PROPEL FUNERAL PARTNERS

2022 ANNUAL REPORT

Contents

Propel owns and operates funeral homes, cremation facilities, cemeteries and related infrastructure in Australia and New Zealand.

Key Highlights for FY22

Revenue

$145.2m
20.6%

Funeral Volumes

16,537
18.8%

Pro forma[1] Operating EBITDA

$39.0m
25.2%

Pro forma[1] Operating NPAT

$16.9m
45.0%

Average Revenue Per Funeral

$6,038
2.0%

Cash Flow Conversion

100.2%
160bps

Total Dividend

12.25cps

FY21: 11.75cps

Gearing Ratio[3]

13.9%

Funding Capacity[4]

$136.1m

Acquisitions[4]

$155.5m

committed since IPO

Locations[3]

144

⌃ 8

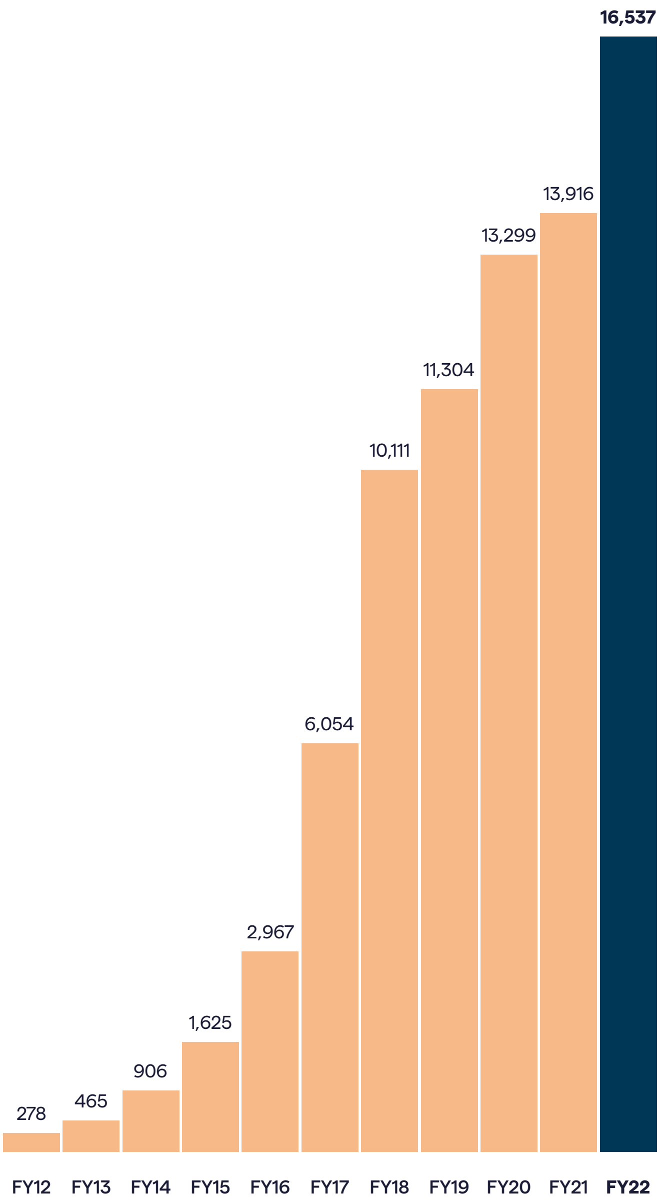
Expansion

In SA, VIC, WA and NZ

1. Pro forma means statutory results excluding one-off items relating to the Management Internalisation and government subsidies and including the recurring impacts of the Management Internalisation, as if it had occurred on 1 July 2020.
2. 1 July 2019 to 31 March 2020.
3. As at 30 June 2022.
4. As at 24 August 2022.

Performance Highlights

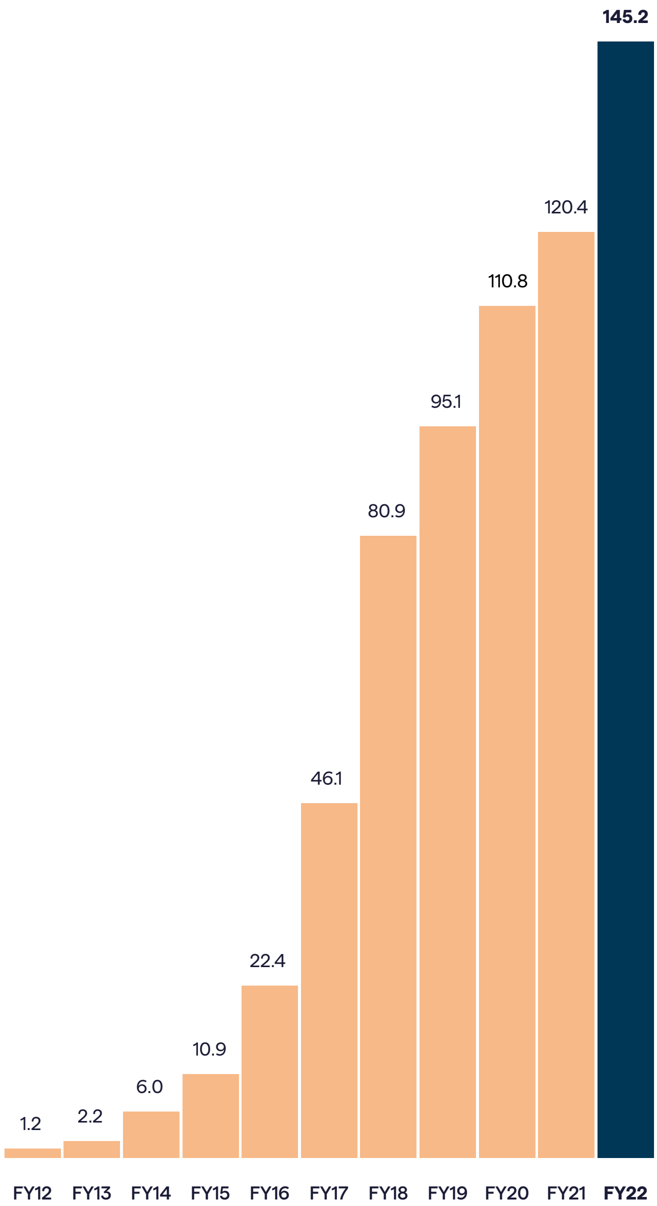
Funeral Volumes



18.8%

In FY22 to 16,537

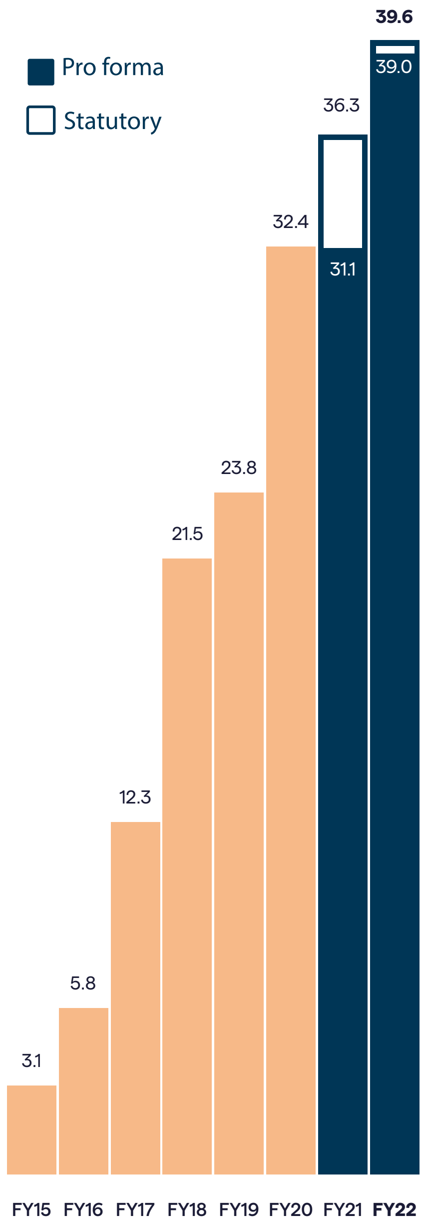
Revenue ($m)



20.6%

In FY22 to $145.2m

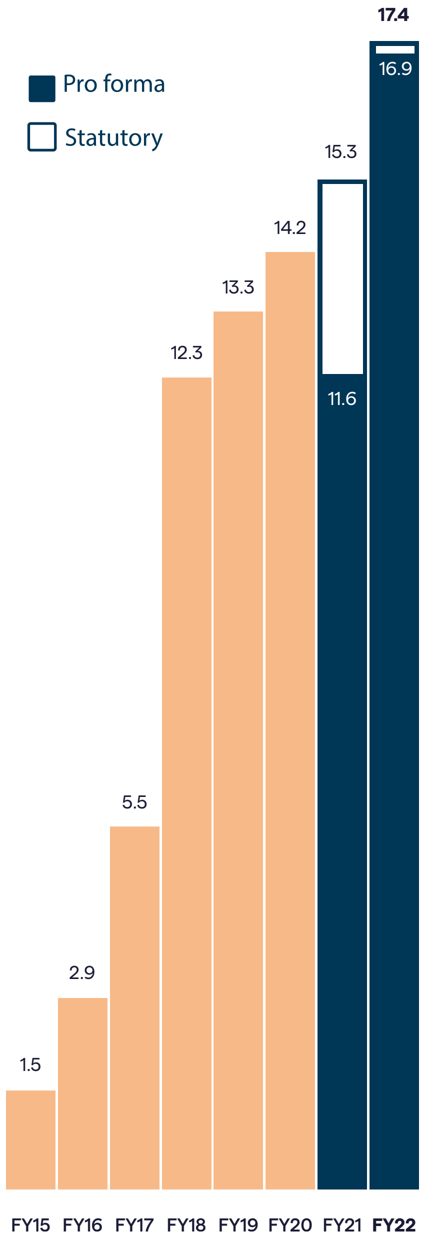
Operating EBITDA ($m)



25.2%

In FY22 to $39.0m

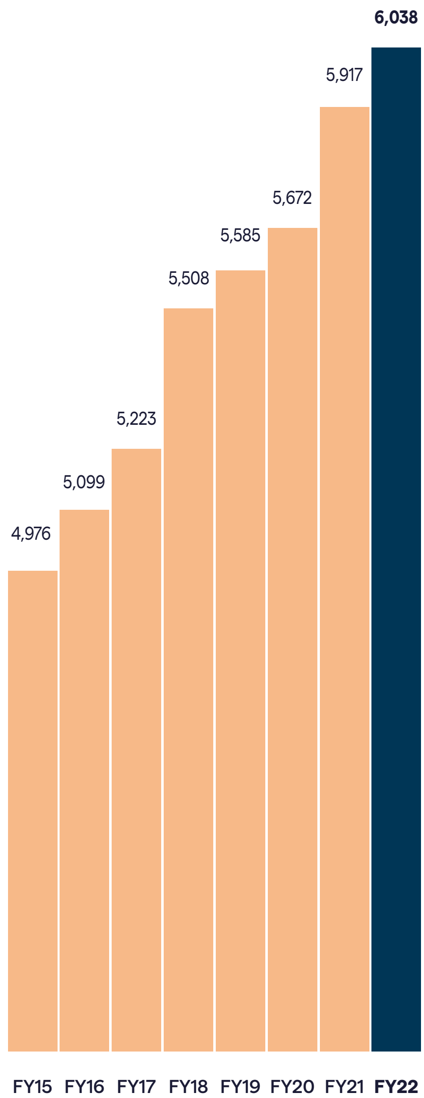
Operating NPAT ($m)



45.0%

In FY22 to $16.9m

Average Revenue Per Funeral[1] ($)



2.0%

In FY22 to $6,038

1. Revenue from funeral operations, excluding direct disbursements (such as third party cemetery fees and third party cremation fees) and delivered pre-paid impacts, divided by the number of funerals performed in the relevant period.

Letter from the Chairman & Managing Director

Dear Fellow Shareholders,

On behalf of the Board, we are pleased to present to you the 2022 Annual Report of Propel Funeral Partners Limited ('Propel' or 'Company').

First and foremost, we thank our dedicated staff in Australia and New Zealand for their hard work, professionalism, flexibility and commitment to providing essential and caring funeral and related services to the communities they served throughout FY22, particularly in light of COVID-19 impacts and disruptive weather events in NSW and QLD. We also acknowledge bereaved client families, many of whom farewelled loved ones in particularly challenging circumstances during 1H FY22, when extended lockdowns, travel restrictions and strict funeral attendee limits applied in parts of Australia and New Zealand.

Propel's core operating focus is on people safety, essential service continuity and financial resilience. During FY22, the funeral industry continued to experience operational disruptions (including increased absenteeism) due to COVID-19. However, the Company's diversification in providing essential funeral and related services across seven States and Territories of Australia and in New Zealand, including regional and metropolitan markets, delivered considerable resilience in earnings and operating cash flows.

Despite COVID-19 impacts, FY22 was another record year for Propel. The Company continued its track record of delivering revenue and earnings growth, with revenue growing by 20.6% to $145.2 million, pro forma Operating EBITDA growing by 25.2% to $39.0 million and pro forma Operating NPAT growing by 45.0% to $16.9 million.

The Board declared dividends totalling 12.25 cents per share fully franked in connection with FY22 (FY21: 11.75 cents), including a final dividend of 6.25 cents per share fully franked. The final dividend will be paid on 4 October 2022, with a record date of 1 September 2022.

The Company was previously externally managed by Propel Investments Pty Ltd, under a management agreement dated 11 September 2017 ('Management Agreement'). Following receipt of the relevant shareholder approvals, the Management Agreement was terminated in early FY22 and three senior executives became employees of the Group.

In FY22, the Company strengthened its balance sheet by completing a $50.2 million placement of 12.25 million fully paid ordinary shares to new and existing institutional investors and raising $13.7 million from eligible shareholders via the issue of 3.3 million fully paid ordinary shares via a share purchase plan.

As at 30 June 2022, the Company had a gearing ratio of approximately 14% and material debt covenant headroom. In FY22, the Company expanded its senior debt facilities with Westpac Banking Corporation by $50 million to $200 million and Propel remains in a strong funding position, with approximately $136 million of available funding capacity as at 24 August 2022.

Propel provides essential services to individuals and families dealing with, or preparing for, death and bereavement. This includes the collection and transfer of the deceased, mortuary services, arranging and conducting a funeral, cremation, burial and memorialisation. The Company was established in FY12 and is now the second largest provider of death care services in Australia and New Zealand. Propel performed over 16,500 funeral services in FY22 and the Company's network currently comprises 144 locations (79 owned and 65 leased) in Australia and New Zealand, including 32 cremation facilities and 9 cemeteries.

Propel is focussed on a clearly defined investment strategy to acquire assets which operate within the death care industry in Australia and New Zealand such as:

- private funeral home operators;
- funeral related properties and infrastructure; and
- cemeteries and crematoria.

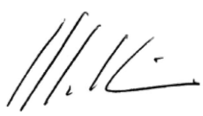
Demand for death care services is expected to grow in Australia and New Zealand because of increasing death volumes due to population growth and ageing of the "baby boomers".

The death care industry is highly fragmented with over 70% of funerals performed in Australia conducted by independent and/or family owned service providers. The Company believes there is significant opportunity for further consolidation in Australia and New Zealand and Propel is well positioned to capitalise on potential acquisition opportunities. In that regard, the Company completed six acquisitions during FY22 and, subsequent to year end, announced it has executed conditional sale agreements in connection with two proposed acquisitions.

During 2H FY22, the Board announced the retirement of Jonathan Trollip and the appointments of Jennifer Lang and Peter Dowding, as Non-Executive Directors of the Company. Jonathan was a valued member of the Board, both prior to and since Propel's IPO in November 2017, and we are grateful for the insights and the support he provided as a member of the Board and its sub-committees. Jennifer is a former Partner of KPMG and Deloitte and is an experienced Non-Executive Director with a wealth of experience across governance, risk assessment, financial and operational excellence. Peter was a director of Bledisloe Holdings (previously the largest funeral home operator in New Zealand and the second largest in Australia) prior to its sale to InvoCare Limited, is one of the co-founders of Propel, has almost 30 years' experience with large, international and domestic financial institutions and has been on the board of a significant number of private companies. Both new directors complement the Board's depth and diversity of knowledge to support the Company in driving long term, sustainable growth. We look forward to introducing Jennifer and Peter to shareholders at the 2022 Annual General Meeting where they will be put forward for election.

The following directors' report provides commentary on the Company's FY22 performance highlights and outlook. In FY23, the Company expects to benefit from the growing and ageing population, its strong funding position, acquisitions completed and announced to date and other potential future acquisitions (although the timing of which is unknown). Demand for essential funeral services continues and is underpinned by favourable demographics. With a strong funding position, low gearing and no near term debt maturities, Propel is well placed to continue its acquisition led growth strategy.

We thank shareholders for their ongoing support and we look forward to reporting the Company's further progress, as and when appropriate.



Brian Scullin
Chairman

Albin Kurti
Managing Director

Our Vision

Propel's vision is to further consolidate the highly fragmented death care industry in Australia and New Zealand while serving our client families with care and dignity.

OUR PARTNERSHIP APPROACH

We aim to:

- provide succession solutions for vendors
- preserve and enhance the goodwill and quality of services provided by our funeral homes, cemeteries and crematoria
- empower our staff via a decentralised operating model with engaged and responsive management
- treat stakeholders with professionalism, dignity and respect
- create value through disciplined capital allocation and active network management

Our Strategy

Propel's strategy is to acquire assets which operate within the death care industry in Australia and New Zealand.

OUR INVESTMENT STRATEGY

The Company implements an investment strategy focussed on:

- expanding into locations with favourable demographics and/or market structures, through organic and inorganic initiatives
- acquiring and/or establishing death care assets, such as:
  - funeral homes
  - cemeteries and crematoria
  - related properties and infrastructure
- actively managing the network

Board of Directors and Executives

The Board comprises six Directors, the majority of whom are independent.

Brian Scullin
Chairman

Brian is the Chairman of Propel. He is also the current Chairman of Macquarie Point Development Corporation, former Chairman of Spark Infrastructure Limited, Hastings Funds Management, BT Investment Management Limited, OAK Possability (a not-for-profit organisation in the Tasmanian disability sector) and a former Non-Executive Director of Dexus Property Group, Tasplan Super and State Super Finance Services.

Brian has more than 20 years' experience in the funds management industry in both Australia and Asia. Following a career in the Federal Government and politics, Brian was appointed the Executive Director of the Association of Superannuation Funds of Australia in 1987. In 1993, he joined Bankers Trust, holding a number of senior positions, including President of Japan Bankers Trust. He was appointed Chief Executive Officer – Asia/Pacific for Deutsche Asset Management in 1999. He retired from that full time position in 2002, although remained a Non-Executive Director of Deutsche Asset Management until June 2007.

Brian has held many industry positions including Vice Chair of the Financial Services Council (then known as the Investment & Financial Services Association), a part-time member of the Federal Government's Financial Reporting Council and a panel member for the Financial Industry Complaints Service.

Brian has a Bachelor of Economics from the Australian National University.

Naomi Edwards
Independent Non-Executive Director

Naomi is a professional company director who has chaired listed ASX companies, industry super funds and not-for-profit organisations. An actuary by training, with an executive background in the financial services industry, Naomi has a strong reputation in the responsible investing industry. Naomi is the current Chair of Spirit Super, Chair of Accurium Ltd and Vice President of the Actuaries Institute. She is a non-executive director of the Tasmanian Economic Development Board, Yarra Investment Management and the Australian Institute of Company Directors. She chairs the Risk and Audit Committee for Tasmanian State Growth. She was a Non-Executive Director of Nikko AM, Australian Ethical Investments Limited and Hunter Hall Limited. Naomi is a former Partner of Deloitte and a former director of Trowbridge Consulting.

Naomi has a first class honours degree in mathematics from the University of Canterbury, is a Fellow of the Institute of Actuaries (London), a Fellow of the Actuaries Institute of Australia and a Fellow of the Australian Institute of Company Directors.

