CORPORATE PROFILE 2022

DIGNITY
PLC

Who we are

DIGNITY'S VISION IS TO BE THE MOST TRUSTED, RESPECTED AND VALUED END-OF-LIFE SERVICE PROVIDER IN THE UK, AND THE MOST INSPIRATIONAL AND REWARDING EMPLOYER FOR THOSE WHO SERVE THIS GOAL.

At the heart of our organisation is a core purpose to help people say goodbye, to remember and to celebrate the life of those lost. We help people to plan ahead for their own funeral so that their wishes are clearly articulated, with peace of mind that the costs are covered rather than falling to loved ones.

The way that people mourn for their loved ones is changing, as is the type of funeral they want to pay tribute to their life. New competitors have emerged across different parts of the sector, particularly in the provision of at-need funeral services. Dignity's new strategy will help us to better serve the changing needs of the bereaved and provide support to a greater number of people.

It is through the ongoing dedication of our people, our commitment to responsible business practice, and by making a meaningful contribution to society, that we will ensure we fulfil both our purpose and our potential.

About this Corporate Profile

This Corporate Profile is a summary version of our Annual Report 2021. It includes details of our activities during 2021 and sets out our plan to deliver our strategic vision for the future.

2021 was a unique and challenging year for Dignity. Against the backdrop of the ongoing pandemic, we embarked upon an ambitious new strategy and began to change the culture of the business whilst implementing the changes required by the Competition and Markets Authority ('CMA') and simultaneously preparing for future regulation by the Financial Conduct Authority ('FCA').

Dignity is at the beginning of its journey to deliver on our new vision. It sets out our strategic priorities, how we are changing the organisational structure and culture, our vision for how we will be benchmarking our performance, and ultimately create value for shareholders and our wider stakeholders; our clients, colleagues and communities.

In this Document

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Transparent reporting

We aim to report in a transparent and integrated way to clearly reflect how we operate.

This Corporate Profile contains forward-looking statements with respect to the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategic initiatives and objectives.

To find out more about Dignity and the latest financial information, results, presentations, reports and shareholder services or to view and download a full PDF version of the 2021 Annual Report please visit: **www.dignityplc.co.uk**.

CHAIRMAN'S STATEMENT

GIOVANNI ('JOHN') CASTAGNO, NON-EXECUTIVE CHAIRMAN

I joined Dignity in July 2021 at a pivotal time for the Group.

With the backdrop of the on-going COVID-19 pandemic, the Executive team, led by Gary, had embarked on an ambitious plan to grow the business by further improving our operating model to better serve the bereaved as well as implementing the changes required by the Competition and Markets Authority ('CMA') whilst simultaneously preparing for future Financial Conduct Authority ('FCA') regulations.

Our People

Our people responded splendidly to these challenges and on behalf of the Board, I would like to publicly thank all our colleagues and everyone in the sector for the way they have supported the bereaved. Our people are vital to Dignity's success and in the challenging circumstances created by COVID-19 they have demonstrated the utmost dedication and resilience by continuing to provide an excellent and respectful service. Whilst they may not have received, or sought, the public recognition that has been bestowed on other keyworkers, their quiet, selfless commitment has been admired by everyone that experiences their actions. This thanks extends across the entire funeral, crematoria and bereavement sector.

It is these colleagues who are at the centre of our new strategy as it is they who provide a caring and high-quality service to our clients and are at the heart of our communities each day. I am confident that by empowering and trusting our people, and providing them with the right tools and resources, the business can approach the future with great optimism.

Strategic overview

I would also like to thank Gary and his team for executing the first stage of our ambitious plan which has been to restructure our branch and crematoria network to better serve the bereaved. Notwithstanding the difficult trading environment of the pandemic, we have created 12 integrated trading regions, empowering all colleagues so that their expertise can be applied with greater focus and speed to the needs of those communities. The support departments based in Sutton Coldfield have also been reorganised and refocused, so they are better aligned to servicing the needs of our front-line colleagues. These changes lay the foundations of the vision to be a federation of respected local businesses supported by a strong national brand.

During this period, we have also complied with the changes introduced by the CMA and are preparing for regulation by the FCA having submitted our formal application to continue selling pre-need Funeral Plans. You will find further details about our approach to regulation, standards and compliance on page 16.

I believe that the new strategy, the cultural change being implemented by the Executive Committee and supported by the Board and the forthcoming regulatory framework will create opportunities for Dignity. The Principles developed and launched by the Executive Committee will underpin the cultural change being implemented and will further support the growth ambitions of the business. But this optimism for growth should be tempered by volatility expected in the medium-term mortality rates which are likely to be lower than those experienced during the pandemic and the historic five-year average rate.

The volatility expected in the mortality rate and the investment needed in executing the strategy will impact cash generation. It is therefore appropriate that the Board considers options available to review Dignity's current capital structure and to that end, we continue to make good progress.

The Board recognises the role of Environmental, Social and Governance ('ESG') in creating value for all stakeholders. This year we committed to a formal climate pledge, to be net-zero across the Group by 2038. We are committed to engaging with these issues and to transparency of actions and disclosure, you can read more in the Sustainability & ESG section in the Annual Report. Consequently, the Board will receive frequent reports from management on ESG matters.

Governance during a time of change

During this period of significant change, having appropriate corporate governance is of great importance. When I joined Dignity, I committed to strengthen governance and make the business Code compliant as well as introducing diversity to the Board.

To this end, I'm pleased to report that in addition to my appointment, we have secured the support of Graham Ferguson and Kartina Tahir Thomson as Independent Non-Executive Directors and chairs of the Audit, Remuneration and the newly constituted Risk Committee. I'm also delighted that Kate Davidson, who previously sat on the Executive Committee, joined the Board in January 2022 as Chief Operating Officer. I welcome Graham, Kartina and Kate to the Board and look forward to working closely with them.

We continue our search for a new Chief Financial Officer and hope to make an appointment soon. Once this appointment is made it is the intention for Dean Moore to regain his position as an Independent Chair of the Remuneration Committee. This will ensure a smooth hand over to the newly appointed Chief Financial Officer. This is subject to appropriate review and approval by the Board.

Gary Channon was appointed to Executive Chairman following a General Meeting in April 2021, and subsequently to Chief Executive at the time of my appointment. In line with Gary's undertakings at the time of the General Meeting at the appropriate time, the Board will seek to replace Gary as the Chief Executive, with a process for identifying Gary's replacement now under way. Again, ensuring a smooth transfer to new Chief Executive will be central to the Board's plans.

Dividend policy

Dignity has not paid a dividend since June 2019 and the Directors do not expect to do so until the business has returned to a more sustainable financial footing. We retain significant cash resources, continue to be cash generative and understand the importance of optimising total shareholder return whilst maintaining a balance between different stakeholders, and it is the Directors' intention to return to paying a dividend as soon as we believe it is financially prudent to do so.

AT A GLANCE 2021

What we do

WE ARE THE ONLY END-OF-LIFE PROVIDER IN THE UK THAT IS UNIQUELY POSITIONED TO PROVIDE ALL THE REQUIRED ELEMENTS OF A FUNERAL SERVICE:

- We offer a range of trusted Funeral Plans that give customers peace of mind by allowing them to arrange and pay for their funeral in advance.
- From our national network of 776 funeral branches we help families arrange funerals when someone has passed away, and care for their loved ones respectfully, compassionately, and to a high standard.
- We also operate 46 crematoria and 28 cemeteries, providing a place of peace and tranquillity where mourners can remember and say goodbye to loved ones, as well as a range of special and unique memorial options.

EST. 1812

46 CREMATORIA

74,800 CREMATIONS

581,000 ACTIVE PRE-ARRANGED PLANS

776 BRANCHES

£1.1bn ASSETS IN THE TRUSTS

79,200 FUNERALS

3,375 NUMBER OF EMPLOYEES

1,659 IN FLEET

91 SERVICE CHAPELS

CIRCA **5,400** MORTUARY CAPACITY

£312m UNDERLYING REVENUE [(1)]

[(1)] See our Performance and Financial Results for more details.

DIGNITY PLC

DIGNITY FUNERAL DIRECTORS

CMG The Crematorium and Memorial Group

Simplicity Cremations

GARY CHANNON, CHIEF EXECUTIVE

This is my first report to shareholders since being appointed in April 2021, and it is likely to be my last. I want to take this opportunity to set out what has been happening at Dignity over the past year and why; what happens next and how we are going to measure our progress against our objectives going forward.

The Plan

"We strive to be the most trusted, respected and valued end-of-life provider in the UK, and the most inspirational and rewarding employer for those who serve this goal."

Our vision is for Dignity to be a confederation of strong local businesses serving their communities backed up by the strength of a national organisation. We need to bring the benefits from that scale without the bureaucracy, costs and hierarchy that can go with it. We are liberating and empowering local businesses to serve their communities individually whilst being able to call upon and utilise the knowledge and resources of the wider Group. We seek to serve all end-of-life needs and are uniquely placed to do that.

Although complex, we believe this model will best succeed because it is based upon clients and their needs. Ultimately our service is delivered by our people, and they make the difference. There isn't a person who spends time around Dignity who isn't struck by the compassionate and empathetic nature of our colleagues.

We receive a lot of positive and thankful feedback about our service, and it almost always refers to the people. Therefore, the first thing we need to do is be a place where those drawn to and interested in our industry want to come to work, grow and thrive. We haven't been strong in this area and have enjoyed loyalty beyond what we probably deserved in the past because of the strength of the calling. We have set about redressing that but still have a way to go. We have raised pay levels as part of that process.

As we cultivate an environment that attracts and retains the best people, we empower them to deliver the service that meets the needs and aspirations of the families we serve. We have made significant changes in the past nine months to empower our client-facing colleagues, breaking down some of the barriers to change around trust and decision-making.

Our ongoing regional restructure takes that a step further by creating locally empowered businesses. That will be completed this year and when done will have completely inverted the organisation. We are giving our people the freedom to innovate and make decisions autonomously, to have ideas, and operate the businesses in a way that meets the needs and aspirations of our clients, colleagues and communities.

Once we have the best people and have empowered them, we need to give them the tools to deliver the best proposition in their communities. One element of the proposition is price. We had previously allowed our prices to rise above the market level, which is not the way to serve clients well and doesn't align with colleagues motivated to do the best for their clients. High prices were the single biggest factor causing the underlying business to lose share year after year (before acquisitions) and was leading to likely failure. We changed that in 2021 and have lowered prices substantially.

Our pricing philosophy now is to offer the best value-for-money and not have price be the reason for not choosing us. This is a big change for Dignity and the effect of lowering prices is to reduce how much we earn per funeral. However, our experience since we changed prices has been that the market share loss stops and then reverses, and so in time we expect that revenue loss to be more than compensated by volume growth, especially when combined with all the other elements of our strategy.

After people, empowerment and price, we come to our premises. We need to have the facilities to match our proposition and therefore have embarked on a much-needed programme of capital expenditure across the estate. This has begun but we have a long way to go considering the scale of our organisation with over 800 locations at the time of reporting.

Next, our products. In addition to delivering funeral and cremation services for families at the time of need, our other services include pre-arranged funeral plans. An important part of our end-of-life service proposition, in this area we are working on innovations, redesigns and new introductions to better serve the needs of our customers. We believe that the world of funeral plans is about to change dramatically for the better as it will fall under the FCA rules and regulations which apply from July 2022. It is a big undertaking to prepare for but holds significant potential for Dignity, as greater trust by consumers in the products from regulation and the withdrawal of unregulated competitors will give us an opportunity to grow the market and our business. As the original innovator in the funeral plan sector since 1985, and as the UK's largest end-of-life business we have a great opportunity in this new era.

We are uniquely placed as the only national operator carrying out funerals and cremations, whilst also manufacturing our own coffins at our facility in the North East and offering memorial services through our crematoria.

Vehicles are another important ingredient to having the best proposition. Whether clients are seeking to add a personal touch to the service with a motorcycle or campervan hearse or choosing a traditional hearse, vehicles form a key focal point for a funeral, and we used our vehicles 98,000 times in 2021. Along with our people and premises, vehicles are a key part of the overall impression families and attendees form of our funeral businesses on the day of a service. We have 1,659 vehicles in our fleet, yet we have underspent capital expenditure in our fleet by around £25 million in the past five years. We also do not organise our fleet in a way that gets best overall utilisation. We have started to increase the investment in the fleet, and we will introduce new ways of organising it to gain a benefit from our scale.

Strategic Element One

Element One of our strategy, as outlined above, is to have the Best Proposition and that comes from getting People, Empowerment, Price, Premises, Products & Vehicles right.

The most ambitious element of our strategy is to introduce, foster and embed a culture which will enable us to deliver that best proposition and keep adapting and learning as we do. After an internal process over six months, we crafted our Principles (see pages 10 and 11). They set out all the key attitudes, priorities, values and philosophies consistent with a culture that we think will make Dignity a special and successful organisation. They are written for ourselves, they are for colleagues, they are about who we are, how we conduct ourselves, and how we aspire to be but let me explain their purpose from a shareholder perspective.

We aim to be a learning organisation, in other words an organisation that is able to continuously learn from experience, including and especially by learning from our failures. Such a culture creates a safe environment for trying new ways of working, knowing that both success and failure contain lessons from which to grow. If we do this then the business will continuously adapt to the changing needs and aspirations of clients. With so many businesses empowered to do things their own way, if we achieve this culture then we will have a constant source of learning in variance, in other words different outcomes in different places. Good ideas can then be spread around the organisation as well as lessons learned from failure.

You will see that the Principles embed a strongly ethical culture that will build a strong long-term reputation which will attract clients, employees and benefit the owners of the business.

The specific Principle for shareholders is:

WE ARE GOOD STEWARDS OF OUR OWNER'S CAPITAL

Our goal is to create excellent long-term value for our shareholders. We will allocate capital wisely, organise ourselves prudently, spend money frugally and report openly and honestly.

The leading principle that will drive the focus of many of the decisions of the organisation is the focus on our clients, the families and communities we serve. If we apply that properly, and have it drive all that we do, we will be a formidable competitor.

Strategic Element Two

Element Two of our strategy is to have a strong Culture that focuses on Clients, creates a Learning Organisation and embeds good values.

If we have the Best Proposition ('Element One') then we make the task of acquiring new clients easier. There are many routes to conversion and the very best is the word-of-mouth repeat business from families who trust us. Approximately one in eight of all funerals were handled by one of our funeral directors, and if we include cremations in our crematoria then we were involved in approximately one in five of all funerals in the UK in 2021. Doing our very best for those clients is our best source of future business.

Increasingly many other routes are used to choose a funeral director and the internet now plays a large part in that. Having an effective digital strategy aligned with our local propositions is an essential part of our effort to grow our share of funerals and cremations in all areas. We have a number of changes coming in this area in 2022. To really get the benefits of these efforts you need the Best Proposition.

Funeral Plans are one of the most effective ways for us to acquire a potential future funeral and forms part of that acquisition strategy. We would like to engage our customers when they are still alive to deal with their end-of-life wishes and requirements. We believe that the very best way for anyone to share and capture their wishes for a funeral is to do so personally – enabling a truly personal and reflective funeral that meets their needs as well as those of their families.

Strategic Element Three

Element Three of our strategy is to have an effective Customer Acquisition Strategy aligned with our Best Proposition.

Dignity is an amalgamation of hundreds of businesses bought and combined over the past few decades. However, in the way that we were organised we had not achieved any benefits from scale, underlying central costs bloating from 7.5 per cent of underlying revenues in 2016 to 12.6 per cent of underlying revenues in 2021. We have been reorganising the group to make the centre smaller, more cost effective and more aligned with the new strategy. We made some painful decisions in January 2022 and lost some loyal and capable colleagues who had done nothing wrong. That was the most difficult step we have had to take so far. We attempted to do it in the least painful way for all concerned and to get it done quickly.

We need to show that there is a benefit to scale. There are excellent independent funeral directors thriving without the need for any national organisation behind them. If there isn't a benefit in being part of Dignity then we lose our raison d'être. We believe if done correctly that this should create advantage from factors like pooled sourcing, manufacturing, digital capabilities, property expertise, dealing with regulatory needs, shared learnings, shared resources, training and development, marketing expertise and recruitment. Most of these are identified and are in the early stages of being implemented for the new strategy.

Strategic Element Four

Element Four of our strategy is to be organised to gain the Benefits of Scale and Breadth.

Those are the key elements but there are other ingredients like Dignity Ventures, a new division that we set up in 2021 to back innovative businesses in the end-of-life space who might benefit from working with the Dignity organisation without becoming part of it, and in our property division we believe we have value and income potential within the property estate. At our coffin manufacturing facility in East Yorkshire, we believe we have the capability to grow our business outside of Dignity.

Business Model

We are confident that as the strategy works then the business should grow, increase its share of the market and through growth increase its competitiveness and profitability. An important feature of our business model is the operational leverage. Around two thirds of our cost of doing a funeral is fixed cost and so the marginal cost of every unit of growth is only one third of the overall cost. On our current numbers (taking total funeral overhead costs and dividing them by the funerals undertaken in 2021) it costs us £1,830 to deliver a funeral.

If we grow volumes by say, 20 per cent, then that cost would drop to £1,520 which we could use to be either more competitive or more profitable. The success of the strategy lies in its ability to create this virtuous circle of improvement, and these are the numbers we will focus on along with the underlying average revenue on funerals (£2,548 in 2021 versus £2,522 in 2020) and cremations (£887 in 2021 versus £885 in 2020).

The business model for us, whether it is for funerals or cremations, is quite simply a function of volume multiplied by the difference between the average revenue per funeral or cremation less the cost of carrying out funerals and cremations and the cost of acquiring clients. From that result you take off the central overhead. We will give you the building blocks of the business model so you can judge how we are getting on. (See below).

