

Dignity (2002) Limited
Unaudited Investor Report
for the 52 week period ended 28 March 2025

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

This report is for use by the addressees only and should not be divulged to any other third party.

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

Dignity (2002) Limited

Unaudited Investor Report

for the 52 week period ended 28 March 2025

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Dignity (2002) Limited

Financial Overview

Review of operations

- Unaudited EBITDA for the 52 week period ended 28 March 2025 was £44.2 million compared to £42.8 million for the audited 52 week period ended 27 December 2024.

During the last 12 months the Company explored the potential to repay the Secured Loan Notes in full but concluded that proceeding with the strategic options required to facilitate this were not in the best interests of the Dignity Group, its affiliates, or its key stakeholders. The Company did reduce the value of Secured Notes by making two prepayments to Class A Noteholders, one in June 2024 for £15.6 million (cash) and a further payment in July 2024 for £67.0 million (nominal) (£82.6 million in total).

As disclosed previously, the Company announced the launch of a consent solicitation with its Class A Noteholders in relation to a proposed temporary covenant waiver for the Securitisation Group. The waiver allowed for an equity cure where there was a shortfall in EBITDA of the Securitisation Group in meeting its Financial Covenant in respect of any Relevant Period that ended prior to (and including) 31 December 2025. Any cash transferred into the Securitisation Group during the waiver period to 31 March 2025 could be included within the EBITDA for the purpose of calculating the Financial Covenant for the following 12 months. An equity cure was made of £12.9 million in the Relevant Period ended 31 March 2025. Following the additional debt repayment of £82.6 million, the Securitisation Group's EBITDA is above the Debt Service Cover Ratio ('DSCR') and it is not reliant on the equity cure mechanism to meet its debt covenants.

- *Standard and Poor global rating*
On 1 August 2024, S&P Global Ratings affirmed its credit ratings on Dignity Finance PLC's Class A Notes at 'B+(sf)' and Class B Notes at 'CC (sf)'.
- *Fitch Ratings upgrade of Class A and Class B Notes*
On 10 December 2024, Fitch Ratings upgraded Dignity Finance PLC's Class A Notes to 'BBB' from 'BB+' and the Class B Notes to 'CCC' from 'C', the company has also been removed from the Ratings Watch Negative.

Trading locations

- The number of funeral locations within the Dignity (2002) Group at the period end was 580 which compares to 583 at 27 December 2024. The movement in the portfolio is shown below:

	Dignity (2002) Group
Number of locations at 27 December 2024	583
Branch closure – freehold	(2)
Branch closure – leasehold	(1)
Number of locations at 28 March 2025	580

- There are no other funeral locations outside of the Dignity (2002) Group.
- The Dignity (2002) Group operates from 44 crematoria (Dec 2024: 44). Non-Obligors operate from 1 additional crematorium (Dec 2024: 1).

Dignity (2002) Limited

Consolidated EBITDA and capital expenditure

for the 52 week period ended 28 March 2025

		<i>Funeral services</i>	<i>Crematoria</i>	<i>Pre- arranged funeral plans</i>	<i>Portfolio</i>	<i>Central overheads</i>	52 week period ending 28 Mar 2025	<i>52 week period ending 27 Dec 2024</i>
	<i>Note</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net revenue		180.8	84.0	9.7	274.5	-	274.5	270.3
Operating expenses		(147.7)	(44.0)	(8.8)	(200.5)	(29.8)	(230.3)	(227.5)
EBITDA	1	33.1	40.0	0.9	74.0	(29.8)	44.2	42.8
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	(0.4)	-
Minimum Capex Maintenance Amount	3	n/a	n/a	n/a	n/a	n/a	(13.7)	(13.6)
Free Cashflow		n/a	n/a	n/a	n/a	n/a	30.1	29.2
Actual Capital Maintenance Expenditure – calendar YTD		2.2	0.3	-	2.5	0.1	2.6	13.5
Expenditure on Permitted Crematorium – Developments by Obligors – 52 week period		-	-	-	-	-	-	-

Dignity (2002) Limited

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

as at 28 March 2025

	<i>Note</i>	<i>28 Mar 2025</i>	<i>27 Dec 2024</i>
Consolidated Net Assets:	4	£m	£m
Fixed assets		1,337.3	1,323.0
Other current assets		131.5	126.3
Total current assets	5	131.5	126.3
Other creditors: amounts falling due within one year		(529.9)	(534.1)
Creditors: amounts falling due within one year		(529.9)	(534.1)
Net current liabilities		(398.4)	(407.8)
Total assets less current liabilities		938.9	915.2
Creditors: amounts falling due after more than one year		(1,685.0)	(1,667.3)
Provisions for liabilities		(45.8)	(46.4)
Pension liability		(0.6)	(1.2)
Net liabilities		(792.5)	(799.7)
Cash balances – amounts standing to the credit of:			
Capex Reserve Account		0.1	-
Funeral Home Reserve Account		-	-
Loan Payments Account	6	2.6	4.1
Issuer Transaction Account		-	12.2
Latent Tax Reserve Account	6	-	-
Crematorium Reserve Account		-	-
Principal Reserve Account	6	-	-
Elective Capex Account	6	30.2	28.1
Special Capex Account		-	-
Restricted Payments Account		-	-
Upgrade Reserve Account		-	-
Permitted Obligor Acquisitions and Permitted Disposals:			
Permitted Obligor Acquisitions (gross) in the Relevant Period	7	-	-
Permitted Disposals (gross) in the Relevant Period (where Net Sale Proceeds exceeds £75,000 x CPI)	8	25.6	23.0
Financial Indebtedness	10	748.9	745.7

