InvoCare

2023 Half Year Results

28 August 2023

Honouring life, celebrating memories for generations

Agenda

1. HY23 Highlights
2. Operations
3. Financials
4. Strategy & Outlook
5. Questions

Chief Executive Officer
Olivier Chretien

Chief Financial Officer
Adrian Gratwicke

Cover image: A Picaluna funeral ceremony at North Coogee headland

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HY23 Highlights

Olivier Chretien, CEO

White Lady Funerals, NSW

Background to the Half Year

Challenging market and economic environment

- Less volatile demand but lower number of deaths than the PCP, particularly in Q2
- Continued cost inflation pressures, mitigated by pricing and cost management

Accounting standards impacting reported financials

- Cycling final year of AASB 15 transition benefit on Operating Revenue & EBITDA (as previously disclosed)[1]
- Adoption of AASB 17 in 2023, impacts accounting for pre-paid contracts[2]

Unsolicited NBIO received from TPG in early March

- Scheme Implementation Deed signed on 9 August, with scheme of arrangement process underway
- Maintained strategic focus – completing foundational 'Raising the bar' initiatives & commenced growth initiatives

[1]: 'Underlying' Operating Revenue & EBITDA used in this presentation to allow for more meaningful comparison of performance to prior year.
[2]: See page 30 for further details. No impact on operating results but results in a restatement of prior year statutory profit or loss and balance sheet.

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HY23 Highlights: Financial & Non-Financial KPIs

Customer & Team	Operational Excellence	Growth: Operational	Growth: Underlying Financials[1]	Sustainable Leadership
NPS +83.8 ↑ 2.2 on PCP	**OPEX % Sales** 53% ↑ 1 ppt	**Funeral Case Volumes** 23,129 ↓ 3% on PCP	**Operating Revenue** $287.4M ↑ 5% on PCP	**Operating EPS** 12.8c ↓ 34% on PCP
LTIFR 5.6 ↓ 49% on PCP	**Debt Leverage ratio r12** 1.8x ↑ 0.6x on PCP	**Funeral Case Average[2]** $9,087 ↑ 8% on PCP	**Operating EBITDA** $60.9M ↓ 1% on PCP	**ROCE r12** 9.0%[4] ↓ 2.6 ppts on PCP
TRIFR 28.9 ↓ 13% on PCP	**Cashflow Conversion[3]** 76%[4] ↓ 7 ppts on PCP	**Memorialisation Revenue** +9% ↑ on PCP	**Operating EBITDA Margin** 21% ↓ 1ppt on PCP	
		Pet Cremation Case Volume 49,974 ↑ 1% on PCP		

N.B. Definition of terms and measures used in this report included in the glossary on pages 34-35.

[1]: 'Underlying' means excluding AASB 15 transition benefit unwind for a more meaningful like-for-like comparison. For reconciliation of underlying to statutory results see page 28.

[2]: Group gross funeral case average, including disbursements.

[3]: Normalised Cashflow Conversion after removing the impact of the change in accounting policy for SaaS costs expensed as incurred (previously spend was treated as CAPEX).

[4]: Measures impacted by AASB 17 adoption (e.g., ROCE r12 pre AASB 17 was 10.2% (HY22: 11.9%)).

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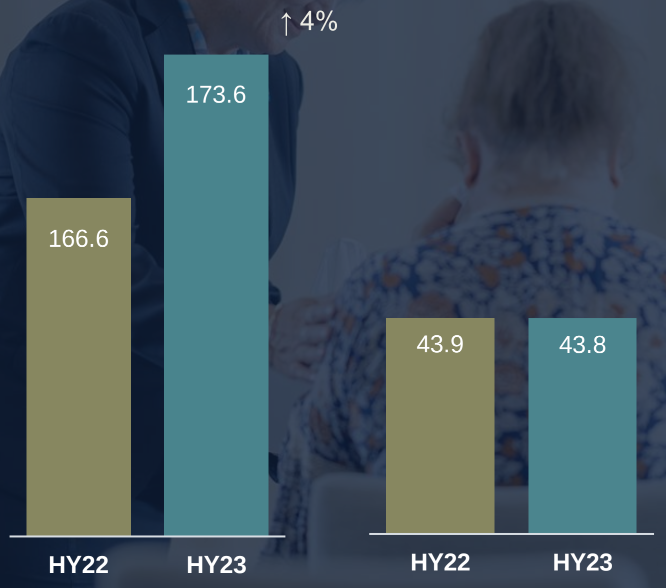
Operations

Olivier Chretien, CEO

Harewood Memorial Gardens and Crematorium, New Zealand

Funerals Australia



Operating Revenue $M

Operating EBITDA $M

OPEX % Sales

42%

↑ 1 point

EBITDA Margin

25%

↓ 1 point

HY 23

- Strong improvement in customer service (NPS) and safety (TRIFR)
- Case average growth supported by price increases in late 2022
- Simplicity best performing brand (+11% case volume vs PCP)
- Cycling wage inflation in softer market, particularly Q2
- Good momentum in key strategic projects - refer to next page for further details

NPS	TRIFR	Funeral case volumes	Funeral case average[1]
+85.5	27.8	18,726	$9,176
↑ 2.8 points	↓ 19%	↓ 3%	↑ 8%

FY 23 Focus

- Continued focus on operational excellence, cost efficiency & workforce planning
- Targeted network growth
- Digital investments and improved sales lead capture & conversion
- Further streamline talent recruitment, on-boarding and development

[1]: Gross Funeral case average, including disbursements.

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Funerals Australia

Strategy: Select HY23 Achievements

Picaluna
Beautiful Funerals

- Commenced Program Harmony – transformative operational efficiency initiative
- Opened new shared service site in Morningside, Brisbane

- Revitalised White Lady/ Mareena Purslowe brand, website & collateral

- Simplicity rebrand strategy commenced, greenfield sites identified in attractive markets
- Developed Simplicity digital-only strategy for select markets

- 30% equity investment in Picaluna
- Expanded digital self-serve offering to include new products such as urns and multimedia products

