



19 December 2023

Acquisitions and Expansion of Debt Facilities

Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) is pleased to announce it has executed binding legal documentation to:

- acquire three long established funeral service businesses and related assets, infrastructure and real estate, which will expand and broaden Propel's network into new regional markets in Australia and New Zealand;
- acquire the freehold property of a funeral home within the Company's existing network that is currently leased; and
- expand its senior debt facilities.

The total consideration payable on completion of the acquisitions is ~A\$10.6 million¹.

Overview

The new business acquisitions relate to:

- **Norman J Penhall Funerals**: which operates from one location and has been providing funeral and related services in and around Orange, New South Wales for over 40 years;
- **IC Mark Funeral Directors**: which operates from two locations (including a cremation facility) and has been providing funeral and related services in and around Levin, New Zealand for over 50 years; and
- **Howard & Gannon Funerals**: which operates from one location and has been providing funeral and related services in and around Taradale, New Zealand for over 10 years.

Together, the businesses:

- generated ~A\$5 million of revenue from ~700 funerals in their last financial year; and
- operate from four locations, of which Propel will acquire three freehold properties (one of which includes a cremation facility).

Propel has also agreed to acquire the freehold property of a funeral home within its existing network, which is currently leased.

Consideration

The total consideration payable on completion of the acquisitions is ~A\$10.6 million¹, of which over 60% relates to the acquisition of real estate, comprising:

- A\$10.5 million¹ in cash; and
- A\$0.1 million¹ via the issue of 19,086 Propel ordinary shares² on completion of the relevant acquisition.

In addition, up to A\$1.0 million¹ in cash will be payable if certain financial milestones are achieved during the five years following completion of the relevant acquisitions.

Expected Timing

Subject to satisfaction (or waiver) of customary conditions (e.g. due diligence, consent to assignment of key contracts, etc.), the acquisitions are expected to be completed by 31 March 2024 and be earnings accretive in year one.

Expansion of Debt Facilities

Propel and Westpac Banking Corporation have agreed to:

- expand the Company's senior debt facilities to A\$275 million (previously A\$255 million), providing additional liquidity; and
- increase the net leverage ratio covenant limit to 5.0 times (previously 4.0 times), providing additional financial flexibility.

The maturity date of the debt facilities and the current pricing remain unchanged.

The cash required to complete the acquisitions will be funded from the Company's debt facilities, following which Propel's estimated:

- available funding capacity is expected to be ~A\$90 million, noting that Propel has deployed an average of ~A\$45 million per annum on acquisitions since the Company's IPO in November 2017; and
- net leverage ratio is expected to be in the range of 2.9-3.2 times³ (versus the covenant limit of 5.0 times) as at 30 June 2024.

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¹ Estimate, excluding completion adjustments and transaction costs and subject to NZD/AUD exchange rate movements.

² Subject to certain exceptions, the escrowed shares will be released three years after completion of the relevant acquisition. Assuming no other shares are issued prior to completion of the relevant acquisition, once the escrowed shares are issued, Propel's total number of shares on issue will increase from 118,299,207 to 118,318,293. Once issued, the escrowed shares will rank pari passu with Propel's ordinary shares currently on issue. Shareholder approval is not required in connection with the issue of these ordinary shares.

³ For debt covenant purposes, based on the FY24 Operating EBITDA guidance range of \$54-\$60 million and assuming no other acquisitions are completed prior to 30 June 2024.



ASX ANNOUNCEMENT

About Propel:

Propel is listed on the Australian Securities Exchange and is the second largest provider of death care services in Australia and New Zealand. Propel currently operates from 183 locations, including 37 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.