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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE.

23 January 2023

RECOMMENDED CASH OFFER

FOR

DIGNITY PLC ("DIGNITY")

BY

YELLOW (SPC) BIDCO LIMITED ("BIDCO")

(a newly formed company indirectly owned or controlled by a consortium comprised of joint offerors SPWOne V Limited, Castelnau Group Limited and Phoenix Asset Management Partners Limited)

Summary

Cash Offer

- The boards of directors of Dignity and Bidco are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco to acquire the entire issued and to be issued share capital of Dignity, other than the Dignity Shares already owned or controlled by Castelnau and PAMP. As at the close of business on the Latest Practicable Date, Castelnau and PAMP owned or controlled in aggregate 14,876,159 Dignity Shares, representing approximately 29.08% of Dignity's fully diluted share capital.

- Under the terms of the Acquisition, each Dignity Shareholder (other than Castelnau and the PAMP Affiliates) will be entitled to receive:

  550 pence in cash for each Dignity Share (the "Cash Offer")

  Based on the Cash Offer, the Acquisition values the entire issued and to be issued share capital of Dignity at approximately £281 million on a fully diluted basis and implies an enterprise value of approximately £789 million.

- The Cash Offer implies an enterprise value that represents a multiple of no less than 39.5x Dignity's estimated maximum underlying operating profit for the 52 weeks ended 30 December 2022 on a post-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023.

- The Cash Offer implies an enterprise value that represents a multiple of no less than 21.3x Dignity's estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023.

- Dignity's estimated maximum underlying operating profit for the 52 weeks ended 30 December 2022 on a post-IFRS 16 basis of £20 million and estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis of £37 million constitute profit estimates for the purposes of Rule 28 of the Takeover Code. The Offer Document will include the relevant reports required by Rule 28.1 of the Takeover Code.

- The Cash Offer represents a premium of approximately:

    - 29.3% to the closing price of 425.5 pence per Dignity Share on 3 January 2023, being the last Business Day before the start of the offer period;

    - 44.2% to the volume-weighted average closing price of 381.4 pence per Dignity Share for the 30 days ended on 3 January 2023, being the last Business Day before the start of the offer period;

    - 39.2% to the volume-weighted average closing price of 395.2 pence per Dignity Share for the 90 days ended on 3 January 2023, being the last Business Day before the start of the offer period; and

    - 9.3% to the closing price of 503.0 pence per Dignity Share on the Latest Practicable Date.

Alternative Offers

- As alternatives to the Cash Offer, Eligible Dignity Shareholders may elect to receive:

    - **for each Dignity Share, 5.50** unlisted non-voting D shares in the capital of Valderrama (the indirect parent company of Bidco) (the "**Valderrama D Shares**") (the "**Unlisted Share Alternative**"); and/or

    - **for each Dignity Share, $7^{1}/_{3}$** listed voting ordinary shares in the capital of Castelnau (the "**New Castelnau Consideration Shares**") (the "**Listed Share Alternative**" and, together with the Unlisted Share Alternative, the "**Alternative Offers**"),

  in each case in exchange for all or part of their holding of Dignity Shares, subject to the terms and conditions of the Unlisted Share Alternative and/or the Listed Share Alternative (as applicable).

- Subject to the possibility of being scaled back in accordance with the arrangements described below, Eligible Dignity Shareholders will be able to elect which of the Cash Offer, the Unlisted Share Alternative and/or the Listed Share Alternative they want to receive and the proportions in which they want to receive them.

- Eligible Dignity Shareholders who accept the Offer but who do not positively elect to receive the Unlisted Share Alternative or the Listed Share Alternative, Restricted Dignity Shareholders and Eligible Dignity Shareholders who make an election for the Unlisted Share Alternative but fail to provide certain "Know Your Customer" information, will receive the Cash Offer only as consideration for the sale of all of their Dignity Shares.

- The Alternative Offers will be limited to an aggregate maximum of 18,143,544 Dignity Shares, representing approximately 50% of Dignity's fully diluted share capital (excluding the Consortium Rollover Shares) as at the Latest Practicable Date (the "**Alternative Offers Maximum**"). The Alternative Offers will be scaled back on a pro rata basis as between validly electing Dignity Shareholders if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum and, in such

circumstances, Eligible Dignity Shareholders whose elections are scaled back will receive the Cash Offer in respect of their Dignity Shares which are not exchanged for Valderrama D Shares or New Castelnau Consideration Shares (as applicable). As a result, Eligible Dignity Shareholders who make valid elections for the Alternative Offers may not know the exact number of Valderrama D Shares or New Castelnau Consideration Shares they will receive until settlement of the consideration due to them under the terms of the Acquisition.

- Upon the Acquisition becoming Effective, Eligible Dignity Shareholders will, as a result of the Acquisition, hold:

    - approximately 29.02% of the economic rights attaching to the total number of Valderrama Shares in issue (assuming (i) all Eligible Dignity Shareholders validly elect for the Unlisted Share Alternative up to the Alternative Offers Maximum and no such elections are scaled back, (ii) Valderrama A Shares and Valderrama B Shares are issued at £1.00 per share to raise proceeds of £162.3 million in connection with the Acquisition and (iii) other than as referred to in (i) and (ii) above, no further shares in Valderrama are issued from the date of this Announcement to the Acquisition becoming Effective);

    - approximately 29.58% of the economic rights attaching to the total number of ordinary shares in Castelnau in issue (assuming (i) all Eligible Dignity Shareholders validly elect for the Listed Share Alternative up to the Alternative Offers Maximum and no such elections are scaled back, (ii) Castelnau raises net proceeds of £75 million in aggregate pursuant to the Castelnau Placing at a placing price equal to Castelnau's NAV per share most recently reported prior to the date of this Announcement (being £0.75) and (iii) other than as referred to in (i) and (ii) above, no further shares in Castelnau are issued from the date of this Announcement to the Acquisition becoming Effective); and

    - approximately 38.07% of the economic rights attaching to the total number of ordinary shares in Castelnau in issue (assuming (i) all Eligible Dignity Shareholders validly elect for the Listed Share Alternative up to the Alternative Offers Maximum and no such elections are scaled back, (ii) Castelnau does not raise any proceeds pursuant to the Castelnau Placing and (iii) other than as referred to in (i) above, no further shares in Castelnau are issued from the date of this Announcement to the Acquisition becoming Effective).

- An estimate of the value of the Valderrama D Shares, as well as a report on Castelnau's NAV attributable to its unquoted investments, will be included in the Offer Document.

- Further information about the Alternative Offers (including the rollover mechanics), Castelnau, Valderrama and the Bidco Group (including Valderrama's capital structure, the Valderrama Articles and the Valderrama JVA) and the Valderrama D Shares and the New Castelnau Consideration Shares is set out in paragraphs 11, 14 and 15 and in Appendix D, Appendix E and Appendix F. Appendix G sets out illustrative examples of how the scale back mechanism would apply if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum.

- If, on or after the date of this Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Dignity Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Dignity Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this Announcement or in the Offer Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

Background to and reasons for the Acquisition

- Dignity is an established business in the end-of-life market, with dedicated employees, providing a vital service to customers in often difficult circumstances. The Consortium's combined experience in the end-of-life-market, as well as its skill in creating market-leading providers and transforming industries through disruptive operating models, gives it belief that it can enhance

Dignity's offering as a trusted provider with high standards and quality and unlock Dignity's potential to be the leading end-of-life business in the United Kingdom.

- Since inception, Dignity has developed into an important player in the industry, operating 46 crematoria and with 725 funeral branches and over 388,000 pre-need funeral plans held in trust. Bidco recognises Dignity's track record and strongly believes in its current strategy, including its transition to a more competitive pricing model. Bidco believes that, under private ownership, Dignity will not only have access to patient, long-term capital, but also a supportive environment for management to implement its current strategy, ahead of an envisaged medium-term exit.

- In particular, Bidco believes that Dignity's strategy will be enhanced through access to a significant level of investment to expand organically through increased marketing investment in its new funeral plan products, upgrading and modernising of physical infrastructure, further investment in its workforce and technology, and strategic expansion of its crematoria portfolio. Bidco will also provide Dignity with the financial support to grow inorganically by taking advantage of acquisition opportunities as they arise at attractive prices, given the current uncertain market environment. Bidco believes that these investments will lead to a higher quality estate, growth in market share and better profitability.

- Bidco believes that recent regulatory changes across the funeral services sector provide Dignity with an opportunity to compete fairly on merit going forward, thereby improving its growth potential. Bidco believes that the deep expertise of Sir Peter Wood and his team in working with regulated businesses, combined with a greater involvement of the PAMP and Castelnau teams, will position Dignity to successfully navigate the improved regulatory environment.

- Bidco supports the current long-term strategy, as set out in Dignity's presentation at its 2021 Annual General Meeting, to invest in Dignity and return it to a path of continued and sustainable growth.

Consortium Exclusivity Agreement and Consortium Rollover SPA

- Under the terms of the Consortium Exclusivity Agreement, each member of the Consortium has agreed, amongst other things, that whilst the Consortium Exclusivity Agreement is in force it will not, other than pursuant to the Acquisition, (i) acquire or sell any interest in Dignity Shares, (ii) announce, make, or procure or induce any person to announce or make, any firm or possible offer for all or any of the Dignity Shares, (iii) enter into, solicit, facilitate, make any statement supporting or encourage any discussion, enquiry or proposal from, or discussions or negotiations with, any person in relation to the possible acquisition or disposal of an interest in Dignity Shares or (iv) provide any debt, equity or other finance facilities in connection with any offer for Dignity which competes with the Acquisition.

- The Consortium Rollover Shares will not be acquired by Bidco as part of the Acquisition. Instead, pursuant to the Consortium Rollover SPA:

    - Castelnau will exchange the 10,361,149 Consortium Rollover Shares owned by it for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for Valderrama E Shares; and

    - the PAMP Affiliates will exchange the 4,515,010 Consortium Rollover Shares owned by them for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for (i) Valderrama E Shares or (ii) New Castelnau Consideration Shares, as set out in the Consortium Rollover SPA,

  with these exchanges taking effect at such time as would result in the Acceptance Condition being capable of satisfaction when taking into account (i) the Consortium Rollover Shares and (ii) Dignity Shares in respect of which acceptances have been received (and not validly withdrawn in accordance with the rules and requirements of the Takeover Code and the terms of the Offer) by Bidco from Dignity Shareholders other than Castelnau and the PAMP Affiliates.

- Further details regarding the Consortium Exclusivity Agreement and the Consortium Rollover SPA are set out in paragraph 12 of this Announcement. Further details regarding the rollover mechanics to be used to exchange the Consortium Rollover Shares for Valderrama E Shares or New Castelnau Consideration Shares, as applicable, are set out in Appendix F.

Irrevocable undertaking and letters of intent

- Kate Davidson MBE, Dignity's Chief Executive Officer and the sole Dignity Director to have an interest in any Dignity Shares (all of which are represented by options and awards to be granted under the Dignity Share Schemes), has irrevocably undertaken to accept the Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of a Scheme at the Court Meeting and the resolutions to be proposed at a Dignity General Meeting, as necessary) in respect of her entire interest in Dignity Shares, representing approximately 0.02% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 0.03% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares.

- Bidco has also received letters of intent, confirming its intention to accept the Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of a Scheme at the Court Meeting and the resolutions to be proposed at a Dignity General Meeting, as necessary) from:

    - Artemis Investment Management LLP (acting in its capacity as investment adviser for and on behalf of Artemis Strategic Assets Fund and Artemis Alpha Trust plc) in respect of a total of 4,627,107 Dignity Shares, representing approximately 9.04% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 12.75% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares. Artemis Investment Management LLP has also confirmed its intention to elect for the Listed Share Alternative in respect of a significant proportion of its holding of Dignity Shares; and

    - Ravenscroft Group in respect of a total of 500,000 Dignity Shares, representing approximately 0.98% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 1.38% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares.

- Kate Davidson's irrevocable undertaking will remain binding if a higher competing offer for Dignity is made. Further details of this irrevocable undertaking (including the circumstances in which it will lapse) and the letters of intent are set out in paragraph 16 of, and in Appendix C to, this Announcement.

- **As a result, Bidco and the members of the Consortium own or control, or have received an irrevocable undertaking and letters of intent in respect of, a total of 20,015,199 Dignity Shares, representing approximately 39.12% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date.**

Cash Offer – Recommendation

- The Dignity Directors believe that the Cash Offer represents an opportunity for Dignity Shareholders to realise an immediate cash sum at a fair price for all of their Dignity Shares.

- The Dignity Directors, who have been so advised by Rothschild & Co as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing its financial advice to the Dignity Directors, Rothschild & Co has taken into account the commercial assessments of the Dignity Directors. Rothschild & Co is providing independent financial advice to the Dignity Directors for the purposes of Rule 3 of the Takeover Code.

- In considering the terms of the Cash Offer and their intention to recommend the Cash Offer to Dignity Shareholders, the Dignity Directors have taken into account various factors, including:

- the Cash Offer is at a significant premium to Dignity's historical share price;

- the Cash Offer implies an enterprise value that represents a multiple of no less than 21.3x Dignity's estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023;

- the Cash Offer provides shareholders with an opportunity to realise their investment in Dignity wholly for cash at a time when, notwithstanding the Dignity Directors' continued belief in Dignity's long-term strategy, the business is facing a number of uncertainties, which may contribute to continued share price volatility;

- whilst good progress has been made in the implementation of Dignity's new strategy, and whilst there are early signs of market share growth and progress in addressing operational challenges, the Dignity Directors recognise that the speed of recovery remains slow and uncertain; some of the challenges which have been reported in recent trading updates (including macro-economic uncertainty and the possible impact on disposable incomes, market structure dynamics such as pricing competition, and the introduction of lower-value products, as well as increases to the operational and regulatory cost base of Dignity) are expected to continue;

- Dignity's publicly stated long-term strategy to improve the Dignity Group's capital structure and to reduce leverage from its current level of indebtedness of 13.7x estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023;

- whilst mitigations to covenant headroom tightness are in place, including the covenant waiver and consent to partially de-leverage through the sale of certain crematoria, the sale process is subject to execution risk and as a result Dignity's capital structure is subject to further market and performance volatility. The current level of leverage limits both Dignity's ongoing investment in its existing asset base as well as its ability to fund further opportunities to invest for growth; and

- Bidco's intentions regarding management, employees and locations of Dignity: the Dignity Directors have given careful consideration to the assurances given by Bidco regarding the safeguarding of the existing employment rights of Dignity employees and existing pension obligations of Dignity, its plans for the business of Dignity and that it has no current intentions to change the locations of Dignity's business or redeploy its fixed assets.

- Accordingly, the Dignity Directors intend to recommend unanimously that Dignity Shareholders accept or procure the acceptance of the Cash Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at a Dignity General Meeting).

