

24 November 2021

Acquisitions – Propel to enter Geelong, New Plymouth and expand in Perth

Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) is pleased to announce it has executed binding conditional sale agreements to acquire three funeral services businesses and related assets and infrastructure for total consideration of up to circa \$6.9 million^{1 2}. The proposed acquisitions will expand the Company's network in Australia and New Zealand, facilitating Propel's entry into two new metropolitan markets (Geelong, VIC and New Plymouth, NZ) and expansion in an existing metropolitan market (Perth, WA).

Overview

The proposed transactions relate to:

- Carol and Terry Crawford Funerals (**Crawford Funerals**), which has been operating in and around Geelong for over 20 years;
- Eagars Funerals, which has been operating in and around New Plymouth for over 60 years; and
- McKee Funerals, which has been operating in metropolitan Perth for over 20 years.

Together, the businesses:

- perform approximately 500 funeral and related services per annum;
- generated revenue of approximately A\$3.4 million in their most recent financial year;
- operate from four locations, of which Propel will:
 - o acquire two properties³ in connection with:
 - Eagars Funerals, which includes a 200 seat chapel with an adjoining function lounge that can accommodate another 150+ people standing, a kitchen and servery and a funeral home with arrangement rooms, mortuary, garaging and car parking; and
 - Crawford Funerals, which includes a chapel, mortuary, arrangement rooms, car parking and extensive gardens;
 - o lease one property in connection with Crawford Funerals; and
 - o relocate the McKee Funerals business to an existing Propel location; 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 A\$6.9 million^{1 2}, comprising:

- circa A\$3.3 million¹ in cash to be paid on completion of the proposed transactions;
- circa A\$2.6 million¹ in cash in connection with one freehold property³ to be paid following approval of the relevant boundary adjustment subdivision;
- circa A\$0.24 million¹ via the issue of 57,654 ordinary shares in the capital of Propel at \$4.10^{4 5}; and
- up to circa A\$0.74 million¹, which will be payable in cash if certain financial milestones are achieved during the five years following completion of the relevant transactions.

Expected Timing

Subject to satisfaction (or waiver) of customary conditions (e.g. consent to assignment of key contracts, staffing, regulatory approval etc.), the proposed business acquisitions are expected to be completed during Q2 and/or Q3 of FY22. The acquisition of the funeral home/chapel from which Eagars Funerals operates is expected to complete by the end of Q1 of FY23.

¹ Subject to NZD/AUD exchange rate movements.

² Excluding completion adjustments, stamp duty and transaction costs.

³ Settlement of one of the freehold properties is subject to approval of a boundary adjustment subdivision.

⁴ Subject to certain exceptions, the shares will be released from escrow three years after issue. Assuming no other shares are issued prior to the issue of the escrowed shares Propel's total number of shares on issue will increase from 117,895,750 to 117,953,404 once the shares are issued. Once issued, the shares will rank pari passu with Propel's ordinary shares then on issue. Shareholder approval is not required in connection with the issue of these ordinary shares.

⁵ Shares to be issued on completion of the property acquisition.

ASX ANNOUNCEMENT



Funding capacity

Propel has announced six acquisitions so far in FY22 totalling circa \$24.2 million⁶. Following the recently completed Share Purchase Plan, Placement and expansion of its senior debt facilities, Propel's pro forma available funding capacity is circa \$149 million¹⁷.

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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 138 locations, including 32 cremation facilities and 9 cemeteries.

Further information, please contact:

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Authority to release:

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

Important notices:

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.

⁶ Total consideration payable, including cash, equity and contingent consideration.

⁷ Refer to slide 23 of the 2021 AGM presentation (released on 18 November 2021) plus the additional \$3.7m of funds raised in connection with the SPP (announced on 22 November 2021) less the circa \$5.9 million cash committed in connection with the acquisitions announced above (i.e. excluding the equity and contingent consideration).