H1 FY25 INVESTOR PRESENTATION COMMENTARY

Friday, 28 February 2025

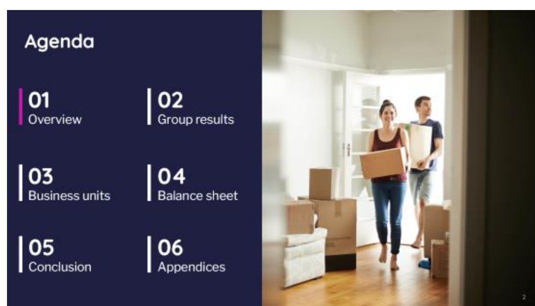
Improved strategic and financial position, focused on execution

Melbourne, Australia – PEXA Group Limited ("**PEXA"** or the "**Group"**), a world-leading digital property exchange platform and property insight solutions business, today announced its half-year results for the six months ended 31 December 2024 (1H25).

Accompanying commentary from Group Chief Financial Officer Scott Butterworth, and some brief observations from outgoing Group Managing Director and Chief Executive Officer Glenn King, are provided below.

Hany Messieh, General Manager, Investor Relations

<u>Slide 2:</u>



Good morning. Thank you for joining us for PEXA's half year 2025 results briefing

I'm joined by PEXA's outgoing CEO Glenn King, and CFO Scott Butterworth, to discuss the Group's progress and performance over the past six months. After the end of their presentation, we'll open for a Q&A session.

I'll now hand over to Glenn to get us started.

Glenn King, Group Managing Director and Chief Executive Officer

<u>Slide 3:</u>

Thank you, Hany, and on behalf of PEXA's team, I also thank you for your time today and for your interest in our company.

Turning to slide 3, before we begin today's meeting, in the spirit of reconciliation, and in line with PEXA's purpose of connecting people to place, I would like to acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea, and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples who have joined with us today.

I'll now spend some time touching on the Group's highlights for the half. As it is my last day as CEO, Scott will provide a review the operating and financial performance for each business unit in detail, discuss our balance sheet settings, update on guidance for the remainder of FY25 and then take questions.

<u>Slide 4:</u>

Let me start by turning to slide 4.

PEXA's strategic and operating position improved during the half as we executed against the priorities we have outlined in previous periods.

In Australia, our leading critical infrastructure asset continued to deliver great outcomes for our customers and other property market stakeholders, while also delivering a solid financial performance.

We continued to leverage our IP into the UK, as we build that market's only integrated digital backbone for property lodgement and settlement. Delivery of our unique, multi-jurisdiction-capable platform is on schedule, and we are preparing for the launch of our sale and purchase product in the second half, subject to FCA approval. We continued to grow our lender pipeline to the point where we are engaged with all major UK banks, and our cash usage in this market is starting to decline.

The period saw strong demand for Digital Solution's innovative, market-leading services, leading to good revenue growth and improved margins as the business scales and extends PEXA's reach with existing and new customers across the property market.

Our improved operating performance, cash generation, and importantly the execution focus demonstrated by our team, allowed us to strengthen our balance sheet, and this has underwritten the Board's decision to return up to $50m to shareholders via an on-market buyback.

Overall, I am confident we are now benefiting from a financially stronger Group with a more robust strategic position, however, we still have more to do to realise the full value of the positions we are creating.

Slide 5:

These outcomes are reflected in the Group's financial performance, which is summarised on slide 5.

As you can see from the slide, we experienced a solid uplift in our operating performance in the half.

Revenue grew by 12% on a pro-forma basis relative to the prior comparative period, and with expense growth constrained to around 1%, our operating margins grew by 5.2 percentage points on a pro forma basis.

However, as previously disclosed, our statutory results were impacted by non-operating, non-cash items associated with taxation and investment impairment.

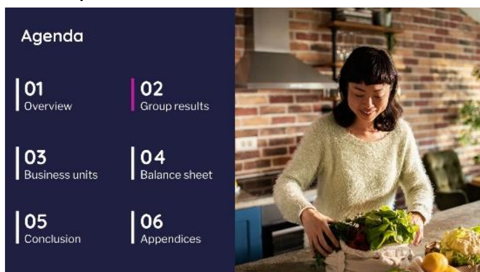
Having said that, our improved operating performance and reductions in capex in each business meant that free cashflows lifted sharply during the period.

As a result, we were able to repay $55m of debt during the half and the balance sheet continued to de-lever. We are now operating below the maximum gearing levels contained in our capital framework, and as I have already noted, this has enabled the Board to approve an on-market buyback of up to $50 million.

Of course, this result reflects the performance across our various businesses and how these outcomes feed up to the Group result, so I'll now hand over to Scott to discuss this with you.

