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 2023

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 2023

Previous corresponding period: 6 month period ended 31 December 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/down $'000	% change	2023 $'000	2022 $'000
Revenue from ordinary activities	20,940	14.86%	161,840	140,900
Net (loss)/profit from ordinary activities after tax for the period attributable to members	(8,592)	N/A	(4,641)	3,951
Total comprehensive (loss)/income for the period attributable to members	(11,120)	N/A	(7,312)	3,808

Dividend: The company has not declared a dividend for the 6 month period ended 31 December 2023.

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

3. NET TANGIBLE ASSETS PER SECURITY

	% change	31 December 2023 dollars per security	31 December 2022 dollars per security
Net tangible assets per security	(25.2%)	(1.99)	(1.59)

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:

Controlled entity	% interest 31 December 2023	% interest 30 June 2023
Land Insight & Resources Holdings Pty Ltd	100%	N/A
Land Insight and Resources Pty Ltd	100%	N/A
Smoove Limited (UK)	100%	N/A
United Legal Services Limited (UK)	100%	N/A
United Home Services Limited (UK)	100%	N/A
Legal-Eye Limited (UK)	100%	N/A
Amity Law Limited (UK)	100%	N/A
ULS Technology Limited (UK)	100%	N/A
Hello Smoove Limited (UK)	100%	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*:*

Associates	% interest 31 December 2023	% interest 30 June 2023
Landchecker Holdings Pty Ltd	38%	38%
HomeOwners Alliance Limited (UK)	35%	N/A
OPEX Contracts Pty Ltd	33%	22%
Elula Holdings Pty Ltd	26.5%	26.5%

Details of associates' contributions to net profit/(loss) are disclosed in the Consolidated Statement of Comprehensive Income in the Consolidated Financial Statements.

There are no joint ventures entities.

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.

HALF YEAR FINANCIAL REPORT 2024

PEXA Group Limited
ABN 23 629 193 764

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DIRECTORS' REPORT

Corporate Information

The consolidated financial statements of PEXA Group Limited and its subsidiaries (PEXA or collectively, the Group) for the half-year ended 31 December 2023, were authorised for issue in accordance with a resolution of the directors on 23 February 2024.

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".

A description of the Group's operations, performance and its principal activities is included in the Principal activities and Review of operations on the following pages.

The Directors' report is not part of the half-year financial report.

Directors

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)
Glenn King (Managing Director and Group Chief Executive Officer (CEO))
Melanie Willis (Independent Non-executive Director)
Vivek Bhatia (Independent Non-executive Director)
Paul Rickard (Non-executive Director)
Helen Silver (Independent Non-executive Director)
Kirstin Ferguson (Independent Non-executive Director) - retiring effective 1 March 2024
Jeff Smith (Independent Non-executive Director) - appointed 5 July 2023

Company Secretaries

Alice Morrison
Naomi Dawson

Registered office

Level 16, Tower 4
727 Collins Street
Melbourne Vic 3008

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Principal activities

PEXA undertakes three principal activities:

- PEXA Exchange – the operation of an Electronic Lodgement Network (ELN) in Australia, across New South Wales, Victoria, Western Australia, South Australia, Queensland, and the Australian Capital Territory.
- Digital Growth – provision of property-related analytics and digital solutions to financial institutions, governments, property developers and related professionals and practitioners in Australia.
- International – the provision of digitalised property registration and settlement, and related services, in overseas Torrens Title jurisdictions.

PEXA Exchange

The Exchange now supports almost 90% of the property transactions undertaken in Australia. Key activities facilitated by the Exchange include:

- providing a secure online 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 and the payment of stamp duties at settlement; and
- lodgement of various dealings with the relevant Land Title Offices.

Digital Growth

Digital Growth is a leading provider of demographic, economic and property information to local governments and a range of other public and private sector organisations through .id, Value Australia and Land Insight.

Alongside these businesses, Digital Growth also provides customers with digitally enabled tools and services that reduce transaction costs in the property chain, whilst also improving customer experiences.

.id, acquired in September 2022, enables customers to determine where to make key investments such as in infrastructure, housing, retail, and education facilities.

The Group acquired 70% of Value Australia in July 2022. This investment allows PEXA to partner with the University of NSW and Frontier/SI in providing automated valuation and dynamic property scenario modelling to governments, financial institutions, and property developers.

Land Insight, acquired in July 2023, sells reports and data that enable government entities and private corporations to quantify and evaluate the risk of natural hazards, pollution, and ground hazards in relation to land and property, helping them to identify, prepare, and plan for disasters.

Digital Growth also has minority investments in Elula Holdings Pty Ltd, Archistar Pty Ltd, OPEX Contracts Pty Ltd and Landchecker Holdings Pty Ltd, innovative businesses that provide solutions which reinforce and extend those provided by Digital Growth.

International

PEXA has initiated its international expansion by entering the UK market, focussing initially on England and Wales.

The Group has now built a lodgement system (PEXAGo) and settlement system (PEXAPay) which are connected to His Majesty's Land Registry (HMLR) and the Bank of England (BOE). The platform is now in production and PEXA's UK business has provided remortgage processing support to Hinckley & Rugby Building Society and Shawbrook Bank since late 2022.

To further support its UK expansion, PEXA also acquired leading UK remortgage processing firm, Optima Legal Services Limited (Optima Legal) in November 2022 and more recently acquired Smoove plc (Smoove) in December 2023. Optima Legal is a high-volume remortgage processing firm and Smoove is a UK-based conveyancing technology provider.

PEXA believes the combination of Optima Legal, Smoove and the Group's PEXAGo and PEXAPay technology solutions will create a compelling proposition for UK conveyancers and financial institutions to integrate with the PEXA-technology as well as increasing the Group's access to the UK's remortgage and sale and purchase markets.

Review of operations

This commentary is designed to help shareholders understand PEXA's business performance and the factors underlying its results and financial position. This commentary should be read in conjunction with the financial statements and the accompanying notes.

The period of commentary covers the period from 1 July to 31 December 2023 (1H24), and includes reference to the prior comparative period from 1 July to 31 December 2022 (1H23). Percentage variances between positive and negative numbers are not calculated and instead 'n.m.' is shown indicating the number is not meaningful.

Measures included in this section incorporate 'non-IFRS financial information' presented under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information'. Management believes this non-IFRS financial information provides useful information to the users in measuring financial performance and condition of the Group. The non-IFRS financial information does not have standardised meanings prescribed by Australian Accounting Standards.

1. Group key metrics

A$m	1H24	1H23	V 1H23	
Revenue	161.8	140.9	20.9	15%
Business revenue[1]	163.3	140.9	22.4	16%
Operating EBITDA[2]	58.8	52.4	6.4	12%
Operating EBITDA margin %	36.0%	37.2%	(1.2%)	
EBITDA[3]	43.4	45.0	(1.6)	(4%)
NPAT	(4.6)	4.0	(8.6)	n.m.
NPATA[4]	15.0	23.5	(8.5)	(36%)
Capex	34.3	32.8	1.5	5%

1. Business revenue includes $1.5 million in 1H24 of interest income earned in connection with Optima Legal's revenues, which is not included in IFRS statutory revenue, but instead is included in interest income in the Statement of Comprehensive Income.
2. Operating EBITDA represents statutory net profit before interest, tax, depreciation, amortisation and specified items and is a non-IFRS measure.
3. EBITDA represents statutory net profit before interest, tax, depreciation, amortisation and is a non-IFRS measure.
4. NPATA adjusts for the large amount of non-cash amortisation of historical acquired intangibles that is reflected in NPAT. Historical acquired intangibles predominantly arose due to the uplift in asset values following the change in ownership of Property Exchange Australia Limited (PEAL) in January 2019. These intangibles exclude any effects arising from Group acquisitions made subsequent to 2019.

Group business revenue grew by 16% to $163.3 million in 1H24. The growth in business revenue was predominantly driven by an 11% increase in Exchange business revenue, reflecting improved transaction volumes and re-pricing with effect from 1 July 2023. International business revenue grew by $4.7 million, mainly reflecting the contribution from Optima Legal during the half. Business revenue in Digital Growth rose by $3.2 million, largely due to the contributions from ID and Land Insight.

Operating EBITDA increased $6.4 million, reflecting improved profitability in the Exchange, offset by the effects of investing in Digital Growth and International. Reflecting these dynamics, the Group's operating EBITDA margin declined by (1.2%) to 36.0%.

NPATA for the half was $15.0 million a decrease of $(8.5) million from 1H23. This was primarily due to increases in specified items of $(8.0) million, combined with a $(6.9) million increase in amortisation costs in the half as the Group invests for growth in both International and Digital Growth, as well as costs incurred in the half associated with the Group's Productivity Enhancement Program (PEP). These impacts were partially offset by a $6.4 million increase in operating EBITDA outlined above.

The Group reported a statutory net loss after tax of $(4.6) million for the half-year ended 31 December 2023, compared to a net profit after tax of $4.0 million in the prior half-year period reflecting the cost of investing for growth in International and Digital Growth in line with our strategy.

