



**Propel Funeral Partners Limited**

**ABN 41 616 909 310**

**Appendix 4D – Half-year Report  
For the Half-year ended 31 December 2023**

**Lodged with the Australian Securities Exchange under Listing Rule 4.2A**

## **Results for announcement to the market**

This Appendix 4D is to be read in conjunction with the Interim Financial Report of Propel Funeral Partners Limited for the period ended 31 December 2023 and any public announcements made during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

**Propel Funeral Partners Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Propel Funeral Partners Limited
ABN:	41 616 909 310
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

**2. Results for announcement to the market**

			<b>\$'000</b>
Revenues from ordinary activities	Up	22.8% to	102,897
Operating net profit after tax ('Operating NPAT') (refer below)	Down	8.1% to	10,084
Profit from ordinary activities after tax attributable to the shareholders of Propel Funeral Partners Limited	Down	19.1% to	8,267
Profit for the half-year attributable to the shareholders of Propel Funeral Partners Limited	Down	19.1% to	8,267

*Dividends*

	<b>Amount per security cents</b>	<b>Franked amount per security %</b>
Final dividend - 2023 financial year	6.90	100%

*Comments*

The statutory profit for the Company (and its subsidiaries) ('Group'), after providing for income tax, for the six months ended 31 December 2023, amounted to \$8,267,000 (31 December 2022: \$10,221,000), impacted by a material contraction in industry death volumes and higher interest and acquisition costs.

Operating NPAT is a financial measure which is not prescribed by the Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for certain non-operating items, such as acquisition costs and the net financing charge. The directors consider Operating NPAT to be one of the core earnings measures of the Group.

The following table summarises key reconciling items between statutory profit/(loss) after tax attributable to the shareholders of the Company, and Operating NPAT:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit/(loss) after income tax	8,267	10,221
Add: Acquisition costs	1,922	764
Add: Other non-operating expenses	231	338
Add: Net financing charge on pre-paid contracts	160	302
Less: Net foreign exchange gain	(3)	(16)
Less: Net gain on disposal of assets	(100)	(458)
Less: Other income	(148)	(122)
Less: Tax effect of certain Operating NPAT adjustments	(247)	(57)
Operating NPAT	<u>10,084</u>	<u>10,972</u>

Refer to the Interim Financial Report and the Investor Presentation released to the market concurrently with this Appendix 4D Half-year Report for detailed explanation and commentary on the results.

### 3. Net tangible assets

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$000</b>	<b>\$000</b>
Net assets	255,208	253,722
Less: Deferred tax assets	(7,343)	(7,958)
Add: Deferred tax liabilities	15,067	10,315
Less: Goodwill	(190,154)	(148,928)
Net tangible assets	<u>72,778</u>	<u>107,151</u>
	<b>Number of shares</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Number of ordinary shares on issue at period-end	118,299,207	117,959,990
	<b>Reporting period cents</b>	<b>Previous period cents</b>
Net tangible assets per ordinary security	<u>61.52</u>	<u>90.84</u>

### 4. Dividends

	<b>Amount per security cents</b>	<b>Franked amount per security %</b>	<b>Total \$'000</b>	<b>Payment date</b>
<b>Half-year ended 31 December 2023</b>				
Final dividend - 2023 financial year	6.90	100%	8,159	3 October 2023
<b>Half-year ended 31 December 2022</b>				
Final dividend - 2022 financial year	6.25	100%	7,368	4 October 2022
<b>Dividend not recognised at period end</b>				
Interim dividend - 2024 financial year	7.20	100%	9,780	5 April 2024

### 5. Dividend reinvestment plans

Not applicable.

### 6. Acquisition or disposals of controlled entities, businesses or assets

Refer to note 18 of the financial statements for further details.

### 7. Details of any associates and joint venture entities required to be disclosed

Not applicable.

## **8. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

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## **9. Attachments**

*Details of attachments (if any):*

The Interim Financial Report of the Company for the half-year ended 31 December 2023 is attached.

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## **10. Signed**



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Brian Scullin  
Chairman



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Albin Kurti  
Managing Director

21 February 2024



**Propel Funeral Partners Limited**

**ABN 41 616 909 310**

**Interim Financial Report  
For the Half-year ended 31 December 2023**

**Propel Funeral Partners Limited**

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**Propel Funeral Partners Limited**  
**Directors' report**  
**31 December 2023**

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 half-year ended 31 December 2023.

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**

The Group 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 of long established providers of funeral services and pet loss services operating from 187 properties (113 owned and 74 leased) across 7 states and territories of Australia and in New Zealand, including 37 cremation facilities and 9 cemeteries.

This directors' report includes certain financial 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 the Australian Accounting Standards ('AAS') and represents the result under AAS adjusted for certain non-operating items, such as acquisition costs and the net financing charge. 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 half-year and up to the date of this directors' report:

Brian Scullin - Chairman  
Naomi Edwards  
Jennifer Lang  
Peter Dowding  
Albin Kurti  
Fraser Henderson

**Principal activities**

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

**Dividends**

	<b>Amount per security</b> \$	<b>Franked amount per security</b> %	<b>Total</b> \$'000	<b>Date of payment</b>
<b>Half-year ended 31 December 2023</b>				
Final dividend - 2023 financial year	6.90	100%	8,159	3 October 2023
<b>Half-year ended 31 December 2022</b>				
Final dividend - 2022 financial year	6.25	100%	7,368	4 October 2022
<b>Dividend not recognised at period end</b>				
Interim dividend - 2024 financial year	7.20	100%	9,780 <sup>1</sup>	5 April 2024

The interim dividend declared in connection with the half year ended 31 December 2023 of 7.2 cents per share (prior corresponding period ('PCP' or '1H FY23'): 7.1 cents per share) represents approximately 83% of pro forma Distributable Earnings (NPAT adjusted for the non-cash net financing charge on pre-paid contracts, acquisition costs and the pro forma impacts of the capital raising, being the placement of new shares and follow on share purchase plan ('SPP'), announced on 31 January 2024, to raise estimated net proceeds of \$87,200,000<sup>1</sup> ('Capital Raising')). The financial effect of the interim dividend declared after the reporting date is not reflected in the 31 December 2023 financial statements and will be recognised in the subsequent financial period.

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

<sup>1</sup> Assumes \$10 million is raised in connection with the SPP at an issue price of \$5.15 per share.

