Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 29 March 2024

To:	BNY Mellon Corporate Trustee Services Limited
	Fitch Ratings Limited
	Standard & Poor's
	Bloomberg
From:	Dignity (2002) Limited (as Borrower)

Terms defined in the Issuer / Borrower Loan Agreement ('IBLA') shall have the same meaning herein.

NOTICE TO THE READER

This report is for use by the addressees only and should not be divulged to any other third party.

The information contained in this report represents information on Dignity (2002) Limited and its subsidiaries (the 'Dignity (2002) Group' and/or "Securitisation Group"), a sub-group of Dignity Group Holdings Limited group (formerly Dignity plc group) referred throughout this document as the 'Group'.

The information set out herein is not necessarily representative of the performance of the Group as a whole and should not be relied upon in this respect. For example it does not include profits and losses generated by certain companies held outside the Dignity (2002) Group or any dividends declared to shareholders of Dignity Group Holdings Limited (formerly Dignity plc) referred throughout this document as 'Dignity'.

Dignity (2002) Limited

Unaudited Investor Report
for the 52 week period ended 29 March 2024

Pages

Dignity (2002) Limited

Financial Overview

Review of operations

- Unaudited EBITDA for the 52 week period ended 29 March 2024 was £35.0 million compared to £37.4 million for the audited 52 week period ended 29 December 2023.

- *Consent solicitation with Noteholders – temporary covenant waiver*
  On 17 February 2022, Dignity Finance PLC, a fellow subsidiary of the Dignity (2002) Group, announced the launch of a consent solicitation with its Class A Noteholders in relation to a proposed temporary covenant waiver for the Securitised Group. As stated in the Group's 2022 Annual Report published on 27 April 2023, the directors of Dignity Group Holdings Limited continue to work on its plans to improve the capital structure of the Group in the pursuit of the best long-term value for shareholders.

  Whilst the Securitisation Group's financial performance in 2021 delivered headroom in relation to the Financial Covenant, given the distorting impact of the pandemic on the timing of deaths, there was significant uncertainty around the UK death rate in the near term. Therefore, the Board of Dignity Group Holdings Limited made a prudent decision to seek a temporary waiver of the Financial Covenant on a precautionary basis.

  Following a meeting of the Class A Noteholders on 11 March 2022, the necessary quorum required under the documentation to approve the waiver was achieved (with 99.58 per cent of the aggregate Principal Amount Outstanding of the Class A Notes for the time being represented) and the Extraordinary Resolution was duly passed (with 95.19 per cent of the votes being cast in favour).

  This waiver allowed for an equity cure (with a cap that Dignity Group Holdings Limited did not need to exceed in equity cure) where there was a shortfall in EBITDA of the Securitisation Group in respect of any Relevant Period that ended prior to (and including) 31 December 2022. Any cash transferred into the Securitisation Group during the waiver period (initially to 31 March 2023) could be included within the EBITDA for the purpose of calculating the Financial Covenant for the following 12 months.

  There was an equity cure made of £2.5 million in the Relevant Period ending 31 March 2024. A total equity cure of £15.4 million is required to ensure the Financial Covenant is complied with, therefore an additional equity cure of £12.9 million is required to be made. In accordance with clause 5.1.1 of the September 2023 waiver letter, this additional equity cure will be transferred to the Securitisation Group within 30 days of the release of this report.

  In addition to the above £2.5 million equity cure a further £16.5 million was transferred into the Securitisation Group. As this was transferred outside of the waiver period (which initially ended on 31 March 2023) it did not qualify as a formal equity cure and consequently was not included within the EBITDA for the purpose of calculating the Financial Covenant.

- *Consent solicitation with Noteholders – partial redemption of the Class A Notes and temporary covenant waiver*
  On 7 September 2022, a consent solicitation was launched with Class A Noteholders. This sought certain consents from Class A Noteholders for a potential transaction involving the realisation of value from selected crematoria assets, with the proceeds of such a transaction being applied towards a partial redemption of the Class A Notes, in line with the provisions of the current documentation. The necessary quorum was achieved at a meeting of Class A Noteholders on 29 September 2022 (with 99.92 per cent of the aggregate Principal Amount Outstanding of the Class A Notes being represented and the Extraordinary Resolution being passed with 94.42 per cent of the votes being cast in favour) and the consents referred to above applied for an initial 12 month period to ending on 29 September 2023.

