Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 29 September 2023

To: BNY Mellon Corporate Trustee Services Limited

Fitch Ratings Limited

Standard & Poor's

Bloomberg

From: Dignity (2002) Limited (as Borrower)

Terms defined in the Issuer / Borrower Loan Agreement ('IBLA') shall have the same meaning herein.

NOTICE TO THE READER

The information contained in this report represents information on Dignity (2002) Limited and its subsidiaries (the 'Dignity (2002) Group' and/or "Securitisation Group"), a sub-group of Dignity Group Holdings Limited group (formerly Dignity plc group) referred throughout this document as the 'Group'.

The information set out herein is not necessarily representative of the performance of the Group as a whole and should not be relied upon in this respect. For example it does not include profits and losses generated by certain companies held outside the Dignity (2002) Group or any dividends declared to shareholders of Dignity Group Holdings Limited (formerly Dignity plc) referred throughout this document as 'Dignity'.

Dignity (2002) Limited

Unaudited Investor Report
for the 52 week period ended 29 September 2023

Pages

Dignity (2002) Limited

Financial Overview

Review of operations

- Unaudited EBITDA for the 52 week period ended 29 September 2023 was £30.8 million compared to £32.3 million for the audited 52 week period ended 30 December 2022.
- *Consent solicitation with bondholders – temporary covenant waiver*
  On 17 February 2022, Dignity Finance PLC, a fellow subsidiary of the Dignity (2002) Group, announced the launch of a consent solicitation period with its Class A Bondholders in relation to a proposed temporary covenant waiver for the Dignity (2002) Limited Securitised Group. As stated in the Group's 2022 Annual Report on 27 April 2023, the directors of Dignity Group Holdings Limited continue to work on its plans to improve the capital structure of the Group in the pursuit of the best long-term value for shareholders. This waiver has now lapsed, albeit the equity which was advanced into the securitisation group during the period of the waiver is still counting towards EBITDA for the purposes of the financial covenant until the end of 31 December 2023 (see below).

  Whilst the Dignity (2002) Group's financial performance in 2021 delivered headroom in relation to financial covenants, given the distorting impact of the pandemic on the timing of deaths, there was significant uncertainty around the UK death rate in the near term. Therefore, the Board of Dignity Group Holdings Limited made a prudent decision to seek a temporary waiver of the abovementioned financial covenant on a precautionary basis in relation to the Dignity Finance PLC debt obligations.

  Following a meeting of the Class A Bondholders on 11 March 2022, the necessary quorum was achieved (with 99.58 per cent of the aggregate principal amount of the Notes for the time being outstanding being represented) and the Extraordinary Resolution was duly passed (with 95.19 per cent of the votes being cast in favour).

  This waiver allowed for an equity cure (with a cap that Dignity did not need to exceed in equity cure) where there was a shortfall in EBITDA of the Securitisation Group at any covenant measurement point up to and including 31 December 2022. Any cash transferred into the Securitisation Group during the waiver period (to 31 March 2023) could be included within the EBITDA for the purpose of the DSCR for the following 12 months (i.e. until 31 December 2023).

  There was a total equity cure made of £32.7 million in the Relevant Period ending 30 September 2023. £19.8 million was required to ensure the DSCR ratio was 1.5 and the remaining £12.9 million was an additional equity cure. This was used to fund maintenance capex over and above the Minimum Capex Maintenance Amount, other costs such as professional fees relating to the capital restructuring project and the transition of rescue plans.

  In addition to the above £32.7 million equity cure a further £5.5 million has been transferred to the Securitisation Group. As this was transferred outside of the waiver period it does not count towards equity cure.
- *Consent solicitation with bondholders – partial redemption of the Class A Notes*
  On 7 September 2022 a consent solicitation with approximately 61 per cent support from its class A Noteholders was launched. This sought certain consents from Noteholders for a potential transaction involving the realisation of value from selected crematoria assets, with the proceeds of such a transaction being applied in a partial redemption of the Class A Notes, in line with the provisions of the current documentation. The necessary quorum was achieved on 29 September 2022 (with 99.92 per cent of the aggregate principal amount of the Notes for the time being outstanding being represented and the Extraordinary Resolution being passed with 94.42 per cent of the votes being cast in favour) and the consents referred to above apply for 12 month period to 29 September 2023.

  In addition, upon completion of the proposed transaction within the timeframe permitted by the noteholder consent, there are amendments to the documents that will allow further equity cures, with restrictions, to be made going forward should they be required. Due to, inter alia, a number of constraints around management time, particularly relating to the take-private transaction described below, and certain further steps that need to be gone through in relation to the trusts, it was necessary to seek an extension of the deadline given in this consent.