2. Group results

A$m	1H24	1H23	V 1H23	
Business revenue[1]	163.3	140.9	22.4	16%
Cost of sales	(19.4)	(17.5)	(1.9)	(11%)
Gross margin	**143.9**	**123.4**	**20.5**	**17%**
Gross resource costs	(76.9)	(60.2)	(16.7)	(28%)
Capitalisation	18.8	15.8	3.0	19%
Net resource costs	**(58.1)**	**(44.4)**	**(13.7)**	**(31%)**
Other operating costs	(27.0)	(26.6)	(0.4)	(2%)
Total operating expenses	**(85.1)**	**(71.0)**	**(14.1)**	**(20%)**
Operating EBITDA[2]	**58.8**	**52.4**	**6.4**	**12%**
Specified items[3]				
Optima Legal integration	(3.0)	(0.9)	(2.1)	(233%)
Redundancy and restructuring related costs	(4.7)	(0.3)	(4.4)	(1,467%)
Unrealised FX gain / (loss)	0.7	(0.3)	1.0	n.m.
M&A	(5.0)	(3.3)	(1.7)	(52%)
Other items	(3.4)	(2.6)	(0.8)	(31%)
EBITDA	**43.4**	**45.0**	**(1.6)**	**(4%)**
Depreciation	(1.6)	(1.3)	(0.3)	(23%)
Amortisation	(13.6)	(6.7)	(6.9)	(103%)
EBITA	**28.2**	**37.0**	**(8.8)**	**(24%)**
Historical acquired amortisation[4]	(28.0)	(28.0)	0.0	0%
EBIT	**0.2**	**9.0**	**(8.8)**	**(98%)**
Net finance expense[5]	(2.6)	(3.1)	0.5	16%
Net (loss)/profit before tax	**(2.4)**	**5.9**	**(8.3)**	**n.m.**
Income tax benefit/(expense)	(2.2)	(1.9)	(0.3)	(16%)
NPAT	**(4.6)**	**4.0**	**(8.6)**	**n.m.**
Add back: Historical acq amort (tax-effected)	19.6	19.5	0.1	1%
NPATA[6]	**15.0**	**23.5**	**(8.5)**	**(36%)**

1. Business Revenue includes $1.5 million of interest income earned in connection with Optima's revenues, which is not included in IFRS statutory revenue, but instead is included in interest income in the Statement of Comprehensive Income.
2. Operating EBITDA represents statutory net profit before interest, tax, depreciation, amortisation and specified items and is a non-IFRS measure.
3. Specified items are items notable due to their size, non-operational or non-recurring nature.
4. Historical acquired amortisation relates to historical intangibles which predominantly arose due to the uplift in asset values following the change in ownership of PEXA in January 2019. These intangibles exclude any effects arising from Group acquisitions made subsequent to 2019.
5. Net finance expense excludes $1.5 million of interest income earned in connection with Optima's revenues, which is included in IFRS statutory interest income in the Statement of Comprehensive Income.
6. NPATA adjusts for the large amount of non-cash amortisation of historical acquired intangibles that is reflected in NPAT. Historical acquired intangibles predominantly arose due to the uplift in asset values following the change in ownership of Property Exchange Australia Limited (PEAL) in January 2019. These intangibles exclude any effects arising from Group acquisitions made subsequent to 2019.

The Group reported a statutory loss after tax of $(4.6) million for the 1H24, down $(8.6) million from the $4.0 million profit recorded in the previous comparative period. The movement was driven by an EBITDA decrease of $(1.6) million alongside higher levels of amortisation $(6.9) million.

Group business revenue increased $22.4 million or 16% versus 1H23, driven by:

- A $14.5 million increase in Exchange revenues, driven by increased volumes ($4.3 million), a result of both market growth and improved exchange penetration, combined with an 8% increase in the average revenue per transaction ($10.2 million), driven by both CPI price increases and an improvement in mix towards higher value transfers in the half;
- A $3.2 million increase in Digital Growth business revenues, driven mainly by the full half impact of the .id business, acquired in September 2022 and the Land Insight acquisition in July 2023; and
- A $4.7 million increase in International business revenues, driven by a full half impact from Optima Legal and the impact of Smoove, acquired in December 2023.

1H24 cost of sales for the Group increased $(1.9) million or (11%) mainly due to increased volumes in the Exchange, combined with the impact of acquisition in both Digital Growth and International.

The Group's 1H24 operating expenses were $(85.1) million or (20%) higher than 1H23, driven by the impact of acquisitions in both Digital Growth and International. Adjusting for the impact of acquisitions, Group operating expenses increased ~5% driven largely by increased costs in International due to the build out of the PEXA UK business, with the impact of cost inflation largely offset by productivity benefits driven by the Group's PEP program.

This resulted in a Group Operating EBITDA of $58.8 million, up 12% and a Group operating EBITDA margin of 36.0%, down (1.2%).

Specified items of $(15.4) million in the half, were up $(8.0) million on the prior year mainly as a result of Optima Legal integration costs up $(2.1) million, and redundancy and restructuring costs of which were up $(4.4) million on the prior period, driven by the recent restructures in both Australia and the UK, which also resulted in an impairment in intangibles assets associated with legacy projects. M&A related costs of $(5.0) million were incurred in the half, largely for the Smoove acquisition. Prior period M&A costs included the acquisition costs for Optima Legal, .id and Value Australia. Other specified items include the share of losses of associates, deferred consideration on acquisitions, fair value impact from the Value Australia financial liability and unrealised FX gains/losses on inter-company balances.

Depreciation increased $(0.3) million, driven mainly by leasehold improvements and the impact of acquisitions through the year. Amortisation increased by $(6.9) million from 1H23, due to increased levels of amortisation in the Digital Growth and International segments combined with the impact from acquisitions.

Net finance expense was $(2.6) million in 1H24 compared to $(3.1) million in 1H23. Higher interest income generated on PEXA's off balance sheet client money accounts, was partially offset by an increase in interest expense on PEXA's external debt.

Income tax expense of $(2.2) million was up $(0.3) million from 1H23 due to increases in non-deductible items in Australia and higher Australian profits, partially offset by increased losses in international subsidiaries, where the corporate tax rate is lower.

3. PEXA Exchange results

A$m	1H24	1H23	V 1H23	
Business revenue	149.6	135.1	14.5	11%
Cost of sales	(17.8)	(16.3)	(1.5)	(9%)
Gross margin	**131.8**	**118.8**	**13.0**	**11%**
Gross resource costs	(43.1)	(37.7)	(5.4)	(14%)
Capitalisation	11.3	8.9	2.4	27%
Net resource costs	**(31.8)**	**(28.8)**	**(3.0)**	**(10%)**
Other operating costs	(17.1)	(19.1)	2.0	10%
Total operating expenses	**(48.9)**	**(47.9)**	**(1.0)**	**(2%)**
Operating EBITDA	**82.9**	**70.9**	**12.0**	**17%**
Specified Items	(2.3)	(1.5)	(0.8)	(53%)
EBITDA	**80.6**	**69.4**	**11.2**	**16%**
Capex	(19.0)	(16.8)	(2.2)	(13%)
Operating cashflow	63.9	54.1	9.8	18%
Operating EBITDA margin	55.4%	52.4%	3.0%	

PEXA Exchange 1H24 business revenue increased 11% from 1H23, driven by:

- Market transaction volumes increasing by 1.7%, from 2.18 million transactions in 1H23 to 2.22 million transactions in 1H24. This equates to an increase in revenues of $2.1 million.
- The Exchange's transaction market share increasing by 0.9%. This equates to a revenue increase of $2.2 million.
- Average revenue per transaction increasing by 8% from $70.40 in 1H23 to $76.10 in 1H24, which equates to a revenue increase of $10.2 million. This is due to the impact of CPI-linked transaction repricing and a shift in transaction mix away from Refinances to higher-priced Transfers.

Exchange cost of sales increased $(1.5) million, to $(17.8) million in 1H24 due to increased transaction volumes during the period. This resulted in the Exchange gross profit increasing in line with business revenue, up 11% to $131.8 million in 1H24, with the Exchange gross margin increasing to 88.1% in the 1H24 from 87.9% in 1H23.

Exchange operating expenses increased $(1.0) million versus 1H23, driven by:

- A (14%) increase in gross resource costs, a result of salary increases in the period of $(1.4) million, combined with increased resources as we build capabilities in data and governance, as well as additional resources to build out the Exchange technology stack. These increases were partially offset by an $1.2 million release which related bonus provisions in the prior year.
- These costs were partially offset by a 27% increase in capitalisation of resource costs, driven by increased investment in the Exchange's technology stack, discussed below.
- Other operating costs decreased by $2.0 million driven by efficiency initiatives, including a one-off benefit related to tax efficiencies, combined with capitalisation of development costs.

During the period the Exchange incurred $(2.3) million in specified items, up $(0.8) million largely driven by higher restructuring and redundancy costs related to the Group's PEP program incurred in the period.

