

14 September 2021

Acquisitions – Propel to enter Adelaide and expand in Auckland

Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) is pleased to announce it has executed binding sale agreements to acquire three funeral services businesses and related assets and infrastructure for total consideration of up to \$17.6 million¹. The proposed acquisitions will expand the Company's network in Australia and New Zealand, facilitating Propel's entry into a new metropolitan market (Adelaide) and expansion in an existing metropolitan market (Auckland).

Overview

The three proposed acquisitions relate to:

- **Berry Funeral Directors:** a fourth generation family business located in Norwood which has been supporting Adelaide families with personal, professional funeral services since 1934;
- **Glenelg Funerals:** a family owned business located in Glenelg which has been providing funeral services in Adelaide for over 25 years; and
- **State of Grace:** a funeral services provider, which focuses on enabling families to personally care, and make specific home-based funeral arrangements, for their loved ones, and which operates from two locations in Auckland.

Together, the businesses:

- perform approximately 1,200 funerals per annum;
- generated revenue of approximately \$9.0 million in their most recent financial year;
- operate from five locations, of which Propel will lease four properties and acquire one freehold property (with multiple titles) in connection with Berry Funeral Directors, which includes two chapels, a mortuary, commercial kitchen, function room, coffin selection room, arrangement rooms, on site car parking and gardens, on approximately 3,850sqm in Norwood, South Australia; and
- are expected to be earnings accretive in year one.

Total consideration

The total consideration payable in connection with the proposed acquisitions is up to \$17.6 million, comprising:

- circa \$15.2 million¹ in cash to be paid on completion of the proposed transactions;
- circa \$0.2 million via the issue of 52,546 ordinary shares in the capital of Propel at \$3.8062² each, which will be subject to escrow arrangements³ for up to 3 years from completion of the relevant transaction; and
- up to circa \$2.2 million which will be payable in cash if certain financial milestones are achieved during the three years following completion of the relevant transactions.

Funding capacity

On 25 August 2021, Propel announced that it had expanded and extended its senior debt facilities with Westpac to \$200 million and that it had available funding capacity of approximately \$107.6 million. After allowing for the cash required to complete the proposed transactions, the Company's funding capacity is approximately \$92.4 million.

Expected Timing

Subject to satisfaction (or waiver) of customary conditions (e.g. consent to assignment of key contracts, staffing, regulatory approval etc.), the proposed acquisitions are expected to be completed by 31 December 2021.

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¹ Excluding estimated completion adjustments and transaction costs, in Australian dollars.

² Volume weighted average price of Propel shares in the 10 trading days up to and including 13 September 2021.

³ Subject to certain exceptions. Once the escrowed shares are issued, Propel's total number of shares on issue will increase from 102,253,708 to 102,306,254, assuming no other shares are issued prior to completion of the relevant transaction. Shareholder approval is not required, and Propel will not be seeking shareholder approval, in relation to the proposed issue of these shares.

ASX

ANNOUNCEMENT



About Propel:

Propel is listed on the Australian Securities Exchange and is the second largest private provider of death care services in Australia and New Zealand. Propel currently operates from 136 locations, including 32 cremation facilities and 9 cemeteries.

For further information, please contact:

Lilli Gladstone
Chief Financial Officer
+ 612 8514 8644

Authority to release:

This document has been authorised for release by the Company's board of directors.

Important notice:

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements. Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Propel). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.