  In addition, upon completion of the proposed transaction within the timeframe permitted by the Class A Noteholder consent, additional amendments to the documentation were introduced allowing for further equity cures, subject to specified conditions and restrictions, to be made going forward should they be required. Due to, inter alia, a number of constraints around management time, particularly relating to the take-private transaction described below, it was necessary to seek an extension of the deadline given in this consent.

  Therefore, on 7 August 2023, a further consent solicitation exercise was launched with the Class A Noteholders. The purpose of such proposals was to allow for £70 million (to be applied towards prepayment of the Class A Notes) to be funded from a wider variety of sources and not just a sale of the selected crematoria assets referred to above. The necessary quorum was achieved at a meeting of Class A Noteholders on 4 September 2023 (with 99.92 per cent of the aggregate Principal Amount Outstanding of the Class A Notes being represented) and the Extraordinary Resolution was duly passed with 94.79 per cent of the votes being cast in favour.

  The September 2023 consent also: (i) reinstated the Financial Covenant waiver previously granted in 2022 (referred to above) for each Relevant Period ending on or before 30 June 2024 (or 31 December 2024 where the Borrower has delivered a certificate of intention to partially redeem the Class A Notes as envisaged by the consent solicitation), albeit there was a requirement to completely equity cure as a condition to the waiver as opposed to a cap; (ii) made certain changes to the calculation of Debt Service so as to enable a pay-down of debt to immediately be reflected in the calculation thereof; (iii) changed the definition of Material Adverse Effect so as to correct a manifest error in the documentation; and (iv) effectively extended (subject to certain financial and non-financial milestones) the time period for pay-down of the £70 million to the end of December 2024.

Dignity (2002) Limited

Review of operations (continued)

- *Consent solicitation with Noteholders – full redemption of the Class A and Class B Notes*
  On 20 November 2023, a further consent solicitation with respect to both the Class A and Class B Noteholders was launched in order to afford the Group the necessary flexibility to effect a holistic refinancing transaction which, if successfully executed, would allow for the Class A Notes to be redeemed in full at 100 per cent. of their then Principal Amount Outstanding and the Class B Notes to be redeemed in full at 84.25 per cent. of their then Principal Amount Outstanding, in each case on or before the Interest Payment Date falling in December 2024. The necessary quorum was achieved at separate meetings of the Class A and Class B Noteholders on 12 December 2024 (with 99.64 per cent of the aggregate Principal Amount Outstanding of the Class A Notes being represented and 99.55 per cent of the aggregate Principal Amount Outstanding of the Class B Notes being represented) and the Extraordinary Resolutions presented at each meeting were duly passed with 99.79 per cent of the votes being cast in favour (in the case of the Class A Noteholder meeting), and 95.21 per cent of the votes being cast in favour (in the case of the Class B Noteholder meeting).

  Amongst other things, the proposals approved by Noteholders in December 2023: (i) introduced a new mandatory prepayment event under the documentation that would occur upon the satisfaction of certain conditions relating to the refinancing, including an amount sufficient to redeem the Notes at their respective aggregate redemption amounts referred to above being (a) deposited into either the Issuer Transaction Account or another Issuer bank account secured in favour of the Security Trustee or (b) held in an escrow account that will be paid to the Issuer in connection with the completion of the proposed refinancing; (ii) authorised and directed the Security Trustee to release all Borrower Security Documents in order to facilitate completion of the proposed refinancing upon satisfaction of specified requirements; (iii) amended the redemption provisions under the Conditions to provide for an additional mandatory redemption of the Notes in whole upon the delivery of said refinancing notice at the redemption amounts specified above (together with accrued but unpaid interest); and (iv) made certain amendments to the disposals and acquisitions covenants applicable to the Securitisation Group in order to allow for the consolidation of business and asset types to facilitate the refinancing.

  In addition, the December 2023 consents made certain amendments to the previous consent approved by Class A Noteholders in September 2023, such that: (i) cash paid by Dignity Group Holdings Limited to the Securitisation Group during the period from 30 September 2023 to 31 December 2023 (Q4 2023) would count towards the calculation of EBITDA for the Financial Covenant for each period in respect of which Q4 2023 forms part; and (ii) where the Borrower has delivered a certificate to the Security Trustee confirming that the proposed refinancing is expected to occur by the Interest Payment Date falling in December 2024, then the Financial Covenant waiver referred to above would apply to each Relevant Period ending on or before 31 December 2024.

