PEXA GROUP LIMITED

APPENDIX 4D – HALF YEAR REPORT GIVEN TO ASX UNDER LISTING RULE 4.2A.3 FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

Item	Contents
1	Details of the reporting period
2	Results for announcement to the market
3	Net tangible assets per security
4	Other information

1. DETAILS OF THE REPORTING PERIOD

Reporting period: 6 month period ended 31 December 2021

Previous corresponding period: 6 month period ended 31 December 2020

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/down	% change	2021 $'000	2020 $'000
Revenue from ordinary activities	45,780	46%	145,464	99.684
Net profit / (loss) from ordinary activities after tax for the period attributable to members	11,257	N/A	9,664	(1,593)
Total comprehensive income / (loss) for the period attributable to members	11,256	N/A	9,663	(1,593)

Dividend: The company has not declared a dividend for the 6 month period ended 31 December 2021.

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer the "Review of Operations" section of the Directors' Report within the attached half-year Financial Statements.

3. NET TANGIBLE ASSETS PER SECURITY

	% change	31 December 2021 dollars per security	31 December 2020 dollars per security
Net tangible assets per security	78%	(1.43)	(6.46)

Net tangible assets are defined as the net assets of PEXA Group Limited less intangible assets. A large proportion of the Group's assets are intangible in nature. These assets are excluded from the calculation of net tangible assets per security resulting in the negative outcome shown above.

4. OTHER INFORMATION

Details of entities over which control has been gained or lost during the reporting period: N/A

Details of individual and total dividends or distributions and dividend or distribution payments: N/A

Details of any dividend or distribution reinvestment plans in operation: N/A

Details of associates and joint venture entities*:* N/A

Initial Public Offering (IPO)

On 14 June 2021, the Group announced the lodgement of its Prospectus with the Australian Securities and Investments Commission and the Group's shares began trading on ASX on 1 July 2021, following the successful completion of the IPO.

There were multiple steps involved in the Group's IPO process, some of which occurred prior to 30 June 2021 and some in this half year reporting period. As a result, the financial statements are impacted in the current financial half year by certain transactions relating to the IPO.

Note 1(b) of the attached financial statements summarises these impacts on the current financial half year and the relevant notes to the financial report.

Any other information required pursuant to ASX Listing Rule 4.3A not contained in this Appendix 4D is found in the attached half year Financial Statements, ASX announcement and investor presentation lodged with this document.

This report is based on the Consolidated Financial Statements for the half year ended 31 December 2021 which has been audited by Ernst & Young with the Independent Auditor's Report included in the 2022 half year Consolidated Financial Statements

PEXA Group Limited

ACN 629 193 764

Half-year financial report for the half-year ended 31 December 2021

Contents

Directors' Report

Corporate Information

PEXA Group Limited was incorporated on 4 October 2018. The consolidated financial statements of PEXA Group Limited and its subsidiaries (PEXA or collectively, the Group) for the half-year ended 31 December 2021, were authorised for issue in accordance with a resolution of the directors on 23 February 2022.

PEXA Group Limited (the parent company) is a public company, incorporated and domiciled in Australia, and listed on the Australian Securities Exchange (ASX) under the stock ticker "PXA". The registered office is located at Tower 4, Level 16 727 Collins Street Melbourne 3008.

A description of the Group's operations and of its principal activities is included in the review of operations in the Directors' report. The Directors' report is not part of the half-year financial report.

Director

The Directors, who held office during or since the end of the half-year, held office for the full half-year unless otherwise stated, are as follows:

Mark Joiner (Independent Chairperson)

John Hawkins (Non-executive Director)

Glenn King (Managing Director and Group Chief Executive Officer (CEO))

Kirstin Ferguson (Non-executive Director)

Melanie Willis (Non-executive Director)

Vivek Bhatia (Non-executive Director)

Paul Rickard (Non-executive Director)

Company Secretary

Andrew Metcalfe (appointed 13 September 2021)

Ian Gilmour (resigned 13 September 2021)

Registered office

Level 16, Tower 4
727 Collins Street
Melbourne Vic 3008

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Principal activities

Conceived and established more than a decade ago to enable the phasing out of inefficient paper-based property settlements, PEXA today operates the leading digital property settlements platform in Australia (the PEXA Exchange) and is pursuing growth options to capture additional domestic and international opportunities.

PEXA Exchange is Australia's leading Electronic Lodgement Network. It is a robust, resilient, cloud-based platform that connects financial institutions, practitioner firms, the Reserve Bank of Australia, Land Titles Offices and State Revenue Offices to enable the digital lodgement and settlement of property transactions. The PEXA Exchange currently operates in New South Wales, Victoria, Western Australia, South Australia, Queensland and the ACT.