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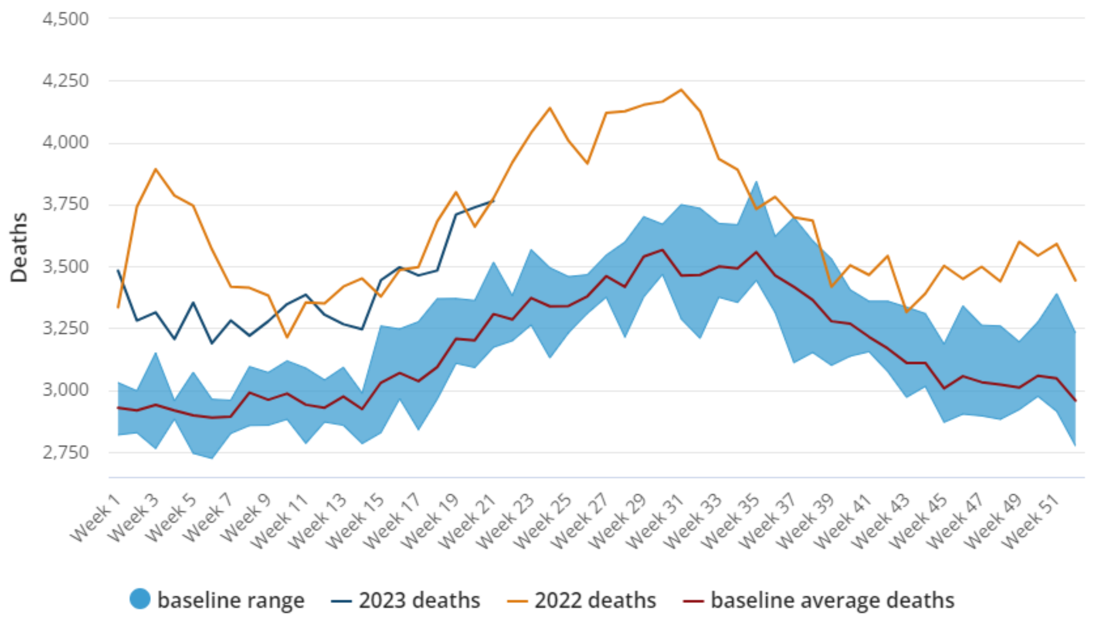
Less volatile demand in the half

Provisional Mortality Statistics - to end of May 2023

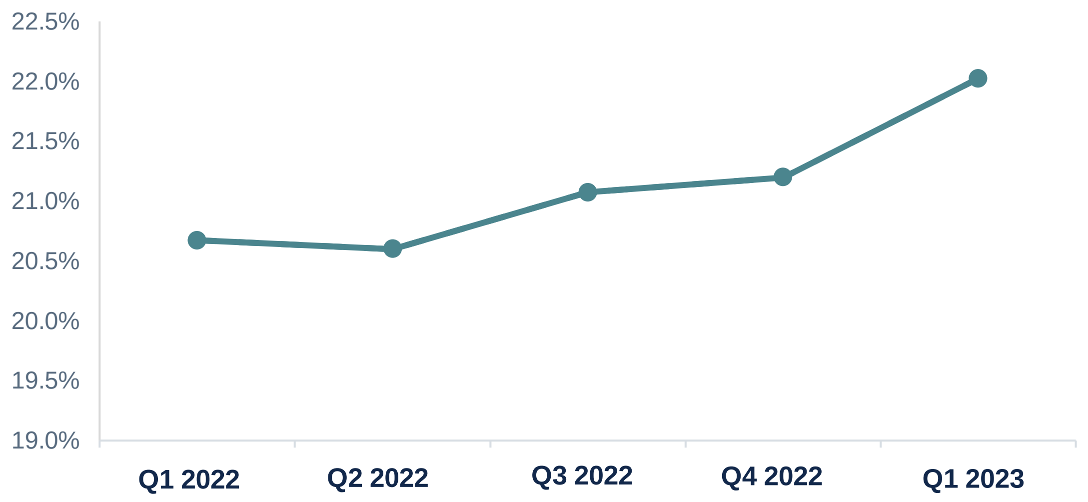
Australian Provisional Mortality Statistics

All deaths, Australia, 3 January 2022 - 28 May 2023 vs Baseline benchmarks[1]



InvoCare Quarterly Market Share

AU Funerals Market Share[1]



- ‘Excess death’ spikes seen at different times during the first half in 2022, not a feature in 2023 to date
- As death rate stabilises, market share has stabilised and is trending up, commencing H2 2022

[1]: Data is by date of occurrence. Source: Australian Bureau of Statistics (ABS) Provisional Mortality Statistics Released: 25/8/2023. Data is provisional and subject to change. The baseline includes deaths from 2017-19 and 2021. Market Share calculated as Funerals Australia case volume as a % of ABS provisional mortality numbers per quarter.

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Pre-paid Funerals

Pre-paid % of At Need Funerals

14.4%

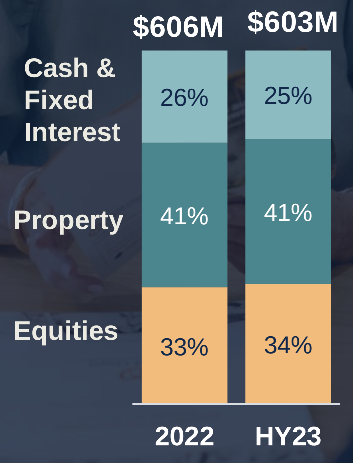
↑ 0.5 points

Pre-paid asset headroom[1]

$168M

↓ 4% on Dec-22

Pre-paid FUM mix[2]



HY 23

- New leadership in place and implementing reinvigorated strategy
- Strong growth in prepaid contracts sold, up 22% on the PCP
- Improved Pre-Need contract average vs At Need (+ 7%)
- More stable asset valuations than the PCP
- Commencement of AASB 17 (insurance contracts) applied to accounting for prepaid funeral contract liabilities from 1 January 2023

Impact through Non-Operating earnings	HY23 $M	RESTATED HY22 $M
Gain/(loss) on MTM revaluation of pre-paid contract FUM (Asset)	6.7	(46.5)
Prepaid contract liability - finance (cost)/income	(7.1)	73.6
Prepaid contract service result[3]	4.3	3.9
Total impact on pre-tax non-operating earnings[4]	**3.9**	**31.0**

FY 23 Focus

- Phased implementation of improved product & services and channel marketing to drive volume and value growth
- Automation of back-end system & processes
- Recovery in pre-paid FUM asset value (as global equity markets stabilise/ improve) and as new contract volumes continue to grow

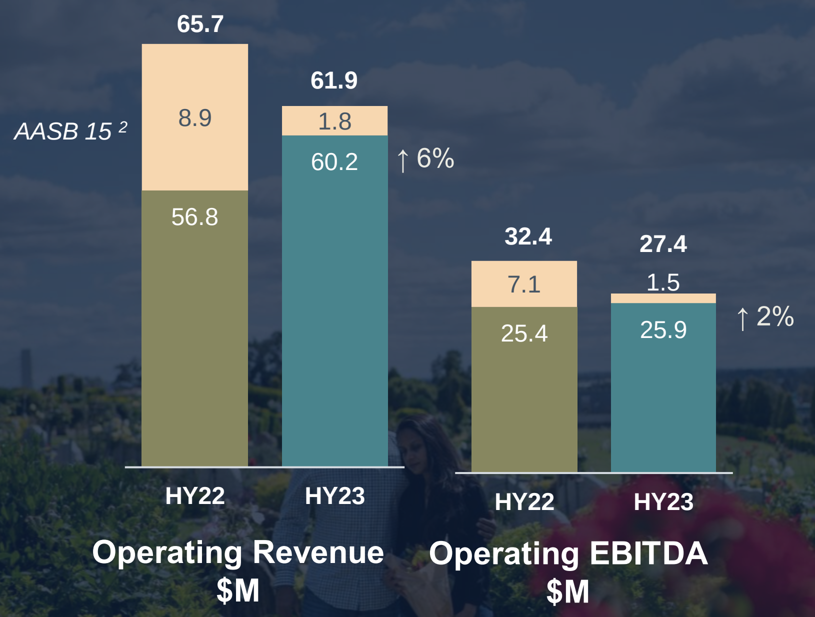
[1]: Pre-paid contract FUM (i.e., assets) less contract liabilities.

