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DIGNITY BONDHOLDER PRESENTATION

For the 26 week period ended 30 June 2023

Executive Summary

- Acquisition of Dignity Group Holdings Limited (formerly Dignity plc) by Valderrama resulted in the de-listing of the group in May 2023. Shirley Garrod appointed Chair (August 2023)
- Steve Long appointed CFO, 1 October 2023, with Nick Edwards supporting as Interim CEO while Kate Davidson takes a period of personal leave. The wider Executive team was strengthened in the build-up to and post the take-private
- Rapid diagnostics of the business undertaken, with early decisive actions:
 - Price increases implemented across Funerals & Crematoria
 - Central function headcount reductions to start addressing the bloated cost base
 - Enhanced trading & performance reporting leading to data driven decision making
 - Operations review across Funerals to define 'what good looks like' providing the foundations for sustainable profitable growth
 - Funeral Plan Trust valuations completed with structuring work ongoing to consolidate
 - Consumer Duty obligations implemented
- Strategic Blueprint in the very early stage of formation as we look to create the UK's leading end of life provider
- Consent Solicitation passed on 4 September with the support of 95% of the A Noteholders
 - Extend previously agreed consent deadline by 15 months to 29 December 2024 with the objective of paying down a minimum of £70m of the Class A noteholders
 - Reinstatement of the covenant waiver for a period of 15 months covering 5 covenant tests starting with December 2023

H1 2023 Financial Summary

Dignity Group Holdings Limited

| | H1'23 | H1'22 | Mvt |
|---------------------------------|----------------|---------|-------|
| Number of deaths ('000s) | 343.5 | 318.7 | 8% |
| Underlying revenue (£m) | 151.7 | 141.2 | 7% |
| Underlying costs (£m) | (124.5) | (111.6) | 12% |
| Underlying EBITDA (£m) | 27.2 | 29.6 | (8)% |
| Underlying Cash generation (£m) | 20.5 | 24.4 | (16)% |
| Capex (£m) | 18.4 | 10.5 | 75% |
| Underlying Net Debt (£m) | (543.6) | (488.9) | 11% |

* Underlying EBITDA – Underlying earnings before interest, tax, depreciation and amortisation is a profit measure calculated before non-underlying items and other adjustments.

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

* Non-underlying items includes amortisation of trade names, external transaction costs, restructuring costs, impairments, rescue plan transition costs, profit or loss on the sale of fixed assets and the associated taxation impacts.

* Other adjustments includes the consolidation of the Trusts and the impact of IFRS 15 'Revenue from Contracts with Customers'.

- Death rate elevated across H1; early signs that this is slowing in H2
- Revenue growth of 8% to £152m
- Costs increased 12% to £125m, ahead of revenue growth, reflecting inflationary pressures across the Group's biggest items (People, Utilities and Property costs)
- CAPEX program paused while root and branch review of Funeral Operations undertaken
- Current performance unable to support cash requirements of the business resulting in the full PAMP facility being drawn (£50m) and net debt increasing to £544m

Divisional performance

Funerals

- Revenue growth of 11% to £101m reflecting a combination of higher volumes (+6%) and price increases implemented in H2 '22, partly offset by a change in mix
- Cost inflation across key items impacting profitability
- Average revenue of £2,384 (+5%) impacted by a change in mix towards more unattended funerals
- Further price increases implemented in July 2023 to mitigate continued inflation and improve profitability
- Death rate slowing in H2 after a period of elevation in H1

Crematoria

- Revenue growth of 10% to £46m driven by a combination of volume growth (+6%) and price increases in H2 '22
- Memorial revenues in line with prior year for both Funerals and Crematoria
- Costs reflect inflationary pressures across People & Utilities
- Further price increases implemented in July 2023 to mitigate cost inflation and improve profitability

| | Funerals | Crematoria | Central overheads | Pre-arranged funeral plans | Group |
|------------------------------------|-------------|-------------|-------------------|----------------------------|-------------|
| | £m | £m | £m | £m | £m |
| Underlying EBITDA June 2022 | 18.7 | 25.6 | (14.7) | - | 29.6 |
| Impact of: | | | | | |
| Number of deaths ⁽¹⁾ | 6.4 | 2.6 | - | - | 9.0 |
| Market share ⁽¹⁾ | (1.3) | (0.4) | - | - | (1.8) |
| Average revenues ⁽¹⁾ | 5.4 | 1.8 | - | (3.9) | 3.3 |
| Cost base changes | (12.5) | (3.0) | 0.2 | 2.4 | (12.9) |
| Underlying EBITDA June 2023 | 16.6 | 26.6 | (14.5) | (1.5) | 27.2 |

(1) Represents revenue impact.