The PEXA Exchange digitally facilitates a range of essential functions in the conveyancing process, including:

- providing a secure online workspace (the PEXA Workspace) through which the parties preparing a property transaction collaborate to prepare for settlement, increasing the transparency between all parties;
- financial settlement of the property transaction through electronic funds transfer at the Reserve Bank of Australia through exchange of value between financial institutions;
- facilitation of financial disbursements at settlement; and
- lodgement of various dealings with the relevant Land Titles Office.

PEXA Exchange's facilitation of secure, reliable and efficient digital settlements has established the platform as a critical and trusted component of the Australian property market, providing confidence and stability for all participants in a property transaction.

Additional Strategic Growth Initiatives

To date, PEXA has invested significantly in the PEXA Exchange and the ecosystem around it. PEXA continues to invest in further enhancing the platform through new integrations, functionality and features while attracting new users by developing customer tools to enhance the PEXA Exchange and support customer experience and engagement.

While there remain clear growth opportunities as the nationwide adoption of digital property settlement continues, PEXA's vision is to be an international leader in digital property settlements and to leverage its experience, expertise, and proprietary technology to provide innovative services to a range of participants across the property industry and other stakeholders in Australia and internationally.

PEXA has developed a range of assets and capabilities that it intends to leverage to pursue potential strategic growth initiatives, including:

- developing expertise in e-conveyancing and has created a system that appears to be unique globally;
- playing a central role in over 80 per cent of all Australian property transfers and has access to near real-time, accurate and near comprehensive data available through the PEXA Exchange;
- establishing relationships with key market participants including financial institutions, lawyers, conveyancers, governments, property vendors (sellers) and purchasers (buyers); and
- developing experience in industry transformation, stakeholder management and large-scale change management associated with delivering new industry solutions.

PEXA believes that these assets and capabilities have opened a range of opportunities for it to expand its business into new products and services and to replicate its digital property settlements platform knowledge in new geographies. PEXA is pursuing these potential opportunities through three initiatives, PEXA International, PEXA Insights and PX Ventures.

- **PEXA International**: As a leading operational digital property settlements platform that completes both lodgement and settlement, PEXA will seek to bring digital property settlement solutions to other jurisdictions, particularly those with similar Torrens land title systems, based on PEXA's experience in the Australian market (with regulators, practitioners and financial institutions) in the development of those solutions. PEXA is working with technology build partner ThoughtWorks to develop an "international" version of its PEXA Exchange platform that is intended to provide a digital property settlement solution for new jurisdictions. PEXA has chosen the UK (through England and Wales) as the first jurisdiction for its targeted international expansion. It has established a management presence in the UK, has successfully completed testing of the PEXA settlement payment solution with the Bank of England and is working towards commencing a pilot of an initial re-mortgaging solution before the end of 2022.

- **PEXA Insights:** The PEXA Insights initiative stems from the recognition that the wealth of property and transaction data captured through the PEXA Exchange constitutes a uniquely comprehensive near real-time data set. The PEXA Insights team is developing products and services that appropriately leverage PEXA's property data, together with third party data, to generate innovative data solutions for this market, with the first two products launched into the market in the half-year period to 31 December 2021.

- **PX Ventures:** PX Ventures aims to build on PEXA's digital and industry experience, innovative and entrepreneurial culture and established relationships to develop new business opportunities with partners for consumers, businesses and governments across the property sector. Via PX Ventures, PEXA is also likely to enter into partnerships and joint ventures and invest in other businesses, with the first investments completed in the half-year period to 31 December 2021.

To date, PEXA has commenced the investment in its team, capabilities, and infrastructure to support these potential strategic growth initiatives and address the possible available market opportunities. PEXA will leverage insights and experience from previous product offerings and plans to invest in these strategic growth initiatives in the future.

Review of Operations

Summary Income Statement A$m; 6m ended 31 December	1H FY22	1H FY21	Variance $	 %
PEXA Exchange Revenue	145.4	99.7	+45.7	46%
Operating costs incl. cost of sales	(62.2)	(49.3)	(12.9)	26%
PEXA Exchange EBITDA[1]	**83.2**	**50.4**	**+32.8**	**65%**
Non Exchange-related costs	(31.0)	(3.1)	(27.9)	909%
EBITDA[2]	**52.2**	**47.4**	**+4.9**	**10%**
Depreciation & amortisation	(34.1)	(32.7)	(1.4)	4%
Net finance income / (expense)	(2.7)	(16.5)	+13.8	(84%)
Net Profit/(Loss) Before Tax (NPBT)	**15.4**	**(1.9)**	**+17.3**	**n.m.**
Income tax benefit / (expense)	(5.8)	0.3	(6.0)	n.m.
Net Profit/(loss) After Tax (NPAT)	**9.7**	**(1.6)**	**+11.3**	**n.m.**

Notes to Summary Income Statement

1. PEXA Exchange EBITDA – Earnings Before Interest, Taxation, Depreciation, Amortisation and non-PEXA Exchange related costs.
2. EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.