When it comes to funeral plans their contribution comes from any surplus that can be generated by holding the proceeds of plan sales in trust less the cost of acquiring plans and the ultimate cost of a funeral. In 2021 a strong return on the Trust assets of 9.1 per cent (£88.2 million on starting assets of £967.1 million) was generated but that came after a lower return last year of 4.0 per cent (£38.3 million on £947.5 million). It's a measure that must be judged over multiple years and our long-term goal is to exceed the rise in funeral cost inflation by three per cent per annum. See alternative performance measures on page 44 for how it's calculated.

The returns that the business makes need to be judged against the capital used to make them. To assist this we have developed a measure we call Cash Return on Core Capital ('CROCC'). In 2021 the CROCC fell to 9.7 per cent from 16.9 per cent in 2020. Returns that are not distributed are retained in the business and it is one of the key responsibilities of the Chief Executive to see that they are allocated wisely. See alternative performance measures on page 45 for how it's calculated and why we use it.

Capital Structure

The performance of the business is supported by the capital supplied by shareholders and bondholders. We have previously discussed our desire to operate a lower level of indebtedness. We currently owe £527.1 million on our bonds and have Trading Group cash of £55.9 million. In February, we sought and were granted in March a waiver on the application of the covenants on our bonds for 12 months. We took this prudent measure to mitigate the uncertainty and potential for a drop in the death rate following the pandemic.

It is still our intention to address the capital structure most likely by use of the crematoria portfolio but to do it in a way that does not change the integrated nature of the Group.

Outlook

The strategy as set out above is likely to lead to lower profits in the short-term as we see a full year effect of the lower prices we have been using since September. Costs have been rising as we have raised the pay of our lowest paid staff. Conversely, there will be a benefit coming through from a reduction in the central costs. The biggest factor affecting us is likely to be the death rate and there is a real risk that after COVID-19 passes the excess death effect of the past two years starts to reverse itself which it will do at some point.

The business is likely to use more cash than it generates as we are investing in our facilities to make up for past under investment and to roll out our new strategy and local branding programmes. Investment is also needed in technology to improve our productivity in many areas and the implementation of new procedures and controls associated with the impending FCA regime.

These financial headwinds are a predictable consequence of the strategy execution. We can fix competitiveness quickly but the benefits of that in terms of growth and greater productivity come after. We need to look through to the long-term value being created by turning Dignity from a business perpetually losing share in structural decline into a successful and growing business. The nature of our business model and its vertically integrated structure means that growth delivers and compounds value.

We still expect to do some form of transaction to ease the leverage in the capital structure and to align it with the long-term strategy.

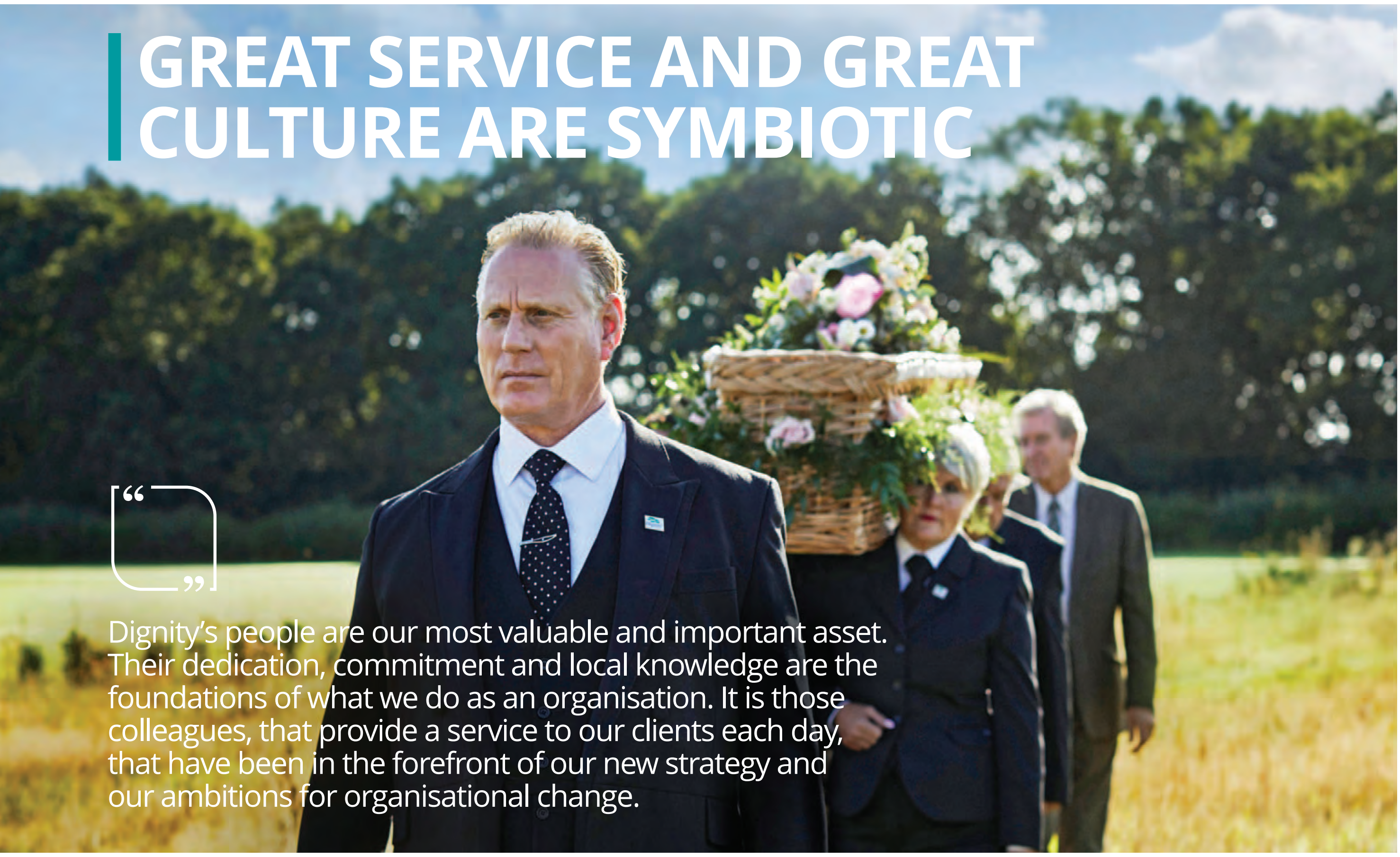
We have a stream to cross at the bottom of the valley before we start our climb to higher ground.

Annual General Meeting ('AGM')

At last year's AGM we explained the rationale and underpinnings for the change of strategy and this year we intend to show you what has been achieved so far. 2021's accounts have been compiled in a way consistent with 2020 and at the 2022 AGM we want to share with you how we will be reporting to you from 2022 onwards. Like last year we will make a presentation on the strategy.

Last year we had to hold the meeting remotely but this year we expect to do it in person. If you are able to, please come. We will again do our best to answer all your questions candidly. We will also bring along colleagues from within the business who will give you a perspective from beyond the Board. You own shares in a very special company, come and learn more.

GREAT SERVICE AND GREAT CULTURE ARE SYMBIOTIC



> Dignity's people are our most valuable and important asset. Their dedication, commitment and local knowledge are the foundations of what we do as an organisation. It is those colleagues, that provide a service to our clients each day, that have been in the forefront of our new strategy and our ambitions for organisational change.

Organisations can succeed and fail based on the culture they nurture.

It runs deeper than how you treat colleagues. It means that each client or stakeholder that connects with your organisation experiences the benefit of that culture through the service, partnership or engagement received.

A good culture should reward all of those stakeholders:

- Clients receive a better service, and in turn we become more competitive.
- Morale amongst colleagues is high, helping to increase retention rates.
- Trust and empowerment ensures decisions are made quickly and decisively.
- Colleagues feel safe to try new things, to share ideas, and learn from each other.
- A reputation for making ethical decisions means third parties are proud to partner.
- A safe environment to test and learn results in people becoming more dynamic and entrepreneurial.
- Performance improves and businesses experience stability and growth.

Central to this is ensuring Dignity has a clear business vision and an understanding of our social purpose that people and culture can align to.

Last year we set a clear direction for Dignity's future. Our vision is to be the most trusted end-of-life service provider in the UK, but also the most inspirational and rewarding employer for those who work with us.

This is only achievable if we have truly empowered and trusted people that are well supported and given the right tools and resources by the business.

Dignity's people are our most valuable and important asset. Their dedication, commitment and local knowledge are the foundations of what we do as an organisation. It is those colleagues, that provide a service to our clients each day, that have been in the forefront of our new strategy and our ambitions for organisational change.

We are our community

We operate in a truly unique sector. The funeral profession remains one of a few timeless pillars in communities. It has existed for millennia and had a role in society for centuries.

You can see that heritage across the Dignity network today.

Not only do the services we deliver reach families across all generations at an immediate time of loss and need; we also care for those no longer with us and provide a place for people to remember loved ones for decades to come in our memorial grounds and cemeteries.

The people in our business that operate those locations are from and are embedded in their community more than many of the businesses on their respective High Street and are likely to have done so for periods spanning decades.

Our culture must nurture the unique position our teams find themselves in; channelling that knowledge, insight and relationships into the strategies that deliver high-quality services, improve choice and flexibility for clients, and grow market share locally.

Centuries of history and heritage in our communities

Our oldest funeral directors have been providing services for their local community on the south side of Glasgow since 1812.

J Rymer Funeral Service was originally founded in 1848 in York, and the branch moved to its current premises in 1967. Today it is managed by the sixth generation of the Rymer family, who is also a newly appointed Head of Region for the North East.

Similarly, Gordon Barber opened the doors to his first funeral home in the late 1960's, exchanging hands through four generations of family. His great granddaughter was recently appointed to Anglia's Head of Region.

East London Cemetery in Plaistow was laid out in 1872 to meet the increasing demand from the City and surrounding areas of East London. It is the oldest cemetery managed by Dignity.

Charles Paine opened his first funeral home in Station Road, New Malden, in 1884. Ten years later the business was passed on to his eldest son, Frederick W Paine, who opened further funeral homes over the next few years. 14 of these continue to serve their local communities in south west London as part of the Dignity network under a newly appointed Business Leader.

Birmingham Crematorium is the oldest crematorium operated by Dignity, and when it was opened in 1903, was one of only nine such facilities in the UK.

Inverting our business

Dignity plc, in its previous construct, grew its network of crematoria and funeral businesses by acquisition, but the challenge has been bringing its colleagues along on that journey.

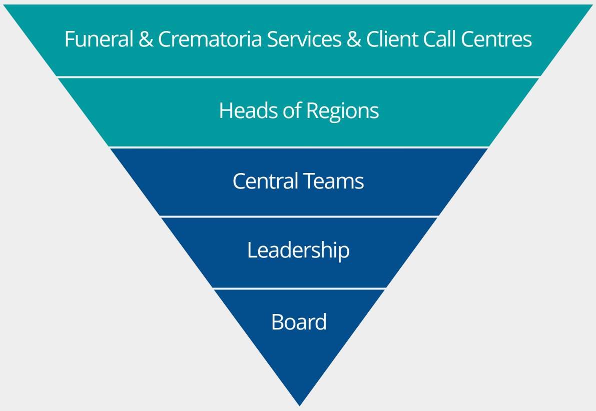
A review of how we are structured identified the need to deepen the connection between our Board, senior leadership, and those that are in operational roles to help breakdown some of the internal barriers.

Our teams already provide an excellent service to our clients, but a localised structure that delivers a community focussed service, improves decision-making, and taps into experience and knowledge at a business and community level, will deliver a better service.

We are therefore focussed on turning the business on its head, through better support, greater investment, and true empowerment of our people. This is delivered by:

- Providing more local autonomy and trust in our people and teams;
- Supporting them with the expertise and scale of our central support functions;
- Creating a culture of continuous improvement; and
- Facilitating investment where and when it's needed.

This means moving away from a more traditional organisational structure of hierarchy, management layers, and top-down decision-making. Decisions shouldn't be driven primarily by corporate goals, rather centred around improving the delivery of our services to clients and led by local teams. This is underpinned by professional expertise in our support functions and a framework that helps our local teams make the right decision for their clients.



In our new inverted structure, our Business Leaders and operational funeral and crematoria teams are the focus of how we allocate resource, how me make decisions, and how we adapt our services to meet the needs of communities. The Board, senior leadership and central support functions are there to serve our regional colleagues.

We will learn and grow

A true Learning Organisation is where people feel safe to fail, and eager to learn. It is where an organisation's structure is cleverly designed to tap into their peoples' commitment and experience, and where openness and collaboration flourish.

It is where colleagues can be flexible and are trusted to make decisions, and where the trying is celebrated as much as the successes. And it is where the organisational leaders model these attributes, and are fair, transparent and good mentors.

This is the culture and environment we are beginning to develop at Dignity.

The most important thing we can do for our long-term success is to consistently deliver exceptional client service, and the best route to this is through having happy and highly motivated staff.

We have taken significant steps forward in 2021 to achieve an inverted culture through an organisational review and restructure. However, we must ensure an effective framework is developed to help colleagues, leadership and stakeholders live and breathe our new culture and ways of working. Our new Guiding Principles will be that framework.

What have we done:

- Inverted pyramid so that decision-making is led by client needs not corporate goals.
- Delayered the business to enable quicker, more localised decision-making.
- Empowered colleagues to operate their business as if it were their own.
- Introduced our new Guiding Principles.
- Established a common purpose through our new vision.
- Made an investment in colleague development, including performance reviews, training ('Dignity Academy').
- Introduced the Real Living Wage.
- Improved and increased channels of communication to reach all colleagues, including new news bulletins, improved functionality of our internal news site and a new virtual Town Hall.

OUR GUIDING PRINCIPLES

By inverting the pyramid, we are putting trust in our frontline colleagues to make the right decisions for our business. Colleagues will have the freedom to innovate, try new ways of doing things and push our sector forward.

To empower our colleagues to seize this opportunity and make a success of it, we must foster a culture where it is safe to fail and learn from mistakes. We needed to create a framework giving our colleagues the tools to make decisions and innovate while knowing that it is the right thing to do for our families, suppliers, partners, local communities and fellow colleagues. This is why we have created Dignity's new Principles.

What are the Principles?

Our 12 Principles create a framework for our colleagues to live by. They are the foundations of everything we do. These are much more than just a mission statement or set of values, they are our moral compass and the essence of our culture.

Strategy is important in delivering business growth, but having the right culture is the catalyst to successful delivery. The Principles will play an important part in the inversion of our organisation and culture change by giving our colleagues guidance to base their decision-making on.

The Principles are not a prescriptive list of do's and don'ts. They are there to guide and inspire our colleagues to do the right things especially when it means not making the easy choice. Our colleagues are all working towards the same goals, but, by using the Principles, they can choose how best to get there based on their own demographics, experiences and relationships locally.

What do they mean for Dignity?

The Principles set out how we treat our clients, how we treat each other, and how we operate our business. They bring together our core beliefs enabling us to hire, develop and retain colleagues whose ethos matches our own and hold each other accountable for our actions.

We want to deliver the best results for our clients and embed ourselves in our local communities pushing forward our socially and environmentally friendly initiatives. We also want to work with suppliers whose core beliefs are aligned to ours. Taking the Principles into account when making decisions will ensure that as a company we achieve all of these things.

How did we develop the Principles?

We want our colleagues to feel proud to be aligned to our Principles so they have been developed by the people who know our business inside out and who interact with our clients every day – our people.

The Principles that we have created are human and authentic because they come from real people who care about our clients. They reflect Dignity as the unique, caring business we are now and the ambitious Dignity we strive to be.

Firstly, we reviewed our existing corporate values by hosting a series of workshops with client-facing and operational colleagues from across all areas of the business. Our focus groups enabled us to establish the relevance of previously held corporate values and their place in our new structure.

On top of this we also sought to establish what qualities would be desirable in a new hire to the business, what behaviours would help them to succeed in our organisation and how could we guide all colleagues to do better for our clients, colleagues and our sector.

We shared the insight from these focus groups with Dignity's Team Forum for feedback and then engaged the Senior Leadership Team to develop the structure of the Principles.

We wanted to ensure the Principles were properly defined, meaningful and useful for everyday decision-making so we asked our colleagues to consider different aspects of their job and experiences. They needed to be memorable, achievable and inspirational to truly empower our colleagues and give them the confidence to know they are doing the right thing.

How will they work in practice?

Colleagues should refer to the Principles every day when making decisions. They offer a guiding star for how we treat our clients, fellow colleagues, stakeholders and how Dignity behaves as a good corporate citizen.

They will empower colleagues locally, reduce bureaucracy and enable faster decision-making for a more responsive and efficient client service. We will be engaged in our local communities, forge positive relationships with our stakeholders and we will collaborate more efficiently in order to achieve our shared goals.

Outside of the cultural impact the Principles will help us deliver our business vision, helping us focus our investment, efforts and resources in protecting our business and finding different ways of working that will improve our business, our sector and the wider environment.

The Principles define the culture we aspire to, and by applying and embedding them we expect that they will eventually become the culture. By following the Principles and ensuring our actions are in the best interests of colleagues, clients, communities and the company then we can innovate, explore and be bold.

> "Strategy is important in delivering business growth, but having the right culture is the catalyst to successful delivery. The Principles will play an important part in the inversion of our organisation and culture change by giving our colleagues guidance to base their decision-making on."

We serve families

We exist to serve our clients, families and communities for all of their end-of-life needs. We strive to understand and meet their needs, whilst acting with sensitivity and empathy. We are focused on delivering the highest quality service, with choice and flexibility for the best value-for-money.

We act with integrity

Integrity and openness underpin everything we do. Our colleagues are empowered to make ethical decisions based on good judgement, and we trust them to do the right thing for our clients. We communicate internally and externally with honesty candour. We treat others how we would wish to be treated if the roles were reversed.