Mr Peter Dowding
Independent Non-Executive Director

Peter is one of the co-founders of Propel and also a co-founder and Chair of Propel Investments, a boutique mid market private equity fund manager ('former Manager'). He has almost 30 years investment experience (including with Deutsche Asset Management, State Super Investment Management Corporation and the former Manager) and has been responsible for completing and managing investments and also raising and managing institutional funds. Peter has been on the board of a significant number of private companies, including several where he was Chairman. He was a director of Bledisloe Holdings (previously the largest funeral home operator in New Zealand and the second largest in Australia) prior to its sale to InvoCare Limited in 2011. Peter is Chair of the Children's Tumour Foundation of Australia and was, until recently, a director and Chair of the Audit and Risk Committee of the Clinical Oncology Society of Australia.

Peter has a Bachelor of Civil Engineering from the University of Nottingham, Masters in Business from the University of Bath and is a Fellow of the Australian Institute of Company Directors.

Jennifer Lang
Independent Non-Executive Director

Jennifer is currently an independent director, Chair of the Audit Committee and a member of the Risk & Remuneration Committees of Pacific Life Re, Australia (the APRA regulated subsidiary of Pacific Life Reinsurance, a global life reinsurer), a director and Chair of the Audit and Risk Committee of Bicycle Network (Australia's largest bike riding organisation) as well as a previous board member of the Institute of Actuaries of Australia and Deloitte Australia. She was previously the CFO and Chief Actuary of CommInsure. Jennifer was the Actuary of the Year in 2020, is a regular presenter at conferences on leadership, insurance and risk management and is often requested to commentate on actuarial matters.

Jennifer has a Bachelor of Economics from Macquarie University, is a Fellow of the Actuaries Institute of Australia and a graduate member of the Australian Institute of Company Directors.

Albin Kurti
Managing Director

Albin co-founded the Company and is its Managing Director. Albin has extensive experience in sourcing, screening and executing acquisitions and actively managing business operations. He commenced his career in the insolvency and corporate finance division of Arthur Andersen, where he qualified as a chartered accountant and worked in Melbourne and Brunei. In 2000, he moved to Sydney and joined Deutsche Asset Management and, in 2007, he co-led the management buy-out of the private capital division of Deutsche Bank. He has led, co-led or been a key investment team member on a range of mergers and acquisitions ('M&A') transactions for the former Manager and has been a director of numerous private companies. He played an important role in the sale of Bledisloe Holdings to InvoCare in 2011 and the IPO of Propel.

Albin is a Chartered Accountant and holds a Bachelor of Commerce from the University of Melbourne and a Masters in Business Administration from the Victoria University of Technology.

Fraser Henderson
Executive Director – Head of M&A and General Counsel/Company Secretary

Fraser co-founded the Company. He is Propel's Head of M&A, General Counsel and Company Secretary. Fraser has extensive experience in sourcing, screening and executing acquisitions. He commenced his legal career with Ashurst, where he worked in both London and Singapore. In 2003, he moved to Sydney and joined Minter Ellison, becoming a Partner in their Private Equity and Capital Markets team in 2006. He joined the former Manager in 2008, where he became a director of a number of its investee companies. He co-led a number of transactions for the former Manager and played an important role in the sale of Bledisloe Holdings to InvoCare in 2011 and the IPO of Propel.

Fraser is a graduate of the University of Newcastle-Upon-Tyne (LLB), and of Sydney University (LLM). He has a Diploma in Applied Corporate Governance ('FCIS'), a Diploma in Investor Relations ('DipInvRel') and completed the directors' course run by the Australian Institute of Company Directors.

Lilli Gladstone
Chief Financial Officer

Lilli leads the finance function of Propel. She is responsible for the delivery of the Company's statutory and management reporting obligations, internal control procedures and treasury management. Lilli manages a team of accountants who, among other things, produce timely financial and operational reports. She plays an active role in sourcing and executing transactions and leads the financial due diligence and financial integration of acquisitions for Propel.

Lilli commenced her career at Ernst & Young in corporate finance specialising in business valuations and dispute advisory. She then joined Deutsche Asset Management (DB Capital Partners) in June 2006. She was a director of Bledisloe Holdings prior to its sale to InvoCare. Lilli played an important role in the sale of Bledisloe Holdings to InvoCare in 2011 and the IPO of Propel.

Lilli graduated from the University of Wollongong with a Bachelor of Commerce, majoring in accounting and finance. She is a chartered accountant and completed the directors' course run by Australian Institute of Company Directors.

2022 Financial Report

The Directors of Propel Funeral Partners Limited present the report, together with the consolidated financial report for the year ended 30 June 2022.

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Directors' Report

for the year ended 30 June 2022

The directors of Propel Funeral Partners Limited (ACN 616 909 310) (referred to hereafter as 'Propel', the 'Company' or 'parent entity') present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Due to rounding, numbers presented in this directors' report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Background
Propel owns and operates businesses, properties, infrastructure and related assets in the death care industry which stand to benefit from the growing and ageing population. As at the date of this directors' report, the Group comprises long established providers of funeral services operating from 144 properties (78 owned and 66 leased) across 7 states and territories of Australia and in New Zealand, including 32 cremation facilities and 9 cemeteries.

This directors' report includes certain financials measures, such as Operating EBITDA (operating earnings before interest, tax, depreciation and amortisation), Operating EBIT (operating earnings before interest and tax) and Operating NPAT (operating net profit after tax) which are not prescribed by Australian Accounting Standards ('AAS') and represents the result under AAS adjusted for certain non-operating items, such as acquisition and transaction costs. The directors consider Operating EBITDA, Operating EBIT and Operating NPAT to reflect the core earnings of the Group. These financial measures, along with other measures, have not been subject to specific audit or review procedures by the Company's auditor, but have been extracted from the accompanying financial statements.

Directors

The following persons were directors of Propel during the financial year and up to the date of this directors' report:

Brian Scullin – Chairman
Naomi Edwards
Jennifer Lang – appointed 6 May 2022
Peter Dowding – appointed 6 May 2022
Albin Kurti
Fraser Henderson
Jonathan Trollip – retired 6 May 2022

Principal activities

The principal activities of the Group during the financial year were the provision of death care related services in Australia and New Zealand.

Dividends

	Amount per security cents	Franked amount per security %	Total $'000	Date of payment
Year ended 30 June 2022				
Interim dividend – 2022 financial year	6.00	100%	7,074	7 April 2022
Final dividend – 2021 financial year	5.75	100%	5,880	5 October 2021
Total			12,954	
Year ended 30 June 2021				
Interim dividend – 2021 financial year	6.00	100%	5,997	9 April 2021
Final dividend – 2020 financial year	6.00	100%	5,924	1 October 2020
Total			11,921	
Dividend not recognised at year end				
Final dividend – 2022 financial year	6.25	100%	7,368	4 October 2022

Directors' Report

for the year ended 30 June 2022

On 24 August 2022, the directors declared a fully franked final dividend in connection with the year ended 30 June 2022 ('FY22') of 6.25 cents per ordinary share. Total dividends declared in connection with FY22 were 12.25 cents per share (FY21: 11.75 cents per share), fully franked, which represents approximately 81% of Distributable Earnings (NPAT adjusted for certain non-cash and non-operating items) for FY22.

All dividends referred to above were fully franked at the Company tax rate of 30%.

Significant changes in the state of affairs

During FY22, the Group experienced the following significant changes in its state of affairs:

- in July 2021 and with the approval of its shareholders, the Company completed the internalisation of key senior management functions of Propel, which involved, among other things:
    - the assignment and termination of the management agreement and the payment of a $15,000,000 termination fee to Propel Investments Pty Limited (ACN: 117 536 357) ('former Manager'), settled 50% in cash and 50% in Propel shares;
    - three senior executives becoming employees of the Group;
    - the transfer of intellectual property from the former Manager, its officers and employees to the Group;
    - changes to the Company's constitution;
    - a modification of the voluntary escrow arrangements relating to 14,732,667 shares ('Escrowed Shares'), so that:
        - ~50% of the Escrowed Shares will be released from voluntary escrow following the release of the Group's audited FY22[1] financial results; and
        - ~50% of the Escrowed Shares will be released from voluntary escrow following the release of the Group's audited FY25[1] financial results; and
    - the Company no longer paying fees to the former Manager, including potential uncapped performance fees, ('Management Internalisation');

- in August 2021, the Group increased and extended its senior debt facilities with Westpac Banking Corporation ('Financier') by $50,000,000 to $200,000,000, all of which matures in October 2024 (refer to note 16 for further details);

- completed a placement of new shares and a follow on share purchase plan raising net proceeds of $62,312,000 ('Capital Raising'). The net proceeds from the Capital Raising were used to pay down debt to provide financial flexibility to pursue further growth initiatives, including acquisitions;

- completed six acquisitions (refer to note 28 for further details), the consideration for which totalled $18,454,000 (excluding transaction costs and contingent consideration) as follows:
    - on 15 September 2021, the Group acquired the business and assets of State of Grace Limited, which provides funeral directing services from two locations in Auckland, New Zealand;
    - on 1 October 2021, the Group acquired 100% of the issued share capital of Charles Berry & Son Pty. Ltd. and Edinburgh Investments Pty. Ltd., associated assets and a freehold property (together, 'Berry Funeral Directors'), which provides funeral directing services from one location in Norwood, South Australia;
    - on 1 December 2021, the Group acquired the business and assets of Glenelg Funerals, which provides funeral directing services from one location in Glenelg, South Australia;
    - on 1 December 2021, the Group acquired the business, assets and a freehold property[2] of Eagars Funerals, which provides funeral directing services from one location in New Plymouth, New Zealand;
    - on 11 February 2022, the Group acquired the business, assets and a freehold property of Carol and Terry Crawford Funerals which provides funeral directing services from two locations in Geelong, Victoria; and
    - on 1 March 2022, the Group acquired the business and assets of McKee Family Funerals, which provides funeral directing services in Perth, Western Australia;

- acquired a freehold property in Western Australia that was previously a funeral home, continuing Propel's organic and acquisition led expansion in Western Australia; and

- continued to be impacted by COVID-19, with strict limits on funeral attendees in the first half of FY22 ('1H FY22') impacting Average Revenue Per Funeral[3] and the Group experiencing some operational disruptions (including increased short-term absenteeism).

There were no other significant changes in the state of affairs of the Group during FY22.

1 Instead of a release from escrow in November 2027.
2 Subject to approval of a boundary adjustment subdivision.
3 Revenue from funeral operations excluding disbursements and delivered prepaid funeral impacts divided by the number of funerals performed in the relevant period.

Directors' Report

for the year ended 30 June 2022

Financial and operating review

This financial and operating overview summarises the full year results for FY22, including the key impacts of COVID-19 and results for the prior year, unless otherwise stated.

COVID-19 Responses

The Group's core operating focus is on people safety, essential service continuity and financial resilience. During FY22, the Group continued to implement measures to mitigate potential operating and financial impacts from COVID-19, such as:

- ensuring government guidelines and directives were followed by staff and mourners;
- ensuring sufficient supply of personal protective equipment;
- changing seating arrangements, increasing the time and cleaning between services and ceasing certain services (e.g. catering);
- providing client families with the option of streaming services at many of its locations and holding a memorial service at a later date, particularly in COVID-19 hotspot areas that went into temporary lockdown;
- ensuring staff could cross state/territory borders and access 'hotspot' areas;
- working from home, where feasible;
- controlling operating costs; and
- receiving government subsidies for eligible businesses in New Zealand.

Further details on the financial impact of COVID-19 in FY22 are set out in the relevant sections below.

Financial Summary

Given the material impact of the Management Internalisation in FY22 and the material variance in government subsidies recognised in FY22 versus the prior year, the directors have elected to present certain financial information on a pro forma basis, in addition to the statutory results. The pro forma results exclude one-off items relating to the Management Internalisation and government subsidies and include the recurring impacts of the Management Internalisation, as if it had occurred on 1 July 2020 (refer below) ('Pro forma').

In FY22, the Group reported Pro forma:

- Revenue of $145,245,000, an increase of 20.6% on the prior year;
- Operating EBITDA of $38,958,000, an increase of 25.2% on the prior year; and
- Operating NPAT of $16,871,000, an increase of 45.0% on the prior year.

In FY22, the Group reported statutory:

- Operating EBITDA of $39,643,000, an increase of 9.3% on the prior year; and
- Operating NPAT of $17,362,000, an increase of 13.8% on the prior year.

The variance between the Group's statutory and Pro forma results arises from:

- employment of three senior executives, resulting in an increase in employment costs, net of the administration fee paid to the former Manager, resulting in a net increase in Pro forma operating costs of $102,000 (FY21: $2,987,000);
- adding back the one-off items incurred in connection with the Management Internalisation, being:
    - the payment of a $15,000,000 termination fee to the former Manager (settled 50% in cash and 50% in Propel shares);
    - a share based payment revaluation expense of $5,407,000 relating to a modification of the voluntary escrow arrangements in connection with 14,732,667 shares;
    - recognition of a non cash, fair value adjustment expense relating to the termination shares of $969,000[4]; and
    - transaction costs;
- COVID-19 related net government subsidies received in FY22 of $582,000 (FY21: $2,184,000); and
- associated tax impacts.

4 Related to the fair value uplift of the termination shares measured at the share price of $3.67 on completion date of the Management Internalisation, compared with the issue price of $3.25 (representing the 30 day volume weighted average price to 28 May 2021).

Directors' Report
for the year ended 30 June 2022

The table below summarises the full year Pro forma and statutory results of the Group:

	FY22 Pro Forma $'000	FY21 Pro Forma $'000	FY22 Statutory $'000	FY21 Statutory $'000
Total revenue	**145,245**	**120,442**	**145,245**	**120,442**
Gross profit	102,532	86,759	102,532	86,759
…margin	*70.6%*	*72.0%*	*70.6%*	*72.0%*
Total operating costs	(63,574)	(55,647)	(62,890)	(50,477)
Operating EBITDA	**38,958**	**31,112**	**39,643**	**36,283**
…margin	*26.8%*	*25.8%*	*27.3%*	*30.1%*
Depreciation	(10,332)	(9,667)	(10,332)	(9,667)
Operating EBIT	**28,626**	**21,445**	**29,311**	**26,616**
…margin	*19.7%*	*17.8%*	*20.2%*	*22.1%*
Other income	-	21	-	21
Net interest expense	(3,530)	(3,534)	(3,530)	(3,534)
Net financing charge	(839)	(1,034)	(839)	(1,034)
Operating NPBT	**24,257**	**16,898**	**24,941**	**22,069**
Income tax expense	(7,386)	(5,265)	(7,580)	(6,812)
Operating NPAT	**16,871**	**11,634**	**17,362**	**15,257**
Operating earnings per share (cps) [1]	*14.98*	*11.42*	*15.44*	*15.33*
Non-operating items:				
Termination fee	-	-	(15,000)	-
Share based payment revaluation expense	-	-	(5,407)	-
Fair value adjustment on termination shares	-	-	(969)	-
Acquisition and transaction costs	(1,104)	(1,373)	(1,485)	(860)
Net other expenses	(3)	(422)	(3)	(421)
Tax effect of adjustments	279	623	5,184	467
Net profit after tax	**16,043**	**10,462**	**(318)**	**14,443**

Note:

1. Operating NPAT divided by the weighted average number of ordinary shares

Directors' Report

for the year ended 30 June 2022

Further to the commentary above, the table below provides a reconciliation of the Group's statutory and Pro forma operating earnings:

	FY22 $'000	FY21 $'000	Var %
Statutory Operating EBITDA	39,643	36,283	9.3%
Less: Management Internalisation	(102)	(2,987)	
Less: Government subsidies	(582)	(2,184)	
Pro forma Operating EBITDA	**38,958**	**31,112**	**25.2%**
Statutory Operating NPAT	17,362	15,257	13.8%
Less: Management Internalisation	(72)	(2,091)	
Less: Government subsidies	(419)	(1,532)	
Pro forma Operating NPAT	**16,871**	**11,634**	**45.0%**

The major income statement line items for the Group down to Operating EBITDA on a Pro forma and statutory basis are presented below:

	FY22 Pro Forma $'000	FY21 Pro Forma $'000	FY22 Statutory $'000	FY21 Statutory $'000
Funeral operations	127,503	104,464	127,503	104,464
Cemetery, crematoria and memorial gardens	15,396	13,744	15,396	13,744
Other trading revenue	2,346	2,235	2,346	2,235
Total revenue	**145,245**	**120,442**	**145,245**	**120,442**
Cost of sales	(42,712)	(33,684)	(42,712)	(33,684)
Gross profit	**102,532**	**86,759**	**102,532**	**86,759**
Employment costs	(47,419)	(41,783)	(46,717)	(36,363)
Occupancy and facility costs	(7,364)	(6,523)	(7,364)	(6,523)
Advertising costs	(3,273)	(2,681)	(3,273)	(2,681)
Motor vehicle costs	(2,099)	(1,679)	(2,099)	(1,679)
Administration fee	-	-	(17)	(250)
Other operating costs	(3,419)	(2,979)	(3,419)	(2,979)
Total operating costs	**(63,574)**	**(55,647)**	**(62,890)**	**(50,477)**
Operating EBITDA	**38,958**	**31,112**	**39,643**	**36,283**

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The table below provides a reconciliation of Pro forma and statutory net profit after tax to Operating NPAT:

	FY22 Pro Forma $'000	FY21 Pro Forma $'000	FY22 Statutory $'000	FY21 Statutory $'000
Net profit/(loss) after income tax	16,043	10,462	(318)	14,443
Add: Termination fee	-	-	15,000	-
Add: Share based payment revaluation expense	-	-	5,407	-
Add: Fair value adjustment on termination shares	-	-	969	-
Add: Acquisition and transaction costs	1,104	1,373	1,485	860
Add: Net other income and expenses	111	293	111	293
(Less)/Add: Net (gain)/loss on disposal of assets	(125)	154	(125)	154
Add/(Less): Net foreign exchange losses/(gain)	17	(25)	17	(25)
Less: New Zealand deferred tax liability restatement	-	(123)	-	(123)
Less: Tax effect of certain Operating NPAT adjustments	(279)	(500)	(5,184)	(345)
Operating NPAT	**16,871**	**11,634**	**17,362**	**15,257**

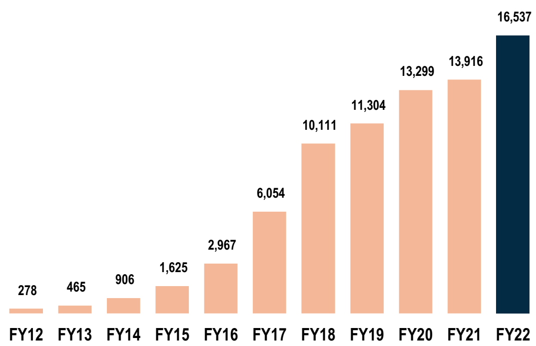
Commentary on the results is provided below.

Revenue
Revenue increased by 20.6% from $120,442,000 in FY21 to $145,245,000 in FY22, driven by a:
- 22.1% increase in revenue from funeral operations; and
- 12.0% increase in revenue from cemetery, crematoria and memorial gardens.

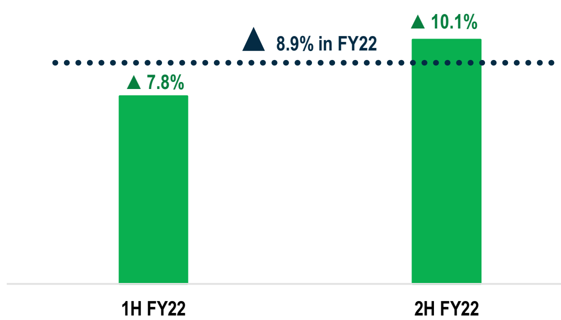
The number of funerals increased by 18.8% from 13,916 in FY21 to 16,537 in FY22, largely due to a material increase in death volumes and the Group completing the acquisitions of six funeral businesses during the year as well as the full period impact of two funeral businesses acquired during FY21.