Notes 1 and 2 above are 'non-IFRS financial information' presented under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information'. The Group believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Group. The non-IFRS financial information does not have standardised meaning prescribed by Australia Accounting Standards.

The Group reported a statutory net profit after tax of $9.7 million for the half-year ended 31 December 2021, compared to a loss of ($1.6) million in the prior half-year period. PEXA Exchange revenue grew 46 per cent ($45.7 million) from the half-year ended 31 December 2020, which was a function of:

- 24 per cent growth in market volumes, from 2.0 million in the half-year to 31 December 2020 to 2.5 million in the half-year to 31 December 2021;

- 8 per cent growth in market share, from 77 per cent in the half-year to 31 December 2020 to 85 per cent in the half-year to 31 December 2021, and

- 7 per cent increase in average price per transaction, driven by two CPI fee increases (the 1 July 2020 increase was deferred to 1 January 2021 due to COVID-19) and positive product mixes towards more multi-party transactions.

Operating expenses including cost of goods sold grew by 26 per cent in the half-year to 31 December 2021, including a 29 per cent ($4.0 million) growth in cost of sales, driven by higher Exchange volumes, and a 25 per cent ($8.9 million) increase in operating expenses, driven by CPI increases and the half-year to 31 December 2020 expenses being artificially low due to COVID lockdowns. This resulted in a 65 per cent ($32.8 million) increase in PEXA Exchange EBITDA to $83.2 million in the half-year to 31 December 2021.

Non exchange-related costs are made up of project & expansion related costs and other costs not related to the Exchange. Project & expansion related costs increased from $2.3 million to $7.3 million as a result of increased investment in PEXA's International and Insights growth initiatives. Other non exchange-related costs increased from $0.8 million to $23.7 million due to incremental Initial Public Offering (IPO) related costs (predominantly offer costs of $23.5 million). This resulted in a 10 per cent ($4.9 million) increase in EBITDA to $52.2 million in the half-year to 31 December 2021.

Depreciation and amortisation increased by 4 per cent ($1.4 million) predominantly due to a $1.3 million increase in amortisation of intangible assets (from higher levels of capitalised software development). The $13.8 million decrease in net finance expense was due to the change in capital structure that occurred on IPO (1 July 2021), from existing shareholder loans to external debt.

Future Developments

Refer to the Additional Strategic Growth initiatives section above for information on the likely developments and future prospects of the Group.

Dividends

No dividends were paid or declared during the half-year ended 31 December 2021 (2020: nil).

Rounding of amounts

Amounts within the directors' report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Group under ASIC Corporations Instrument 2016/191 pursuant to sections 341(1) and 992(B) of the Corporations Act 2001.

Events after reporting period

Subsequent to 31 December 2021, the Group, entered into an agreement to acquire a 38% stake in Landchecker (a prop-tech data company). Landchecker allows homebuyers, developers and renovators to make informed, faster property decisions. The acquisition has been made to create new value for consumers, government and industry through additional products and services. The agreement is expected to settle and complete around the end of February 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- The consolidated entity's operations in future financial years;
- The results of those operations in future financial years; or
- The consolidated entity's state of affairs in future financial years.

Auditors' Independence Declaration

The auditors' independence declaration for the half-year ended 31 December 2021 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 5.

Signed in accordance with a resolution of the directors.

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Mark Joiner
Chairperson
23 February 2022

Ernst & Young
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Auditor's independence declaration to the Directors of PEXA Group Limited

As lead auditor for the review of the half-year financial report of PEXA Group Limited for the half-year ended 31 December 2021 I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of PEXA Group Limited and the entities it controlled during the financial period.