We celebrate life

Whilst we deal with death, we have an immense appreciation for the beauty of life, and we care deeply for our clients and communities. We help the bereaved celebrate the memory of lost loved ones, and we support people in planning ahead so their families can focus on remembering.

We care for our community

Our colleagues are from the places in which they serve and work and take pride in knowing the communities around them. We are a federation of local businesses that aim to contribute to local life, from education and support on end-of-life matters, to community initiatives and charity work.

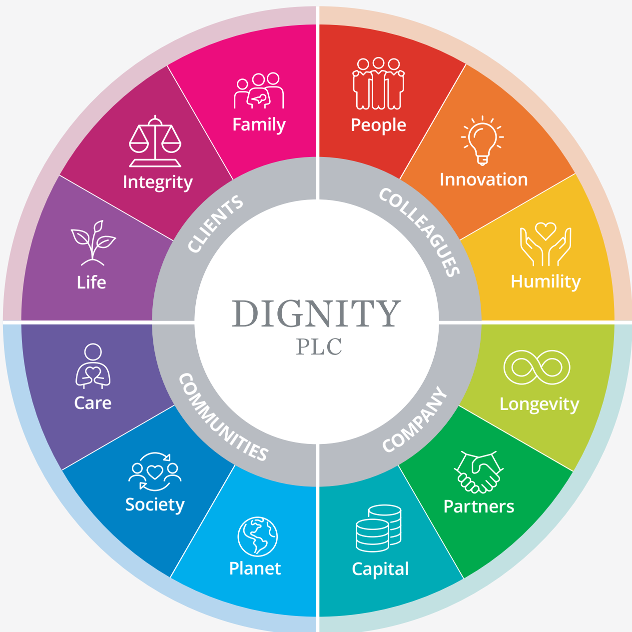
We aim to contribute to society

We take our duty and responsibility as one of the UKs largest end-of-life providers very seriously. We use our experience to lead, inform and educate. We aim to inspire others to raise standards and to innovate to meet changing consumer needs. We are fully committed to the development and enhancement of regulation in all aspects of our industry.

We respect our planet

We must do the right thing for our planet. That means prioritising sustainable practices and continuing to research, evaluate and minimise our impact on the environment. We aim to become the world's most sustainable end-of-life service provider.

"Our 12 Principles create a framework for our colleagues to live by. They are the foundations of everything we do. These are much more than just a mission statement or set of values, they are our moral compass and the essence of our culture."



We are only as good as our people

Great service comes from great people who are aligned to a single purpose. We work in teams, and just like a family, we care for and protect our people and those that we look after. We embrace our diversity, celebrate our differences, and help each other grow.

We innovate and we learn

As a learning organisation, we are curious and think outside of the box, always looking for new ways to delight our clients, improve our services and meet society's evolving needs. Our culture celebrates the trying and the failing, as much as the successes. We test, we pilot, we learn – starting with "yes", finishing with "what can we do better"?

We value humility

We consider humility to be an essential ingredient for good decision-making, great service and continuous improvement. It is this modesty and selflessness that lays at the heart of the actions we take each day for each other and our clients.

We think and act long-term

We aspire to build a great and enduring business that we are proud to be part of and that requires a long-term perspective. We organise ourselves to be able to act in that way. We set ourselves challenging targets and hold ourselves accountable to them.

We treat our partners and suppliers as family

We are focused on building long-term, collaborative relationships that centre on achieving shared goals. We are respectful to our partners, we honour contracts, and we treat them fairly.

We are good stewards of our owner's capital

Our goal is to create excellent long-term value for our shareholders. We will allocate capital wisely, organise ourselves prudently, spend money frugally and report openly and honestly.

ORGANISATION RESTRUCTURE & LOCAL EMPOWERMENT EXPLAINED

> Going forward, we work as one Dignity, harnessing the local insight and experience our front-line colleagues can provide to offer our clients a tailored, more seamless service.

We concluded in 2021 that the previous organisational structure would not give us the effective means of delivering our new strategy. Our focus is on inversion and to truly achieve this we need to put the power back in the hands of colleagues who are at the hearts of their local communities, serving our clients every day.

Going forward, we work as one Dignity, harnessing the local insight and experience our front-line colleagues can provide to offer our clients a tailored, more seamless service. They are free to innovate and operate their part of our business as if it was their own knowing that they have the support of the national framework Dignity as a group can provide.

The changes we are implementing puts the emphasis firmly on client care and quality of service and empowers colleagues at a local level.

It gives teams in each region more autonomy to make decisions that will create better businesses; ones that respond quickly to client needs and provide a comprehensive choice of great value end-of-life services.

The role of leadership is to tap into the knowledge, information and ideas that come from those colleagues closest to our clients and learn from it.

Regional structure and roles

Working with our regional teams, we carried out a review across the organisation to understand if the way we are split into divisions and regions still made sense at our size and scale. Following the first assessment it became clear that many resources and colleagues were spread too thinly, across too large an area to be able to really localise our service or empower teams. We also operated as separate funeral services, crematoria and pre-arranged funeral plan divisions, creating barriers to efficiency and collaboration.

We needed to breakdown these internal barriers and operate as one company. Merging funeral services, crematoria and pre-arranged funeral plans into the same structure and creating 12 regions across our estate is a positive step towards sharing our knowledge and resources more effectively. The intention here is to encourage a deeper connection across our teams in a way that delivers a better service and greater operational efficiencies.

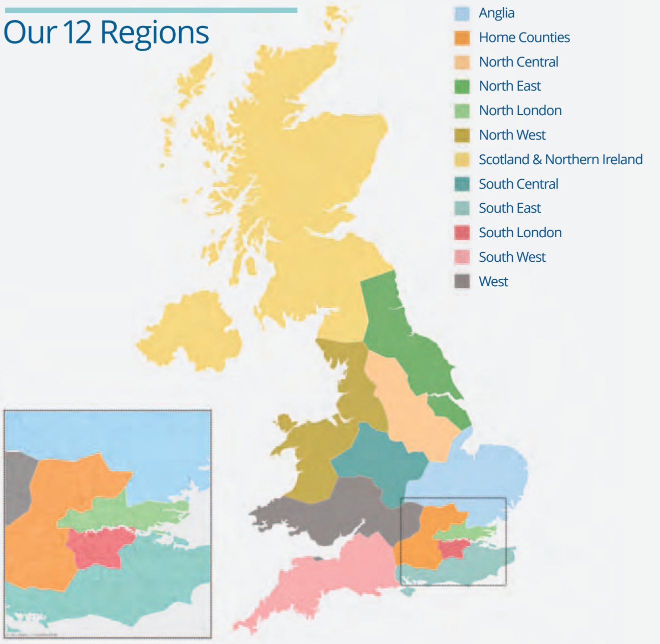
We are flattening our structure, removed all management layers and replaced them with two new roles into our regional structure – Heads of Region and Business Leaders. Colleagues working in the regions will drive their own strategies, led and facilitated by a newly appointed Head of Region and supported by a team of Business Leaders who specialise in either funerals or crematoria.

These roles have been created with the purpose of inversion in mind and we have carefully recruited candidates into these roles who understand the distinction between leadership and management, and who are prepared to support their colleagues to make decisions on a local level.

In order for Dignity to offer the best service in a competitive market, we have had to make significant changes to the way we operate. This new structure will maximise our strengths, while delivering more choice and better value for our clients.

Our focus now is on organic growth and investing in the brands which are performing and have the potential to grow.

Our 12 Regions



Local Business & Brand Strategies

"Our ambition is to be the most trusted end-of-life service provider, and to do that we need to react appropriately to customer needs on a local level."

The new structure will empower colleagues to act like business owners. They will need to analyse, review and meet the needs of their clients, communities and stakeholders. To succeed, we cannot take a one-size-fits all approach, but we must look at our local demographics and provide a service unique to those communities.

The Heads of Regions are responsible for making a success of businesses in their respective region. Each Business Leader will be responsible for delivering their own community-focussed business strategy and performance.

We want these colleagues to feel empowered to run their locations as if it were their own business; to grow the reputation and goodwill, to provide excellent localised service to clients, and to deliver against the regional strategy and KPIs for performance and market share. Business Leaders will continue to have access to the expertise in our support functions such as Health and Safety, legal, property, compliance and communications to help them make the right decision for their clients.

We are moving to a matrix approach of working whilst central support functions still playing a significant role in the delivery of regional strategies.

Through our central support functions, Dignity has subject matter experts that the new regions can use to help enhance their businesses. They will have access to dedicated support from people, property, finance, health and safety, marketing, compliance and IT resources who will guide them in their respective fields.

ORGANISATION RESTRUCTURE & LOCAL EMPOWERMENT EXPLAINED CONTINUED

Piloting Our Approach

We have been operating two pilot regions since 1 December 2021. South Central and South London have been operating under the new structure with the aim of gathering key insight and examples of best practice before we roll the structure out to the rest of our network.

"Here, **Emily Skelton**, Head of Region for South London, and **Tony Molyneux**, Head of Region for South Central talk more about the pilots."

Emily: The pilot is going really well. We have had some challenges on the ground, which you would expect in a pilot, but the new structure means that we are working more cross functionally across funeral services, crematoria and overall service delivery.

Tony: The restructure has caused a domino effect. There are things that used to work in our old structure that are no longer logical or beneficial. We are finding new ways of working all the time, so it is taking a little while to find our feet, but it will make so much more sense in the long run.

Emily: It is going to take colleagues a little while to get their heads around it and feel like they have got the permission to think for themselves and not wait for instruction. It is a huge culture shift, and I can see that starting to come out in the Business Leaders within my team now.

We have promoted a lot of people from in house within my team and it is so rewarding to see them stepping up into their new roles. They are really pushing themselves and it is incredible.

Tony: It is hugely important to me that we promote from within, that our colleagues feel confident in their decision-making and are rewarded for their efforts.

The biggest piece of advice I have given my team is to hold the hand of the client all the way through the process. We are looking through the lens of the client and what is in their best interest and guiding them on every step of the journey.

Looking Towards the Future

"We have a lot of work to do when it comes to implementing our ambitious strategy and truly localising our service to clients and empowering our colleagues."

To illustrate what Dignity businesses could look like in the future, separate to our pilot regions, we are trialling a number of solutions in one small area to see just what is possible to achieve. We will test and learn from this trial, sharing our learnings to help identify what we can replicate, what hasn't worked, and where we need to explore further.

At the heart of everything is empowerment. Our ambition is to empower every colleague in the business to say 'yes' to our clients and we are focused on offering them the best-quality service at great value prices.

Every location will be different when it comes to making this a reality, but our experience in this single location has provided invaluable insight into what we need to do to roll this out across the group. There is a long way to go but we are already seeing positive results.

Rebranding

When we started work in our trial area, we had ten branches and four different brands. Our research showed us that we would be more likely to benefit from consolidating these and maximising our investment in a single strong brand.

After reviewing the four brands, we made a considered choice to move forward with two brands in the area. One brand being for a single, very high performing branch. The remaining branches have been consolidated under a single brand which we are investing in with new branding, fascia, a new website, local print advertising and radio adverts.

We have seen a strong initial impact from this local branding activity, and we are winning new business from the new website and print advertising within a month of them going live.

Empowering colleagues

The trial area has a Business Leader who oversees ten branches and a care centre which they run as their own business with the support of central functions. Weekly and monthly reporting is provided which makes them accountable for their business's performance and in turn the individuals running the ten branches.

The project in the area started in mid-2021 and since then members of the business have been involved in all major decisions including pricing, rebranding and marketing which gives them a sense of ownership of the business.

A major change in the area has been the introduction of pricing made at the business level which enables it to be suited to the local environment. The business has introduced a price offering with a low priced Unattended Service in the region and unlimited options to suit any price point upwards.

The local team has developed a new client offering which splits the funeral service and the cremation provision. Experiences during the pandemic (due to attendance restrictions and closure of venues) have brought to light the potential of separating the actual cremation or burial, from the celebration of life or memorial event. This offers a hugely compelling and personalised proposition for clients. Partnerships with 13 local venues (from country houses to social clubs) have also been established enabling the team to offer a truly tailored service at a significantly reduced price.

"The most important change that has proven to be a success in the trial area has been empowering colleagues to say 'yes'. Historically, colleagues have been restricted to what they can offer clients within the remits of packages available. By removing these restrictions and reducing the number of add-on charges, the local team now has flexibility to offer customers a tailored service to suit their individual needs."

Properties

As part of the rebranding exercise all branches in the trial area have been given new fascia and work is in progress to renovate the external and internal buildings to match the new branding. We want every branch to look well-presented, inviting and be a pleasant experience for customers to visit.

The branch estate has been reviewed with the intention to grow volume significantly in the future. To do this we have scored each branch on several factors:

- **Demographics** in the local area are an important driver of branch success;
- **Location** should be in an area with high footfall and easily accessible;
- **Suitability** for a use as a funeral director branch;
- **Utilisation** and whether the branch is operating at its full capacity;
- **Profitability**; and
- **Return on Invested Capital**.

Over time we will improve the scores of the branches by renovating, relocating and, should no other option be viable, closing branches. So far, we have closed one branch where the demographic of the location indicates that we are unlikely to see a good return on the cost of our investments. However, we are in the process of expanding capacity at another branch within the trial area and we are looking at options to relocate another two branches for increased capacity.

The branches in the trial area comprise a combination of leasehold and freehold properties so we have been reviewing the freehold properties to ascertain whether we are getting the best use from them. We are also pursuing other opportunities in this area to change use of some freeholds which will enable us to realise gains and move to locations which are more suitable for our purposes.

Growing capacity

We want to grow volumes in the trial area and have taken steps to grow capacity both within our existing infrastructure and with additional infrastructure.

Within existing infrastructure, we have improved the way the care centre works in conjunction with branches and where this has been done well, we have seen capacity double. The local team also had several contracts which were loss making and taking up capacity, these are being worked through and repriced or exited.

The best performing branch in the trial area is operating at capacity so we are investing in expanding the capacity of this branch by 50 per cent and the economics of incremental volume in a well performing branch are very good. We are looking at several other options to expand capacity of this branch and more broadly across the trial area.

Work for the future

The work done in the trial area so far has only scratched the surface and during the year ahead there are several projects which will advance this further. We will:

- **Build** out the marketing of the business and refine ways to measure performance;
- **Relocate** the Care Centre to give us more capacity to grow volumes. We also can realise gains from planning changes on freehold land here;
- **Align** compensation within the business to the performance of the business; and
- **Continue** to do all that we can to learn from our clients and provide the right service for their needs.

Early results

We are in the early stages of our trial however initial results are promising. We have used data and performance reviews to illuminate local performance. This is far more granular than before, with clear direction. Currently, volumes are approximately 20 per cent above the wider business and revenue is already at the level we saw prior to reducing our prices to become more competitive.

STANDARDS, REGULATION & COMPLIANCE

"We are proud of how we care for our clients and families and aim to continuously improve our approach to delivering high-quality services and standards."

Our mission is to drive forward positive change in the sector and become a true market leader with an unrivalled focus on quality, transparency and choice.

To achieve this, we recognise the importance of investing in our people, digital platforms, and facilities; as well as empowering our colleagues to make the right decisions that deliver a positive experience and outcome for our clients.

As part of our wider strategic and organisational review, we have considered how governance, compliance, and risk management is implemented across Dignity. This has identified an important opportunity to design our framework in a way that not only meets the expectations set by government but exceeds them, while also raising the benchmark for all funeral businesses and crematoria operators in our industry.

The Dignity Standard

Dignity's aim is to develop a suite of sector-leading policies and practices that will form our Standard Operating Procedures ('SOP'). This will be at the core of everything we do regarding our care for clients and deceased persons. It includes a review of our guidelines for security and identification, access to premises and mortuaries, care for the deceased and all other important policies for both observed and unobserved procedures.

Each procedure will require a brief and research into best practice across our business and the sector. The procedure will then be shaped and reviewed through the collaboration of colleagues and shared across the business. Due to the scale of what this will cover, we're seeking to launch the SOP in phases to ensure each element is given the right degree of focus and priority.

A steering group has been tasked with developing the guidelines and includes a cross-section of colleagues from funeral and crematoria operations, property, health and safety, and learning & development. We are also addressing vital health, safety and property compliance requirements, which has been given the full support for prioritisation and investment by the Board.

Delivering the Dignity Standard will be reliant upon our Heads of Region and Business Leaders who have been empowered to identify areas where we can improve our services and premises, with the ability to implement policy, invest, or procure a solution.

Long-term the Dignity Standard will be more than a policy or set of processes. It will become a kitemark for sector leading excellence.

Embracing and Preparing for Regulation

This year a significant programme of work has been implemented to deliver compliance with the CMA statutory requirements for the sector, whilst also navigating the authorisation process for the FCA forthcoming regulation of the pre-paid funeral plan market.

CMA implementation and compliance

The CMA launched a market investigation into the funeral sector in March 2019 and published their Final Decision Report in December 2020. It identified a need for change and set out a range of price transparency and service information requirements that all funeral directors are obliged to follow.

The remedies set out by the regulator include requirements for standardised price information for a core set of products offered by funeral and crematoria providers across the UK. Through a collaborative approach and the dedication of colleagues, we were committed to complying with the obligations, delivering this in advance of the CMA's statutory deadline in September 2021.

Furthermore, Dignity's new pricing strategy (set out on page 4), which seeks to deliver genuine value-for-money, complements the CMA's aims rather than have them imposed on us. We are proud to say we now offer some of the most competitively priced funeral services in the UK.

We will continue to constructively engage with the CMA, in addition to our commitment to ongoing compliance with the formal regulatory orders.

Regulation of quality and standards

The CMA also set out clear recommendations to the Government for quality and standards regulation, which has been under consideration by the Ministry of Justice.

Dignity has supported calls for stronger oversight of the standards delivered by the funeral and crematoria profession for some time, but we recognise there is still work to be done to ensure that we ourselves are delivering truly market leading best practice.