### **Significant changes in the state of affairs**

During the six months ended 31 December 2023 ('1H FY24'), the Group experienced the following significant changes in its state of affairs:

- completed four acquisitions (refer to note 18 for further details), the consideration for which totalled \$77,033,000 (excluding transaction costs and contingent consideration) as follows:
  - in July 2023, the Group acquired the associated businesses, assets and freehold properties trading as Olsens Funerals which operates from ten locations (including a cremation facility) and provides funeral and related services to client families in the south, south west and eastern suburbs of metropolitan Sydney under long established brands including Olsens Funerals, Walter Carter Funerals and Andrew Kennedy Funerals ('Olsens Funerals');
  - in July 2023, the Group acquired the businesses, assets and freehold properties associated with J Fraser & Sons and Winton and Districts Funeral Services ('J Fraser') which operates from two locations and provides funeral and related services to client families in and around Southland, New Zealand;
  - in August 2023, the Group acquired the businesses, assets and freehold properties associated with Harbour City Funeral Home, Guardian Funeral Home and the Wilson Funeral Home ('Harbour City') which operates from nine locations and provides funeral and related services to client families in and around Wellington, New Zealand; and
  - in September 2023, the Group acquired the businesses, assets and freehold properties associated with Terry Longley & Son and Tony & Peryer ('Terry Longley'), which operates from three locations and provides funeral and related services to client families in Hawkes Bay, New Zealand;
- entered into binding conditional legal documentation to acquire the following:
  - Penhall Funerals, which provides funeral and related services from one location in Orange, New South Wales;
  - IC Mark Funeral Directors ('IC Mark'), which provides funeral and related services from two locations in Levin, New Zealand; and
  - Howard & Gannon Funerals ('Howard & Gannon'), which provides funeral and related services from one location in Taradale, New Zealand;
- in December 2023, the Group increased its senior debt facilities limit with Westpac Banking Corporation ('Financier') by \$20,000,000 to \$275,000,000, all of which mature in October 2027. Refer to note 11 for further details; and
- acquired one freehold property, which was previously leased, for \$2,673,000, excluding stamp duty.

There were no other significant changes in the state of affairs of the Group during the six months ended 31 December 2023.

### **Review of operations**

This financial and operating overview summarises the results for 1H FY24 and results for the PCP, unless otherwise stated.

In light of the Capital Raising, the directors have elected to present certain financial information on a pro forma basis, in addition to the statutory results. The pro forma results reflect the impacts of the Capital Raising, including lower interest expense and changes in the capital structure, as if it had occurred on 1 July 2023 ('Pro forma').

In 1H FY24, the Group reported:

- Revenue of \$102,897,000, an increase of 22.8% on the PCP;
- Operating EBITDA of \$27,390,000, an increase of 18.5% on the PCP; and
- Pro forma Operating NPAT of \$11,709,000, an increase of 6.7% on the PCP.



**Propel Funeral Partners Limited**  
**Directors' report**  
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The table below summarises the half year Pro forma and statutory results of the Group:

	<b>31 Dec 23</b>	<b>31 Dec 22</b>	<b>31 Dec 23</b>
	<b>Pro forma</b>	<b>Statutory</b>	<b>Statutory</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total revenue</b>	<b>102,897</b>	<b>83,782</b>	<b>102,897</b>
Gross profit	71,403	58,623	71,403
...margin	69.4%	70.0%	69.4%
Total operating costs	(44,013)	(35,505)	(44,013)
<b>Operating EBITDA</b>	<b>27,390</b>	<b>23,117</b>	<b>27,390</b>
...margin	26.6%	27.6%	26.6%
Depreciation	(7,058)	(5,505)	(7,058)
<b>Operating EBIT</b>	<b>20,332</b>	<b>17,612</b>	<b>20,332</b>
...margin	19.8%	21.0%	19.8%
Net interest expense	(3,647)	(2,043)	(5,969)
<b>Operating NPBT</b>	<b>16,685</b>	<b>15,568</b>	<b>14,364</b>
Income tax expense	(4,976)	(4,596)	(4,280)
<b>Operating NPAT</b>	<b>11,709</b>	<b>10,972</b>	<b>10,084</b>
<i>Operating earnings per share (cps) <sup>1</sup></i>	<i>8.63</i>	<i>9.31</i>	<i>8.53</i>
<b>Non-operating items:</b>			
Acquisition costs	(1,922)	(764)	(1,922)
Net other income and expenses	19	257	19
Net financing charge on pre-paid contracts	(160)	(302)	(160)
Tax effect of adjustments	247	57	247
<b>Net profit after tax</b>	<b>9,892</b>	<b>10,221</b>	<b>8,267</b>

**Note:**

1. Operating NPAT divided by the weighted average number of ordinary shares. Pro forma assumes the impacts of the Capital Raising as if it had occurred on 1 July 2023.

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

	<b>31 Dec 23</b>
	<b>\$'000</b>
Statutory Operating NPAT	10,084
Add: Interest expense (tax effected)	1,625
<b>Pro forma Operating NPAT</b>	<b>11,709</b>

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

	<b>31 Dec 23</b>	<b>31 Dec 22</b>
	<b>Statutory</b>	<b>Statutory</b>
	<b>\$'000</b>	<b>\$'000</b>
Funeral operations	91,744	73,734
Cemetery, crematoria and memorial gardens	10,180	9,027
Other trading revenue	974	1,021
<b>Total revenue</b>	<b>102,897</b>	<b>83,782</b>
Cost of sales	(31,494)	(25,160)
<b>Gross profit</b>	<b>71,403</b>	<b>58,623</b>
Employment costs	(32,116)	(26,370)
Occupancy and facility costs	(5,291)	(4,069)
Advertising costs	(2,361)	(1,739)
Motor vehicle costs	(1,474)	(1,247)
Other operating costs	(2,771)	(2,080)
<b>Total operating costs</b>	<b>(44,013)</b>	<b>(35,505)</b>
<b>Operating EBITDA</b>	<b>27,390</b>	<b>23,117</b>

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

	<b>31 Dec 23</b>	<b>31 Dec 22</b>	<b>31 Dec 23</b>
	<b>Pro forma</b>	<b>Statutory</b>	<b>Statutory</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net profit after income tax	9,892	10,221	8,267
Add: Acquisition costs	1,922	764	1,922
Add: Net other income and expenses	84	216	84
Add: Net financing charge on pre-paid contracts	160	302	160
Less: Net foreign exchange gain	(3)	(16)	(3)
Less: Net gain on disposal of assets	(100)	(458)	(100)
Less: Tax effect of certain Operating NPAT adjustments	(247)	(57)	(247)
<b>Operating NPAT</b>	<b>11,709</b>	<b>10,972</b>	<b>10,084</b>

**Revenue**

Revenue increased by 22.8% from \$83,782,000 in 1H FY23 to \$102,897,000 in 1H FY24, driven by:

- a 24.4% increase in revenue from funeral operations; and
- a 12.8% increase in revenue from cemetery, crematoria and memorial gardens.

During calendar year ('CY') 2023:

- industry death volumes contracted by an estimated ~6%<sup>2</sup>; and
- Propel's estimated market share<sup>3</sup> in Australia increased to ~9% (CY2022: ~8%), despite comparable funeral volumes contracting ~6% on the prior year.

In 1H FY24, the Group's:

- total funeral volumes were 10,637, up 17.4% on the PCP; and
- comparable funeral volumes contracted by 9.8% on the PCP.