- *Recommended cash offer for Dignity Group Holdings Limited*
  On 23 January 2023, the Board of Dignity Group Holdings Limited (which was then Dignity plc) announced that it had reached agreement on the terms of a recommended cash offer for the Group (the 'Offer'). The Offer was made by Yellow (SPC) BidCo Limited ('BidCo'), a consortium comprising SPWOne V Limited ('SPWOne'), Castelnau Group Limited ('Castelnau') and Phoenix Asset Management Partners Limited. On 14 February 2023, the offer document, which contained, amongst other things, the full terms and conditions of the Offer and the procedures for its acceptance, was published and posted to Dignity shareholders.

  In summary, under the Offer:

  - Dignity shareholders were entitled to receive 550 pence in cash for each Dignity share (the 'Cash Offer');
  - As an alternative to (or in combination with) the Cash Offer, eligible Dignity shareholders could have elected to receive for each Dignity share 5.50 unlisted non-voting D shares in the capital of Valderrama Limited (the indirect parent company of the consortium's BidCo) for each Dignity share (the 'Unlisted Share Alternative'); and
  - As an alternative to (or in combination with) the Cash Offer and in addition to or instead of the Unlisted Share Alternative, eligible Dignity shareholders could have elected to receive 7 1/3 listed voting Ordinary Shares in the capital of Castelnau for each Dignity share (the 'Listed Share Alternative' and, together with the Unlisted Share Alternative, the 'Alternative Offers').

  The Board of Dignity were unanimous in recommending that Dignity shareholders accept the Cash Offer.

  On 5 April 2023, the Offer obtained regulatory approval from the Financial Conduct Authority.

  On 19 April 2023, the Offer became unconditional and the consortium obtained control of the Dignity Group.

  On 21 April 2023, the consortium had acquired or agreed to acquire 75.09 per cent of Dignity Group Holdings Limited shares and Dignity Group Holdings Limited subsequently announced that the notice period for the cancellation of listing and trading of its shares commenced.

  On 4 May 2023, the consortium had received acceptances representing 95.67 per cent of the Dignity Shares and exercised its rights to acquire compulsorily the remaining Dignity Shares.

  On 25 May 2023, the cancellation of listing was completed.

  On 21 July 2023, the company changed its name from Dignity plc to Dignity Group Holdings Limited, following the re-registration from a public company to a private limited company.

Dignity (2002) Limited

Review of operations (continued)

Dignity Group Holdings Limited's ultimate parent and controlling party is Valderrama Limited. Valderrama is controlled by Castelnau and SPWOne, as part of a joint venture.

The change in control and cancellation of listing and trading of shares did not impact the Securitised Debt.

- *Standard and Poor global rating*
  On 21 February 2023, S&P Global Ratings lowered its credit ratings on Dignity Finance PLC's class A notes to 'BBB- (sf)' from 'A- (sf)'and class B notes to 'CCC+ (sf)' from 'B+ (sf)'. At the same time, S&P removed its ratings on both classes from CreditWatch negative.

  On 11 August 2023, S&P Global Ratings placed the class A notes on credit watch negative.

  On 2 November 2023, S&P Global Ratings lowered its credit ratings on Dignity Finance PLC's class A notes to 'B+(sf)' from 'BBB-(sf)'. At the same time, S&P removed its ratings on the class A notes from CreditWatch negative.

  On 13 December 2023, S&P Global Ratings lowered its credit ratings on Dignity Finance PLC's class B notes to 'CC (sf)' from 'CCC+ (sf)'.

- *Fitch Ratings downgrade of Class A and Class B Notes*
  On 17 March 2023, Fitch Ratings downgraded Dignity Finance PLC's Class A notes to 'BBB' from 'A-' and class B notes to 'B' from 'BB+' and placed that company on Rating Watch Negative.

  On 30 November 2023, Fitch Ratings downgraded Dignity Finance PLC's Class A notes to 'BB+' from 'BBB' and class B notes to 'CCC' from 'B', the company remains on Rating Watch Negative.

  On 15 December 2023, Fitch Ratings downgraded Dignity Finance PLC's Class B notes to 'C' from 'CCC', the company remains on Rating Watch Negative.

