Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 27 September 2024

To: BNY Mellon Corporate Trustees 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

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 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 referred throughout this document as 'Dignity'.

Dignity (2002) Limited

Unaudited Investor Report
for the 52 week period ended 27 September 2024

Pages

Dignity (2002) Limited

Financial Overview

Review of operations

- Unaudited EBITDA for the 52 week period ended 27 September 2024 was £43.3 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 Securitisation Group.

  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.

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.

- *Equity cure*
  There was an equity cure made of £15.4 million in the Relevant Period ended 30 September 2024. Unlike previous periods, this was the first time since the Relevant Period ended 1 April 2022, whereby the entirety of the equity cure was not required to meet the Debt Service cover ratio covenant.

- *Partial early redemption*
  On 29 May 2024, Dignity Finance PLC announced a partial early redemption of the Class A Notes in an amount equal to £15.6 million, funded out of Available Net Surplus and Unutilised Net Sale Proceeds (the 'June 24 Prepayment') that were transferred into the Principal Reserve Account from the Elective Capex Account in accordance with the IBLA on 17 May 2024. The June 24 Prepayment was paid to Class A Noteholders on the Interest Payment Date falling on 24 June 2024.

- *Update regarding the intended redemption of the Notes*
  On 4 July 2024, Dignity (2002) Limited delivered a certificate to the Security Trustee confirming that it continues to intend to effect a refinancing by way of full prepayment of the Notes on or before 31 December 2024 in accordance with the terms of the IBLA. Dignity (2002) Limited has explored, and continues to proactively explore, a range of strategic options available to it in order to effect the proposed refinancing (including, but not limited to, equity, debt and M&A based solutions, as well as the potential utilisation of Surplus – together with combinations of the foregoing).

- *Tender Offer - Class A Notes*
  On 5 July 2024, Dignity (2002) Limited proposed a cash tender offer to Dignity Finance PLC's Class A Noteholders to tender their Class A Notes at 97 per cent. to 99 per cent. of the outstanding principal amount of each Note (the 'July 24 Tender Offer'). On 16 July 2024, Dignity (2002) Limited purchased £67,023,169.28 of Class A Notes at 97 per cent. of their outstanding principal amount (together with accrued interest). Following completion, the Class A Notes purchased by Dignity (2002) Limited were surrendered and subsequently cancelled.

- *Notes Update on the receipt of the Minimum Proceeds Amount by the Securitisation Group*
  In connection with the June 24 Prepayment, Dignity (2002) Limited transferred £25,612,714.25 of Available Net Surplus into the Principal Reserve Account on 17 May 2024 in accordance with the terms of the IBLA (the 'First Surplus Transfer'). The First Surplus Transfer reduced the Minimum Proceeds Amount for the purposes of the IBLA to £44,387,285.75.

  In connection with the July 24 Tender Offer, Dignity (2002) Limited transferred an additional £64,994,501.50 of Available Net Surplus into the Principal Reserve Account on 15 July 2024 (together with the First Surplus Transfer, the 'Surplus Transfers').

Dignity (2002) Limited

Review of operations (continued)

The Surplus Transfers together resulted in the Minimum Proceeds Amount being reduced to zero. Accordingly, the Later Effective Time for the purposes of the IBLA occurred on 15 July 2024 with the result that the IBLA was amended and restated in its entirety on such date to be in the form set out in Schedule 2 (Amended and Restated IBLA) to the deed of amendment, restatement and waiver dated 9 December 2022, as further amended by the amendment deed dated 5 September 2023 and the amendment deed dated 12 December 2023.

- *Update regarding the intended redemption of the Notes*
  On 18 September 2024, Dignity (2002) Limited provided an update on the intended refinancing of the Notes and concluded that proceeding with such strategic options on current available terms is not in the best interest of the Borrower, its affiliates, or its key stakeholders. Therefore, the Borrower confirmed it no longer expects to be able to complete the proposed refinancing by 31 December 2024.

- *Standard and Poor global rating*
  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)' while the Class B Notes remained at 'CCC+ (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)'.

  On 1 August 2024, S&P Global Ratings affirmed its credit ratings on Dignity Finance PLC's Class A and B Notes.

- *Fitch Ratings downgrade of Class A and Class B Notes*

  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 584 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	(37)
Branch closure – leasehold	(54)
Number of locations at 27 September 2024[§1]	**584**

- 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 1 (2023: 10) telephone branches within the Dignity (2002) Group.