<sup>2</sup> Based on provisional deaths in Australia for the 9 month period ended September 2023 versus the PCP (source: ABS).

<sup>3</sup> Refer to slide 23 of the 1H FY24 Investor Presentation.

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Average Revenue Per Funeral<sup>4</sup> increased by 4.5% from \$6,346 in the PCP to \$6,630 in 1H FY24 and was impacted by:

- the full period impact of four funeral businesses acquired during FY23;
- the part period impact of four funeral businesses acquired in 1H FY24; and
- pricing.

Comparable Average Revenue Per Funeral increased ~6% on the PCP.

In 1H FY24, the Group generated 51% of its revenue from metropolitan areas, an increase from 1H FY23 (44%).

**Gross profit margin**

The gross profit margin decreased from 70.0% in the PCP to 69.4% in 1H FY24, primarily due to the financial profile of acquisitions completed during FY23 and in 1H FY24. However, the 1H FY24 comparable gross margin exceeded the PCP.

**Operating costs and Operating EBITDA**

Operating costs increased by \$8,508,000 in 1H FY24 compared to the PCP, as a result of:

- the full period impact of five businesses acquired during FY23;
- the part period impact of four businesses acquired in 1H FY24; and
- inflationary impacts.

Operating EBITDA in 1H FY24 was \$27,390,000, 18.5% higher than the PCP.

**Depreciation, interest and other income and expenses**

Depreciation increased from \$5,505,000 in 1H FY23 to \$7,058,000 in 1H FY24, which mainly related to business and property acquisitions completed during FY23 and 1H FY24.

Pro forma net interest expense (excluding AASB 16) was \$3,120,000, \$1,523,000 higher than the PCP (1H FY23: \$1,597,000), driven by higher drawn debt and an increase in interest rates. On a statutory basis, net interest expense (excluding AASB 16) was \$5,441,000.

Acquisition costs totalled \$1,922,000 (1H FY23: \$764,000).

Net other income and expenses of \$19,000 largely related to non-operating income and expenditure, being net insurance recoveries, net gain on disposal of assets, net foreign exchange gain and expenses primarily relating to the administration of the Group's pre-paid contracts.

**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 1H FY24, pre-paid contracts that turned at need in Australia accounted for less than 10% of the Group's Australian funeral volumes, consistent with the PCP.

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 and Operating NPAT.

**Impairment**

Following a review of the carrying value of assets including goodwill as at 31 December 2023, no impairment was deemed necessary (1H FY23: Nil).

**Income tax expense**

In 1H FY24, Pro forma income tax expense was \$4,729,000 (1H FY23: \$4,539,000). The Pro forma adjusted effective tax rate was 29.6% (1H FY23: 29.6%). Income tax expense, on a statutory basis was \$4,033,000.

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<sup>4</sup> Revenue from funeral operations excluding disbursements and delivered pre-paid funeral impacts divided by the number of funerals performed in the relevant period.

**Cash flow highlights**

The statutory cash flows for the Group are presented below:

	<b>31 Dec 23</b>	<b>31 Dec 22</b>
	<b>\$'000</b>	<b>\$'000</b>
Receipts from customers (inc GST)	113,076	91,650
Payments to suppliers and employees (inc GST)	(86,760)	(69,672)
	<b>26,316</b>	<b>21,978</b>
Income taxes paid	(4,378)	(4,552)
Interest paid	(5,393)	(1,955)
Interest received	244	105
<b>Net cash provided by operating activities</b>	<b>16,789</b>	<b>15,575</b>
Payment for purchase of business, net of cash acquired	(79,887)	(12,797)
Net payments for property, plant and equipment	(8,221)	(12,792)
Other investing cash flows	(128)	(54)
<b>Net cash used by investing activities</b>	<b>(88,236)</b>	<b>(25,643)</b>
Net (repayment)/proceeds from borrowings	42,774	18,901
Dividends paid	(8,159)	(7,368)
Other financing cash flows	(2,085)	(3,491)
<b>Net cash provided by financing activities</b>	<b>32,530</b>	<b>8,042</b>
Net (decrease)/increase in cash during the year	(38,917)	(2,026)
Cash at the beginning of the year	46,882	7,869
Exchange rate effects	34	122
<b>Cash at the end of the year</b>	<b>7,999</b>	<b>5,965</b>

1H FY24 statutory operating cash flows<sup>5</sup> were 19.7% higher than the PCP, largely driven by contributions from acquisitions.

Cash flow conversion was 100.8% in 1H FY24, compared to 99.2% achieved in the PCP as shown in the table below:

	<b>31 Dec 23</b>	<b>31 Dec 22</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating EBITDA</b>	<b>27,390</b>	<b>23,117</b>
Net cash provided by operating activities	16,789	15,575
Add: Interest paid	5,393	1,955
Add: Income tax paid	4,378	4,552
Add: Executive incentive timing difference	1,285	963
Less: Interest received	(244)	(105)
<b>Ungeared, tax free, operating cash flow (adjusted)</b>	<b>27,601</b>	<b>22,940</b>
<b>Cash flow conversion<sup>1</sup></b>	<b>100.8%</b>	<b>99.2%</b>

**Note:**

1. The percentage of Operating EBITDA converted into ungeared, pre-tax operating cash flow, adjusted for cash flow timing differences relating to executive bonuses.

<sup>5</sup> Ungeared, pre-tax operating cash flow.

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Cash flows used in investing activities included capital expenditure related to:

	<b>31 Dec 23</b>	<b>31 Dec 22</b>
	<b>\$'000</b>	<b>\$'000</b>
Maintenance	6,223	3,304
Growth	1,758	3,504
<b>Total capital expenditure</b>	<b>7,982</b>	<b>6,808</b>

In 1H FY24, maintenance capital expenditure amounted to 6.0% of revenue (1H FY23: 3.9%). The increase on the PCP primarily related to a number of property refurbishments, the roll out of a solar panel program and timing delays associated with a number of hearse purchases (ordered during the COVID period).

**Capital management**

As at 31 December 2023, the Group had drawn down \$183,373,000 of its \$275,000,000 senior debt facilities, compared to \$140,573,000 as at 30 June 2023. The increase in drawn debt largely relates to funding the 1H FY24 business and property acquisitions. As at 31 December 2023, the Group reported cash and cash equivalents of \$7,999,000 and net debt<sup>6</sup> of \$175,374,000 (30 June 2023: \$93,691,000).

Financial covenant ratios on the senior debt facilities comprise a net leverage ratio which must be no greater than 5.0x<sup>7</sup> and a fixed charge cover ratio which must be greater than 1.75x. Both ratios were comfortably satisfied as at 31 December 2023, being 3.0x (30 June 2023: 1.7x) and 3.9x (30 June 2023: 5.3x) respectively.

As at 31 December 2023, the Group's Pro forma net leverage ratio and gearing ratio was 1.5x<sup>8</sup> and 20.1%<sup>9</sup> respectively.