These results delivered an 16% increase in EBITDA, as well as a 17% increase in Operating EBITDA and an 3.0% increase in the operating EBITDA margin in the half, to 55.4%.

In the period the Exchange incurred $(19.0) million in Capex, a $(2.2) million increase on 1H23. The increase was driven by an increase in regulatory spend driven mainly by interoperability and the build out of the Exchange functionality for Tasmania.

4. Digital Growth results

A$m	1H24	1H23	V 1H23	
Business revenue	7.2	4.0	3.2	80%
Cost of sales	(0.9)	(1.0)	0.1	10%
Gross margin	**6.3**	**3.0**	**3.3**	**110%**
Gross resource costs	(11.0)	(9.9)	(1.1)	(11%)
Capitalisation	2.4	2.2	0.2	9%
Net resource costs	**(8.6)**	**(7.7)**	**(0.9)**	**(12%)**
Other operating costs	(3.5)	(3.5)	0.0	0%
Total operating expenses	**(12.1)**	**(11.2)**	**(0.9)**	**(8%)**
Operating EBITDA	**(5.8)**	**(8.2)**	**2.4**	**29%**
Specified Items	(4.1)	(2.3)	(1.8)	(78%)
EBITDA	**(9.9)**	**(10.5)**	**0.6**	**6%**
Capex	(3.6)	(2.9)	(0.7)	(24%)
Operating cashflow	(9.4)	(11.1)	1.7	15%
Operating EBITDA margin	(80.6%)	(205.0%)	124.4%	

Digital Growth's business revenue increased by $3.2 million in 1H24, driven by:

- A $2.7 million increase from .id, acquired in September 2022.
- A $0.3 million increase due to revenue from Land Insight, acquired in July 2023.
- Increased revenues of $0.7 million from PEXA's workflow and transaction support products, offset by a $(0.5) million reduction in revenues arising from products placed into abeyance.

The decrease in Digital Growth cost of sales of $0.1 million in 1H24 versus 1H23 was largely driven by lower costs due to products placed into abeyance, partially offset by additional costs of sales from the .id acquisition. This resulted in the Digital Growth gross profit increasing by $3.3 million to $6.3 million in 1H24, and Digital Growth gross margin growing from 75.0% in 1H23 to 87.5% in 1H24.

Digital Growth operating expenses increased by $(0.9) million in 1H24, driven by:

- A $(1.1) million increase in gross resource costs, due to a:
  - $(3.0) million increase arising from the acquisition of .id and Land Insight with a full six months of costs in the half (three months and nil months respectively in 1H23).
  - $(1.8) million increase in Value Australia costs, as the business continues to commercialise the automated valuation technology acquired in FY23.
  - Offset by a $0.3 million benefit arising from the PEP program, combined with other cost reduction efficiencies of $3.4 million, as Digital Growth consolidated like activities with the broader Group, ensuring the Group gets the benefit of of its growing scale.
- Capitalised resource costs increased by $0.2 million in the period largely reflecting the mix of activities undertaken within Value Australia.

The effect of these movements was to reduce Digital Growth's operating EBITDA losses by $2.4 million relative to 1H23, and to improve its operating EBITDA margin from (205.0%) to (80.6%) in 1H24.

Digital Growth incurred $(4.1) million in specified items in the period. This was $(1.8)m higher than in 1H23, due to redundancy and restructuring costs of $(1.1) million related to the Group's PEP program, combined with $(1.2) million increase in deferred considerations related to the .id and Land Insights acquisitions. These costs were partially offset by lower M&A costs in the period and a credit related to the fair value of the Value Australia financial liability.

These results combined to deliver a $(9.9) million EBITDA loss in the half.

Capex in the half of $(3.6) million increased $(0.7)m on 1H23, largely reflecting the Value Australia asset build.

5. International results

A$m	1H24	1H23	V 1H23	
Business revenue[1]	6.5	1.8	4.7	261%
Cost of sales	(0.7)	(0.2)	(0.5)	(250%)
Gross margin	**5.8**	**1.6**	**4.2**	**262%**
Gross resource costs	(22.8)	(12.6)	(10.2)	(81%)
Capitalisation	5.2	4.7	0.5	11%
Net resource costs	**(17.6)**	**(7.9)**	**(9.7)**	**(123%)**
Other operating costs	(6.4)	(4.0)	(2.4)	(60%)
Total operating expenses	**(24.0)**	**(11.9)**	**(12.1)**	**(102%)**
Operating EBITDA	**(18.2)**	**(10.3)**	**(7.9)**	**(77%)**
Specified Items	(9.1)	(3.6)	(5.5)	(153%)
EBITDA	**(27.3)**	**(13.9)**	**(13.4)**	**(96%)**
Capex	(11.7)	(13.1)	1.4	11%
Operating cashflow	(29.9)	(23.4)	(6.5)	(28%)
Operating EBITDA margin	(280.0%)	(572.2%)	292.2%	

1. Business Revenue includes $1.5 million in 1H24 of interest income earned in connection with Optima Legal's revenues, which is not included in IFRS statutory revenue, but instead is included in interest income in the Statement of Comprehensive Income.

International's business revenue increased by $4.7 million in 1H24, driven by:

- $4.2 million increase from Optima Legal, acquired in late November 2022. Optima Legal's revenues in the period were impacted by lower market share and reduced activity in the UK re-mortgage market. Optima Legal's market share was effected by the Capita-related technology outage experienced in April 2023, and the market-wide move to 'cash-back offers', which Optima Legal cannot support. Optima Legal also recognised a $0.3 million insurance claim in the period related to the April 2023 technology outage.
- $0.5 million increase due to revenue from Smoove, acquired in December 2023.

The increase in International cost of sales of $(0.5) million in 1H24 was driven by additional transactional banking costs, combined with higher costs from the acquisition of Optima Legal and Smoove.

This resulted in International gross profit increasing by $4.2 million to $5.8 million in 1H24, and International gross margin of 89.2% in 1H24, improved 0.3% on 1H23.

International operating expenses increased by $(12.1) million in 1H24, driven by:

- A $(10.0) million increase due to having a full 6 month impact from Optima Legal, partially offset by savings from productivity initiatives in the half of $0.3 million;
- A $(0.6) million impact Smoove acquisition completed in December 2023; and
- A $(1.8) million increase driven by the build out of the PEXA UK business as the Group looks to operationalise the International Exchange.

This resulted in an $(7.9) million increase in the operating EBITDA loss versus the prior period.

International incurred $(9.1) million in specified items in the half, an increase of $(5.5) million. This was mainly driven by a $(2.4) million increase in M&A costs (the effect of the Smoove acquisition compared to the Optima Legal acquisition in the PCP), an increase in Optima Legal integration costs up $(2.1) million and an $(1.6) million increase in PEP-related restructuring costs, partially offset by movements in foreign exchange gains and losses between periods.

These results combined to deliver a $(27.3) million EBITDA loss in the half.

Capex in the half of $(11.7) million decreased $1.4 million as spend on the International Exchange decreased with the first release of remortage capability completed in the second half of the FY23 financial year, partially offset by costs for the initial build of sales and purchase functionality.

Other matters

Future Developments

In line with the Group's principal activities, outlined above, the Group will continue to grow and optimise the PEXA Exchange, while continuing to invest in both International and Digital Growth, as the Group seeks to deliver on PEXA's vision to be an international leader in digital property settlements. The Group will continue 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.

Dividends

No dividends were paid or declared during the half-year ended 31 December 2023 (2022: nil).

Rounding of amounts

Amounts within the directors' report have been rounded to the nearest $million (unless otherwise stated) under the option available to the Group under ASIC Corporations Instrument 2016/191.

Matters subsequent to the end of the reporting period

No matter or circumstance has arisen since 31 December 2023 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 2023 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 11.

Signed in accordance with a resolution of the directors.