  Therefore, on 7 August 2023, a further consent solicitation exercise was launched with bondholders. The proposals have now been passed, and the effect of such proposals is to allow for £70 million (to be applied towards prepayment) to be drawn from a wider variety of sources and not just a sale of the selected crematoria assets referred to above.

  The new consent also: (i) reinstates for certain periods the financial covenant waiver previously granted in 2022 (referred to above), albeit there will be a requirement to completely equity cure as a condition to the waiver as opposed to a cap; (ii) makes certain changes to the calculation of debt service so as to enable a pay-down of debt to immediately be reflected in the calculation thereof; (iii) changes the definition of Material Adverse Effect so as to correct a manifest error in the documentation; and (iv) effectively extends (subject to certain financial and non-financial milestones) the time period for pay-down of the £70 million to the end of December 2024.
- *Recommended cash offer for Dignity Group Holdings Limited*
  On 23 January 2023, the Board of Dignity announced that it had reached agreement on the terms of a recommended cash offer for the Dignity business (the 'Offer'). The Offer was made by a consortium comprising SPWOne V Limited, Castelnau Group Limited and Phoenix Asset Management Partners Limited. On 14 February 2023, the offer document, which contains, amongst other things, the full terms and conditions of the Offer and the procedures for its acceptance, was published and posted to Dignity shareholders.

Dignity (2002) Limited

Review of operations (continued)

In summary, under the Offer:

- Dignity shareholders were entitled to receive 550 pence in cash for each Dignity share (the 'Cash Offer');
- As an alternative to (or in combination with) the Cash Offer, eligible Dignity shareholders could have elected to receive for each Dignity share 5.50 unlisted non-voting D shares in the capital of Valderrama (the indirect parent company of the consortium's Bidco) for each Dignity share (the 'Unlisted Share Alternative'); and
- As an alternative to (or in combination with) the Cash Offer and in addition to or instead of the Unlisted Share Alternative, eligible Dignity shareholders could have elected to receive 7 1/3 listed voting Ordinary Shares in the capital of Castelnau for each Dignity share (the 'Listed Share Alternative' and, together with the Unlisted Share Alternative, the 'Alternative Offers').

The Board of Dignity were unanimous in recommending that Dignity shareholders accept the Cash Offer.

On 5 April 2023, the Offer obtained regulatory approval from the Financial Conduct Authority.

On 19 April 2023, the Offer became unconditional and the consortium obtained control of the Dignity Group.

On 21 April 2023, the consortium had acquired or agreed to acquire 75.09% of Dignity Group Holdings Limited shares and Dignity Group Holdings Limited subsequently announced that the notice period for the cancellation of listing and trading of its shares commenced.

On 4 May 2023, the consortium had received acceptances representing 95.67% of the Dignity Shares and exercised its rights to acquire compulsorily the remaining Dignity Shares.

On 25 May 2023, the cancellation of listing was completed.

As at the date of this report Dignity Group Holdings Limited is **100%** owned and controlled by Valderrama Limited.

The change in control and cancellation of listing and trading of shares did not impact the Securitised Debt.

- *Standard and Poor global rating*
  On 21 February 2023, S&P Global Ratings lowered its credit ratings on Dignity Finance PLC's class A notes to 'BBB- (sf)' from 'A- (sf)'and class B notes to 'CCC+ (sf)' from 'B+ (sf)'. At the same time, S&P removed its ratings on both classes from CreditWatch negative. On 11 August 2023, S&P placed the class A notes on credit watch negative. Furthermore, on 2 November 2023, S&P Global Ratings lowered its credit ratings on Dignity Finance PLC's class A notes to 'B+(sf)' from 'BBB-(sf)'. At the same time, S&P removed its ratings on the class A notes from CreditWatch negative.
- *Fitch Ratings downgrade of Class A and Class B Notes*
  On 17 March 2023, Fitch Ratings downgraded Dignity Finance PLC's Class A notes to 'BBB' from 'A-' and class B notes to 'B' from 'BB+' and placed that company on Rating Watch Negative.