Slide 6:

Thank you, Glenn.



Slide 7:

Group financial results
Strong operating result, NPAT impacted by non-operating items

Group financial performance

A$m	1H25	1H24	1H24PF	Var[1] (%)
Business Revenue	**203.7**	**163.3**	**183.5**	**11.0**
Cost of sales	(34.4)	(19.4)	(31.9)	(7.8)
Gross margin	169.3	143.9	151.6	11.6
Operating expenses	(96.1)	(85.1)	(95.3)	(0.8)
Operating EBITDA	**73.2**	**58.8**	**56.3**	**30.0**
Specified Items	(22.8)	(15.4)	(15.4)	(47.4)
EBITDA	**50.4**	**43.4**	**40.8**	**23.4**
NPAT	**(32.7)**	**(4.6)**	**(7.7)**	**(327.5)**
NPATA[1]	**(13.2)**	**15.0**	**11.9**	**(211.1)**
Capex - resource costs	(16.9)	(18.8)	(18.8)	10.1
Capex - other	(11.5)	(15.5)	(15.5)	25.9
Capex	**(28.4)**	**(34.3)**	**(34.3)**	**17.4**
Operating cashflow	**44.8**	**24.5**	**22.0**	**103.7**
Operating EBITDA margin (%)	*35.9%*	*36.0%*	*30.7%*	*5.2ppt*
Capex to Business Revenue ratio	*13.9%*	*21.0%*	*18.7%*	*(4.7ppt)*
Operating cashflow yield (%)	*22.0%*	*15.0%*	*12.0%*	*10.0ppt*

Commentary[1]

Business revenue
- Revenue up 11% with all business units experiencing growth
- Exchange up $13m, Digital Solutions up $1.8m, and International increased $5.4m on a pro forma basis
- Underlying business activity increased across all business units

Operating expenses
- Discipline expense management with Group expenses up by $0.8m or 1%.
- Expense growth reflects underlying expense growth across the group reflecting annual salary reviews and supplier cost increases offset by productivity improvements implemented in prior periods

Capex
- Capex spend across the group was $5.9m lower. The reduction was reflected across all business units

Margin and yield
- Operating EBITDA margin up 5.2ppt on a proforma basis
- Operating cashflow yield improved 10.0ppt on a proforma basis

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I'll start by turning to slide 7 and providing some more detail about the Group's performance. As I do so, I'll remind you that the results for the Group and for International are being presented on both a 'pro forma' and 'as reported basis'. The pro forma analysis assumes we owned Smoove for all 1H24.

As you can see from the slide, the Group experienced an 11% increase in pro forma business revenue compared to the prior period, with improved revenue outcomes in each business. Operating expenses only increased by 1%, mainly reflecting the impact of prior period productivity initiatives, which have largely offset growth in salaries and supplier costs.

This revenue growth, combined with well-controlled expenses, led to a Group operating EBITDA margin of 35.9%, up 5.2 percentage points on a pro forma basis.

Capex of $28.4 million was down $5.9 million from the prior comparative period, due again to the impact of prior period productivity initiatives, as well as reduced regulatory and product development spend.

Due to these improved outcomes, operating cash flow increased to $44.8 million, and operating cash flow yield rose 10 percentage points to 22%.

Slide 8:

Group non-operating items
Non-cash charges for impairment and tax

Group financial performance

A$m	1H25	1H24	1H24PF	Var[1] (%)
Operating EBITDA	73.2	58.8	56.3	30.0
Specified Items				
Integration costs	(1.9)	(3.1)	(3.1)	38.0
Restructuring and redundancy related costs	(2.0)	(4.7)	(4.7)	57.5
Unrealised FX gain / (loss)	-	0.7	0.7	(100.0)
M&A	(1.0)	(5.0)	(5.0)	80.6
Share of loss after tax from investments in associates	(0.9)	(1.1)	(1.1)	24.1
Impairment	(15.0)	-	-	
Other items	(2.0)	(2.2)	(2.1)	5.9
EBITDA	**50.4**	**43.5**	**40.8**	**23.4**
Depreciation	(2.2)	(1.6)	(1.6)	(41.6)
Amortisation	(18.6)	(13.6)	(14.4)	(29.5)
EBITA	**29.5**	**28.2**	**24.9**	**18.8**
Historical Acquired Amortisation	(27.8)	(28.0)	(28.0)	0.5
EBIT	**1.7**	**0.2**	**(3.1)**	**large**
Net finance expense	(3.1)	(2.6)	(2.3)	(30.6)
Net (loss)/profit before tax	**(1.3)**	**(2.4)**	**(5.4)**	**75.5**
Income Tax Benefit/(Expense)	(31.4)	(2.2)	(2.2)	large
NPAT	**(32.7)**	**(4.6)**	**(7.7)**	**large**
Add Back: Acquired amort (tax-effected)	19.5	19.6	19.6	(0.5)
NPATA	**(13.2)**	**15.0**	**11.9**	**large**
Tax impact on specified items	0.6	(1.4)	(1.4)	large