[2]: Pre-paid contract FUM are held in independently managed trusts.

[3]: Represents the profit/(loss) generated on delivery of pre-paid contracts in the period.

[4]: See page 30 and 31 for impact of AASB 17 accounting for pre-paid contracts on the profit or loss.

Cemeteries & Crematoria Australia



OPEX % Sales[3]
43%
↑ 2 points

EBITDA Margin[3]
43%
↓ 2 points

HY 23

- More favourable weather conditions enabled increased construction & sales of memorialisation offerings
- Burial & cremation volumes impacted by soft market conditions in NSW & QLD
- Reduction in AASB 15 transition benefit unwind vs PCP, as expected
- Completed key ‘raising the bar’ initiatives - refer to next page for further details

NPS	TRIFR	Memorialisation[1]	Cremations	Burials
+71.3	**51.7**	**+ 9%**	**9,754**	**1,539**
↑ 1 point	↑ 31%	On PCP sales	↓ 13%	↓ 8%

FY 23 Focus

- Cessation of AASB 15 revenue and EBITDA earnings contribution (FY22 effective final year)
- Phased upgrade of national cremator network
- ‘Park as a destination’ upgrades & memorialisation construction
- Continue to broaden community relationships

[1]: Sale of memorials, plaques, burial plots etc.
[2]: See page 33 for further information on the impact of AASB 15 on operating results of this business.
[3]: Underlying measures, excluding the contribution of AASB 15 revenue and costs.

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Cemeteries & Crematoria

Strategy: Select HY23 Achievements

- Completed roll out of OpusXenta ERP to all parks

- DA and planning activities commenced for Castlebrook redevelopment

- Lake Macquarie Memorial Park now wholly owned following acquisition of remaining 17% minority interest[1]

- Commenced café/florist operations at select parks to drive ancillary revenues

[1]: Completed August 2023.

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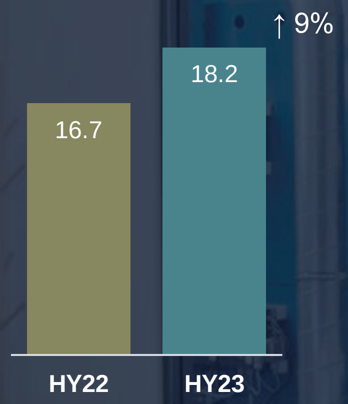
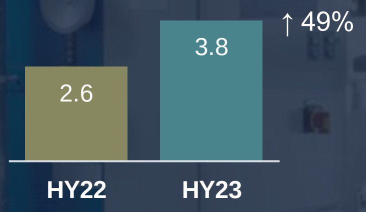
Pet Cremations Australia





Operating Revenue $M

Operating EBITDA $M

OPEX % Sales
61%
↓ 3 points

EBITDA Margin
21%
↑ 6 points

HY 23

- Significant improvement in customer service (NPS) & safety (TRIFR)
- Consistent national service, product and price changes underpinning case average growth
- Strong cost control leading to significantly improved EBITDA margin
- 119 new veterinary (vet) partners signed up, ahead of target
- Good momentum in key strategic projects - refer to next page for further details

Vet NPS	TRIFR	Pet Cremation volumes	Pet Case Average
+86	**41.8**	**49,974**	**$364**
↑ 5 points	↓ 30%	↑ 1%	↑ 8%

FY 23 Focus

- Migrating all brands onto one IT platform
- Continuing to pursue vet agreement opportunities
- Monitoring cost-of-living impacts on customer demand and mix
- Acquisition pipeline

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Pet Cremations

Strategy: Select HY23 Achievements

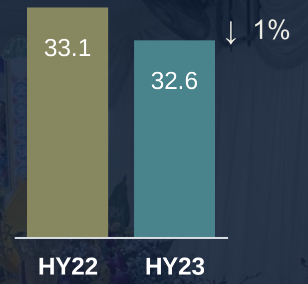
- Implemented Pet Tracker system nationally
- Commenced common finance ERP implementation

- Commissioned additional cremator capacity

- Acquired Pets at Peace Illawarra in NSW
- c. 3,300 cases p.a.

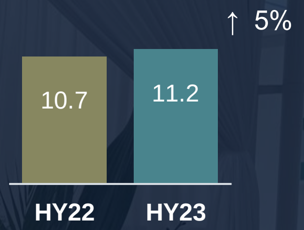
International

New Zealand

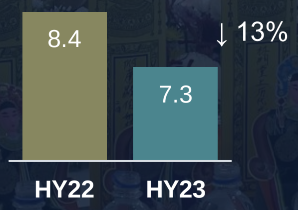


Operating Revenue NZ$M

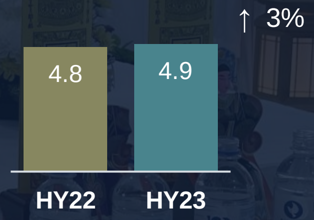
Singapore



Operating Revenue S$M



Operating EBITDA NZ$M



Operating EBITDA S$M

	New Zealand	Singapore
OPEX % Sales	**49%** ↑ 4 points	**33%** Flat
EBITDA Margin	**23%** ↓ 3 points	**44%** ↓ 1 point

HY23

New Zealand

- Soft market conditions & increased direct cremation activity in NZ
- Cycling wage inflation in softer market
- Improved safety
- Commenced roll-out of enhanced Compass ERP, aligned to Australia

Singapore

- Expanded packages and larger gatherings driving growth in case average
- Focused cost control

New Zealand NPS	New Zealand TRIFR	New Zealand Funeral case volumes	Singapore Case average	Singapore Funeral case volumes
+88.4	**23.6**	**3,555**	**S$11,558**	**848**
↑ 0.4 points	↓ 7%	↓ 4%	↑ 12%	↓ 5%

FY23 Focus

New Zealand

- Expand exposure to larger markets
- Extend offering along customer cycle of needs
- Delivery of scheduled funeral network projects

Singapore

- Continued service innovation around rituals
- Evaluation of partnership opportunities
- Increased focus on digital opportunities