In 2018 we initiated and sponsored a cross-industry working group – the Funeral Service Consumer Standards Review – which focussed on improving how information about quality, pricing and choice is communicated with consumers, and the development of a Code of Practice for Funeral Directors.

The initiative was handed to an independent secretariat to maintain impartiality from any one funeral provider, and has resulted in the formation of the Independent Funeral Standards Organisation ('IFSO'). We strongly support the progress IFSO has made and look forward to working with the body should it transition into a government endorsed self-supervisory body for the sector.

More widely, we have also worked closely with the Scottish Government to develop its approach to regulation of the sector and provision of services, including the anticipated implementation of a new Code of Practice for Funeral Directors that will sit under a legal framework in Scotland.

"Through a collaborative approach and the dedication of colleagues, we were committed to complying with the obligations, delivering this in advance of the CMA's statutory deadline in September 2021."

STANDARDS, REGULATION & COMPLIANCE CONTINUED

FCA Regulation

The pre-paid funeral plan market is about to change. From 29 July 2022, all funeral plan providers in the UK will be regulated by the FCA. The statutory oversight follows several years of campaigns, Government calls for evidence, and formal consultation with the funeral industry. Dignity has welcomed the onset of regulation for the industry.

The regulations set out by the FCA are designed to make products work better for consumers, to create competition, and enable a stable marketplace. It means that once the regulations come into force, companies that want to continue to sell or carry out funeral plans will need to be authorised by the FCA and conform to their rules, or risk committing a criminal offence.

We have engaged with the FCA throughout its process and support the regulatory framework to be implemented across the market. We are pleased to confirm that Dignity submitted its formal application for authorisation at the end of 2021.

Regulation Timeline

2019
JUNE HM Treasury consult on statutory regulation through the FCA.

2020
MARCH HM Treasury confirmation.
NOVEMBER HM Treasury lay required legislation.

2021
MARCH consultation paper issued.
APRIL responses to consultation submitted.
Q3 Policy Statement with Final Rules published.
SEPTEMBER FCA application opened.

2022
JULY FCA to regulation of Funeral Plans begins.

2026
FCA to evaluate the effectiveness of their measures.

Regulation of Funeral Plans Explained

Q&A

Why is regulation of funeral plans being introduced?

In March 2020 HM Treasury announced that pre-paid funeral plans would be subject to regulation by the FCA. This decision followed several years of campaigning by Dignity, and we believe that regulation will prevent the small number of unscrupulous firms undermining what is otherwise an important market.

Funeral plans are valuable products that enable people to plan and pay for their funeral in advance. Around 170,000 are sold in the UK each year and for many people they are the best way to fund their funeral, helping them to prevent the cost falling onto their loved ones.

Research we commissioned, working alongside independent consumer organisation Fairer Finance, identified evidence of high-pressure sales tactics and other poor practices in the sector. Critically, because regulation in the funeral plan market has historically been voluntary, there has been a lack of consumer protection and no ombudsman service.

Consumers need to have the same protection buying a funeral plan as they do with other financial products and Dignity is proud to have supported the calls for this to happen.

What do the new rules mean?

In addition to firms being required to have formal FCA authorisation, a range of measures are being introduced to tackle evidence of poor practice and mis-selling, whilst introducing greater protections for consumers should a plan provider fail. The process is to ensure:

- Firms sell products which offer fair value, meet consumer needs and are sold fairly.
- Firms are well run, adhere to high conduct standards and have sufficient resources and risk transfer arrangements so they can deliver funeral services.
- Consumers have time and all the information they need to make better informed decisions when choosing between different products and whether a funeral plan is right for them at all.

How will consumers be protected?

To gain approval to operate in the regulated market, firms will be subject to rigorous assessment against the FCA's standards. If providers do not receive authorisation, they will no longer be able to offer their products to consumers. This will result in a more reputable and trusted product that better serves the need of those looking to arrange and pay for their funeral in advance.

FCA regulation will provide continuity for customers where their plan provider fails, by allowing their plan to be transferred to a new company on the same terms as the original contract. The rules will also ensure that consumers can receive compensation from their firm if a transfer to another provider is not possible.

The regulator will ban cold calling and set new standards on advertising to ensure funeral plans are marketed and sold fairly. They will also carry out thorough checks on providers to improve governance and to ensure the owners of the business reach the high standards required to operate in a financial services market.

Customers will have access to redress options, including FSCS and the Financial Ombudsman.

The FCA will also introduce other mechanisms to safeguard consumers, such as introduction of a guarantee to receive a full refund if a plan is cancelled within 30 days of purchase, or only pay a reasonable charge thereafter.

STANDARDS, REGULATION & COMPLIANCE CONTINUED

Q&A

Our new strategic vision seeks to maximise scale and breadth of Dignity as a group, with the FCA rules acting as a catalyst for us to consider how we sell our funeral plans direct and through our branch network. The benefit for the consumer being one trusted, respected and regulated funeral plan provider that will also deliver the funeral to the highest of standards at the point of need.

How has Dignity prepared for FCA regulation?

A significant programme of work has been underway to provide the comprehensive evidence and analysis required by the FCA for Dignity to seek authorisation. We are pleased to confirm this was submitted in December 2021.

Taking a collaborative approach across the entire Group, our programme has been managed by a team of project managers and specialists to ensure regulatory readiness.

FCA regulation impacts almost every corner of our business. The new policies and procedures we are developing will need to be adopted by Dignity colleagues and FCA training will be mandatory for those participating in the development, marketing and sale of funeral plans.

A new governance structure overseen by a dedicated Board has been introduced to address the FCA guidelines on responsibility and operations. Designed to increase focus on accountability and raise standards of professional behaviour, the Senior Managers & Certification Regime is one of the most significant aspects of regulation for the funeral plan sector. We are in the process of appointing suitable people to required positions, all of whom will go through the FCA's rigorous checks.

Our terms and conditions will all need to be compliant, and we are ensuring all plan paperwork is updated. We are creating a new online sales system for funeral plans and are training our people on how to use it. We are updating our websites and policies and processes. And we are taking the new regime as an opportunity to consider how we develop a new and exciting proposition for our clients.

What does FCA regulation mean for the sale of funeral plans through corporate partnerships?

The FCA has banned commission payments to intermediaries or corporate partners, such as those Dignity had with building societies. As a result, Dignity has begun to exit the majority of our partnerships and will have no commission-based relationships once FCA regulation begins.

Our new strategic vision seeks to maximise scale and breadth of Dignity as a group, with the FCA rules acting as a catalyst for us to consider how we sell our funeral plans direct and through our branch network. The benefit for the consumer being one trusted, respected and regulated funeral plan provider that will also deliver the funeral to the highest of standards at the point of need.

Does Dignity have an FCA compliant trust under the new rules?

Dignity funeral plans are backed by independent trusts that at 24 September 2021 held actuarial assets that are 136 per cent of the actuarial liabilities. This is well in excess of the 110 per cent minimum required in the new FCA rules. We are in the process of establishing a new trust designed for the FCA framework and it is our intention to merge the existing trusts into that one. The new trust being created will provide even greater protections for funeral plan customers because from 29 July they will be covered by the FCSC (Financial Services Compensation Scheme).

KEY PERFORMANCE INDICATORS

The link between our strategy and our KPIs

These historical KPIs remain relevant

The Group has had a consistent set of financial and non-financial KPIs used to monitor the performance of the business against its strategy for many years. These KPIs have continued to remain relevant during this period. Financial KPIs are measured by reference to underlying operating performance and are therefore unaffected by the accounting policy changes made in either period with the exception of IFRS 16, which has now been adjusted in both periods.

How we measure performance

- We monitor our performance by measuring and tracking KPIs that we believe are important to our longer-term success.
- The Group uses both financial and non-financial KPIs to manage the business and ensure the Group's strategy and objectives are being delivered.
- Each KPI reflects a quantifiable measure of different aspects of the Group's strategy. They act as headlines for the Board, allowing them to use more detailed management information to consider the Group's strategy and financial performance in greater depth where appropriate.
- Our KPIs and goals are set to measure our progress in improving our financial performance and in embedding sustainable long-term growth.

Environmental performance metrics can be found in our ESG report in the Annual Report.

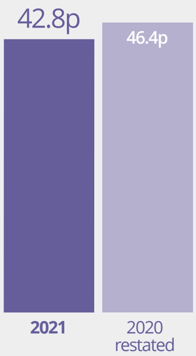
Alignment of new strategy and our KPIs

These KPIs were aligned with our previous strategic objectives and are still valid for the new strategy however, new KPIs are being introduced as discussed in the Strategic review and will be fully reported on going forward.

All KPIs are focused on ensuring that the Group delivers on strategic objectives. No particular KPI is solely relevant to one aspect of the Group's strategy.

Financial KPIs

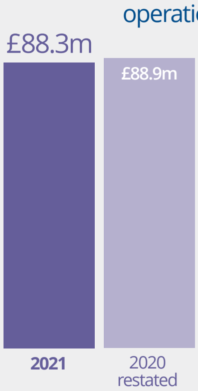
Underlying earnings per share (pence)



Definition
This is underlying profit after tax divided by the weighted average number of Ordinary Shares in issue in the period.

Developments in 2021
The reduction follows the decrease in underlying operating profit explained below.

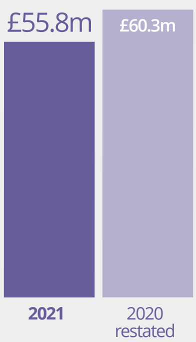
Underlying cash generated from operations (£m)



Definition
This is the statutory cash generated from operations excluding non-underlying items and the impact of consolidating the Trusts and IFRS 15.

Developments in 2021
The Group continues to convert operating profit into cash efficiently.

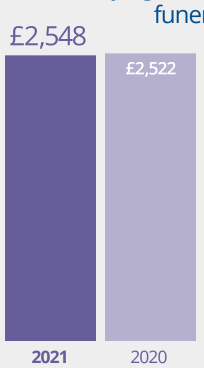
Underlying operating profit (£m)



Definition
This is the statutory operating profit of the Group excluding non-underlying items and the impact of consolidating the Trusts and IFRS 15.

Developments in 2021
Underlying operating profit declined year-on-year, despite higher deaths. This is primarily due to lower market share and higher costs.

Underlying average revenue per funeral (£)



Definition
Underlying funeral revenue divided by the number of funerals performed in the relevant period.

Developments in 2021
Restrictions in client choices due to COVID-19 continued to adversely impact average revenue as clients opted for simpler funerals during the first half of 2021. Quarter 4 has been adversely impacted by the change in pricing strategy in September 2021.

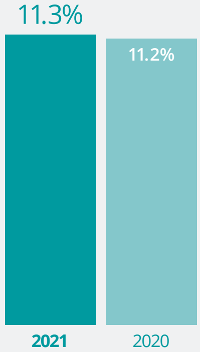
NON-FINANCIAL KPIs

Total estimated number of deaths in Britain (number)

Definition
This is as reported by the Office for National Statistics.

Developments in 2021
Deaths were materially higher than originally anticipated due to the pandemic.

Cremation market share (per cent)



Definition
This is the number of cremations performed by the Group divided by the total estimated number of deaths in Britain.

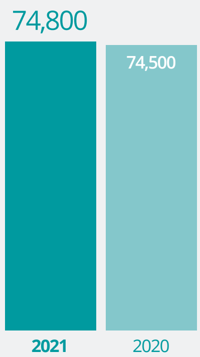
Developments in 2021
Market share is broadly stable.

Funeral market share excluding Northern Ireland (per cent)

Definition
This is the number of funerals performed by the Group in Britain divided by the total estimated number of deaths in Britain.

Developments in 2021
Market share has declined slightly.

Number of cremations performed (number)



Definition
This is the number of cremations performed according to our operational data.

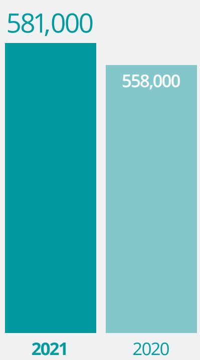
Developments in 2021
Changes are a consequence of the total number of deaths and the Group's market share.

Number of funerals performed (number)

Definition
This is the number of funerals performed by the Group according to our operational data.

Developments in 2021
Changes are a consequence of the total number of deaths and the Group's market share.

Active pre-arranged funerals (number)



Definition
This is the number of pre-arranged funerals (both trust funeral plans and insurance backed) where the Group has an obligation to provide a funeral in the future.

Developments in 2021
This increase reflects continued sales activity (both trust funeral plans and insurance backed) offset by plans cancelled and the crystallisation of plans sold in previous periods.

Customer Service and Satisfaction

"We are proud of how we care for our clients and families and aim to continuously improve our approach to delivering high-quality services and standards."

Our mission is to drive forward positive change in the sector and become a true market leader with an unrivalled focus on quality, transparency and choice.

To achieve this, we recognise the importance of investing in our people, digital platforms, and facilities; as well as empowering our colleagues to make the right decisions that deliver a positive experience and outcome for our clients and in turn we become more competitive.

Approximately one in eight of all funerals is handled by one of our funeral directors, and if we include cremations in our crematorium then we were involved in approximately one in five of all funerals in the UK in 2021. Doing our best for those clients is our best source of future business.

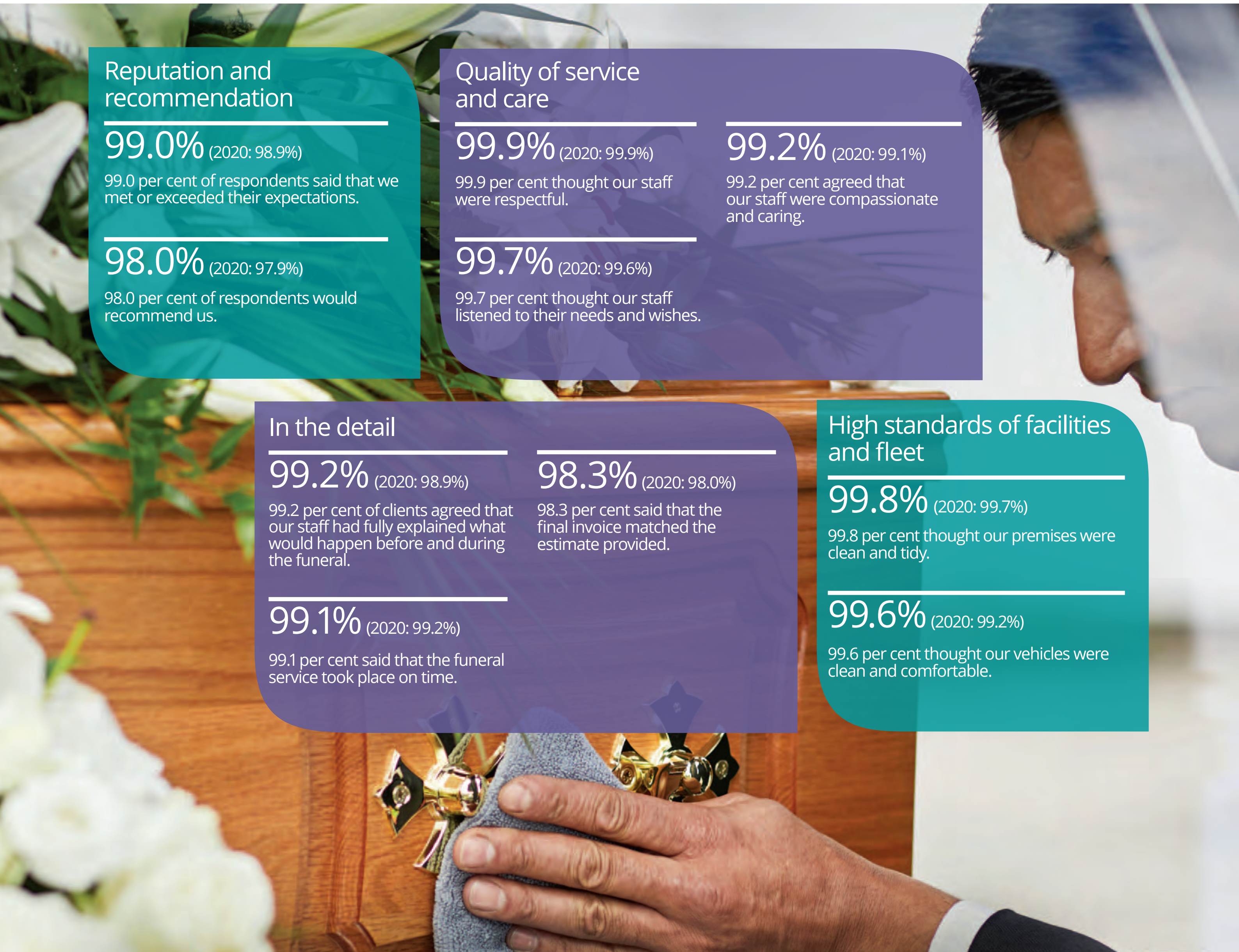
Digital engagement

As digital adoption trends evolve, we continue to invest in technology and expertise to ensure we can make it easy for people to find us online. We continue to develop our digital communication channels which enhances customer engagement and offers an additional channel to hear from our clients. Having an effective digital strategy aligned with our local propositions is an essential part of our effort to grow our share of funerals and cremations in all areas.

"We engage and interact with our clients directly through our branches, telephone and online."

Maintaining high-quality and standards

We closely monitor the results of our client surveys which are conducted by our funeral services division. In the last five years, we have received approximately 155,000 responses. This is our measure of how these services meet or exceed client expectations. Our consistently high satisfaction scores reflect the strength of our relationships with our clients. We listen to our clients and use our survey responses to focus on areas in which we can improve and add value.



Reputation and recommendation

99.0% (2020: 98.9%)

99.0 per cent of respondents said that we met or exceeded their expectations.

98.0% (2020: 97.9%)

98.0 per cent of respondents would recommend us.