Alternative Offers – Considerations

- **The Dignity Directors consider that, in deciding whether or not to elect for either or both of the Alternative Offers, Eligible Dignity Shareholders should take their own independent advice and consider carefully the advantages and disadvantages of electing for either or both of the Alternative Offers (including, but not limited to, those set out below) in light of their own financial circumstances and investment objectives. Any decision to elect for either or both of the Alternative Offers should be based on independent financial, tax and legal advice as well as full consideration of this Announcement and (when published) the Offer Document and the Castelnau Prospectus.**

- Eligible Dignity Shareholders should also ascertain whether acquiring or holding either Valderrama D Shares or New Castelnau Consideration Shares is affected by the laws of the relevant jurisdiction in which they reside and consider whether Valderrama D Shares or New Castelnau

Consideration Shares (as applicable) are a suitable investment in light of their own personal circumstances.

Advantages of the Listed Share Alternative

- The Listed Share Alternative allows Eligible Dignity Shareholders to invest in Castelnau, providing economic exposure not only to Dignity (which currently represents approximately 35.7% of the overall value of Castelnau's portfolio and which will, if the Acquisition becomes Effective, become Castelnau's most significant holding, representing over 50% of its NAV, assuming no changes to the NAV values attributed to Castelnau's other assets published most recently prior to the date of this Announcement) and the opportunities that exist within the UK end-of-life market but also to other assets in the Castelnau investment portfolio, and to participate in future value creation.

- Castelnau's investment policy, which is summarised in Appendix E, is to seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes. The Listed Share Alternative allows Eligible Dignity Shareholders to gain exposure to the benefits of this investment strategy.

- The New Castelnau Consideration Shares will be admitted to trading on the Specialist Fund Segment, offering greater liquidity than the Valderrama D Shares which an Eligible Dignity Shareholder would receive as a result of validly electing for the Unlisted Share Alternative and greater certainty as to value through a publicly available share price.

- The Listed Share Alternative provides Eligible Dignity Shareholders the opportunity to participate in an investment portfolio managed by PAMP, an investment manager with the investment objective of compounding shareholders' capital at a higher rate of return than the FTSE All-Share Total Return Index over the long term and that has delivered on that objective in its Phoenix UK Fund by outperforming that index since inception in 1998.

- The Listed Share Alternative also provides Eligible Dignity Shareholders with the opportunity to have exposure to a business that will be jointly controlled by Castelnau and SPWOne. SPWOne is owned by Sir Peter Wood, a business leader with a track record of creating successful, customer-focused businesses, with support provided from a broader SPWOne team that has significant operational experience and the capabilities to support Dignity's return to growth and achieve its long-term strategic objectives.

- The Listed Share Alternative also allows Eligible Dignity Shareholders to remain invested in a vehicle led by Gary Channon, PAMP's co-founder and Chief Investment Officer, allowing investors to benefit from his prior leadership of Dignity.

Disadvantages of the Listed Share Alternative

- Eligible Dignity Shareholders who elect for the Listed Share Alternative and receive New Castelnau Consideration Shares will have economic exposure to assets other than Dignity in the Castelnau investment portfolio.

- PAMP, as the discretionary investment manager of Castelnau, is entitled to a performance fee under its investment management agreement with Castelnau if certain performance criteria are met. Subject to certain exceptions, this performance fee will be settled through the issue of new ordinary shares in Castelnau to PAMP. Whilst this performance fee aligns PAMP's economic interests with those of Castelnau's shareholders, the issue of any new ordinary shares in Castelnau to PAMP pursuant to these performance fee arrangements will (unless an Eligible Dignity Shareholder purchases further Castelnau shares) have a dilutive effect on other shareholders in Castelnau, including on any Eligible Dignity Shareholders who receive New Castelnau Consideration Shares pursuant to the Listed Share Alternative. Further details regarding this

performance fee will be set out in the Castelnau Prospectus and a summary of the performance fee is set out in Appendix E.

- Dignity Shares are currently listed on the Premium Segment. Certain standards and protections afforded to shareholders in a premium listed company are substantially different to those which apply to a shareholding in a company admitted to trading on the Specialist Fund Segment, such as that which an Eligible Dignity Shareholder would receive as a result of validly electing for the Listed Share Alternative, though Castelnau has resolved, as a matter of best practice and good corporate governance, voluntarily to comply with certain Listing Rules which apply to closed-ended investment companies which are listed on the Premium Segment (details of which will be set out in the Castelnau Prospectus).

- Eligible Dignity Shareholders will have no certainty as to the number of New Castelnau Consideration Shares they would receive because (i) the Alternative Offers will be limited to the Alternative Offers Maximum and (ii) to the extent that elections for the Alternative Offers cannot be satisfied in full, the number of Valderrama D Shares and/or New Castelnau Consideration Shares (as applicable) will be scaled back on a pro rata basis as between validly electing Eligible Dignity Shareholders, and the balance of the consideration for each relevant Eligible Dignity Shareholder will be paid in cash in accordance with the terms of the Cash Offer.

Advantages of the Unlisted Share Alternative

- The Unlisted Share Alternative allows Eligible Dignity Shareholders to invest directly in Valderrama, providing continued economic exposure to Dignity and the opportunities that exist within the UK end-of-life market, and to participate in possible future value creation.

- The Unlisted Share Alternative provides Eligible Dignity Shareholders with the opportunity to invest in a business that will be jointly controlled by Castelnau and SPWOne, which is owned by Sir Peter Wood, a business leader with a track record of creating successful, customer-focused businesses, with support provided from a broader SPWOne team that has significant operational experience and the capabilities to support Dignity's return to growth and achieve its long-term strategic objectives.

- The Unlisted Share Alternative also allows Eligible Dignity Shareholders potentially to benefit from remaining invested in a vehicle led by Gary Channon, PAMP's co-founder and Chief Investment Officer, allowing investors to benefit from his prior leadership of Dignity.

- Holders of Valderrama D Shares will, subject to certain limited exceptions summarised in paragraph 4 of Appendix D, have the benefit of pre-emption rights on any new issue of Valderrama Shares.

Disadvantages of the Unlisted Share Alternative

- The Valderrama D Shares will not be admitted to trading on any stock exchange and will therefore be illiquid. In addition, the Valderrama D Shares will be subject to transfer restrictions, pursuant to which they can be transferred only with the prior written consent of SPWOne and Castelnau or in certain other limited circumstances. Eligible Dignity Shareholders should, therefore, be prepared to potentially hold Valderrama D Shares for a significant period of time.

- The Valderrama D Shares will be of uncertain value and there can be no assurance that they will be capable of being sold in the future.

- As the Valderrama D Shares do not have voting rights, their holders will have no influence over decisions made by Valderrama in relation to its investment in Dignity or in any other business decision.

- When Valderrama C Shares are issued to the persons referred to in paragraph 1 of Appendix D, holders of all other Valderrama Shares (except the holders of Valderrama E Shares, being Castelnau and those PAMP Affiliates who have agreed to receive Valderrama E Shares under the Consortium Rollover SPA) will see their economic returns diluted proportionately, albeit that the

holders of Valderrama C Shares will not be entitled to any return of proceeds until the holders of Valderrama A Shares, Valderrama B Shares, Valderrama D Shares and Valderrama E Shares have received proceeds equal to their invested capital. The Valderrama E Shares are not subject to this dilution because (i) the PAMP Affiliates already pay PAMP a management fee under existing arrangements with PAMP and (ii) Castelnau pays a performance fee to PAMP under its investment management agreement, as described in more detail below.

- Dignity Shares are currently listed on the Premium Segment. Certain standards and protections afforded to shareholders in a premium listed company are substantially different to those which apply to a shareholding in an unlisted company, such as that which an Eligible Dignity Shareholder would receive as a result of validly electing for the Unlisted Share Alternative.

- Eligible Dignity Shareholders will have no certainty as to the number of Valderrama D Shares they would receive because (i) the Alternative Offers will be limited to the Alternative Offers Maximum and (ii) to the extent that elections for the Alternative Offers cannot be satisfied in full, the number of Valderrama D Shares and/or New Castelnau Consideration Shares (as applicable) will be scaled back on a pro rata basis as between validly electing Eligible Dignity Shareholders, and the balance of the consideration for each relevant Eligible Dignity Shareholder will be paid in cash in accordance with the terms of the Cash Offer.

- Holders of Valderrama D Shares will, subject to certain limited exceptions summarised in paragraph 4 of Appendix D, have the benefit of pre-emption rights on any new issue of Valderrama Shares. However, prior to the date falling twelve months after the Acquisition becoming Effective, those protections will not apply in a number of circumstances, including on an issue of Valderrama B Shares to raise up to £100 million of capital unless the issue price is less than £1.00 per Valderrama B Share.

Financing of the Acquisition

- The cash consideration payable by Bidco to Dignity Shareholders under the terms of the Acquisition will be jointly financed by equity capital invested by SPWOne and Castelnau in Valderrama, which will be made available by Valderrama to Bidco pursuant to a series of intercompany loans.

- SPWOne will fund its equity investment in Valderrama through funds to be lent to it by Sir Peter Wood pursuant to a loan agreement (the "**SPWOne Loan**"). In connection with the SPWOne Loan, SPWOne will grant Sir Peter Wood a charge over all of its Valderrama A1 Shares from time to time (the "**SPWOne Share Charge**").

- After the date of this Announcement and upon publication of the Castelnau Prospectus, Castelnau intends to launch a placing of new ordinary shares of no par value in the capital of Castelnau (the "**New Castelnau Placing Shares**") to raise net proceeds of up to approximately £75 million (the "**Castelnau Placing**"), which it intends to use to fund its equity investment in Valderrama. If the proceeds that Castelnau raises under the Castelnau Placing are insufficient to fund its equity investment in Valderrama, Castelnau will, to the extent required to make up any such shortfall, draw down funds under two loan agreements entered into, in each case, between it and Phoenix UK Fund Limited (the "**Castelnau/Phoenix Loans**"). Phoenix UK Fund Limited, an affiliate of PAMP, would use existing cash resources to advance funds to Castelnau under the Castelnau/Phoenix Loans, if required.

- SPWOne and Castelnau intend to syndicate part of their equity funding commitments after the date of this Announcement, and prior to the Acquisition becoming Effective, by procuring that Valderrama issues Valderrama B Shares to third party investors.

- Morgan Stanley, financial adviser to the Consortium and Bidco, confirms that it is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the cash consideration payable to Dignity Shareholders under the terms of the Acquisition.

Offer Structure, Timetable and Conditions

- It is intended that the Acquisition will be implemented by way of the Offer. The Acquisition will be subject to the Conditions and certain further terms set out in Appendix A and to the full terms and conditions which will be set out in the Offer Document, including:
    - the Acceptance Condition;
    - the FCA Change in Control Condition; and
    - the Castelnau Prospectus Condition.
- As described in Appendix A, and subject to the rules of the Takeover Code, the Acceptance Condition shall be satisfied once valid acceptances of the Offer have been received in respect of 75% (or such lesser percentage as Bidco may decide) of the Dignity Shares to which the Offer relates and of the voting rights attached to those shares.
- Bidco may, in its absolute discretion, decide to waive the Acceptance Condition down to a lesser percentage, subject to and in accordance with the terms of the Acceptance Condition and Rule 10 of the Takeover Code.
- Bidco reserves the right, with the consent of the Panel, to elect to implement the Acquisition by way of a Scheme.
- It is expected that the Offer Document will be published as soon as reasonably practicable and in any event within 28 days of the date of this Announcement (unless agreed otherwise with the Panel). Further information about the Acquisition will be set out in the Offer Document.
- Castelnau will also be required to publish the Castelnau Prospectus in connection with the Acquisition and the Castelnau Placing. It is expected that the Castelnau Prospectus, containing information about, amongst other things, the Castelnau Placing and the New Castelnau Consideration Shares, will be published as soon as reasonably practicable and, once published, it will be made available on Castelnau's website at www.castelnaugroup.com. The Acquisition will not be conditional on the Castelnau Placing, or on the admission of the New Castelnau Placing Shares or the New Castelnau Consideration Shares to trading on the Specialist Fund Segment.
- Subject to the satisfaction or (if permitted) waiver of the Conditions and certain further terms set out in Appendix A, it is expected that the Acquisition will become or be declared unconditional during the second quarter of 2023.

Commenting on the Acquisition, Sir Peter Wood, Chair of SPWOne, said:

"*Dignity has long-term growth potential – the signs are clear to me. However, given the challenges and significant development work needed, the best way forward for Dignity is as a private company, benefiting from our unique combination of experience and customer-orientated expertise. We are offering a very fair price in cash, or shareholders can stay on the journey with us as we look to implement our strategy to create significant value over the medium term.*"

Commenting on the Acquisition, Gary Channon, Chief Investment Officer of PAMP and former Chief Executive Officer of Dignity, said:

"*Our strategy will largely be a continuation of the current strategy, albeit accelerated and with access to investment capital, while allowing Dignity's management team and employees to work in a safeguarded, supportive environment to achieve their long-term strategic objectives. We are good custodians of businesses, ensuring the customer stays at the front of our thinking, while operating a constructive environment where people can thrive.*"

Commenting on the Acquisition, Giovanni (John) Castagno, Chair of Dignity, said:

"*In recent years Dignity has made good progress in implementing its strategy to gain market share, while addressing the impact of both Dignity-specific and industry-wide issues. But the end-of-life services market in the UK faces an elevated level of uncertainty from increased competition, structural market changes and more cost-conscious consumers. The proposed Offer represents an opportunity for existing Dignity Shareholders to achieve a significant cash premium despite that uncertainty*."

This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including its Appendices).

The Acquisition will be subject to the Conditions and further terms set out in Appendix A and to the full terms and conditions which will be set out in the Offer Document and the Form of Acceptance. Appendix B contains the sources of information and bases of calculation of certain information contained in this summary and this Announcement. Appendix C contains details of the irrevocable undertaking and letters of intent received in relation to the Acquisition that is referred to in this Announcement. A summary of Valderrama and the Bidco Group (including Valderrama's capital structure, the Valderrama Articles and the Valderrama JVA) is set out in Appendix D. Castelnau's investment objective and policy, and the performance fee which may be payable to PAMP, are summarised in Appendix E. Appendix F sets out a summary of the rollover mechanics to be used in connection with the Alternative Offers and the Consortium Rollover SPA. Appendix G sets out illustrative examples of how the scale back mechanism would apply if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum. Appendix H contains definitions of certain terms used in this summary and this Announcement.

Enquiries

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Macfarlanes LLP is acting as legal adviser to Bidco and the Consortium. Slaughter and May is acting as legal adviser to Dignity.

Further information

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Dignity or any member of the Consortium pursuant to the Acquisition or otherwise in any jurisdiction in contravention of applicable laws. The Offer will be made solely by means of the Offer Document and the Form of Acceptance, which will, together, contain the full terms and conditions of the Offer, including details of how it may be accepted.

In addition to the Offer Document to be published by Bidco, Castelnau will publish the Castelnau Prospectus, containing information on, amongst other things, the New Castelnau Consideration Shares. Dignity Shareholders should read the Offer Document, the Castelnau Prospectus and the Form of Acceptance carefully when they become available, because they will contain important information in relation to the Offer and the New Castelnau Consideration Shares. Any decision by Dignity Shareholders in respect of the Offer should be made only on the basis of the information contained in the Offer Document, the Castelnau Prospectus and the Form of Acceptance.