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Financials

Adrian Gratwicke, CFO

Eden Hills Pet Cremations, SA

HY23 Profit or Loss

	HY23 $000	RESTATED[1] HY22 $000	CHANGE $000	CHANGE %
Underlying[2] Operating Revenue	287,367	274,412	12,954	5%
Finished goods, consumables & funeral disbs	(72,984)	(70,654)	(2,330)	3%
Underlying[2] Operating Expenses (OPEX)	(153,503)	(142,338)	(11,165)	8%
Underlying[2] Operating EBITDA	**60,879**	**61,420**	**(541)**	**(1%)**
Funerals Australia	43,814	43,857	(43)	-
Cemeteries & Crematoria Australia	25,912	25,361	551	2%
Pet Cremations	3,827	2,575	1,252	49%
Support Office – Field	(7,389)	(6,319)	(1,071)	17%
Australia	**66,164**	**65,475**	**689**	**1%**
New Zealand[3]	**6,764**	**7,751**	**(987)**	**(13%)**
Singapore[3]	**5,464**	**4,897**	**567**	**12%**
Support Office IT	(7,172)	(6,821)	(352)	5%
Support Office Corporate	(10,340)	(9,882)	(458)	5%
D&A and pre-paid technology expense	(27,773)	(24,421)	(3,352)	14%
Business acquisition costs	(245)	(382)	137	(36%)
Net gain on lease modifications/terminations	2	337	(335)	(100%)
Underlying[2] Operating EBIT	**32,863**	**36,954**	**(4,091)**	**(11%)**
AASB 15 EBIT[4]	1,484	7,060	(5,576)	(79%)
Operating EBIT	**34,347**	**44,014**	**(9,667)**	**(22%)**
Non-Operating EBIT [5]	**(12,524)**	**(54,420)**	41,897	(77%)
Net finance costs	**(15,346)**	**68,062**	(83,408)	(123%)
Tax	**(1,996)**	**(16,434)**	14,438	(88%)
Non-controlling interest	(22)	(91)	69	(76%)
Reported Profit After Tax attributable to shareholders	**4,459**	**41,130**	(36,671)	(89%)

- Case average growth and strong memorialisation sales drive 5% underlying revenue growth despite softer market volumes
- Cost control hampered by inflationary impacts, particularly wages, rent & utilities, and technology investments
- D&A increase reflecting PY investments in facilities and digital
- Final year of material AASB15 transition benefit unwind in 2022; final small contribution in 2023
- Non-operating EBIT and Net finance costs impacted by adoption of AASB 17 Insurance contracts – no impact on operating results
- $2.8million increase in underlying net finance costs from cycling of a $1.6million FX gain in PCP and impact of market interest rate rises
- Excluding the impact of AASB 17 adoption, the Group generated Reported Profit of $5.1million in HY23 vs Reported Loss of $16.8million in the PCP

[1]: Comparative Non-operating EBIT, net finance costs, and tax restated for the impact of adoption of AASB 17, see page 30 and 31 for further details and Note 3 of the accompanying Half Year Financial Report.
[2]: Underlying operating measures reflecting the exclusion of AASB 15 transition benefit unwinds. Net impact of AASB 15 transition benefit unwind on operating results included separately in table.
[3]: This is the AUD equivalent of earnings for these businesses. Local currency equivalent earnings are set out on page 15.
[4]: See page 33 for the impact of the accounting standard transition benefit that arose in 2018 when AASB 15 was first adopted.
[5]: Further details on constituents of non-operating EBIT provided on page 29.

N.B. Definitions of financial measures are provided in the Glossary on pages 34-35. Reconciliation of operating to statutory results is included on page 28.

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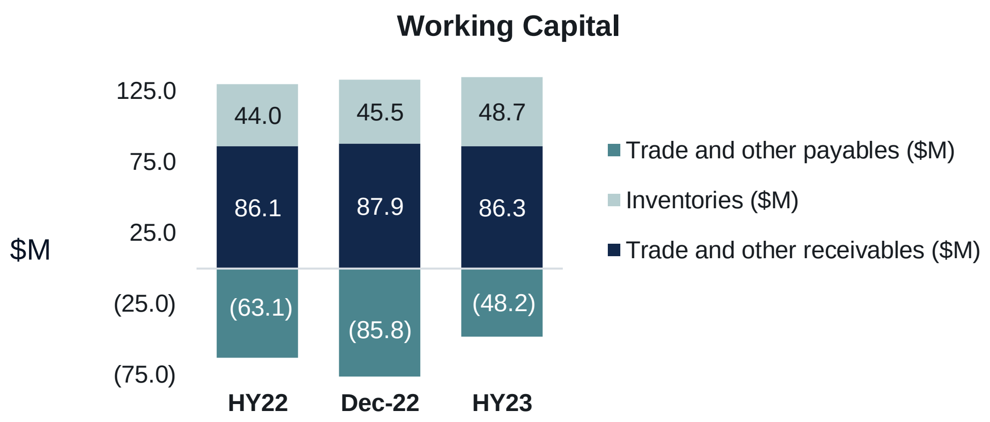
Balance Sheet

	JUN-23 $000	RESTATED DEC-22 $000	CHANGE $000	CHANGE %	RESTATED JUN-22 $000
Net Working Capital	86,781	47,519	39,262	83%	66,914
Property, plant and equipment	518,463	526,141	(7,678)	(2%)	495,506
Intangibles	234,725	233,045	1,680	1%	226,145
Pre-paid Technology asset	16,108	15,709	400	3%	11,447
Net Pre-paid Funds/liabilities[1]	168,120	175,511	(7,390)	(4%)	164,381
Net right of use asset and lease liabilities[2]	(12,920)	(10,247)	(2,673)	26%	(11,081)
Net Deferred costs and revenue[1]	(58,176)	(59,701)	1,525	(3%)	(63,453)
Net tax items[1]	(68,852)	(82,396)	13,544	(16%)	(74,124)
Other items[3]	(13,777)	(15,237)	1,460	(10%)	(23,294)
Total Capital Employed	**870,473**	**830,343**	**40,129**	**5%**	**792,440**
Net Debt	**(232,379)**	**(182,708)**	**(49,670)**	**27%**	**(154,277)**
Net Assets	**638,094**	**647,635**	**(9,541)**	**(2%)**	**638,163**
ROCE % r12	**9.0%**	**10.6%**		**(1.6 pts)**	**11.1%**
Avg working cap % sales r12	**12.9%**	**8.8%**		**4.1 pts**	**11.8%**

- Net working capital returned to more normal levels after timing impact of elevated December trade payables (incl $11.3million of 2022 CAPEX invoices paid in H1 2023)
- Remaining movement in trade and other payables relates to payment of employee incentives and unwind of insurance premium funding liabilities in the half
- Build up of inventory primarily from construction of memorialisations in Cemeteries & Crematoria ahead of anticipated sales in H2
- Reduction in PP&E in the half reflecting D&A expense exceeding new additions