Mark Joiner
Chairperson
23 February 2024

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 2023, 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

Jodi Dawkins
Partner
23 February 2024

FINANCIAL REPORT

For the half year ended 31 December 2023

Contents

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2023	Note	31 December 2023 $'000	31 December 2022 $'000
Revenue	4	161,840	140,900
Cost of sales		(19,394)	(17,518)
Gross profit		**142,446**	**123,382**
Product management	4	(14,252)	(13,618)
Sales and marketing	4	(8,107)	(6,403)
Operations	4	(26,047)	(17,790)
General and administrative	4	(51,428)	(39,691)
Depreciation and amortisation	4	(42,101)	(34,683)
Amortisation of debt raising transaction costs	4	(333)	(440)
Depreciation of right of use assets	4	(1,034)	(924)
Unrealised foreign exchange gain/(loss)		674	(273)
Share of loss after tax from investments in associates		(1,125)	(641)
Impairment of intangibles	8	(588)	-
Fair value adjustment to other liabilities	9	294	-
(Loss)/Profit before interest and tax		**(1,601)**	**8,919**
Interest income		9,314	3,288
Interest expense on loans and borrowings		(9,937)	(6,151)
Finance costs associated with leases		(187)	(212)
(Loss)/Profit before income tax		**(2,411)**	**5,844**
Income tax expense	7	(2,230)	(1,893)
(Loss)/Profit after income tax		**(4,641)**	**3,951**
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		(2,671)	(143)
Total comprehensive (loss)/income		**(7,312)**	**3,808**
Basic earnings per share (cents)	13	(2.62)	2.23
Diluted earnings per share (cents)	13	(2.62)	2.23

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

Consolidated Statement of Financial Position

As at 31 December 2023	Note	31 December 2023 $'000	30 June 2023 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		73,077	36,539
Trade and other receivables		8,158	5,701
Prepayments and other assets		16,472	12,846
Other financial assets		3,465	27,249
Total Current Assets		**101,172**	**82,335**
Non-Current Assets			
Prepayments		2,438	2,995
Property, plant and equipment		3,386	3,204
Intangible assets	8	1,590,775	1,550,891
Right-of-use assets		10,360	6,042
Other financial assets		1,478	2,807
Investments in associates		31,778	29,353
Deferred tax assets	7	9,648	5,585
Total Non-Current Assets		**1,649,863**	**1,600,877**
Total Assets		**1,751,035**	**1,683,212**
LIABILITIES			
Current Liabilities			
Trade and other payables		49,055	59,402
Contract liabilities		5,506	3,840
Provisions		7,863	7,862
Lease liabilities		2,591	2,004
Total Current Liabilities		**65,015**	**73,108**
Non-Current Liabilities			
Provisions and liabilities		851	728
Interest-bearing loans and borrowings	10	368,925	298,743
Lease liabilities		9,196	5,620
Other financial liabilities		3,222	3,000
Deferred tax liabilities	7	66,628	60,065
Total Non-Current Liabilities		**448,822**	**368,156**
Total Liabilities		**513,837**	**441,264**
Net Assets		**1,237,198**	**1,241,948**
EQUITY			
Contributed equity	12	1,268,531	1,267,600
Reserves	11	1,024	2,064
Accumulated losses		(32,357)	(27,716)
Total Equity		**1,237,198**	**1,241,948**

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

Consolidated Statement of Changes in Equity

	Note	Contributed Equity $'000	Share Based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total $'000
As at 1 July 2022		**1,268,362**	**8,308**	**175**	**(12,144)**	**1,264,701**
Profit for the year		-	-	-	3,951	3,951
Exchange differences on translation of foreign operations	11	-	-	(143)	-	(143)
Transactions with owners in their capacity as owners:						
PEXA shares acquired on market for Equity plans	12	(1,063)	-	-	-	(1,063)
Share based payment expense	11	-	1,454	-	-	1,454
As at 31 December 2022		**1,267,299**	**9,762**	**32**	**(8,193)**	**1,268,900**
As at 1 July 2023		**1,267,600**	**3,538**	**(1,474)**	**(27,716)**	**1,241,948**
(Loss) for the year		-	-	-	(4,641)	(4,641)
Exchange differences on translation of foreign operations	11	-	-	(2,671)	-	(2,671)
Transactions with owners in their capacity as owners:						
Transferred between Equity Reserves	11	677	(677)	-	-	-
Issued shares	12	254	-	-	-	254
Share based payment expense	11	-	2,308	-	-	2,308
As at 31 December 2023		**1,268,531**	**5,169**	**(4,145)**	**(32,357)**	**1,237,198**

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023	Note	31 December 2023 $'000	31 December 2022 $'000
Cash from operating activities:			
Receipts from customers (inclusive of GST/VAT)		178,852	155,968
Interest received		9,314	3,289
Payments to suppliers and employees (inclusive of GST/VAT)		(127,850)	(102,764)
Interest paid on loans/lease liabilities		(9,881)	(6,362)
Net cash flows from operating activities		**50,435**	**50,131**
Cash flows from investing activities:			
Development of intangible assets	8	(34,055)	(32,422)
Purchase of property, plant and equipment		(290)	(387)
Investments in associates		(2,016)	(1,015)
Sale of / (Investment in) other non-current financial assets		250	(500)
Payments for acquisition of subsidiaries, net of cash acquired	6	(45,608)	(41,857)
Acquisition of Value Australia intangible assets	8	-	(7,268)
Net cash flows (used in) investing activities		**(81,719)**	**(83,449)**
Cash flows from financing activities:			
PEXA shares acquired on-market	12	-	(1,063)
Proceeds from borrowings		70,000	-
Borrowing costs		(151)	-
Payment of principal portion of lease liabilities		(1,179)	(933)
Net cash flows from/(used in) financing activities		**68,670**	**(1,996)**
Net increase/(decrease) in cash and cash equivalents held		**37,386**	**(35,314)**
Effects of exchange rate changes on cash held in foreign currencies		(848)	(272)
Cash and cash equivalents at 1 July		36,539	75,391
Cash and cash equivalents at 31 December		**73,077**	**39,805**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 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 2023. It was authorised for issue in accordance with a resolution of the directors on 23 February 2024. The Directors have the power to amend and reissue the financial statements.

Note 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 2023.

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 as at 30 June 2023.

New and amended standards that became effective as of 1 July 2023 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 current 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.

Amounts within this Financial 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.

Change in Presentation

In the current period, consistent with AASB 101 *Presentation of Financial Statements* (AASB 101), post the Smoove acquisition and maturing of the Group to a more diversified operating business, the Group has reviewed the presentation of the Consolidated Statement of Comprehensive Income. It has determined that a further breakdown of expenses would be beneficial to users of the accounts. The Group has realigned expenses between categories, replaced the 'Product development' category with a 'Product management' category and added an ‘Operations’ category within the face of the Consolidated Statement of Comprehensive Income.

Product management represents costs to manage products, as well as development costs which don't meet the criteria for capitalisation of an intangible asset.

Sales and marketing represents business development and customer management related costs, including marketing and related travel costs.

Notes to the Financial Statements continued

Operations represents costs to run the Group's businesses, such as call centres, processing centres, as well as technology run costs.

General and administrative represents back office costs, as well as non-operating expenditure and public company costs.

The impact of these changes on the comparative 31 December 2022 statement of comprehensive income are represented in the Reclassification column in the table below.

For the half-year ended 31 December 2022	31 December 2022 $'000	Reclassification $'000	Reclassified 31 December 2022 $'000
Revenue	140,900	-	140,900
Cost of sales	(17,518)	-	(17,518)
Gross profit	**123,382**	**-**	**123,382**
Product management[1]	(24,543)	10,925	(13,618)
Sales and marketing	(16,521)	10,118	(6,403)
Operations	-	(17,790)	(17,790)
General and administrative	(36,438)	(3,253)	(39,691)
Depreciation and amortisation	(34,683)	-	(34,683)
Amortisation of debt raising transaction costs	(440)	-	(440)
Depreciation of right of use assets	(924)	-	(924)
Unrealised foreign exchange (loss)	(273)	-	(273)
Share of loss after tax from investments in associates	(641)	-	(641)
Profit before interest and tax	**8,919**	**-**	**8,919**
Interest income	3,288	-	3,288
Interest expense on loans and borrowings	(6,151)	-	(6,151)
Finance costs associated with leases	(212)	-	(212)
Profit before income tax	**5,844**	**-**	**5,844**
Income tax expense	(1,893)	-	(1,893)
Profit after income tax	**3,951**	**-**	**3,951**
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	(143)	-	(143)
Total comprehensive income	**3,808**	**-**	**3,808**
Basic earnings per share (cents)	2.23	-	2.23
Diluted earnings per share (cents)	2.23	-	2.23

1. Product management was previously named product development.

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. The Directors consider that the basis of going concern is appropriate and the Group will continue to meet its ongoing obligations.

Note 3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of these interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually reviews its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the last annual consolidated financial statements.

Note 4. Revenue and Expenses

	31 December 2023 $'000	31 December 2022 $'000
Revenue from contracts with customers		
Transfers – Australia	114,180	102,433
Refinances – Australia	25,670	23,750
Other exchange transactions – Australia	9,116	8,039
Remortgage, transfer and related – United Kingdom	5,018	1,787
Subscription revenue – Australia	5,497	2,758
Other products – Australia	2,359	2,133
Total revenue from contracts with customers	**161,840**	**140,900**
Product management expenses[1]		
Employee benefit expenses[2]	(14,252)	(13,618)
	(14,252)	**(13,618)**
Sales and marketing expenses[3]		
Employee benefit expenses[2]	(6,073)	(4,063)
Travel and entertainment	(1,300)	(1,415)
Sales and marketing	(734)	(925)
	(8,107)	**(6,403)**
Operations[4]		
Employee benefit expenses[2]	(13,785)	(6,845)
IT and technology costs	(11,459)	(10,330)
Other	(803)	(615)
	(26,047)	**(17,790)**
General and administrative expenses[5]		
Employee benefit expenses[2]	(21,671)	(18,421)
Deferred consideration[2]	(2,089)	(857)
Share based payment expense[2]	(2,308)	(1,454)
Redundancy costs	(3,801)	(297)
Professional fees	(7,288)	(9,017)
M&A consulting fees	(5,035)	(3,262)
Occupancy expenses	(801)	(488)
Insurance	(3,262)	(3,187)
Other[6]	(5,173)	(2,708)
	(51,428)	**(39,691)**

1. Product management represents costs to manage products, as well as development costs which don't meet the criteria for capitalisation of an intangible asset.
2. Total employee benefits expense for the period was $60.2 million (31 December 2022: $45.3 million).
3. Sales and marketing represents business development and customer management related costs, including marketing and related travel costs.
4. Operations represents costs to run the Group's businesses such as call centres, processing centres, as well as technology run costs.
5. General and administrative represents back office costs, as well as non-operating expenditure and public company cost.
6. Other general and administration expenditure is predominantly other non-operating expenditure, Directors' fees and bank charges.