As at the date of this directors' report, the Group had available funding capacity<sup>10</sup> of approximately \$171,700,000 (30 June 2023: \$86,800,000).

**Events after the reporting period**

Subsequent to 31 December 2023, the Group:

- acquired the businesses, assets and two freehold properties associated with IC Mark which operates in and around Levin, New Zealand;
- acquired the business, assets and a freehold property associated with Penhall Funerals which operates in and around Orange, New South Wales;
- acquired the business and assets associated with Howard & Gannon which operates in and around Taradale, New Zealand; and
- announced it had executed a conditional transaction agreement to acquire the businesses, assets and freehold properties associated with Southern Funeral Home, which operates from five locations in Otago, New Zealand.

These businesses generate revenue of approximately \$7,000,000 per annum and the combined purchase price totals approximately \$14,000,000<sup>11</sup>.

The Group is currently in the process of finalising the accounting for Penhall Funerals, IC Mark and Howard & Gannon and expects to complete its preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the financial year.

In January 2024, the Group announced the Capital Raising, resulting in estimated net proceeds of \$87,200,000<sup>12</sup> being raised to pay down debt to provide financial flexibility to pursue further growth initiatives, including acquisitions.

On 21 February 2024, the directors declared a fully franked dividend of 7.2 cents per ordinary share. The dividend will be paid on 5 April 2024. This equates to an estimated total distribution of \$9,780,000<sup>12</sup>. The financial effect of the dividend declared after the reporting date is not reflected in the 31 December 2023 financial statements and will be recognised in the period to 30 June 2024.

Apart from the events disclosed above, no other matter or circumstance has arisen since 31 December 2023 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.

6 Drawn senior debt less cash and cash equivalents.

7 The net leverage ratio for covenant purposes includes adjustments – for example: (1) the Group's \$25m working capital facility is excluded from net debt; and (2) Operating EBITDA includes the annualised impact of acquisitions and is calculated on a pre AASB16 basis.

8 Pro forma - as at 31 December 2023, adjusted for the four acquisitions announced and completed or expected to complete in 2H FY24.

9 Pro forma - net debt of \$86.5 million divided by net debt plus total equity of \$344.0 million, as at 31 December 2023.

10 Undrawn debt and cash at bank as at 31 December 2023, plus the estimated net proceeds from the Capital Raising, less the estimated cash required to fund commitments relating to acquisitions.

11 Upfront cash and equity consideration paid/payable. Subject to completion adjustments and exchange rate movements.

12 Assumes \$10 million is raised in connection with the SPP at an issue price of \$5.15 per share.

### **Outlook and FY24 Guidance**

In terms of the outlook for the remainder of FY24 ('2H FY24'), Propel expects to benefit from:

- favourable demographics in Australia and New Zealand;
- its strong funding capacity; and
- acquisitions completed and announced to date and other potential future acquisitions in what remains a highly fragmented industry (although timing is uncertain).

Historical experience suggests the material contraction in industry death volumes in CY23 should be temporary, given:

- prior period declines have rebounded quickly;
- the unusually benign winter flu season; and
- the growing and ageing populations in Australia and New Zealand.

In that regard, Propel has started 2H FY24 with positive trading momentum. In the month of January 2024<sup>13</sup>, revenue growth over the PCP exceeded 25%, reflecting:

- strong growth in funeral volumes, including contributions from acquisitions and positive comparable funeral volume growth; and
- higher Average Revenue Per Funeral.

Propel reaffirms its FY24 guidance range<sup>14</sup>:

- revenue in the range of \$200-\$220 million (FY23: \$168.5 million); and
- Operating EBITDA in the range of \$54-\$60 million (FY23: \$46.0 million).

However, it should be noted that:

- death volumes fluctuate over short time horizons; and
- inflation is expected to impact funeral related pricing and costs.

### **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 'round-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.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Brian Scullin  
Chairman



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Albin Kurti  
Managing Director

21 February 2024

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<sup>13</sup> Based on the Company unaudited management accounts.

<sup>14</sup> Based on a number of key assumptions, as summarised on slide 27 of the FY23 Investor Presentation, the Company's FY24 Interim Financial Report and forecasts for the remainder of FY24.

To the Board of Directors of Propel Funeral Partners Limited

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

As lead auditor for the review of the financial statements of Propel Funeral Partners Limited for the half-year ended 31 December 2023, 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely,



**Nexia Sydney Audit Pty Ltd**



**Mark Boyle**

*Director*

Date: 21 February 2024

**Propel Funeral Partners Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	4	102,897	83,782
<b>Expenses</b>			
Cost of sales and goods		(31,494)	(25,160)
Employee costs	5	(32,221)	(26,533)
Occupancy and facility expenses		(5,308)	(4,086)
Advertising expenses		(2,417)	(1,791)
Motor vehicle expenses		(1,482)	(1,255)
Other expenses		(2,817)	(2,178)
		<u>27,158</u>	<u>22,779</u>
Acquisition costs		(1,922)	(764)
Net gain on disposal of assets		100	458
Other income		148	122
Depreciation expense	5	(7,058)	(5,505)
Interest income		254	109
Interest expense	5	(6,223)	(2,153)
Net financing charge on contract assets and contract liabilities	6	(160)	(302)
Net foreign exchange gain		3	16
		<u>3</u>	<u>16</u>
<b>Profit before income tax expense</b>		12,300	14,760
Income tax expense		(4,033)	(4,539)
		<u>(4,033)</u>	<u>(4,539)</u>
<b>Profit after income tax expense for the half-year attributable to the shareholders of Propel Funeral Partners Limited</b>		8,267	10,221
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		709	1,888
Changes in the fair value of cash flow hedges, net of tax		-	(7)
		<u>709</u>	<u>1,881</u>
Other comprehensive income for the half-year, net of tax		709	1,881
<b>Total comprehensive income for the half-year attributable to the shareholders of Propel Funeral Partners Limited</b>		<u>8,976</u>	<u>12,102</u>
		<b>cents</b>	<b>cents</b>
Basic earnings per share	19	6.99	8.67
Diluted earnings per share	19	6.99	8.67

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



**Propel Funeral Partners Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2023**

	Note	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,999	46,882
Customer deposits		676	657
Contract assets	6	75,746	64,511
Trade and other receivables		9,368	10,932
Inventories		5,939	4,825
Prepayments		3,872	1,433
Current tax assets		792	26
Total current assets		<u>104,392</u>	<u>129,266</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	266,938	216,187
Right-of-use assets	8	30,951	31,058
Goodwill	9	190,154	155,380
Deferred tax		7,343	7,752
Other assets		225	217
Total non-current assets		<u>495,611</u>	<u>410,594</u>
<b>Total assets</b>		<u>600,003</u>	<u>539,860</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	16,013	11,887
Borrowings	11	24,783	19,835
Lease liabilities		3,955	3,491
Provisions	12	10,805	10,565
Contract liabilities	6	82,487	71,336
Total current liabilities		<u>138,043</u>	<u>117,114</u>
<b>Non-current liabilities</b>			
Borrowings	11	157,580	119,707
Lease liabilities		30,037	30,488
Deferred tax liabilities		15,067	14,410
Provisions	12	3,929	4,659
Other liabilities		139	149
Total non-current liabilities		<u>206,752</u>	<u>169,413</u>
<b>Total liabilities</b>		<u>344,795</u>	<u>286,527</u>
<b>Net assets</b>		<u>255,208</u>	<u>253,333</u>
<b>Equity</b>			
Issued capital	13	281,520	280,462
Reserves		(7)	(716)
Accumulated losses		<u>(26,305)</u>	<u>(26,413)</u>
<b>Total equity</b>		<u>255,208</u>	<u>253,333</u>