Debt facilities	HY23 Drawn $M	HY23 Limit $M	HY23 Tenor Remaining
Note Purchase Agreement	100.0	100.0	4.5 years
Syndicated debt	142.1	275.0	1.2 years
Working capital overdraft facility	-	7.4	1 year
Total	**242.1**	**382.4**	

Debt metrics	HY23	HY22	CHANGE	COVENANT
Debt Leverage ratio r12	1.8x	1.2x	0.6x	< 3.5x
Interest cover ratio r12	13.6x	25.1x	(11.5x)	> 3.0 x

[1]: New accounting standard AASB 17 Insurance Contracts has changed the accounting for pre-paid funeral contracts with a resulting impact on prepaid contract liabilities, deferred costs and associated deferred tax. AASB 17 applies from 1 January 2023 and has required the restatement of the PCP. Refer to page 30 and Note 3 of the accompanying Half Year Financial report for further details.
[2]: Lease liabilities excludes $13.4million of finance leases included within Net Debt (Dec 22: $13.8million).
[3]: Includes provisions for employee entitlements, other financial assets (including investments in associates).

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Cash Flow

	HY23 $000	HY22 $000	CHANGE $000	CHANGE %
Receipts from customers	294,894	289,668	5,226	2%
SaaS expense as incurred	(9,340)	(4,673)	(4,667)	100%
Payments to suppliers & employees	(268,698)	(248,391)	(20,307)	8%
Ungeared, tax free operating cash flows	**16,856**	**36,604**	**(19,748)**	**(54%)**
Net finance costs paid	(7,551)	(6,559)	(992)	15%
Income tax paid	(14,873)	(4,209)	(10,664)	>100%
Operating Cash Flows	**(5,568)**	**25,836**	**(31,404)**	**(>100%)**
Net (Acquisitions)/ Divestments	(3,722)	596	(4,317)	>100%
Capital Expenditure	(25,665)	(18,380)	(7,285)	40%
Net Funds from pre-paid contracts	13,399	12,300	1,099	9%
Investing Cash Flows	**(15,988)**	**(5,484)**	**(10,503)**	**>100%**
Dividends paid	(15,753)	(16,643)	890	(5%)
Net draw down/(repayment) of borrowings	40,053	5,903	34,150	>100%
Net lease payments	(10,422)	(10,171)	(250)	2%
Other	(2,052)	33	(2,085)	>100%
Financing Cash Flows	**11,826**	**(20,878)**	**32,705**	**>100%**
Change in Cash Held	**(9,730)**	**(526)**		
Normalised cash conversion %[1]	76%	83%		(7 pts)

- Weaker Q2 Revenue than PY reflecting reversion to trend mortality
- Increased SaaS spend primarily reflects timing (i.e. projects currently in-flight compared to the PCP, where project spend was more weighted to H2)
- Payments impacted by higher creditors and employee incentives unwind from Dec'22, inflationary increases in cost of doing business and higher inventory build in Cemeteries & Crematoria
- Significant increase in tax paid reflecting higher tax instalment rate (2.55% vs 0.96% in PCP) and increased interest paid reflecting higher interest rates
- Net (acquisitions)/ divestments includes Pet Cremations bolt-on acquisition and investment in Picaluna
- Capital expenditure cash outflows includes $11.3 million of spend related to Dec'22 invoices
- Dividends paid reflect FY22 final dividend payment
- Debt drawn in the half to fund working capital and investing activities

[1]: Normalised cash conversion excludes the impact of SaaS expenditure. The HY22 metric is impacted by the restatement of prior year Statutory EBITDA following adoption of AASB 17. On a pre-AASB 17 basis normalised cash conversion in HY22 was 72%.

N.B Capital expenditure and net finance costs disclosed exclude non-cash movements and therefore will not reconcile to disclosures elsewhere in this report.

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CAPEX

	HY23 $000	HY22 $000	CHANGE $000	CHANGE %
Facilities	7,599	8,838	(1,239)	(14%)
IT & Digital	5,129	7,551	(2,422)	(32%)
Motor Vehicles	1,302	645	657	103%
Other assets	1,792	1,345	447	33%
TOTAL	**15,822**	**18,380**	**(2,557)**	**(14%)**
Funerals Australia	6,599	7,145	(546)	(8%)
Cemeteries & Crematoria Australia	3,588	4,343	(755)	(17%)
Pet Cremations	1,144	693	451	65%
New Zealand	2,773	819	1,954	239%
Singapore	116	47	69	147%
Support Office	1,602	5,332	(3,730)	(70%)
TOTAL	**15,822**	**18,380**	**(2,557)**	**(14%)**

- As set out on page 19, cash CAPEX in the half is higher than CAPEX additions in the table above as a result of the unwind of CAPEX accruals and payables at December 2022
- Platform investment CAPEX & SaaS expense as incurred includes finalisation of Cemeteries & Crematoria ERP implementation, roll out of Compass 2.0 in NZ and Pet Tracker system in Pet Cremations as well as enhancements of Pre-paid funerals & finance systems
- Growth CAPEX includes spend on Enhance/Growth property projects, digital related growth initiatives and cremators to expand capacity

Total D&A and Prepaid SaaS expense

CAPEX by Nature

N.B SaaS expensed as incurred included in graph above but disclosed in Operating cash flows in accordance with IFRIC Software-as-a-service (SaaS) guidance note. Historically this spend would have been categorised as Investment – Platform CAPEX.

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Strategy & Outlook

Olivier Chretien, CEO

Morningside Shared Service Centre, QLD

Increasing Focus on Profitable Organic and Acquisitive Growth

Strategic focus areas from FY23 onwards

Transform, Accelerate, Grow

Enhanced focus

Stronger core growth

- Accelerate growth of our key brands, notably Simplicity
- Optimise customer digital & phone channels
- M&A agenda for quality assets
- Phased implementation of Pre-paid Strategy
- ‘Park as a destination’ upgrades

New growth platforms

- Digital self-serve
- Pet Cremation operations scale up
- Innovation Hub opportunities
- New M&A & partnership opportunities, including offshore

Ongoing focus

Customer led, People empowered

- CRM & data investments
- Enhance Employee Value Proposition
- Increased focus on Diversity, Equity & Inclusion initiatives

Operational Excellence

- Continued shared services optimisation
- Scope new workforce planning & logistics system and capabilities

Sustainable Leadership

- New safety & sustainability initiatives
- Complete emission assessment and develop reduction strategies
- Community engagement initiatives

Update on Scheme of Arrangement with TPG

9 Aug	Scheme Implementation Deed signed
Mid/Late Sept	First Court Hearing
	Scheme Booklet sent to shareholders
Mid to late Oct	Scheme Meeting to be held for Shareholder vote
	Special Dividend Payment Date
Nov	Scheme Implementation Date

- On **9 August 2023** InvoCare announced that it had entered a Scheme Implementation Deed (SID) with TPG
- TPG agreed to acquire 100% of the InvoCare shares that it does not already own for **$12.70 per share** in cash, inclusive of a fully franked Special Dividend of up to $0.60 per InvoCare share[1]
- Set out opposite is a **high-level timeline** of the steps involved in completing the Scheme of Arrangement
- A Scheme Booklet with further information, including a complete timeline, is expected to be sent to shareholders in **September**
- If approved, it is anticipated that the Scheme of Arrangement will complete in **November**

[1]: For InvoCare shareholders who can utilise franking credits, the cash consideration when aggregated with the benefit of franking credits, represents implied value of up to approximately $12.96 per share.