ERNST & YOUNG

Ernst & Young

Christopher Reid
Partner
Melbourne
23 February 2022

Consolidated Statement of Comprehensive Income

	Note	31 December 2021 $'000	31 December 2020 $'000
Revenue	4	145,464	99,684
Cost of sales	4	(17,969)	(13,950)
Gross profit		**127,495**	**85,734**
Product development	4	(16,409)	(10,413)
Sales and marketing	4	(9,700)	(9,577)
General and administrative	4	(49,149)	(18,391)
Depreciation and amortisation	4	(33,117)	(31,780)
Depreciation of right of use assets	4	(972)	(907)
Profit before interest and tax		**18,148**	**14,666**
Interest income	4	170	434
Interest expense on loans and borrowings - related parties	10	-	(16,689)
Interest expense on loans and borrowings - other		(2,617)	(2)
Finance costs associated with leases		(266)	(259)
Profit / (loss) before income tax		**15,435**	**(1,850)**
Income tax (expense) / benefit	6	(5,771)	257
Profit / (loss) after income tax		**9,664**	**(1,593)**
Other comprehensive income			
Items that may be reclassified to profit or loss in future periods			
Exchange differences on translation of foreign operations, net of tax		(1)	-
Total comprehensive income / (loss)		**9,663**	**(1,593)**
Basic earnings per share (cents)	12	5.45	(1.15)
Diluted earnings per share (cents)	12	5.45	(1.15)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	31 December 2021 $'000	30 June 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents		78,512	51,517
Trade and other receivables		2,045	2,115
Prepayments and other assets		9,947	9,564
Other financial assets		3,581	21,451
Total Current Assets		**94,085**	**84,647**
Non-Current assets			
Prepayments - insurance		4,509	-
Property, plant and equipment		1,162	823
Intangible assets	7	1,506,268	1,517,259
Right of use assets		9,264	10,137
Other financial assets		550	250
Total Non-Current Assets		**1,521,753**	**1,528,469**
Total Assets		**1,615,838**	**1,613,116**
LIABILITIES			
Current liabilities			
Trade and other payables		20,657	49,858
Interest bearing loans and borrowings – related parties	10	-	192,983
Provisions		5,966	4,967
Lease liabilities		1,924	1,772
Total Current Liabilities		**28,547**	**249,580**
Non-Current Liabilities			
Provisions		721	592
Interest bearing loans and borrowings		297,737	297,397
Lease liabilities		8,996	9,931
Deferred tax liabilities	6c	27,839	23,824
Total Non-Current Liabilities		**335,293**	**331,744**
Total Liabilities		**363,840**	**581,324**
Net Assets		**1,251,998**	**1,031,792**
EQUITY			
Contributed equity	11	1,268,362	1,058,198
Reserves	9	7,966	7,589
Accumulated losses		(24,330)	(33,995)
Total equity		**1,251,998**	**1,031,792**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Contributed equity $'000	Share Based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated losses $'000	Total $'000
As at 1 July 2020	**1,618,632**	**-**	**-**	**(22,208)**	**1,596,424**
(Loss) for the period	-	-	-	(1,593)	(1,593)
Transactions with owners in their capacity as owners:					
Return of share capital to shareholders	(949,489)	-	-		(949,489)
Share based payment expense	-	281	-		281
As at 31 December 2020	**669,143**	**281**	**-**	**(23,801)**	**645,623**
As at 1 July 2021	**1,058,198**	**7,589**	**-**	**(33,994)**	**1,031,793**
Profit for the period	-	-	-	9,664	9,664
Transactions with owners in their capacity as owners:					
Issue of new shares associated with Initial Public Offering (IPO) (Note 11)	214,661	-	-	-	214,661
Equity Issuance costs (net of tax) (Note 11)	(4,497)	-	-	-	(4,497)
Share based payment expense (Note 9)	-	378	-		378
Other comprehensive income	-	-	(1)	-	(1)
As at 31 December 2021	**1,268,362**	**7,967**	**(1)**	**(24,330)**	**1,251,998**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows	Note	31 December 2021 $'000	31 December 2020 $'000
Cash from operating activities:			
Receipts from customers (inclusive of GST)		160,081	110,104
Interest received		170	434
Payments to suppliers and employees (inclusive of GST)		(123,746)	(64,420)
Interest paid on loans / lease liabilities		(2,882)	(1,531)
Net cash flows from operating activities		**33,623**	**44,587**
Cash flows from investing activities:			
Development of intangible assets	7	(21,574)	(9,996)
Purchase of property, plant and equipment		(640)	(94)
Investments in other financial assets		(300)	-
Net cash flows (used in) investing activities		**(22,514)**	**(10,090)**
Cash flows from financing activities:			
Share Capital raise at IPO		214,661	-
Repayment of Shareholder loans		(192,982)	-
Payment of equity issuance costs		(4,908)	-
Payment of principal portion of lease liabilities		(885)	(788)
Net cash flows from / (used in) financing activities		**15,886**	**(788)**
Net increase in cash and cash equivalents held		**26,995**	**33,709**
Cash and cash equivalents at 1 July		51,517	70,417
Cash and cash equivalents at 31 December		**78,512**	**104,126**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Corporate Information

(a) Reporting Entity

The interim condensed consolidated financial report comprises that of PEXA Group Limited and its subsidiaries (the Group) for the half-year ended 31 December 2021. It was authorised for issue in accordance with a resolution of the directors on 23 February 2022.