Trading locations

- The number of funeral locations within the Dignity (2002) Group at the period end was 646 which compares to 675 at 29 December 2023. The movement in the portfolio is shown below:

	Dignity (2002) Group
Number of locations at 29 December 2023§1	675
Branch closure – freehold	(11)
Branch closure – leasehold	(18)
Number of locations at 29 March 2024§1	**646**

- There are no other funeral locations outside of the Dignity (2002) Group.
- The Dignity (2002) Group operates from 44 crematoria (Dec 2023: 44). Non-Obligors operate from 1 additional crematorium (Dec 2023: 2).

§1 Excludes 11 (2023: 10) telephone branches within the Dignity (2002) Group.

Dignity (2002) Limited

Consolidated EBITDA and capital expenditure

for the 52 week period ended 29 March 2024

	Note	*Funeral services*	*Crematoria*	*Pre-arranged funeral plans*	*Portfolio*	*Central overheads*	***52 week period ending 29 Mar 2024***	*52 week period ending 29 Dec 2023*
		£m	*£m*	*£m*	*£m*	*£m*	***£m***	*£m*
Net revenue		181.8	80.5	8.8	271.1	-	**271.1**	278.8
Operating expenses		(156.6)	(40.7)	(10.4)	(207.7)	(28.4)	**(236.1)**	(241.4)
EBITDA	1	**25.2**	**39.8**	**(1.6)**	**63.4**	**(28.4)**	**35.0**	37.4
Movement in provisions		n/a	n/a	n/a	n/a	n/a	**-**	-
Taxation	2	n/a	n/a	n/a	n/a	n/a	**(0.1)**	2.5
Minimum Capex Maintenance Amount	3	n/a	n/a	n/a	n/a	n/a	**(13.3)**	(13.2)
Free Cashflow		**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**21.6**	26.7
Actual Capital Maintenance Expenditure – ***calendar YTD***		1.1	1.4	-	2.5	-	**2.5**	24.9
Expenditure on Permitted Crematorium – Developments by Obligors – ***52 week period***		-	0.0	-	0.0	-	**0.0**	0.0

Dignity (2002) Limited

Consolidated Net Assets, Cash balances, Financial Indebtedness, Permitted Obligor Acquisitions and Permitted Disposals

as at 29 March 2024

	Note	*29 Mar 2024*	*29 Dec 2023*
Consolidated Net Assets:	4	***£m***	*£m*
Fixed assets		**1,405.3**	1,419.2
Other current assets		**117.8**	79.6
Total current assets	5	**117.8**	79.6
Other creditors: amounts falling due within one year		**(490.8)**	(488.7)
Creditors: amounts falling due within one year		**(490.8)**	(488.7)
Net current liabilities		**(373.0)**	(409.1)
Total assets less current liabilities		**1,032.3**	1,010.1
Creditors: amounts falling due after more than one year		**(1,776.1)**	(1,781.4)
Provisions for liabilities		**(40.7)**	(39.2)
Pension liability		**(4.2)**	(5.2)
Net liabilities		**(788.7)**	(815.7)
Cash balances – amounts standing to the credit of:			
Capex Reserve Account		**-**	-
Funeral Home Reserve Account		**-**	-
Loan Payments Account	6	**7.4**	4.2
Issuer Transaction Account		**0.1**	0.1
Latent Tax Reserve Account	6	**-**	-
Crematorium Reserve Account		**-**	-
Principal Reserve Account		**-**	-
Elective Capex Account	6	**27.4**	18.6
Special Capex Account		**-**	-
Restricted Payments Account		**-**	-
Upgrade Reserve Account		**-**	-
Permitted Obligor Acquisitions and Permitted Disposals:			
Permitted Obligor Acquisitions (gross) in the Relevant Period	7	**0.7**	1.5
Permitted Disposals (gross) in the Relevant Period (where Net Sale Proceeds exceeds £75,000 x CPI)	8	**0.4**	0.7
Financial Indebtedness	10	**833.4**	829.3

Dignity (2002) Limited

Coverages and covenants (without equity cure)

for the 52 week period ended 29 March 2024

	Note	***52 week period ending 29 Mar 2024 £m***	*52 week period ending 29 Dec 2023 £m*
EBITDA for the Relevant Period		**35.0**	37.4
Free Cashflow for the Relevant Period		**21.6**	26.7
Debt Service for the Relevant Period	9	**33.6**	33.8
Financial Covenant			
EBITDA DSCR (‘Debt Service cover ratio’) :			
Target		**>= 1.5 : 1**	>= 1.5 : 1
Actual		**1.04 : 1**	1.11 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		**>= 1.4 : 1**	>= 1.4 : 1
Actual		**0.64 : 1**	0.79 : 1
EBITDA DSCR :			
Target		**>=1.85 : 1**	>=1.85 : 1
Actual		**1.04 : 1**	1.11 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has not been observed for the Relevant Period ending 31 March 2024 and an amount of £2.5 million has been brought into the Securitisation group as part of the waiver arrangement.