Commentary

Specified items
- $7.4m higher than in 1H24 largely due to impairment charge in relation to minority stake, offset by lower restructuring, M&A and integration activity

Depreciation and Amortisation
- Depreciation $0.7m higher laregly reflecting new office space in the UK
- Amortisation increased $4.2m primarily due to new international assets ($1.1m) and continued investment in the Exchange ($2.9m)

Net finance expense
- Net finance expense increased by $0.7m primarily due to the higher debt drawn. This was mitigated by higher income generated by cash balances

Tax
- $29.4m increase was due to the de-recognition of a $19m DTA in Australia, combined with the increased Australian profits in the half.
- There was no recognition of new tax credits in the UK

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Nonetheless, while Group operating results showed solid improvement, statutory results were impacted by non-operating items in the period. These are summarised on slide 8, which I'll turn to now.

Specified items increased relative to the prior comparative period. This was due to the previously disclosed minority investment impairment charge, which arose from the impact of adverse conditions and changing market priorities on the relevant investment. Excluding this charge, specified items declined year-over-year, mainly due to lower costs for restructuring and integrating acquisitions.

Depreciation and amortization increased, reflecting the impact of current and prior period capital investments as they were put into use across the business.

Net interest expense ticked up modestly due to higher underlying interest rates as well as a higher average debt balance compared to last year. We'll dive deeper into the balance sheet details later.

The tax charge was impacted by the de-recognition of certain deferred tax assets during the period. I'll turn now to slide 9 to explain more about our tax position.

Slide 9:

As you would appreciate, PEXA's legacy tax position is complex due to several changes in ownership and profitability since its inception. However, let me summarise the key points.

In Australia, we are now generating taxable income, which results in a P&L charge which is broadly equivalent to 30% of the Operating EBITDA for the Australian geography. This expense doesn't translate to a cash tax payment to the ATO, as R&D tax credits and carry forward losses are used to offset the liability. Around $18.9 million of tax credits were used for this purpose in the first half.

The use of these tax credits is subject to various tests. Following Link's divestiture of its PEXA interests in early 2023, one of the tests we must apply each period is the 'same business test'. This half, given the nature of the business undertaken by the Group, we could no longer satisfy it. This means that we had to de-recognise a $19m deferred tax asset.

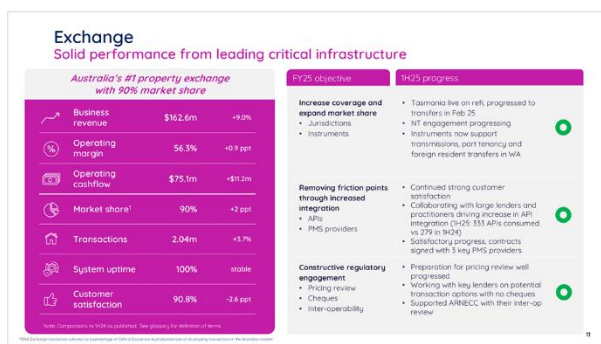
All 'same business test' tax credits have now been derecognised, and we have $67m in Australian tax credits remaining, which we expect to utilise in future periods.

The situation is a little different in the UK. There, we are continuing to generate tax losses for use in future periods. However, save for a deferred tax asset of $8.6m, we are not including the resulting new tax credits in our financial statements. Instead, we have elected not to tax effect our UK losses for accounting purposes.

Slide 10:

Having reviewed the Group's income statement, I'll turn now to a discussion of the operating and financial performance of each business unit.

Slide 11:



Turning to slide 11, the Exchange saw modest market volume growth and a more favourable refinance mix compared to the prior comparative period.

Given these conditions, we continued to make good progress with our custodianship of this critical piece of national infrastructure, which generates net benefits of $300m per year for Australia's economy.

Key achievements include launching in Tasmania, increasing our market share to 90% nationally with gains in Western Australia and Queensland, and maintaining high customer satisfaction through robust cyber resilience and system uptime. We've also improved integration with the property ecosystem by expanding our API suite, supported by contracts with leading Property Management System providers. Regulatory efforts are focused on preparing for a review of our pricing framework. We note Titles Queensland's recent inter-operability review. We welcome their work, and the further opportunity to work constructively with our regulators for the benefit of all stakeholders in the market.