(b) Initial public offering (IPO) and listing on the Australian Stock Exchange (ASX)

The Group's shares began trading on the ASX on 1 July 2021, following the successful completion of an IPO under the code PXA.

There were multiple steps involved in the Group's listing process, some of which occurred during the year ended 30 June 2021 with the remaining impacts recognised during the half-year ended 31 December 2021. IPO related transactions that have had an impact on the half-year ended 31 December 2021 include the items below. These items should be considered in conjunction with the descriptions contained within Note 1(b) of the Group's annual consolidated financial statements as at 30 June 2021 that contains further details on the various IPO steps.

- Repayment of remaining shareholder loans (Note 10)
- Transaction costs (Note 4)
- New equity issued upon IPO (Note 11)

2 Summary of Significant Accounting Policies

(a) Basis of preparation and statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2021.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021. New and amended standards that became effective as of 1 July 2021 did not have a material impact on the financial statements of the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's accounting policies. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Australian Dollars and Amounts within this report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Group under ASIC Corporations Instrument 2016/191.

(b) Going concern

The interim condensed consolidated financial statements have been prepared on the basis that the Group is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3 Significant Accounting Judgements, Estimates and Assumptions

In preparing these interim condensed financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

4 Revenue, Income and Expenses

	31 December 2021 $'000	31 December 2020 $'000
Revenue from contracts with customers		
Transfers	115,310	79,776
Refinances	21,163	14,181
Other Exchange Transactions	7,786	4,897
Other Products	1,205	830
Total revenue from contracts with customers	**145,464**	**99,684**
Interest income	**170**	**434**
Cost of sales	**(17,969)**	**(13,949)**
Product development expenses[1]		
Employee benefit expenses[2]	(8,130)	(3,736)
IT and technology costs	(8,279)	(6,677)
	(16,409)	**(10,413)**
Sales and marketing expenses		
Employee benefit expenses[2]	(8,043)	(8,480)
Travel and entertainment	(505)	(263)
Sales and marketing	(1,152)	(834)
	(9,700)	**(9,577)**
General and administrative expenses		
Employee benefit expenses[2]	(14,588)	(10,803)
Share based payment expense (Note 9)[2]	(378)	(281)
Professional fees	(3,984)	(4,172)
Occupancy expenses	(200)	(315)
Transaction costs associated with IPO (excluding Employee benefit costs)	(23,545)	-
Other[3]	(6,454)	(2,820)
	(49,149)	**(18,391)**
Depreciation, amortisation and impairment		
Depreciation of property, plant and equipment	300	273
Amortisation of Intangibles	32,817	31,507
	33,117	**31,780**
Depreciation of right of use assets	**972**	**907**

1. Product development expenses relate to amounts incurred on development of the PEXA Exchange software that did not meet the Group's criteria for capitalisation as an intangible asset.
2. Total employee benefits expense for the period was \$31.1 million (2021: \$23.3 million).
3. Other is predominantly administration expenses.

5 Segment Information

The Group has two reportable operating segments, being:

- **PEXA Exchange**: comprising the Australian Electronic Lodgement Network (ELN) and financial settlement platform which operates in the Australian electronic conveyancing market. The PEXA Exchange facilitates the collaboration between subscribers (“Members”) across the property ecosystem to enable the transfer and settlement of transactions in real property.
- **PEXA International**: the Group is developing an “international” version of the PEXA Exchange platform that is intended to provide a digital property settlement solution for new jurisdictions. PEXA has chosen the UK (through England and Wales) as the first jurisdiction for its international expansion.

Target customers of the PEXA Exchange are Members who execute Lodgement and Settlement Services Transactions. These include financial institutions lending funds for property purchases and refinances, practitioners representing individual buyers and sellers and property developers. Members pay fees for each Exchange Transaction lodged via the Exchange. The price the Group charges for these services is regulated and price increases are capped.

At 30 June 2021, the Group only identified one reportable operating segment (the PEXA Exchange) given the preliminary development of PEXA International. With the development of the International Exchange ongoing and being more advanced at 31 December 2021, PEXA International has now been identified as a separate reportable operating segment. Information that relates to PEXA International has been restated for the comparative period 31 December 2020.

The Group does not currently generate revenues from transactions with a single external customer for amounts equal to or greater than 10% of total revenue.

Separate segment performance reports are provided to the Chief Operating Decision Makers (CODMs) (being the Chief Executive Officer and Chief Financial Officer) on a monthly basis to aid decision making around resource allocation and performance assessment.