This Announcement does not constitute a prospectus or prospectus equivalent document. Approval of the Castelnau Prospectus by the FCA should not be understood as an endorsement of the New Castelnau Consideration Shares.

Information relating to Dignity Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Dignity Shareholders, persons with information rights and other relevant persons for the receipt of communications from Dignity may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 to the Takeover Code.

Overseas jurisdictions

The release, publication or distribution of this Announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, neither the Listed Share Alternative nor the Unlisted Share Alternative will be made available, directly or indirectly, in, into or from a Restricted Jurisdiction and no Dignity Shareholder may make an election for either of the Alternative Offers by any use, means or instrumentality (including facsimile, e-mail or other electronic transmission or telephone) of interstate or foreign commerce of, or of any facility of, a national, state or other securities exchange of a Restricted Jurisdiction. In addition, unless otherwise determined by Bidco or required by the Takeover Code, the Listed Share Alternative will not be made available to any Dignity Shareholder whose registered address is in an EEA Member State.

The availability of the Acquisition to Dignity Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions.

Details in relation to Dignity Shareholders in overseas jurisdictions will also be contained in the Offer Document.

The Acquisition will be subject to the applicable requirements of the Takeover Code, the Panel, the LSE and the FCA.

Additional information for US investors

The Offer relates to the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. Financial information included in this Announcement, the Offer Document and the Castelnau Prospectus has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Takeover Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of Dignity Shares will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Dignity Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for US holders of Dignity Shares to enforce their rights and any claim arising out of the US federal laws, since Bidco and Dignity are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders of Dignity Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The securities to be issued in connection with either of the Alternative Offers pursuant to the Offer have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Valderrama D Shares and New Castelnau Consideration Shares will only be made available outside of the US to non-US Persons in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements provided by Regulation S.

Important notices relating to the financial advisers

Morgan Stanley, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser exclusively to Bidco and the members of the Consortium and for no one else and will not be responsible to anyone other than Bidco and the members of the Consortium

for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this Announcement. Neither Morgan Stanley, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with the Acquisition, any statement contained in this Announcement or otherwise.

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Dignity and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than Dignity for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained in this Announcement, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this Announcement.

Liberum, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as corporate broker to Castelnau and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than Castelnau for providing the protections afforded to clients of Liberum, nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement. Neither Liberum nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with this Announcement, any statement contained in this Announcement, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Liberum as to the contents of this Announcement.

Investec, which is authorised by the PRA and regulated by the FCA and the PRA, is acting as corporate broker exclusively to Dignity and for no one else in connection with the Acquisition or other matters referred to in this Announcement and will not be responsible to anyone other than Dignity for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters set out in this Announcement.

Cautionary note regarding forward-looking statements

This Announcement (including information incorporated by reference into this Announcement), oral statements regarding the Acquisition and other information published by Bidco, the members of the Consortium and Dignity contain statements which are, or may be deemed to be, "forward-looking statements" with respect to the financial condition, results of operations and business of Dignity and certain plans and objectives of Bidco. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Dignity about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", "is subject to", "budget", "scheduled", "forecast", "intend", or other words of similar meaning. These statements are based on assumptions and assessments made by Bidco and/or Dignity in light of their experience and their perception of historical trends, current conditions, likely future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future, and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and investors are therefore cautioned not to place undue reliance on these forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ

materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to Dignity, refer to the annual report and accounts of Dignity for the financial year ended 31 December 2021.

Each forward-looking statement speaks only as at the date of this Announcement. Neither Bidco nor Dignity, nor any member of their respective groups, assumes any obligation to update or revise any forward-looking statements contained in this Announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

Profit forecasts and estimates

The statements by Dignity in this Announcement regarding its underlying operating profit and underlying operating profit before depreciation and amortisation, in each case for the 52 weeks ended 30 December 2022, are profit estimates for the purposes of Rule 28 of the Takeover Code. The Offer Document will include the relevant reports required by Rule 28.1 of the Takeover Code.

Save as referred to above, no other statement in this Announcement is intended as a profit forecast, profit estimate or quantified financial benefits statement for any period and no such other statement in this Announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Dignity, Castelnau or any other company involved in the Acquisition for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Dignity, Castelnau or any other company involved in the Acquisition.

Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover 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 p.m. on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. 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 Takeover 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(s), 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 p.m. 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 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.

Publication on website and availability of hard copies

A copy of this Announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Castelnau's website at www.castelnaugroup.com and on Dignity's website at www.dignityplc.co.uk by no later than 12 noon on the Business Day following this Announcement. For the avoidance of doubt, the contents of the websites referred to in this Announcement are not incorporated into and do not form part of this Announcement.

Dignity Shareholders may request a hard copy of this Announcement by contacting Dignity's registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or by telephoning +44 (0) 371 384 2674.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY RESTRICTED JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND NO INVESTMENT DECISION IN RELATION TO THE ACQUISITION, THE VALDERRAMA SHARES OR THE NEW CASTELNAU CONSIDERATION SHARES SHOULD BE MADE EXCEPT ON THE BASIS OF INFORMATION IN THE OFFER DOCUMENT AND THE CASTELNAU PROSPECTUS, WHICH ARE EXPECTED TO BE PUBLISHED IN DUE COURSE.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE.

23 January 2023

RECOMMENDED CASH OFFER

FOR

DIGNITY PLC

BY

YELLOW (SPC) BIDCO LIMITED

(a newly formed company indirectly owned or controlled by a consortium comprised of joint offerors SPWOne V Limited, Castelnau Group Limited and Phoenix Asset Management Partners Limited)

1 Introduction

The boards of directors of Dignity plc ("**Dignity**") and Yellow (SPC) Bidco Limited ("**Bidco**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco to acquire the entire issued and to be issued share capital of Dignity, other than the Dignity Shares already owned or controlled by Castelnau and PAMP. As at the close of business on the Latest Practicable Date, Castelnau and PAMP owned or controlled in aggregate 14,876,159 Dignity Shares, representing approximately 29.08% of Dignity's fully diluted share capital (the "**Consortium Rollover Shares**").

2 The Acquisition

Cash Offer

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix A and to be set out in the Offer Document and the Form of Acceptance, each Dignity Shareholder (other than Castelnau and the PAMP Affiliates) will be entitled to receive:

550 pence in cash for each Dignity Share (the "Cash Offer")

Based on the Cash Offer, the Acquisition values the entire issued and to be issued share capital of Dignity at approximately £281 million on a fully diluted basis and implies an enterprise value of approximately £789 million.

The Cash Offer implies an enterprise value that represents a multiple of no less than 39.5x Dignity's estimated maximum underlying operating profit for the 52 weeks ended 30 December 2022 on a post-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023.

The Cash Offer implies an enterprise value that represents a multiple of no less than 21.3x Dignity's estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023.

Dignity's estimated maximum underlying operating profit for the 52 weeks ended 30 December 2022 on a post-IFRS 16 basis of £20 million and estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis of £37 million constitute profit estimates for the purposes of Rule 28 of the Takeover Code. The Offer Document will include the relevant reports required by Rule 28.1 of the Takeover Code.

The Cash Offer represents a premium of approximately:

- 29.3% to the closing price of 425.5 pence per Dignity Share on 3 January 2023, being the last Business Day before the start of the offer period;

- 44.2% to the volume-weighted average closing price of 381.4 pence per Dignity Share for the 30 days ended on 3 January 2023, being the last Business Day before the start of the offer period;

- 39.2% to the volume-weighted average closing price of 395.2 pence per Dignity Share for the 90 days ended on 3 January 2023, being the last Business Day before the start of the offer period; and

- 9.3% to the closing price of 503.0 pence per Dignity Share on the Latest Practicable Date.

Alternative Offers

As alternatives to the Cash Offer, Eligible Dignity Shareholders may elect to receive:

- **for each Dignity Share, 5.50** unlisted non-voting D shares in the capital of Valderrama (the indirect parent company of Bidco) (the "**Valderrama D Shares**") (the "**Unlisted Share Alternative**"); and/or

- **for each Dignity Share, $7^{1}/_{3}$** listed voting ordinary shares in the capital of Castelnau (the "**New Castelnau Consideration Shares**") (the "**Listed Share Alternative**" and, together with the Unlisted Share Alternative, the "**Alternative Offers**"),

in each case in exchange for all or part of their holding of Dignity Shares, subject to the terms and conditions of the Unlisted Share Alternative and/or the Listed Share Alternative (as applicable).

Subject to the possibility of being scaled back in accordance with the arrangements described below, Eligible Dignity Shareholders will be able to elect which of the Cash Offer, the Unlisted Share Alternative and/or the Listed Share Alternative they want to receive and the proportions in which they want to receive them. By way of illustrative example, Eligible Dignity Shareholders could elect to receive the Cash Offer in respect of 10% of their holding of Dignity Shares, the Unlisted Share Alternative in respect of 50% of their holding of Dignity Shares and the Listed Share Alternative in respect of the remaining 40% of their holding of Dignity Shares.

Eligible Dignity Shareholders who accept the Offer but who do not positively elect to receive the Unlisted Share Alternative or the Listed Share Alternative, Restricted Dignity

Shareholders and Eligible Dignity Shareholders who make an election for the Unlisted Share Alternative but fail to provide certain "Know Your Customer" information, will receive the Cash Offer only as consideration for the sale of all of their Dignity Shares.

The Alternative Offers will be limited to an aggregate maximum of 18,143,544 Dignity Shares, representing approximately 50% of Dignity's fully diluted share capital (excluding the Consortium Rollover Shares) as at the Latest Practicable Date (the "**Alternative Offers Maximum**"). The Alternative Offers will be scaled back on a pro rata basis as between validly electing Dignity Shareholders if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum and, in such circumstances, Eligible Dignity Shareholders whose elections are scaled back will receive the Cash Offer in respect of their Dignity Shares which are not exchanged for Valderrama D Shares or New Castelnau Consideration Shares (as applicable). As a result, Eligible Dignity Shareholders who make valid elections for the Alternative Offers may not know the exact number of Valderrama D Shares or New Castelnau Consideration Shares they will receive until settlement of the consideration due to them under the terms of the Acquisition.

Upon the Acquisition becoming Effective, Eligible Dignity Shareholders will, as a result of the Acquisition, hold:

- approximately 29.02% of the economic rights attaching to the total number of Valderrama Shares in issue (assuming (i) all Eligible Dignity Shareholders validly elect for the Unlisted Share Alternative up to the Alternative Offers Maximum and no such elections are scaled back, (ii) Valderrama A Shares and Valderrama B Shares are issued at £1.00 per share to raise proceeds of £162.3 million in connection with the Acquisition and (iii) other than as referred to in (i) and (ii) above, no further shares in Valderrama are issued from the date of this Announcement to the Acquisition becoming Effective);

- approximately 29.58% of the economic rights attaching to the total number of ordinary shares in Castelnau in issue (assuming (i) all Eligible Dignity Shareholders validly elect for the Listed Share Alternative up to the Alternative Offers Maximum and no such elections are scaled back, (ii) Castelnau raises net proceeds of £75 million in aggregate pursuant to the Castelnau Placing at a placing price equal to Castelnau's NAV per share most recently reported prior to the date of this Announcement (being £0.75) and (iii) other than as referred to in (i) and (ii) above, no further shares in Castelnau are issued from the date of this Announcement to the Acquisition becoming Effective); and

- approximately 38.07% of the economic rights attaching to the total number of ordinary shares in Castelnau in issue (assuming (i) all Eligible Dignity Shareholders validly elect for the Listed Share Alternative up to the Alternative Offers Maximum and no such elections are scaled back, (ii) Castelnau does not raise any proceeds pursuant to the Castelnau Placing and (iii) other than as referred to in (i) above, no further shares in Castelnau are issued from the date of this Announcement to the Acquisition becoming Effective).

The Valderrama D Shares will be independently valued for the purposes of Rule 24.11 of the Takeover Code and an estimate of the value of the Valderrama D Shares, as well as a report on Castelnau's NAV attributable to its unquoted investments, will be included in the Offer Document.

Further information about the Alternative Offers (including the rollover mechanics), Castelnau, Valderrama and the Bidco Group (including Valderrama's capital structure, the Valderrama Articles and the Valderrama JVA) and the Valderrama D Shares and the New Castelnau Consideration Shares is set out in paragraphs 11, 14 and 15 and in Appendix D, Appendix E and Appendix F. Appendix G sets out illustrative examples of how the scale back mechanism would apply if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum.

If, on or after the date of this Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Dignity Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Dignity Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this Announcement or in the Offer Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

3 Background to and reasons for the Acquisition

Dignity is an established business in the end-of-life market, with dedicated employees, providing a vital service to customers in often difficult circumstances. The Consortium's combined experience in the end-of-life-market, as well as its skill in creating market-leading providers and transforming industries through disruptive operating models, gives it belief that it can enhance Dignity's offering as a trusted provider with high standards and quality and unlock Dignity's potential to be the leading end-of-life business in the United Kingdom.

Since inception, Dignity has developed into an important player in the industry, operating 46 crematoria and with 725 funeral branches and over 388,000 pre-need funeral plans held in trust. Bidco recognises Dignity's track record and strongly believes in its current strategy, including its transition to a more competitive pricing model. Bidco believes that, under private ownership, Dignity will not only have access to patient, long-term capital, but also a supportive environment for management to implement its current strategy, ahead of an envisaged medium-term exit.

In particular, Bidco believes that Dignity's strategy will be enhanced through access to a significant level of investment to expand organically through increased marketing investment in its new funeral plan products, upgrading and modernising of physical infrastructure, further investment in its workforce and technology, and strategic expansion of its crematoria portfolio. Bidco will also provide Dignity with the financial support to grow inorganically by taking advantage of acquisition opportunities as they arise at attractive prices, given the current uncertain market environment. Bidco believes that these investments will lead to a higher quality estate, growth in market share and better profitability.

Bidco believes that recent regulatory changes across the funeral services sector provide Dignity with an opportunity to compete fairly on merit going forward, thereby improving its growth potential. Bidco believes that the deep expertise of Sir Peter Wood and his team in working with regulated businesses, combined with a greater involvement of the PAMP and Castelnau teams, will position Dignity to successfully navigate the improved regulatory environment.

Bidco supports the current long-term strategy, as set out in Dignity's presentation at its 2021 Annual General Meeting, to invest in Dignity and return it to a path of continued and sustainable growth.

4 Cash Offer – Recommendation

The Dignity Directors believe that the Cash Offer represents an opportunity for Dignity Shareholders to realise an immediate cash sum at a fair price for all of their Dignity Shares.

The Dignity Directors, who have been so advised by Rothschild & Co as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing its financial advice to the Dignity Directors, Rothschild & Co has taken into account the commercial assessments of the Dignity Directors. Rothschild & Co is providing independent financial advice to the Dignity Directors for the purposes of Rule 3 of the Takeover Code.

