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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE “CODE”) AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE, EVEN IF THE PRE-CONDITIONS REFERRED TO BELOW ARE SATISFIED OR WAIVED.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

For immediate release

4 January 2023

YELLOW (SPC) BIDCO LIMITED (“BIDCO”)

STATEMENT REGARDING POSSIBLE OFFER FOR DIGNITY PLC (“DIGNITY”)

Bidco, a newly formed indirect wholly-owned subsidiary of Valderrama Limited (“**Valderrama**”), a joint venture between SPWOne V Limited (“**SPWOne**”) and Castelnau Group Limited (“**Castelnau**”, whose discretionary investment manager is Phoenix Asset Management Partners Limited (“**PAMP**”)) (together, the “**Consortium**”), notes the announcement by Dignity in relation to a possible offer for Dignity (the “**Proposal**”) by Bidco which Dignity’s board of directors (the “**Dignity Board**”) is minded to recommend to Dignity’s shareholders.

The Proposal is 525 pence in cash per Dignity share, which is a 23.4% premium to Dignity’s closing price of 425.5p as of 3 January 2023, which was the last trading day before the release of this announcement, and a 32.4% premium to Dignity’s closing price of 396.5p as of 11 November 2022, which was the last trading day before preliminary agreement was reached between the parties on price. The Consortium had first approached Dignity on 13 October 2022 in relation to a cash offer of 475 pence per Dignity share (the “**First Proposal**”), which was a 37.1% premium to the closing share price of 346.5 pence per Dignity share on 12 October 2022. The Proposal, announced today, is an increase of more than 10% compared to the First Proposal.

The Proposal also includes the option for Dignity shareholders to stay invested in Dignity through an unlisted share alternative in Valderrama or a listed share alternative in Castelnau.

The Consortium believes that the Proposal represents a compelling opportunity for Dignity’s shareholders, offering a full and fair price at a time when the general investment outlook is very uncertain and Dignity faces substantial operational challenges, whilst also offering Dignity’s shareholders a way to benefit from the long-term value and opportunities of Dignity.

The Consortium believes that Dignity has growth prospects that can only be realised over a long-time horizon and that require significant additional near-term capital; and dealing with that in the public markets will be difficult and potentially damaging to the delivery of the core strategy and the brand reputation. The Consortium strongly believes that Dignity would be better developing the business in the private domain, including undertaking the strategic and commercial changes necessary. Additionally, the Consortium believes that, as a private company, Dignity would have access to committed, long-term capital, and its management team and employees would be working in a safeguarded, supportive environment to achieve its long-term strategic objectives.

Sir Peter Wood said: *“Dignity has long-term growth potential – the signs are clear to me. But the changes and significant development work and investment needed to enable this growth mean the best way forward for Dignity is as a private company”.*

Gary Channon, CIO of PAMP and former CEO of Dignity added: *“We strongly believe that the changes needed to unlock the potential of Dignity are better implemented as a private company. Shareholders who want to stay invested could do so through the private holding company Valderrama, or via the London-listed investment fund Castelnaud. Shareholders who want immediate liquidity can take cash for their shares at a 23.4% premium”.*

The Proposal is subject to the satisfaction or waiver of pre-conditions relating to, amongst other things, completion of confirmatory due diligence and the recommendation of the Dignity Board. Bidco reserves the right to waive any pre-condition at any time at its sole discretion.

As stated by Dignity, the Proposal is at a price level that the Dignity Board, having evaluated the Proposal with their financial adviser Rothschild & Co, would be minded to recommend to Dignity’s shareholders, subject to resolution of the other terms of the possible offer.

In connection with the Proposal, the members of the Consortium have entered into an exclusivity and co-operation agreement, pursuant to which they have agreed, amongst other things, to work exclusively with each other to pursue the proposed acquisition of Dignity. As at 3 January 2023, Castelnaud was interested in 10,361,149 Dignity shares, representing approximately 20.70% of Dignity’s issued share capital (in relation to which PAMP is the discretionary investment manager), and PAMP, through discretionary investment management arrangements with eight different managed accounts/funds, was interested in 4,515,010 Dignity shares, representing approximately 9.02% of Dignity’s issued share capital. Therefore, in aggregate, the Consortium was interested in 14,876,159 Dignity shares, representing approximately 29.73% of Dignity’s issued share capital at that date.