Quality of service and care

99.9% (2020: 99.9%)

99.9 per cent thought our staff were respectful.

99.7% (2020: 99.6%)

99.7 per cent thought our staff listened to their needs and wishes.

99.2% (2020: 99.1%)

99.2 per cent agreed that our staff were compassionate and caring.

In the detail

99.2% (2020: 98.9%)

99.2 per cent of clients agreed that our staff had fully explained what would happen before and during the funeral.

99.1% (2020: 99.2%)

99.1 per cent said that the funeral service took place on time.

98.3% (2020: 98.0%)

98.3 per cent said that the final invoice matched the estimate provided.

High standards of facilities and fleet

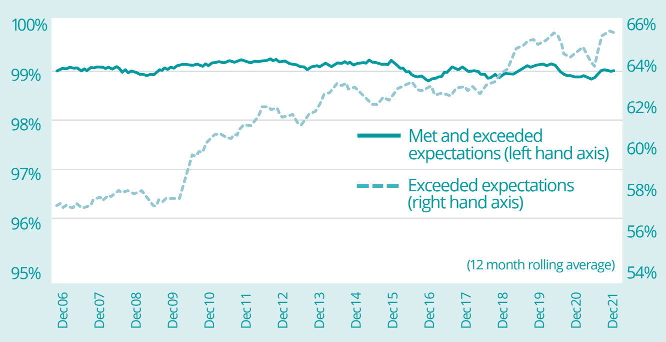
99.8% (2020: 99.7%)

99.8 per cent thought our premises were clean and tidy.

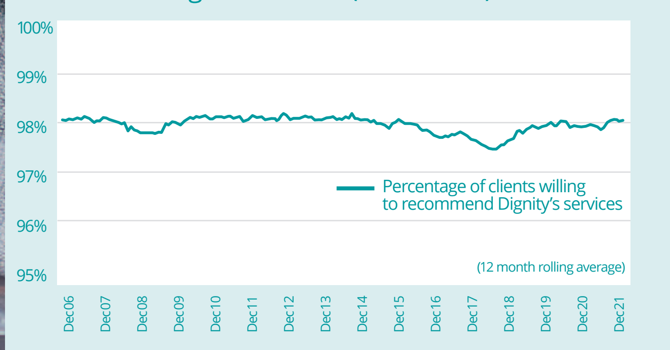
99.6% (2020: 99.2%)

99.6 per cent thought our vehicles were clean and comfortable.

Meeting and exceeding expectations (% of clients)



Recommending our services (% of clients)



SUMMARY GROUP RESULTS

Summary Group Financial Performance 2021

REVENUE
£353.7m
(2020: £357.5m)

OPERATING PROFIT
£17.8m
(2020: £15.9m)

CASH GENERATED FROM OPERATIONS
£68.3m
(2020: £62.7m)

UNDERLYING REVENUE
£312.0m
(2020: £314.1m)

UNDERLYING OPERATING PROFIT
£55.8m
(2020: £60.3m)(1)

UNDERLYING CASH GENERATED FROM OPERATIONS
£88.3m
(2020: £88.9m)(1)

BASIC EARNINGS/(LOSS) PER SHARE
24.2p
(2020: (51.0)p)

UNDERLYING EARNINGS PER SHARE
42.8p
(2020: 46.4p)(1)

DIVIDENDS PAID IN THE PERIOD
£nil
(2020: £nil)

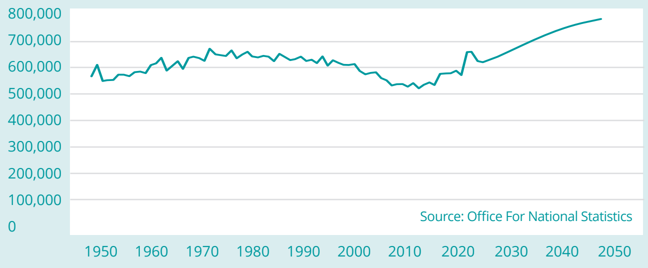
(1) A number of prior year underlying measures have been restated to include the application of IFRS 16 which were previously excluded from underlying performance measures. See note 1 in the Annual Report for further details.

Alternative performance measures ('APMs')

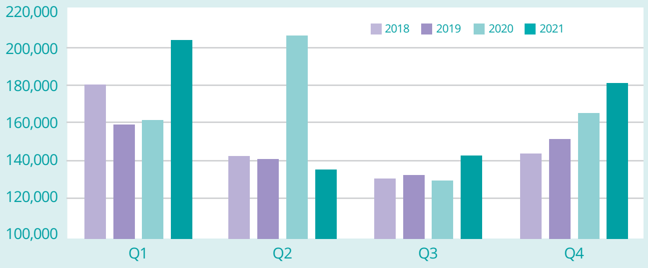
The Board believes that whilst statutory reporting measures provide financial performance of the Group under IFRS, APMs are necessary to enable users of the financial statements to fully understand the trading performance and financial position of the business. The APMs provided are aligned with those used in the day-to-day management of the business and allow for greater comparability across periods. For this reason, the APMs provided exclude the impact of consolidating the Trusts and the changes which relate to the application of IFRS 15, as well as non-underlying items comprising certain non-recurring and non-trading transactions. Further detail may be found on pages 39 to 45.

This year we are reporting statutory results on the 53 week period to 31 December 2021 in comparison with last year's 52 week period to 25 December 2020.

Deaths in Great Britain



Number of Deaths



FINANCIAL REVIEW

DEAN MOORE, INTERIM CHIEF FINANCIAL OFFICER

Our performance in 2021 reflects the continued impact of COVID-19 and the implementation of the new strategy in quarter four. As a result, underlying operating profit decreased by seven per cent to £55.8 million. Allowing for the fact that 2021 represents a 53 week period for the Group means that, on a 52 week comparable basis, deaths were 14,000 lower in the period. Therefore, although 2021 has an additional week of underlying revenue compared to 2020, total deaths including week 53 were broadly comparable.

Our market share slightly decreased on funeral services and there was a strong market share performance by our crematoria business.

Cash generation remained strong in the year and will enable us to continue to invest in our strategic objectives in the future.

Introduction

These results have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Statutory operating profit was £17.8 million (2020: £15.9 million), an increase of £1.9 million. Gross margin was broadly in line with prior year. Administrative expenses were £2.5 million lower, largely driven by a decreased impairment charge of £4.8 million on goodwill and trade names compared to last year, a further trade name write-off of £2.5 million and after incurring additional central overheads of £3.1 million relating to digital expenditure and other costs. This was partially offset by a reduction in other non-underlying items, primarily in respect of £4.7 million less spent on the Transformation Plan which has been abrogated, £2.9 million less spent on the Operating and competition review and £1.6 million less spent on Directors' severance pay. See table on page 26 for further details on the impacts to statutory and underlying operating profit.

A total impairment of £39.2 million has been charged in the period (2020: £44.0 million), of which £2.8 million (2020: £15.3 million) relates to trades names and £36.4 million (2020: £28.7 million) to goodwill. The impairment has arisen within the funeral services division primarily due to the reduced average revenues following the new pricing strategy for the Group. Whilst the Group expects long-term market share growth from the new strategy, the accounting standard (IAS 36) for impairment assessments does not allow forecasts to be used where assumptions cannot be evidenced or have not yet been implemented (e.g. cost savings). As a result, whilst the Group is focussed on committing to delivering its market share growth ambitions, given the infancy of the strategic plan implementation and the available evidence to demonstrate this growth as at the year end when the impairment assessment is made, the full extent of potential longer-term gains are not reflected in the impairment modelling. Note 8 in the Annual Report provides sensitivity analysis based on the calculated impairment.

In addition to the impairment described above, a further trade name write-off of £2.5 million (2020: £nil) has been charged in the period following the withdrawal of seven trading names from use following part of the Group's strategic review.

The Group's net finance income was £14.2 million (2020: net finance costs £35.5 million), a £49.7 million movement primarily due to the increase in fair value movements of the financial assets held by the Trusts of £43.7 million.

The above has resulted in profit before tax for the Group of £32.0 million (2020 loss: £19.6 million).

Financial highlights

The Group's financial performance is summarised below:

	53 week period ended 31 Dec 2021 £m	52 week period ended 25 Dec 2020 restated[b] £m	Increase/ (decrease) %
Underlying revenue[a] (£million)	312.0	314.1	(1)
Underlying operating profit[a] (£million)	55.8	60.3	(7)
Underlying profit before tax[a] (£million)	26.8	30.6	(12)
Underlying earnings per share[a] (pence)	42.8	46.4	(8)
Underlying cash generated from operations[a] (£million)	88.3	88.9	(1)
Revenue (£million)	353.7	357.5	(1)
Operating profit (£million)	17.8	15.9	12
Profit/(loss) before tax (£million)	32.0	(19.6)	
Basic earnings/(loss) per share (pence)	24.2	(51.0)	
Cash generated from operations (£million)	68.3	62.7	9
Dividends paid in the period:			
Final dividend (pence)	–	–	

[a] Further details of alternative performance measures can be found on pages 39 to 45.

[b] Underlying reporting measures for the 52 week period ended 25 December 2020 have been restated to include the application of IFRS 16 which were previously included within other adjustments. See page 119 in the Annual Report for further details.

Alternative performance measures

The alternative performance measures are stated before non-underlying items and the effect of consolidation of the Trusts and applying IFRS 15 as defined on page 39. These items have been adjusted for in determining underlying measures of profitability as these underlying measures are those used in the day-to-day management of the business and allow for greater comparability across periods.

Detailed information on non-underlying items is set out on pages 39 to 43 and a reconciliation of statutory revenue to underlying revenue is detailed in note 3 in the Annual Report.

Accordingly, the following information is presented to aid understanding of the performance of the Group:

	53 week period ended 31 Dec 2021 £m	52 week period ended 25 Dec 2020 restated[c] £m
Operating profit for the period as reported	17.8	15.9
Add the effects of:		
Acquisition related amortisation	4.2	4.6
External transaction costs in respect of completed and aborted transactions	2.6	0.2
Marketing costs in relation to trials	0.9	0.6
Profit on sale of fixed assets	(1.1)	(0.2)
Transformation Plan costs[a]	–	4.7
Directors' severance pay	–	1.6
Operating and competition review costs	–	2.9
Trade name write-off	2.5	–
Trade name impairment	2.8	15.3
Goodwill impairment	36.4	28.7
Impact of Trust consolidation and IFRS 15	(10.3)	(14.0)
Underlying operating profit[b]	55.8	60.3
Underlying net finance costs	(29.0)	(29.7)
Underlying profit before tax[b]	26.8	30.6
Tax charge on underlying profit before tax	(5.4)	(7.4)
Underlying profit after tax[b]	21.4	23.2
Weighted average number of Ordinary Shares in issue during the period (million)	50.0	50.0
Underlying EPS (pence)[b]	42.8	46.4
Decrease in underlying EPS (per cent)	8	23

[a] The £4.7 million costs incurred in 2020 reflects expenditure up to the point of the Transformation Plan being abrogated.

[b] Further details of alternative performance measures can be found on pages 39 to 45.

[a] The 52 week period ended 25 December 2020 has been restated to include the application of IFRS 16 within underlying operating profit which were previously included within other adjustments. See page 119 in the Annual Report for further details. A presentation adjustment has also been made to separately pull out the marketing costs in relation to trials.

Earnings per share

Statutory profit after tax was £12.1 million (2020: loss of £25.5 million). Basic earnings per share were 24.2 pence per share (2020 loss: 51.0 pence per share). Underlying profit after tax was £21.4 million (2020: restated £23.2 million), giving underlying earnings per share of 42.8 pence per share (2020: restated 46.4 pence per share), a reduction of eight per cent.

Items excluded from underlying operating profit

Amortisation of acquisition related intangibles

Amortisation of acquisition related intangibles reflects the write-off of acquired intangibles over the term of their useful life.

External transaction costs

External transaction costs primarily reflect amounts paid to external parties for legal, tax and other advice in respect of the Group's acquisitions and unsuccessful crematoria planning developments.

Profit on sale of fixed assets

Profits or losses arising from the sale of fixed assets (net of any insurance proceeds received) are excluded as they are unconnected with the trading performance in the period.

Transformation Plan costs
Cost incurred in relation to the Group's now abrogated Transformation Plan has resulted in significant, directly attributable non-recurring costs.

Directors' severance pay
Following the departure of Mike McCollum, Steve Whittern and Richard Portman in 2020, severance packages were agreed and paid and are considered to be a non-recurring cost.

Operating and competition review costs
The Group has incurred costs with external advisers to support the Group's response to the CMA's funerals market investigation and HM Treasury's consultation on the funeral plan sector. Costs were also incurred in 2020 with external advisers to support its operational review.

Trade name write-off
During 2021, the Group withdrew seven trading names from use following part of the Group's strategic review. As the trading names had specific intangible assets related to them, they were required to be written-off.

Trade name impairment
The Group assessed the carrying value of its trade names. In light of the lower level of profitability and lower anticipated average revenue per funeral, an impairment of £2.8 million (2020: £15.3 million) has been recognised.

Goodwill impairment
The Group assessed the carrying value of its goodwill. In light of the lower level of profitability and lower anticipated average revenue per funeral, an impairment of £36.4 million (2020: £28.7 million) has been recognised.

Trust consolidation/IFRS 15
In the prior period the Group changed its accounting policy to consolidate the Trusts and to implement IFRS 15. This adjustment reverses the impact of these policy changes in order to maintain underlying performance measures with those used in the day-to-day management of the business.

Capital expenditure
Capital expenditure on property, plant and equipment and intangible assets was £21.0 million (2020: £11.1 million).

This is analysed as:	31 Dec 2021 £m	25 Dec 2020 £m
Maintenance capital expenditure:		
Funeral services	**10.5**	5.0
Crematoria	**5.4**	2.7
Other	**1.7**	1.4
Total maintenance capital expenditure [a]	**17.6**	9.1
Branch relocations	**0.1**	0.5
Transformation capital expenditure	**–**	0.2
Development of new crematoria and cemeteries	**3.3**	1.3
Total property, plant and equipment	**21.0**	11.1
Partly funded by:		
Disposal proceeds – properties [b]	**(1.2)**	(1.1)
Net capital expenditure	**19.8**	10.0

[a] Maintenance capital expenditure includes vehicle replacement programme, improvements to locations and purchases of other tangible and intangible assets.

[a] Property disposals in 2021 includes £0.8 million of insurance proceeds received. Property disposals in 2020 were the result of the now abrogated Transformation Plan.

The Group will continue to invest in the maintenance of its existing portfolio of vehicles and funeral and crematoria locations.

Cash flow and cash balances for the Trading Group
Underlying cash generated from operations was £88.3 million (2020: restated £88.9 million).

Other working capital changes were consistent with the Group's experience of converting profits into cash, subject to timing differences and cash incurred in respect of commission payments.

Cash balances of the Trading Group at the end of the period were £55.9 million (2020: £56.7 million excluding £16.9 million set aside for debt service: total Trading Group cash balances of £73.6 million). Further details and analysis of the Group's cash balances are included in note 16 to the consolidated financial statements.

Pensions
The balance sheet shows a deficit of £19.7 million before deferred tax (2020: deficit of £36.6 million). Following the triennial valuation performed in April 2020, the scheme will receive future annual cash obligations from the Group from 2022 onwards of £4.5 million. See note 28 in the Annual Report for further details.

Taxation
The Group's effective tax rate on underlying profits in the period was 20.2 per cent (2020: restated 24.2 per cent). The current period underlying effective tax rate is higher than the standard rate of corporation tax due to the effects of permanent disallowables and prior year items with a tax impact totalling £0.3 million. The underlying effective tax rate is lower than originally anticipated due to the effects of prior year credits and a lower level of permanent disallowables.

In 2022, the Group expects its underlying effective tax rate to be approximately two to three per cent above the headline rate of corporation tax. This translates to an underlying effective rate of between 21.0 per cent and 22.0 per cent.

The Group's effective tax rate on profits is 62 per cent (2020: charge on losses of 30.0 per cent) which is higher than the underlying effective tax rate primarily due to the £1.5 million corporate interest restriction disallowance, £6.9 million arising on the corporation tax rate change and £6.1 million of disallowable taxation on the goodwill and trade name impairments and write-off.

Prior year restatements

Following a review of the Group's accounting policy for insurance plans in relation to the prepaid balances held on the consolidated balance sheet it has been amended to include a provision for expected future cancellations. It was further noted that a liability was not held for active plans where a known commission is payable in future years. The total impact has been booked into opening reserves at 28 December 2019 and is a reduction to reserves of £3.5 million. Further details of the prior year restatement are set out in note 34 to the financial statements in the Annual Report.

Comparatives for the 52 week period ended 25 December 2020 have been restated due to a prior year adjustment in relation to the application of IFRS 16. This has impacted the consolidated statement of cash flows and the revenue and segmental analysis. Furthermore, underlying operating profit within divisional results have also been restated. See note 1 in the Annual Report for further details.

Capital structure and financing for the Trading Group

Secured Notes

The Group's principal source of long-term debt financing is the Secured A Notes and the Secured B Notes. The principal is repaid completely over the life of the Secured Notes and is therefore scheduled to be repaid by 2049. The interest rate is fixed for the life of the Secured Notes and interest is calculated on the principal.

The key terms of the Secured Notes are summarised in the table below:

	Secured A Notes	Secured B Notes
Total new issuance at par	£238.9 million	£356.4 million
Legal maturity	31 December 2034	31 December 2049
Coupon	3.5456%	4.6956%
Rating by Fitch	A-	BB+
Rating by Standard & Poor's	A-	B+

The Secured Notes have an annual debt service obligation (principal and interest) of circa £33.2 million. Net amounts owing on the Secured Notes is £526.6 million (2020: £541.7 million).

It is not currently possible to issue further Secured Notes, as such an issue would require the rating of the Secured B Notes to raise to BBB by both rating agencies.