In considering the terms of the Cash Offer and their intention to recommend the Cash Offer to Dignity Shareholders, the Dignity Directors have taken into account various factors, including:

- the Cash Offer is at a significant premium to Dignity's historical share price;

- the Cash Offer implies an enterprise value that represents a multiple of no less than 21.3x Dignity's estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023;

- the Cash Offer provides shareholders with an opportunity to realise their investment in Dignity wholly for cash at a time when, notwithstanding the Dignity Directors' continued belief in Dignity's long-term strategy, the business is facing a number of uncertainties, which may contribute to continued share price volatility;

- whilst good progress has been made in the implementation of Dignity's new strategy, and whilst there are early signs of market share growth and progress in addressing operational challenges, the Dignity Directors recognise that the speed of recovery remains slow and uncertain; some of the challenges which have been reported in recent trading updates (including macro-economic uncertainty and the possible impact on disposable incomes, market structure dynamics such as pricing competition, and the introduction of lower-value products, as well as increases to the operational and regulatory cost base of Dignity) are expected to continue;

- Dignity's publicly stated long-term strategy to improve the Dignity Group's capital structure and to reduce leverage from its current level of indebtedness of 13.7x estimated maximum underlying operating profit before depreciation and amortisation for the 52 weeks ended 30 December 2022 on a pre-IFRS 16 basis, as reported in Dignity's trading update of 23 January 2023;

- whilst mitigations to covenant headroom tightness are in place, including the covenant waiver and consent to partially de-leverage through the sale of certain crematoria, the sale process is subject to execution risk and as a result Dignity's capital structure is subject to further market and performance volatility. The current level of leverage limits both Dignity's ongoing investment in its existing asset base as well as its ability to fund further opportunities to invest for growth; and

- Bidco's intentions regarding management, employees and locations of Dignity: the Dignity Directors have given careful consideration to the assurances given by Bidco regarding the safeguarding of the existing employment rights of Dignity employees and existing pension obligations of Dignity, its plans for the business of Dignity and that it has no current intentions to change the locations of Dignity's business or redeploy its fixed assets.

Accordingly, the Dignity Directors intend to recommend unanimously that Dignity Shareholders accept or procure the acceptance of the Cash Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at a Dignity General Meeting).

5 Alternative Offers – Considerations

The Dignity Directors consider that, in deciding whether or not to elect for either or both of the Alternative Offers, Eligible Dignity Shareholders should take their own independent advice and consider carefully the advantages and disadvantages of electing for either or both of the Alternative Offers (including, but not limited to, those set out below) in light of their own financial circumstances and investment objectives. Any decision to elect for either or both of the Alternative Offers should be based on independent financial, tax and legal advice as well as full consideration of this Announcement and (when published) the Offer Document and the Castelnau Prospectus.

Eligible Dignity Shareholders should also ascertain whether acquiring or holding either Valderrama D Shares or New Castelnau Consideration Shares is affected by the laws of the

relevant jurisdiction in which they reside and consider whether Valderrama D Shares or New Castelnau Consideration Shares (as applicable) are a suitable investment in light of their own personal circumstances.

Advantages of the Listed Share Alternative

- The Listed Share Alternative allows Eligible Dignity Shareholders to invest in Castelnau, providing economic exposure not only to Dignity (which currently represents approximately 35.7% of the overall value of Castelnau's portfolio and which will, if the Acquisition becomes Effective, become Castelnau's most significant holding, representing over 50% of its NAV, assuming no changes to the NAV values attributed to Castelnau's other assets published most recently prior to the date of this Announcement) and the opportunities that exist within the UK end-of-life market but also to other assets in the Castelnau investment portfolio, and to participate in future value creation.

- Castelnau's investment policy, which is summarised in Appendix E, is to seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes. The Listed Share Alternative allows Eligible Dignity Shareholders to gain exposure to the benefits of this investment strategy.

- The New Castelnau Consideration Shares will be admitted to trading on the Specialist Fund Segment, offering greater liquidity than the Valderrama D Shares which an Eligible Dignity Shareholder would receive as a result of validly electing for the Unlisted Share Alternative and greater certainty as to value through a publicly available share price.

- The Listed Share Alternative provides Eligible Dignity Shareholders the opportunity to participate in an investment portfolio managed by PAMP, an investment manager with the investment objective of compounding shareholders' capital at a higher rate of return than the FTSE All-Share Total Return Index over the long term and that has delivered on that objective in its Phoenix UK Fund by outperforming that index since inception in 1998.

- The Listed Share Alternative also provides Eligible Dignity Shareholders with the opportunity to have exposure to a business that will be jointly controlled by Castelnau and SPWOne. SPWOne is owned by Sir Peter Wood, a business leader with a track record of creating successful, customer-focused businesses, with support provided from a broader SPWOne team that has significant operational experience and the capabilities to support Dignity's return to growth and achieve its long-term strategic objectives.

- The Listed Share Alternative also allows Eligible Dignity Shareholders to remain invested in a vehicle led by Gary Channon, PAMP's co-founder and Chief Investment Officer, allowing investors to benefit from his prior leadership of Dignity.

Disadvantages of the Listed Share Alternative

- Eligible Dignity Shareholders who elect for the Listed Share Alternative and receive New Castelnau Consideration Shares will have economic exposure to assets other than Dignity in the Castelnau investment portfolio.

- PAMP, as the discretionary investment manager of Castelnau, is entitled to a performance fee under its investment management agreement with Castelnau if certain performance criteria are met. Subject to certain exceptions, this performance fee will be settled through the issue of new ordinary shares in Castelnau to PAMP. Whilst this performance fee aligns PAMP's economic interests with those of Castelnau's shareholders, the issue of any new ordinary shares in Castelnau to PAMP pursuant to these performance fee arrangements will (unless an Eligible Dignity Shareholder purchases further Castelnau shares) have a dilutive effect on other shareholders in Castelnau, including on any Eligible Dignity Shareholders who receive New Castelnau

Consideration Shares pursuant to the Listed Share Alternative. Further details regarding this performance fee will be set out in the Castelnau Prospectus and a summary of the performance fee is set out in Appendix E.

- Dignity Shares are currently listed on the Premium Segment. Certain standards and protections afforded to shareholders in a premium listed company are substantially different to those which apply to a shareholding in a company admitted to trading on the Specialist Fund Segment, such as that which an Eligible Dignity Shareholder would receive as a result of validly electing for the Listed Share Alternative, though Castelnau has resolved, as a matter of best practice and good corporate governance, voluntarily to comply with certain Listing Rules which apply to closed-ended investment companies which are listed on the Premium Segment (details of which will be set out in the Castelnau Prospectus).

- Eligible Dignity Shareholders will have no certainty as to the number of New Castelnau Consideration Shares they would receive because (i) the Alternative Offers will be limited to the Alternative Offers Maximum and (ii) to the extent that elections for the Alternative Offers cannot be satisfied in full, the number of Valderrama D Shares and/or New Castelnau Consideration Shares (as applicable) will be scaled back on a pro rata basis as between validly electing Eligible Dignity Shareholders, and the balance of the consideration for each relevant Eligible Dignity Shareholder will be paid in cash in accordance with the terms of the Cash Offer.

Advantages of the Unlisted Share Alternative

- The Unlisted Share Alternative allows Eligible Dignity Shareholders to invest directly in Valderrama, providing continued economic exposure to Dignity and the opportunities that exist within the UK end-of-life market, and to participate in possible future value creation.

- The Unlisted Share Alternative provides Eligible Dignity Shareholders with the opportunity to invest in a business that will be jointly controlled by Castelnau and SPWOne, which is owned by Sir Peter Wood, a business leader with a track record of creating successful, customer-focused businesses, with support provided from a broader SPWOne team that has significant operational experience and the capabilities to support Dignity's return to growth and achieve its long-term strategic objectives.

- The Unlisted Share Alternative also allows Eligible Dignity Shareholders potentially to benefit from remaining invested in a vehicle led by Gary Channon, PAMP's co-founder and Chief Investment Officer, allowing investors to benefit from his prior leadership of Dignity.

- Holders of Valderrama D Shares will, subject to certain limited exceptions summarised in paragraph 4 of Appendix D, have the benefit of pre-emption rights on any new issue of Valderrama Shares.

Disadvantages of the Unlisted Share Alternative

- The Valderrama D Shares will not be admitted to trading on any stock exchange and will therefore be illiquid. In addition, the Valderrama D Shares will be subject to transfer restrictions, pursuant to which they can be transferred only with the prior written consent of SPWOne and Castelnau or in certain other limited circumstances. Eligible Dignity Shareholders should, therefore, be prepared to potentially hold Valderrama D Shares for a significant period of time.

- The Valderrama D Shares will be of uncertain value and there can be no assurance that they will be capable of being sold in the future.

- As the Valderrama D Shares do not have voting rights, their holders will have no influence over decisions made by Valderrama in relation to its investment in Dignity or in any other business decision.

- When Valderrama C Shares are issued to the persons referred to in paragraph 1 of Appendix D, holders of all other Valderrama Shares (except the holders of Valderrama E Shares, being Castelnau and those PAMP Affiliates who have agreed to receive Valderrama E Shares under the Consortium Rollover SPA) will see their economic returns diluted proportionately, albeit that the holders of Valderrama C Shares will not be entitled to any return of proceeds until the holders of Valderrama A Shares, Valderrama B Shares, Valderrama D Shares and Valderrama E Shares have received proceeds equal to their invested capital. The Valderrama E Shares are not subject to this dilution because (i) the PAMP Affiliates already pay PAMP a management fee under existing arrangements with PAMP and (ii) Castelnau pays a performance fee to PAMP under its investment management agreement, as described in more detail below.

- Dignity Shares are currently listed on the Premium Segment. Certain standards and protections afforded to shareholders in a premium listed company are substantially different to those which apply to a shareholding in an unlisted company, such as that which an Eligible Dignity Shareholder would receive as a result of validly electing for the Unlisted Share Alternative.

- Eligible Dignity Shareholders will have no certainty as to the number of Valderrama D Shares they would receive because (i) the Alternative Offers will be limited to the Alternative Offers Maximum and (ii) to the extent that elections for the Alternative Offers cannot be satisfied in full, the number of Valderrama D Shares and/or New Castelnau Consideration Shares (as applicable) will be scaled back on a pro rata basis as between validly electing Eligible Dignity Shareholders, and the balance of the consideration for each relevant Eligible Dignity Shareholder will be paid in cash in accordance with the terms of the Cash Offer.

- Holders of Valderrama D Shares will, subject to certain limited exceptions summarised in paragraph 4 of Appendix D, have the benefit of pre-emption rights on any new issue of Valderrama Shares. However, prior to the date falling twelve months after the Acquisition becoming Effective, those protections will not apply in a number of circumstances, including on an issue of Valderrama B Shares to raise up to £100 million of capital unless the issue price is less than £1.00 per Valderrama B Share.

6 Background to and reasons for the recommendation

Background

Since its listing on the Premium Segment in April 2004, Dignity has grown to become one of the leading providers within the UK end-of-life services sector, providing care and support for customers respectfully, compassionately, and to a high standard. With its history dating back to 1812, Dignity has developed a skilled and committed workforce, and an enviable portfolio of crematoria and funeral directors with a strong presence in key local markets.

Dignity now operates a national network of 725 funeral branches, each assisting families to arrange funerals when someone has passed away. Dignity also operates 46 crematoria and 28 cemeteries, a coffin manufacturing operation and one of the UK's largest pre-need funeral businesses, which is now authorised and regulated by the FCA.

The FCA's new rule book for pre-paid funeral plans came into effect on 29 July 2022 and imposed, inter alia, a new minimum solvency requirement for pre-paid trusts (assets to be a minimum of 110% of liabilities), thereby providing greater protections for customers. As disclosed in Dignity's 2021 annual report and accounts, the board of Dignity Funerals Limited has agreed that this minimum solvency requirement should, however, be maintained at 120% of liabilities, to provide a further buffer over the regulatory minimum. Dignity and Dignity

Funerals Limited have maintained a positive and open dialogue with the FCA since the FCA's authorisation process was introduced, including in relation to the Acquisition.

In recent years, Dignity has transitioned from an M&A-led growth strategy to a strategy focused on rationalising operations and service offerings that has solidified Dignity's position and market shares in both the funeral services and crematoria markets.

Performance of Dignity

As reported in its trading update on 23 January 2023, Dignity's estimated maximum underlying operating profit (on a post-IFRS 16 basis) and underlying operating profit before depreciation and amortisation (on a pre-IFRS 16 basis) will be no more than £20 million and £37 million, respectively, for the 52 weeks ended 30 December 2022 (versus underlying operating profit (on a post-IFRS 16 basis) and underlying operating profit before depreciation and amortisation (on a pre-IFRS 16 basis) of £55.8 million and £72.5 million, respectively, for the financial year ended 31 December 2021).

Dignity's strategy, which aims to strengthen the Dignity Group in the medium- to long-term and to maximise market share across pre-need funeral plans, at-need funerals, cremations and burials, and both unattended and attended funerals, focuses on building strong local brands and businesses, driven to provide exceptional services, and empowered with the ability to compete locally, as well as on addressing technological challenges in the market and modernising Dignity's customer proposition.

The Dignity Board has noted that, during the second half of the 52 weeks ended 30 December 2022, Dignity's new strategy continued to deliver early signs of increases in market share growth in its at-need and crematorium business despite previously referenced headcount challenges.

Despite those early signs of market share growth and higher-than-average deaths which have continued into 2023, financial performance continues to be affected by a combination of factors. These include increased competition (driven by new entrants and products emerging), changes in pricing strategy and the introduction of a direct cremation service (unattended) through Dignity's funeral network, all of which have combined to reduce average revenue per funeral by approximately 11.6% (£2,116 in 2022 versus £2,394 in 2021).

The Covid-19 restrictions helped to establish a trend towards fewer attended funerals. Whilst there has been some recovery in the number of attended funerals from a low point seen during the pandemic, Dignity believes this lower level is now a feature of the market, as is the volatility (against the historic five year average) in the death rate.

The Dignity Board believes that the above represent structural changes in the sector.

Dignity continues to face cost pressures in relation to required capital expenditure, employee costs, and energy prices, some of which Dignity is having to absorb directly given price competition in the market and Dignity's desire to continue to offer real value for customers. Additionally, FCA regulation of the sector (which Dignity believes will over time provide greater protections for customers) represents a permanent and structural shift in its cost base.

Dignity continues to operate within the covenants of the whole business securitisation (excluding those that fall within the scope of the covenant waiver process, as discussed below), including the requirement to spend minimum amounts on maintenance and other capital expenditure-related activities (which amounts to approximately £12 million indexed to the Consumer Prices Index).

However, operationally, Dignity has significant need for capital expenditure to maintain its existing asset base as well as to invest in future growth above the approximately £12 million required by the covenants of the whole business securitisation. Given current cash generation, Dignity is presently limited in terms of further additional capital expenditure and, as a result, its ability to invest in advertising and promotions in order to accelerate growth.

The covenant waiver process and consent solicitation programme (discussed below) are partially aimed at addressing these needs.

As reported in its trading update on 23 January 2023, the Dignity Group expects approximately £8.5 million in cash on the balance sheet outside of the Dignity securitisation group as at the end of the 52 weeks ended 30 December 2022 (implying a net debt position of approximately £508.0 million, versus £471.2 million as at end of the financial year ended 31 December 2021). The debt-to-EBITDA ratio for the Dignity Group at the end of the 52 weeks ended 30 December 2022 was therefore 13.7x, as reported in Dignity's trading update of 23 January 2023. The Dignity Group will continue to draw upon available facilities (when required) to invest in the business and manage liquidity in the short and medium term.