The Restricted Payment Condition in relation to each Restricted Payment above have not been satisfied for the Relevant Period ending 31 March 2024 and subsequently no Restricted Payments have been made.

Dignity (2002) Limited

Coverages and covenants (with equity cure)

for the 52 week period ended 29 March 2024

	Note	***52 week period ending*** ***29 Mar 2024*** ***£m***	*52 week period ending* *29 Dec 2023* *£m*
EBITDA for the Relevant Period		**35.0**	37.4
Equity cure made for the Relevant Period	16, 17	**2.5**	16.0
Equity cure made after the Relevant Period		**12.9**	-
Free Cashflow for the Relevant Period		**21.6**	26.7
Debt Service for the Relevant Period	9	**33.6**	33.8
Financial Covenant			
EBITDA + equity cure DSCR (‘Debt Service cover ratio’) :			
Target		**>= 1.5 : 1**	**>= 1.5 : 1**
Actual – Including equity cure made after the Relevant Period		**1.5 : 1**	**1.58 : 1**
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		**>= 1.4 : 1**	**>= 1.4 : 1**
Actual		**0.64 : 1**	**0.79 : 1**
EBITDA + equity cure DSCR :			
Target		**>=1.85 : 1**	**>=1.85 : 1**
Actual – Including equity cure made after the Relevant Period		**1.5 : 1**	**1.58 : 1**

Confirmations

There was an equity cure made of £2.5 million in the Relevant Period ending 31 March 2024. A total equity cure of £15.4 million is required to ensure the Financial Covenant is complied with, therefore an additional equity cure of £12.9 million is required to be made. In accordance with clause 5.1.1 of the September 2023 waiver letter, this additional equity cure will be transferred to the Securitisation Group within 30 days of the release of this report.

In addition to the above £2.5 million equity cure a further £16.5 million has been transferred to the Securitisation Group. As this was transferred outside of the waiver period it does not count towards equity cure.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 March 2024

1 EBITDA

EBITDA has been calculated in accordance with the definition in the IBLA. Pension costs are stated on a cash basis and have been allocated on a divisional basis.

For the benefit of users of this report, divisional EBITDA for the Relevant Periods was as follows:

52 week period ended 29 Mar 2024	***Funeral services £m***	***Crematoria £m***	***Pre-arranged funeral plans £m***	***Central overheads £m***	***Group £m***
Net revenue	181.8	80.5	8.8	-	**271.1**
Operating expenses	(156.6)	(40.7)	(10.4)	(28.4)	**(236.1)**
EBITDA	**25.2**	**39.8**	**(1.6)**	**(28.4)**	**35.0**
52 week period ended 29 Dec 2023					
Net revenue	186.0	82.2	10.6	-	278.8
Operating expenses	(162.6)	(39.6)	(9.9)	(29.3)	(241.4)
EBITDA	23.4	42.6	0.7	(29.3)	37.4

Elements of net revenue and operating expenses of the pre-need business are included within the published funeral services number. Therefore, the pre-need business remains in a profitable position for the 52 week period ended 29 March 2024.

2 Taxation

Taxation represents amounts paid in cash or falling due in respect of Tax during the Relevant Period.

3 Minimum Capex Maintenance Amount

The IBLA requires the Minimum Capex Maintenance Amount rather than actual spend to be deducted in arriving at Free Cashflow.

Notes to the Investor Report

for the 52 week period ended 29 March 2024

4 Consolidated Net Assets

The consolidated net assets as at 29 December 2023 as disclosed in this Investor Report represent the final audited figures as per the 2023 statutory accounts.

Following the issuance of the Investor Report for the period ended 29 December 2023 on 27 March 2024, amendments to the Investor Report have been made due to the finalisation of the year end financial statements. This has resulted in an increase in the net liabilities of £34.1 million, primarily relating to impairment of fixed assets of £41.8 million offset by the corresponding tax impact of £6.4 million.