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Outlook

- Mortality rates expected to revert to long term trends (after three years of volatility)
  - The impact of the 2023 flu season remains comparatively benign Q3 to date
  - Impact seen in funeral case volumes and burial/cremation volumes in our parks, compared to the PCP
- Case averages remain strong compared to the PCP, notwithstanding economic headwinds
- Continued focus on operational excellence, cost and margin management given market conditions

Management remains dedicated to maintaining strategic momentum, while operating the business in line with the Conduct of Business terms outlined in the Scheme Implementation Deed signed with TPG on 9 August[1]

[1]: Clause 7.1 Conduct of Business in the Scheme Implementation Deed dated 9 August 2023, available for shareholders to read in the Company's ASX announcement on the Company's website, https://www.invocare.com.au/investor-relations/share-info/

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Thank you. Questions?

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Galaxy Funerals, NSW

Important Information

This presentation dated 28 August 2023 contains summary information about InvoCare Limited (ACN 060 060 031) and its related bodies corporate (together, InvoCare) and InvoCare's activities as at the date of this presentation. It is information given in summary form only and does not purport to be complete. It should be read in conjunction with InvoCare's most recent financial report and other periodic corporate reports and continuous disclosure announcements filed with the Australian Securities Exchange (ASX), available at www.asx.com.au

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This presentation contains forward-looking statements in relation to InvoCare, including statements regarding InvoCare's intent, belief, goals, objectives, initiatives, commitments or current expectations with respect to InvoCare's business and operations, market conditions, results of operations and financial conditions, and risk management practices. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook' and 'guidance' and other similar expressions.

The forward-looking statements are based on InvoCare's good faith assumptions as to the financial, market, risk, regulatory and other relevant environments that will exist and affect InvoCare's business and operations in the future. InvoCare does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors, many of which are beyond the control of InvoCare, that could cause the actual results, performances or achievements of InvoCare to be materially different to future results, performances or achievements expressed or implied by the statements.

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Non-IFRS financial information

To support an understanding of comparable business performance, this 2023 Half Year Results Presentation presents results on a statutory and Operating/Non Operating (non-IFRS) basis when presenting measures of profitability. InvoCare considers Operating EBITDA, EBIT and NPAT as key performance measures. These measures are adjusted earnings before interest, tax, depreciation and amortisation as applicable after excluding the following items:

- The financial impacts of the pre-paid funeral business;
- Other non-operating activities, including asset sales gain/loss, impairment loss, SaaS arrangement costs and restructuring costs as applicable.

Balance sheet and cash flow information presented is consistent with the information disclosed in the statutory presentation in the Appendix 4D Half Year Financial Report.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Appendices

An ANZAC Day dawn service at Pinegrove Memorial Park, NSW

Reconciliation – Operating to Statutory Earnings

Supplementary information

	OPERATING					OPERATING			RESTATED	RESTATED
	Underlying Results HY23 $000	AASB 15 transition unwind HY23 $000	**Operating HY23 $000**	**Non-Operating[1] HY23 $000**	**Statutory Results HY23 $000**	Underlying Results HY22 $000	AASB 15 transition unwind HY22 $000	**Operating HY23 $000**	**Non-Operating[1] HY22 $000**	**Statutory Results HY22 $000**
Revenue	287,367	1,793	289,160	(8,981)	280,179	274,412	8,919	283,331	(1,599)	281,733
Expenses	(226,488)	(309)	(226,797)	(1,195)	(227,992)	(212,992)	(1,859)	(214,852)	(2,480)	(217,331)
EBITDA	**60,879**	**1,484**	62,363	**(10,176)**	**52,187**	**61,420**	**7,060**	**68,480**	**(4,079)**	**64,401**
Depreciation & Amortisation	(26,607)	-	(26,607)	2,115	(24,491)	(23,925)	-	(23,925)	1,996	(23,927)
SaaS arrangements	(1,166)	-	(1,166)	(9,340)	(10,506)	(496)	-	(496)	(4,673)	(5,169)
Business acquisition costs	(245)	-	(245)	(1,338)	(1,583)	(382)	-	(382)	-	(382)
Restructuring costs	-	-	-	-	-	-	-	-	(1,476)	(1,476)
Accounting standard transition costs	-	-	-	(596)	(596)	-	-	-	-	-
Net gain/(loss) on MTM of pre-paid contracts	-	-	-	6,728	6,728	-	-	-	(46,549)	(46,549)
Net gain on lease modifications/ terminations	2	-	2	-	2	337	-	337	-	337
Asset sales gain	-	-	-	83	83	-	-	-	361	361
EBIT	**32,863**	**1,484**	34,346	**(12,524)**	**21,823**	**36,954**	**7,060**	**44,014**	**(54,420)**	**(10,406)**
Net Finance Costs	(8,139)	(73)	(8,212)	(7,133)	(15,346)	(5,386)	(219)	(5,604)	73,666	68,062
Tax	(7,354)	(423)	(7,777)	5,781	(1,996)	(8,718)	(2,052)	(10,770)	(5,664)	(16,434)
Non-controlling interest	(22)	-	(22)	-	(22)	(91)	-	(91)	-	(91)
Net profit/(loss)	**17,347**	**988**	18,335	**(13,876)**	**4,459**	**22,760**	**4,789**	**27,549**	**13,582**	**41,130**
EPS (cents per share)	**12.1**	0.7	12.8	(9.7)	**3.1**	**15.9**	3.3	19.3	9.5	**28.8**

[1] See page 29 for further details on constituents of non-operating P&L.