	31 December 2023 $'000	31 December 2022 $'000
Depreciation and amortisation		
Depreciation of property, plant and equipment	(566)	(346)
Amortisation of intangibles	(41,535)	(34,337)
Depreciation of right of use assets	(1,034)	(924)
Amortisation of debt raising transaction costs	(333)	(440)
	(43,468)	**(36,047)**

During the period the Group made changes to the presentation of the statement of comprehensive income, as detailed in Note 2, which resulted in a change in presentation of the 31 December 2022 expenses. The table below details the 31 December 2022 expenses prior to the change in presentation for comparative purposes.

	31 December 2022 $'000
Product development expenses	
Employee benefit expenses	(14,213)
IT and technology costs	(10,330)
	(24,543)
Sales and marketing expenses	
Employee benefit expenses	(13,807)
Travel and entertainment	(1,415)
Sales and marketing	(1,299)
	(16,521)
General and administrative expenses	
Employee benefit expenses	(14,112)
Share based payment expense	(1,454)
Professional fees	(7,825)
M&A consulting fees	(4,149)
Occupancy expenses	(488)
Insurance	(3,187)
Other	(5,223)
	(36,438)

Note 5. Segment Information

The Group has three reportable operating segments, being:

- **PEXA Exchange**: comprising the Australian Electronic Lodgement Network (ELN) in Australia, across New South Wales, Victoria, Western Australia, South Australia, Queensland, and the Australian Capital Territory.
- **Digital Growth:** provides property-related analytics and digital solutions to financial institutions, governments, property developers and related professionals, and practitioners in Australia.
- **International**: provides digitalised property registration and settlement, and related services, in overseas Torrens Title jurisdictions.

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

Notes to the Financial Statements continued

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

The CODMs manage and monitor performance 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 and amortisation costs.

Assets and liabilities for the reporting segments predominantly include intangible assets and investments. International assets are predominantly $54.6 million (31 December 2022: $32.9 million) of capitalised in-house software assets and $68.9 million (31 December 2022: $22.0 million) of acquired / generated on acquisition intangibles from the Optima Legal and Smoove acquisitions. Digital Growth assets are primarily the Group's investments in associates $31.4 million (31 December 2022: $30.0 million) (which are subject to equity accounting), internally generated software $15.2 million (31 December 2022: $9.5 million) and acquired intangibles (including .id and Value Australia) of $32.2 million (31 December 2022: $30.8 million).

Segment results

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

Six month period to 31 December 2023	PEXA Exchange $'000	Digital Growth $'000	International[1] $'000	Total $'000
Segment operating revenue[2]	**149,598**	**7,224**	**5,018**	**161,840**
Cost of sales	(17,753)	(916)	(725)	(19,394)
Gross margin	**131,845**	**6,308**	**4,293**	**142,446**
Product management	(4,826)	(4,930)	(4,496)	(14,252)
Sales and marketing	(5,179)	(2,250)	(678)	(8,107)
Operations	(12,587)	(1,215)	(12,245)	(26,047)
General and administrative	(26,356)	(3,755)	(6,622)	(36,733)
Segment EBITDA from core operations[3]	**82,897**	**(5,842)**	**(19,748)**	**57,307**
Optima Legal integration	-	-	(2,988)	(2,988)
Redundancy and restructuring related costs	(2,084)	(1,075)	(1,581)	(4,740)
Unrealised FX gain	-	-	674	674
M&A transaction professional fees	(9)	(108)	(4,874)	(4,991)
Other items[4]	(199)	(1,798)	(273)	(2,270)
Share of loss after tax from investments in associates	-	(1,092)	(33)	(1,125)
Segment EBITDA[5]	**80,605**	**(9,915)**	**(28,823)**	**41,867**
Depreciation and amortisation				(43,468)
Interest expense (net)				(810)
Statutory net (loss) before tax				**(2,411)**

1. International costs are mainly in the UK, except for product management costs which are mainly incurred in Australia.
2. Statutory revenue excludes $1.5 million of Optima Legal interest income, which is included in business revenue within the Review of operations in the Directors report.
3. EBITDA from core operations represents statutory net profit before interest, tax, depreciation and amortisation and specified items (items notable due to their size, non operational or non-recurring nature, detailed in the table above) and is a non-IFRS measure.
4. Includes deferred consideration on acquisitions.
5. EBITDA represents statutory net profit before interest, tax, depreciation and amortisation and is a non-IFRS measure.

Six month period to 31 December 2022	PEXA Exchange $'000	Digital Growth $'000	International[1] $'000	Total $'000
Segment operating revenue	**135,124**	**3,989**	**1,787**	**140,900**
Cost of sales	(16,300)	(1,031)	(187)	(17,518)
Gross margin	**118,824**	**2,958**	**1,600**	**123,382**
Product management	(3,866)	(5,797)	(3,955)	(13,618)
Sales and marketing	(4,843)	(902)	(658)	(6,403)
Operations	(13,243)	(840)	(3,707)	(17,790)
General and administrative	(26,006)	(3,637)	(3,554)	(33,197)
Segment EBITDA from core operations[2]	**70,866**	**(8,218)**	**(10,274)**	**52,374**
Optima Legal integration	-	-	(913)	(913)
Redundancy and restructuring related costs	(297)	-	-	(297)
Unrealised FX (loss)	-	-	(273)	(273)
M&A transaction professional fees	(13)	(761)	(2,488)	(3,262)
Other items	(1,162)	(861)	-	(2,023)
Share of loss after tax from investments in associates	-	(641)	-	(641)
Segment EBITDA[3]	**69,394**	**(10,481)**	**(13,948)**	**44,965**
Depreciation and amortisation				(36,047)
Interest expense (net)				(3,074)
Statutory net profit before tax				**5,844**

1. International costs are mainly in the UK, except for product management costs which are mainly incurred in Australia.
2. EBITDA from core operations represents statutory net profit before interest, tax, depreciation and amortisation and specified items (items notable due to their size, non operational or non-recurring nature, detailed in the table above) and is a non-IFRS measure.
3. EBITDA represents statutory net profit before interest, tax, depreciation and amortisation and is a non-IFRS measure.

During the period the Group made changes to the presentation of the statement of comprehensive income, as detailed in Note 2, which resulted in a change in presentation of the 31 December 2022 expenses. This new presentation has been provided in the 31 December 2023 and 31 December 2022 tables above. The table below details the 31 December 2022 segments note prior to the change in presentation for comparative purposes.

Six month period to 31 December 2022	PEXA Exchange $'000	Digital Growth $'000	International $'000	Total $'000
Segment operating revenue	**135,124**	**3,989**	**1,787**	**140,900**
Cost of sales	(16,300)	(1,031)	(187)	(17,518)
Gross margin	**118,824**	**2,958**	**1,600**	**123,382**
Resource costs	(28,831)	(7,690)	(7,881)	(44,402)
Other operating expenses	(19,127)	(3,486)	(3,993)	(26,606)
Segment EBITDA from core operations	**70,866**	**(8,218)**	**(10,274)**	**52,374**
Non-operating expenses including redundancy and restructure	(1,460)	(861)	(25)	(2,346)
M&A transaction professional fees	(13)	(761)	(3,375)	(4,149)
Unrealised foreign exchange loss	-	-	(273)	(273)
Share of loss after tax from investments in associates	-	(641)	-	(641)
Segment EBITDA	**69,393**	**(10,481)**	**(13,947)**	**44,965**
Depreciation and amortisation				(36,047)
Interest expense (net)				(3,074)
Statutory net profit before tax				**5,844**

Note 6. Business Combinations

Land Insight & Resources Holdings Pty Ltd (Land Insight)

On 3 July 2023, the Group acquired 100% of Land Insight, a Sydney-based data start-up that quantifies and evaluates natural hazards, pollution, and ground hazards to help government, organisations (and eventually individuals) identify, prepare, and plan for environmental disasters. The business's master database and algorithms collate geospatial data including 100 years of bushfire data, historical aerial imagery, flood reports, government databases and historical business databases dating back to the 1930s, to score the environmental risks to property and land and geocode over 30,000 locations of contaminated land.

The acquired business contributed revenue of $0.3 million and a net loss after tax of $0.4 million to the Group for the period since acquisition to 31 December 2023.