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

**Propel Funeral Partners Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2023**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation reserves \$'000</b>	<b>Hedging reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2022	280,237	(1,801)	7	(29,680)	248,763
Profit after income tax expense for the half-year	-	-	-	10,221	10,221
Other comprehensive income for the half-year, net of tax	-	1,888	(7)	-	1,881
Total comprehensive income for the half-year	-	1,888	(7)	10,221	12,102
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	225	-	-	-	225
Dividends paid (note 14)	-	-	-	(7,368)	(7,368)
Balance at 31 December 2022	<u>280,462</u>	<u>87</u>	<u>-</u>	<u>(26,827)</u>	<u>253,722</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation reserves \$'000</b>	<b>Hedging reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2023	280,462	(716)	-	(26,413)	253,333
Profit after income tax expense for the half-year	-	-	-	8,267	8,267
Other comprehensive income for the half-year, net of tax	-	709	-	-	709
Total comprehensive income for the half-year	-	709	-	8,267	8,976
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 13)	1,058	-	-	-	1,058
Dividends paid (note 14)	-	-	-	(8,159)	(8,159)
Balance at 31 December 2023	<u>281,520</u>	<u>(7)</u>	<u>-</u>	<u>(26,305)</u>	<u>255,208</u>

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

**Propel Funeral Partners Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		113,076	91,650
Payments to suppliers and employees (inclusive of GST)		<u>(86,760)</u>	<u>(69,672)</u>
		26,316	21,978
Interest received		244	105
Interest and other finance costs paid - borrowings		(4,865)	(1,516)
Interest paid - leases (AASB 16)		(528)	(440)
Income taxes paid		<u>(4,378)</u>	<u>(4,552)</u>
Net cash from operating activities		<u>16,789</u>	<u>15,575</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	18	(79,887)	(12,797)
Payments for property, plant and equipment		(8,529)	(14,057)
Proceeds from disposal of property, plant and equipment		308	1,265
Net cash outflow in contract assets and contract liabilities		<u>(128)</u>	<u>(54)</u>
Net cash used in investing activities		<u>(88,236)</u>	<u>(25,643)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		48,300	23,250
Repayment of borrowings		(5,500)	(4,300)
Loans to other parties		-	(1,788)
Repayment of lease liabilities		(2,085)	(1,703)
Repayment of hire purchases		(26)	(49)
Dividends paid	14	<u>(8,159)</u>	<u>(7,368)</u>
Net cash from financing activities		<u>32,530</u>	<u>8,042</u>
Net decrease in cash and cash equivalents		(38,917)	(2,026)
Cash and cash equivalents at the beginning of the financial half-year		46,882	7,869
Effects of exchange rate changes on cash and cash equivalents		<u>34</u>	<u>122</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>7,999</u></u>	<u><u>5,965</u></u>

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

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. General information**

These general purpose financial statements ('financial statements') relate to Propel Funeral Partners Limited as the consolidated entity (referred to hereafter as the 'Group') 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 half-year ended 31 December 2023. 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, on 21 February 2024. The directors have the power to amend and reissue the financial statements.

**Note 2. Material accounting policy information**

The financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, the financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the prior financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations**

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. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

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

*AASB 17 Insurance contracts*

AASB 17 was issued in July 2017 and is applicable for annual reporting periods beginning on or after 1 January 2023 (as deferred by AASB 2020-5).

AASB 17 replaced AASB 4 'Insurance Contracts', AASB 1023 'General Insurance Contracts' and AASB 1038 'Life Insurance Contracts'.

*Assessment of impact*

The Group undertook a detailed assessment of whether AASB 17 applies to its prepaid funeral contracts by analysing those contracts to determine whether significant insurance risk exists. This assessment included a comprehensive review of a representative sample of the Group's existing prepaid contracts which included determining the possibility of a loss on a present value basis. Based on this assessment, the Group concluded that the existing prepaid funeral contracts do not contain significant insurance risk as defined in AASB 17. Consequently, AASB 17 has not been applied to the Group's prepaid funeral contracts and those contracts will continue to be accounted for in accordance with AASB 15.

**Note 3. 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.

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 3. Operating segments (continued)**

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 Australian 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 cost. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Operating segment information*

<b>Consolidated - 31 Dec 2023</b>	<b>Australian operations \$'000</b>	<b>New Zealand operations \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>			
Sales to external customers	76,607	26,043	102,650
Other revenue (excluding interest)	226	21	247
<b>Total revenue</b>	<u>76,833</u>	<u>26,064</u>	<u>102,897</u>
<b>Operating EBITDA</b>			
Acquisition costs	19,863	7,527	27,390
Net gain/(loss) on disposal of assets	(1,794)	(128)	(1,922)
Net other income/(expenses) *	111	(11)	100
Depreciation and amortisation	266	(350)	(84)
Interest income **	(5,721)	(1,337)	(7,058)
Finance costs **	2,736	75	2,811
Net financing charge on contract assets and contract liabilities	(6,038)	(2,742)	(8,780)
Net foreign exchange losses	(155)	(5)	(160)
<b>Profit before income tax expense</b>	<u>3</u>	<u>-</u>	<u>3</u>
Income tax expense	9,271	3,029	12,300
<b>Profit after income tax expense</b>			<u>(4,033)</u>
			<u>8,267</u>
<b>Assets</b>			
Segment assets	537,513	127,386	664,899
Intersegment eliminations			(64,896)
<b>Total assets</b>			<u>600,003</u>
<b>Liabilities</b>			
Segment liabilities	328,028	81,663	409,691
Intersegment eliminations			(64,896)
<b>Total liabilities</b>			<u>344,795</u>

\* Includes \$411,000 management charge from the Australian operations to the New Zealand operations.

\*\* Includes \$2,557,000 interest charged on intercompany loan from the Australian operations to the New Zealand operations.