The CODMs manage and monitor performance of the PEXA Exchange and PEXA International based on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), which is a non-IFRS measure. EBITDA is calculated as statutory net profit adjusted for interest, tax, depreciation, amortisation and certain other costs not relating to core segment operations and activities (such as project and business expansion related costs).

Assets and liabilities monitored for the PEXA Exchange and PEXA International currently only include intangible assets. Other Group assets and liabilities remain unallocated for segment reporting purposes.

(a) Segment results

The segment financial information provided to the Chief Operating Decision Makers is set out below.

PEXA Exchange	**31 December 2021 $'000**	**31 December 2020 $'000**
PEXA Exchange platform revenue	144,259	98,854
Other	1,163	830
Total segment revenue	**145,422**	**99,684**
Cost of sales	(17,969)	(13,950)
Gross Margin	**127,453**	**85,734**
Resource costs	(27,442)	(23,019)
Other operating expenses	(16,779)	(12,290)
PEXA Exchange EBITDA	**83,232**	**50,425**
PEXA Exchange Assets	**1,496,888**	**1,536,766**

PEXA International	**31 December 2021 $'000**	**31 December 2020 $'000**
PEXA International platform revenue	-	-
Resource costs and other operating expenses	(4,781)	(1,785)
PEXA International EBITDA	**(4,781)**	**(1,785)**
PEXA International Assets	**9,380**	**8**

(b) Reconciliation of segment results to net profit before tax

	31 December 2021 $'000	**31 December 2020 $'000**
PEXA Exchange EBITDA	83,232	50,425
PEXA International EBITDA	(4,781)	(1,785)
Total segment result	**78,451**	**48,640**
Amounts not allocated to segments		
PEXA Insights costs	(2,146)	(520)
Other project costs	(330)	-
Redundancy and Restructure	(131)	(269)
Transaction costs associated with IPO (excluding Employee benefit costs)	(23,545)	-
Unrealised Foreign exchange (loss)	(61)	-
Pre IPO management equity plan expense	-	(281)
Other professional fees	-	(217)
Depreciation and amortisation	(34,090)	(32,687)
Interest expense (net)	(2,713)	(16,516)
Statutory net profit / (loss) before tax	**15,435**	**(1,850)**

6 Income Tax

(a) Income tax expense

The major components of income tax expenses are:

	For the period ending 31 December 2021 $'000	For the period ending 31 December 2020 $'000
Consolidated Statement of Comprehensive Income		
Current income tax		
Current income tax charge	-	-
Deferred income expense		
Utilisation of prior year tax losses	(4,187)	-
Relating to deferred tax on temporary differences	(2,854)	(9,605)
Deferred tax – Research & Development tax credit	(343)	-
Under provision in prior years	871	-
Recognition of current period tax credits carried forward	742	9,862
Income tax (expense) / benefit reported in the Consolidated Statement of Comprehensive Income	**(5,771)**	**257**

(b) Reconciliation between profit / (loss) before tax and income tax (expense) / benefit recognised in the Consolidated Statement of Comprehensive Income

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	For the period ending 31 December 2021 $'000	For the period ending 31 December 2020 $'000
Accounting profit / (loss) before tax	**15,435**	**(1,850)**
(Expense) / benefit at the Group's statutory tax rate of 30%	(4,631)	555
Expenditure not allowable for income tax	(2,410)	(478)
Under provision in prior years	871	-
Deferred tax – Research & Development tax credit	(343)	-
Recognition of current period tax credits carried forward	742	-
Other adjustments	-	180
Income tax (expense) / benefit reported in the Consolidated Statement of Comprehensive Income	**(5,771)**	**257**

6 Income Tax (continued)

(c) Amounts recognised directly in equity / balance sheet

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity / balance sheet.

In the year ended 30 June 2021, the Group incurred various transaction costs in relation to the IPO. At 30 June 2021, these were recognised as prepayments (net of tax impacts) to the extent they were considered directly attributable to the issue of equity that occurred upon listing on 1 July 2021.

In the half year ended 31 December 2021, additional expenses relating to the issue of new shares on 1 July 2021 were recognised directly in equity and those previously recognised as prepayments were transferred to equity.

Other remaining transaction costs in the half year ended 31 December 2021 are recognised immediately in the Consolidated Statement of Comprehensive Income.

	For the period ending 31 December 2021 $'000	For the year ending 30 June 2021 $'000
Net deferred tax – debited / (credited) directly to prepayments[1]	171	(171)
Net deferred tax – credited directly to share issuance reserve	(1,927)	(179)
Total	**(1,756)**	**(350)**

[1] Deferred tax on transaction costs that were reclassed to equity post 30 June 2021.