Trading locations

- The number of funeral locations within the Dignity (2002) Group at the period end was 690 which compares to 725 at 30 December 2022. The movement in the portfolio is shown below:

	Dignity (2002) Group
Number of locations at 30 December 2022[§1]	725
Branch closure – freehold	(12)
Branch closure – leasehold	(23)
Number of locations at 30 September 2023[§1]	**690**

- There are no other funeral locations outside of the Dignity (2002) Group.
- The Dignity (2002) Group operates from 44 crematoria (Dec 2022: 44). Non-Obligors operate from an additional 2 crematoria (Dec 2022: 2).

[§1] Excludes 11 (2022: 10) telephone branches within the Dignity (2002) Group.

Dignity (2002) Limited

Consolidated EBITDA and capital expenditure

for the 52 week period ended 29 September 2023

	Note	*Funeral services*	*Crematoria*	*Pre-arranged funeral plans*	*Portfolio*	*Central overheads*	***52 week period ending 29 Sep 2023***	*52 week period ending 30 Dec 2022*
		£m	*£m*	*£m*	*£m*	*£m*	***£m***	*£m*
Net revenue		187.3	81.8	6.8	275.9	-	**275.9**	266.3
Operating expenses		(166.5)	(38.7)	(9.6)	(214.8)	(30.3)	**(245.1)**	(234.0)
EBITDA	1	**20.8**	**43.1**	**(2.8)**	**61.1**	**(30.3)**	**30.8**	32.3
Movement in provisions		n/a	n/a	n/a	n/a	n/a	**-**	-
Taxation	2	n/a	n/a	n/a	n/a	n/a	**2.6**	(0.1)
Minimum Capex Maintenance Amount	3	n/a	n/a	n/a	n/a	n/a	**(13.2)**	(12.7)
Free Cashflow		**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**20.2**	19.5
Actual Capital Maintenance Expenditure – ***calendar YTD***		17.5	3.7	-	21.2	0.9	**22.1**	24.6
Expenditure on Permitted Crematorium – Developments by Obligors – ***52 week period***		-	0.2	-	0.2	-	**0.2**	0.3

Dignity (2002) Limited

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

as at 29 September 2023

	Note	*29 Sep 2023*	*30 Dec 2022*
Consolidated Net Assets:	4	***£m***	*£m*
Fixed assets		**1,479.0**	1,445.2
Other current assets		**51.0**	58.5
Total current assets	5	**51.0**	58.5
Other creditors: amounts falling due within one year		**(492.0)**	(463.3)
Creditors: amounts falling due within one year		**(492.0)**	(463.3)
Net current liabilities		**(441.0)**	(404.8)
Total assets less current liabilities		**1,038.0**	1,040.4
Creditors: amounts falling due after more than one year		**(1,791.5)**	(1,814.1)
Provisions for liabilities		**(36.7)**	(25.2)
Pension liability		**(7.9)**	(10.8)
Net liabilities		**(798.1)**	(809.7)
Cash balances – amounts standing to the credit of:			
Capex Reserve Account		**-**	-
Funeral Home Reserve Account		**-**	-
Loan Payments Account	6	**0.1**	0.2
Issuer Transaction Account		**0.1**	-
Latent Tax Reserve Account	6	**-**	0.4
Crematorium Reserve Account		**-**	-
Principal Reserve Account		**-**	-
Elective Capex Account		**0.2**	0.2
Special Capex Account		**-**	-
Restricted Payments Account		**-**	-
Upgrade Reserve Account		**-**	-
Permitted Obligor Acquisitions and Permitted Disposals:			
Permitted Obligor Acquisitions (gross) in the Relevant Period	7	**1.4**	0.3
Permitted Disposals (gross) in the Relevant Period (where Net Sale Proceeds exceeds £75,000 x CPI)	8	**0.6**	0.1
Financial Indebtedness	10	**837.2**	807.4*

*** Financial indebtedness figure has increased by £0.9 million since the issuance of the Investor Report for the period ended 30 December 2022 following the finalisation of the subsidiary financial statements**

Dignity (2002) Limited

Coverages and covenants (without equity cure)

for the 52 week period ended 29 September 2023

	Note	***52 week period ending 29 Sep 2023 £m***	*52 week period ending 30 Dec 2022 £m*
EBITDA for the Relevant Period		**30.8**	32.3
Free Cashflow for the Relevant Period		**20.2**	19.5
Debt Service for the Relevant Period	9	**33.7**	33.9
Financial Covenant			
EBITDA DSCR (‘Debt Service cover ratio’) :			
Target		**>= 1.5 : 1**	>= 1.5 : 1
Actual		**0.91 : 1**	0.95 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		**>= 1.4 : 1**	>= 1.4 : 1
Actual		**0.60 : 1**	0.58 : 1
EBITDA DSCR :			
Target		**>=1.85 : 1**	>=1.85 : 1
Actual		**0.91 : 1**	0.95 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has not been observed for the Relevant Period ending 30 September 2023 and an amount of £32.7 million has been brought into the Securitisation group as part of the waiver arrangement.