Slide 12:

Exchange
Attractive operating leverage and cash generation

Exchange financial performance			
A$m	1H25	1H24	Var (%)
Business revenue	**162.6**	**149.6**	**8.7**
Cost of sales	(18.7)	(17.8)	(5.5)
Gross margin	143.9	131.8	9.1
Operating costs	(52.4)	(48.9)	(7.0)
Operating EBITDA	**91.5**	**82.9**	**10.3**
Specified items	(3.1)	(2.3)	(34.8)
EBITDA	**88.4**	**80.6**	**9.6**
Capex-resource costs	(11.3)	(11.3)	(0.7)
Capex-Other	(5.0)	(7.7)	35.3
Capex	**(16.4)**	**(19.0)**	**14.0**
Operating cashflow	**75.1**	**63.9**	**17.6**
Operating EBITDA margin %	*56.3%*	*55.4%*	*0.8ppt*
Capex to Business Revenue ratio	*10.1%*	*12.7%*	*(2.6ppt)*
Operating cashflow yield (%)	*46.2%*	*42.7%*	*3.5ppt*

Commentary

Business Revenue $13.0m (9%) higher, including
- Transaction volumes arising from market & PEXA share growth: $5.4m
- CPI price increase: $5.5m
- A shift in transaction mix: $2.1m

Operating costs $3.5m (35%) higher than in the PCP
- People related expenses were 2% higher driven by annual salary reviews and further investment in Group capability, while offset by productivity initiatives undertaken and implemented during FY24 and release of bonus provisions
- Non-labour expense up $2.7m arising from a one-off indirect tax write back in 1H24, increased data costs, and an increase in expenses related to regulatory matters

Specified items $0.8m (65%) higher than in the PCP
- Incurred due to wind up of interoperability activity and other restructuring costs

Capex $2.6m (14%) lower than in the PCP
- Primarily due to lower regulatory spend on interoperability

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I'll turn now to slide 12, which details the financial results for the Exchange.

The business delivered a solid financial result, underpinned by 9% revenue growth. This was driven by an increase in transaction volumes, a more favourable transaction mix, and the impact of CPI-linked repricing.

Despite incurring costs from investments in capability, absorbing the impact of the unwind of prior period one-off expense benefits, and professional fees related to regulatory initiatives, the Exchange experienced positive expense jaws during the period. This was primarily due to the ongoing impact of productivity initiatives undertaken in FY24.

There was a relatively modest uptick in specified items, reflecting restructuring activity during the period.

Capital expenditure declined compared to the PCP, mainly due to the cessation of work on interoperability pending further guidance from the regulator. However, on an underlying basis, we continued to invest in the Exchange product, its security and resilience, including entering an important security services contract with CyberCX (I note that this is a Group wide contract).

Slide 13:

International
Progressing platform development and lender engagement

Unique, multi-jurisdictional platform		
Business revenue[1]	$32.1m	Large
Operating margin	(57.3%)	+20.5 ppt
Operating cashflow	($28.6m)	+$1.3m
Remos processed	> £100m	Lifetime value processed
Remo market share[1]	26.4%	+5.2 ppt
Stage 1-2 pipeline	+10	Discovery complete
Testing slots committed	4	stable

FY25 objective	1H25 progress
Platform • Remo, S&P, integrations	• Remo activity to deliver transfer of equity on track for Q3 delivery • S&P delivery remains on track with one-sided S&P complete and two-sided S&P due in 3Q FY25
Performance uplift • Optima, Smoove	• 2x (vs pcp) uplift in Optima Legal productivity. Currently exploring further opportunities to improve the operating performance of Optima Legal, including through assistance of, or involvement from, 3rd parties • Smoove integration broadly on track for FY25 completion[2]
Launch S&P • Conversion, on-boarding	• Scheduled for 2H25, subject to FCA approval[3]
Lenders • Conversion, on-boarding	• Pipeline expanding at the initial stages. • Lender on-boarding behind schedule. Working with lenders to progress implementation via knowledge uplift and through governance processes
Other markets • Explore NZ, Canada	• Market exploration continuing – leverage lessons from UK

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Turning now to slide 13 and the International business, which is leveraging PEXA's IP into markets outside of Australia. As you know, we have started with the UK, where we are building the backbone for the digital lodgement and settlement of property transactions.

Whilst market conditions were mixed during the period, with below trend remortgage volumes, and higher sale and purchase activity, we remain confident in the UK opportunity. In this context, we welcome the UK government's announcement this month of initiatives which support digitalisation of the UK's property market.

