For immediate release **23 January 2023**

Dignity plc

(‘Dignity’ or the ‘Group’)

Trading Update

The Board of Dignity plc (“the Board”), one of the UK's largest national providers of funeral plans and end of life services, provides the following trading update on the Group’s unaudited financial performance for the 52 weeks ended 30 December 2022.

Key financial highlights *(for the 52 weeks ended 30 December 2022)* **- unaudited**

- Underlying revenue[1] is expected to be no more than £275m (FY21: £312.0m);
- Underlying operating profit[1] is expected to be no more than £20m (FY21: £55.8m);
- Underlying operating profit before depreciation and amortisation (pre-IFRS 16)[2] is expected to be no more than £37m (FY21: £72.5m);
- At the end of FY22, the Group expects approximately £8.5m in Trading Group cash on the balance sheet (implying a net debt position[3] of £508.0m) (£55.9m and £471.2m as at end of FY21)

Commentary

The Group continues to make good progress in the implementation of its new strategy through new initiatives. This is delivering early signs of increases in market share growth and progress in addressing operational challenges.

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[1] All measures marked as “underlying” throughout this announcement are alternative performance measures (“APMs”) and have been prepared in a manner consistent with the basis of preparation of these measures included in the 2021 Dignity plc Annual Report and Accounts. The Board believes that whilst statutory reporting measures provide financial performance information on the Group under IFRS, APMs provide additional useful information to enable readers 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 transactions and non-trading transactions which do not relate to the normal day-to-day transactions of the business.

[2] Underlying operating profit before depreciation and amortisation (pre-IFRS 16) is not an APM that is ordinarily reported by Dignity but has been provided to illustrate the pre-IFRS 16 underlying operating profit before depreciation and amortisation of Dignity Group

[3] Net debt is presented on a reported basis (consistent with the basis used for this measure in the 2021 Dignity plc Annual Report and Accounts) and excludes any liabilities recognised in accordance with IFRS 16

However, as previously reported, performance continues to be impacted by changes in pricing strategy and the continued shift towards lowered-priced products, despite higher-than-average death rate persisting post-COVID 19.

Furthermore, excluding the impact of the lower promotional expense, the cost base of the Group has increased in the year because of planned investments across the estate and in facilities, as well as ongoing increases in regulatory and operational costs which have been partly driven by macroeconomic factors.

As a result, for the 52 weeks ended 30 December 2022, underlying revenue, underlying operating profit and underlying operating profit before depreciation and amortisation will be no more than £275m, £20m and £37m.

The Group continues to benefit from the previously secured bondholder consents in the form of the covenant waiver and consent to deleverage the capital structure, which remain valid until March 2023 and September 2023, respectively.

The Group expects to end the year with cash of approximately £8.5m and net debt of approximately £508.0m. Dignity will continue to draw upon available facilities to invest in the business and manage liquidity.

As announced on 4 January 2023, Dignity is in discussions with Yellow (SPC) BidCo Limited (“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") about a cash offer (together with the ability for shareholders to rollover part of their current investment via alternative offers), which the Board is intending to recommend unanimously to Dignity shareholders.

The FY22 underlying operating profit and underlying operating profit before depreciation and amortisation referred to above constitute profit estimates for the purposes of Rule 28 of the Takeover Code (“the Code”). The Offer Document produced pursuant to the acquisition of Dignity plc by Yellow (SPC) Bidco Limited will include relevant reports as required by Rule 28.1.

For further information please contact:

Kate Davidson, Chief Executive Officer

Dean Moore, Interim Chief Financial Officer

Dignity plc   +44 (0)20 7466 5000

Chris Lane

Hannah Ratcliff

Verity Parker

Buchanan   +44 (0)20 7466 5000

www.buchanan.uk.com   Dignity@buchanan.uk.com

Rule 26.1 disclosure

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) at https://www.dignityplc.co.uk/ by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.