Dignity (2002) Limited

Coverages and covenants (without equity cure)

for the 52 week period ended 28 March 2025

		52 week period ending	52 week period ending
	Note	28 Mar 2025 £m	27 Dec 2024 £m
EBITDA for the Relevant Period		44.2	42.8
Free Cashflow for the Relevant Period		30.1	29.3
Debt Service for the Relevant Period	9	24.3	24.4
Financial Covenant			
EBITDA DSCR ('Debt Service cover ratio') :			
Target		>= 1.5 : 1	>= 1.5 : 1
Actual		1.82 : 1	1.75 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		>= 1.4 : 1	>= 1.4 : 1
Actual		1.24 : 1	1.20 : 1
EBITDA DSCR :			
Target		>=1.85 : 1	>=1.85 : 1
Actual		1.82 : 1	1.75 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 31 March 2025 and an amount of £12.9 million has been brought into the Securitisation Group as part of the waiver arrangement. Following the additional debt repayment of £82.6 million, the Securitisation Group's EBITDA is above the Debt Service Cover Ratio ('DSCR') and it is has not been reliant on the equity cure mechanism to meet its debt covenants in the last 3 quarters.

The Restricted Payment Condition in relation to each Restricted Payment above have not been satisfied for the Relevant Period ending 31 March 2025 and subsequently no Restricted Payments have been made.

In line with the amendment deed to the IBLA dated 5 September 2023, the Debt Service for the Relevant Period used within the Financial Covenant and Restricted Payment Condition ratios has been adjusted downwards by £3.1 million following the June 24 Prepayment and the 16 July 24 Prepayment. Both Prepayments, for the purpose of calculating Debt Service under the IBLA, is treated as having been made immediately prior to the beginning of the applicable Relevant Period and any portion of interest and principal is consequently adjusted downwards.

Dignity (2002) Limited

Coverages and covenants (with equity cure)

for the 52 week period ended 28 March 2025

		52 week period ending	52 week period ending
	Note	28 Mar 2025 £m	27 Dec 2024 £m
EBITDA for the Relevant Period		44.2	42.8
Equity cure made for the Relevant Period		12.9	12.9
Free Cashflow for the Relevant Period		30.1	29.3
Debt Service for the Relevant Period	9	24.3	28.2
Financial Covenant			
EBITDA + equity cure DSCR ('Debt Service cover ratio') :			
Target		>= 1.5 : 1	>= 1.5 : 1
Actual		2.35 : 1	2.28 : 1
Restricted Payment Condition			
Free Cashflow DSCR :			
Target		>= 1.4 : 1	>= 1.4 : 1
Actual		1.24 : 1	1.20 : 1
EBITDA + equity cure DSCR :			
Target		>=1.85 : 1	>=1.85 : 1
Actual		2.35 : 1	2.28 : 1

Confirmations

The Dignity (2002) Group confirms that the Financial Covenant has been observed for the Relevant Period ending 31 March 2025 and an amount of £12.9 million has been brought into the Securitisation Group as part of the waiver arrangement. Following the additional debt repayment of £82.6 million, the Securitisation Group's EBITDA is above the Debt Service Cover Ratio ('DSCR') and it is has not been reliant on the equity cure mechanism to meet its debt covenants in the last 3 quarters.

In line with the amendment deed to the IBLA dated 5 September 2023, the Debt Service for the Relevant Period used within the Financial Covenant and Restricted Payment Condition ratios has been adjusted downwards by £3.8 million following the June 24 Prepayment and the 16 July 24 Prepayment. Both Prepayments, for the purpose of calculating Debt Service under the IBLA, is treated as having been made immediately prior to the beginning of the applicable Relevant Period and any portion of interest and principal is consequently adjusted downwards.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 28 March 2025

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:

<i>52 week period ended 28 Mar 2025</i>	<i>Funeral services £m</i>	<i>Crematoria £m</i>	<i>Pre-arranged funeral plans £m</i>	<i>Central overheads £m</i>	<i>Group £m</i>
Net revenue	180.8	84.0	9.7	-	274.5
Operating expenses	(147.7)	(44.0)	(8.8)	(29.8)	(230.3)
EBITDA	33.1	40.0	0.9	(29.8)	44.2
<i>52 week period ended 27 Dec 2024</i>					
Net revenue	180.0	82.4	7.9	-	270.3
Operating expenses	(146.5)	(43.4)	(9.1)	(28.5)	(227.5)
EBITDA	33.5	39.0	(1.2)	(28.5)	42.8

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 28 March 2025.