The matters we directly control in progressing this activity are going well. Development of the multi-jurisdiction PEXAGo platform remains on schedule, with the sale and purchase product expected to be launch-ready in the second half. Optima Legal's performance has improved through productivity initiatives and regained market share. Smoove is trading above expectations. Notably, the PEXA platform is performing as expected, having smoothly processed over £100 million in remortgages for existing bank customers.

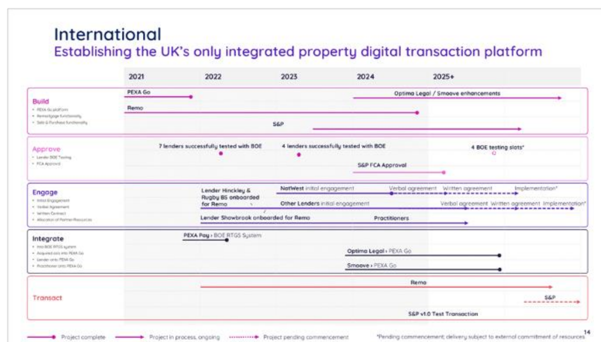
However, progressing at the speed we would like also depends on factors outside our complete control, although we are working hard to influence them in our favour. These include:

- First, engagement with banks is positive but progressing slower than desired as they work through their stringent decision-making, risk management, and procurement processes. I'll say more about this in a moment.

- Second, there are limited opportunities to test the connection between PEXAPay and bank transaction systems via the Bank of England as it goes through its RTGS upgrade. To date, testing has been conducted with 11 lenders successfully. Another 4 slots are likely to be available in 1st quarter FY26

- Third, we plan to include with the sale and purchase product a source account capability like that used in Australia. That feature requires FCA approval, for which an application was made in 2024. The typical 12-month processing time could see approval granted in 2H25, but that timing is ultimately determined by the FCA.

Slide 14:



I'll now go a bit deeper on aspects of our UK activity, starting with slide 14, which summarises our activity since entering the market in late 2020.

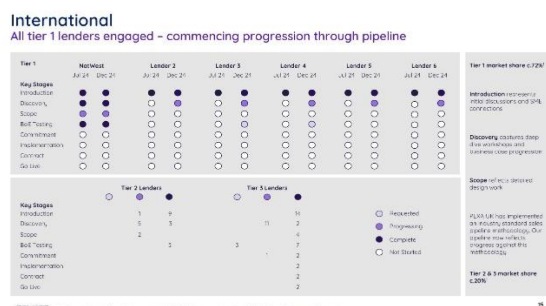
Since then, we have launched our remortgage product, and it is now capable of handling around 80% of flows in that market segment. Distribution reach has been augmented through the acquisitions of Optima Legal and Smoove.

The next major milestone is the planned launch of the sale and purchase product in 2H25, subject to receiving FCA approval. This will provide access to a much larger transaction pool of 1 to 1.1 million annual sale and purchase transactions, compared to around 300,000 remortgages per year.

Upon launch, the sale and purchase product should cover 50-70% of potential flows, with additional extensions planned in FY26 to increase coverage to around 80%.

Importantly, as we move through this point, we should see good reductions in development expenditures as PEXA moves beyond FY25 into the following 12 months, albeit some of this reduction will be re- invested in operating capacity as the business grows.

Slide 15:



Engagement with UK lenders is critical to executing our program, and I'll now turn to slide 15 to review our progress.

The slide shows the various stages of our sales pipeline. The first four stages, from introduction to Bank of England testing, do not require written commitments from a lender, but may involve a lender expressing a pre-contractual intention to utilise the platform. Past these stages, the lender moves from intent to firm contractual commitment, to on-boarding.

Our aim is to get as many Tier 1 banks (these are the 6 largest lenders) through the pipeline as quickly as possible.

At the start of this financial year, only one tier 1 bank, NatWest, were in our pipeline had completed discovery. We continue to work with them constructively, but progress has been slower than expected due to factors such as changes in their senior leadership.

However, pleasingly, our engagement has expanded, with active discussions now occurring across all Tier 1 lenders, who hold collectively 72% of the mortgage market. Two have completed internal approvals to proceed to the upcoming Bank of England testing slots, with one further Teir 1 lender well advanced through their internal process.

Progress is also being made with Tier 2 (market share greater than 1%) and Tier 3 (smaller) banks. With respect to the second lender we have previously mentioned, we remain constructively engaged, however, onboarding activity is currently paused due to strategic actions involving that institution.

Despite these developments, we would have preferred faster progress through our pipeline. No doubt you are wondering about the causes of this delay. From our perspective, the elongated timeframes appear due to the time required to navigate each bank's internal approval processes. For a transformative change to the UK property market such as offered by PEXA, it is understandable that potential bank customers are following rigorous decision-making, risk management, and procurement processes before finalizing their commitments.