In most markets in which the Group operates, death volumes increased materially in FY22, with Propel experiencing comparable funeral volume growth over the relevant prior corresponding period ('PCP') of:
- 8.9% in FY22 (FY21: decline of 3.5%); and
- 7.8% in 1H FY22, which accelerated to 10.1% in the second half of FY22 ('2H FY22').

Total Funeral Volumes
(per annum)



Comparable Funeral Volumes
(growth on the PCP)



Average Revenue Per Funeral increased by 2.0% from $5,917 in FY21 to $6,038 in FY22 and was influenced by the full year impact of two funeral business acquisitions completed during FY21, the part period impact of six funeral business acquisitions completed in FY22, COVID-19 related funeral restrictions, funeral mix and pricing. In FY22, Average Revenue Per Funeral was 4.9% up on the pre-COVID-19 period (i.e. Q1 to Q3 in FY20).

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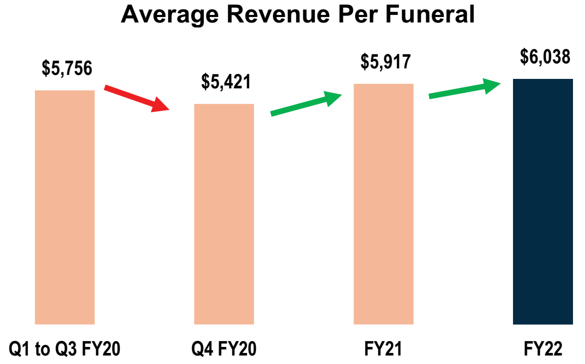
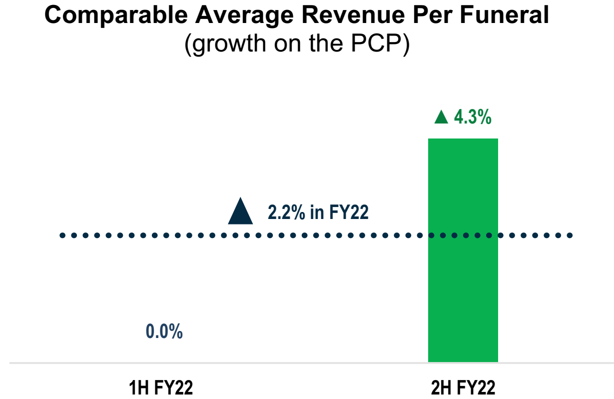
COVID-19 impacts on Average Revenue Per Funeral primarily occurred during 1H FY22 but were less severe than during the initial wave of the pandemic in Q4 FY20. Since the start of the pandemic, Average Revenue Per Funeral impacts from lock downs and strict funeral attendee limits have been temporary, with Average Revenue Per Funeral generally rebounding quickly, as restrictions have eased.

During 1H FY22 extended lock downs and strict funeral attendee limits in parts of Australia and New Zealand contributed to:
- a higher mix of lower value funerals; and
- comparable Average Revenue Per Funeral growth being in line with the PCP.

During 2H FY22, there were no extended lockdowns or strict funeral attendee limits in Australia and New Zealand, which contributed to:
- a higher mix of full service funerals; and
- comparable Average Revenue Per Funeral growth of 4.3% on the PCP.





In FY22, the Group generated 42% of its revenue from metropolitan areas, an increase from FY21 (38%).

Gross profit margin

The gross profit margin decreased from 72.0% to 70.6% in FY22, primarily due to the financial profile of the acquisitions completed during FY22 (none of which included cremation facilities), funeral mix and sales mix.

Operating costs and Operating EBITDA

Statutory operating costs increased by $12,414,000 in FY22, as a result of:
- the full period impact of three businesses acquired during FY21 and the part period impact of six businesses acquired in FY22;
- lower government subsidies received (FY22: $582,000 versus FY21: $2,184,000); and
- the impacts of the Management Internalisation, resulting in additional operating expenditure related to the employment of three senior executives.

Pro forma operating expenditure increased approximately 14.2% on FY21. Comparable operating expenditure per funeral decreased approximately 1.9% on the prior year, demonstrating operating leverage as a result of materially higher comparable funeral volumes in FY22 and good cost control.

Statutory Operating EBITDA in FY22 of $39,643,000 was 9.3% higher than FY21, primarily due to:
- the full period contributions from three acquisitions completed in FY21 and the part period contributions from six acquisitions completed in FY22;
- a material increase in comparable funeral volumes, up 8.9% on the prior year;

partially offset by:
- lower government subsidies and the impacts of the Management Internalisation.

Pro forma Operating EBITDA in FY22 was $38,958,000, 25.2% higher than FY21.

Depreciation and other income and expenses

Depreciation increased from $9,667,000 in FY21 to $10,332,000 in FY22, which primarily related to business and property acquisitions completed during FY21 and FY22.

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In connection with the Management Internalisation, the Group recognised the following one-off expenses:
- a termination fee of $15,000,000 paid to the former Manager (settled 50% in cash and 50% in Propel shares);
- a non-cash, fair value adjustment expense relating to the termination shares of $969,000; and
- a share based payment revaluation expense of $5,407,000 relating to a modification of the voluntary escrow arrangements in connection with 14,732,667 shares.

The above one-off expenses have been excluded from the Pro forma results.

Acquisitions and transaction costs of $1,485,000 largely related to the Management Internalisation and acquisitions.

Net other expenses largely related to the administration of the Group's pre-paid contracts and other non-operating expenses, offset by insurance recoveries and gains on disposals of assets.

Interest expense of $3,616,000 in FY22 was in line with the prior year (FY21: $3,629,000).

Pre-paid contracts
Funds held in connection with pre-paid contracts are largely held with third party friendly societies who invest the funds in cash and fixed interest products (more than 90% of funds held) and other asset classes (less than 10% of funds held). In FY22, pre-paid contracts that turned at need in Australia accounted for less than 10% of Propel's Australian funeral volumes (FY21: less than 10%). It should be noted that there are no pre-paid contracts in the New Zealand business.

In accordance with AASB 15, 'Revenue from Contracts with Customers', Propel recognises investment returns generated on funds held for pre-paid contracts net of a non-cash financing charge. The net financing charge is disclosed below Operating EBITDA.

Impairment
Following a review of the carrying value of assets, no impairment was deemed necessary in FY22 (FY21: Nil).

Income tax expense
Statutory income tax expense decreased $3,948,000 to $2,396,000 in FY22 (FY21: $6,344,000), primarily due to the impacts of the Management Internalisation.

The Pro forma adjusted effective tax rate[5] was 29.7% (FY21: 29.7%).

5 income tax expense divided net profit before tax, adjusted for non deductible and non assessable items, on a Pro forma basis.

Directors' Report
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Cash flow highlights
The cash flows for the Group are presented below:

	FY22	FY21
	$'000	$'000
Receipts from customers (inc GST)	158,216	132,449
Payments to suppliers and employees (inc GST)	(116,355)	(95,511)
	41,861	**36,938**
Termination fee (exc GST)	(7,500)	-
Transaction costs (exc GST)	(483)	(384)
Income taxes paid	(5,850)	(6,006)
Interest paid	(3,817)	(3,418)
Interest received	68	76
Net cash provided by operating activities	**24,277**	**27,205**
Payment for purchase of business, net of cash acquired	(19,514)	(23,127)
Net payments for property, plant and equipment	(11,793)	(11,583)
Proceeds from the sale of business	384	-
Other investing cash flows	9	(12)
Net cash used by investing activities	**(30,913)**	**(34,723)**
Proceeds from issue of shares, net of transaction costs	62,312	-
Net (repayment)/proceeds from borrowings	(38,756)	(23,866)
Dividends paid	(12,954)	(11,920)
Other financing cash flows	(3,456)	(3,140)
Net cash provided by financing activities	**7,146**	**(38,928)**
Net (decrease)/increase in cash during the year	510	(46,445)
Cash at the beginning of the year	7,496	53,904
Exchange rate effects	(137)	38
Cash at the end of the year	**7,869**	**7,496**

FY22 statutory operating cash flows[6] were 13.3% higher than FY21, with contributions from acquisitions and solid trading being partially offset by higher employment costs due to the Management Internalisation and lower government subsidies received compared to the prior year.

6 Ungeared, pre-tax operating cash flow, excluding the termination fee and transaction costs in connection with the Management Internalisation.

Directors' Report
for the year ended 30 June 2022

Cash flow conversion was 100.2% in FY22, compared to 101.8% achieved in FY21 as shown in the table below:

	FY22 $'000	FY21 $'000
Operating EBITDA	**39,643**	**36,283**
Net cash provided by operating activities	24,277	27,205
Add: Interest paid	3,817	3,418
Add: Income tax paid	5,850	6,006
Add: Termination fee	7,500	-
Add: Transaction costs	482	384
Less: Interest received	(68)	(76)
Less: Insurance recoveries	(218)	-
Less: Executive incentive timing difference	(1,925)	-
Ungeared, tax free, operating cash flow	**39,717**	**36,937**
Cash flow conversion[1]	**100.2%**	**101.8%**

Note:
1. *means the percentage of Operating EBITDA converted into ungeared, pre-tax operating cash flow, adjusted for cash flow timing differences relating to executive bonuses and excluding the termination fee and transaction costs in connection with the Management Internalisation.*

Cash flows used in investing activities, included capital expenditure relating to:

	FY22 $'000	FY21 $'000
Property refurbishments and plant and equipment	7,874	6,156
Motor vehicles	2,298	956
Other assets	48	87
Total capital expenditure	**10,220**	**7,199**

During FY22, Propel incurred capital expenditure of $10,220,000 which included:
- $7,874,000 relating to a number of refurbishments to freehold and leasehold sites;
- purchasing motor vehicles totalling $2,298,000; and
- upgrades to IT and other plant and equipment.

In FY22, maintenance capital expenditure amounted to 4.4% of revenue (FY21: 3.6%).

Capital management

As at 30 June 2022, the Group had drawn down $48,123,000 of its $200,000,000 senior debt facilities, compared to $86,523,000 as at 30 June 2021. The decrease in drawn debt largely related to the net proceeds received in connection with the Capital Raising which were used to repay debt, net of funding FY22 acquisitions and the cash component of the termination fee and transaction costs associated with the Management Internalisation. As at 30 June 2022, the Group reported cash and cash equivalents of $7,869,000 and net debt[7] of $40,254,000 (30 June 2021: $79,027,000).

As at 30 June 2022, the Group's gearing ratio was 13.9%[8]. Financial covenant ratios on the senior debt facilities comprise a net leverage ratio which must be no greater than 3.5x[9] and a fixed charge cover ratio which must be greater than 1.75x. Both ratios were comfortably satisfied as at 30 June 2022, being 0.8x (30 June 2021: 2.2x) and 5.7x (30 June 2021: 5.4x) respectively.

Having regard to the commitments disclosed in 'Matters subsequent to the end of the financial year' set out below, as at the date of this report, the Group is well funded to continue its acquisition led growth strategy with approximately $136,149,000 of available funding capacity.

7 Drawn senior debt less cash and cash equivalents.

8 Net debt of $40.3 million divided by net debt plus total equity of $289.0 million.

9 Including the annualised impact of acquisitions and other adjustments. The Group's working capital facility is excluded from the net leverage ratio calculation.

Directors' Report

for the year ended 30 June 2022

Matters subsequent to the end of the financial year

On 24 August 2022, the directors declared a fully franked final dividend in connection with FY22 of 6.25 cents per ordinary share. Total dividends declared in connection with FY22 were 12.25 cents per share (FY21: 11.75 cents per share), fully franked, which represents approximately 81% of Distributable Earnings (NPAT adjusted for certain non-cash and non-operating items) for FY22.

Subsequent to year end, the Group:
- announced it had executed a conditional sale agreement to acquire the businesses, assets and related infrastructure (including two cremation facilities) associated with the businesses trading as Community Funerals and Cremation for Pets which operate in and around Cairns, Queensland;
- announced it had executed a conditional sale agreement to acquire the business, assets and freehold property associated with the business trading as Mason Park Funerals, which operates from one location in Wangaratta, Victoria; and
- exercised an option to acquire a freehold property which it previously tenanted.

Apart from the dividend declared and the events disclosed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

In terms of the outlook for FY23, the Company expects to benefit from:
- favourable demographics in Australia and New Zealand;
- a strong funding position; and
- acquisitions announced and completed to date and other potential future acquisitions in what remains a highly fragmented industry.

In that regard, Propel's positive trading momentum has continued into the start of the new financial year:
- in the first six weeks of FY23, total and comparable funeral volumes were materially higher than the PCP;
- in the month of July 2022[10]:
  - Average Revenue Per Funeral was ~6% higher than FY22; and
  - the Company's Operating EBITDA margin reflected strong seasonal trading conditions.

It should be noted that:
- death volumes fluctuate over short time horizons;
- higher inflation is expected to impact funeral related pricing and costs; and
- ongoing impacts from COVID-19, particularly on death volumes, remain uncertain.

10 Based on the Company's unaudited management accounts.

Directors' Report

for the year ended 30 June 2022

Material business risks

The Company maintains a risk management framework which includes a risk register, which is tabled as a standing agenda item at scheduled meetings of the Company's Audit and Risk Committee.

The most significant risk to the Company's annual financial performance is the number of deaths occurring during that year in the markets in which the Group operates. However, there are other risks, and the key risks that could adversely impact the Group's annual financial performance and growth potential, including mitigating factors, are summarised below:

Risk	Description	Risk Management Mitigation
Number of deaths	- Change in mortality rates over a sustained period. - Movement of people to areas where the Group does not have operations.	- Data monitoring and analysis. - Propel has a diversified network, currently operating from all states of Australia as well as the Australian Capital Territory and North Island of New Zealand. - Propel's growth strategy involves expanding into locations from where it does not currently operate. - Management of operating costs.
Competitive market and changes to market trends	- Risk from existing and new market entrants. - Competitors may offer/develop alternative products/services, or alternative advertising initiatives.	- Client focus on service delivery. - Leverage existing brands in local markets with strategies to maintain and/or expand market share locally. - Focus on local community engagement and relationship to maintain and/or improve competitive advantage.
Funding	- Insufficient funding to capitalise on growth initiatives, including acquisitions.	- Long established relationship with the Company's debt funding partner, Westpac. - As at 30 June 2022, the Group had: • a net leverage ratio of 0.8x; • material debt covenant headroom; and • more than $135 million of available funding capacity. - As an ASX listed entity, the Company can access to equity markets from time to time, as demonstrated by the equity raising completed in FY22.
Slow down in acquisitions	- Unable to agree terms with potential vendors.	- Propel remains focused on its core strategy of acquiring assets and infrastructure that operate in the death care industry in Australia and New Zealand. - Since its IPO in November 2017, Propel has deployed/committed more than $155 million[1] on acquisitions and continues to explore other potential acquisitions, however, the timing (if they occur at all) associated with any future acquisitions is uncertain. - Propel has an estimated market share of approximately 7% in Australia and the funeral industry remains highly fragmented.
Investment risk – acquisitions	- Propel's acquisition led growth strategy is not successfully executed or fails to deliver the expected returns. - Deficiencies in due diligence. - Assume unknown liabilities. - No guarantee of continued successful performance of acquired businesses.	- Experienced management team that has been active in completing acquisitions in the death care industry since 2005. - Balance sheet management. - General preference to acquire assets, not shares (therefore, only assume known liabilities). - As at 30 June 2022, Propel has completed 41 acquisitions, so is experienced at identifying potential performance issues. - Management has a track record of actively monitoring post acquisition performance.
Inflation	- Increasing costs of goods and services.	- Pass on price increases where possible. - Prudent management of costs.

Directors' Report

for the year ended 30 June 2022

Material business risks (continued)

Risk	Description	Risk Management Mitigation
Loss of key brand reputation/customer relationships	- Failure to maintain brand reputation in market. - Failure to react to changes in customers' needs/trends. - Products and/or services do not keep pace with developments in market needs or technological advancements. - Customers/media complaints.	- Close monitoring of market developments. - Do not operate a network of national brands, with each business managed and operated day to day by members of the local community. - Businesses support local initiatives.
Supply chain	- Unable to supply products to deliver services to families.	- Not overly reliant on one single supplier for any individual product or item.
Lease arrangements	- Existing lease agreements are not renewed and/or terms cannot be agreed with new locations.	- Active monitoring of leases approaching renewal dates. - Review of all lease contracts. - As at 30 June 2022, the Group owned over 54% of the properties from which it operates.
Natural disaster, health crises	- Pandemic. - Fire, floods etc.	- The Group responded promptly and strategically to the impacts of COVID-19, and has demonstrated an ability to adapt to changing public health regulations. - Geographic diversity of the Group's network would make it unlikely that a natural disaster would impact performance materially.
Regulatory compliance	- Australian Competition and Consumer Act 2010 (Cth) and other related commonwealth and state legislation. - Environmental regulations risks. - Perpetual care.	- External advice received. - Culture of compliance.
Investment risk - pre paid contracts	- Escalation in service/product costs. - Volatility of investment returns on pre-paid funds under management fluctuation.	- The overwhelming majority of funds held by/for the Group in relation to pre-paid funeral contracts are held in cash or fixed income, therefore, risk of volatility of investment returns is low. - Pre-paid contracts typically remain profitable in times of rising costs, versus the investment return generated. However, the profit margin may be lower than an at need funeral, all other things being equal. - Pre-paid bonds, where the client family makes a contribution to their funeral costs and the funeral director is not at risk of rising costs, are becoming more popular across the Company's network.
Meeting financial obligations	- Unable to meet its financial obligations.	- Regular monitoring by management and the Board. - Six monthly reporting to its debt funding partner, Westpac, on covenant compliance. - Board approved annual budget, which is provided to its funding partner, Westpac. - Regular monitoring and reporting on debtors, with historically low number of bad debts. - As at 30 June 2022: • net leverage ratio of 0.8x; and • material headroom to covenants.
People	- Loss of key executives. - Loss of key individuals in operating businesses with consequential material business disruption.	- Appropriate incentives in place for key individuals, including short and long term incentives in place for KMPs.

Note:
1. *Upfront cash and equity consideration paid. Excludes properties purchased subsequent to completion of the acquisitions and other properties purchased totalling, in aggregate, $27 million (excluding stamp duty).*

Directors' Report
for the year ended 30 June 2022

Environmental regulation
The Group's operations are subject to environmental regulation under the laws in the jurisdictions in which it operates. The directors are not of aware of any environmental issues or claims which have had, or are likely to have, a material impact on the Group's business.

Measurable objectives
The Company respects and values diversity in the board and workforce at all levels as reflected in the diversity policy which is set out in the Company's Corporate Governance Charter, a copy of which is available on Company's website. For FY22, the Company had a measurable objective in respect of gender diversity on the board and the executives ('Key Management Personnel' or 'KMP') of 30%. This measurable objective was achieved by the Company.