$0.3 million of acquisition related costs were incurred and expensed in M&A due diligence costs as part of general and administration expenses.

The acquisition has been provisionally accounted for pending finalisation of the Purchase Price Allocation (PPA) process, including identification of identifiable intangible assets, using the acquisition method. Goodwill of $0.5 million represents the future value of synergies expected to be received as a result of the Land Insight acquisition, including enabling Digital Growth to expand its service offering across the environmental and climate segment. No deferred tax has been recognised during the half year ended 31 December 2023 on the basis that the Group will undertake a tax allocable cost amount calculation during the second half of the financial year. Any deferred tax impact arising is expected to be immaterial given the nature of the underlying assets acquired.

The provisional consideration transferred, and the fair value of the assets and liabilities at the date of the acquisition were as follows:

	$'000
Purchase Consideration	1,985
Net assets acquired of Land Insight & Resources Holdings Pty Ltd as at the date of acquisition were:	
Cash	19
Trade Debtors	114
Other Receivables / Prepayments	13
Fixed assets	3
Provisions	(7)
Creditors / Payables / Accruals	(91)
Commercialised Software	1,392
Goodwill	542
Total identifiable net assets at fair value acquired	**1,985**

Cashflow on acquisition

	$'000
Net cash acquired with the subsidiary	19
Cash paid	(1,985)
Net cashflow on acquisition	**(1,966)**

No Contingent liabilities or guarantees existed at the acquisition date. The fair value, and the gross amount, of the trade receivables as at date of acquisition (3 July 2023) was $0.1 million and it is expected that the full contractual amounts will be collected. The intangibles are allocated entirely to the Digital Growth segment.

Smoove Group

On 19 December 2023, the Group acquired 100% of Smoove plc ("Smoove"), a UK-based conveyancing technology provider. Smoove's primary product is e-Conveyancer, a panel management service that brings together conveyancers and introducers, such as mortgage brokers and lenders, and their customers to offer a two-sided conveyancer marketplace connecting consumers with quality conveyancers.

Acquiring Smoove will help deepen the Group's presence in the UK market by providing access to conveyancer firms through its role in arranging panels for lenders across the UK market and the associated remortgage and sale and purchase flow. It also provides the opportunity to cross-sell the PEXA platform to firms of Smoove.

The acquired business contributed revenue of $0.5 million and a net loss after tax of $0.4 million to the Group for the period since acquisition to 31 December 2023. If the acquisition had occurred on 1 July 2023, the contributed revenue for the six months to 31 December 2023 would have been $20.7 million and a net loss after tax of $5.6 million.

$4.9 million of acquisition related costs were incurred and expensed in M&A due diligence costs as part of general and administration expenses. The acquisition has been provisionally accounted for, while awaiting an external identification and valuation of identifiable intangible assets, using the acquisition method.

The provisional consideration transferred, and the assumed fair value of the assets and liabilities at the date of the acquisition are as follows:

	$'000
Purchase Consideration	58,026
Net assets acquired of Smoove Group as at the date of acquisition were:[1]	
Cash	14,385
Trade Debtors	1,379
Other Receivables / Prepayments	2,116
Fixed assets	457
Intangibles	3,342
Leased Assets	1,104
Equity Investments	459
Creditors / Payables / Accruals	(7,063)
Contract Liabilities	(376)
Lease liability	(1,172)
Net DTA / (DTL)	(79)
Total identifiable net assets at fair value acquired	14,552
Goodwill	43,474
Net assets acquired	**58,026**

1. All fair values are provisional pending a full purchase price allocation exercise being completed and finalised prior to 30 June 2024.

Cashflow on acquisition

	$'000
Net cash acquired with the subsidiary	14,385
Cash paid	(58,026)
Net cashflow on acquisition	**(43,641)**

No Contingent liabilities or guarantees existed at the acquisition date. The fair value, and the gross amount, of the trade receivables as at date of acquisition (19 December 2023) was $1.4 million and it is expected that the full contractual amounts will be collected. The goodwill is allocated entirely to the International segment.

Note 7. Income Tax

a. Income tax (expense)/benefit

The major components of income tax expense are:

	31 December 2023 $'000	31 December 2022 $'000
Consolidated Statement of Comprehensive Income		
Current income tax expense		
Current income tax charge	418	-
Deferred income tax expense		
Relating to deferred tax on temporary differences	(8,783)	(9,550)
Adjustment in respect of prior years	1,390	1,281
Deferred tax – research & development tax credit	(550)	(1,126)
Recognition of prior period tax losses carried forward	-	1,236
Recognition of current period tax credits carried forward	829	1,467
Recognition of current period tax losses carried forward	4,813	4,799
Tax benefit from carry forward tax losses not recognised	(416)	-
Movements in foreign currency	69	-
Income tax (expense) reported in the Consolidated Statement of Comprehensive Income	**(2,230)**	**(1,893)**

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

A reconciliation between tax expense and the accounting (loss)/profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	31 December 2023 $'000	31 December 2022 $'000
Accounting (loss)/profit before tax	**(2,411)**	**5,844**
(Expense)/benefit at the Group's statutory tax rate of 30% (2022: 30%)	722	(1,753)
Adjustments in respect of current income tax		
Effect of tax rates in foreign jurisdictions	(732)	(375)
Expenditure not allowable for income tax	(3,491)	(2,623)
Adjustment in respect of prior years	1,385	1,281
Deferred tax – research & development tax credit	(550)	(1,126)
Recognition of prior period tax losses carried forward	-	1,236
Recognition of current period tax credits carried forward	829	1,467
Movements in foreign currency	(55)	-
Other adjustments	(339)	-
Income tax (expense) reported in the Consolidated Statement of Comprehensive Income	**(2,230)**	**(1,893)**

c. Amounts recognised directly in equity/balance sheet

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

Amounts recognised in the foreign currency fluctuation reserve relate to the conversion of international deferred tax assets and deferred tax liabilities to reporting currency.

	31 December 2023 $'000	30 June 2023 $'000
Net deferred tax – (credited)/debited directly to foreign currency fluctuation reserve	(194)	118
Net deferred tax – (credited) directly to other equity	-	(23)
Total	**(194)**	**95**

d. Deferred tax balances

Deferred tax balances are offset in the Consolidated Statement of Financial Position where the Group has a legally enforceable right to set off deferred tax assets and deferred tax liabilities that relate to income taxes levied by the same tax authority. The gross deferred tax balances are shown below:

Australia

	Consolidated Statement of Financial Position		Acquired in Business Combination		Consolidated Statement of Comprehensive Income	
	31 December 2023 $'000	30 June 2023 $'000	31 December 2023 $'000	30 June 2023 $'000	31 December 2023 $'000	31 December 2022 $'000
Deferred Tax Liabilities						
Intangible assets	(200,769)	(195,088)	-	(2,000)	(5,681)	(8,686)
Total Deferred Tax Liabilities	**(200,769)**	**(195,088)**	**-**	**(2,000)**	**(5,681)**	**(8,686)**
Deferred Tax Assets						
Transaction costs	6,182	6,754	-	-	(572)	(2,941)
Provisions and accruals	7,848	9,188	-	1,272	(1,340)	933
Carry forward tax losses and tax credits	120,111	119,081	-	-	1,029	8,030
Total Deferred Tax Assets	**134,141**	**135,023**	**-**	**1,272**	**(883)**	**6,022**
Net Deferred Tax Liabilities	**(66,628)**	**(60,065)**	**-**	**(728)**	**(6,564)**	**(2,664)**

United Kingdom

	Consolidated Statement of Financial Position		Acquired in Business Combination		Consolidated Statement of Comprehensive Income	
	31 December 2023 $'000	30 June 2023 $'000	31 December 2023 $'000	30 June 2023 $'000	31 December 2023 $'000	31 December 2022 $'000
Deferred Tax Liabilities						
Intangible assets	(1,828)	(2,006)	-	(2,035)	372	-
Provisions and accruals	(129)	-	(76)	-	(53)	-
Total Deferred Tax Liabilities	**(1,957)**	**(2,006)**	**(76)**	**(2,035)**	**319**	**-**
Deferred Tax Assets						
Carry forward tax losses	11,605	7,591	-	-	4,014	2,044
Total Deferred Tax Assets	**11,605**	**7,591**	**-**	**-**	**4,014**	**2,044**
Net Deferred Tax Assets / (Liabilities)	**9,648**	**5,585**	**(76)**	**(2,035)**	**4,333**	**2,044**

Net deferred tax liabilities in the Consolidated Statement of Profit and Loss includes estimated deferred tax recognised on business combinations in the half year ended 31 December 2023.

The Group is carrying a deferred tax asset of $120.1 million (30 June 2023 $119.1 million) relating to carry forward Australian tax losses and research & development (R&D) tax credits. Utilisation of these tax losses and R&D tax credits are subject to integrity rules under tax law.