2 Taxation

Taxation represents amounts paid in cash or falling due in respect of Tax during the Relevant Period. As permitted with the IBLA definition of free cashflow this does not include any Tax arising as a result of a Permitted Disposal or with any Surplus received from any of the Trusts.

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 28 March 2025

4 Consolidated Net Assets

The consolidated net assets as at 27 December 2024 as disclosed in this Investor Report represent the final audited figures as per the 2024 statutory accounts.

Following the issuance of the Investor Report for the Relevant Period ended 31 December 2024 on 27 March 2025, amendments to the Investor Report were made due to the finalisation of the year end financial statements. This resulted in an increase in the net liabilities of £1.1 million, relating to changes in Trust figures of £2.0 million and a change in an intercompany balance of £0.9 million held outside of the Dignity (2002) Group.

These amendments did not result in any changes to the Financial Covenants for the 52 week period ended 31 December 2024.

5 Total current assets

Total current assets include cash at bank and in hand of £65.5 million (Dec 2024: £70.6 million) of which £21.9 million (Dec 2024: £15.5 million) is cash held for operations.

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.

Capex Reserve Account

The balance in this account represents cash set aside under clause 15.1 of the IBLA, in line with this clause £0.1 million was transferred to this account on 16 January 2025.

Funeral Home Reserve Account

The balance in this account represents cash set aside under clause 16.8 of the IBLA, funds will be transferred from the Elective Capex Account in accordance with this clause.

Elective Capex Account

Amounts paid into the Elective Capex Account during the Relevant Period include Available Net Trust Surplus and Unutilised Net Sale Proceeds. Payments from the Elective Capex Account during the Relevant Period include expenditure on payments of consent solicitation fees and a transfer to the Principal Reserve Account in connection with the June and July 24 Prepayment.

Principal Reserve Account

A balance in this account would represent cash set aside pursuant to clause 9.3 of the IBLA. On 17 May 2024, £26,612,714.25 was transferred from the Elective Capex Account to fund the June 24 Prepayment, as well as the interest payments due on both the Class A and Class B Notes on 24 June 2024. On 15 July 2024, £64,994,501.50 was transferred from the Elective Capex account into the Principal Reserve Account. This was used to fund the £65,012,474.20 Prepayment on the 16 July 2024.

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 88 asset disposals of freehold properties by Obligors in the Relevant Period, where the market value exceeded £75,000 x CPI.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 28 March 2025

9 Debt Service and Financial Covenant

The Dignity (2002) Group confirms that none of the following occurred in the Relevant Period ending 31 March 2025:

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

The Dignity (2002) Group made the following debt repayments and prepayments to Bondholders during the Relevant Period (paid on 28 June 2024, 16 July 2024 and 31 December 2024):

	<i>Interest</i>	<i>Principal Repayment</i>	<i>Principal Prepayment</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Class A Secured 3.5456% Notes due 2034	3,745	7,461	82,623
Class B Secured 4.6956% Notes due 2049	16,735	-	-
	20,480	7,461	82,623

Debt Service for the Relevant Period ending 31 March 2025 has been calculated as follows:

	<i>Principal</i>	<i>Annual rate</i>	<i>Interest</i>	
Senior Interest accruing in the period	Note	£'000	%	£'000
Class A Notes to 30 June 2024		149,205	3.5556%	1,326
Class A Notes 1 July 2024 to 16 July 2024		128,589	3.5556%	104
Class A Notes from 17 July 2024		61,565	3.5556%	1,525
Class B Notes		356,402	4.7056%	16,772
Liquidity facility		55,000	1.10%	605
Senior Interest accrued in the period				20,332
Finance leases				52
Interest received in the period		Variable	Variable	(464)
Scheduled repayments of principal in the period			n/a	7,461
Debt Service for the Relevant Period				27,381
Downwards adjustment to principal and interest accrued following £15.6 million and £67.0 million Prepayments pursuant to clause 10 of the Deed of Amendment to the IBLA dated 5 September 2023				(3,094)
Debt Service for the Relevant Period				24,287

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 28 March 2025

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 28 March 2025

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 intermediate parent undertaking of Dignity (2002) Limited is Dignity Group Holdings Limited. The parent undertaking of Dignity (D2002) Limited is Valderrama 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) except where stated otherwise.

Dignity (2002) Limited

Notes to the Investor Report

for the 52 week period ended 28 March 2025

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 28 March 2025 and 52 week period ending 27 December 2024.

15 Ancillary Facilities

The Dignity (2002) Group's £55.0 million Liquidity Facility remains available.