Information on directors

Name:	Brian Scullin
Title:	Independent Non-Executive Chairman
Qualifications:	Bachelor of Economics from the Australian National University.
Experience and expertise:	Brian has more than 20 years' experience in the funds management industry in both Australia and Asia. Following a career in the Federal Government and politics, Brian was appointed the Executive Director of the Association of Superannuation Funds of Australia in 1987. In 1993, he joined Bankers Trust, holding a number of senior positions, including President of Japan Bankers Trust. He was appointed Chief Executive Officer – Asia/Pacific for Deutsche Asset Management in 1999. He retired from that full time position in 2002, although remained a Non-Executive Director of Deutsche Asset Management until June 2007. Brian has been Chairman of Spark Infrastructure Limited, Hastings Funds Management, BT Investment Management Limited, OAK Possability (a not-for-profit organisation in the Tasmanian disability sector) and Non-Executive Director of Dexus Property Group, Tasplan Super and State Super Finance Services. He has held many industry positions including Vice Chair of the Financial Services Council (then known as the Investment & Financial Services Association), a part-time member of the Federal Government's Financial Reporting Council and a panel member for the Financial Industry Complaints Service. Brian is currently Chairman of Macquarie Point Development Corporation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Board Member of the Audit and Risk Committee Member of the Remuneration and Nomination Committee
Interests in shares:	403,286 ordinary shares held indirectly

Name:	Naomi Edwards
Title:	Independent Non-Executive Director
Qualifications:	First class honours degree in mathematics from the University of Canterbury and is a Fellow of the Institute of Actuaries (London), a Fellow of the Actuaries Institute of Australia and a Fellow of the Australian Institute of Company Directors.
Experience and expertise:	Naomi is a professional company director who has chaired listed ASX companies, industry super funds and not-for-profit organisation. An actuary by training, with an executive background in the financial services industry, Naomi has a strong reputation in the responsible investing industry. Naomi is the current Chair of Spirit Super, Chair of Accurium Ltd, and Vice President of the Actuaries Institute. She is a non-executive director of the Tasmanian Economic Development Board, Yarra Investment Management and the Australian Institute of Company Directors. She chairs the Risk and Audit Committee for Tasmanian State Growth.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Committee
Interests in shares:	34,707 ordinary shares held directly

Directors' Report
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Name:	Jennifer Lang
Title:	Independent Non-Executive Director
Qualifications:	Bachelor of Economics from Macquarie University, a Fellow of the Actuaries Institute of Australia and a graduate member of the Australian Institute of Company Directors.
Experience and expertise:	Jennifer is currently an independent director, Chair of the Audit Committee and a member of the Risk & Remuneration Committees of Pacific Life Re, Australia (the APRA regulated subsidiary of Pacific Life Reinsurance, a global life reinsurer), a director and Chair of the Audit and Risk Committee of Bicycle Network (Australia's largest bike riding organisation) as well as a previous board member of the Institute of Actuaries of Australia and Deloitte Australia. She was previously the CFO and Chief Actuary of CommInsure. Jennifer was the Actuary of the Year in 2020, is a regular presenter at conferences on leadership, insurance and risk management and is often requested to commentate on actuarial matters.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee Member of the Remuneration and Nomination Committee
Interests in shares:	15,000 ordinary shares held directly

Name:	Peter Dowding
Title:	Independent Non-Executive Director
Qualifications:	Bachelor of Civil Engineering from the University of Nottingham, Masters in Business from the University of Bath and a Fellow of the Australian Institute of Company Directors.
Experience and expertise:	Peter is one of the co-founders of Propel and also a co-founder and Chair of the former Manager, a boutique mid-market private equity fund manager. He has almost 30 years investment experience (including with Deutsche Asset Management, State Super Investment Management Corporation) and has been responsible for completing and managing investments and also raising and managing institutional funds. Peter has been on the board of a significant number of companies, including several where he was Chairman. He was a director of Bledisloe Holdings (the largest funeral home operator in New Zealand and the second largest in Australia) prior to its sale to InvoCare Limited in 2011. Peter is Chair of the Children's Tumour Foundation of Australia and was, until recently, a director and Chair of the Audit and Risk Committee of the Clinical Oncology Society of Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee Member of the Remuneration and Nomination Committee
Interests in shares:	3,482,040 ordinary shares held indirectly

Name:	Albin Kurti
Title:	Managing Director
Qualifications:	Chartered Accountant, Bachelor of Commerce from the University of Melbourne, Masters in Business Administration from the Victoria University of Technology.
Experience and expertise:	Albin co-founded the Company and is a director of the former Manager. Albin has extensive experience in sourcing, screening and executing acquisitions and actively managing business operations. He commenced his career in the insolvency and corporate finance division of Arthur Andersen, where he qualified as a chartered accountant and worked in Melbourne and Brunei. In 2000, he moved to Sydney and joined Deutsche Asset Management and, in 2007, he co-led the management buy-out of the private capital division of Deutsche Bank. He has led, co-led or been a key investment team member on a range of mergers and acquisitions ('M&A') transactions and has been a director of numerous private companies. He played an important role in the sale of Bledisloe Holdings to InvoCare in 2011 and the IPO of Propel.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	10,160,548 ordinary shares held indirectly

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for the year ended 30 June 2022

Name:	Fraser Henderson
Title:	Executive Director, Head of Mergers and Acquisitions, General Counsel and Company Secretary
Qualifications:	LLB from the University of Newcastle-Upon-Tyne, LLM from Sydney University, Diplomas in Applied Corporate Governance ('FCIS') and the Australasian Investor Relations ('DipInvRel'). Completed the directors' course run by the Australian Institute of Company Directors ('GAICD').
Experience and expertise:	Fraser co-founded the Company and is a director of the former Manager. He commenced his legal career with Ashurst, where he worked in both London and Singapore. In 2003, he moved to Sydney and joined Minter Ellison, becoming a Partner in their Private Equity and Capital Markets team in 2006. He joined the former Manager in 2008, where he became a director of a number of its investee companies. He co-led a number of transactions for the former Manager, and played an important role in the sale of Bledisloe Holdings to InvoCare in 2011 and the IPO of Propel.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Company Secretary
Interests in shares:	7,242,932 ordinary shares held directly and indirectly

'Other current listed directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships of listed entities (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
The Company Secretary is Fraser Henderson. For his experience refer to 'Information on directors' section above.

Meetings of directors
The number of meetings of the Company's Board and each board committee held during FY22, and the number of meetings attended by each director were as follows:

	Board		Audit and Risk Committee[1]		Remuneration and Nomination Committee[1]	
	Attended	Held	Attended	Held	Attended	Held
Brian Scullin	12	12	5	5	4	4
Naomi Edwards	11	12	5	5	4	4
Jennifer Lang[2]	2	2	2	2	2	2
Peter Dowding[2]	2	2	2	2	2	2
Albin Kurti	12	12	-	-	-	-
Fraser Henderson	11	12	-	-	-	-
Jonathan Trollip[3]	11	11	4	4	3	3

Notes:
1. *Board committees consist entirely of the independent non-executive directors.*
2. *Appointed on 6 May 2022.*
3. *Retired on 6 May 2022.*

Directors' Report

for the year ended 30 June 2022

Remuneration Report (audited)

This remuneration report details the nature and amount of remuneration paid to key management personnel ('KMP') of Propel Funeral Partners Limited ('Propel' or 'the Company') and the entities it controlled ('the Group') during the year ended 30 June 2022 ('FY22'), in accordance with the requirements of the Corporations Act 2001 ('Corporations Act') and its regulations.

Prior to 26 July 2021, the Company was externally managed by Propel Investments Pty Limited (ACN: 117 536 357) ('former Manager') pursuant to a management agreement dated 17 November 2017 (as amended) ('Management Agreement'). On 26 July 2021, the Company completed the internalisation of key senior management functions of Propel, which involved, among other things:

- the assignment and termination of the Management Agreement and the payment of a $15,000,000 termination fee to the former Manager, settled 50% in cash and 50% in Propel shares;
- three senior executives becoming employees of the Group;
- the transfer of intellectual property from the former Manager, its officers and employees to the Group;
- changes to the Company's constitution;
- a modification of the voluntary escrow arrangements relating to 14,732,667 shares ('Escrowed Shares'), so that:
    - ~50% of the Escrowed Shares will be released from voluntary escrow following the release of the Group's audited FY22[1] financial results; and
    - ~50% of the Escrowed Shares will be released from voluntary escrow following the release of the Group's audited FY25[1] financial results; and
- the Company no longer paying fees to the former Manager, including potential uncapped performance fees, ('Management Internalisation').

During the period 1 July 2021 to 25 July 2021 (i.e. during FY22 and prior to the completion of the Management Internalisation), an administration fee of $17,007, exclusive of GST, was paid to the former Manager in connection with the Management Agreement.

1. KMP covered by the report

For the purposes of this remuneration report, KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, being the Company's non-executive directors and executive KMP, as listed below:

Name	Position	Term as KMP
Non-executive directors:		
Brian Scullin	Non-executive director – Chair	Full year
Naomi Edwards	Non-executive director	Full year
Jennifer Lang	Non-executive director	Appointed 6 May 2022
Peter Dowding	Non-executive director	Appointed 6 May 2022
Jonathan Trollip	Non-executive director	Retired 6 May 2022
Executive KMP:		
Albin Kurti	Executive director - Managing Director	Full year as a director. Employed on 26 July 2021[1]
Fraser Henderson	Executive director - Head of Mergers and Acquisitions, General Counsel and Company Secretary	Full year as a director. Employed on 26 July 2021[1]
Lilli Gladstone	Chief Financial Officer	Employed on 26 July 2021[1]

Note:

1. *Completion date of the Management Internalisation, prior to which the services of the executive KMP were provided by the former Manager.*

There have been no changes to directors since the end of the reporting period.

Principles used to determine the nature and amount of remuneration

Propel aims to attract, motivate and retain high performing and high quality personnel. The objective of the Group's senior executive remuneration framework is to reward its senior executives for the achievement of the Company's strategic objectives and shareholder value creation.

1 Instead of a release from escrow in November 2027.

Directors' Report
for the year ended 30 June 2022

The Company's Remuneration and Nomination Committee ('RNC'), which is made up of four independent non-executive directors, is responsible for determining and reviewing remuneration arrangements for the Company's directors and senior executives. The RNC reviews and determines the remuneration structure for the executive KMP periodically to ensure it remains aligned to business requirements and the remuneration objectives. The RNC has structured a remuneration framework for the executive KMP which aims to achieve various objectives, including being:
- linked to performance;
- aligned to shareholder value creation;
- transparent;
- competitive and reasonable; and
- acceptable to shareholders.

In accordance with best practice corporate governance, the structure of non-executive director and executive KMP remuneration is separate.

Use of remuneration consultant
In connection with the Management Internalisation, the Company's independent non-executive directors engaged an independent remuneration consultant to suggest a remuneration framework for the executive KMP. No remuneration recommendations, as defined by the Corporations Act, were provided by the external consultant.

2. Non-executive director remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors receive a director's fee and additional fees for chairing sub committees. Non-executive directors' fees are reviewed periodically by the RNC. In conducting such review, the RNC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees are appropriate and in line with market. Non-executive directors do not receive share options or other incentives.

Non-executive directors may be paid such additional or special remuneration (out of the funds of the Company) as the board of directors ('the Board') may determine is appropriate where a director performs extra work or services which are outside the scope of ordinary duties of a director of the Company or a subsidiary of the Company. No fees of this nature were paid in FY22.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2021 AGM, where the Company's shareholders approved a maximum annual aggregate remuneration of $750,000 per annum.

3. Executive KMP remuneration
The Group aims to reward the executive KMP based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. The executive KMP remuneration and reward framework has three components:
- total fixed remuneration, comprising salary and superannuation ('TFR');
- eligibility to participate in a short-term incentive ('STI') plan; and
- eligibility to participate in a long-term incentive ('LTI') plan.

The combination of these three components comprise the executive KMP's total remuneration and are described in more detail below.

The executive KMP's total remuneration is reviewed periodically by the RNC based on individual performance, the overall performance of the Group and comparable market remunerations.

Directors' Report

for the year ended 30 June 2022

TFR

The TFR for the executive KMP in FY22 is set out below:

Executive KMP:	Year[1]	TFR($)
Albin Kurti	2022	650,000
	2021	n/a
Fraser Henderson	2022	500,000
	2021	n/a
Lilli Gladstone	2022	450,000
	2021	n/a

Note:

1. *2021 not applicable given the services of the executive KMP were provided by the former Manager prior to the completion of the Management Internalisation.*

STI Plan

Purpose	STI is awarded for achievement of annual financial and non-financial performance conditions.	
Participants	Executive KMP.	
Percentage of TFR	Maximum STI opportunity as a percentage of TFR is 75% for Albin Kurti and 50% for each of Fraser Henderson and Lilli Gladstone.	
Target STI	60% of the maximum.	
Performance period	1 July to 30 June (annual).	
Performance conditions	Subject to financial (70%) and non-financial (30%) performance conditions. The financial performance condition is based on actual Operating EBITDA[1] verses target Operating EBITDA for the relevant financial year, adopting the financial performance scale below, on a pro-rated basis. The non-financial performance conditions have regard to factors such as acquisition activity, investor relations, timely and accurate reporting, capital management initiatives and the provision of general business support and guidance to general managers.	
Financial performance scale	**Operating EBITDA versus target** Below 90% 90% to 100% 100% to 110% 110% or greater	**STI outcome** Nil 20% to 60% (pro-rated) 60% to 100% (pro-rated) 100%
Measurement of performance conditions	Following the end of the financial year, the RNC assesses the performance of the executive KMP against the performance conditions set by the Board and determines the actual level of award for the executives KMP. The Board believes this method is most efficient and results in the most fair outcomes.	
Board discretion	If STI performance conditions are not achieved, then any STI award is at the sole discretion of the Board.	
Payment	100% in cash, paid on or before 31 August each year.	

Note:

1. *means the Group's operating earnings before interest, tax, depreciation, amortisation, accruals relating to the executives STIs and LTIs and certain non-operating items, as determined by the Board.*

Directors' Report

for the year ended 30 June 2022

LTI Plan

Purpose	LTI is awarded for performance metrics aimed at driving long term shareholder value.
Participants	Executive KMP.
Percentage of TFR	Maximum LTI opportunity as a percentage of TFR is 75% for Albin Kurti and 50% for each of Fraser Henderson and Lilli Gladstone.
Target LTI	60% of the maximum.
Performance period	Rolling three year period. The first LTI grant related to FY22.
Performance conditions	100% financial performance condition being Adjusted EPS CAGR[1] over a rolling three year period, adopting the financial performance scale below, on a pro-rated basis.
Financial performance scale	**Adjusted EPS CAGR** / **LTI outcome** Below 6% / Nil 6% to 8% / 20% to 60% (pro-rated) 8% to 10% / 60% to 100% (pro-rated) 10% or greater / 100%
Board discretion	If LTI performance conditions are not achieved, then any LTI award is at the sole discretion of the Board.
Measurement of performance conditions	To measure the Adjusted EPS CAGR performance condition, financial results are extracted by reference to the Company's audited financial statements. The use of financial statements ensures the integrity of the measure and alignment with the financial performance of the Company. Adjusted EPS CAGR is calculated having regard to shares on issue and Operating NPAT[2], which measures underlying profit from the Group's ongoing operations, adjusted where the Board considers it appropriate.
Payment	100% in cash. The first LTI grant will be calculated and paid (if triggered) after 30 June 2024, the second LTI grant will be calculated and paid (if triggered) after 30 June 2025 and the third LTI grant will be calculated and paid (if triggered) after 30 June 2026.

Notes:

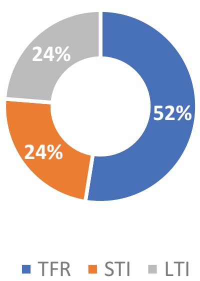
1. means the Group's Pro-forma Operating NPAT divided by the weighted average number of shares on issue in the Company.

2. means the Group's net profit after tax, adjusted for certain non-operating items, as determined by the Board.

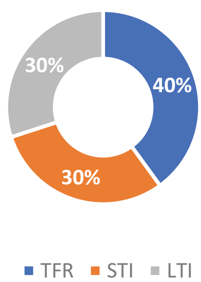
The target and maximum remuneration mix for the executive KMP for FY22 is illustrated below:

Managing Director:

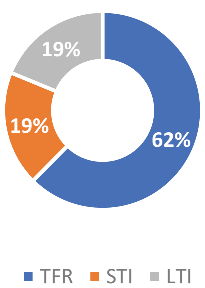
Target

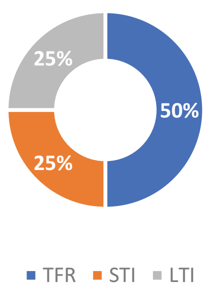


Maximum



Other executive KMP:





Directors' Report
for the year ended 30 June 2022

Group performance and link to remuneration
As set out above, a portion of the STI Plan and LTI Plan are dependent on annual and long term financial measures.

Percentage of STI awarded and forfeited during the financial year
In respect of FY22, each executive KMP was awarded 100% of their financial STI as the actual Operating EBITDA was greater than 110% of the target Operating EBITDA. In respect of the non-financial STI, the Board elected to award 100% to each executive KMP, having regard to the non-financial performance conditions listed above, among others.

A summary of the STI outcomes payable to the executive KMP in connection with FY22 are outlined in the table below:

Executive KMP:	Year	Maximum potential STI award ($)[1]	STI awarded ($)	Percentage of maximum STI award granted	Percentage of maximum STI award forfeited
Albin Kurti	2022	487,500	487,500	100%	0%
	2021	n/a	n/a	n/a	n/a
Fraser Henderson	2022	250,000	250,000	100%	0%
	2021	n/a	n/a	n/a	n/a
Lilli Gladstone	2022	225,000	225,000	100%	0%
	2021	n/a	n/a	n/a	n/a

Note:
1. *2021 not applicable given the services of the executive KMP were provided by the former Manager prior to the completion of the Management Internalisation.*

Percentage of LTI accrued during the financial year
As set out in the statutory remuneration disclosures in section 4, 100% of the LTI was accrued in FY22, given the Adjusted EPS CAGR was 31.1%, materially above the highest financial performance scale of 10%. No payment was made in connection with FY22, as LTIs accrue over a rolling three year period. The first LTI may become payable to the executive KMP following the year ended 30 June 2024 ('FY24'), subject to the Adjusted EPS CAGR for the three years ended FY24 meeting or exceeding the financial performance scale.

Summary of executive KMP remuneration – actual pre-tax awarded
The table below provides details of the cash and value of other benefits awarded to the executive KMP in connection with FY22. This is a voluntary disclosure to provide shareholders with increased transparency in relation to executive KMP remuneration. Actual pay below represents the pre-tax, take home amounts by each executive KMP in connection with FY22.

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Notes	1	2	1,3	1,4			
Executive KMP:							
Albin Kurti	582,596	487,500	4,210	26,405	-	-	1,100,712
Fraser Henderson	443,562	250,000	-	24,767	-	-	718,329
Lilli Gladstone	397,099	225,000	346	24,376	-	-	646,821
	1,423,257	**962,500**	**4,556**	**75,548**	**-**	**-**	**2,465,861**

Notes:
1. *Cash salary, non-monetary benefits and superannuation represents actual amounts received during the financial year. Cash salary excludes the movement of annual leave accruals. Remuneration is disclosed from the date of completion of the Management Internalisation.*
2. *STI amount awarded in connection with FY22 and to be settled in cash on or around 31 August 2022. Applicable superannuation on STI awarded will be paid in accordance with legislative requirements.*
3. *Non-monetary benefits represent the costs to the Group, including any fringe benefits tax, for the provision of car parking.*
4. *Superannuation contributions are paid in accordance with legislative requirements. Superannuation is included in the executive KMP's TFR.*

Directors' Report

for the year ended 30 June 2022

Executive service agreements

Remuneration and other terms of employment for the executive KMP are documented in service agreements. Remuneration details are set out above and other key terms are summarised below:

	Albin Kurti	Fraser Henderson	Lilli Gladstone
Position	Managing Director and Chief Executive Officer	Executive Director, Head of Mergers and Acquisitions, General Counsel and Company Secretary	Chief Financial Officer
Commencement date	26 July 2021	26 July 2021	26 July 2021
Term	Three years to 31 August 2024 (subject to six months' notice period)	Three years to 31 August 2024 (subject to six months' notice period)	Three years to 31 August 2024 (subject to six months' notice period)
Leave	5 weeks, annually	5 weeks, annually	5 weeks, annually
Termination and notice	6 months	6 months	6 months
Non-compete	12 months	12 months	12 months

Executive KMPs have no entitlement to termination payments in the event of removal for misconduct.