(d) Deferred tax balances

Deferred tax balances are offset in the Consolidated Statement of Financial Position as the Group has a legally enforceable right to set off deferred tax assets and deferred tax liabilities as they relate to income taxes levied by the same tax authority. Refer to Note 3 for details in relation to judgements associated with taxation. The gross deferred tax balances are shown below:

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	For the period ending 31 December 2021 $'000	For the year ending 30 June 2021 $'000	For the period ending 31 December 2021 $'000	For the period ending 31 December 2020 $'000
Deferred Tax Liabilities				
Intangible Assets	(171,928)	(165,622)	(6,306)	(6,400)
Deferred Tax Assets				
Transaction costs	16,083	10,731	5,352	(2,171)
Provisions and accruals	7,470	8,163	(693)	(1,034)
Carry forward tax losses and tax credits	120,536	122,904	(2,368)	9,862
Total Deferred Tax Assets	**144,089**	**141,798**	**2,291**	**6,657**
Net deferred tax (liabilities) / deferred tax benefit	**(27,839)**	**(23,824)**	**(4,015)**	**257**

(e) Members of the tax consolidated group

PEXA Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 18 December 2018. PEXA Group Limited is the head entity of the Australian tax consolidated group.

7 Non-Current Assets – Intangible Assets

	Goodwill $'000	Intangible Software Assets $'000	Operational Procedures $'000	Customer Relationships $'000	Brand $'000	Licenses $'000	Total $'000
Cost							
At 30 June 2021	693,551	534,249	1,871	397,451	23,660	14,959	**1,665,741**
Additions	-	21,574	-	-	-	-	**21,574**
At 31 December 2021	**693,551**	**555,823**	**1,871**	**397,451**	**23,660**	**14,959**	**1,687,315**
Amortisation and impairment							
At 30 June 2021	-	(81,928)	(1,537)	(65,017)	-	-	**(148,482)**
Amortisation	-	(19,058)	(304)	(13,203)	-	-	**(32,565)**
At 31 December 2021	**-**	**(100,986)**	**(1,841)**	**(78,220)**	**-**	**-**	**(181,047)**
Net book value							
At 30 June 2021	693,551	452,321	334	332,434	23,660	14,959	**1,517,259**
At 31 December 2021	**693,551**	**454,837**	**30**	**319,231**	**23,660**	**14,959**	**1,506,268**

AASB 136 *Impairment of Assets* requires assets to be assessed for impairment indicators at the end of each reporting period. If any such indicators exist, the recoverable amount of the asset is estimated. No such indicators were identified for the half-year ended 31 December 2021.

8 Financial Instruments

In the course of its operations the Group is exposed to certain financial risks that could affect the Group's financial position and performance. The table below outlines the financial instruments held by the Group:

	31 December 2021 $'000	30 June 2021 $'000
Financial assets / (liabilities) measured at amortised cost		
Cash and cash equivalents	78,512	51,517
Trade and other receivables	2,045	2,115
Other financial assets [1]	3,581	21,451
Interest bearing loans and borrowings – related parties	-	(192,982)
Interest bearing loans and borrowings - other	(297,737)	(297,397)
Trade and other payables	(20,657)	(49,858)
Total net financial (liabilities) / assets	**(234,256)**	**(465,154)**

[1] The Group holds funds as a collection agent of lodgement fees for Land Title Registries. These funds are held in other financial assets offset by a payable within trade and other payables. These funds are passed on to the Land Title Registries within 3 business days of lodgement. The reduction in the balance held at 31 December 2021 was due to the Christmas and New Year period, which typically sees lower transaction completion volumes as compared to the period around 30 June 2021.

The fair values of cash and cash equivalents, trade and other receivables, other financial assets, interest bearing loans and borrowing – related party and trade and other payables are considered to approximate their carrying amounts due to the short term-maturities of these instruments. The carrying value of interest-bearing loans and borrowings – other is also considered to approximate its fair value given they are with third party lenders and have a floating interest rate.

9 Share Based Payments

Reserves – Share Based Payments

	31 December 2021	31 December 2020
	$'000	$'000
Opening balance – 1st July	7,589	-
Share based payments expense	378	281
31 December	**7,967**	**281**

Benefits are provided to employees (including the Chief Executive Officer (CEO) and Senior Executives) of the Group in the form of share-based payments, whereby employees render services in exchange for equity/rights over shares.

On 30 September 2021, the Group's Board approved PEXA's Limited Equity Long Term Incentive Plan ('LTI Plan') for Senior Executives. The LTI Plan aims to set and reward a high standard of performance over a three year vesting period, tied to the appropriate company performance measures.

