA Exchange operating EBITDA) was 1.86 times, with a strong balance sheet providing capacity to pursue the Company’s strategy.

Commenting on the outlook and the Company’s growth opportunities, Mr King said:

“Notwithstanding the ongoing challenges in property markets, we expect the PEXA Exchange to continue its resilient performance, delivering strong cashflow and operating EBITDA margins in a consistent 50-55% range through FY24.

“We expect our Digital Growth business to be Operating EBITDA break even in June 2024. We will also manage our investment in our emerging businesses – Digital Growth and International – to a combined \$70 million-\$80 million, which remains broadly in line with our FY23 levels.

“As we continue to build out our range of business units, we are increasingly focused on the Group Margin. The Group Margin currently sits at 35% and we expect this will be a floor for our performance next year.

“PEXA’s strategic intent and the market opportunity is clear: to enhance and leverage its highly effective property exchange know-how to deliver sustainable profitable growth from logically adjacent segments in Australia and internationally.

“Around the world, the property market continues to be rapidly transformed by digital technology innovations, with the creation of significant volumes of property data generating opportunities for new consumer and business solutions that enhance decision-making.

“Through the past year, PEXA has continued to build a comprehensive network of partnerships and acquisitions with the capabilities to create a rich set of solutions that will enable the Group to capture these opportunities - in Australia and overseas - and better-serve our customers effectively and efficiently.

“Despite market headwinds, we are well on the way to deliver against our strategy in FY24 and strengthen our position as a leading prop-tech company.”

A briefing session for investors and analysts will be held at 10:30am AEST today.
[Register here to join the call.](#)

This release was authorised by the Board of Directors 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 15 million property settlements through the PEXA Exchange in Australia. PEXA has launched refinancing capability in the UK and operates an insights business that helps government and business unlock the future value of property. Please visit <https://www.pexa.com.au/>.