4. Statutory remuneration disclosures

FY22 statutory disclosures

The table below discloses the remuneration for each KMP calculated in accordance with statutory requirements and Australian accounting standards in respect of FY22:

2022	Short-term benefits			Post-employment benefits	Long-term benefits		
	Cash salary and fees $	STI $	Non-monetary $	Super-annuation $	Long service leave $	LTI $	Total $
Notes	1	2	1,3	1,4	5	6	
Non-executive directors:							
Brian Scullin	90,909	-	-	9,091	-	-	100,000
Naomi Edwards	63,636	-	-	6,364	-	-	70,000
Jennifer Lang	9,836	-	-	984	-	-	10,820
Peter Dowding	8,431	-	-	843	-	-	9,274
Jonathan Trollip	53,393	-	-	5,339	-	-	58,732
Executive KMP:							
Albin Kurti	621,072	487,500	4,210	26,405	234	487,500	1,626,922
Fraser Henderson	480,845	250,000	-	24,767	181	250,000	1,005,792
Lilli Gladstone	416,280	225,000	346	24,376	7,426	225,000	898,428
	1,744,403	**962,500**	**4,556**	**98,169**	**7,840**	**962,500**	**3,779,967**

Notes:

1. *The total cost of cash salary including annual leave taken and the increase or decrease in the annual leave provision applicable as determined in accordance with AASB 119 Employee Benefits. Where non-executive directors were appointed during the financial year, remuneration is disclosed from the relevant appointment date. For the executive KMP, remuneration is disclosed from the date of completion of the Management Internalisation.*
2. *STI amount accrued in FY22 and to be settled in cash on or around 31 August 2022. Applicable superannuation on STI awarded will be paid in accordance with legislative requirements.*
3. *Non-monetary benefits represent the costs to the Group, including any fringe benefits tax, for the provision of car parking.*
4. *Superannuation contributions are paid in accordance with legislative requirements. Superannuation is included in the executive KMP's TFR.*
5. *Amounts disclosed represent the FY22 accrual in accordance with AASB 119 Employee Benefits. Lilli Gladstone's accrued long service leave was transferred from the former Manager to the Group in connection with the Management Internalisation.*
6. *No LTI payment was made in connection with FY22. LTIs accrue over a rolling three year period (100% has been accrued in FY22) but are not triggered/paid until the end of year 3 and are dependent upon the Adjusted EPS CAGR over the relevant three year period. Any LTI payable is paid in cash, i.e. no equity component.*

Directors' Report

for the year ended 30 June 2022

Based on the statutory disclosure above, the proportion of each executive KMP's remuneration linked to performance in FY22 is set out below:

2022	Portion linked to performance
Executive KMP:	
Albin Kurti	60%
Fraser Henderson	50%
Lilli Gladstone	50%

During FY22, 100% of non-executive director's remuneration was fixed and none was at risk.

FY21 statutory disclosures

During FY21:

- the Company was externally managed by the former Manager;
- the former Manager made available individuals (including its officers and employees) to discharge its obligations to the Company and their remuneration was not an expense of the Company as they were paid by the former Manager;
- the Company paid the former Manager an administration fee of $249,690, exclusive of GST;
- no performance fee was triggered; and
- the KMP therefore consisted only of the non-executive directors of the Company, and the relevant remuneration for each KMP calculated in accordance with statutory requirements and Australian accounting standards for FY21 is set out below:

2021	Short-term benefits			Post-employment benefits	Long-term benefits		
	Cash salary and fees $	STI $	Non-monetary $	Super-annuation $	Long service leave $	LTI $	Total $
Note				1			
Non-executive directors:							
Brian Scullin	76,011	-	-	7,221	-	-	83,232
Naomi Edwards	56,822	-	-	5,398	-	-	62,220
Jonathan Trollip	47,507	-	-	4,513	-	-	52,020
	180,340	**-**	**-**	**17,132**	**-**	**-**	**197,472**

Note:

1. *Superannuation contributions are paid in accordance with legislative requirements.*

During FY21, 100% of non-executive director's remuneration was fixed and none was at risk.

Share based compensation

During FY22, the executive KMP were not entitled to any share-based compensation, in connection with their employment.

Directors' Report

for the year ended 30 June 2022

5. Additional information and disclosures

KMP shareholding
The number of shares in the Company held during FY22 by each KMP, including their associated entities, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Purchases/ (Sales)	Other	Balance at the end of the year
Non-executive directors:					
Brian Scullin	388,652	-	14,634	-	403,286
Naomi Edwards	32,878	-	1,829	-	34,707
Jennifer Lang[1]	-	-	-	15,000	15,000
Peter Dowding[1]	-	-	-	3,482,040	3,482,040
Jonathan Trollip[2]	381,495	-	7,317	-	388,812
Executive KMP:					
Albin Kurti[3]	9,973,700	-	(722,461)	909,309	10,160,548
Fraser Henderson[3]	7,029,612	-	(512,906)	726,226	7,242,932
Lilli Gladstone[3,4]	-	-	3,658	796,239	799,897
	17,806,337	**-**	**(1,207,929)**	**5,928,814**	**22,527,222**

Notes:
1. *Jennifer Lang and Peter Dowding were appointed as non-executive directors of the Company on 6 May 2022. The balances at the start of the year are shown as nil shares. Shares held on appointment (i.e. 6 May 2022) are shown under Other in the above table.*
2. *Jonathan Trollip retired as a non-executive director of the Company on 6 May 2022. Movement of shares are only recorded to 6 May 2022 when he ceased as a KMP.*
3. *Other includes shares distributed from the former Manager to its shareholders via a fully franked dividend, received in connection with the Management Internalisation.*
4. *Lilli Gladstone became a KMP on 26 July 2021, being the completion date of the Management Internalisation. The balance at the start of the year is shown as nil shares. Shares held on 26 July 2021 are shown under Other in the above table.*

The executive KMP have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

Other transactions with the executive KMP and their related parties
Albin Kurti, Fraser Henderson and Peter Dowding (directors of the Company), through their associated entities, are shareholders of the former Manager. During FY22, a nominal administration fee of $17,007, exclusive of GST, was paid to the former Manager.

No director of the Company has received or become entitled to receive a benefit (other than those in connection with the Management Internalisation which are detailed above and in the 2022 Annual Report) by reason of a contract made between the Company (or any of its related entities) with any director (or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest).

Business performance
Prior to the Management Internalisation, there was no link between the Company's performance and KMP remuneration. The table below shows the Group's financial performance in FY22 (i.e. the year in which the Management Internalisation completed):

		2022
Revenue	$'000	145,245
Operating EBITDA	$'000	39,643
Operating NPAT	$'000	17,362
Net Profit After Tax	$'000	-318
Adjusted EPS	cents	15.44
Dividends paid in connection with the FY (fully franked)	cents	12.25
Share price at the end of the financial year	$	4.73

This concludes the Remuneration Report, which has been audited.

Directors' Report
for the year ended 30 June 2022

Shares under option
There were no unissued ordinary shares of the Company under options outstanding at the date of this directors' report.

Shares issued on the exercise of options
There were no ordinary shares of the Company issued on the exercise of options during FY22 and up to the date of this directors' report.

Indemnity and insurance of officers
The Company has indemnified the directors and officers of the Company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

The directors have entered into deeds of indemnity, insurance and access with the Company which confirms each director's right of access to board papers and requires the Company to indemnify the directors on a full indemnity basis and to the fullest extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred as an officer of the Company or of a related body corporate of the Company.

Under the deeds of indemnity, insurance and access, the Company must maintain a directors and officers insurance policy insuring each director (among others) against liability as a director and officer of the Company and its related entities until seven years after each director ceases to hold office as a director of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During FY22, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 ('Corporations Act') for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during FY22 by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during FY22 by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act namely:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former directors of Nexia Sydney Audit Pty Ltd
There are no officers of the Company who are former directors of the Company's auditor, Nexia Sydney Audit Pty Ltd.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this directors' report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out immediately after this directors' report.

Directors' Report
for the year ended 30 June 2022

This directors' report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act.

On behalf of the directors

Brian Scullin
Chairman

Albin Kurti
Managing Director

24 August 2022

Auditor's Independence Declaration

Nexia Australia

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f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

To the Board of Directors of Propel Funeral Partners Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Propel Funeral Partners Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney Audit Pty Ltd

Lester Wills
Director

Date: 24 August 2022

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue	5	145,245	120,442
Expenses			
Cost of sales and goods		(42,712)	(33,683)
Employee costs	6	(46,975)	(36,476)
Occupancy and facility expenses		(7,396)	(6,555)
Advertising expenses		(3,378)	(2,801)
Motor vehicle expenses		(2,114)	(1,694)
Other expenses		(3,436)	(3,243)
		39,234	35,990
Termination fee	6	(15,000)	-
Share based payment revaluation expense	6	(5,407)	-
Fair value adjustment on termination shares	6	(969)	-
Acquisition and transaction costs	6	(1,485)	(860)
Net gain/(loss) on disposal of assets		125	(154)
Other income		298	21
Depreciation expense	6	(10,332)	(9,667)
Interest income		86	95
Interest expense	6	(3,616)	(3,629)
Net financing charge on contract assets and contract liabilities	7	(839)	(1,034)
Net foreign exchange (loss)/gain		(17)	25
Profit before income tax expense		2,078	20,787
Income tax expense	8	(2,396)	(6,344)
(Loss)/profit after income tax expense for the year attributable to the shareholders of Propel Funeral Partners Limited		(318)	14,443
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,885)	(167)
Changes in the fair value of cash flow hedges, net of tax		189	101
Other comprehensive income for the year, net of tax		(1,696)	(66)
Total comprehensive income for the year attributable to the shareholders of Propel Funeral Partners Limited		(2,014)	14,377
		Cents	**Cents**
Basic earnings per share	33	(0.28)	14.51
Diluted earnings per share	33	(0.28)	14.51

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
as at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	9	7,869	7,496
Customer deposits		712	572
Contract assets	7	53,113	46,100
Trade and other receivables	10	6,956	4,946
Inventories	11	4,196	4,389
Prepayments		1,223	960
Derivative financial instruments	22	10	-
Total current assets		74,079	64,463
Non-current assets			
Property, plant and equipment	12	168,559	152,762
Right-of-use assets	13	35,706	34,777
Goodwill	14	141,765	131,687
Deferred tax	8	8,321	3,470
Other assets		216	181
Total non-current assets		354,567	322,877
Total assets		428,646	387,340
Liabilities			
Current liabilities			
Trade and other payables	15	10,791	7,714
Borrowings	16	14,898	10,068
Income tax		794	391
Lease liabilities	17	8,915	8,674
Provisions	18	8,898	5,808
Contract liabilities	7	59,596	51,924
Total current liabilities		103,892	84,579
Non-current liabilities			
Borrowings	16	32,904	76,739
Derivative financial instruments	22	-	260
Lease liabilities	17	28,983	27,994
Deferred tax liabilities	8	9,423	8,716
Provisions	18	4,511	1,949
Other liabilities		170	191
Total non-current liabilities		75,991	115,849
Total liabilities		179,883	200,428
Net assets		248,763	186,912
Equity			
Issued capital	19	280,237	203,418
Reserves		(1,794)	(98)
Accumulated losses		(29,680)	(16,408)
Total equity		248,763	186,912

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity

for the year ended 30 June 2022

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	200,903	251	(283)	(18,930)	181,941
Profit after income tax expense for the year	-	-	-	14,443	14,443
Other comprehensive income for the year, net of tax	-	(167)	101	-	(66)
Total comprehensive income for the year	-	(167)	101	14,443	14,377
Transactions with shareholders in their capacity as shareholders:					
Contributions of equity, net of transaction costs (note 19)	2,515	-	-	-	2,515
Dividends paid (note 20)	-	-	-	(11,921)	(11,921)
Balance at 30 June 2021	203,418	84	(182)	(16,408)	186,912

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	203,418	84	(182)	(16,408)	186,912
Loss after income tax expense for the year	-	-	-	(318)	(318)
Other comprehensive income for the year, net of tax	-	(1,885)	189	-	(1,696)
Total comprehensive income for the year	-	(1,885)	189	(318)	(2,014)
Transactions with shareholders in their capacity as shareholders:					
Contributions of equity, net of transaction costs (note 19)	76,819	-	-	-	76,819
Dividends paid (note 20)	-	-	-	(12,954)	(12,954)
Balance at 30 June 2022	280,237	(1,801)	7	(29,680)	248,763

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows

for the year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		158,216	132,449
Payments to suppliers and employees (inclusive of GST)		(114,814)	(95,512)
		43,402	36,937
Termination fee paid (inclusive of GST)		(9,000)	-
Transaction costs paid (inclusive of GST)		(526)	(384)
Interest received		68	76
Interest and other finance costs paid - borrowings		(2,763)	(2,347)
Interest paid - leases (AASB 16)		(1,054)	(1,071)
Income taxes paid		(5,850)	(6,006)
Net cash from operating activities	31	24,277	27,205
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	28	(19,514)	(23,128)
Payments for property, plant and equipment		(12,725)	(11,676)
Proceeds from disposal of property, plant and equipment		933	93
Proceeds from disposal of business		384	-
Net cash outflow in contract assets and contract liabilities		9	(12)
Net cash used in investing activities		(30,913)	(34,723)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	19	62,312	-
Proceeds from borrowings	32	63,200	22,102
Repayment of borrowings	32	(101,832)	(45,814)
Repayment of lease liabilities	32	(3,456)	(3,140)
Repayment of hire purchases	32	(124)	(155)
Dividends paid	20	(12,954)	(11,921)
Net cash (used in)/from financing activities		7,146	(38,928)
Net (decrease)/increase in cash and cash equivalents		510	(46,446)
Cash and cash equivalents at the beginning of the financial year		7,496	53,904
Effects of exchange rate changes on cash and cash equivalents		(137)	38
Cash and cash equivalents at the end of the financial year	9	7,869	7,496

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

for the year ended 30 June 2022

Note 1. General information

These general purpose financial statements ('financial statements') relate to Propel Funeral Partners Limited as the consolidated entity consisting of Propel Funeral Partners Limited (referred to hereafter as 'Propel', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022 (referred to hereafter as the 'Group'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Propel is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 18.03
135 King Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors passed on 24 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001 (‘Corporations Act'), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the contingent consideration arising from business combinations and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Reclassifications and restatements of comparatives

Where applicable, the comparative information has been reclassed or restated to be consistent with the current financial year’s presentation.

Non-IFRS information

The notes to the financial statements include certain financial measures which are not prescribed by the AASBs, namely the reference to Operating EBITDA in note 4. Operating Earnings Before Interest, Tax, Depreciation and Amortisation (‘Operating EBITDA') is used to report the operating segments given the directors assess this to be one of the core earnings measures for the Group. This measure has not been subject to specific audit. However, it has been extracted from the information disclosed in the audited financial statements.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Parent entity information
In accordance with the Corporations Act, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation
The financial statements incorporate the assets and liabilities of all subsidiaries of Propel as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Australian dollars at the closing rate. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of service and sale of goods
Revenue is recognised upon rendering of service and sale of goods; i.e. when the funeral, cremation or other service are performed or goods supplied which is at a point in time. It is also at this point that a contract asset and liability is crystallised which results in the contract asset being recognised as cash and a contract liability recognised as revenue. Refer to note 7 for further explanation.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest income
Interest income is recognised in the statement of profit or loss over the relevant period using the effective interest method.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in profit or loss over the period necessary to match with the costs that they are intended to compensate. The Group received government grants relating to COVID-19 subsidies in New Zealand during the year. The grants are netted off against employee costs in the statement of profit or loss and are detailed in note 6.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Propel (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Contract assets and contract liabilities

Contract assets and contract liabilities held directly by the Group and with friendly societies are recognised in the statement of financial position. The profit or loss impact is the recognition of investment income earned on those funds and a finance charge to reflect the financing component associated with the contract liability to provide future goods and services relating to the contract liability. In addition to this, administration fees charged at the time the contract is written are recognised upon completion of the contract (i.e. when the funeral service is provided). The carrying value of the contract asset and contract liability is impacted by: the investment returns; the financing charge; contracts acquired through business combinations; sale of new contract and completion of contractual services.

Contract assets are recognised when the Group has committed to provide goods or services to the customer at a future date, but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories
Work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Inventories includes coffins, memorial items, unsold memorial plots and burial positions, which are primarily held for trading. These are sold, consumed or realised as part of the usual operating cycle of the Group. Even when they are not expected to be realised within twelve months, they are classified as current.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
The Group may use derivative financial instruments, i.e. interest rate swaps, to manage its risk in respect of the variability in cash flows associated with its borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives are classified as current or non-current depending on the expected period of realisation. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges
Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Property, plant and equipment

Each class of property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	20 - 40 years
Improvements	3 - 40 years
Plant and equipment	2 - 25 years
Motor vehicles	5 - 15 years
Other	2 - 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of a lease. The right-of-use assets are measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases relating to low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised and has an indefinite useful life. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to Cash-Generating Units ('CGUs') for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being at the regional levels. Refer to note 14 for further details.

Notes to the Financial Statements
for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets, other than goodwill, are reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or CGU to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a CGU.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Lease liabilities
Lease liabilities are recognised at the commencement date of a lease. The lease liabilities are initially recognised at the present value of the lease payments to be made over the term of the leases, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivables, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. AASB 107 ‘Statement of Cash Flows’ does not specify how to classify cash flows from interest paid as operating or financing cash flows. The Group has chosen to present interest paid on borrowings and leases as operating cash flows in the statement of cash flows.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Contingent consideration
Contingent consideration is initially recognised at the present value of the Group's probability weighted estimate of the cash outflow. It reflects management’s estimate that the target will be achieved and is discounted using the Group incremental borrowing rate.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When a financial or non-financial asset or liability is measured at fair value for recognition or disclosure purposes, the fair value is based on, as applicable, the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date and on the assumption that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market available.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Amending accounting standards issued are not considered to have a significant impact on the financial statements of the Group as their amendments provide either clarification of existing accounting treatment or editorial amendments.

AASB 2020-1 Classification of liabilities as current or non-current
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2023, as extended by AASB 2020-6. Early adoption is permitted. This standard amends AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each ageing group. These assumptions include historical collection rates and available forward-looking information. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs including any management probability analysis.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, as outlined in note 14 and in accordance with the accounting policy stated in note 2. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, budgeted cash flows and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill
The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, budgeted cash flows and growth rates of the estimated future cash flows.

Investment income on contracts assets
Funds held in connection with pre-paid contracts are largely held with third party friendly societies who invest the funds in cash and fixed interest products (more than 90% of funds held) and other asset classes (less than 10% of funds held). Investment income on contract assets in relation to pre-paid contracts is calculated using an estimated rate which is based on past performance of the investments, having regard to interest rates during the reporting period.

Significant financing on contract liabilities
The Group recognises contract liabilities in relation to pre-paid funerals and other products and services where the customer pays for those products and services in advance. As the period between when the customer pays for that good or service and when the Group transfers the goods or service to a customer usually exceeds one year, it is determined there is a significant financing component for the pre-paid contracts in accordance with AASB 15 'Revenue from Contracts with Customers'. The Group discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer, also considering the credit characteristics of the third party friendly societies where the funds are largely held.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Contingent consideration
As discussed in note 2, contingent consideration is recognised at the present value of Group's probability weighted estimate of the cash outflow. Management estimates a 100% probability that the target will be achieved and the liability is discounted using the Group's incremental borrowing rate.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Many of the property leases to which the Group is party, have extension options. These terms maximise operational flexibility across the Group. They are only included in the calculation of the lease term if the Group is 'reasonably certain' that it will exercise the option to renew the lease. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and the event is within the control of the Group.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Some of the property leases to which the Group is party, have purchase options. Purchase options are only included in the measurement of the lease liabilities if the Group is 'reasonably certain' that it will exercise the option and the exercise price is fixed rather than variable.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into two geographic segments, Australian operations and New Zealand operations, both of which operate in the death care related services industry. The Australian and New Zealand operations include the aggregation of a number of businesses that exhibit similar long-term financial performance and economic characteristics.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'), which includes two reportable segments, being Australia and New Zealand operations. The CODM are responsible for the allocation of resources to operating segments and assessing their performance. The CODM considers Operating EBITDA to be one of the core earnings measures of the Group.