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Non-Operating EBIT

Supplementary information

	HY23 $000	RESTATED HY22 $000	CHANGE	
Revenue[1]	(8,981)	(1,599)	(7,383)	Net adjustment for the reversal of previous AASB 15 accounting for prepaid contracts and the new AASB 17 accounting set out on page 31
Expenses[1]	(1,195)	(2,480)	1,285	Includes costs of pre-paid sales consultants and administrative function as well as net adjustment for the reversal of previous AASB 15 accounting for pre-paid contracts and the new AASB 17 accounting set out on page 31
EBITDA – NON OPERATING[1]	**(10,176)**	**(4,079)**	**(6,097)**	
Depreciation & Amortisation expense[1]	2,115	1,996	120	Impact of AASB 17 accounting, primarily the reallocation of Australian Funerals D&A (in lieu of rent costs) to Pre-paid contracts service expenses (based on assumption of 14% of funerals being pre-paid redemptions)
SaaS arrangements – expensed as incurred	(9,340)	(4,673)	(4,667)	Costs related to implementation of SaaS solutions that are expensed as incurred
Business acquisition costs	(1,338)	-	(1,338)	Costs related to the TPG bid defense incurred in H1
Restructuring costs	-	(1,476)	1,476	One-off restructuring costs in Pet Cremation business in PCP associated with integrating the operations into a national business
Accounting transition costs	(596)	-	(596)	Professional fees incurred to in relation to adoption of AASB 17, including actuarial assistance
Net gain/ (loss) on pre-paid contract assets[1]	6,728	(46,549)	53,277	Stabilisation of equity valuations in H1 2023 compared to the PCP
Asset sales gain	83	361	(278)	Net gain on disposal of equipment
EBIT– NON-OPERATING[1]	**(12,524)**	**(54,420)**	**41,897**	

[1]: HY22 restated to reflect impact of adoption of AASB 17, see page 30 for further information and Note 3 of the accompanying Half Year Financial Report.

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AASB 17 Explanatory Page

Supplementary information

- One of the key differences between AASB 15 and AASB 17 is the **timing of revenue/profit recognition**
- While each standard determines the net outcome of pre-paid contracts differently, the overall impact on InvoCare's net P&L results is not significant, except for the **impact of changes in discount rates** (driven by changes in forecast interest rates) in **net finance costs, net of tax**
- AASB 17's results are based on estimates and assumptions applied to each cohort of contracts (i.e., annual sales of pre-paid contracts) to determine a stream of cash flows that are recognised within pre-paid contract revenue based on future delivery expectations. The actual costs of delivering pre-paid funerals are recognised within the pre-paid contracts service expense.

AASB 15:

- All revenue/profit is released at the **end of the contract**. It is entirely dependent on the timing of the beneficiary's death
- Revenue is based on the original pre-paid contract value plus the life to date financing (at 4% p.a compounded)
- Costs are the actual cost to perform a funeral at the time of the beneficiary's death

AASB 17:

- The release of revenue/profit is **spread over the expected life of the contract**
- Pre-paid contract liabilities are based on:
  - Estimates of fulfilment cash flows (FCF) - being the estimated costs to deliver a funeral in the future (discounted), the timing of which is determined by mortality assumptions
  - Risk adjustment (RA) – representing two primary non-financial risks (Excess deaths & increased expenses relative to estimates)
  - Contractual Service Margin (CSM) – The unearned profit that InvoCare expects to earn as it provides pre-paid funeral services

Key estimates and assumptions include:

- **Mortality rates** for each gender and age group – based on Australian Life tables adjusted for InvoCare's own experience
- **Discount rates** – based on Commonwealth Government Securities adjusted for an illiquidity premium reflecting the illiquid nature of InvoCare's contracts
- **Expense inflation** – based on the long-term CPI inflation rate.

Pre-paid Contracts Impact on Results – H1 2023 & H1 2022

Supplementary information

- The below table is a required disclosure under AASB 17. It shows a complete picture of the results from pre-paid contracts, in terms of revenue, expenses, finance costs and gain/(loss) on the pre-paid contract funds under management (FUM) captured in non-operating earnings
- The delivery of pre-paid contracts in H1 2023 generated a profit of $4.3 million (H1 2022: $3.9 million)
- The inclusion of the gains/(loss) on pre-paid contract FUM is not a AASB 17 requirement as the assets are accounted for under a different accounting standard. However, InvoCare has combined the disclosure of the MTM impact to provide a complete view of the financial impacts of pre-paid contracts to the Group's non operating and statutory results

Extract from Note 3(c)(iv) of Half Year Financial Report:	30 Jun 2023 $'000	30 Jun 2022 $'000
Amounts relating to the changes in the LRC		
- Expected incurred claims and other pre-paid contract service expenses	14,506	13,500
- Change in the risk adjustment for non-financial risk for the risk expired	1,149	1,159
- CSM recognised in profit and loss for services provided	1,947	3,095
Acquisition cash flows recovery	296	-
Total pre-paid contracts revenue	17,898	17,754
Pre-paid contracts service expenses	(13,277)	(13,893)
Acquisition cash flows amortisation	(296)	-
Total pre-paid contract expenses	(13,573)	(13,893)
Total pre-paid contracts service result	4,325	3,861
Gain/(loss) on pre-paid contracts funds under management*	6,728	(46,549)
Finance costs/(income) from pre-paid contracts issued	(7,133)	73,666
Net pre-paid contracts service and funds under management results before income tax	3,920	30,978
Income tax benefit	(1,176)	(9,293)
Net profit after income tax on pre-paid contracts	2,744	21,684

* *The recognition, measurement, and disclosure of the pre-paid contracts funds under management remains unchanged.*

Recognition of the revenue arising from expected redemptions in the year + Contract Service Margin (CSM) amortisation based on services provided and release of the associated risk adjustment (RA).

Pre-paid contracts service expenses based on actuarial assessment of costs of performing pre-paid funeral services redeemed in the period

Net gain on mark-to-market (MTM) of funds under management – no change in accounting on adoption of AASB 17

Impact of the movement in the pre-paid contract liabilities on the balance sheet due to changes in long-term interest rates

N.B The results presented above for pre-paid contracts revenue & pre-paid contracts expenses are included within the non-operating revenue, expenses, EBITDA and depreciation & amortisation on pages 28 & 29.

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Net Finance Costs

Supplementary information

	HY23 $000	HY22 $000	CHANGE $000	CHANGE %	
Interest paid and payable	(5,578)	(3,384)	(2,194)	65%	Paid on drawn syndicated debt facility using BBSY+ margin and fixed interest rate of 4.81% for $100 million USPP. Group weighted average cost of debt at June 2023 was 5.01% compared to 3.88% in the PCP
Interest expense: customer advance payments (AASB 15)	(73)	(219)	146	(67%)	Non-cash AASB 15 related customer advance payment unwind, see page 33
Interest expense on lease liabilities (AASB 16)	(3,192)	(2,874)	(317)	11%	Non-cash AASB 16 related interest, see page 33
FX gain/(loss)	386	1,643	(1,257)	(77%)	Non-cash gain on translation of NZD denominated debt. No NZD debt draw downs at 30 June 2023
Other	(1,067)	(1,347)	280	(21%)	Includes loan establishment & commitment fees and merchant fees
Interest expense	**(9,524)**	**(6,181)**	**(3,343)**	**54%**	Increase reflects increased cost of debt from rising interest rates on higher debt drawn and cycling of large FX gain in the PCP
Pre-paid contract finance cost – AASB 17	(7,133)	73,666	(80,800)	(110%)	See page 30 for further details on AASB 17 accounting impacts, the forward curve on long-term interest rates decreased by 9bps in the first half of 2023
Interest received	1,312	577	735	127%	Benefiting from rising interest rates on cash held
Net finance costs	**(15,346)**	**68,062**	**(83,408)**	**(123%)**	