The statements by Dignity in this Announcement regarding its underlying operating profit and underlying operating profit before depreciation and amortisation, in each case for the 52 weeks ended 30 December 2022, are profit estimates for the purposes of Rule 28 of the Takeover Code. The Offer Document will include the relevant reports required by Rule 28.1 of the Takeover Code.

Covenant waiver and consent solicitation

In order to provide financial headroom to address some of the aforementioned challenges, the Dignity Board secured a covenant waiver on 11 March 2022, which remains in place for 12 months.

Dignity's securitised group EBITDA (inclusive of equity cure amounts and other cash paid into the securitisation group) for the 12 months preceding the relevant covenant test date is assessed against various covenant tests. This means that, in covenant testing terms, Dignity will benefit from equity cures made for 12 months following the date that those equity cures were made. As the most recent equity cure was made in December 2022, Dignity's EBTIDA for covenant testing purposes will benefit from an uplift from that equity cure up to and including the September 2023 covenant testing date.

The Dignity Group's primary financial covenant under its secured notes requires securitisation group EBITDA to total debt service to be above 1.5x.

The Dignity Board has considered the fact that the covenant waiver secured on 11 March 2022 remains in place for a period of 12 months only.

The Dignity Board has also continued to work on plans to improve the Dignity Group's capital structure in pursuit of long-term value for shareholders. The successful consent solicitation programme with bondholders relating to securitisation arrangements, including (amongst other things) the potential sale of certain crematoria and subsequent de-leveraging of the group, has been agreed for implementation by 29 September 2023. Although the Dignity Board is confident of successfully achieving its publicly announced strategy of de-leveraging the business, there is execution risk with regard to this.

The Acquisition

The Dignity Board was first approached by the Consortium regarding a possible offer for Dignity on 13 October 2022, which included the option for Dignity Shareholders to receive unlisted shares in Valderrama and/or listed shares in Castelnau. This first proposal was unanimously rejected by the Dignity Board following careful evaluation, together with its financial adviser, Rothschild & Co. Subsequent improved proposals were then received from the Consortium, which were similarly rejected by the Dignity Board.

On 13 November 2022, Dignity received a revised proposal at a price of 525 pence per Dignity Share, further details of which were set out in Dignity's announcement on 4 January 2023 of advanced discussions regarding a potential recommended cash offer. Following further discussion, on 20 January 2023, Dignity received a revised proposal from the Consortium at a price of 550 pence per Dignity Share.

The Dignity Directors note that the Acquisition gives Dignity Shareholders flexibility to take the Cash Offer or, if they are Eligible Dignity Shareholders, to elect to receive the Unlisted Share Alternative and/or the Listed Share Alternative and to determine the proportions in which they want to receive them (subject to the scale back arrangements described in this Announcement).

The Dignity Directors believe that the Cash Offer represents an opportunity for Dignity Shareholders to crystallise the value of their holdings in cash at a significant premium to the undisturbed share price and to avoid the execution risks associated with delivering the further steps envisaged by the Dignity Board's strategy against a very uncertain and challenging macro-economic and market backdrop.

Furthermore, the Acquisition also enables Eligible Dignity Shareholders who wish to continue to benefit from having exposure to the Dignity Group to do so via either or both of the Alternative Offers.

7 Information relating to Dignity

Dignity is a leading end-of-life services business, serving thousands of customers across the United Kingdom.

Dignity is a major provider of funeral services and is the largest single operator of crematoria in Great Britain, with a significant portfolio of well-established and state-of-the-art crematoria that meet the needs of the local communities it serves. Dignity is also one of the United Kingdom's largest providers of prearranged funeral plans, allowing clients to prearrange their funeral through their national network of funeral locations.

Dignity has over 3,375 employees in 725 branches across the United Kingdom.

8 Information relating to the Bidco Group, Valderrama and the Consortium

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 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.

PAMP

PAMP is a specialist fund management company founded in 1998, based in Barnes, London, that manages the Phoenix UK Fund (launched in 1998) and other funds and segregated accounts, including Aurora Investment Trust plc. PAMP has been investing in UK listed equities for over 24 years using a long-term approach. It was co-founded by Mr Gary Channon, who is PAMP's Chief Investment Officer and brings over 33 years of business and financial services experience, with extensive knowledge of the end-of-life market. Between April 2021 and July 2021, Mr Channon served as Dignity's Executive Chair and, between July 2021 and June 2022, he was Dignity's Chief Executive Officer. Although he is no longer a director of Dignity, Mr Channon still supports Dignity's business as a senior adviser on a range of strategic matters.

Castelnau

Castelnau is a closed-ended investment company incorporated in Guernsey and was founded by PAMP. It was admitted to trading on the Specialist Fund Segment in October 2021 and 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 is under the discretionary management of PAMP.

As at the Latest Practicable Date, Castelnau's investment portfolio consisted of holdings in the following companies (in addition to cash and cash equivalents):

- Dignity;
- Hornby plc;
- Cambium International Limited (through which Castelnau holds a stake in The Cambium Group UK Holdings Limited);
- Phoenix SG Limited (through which Castelnau holds a stake in Stanley Gibbons Group plc);
- Rawnet Limited;
- Silverwood Brands plc;
- Showpiece Technologies Limited; and
- Ocula Technologies Limited.

A summary of Castelnau's investment objective and policy, and the performance fee which may be payable to PAMP, is set out in Appendix E and will also be set out in the Castelnau Prospectus.

Valderrama and the Bidco Group

Valderrama is a newly incorporated private joint venture company which is jointly owned and controlled by SPWOne and Castelnau.

Bidco, Midco and Topco are newly incorporated English private companies, formed by Valderrama for the purpose of making the Acquisition. Bidco is indirectly wholly-owned by Valderrama.

9 Bidco's intentions for Dignity's business, directors, management, employees, pensions and locations

Strategic plans for Dignity

Bidco supports Dignity's current strategy and intends to continue developing and implementing it following the Acquisition becoming Effective. Bidco notes that Dignity published its strategy update at its annual general meeting on 9 June 2022, which contains a shared philosophy of generating cash to re-invest in the business. As part of this strategy update, Dignity disclosed that it intended to dispose of non-core/unmanned funeral branches as part of its ongoing estate optimisation programme, and Bidco intends to continue to support this programme following the Effective Date. Bidco does not intend to significantly change Dignity's current business composition of "Funerals", "Crematoria" and "Pre-need Trusts".

Following the Acquisition becoming Effective, Bidco intends to procure that Dignity continues to operate within the terms of its current securitisation arrangements and not to seek to amend them without the consent of bondholders or, as applicable, the agreement of the bond trustee. Bidco intends to implement recent amendments to the securitisation arrangements that have been agreed with bondholders. As previously announced, those amendments involve the sale of seven crematoria in exchange for a partial paydown of the securitisation debt.

Directors, management and employees

Bidco intends that the existing personnel of Dignity will continue to contribute to the success of Dignity following the Acquisition becoming Effective. Building on Dignity's current strategy, Bidco will support the management team in executing its strategic objectives, and does not, as a result of the Acquisition, intend to initiate any material headcount reductions within the current Dignity organisation.

As noted in paragraph 18 below, if Bidco reaches the requisite acceptance threshold, an application will be made to the LSE for the cancellation of the trading of the Dignity Shares on the Main Market, and to the FCA to request cancellation of the listing of the Dignity Shares on the Official List. In that case, there will no longer be a need for certain central support functions that currently support Dignity's status as a publicly listed company, although any impact of this on employees is expected to be limited. Where appropriate, employees may be offered the opportunity to relocate or be reassigned to other appropriate roles within Dignity and any engagement and consultation process would be undertaken sufficiently in advance of any final decisions being taken to implement job reductions, so as to ensure compliance with applicable legal obligations.

Bidco intends to hold discussions with the non-executive Dignity Directors pursuant to which some of them may be offered the opportunity to continue as directors within the Dignity Group following the Acquisition becoming Effective. The remaining non-executive Dignity Directors who are not offered the possibility of continuing as directors within the Dignity Group, or who do not accept such an offer, are expected to resign upon the Acquisition becoming Effective.

Existing rights and pensions

Bidco confirms that, following the Acquisition becoming Effective, the existing contractual and statutory employment rights, including in relation to pensions, of all Dignity employees will be safeguarded in accordance with applicable law. Save as set out in this Announcement, Bidco does not intend to make any material changes to the conditions of employment, or to the balance of skills and functions, of the employees or management of Dignity.

The Dignity Group operates the Dignity Pension and Assurance Scheme (the "**Dignity DB Scheme**"), which is an occupational UK defined benefit scheme. The Dignity DB Scheme is funded and governed by a trustee board independent of Dignity's management. The Dignity DB Scheme is closed to new entrants and is also closed to future accrual in respect of all members, except for a small number of members in the Local Government Pension Scheme ("**LGPS**") Sections who continue to accrue benefits.

Members of the Dignity Group also operate or participate in a number of other pension arrangements that are defined contribution arrangements, including, amongst others, the People's Pension, a defined contribution master trust. In addition, the Dignity Group also participates in the LGPS in respect of a small number of Dignity Group employees who accrue defined benefits directly in the LGPS.

Bidco does not intend to (i) change the level of employer contributions to the Dignity DB Scheme under current arrangements, being the contributions payable under the current recovery plan and schedule of contributions for the purposes of the Pensions Act 2004, (ii) reopen the Dignity DB Scheme to new members or the future accrual of benefits or (iii) change the current arrangements for the accrual of benefits for existing members of the LGPS Sections of the Dignity DB Scheme.

Bidco has had preliminary engagement with the trustees of the Dignity DB Scheme in relation to the Acquisition and looks forward to further engagement in due course following the publication of this Announcement, and to developing a positive and supportive relationship with the trustees in the period prior to and following the Acquisition becoming Effective.

Management incentivisation arrangements

Bidco has not entered into, and has not had discussions regarding proposals to enter into, any form of incentivisation or any other arrangements with members of Dignity's management. It is the intention of Bidco to put in place appropriate arrangements for management of Dignity following the Acquisition becoming Effective.

Locations, fixed assets, branding and research and development

Upon the Acquisition becoming Effective, it is expected that Dignity's headquarters will remain in Sutton Coldfield and Bidco does not intend to make any material changes in the locations of Dignity's places of business beyond ordinary course investments, divestments or transfers consistent with Dignity's existing estate optimisation programme and the amendments to the securitisation arrangements referred to above.

Bidco does not intend to make any material changes with respect to the deployment of Dignity's fixed asset base.

Bidco intends that Dignity will continue to operate as a standalone business group and will retain the current company name.

Dignity does not currently have a research and development function and Bidco has no plans in this regard.

Trading facilities

Dignity is currently listed on the Official List. If Bidco reaches the requisite acceptance thresholds referred to in paragraph 18 below, an application will be made to the LSE for the cancellation of the trading of the Dignity Shares on the Main Market, and to the FCA to request cancellation of the listing of the Dignity Shares on the Official List.

10 Financing of the Acquisition

The cash consideration payable by Bidco to Dignity Shareholders under the terms of the Acquisition will be jointly financed by equity capital invested by SPWOne and Castelnau in Valderrama, which will be made available by Valderrama to Bidco pursuant to a series of intercompany loans.

SPWOne will fund its equity investment in Valderrama through funds to be lent to it by Sir Peter Wood pursuant to a loan agreement (the "**SPWOne Loan**"). In connection with the SPWOne Loan, SPWOne will grant Sir Peter Wood a charge over all of its Valderrama A1 Shares from time to time (the "**SPWOne Share Charge**").

After the date of this Announcement and upon publication of the Castelnau Prospectus, Castelnau intends to launch a placing of new ordinary shares of no par value in the capital of Castelnau (the "**New Castelnau Placing Shares**") to raise net proceeds of up to approximately £75 million (the "**Castelnau Placing**"), which it intends to use to fund its equity investment in Valderrama. If the proceeds that Castelnau raises under the Castelnau Placing are insufficient to fund its equity investment in Valderrama, Castelnau will, to the extent required to make up any such shortfall, draw down funds under two loan agreements entered into, in each case, between it and Phoenix UK Fund Limited (the "**Castelnau/Phoenix Loans**"). Phoenix UK Fund Limited, an affiliate of PAMP, would use existing cash resources to advance funds to Castelnau under the Castelnau/Phoenix Loans, if required.

The Consortium's financing arrangements in connection with the Acquisition are not expected to have an adverse impact on the Dignity Group (including on the Dignity pension schemes).

The Acquisition will not be conditional on the Castelnau Placing, further details in respect of which will be set out in the Castelnau Prospectus. The New Castelnau Placing Shares will not be issued at a discount to Castelnau's NAV per share most recently reported prior to the publication of the Castelnau Prospectus. It is intended that Castelnau offer its shareholders

a liquidity facility, likely via a tender offer in three years' time, in order to afford shareholders who wish to realise their investment the opportunity to do so.

SPWOne and Castelnau intend to syndicate part of their equity funding commitments after the date of this Announcement, and prior to the Acquisition becoming Effective, by procuring that Valderrama issues Valderrama B Shares to third party investors.

Morgan Stanley, financial adviser to the Consortium and Bidco, confirms that it is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the cash consideration payable to Dignity Shareholders under the terms of the Acquisition.

Further information about the financing of the Acquisition will be set out in the Offer Document.

11 Alternative Offers

The Alternative Offers will be limited to a number of Dignity Shares not exceeding the Alternative Offers Maximum.

If valid elections are received from Eligible Dignity Shareholders in respect of a number of Dignity Shares that exceeds the Alternative Offers Maximum, such elections will be unable to be satisfied in full. In these circumstances, the number of Dignity Shares that each such Eligible Dignity Shareholder is entitled to exchange for Valderrama D Shares or New Castelnau Consideration Shares (as applicable) will be scaled back on a pro rata basis as between validly electing Eligible Dignity Shareholders, and the balance of the consideration for each Dignity Share will be paid in cash in accordance with the terms of the Cash Offer. As a result, Eligible Dignity Shareholders who make valid elections for the Alternative Offers may not know the exact number of Valderrama D Shares or New Castelnau Consideration Shares they will receive until settlement of the consideration due to them under the terms of the Acquisition. For the avoidance of doubt, in such a scenario, the ratio at which each Dignity Share is exchanged for Valderrama D Shares or New Castelnau Consideration Shares (as applicable) will remain unchanged.

Bidco will assess if valid elections have been received from Eligible Dignity Shareholders in respect of a number of Dignity Shares that exceeds the Alternative Offers Maximum, and, therefore, the extent of any need to scale back such elections, on or around the 14th day after the Unconditional Date, based on valid elections received by the deadline for making such elections.