Financial Covenant

The Group's primary financial covenant under the Secured Notes requires EBITDA to total debt service to be above 1.5 times. The ratio at 31 December 2021 was 2.13 times (2020: 1.99 times). The Group therefore had EBITDA headroom of approximately £21.4 million (2020: approximately £16.0 million) against its financial covenants at the end of December. This covenant calculation uses a prescribed definition of EBITDA detailed in the loan documentation and only represents the profit of a sub-group of the Group which is party to the loans (the 'Securitisation Group'). Furthermore, the calculations are unaffected by the consolidation of the Trusts or the application of IFRS 15 and IFRS 16 described elsewhere, as the Group was able to elect to disregard those changes when making the calculations.

EBITDA for this calculation can be reconciled to the Group's statutory operating profit as follows:

	31 Dec 2021 £m
EBITDA per covenant calculation – Securitisation Group	**72.4**
Add: EBITDA of entities outside Securitisation Group	**1.3**
Add: Impact of IFRS 16	**12.5**
Less: Non-cash items[a]	**(1.3)**
Underlying operating profit before depreciation and amortisation – Group	**84.9**
Underlying depreciation and amortisation	**(29.1)**
Non-underlying items	**(48.3)**
Impact of Trust consolidation and IFRS 15	**10.3**
Operating profit	**17.8**

[a] The terms of the securitisation require certain items (such as pensions, Save As You Earn Scheme and Long-Term Incentive Plan Scheme costs) to be adjusted from an accounting basis to a cash basis.

In addition, in order for the Group to transfer excess from the Securitisation Group to Dignity plc, it must achieve both a higher EBITDA to total debt service ratio of 1.85 times and achieve a Free Cash Flow to total debt service (a defined term in the securitisation documentation) of at least 1.4 times. This latter ratio at December was 1.76 times (December 2020: 1.57 times). These combined requirements are known as the Restricted Payment Condition ('RPC') which have been met in 2021. Failure to pass the RPC would not be a covenant breach and would not cause an acceleration of any debt repayments. Any cash not permitted to be transferred whilst the RPC is not achieved will be available to be transferred at a later date once the RPC requirement is achieved.

Net debt

The Trading Group has underlying net debt of £471.2 million (2020: £480.6 million) at the balance sheet date. See note 25 in the Annual Report for further details.

Should the Group wish to repay all amounts due under the Secured Notes, the cost to do so at the year end would have been approximately £757.4 million, (Class A Notes: £202.8 million; Class B Notes: £554.6 million) (2020: £822.7 million, (Class A Notes: £226.0 million; Class B Notes: £596.7 million)).

Net finance costs

The Group's underlying finance costs substantially consist of the interest on the Secured Notes and ancillary instruments. The net finance cost in the period relating to these instruments was £23.7 million (2020: £24.1 million).

Other ongoing underlying finance costs incurred in the period amounted to £0.8 million (2020: £1.0 million), covering the unwinding of discounts on the Group's provisions and other financial liabilities.

Interest receivable on bank deposits was £nil (2020: £0.1 million).

The Group also incurred £4.5 million (2020: £4.7 million) lease liability interest, under IFRS 16, giving a total underlying net finance cost of £29.0 million (2020: restated £29.7 million).

Shareholders' deficit

Consolidating the Trusts and applying IFRS 15, has a significant impact on our reported results. The recognition of contract liabilities (the majority of which are expected to fall due after one year) in excess of the Trusts' financial assets has caused the Group's balance sheet to show an overall deficit in shareholders' funds.

On consolidation of the Trusts, all funds received from the plan members are deferred until recognised on satisfaction of a funeral obligation or when a plan is cancelled and refunded (subject to an administrative fee). These deferred funds increase under IFRS 15 by a material non-cash significant financing charge (see note 1 in the Annual Report for accounting policy). The assets of the Trusts, initially representing the same funds received from plan members less an amount paid to the Trading Group to cover marketing costs, are invested by the Trusts and are subject to market movements. Over time, investments are also realised to fund funeral payments or refund obligations. The net impact of the above gives rise to a significant reduction in the net asset value of the Group to a position where the Group has reported a net deficit of £151.1 million (2020: restated £177.5 million). Whilst this position appropriately reflects the application of IFRS 15 to the underlying contract with the plan member, based on the current cost of delivery of a funeral service, delivery of pre-need funerals is expected to result in the future recognition of profits under IFRS, which, over time, the Directors consider would more than eliminate the deficit noted above.

This deficit, which only arises on consolidation, has no impact on the Group's future ability to pay dividends to shareholders, which relies on the reserves in the Company and not the Group.

The Trusts

At the balance sheet date, the Trusts had £1,043.1 million (2020: £967.1 million) of financial assets and £19.8 million (2020: £21.6 million) of cash, which was recognised in the consolidated balance sheet. This has resulted in average net Trust asset per plan increasing six per cent to £3,650 (2020: £3,400). The movement in financial assets is primarily attributable to remeasurement gains recognised in the consolidated income statement of £85.0 million (2020: £41.3 million), reflecting changes in asset values and net disposals of financial assets of £12.2 million (2020 net disposals of financial assets: £18.7 million).

Aggregated contract liabilities totalled £1,337.5 million (2020: £1,317.5 million) with the primary movements being sales of new plans of £86.3 million (2020: £82.0 million), increases due to significant financing of £51.6 million (2020: £53.1 million) and releases due to death or cancellation totalling £117.9 million (2020: £122.2 million).

Outlook

The successful delivery of our strategy will deliver long-term growth and value.

DIVISIONAL PERFORMANCE

Introduction

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker of the Group has been identified as the three Executive Directors.

For statutory purposes the Group has two reporting segments, funeral services and crematoria, as under IFRS 15 only a single performance obligation exists when a pre-arranged funeral plan is sold, being the performance of a funeral. The Group also reports central overheads, which comprise unallocated central expenses.

For the purpose of alternative performance measures the Group has three reporting segments, funeral services, crematoria and pre-arranged funeral plans as the chief operating decision maker reviews segmental performance before applying the effect of IFRS 15.

Funeral services relate to the provision of funerals and ancillary items, such as memorials and floral tributes.

Crematoria services relate to cremation services and the sale of memorials and burial plots at the Dignity crematoria and cemeteries.

Pre-arranged funeral plans represent the sale of funerals in advance to clients wishing to make their own funeral arrangements and the marketing and administration costs associated with making such sales.

Divisional Summary 2021

FUNERAL SERVICES

- Group operating profit share (before central overheads) 22% (2020: 30%)[3]
- Group underlying operating profit share (before central overheads) 51% (2020: 55%)[2][3]

UNDERLYING REVENUE[1]
£201.9m
(2020: £202.6m)

OPERATING PROFIT
£13.0m
(2020: £18.7m)[3]

UNDERLYING OPERATING PROFIT
£48.2m
(2020: £53.1m)[3]

776
Number of funeral locations we operate in the UK.

79,200
Number of funerals conducted during 2021.

CREMATORIA

- Group operating profit share (before central overheads) 78% (2020: 70%)[3]
- Group underlying operating profit share (before central overheads) 49% (2020: 45%)[2][3]

UNDERLYING REVENUE[2]
£85.5m
(2020: £82.7m)

OPERATING PROFIT
£46.5m
(2020: £44.0m)[3]

UNDERLYING OPERATING PROFIT
£47.0m
(2020: £44.2m)[3]

46
Number crematoria we operate in England and Scotland.

74,800
Number of cremations conducted during 2021.

PRE-ARRANGED FUNERAL PLANS

UNDERLYING REVENUE[4]
£24.6m
(2020: £28.8m)

OPERATING PROFIT[4]
£nil
(2020: £nil)

581,000
Number of active plans as at 31 December 2021 (2020: 558,000).

[1] Total underlying revenue was £201.9 million (2020: £202.6 million). On a statutory basis the Group recognised funeral services revenue of £268.2 million (2020: £274.8 million). See note 3 in the Annual Report for further details.
[2] There is no difference between underlying revenue and statutory revenue for the Crematoria division.
[3] Restatements relate to the correction of the application of IFRS 16 in 2020. See note 1 in the Annual Report for further details.
[4] Pre-arranged funeral plans are not a separate division in statutory terms, as a result statutory revenue and operating profit are £nil (2020: £nil). Please see note 3 in the Annual Report for further details.

Funeral services

Overview

As at 31 December 2021, we operated from a network of 776 (2020: 795) funeral locations throughout the UK, generally operating under established local trading names. The change to the portfolio reflects five branch openings and 24 closures in the year. Most closures represent funeral locations where leases have naturally come to an end and have not been renewed and also include seven freehold closures.

Performance

We conducted 79,200 funerals (2020: 80,300) during the period under review. Underlying operating profit was £48.2 million (2020: restated £53.1 million) a reduction of nine per cent, this can be explained by the financial summary table below.

Financial summary 2021	H1 £m	H2 £m	FY £m
Underlying operating profit – 2020 restated [1]	36.0	17.1	53.1
Impact of:			
Number of deaths [2]	(8.2)	8.5	**0.3**
Market share[2]	(2.9)	(0.1)	**(3.0)**
Average revenues [2]	6.2	(4.4)	**1.8**
Net cost base changes	0.5	(4.5)	**(4.0)**
Underlying operating profit – 2021	31.6	16.6	**48.2**

[1] Restatement relates to the correction of the application of IFRS 16 in 2020. See note 1 in the Annual Report for further details.
[2] Represents revenue impact.

Items totalling £35.2 million (2020: restated £34.4 million) excluded from underlying operating profit resulted in statutory operating profit of £13.0 million (2020: restated £18.7 million). These items are discussed on pages 39 to 43 but relate to non-underlying items and the impact of consolidating the Trusts and IFRS 15.

Progress and Developments

Market share

Approximately one per cent of all funerals were conducted in Northern Ireland. Excluding Northern Ireland, these funerals represented approximately 11.8 per cent (2020: 12.0 per cent) of total estimated deaths in Britain. Whilst funerals divided by estimated deaths is a reasonable measure of Dignity's market share, the Group does not have a complete national presence and consequently, this calculation can only ever be an estimate.

On a comparable basis, excluding any funerals from locations not contributing to the whole of 2020 and 2021, market share was 11.8 per cent, compared to 11.9 per cent in 2020. Both 2021 and 2020 are a significant improvement on the dramatic market share declines witnessed in 2016 and 2017, however, the Group's new strategy is expected to grow market share significantly.

Market share is calculated based on a fixed assumption of one week between the registration of the death and the date of the funeral. Therefore, due to COVID-19 and longer delays between the date of registering the death and the date of the funeral being performed, calculations of market share in 2020 and 2021 may not be comparable.

Funeral mix and Average revenue

In September 2021, funeral services introduced an Attended Funeral at prices from £1,595 to £2,495 (excludes extras) across the network and implemented the Unattended Funeral (direct cremation), and the simple funeral was removed (apart from our location in Jersey). As such, the historical full service average and the simple and direct cremation average are no longer comparable. In order to have comparability the full service and the simple averages have been blended to give a new Attended average and the direct cremation, previously included as simple and direct cremation, has been restated to Unattended to make both comparable. The previous averages and the restated averages can be seen in the two tables below.

The new pricing strategy was introduced in early September and as expected it has caused a decline in our underlying average revenue. It is too early to judge the precise effects of this however, as demonstrated in the second table, the underlying Attended average in quarter four 2021 is £788 lower than 2019 and £356 lower than 2020, which was impacted by COVID-19. Sales of ancillary items such as flowers and memorials have also improved compared to 2020 at £154.

Funeral mix and average revenue	Funeral type	FY 2019 Actual	FY 2020 Actual	Q1 2021 Actual	Q2 2021 Actual	H1 2021 Actual	Q3 2021 Actual	Q4 2021 Actual	H2 2021 Actual	FY 2021 Actual
Underlying average revenue (£)	Full service	3,578	3,337	3,354	3,441	3,393	3,284	2,462	2,780	**3,062**
	Simple, limited and direct cremation[1]	2,047	1,941	1,929	1,921	1,926	1,876	1,081	1,589	**1,818**
	Pre-need	1,846	1,911	1,943	1,955	1,948	1,980	1,965	1,959	**1,959**
	Other (including Simplicity)	770	940	1,004	982	982	873	790	943	**904**
Volume mix (%)	Full service	52	39	41	46	43	49	61	55	**49**
	Simple, limited and direct cremation[1]	14	25	21	17	20	14	6	10	**15**
	Pre-need	27	28	29	28	28	28	27	28	**28**
	Other (including Simplicity)	7	8	9	9	9	9	6	7	**8**
Underlying weighted average (£)		2,699	2,397	2,434	2,545	2,478	2,505	2,145	2,306	**2,394**
Ancillary revenue (£)		231	125	131	168	150	187	135	154	**154**
Underlying average revenue (£)		2,930	2,522	2,565	2,713	2,628	2,692	2,280	2,460	**2,548**
Full service volume as a percentage of full, simple and limited (%)		79	61	66	73	68	78	n/a	n/a	**n/a**

Funeral mix and average revenue – restated	Funeral type	FY 2019 Actual	FY 2020 Actual	Q1 2021 Actual	Q2 2021 Actual	H1 2021 Actual	Q3 2021 Actual	Q4 2021 Actual	H2 2021 Actual	FY 2021 Actual
Underlying average revenue (£)	Attended	3,253	2,821	2,903	3,064	2,959	3,000	2,465	2,696	**2,855**
	Unattended	n/a	996	1,010	944	980	1,178	1,060	1,085	**1,063**
	Pre-need	1,846	1,911	1,943	1,955	1,948	1,980	1,965	1,959	**1,959**
	Other (including Simplicity)	770	940	1,004	982	982	873	790	943	**904**
Volume mix (%)	Attended	66	63	61	62	62	61	61	61	**61**
	Unattended	n/a	1	1	1	1	2	6	4	**3**
	Pre-need	27	28	29	28	28	28	27	28	**28**
	Other (including Simplicity)	7	8	9	9	9	9	6	7	**8**
Underlying weighted average (£)		2,699	2,397	2,434	2,545	2,478	2,505	2,145	2,306	**2,394**
Ancillary revenue (£)		231	125	131	168	150	187	135	154	**154**
Underlying average revenue (£)		2,930	2,522	2,565	2,713	2,628	2,692	2,280	2,460	**2,548**

Investment

Investment in the Group's locations and fleet have continued. In 2021, £10.5 million (2020: £5.0 million) was invested in maintenance capital expenditure. Whilst 2021 expenditure was considerably higher than 2020 the Group anticipates higher spend in 2022.

Outlook

The Group is focusing on its restructure which will allow it to put the power back in the hands of the colleagues who are at the heart of their local communities, with this will come growth.

Crematoria

Overview

The Group remains the largest single independent operator of crematoria in Britain, operating 46 (2020: 46) crematoria as at 31 December 2021.

Performance

The Group performed 74,800 cremations (2020: 74,500) in the period, representing 11.3 per cent (2020: 11.2 per cent) of total estimated deaths in Britain.

Underlying operating profit was £47.0 million (2020: restated £44.2 million), an increase of six per cent. This can be explained by the financial summary table below:

Financial summary 2021	H1 £m	H2 £m	FY £m
Underlying operating profit – 2020 restated [(1)]	24.4	19.8	44.2
Impact of:			
Number of deaths [(2)]	(3.2)	3.3	**0.1**
Market share[(2)]	(0.4)	0.5	**0.1**
Average revenues [(2)]	4.6	(2.0)	**2.6**
Cost base changes	(0.2)	0.2	**–**
Underlying operating profit – 2021	25.2	21.8	**47.0**

(1) Restatement relates to the correction of the application of IFRS 16 in 2020. See note 1 in the Annual Report for further details.
(2) Represents revenue impact.

The primary reason for the increase in underlying operating profit is average revenues. Crematoria grounds have been fully open for all of 2021 compared to being closed in quarter two of 2020, and consequently total memorial and cemetery revenue was £19.2 million (2020: £16.7 million), approximately 15 per cent higher despite cremation volume being in line with 2020. The average cremation revenue is in line with the prior year at £887 (2020: £885).

Non-underlying costs of £0.5 million (2020: £0.2 million) are excluded from underlying operating profit resulting in statutory operating profit of £46.5 million (2020: restated £44.0 million).

Progress and Developments

The Group has invested £5.4 million (2020: £2.7 million) maintaining and improving its locations in the period.

The Group now has planning permission for six new crematoria. The total capital commitment for these six projects is expected to be approximately £55 million, with £11.5 million of this amount having already been invested. Each of the locations with planning permission will take five to seven years to reach maturity, performing 800 to 1,000 cremations per year.

In addition, the Group also has one location where it is appealing the planning decisions and another one that is currently in the planning process. Furthermore, the Group withdrew its interest in one location following an unsuccessful planning appeal.

Outlook

Crematoria remains a stable and cash generative aspect of the Group's operations.

Pre-arranged funeral plans

Underlying Performance

The Group continues to have a strong market presence in pre-arranged funeral plans and insurance policies charged to it for the provision of a funeral. The plans represent potential future incremental business for the funeral division, providing high-levels of certainty of cash flows as existing plans mature.

The Trading Group claims a marketing allowance from the trust that covers the costs incurred in the selling of Funeral Plans. As a result, the pre-arrangement division does not contribute any profit at the time of sale therefore underlying operating profit was £nil in both periods.

Approximately 50,000 (2020: 60,000) new plan sales were made and the number of active pre-arranged plans (including insurance backed arrangements) increased to 581,000 (2020: 558,000). All plan sales are stated net of cancellations of 33,000 (2020:32,000). The majority of commissions are clawed back from distribution partners on cancellation in the first two years (the majority of expected cancellations take place in this period).