Funeral Plans

- Historically a 'zero-sum' impact on Group profitability as marketing & admin withdrawals from the Trusts offset costs
- H1 '23 impacted by no cost recovery from new FCA regulated Trust – expect this to reverse over time

Central overheads

- In line with prior year due to inflationary pressures despite cost control measures starting to materialise

Capital & Covenants

Dignity Group Holdings Limited

| Net Debt | H1'23 | H1'22 |
|---|----------------|----------------|
| | £m | £m |
| Net amounts owing on Secured Notes per financial statements | (511.1) | (521.4) |
| Add: unamortised issue costs | (0.4) | (0.4) |
| Net amounts owing on £50m Phoenix UK Fund Limited loan | (50.3) | - |
| Gross amounts owing | (561.8) | (521.8) |
| Cash and cash equivalents - Trading Group | 18.2 | 32.9 |
| Underlying Net Debt | (543.6) | (488.9) |

- Net debt has increased to £544m reflecting cash requirements of the business that were in excess of the cash generated by the business in the period
- Phoenix facility (£50m) fully drawn in H1 2023 to meet obligations and pay expenses relating to the acquisition of Dignity plc
- Near term focus on ensuring the business transitions towards a position where it can self-fund its ongoing run-rate operations
- SAR reports completed for NFT, Age UK and UKFT funeral plan trusts

Dignity (2002) Limited

Coverages & Covenants (with equity cure)

| | Target | 52 week period ending 30 June 2023 | 52 week period ending 30 Dec 2022 |
|--|------------------|--|---|
| | | £m | £m |
| EBITDA for the Relevant Period | | 31.2 | 32.3 |
| Equity cure for the Relevant Period | | 32.7 | 34.3 |
| Free Cashflow for the Relevant Period | | 20.7 | 19.5 |
| Debt Service for the Relevant Period | | 33.9 | 33.9 |
| Financial Covenant | | | |
| EBITDA + equity cure DSCR | >=1.5 | 1.88 | 1.96 |
| Restricted Payment Condition | | | |
| Free Cashflow DSCR | >=1.4 | 0.61 | 0.58 |
| EBITDA + equity cure DSCR | >=1.85 | 1.88 | 1.96 |

- Operating performance in line with Group commentary
- There was a cash transfer made of £32.7 million in the Relevant Period ending 30 June 2023
- £19.7 million was required to ensure the DSCR ratio was 1.5 and the remaining £13.0 million was an additional cash transfer

Summary and outlook

- Busy 4 months since the acquisition by Valderrama – early decisive action across a number of areas
- H2 23 performance expected to be similar to H2 22 with cost discipline and pricing action expected to mitigate headwinds from falling death rate and continued cost inflation.
- Operations review across funerals will inform investment in core operations and provide platform for sustainable growth
- Strategic Blueprint underway as we look to create the UK's leading end of life provider

APPENDIX

Secured Notes amortisation

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Capital structure | | | | | | | | | | | | | | |
| Interest on Class A & B Notes | 22.3 | 21.9 | 21.5 | 21.1 | 20.7 | 20.2 | 19.8 | 19.3 | 18.8 | 18.3 | 17.7 | 17.2 | 16.5 | 15.7 |
| Principal repayments on Class A & B Notes | 10.9 | 11.3 | 11.7 | 12.1 | 12.6 | 13.0 | 13.5 | 14.0 | 14.5 | 15.0 | 15.5 | 16.0 | 16.9 | 17.7 |
| Cash cost | 33.2 | 33.2 | 33.2 | 33.2 | 33.3 | 33.2 | 33.3 | 33.3 | 33.3 | 33.3 | 33.2 | 33.2 | 33.4 | 33.4 |
| | | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 |
| | | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Capital structure | | | | | | | | | | | | | | |
| Interest on Class A & B Notes | | 14.9 | 14.0 | 13.1 | 12.1 | 11.1 | 10.1 | 9.0 | 7.8 | 6.6 | 5.3 | 4.0 | 2.6 | 1.1 |
| Principal repayments on Class A & B Notes | | 18.5 | 19.4 | 20.3 | 21.3 | 22.3 | 23.3 | 24.4 | 25.5 | 26.7 | 28.0 | 29.3 | 30.7 | 32.1 |
| Cash cost | | 33.4 | 33.4 | 33.4 | 33.4 | 33.4 | 33.4 | 33.4 | 33.3 | 33.3 | 33.3 | 33.3 | 33.3 | 33.2 |