Bidco intends to close the Alternative Offers on the 14th day after the Unconditional Date. If Bidco chooses to leave the Offer open for acceptance following that date, Dignity Shareholders will no longer be able to make elections for either of the Alternative Offers and any Dignity Shareholders who purport to make such elections after the Alternative Offers have been closed will not receive any Valderrama D Shares or New Castelnau Consideration Shares, as applicable, but will instead receive the Cash Offer only.

In order to comply with Guernsey law, Eligible Dignity Shareholders who wish to make an election for the Unlisted Share Alternative will be required, as a condition to their election being treated as valid and to Valderrama D Shares being issued to them, to provide certain preliminary "Know Your Customer" information to Valderrama's Resident Agent. Details regarding the information to be provided, and the manner in which it must be provided, will be set out in the Offer Document. Failure to provide the required information will result in elections for the Unlisted Share Alternative being invalid and Eligible Dignity Shareholders who made such an invalid election will instead receive the Cash Offer for the number of Dignity Shares in respect of which they purported to make an election for the Unlisted Share Alternative. Furthermore, Eligible Dignity Shareholders who receive Valderrama D Shares will be required to provide Valderrama's Resident Agent with further "Know Your Customer" information following the issue of Valderrama D Shares to them and information regarding this will be set out in the Offer Document. Failure to provide such further information may

result in the directors of Valderrama placing such restrictions as they think fit on the relevant holders of the Valderrama D Shares pursuant to the Valderrama Articles. These restrictions include suspending a person's ability to transfer the Valderrama D Shares or to receive dividends or other distributions in respect of them, as well as cancelling the relevant Valderrama D Shares.

The fractional entitlements of each Eligible Dignity Shareholder who validly elects for Valderrama D Shares under the Unlisted Share Alternative, and/or for New Castelnau Consideration Shares under the Listed Share Alternative, will be reduced to the nearest number of whole Valderrama D Shares and/or New Castelnau Consideration Shares (as applicable) per Eligible Dignity Shareholder. Fractional entitlements to Valderrama D Shares or New Castelnau Consideration Shares will not be allotted or issued to such Eligible Dignity Shareholders and the balance of any such fractional entitlements will not be settled in cash. Bidco will instead donate the cash value of such fractional entitlements to a charity to be chosen by Dignity.

Dignity Shareholders who are Restricted Dignity Shareholders in respect of both Alternative Offers will receive the Cash Offer only as consideration for the sale of their Dignity Shares. Dignity Shareholders who are Restricted Dignity Shareholders in respect of the Listed Share Alternative only may, subject to making a valid election for the Unlisted Share Alternative and the scale back arrangements referred to above, elect which of the Cash Offer and/or the Unlisted Share Alternative they want to receive and the proportions in which they want to receive them. Details regarding the treatment of Restricted Dignity Shareholders will also be set out in the Offer Document.

For the purposes of Rule 24.11 of the Takeover Code, Morgan Stanley, in its capacity as financial adviser to Bidco, will provide an estimate of the value of a Valderrama D Share, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, in a letter to be included in the Offer Document.

Eligible Dignity Shareholders who accept the Offer but who do not validly elect for either of the Alternative Offers will automatically receive the full amount of the Cash Offer for their entire holding of Dignity Shares.

Eligible Dignity Shareholders who validly elect for either or both of the Alternative Offers will receive their Valderrama D Shares and/or New Castelnau Consideration Shares (as applicable) pursuant to a rollover mechanism whereby, on or shortly after the Effective Date and subject to any scaling back as described above:

- **First exchange** – first, any Dignity Shares in respect of which an Eligible Dignity Shareholder validly elects for:
    - the Unlisted Share Alternative will be exchanged for Bidco D Loan Notes to be issued by Bidco; and
    - the Listed Share Alternative will be exchanged for Bidco CG1 Loan Notes to be issued by Bidco;
- **Second exchange** – second, and immediately following the first exchange:
    - the Bidco D Loan Notes will be exchanged for a corresponding equivalent amount of Midco D Loan Notes to be issued by Midco; and
    - the Bidco CG1 Loan Notes will be exchanged for a corresponding equivalent amount of Midco CG1 Loan Notes to be issued by Midco;
- **Third exchange** – third, and immediately following the second exchange:
    - the Midco D Loan Notes will be exchanged for a corresponding equivalent amount of Topco D Loan Notes to be issued by Topco; and

- the Midco CG1 Loan Notes will be exchanged for a corresponding equivalent amount of Topco CG1 Loan Notes to be issued by Topco;

- **Fourth exchange** – fourth, and immediately following the third exchange, the Topco D Loan Notes and the Topco CG1 Loan Notes will be exchanged for the relevant number of Valderrama D Shares to which Eligible Dignity Shareholders are entitled in accordance with the terms of the Unlisted Share Alternative and/or the Listed Share Alternative (as applicable); and

- **Fifth exchange** – fifth, and immediately following the fourth exchange, the Valderrama D Shares held by Dignity Shareholders who validly elect for the Listed Share Alternative will be exchanged for the corresponding number of New Castelnau Consideration Shares. Any such Valderrama D Shares acquired by Castelnau will automatically be converted into Valderrama E Shares on a 1:1 basis pursuant to the operation of a conversion mechanism set out in the Valderrama Articles.

Pursuant to the Power of Attorney, Eligible Dignity Shareholders who validly elect for either or both of the Alternative Offers will irrevocably appoint Bidco, and any director of, or person authorised, by Bidco, as their attorney and/or agent to execute on their behalf all documents necessary or desirable to effect the rollover mechanics summarised above and, in the case of Eligible Dignity Shareholders who validly elect for the Unlisted Share Alternative, to deliver on their behalf a fully executed deed of adherence pursuant to which they will be bound by the Valderrama JVA.

Further information about the Alternative Offers (including the rollover mechanics), Castelnau, Valderrama and the Bidco Group (including Valderrama's capital structure, the Valderrama Articles and the Valderrama JVA) and the Valderrama D Shares and the New Castelnau Consideration Shares is set out in paragraphs 14 and 15 and in Appendix D, Appendix E and Appendix F. Appendix G sets out illustrative examples of how the scale back mechanism would apply if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum.

12 Consortium Exclusivity Agreement and Consortium Rollover SPA

Consortium Exclusivity Agreement

Under the terms of the Consortium Exclusivity Agreement, each member of the Consortium has agreed, amongst other things, that whilst the Consortium Exclusivity Agreement is in force it will not, other than pursuant to the Acquisition, (i) acquire or sell any interest in Dignity Shares, (ii) announce, make, or procure or induce any person to announce or make, any firm or possible offer for all or any of the Dignity Shares, (iii) enter into, solicit, facilitate, make any statement supporting or encourage any discussion, enquiry or proposal from, or discussions or negotiations with, any person in relation to the possible acquisition or disposal of an interest in Dignity Shares or (iv) provide any debt, equity or other finance facilities in connection with any offer for Dignity which competes with the Acquisition.

Consortium Rollover SPA

The Consortium Rollover Shares will not be acquired by Bidco as part of the Acquisition. Instead, pursuant to the Consortium Rollover SPA:

- Castelnau will exchange the 10,361,149 Consortium Rollover Shares owned by it for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for Valderrama E Shares; and

- the PAMP Affiliates will exchange the 4,515,010 Consortium Rollover Shares owned by them for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for (i) Valderrama E Shares or (ii) New Castelnau Consideration Shares, as set out in the Consortium Rollover SPA,

with these exchanges taking effect at such time as would result in the Acceptance Condition being capable of satisfaction when taking into account (i) the Consortium Rollover Shares and (ii) Dignity Shares in respect of which acceptances have been received (and not validly withdrawn in accordance with the rules and requirements of the Takeover Code and the terms of the Offer) by Bidco from Dignity Shareholders other than Castelnau and the PAMP Affiliates.

13 Offer-related arrangements

Confidentiality Agreement

Valderrama, the members of the Consortium and Dignity entered into the Confidentiality Agreement on 21 November 2022, pursuant to which Valderrama and the members of the Consortium have undertaken to (i) keep confidential information relating to, amongst other things, the Acquisition and Dignity and not to disclose it to third parties (other than to certain permitted parties) unless required by law or regulation; and (ii) use the confidential information only in connection with the consideration, negotiation and implementation of the Acquisition.

These confidentiality obligations shall remain in force until the earlier to occur of: (i) the date following 18 months from the date of the Confidentiality Agreement; and (ii) the Acquisition becoming Effective.

The agreement also includes customary non-solicitation obligations on Valderrama, the members of the Consortium and their respective affiliates.

Share Schemes Letter

Pursuant to the Share Schemes Letter, Bidco, the members of the Consortium and Dignity have, amongst other things, agreed and acknowledged: (i) certain arrangements related to the Dignity Share Schemes; and (ii) certain arrangements which will apply to current and prospective employees of the Dignity Group and/or the Dignity Directors in certain circumstances.

Further details on Bidco's proposals regarding both vested and unvested options and awards under the Dignity Share Schemes will be provided in letters to participants in the Dignity Share Schemes, as required by Rule 15 of the Takeover Code.

14 Summary of Castelnau, Valderrama and the Bidco Group

A summary of Castelnau (including the New Castelnau Consideration Shares) will be set out in the Castelnau Prospectus.

A summary of Valderrama and the Bidco Group (including Valderrama's capital structure, the Valderrama Articles and the Valderrama JVA) is set out in Appendix D.

15 Risk factors and other investment considerations in respect of the Alternative Offers

The attention of Eligible Dignity Shareholders who may be considering electing for the Unlisted Share Alternative is drawn to certain risk factors and other investment considerations relevant to such an election. These will also be set out in the Offer Document and include, amongst others, the following:

- following the Effective Date, Dignity will be indirectly controlled by Valderrama and the Valderrama D Shares will not carry any voting rights. Eligible Dignity Shareholders electing for the Unlisted Share Alternative will, therefore, have no influence over decisions made by Valderrama in relation to its investment in Dignity or in any other business decision;

- the Valderrama D Shares will comprise securities in a Guernsey private limited company, and there is no current expectation that the Valderrama D Shares will be listed or admitted to trading on any exchange or market for the trading of securities, and they will therefore be illiquid;

- in relation to any issue of securities in which holders of Valderrama D Shares are entitled to participate, if they wish to avoid their percentage interest in Valderrama being reduced by any such issue, they will need to invest further cash sums in Valderrama;

- the Valderrama D Shares may be transferred only in limited circumstances (in accordance with customary permitted transfer provisions or pursuant to drag-along and tag-along provisions in the Valderrama Articles and the Valderrama JVA). Any other transfers of Valderrama D Shares would first have to be authorised in writing by the holders of the Valderrama A Shares;

- when Valderrama C Shares are issued to the persons referred to in paragraph 1 of Appendix D, holders of all other Valderrama Shares (except the holders of Valderrama E Shares, being Castelnau and those PAMP Affiliates who have agreed to receive Valderrama E Shares under the Consortium Rollover SPA) will see their economic returns diluted proportionately, albeit that the holders of Valderrama C Shares will not be entitled to any return of proceeds until the holders of Valderrama A Shares, Valderrama B Shares, Valderrama D Shares and Valderrama E Shares have received proceeds equal to their invested capital. The Valderrama E Shares are not subject to this dilution because (i) the PAMP Affiliates already pay PAMP a management fee under existing arrangements with PAMP and (ii) Castelnau pays a performance fee to PAMP under its investment management agreement, as described in more detail below;

- holders of Valderrama D Shares will, in the same way as all other Valderrama Shareholders, see their economic returns diluted as a result of the transaction costs incurred by Bidco in connection with the Acquisition (information on which will be included in the Offer Document) and the fact that Bidco will be liable to pay UK stamp duty or stamp duty reserve tax on all Dignity Shares acquired by it;

- save for those rights prescribed by applicable law, the holders of Valderrama D Shares will enjoy only limited minority protections or other rights (as summarised in Appendix D);

- the value of the Valderrama D Shares will be uncertain and there can be no assurance that they will be capable of being sold in the future or that they will be capable of being sold at the value to be estimated by Morgan Stanley in the Offer Document;

- Dignity Shares are currently listed on the Premium Segment. Certain standards and protections afforded to shareholders in a premium listed company are substantially different to those which apply to a shareholding in an unlisted company, such as that which an Eligible Dignity Shareholder would receive as a result of validly electing for the Unlisted Share Alternative;

- if valid elections for the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum, Eligible Dignity Shareholders who elect for the Unlisted Share Alternative cannot be certain as to the number of Valderrama D Shares they will receive because, to the extent that the elections for the Alternative Offers cannot be satisfied in full, the number of Valderrama D Shares to be issued in connection with the Unlisted Share Alternative will be scaled back on a pro rata basis, and the balance of the consideration for each Dignity Share will be paid in cash in accordance with the terms of the Cash Offer;

- payments in respect of the Valderrama D Shares will not be guaranteed or secured and it is not anticipated that Valderrama will declare or pay any dividends on any of the Valderrama D Shares in the near-term; and

- the holders of Valderrama D Shares may be required in the future to sell their Valderrama D Shares under the terms of a "drag along" provision contained in the Valderrama Articles and the Valderrama JVA (a summary of which is set out in Appendix D).