Of the sales in the period 26,000 plans were trust based funeral plans (2020: 30,000). In addition, 24,000 (2020: 30,000) plans were linked to life assurance plans with third parties. Not all of these insurance backed plans include an obligation to provide a guaranteed funeral and we anticipate the cancellation experience to be significantly higher than is witnessed on trust based sales.

Historically, as with all the Group's divisions, pre-arranged funeral plans underlying profits broadly reflect the cash generated by that activity. This position has started to shift as more long-term instalment plans are written, where marketing costs are incurred when a plan is sold, but, marketing recoveries are claimed from the trust in line with instalment payments. This shift has changed the profile of the early years cashflow position.

Progress and Developments

Dignity remains focused on selling high-quality business, in ways that support the strong reputation of the Group. We ended our relationship with those third-party telephony partners who sold plans on our behalf and are now focussing on prioritising the sale of funeral plans through our branches.

The financial position of the Trusts holding members' monies is crucial, given the Group ultimately guarantees the promises made to members. At the end of 2021, the Trusts had average assets per plan of £3,650 (2020: £3,400) in respect of 323,000 trust based funeral plans. Average assets per plan are greater than the amount currently received by the Trading Group for performing a funeral.

The latest actuarial valuations of the Trusts (at 24 September 2021) showed them to have a surplus of £147.3 million (25 September 2020: surplus £4 million), based on assumptions by the Trust's actuary. This valuation is based on the amounts the Trusts are expected to pay when a funeral is performed rather than the actual cost of performance (being a lower amount) to the Group.

During the first half year the new investment strategy announced last year was largely executed as the previous investment allocations were unwound and the Trusts' assets placed in a combination of high-grade bonds (open-ended investment funds) and low cost index funds (equities). This will reduce the ongoing fund management cost and more rationally align the investments with the liabilities with the intention of seeking in the long run to outperform the cost of carrying out the funerals the trusts support.

The Trusts have assets, including cash, under the management of the Trustees of £1,062.9 million (2020: £988.7 million) with investments split as follows:

	Example investment types	Actual (%)
Defensive investments	Index linked gilts and corporate bonds	11-14
Illiquid investments	Private investments	5-6
Core growth investments	Equities	74-78
Liquid investments	Cash	6

The current allocation is subject to annual review by the Trustees with support from their investment advisers. See pages 142 and 143 in the Annual Report for additional discussion of Trust balances.

Outlook

The Group remains optimistic on its ability to continue to be a market leader in pre-arranged funerals and has successfully submitted its FCA application in December 2021 and is planning for regulation to be effective by the middle of 2022.

The Group intends to continue to sell as many plans as is commercially possible and economically sensible primarily through its branches. The Group expects plan sales in H1 2022 to be lower than previous years whilst it transitions from plans being sold by third party providers to selling the majority of plans through its branches.

Central overheads

Overview

Central overheads relate to central services that are not specifically attributed to a particular operating division. These include the provision of IT, finance, personnel and Directors' emoluments. In addition, and consistent with previous periods, the Group records centrally the costs of incentive bonus arrangements, such as Long-Term Incentive Plans ('LTIPs') and annual performance bonuses, which are provided to over 100 managers working across the business.

Developments

Underlying costs in the period were £39.4 million (2020: restated £37.0 million). This reflects continued investment in digital activities and central capabilities. The table below summarises the key movements:

	H1 £m	H2 £m	FY £m
Central overheads –2020 restated[(1)]	18.5	18.5	37.0
Impact of:			
Digital activities	0.6	0.7	**1.3**
Salaries	(1.1)	0.4	**(0.7)**
Other	0.6	1.2	**1.8**
IT support fees	0.4	(0.4)	**–**
Central overheads – 2021	19.0	20.4	**39.4**

(1) Restatement relates to the correction of the application of IFRS 16 in 2020. See note 1 in the Annual Report for further details.

The increase in digital activities primarily relates to promotional spend. Salaries have reduced year on year partly due to £0.7 million savings in temporary staff costs that were high in 2020 due to the increase in cover required in the call centre during the pandemic. Other costs include legal and professional fees of £2.3 million (2020: £1.5 million), recruitment fees £0.8 million (2020: £0.3 million) and insurance costs of £0.5 million (2020: £0.2 million).

Non-underlying items of £2.3 million (2020: £9.8 million) are excluded from underlying costs resulting in total central costs of £41.7 million (2020: £46.8 million).

In addition to the above costs, maintenance capital expenditure of £1.7 million (2020: £1.4 million) has been incurred on central projects predominantly relating to IT that will help the business as a whole operate more efficiently.

Outlook

As previously stated, Central overheads are expected to reduce as part of the strategic review. In January 2022 the Group made the decision to make some colleagues redundant as well as suspending some of its marketing and digital activities.

BOARD OF DIRECTORS

THE RESTRUCTURING OF THE BOARD HAS ALREADY PROVIDED A STRONG AND COMPLEMENTARY MIX OF SKILLS AND EXPERIENCE WHICH WILL CONTRIBUTE TO THE LONG-TERM SUCCESS OF THE GROUP.

John Castagno, Independent Non-Executive Chairman

John Castagno
Independent Non-Executive Chairman

Appointed to the Board: 2021 A N R Ri

Background and experience:
John is an experienced Non-Executive Director with a background in financial services and support companies, having held senior positions at British Gas Insurance, Tesco Bank, and a variety of insurance providers.

John brings extensive business planning and development capabilities in regulated environments, including those under the Financial Conduct Authority. This experience is of benefit to the Board and the Dignity Executive team in navigating the changes being instigated by the Financial Conduct Authority regarding the pre-need sector.

John is Chair of the Nomination Committee and a member of the Audit, Remuneration and Risk Committees.

Gary Channon
Chief Executive

Appointed to the Board: 2021

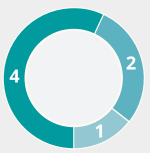
Background and experience:
Gary Channon is the Chief Investment Officer of Phoenix Asset Management Partners Limited, the firm he co-founded in 1998. Gary brings over 30 years of business and financial services experience. Gary's investment approach at Phoenix is strongly influenced by Warren Buffett and Phil Fisher: long-term, value-based and focused, looking for great businesses run by competent, honest, shareholder-aligned managers, companies with strong pricing power, generating an enduring high return on capital, and waiting for the opportunity to invest in them at attractive prices. Gary began his career in 1987 at Nikko Securities Europe within Fixed Income Trading, before joining Goldman Sachs in 1989 within Global Equity Derivative Products Trading. He then joined Nomura International Plc in 1992 as their Head of Equity Derivative Trading before ultimately becoming Nomura International's Co-Head of Equity and Equity Derivatives Trading, a position he held until he left Nomura to co-found Phoenix.

Board composition, balance and tenure

The Board comprises six Directors and the Independent Non-Executive Chairman. In addition to the Chairman, there are currently two Independent Non-Executive Directors and four Executive Directors.

As at 22 March 2022

Executive and Non-Executive Directors



Non-Executive Tenure

Directors ratio

Dean Moore
Interim Chief Financial Officer

Appointed to the Board: 2020

Background and experience:
Dean is a chartered accountant with extensive public company experience having previously been Chief Financial Officer at Cineworld plc, N Brown Group plc, T&S Stores plc and Graham Group plc and formerly non-executive Chairman of Tuxedo Money Solutions Limited. He is currently an independent non-executive director and Chairman of the Audit Committee at Cineworld plc and Audit Committee Chairman and Senior Independent Director of Volex plc.

Dean was an Independent Non-Executive Director before stepping into the role of Interim Chief Financial Officer. Dean does not participate in any incentive plans.

Kate Davidson
Chief Operating Officer

Appointed to the Board: 2022

Background and experience:
With over 15 years funeral and crematoria industry experience, Kate began her career in the crematoria sector within Local Government, later joining Dignity plc in management and strategic roles spanning eight years.

Kate Davidson re-joined Dignity plc as Chief Operating Officer, from Westerleigh in June 2021. She has since sat on the Group's Executive Committee; focused on organisational change, operational efficiencies, and delivery of Dignity's future development projects.

Kate is well respected in the end-of-life sector and has been involved with a number of industry-wide funeral and crematoria policy initiatives.

Andrew Judd
Executive Director of Funeral Operations

Appointed to the Board: 2020

Background and experience:
Andrew joined what is now Dignity in 1996. He is responsible for all aspects of the Group's day-to-day provision of funeral services through a national network of employees, funeral locations and associated facilities.

Andrew has progressed through a variety of roles within both the Co-operative Group and independent sectors. He holds a degree from Wolverhampton University in Economics and Business and holds additional professional qualifications in both Funeral Service Management and Funeral Directing. He has held office in the British Institute of Funeral Directors and various positions within the National Association of Funeral Directors most recently Past President of the Western Counties Area Federation and Committee for Professional Standards. In 2018, Andrew was the driving force behind the establishment of the Funeral Service Consumer Standards Review ('FSCSR') creating for the first time in the sector an independently chaired project that brings together the skills and knowledge of industry experts and key stakeholders with a view to improving quality, standards and outcomes for funeral service consumers.

Graham Ferguson
Independent Non-Executive Director

Appointed to the Board: 2021 A N R Ri

Background and experience:
Graham joined the Board of First Derivatives plc (now FD Technologies plc) in September 2008 and had responsibility for its financial operations. Graham stepped down as Chief Financial Officer and from the Board of FD Technologies plc on 1 January 2021 to devote more time supporting the development of SMEs based in Northern Ireland.

During his career, Graham has worked on numerous corporate acquisitions and restructuring projects and has experience in business and acquisition finance. He formerly held senior roles with KPMG, Bank of Ireland and Silverwood Property Developments Limited and is a qualified Chartered Accountant.

Graham is Chair of both the Audit and Remuneration Committees and is a member of the Nomination and Risk Committee.

Kartina Tahir Thomson
Independent Non-Executive Director

Appointed to the Board: 2022 A N R Ri

Background and experience:
Prior to this, Kartina spent six years at the Bank of England, leading the general insurance risk specialists and supervisors, responsible for ensuring financial stability of the UK financial market through sound supervision of risk management, capital and solvency.

Kartina is chair of the Risk Committee and is a member of the Audit, Remuneration and Nomination Committees.

Tim George
Company Secretary

Tim was appointed Company Secretary in December 2018 and is a Fellow of the Institute of Chartered Secretaries & Administrators.

The Board records its thanks to Clive Whiley, James Wilson, Gillian Kent and Paul Humphreys all of whom left the Board in 2021.

Key to Committee membership

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Ri Risk Committee
- Green background denotes Committee Chair.

FINANCIAL RECORD[a]

Summarised consolidated income statement

	2021 £m	2020 restated[c] £m	2019 £m	2018 £m	2017[d] £m
Underlying revenue					
Funeral services	**201.9**	202.6	203.3	214.9	221.8
Crematoria	**85.5**	82.7	76.8	78.0	74.0
Pre-arranged funeral plans	**24.6**	28.8	21.2	22.7	28.2
	312.0	314.1	301.3	315.6	324.0
Underlying operating profit					
Funeral services	**48.2**	53.1	56.3	62.2	79.5
Crematoria	**47.0**	44.2	38.4	40.3	40.0
Pre-arranged funeral plans	**–**	–	–	2.8	8.0
Central overheads	**(39.4)**	(37.0)	(31.4)	(25.1)	(22.9)
	55.8	60.3	63.3	80.2	104.6
Underlying finance costs	**(29.0)**	(29.8)	(25.8)	(26.0)	(26.9)
Underlying finance income	**–**	0.1	0.2	0.2	0.1
Underlying profit before tax	**26.8**	30.6	37.7	54.4	77.8
Underlying taxation	**(5.4)**	(7.4)	(7.4)	(11.5)	(13.8)
Underlying profit after tax	**21.4**	23.2	30.3	42.9	64.0
Underlying earnings per share (pence)	**42.8p**	46.4p	60.6p	85.8p	128.3p
Revenue	**353.7**	357.5	338.9	353.7	324.0
Operating profit	**17.8**	15.9	44.8	75.9	98.0
Profit/(loss) after tax	**12.1**	(25.5)	30.6	(17.0)	57.8
Basic earnings/(loss) per share (pence)	**24.2p**	(51.0)p	61.2p	(34.0)p	115.8p

Key performance indicators

	2021	2020 restated[c]	2019	2018	2017
Total estimated number of deaths in Britain (number)	**664,000**	663,000	584,000	599,000	590,000
Number of funerals performed (number)	**79,200**	80,300	69,400	72,300	68,800
Funeral market share[b] (per cent)	**11.8%**	12.0%	11.7%	11.9%	11.5%
Number of cremations performed (number)	**74,800**	74,500	64,800	65,200	63,400
Cremation market share (per cent)	**11.3%**	11.2%	11.1%	10.9%	10.7%
Active pre-arranged funerals (number)	**581,000**	558,000	523,000	486,000	450,000
Underlying cash generated from operations (£million)	**88.3**	88.9	71.8	101.9	115.4

Net debt

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Net amounts owing on Secured Notes per financial statements	**(526.6)**	(541.7)	(551.3)	(560.6)	(565.1)
Add: unamortised issue costs	**(0.5)**	(0.5)	(0.6)	(0.6)	(0.6)
Gross amounts owing	**(527.1)**	(542.2)	(551.9)	(561.2)	(565.7)
Accrued interest on Secured Notes	**–**	(12.0)	(12.2)	(12.3)	(0.3)
Accrued interest on Crematoria Acquisition Facility and Revolving Credit Facility	**–**	–	–	(0.2)	(0.2)
Cash and cash equivalents – Trading Group	**55.9**	73.6	57.9	66.9	49.3
Net debt	**(471.2)**	(480.6)	(506.2)	(506.8)	(516.9)

Summarised consolidated balance sheet

	2021 £m	2020 restated[e] £m	2019 restated[e] £m	2018 £m	2017[d] £m
Non-current assets					
Goodwill and intangible assets	**278.6**	324.4	373.1	384.9	385.5
Property, plant and equipment	**242.1**	240.9	251.3	254.1	248.0
Right-of-use asset	**89.1**	95.2	–	–	–
Investments in associated undertakings	**–**	–	–	6.0	–
Deferred insurance commissions	**8.4**	9.4	10.2	8.4	6.0
Other financial assets	**–**	–	7.2	7.3	8.3
Financial assets – held by the Trusts	**1,043.1**	967.1	947.5	862.4	865.6
Deferred commissions	**100.9**	101.3	96.8	94.5	92.4
Deferred tax asset	**5.5**	20.3	14.0	17.9	6.8
	1,767.7	1,758.6	1,700.1	1,635.5	1,612.6
Current assets					
Cash and cash equivalents – Trading Group	**55.9**	73.6	57.9	66.9	49.3
Cash and cash equivalents – held by the Trusts	**19.8**	21.6	15.5	13.8	21.8
Cash and cash equivalents	**75.7**	95.2	73.4	80.7	71.1
Other current assets	**48.6**	46.6	47.6	46.9	49.6
	124.3	141.8	121.0	127.6	120.7
Total assets	**1,892.0**	1,900.4	1,821.1	1,763.1	1,733.3
Current liabilities					
Financial liabilities	**11.5**	15.7	10.2	9.3	4.5
Contract liabilities	**99.6**	95.5	95.5	91.5	88.3
Lease liabilities	**7.1**	7.3	–	–	–
Other current liabilities	**61.6**	78.5	68.8	73.0	62.8
	179.8	197.0	174.5	173.8	155.6
Non-current liabilities					
Financial liabilities	**518.3**	529.5	545.2	551.9	561.2
Contract liabilities	**1,237.9**	1,222.0	1,209.1	1,164.6	1,117.3
Lease liabilities	**75.8**	81.2	–	–	–
Other non-current liabilities	**31.3**	48.2	37.3	36.7	34.2
	1,863.3	1,880.9	1,791.6	1,753.2	1,712.7
Total liabilities	**2,043.1**	2,077.9	1,966.1	1,927.0	1,868.3
Total deficit	**(151.1)**	(177.5)	(145.0)	(163.9)	(135.0)
Total deficit and liabilities	**1,892.0**	1,900.4	1,821.1	1,763.1	1,733.3

NOTES

(a) This information has been extracted from the current and previous Annual Reports and accordingly does not constitute audited information.

(b) Market share excluding funerals performed in Northern Ireland.

(c) 2020 underlying profit measures have been restated to include the impact of IFRS 16. Equivalent underlying measures in 2019, 2018 and 2017 have not been restated.

(d) 2017 income statement has not been restated for the impact of IFRS 15 or the consolidation of the Trusts.

(e) The consolidated balance sheet for the 52 weeks ended 25 December 2020 and for the 52 weeks ended 27 December 2019 have been restated due to a prior year adjustment in relation to insurance plans. No other accounting periods have been restated for insurance plans. See note 1 in the Annual Report for further details.

Non-GAAP measures

(a) Alternative performance measures

The Board believes that whilst statutory reporting measures provide financial performance of the Group under IFRS, alternative performance measures are necessary to enable users of the financial statements to fully understand the trading performance and financial position of the Group.

The alternative performance measures provided are aligned with those used in the day-to-day management of the Group and allow for greater comparability across periods.

For this reason, the alternative performance measures provided exclude the impact of consolidating the Trusts, the corporate interest restriction disallowance arising as a result of consolidating the Trusts and the changes which relate to the application of IFRS 15. In addition, the deferred tax impact relating to the corporation tax rate change in both 2021 and 2020 arising on the deferred tax balances on consolidating the Trusts and application of IFRS 15 have also been excluded, as well as non-underlying items comprising certain non-recurring and non-trading transactions.

IFRS 16 has previously been included within the alternative performance measures for 2020 only. This was due to the modified retrospective adoption of the standard, meaning the 2019 comparatives had not been restated and therefore were not comparable. IFRS 16 is now included within underlying performance measures and all comparatives have been restated accordingly. As a result all references to IFRS 16 have been removed from the other adjustments reconciliation tables in comparative periods. Therefore, a prior year restatement has been made to December 2020 underlying performance measures to the magnitude of a £0.1 million charge to underlying profit. This is made up of an adjustment to remove the operating lease rentals of £13.8 million which is replaced with a depreciation charge of £9.2 million, a finance expense of £4.7 million and a tax charge of £nil. See note 1 in the Annual Report for further details of the impact of this restatement on the consolidated financial statements.