These amendments did not result in any changes to the Financial Covenants for the 52 week period ended 29 December 2023. Audited financial statements will be delivered to the Note Trustee on or before 29 May 2024, as required by the IBLA.

5 Total current assets

Total current assets include cash at bank and in hand of £70.2 million (Dec 2023: £40.1 million) of which £12.5 million (Dec 2023: £6.7 million) is cash held for operations.

6 Reserve account balances

Loan Payments Account

The balance in this account represents cash set aside to pay the future tax payments of the Dignity (2002) Group.

Elective Capex Account

The balance in this account includes cash received in regards to the Trust Surpluses of £22.5m and £15.0m (net of tax) with the reduction in this balance being expenditure on maintenance capital expenditure.

Latent Tax Reserve Account

A balance in this account would represent cash set aside pursuant to clause 17.6.6 (b) of the IBLA. On 26 July 2023, £0.4 million was transferred from the Latent Tax Reserve Account pursuant to clause 17.6.7.

7 Permitted Obligor Acquisitions

The expenditure in the Relevant Period relates to the acquisition of businesses and properties (other than crematoria properties) and Funeral Home Start-Ups.

8 Permitted Disposals

There were three asset disposals by Obligors in the Relevant Period, where the market value exceeded £75,000 x CPI, comprised of freehold properties that were not directly EBITDA generating.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 March 2024

9 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 31 March 2024:

- Loan Event of Default
- Potential Loan Event of Default
- Financial Adviser Appointment Event

The Dignity (2002) Group made the following debt repayments to Bondholders during the Relevant Period (paid on 30 June 2023 and 31 December 2023):

	Interest	***Principal***
	£'000	***£'000***
Class A Secured 3.5456% Notes due 2034	5,581	10,913
Class B Secured 4.6956% Notes due 2049	16,735	-
	22,316	10,913

Debt Service for the Relevant Period ending 31 March 2024 has been calculated as follows:

		Principal	***Annual rate***	***Interest***
Senior Interest accruing in the period	**Note**	***£'000***	***%***	***£'000***
Class A Notes		149,205	3.5556%	5,500
Class B Notes		356,402	4.7056%	16,771
Liquidity facility		55,000	1.10%	605
Senior Interest accrued in the period				**22,876**
Finance leases				52
Interest received in the period		Variable	Variable	(203)
Scheduled repayments of principal in the period			n/a	10,913
Debt Service for the Relevant Period				**33,638**

Notes to the Investor Report

for the 52 week period ended 29 March 2024

10 Financial Indebtedness

"Financial Indebtedness" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease, credit sale, conditional sale agreement or hire purchase contract which would, in accordance with Accounting Policies, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 March 2024

11 Dignity Group Holdings Limited

For the avoidance of doubt, the financial information contained elsewhere in this report relates to the unaudited consolidated results and financial position of Dignity (2002) Limited and its subsidiaries (‘the Dignity (2002) Group’) as required under the IBLA. The intermediate parent undertaking of Dignity (2002) Limited is Dignity Group Holdings Limited. The parent undertaking of Dignity (D2002) Limited is Valderrama Limited.

Consequently, the financial information set out elsewhere in this report does not include the results of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited, nor any adjustments necessary as to present the consolidated results and financial position of the combined groups.

Specifically, the financial information set out elsewhere in this report does not include certain adjustments, including, but not limited to, the following:

- Certain administrative expenses accruing to the parent undertakings of the Dignity (2002) Group;
- Interest payable and receivable on borrowings or loans between the Dignity (2002) Group and its parent undertakings;
- Interest payable or receivable on borrowings or loans held by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- Dividends declared or receivable by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- The non-cash effects of IAS 19 in the Relevant Period;
- The net assets of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited; and
- Any adjustments necessary in order to present the combined results and financial position of any entity outside the control of the Dignity (2002) Group.

This report has been prepared under EU adopted International Financial Reporting Standards (IFRS).