Eligible Dignity Shareholders who may be considering electing for the Listed Share Alternative should read carefully the Castelnau Prospectus (once it is available), which will include risk factors and other investment considerations relevant to the New Castelnau Consideration Shares and any decision to invest in them, including, amongst others, the following:

- the New Castelnau Consideration Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Specialist Fund Segment is suitable only for investors (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of Castelnau, (ii) for whom an investment in securities admitted to trading on the Specialist Fund Segment is part of a diversified investment programme and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. It should be remembered that the price of the New Castelnau Consideration Shares can go down as well as up;

- shares admitted to the Specialist Fund Segment (such as the New Castelnau Consideration Shares) may have limited liquidity and may experience greater price volatility than shares listed on the Premium Segment. Limited liquidity and high price volatility may result in Eligible Dignity Shareholders who receive New Castelnau Consideration Shares pursuant to the Listed Share Alternative being unable to sell their New Castelnau Consideration Shares at a price that would result in them recovering their original investment;

- the price at which the New Castelnau Consideration Shares trade will likely not be the same as their NAV per share (although the two may be related). The New Castelnau Consideration Shares could in future trade at a discount to their NAV per share for a variety of reasons, including due to market conditions or an imbalance between supply and demand for the New Castelnau Consideration Shares. While the directors of Castelnau may seek to mitigate any discount to NAV per share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful. As a result of this, investors that dispose of their New Castelnau Consideration Shares in the secondary market may realise returns that are lower than they would have realised if an amount equivalent to the NAV per New Castelnau Consideration Shares was distributed;

- Dignity Shares are currently listed on the Premium Segment. Certain standards and protections afforded to shareholders in a premium listed company are substantially different to those which apply to a shareholding in a company admitted to trading on the Specialist Fund Segment, such as that which an Eligible Dignity Shareholder would receive as a result of validly electing for the Listed Share Alternative, though Castelnau has resolved, as a matter of best practice and good corporate governance, voluntarily to comply with certain Listing Rules which apply to closed-ended investment companies which are listed on the Premium Segment (details of which will be set out in the Castelnau Prospectus);

- PAMP exercises control over Castelnau. In addition to PAMP being the discretionary investment manager in respect of certain funds and managed accounts which hold, in aggregate, approximately 71.17% of Castelnau's ordinary shares, PAMP also holds the single B ordinary share of nil par value in Castelnau (the "**Castelnau B Share**"). The Castelnau B Share entitles PAMP to certain enhanced rights, namely the right to (i) appoint one director to the board of Castelnau, (ii) ensure no other directors are appointed to or removed from the board of Castelnau without its consent, (iii) notwithstanding any other provision of the articles of incorporation of Castelnau, ensure that no shareholder resolutions are proposed or passed without its consent (other than

as required by law or in respect of a shareholder vote to continue PAMP's rights under the Castelnau B Share, as to which see below) and (iv) ensure that, other than as required by law, there is no acquisition or disposal by Castelnau or by any of its unlisted subsidiaries of any asset without PAMP's consent. PAMP's rights under the Castelnau B Share will fall away (a) in October 2028, if Castelnau's shareholders do not vote in favour of their continuation for a further seven years, (b) the Castelnau B Share is transferred by PAMP to any other person or (c) if Gary Channon (PAMP's co-founder and Chief Investment Officer) and his close relatives together cease to control, directly or indirectly, shares carrying more than 50% of the voting rights in PAMP. If at any point during the first seven years following Castelnau's flotation (that is, until around October 2028) Castelnau's board chooses to change investment manager, the Castelnau B Share and the associated rights will remain with PAMP;

- PAMP, as the discretionary investment manager of Castelnau, is entitled to a performance fee under its investment management agreement with Castelnau if certain performance criteria are met. Subject to certain exceptions, this performance fee will be settled through the issue of new ordinary shares in Castelnau to PAMP. Whilst this performance fee aligns PAMP's economic interests with those of Castelnau's shareholders, the issue of any new ordinary shares in Castelnau to PAMP pursuant to these performance fee arrangements will (unless an Eligible Dignity Shareholder purchases further Castelnau shares) have a dilutive effect on other shareholders in Castelnau, including on any Eligible Dignity Shareholders who receive New Castelnau Consideration Shares pursuant to the Listed Share Alternative. Furthermore, PAMP may, from time to time, enter into arrangements to share any performance fees with third parties, including with an affiliate of SPWOne pursuant to a strategic and advisory services arrangement. Further details regarding this performance fee will be set out in the Castelnau Prospectus and a summary of the performance fee is set out in Appendix E; and

- if valid elections for the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum, Eligible Dignity Shareholders who elect for the Listed Share Alternative cannot be certain as to the number of New Castelnau Consideration Shares they will receive because, to the extent that the elections for the Alternative Offers cannot be satisfied in full, the number of New Castelnau Consideration Shares to be issued in connection with the Listed Share Alternative will be scaled back on a pro rata basis, and the balance of the consideration for each Dignity Share will be paid in cash in accordance with the terms of the Cash Offer.

Eligible Dignity Shareholders who may be considering electing for the Listed Share Alternative should consult their tax advisers with respect to their particular tax situation and the tax effects of an investment in the New Castelnau Consideration Shares.

16 Irrevocable undertaking

Kate Davidson MBE, Dignity's Chief Executive Officer and the sole Dignity Director to have an interest in any Dignity Shares (all of which are represented by options and awards to be granted under the Dignity Share Schemes), has irrevocably undertaken to accept the Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of a Scheme at the Court Meeting and the resolutions to be proposed at a Dignity General Meeting, as necessary) in respect of her entire interest in Dignity Shares, representing approximately 0.02% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 0.03% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares.

Bidco has also received letters of intent, confirming its intention to accept the Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of a Scheme at the Court Meeting and the resolutions to be proposed at a Dignity General Meeting, as necessary) from:

- Artemis Investment Management LLP (acting in its capacity as investment adviser for and on behalf of Artemis Strategic Assets Fund and Artemis Alpha Trust plc) in respect of a total of 4,627,107 Dignity Shares, representing approximately 9.04% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 12.75% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares. Artemis Investment Management LLP has also confirmed its intention to elect for the Listed Share Alternative in respect of a significant proportion of its holding of Dignity Shares; and

- Ravenscroft Group in respect of a total of 500,000 Dignity Shares, representing approximately 0.98% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 1.38% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares.

Kate Davidson's irrevocable undertaking will remain binding if a higher competing offer for Dignity is made. Further details of this irrevocable undertaking (including the circumstances in which it will lapse) and the letters of intent are set out in paragraph 16 of, and in Appendix C to, this Announcement.

As a result, Bidco and the members of the Consortium own or control, or have received an irrevocable undertaking and letters of intent in respect of, a total of 20,015,199 Dignity Shares, representing approximately 39.12% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date.

17 Conditions to the Acquisition, indicative timing and Longstop Date

It is intended that the Acquisition will be implemented by way of the Offer.

The Acquisition will be subject to the Conditions and further terms set out in Appendix A and to the full terms and conditions which will be set out in the Offer Document and the Form of Acceptance, including:

- the Acceptance Condition;

- the FCA Change in Control Condition; and

- the Castelnau Prospectus Condition.

As described further in Appendix A, and subject to the rules of the Takeover Code, the Acceptance Condition shall be satisfied once valid acceptances of the Acquisition have been received by no later than 1.00 p.m. on the Unconditional Date (or such other times and/or dates as Bidco may specify, subject to the rules of the Takeover Code and where applicable with the consent of the Panel) in respect of 75% of the Dignity Shares to which the Offer relates and of the voting rights attached to those shares.

Bidco may, in its absolute discretion, decide to waive the Acceptance Condition down to a lesser percentage in accordance with Rule 10 of the Takeover Code, provided that the Acceptance Condition will not be satisfied unless Bidco and/or any of its wholly-owned subsidiaries has acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Dignity Shares carrying in aggregate more than 50% of the voting rights then exercisable at a general meeting of Dignity (the "**Minimum Acceptance Threshold**").

Subject to the satisfaction or (if permitted) waiver of the Conditions and certain further terms set out in Appendix A, it is expected that the Acquisition will become or be declared unconditional during the second quarter of 2023.

The Acquisition shall lapse unless all of the Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by Bidco to be or remain satisfied, by

midnight on the earlier of the Unconditional Date and the Longstop Date (subject to the rules of the Takeover Code and, where applicable, the consent of the Panel). Further details are set out in Part 2 of Appendix A. The Acquisition will not be conditional on the Castelnau Placing, or on the admission of the New Castelnau Placing Shares or the New Castelnau Consideration Shares to trading on the Specialist Fund Segment.

18 Delisting and compulsory acquisition

If the Offer becomes or is declared unconditional, and sufficient acceptances are received, Bidco intends to procure that Dignity will make an application for the cancellation of the listing of the Dignity Shares on the Official List and for the cancellation of trading of the Dignity Shares on the Main Market.

It is anticipated that the application for cancellation of listing on the Official List and admission to trading on the LSE will take effect no earlier than the date that is 20 Business Days after Bidco has acquired or agreed to acquire 75% of the voting rights attaching to the Dignity Shares. The cancellation of the listing would significantly reduce the liquidity and marketability of any Dignity Shares not assented to the Offer at that time.

If Bidco receives acceptances under the Offer in respect of, or otherwise acquires, 90% or more of the Dignity Shares to which the Offer relates, Bidco will exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Dignity Shares in respect of which the Offer has not been accepted.

19 Dignity Share Schemes

Participants in the Dignity Share Schemes will be contacted regarding the effect of the Acquisition on their rights under the Dignity Share Schemes and, where required, appropriate proposals will be made to such participants in due course. Further details of the terms of such proposals will be included in the letters to participants in the Dignity Share Schemes, as required by Rule 15 of the Takeover Code.

20 Disclosure of interests

Except for the irrevocable undertaking and letters of intent referred to in paragraph 16 above, as at the close of business on the Latest Practicable Date, save as disclosed below, neither Bidco, nor any of the directors of Bidco, nor, so far as the directors of Bidco are aware, any person acting in concert (within the meaning of the Takeover Code) with Bidco for the purposes of the Acquisition, had any interest in, right to subscribe for, or had borrowed or lent any Dignity Shares or securities convertible or exchangeable into Dignity Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Takeover Code, in relation to Dignity Shares or in relation to any securities convertible or exchangeable into Dignity Shares.

Name	Nature of interest	Number of Dignity Shares	Percentage of Dignity's fully diluted share capital
PAMP (as discretionary fund manager for the PAMP Affiliates)	Holding	4,515,010	8.82
Castelnau	Holding	10,361,149	20.25
Total		**14,876,159**	29.08

21 Documents available on website

Copies of the following documents will, by no later than 12 noon on the Business Day following this Announcement, be made available on Castelnau's website at www.castelnaugroup.com and on Dignity's website at www.dignityplc.co.uk until the end of the offer period:

- this Announcement;
- the irrevocable undertaking and letters of intent listed in Appendix C;
- the Confidentiality Agreement;
- the Share Schemes Letter;
- the SPWOne Loan, the SPWOne Share Charge and the Castelnau/Phoenix Loans;
- the Consortium Rollover SPA;
- the instruments constituting the Bidco CG2 Loan Notes and the Bidco E Loan Notes;
- the Valderrama Articles;
- the Valderrama JVA; and
- consent letters from each of Rothschild & Co, Morgan Stanley, Liberum and Investec.

The contents of the websites referred to in this Announcement are not incorporated into and do not form part of this Announcement.

22 General

It is expected that the Offer Document will be published as soon as reasonably practicable and in any event within 28 days of the date of this Announcement (unless agreed otherwise with the Panel). Further information about the Acquisition will be set out in the Offer Document.

Castelnau will also be required to publish the Castelnau Prospectus in connection with the Acquisition and the Castelnau Placing. It is expected that the Castelnau Prospectus, containing information about, amongst other things, the Castelnau Placing and the New Castelnau Consideration Shares, will be published as soon as reasonably practicable and, once published, it will be made available on Castelnau's website at www.castelnaugroup.com.

An expected timetable of principal events will be included in the Offer Document.

Bidco reserves the right, with the consent of the Panel, to elect to implement the Acquisition by way of a Scheme. In such event, the Scheme will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Acquisition, subject to appropriate amendments (including to statutory voting requirements) to reflect the change in method of implementing the Acquisition, including in particular to the amendments referred to in Part 3 of Appendix A.

Appendix B contains the sources of information and bases of calculation of certain information contained in this Announcement. Appendix C contains details of the irrevocable undertaking and letters of intent received in relation to the Acquisition that is referred to in this Announcement. A summary of Valderrama and the Bidco Group (including Valderrama's capital structure, the Valderrama Articles and the Valderrama JVA) is set out in Appendix D. Castelnau's investment objective and policy, and the performance fee which may be payable to PAMP, are summarised in Appendix E. Appendix F sets out a summary of the rollover

mechanics to be used in connection with the Alternative Offers and the Consortium Rollover SPA. Appendix G sets out illustrative examples of how the scale back mechanism would apply if valid elections for either or both of the Alternative Offers are received in respect of a total number of Dignity Shares in excess of the Alternative Offers Maximum. Appendix H contains definitions of certain terms used in this Announcement.

Each of Morgan Stanley, Liberum, Rothschild & Co and Investec has given and not withdrawn its consent to the inclusion in this Announcement of the references to its name in the form and context in which they appear.

Enquiries

SPWOne Nick Edwards / Chris Wensley / Adam Bulmer	**info@SPWOne.com**
PAMP / Castelnau Gary Channon / Steve Tatters / Graham Shircore	**+44 20 8600 0100**
Morgan Stanley (Financial adviser to Bidco) Laurence Hopkins / Richard Brown / Anusha Vijeyaratnam	**+44 20 7425 8000**
Liberum (Corporate broker to Castelnau) Darren Vickers / Owen Matthews / William King	**+44 20 3100 2222**
H/Advisors Maitland (PR adviser to Bidco) William Clutterbuck / Jason Ochere / Jonathan Cook	**+44 20 7379 5151**
Dignity Kate Davidson MBE – Chief Executive Officer Giovanni (John) Castagno – Chair	**+44 20 7466 5000**
Rothschild & Co (Financial adviser and Rule 3 adviser to Dignity) Majid Ishaq / John Byrne / Ali Kazmi	**+44 20 7280 5000**
Investec (Corporate broker to Dignity) Gary Clarence / Ben Farrow	**+44 20 7597 4000**
Buchanan (PR adviser to Dignity) Chris Lane / Hannah Ratcliff / Verity Parker	**+44 20 7466 5000**

Macfarlanes LLP is acting as legal adviser to Bidco and the Consortium. Slaughter and May is acting as legal adviser to Dignity.

Further information

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Dignity or any member of the Consortium pursuant to the Acquisition or otherwise in any jurisdiction in contravention of applicable laws. The Offer will be made solely by means of the Offer Document and the Form of Acceptance, which will, together, contain the full terms and conditions of the Offer, including details of how it may be accepted.

In addition to the Offer Document to be published by Bidco, Castelnau will publish the Castelnau Prospectus, containing information on, amongst other things, the New Castelnau Consideration Shares. Dignity Shareholders should read the Offer Document, the Castelnau Prospectus and the Form of Acceptance carefully when they become available, because they will contain important information in relation to the Offer and the New Castelnau Consideration Shares. Any decision by Dignity Shareholders in respect of the Offer should be made only on the basis of the information contained in the Offer Document, the Castelnau Prospectus and the Form of Acceptance.

This Announcement does not constitute a prospectus or prospectus equivalent document. Approval of the Castelnau Prospectus by the FCA should not be understood as an endorsement of the New Castelnau Consideration Shares.

Information relating to Dignity Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Dignity Shareholders, persons with information rights and other relevant persons for the receipt of communications from Dignity may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 to the Takeover Code.

Overseas jurisdictions

The release, publication or distribution of this Announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, neither the Listed Share Alternative nor the Unlisted Share Alternative will be made available, directly or indirectly, in, into or from a Restricted Jurisdiction and no Dignity Shareholder may make an election for either of the Alternative Offers by any use, means or instrumentality (including facsimile, e-mail or other electronic transmission or telephone) of interstate or foreign commerce of, or of any facility of, a national, state or other securities exchange of a Restricted Jurisdiction. In addition, unless otherwise determined by Bidco or required by the Takeover Code, the Listed Share Alternative will not be made available to any Dignity Shareholder whose registered address is in an EEA Member State.

The availability of the Acquisition to Dignity Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions.

Details in relation to Dignity Shareholders in overseas jurisdictions will also be contained in the Offer Document.

The Acquisition will be subject to the applicable requirements of the Takeover Code, the Panel, the LSE and the FCA.

Additional information for US investors

The Offer relates to the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. Financial information included in this Announcement, the Offer Document and the Castelnau Prospectus has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Takeover Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of Dignity Shares will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Dignity Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for US holders of Dignity Shares to enforce their rights and any claim arising out of the US federal laws, since Bidco and Dignity are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders of Dignity Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The securities to be issued in connection with either of the Alternative Offers pursuant to the Offer have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Valderrama D Shares and New Castelnau Consideration Shares will only be made available outside of the US to non-US Persons in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements provided by Regulation S.