The exclusion of the impact of consolidating the Trusts and the application of IFRS 15 will continue for the foreseeable future. We will also assess whether it is right to exclude any future new accounting standards from alternative performance measures based on whether they are included in the measures used in the day-to-day management of the business.

All of these measures are highlighted as underlying throughout this Corporate Profile.

Calculation of underlying reporting measures

Underlying revenue and profit measures (including divisional measures) are calculated as revenue and/or profit before non-underlying items and other adjustments.

Underlying net finance costs are calculated before the application of IFRS 15 and the impact of consolidating the Trusts. See note 4 in the Annual Report.

Underlying earnings per share is calculated as profit after taxation, before non-underlying items and other adjustments (both net of tax), divided by the weighted average number of Ordinary Shares in issue in the period.

Underlying cash generated from operations excludes non-underlying items and other adjustments on a cash paid basis.

(b) Non-underlying items

The Group's underlying measures of profitability exclude:

- amortisation of acquisition related intangibles;
- external transaction costs;
- profit or loss on sale of fixed assets (net of any insurance proceeds received);
- Transformation Plan costs (see below);
- marketing costs in relation to trials;
- restructuring costs;
- Directors' severance pay;
- operating and competition review costs;
- trade name write-off's and impairments;
- goodwill impairments; and
- the taxation impact of the above items together with the impact of taxation rate changes.

Non-underlying items have been adjusted for in determining underlying measures of profitability as these underlying measures are those used in the day-to-day management of the Group and allow for greater comparability across periods.

Non-GAAP measures (continued)

(b) Non-underlying items (continued)

In the tables below, non-underlying items are categorised as either non-trading or non-recurring. Non-trading items refers to expenditure which does not relate to the normal day-to-day transactions of the business, whereas non-recurring also does not relate to the day-to-day transactions of the business and is not expected to reoccur, however the same non-recurring item may straddle more than one accounting period.

Transformation Plan costs

Cost incurred in relation to the Group's now abrogated Transformation Plan resulted in significant, directly attributable non-recurring costs in 2020 and these amounts are excluded from the Group's underlying profit measures and treated as a non-underlying item.

These costs include, but are not limited to:

- external advisers' fees;
- directly attributable internal costs, including staff costs wholly related to the Transformation (such as the Transformation Director and project management office);
- costs relating to any property openings, closures or relocations;
- rebranding costs;
- speculative marketing costs; and
- redundancy costs.

53 week period ended 31 December 2021	**Funeral services £m**	**Crematoria £m**	**Pre-arranged funeral plans £m**	**Central overheads £m**	**Group £m**
Non-trading					
Amortisation of acquisition related intangibles	**3.7**	**0.4**	**0.1**	**–**	**4.2**
External transaction costs in respect of completed and aborted transactions	**–**	**1.2**	**–**	**1.4**	**2.6**
Profit on sale of fixed assets (net of insurance proceeds received) (1)	**–**	**(1.1)**	**–**	**–**	**(1.1)**
Trade name write-off	**2.5**	**–**	**–**	**–**	**2.5**
Trade name impairment	**2.8**	**–**	**–**	**–**	**2.8**
Goodwill impairment	**36.4**	**–**	**–**	**–**	**36.4**
Non-recurring					
Marketing costs in relation to trials	**–**	**–**	**–**	**0.9**	**0.9**
	45.4	**0.5**	**0.1**	**2.3**	**48.3**
Taxation(2)					**(2.5)**
Taxation – rate change					**8.3**
					54.1

(1) Includes £1.1 million of insurance proceeds received in respect of a Crematoria fire which occurred in 2020.
(2) All of the above items are subject to corporation tax, except for the trade name write-off, trade name impairment and goodwill impairment.

52 week period ended 25 December 2020 – restated(3)	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Central overheads £m	Group £m
Non-trading					
Amortisation of acquisition related intangibles	4.1	0.4	0.1	–	4.6
External transaction costs in respect of completed and aborted transactions	0.2	–	–	–	0.2
Profit on sale of fixed assets	–	(0.2)	–	–	(0.2)
Trade name impairment	15.3	–	–	–	15.3
Goodwill impairment	28.7	–	–	–	28.7
Non-recurring					
Marketing costs in relation to trials	–	–	–	0.6	0.6
Transformation Plan costs	–	–	–	4.7	4.7
Directors' severance pay	–	–	–	1.6	1.6
Operating and competition review costs	–	–	–	2.9	2.9
	48.3	0.2	0.1	9.8	58.4
Taxation					(6.1)
Taxation – rate change					3.6
					55.9

(3) A presentation adjustment has been made in December 2020 to separately pull out the marketing costs in relation to trials.

Non-GAAP measures (continued)

(c) Other adjustments reconciliation

Other adjustments enable a user of the financial statements to assess the financial performance of the Trading Group as it was historically reported prior to the consolidation of the Trusts and the impact of IFRS 15, Revenue from Contracts with Customers. This mirrors the financial reporting provided to management on a monthly basis to monitor the performance of the underlying Trading Group.

Adjustments to the Group's consolidated financial statements are made to reflect the following:

- Deferred revenue recognised on the delivery of a funeral is replaced with the payment received by the Trading Group from the Trust at the same time. Pre-need segment income, in the form of upfront payments received by the Trading Group from the Trusts in support of marketing are recognised when received at inception of a funeral plan rather than being deferred as part of the aforementioned deferred revenue.
- Payments made by the Trusts on cancellation are recognised by the Trading Group.
- Unlike disbursements on at-need funerals, disbursements on pre-need funerals under IFRS 15 are recognised on a principal basis within both revenue and cost of sales, but for consistency in the alternative performance measure both are reduced as these items are not included in either measure. Similarly, pre-need funerals delivered by subcontracted funeral directors, which form part of deferred income, are excluded within the alternative performance measure with a corresponding adjustment to cost of sales.
- Commissions payable on securing new Trust plans are recognised at the inception of the plan rather than being deferred and recognised at the time the funeral service is delivered.
- The amounts recorded in respect of the remeasurement of assets held in the Trust is removed as is the significant financing component that only arises when deferred revenue is recognised on consolidation of the Trusts.
- The taxation impact of the above adjustments, including the impact of corporate interest restriction and changes in the rate of deferred tax associated with the items noted above are removed.

Non-GAAP measures (continued)

(c) Other adjustments reconciliation (continued)

53 week period ended 31 December 2021	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Central overheads £m	Group £m
Revenue					
Trust consolidation:					
Release of deferred revenue on death or cancellation	117.9	–	–	–	117.9
Removal of payments received from the Trusts on death	(58.4)	–	–	–	(58.4)
Payments on cancellation	(9.8)	–	–	–	(9.8)
Derecognise pre-need segment income	–	–	(24.6)	–	(24.6)
IFRS 15:					
Recognition of disbursement element of pre-need plans	16.6	–	–	–	16.6
Revenue – Total other adjustments	66.3	–	(24.6)	–	41.7
Cost of sales					
IFRS 15:					
Amounts paid on subcontracted funerals	(8.2)	–	–	–	(8.2)
Recognition of disbursement element of pre-need plans	(16.6)	–	–	–	(16.6)
Administrative expenses					
Trust consolidation:					
Recognition of the Trust costs	(6.2)	–	–	–	(6.2)
Transfer of pre-need costs into funeral segment	(24.7)	–	24.7	–	–
IFRS 15:					
Net increase of deferred costs in respect of commissions	(0.4)	–	–	–	(0.4)
Operating profit – Total other adjustments	10.2	–	0.1	–	10.3
Finance income/(costs)					
Trust consolidation:					
Deferred revenue significant financing					(51.6)
Remeasurement of financial assets held by the Trusts and related income					94.8
Finance costs – Total other adjustments					43.2
Taxation:					
Trust consolidation:					
Taxation impact on above adjustments					(8.1)
Corporate interest restriction disallowance					(1.5)
Deferred tax rate change					6.9
IFRS 15:					
Taxation impact on above adjustments					(0.5)
Deferred tax rate change					(5.5)
Taxation – Total other adjustments					(8.7)
Profit after taxation – Total other adjustments					44.8

Non-GAAP measures (continued)

(c) Other adjustments reconciliation (continued)

52 week period ended 25 December 2020 – restated	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Central overheads £m	Group £m
Revenue					
Trust consolidation:					
Release of deferred revenue on death or cancellation	122.2	–	–	–	122.2
Removal of payments received from the Trusts on death	(59.8)	–	–	–	(59.8)
Payments on cancellation	(8.8)	–	–	–	(8.8)
Derecognise pre-need segment income	–	–	(28.8)	–	(28.8)
IFRS 15:					
Recognition of disbursement element of pre-need plans	18.6	–	–	–	18.6
Revenue – Total other adjustments	72.2	–	(28.8)	–	43.4
Cost of sales					
IFRS 15:					
Amounts paid on subcontracted funerals	(8.8)	–	–	–	(8.8)
Recognition of disbursement element of pre-need plans	(18.6)	–	–	–	(18.6)
Administrative expenses					
Trust consolidation:					
Recognition of the Trust costs	(6.9)	–	–	–	(6.9)
Transfer of pre-need costs into funeral segment	(28.9)	–	28.9	–	–
IFRS 15:					
Net release of deferred costs in respect of commissions	4.9	–	–	–	4.9
Operating profit – Total other adjustments	13.9	–	0.1	–	14.0
Finance income/(costs)					
Trust consolidation:					
Deferred revenue significant financing					(53.1)
Remeasurement of financial assets held by the Trusts and related income					47.3
Finance income – Total other adjustments					(5.8)
Taxation:					
Trust consolidation:					
Taxation impact on above adjustments					(0.5)
Corporate interest restriction disallowance – prior year adjustment					(4.3)
Deferred tax rate change					6.8
IFRS 15:					
Taxation impact on above adjustments					(0.9)
Deferred tax rate change					(2.1)
Taxation – Total other adjustments					(1.0)
Profit after taxation – Total other adjustments					7.2

Non-GAAP measures (continued)

(d) Non-underlying cash flow items

	31 December 2021 £m	25 December 2020 restated[1] £m
Cash flows from operating activities	**68.3**	62.7
Cash flows of other adjustments	**16.1**	16.3
Cash flows from operating activities – Trading Group	**84.4**	79.0
External transaction costs	**1.6**	0.6
Marketing costs in relation to trials	**0.9**	0.2
Directors' severance pay	**0.9**	0.7
Transformation Plan costs	**–**	5.4
Operating and competition review costs	**0.5**	3.0
Underlying cash generated from operations	**88.3**	88.9

(1) December 2020 has been restated to separately pull out spend on marketing costs in relation to trials out of external transaction costs.

(e) Funeral market share

Comparable funeral market share excludes any volumes from locations not contributing for the whole of 2020 and 2021 to date and therefore excludes 26 locations closed and one location opened in 2020 and a further 24 locations closed and five locations opened in 2021.

(f) Average assets per plan

Average assets per plan are calculated as the net assets of the Trusts divided by the number of active plans in the Trusts. Net assets in this calculation will not equal amounts in the consolidated balance sheet of the Group, as it includes instalment amounts due in future that become payable immediately on death.

	31 December 2021 £	25 December 2020 £
Net assets in the Trusts	**1,179,000**	1,097,000
Number of active plans	**323,000**	319,000
Asset per plan	**3,650**	3,400

(g) Return on Trusts assets

Return on Trust assets are calculated as net investment return in the Trusts divided by the opening net assets within the consolidated balance sheet.

	31 December 2021 £m	25 December 2020 £m
Remeasurement recognised in the consolidated income statement	**85.0**	41.3
Investment income	**7.7**	2.2
Foreign exchange rate difference	**(1.7)**	–
Investment administrative expenses deducted at source	**(2.8)**	(5.2)
Net investment return in the Trusts	**88.2**	38.3
Opening net assets as per the consolidated balance sheet	**967.1**	947.5
Return on the Trust assets (per cent)	**9.1%**	4.0%

Non-GAAP measures (continued)

(h) Cash Return on Core Capital ('CROCC')

The Dignity CROCC is a measure of the return made on the productive capital in the business ignoring intangible assets and non-cash returns. This is a proprietary measure ('APM') and therefore not subject to accounting rules which you should bear in mind.

We calculate it by taking the underlying cash generated from operations and subtracting the maintenance capital expenditure, net finance costs paid and tax paid; this gives the Cash Return ('CR'). This is then divided by the sum of the property, plant and equipment, Trade receivables: at-need and Inventories less Trade payables which make up the Core Capital ('CC').

To illustrate what it measures imagine that a company built a crematorium costing say £8 million including the land which once mature makes a return after tax and capital expenditure of £1.2 million, then its CROCC would be 15 per cent (£1.2 million /£8.0 million). Now if that crematorium were sold to another company for £20.0 million it would still be making £1.2 million but they might measure its return at 6 per cent (£1.2 million /£20.0 million). CROCC would still come out at 15 per cent because it is based upon the capital used to create the asset, not the goodwill reflected in its transfer. 6 per cent is the initial return on an investment in what is a 15 per cent asset purchased for 2.5 times the capital invested in it.

Core Capital is taken from a concept introduced by Warren Buffett about judging a business based upon the capital you would need to replicate it.

CROCC is useful because it gives a measure of the underlying returns of a business which are a guide to what the returns on retained capital might be. As we progress the CROCC will increasingly reflect the returns from the capital retained and allocated by the executive for organic growth. The CROCC calculation can be reconciled as follows:

	31 December 2021 £m	25 December 2020 £m
Underlying cash generated from operations	**88.3**	88.9
Less:		
Maintenance capital expenditure	**(17.6)**	(9.1)
Net finance costs paid	**(28.2)**	(29.1)
Tax paid	**(17.7)**	(6.9)
Cash Return	**24.8**	43.8
Property, plant and equipment	**242.1**	240.9
Trade receivables: at-need	**15.2**	14.1
Inventories	**8.6**	9.0
Less:		
Trade payables	**(9.3)**	(5.5)
Core Capital	**256.6**	258.5
Cash Return on Core Capital (per cent)	**9.7%**	16.9%

General enquiries may be addressed to the Company Secretary, Tim George, at the Company's registered office.

General information
The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales.

Company Registrars
Enquiries concerning shareholdings, change of address or other particulars, should be directed in the first instance to the Company's Registrars, Equiniti. They also provide a range of online shareholder information services at www.shareview.co.uk where shareholders can check their holdings and find practical help on transferring shares and updating personal details. Alternatively, they can be contacted by telephone on 0371 384 2674 (textphone for shareholders with hearing difficulties 0371 384 2255) if calling from within the UK, or +44 (0) 121 415 7047 if calling from outside the UK.

Shareholder communications
The Company makes documents and information available to shareholders by electronic means and via our website. The Company's website is www.dignityplc.co.uk.

Making documents and information available electronically:

- Enables the Company to reduce printing and postage costs;
- Allows faster access to information; and
- Reduces the amount of resource consumed and lessens the impact on the environment of printing and mailing.

The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to provide hard copies to any shareholder upon request.

Electronic communications
The Company encourages shareholders to elect to receive notification of the availability of Company documentation by means of an email.

Shareholders who wish to receive e-mail notification should register online at www.shareview.co.uk click on 'Open a Portfolio Account' under the 'Portfolio' section. You will need your Shareholder Reference Number, which is shown on your share certificate or dividend tax voucher.

Choosing e-mail notification will result in you joining the Equiniti Shareview Service in accordance with its terms and conditions.

Share price information
The latest Dignity plc share price can be obtained via the Company's investor website www.dignityplc.co.uk.

Unsolicited approaches to shareholders
Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money. The Financial Conduct Authority ('FCA') has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200 million lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the FCA Register at http://www.fca.gov.uk/register to ensure they are authorised.
3. Use the details on the FCA Register to contact the firm.
4. Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date.
5. Search The FCA's list of unauthorised firms and individuals to avoid doing business with.
6. If it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme ('FSCS') if things go wrong.

Annual General Meeting

The Company's Annual General Meeting will be held on 9 June 2022 at 11.00 am at the offices of DLA Piper UK LLP, Two Chamberlain Square, Paradise, Birmingham, West Midlands, B3 3AX .

Dividends

The Group has not paid a dividend since June 2019 and the Directors do not expect to do so until the business has returned to a more sustainable financial footing. We continue to work on our plans to improve our capital structure so that the pursuit of the best long-term value for shareholders is not compromised by the covenants attached to our bonds. We retain significant cash resources, continue to be cash generative and understand the importance of optimising total shareholder return whilst maintaining a balance between different stakeholders, and it is the Directors' intention to pay a dividend as soon as we believe it is financially prudent to do so.

CONTACT DETAILS AND ADVISERS

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Tim George FCIS

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Liberum
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West Midlands Corporate Office
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Birmingham B3 2RB

Legal Advisers:
DLA Piper UK LLP
Two Chamberlain Square
Paradise
Birmingham B3 3AX

9 June 2022	• Annual General Meeting
1 July 2022	• 2022 financial half year end
10 August 2022	• Announcement of 2022 interim results
30 December 2022	• Financial period end

Forward-looking statements

This Corporate Profile and the Dignity plc investor website may contain certain 'forward-looking statements' with respect to Dignity plc (the 'Company') and the Group's financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Group operates.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'will', 'would', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any forward-looking statements made in this Corporate Profile or the Dignity plc investor website, or made subsequently, which are attributable to the Company or any other member of the Group, or persons acting on their behalf, are expressly qualified in their entirety by the factors referred to in this statement. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.

Nothing in this Corporate Profile or on the Dignity plc investor website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Dignity plc

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