Intersegment transactions
Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2022	Australian operations $'000	New Zealand operations $'000	Total $'000
Revenue			
Sales to external customers	115,495	29,495	144,990
Other revenue (excluding interest)	240	15	255
Total revenue	115,735	29,510	145,245
Operating EBITDA	31,953	7,690	39,643
Termination fee	(15,000)	-	(15,000)
Share based payment revaluation expense	(5,407)	-	(5,407)
Fair value adjustment on termination shares	(969)	-	(969)
Acquisition and transaction costs	(1,439)	(46)	(1,485)
Net gain/(loss) on disposal of assets	157	(32)	125
Net other (expenses)/income	(196)	85	(111)
Depreciation and amortisation	(8,437)	(1,895)	(10,332)
Interest income *	1,624	39	1,663
Finance costs *	(3,468)	(1,725)	(5,193)
Net financing charge on contracts assets and contract liabilities	(839)	-	(839)
Net foreign exchange gain/(loss)	(17)	-	(17)
(Loss)/profit before income tax expense	(2,038)	4,116	2,078
Income tax expense			(2,396)
Loss after income tax expense			(318)
Assets			
Segment assets	397,258	68,468	465,726
Intersegment eliminations			(37,080)
Total assets			428,646
Liabilities			
Segment liabilities	168,984	47,979	216,963
Intersegment eliminations			(37,080)
Total liabilities			179,883

* Includes $1,577,000 interest charged on intercompany loan from the Australian operations to the New Zealand operations.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 4. Operating segments (continued)

Consolidated - 2021	Australian operations $'000	New Zealand operations $'000	Total $'000
Revenue			
Sales to external customers	97,022	23,207	120,229
Other revenue (excluding interest)	198	15	213
Total revenue	97,220	23,222	120,442
Operating EBITDA	31,557	4,726	36,283
Acquisition and transaction costs	(833)	(27)	(860)
Net loss on disposal of assets	(144)	(10)	(154)
Net other (expenses)/income	(276)	4	(272)
Depreciation and amortisation	(8,031)	(1,636)	(9,667)
Interest income *	781	40	821
Interest expense *	(3,492)	(863)	(4,355)
Net financing charge on contracts assets and contract liabilities	(1,034)	-	(1,034)
Net foreign exchange gain/(loss)	26	(1)	25
Profit before income tax expense	18,554	2,233	20,787
Income tax expense			(6,344)
Profit after income tax expense			14,443
Assets			
Segment assets	358,354	66,226	424,580
Intersegment eliminations			(37,240)
Total assets			387,340
Liabilities			
Segment liabilities	191,435	46,233	237,668
Intersegment eliminations			(37,240)
Total liabilities			200,428

* Includes $726,000 interest charged on intercompany loan from the Australian operations to the New Zealand operations.

Geographical information

	Geographical non-current assets 2022 $'000	Geographical non-current assets 2021 $'000
Australia	321,631	295,996
New Zealand	61,695	60,651
Intersegment eliminations	(37,080)	(37,240)
	346,246	319,407

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 5. Revenue

	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue from contracts with customers	144,990	120,229
Other revenue		
Rent	255	213
Revenue	145,245	120,442

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Funeral operations	127,503	104,463
Cemetery, crematoria and memorial gardens	15,396	13,744
Other trading revenue	2,091	2,022
	144,990	120,229

All revenue is recognised at a point in time. Refer to note 4 for geographical region information.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 6. Expenses

	Consolidated	
	2022 $'000	2021 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	2,038	1,872
Improvements	491	449
Plant and equipment	2,327	2,228
Motor vehicles	1,683	1,665
Total depreciation - property, plant and equipment (note 12)	6,539	6,214
Building right-of-use assets	3,444	3,066
Plant and equipment right-of-use assets	328	368
Motor vehicles right-of-use assets	21	19
Total depreciation - right-of-use assets (note 13)	3,793	3,453
Total depreciation expense	10,332	9,667
Non-operating expenses		
Termination fee *	15,000	-
Share based payment revaluation expense *	5,407	-
Fair value adjustment on termination shares *	969	-
Acquisition costs (note 28)	1,105	258
Other transaction costs *	380	602
Total non-operating expenses	22,861	860
Interest expense		
Interest and finance charges paid/payable on borrowings	2,562	2,558
Interest and finance charges paid/payable on lease liabilities (AASB 16)	1,054	1,071
Total interest expense	3,616	3,629
Employee costs		
Employee costs excluding government subsidies and superannuation expense	45,613	36,790
Employee costs reclassed to other costs	(810)	(98)
Australia government wage subsidies (JobKeeper) **	-	(2,235)
New Zealand government subsidies **	(582)	(191)
Payroll tax waivers	-	(70)
Defined contribution superannuation expense	2,754	2,280
Total employee costs	46,975	36,476

* These expenses are in connection with the internalisation of senior management functions of the Company (‘Management Internalisation’). Refer to note 26 for further information.

** During the financial year ended 30 June 2022, certain entities within the group received subsidies from the New Zealand government relating to COVID-19 which totalled $582,000 (30 June 2021: net impact (gross amount less top up payments to casual employees) of $2,184,000, relating to JobKeeper payments from the Australian government and subsidies from the New Zealand government).

Notes to the Financial Statements

for the year ended 30 June 2022

Note 7. Contract assets and liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Contract assets		
– pre-paid contracts	53,113	46,100
Contract liabilities		
– pre-paid contracts	57,881	50,417
– monument works	1,715	1,507
	59,596	51,924

Pre-paid contracts
The Group recognises contract assets and contract liabilities in relation to pre-paid funerals and other products and services where the customer pays for those products and services in advance. Funds held in connection with pre-paid contracts are largely held with third party friendly societies who invest the funds in cash and fixed interest products (more than 90% of funds held) and other asset classes (less than 10% of funds held).

Profit or loss impacts and movements in contract assets and contract liabilities in relation to the pre-paid contracts are set out below:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Profit or loss impact of undelivered contract assets and contract liabilities - pre-paid contracts		
Investment income on contracts assets	552	263
Finance charge on contracts liabilities	(1,391)	(1,297)
Net financing charge on contract assets and contract liabilities - pre-paid contracts	(839)	(1,034)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Movements in contract assets - pre-paid contracts		
Opening balance	46,100	47,495
Sales of new contract assets	2,312	2,844
Redemption of contract assets following service delivery	(4,968)	(4,815)
Increase due to business combinations (note 28)	9,117	313
Increase due to investments returns	552	263
Closing balance	53,113	46,100

	Consolidated 2022 $'000	Consolidated 2021 $'000
Contract assets expected to be realised within one year	5,439	4,688
Contract assets expected to be realised after one year	47,674	41,412
Total contract assets - pre-paid contracts	53,113	46,100

Notes to the Financial Statements

for the year ended 30 June 2022

Note 7. Contract assets and liabilities (continued)

	Consolidated	
	2022	2021
	$'000	$'000
Movements in contract liabilities - pre-paid contracts		
Opening balance	50,417	51,031
Sales of new contract liabilities	2,312	2,844
Decrease following delivery of services	(5,356)	(5,068)
Increase due to business combinations (note 28)	9,117	313
Increase due to finance charge applied in accordance with AASB 15	1,391	1,297
Closing balance	57,881	50,417

	Consolidated	
	2022	2021
	$'000	$'000
Contract liabilities expected to be realised within one year	6,005	5,214
Contract liabilities expected to be realised after one year	51,876	45,203
Total contract liabilities - pre-paid contracts	57,881	50,417

All contract asset and contract liability amounts have been treated as current because the asset and the liability originate from the same prepaid contract. The contract liability is recognised as a current liability as the Group does not have an unconditional right to defer settlement of the liability. Accordingly, because the liability is classified as current, the associated contract asset balance is also classified as current.

The asset and liability have been split between amounts ‘expected to be realised within one year’ and ‘amounts expected to be realised after one year’ based on historical trends.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8. Income tax

	Consolidated 2022 $'000	Consolidated 2021 $'000
Income tax expense		
Current tax	6,301	5,601
Deferred tax - origination/(reversal) of temporary differences	(3,905)	866
New Zealand deferred tax restatement	-	(123)
Aggregate income tax expense	2,396	6,344
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(4,356)	215
Increase in deferred tax liabilities	451	651
Deferred tax - origination/(reversal) of temporary differences	(3,905)	866
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,078	20,787
Tax at the statutory tax rate of 30%	623	6,236
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Net financing charge on contract assets and liabilities	122	199
Entertainment expenses	46	29
Acquisition costs	52	27
Share based payment in connection with the Management Internalisation	1,622	-
Other non-allowable/(non-assessable) items	13	21
	2,478	6,512
Difference in overseas tax rates	(82)	(45)
New Zealand deferred tax restatement	-	(123)
Income tax expense	2,396	6,344

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8. Income tax (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	293	311
Employee benefits	2,728	1,723
Accrued expenses	45	42
Termination fee in connection with the Management Internalisation	3,833	151
Transaction costs	324	-
Deductible contingent consideration payments	-	233
Net movement of lease balances (AASB 16)	735	656
Prepayments	(10)	(6)
	7,948	3,110
Amounts recognised in equity:		
Transaction costs on share issue	373	282
Derivative financial instruments	-	78
	373	360
Deferred tax asset	8,321	3,470
Movements:		
Opening balance	3,470	3,607
Credited/(charged) to profit or loss	4,356	(215)
Credited/(charged) to equity	389	(43)
Additions through business combinations (note 28)	107	60
Other adjustments	(1)	61
Closing balance	8,321	3,470

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8. Income tax (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	9,420	8,716
Amounts recognised in equity:		
Derivative financial instruments	3	-
Deferred tax liability	9,423	8,716
Movements:		
Opening balance	8,716	8,069
Charged to profit or loss	451	651
Charged to equity	3	-
Additions through business combinations (note 28)	262	157
Other adjustments	(9)	(38)
New Zealand deferred tax restatement	-	(123)
Closing balance	9,423	8,716

Note 9. Cash and cash equivalents

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Cash on hand	20	16
Cash at bank	7,849	7,480
	7,869	7,496

Note 10. Trade and other receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Trade receivables - customer contracts	7,783	5,900
Other receivables	160	95
Less: Allowance for expected credit losses	(987)	(1,049)
	6,956	4,946

Allowance for expected credit losses
The Group has recognised an expense relating to the allowance for expected credit losses of $39,000 (2021: recognition of a reversal of allowance for expected credit losses of $40,000) in profit or loss for the year ended 30 June 2022.

Notes to the Financial Statements
for the year ended 30 June 2022

Note 10. Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022	2021	2022	2021	2022	2021
Consolidated	%	%	$'000	$'000	$'000	$'000
Not overdue	4%	8%	5,028	3,683	194	295
0 to 3 months overdue	5%	9%	1,518	998	82	92
3 to 6 months overdue	24%	25%	399	370	95	94
Over 6 months overdue	61%	60%	998	944	616	568
			7,943	5,995	987	1,049

The Group continues to monitor its debt recovery and the allowance for expected credit losses assessment has improved due to lower than expected impacts of COVID-19.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2022	2021
	$'000	$'000
Opening balance	1,049	1,149
Loss allowance recognised/(released) during the year	39	(40)
Receivables written off during the year as uncollectable	(80)	(135)
Additions through business combinations (note 28)	6	71
Movement in acquired provisions	(33)	5
Movements in exchange rates	6	(1)
Closing balance	987	1,049

Note 11. Inventories

	Consolidated	
	2022	2021
	$'000	$'000
Current assets		
Work in progress - at cost	139	166
Finished goods - at cost	4,093	4,237
Less: Provision for inventory obsolescence	(36)	(14)
	4,196	4,389

Notes to the Financial Statements

for the year ended 30 June 2022

Note 12. Property, plant and equipment

	Consolidated 2022 $'000	2021 $'000
Non-current assets		
Land - at cost	56,696	50,275
Buildings - at cost	83,340	77,960
Less: Accumulated depreciation	(8,474)	(6,509)
	74,866	71,451
Improvements - at cost	10,478	9,504
Less: Accumulated depreciation	(1,675)	(1,208)
	8,803	8,296
Plant and equipment - at cost	23,055	19,148
Less: Accumulated depreciation	(9,070)	(6,931)
	13,985	12,217
Motor vehicles - at cost	16,181	14,270
Less: Accumulated depreciation	(7,052)	(6,042)
	9,129	8,228
Construction in progress - at cost	5,080	2,295
	168,559	152,762

Notes to the Financial Statements

for the year ended 30 June 2022

Note 12. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land $'000	Buildings $'000	Improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Balance at 1 July 2020	39,328	63,516	5,788	11,352	7,997	1,337	129,318
Additions	1,064	9	243	1,230	734	5,491	8,771
Additions through business combinations (note 28)	8,231	7,155	189	689	995	625	17,884
Disposals	-	(29)	(48)	(82)	(180)	-	(339)
Exchange differences	(16)	(8)	(4)	(7)	(14)	(6)	(55)
Transfer from right-of-use assets (note 13)	1,317	2,080	-	-	-	-	3,397
Transfers in/(out)	351	600	2,577	1,263	361	(5,152)	-
Depreciation expense (note 6)	-	(1,872)	(449)	(2,228)	(1,665)	-	(6,214)
Balance at 30 June 2021	50,275	71,451	8,296	12,217	8,228	2,295	152,762
Additions	1,012	1,675	419	1,710	998	8,029	13,843
Additions through business combinations (note 28)	6,150	2,338	40	972	1,061	5	10,566
Disposals	(218)	(280)	(32)	(144)	(358)	-	(1,032)
Exchange differences	(534)	(351)	(29)	(39)	(2)	(86)	(1,041)
Transfers in/(out)	11	2,071	600	1,596	885	(5,163)	-
Depreciation expense (note 6)	-	(2,038)	(491)	(2,327)	(1,683)	-	(6,539)
Balance at 30 June 2022	56,696	74,866	8,803	13,985	9,129	5,080	168,559

Note 13. Right-of-use assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Land and buildings - right-of-use	43,669	39,691
Less: Accumulated depreciation	(8,475)	(5,595)
	35,194	34,096
Plant and equipment - right-of-use	1,014	1,268
Less: Accumulated depreciation	(511)	(613)
	503	655
Motor vehicles - right-of-use	62	59
Less: Accumulated depreciation	(53)	(33)
	9	26
	35,706	34,777

Notes to the Financial Statements

for the year ended 30 June 2022

Note 13. Right-of-use assets (continued)

Right-of-use assets are tested for impairment whenever events or changes in circumstances indicates that their carrying amounts may not be recoverable. For impairment testing, the right-of-use assets have been allocated to the regional CGUs. Refer to note 14 for further information on the impairment testing key assumptions and sensitivity analysis.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2020	38,121	954	45	39,120
Additions	563	62	-	625
Lease modifications	839	7	-	846
Additions through business combinations (note 28)	1,069	-	-	1,069
Early terminations	(33)	-	-	(33)
Transfers to property, plant and equipment - purchase option executed (note 12)	(3,397)	-	-	(3,397)
Depreciation expense (note 6)	(3,066)	(368)	(19)	(3,453)
Balance at 30 June 2021	34,096	655	26	34,777
Additions	425	165	-	590
Additions through business combinations (note 28)	4,286	53	-	4,339
Lease reassessment and rent increases	489	-	4	493
Early terminations	(418)	(33)	-	(451)
Exchange differences	(240)	(9)	-	(249)
Depreciation expense (note 6)	(3,444)	(328)	(21)	(3,793)
Balance at 30 June 2022	35,194	503	9	35,706

For other right-of-use related disclosures, refer to the following:
- note 6 for details of depreciation on right-of-assets and interest on lease liabilities;
- note 17 for lease liabilities at 30 June 2022;
- note 21 for undiscounted future lease commitments; and
- statement of cash flows for repayment of lease liabilities.

Note 14. Goodwill

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Goodwill - at cost	141,765	131,687

Notes to the Financial Statements

for the year ended 30 June 2022

Note 14. Goodwill (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000
Balance at 1 July 2020	123,230
Additions through business combinations (note 28)	8,375
Adjustments for prior year business combinations	210
Exchange differences	(128)
Balance at 30 June 2021	131,687
Additions through business combinations (note 28)	10,813
Adjustments for prior year business combinations	5
Exchange differences	(740)
Balance at 30 June 2022	141,765

Goodwill acquired through business combinations has been allocated to CGUs on a regional level, which is consistent with reporting and monitoring for management purposes. The CGUs identified for the year ended 30 June 2022 are as follows:
- New South Wales (NSW)
- Queensland (QLD)
- Victoria (VIC)
- Tasmania (TAS)
- South Australia (SA)
- Western Australia (WA)
- Australian Capital Territory (ACT)
- New Zealand (NZ)

Goodwill is specific to each CGU and is allocated as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
NSW	19,625	19,625
QLD	39,154	39,149
VIC	19,847	19,156
TAS	13,645	13,645
SA	9,337	899
WA	11,287	11,052
ACT	6,484	6,484
NZ	22,386	21,677
	141,765	131,687

Impairment testing
The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a 5 year discounted cash flow model. The Board approved budgeted cashflows have been used for the first year and then extrapolated for a further 4 years using steady rates, together with a terminal value. Budgeted cash flows have been based on past performance and expectations for the future.

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive are as follows:
- discount rate; and
- growth rates.

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for the year ended 30 June 2022

Note 14. Goodwill (continued)

The key assumptions, including the pre-tax discount rate which was 8.5% (30 June 2021: 8.5%), used for assessing the carrying value of goodwill of each CGU reflect the risk estimates for the business as a whole.

Growth rates of 4.0% (30 June 2021: 4.0%) for revenue, 3.25% (30 June 2021: 3.0%) for cost of sales and goods and 2.0% (30 June 2021: 1.9%) for operating expenses and overheads have been adopted. These growth rates are in line with long-term trends and broadly consistent with forecasts prepared by market analysts.

Based on the above, the Group's recoverable amount exceeded the Group's carrying amount. Given this, no impairment was recognised.

Sensitivity
As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Sensitivity analysis has been performed by adjusting underlying assumptions by 10.0%. The analysis indicated that material headroom exists in the value-in-use calculations for each CGU.

Note 15. Trade and other payables

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Trade payables	4,395	2,322
Deposits	790	653
Accrued expenses	3,248	2,579
GST payable	836	764
Other payables	1,522	1,396
	10,791	7,714

Refer to note 21 for further information on financial risk management.

Note 16. Borrowings

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Bank Loans	14,807	9,944
Hire purchases	91	124
	14,898	10,068
Non-current liabilities		
Bank Loans	32,857	76,600
Hire purchases	47	139
	32,904	76,739
	47,802	86,807
Senior Debt	48,123	86,523
Less: loan establishment costs	(459)	(212)
Equipment loans	-	233
Total Bank Loans	47,664	86,544

Notes to the Financial Statements

for the year ended 30 June 2022

Note 16. Borrowings (continued)

Refer to note 21 for further information on financial risk management.

Bank Loans
As at the reporting date, the Group was party to the following debt facilities with Westpac Banking Corporation ('Financier'):

- $185,000,000 senior debt facility which matures in October 2024; and
- $15,000,000 working capital facility which matures in October 2024 and is required to be cleaned down annually,

resulting in total debt facilities of $200,000,000 (together, 'Senior Debt'), of which $48,123,000 was drawn as at 30 June 2022 (30 June 2021: $86,523,000). The net debt position (i.e. drawn Senior Debt less cash and cash equivalents of $7,869,000) was $40,254,000 as at 30 June 2022 (30 June 2021: $79,027,000).

In connection with the Senior Debt, the Company and its subsidiaries have granted a charge in favour of the Financier over all its assets and guaranteed the payment of the secured monies.

In the prior year the Group was party to separate equipment loans relating to motor vehicles (Senior Debt and equipment loans, together 'Bank Loans').

Hire purchase
The Group is also party to hire purchase agreements in connection with motor vehicles and are secured as the rights to the leased assets, recognised in the statement of financial position and revert to the lessor in the event of default.

Financing arrangements
As at the reporting date, the Group had access to the following funding sources:

	Consolidated	
	2022 $'000	2021 $'000
Total Senior Debt facilities	200,000	150,000
Used at the reporting date	(48,123)	(86,523)
Unused at the reporting date	151,877	63,477

The financial covenant ratios applicable to the Senior Debt are tested biannually and calculated on a 12 month rolling basis and, as at 30 June 2022, were as follows:

- net leverage ratio which must be no greater than 3.5x; and
- a fixed charge cover ratio which must be greater than 1.75x.