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 March 2024

12 Terminology

The following capitalised terms and phrases used in this report are defined in the Issuer / Borrower Loan Agreement ('IBLA') and have the same meanings in this report as defined in the IBLA:

Accounting Standards Change	Additional Obligor	Annual Upgrade Update	Borrower	Capital Maintenance Expenditure	Change of Basis Election
Debt Service	Dignity Group	EBITDA	Financial Adviser Appointment Event	Financial Covenant	Financial Indebtedness
Free Cashflow	Funeral Home Start-Up	Issuer	Loan Event of Default	Minimum Capex Maintenance Amount	Non-Obligor
Non-Obligor Investment	Note Trustee	Obligor Transaction Documents	Permitted Crematorium Development	Permitted Disposal	Permitted Obligor Acquisition
Portfolio	Potential Loan Event of Default	Relevant Period	Restricted Payment	Restricted Payment Condition	Senior Interest
Secured Notes	Securitisation Group	Security Trustee	Tax	Tax Deed of Covenant	

13 Investor Report Information to Bloomberg

The Dignity (2002) Group is a sub-group of the Dignity Group. As a result, this Investor Report is publicly available on the Group's website www.dignityplc.co.uk/investors/results-and-reports/bondholders/. The Dignity (2002) Group has therefore published this entire Investor Report on Bloomberg, rather than restricting the information provided as permitted by the IBLA.

14 Quarterly reference dates

The Dignity (2002) Group prepares accounts drawn up to the nearest Friday before the Quarter End Date each quarter. As a result the combined and consolidated information reflects the 52 week period ending 29 March 2024 and 52 week period ending 29 December 2023.

15 Ancillary Facilities

The Dignity (2002) Group's £55 million Liquidity Facility remains available.

16 Consent solicitation with bondholders

Consent solicitation with Noteholders – temporary covenant waiver

On 17 February 2022, Dignity Finance PLC, a fellow subsidiary of the Dignity (2002) Group, announced the launch of a consent solicitation with its Class A Noteholders in relation to a proposed temporary covenant waiver for the Securitised Group. As stated in the Group's 2022 Annual Report published on 27 April 2023, the directors of Dignity Group Holdings Limited continue to work on its plans to improve the capital structure of the Group in the pursuit of the best long-term value for shareholders.

Whilst the Securitisation Group's financial performance in 2021 delivered headroom in relation to the Financial Covenant, given the distorting impact of the pandemic on the timing of deaths, there was significant uncertainty around the UK death rate in the near term. Therefore, the Board of Dignity Group Holdings Limited made a prudent decision to seek a temporary waiver of the Financial Covenant on a precautionary basis.

Following a meeting of the Class A Noteholders on 11 March 2022, the necessary quorum required under the documentation to approve the waiver was achieved (with 99.58 per cent of the aggregate Principal Amount Outstanding of the Class A Notes for the time being represented) and the Extraordinary Resolution was duly passed (with 95.19 per cent of the votes being cast in favour).

This waiver allowed for an equity cure (with a cap that Dignity Group Holdings Limited did not need to exceed in equity cure) where there was a shortfall in EBITDA of the Securitisation Group in respect of any Relevant Period that ended prior to (and including) 31 December 2022. Any cash transferred into the Securitisation Group during the waiver period (initially to 31 March 2023) could be included within the EBITDA for the purpose of calculating the Financial Covenant for the following 12 months.

Consent solicitation with Noteholders – partial redemption of the Class A Notes and temporary covenant waiver

On 7 September 2022, a consent solicitation was launched with Class A Noteholders. This sought certain consents from Class A Noteholders for a potential transaction involving the realisation of value from selected crematoria assets, with the proceeds of such a transaction being applied towards a partial redemption of the Class A Notes, in line with the provisions of the current documentation. The necessary quorum was achieved at a meeting of Class A Noteholders on 29 September 2022 (with 99.92 per cent of the aggregate Principal Amount Outstanding of the Class A Notes being represented and the Extraordinary Resolution being passed with 94.42 per cent of the votes being cast in favour) and the consents referred to above applied for an initial 12 month period to ending on 29 September 2023.

In addition, upon completion of the proposed transaction within the timeframe permitted by the Class A Noteholder consent, additional amendments to the documentation were introduced allowing for further equity cures, subject to specified conditions and restrictions, to be made going forward should they be required. Due to, inter alia, a number of constraints around management time, particularly relating to the take-private transaction described below, it was necessary to seek an extension of the deadline given in this consent.