The Restricted Payment Condition in relation to each Restricted Payment above have not been satisfied for the Relevant Period ending 30 September 2023 and subsequently no Restricted Payments have been made.

Dignity (2002) Limited

Coverages and covenants (with equity cure)

for the 52 week period ended 29 September 2023

	Note	***52 week period ending*** ***29 Sep 2023*** ***£m***	*52 week period ending* *30 Dec 2022* *£m*
EBITDA for the Relevant Period		**30.8**	32.3
Equity cure for the Relevant Period	16, 17	**32.7**	34.3
Free Cashflow for the Relevant Period		**20.2**	19.5
Debt Service for the Relevant Period	9	**33.7**	33.9
Financial Covenant			
EBITDA + equity cure DSCR (‘Debt Service cover ratio’) :			
Target		**>= 1.5 : 1**	>= 1.5 : 1
Actual		**1.88 : 1**	1.96 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		**>= 1.4 : 1**	>= 1.4 : 1
Actual		**0.60 : 1**	0.58 : 1
EBITDA + equity cure DSCR :			
Target		**>=1.85 : 1**	>=1.85 : 1
Actual		**1.88 : 1**	1.96 : 1

Confirmations

There was a total equity cure made of £32.7 million in the Relevant Period ending 30 September 2023. £19.8 million was required to ensure the DSCR ratio was 1.5 and the remaining £12.9 million was an additional equity cure.

In addition to the above £32.7 million equity cure a further £5.5 million has been transferred to the Securitisation Group. As this was transferred outside of the waiver period it does not count towards equity cure.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

1 EBITDA

EBITDA has been calculated in accordance with the definition in the IBLA. Pension costs are stated on a cash basis and have been allocated on a divisional basis.

For the benefit of users of this report, divisional EBITDA for the Relevant Periods was as follows:

52 week period ended 29 Sep 2023	***Funeral services £m***	***Crematoria £m***	***Pre-arranged funeral plans £m***	***Central overheads £m***	***Group £m***
Net revenue	187.3	81.8	6.8	-	**275.9**
Operating expenses	(166.5)	(38.7)	(9.6)	(30.3)	**(245.1)**
EBITDA	**20.8**	**43.1**	**(2.8)**	**(30.3)**	**30.8**
52 week period ended 30 Dec 2022					
Net revenue	176.3	77.8	12.2	-	266.3
Operating expenses	(155.7)	(35.9)	(12.2)	(30.2)	(234.0)
EBITDA	20.6	41.9	-	(30.2)	32.3

Elements of net revenue and operating expenses of the pre-need business are included within the published funeral services number. Therefore, the pre-need business remains in a profitable position for the 52 week period ended 29 September 2023.

2 Taxation

Taxation represents amounts paid in cash or falling due in respect of Tax during the Relevant Period.

3 Minimum Capex Maintenance Amount

The IBLA requires the Minimum Capex Maintenance Amount rather than actual spend to be deducted in arriving at Free Cashflow.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

4 Consolidated Net Assets

The consolidated net assets as at 30 December 2022 as disclosed in this Investor Report represent the final audited figures as per the 2022 statutory accounts.

Following the issuance of the Investor Report for the period ended 30 December 2022 on 31 March 2023, an amendment to the Investor Report has been made to reclassify the current tax figure of £3.5 million, increasing both other creditors: amounts falling due within one year and other current assets by this amount. An amendment has also been made to intercompany receivables, increasing fixed assets by £0.2 million and increasing other creditors: amounts falling due within one year by £1.0 million.

These changes to the consolidated net assets did not result in any changes to the Financial Covenants for the 52 week period ended 31 December 2022.

5 Total current assets

Total current assets include cash at bank and in hand of £4.4 million (Dec 2022 restated: £14.0 million) of which £1.9 million (Dec 2022 restated: £3.2 million) is cash held for operations. The restated December 2022 figures are a result of a late audit adjustment.

6 Reserve account balances

Loan Payments Account

The balance in this account represents cash set aside to pay the future tax payments of the Dignity (2002) Group.