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AASB 15 & AASB 16 Impacts

Supplementary information

Unwind of deferred revenue when revenue recognition criteria met e.g., control of property/interment right, usually upon receipt of full payment

Unwind of deferred selling costs including inventory movements and commissions paid to sales staff

Financing cost from receiving customer payments in advance, increases deferred revenue to reflect current selling price

AASB 15 transition unwind impact

	FY18 $M	FY19 $M	FY20 $M	FY21 $M	HY22 $M	FY22 $M	HY23 $M
Operating Revenue	21.6	16.3	20.3	18.8	8.9	17.0	1.8
Operating Expenses	(5.7)	(3.9)	(5.0)	(4.5)	(1.9)	(3.5)	(0.3)
Operating EBITDA	**15.9**	**12.4**	**15.3**	**14.3**	**7.1**	**13.5**	**1.5**
Interest	(3.5)	(2.9)	(2.0)	(0.9)	(0.2)	(0.3)	(0.1)
Profit before tax	**12.4**	**9.5**	**12.3**	**13.4**	**6.8**	**13.2**	**1.4**

- FY22 was the final year of material contribution of AASB 15 revenue and cost unwind through the Cemeteries & Crematoria P&L

Impact of **reversal of operating lease rental expense**, increases EBITDA

Depreciation of Right to Use Asset, in lieu of rent expense

Unwind of discount rate on present value of lease liabilities

AASB 16 impact

	HY22 $M	HY23 $M
Operating EBITDA	**10.3**	**11.0**
Depreciation	(9.4)	**(9.6)**
Interest	(2.9)	**(3.2)**
Profit before tax	**(2.0)**	**(1.8)**

- Impact of AASB16 is to recognise a Right of use asset (ROUA) and a corresponding liability (ROUL) for Property and MV leases.
- Rental expense is replaced by depreciation (of the ROUA) and interest cost (on the NPV of the ROUL).
- Operating EBITDA is increased (lower operating costs) whilst PBT is decreased (higher interest cost in particular).

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Glossary (1/2)

Term	Definition
Average capital employed	Average of opening and closing Capital Employed
Average working capital % of sales	Average of opening and closing Working Capital divided by Operating Revenue for a 12-month period
CAPEX	Capital expenditure
Capital employed	As used in ROCE % calculation. Equal to Total Equity + Net Debt
Cashflow conversion %	Ungeared, tax free operating cash flows, add back SaaS expensed as incurred, divided by Statutory EBITDA
CODB	Costs of Doing Business
CRM	Customer Relationship Management
CX	Customer Experience
DA	Development approval
D&A	Depreciation & amortisation expense
Debt Leverage ratio	Calculated for disclosure purposes as Net debt divided by Operating EBITDA. Leverage calculation used for bank covenant testing purposes uses an Adjusted EBITDA measure (primarily adjusted to include proforma earnings from acquisitions and costs arising from restructuring initiatives). r12 measure uses rolling 12-month Operating EBITDA
Dividend payout ratio	Dividend per share divided by Operating EPS
EBIT Margin	Operating EBIT divided by Operating Revenue
EBITDA Margin	Operating EBITDA divided by Operating Revenue
EPS	Earnings per share, calculated as Reported profit/(loss) divided by weighted average number of shares.
ERP	Enterprise Resource Planning, e.g. the main Oracle general ledger financial system used by the business
Free cash flow	Operating cash flow + interest paid + net funds from pre-paid contracts less Maintenance cash CAPEX less Investment – Platform cash CAPEX
Funeral Case Average	Calculated as gross funeral revenue (including disbursements) divided by funeral case volume
Funeral Case Volume	Number of funeral services undertaken
FUM	Funds under management in the pre-paid funerals business
Interest cover ratio	Calculated as Operating EBITDA divided by Net finance costs excluding AASB 16 interest, merchant fees and interest on customer advance payments. Interest cover calculation used for bank covenant testing purposes uses an Adjusted EBITDA measure (primarily adjusted to include proforma earnings from acquisitions and costs arising from restructuring initiatives)
Investment CAPEX	CAPEX undertaken to expand existing operations or further growth prospects, includes platform investments (IT and Shared Service Centre projects)

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Glossary (2/2)

Term	Definition
LTIFR	Lost Time Injury Frequency Rate calculated on actual hours worked
Maintenance CAPEX	Recurring annual CAPEX required to maintain facilities, capital works, IT hardware and software and plant & equipment
Memorialisation revenue	Revenue earned from the sale of memorials, plaques, burial plots etc. in the Cemeteries & Crematoria business
MTM	Mark-to-market, revaluation of assets and liabilities held at fair value on the Group's balance sheet
Net debt	Cash and cash equivalents + Borrowings + Finance leases
NPS	Net Promoter Score, calculated based on customer feedback with Group score representative of Australia and New Zealand only
Operating EBITDA	Operating earnings before business acquisition costs, SaaS arrangements expense, gain/loss on lease modification/termination, interest, tax, depreciation & amortisation
Operating EBIT	Operating earnings before interest and tax
Operating EPS	Operating net profit after tax divided by weighted average number of shares
Operating leverage	Means the percentage growth in Operating EBITDA divided by the percentage growth in Operating Revenue
Operating NPAT	Reported profit excluding non-operating items and associated tax
Operating Revenue	Revenue for the Group excluding revenue earned from pre-paid funerals business
OPEX % Sales	Operating expenses (excluding finished goods, consumables and funeral disbursements) divided by Operating Revenue
PCP	Prior corresponding period
Pet case average	Gross pet cremation revenue divided by Pet cremation volume; average revenue earned from pet cremation cases conducted
Pet cremation case volumes	The number of pets cremations conducted
ROCE %	Calculated as Operating EBIT divided by Average Capital Employed. r12 measure uses rolling 12-month Operating EBIT and Average Capital Employed using prior period end balances
SaaS	Software-as-a-service
TRIFR	Total Recordable Injury Frequency Rate calculated on actual hours worked
Ungeared, tax free operating cash flows	Calculated as operating cash flow excluding net finance costs paid and tax paid adjusted by net funds from pre-paid contracts (Payments to funds under management for pre-paid contract sales and receipts from funds under management for pre-paid contracts performed) sourced from investing cash flows
Underlying	Operating revenue, cost, EBITDA and EBIT excluding the impact of the unwind in AASB 15 transition benefits on the result of the Cemeteries & Crematoria business to allow for better like-for-like comparability of earnings
Working capital	Inventories + Trade & Other Receivables + Trade & Other Payables

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