Dignity (2002) Limited

Consolidated EBITDA and capital expenditure

for the 52 week period ended 27 September 2024

	Note	*Funeral services*	*Crematoria*	*Pre-arranged funeral plans*	*Portfolio*	*Central overheads*	***52 week period ending 27 Sep 2024***	*52 week period ending 29 Dec 2023*
		£m	*£m*	*£m*	*£m*	*£m*	***£m***	*£m*
Net revenue		178.9	81.8	7.5	268.2	-	**268.2**	278.8
Operating expenses		(144.6)	(42.6)	(9.0)	(196.2)	(28.7)	**(224.9)**	(241.4)
EBITDA	1	**34.3**	**39.2**	**(1.5)**	**72.0**	**(28.7)**	**43.3**	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	**(1.9)**	2.5
Minimum Capex Maintenance Amount	3	n/a	n/a	n/a	n/a	n/a	**(13.4)**	(13.2)
Free Cashflow		**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**28.0**	26.7
Actual Capital Maintenance Expenditure – ***calendar YTD***		5.0	4.2	-	9.2	0.6	**9.8**	24.9
Expenditure on Permitted Crematorium – Developments by Obligors – ***52 week period***		-	0.1	-	0.1	-	**0.1**	-

Dignity (2002) Limited

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

as at 27 September 2024

	Note	***27 Sep 2024***	*29 Dec 2023*
Consolidated Net Assets:	4	***£m***	*£m*
Fixed assets		**1,343.7**	1,419.2
Other current assets		**100.2**	79.6
Total current assets	5	**100.2**	79.6
Other creditors: amounts falling due within one year		**(508.8)**	(488.7)
Creditors: amounts falling due within one year		**(508.8)**	(488.7)
Net current liabilities		**(408.6)**	(409.1)
Total assets less current liabilities		**935.1**	1,010.1
Creditors: amounts falling due after more than one year		**(1,697.7)**	(1,781.4)
Provisions for liabilities		**(48.0)**	(39.2)
Pension liability		**(2.6)**	(5.2)
Net liabilities		**(813.2)**	(815.7)
Cash balances – amounts standing to the credit of:			
Capex Reserve Account		**-**	-
Funeral Home Reserve Account		**-**	-
Loan Payments Account	6	**15.4**	4.2
Issuer Transaction Account		**0.1**	0.1
Latent Tax Reserve Account	6	**-**	-
Crematorium Reserve Account		**-**	-
Principal Reserve Account	6	**-**	-
Elective Capex Account	6	**13.4**	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	**-**	1.5
Permitted Disposals (gross) in the Relevant Period (where Net Sale Proceeds exceeds £75,000 x CPI)	8	**5.8**	0.7
Financial Indebtedness	10	**757.8**	829.3

Dignity (2002) Limited

Coverages and covenants (without equity cure)

for the 52 week period ended 27 September 2024

	Note	***52 week period ending*** ***27 Sep 2024*** ***£m***	*52 week period ending* *29 Dec 2023* *£m*
EBITDA for the Relevant Period		**43.3**	37.4
Free Cashflow for the Relevant Period		**28.0**	26.7
Debt Service for the Relevant Period	9	**24.8**	33.8
Financial Covenant			
EBITDA DSCR (‘Debt Service cover ratio’) :			
Target		**>= 1.5 : 1**	>= 1.5 : 1
Actual		**1.75 : 1**	1.11 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		**>= 1.4 : 1**	>= 1.4 : 1
Actual		**1.13 : 1**	0.79 : 1
EBITDA DSCR :			
Target		**>=1.85 : 1**	>=1.85 : 1
Actual		**1.75 : 1**	1.11 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 30 September 2024 and an amount of £15.4 million has been brought into the Securitisation group as part of the waiver arrangement. Unlike previous periods, this was the first time since the Relevant Period ended 1 April 2022, whereby the entirety of the equity cure was not required to meet the Debt Service cover ratio covenant.

The Restricted Payment Condition in relation to each Restricted Payment above have not been satisfied for the Relevant Period ending 30 September 2024 and subsequently no Restricted Payments have been made.

In line with the amendment deed to the IBLA dated 5 September 2023, the Debt Service for the Relevant Period used within the Financial Covenant and Restricted Payment Condition ratios has been adjusted downwards by £7.5 million following the June 24 Prepayment and the 16 July 24 Prepayment. Both Prepayments, for the purpose of calculating Debt Service under the IBLA, is treated as having been made immediately prior to the beginning of the applicable Relevant Period and any portion of interest and principal is consequently adjusted downwards on a pro forma basis.