There can be no certainty that an offer will be made, even if the pre-conditions referred to above are satisfied or waived.

In accordance with Rule 2.6(a) of the Code, Bidco is required, by not later than 5.00 p.m. (London time) on 1 February 2023, being 28 days after today’s date, to either:

- (i) announce a firm intention to make an offer for Dignity in accordance with Rule 2.7 of the Code; or
- (ii) announce that it does not intend to make such an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies.

This deadline can be extended with the consent of the UK Panel on Takeovers and Mergers in accordance with Rule 2.6(c) of the Code.

For the purposes of Rule 2.5(a) of the Code, Bidco reserves the right to introduce other forms of consideration and/or vary the mix of consideration of any offer. Bidco also reserves the right to make an offer on less favourable terms than the Proposal: (i) with the agreement of the Dignity Board; (ii) if Dignity announces, declares or pays any dividend or any other distribution to shareholders, in which case Bidco will have the right to make an equivalent reduction to the Proposal price; (iii) if a third party announces a firm intention to make an offer for Dignity on less favourable terms than the Proposal; or (iv) following the announcement by Dignity of a Rule 9 waiver proposal or a reverse takeover (as defined in the Code).

A further announcement will be made as appropriate.

Enquiries

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About SPWOne

SPWOne was established by British entrepreneur and businessman Sir Peter Wood, to invest in and support a range of innovative businesses across their lifecycle. Sir Peter Wood has founded seven companies in the UK, Europe and US, including Direct Line and esure Group, and was a founding investor in GoCompare. He has a track record of founding, building and investing in disruptive businesses and brands, spanning nearly four decades.

Sir Peter Wood and the SPWOne team are an experienced group of operators with successful track records in building market-leading brands, transforming industries through digitisation, operating in regulated environments, and creating substantial value.

About PAMP

PAMP is a specialist fund management company founded in 1998, based in Barnes, London that manages the PAMP UK Fund (launched in 1998) and other funds and segregated accounts, including the Aurora Investment Trust. PAMP has been investing in UK listed equities for over 24 years using a long-term approach. See the www.phoenixassetmanagement.com website for more information.

About Castelnau

Castelnau is a closed-ended investment company that specialises in companies that it believes it can improve through its involvement, with the ultimate objective of compounding shareholders' capital at a higher rate of return than the FTSE All Share Total Return Index over the long term. Castelnau has engaged PAMP as its discretionary investment fund manager. See the www.castelnaugroup.com website for more information.

Important information

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdictions.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified.

You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

This announcement has been made without the consent or approval of Dignity.

Financial adviser

Morgan Stanley & Co. International plc ("**Morgan Stanley**") which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser exclusively for Bidco and no one else in connection with the matters set out in this announcement. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing

the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein.

Rule 2.4 information

In accordance with Rule 2.4(c)(iii) of the Code, Bidco confirms that it is not aware of any dealings in Dignity shares that would require it to offer a minimum level, or a particular form, of consideration under Rule 6 or Rule 11 of the Code. However, it has not been practicable for Bidco to make enquiries of all persons acting in concert with it prior to the date of this announcement in order to confirm whether any details are required to be disclosed under Rule 2.4(c)(iii) of the Code. To the extent that any such details are identified following such enquiries, Bidco will make an announcement disclosing such details as soon as practicable, and in any event by no later than the time it is required to make its Opening Position Disclosure under Rule 8.1 of the Code.

Rule 2.9 information

In accordance with Rule 2.9 of the Code, Castelnau confirms that, as at the date and time of this announcement, it has in issue 183,996,058 ordinary shares of no par value which carry voting rights of one vote per share. No such ordinary shares are held in treasury. The International Securities Identification Number (ISIN) of the ordinary shares is GG00BMWWJM28.

Website

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) on Castelnau's website at www.castelnaugroup.com by no later than 12 noon (London time) on the business day following the date of this announcement. The content of that website is not incorporated into, and does not form part of, this announcement.