The Group, via its subsidiary in the United Kingdom, acquired the Smoove Group through a business combination in December 2023 (refer note 6). Deferred tax liabilities will be recognised on the completion of a full purchase price allocation exercise prior to 30 June 2024 in accordance with AASB112.

e. Members of the tax consolidated group

i. Members of the Australian tax consolidated group and the tax sharing arrangement

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 tax consolidated group. Two entities joined the tax consolidated group during the period ended 31 December 2023, namely Land Insight & Resources Holdings Pty Ltd and Land Insight and Resources Pty Ltd.

Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

The Group also holds less than 100% interest in an Australian resident subsidiary which does not form part of the tax consolidated group.

ii. Tax effect accounting by members of the tax consolidated group (AASB Interpretation 1052 Tax Consolidation Accounting)

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from carry forward tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

iii. Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

iv. Overseas interests

The Group has eight wholly owned subsidiaries in the United Kingdom which are not part of the Australian tax consolidated group and which are stand-alone taxpayers in the United Kingdom. These entities are eligible for tax group relief rules which allow entities to share tax losses in the United Kingdom.

The Group, via its subsidiaries in the United Kingdom, has recognised a net deferred tax asset of $9.6 million, GBP 5.2 million (June 2023: $5.6 million, GBP 2.9 million).

Note 8. Non-Current Assets – Intangible Assets

	Goodwill $'000	Commercialised Software $'000	In-House Software $'000	Operational Procedures $'000	Customer Relationships $'000	Brand $'000	Licenses $'000	Total $'000
Cost								
At 30 June 2023	**719,131**	**462,402**	**213,653**	**-**	**404,787**	**28,201**	**14,959**	**1,843,133**
Additions	-	198	33,857	-	-	-	-	34,055
Transfers[1]	-	(931)	931	-	-	-	-	-
Minority interest contribution	-	-	237	-	-	-	-	237
Acquisition of subsidiaries	44,016	1,392	3,026	-	316	-	-	48,750
Write off	-	-	(588)	-	-	-	-	(588)
Foreign exchange movement	(857)	(75)	(122)	-	(94)	(47)	-	(1,195)
At 31 December 2023	**762,290**	**462,986**	**250,994**	**-**	**405,009**	**28,154**	**14,959**	**1,924,392**
Amortisation and impairment								
At 30 June 2023	**-**	**(132,825)**	**(40,962)**	**-**	**(118,329)**	**(126)**	**-**	**(292,242)**
Amortisation	-	(16,087)	(11,805)	-	(13,537)	(106)	-	(41,535)
Foreign exchange movement	-	9	108	-	41	2	-	160
At 31 December 2023	**-**	**(148,903)**	**(52,659)**	**-**	**(131,825)**	**(230)**	**-**	**(333,617)**
Net book value								
At 30 June 2023	**719,131**	**329,577**	**172,691**	**-**	**286,458**	**28,075**	**14,959**	**1,550,891**
At 31 December 2023	**762,290**	**314,083**	**198,335**[2]	**-**	**273,184**	**27,924**	**14,959**	**1,590,775**

1. Correction of asset classification based on independent review
2. Includes $19.3 million (June 2023: $16.0 million) of work in progress not considered ready for use

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 2023 or 31 December 2022.

	Goodwill	Commercialised Software	In-House Software	Operational Procedures	Customer Relationships	Brand	Licenses	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 30 June 2022	693,551	438,900	143,913	1,871	397,451	23,660	14,959	1,714,305
Additions	-	-	32,422	-	-	-	-	32,422
R&D tax credit adjustment[1]	-	-	5,612	-	-	-	-	5,612
Acquisition of subsidiaries	42,690	-	75	-	-	-	-	42,765
Acquired intellectual property	-	10,268	-	-	-	-	-	10,268
Foreign exchange movement	(145)	-	-	-	-	-	-	(145)
At 31 December 2022	736,096	449,168	182,022	1,871	397,451	23,660	14,959	1,805,227
Amortisation and impairment								
At 30 June 2022	-	(101,627)	(19,374)	(1,871)	(91,468)	-	-	(214,340)
Amortisation	-	(14,720)	(6,364)	-	(13,248)	-	-	(34,332)
R&D tax credit adjustment[1]	-	-	(5,612)	-	-	-	-	(5,612)
Acquisition of subsidiaries	-	-	(26)	-	-	-	-	(26)
At 31 December 2022	-	(116,347)	(31,376)	(1,871)	(104,716)	-	-	(254,310)
Net book value								
At 30 June 2022	693,551	337,273	124,539	-	305,983	23,660	14,959	1,499,965
At 31 December 2022	736,096	332,821	150,646	-	292,735	23,660	14,959	1,550,917

1. Write off fully amortised R&D tax credits.

Note 9. Capital and Financial Risk Management

a. Financial risk management

In the course of its operations the Group is exposed to certain financial risks that could affect the Group's financial position and performance. This note explains the sources of these risks, how they are managed by the Group and the Group's exposure at reporting date. The table below outlines the financial instruments held by the Group:

	31 December 2023 $'000	30 June 2023 $'000
Financial assets/(liabilities) measured at amortised cost		
Cash and cash equivalents	73,077	36,539
Trade and other receivables	8,158	5,701
Other financial assets	3,465	27,249
Other non-current financial assets	1,478	2,807
Interest-bearing loans and borrowings	(368,925)	(298,743)
Trade and other payables	(49,055)	(59,402)
Total net financial (liabilities)/assets	**(331,802)**	**(285,849)**

The fair values of cash and cash equivalents, trade and other receivables, other financial assets 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 is also considered to approximate its fair value given the facilities are linked to a Bank Bill Swap Rate (BBSY) that is subject to market fluctuations.

b. Fair Value Measurement

i. Fair Value Measurements recognised in the Statement of Financial Position

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets/(liabilities) measured at fair value	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2023					
Other financial assets	1	-	-	2,807	2,807
Other financial liabilities	2	-	-	(3,000)	(3,000)
		-	-	**(193)**	**(193)**
At 31 December 2023					
Other financial assets	1	-	-	1,478	1,478
Other financial liabilities	2	-	-	(3,222)	(3,222)
		-	-	**(1,744)**	**(1,744)**

1. The other financial asset (investments) was recognised at fair value at 31 December 2023 and 30 June 2023.
2. The other financial liability (Value Australia) has been recognised at fair value. Management reviewed the non-controlling interest in Value Australia through value in use (VIU) modelling and adjusted the carrying value as at 31 December 2023. Sensitising the weighted average cost of capital used in the VIU modelling by +/-25 basis points resulted in a +/- $0.2 million movement in the liabilities carrying value.

	31 December 2023 $'000	30 June 2023 $'000
Movements in initial assets and liabilities measured at fair value:		
Opening balance	(193)	829
Acquisition of other financial assets	-	1,978
Sale of other financial assets[1]	(250)	-
Transfer of other financial assets to Investments in Associates[2]	(1,079)	-
Third party contribution to Value Australia[3]	(516)	-
Fair value adjustment to other liabilities[4]	294	(3,000)
	(1,744)	**(193)**
Classification:		
Current	-	-
Non-current	(1,744)	(193)

1. Sale of Investment in Honey for carrying value. No profit and loss impact.
2. Increase in investment in Opex Contracts Pty Ptd (September 2023) by $0.5 million (increased ownership to 33%) resulted in the nature of the investment changing to an associate investment requiring equity accounting. No profit and loss impact.
3. Contributions from the non-controlling shareholders of Value Australia during the period which in accordance with the accounting standards are recorded against the other financial liability. No profit and loss impact.
4. Includes the initial purchase of the other financial liability (Value Australia) and the adjustment to the value arising from the fair value assessment as at 31 December 2023. This revaluation is reflected in the profit and loss.

The valuation requires management to make certain assumptions about the model inputs, including future operating cash inflows and outflows, expenditure to complete and the rate used to discount those cash-flows.

The Group has assessed that there has been no material movement in fair value of the financial assets since that date but have recognised a fair value movement in the financial liability.

c. Capital management

The Group's objective when managing capital is to maintain appropriate flexibility so as to maximise delivery of sustainable long-term value to its shareholders. The Group currently monitors contributed equity on ordinary shares and cash and cash equivalents as capital. To fulfil capital management objectives, the Group may issue new shares or seek other new sources of capital such as loans and borrowings.

The Group believes that it has sufficient cash to fund its operational and working capital requirements to meet its business objectives. The Directors note that in the future it may need to raise additional funds in order to support more rapid expansion, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities.

The Group considers it has the ability to seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, strategic relationships or other means.

Note 10. Non-Current Interest-Bearing Loans and Borrowings

	31 December 2023 $'000	30 June 2023 $'000
Borrowings – unsecured	370,000	300,000
Deferred borrowing costs[1]	(1,075)	(1,257)
Total	**368,925**	**298,743**

1. Deferred borrowing costs comprise the unamortised value of borrowing costs paid on establishment or refinance of debt facilities. These costs are deferred on the Consolidated Statement of Financial Position and amortised to borrowing costs in the Consolidated Statement of Comprehensive Income.

Certain companies within the Group (known as the Obligor Group), entered into a senior unsecured 4-year revolving debt facility of $335.0 million documented under a Syndicated Facility Agreement (SFA) on 23 June 2021, maturing in June 2025.