Both covenant ratios were satisfied as at 30 June 2022, being 0.8x (30 June 2021: 2.2x) and 5.7x (30 June 2021: 5.4x) respectively.

Note 17. Lease liabilities

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Lease liability	8,915	8,674
Non-current liabilities		
Lease liability	28,983	27,994
	37,898	36,668

Note 17. Lease liabilities (continued)

In connection with the acquisition of the business and assets of Eagars Funerals ('Eagars') (note 28), the Group entered into an 18-month option agreement to acquire freehold property subject to approval of a boundary adjustment subdivision. Given uncertainty of the timing of the subdivision, the option has not been accounted for under AASB 16 Leases.

Refer to note 13 for further information on right-of-use assets.

Refer to note 21 for further information on financial risk management.

Note 18. Provisions

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Employee benefits	7,350	4,930
Contingent consideration (note 22)	1,472	839
Lease make good	76	39
	8,898	5,808
Non-current liabilities		
Employee benefits	1,409	485
Contingent consideration (note 22)	2,616	961
Lease make good	228	280
Perpetual maintenance care provision	258	223
	4,511	1,949
	13,409	7,757

Lease make good
The provision represents the present value of the estimated cost to make good premises leased by the Group at the end of the respective lease terms.

Perpetual maintenance care provision
The provision represents the estimated perpetual maintenance care of the Group's cemeteries and memorial sites.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2022	Lease make good $'000	Perpetual maintenance care $'000
Carrying amount at the start of the year	319	223
Additional provisions recognised	8	35
Additions through business combinations (note 28)	15	-
Unused amounts reversed	(10)	-
Movements due to change in discount rate	(28)	-
Carrying amount at the end of the year	304	258

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Note 19. Issued capital

	Consolidated			
	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares - fully paid	117,895,750	99,946,016	280,237	203,418

Movements in ordinary share capital

Details	Date	Shares	Issue price/ fair value	$'000
Balance	1 July 2020	98,735,427		200,903
Issue of new shares in connection with business combinations (note 28)	2 November 2020	1,210,589	$2.08	2,515
Balance	30 June 2021	99,946,016		203,418
Shares issued - termination fee (note 26)	26 July 2021	2,307,692	$3.67	8,469
Share based payment revaluation (note 26)	26 July 2021			5,407
Shares issued - business combinations (note 28)	1 October 2021	52,546	$3.13	165
Shares issued - placement (net of transaction costs and tax	25 October 2021	12,245,122	$4.10	49,115
Shares issued - share purchase plan (net of transactions costs and tax)	23 November 2021	3,344,374	$4.10	13,663
Balance	30 June 2022	117,895,750		280,237

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may raise further debt, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets.

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for the year ended 30 June 2022

Note 20. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Final dividend for the year ended 30 June 2021 of 5.75 cents (30 June 2020: 6.0 cents) per ordinary share	5,880	5,924
Interim dividend for the year ended 30 June 2022 of 6.0 cents (30 June 2021: 6.0 cents) per ordinary share	7,074	5,997
	12,954	11,921

Dividends not recognised at year end
In addition to the above dividends and since the reporting date, the directors declared a fully franked dividend of 6.25 cents per ordinary share on 24 August 2022. The dividend will be paid on 4 October 2022. This equates to a total estimated distribution of $7,368,000. The financial effect of the dividend declared after the reporting date is not reflected in the 30 June 2022 financial statements and will be recognised in the subsequent financial period.

Franking credits

	Consolidated 2022 $'000	Consolidated 2021 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	16,185	15,687

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the:
- payment of the amount of the provision for income tax at the reporting date;
- payment of dividends recognised as a liability at the reporting date;
- receipt of dividends recognised as receivables at the reporting date; and
- franking credits acquired through business combinations.

Note 21. Financial risk management

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use interest rate swaps to partially hedge its exposure to the interest rate risk associated with its net debt. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

Strategic risk management is carried out by the Board. The Audit and Risk Committee is responsible for operational and financial risk management. Matters addressed by the Audit and Risk Committee include, but are not limited to, identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. During the year ended 30 June 2022, senior executives of the Group:
- identified, evaluated and hedged (where relevant) financial and operational risks within the Group's operating units; and
- conferred with the Board no less than four times a year regarding the financial and operational performance of the Group and strategic risk management matters.

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Note 21. Financial risk management (continued)

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from recognised financial assets and financial liabilities that are denominated in a currency that is not the Group's functional currency, the Australian dollar. The foreign exchange exposure relates to the investments in controlled entities in New Zealand. However, the Group is not exposed to significant foreign currency risk.

Price risk
The Group is the ultimate beneficiary of the funds invested in various friendly societies and prepaid contract trusts, as described in note 2 and note 7. The majority of the funds are held in cash and fixed interest investments which have minimal price risk associated with the investment.

Interest rate risk
The Group's main interest rate risk arises from borrowings, cash at bank and contract assets. Borrowings, cash at bank and contract assets with variable interest rates expose the Group to interest rate risk. Borrowings and cash at bank obtained at fixed rates expose the Group to fair value interest rate risk.

The Group’s interest rate risk target is to maintain a hedging level of approximately 40% of the net debt in connection with the Senior Debt (excluding the working capital facility) at any given reporting date. However, the Board may elect to increase or reduce the hedging level having regard to, among other things, the quantum of drawn debt and the historical and forecast interest rate environment at a particular point in time.

The Group may use interest rate swaps to partially hedge its exposure to the interest rate risk associated with its net debt.

As at the reporting date, the Group had the following variable rates on borrowings, cash at bank and contract assets and interest rate swap contract outstanding (an analysis by maturities is provided in the liquidity risk section of this note):

	2022		2021	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash at bank	0.42%	7,849	0.28%	7,480
Contract assets	0.75%	53,113	0.75%	46,100
Senior Debt *	2.41%	(48,123)	2.29%	(86,523)
Net exposure to cash flow interest rate risk		12,839		(32,943)

* The weighted average interest rate includes the interest rate swap and establishment fees.

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 (2021: 50) basis points would have a favourable/(unfavourable) effect on profit before tax of $128,000/($128,000) (2021: (unfavourable)/favourable effect of ($165,000)/$165,000) and favourable/(unfavourable) effect on equity of $90,000/($90,000) (2021: (unfavourable)/favourable ($115,000)/$115,000 per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst forecasts.

Effects of hedge accounting on the financial position and performance
The effects of the interest rate swap on the Group’s financial position and performance are as follows:

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Note 21. Financial risk management (continued)

Interest rate swaps	2022 $'000	2021 $'000
Carrying amount of asset / (liability)	10	(260)
Notional amount	25,000	25,000
Maturity date	August 2022	August 2022
Hedge ratio*	1:1	1:1
Change in fair value of hedging instrument since 1 July	270	(145)
Weighted average hedged fixed interest rate payable	0.94%	0.94%
Weighted average hedged variable interest rate receivable	0.22%	0.10%

* The interest rate swap is denominated in the same currency as the underlying debt and all the critical terms match. Therefore, the hedge ratio is 1:1.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognise financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Credit risk in relation to customers is highly dispersed and without concentration on any particular customer, region or segment. In respect of funeral services, in most cases the Group collects deposits at the time the service is arranged. Cemetery and memorial products are generally not delivered prior to the receipt of all of the amounts due.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on historical collection rates and available forward-looking information.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2022 $'000	2021 $'000
Senior Debt (note 16)	151,877	63,477

The key terms and covenants relating to the Senior Debt financing arrangements are disclosed in note 16.

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Note 21. Financial risk management (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	4,395	-	-	-	4,395
Other payables	4,506	-	-	-	4,506
Contingent consideration	1,472	1,683	1,063	-	4,218
Interest-bearing					
Bank Loans	16,160	1,160	33,514	-	50,834
Hire purchase	96	43	5	-	144
Lease liability	4,102	3,520	9,587	21,710	38,919
Total non-derivatives	30,731	6,406	44,169	21,710	103,016
Derivatives					
Interest rate swaps net settled	(10)	-	-	-	(10)
Total derivatives	(10)	-	-	-	(10)

Consolidated - 2021	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	2,322	-	-	-	2,322
Other payables	3,769	-	-	-	3,769
Contingent consideration	839	579	423	-	1,841
Interest-bearing					
Bank Loans	12,043	58,805	18,713	-	89,561
Hire purchase	137	96	48	-	281
Lease liability	3,943	3,424	8,480	21,964	37,811
Total non-derivatives	23,053	62,904	27,664	21,964	135,585
Derivatives					
Interest rate swaps net settled	-	260	-	-	260
Total derivatives	-	260	-	-	260

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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Note 22. Fair value measurement

Fair value hierarchy
This section outlines the valuation techniques used to measure fair value of financial instruments which maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Current assets				
Derivative financial instruments *	-	10	-	10
Total assets	-	10	-	10
Liabilities				
Current				
Contingent consideration	-	-	1,472	1,472
Non-current				
Contingent consideration	-	-	2,616	2,616
Total liabilities	-	-	4,088	4,088

Consolidated - 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Current				
Contingent consideration	-	-	839	839
Non-current				
Derivative financial instruments *	-	260	-	260
Contingent consideration	-	-	961	961
Total liabilities	-	260	1,800	2,060

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

* Relate to interest rate swap contracts in connection with the cash flow hedges.

Interest rate swap
The Group's interest rate risk target is to maintain a hedging level of approximately 40% of the net debt in connection with the Senior Debt (excluding the working capital facility) at any given reporting date. However, the Board may elect to increase or reduce the hedging level having regard to, among other things, the quantum of drawn debt and the historical and forecast interest rate environment at a particular point in time.

The Group entered into an interest rate swap ('Hedging Instrument') to partially hedge its exposure to the interest rate risk associated with its net debt in connection with the Bank Loans. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. The derivative has similar critical terms as the hedged item, such as reference date, reset date, payment dates, maturity, and notional amount. As all critical terms matched during the year, the economic relationship was 100% effective. There was no recognised ineffectiveness during the year in relation to the interest rate swap.

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Note 22. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3
Due to the nature of contingent consideration, it has been categorised as Level 3.

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of contingent consideration is calculated on the expected future cash outflows. The contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the Group incremental borrowing rate.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration $'000
Balance at 1 July 2020	1,229
Payments made (note 28)	(680)
Additions through business combinations (note 28)	1,229
Movement due to changes in discount rate	37
Foreign exchange difference	(15)
Balance at 30 June 2021	1,800
Payments made (note 28)	(471)
Additions through business combinations (note 28)	2,780
Movement due to changes in discount rate	52
Foreign exchange difference	(73)
Balance at 30 June 2022	4,088

Fair value movements are recognised in the statement of profit or loss as movements in interest expense. Fair value movements for the period in relation to revaluation of contingent consideration amounted to $52,000 (30 June 2021: $37,000). A stress test of 50 basis points was conducted and found to have an immaterial impact.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the Company:

	Consolidated 2022 $	Consolidated 2021 $
Audit services - Nexia Sydney		
Audit or review of the financial statements	230,388	198,267
Other services - Nexia Sydney		
Taxation services	11,200	18,475
Consulting services	930	9,000
	12,130	27,475
	242,518	225,742

Notes to the Financial Statements
for the year ended 30 June 2022

Note 24. Contingent liabilities

The Group had bank guarantees of $1,276,000 as at 30 June 2022 (30 June 2021: $1,183,000) in relation to premises the Group leases.

The directors are not aware of any other contingent liabilities that existed as at the reporting date or on the date of approval of these financial statements (30 June 2021: Nil).

Note 25. Commitments

	Consolidated	
	2022 $'000	2021 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	5,169	2,088

Note 26. Related party transactions

Parent entity
Propel Funeral Partners Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel ('KMP') are set out in note 27 and in the Remuneration Report included in the directors' report.

Transactions with related parties
Prior to 26 July 2021, the Company was externally managed by Propel Investments Pty Limited (ACN: 117 536 357) ('former Manager') pursuant to a management agreement dated 17 November 2017 (as amended) ('Management Agreement'). The former Manager is an entity associated with Albin Kurti, Fraser Henderson and Peter Dowding (directors of the Company).

On 26 July 2021, the Company completed the internalisation of senior management functions of Propel, which involved, among other things:
- the assignment and termination of the Management Agreement and the payment of a $15,000,000 termination fee to the former Manager, settled 50% in cash and 50% in Propel shares;
- three senior executives becoming employees of the Group;
- the transfer of intellectual property from the former Manager, its officers and employees to the Group;
- changes to the Company's constitution;
- a modification of the voluntary escrow arrangements relating to 14,732,667 shares ('Escrowed Shares'), so that:
  - ~50% of the Escrowed Shares will be released from voluntary escrow following the release of the Group's audited FY22* financial results; and
  - ~50% of the Escrowed Shares will be released from voluntary escrow following the release of the Group's audited FY25* financial results; and
- the Company no longer paying fees to the former Manager, including potential uncapped performance fees, ('Management Internalisation').

* Instead of a release from escrow in November 2027.

During the period 1 July 2021 to 25 July 2021 (i.e. prior to the completion of the Management Internalisation), an administration fee of $17,007, exclusive of GST, was paid to the former Manager in connection with the Management Agreement.

Receivable from and payable to related parties
There were no trade receivables from, or trade payables to, related parties at the current and previous reporting date.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 26. Related party transactions (continued)

Loans to/from related parties
There were no loans to, or from, related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Key management personnel disclosures

KMP are defined as those having authority and responsibility for planning, directing and controlling the activities of the Group, which includes the directors of the Company. The Board however does not manage the day-to-day activities of the Group.

As disclosed in note 26, from the date of the Management Internalisation (i.e. 26 July 2021), three officers and employees of the former Manager became employees of the Group and the remuneration of the executives in respect of FY22 is included in the disclosure below. Prior to the Management Internalisation, the former Manager provided the services that would ordinarily be performed by senior executives such as managing the day to day operations of the Group and therefore prior to 26 July 2021, other than the non-executive directors, there were no other KMP paid by the Company.

The aggregate compensation in respect of the KMP is set out below:

	Consolidated	
	2022 $	2021 $
Short-term employee benefits	2,711,458	180,340
Post-employment benefits (superannuation)	98,169	17,132
Long-term benefits - long service leave	7,840	-
Long-term benefits - long-term incentive	962,500	-
	3,779,967	197,472

Note 28. Business combinations

State of Grace
On 15 September 2021, the Group acquired the business and assets relating to State of Grace Limited ('State of Grace'), which provides funeral directing services from two locations in Auckland, New Zealand.

Berry Funeral Directors
On 1 October 2021, the Group acquired 100% of the issued share capital of Charles Berry & Son Pty. Ltd, Edinburgh Investments Pty. Ltd. and associated assets and a freehold property ('Berry Funeral Directors'), which provides funeral directing services from one location in Norwood, South Australia. Consideration of $14,034,000 was paid on settlement, which consisted of $13,869,000 in cash and 52,546 ordinary shares in Propel (recognised at a fair value of $165,000 given the escrow arrangements) and a further amount of $1,716,000 (present value) will be paid if certain financial thresholds are achieved, representing total consideration of up to $15,750,000.

Glenelg Funerals
On 1 December 2021, the Group acquired the business and assets relating to Glenelg Funerals ('Glenelg'), which provides funeral directing services from one location in Glenelg, South Australia.

Eagars
On 1 December 2021, the Group acquired the business and assets relating to Eagars, which provides funeral directing services from one location in Plymouth, New Zealand. In connection with the acquisition, the Group entered into an 18-month option agreement to acquire freehold property subject to approval of a boundary adjustment subdivision.

Carol & Terry Crawford Funerals
On 11 February 2022, the Group acquired the business, assets and a freehold property relating to Carol & Terry Crawford Funerals ('Crawford'), which provides funeral directing services from two locations in Geelong, Victoria.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 28. Business combinations (continued)

McKee Family Funerals
On 1 March 2022, the Group acquired the business and assets relating to McKee Family Funerals ('McKee'), which provides funeral directing services in Perth, Western Australia.

Details of the purchase consideration, the net assets acquired and goodwill for the acquisitions of State of Grace, Glenelg, Eagars, Crawford and McKee ('Other Acquisitions') are disclosed, in aggregate, below.

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Berry Funeral Directors Fair value $'000	Other Acquisitions Fair value $'000	Total $'000
Assets:			
Cash and cash equivalents	351	-	351
Contract assets	3,920	5,197	9,117
Trade and other receivables *	320	7	327
Other current assets	126	220	346
Property, plant and equipment	7,862	2,704	10,566
Right-of-use assets	683	3,656	4,339
Deferred tax asset	95	12	107
Liabilities:			
Contract liabilities	(3,920)	(5,197)	(9,117)
Trade and other payables	(575)	(23)	(598)
Provisions	(322)	(89)	(411)
Lease liabilities	(668)	(3,656)	(4,324)
Current tax liabilities	(5)	-	(5)
Deferred tax liabilities	(92)	(170)	(262)
Other liabilities	(15)	-	(15)
Net assets acquired	7,760	2,661	10,421
Goodwill	7,990	2,823	10,813
Acquisition-date fair value of the total consideration transferred	15,750	5,484	21,234
Representing:			
Cash paid or payable to vendor	13,869	4,420	18,289
Propel Funeral Partners Limited shares issued to vendor	165	-	165
Contingent consideration (discounted)	1,716	1,064	2,780
	15,750	5,484	21,234
Cash used to acquire businesses, net of cash acquired per statement of cash flows:			
Cash paid to vendors	13,869	4,420	18,289
Less: cash and cash equivalents	(351)	-	(351)
Net cash used	13,518	4,420	17,938

* The fair value of acquired trade receivables was $327,000. The gross contractual amount for trade receivables due was $333,000, with a loss allowance of $6,000.

Goodwill recognised is attributable to the locations and the profitability of the acquired businesses and will not be deductible for tax purposes. Total acquisition costs (including stamp duty) expensed to profit and loss was $1,105,000. The acquisition accounting was provisional as at 30 June 2022.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 28. Business combinations (continued)

	Consolidated 2022 $'000
Payment for purchase of business, net of cash acquired per cash flow statement	
Net cash used for the Berry Funeral Directors acquisition	13,518
Net cash used for the other acquisitions	4,420
Acquisition costs	1,105
Contingent consideration payments (note 22)	471
Net cash used	19,514

	Berry Funeral Directors $'000	Other Acquisitions $'000	Total $'000
Revenue generated from acquisition date to 30 June 2022	5,560	4,009	9,569
Net profit after tax from acquisition date to 30 June 2022	979	411	1,389

If the six acquisitions had completed on 1 July 2021, it is estimated that the Group's revenue and net profit after tax for the year would have been approximately $150,375,000 and approximately $411,000 respectively.