PEXA is actively and energetically assisting banks through this process. Importantly, their interest and engagement remain strong, and the case for platform adoption by them continues to be attractive. Additionally,

once contracts are executed, PEXA is well-positioned to support seamless platform adoption by lenders. Further progress updates will be provided to the market in due course.

Slide 16:

I'll turn now to slide 16, which reviews the financial implications of these activities for International.

Revenue grew 20% on a pro forma basis, reflecting Optima Legal's market share recovery and increased Smoove sale and purchase volumes.

Pro forma opex growth for International was contained at 3.8%, with ongoing platform/sales investment offset by productivity enhancements and Smoove cost synergies.

Specified items mainly related to the Smoove integration, which is expected to complete by year-end except for certain finance systems activities. Specified items were sharply lower than 1H24 due to lower integration and restructuring costs.

Capex decreased 13% in 1H25 as Remo capability was largely completed, partially offset by increased investment in building the Sale and Purchase platform.

Slide 17:

I'll turn now to slide 17 and a brief discussion of Digital Solutions, which provides leading tools and insights to property professionals, enabling PEXA to broaden its reach across the property market.

This half focused on improving distribution effectiveness. We reoriented ID sales away from a product-led to a whole-of-customer approach, and increased coordination between our specialist sales teams and proprietary channels particularly in respect of Value Australia.

While new business sales were down 29% relative to the PCP, this approach improved ID churn management and drove record first-half revenue for ID, Value Australia, and Land Insights, including additional revenue from a second major bank customer for Value Australia. The SendFX product for practitioner foreign currency transfers also saw good revenue growth.

However, product traction was mixed. Value Australia was further developed to win new business, but while additional regulatory approvals were obtained for some Exchange data usage, PEXA is still not able to fully utilize this data across our various insight offerings. Work continues to obtain relevant approvals.

Slide 18:

Digital Solutions

Business continues to scale, achieved operating EBITDA break-even

Digital Solutions financial performance

A$m	1H25	1H24	Var (%)
Business Revenue	**9.0**	**7.2**	**24.3**
Cost of sales	(0.7)	(0.9)	28.2
Gross margin	8.3	6.3	31.9
Operating expenses	(8.2)	(12.1)	32.4
Operating EBITDA	**0.1**	**(5.8)**	**101.9**
Specified items	(15.7)	(4.1)	(286.3)
EBITDA	**(15.6)**	**(9.9)**	**(57.6)**
Capex - resource costs	(1.6)	(2.4)	31.0
Capex - other	(0.2)	(1.2)	81.2
Capex	**(1.8)**	**(3.6)**	**48.0**
Operating cashflow	**(1.7)**	**(9.4)**	**81.2**
Operating EBITDA margin (%)	*1.1%*	*(80.6%)*	*81.7ppt*
Capex to Business Revenue ratio (%)	*20.6%*	*50.0%*	*(29.4ppt)*
Operating cashflow yield (%)	*(19.3%)*	*(130.6%)*	*111.3ppt*

Commentary

Business Revenue $1.8m (24%) higher than PCP
- Revenue in gross terms higher across Subscriptions, Transactions and Projects

Operating expenses $3.9m lower (32%) than PCP
- Efficiency initiatives undertaken in prior periods
- Realisation of synergies through further integration into the broader PEXA group

The combination of improving revenue and lower expenses resulted in Digital Solutions achieving **Operating EBITDA break even** for the period

Specified items $11.6m increase on PCP
- Impairment taken against a minority investment ($15m)
- The balance of the charge relates to deferred consideration for prior acquisitions

Capex $1.8m decrease vs PCP
- Primarily due to a reduction in product development costs, as the business transitions to commercialising prior investments

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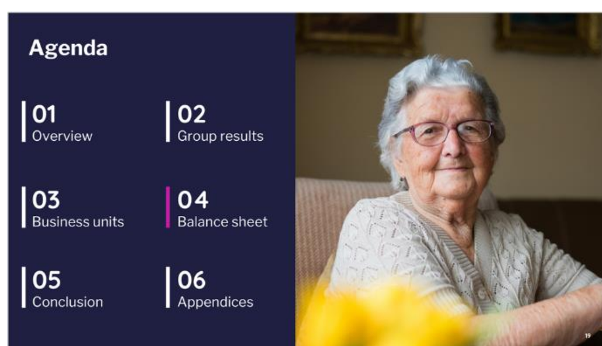
I'll now turn to slide 18, which describes the results for Digital Solutions.

In short, during the half, we saw continued strong organic revenue growth and margin expansion, as the business continued providing unique and innovative services and products which resonated with existing and new customers.