Therefore, on 7 August 2023, a further consent solicitation exercise was launched with the Class A Noteholders. The purpose of such proposals was to allow for £70 million (to be applied towards prepayment of the Class A Notes) to be funded from a wider variety of sources and not just a sale of the selected crematoria assets referred to above. The necessary quorum was achieved at a meeting of Class A Noteholders on 4 September 2023 (with 99.92 per cent of the aggregate Principal Amount Outstanding of the Class A Notes being represented) and the Extraordinary Resolution was duly passed with 94.79 per cent of the votes being cast in favour.

The September 2023 consent also: (i) reinstated the Financial Covenant waiver previously granted in 2022 (referred to above) for each Relevant Period ending on or before 30 June 2024 (or 31 December 2024 where the Borrower has delivered a certificate of intention to partially redeem the Class A Notes as envisaged by the consent solicitation), albeit there was a requirement to completely equity cure as a condition to the waiver as opposed to a cap; (ii) made certain changes to the calculation of Debt Service so as to enable a pay-down of debt to immediately be reflected in the calculation thereof; (iii) changed the definition of Material Adverse Effect so as to correct a manifest error in the documentation; and (iv) effectively extended (subject to certain financial and non-financial milestones) the time period for pay-down of the £70 million to the end of December 2024.

16 Consent solicitation with bondholders (continued)

Consent solicitation with Noteholders – full redemption of the Class A and Class B Notes

On 20 November 2023, a further consent solicitation with respect to both the Class A and Class B Noteholders was launched in order to afford the Group the necessary flexibility to effect a holistic refinancing transaction which, if successfully executed, would allow for the Class A Notes to be redeemed in full at 100 per cent. of their then Principal Amount Outstanding and the Class B Notes to be redeemed in full at 84.25 per cent. of their then Principal Amount Outstanding, in each case on or before the Interest Payment Date falling in December 2024. The necessary quorum was achieved at separate meetings of the Class A and Class B Noteholders on 12 December 2024 (with 99.64 per cent of the aggregate Principal Amount Outstanding of the Class A Notes being represented and 99.55 per cent of the aggregate Principal Amount Outstanding of the Class B Notes being represented) and the Extraordinary Resolutions presented at each meeting were duly passed with 99.79 per cent of the votes being cast in favour (in the case of the Class A Noteholder meeting), and 95.21 per cent of the votes being cast in favour (in the case of the Class B Noteholder meeting).

Amongst other things, the proposals approved by Noteholders in December 2023: (i) introduced a new mandatory prepayment event under the documentation that would occur upon the satisfaction of certain conditions relating to the refinancing, including an amount sufficient to redeem the Notes at their respective aggregate redemption amounts referred to above being (a) deposited into either the Issuer Transaction Account or another Issuer bank account secured in favour of the Security Trustee or (b) held in an escrow account that will be paid to the Issuer in connection with the completion of the proposed refinancing; (ii) authorised and directed the Security Trustee to release all Borrower Security Documents in order to facilitate completion of the proposed refinancing upon satisfaction of specified requirements; (iii) amended the redemption provisions under the Conditions to provide for an additional mandatory redemption of the Notes in whole upon the delivery of said refinancing notice at the redemption amounts specified above (together with accrued but unpaid interest); and (iv) made certain amendments to the disposals and acquisitions covenants applicable to the Securitisation Group in order to allow for the consolidation of business and asset types to facilitate the refinancing.

In addition, the December 2023 consents made certain amendments to the previous consent approved by Class A Noteholders in September 2023, such that: (i) cash paid by Dignity Group Holdings Limited to the Securitisation Group during the period from 30 September 2023 to 31 December 2023 (Q4 2023) would count towards the calculation of EBITDA for the Financial Covenant for each period in respect of which Q4 2023 forms part; and (ii) where the Borrower has delivered a certificate to the Security Trustee confirming that the proposed refinancing is expected to occur by the Interest Payment Date falling in December 2024, then the Financial Covenant waiver referred to above would apply to each Relevant Period ending on or before 31 December 2024.

17 Equity cure

There was an equity cure made of £2.5 million in the Relevant Period ending 31 March 2024. A total equity cure of £15.4 million is required to ensure the Financial Covenant is complied with, therefore an additional equity cure of £12.9 million is required to be made. In accordance with clause 5.1.1 of the September 2023 waiver letter, this additional equity cure will be transferred to the Securitisation Group within 30 days of the release of this report.

In addition to the above £2.5 million equity cure a further £16.5 million has been transferred to the Securitisation Group. As this was transferred outside of the waiver period it does not count towards equity cure.