Note 29. Interests in subsidiaries

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
PFP Finance Pty Ltd	Australia	100.0%	100.0%
PFP Midco Pty Ltd	Australia	100.0%	100.0%
FV (TAS) Pty Ltd	Australia	100.0%	100.0%
Millingtons Cemetery Services Pty Ltd	Australia	100.0%	100.0%
Millingtons Funeral Services Pty Ltd	Australia	100.0%	100.0%
Devonport Funeral Services Pty Ltd	Australia	100.0%	100.0%
Phillip Stephens Funeral Services Pty Ltd	Australia	100.0%	100.0%
FV (QLD) Pty Limited	Australia	100.0%	100.0%
South Burnett Funerals & Crematorium Pty Ltd	Australia	100.0%	100.0%
Gympie Funeral Services Pty Limited	Australia	100.0%	100.0%
Leslie G Ross Funeral Services Pty Limited	Australia	100.0%	100.0%
Premier Funeral Group Pty Ltd	Australia	100.0%	100.0%
Integrity Funeral Services Pty. Limited	Australia	100.0%	100.0%
FV (NSW) Pty Limited	Australia	100.0%	100.0%
Coonamble Funeral Services Pty Limited	Australia	100.0%	100.0%
Riverina Funeral Services Pty Ltd	Australia	100.0%	100.0%
WT Howard Funeral Services Pty Ltd	Australia	100.0%	100.0%
Tamworth & Gunnedah Funeral Services Pty. Ltd.	Australia	100.0%	100.0%
Meadow Funeral Group Pty Ltd	Australia	100.0%	100.0%
FV (VIC) Pty Ltd	Australia	100.0%	100.0%
Quinn Funeral Services Pty Ltd	Australia	100.0%	100.0%
Hall Funeral Services Pty Ltd	Australia	100.0%	100.0%
Handley Funerals Pty Ltd	Australia	100.0%	100.0%
Latrobe Valley Funeral Services Pty Ltd	Australia	100.0%	100.0%
F.W. Barnes Funeral Services Pty Ltd	Australia	100.0%	100.0%
Mildura Funeral Services Pty Ltd	Australia	100.0%	100.0%

Notes to the Financial Statements
for the year ended 30 June 2022

Note 29. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
FV (SA) Pty Ltd	Australia	100.0%	100.0%
Eyre Peninsula Funeral Services Pty. Ltd.	Australia	100.0%	100.0%
FV (WA) Pty Ltd	Australia	100.0%	100.0%
PFP (NZ) Limited	New Zealand	100.0%	100.0%
Far North Funeral Services Limited	New Zealand	100.0%	100.0%
Far North Memorial Gardens Limited	New Zealand	99.9%	99.9%
Davis Services Group Limited	New Zealand	100.0%	100.0%
Davis Funeral Services Limited	New Zealand	100.0%	100.0%
Morris & Morris Limited	New Zealand	100.0%	100.0%
Maunu Crematorium Limited	New Zealand	100.0%	100.0%
Funerals Made Simple Limited	New Zealand	100.0%	100.0%
RTS Limited	New Zealand	100.0%	100.0%
FPT Pty Limited	Australia	100.0%	100.0%
The Australian Funeral Properties Unit Trust	Australia	100.0%	100.0%
FPT (NZ) Pty Ltd	Australia	100.0%	100.0%
The New Zealand Funeral Properties Unit Trust	Australia	100.0%	100.0%
Traction Media Agency Limited	New Zealand	100.0%	100.0%
Erceg McIntyre Pty Ltd	Australia	100.0%	100.0%
FV (ACT) Pty Ltd	Australia	100.0%	100.0%
Norwood Park Pty Limited	Australia	100.0%	100.0%
PFP Corporate Services Pty Ltd	Australia	100.0%	100.0%
Newhaven Funerals (North Queensland) Pty Ltd	Australia	100.0%	100.0%
Manning Great Lakes Memorial Gardens Pty Ltd	Australia	100.0%	100.0%
Grahams Funeral Services Limited	New Zealand	100.0%	100.0%
Morleys Funerals Pty Ltd	Australia	100.0%	100.0%
Coventry Funeral Homes Pty. Ltd.	Australia	100.0%	100.0%
Pet Cremations (Townsville) Pty Ltd	Australia	100.0%	100.0%
Waikanae Funeral Home Limited	New Zealand	100.0%	100.0%
Gregson & Weight Pty Ltd	Australia	100.0%	100.0%
Dils Funeral Services Limited	New Zealand	100.0%	100.0%
PFP (NZ) Properties Limited	New Zealand	100.0%	100.0%
Pet Heaven Services Pty Ltd	Australia	100.0%	100.0%
Pets RIP Pty Ltd	Australia	100.0%	100.0%
Charles Berry & Son Pty. Ltd.	Australia	100.0%	-
State of Grace Limited	New Zealand	100.0%	-
Glenelg Funerals Pty Ltd	Australia	100.0%	-
Edinburgh Investments Pty. Ltd.	Australia	100.0%	-
Eagars Funerals Limited	New Zealand	100.0%	-
Carol & Terry Crawford Funerals Pty Ltd	Australia	100.0%	-

Note 30. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Propel Funeral Partners Limited
PFP Midco Pty Ltd
PFP Finance Pty Ltd
FV (NSW) Pty Ltd
FV (QLD) Pty Ltd
Meadow Funeral Group Pty Ltd

By entering into the deed, those wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under ASIC Corporations (wholly-owned Companies) Instrument 2016/785 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

Notes to the Financial Statements
for the year ended 30 June 2022

Note 30. Deed of cross guarantee (continued)

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	2022 $'000	2021 $'000
Revenue	11,325	10,745
Cost of sales and goods	(3,186)	(2,998)
Employee costs	(3,589)	(3,220)
Occupancy and facility expenses	(1,643)	(1,490)
Advertising expenses	(293)	(230)
Motor vehicle expenses	(142)	(144)
Other expenses	(258)	(410)
	2,214	2,253
Acquisition and transaction costs	(5,407)	-
Dividend / distribution received	17,747	13,067
Net gain on disposal of assets	1	-
Other income	228	7
Depreciation expense	(951)	(1,231)
Interest income	1,579	762
Interest expense	(66)	(115)
Net financing charge on contract assets and contract liabilities	(25)	(40)
Net foreign exchange (loss)/gain	(3)	33
Profit before income tax expense	15,317	14,736
Income tax expense	(900)	(583)
Profit after income tax expense	14,417	14,153
Other comprehensive income		
Foreign currency translation	(1,265)	-
Changes in the fair value of cash flow hedges, net of tax	-	38
Other comprehensive income for the year, net of tax	(1,265)	38
Total comprehensive income for the year	13,152	14,191

Equity - accumulated losses	2022 $'000	2021 $'000
Accumulated losses at the beginning of the financial year	(19,582)	(21,814)
Profit after income tax expense	14,417	14,153
Dividends paid	(12,954)	(11,921)
Accumulated losses at the end of the financial year	(18,119)	(19,582)

Notes to the Financial Statements

for the year ended 30 June 2022

Note 30. Deed of cross guarantee (continued)

Statement of financial position	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	906	755
Contract assets	2,419	2,667
Trade and other receivables	513	973
Inventories	217	214
Prepayments	69	43
Current tax assets	931	-
	5,055	4,652
Non-current assets		
Property, plant and equipment	4,524	2,398
Right-of-use assets	2,129	2,981
Goodwill	10,932	10,932
Deferred tax	591	497
Investment in subsidiaries and unit trusts	66,967	66,967
Other assets	177,274	102,398
	262,417	186,173
Total assets	267,472	190,825
Current liabilities		
Trade and other payables	1,294	353
Lease liabilities	492	743
Income tax	-	272
Provisions	336	278
Contract liabilities	2,492	2,722
	4,614	4,368
Non-current liabilities		
Lease liabilities	1,729	2,376
Deferred tax liabilities	149	88
Provisions	88	118
	1,966	2,582
Total liabilities	6,580	6,950
Net assets	260,892	183,875
Equity		
Issued capital	280,237	203,418
Reserves	(1,226)	39
Accumulated losses	(18,119)	(19,582)
Total equity	260,892	183,875

Notes to the Financial Statements

for the year ended 30 June 2022

Note 31. Reconciliation of (loss)/profit after income tax to net cash from operating activities

	Consolidated 2022 $'000	Consolidated 2021 $'000
(Loss)/profit after income tax expense for the year	(318)	14,443
Adjustments for:		
Depreciation and amortisation	10,332	9,667
Net loss/(gain) on disposal of non-current assets	(125)	154
Foreign exchange differences	17	(25)
Loss on movement in discount rate of earn-out	52	37
Net financing charge on contract assets and liabilities	839	1,034
Acquisition costs	1,105	258
Non-cash income	(353)	-
Termination fee (non-cash)	7,500	-
Share-based payment revaluation expense	5,407	-
Fair value adjustment on termination shares	969	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,824)	(4)
Increase in inventories	357	(18)
Decrease/(increase) in deferred tax assets	(4,276)	197
(Increase)/decrease in prepayments	(363)	(70)
Increase in trade and other payables	1,160	1,191
Increase/(decrease) in provision for income tax	399	(314)
Increase in deferred tax liabilities	445	491
Increase in employee benefits	2,934	193
Increase/(decrease) in other provisions	20	(29)
Net cash from operating activities	24,277	27,205

Note 32. Changes in liabilities arising from financing activities

Consolidated 2022	Opening balance	Cash flows	Non-cash movement	Additions	Additions through business combinations	Foreign exchange	Closing balance
Hire purchase liabilities	263	(124)	-	-	-	(1)	138
Equipment loans	233	(232)	-	-	-	(1)	-
Senior Debt	86,523	(38,400)	-	-	-	-	48,123
Lease liabilities	36,668	(3,456)	(472)	584	4,324	250	37,898

Consolidated 2021	Opening balance	Cash flows	Non-cash movement	Additions	Additions through business combinations	Foreign exchange	Closing balance
Hire purchase liabilities	417	(155)	-	-	-	1	263
Equipment loans	249	(412)	-	-	397	(1)	233
Senior Debt	109,823	(23,300)	-	-	-	-	86,523
Lease liabilities	40,578	(3,140)	(426)	615	1,017	24	38,668

Notes to the Financial Statements

for the year ended 30 June 2022

Note 33. Earnings per share

	Consolidated 2022 $'000	Consolidated 2021 $'000
(Loss)/profit after income tax attributable to the shareholders of Propel Funeral Partners Limited	(318)	14,443
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	112,455,080	99,531,431
Weighted average number of ordinary shares used in calculating diluted earnings per share	112,455,080	99,531,431
	Cents	Cents
Basic earnings per share	(0.28)	14.51
Diluted earnings per share	(0.28)	14.51

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2022 $'000	Parent 2021 $'000
Profit after income tax	13,277	13,630
Other comprehensive income for the year, net of tax	-	11
Total comprehensive income	13,277	13,641

Statement of financial position

	Parent 2022 $'000	Parent 2021 $'000
Total current assets	1,411	569
Total assets	363,551	322,128
Total current liabilities	942	279
Total liabilities	103,765	139,484
Net assets	259,786	182,644
Equity		
Issued capital	280,237	203,418
Reserves	12	12
Accumulated losses	(20,463)	(20,786)
Total equity	259,786	182,644

Notes to the Financial Statements
for the year ended 30 June 2022

Note 34. Parent entity information (continued)

The parent entity is a party to a deed of cross guarantee as disclosed in note 30. In addition, it has entered into a tax and GST sharing agreement whereby it guarantees the income tax and GST debts of its subsidiaries. In the ordinary course of business, the parent entity has also guaranteed the performance of some of its subsidiaries.

Contingent liabilities
The parent entity had a $167,000 bank guarantee in relation to leased premises of one of its subsidiaries as at 30 June 2022 (30 June 2021: $167,000).

Capital commitments
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 (30 June 2021: Nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Events after the reporting period

Subsequent to year end, the Group:
- announced it had executed a conditional sale agreement to acquire the businesses, assets and related infrastructure (including two cremation facilities) associated with the businesses trading as Community Funerals and Cremation for Pets which operate in and around Cairns, Queensland;
- announced it had executed a conditional sale agreement to acquire the business, assets and freehold property associated with the business trading as Mason Park Funerals, which operates from one location in Wangaratta, Victoria; and
- exercised an option to acquire a freehold property which it previously tenanted.

On 24 August 2022, the directors declared a fully franked final dividend in connection with the financial year ended 30 June 2022 of 6.25 cents per ordinary share. When combined with the fully franked interim dividend of 6.0 cents per share, total dividends were 12.25 cents per share (30 June 2021: 11.75 cents per share), fully franked, which represents approximately 81% of Distributable Earnings (NPAT adjusted for certain non-cash and non-operating items) for the year ended 30 June 2022.

Apart from the events disclosed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001 ('Corporations Act'), the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 30 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act.

On behalf of the directors

Brian Scullin
Chairman

Albin Kurti
Managing Director

24 August 2022

Independent Auditor's Report

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Independent Auditor's Report to the Members of Propel Funeral Partners Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Propel Funeral Partners Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

for the year ended 30 June 2022

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill Refer to note 14. The Group has acquired several funeral service, cremation and cemetery businesses in Australia and New Zealand. Goodwill has been recognised on acquisition and represents a significantly material balance in the statement of financial position. It is a requirement of *AASB136 - Impairment of Assets* that goodwill is tested at least annually for impairment by management. We consider the carrying value of goodwill to be a key audit matter due to: ▪ the size of the balance and the significance for users' understanding of the financial statements; ▪ the level of subjectivity involved in determining whether goodwill balances are impaired; ▪ the geographic spread of the Group's activities increasing the risk in determining the Group's CGU's and for Goodwill impairment purposes; and ▪ the complexity of audit procedures required in challenging the assertions put forward by management.	Our procedures included, amongst others: ▪ assessed management's determination of the Group's CGUs based on our understanding of the nature of the Group's business. We also analysed the internal reporting of the Group to assess how results were monitored and reported; ▪ ensured the identification of cash flows attributable to each CGU and the assets supporting those cash flows are consistent, including allocation of corporate assets and cash flows to each of the CGUs; ▪ compared the FY2023 forecasted cash flows used in the impairment model with the actual performance and forecasts for FY2022; ▪ assessed the assumptions within the 5-year cash flow forecasts for each CGU by understanding the key factors and underlying drivers for growth, including inflation and industry trends, in the context of the Group's future plans; ▪ assessed the discount rate used for each CGU by comparing it to our view of an acceptable range based on market data, comparable companies and industry research; ▪ performed sensitivity analysis (cash flow growth rate, terminal growth rate, discount rate) for each CGU; and ▪ assessed the appropriateness of the disclosures in the financial statements.
Business combinations and acquisition accounting Refer to note 28. The Group's recent acquisitions are required to be accounted for under *AASB 3 - Business Combinations*. There is a risk that the acquisitions of these entities have not been accounted for in accordance with AASB 3, which includes the determination of identifiable intangible assets. As part of the sale deed for business acquisitions, sometimes contingencies are attached to the purchases of these businesses. These contingencies require	Our procedures included, amongst others: ▪ obtained information from management supporting the allocation of identifiable intangible assets and goodwill as set out in the Purchase Price Allocation prepared by management, including assessing the independence of external experts and the reasonableness of assumptions used; ▪ assessed the treatment of transactions costs; ▪ tested that deferred tax liabilities arising from the transactions are accurately recognised; ▪ assessed the provision for contingent consideration in line with the terms of the purchase agreements including a consideration of the discount rates used

Independent Auditor's Report

for the year ended 30 June 2022

Key audit matter	How our audit addressed the key audit matter
significant estimation and rely on the existence of future events occurring. We consider the business combinations and accounting for acquisitions as a key audit matter due to: ▪ the level of estimation involved in assessing the fair value of assets acquired in a business combination and the reliance on a management's expert in determining this valuation; ▪ the risk that all assets and liabilities on acquisition are not identified and correctly recognised; and ▪ the level of estimation involved in the calculation of contingent consideration provisions including the probabilities that targets will be achieved.	and the presentation of current and non—current liabilities; ▪ assessed the underlying performance of the individual entity and management's assumptions at the balance date to ensure the probability of the contingent consideration targets being met is reasonable; and ▪ assessed the appropriateness of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in Propel Funeral Partners Limited's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

Independent Auditor's Report

for the year ended 30 June 2022

our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 36 of the directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Propel Funeral Partners Limited for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Sydney Audit Pty Ltd

Lester Wills

Lester Wills
Director

Date: 24 August 2022

Shareholder Information

for the year ended 30 June 2022

The shareholder information set out below was applicable as at 15 July 2022:

Number of Equity Security Holders

	Number
Shares on issue	117,895,750

Distribution of Equity Securities

Size of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
100,001 and over	90	96,048,276	81.47
10,001 to 100,000	553	13,449,387	11.41
5,001 to 10,000	519	3,960,800	3.36
1,001 to 5,000	1,384	3,748,011	3.18
1 to 1,000	1,499	689,276	0.58
Total	4,045	117,895,750	100.00

Unmarketable Parcel

There were 99 shareholders with unmarketable parcels totalling 1,572 shares based on the closing market price as at 15 July 2022.

Twenty Largest Shareholders

The 20 largest shareholders were as follows:

Shareholder	Number of Ordinary Shares	% of Issued Capital
DKH T1 PTY LTD	14,732,667	12.50
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,313,815	12.14
CITICORP NOMINEES PTY LIMITED	11,618,084	9.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,939,070	7.58
NATIONAL NOMINEES LIMITED	7,890,508	6.69
BNP PARIBAS NOMS PTY LTD	4,640,638	3.94
NIBLA NO 1 PTY LTD	2,471,820	2.10
RUAPEHU HOLDINGS PTY LTD	1,892,322	1.61
HART & MILEY NO. 1 PTY LTD	1,761,273	1.49
NETWEALTH INVESTMENTS LIMITED	1,487,761	1.26
MR ANDREW PHILIP JOHN WADE + MRS ROSANNA WADE	1,430,917	1.21
MGH SUPER PTY LTD	1,308,305	1.11
DURBANER NOMINEES PTY LTD	1,302,885	1.11
HENKAY TI PTY LTD	1,149,865	0.98
COMANN INVESTMENTS PTY LTD	1,137,817	0.97
WADE AUSTRALIA PTY LTD	1,045,000	0.89
TOMDACHOILLE PTY LTD	897,317	0.76
STEPHEN DIL + HEIDI DIL + PRINCE & PARTNERS TRUSTEE COMPANY LIMITED	795,767	0.67
GLEN AYR NO 1 PTY LIMITED	735,767	0.62
NEIL LITTLE + ANGELA LITTLE + BRUNO GIN	687,097	0.58

Shareholder Information

for the year ended 30 June 2022

Securities subject to Voluntary Escrow

The Company had the following restricted securities on issue:

Class	Number of Shares	% of Issued capital	Date that the escrow period ends
PFPESC0822	7,366,333	6.25	August 22
PFPESC0922	17,515	0.01	September 22
PFPESC1022	227,510	0.19	31 October 22
PFPESC1122	403,530	0.34	2 November 22
PFPESC0923	17,515	0.01	September 23
PFPESC1123	403,529	0.34	2 November 23
PFPESC0924	17,516	0.01	September 24
PFPESC0825	7,366,334	6.25	August 25

Substantial Holders

The share balances in the table below are extracted from substantial shareholder noticed received by the Company and as at 15 July 2022, the Company had the following substantial shareholders:

Shareholder	Number of Fully Paid ordinary Shares	% of Issued Capital (as at date of notice)	Date of last notice
DKH TI Pty Ltd	14,732,667	12.86	27 October 2021
Viburnum Funds Pty Ltd	9,283,742	9.40	16 September 2020

Voting rights

In accordance with the Company's constitution, each member present at a meeting, whether in person or by proxy, or any power of attorney or a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands and one vote for each fully paid ordinary share on a poll.

Unquoted Equity Securities

Nil

On market buy-back

There is no current on market buy back in relation to the Company's securities.

Section 611(7) of the Corporations Act 2001 (Cth) ('Corporations Act')

There are no issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act which have yet to be completed.

On market purchase of securities

During the 12 months ended 30 June 2022, no securities were purchased on-market under or for the purpose of any employee incentive scheme, to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme or otherwise.

Corporate Directory

for the year ended 30 June 2022

Registered Office

Level 18.03,
135 King Street,
Sydney NSW 2000

Phone: 02 8514 8600

Postal Address

Level 18.03,
135 King Street,
Sydney NSW 2000

Directors

Brian Scullin (Non-Executive Chairman)
Naomi Edwards (Non-Executive Director)
Jennifer Lang (Non-Executive Director)
Peter Dowding (Non-Executive Director)
Albin Kurti (Executive Director)
Fraser Henderson (Executive Director)

Company Secretary

Fraser Henderson

Share Registry Services

Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000

Toll free: 1300 854 911
Fax: 02 9287 0303

Auditor

Nexia Sydney Audit
1 Market Street
Sydney NSW 2000

Website

www.propelfuneralpartners.com.au

Corporate Governance Statement

The Corporate Governance Statement, as at 24 August 2022, has been approved by the Board and is available for review on the Company's website (http://investors.propelfuneralpartners.com.au/investor-centre/?page=corporate-governance).

Workplace Gender Equality Report

In accordance with the Workplace Gender Equality Act 2012, Propel lodged its FY22 Workplace Gender Equality Report in July 2022. The report will be uploaded to the Company's website once available.


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