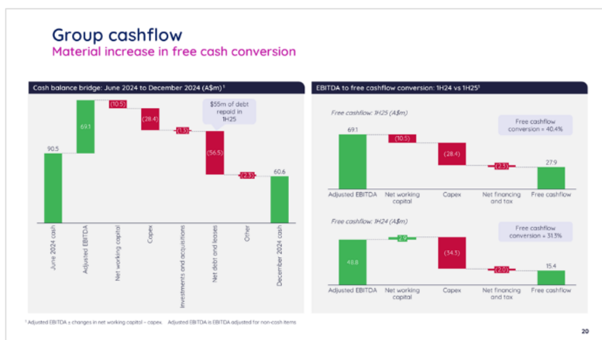
Over the remainder of FY25, we will continue focusing on improving distribution effectiveness and modestly invest in additional solutions that enable more effective property-related decisions, and better transaction efficiency and experience for our customers.

Slide 19:



That concludes our review of business lines. I'll now turn to a discussion of key balance sheet and capital management items, starting with slide 20.

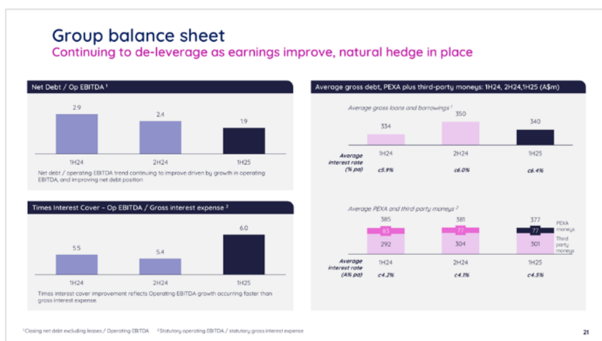
Slide 20:



This slide reviews our cash flows for the period. On the left, it shows our ending cash balance was $60.6 million after repaying $55 million in debt during the half-year.

This strong performance was due to higher earnings and increased cash conversion during the period as we reduced our capital expenditures. Working capital movements did negatively impact cash outcomes, largely reflecting the timing of expense pre-payments and the unwind of deferred consideration for a prior period acquisition.

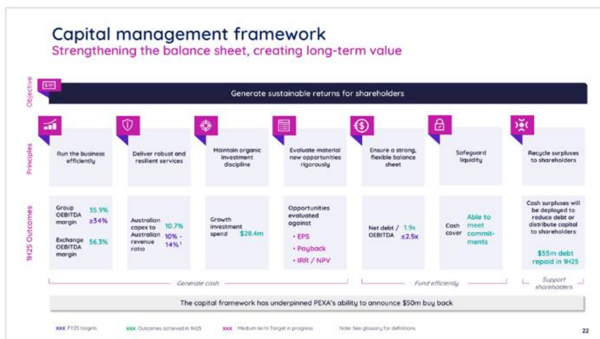
Slide 21:



Moving to slide 21, the strong positive cash flows and operating performance in the first half positively impacted our balance sheet. Our net debt to operating EBITDA leverage ratio continued declining, dropping 1.0 turns to 1.9x since the first half of FY24. Additionally, our times interest coverage ratio improved significantly compared to prior periods, now sitting at 6x.

At the end of the period, our gross borrowings were $312m on a spot basis. This is broadly offset by the interest-earning cash balances we hold in our own moneys and source accounts, with these accounts providing a partial natural hedge in respect of interest expense exposure. As a result, the overall net interest expense for the Group was relatively low during the half, despite the increase in average debt compared to the prior corresponding period.

Slide 22:

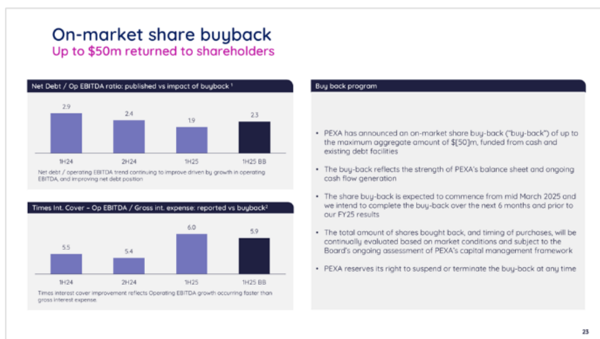


Slide 22, which I now turn to, sets out the framework that we utilise for allocating capital and deploying capital to maximise shareholder value. You would have seen it in previous periods.

Our approach to financial management during the period, and the balance sheet flexibility we now enjoy, means that we expect to meet the FY25 targets set out in purple on this page. Notably, we believe that we can operate well within the leverage range set out on the slide, as well as achieving the other outcomes it contains.