Latent Tax Reserve Account

A balance in this account would represent cash set aside pursuant to clause 17.6.6 (b) of the IBLA. On 26 July 2023, £0.4 million was transferred from the Latent Tax Reserve Account pursuant to clause 17.6.7.

7 Permitted Obligor Acquisitions

The expenditure in the Relevant Period relates to the acquisition of businesses and properties (other than crematoria properties) and Funeral Home Start-Ups.

8 Permitted Disposals

There were five asset disposals by Obligors in the Relevant Period, where the market value exceeded £75,000 x CPI, comprised of freehold properties that were not directly EBITDA generating.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

9 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 30 September 2023:

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

The Dignity (2002) Group made the following debt repayments to Bondholders during the Relevant Period (paid on 30 December 2022 and 30 June 2023):

	Interest	***Principal***
	£'000	***£'000***
Class A Secured 3.5456% Notes due 2034	5,771	10,725
Class B Secured 4.6956% Notes due 2049	16,735	-
	22,506	10,725

Debt Service for the Relevant Period ending 30 September 2023 has been calculated as follows:

		Principal	***Annual rate***	***Interest***
Senior Interest accruing in the period	**Note**	***£'000***	***%***	***£'000***
Class A Notes		154,709	3.5556%	5,691
Class B Notes		356,402	4.7056%	16,770
Liquidity facility		55,000	1.10%	605
Senior Interest accrued in the period				**23,066**
Finance leases				52
Interest received in the period		Variable	Variable	(100)
Scheduled repayments of principal in the period			n/a	10,725
Debt Service for the Relevant Period				**33,743**

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

10 Financial Indebtedness

"Financial Indebtedness" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease, credit sale, conditional sale agreement or hire purchase contract which would, in accordance with Accounting Policies, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

11 Dignity Group Holdings Limited

For the avoidance of doubt, the financial information contained elsewhere in this report relates to the unaudited consolidated results and financial position of Dignity (2002) Limited and its subsidiaries (‘the Dignity (2002) Group’) as required under the IBLA. The ultimate parent undertaking of Dignity (2002) Limited is Dignity Group Holdings Limited.

Consequently, the financial information set out elsewhere in this report does not include the results of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited, nor any adjustments necessary as to present the consolidated results and financial position of the combined groups.

Specifically, the financial information set out elsewhere in this report does not include certain adjustments, including, but not limited to, the following:

- Certain administrative expenses accruing to the parent undertakings of the Dignity (2002) Group;
- Interest payable and receivable on borrowings or loans between the Dignity (2002) Group and its parent undertakings;
- Interest payable or receivable on borrowings or loans held by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- Dividends declared or receivable by either the ultimate or intermediate parent undertakings of Dignity (2002) Limited;
- The non-cash effects of IAS 19 in the Relevant Period;
- The net assets of either the ultimate or intermediate parent undertakings of Dignity (2002) Limited; and
- Any adjustments necessary in order to present the combined results and financial position of any entity outside the control of the Dignity (2002) Group.

This report has been prepared under EU adopted International Financial Reporting Standards (IFRS).

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

12 Terminology

The following capitalised terms and phrases used in this report are defined in the Issuer / Borrower Loan Agreement ('IBLA') and have the same meanings in this report as defined in the IBLA:

Accounting Standards Change	Additional Obligor	Annual Upgrade Update	Borrower	Capital Maintenance Expenditure	Change of Basis Election
Debt Service	Dignity Group	EBITDA	Financial Adviser Appointment Event	Financial Covenant	Financial Indebtedness
Free Cashflow	Funeral Home Start-Up	Issuer	Loan Event of Default	Minimum Capex Maintenance Amount	Non-Obligor
Non-Obligor Investment	Note Trustee	Obligor Transaction Documents	Permitted Crematorium Development	Permitted Disposal	Permitted Obligor Acquisition
Portfolio	Potential Loan Event of Default	Relevant Period	Restricted Payment	Restricted Payment Condition	Senior Interest
Secured Notes	Securitisation Group	Security Trustee	Tax	Tax Deed of Covenant	

13 Investor Report Information to Bloomberg

The Dignity (2002) Group is a sub-group of the Dignity Group. As a result, this Investor Report is publicly available on the Group's website www.dignityplc.co.uk/investors/results-and-reports/bondholders/. The Dignity (2002) Group has therefore published this entire Investor Report on Bloomberg, rather than restricting the information provided as permitted by the IBLA.

14 Quarterly reference dates

The Dignity (2002) Group prepares accounts drawn up to the nearest Friday before the Quarter End Date each quarter. As a result the combined and consolidated information reflects the 52 week period ending 29 September 2023 and 52 week period ending 30 December 2022.