In June 2021, a $300.0 million initial drawdown from the new banking facilities (less establishment fees) occurred. In September 2023, the remaining $35.0 million was drawn down.

In September 2023, certain companies within the Group (known as the Obligor Group), entered into an additional senior unsecured 2-year revolving debt facility of $40.0 million documented under a Syndicated Facility Agreement (SFA), drawing down $35.0 million. The facility matures in September 2025.

As at 31 December 2023 there were no defaults or breaches of any obligations of the Group under the SFA.

Note 11. Reserves

Foreign Currency Translation Reserve	31 December 2023 $'000	30 June 2023 $'000
Opening balance	(1,474)	175
Current period movement	(2,671)	(1,649)
Total	**(4,145)**	**(1,474)**

Share Based Payments Reserve	$'000	$'000
Opening balance	3,538	8,308
Close MEP Share Reserve to Accumulated Losses Reserve	-	(6,267)
Share based payment expense	2,308	1,497
Transferred to Equity	(677)	-
Total	**5,169**	**3,538**

Benefits are provided to employees (including the Chief Executive Officer (CEO), executives, other senior leaders and higher performing employees) of the Group in the form of share-based payments, whereby employees render services in exchange for equity or rights over shares.

The Long Term Incentive Plans (LTI Plans) aim to set and reward a high standard of performance over a three year vesting period, tied to the appropriate company performance measures. The Sign-On and Retention Plans and Transformer plan are tied to a service condition only. For all LTI Plans the participants are not entitled to dividends until vested.

Details of the LTI Plans are included in the Remuneration report of the Group's annual consolidated financial statements for the year ended 30 June 2023.

During the six month period ended 31 December 2023 the Group's Board approved the following additional significant share based payment plans for executives and employees:

a. FY24 LTI Plan

Granted on 1 December 2023 (CEO – 24 November 2023) the FY24 LTI Plan contains a service condition (of three years from 1 July 2023 to 30 June 2026) and two performance conditions (one subject to a relative Total Shareholder Return ('TSR') performance condition and one subject to a non-market performance condition - an EPS target). A valuation of the performance rights was completed on this plan. The total fair value of the FY24 LTI Plan grant was $4,122,854.

Valuation

The fair value of performance rights granted under the FY24 LTI Plan is estimated at the date of grant using a combined Black Scholes pricing model (EPS rights) and Monte Carlo simulation pricing 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 $7.21 per share (CEO) and $6.96 per share (all other participants) and EPS rights at $11.86 per share (CEO) and $11.78 per share (all other participants).

Key inputs and assumptions:

	Other participants	CEO
Weighted average fair values at the measurement date ($)	$9.37	$9.54
Dividend yield (%)	0%	0%
Expected volatility (%)	32.50%	32.50%
Risk-free interest rate (%)	3.99%	4.11%
Closing share price as at the grant date ($)	$11.78	$11.86
Model used	Combined - Black Scholes pricing model and Monte Carlo simulation pricing model	

The expected life of the performance rights is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the performance rights is indicative of future trends, which may not necessarily be the actual outcome.

b. FY24 Employee Share Plan (ESP)

On 30 September 2023, the PEXA Group issued, granted and allocated 29,754 PEXA ordinary shares for 342 employees. The shares have no performance measures. The fair value of the purchased shares of $0.34 million will be fully expensed in the full year results as there are no hurdles to their vesting. Fair value has been measured based on the listed value of the purchased shares as at the grant date.

c. FY24 Transformers plan (TP)

Granted on 30 October2023, the PEXA Group issued 75,005 performance rights over PEXA ordinary shares for 32 participants. The performance rights have no performance measures but have a service condition of one year before they vest. If an employee leaves the business during that period, the shares are forfeited. The fair value of the purchased shares of $0.86 million is expensed over the vesting period. Fair value has been measured based on the value weighted average price between 29 August and 11 September 2023.

Note 12. Contributed Equity

a. Ordinary shares

	31 December 2023 $'000	30 June 2023 $'000
Issued and fully paid	1,268,531	1,267,600
Total	**1,268,531**	**1,267,600**

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

Movement in ordinary shares on issue	**No. of shares**	**$'000**
At 1 July 2022	177,325,788	1,268,362
Shares acquired on market for equity plans[1]	(75,035)	(1,063)
Shares issued in relation to equity plans	21,442	301
At 30 June 2023	**177,272,195**	**1,267,600**
Shares issued to a director	3,537	45
Shares issued in relation to equity plans	122,734	886
	177,398,466	**1,268,531**
Treasury shares (held in trust)	-	-
At 31 December 2023	**177,398,466**	**1,268,531**

1. 75,035 shares were acquired by the Group on-market and were held in trust by PEXA for employee equity plans. These shares have subsequently been released to employees.

Note 13. Earnings per share

Basic earnings per share is calculated as profit 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 2023 $'000	31 December 2022 $'000
(Loss)/profit after income tax attributable to owners of PGL	(4,641)	3,951
WANOS used in calculation of basic EPS[1]	177,360	177,326
Effects of dilution from:		
Performance rights[2]	-	219
WANOS used in calculation of diluted EPS[3]	177,360	177,545
Basic EPS (cents per share)	(2.62)	2.23
Diluted EPS (cents per share)	(2.62)	2.23

1. Weighted average number of ordinary shares.
2. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive performance rights not yet converted to shares. As the Group has recorded a loss for the half-year ended 31 December 2023, the impact of any dilutive performance rights not yet converted to shares is deemed to be nil per AASB 133.
3. The WANOS used in the calculation of the 31 December 2022 diluted EPS includes potentially dilutive ordinary shares under the PEXA LTI Plan.

Note 14. Investments in Associates

Investments during the year are detailed below:

Opex

During the half year, the Group provided additional investment funds into Opex Contracts Pty Ltd on the following date:

- 14 September 2023 – $500,000

This investment increased PEXA's share ownership percentage to 33% resulting in the investment being accounted for as an Investment in Associates under AASB 128 guidelines.

Landchecker

During the half year, the Group provided additional investment funds into Landchecker Pty Ltd on the following dates:

- 15 August 2023 - $570,000
- 28 August 2023 – $946,015

PEXA's share ownership percentage remained constant at 38%.

Elula

No change in the ownership holding of Elula since 30 June 2023.

PEXA's share ownership percentage remained constant at 26.5%.

HomeOwners Alliance Limited

The Smoove Group acquisition, acquired by the PEXA Group on 19 December 2023, included a 35% investment in HomeOwners Alliance Limited.

Note 15. Commitments & Contingencies

a. Capital commitments

The Group had no quantifiable capital commitments at 31 December 2023 (31 December 2022: nil).

b. Residential guarantee

The wholly owned subsidiary, Property Exchange Australia Limited, offers the PEXA Residential Seller Guarantee (PRSG) to provide protection to residential sellers in the event of certain kinds of fraud. Where the PRSG applies, the vendor (seller) has the option to make a claim against PEXA, rather than seeking to recover the loss by an alternative means.

The Group's obligations are held by Property Exchange Australia Limited and are capped at $2 million per claim. No amounts relating to the PRSG have been provided for in the 31 December 2023 financial report.

c. Contingent liabilities

The Group is subject to a number of contractual obligations in agreements which, if not discharged or considered not to be discharged, may give rise to potential claims or other costs. These agreements exist to allow the Group to perform its day to day operations and monitor its various regulatory obligations appropriately.

Those obligations are included in a number of operating, participation, performance, trading and settlement agreements with various government bodies, financial institutions, state registrars, practitioners and regulators (such as ARNECC), in both Australia and the United Kingdom, with varying levels of potential liability. The Group is not aware of any actual or alleged non-performance of any obligations as at 31 December 2023.

d. Optima acquisition

As part of the condition precedent to the transaction, the United Kingdom Solicitors Regulatory Authority (SRA) required that a Professional Indemnity insurance policy (SRA approved) be in place at the transaction date. To facilitate this requirement, the Group has established a self-insuring structure via a subsidiary entity, PCC Limited, on commercial terms (the 'Arrangement') to provide professional indemnity insurance (with regulatory approval). The commercial terms negotiated by PCC Limited remain within the Group's risk appetite and financial capacity.

Note 16. Events after Balance Sheet date

No matters or circumstance have arisen since 31 December 2023 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:

1. the interim financial statements and notes of PEXA Group Limited for the financial half-year ended 31 December 2023 are in accordance with the *Corporations Act 2001* including:
   a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year on that date; and
   b. comply with Australian Accounting Standards and the *Corporations Regulations 2001*;
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial and Growth Officer in accordance with section 295A of the Corporations Act 2001 for the half year ending 31 December 2023.

On behalf of the board

Mark Joiner
Chairperson
23 February 2024

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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 condensed statement of financial position as at 31 December 2023, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting 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 31 December 2023 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.

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 2023 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

J Dawkins

Jodi Dawkins
Partner
Melbourne
23 February 2024

PEXA