Given this, the Board has agreed to initiate an on-market buy-back of up to $50 million. I'll turn to slide 23 to provide some more insight into this decision.

Slide 23:



Our improved cash generation significantly reduced our Net Debt to Operating EBITDA ratio, as shown on the slide, with that ratio improving by about 0.5 turns per half over the past three reporting periods. Further de-leveraging would be expected as the business generates cash in subsequent periods. As you would have seen from our capital management framework, this implies we would operate well within our maximum gearing target for the business.

Given this profile, together with our anticipated investment needs, the Board has decided to return surplus cash to shareholders. An on-market buy-back is the most efficient way to do this, considering transaction costs and franking credit availability.

To achieve this, the buy-back announced today will be up to a maximum of $50m. The buy-back will commence in mid-March and our intention is to complete the buy-back before our FY25 results. As is typical with these programs, PEXA reserves the right to suspend or terminate the buy-back at any time.

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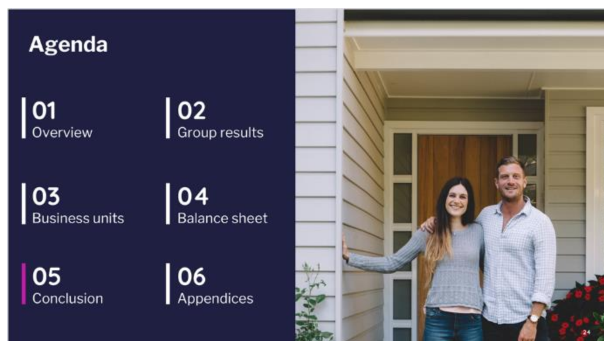
Slide 24:



Slide 25:

Guidance
Operational guidance reaffirmed

Metric	1H25 outcome	FY25 guidance
Group Business Revenue	+ 24.7%	+ 13-19%
Group Operating EBITDA margin	35.9%	≥ 34%
Specified items	$22.8m	$35-40m
Depreciation and amortisation	$48.7m	$98-102m
Net interest expense	$3.0m	$5.5-7.5m
Tax	$31.4m	$40-45m
Australian capex / Australian revenue	10.7%	10-14%
International operating cash outflows	$(28.6)m	$(55-58)m
Net debt / operating EBITDA	1.9x	≤ 2.5x

2H25 priorities

Australia
- Progress pricing review and ARNECC next steps

UK / International
- Lender onboarding
- Receiving FCA approval
- Delivery of S&P capability

Group
- Successful CEO transition

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Moving to slide 25, we observe that economic conditions in Australia and the UK remain mixed despite recent interest rate cuts.

However, we reiterate guidance for all metrics. This includes the recent updated guidance for Specified Items and Tax.

Our Specified Items guidance reflects an expectation that we will settle at the higher end of the previously advised range, as well as the impact of the minority investment impairment in the half.

Our tax guidance reflects the higher-than-expected effective tax rate that we experienced in the first half, as well as the impact of de-recognising deferred tax assets.

This guidance excludes any interoperability asset impacts, which we continue to hold at its current value pending completion of the work notified in ARNECC's recent review.

Key 2H25 priorities include preparing for our IPART review for FY27 pricing, as we view our pricing is appropriate given capex needs and CPI constraints. We'll work closely with our regulators and will update the market as required.

Other priorities include delivering and (subject to FCA approval) launching our sale and purchase capability in the UK, and advancing contracts with lenders in that market.

Lastly, we look forward to facilitating a successful transition for our new CEO Russell Cohen as he commences on 31 March.

Slide 26:

I'll now wrap up by re-capping the highlights for the half, as set out on slide 26.

We achieved solid strategic, operational and financial outcomes this half.

The Exchange continued to deliver, and whilst we would have preferred to go faster, we are making progress in the UK as we grew our lender pipeline to the point where we are engaged with all major UK banks.

We also drove further scale in the Digital Solutions business, and our stronger balance sheet and free cash flow will enable us to return up to $50 million to shareholders via an on-market buy-back.

We are well placed to deliver on our guidance, and we look forward to embracing Russell's fresh perspective as he starts in the business.

I'll turn to Q&A in a moment, but before I do, I want to acknowledge Glenn for his hard work and leadership across so many fronts over his past five years as PEXA's CEO. Whether dealing with inter-operability, navigating COVID, shepherding the Group's IPO through to completion, or initiating the diversification of our business activities. Glenn has made a fabulous contribution to our group over the past 5 years. On behalf of all of us, we wish you the very best as you head off for your next chapter. It has been an absolute pleasure to work with you over the last couple of years.

And with that, I am happy to open the lines up for Q&A.