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 3. Operating segments (continued)**

	Australian operations \$'000	New Zealand operations \$'000	Total \$'000
<b>Consolidated - 31 Dec 2022</b>			
<b>Revenue</b>			
Sales to external customers	65,644	17,919	83,563
Other revenue (excluding interest)	212	7	219
<b>Total revenue</b>	<u>65,856</u>	<u>17,926</u>	<u>83,782</u>
<b>Operating EBITDA</b>			
Acquisition and transaction costs	(742)	(22)	(764)
Net gain on disposal of assets	457	1	458
Net other (expenses)/income	(217)	1	(216)
Depreciation and amortisation	(4,558)	(947)	(5,505)
Interest income *	965	49	1,014
Finance costs *	(2,065)	(993)	(3,058)
Net financing charge on contract assets and contract liabilities	(302)	-	(302)
Net foreign exchange losses	16	-	16
<b>Profit before income tax expense</b>	<u>11,343</u>	<u>3,417</u>	<u>14,760</u>
Income tax expense			(4,539)
<b>Profit after income tax expense</b>			<u>10,221</u>
<b>Consolidated - 30 Jun 2023</b>			
<b>Assets</b>			
Segment assets	497,210	85,110	582,320
Intersegment eliminations			(42,460)
<b>Total assets</b>			<u>539,860</u>
<b>Liabilities</b>			
Segment liabilities	272,227	56,760	328,987
Intersegment eliminations			(42,460)
<b>Total liabilities</b>			<u>286,527</u>

\* Includes \$905,000 interest charged on inter-company loan from the Australian operations to the New Zealand operations.

*Geographical information*

	<b>Geographical non-current assets</b>	
	<b>31 Dec 2023 \$'000</b>	<b>30 Jun 2023 \$'000</b>
Australia	435,228	371,791
New Zealand	117,810	72,505
Intersegment eliminations	(64,770)	(41,454)
	<u>488,268</u>	<u>402,842</u>

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

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from contracts with customers	102,650	83,562
<i>Other revenue</i>		
Rent	247	220
Revenue	<u>102,897</u>	<u>83,782</u>

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Funeral operations	91,744	73,734
Cemetery, crematoria and memorial gardens	10,180	9,027
Other trading revenue	726	801
	<u>102,650</u>	<u>83,562</u>

All revenue is recognised at a point in time. Refer to note 3 for information on geographical regions.

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	1,579	1,117
Improvements	434	283
Plant and equipment	1,800	1,354
Motor vehicles	1,040	867
	<u>4,853</u>	<u>3,621</u>
Total depreciation - property, plant and equipment (note 7)		
Building right-of-use assets	2,027	1,737
Plant and equipment right-of-use assets	171	139
Motor vehicles right-of-use assets	7	8
	<u>2,205</u>	<u>1,884</u>
Total depreciation - right-of-use assets (note 8)		
Total depreciation expense	<u>7,058</u>	<u>5,505</u>
<i>Interest expense</i>		
Interest and finance charges paid/payable on borrowings	5,695	1,706
Interest and finance charges paid/payable on lease liabilities (AASB 16)	528	447
	<u>6,223</u>	<u>2,153</u>
Total interest expense		
<i>Employee costs</i>		
Employee costs excluding government subsidies and superannuation expense	30,635	25,323
Employee costs reclassified to acquisition costs	(471)	(386)
New Zealand government wage subsidies	(1)	(8)
Defined contribution superannuation expense	2,058	1,604
	<u>32,221</u>	<u>26,533</u>
Total employee costs		

**Note 6. Contract assets and liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Contract assets</i>		
- pre-paid contracts	<u>75,746</u>	<u>64,511</u>
<i>Contract liabilities</i>		
- pre-paid contracts	80,667	69,620
- monument works	1,820	1,716
	<u>82,487</u>	<u>71,336</u>

*Pre-paid contracts*

The Group recognises contract assets and contract liabilities in relation to pre-paid funerals, memorials 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:



**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 6. Contract assets and liabilities (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit or loss impact of undelivered contract assets and contract liabilities - pre-paid contracts</b>		
Investment income on contract assets	869	434
Finance charge on contract liabilities	(1,029)	(736)
	<u>(160)</u>	<u>(302)</u>
Net financing charge on contract assets and contract liabilities - pre-paid contracts	<u>(160)</u>	<u>(302)</u>

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in contract assets - pre-paid contracts</b>		
Opening balance	64,511	53,113
Sales of new contract assets	2,034	2,713
Redemption of contract assets following service delivery	(3,897)	(5,577)
Increase due to business combinations (note 18)	12,223	13,494
Increase due to investments returns	869	768
Exchange differences	6	-
	<u>75,746</u>	<u>64,511</u>
Closing balance	<u>75,746</u>	<u>64,511</u>
Contract assets expected to be realised within one year	7,931	6,711
Contract assets expected to be realised after one year	67,815	57,800
	<u>75,746</u>	<u>64,511</u>
Total contract assets - pre-paid contracts	<u>75,746</u>	<u>64,511</u>

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in contract liabilities - pre-paid contracts</b>		
Opening balance	69,620	57,881
Sales of new contract liabilities	2,034	2,713
Decrease following delivery of services	(4,245)	(6,014)
Increase due to business combinations (note 18)	12,223	13,494
Increase due to finance charge applied in accordance with AASB 15	1,029	1,546
Exchange differences	6	-
	<u>80,667</u>	<u>69,620</u>
Closing balance	<u>80,667</u>	<u>69,620</u>
Contract liabilities expected to be realised within one year	8,468	7,248
Contract liabilities expected to be realised after one year	72,199	62,372
	<u>80,667</u>	<u>69,620</u>
Total contract liabilities - pre-paid contracts	<u>80,667</u>	<u>69,620</u>

All contract assets and contract liabilities have been treated as current because the asset and the liability originate from the same 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 for more than 12 months after the reporting period. Accordingly, because the liability is classified as current, the associated contract asset balance is also classified as current.

The assets and liabilities 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.

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 7. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Land - at cost	100,719	73,700
Buildings - at cost	127,598	112,116
Less: Accumulated depreciation	(12,391)	(10,802)
	<u>115,207</u>	<u>101,314</u>
Improvements - at cost	13,338	11,965
Less: Accumulated depreciation	(2,719)	(2,282)
	<u>10,619</u>	<u>9,683</u>
Plant and equipment - at cost	34,650	29,391
Less: Accumulated depreciation	(13,615)	(11,805)
	<u>21,035</u>	<u>17,586</u>
Motor vehicles - at cost	22,663	19,281
Less: Accumulated depreciation	(9,253)	(8,434)
	<u>13,410</u>	<u>10,847</u>
Construction in progress - at cost	5,948	3,057
	<u>266,938</u>	<u>216,187</u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Land</b>	<b>Buildings</b>	<b>Improve-</b>	<b>Plant and</b>	<b>Motor</b>	<b>Construction</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>ments</b>	<b>equipment</b>	<b>vehicles</b>	<b>in progress</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2023	73,700	101,314	9,683	17,586	10,847	3,057	216,187
Additions	-	237	338	1,233	1,005	7,762	10,575
Additions through business combinations (note 18)	25,489	13,790	583	2,963	2,052	-	44,877
Disposals	-	-	-	(1)	(191)	-	(192)
Exchange differences	167	112	10	22	22	11	344
Transfers in/(out)	1,363	1,333	439	1,032	715	(4,882)	-
Depreciation expense (note 5)	-	(1,579)	(434)	(1,800)	(1,040)	-	(4,853)
Balance at 31 December 2023	<u>100,719</u>	<u>115,207</u>	<u>10,619</u>	<u>21,035</u>	<u>13,410</u>	<u>5,948</u>	<u>266,938</u>

