

# ASX ANNOUNCEMENT

13 February 2023

## Acquisitions – Adelaide, Hamilton and Auckland

Propel Funeral Partners Limited (ASX: PFP) (**Propel or Company**) is pleased to announce that it has completed and/or executed a binding sale agreement to acquire two funeral service businesses and one pet cremation business, including related assets, real estate and infrastructure, for total consideration of up to circa \$36.9 million<sup>1</sup>. The three acquisitions will broaden the Company's network in Australia and New Zealand, facilitating Propel's expansion in an existing metropolitan funeral market (Adelaide), entry into a new metropolitan funeral market (Hamilton) and a new metropolitan pet loss market (Auckland).

### Overview

The three acquisitions relate to:

- **Alfred James & Sons (Alfred James)**, which operates from seven locations and has provided funeral and related services to client families in and around Adelaide, South Australia for over 100 years;
- **Seddon Park Funeral Home (incorporating Sadliers Funeral Services) (Seddon Park)**, which operates from two locations and has provided funeral and related services to client families in and around Hamilton and Morrinsville, New Zealand for circa 30 years; and
- **Pets at Rest**, which operates from one location and has provided pet loss services to clients in and around Auckland, New Zealand for over 20 years.

Together, the businesses:

- generated revenue of approximately \$12.0 million in their most recent financial year (i.e. circa 8% of Propel's revenue in FY22);
- perform approximately 1,200 funerals and 7,000 pet cremations per annum;
- operate from ten locations, of which Propel will:
  - acquire eight properties, including seven in metropolitan Adelaide; and
  - lease two properties; and
- are expected to be earnings accretive in year one.

### Total consideration

The total consideration payable in connection with the three acquisitions is up to circa \$36.9 million<sup>1</sup>, comprising:

- circa \$36.1 million<sup>1</sup> in cash to be paid on completion of the proposed transactions, of which circa 75% relates to the acquisition of real estate; and
- up to circa \$0.8 million<sup>1</sup>, which will be payable in cash if certain financial milestones are achieved during the three years following completion of the relevant transactions.

### Expected Timing

Subject to satisfaction (or waiver) of customary conditions (e.g. due diligence, consent to assignment of key contracts, staffing, etc.), completion of the acquisition of Alfred James (including acquisition of the relevant real estate) is expected to occur during Q4 FY23.

The acquisitions of Pets at Rest and Seddon Park (including acquisition of the relevant real estate) completed during Q2 and Q3 of FY23, respectively.

### Funding capacity

Propel has deployed and/or committed approximately \$44 million<sup>2</sup> on five acquisitions so far during FY23. After allowing for the cash required to complete the three acquisitions announced today, the Company's available funding capacity is circa \$104.5 million<sup>3</sup>.

### FY23 half year results

As previously announced, Propel will release its FY23 half year results pre-market open on Wednesday, 22 February 2023.

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<sup>1</sup> Excluding completion adjustments, stamp duty and transaction costs and subject to NZD/AUD exchange rate movements.

<sup>2</sup> Upfront cash and equity consideration, excluding completion adjustments, stamp duty and transaction costs and subject to NZD/AUD exchange rate movements.

<sup>3</sup> On 25 November 2022, Propel announced that it had available funding capacity of approximately \$140.6 million as at 30 September 2022, less the circa \$36.1 million cash required to complete the three acquisitions announced today.

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**About Propel:**

Propel is listed on the Australian Securities Exchange and is the second largest provider of death care services in Australia and New Zealand. Propel currently operates from 152 locations, including 35 cremation facilities and 9 cemeteries.

**For further information, please contact:**

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**Authority to release:**

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

**Important notice:**

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