Key features of the FY22 LTI Plan include:

Required period of employment: three years from 1 July 2021 to 30 June 2024

Performance hurdles:

- Relative Total Shareholder Return (TSR): 25% of the PEXA LTIP is subject to performance against a relative TSR metric. Relative TSR combines the security price movement and distributions (which are assumed to be reinvested), to show the total return to securityholders, relative to that of other companies in the TSR comparator group, which is the ASX 200 Information Technology Index. The vesting scale is as follows:

Relative TSR	Vesting % of max
Below 50th percentile	Nil
At 50th percentile	50%
50-75th percentile	Pro rata
At 75th percentile or above	100%

- Earnings per share (EPS): 75% of the PEXA LTIP is subject to performance against an EPS metric. EPS is calculated based on NPATA, which is calculated as statutory net profit after tax and after adding back tax-effected amortisation of acquired intangible assets. The EPS growth measured as compound annual growth rate (CAGR) over the performance period and vests on the following scale

EPS CAGR	Vesting % of max
Less than 15%	Nil
At 15%	50%
15-25%	Pro rata
At 25% or above	100%

Across all aspects of the LTI Plan the Board has full discretion to make adjustments where there would be a material and/or perverse outcome not to do so. These adjustments may have a positive or negative impact on outcomes.

LTIP Valuation

The fair value of performance rights granted under the LTI Plan is estimated at the date of grant using a Monte Carlo Simulation Model (TSR rights) taking into account the terms and conditions upon which the performance rights were granted. For grants with non-market vesting conditions (EPS), the grant date fair value is expensed over the vesting period and adjusted to reflect the actual number of rights for which the related service and non-market vesting conditions are expected to be met. The grant date fair value of awards with market performance conditions (TSR) reflects the probability of these conditions being met and hence the expense recognised over the vesting period is only adjusted for changes in expectations as to whether service criteria will be met. The fair value of TSR rights has been calculated at $10.25 per share and EPS rights at $17.23 per share.

In previous years, the Long Term Incentives for PEXA Executives and other identified critical personnel prior to listing was encapsulated in the Management Equity Plan (MEP). The MEP was completed and closed prior to the ASX Listing Date of 1 July 2021 and is no longer in operation.

10 Current Interest-bearing loans and borrowings – related parties

On 1 July 2021 the remaining outstanding balance of interest-bearing loans – related parties was repaid as part of the IPO settlement process.

11 Contributed Equity

Movement in ordinary shares on issue	**No. of shares**	**$'000**
As at 1 July 2021	164,717,352	1,058,198
Shares issued upon IPO	12,531,289	214,661
Share based payments to Employees and Directors in connection with IPO	77,147	-
Equity Issuance costs (net of tax)	-	(4,497)
As at 31 December 2021	**177,325,788**	**1,268,362**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

12 Earnings per share

Basic earnings per share is calculated as profit / (loss) after income tax attributable to owners of the Group, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares. Diluted earnings per share adjusts the weighted average number of shares for potentially dilutive ordinary shares.

	31 December 2021 $'000	**31 December 2020 $'000**
Profit / (Loss) after income tax attributable to owners of PGL	9,664	(1,592)
WANOS [(1)] used in calculation of basic EPS	177,257	138,007
WANOS [(2)] used in calculation of diluted EPS	177,294	138,007
Basic EPS (cents per share)	5.45	(1.15)
Diluted EPS (cents per share)	5.45	(1.15)

[1] Weighted average number of ordinary shares.

[2] The WANOS used in the calculation of diluted EPS includes potentially dilutive ordinary shares under the PEXA LTIP. The WANOS for the prior period to 31 December 2020 has not been adjusted for the potentially dilutive ordinary shares relating to the MEP as this would have been anti-dilutive.

13 Events after Balance Sheet date

Subsequent to 31 December 2021, the Group, entered into an agreement to acquire a 38% stake in Landchecker (a prop-tech data company). Landchecker allows homebuyers, developers and renovators to make informed, faster property decisions. The acquisition has been made to create new value for consumers, government and industry through additional products and services. The agreement is expected to settle and complete around the end of February 2022.

No other matters or circumstance have arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- The consolidated entity's operations in future financial years;
- The results of those operations in future financial years; or
- The consolidated entity's state of affairs in future financial years.

Directors' declaration

In accordance with a resolution of the directors of PEXA Group Limited, I state that: In the opinion of the directors:

(a) the interim financial statements and notes of PEXA Group Limited for the financial half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001* and:

- (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year on that date; and

- (ii) comply with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mark Joiner
Chairperson
23 February 2022

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Independent auditor's review report to the members of PEXA Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of PEXA Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at December 31 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

ERNST & YOUNG

Ernst & Young

Christopher Reid
Partner
Melbourne
23 February 2022