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 8. Right-of-use assets**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	42,471	41,493
Less: Accumulated depreciation	(12,448)	(11,087)
	<u>30,023</u>	<u>30,406</u>
Plant and equipment - right-of-use	1,560	1,247
Less: Accumulated depreciation	(662)	(632)
	<u>898</u>	<u>615</u>
Motor vehicles - right-of-use	43	43
Less: Accumulated depreciation	(13)	(6)
	<u>30</u>	<u>37</u>
	<u><u>30,951</u></u>	<u><u>31,058</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2023	30,406	615	37	31,058
Additions	278	205	-	483
Additions through business combinations (note 18)	2,473	246	-	2,719
Lease reassessment and rent increases	680	-	-	680
Early terminations	(1,832)	-	-	(1,832)
Exchange differences	45	3	-	48
Depreciation expense (note 5)	(2,027)	(171)	(7)	(2,205)
Balance at 31 December 2023	<u><u>30,023</u></u>	<u><u>898</u></u>	<u><u>30</u></u>	<u><u>30,951</u></u>

**Note 9. Goodwill**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Goodwill - at cost	<u><u>190,154</u></u>	<u><u>155,380</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Goodwill</b>
	<b>\$'000</b>
Balance at 1 July 2023	155,380
Additions through business combinations (note 18)	34,528
Exchange differences	<u>246</u>
Balance at 31 December 2023	<u><u>190,154</u></u>

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 10. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	6,937	4,410
Deposits	905	751
Accrued expenses	4,524	3,599
GST payable	1,070	943
Other payables	2,577	2,184
	<u>16,013</u>	<u>11,887</u>

**Note 11. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Bank Loans	24,767	19,794
Hire purchases	16	41
	<u>24,783</u>	<u>19,835</u>
<i>Non-current liabilities</i>		
Bank Loans	157,575	119,702
Hire purchases	5	5
	<u>157,580</u>	<u>119,707</u>
	<u>182,363</u>	<u>139,542</u>
Senior Debt	183,373	140,573
Less: loan establishment costs	(1,031)	(1,077)
	<u>182,342</u>	<u>139,496</u>
Total Bank Loans	<u>182,342</u>	<u>139,496</u>

**Bank Loans**

In December 2023, the Group increased its senior debt facilities with Westpac Banking Corporation ('Financier'). As at the reporting date, the Group was party to the following debt facilities with the Financier:

- \$250,000,000 senior debt facility which matures in October 2027; and
  - \$25,000,000 working capital facility which matures in October 2027 and is required to be cleaned down annually,
- resulting in total debt facilities of \$275,000,000 (together, 'Senior Debt'), of which \$183,373,000 was drawn as at 31 December 2023 (30 June 2023: \$140,573,000). The net debt position (i.e. drawn Senior Debt less cash and cash equivalents of \$7,999,000) was \$175,374,000 as at 31 December 2023 (30 June 2023: \$93,691,000).

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.

**Hire purchase**

The Group is also party to hire purchase agreements in connection with motor vehicles where the lessors have a security interest in the leased assets, recognised in the statement of financial position and revert to the lessor in the event of default.

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 12. Provisions**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Employee benefits	8,940	8,266
Contingent consideration (note 15)	1,832	2,266
Lease make good	33	33
	<u>10,805</u>	<u>10,565</u>
<i>Non-current liabilities</i>		
Employee benefits	1,981	2,443
Contingent consideration (note 15)	1,367	1,657
Lease make good	314	300
Perpetual maintenance care provision	267	259
	<u>3,929</u>	<u>4,659</u>
	<u>14,734</u>	<u>15,224</u>

**Note 13. Issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	118,299,207	117,959,990	281,520	280,462
	<u>118,299,207</u>	<u>117,959,990</u>	<u>281,520</u>	<u>280,462</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2023	117,959,990		280,462
Shares issued	11 August 2023	57,654	\$3.08	177
Shares issued - business combinations (note 18)	18 August 2023	222,878	\$3.13	697
Shares issued - business combinations (note 18)	1 September 2023	<u>58,685</u>	\$3.13	<u>184</u>
Balance	31 December 2023	<u>118,299,207</u>		<u>281,520</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends declared 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.

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 14. Dividends**

*Dividends*

Dividends paid during the financial half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend for the year ended 30 June 2023 of 6.90 cents (30 June 2022: 6.25 cents) per ordinary share	8,159	7,368

*Interim dividend not recognised at period end*

In addition to the above and since the reporting date, the directors declared a fully franked dividend of 7.20 cents per ordinary share on 21 February 2024. The dividend will be paid on 5 April 2024. The financial effect of the dividend declared after the reporting date is not reflected in the 31 December 2023 financial statements and will be recognised in the period to 30 June 2024.

*Franking credits*

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent financial years based on a tax rate of 30%	13,960	14,490

The above amounts represent the balance of the franking account as at the end of the financial half-year, adjusted for franking credits that will arise from the:

- net 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 15. 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

<b>Consolidated - 31 Dec 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Liabilities</i>				
<b>Current</b>				
Contingent consideration	-	-	1,832	1,832
<b>Non-current</b>				
Contingent consideration	-	-	1,367	1,367
Total liabilities	-	-	3,199	3,199

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 15. Fair value measurement (continued)**

<b>Consolidated - 30 Jun 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Liabilities</i>				
<b>Current</b>				
Contingent consideration	-	-	2,266	2,266
<b>Non-current</b>				
Contingent consideration	-	-	1,657	1,657
Total liabilities	<u>-</u>	<u>-</u>	<u>3,923</u>	<u>3,923</u>

There were no transfers between levels during the financial half-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.

*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. Generally, 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's incremental borrowing rate.

*Level 3 assets and liabilities*

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

<b>Consolidated</b>	<b>Contingent consideration \$'000</b>
Balance at 1 July 2023	3,923
Payments made (note 18)	(1,815)
Additions through business combinations (note 18)	946
Movement due to changes in discount rate	130
Foreign exchange difference	<u>15</u>
Balance at 31 December 2023	<u><u>3,199</u></u>

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 \$130,000 (31 December 2022: \$39,000). A stress test of 150 basis points was conducted and found to have an immaterial impact.

**Note 16. Contingent liabilities**

The Group had \$1,294,000 bank guarantees as at 31 December 2023 (30 June 2023: \$1,276,000) 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 the financial statements (30 June 2023: Nil).