Dignity (2002) Limited

Coverages and covenants (with equity cure)

for the 52 week period ended 27 September 2024

	Note	***52 week period ending*** ***27 Sep 2024*** ***£m***	*52 week period ending* *29 Dec 2023* *£m*
EBITDA for the Relevant Period		**43.3**	37.4
Equity cure made for the Relevant Period	16, 17	**15.4**	16.0
Free Cashflow for the Relevant Period		**28.0**	26.7
Debt Service for the Relevant Period	9	**24.8**	33.8
Financial Covenant			
EBITDA + equity cure DSCR ('Debt Service cover ratio') :			
Target		**>= 1.5 : 1**	>= 1.5 : 1
Actual		**2.37 : 1**	1.58 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		**>= 1.4 : 1**	>= 1.4 : 1
Actual		**1.13 : 1**	0.79 : 1
EBITDA + equity cure DSCR :			
Target		**>=1.85 : 1**	>=1.85 : 1
Actual		**2.37 : 1**	1.58 : 1

Confirmations

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In line with the amendment deed to the IBLA dated 5 September 2023, the Debt Service for the Relevant Period used within the Financial Covenant and Restricted Payment Condition ratios has been adjusted downwards by £7.5 million following the June 24 Prepayment and the 16 July 24 Prepayment. Both Prepayments, for the purpose of calculating Debt Service under the IBLA, is treated as having been made immediately prior to the beginning of the applicable Relevant Period and any portion of interest and principal is consequently adjusted downwards on a pro forma basis.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 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 27 Sep 2024	***Funeral services £m***	***Crematoria £m***	***Pre-arranged funeral plans £m***	***Central overheads £m***	***Group £m***
Net revenue	178.9	81.8	7.5	-	**268.2**
Operating expenses	(144.6)	(42.6)	(9.0)	(28.7)	**(224.9)**
EBITDA	**34.3**	**39.2**	**(1.5)**	**(28.7)**	**43.3**
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 27 September 2024.

2 Taxation

Taxation represents amounts paid in cash or falling due in respect of Tax during the Relevant Period. As permitted with the IBLA definition of free cashflow this does not include any Tax arising as a result of a Permitted Disposal or with any Surplus received from any of the Trusts.

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.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 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 Relevant Period ended 29 December 2023 on 27 March 2024, amendments to the Investor Report were made due to the finalisation of the year end financial statements. This 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.

5 Total current assets

Total current assets include cash at bank and in hand of £63.6 million (Dec 2023: £40.1 million) of which £19.5 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

Amounts paid into the Elective Capex Account during the Relevant Period include Available Net Trust Surplus and Unutilised Net Sale Proceeds. Payments from the Elective Capex Account during the Relevant Period include expenditure on maintenance capital expenditure, payments of consent solicitation fees and a transfer to the Principal Reserve Account in connection with the June and July 24 Prepayment.

Principal Reserve Account

A balance in this account would represent cash set aside pursuant to clause 9.3 of the IBLA. On 17 May 2024, £26,612,714.25 was transferred from the Elective Capex Account to fund the June 24 Prepayment, as well as the interest payments due on both the Class A and Class B Notes on 24 June 2024. On 15 July 2024, £64,994,501.50 was transferred from the Elective Capex account into the Principal Reserve Account. This was used to fund the £65,012,474.20 Prepayment on the 16 July 2024.

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 25 asset disposals of freehold properties by Obligors in the Relevant Period, where the market value exceeded £75,000 x CPI.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 2024

9 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 30 September 2024:

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

The Dignity (2002) Group made the following debt repayments and prepayments to Bondholders during the Relevant Period (paid on 31 December 2023, 28 June 2024 and 16 July 2024):

	Interest	***Principal Repayment***	***Principal Prepayment***
	£'000	***£'000***	***£'000***
Class A Secured 3.5456% Notes due 2034	5,491	10,521	82,623
Class B Secured 4.6956% Notes due 2049	16,735	-	-
	22,226	10,521	82,623

Debt Service for the Relevant Period ending 30 September 2024 has been calculated as follows:

		Principal	***Annual rate***	***Interest***
Senior Interest accruing in the period	**Note**	***£'000***	***%***	***£'000***
Class A Notes to 30 June 2024		149,205	3.5556%	4,027
Class A Noted 1 July 2024 to 16 July 2024		128,589	3.5556%	104
Class A Notes from 17 July 2024		61,565	3.5556%	452
Class B Notes		356,402	4.7056%	16,771
Liquidity facility		55,000	1.10%	605
Senior Interest accrued in the period				**21,959**
Finance leases				52
Interest received in the period		Variable	Variable	(270)
Scheduled repayments of principal in the period			n/a	10,521
Debt Service for the Relevant Period				**32,262**
Downwards adjustment to principal and interest accrued following £15.6 million and £67.0 million Prepayments pursuant to clause 10 of the Deed of Amendment to the IBLA dated 5 September 2023				(7,458)
Debt Service for the Relevant Period				**24,804**

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 27 September 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.

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).

Notes to the Investor Report

for the 52 week period ended 27 September 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 27 September 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 Securitisation Group.

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 £15.4 million in the Relevant Period ended 30 September 2024. Unlike previous periods, this was the first time since the Relevant Period ended 1 April 2022, whereby the entirety of the equity cure was not required to meet the Debt Service cover ratio covenant.