15 Ancillary Facilities

The Dignity (2002) Group's £55 million Liquidity Facility remains available.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 29 September 2023

16 Consent solicitation with bondholders

Consent solicitation with bondholders – temporary covenant waiver

On 17 February 2022, Dignity Finance PLC, a fellow subsidiary of the Dignity (2002) Group, announced the launch of a consent solicitation period with its Class A Bondholders in relation to a proposed temporary covenant waiver for the Dignity (2002) Limited Securitised Group. As stated in the Group's 2022 Annual Report on 27 April 2023, the directors of Dignity Group Holdings Limited continue to work on its plans to improve the capital structure of the Group in the pursuit of the best long-term value for shareholders. This waiver has now lapsed, albeit the equity which was advanced into the securitisation group during the period of the waiver is still counting towards EBITDA for the purposes of the financial covenant until the end of 31 December 2023 (see below).

Whilst the Dignity (2002) Group's financial performance in 2021 delivered headroom in relation to financial covenants, given the distorting impact of the pandemic on the timing of deaths, there was significant uncertainty around the UK death rate in the near term. Therefore, the Board of Dignity Group Holdings Limited made a prudent decision to seek a temporary waiver of the abovementioned financial covenant on a precautionary basis in relation to the Dignity Finance PLC debt obligations.

Following a meeting of the Class A Bondholders on 11 March 2022, the necessary quorum was achieved (with 99.58 per cent of the aggregate principal amount of the Notes for the time being outstanding being represented) and the Extraordinary Resolution was duly passed (with 95.19 per cent of the votes being cast in favour).

This waiver allowed for an equity cure (with a cap that Dignity did not need to exceed in equity cure) where there was a shortfall in EBITDA of the Securitisation Group at any covenant measurement point up to and including 31 December 2022. Any cash transferred into the Securitisation Group during the waiver period (to 31 March 2023) could be included within the EBITDA for the purpose of the DSCR for the following 12 months (i.e. until 31 December 2023).

Consent solicitation with bondholders – partial redemption of the Class A Notes

On 7 September 2022 a consent solicitation with approximately 61 per cent support from its class A Noteholders was launched. This sought certain consents from Noteholders for a potential transaction involving the realisation of value from selected crematoria assets, with the proceeds of such a transaction being applied in a partial redemption of the Class A Notes, in line with the provisions of the current documentation. The necessary quorum was achieved on 29 September 2022 (with 99.92 per cent of the aggregate principal amount of the Notes for the time being outstanding being represented and the Extraordinary Resolution being passed with 94.42 per cent of the votes being cast in favour) and the consents referred to above apply for 12 month period to 29 September 2023.

In addition, upon completion of the proposed transaction within the timeframe permitted by the noteholder consent, there are amendments to the documents that will allow further equity cures, with restrictions, to be made going forward should they be required. Due to, inter alia, a number of constraints around management time, particularly relating to the take-private transaction described below, and certain further steps that need to be gone through in relation to the trusts, it was necessary to seek an extension of the deadline given in this consent.

Therefore, on 7 August 2023, a further consent solicitation exercise was launched with bondholders. The proposals have now been passed, and the effect of such proposals is to allow for the £70 million (referred to above to be applied towards prepayment) to be drawn from a wider variety of sources and not just a sale of the selected crematoria assets referred to above.

The new consent also: (i) reinstates for certain periods the financial covenant waiver previously granted in 2022 (referred to above), albeit there will be a requirement to completely equity cure as a condition to the waiver as opposed to a cap; (ii) makes certain changes to the calculation of debt service so as to enable a pay-down of debt to immediately be reflected in the calculation thereof; (iii) changes the definition of Material Adverse Effect so as to correct a manifest error in the documentation; and (iv) effectively extends (subject to certain financial and non-financial milestones) the time period for pay-down of the £70 million to the end of December 2024.

17 Equity cure

There was a total equity cure made of £32.7 million in the Relevant Period ending 30 September 2023. £19.8 million was required to ensure the DSCR ratio was 1.5 and the remaining £12.9 million was an additional equity cure. This was used to fund maintenance capex over and above the Minimum Capex Maintenance Amount, other costs such as professional fees relating to the capital restructuring project and the transition of rescue plans.

In addition to the above £32.7 million equity cure a further £5.5 million has been transferred to the Securitisation Group. As this was transferred outside of the waiver period it does not count towards equity cure.