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 17. Commitments**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	3,274	3,252

**Note 18. Business combinations**

*Olsens Funerals*

In July 2023, the Group acquired the businesses, assets and freehold properties associated with Olsens Funerals, Walter Carter Funerals, and Andrew Kennedy Funerals ('Olsens Funerals'), which provides funeral and related services in the south, south west and eastern suburbs of metropolitan Sydney. Consideration of \$36,517,000 was paid on settlement.

*J Fraser*

In July 2023, the Group acquired the businesses, assets and freehold property related to J Fraser & Sons ('J Fraser'), which provides funeral and related services from two locations in and around Southland, New Zealand.

*Harbour City*

In August 2023, the Group acquired the businesses, assets and freehold properties associated with Harbour City Funeral Home ('Harbour City'), which operates from nine locations and provides funeral and related services in and around Wellington, New Zealand. Consideration of \$31,825,000 was paid on settlement and consisted of \$31,128,000 in cash and 222,878 ordinary shares in Propel (recognised at a fair value of \$697,000 given the escrow arrangements) and a further amount of \$413,000 (present value) will be paid if certain financial thresholds are achieved, resulting in total consideration of up to \$32,238,000.

*Terry Longley*

In September 2023, the Group acquired the businesses, assets and freehold properties associated with Terry Longley & Son including Tong & Peryer ('Terry Longley'), which provides funeral and related services from three locations in Hawkes Bay, New Zealand.

Details of the purchase consideration, the net assets acquired and goodwill for the acquisitions of J Fraser and Terry Longley ('Other Acquisitions') are disclosed, in aggregate, below.



**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 18. Business combinations (continued)**

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

	<b>Olsens Funerals Fair value \$'000</b>	<b>Harbour City Fair value \$'000</b>	<b>Other Acquisitions Fair value \$'000</b>	<b>Total \$'000</b>
<b>Assets:</b>				
Cash and cash equivalents	2	-	-	2
Contract assets	12,223	-	-	12,223
Trade and other receivables	-	4	-	4
Other current assets	323	288	148	759
Property, plant and equipment	20,343	16,808	7,726	44,877
Right-of-use assets	1,939	93	687	2,719
Deferred tax assets	254	62	97	413
<b>Liabilities:</b>				
Contract liabilities	(12,223)	-	-	(12,223)
Trade and other payables	(41)	-	-	(41)
Provisions	(744)	(227)	(431)	(1,402)
Other provisions	(104)	(9)	(9)	(122)
Lease liabilities	(1,939)	(93)	(671)	(2,703)
Deferred tax liabilities	(1,055)	-	-	(1,055)
Net assets acquired	18,978	16,926	7,547	43,451
Goodwill	17,539	15,312	1,677	34,528
Acquisition-date fair value of the total consideration transferred	<u>36,517</u>	<u>32,238</u>	<u>9,224</u>	<u>77,979</u>
Representing:				
Cash paid or payable to vendor	36,517	31,128	8,507	76,152
Propel Funeral Partners Limited shares issued to vendor	-	697	184	881
Contingent consideration (discounted)	-	413	533	946
	<u>36,517</u>	<u>32,238</u>	<u>9,224</u>	<u>77,979</u>
Cash used to acquire business, net of cash acquired per cash flow statement:				
Cash paid to vendors	36,517	31,128	8,507	76,152
Less: cash and cash equivalents	(2)	-	-	(2)
Net cash used	<u>36,515</u>	<u>31,128</u>	<u>8,507</u>	<u>76,150</u>

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 \$1,922,000. The acquisition accounting was provisional as at 31 December 2023.

	<b>Consolidated 31 Dec 2023 \$'000</b>
Payment for purchase of business, net of cash acquired per cash flow statement:	
Net cash used for the acquisitions	76,150
Acquisition costs	1,922
Contingent consideration payments (note 15)	<u>1,815</u>
Net cash used	<u>79,887</u>

**Propel Funeral Partners Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 18. Business combinations (continued)**

Details of revenues and profit/(loss) are as follows:

	<b>Total acquisitions \$'000</b>
Revenue generated from acquisition date to 31 December 2023	14,284
Net profit after tax from acquisition date to 31 December 2023	1,596

If the acquisitions had completed on 1 July 2023, it is estimated that the Group's revenue and net profit after tax for the half year period would have been approximately \$104,830,000 and approximately \$8,709,000 respectively.

**Note 19. Earnings per share**

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>31 Dec 2022 \$'000</b>
Profit after income tax attributable to the shareholders of Propel Funeral Partners Limited	<u>8,267</u>	<u>10,221</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>118,206,600</u>	<u>117,916,698</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>118,206,600</u>	<u>117,916,698</u>
	<b>cents</b>	<b>cents</b>
Basic earnings per share	6.99	8.67
Diluted earnings per share	6.99	8.67

**Note 20. Events after the reporting period**

Subsequent to 31 December 2023, the Group:

- acquired the businesses, assets and two freehold properties associated with IC Mark Funeral Directors ('IC Mark') which operates in and around Levin, New Zealand;
- acquired the business, assets and a freehold property associated with Penhall Funerals which operates in and around Orange, New South Wales;
- acquired the business and assets associated with Howard & Gannon Funerals ('Howard & Gannon') which operates in and around Taradale, New Zealand; and
- announced it had executed a conditional transaction agreement to acquire the businesses, assets and freehold properties associated with Southern Funeral Home, which operates from five locations in Otago, New Zealand.

These businesses generate revenue of approximately \$7,000,000 per annum and the combined purchase price totals approximately \$14,000,000.

The Group is currently in the process of finalising the accounting for Penhall Funerals, IC Mark and Howard & Gannon and expects to complete its preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the financial year.

On 31 January 2024, the Group completed an \$80,000,000 institutional placement resulting in 15.534 million new fully paid ordinary shares being issued in the Company. The follow on share purchase plan is expected to complete on 1 March 2024.

On 21 February 2024, the directors declared a fully franked dividend of 7.20 cents per ordinary share. The dividend will be paid on 5 April 2024. The financial effect of the dividend declared after the reporting date is not reflected in the 31 December 2023 financial statements and will be recognised in the period to 30 June 2024.

Apart from the events disclosed above, no other matter or circumstance has arisen since 31 December 2023 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.

**Propel Funeral Partners Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001 (Cth) ('Corporations Act'), the Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act.

On behalf of the directors



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Brian Scullin  
Chairman



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Albin Kurti  
Managing Director

21 February 2024

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the members of Propel Funeral Partners Limited**

#### **Report on the Half-Year Financial Report**

##### **Conclusion**

We have reviewed the half-year financial report of Propel Funeral Partners Limited (the Company and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

##### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 annual 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 review report.

##### **Responsibility of the Directors for the Financial Report**

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

### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Nexia Sydney Audit Pty Ltd**



**Mark Boyle**

*Director*

Dated: 21 February 2024  
Sydney