Important notices relating to the financial advisers

Morgan Stanley, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser exclusively to Bidco and the members of the Consortium and for no one else and will not be responsible to anyone other than Bidco and the members of the Consortium for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this Announcement. Neither Morgan Stanley, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with the Acquisition, any statement contained in this Announcement or otherwise.

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Dignity and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than Dignity for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained in this Announcement, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this Announcement.

Liberum, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as corporate broker to Castelnau and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than Castelnau for providing the protections afforded to clients of Liberum, nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement. Neither Liberum nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with this Announcement, any statement contained in this Announcement, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Liberum as to the contents of this Announcement.

Investec, which is authorised by the PRA and regulated by the FCA and the PRA, is acting as corporate broker exclusively to Dignity and for no one else in connection with the Acquisition or other matters referred to in this Announcement and will not be responsible to anyone other than Dignity for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters set out in this Announcement.

Cautionary note regarding forward-looking statements

This Announcement (including information incorporated by reference into this Announcement), oral statements regarding the Acquisition and other information published by Bidco, the members of the Consortium and Dignity contain statements which are, or may be deemed to be, "forward-looking statements" with respect to the financial condition, results of operations and business of Dignity and certain plans and objectives of Bidco. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Dignity about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", "is subject to", "budget", "scheduled", "forecast", "intend", or other words of similar meaning. These statements are based on assumptions and assessments made by Bidco and/or Dignity in light of their experience and their perception of historical trends, current conditions, likely future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future, and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and investors are therefore cautioned not to place undue reliance on these forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to Dignity, refer to the annual report and accounts of Dignity for the financial year ended 31 December 2021.

Each forward-looking statement speaks only as at the date of this Announcement. Neither Bidco nor Dignity, nor any member of their respective groups, assumes any obligation to update or revise any forward-looking statements contained in this Announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

Profit forecasts and estimates

The statements by Dignity in this Announcement regarding its underlying operating profit and underlying operating profit before depreciation and amortisation, in each case for the 52 weeks ended 30 December 2022, are profit estimates for the purposes of Rule 28 of the Takeover Code. The Offer Document will include the relevant reports required by Rule 28.1 of the Takeover Code.

Save as referred to above, no other statement in this Announcement is intended as a profit forecast, profit estimate or quantified financial benefits statement for any period and no such other statement in this Announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Dignity, Castelnau or any other company involved in the Acquisition for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Dignity, Castelnau or any other company involved in the Acquisition.

Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover 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 p.m. on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. 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 Takeover 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(s), 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 p.m. 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 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.

Publication on website and availability of hard copies

A copy of this Announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Castelnau's website at www.castelnaugroup.com and on Dignity's website at www.dignityplc.co.uk by no later than 12 noon on the Business Day following this Announcement. For the avoidance of doubt, the contents of the websites referred to in this Announcement are not incorporated into and do not form part of this Announcement.

Dignity Shareholders may request a hard copy of this Announcement by contacting Dignity's registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or by telephoning +44 (0) 371 384 2674.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank

manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

APPENDIX A

CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE ACQUISITION

Part 1 – Conditions to the Acquisition

The Acquisition will be conditional upon:

Acceptance Condition

1 valid acceptances of the Offer having been received (and not validly withdrawn in accordance with the rules and requirements of the Takeover Code and the terms of the Offer) by no later than 1.00 p.m. on the Unconditional Date (or such other times and/or dates as Bidco may specify, subject to the rules of the Takeover Code and, where applicable, with the consent of the Panel) in respect of 75% (or such lesser percentage as Bidco may decide) of the Dignity Shares to which the Offer relates and of the voting rights attached to those shares, provided that: (a) this Condition will not be satisfied unless Bidco and/or any of its wholly-owned subsidiaries has acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Dignity Shares carrying in aggregate more than 50% of the voting rights then exercisable at a general meeting of Dignity; and (b) unless the Panel consents otherwise, this Condition shall only be capable of being satisfied when all other Conditions set out in paragraphs 2 to 12 (inclusive) below have been satisfied or, if permitted, waived;

For the purposes of this Condition 1:

(i) Dignity Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry upon issue;

(ii) valid acceptances shall be deemed to have been received in respect of Dignity Shares which are treated for the purposes of Part 28 of the Companies Act as having been acquired or contracted to be acquired by Bidco, whether by virtue of acceptance of the Offer or otherwise;

(iii) the expression "**Dignity Shares to which the Offer relates**" shall be construed in accordance with Chapter 3 of Part 28 of the Companies Act; and

(iv) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue excluding any and all shares held in treasury by Dignity from time to time.

In addition, the Acquisition will be conditional upon the following Conditions and, accordingly, the Offer will not become or be declared unconditional unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Official authorisations, regulatory clearances and third party clearances

FCA

2 the FCA:

2.1 giving notice in writing in accordance with section 189(4)(a) of FSMA that it has determined to approve unconditionally;

2.2 giving notice in writing in accordance with section 189(7) of FSMA that it has determined to approve subject to conditions that are satisfactory to Bidco (acting reasonably); or

2.3 being treated, by virtue of section 189(6) of FSMA, as having approved,

the acquisition of control (as defined in section 181 of FSMA read in conjunction with the Financial Services and Markets Act 2000 (Controllers) (Exemptions) Order 2009) over Dignity Funerals Limited by Bidco, each parent undertaking (as defined in FSMA) of Bidco and each other person required to give a notice under section 178 of FSMA in connection with the Acquisition or its implementation;

Castelnau Prospectus

3 the FCA having approved the Castelnau Prospectus;

Other authorisations, consents and clearances

4 the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider Dignity Group taken as a whole) arising as a result of or in connection with the Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control or management of, Dignity by Bidco or any member of the Wider Bidco Group;

5 all necessary filings or applications having been made in connection with the Acquisition and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider Bidco Group of any shares or other securities in, or control of, Dignity and all authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals reasonably deemed necessary or appropriate by Bidco or any member of the Wider Bidco Group for or in respect of the Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Dignity or any member of the Wider Dignity Group by any member of the Wider Bidco Group having been obtained in terms and in a form satisfactory to Bidco from all appropriate Third Parties or persons with whom any member of the Wider Dignity Group has entered into contractual arrangements and all such material authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals necessary or appropriate to carry on the business of any member of the Wider Dignity Group which is material in the context of the Bidco Group or the Dignity Group as a whole or of the financing of the Acquisition remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

6 no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having enacted, made or proposed any statute, regulation, decision or order, or change to published practice or having taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order, which in each case would or might reasonably be expected to:

6.1 require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Bidco Group or any member of the Wider Dignity Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Bidco Group or the Wider Dignity Group in either case taken as a whole;

6.2 require, prevent or delay the divestiture by any member of the Wider Bidco Group of any shares or other securities in Dignity;

6.3 impose any material limitation on, or result in a delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Dignity Group or the Wider Bidco Group or to exercise voting or management control over any such member;

6.4 otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Bidco Group or of any member of the Wider Dignity Group to an extent which is material in the context of the Wider Bidco Group or the Wider Dignity Group in either case taken as a whole;

6.5 make the Acquisition or its implementation or the acquisition or proposed acquisition by Bidco or any member of the Wider Bidco Group of any shares or other securities in, or control of, Dignity void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto;

6.6 require any member of the Wider Bidco Group or the Wider Dignity Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Dignity Group or the Wider Bidco Group owned by any third party;

6.7 impose any limitation on the ability of any member of the Wider Dignity Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider Dignity Group taken as a whole or in the context of the Acquisition; or

6.8 result in any member of the Wider Dignity Group ceasing to be able to carry on business under any name under which it presently does so, and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any Dignity Shares having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

7 save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Dignity Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, or any circumstance which in consequence of the Acquisition or the proposed acquisition of any shares or other securities (or equivalent) in Dignity or because of a change in the control or management of Dignity or otherwise, could or might result in any of the following to an extent which is material and adverse in the context of the Wider Dignity Group, or the Wider Bidco Group, in either case taken as a whole, or in the context of the Acquisition:

7.1 any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to, any such member being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

7.2 any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or affected or any obligation or liability arising or any action being taken or arising thereunder;

7.3 any asset or interest of any such member being or failing to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset

or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;

7.4 the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any such member;

7.5 the rights, liabilities, obligations or interests of any such member, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;

7.6 the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;

7.7 any such member ceasing to be able to carry on business under any name under which it presently does so; or

7.8 the creation or acceleration of any liability, actual or contingent, by any such member (including any material tax liability or any obligation to obtain or acquire any material authorisation, notice, waiver, concession, agreement or exemption from any Third Party or any person) other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Dignity Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs 7.1 to 7.8 of this Condition;

Certain events occurring since Last Accounts Date

8 save as Disclosed, no member of the Wider Dignity Group having, since the Last Accounts Date:

8.1 save as between Dignity and wholly-owned subsidiaries of Dignity or for Dignity Shares issued under or pursuant to the exercise of options and vesting of awards granted under the Dignity Share Schemes, issued or agreed to issue, authorised or proposed the issue of additional shares of any class;

8.2 save as between Dignity and wholly-owned subsidiaries of Dignity or for the grant of options and awards and other rights under the Dignity Share Schemes, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;

8.3 other than to another member of the Dignity Group, prior to completion of the Acquisition, recommended, declared, paid or made any dividend or other distribution payable in cash or otherwise or made any bonus issue;

8.4 save for intra-Dignity Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

8.5 save for intra-Dignity Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

8.6 issued, authorised or proposed the issue of, or made any change in or to, any debentures or (save for intra-Dignity Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;

8.7 purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs 8.1 or 8.2 above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

8.8 save for intra-Dignity Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;

8.9 entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such a nature or magnitude other than in the ordinary course of business, in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

8.10 (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

8.11 entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Dignity Group or the Wider Bidco Group other than of a nature and extent which is normal in the context of the business concerned;

8.12 waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider Dignity Group taken as a whole;

8.13 made any material alteration to its memorandum or articles of association or other incorporation documents;

8.14 been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;

8.15 entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this Condition 8;

8.16 (except in relation to changes made or agreed as a result of, or arising from, law or changes to applicable law), made or agreed or consented to any change to:

8.16.1 the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Dignity Group for its directors, employees or their dependents;

8.16.2 the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;

8.16.3 the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or

8.16.4 the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,

in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

8.17 proposed, agreed to provide or modified the terms of any of the Dignity Share Schemes or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider Dignity Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider Dignity Group, save as agreed by the Panel (if required) and by Bidco, or entered into or changed the terms of any contract with any director or senior executive;

8.18 taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Dignity Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

8.19 entered into, or varied in a material way the terms of, any contracts, agreement or arrangement with any of the directors or senior executives of any members of the Wider Dignity Group; or

8.20 waived or compromised any claim which is material in the context of the Wider Dignity Group taken as a whole, otherwise than in the ordinary course;

No adverse change, litigation or regulatory enquiry

9 save as Disclosed, since the Last Accounts Date:

9.1 no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Dignity Group which, in any such case, is material in the context of the Wider Dignity Group taken as a whole and no circumstances have arisen which would or might reasonably be expected to result in such adverse change or deterioration;

9.2 no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Dignity Group is or may become a party (whether as a claimant, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party or other investigative body against or in respect of any member of the Wider Dignity Group having been instituted, announced, implemented or threatened by or against or remaining outstanding in respect of any member of the Wider Dignity Group which in any such case has had or might reasonably be expected to have an adverse effect on the Wider Dignity Group taken as a whole or in the context of the Acquisition;

9.3 no contingent or other liability of any member of the Wider Dignity Group having arisen or become apparent to Bidco or increased which has had or might reasonably be expected to have an adverse effect on the Wider Dignity Group taken as a whole, or in the context of the Acquisition;

9.4 no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or remaining outstanding against or in respect of any member by or the Wider Dignity Group which in any case is material in the context of the Wider Dignity Group taken as a whole;

9.5 no member of the Wider Dignity Group having conducted its business in breach of any applicable laws and regulations and which is material in the context of the Wider Dignity Group as a whole or material in the context of the Acquisition; or

9.6 no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider Dignity Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, an adverse effect on the Wider Dignity Group taken as a whole;

No discovery of certain matters

10 save as Disclosed, Bidco not having discovered:

10.1 that any financial, business or other information concerning the Wider Dignity Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Dignity Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this Announcement by disclosure either publicly or otherwise to Bidco or its professional advisers, in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole;

10.2 that any member of the Wider Dignity Group or partnership, company or other entity in which any member of the Wider Dignity Group has a significant economic interest and which is not a subsidiary undertaking of Dignity, is subject to any liability (contingent or otherwise) which is not disclosed in the annual report and accounts of the Dignity Group for the financial year ended 31 December 2021, in each case, to the extent which is material in the context of the Wider Dignity Group taken as a whole; or

10.3 any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Dignity Group and which is material in the context of the Wider Dignity Group taken as a whole;

11 save as Disclosed, Bidco not having discovered that:

11.1 any past or present member of the Wider Dignity Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) or cost on the part of any member of the Wider Dignity Group and which is material in the context of the Wider Dignity Group taken as a whole;

11.2 there is, or is likely to be, for any reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider Dignity Group to make good, remediate, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider Dignity Group (or on its behalf) or by any person for which a member of the Wider Dignity Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, regulation, notice, circular or order of any Third Party and which is material in the context of the Wider Dignity Group taken as a whole or the Acquisition;

11.3 circumstances exist (whether as a result of the making of the Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any member of the Wider Bidco Group or any present or past member of the Wider Dignity Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate or clean up

any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider Dignity Group (or on its behalf) or by any person for which a member of the Wider Dignity Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider Dignity Group taken as a whole or the Acquisition; or

11.4 circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein currently or previously manufactured, sold or carried out by any past or present member of the Wider Dignity Group which claim or claims would be likely, materially and adversely, to affect any member of the Wider Dignity Group and which is material in the context of the Wider Dignity Group taken as a whole or the Acquisition; and

Anti-corruption, economic sanctions, criminal property and money laundering

12 save as Disclosed, Bidco not having discovered that:

12.1 (i) any past or present member, director, officer or employee of the Wider Dignity Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks or (ii) any person that performs or has performed services for or on behalf of the Wider Dignity Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks;

12.2 any asset of any member of the Wider Dignity Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider Dignity Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering;

12.3 any past or present member, director, officer or employee of the Wider Dignity Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any conduct which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from:

12.3.1 any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Revenue & Customs; or

12.3.2 any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the United Kingdom, the European Union or any of its member states, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable blocking law;

12.4 any past or present member, director, officer or employee of the Wider Dignity Group, or any other person for whom any such person may be liable or responsible:

12.4.1 has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including the U.S. Anti-Terrorism Act;

12.4.2 has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;

12.4.3 has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or

12.4.4 is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or

12.5 any member of the Wider Dignity Group is or has been engaged in any transaction which would cause Bidco to be in breach of any law or regulation upon the Acquisition completing, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Revenue & Customs, or any other relevant government authority.

For the purposes of these Conditions the "**Wider Dignity Group**" means Dignity and its subsidiary undertakings, associated undertakings and any other undertaking in which Dignity and/or such undertakings (aggregating their interests) have a significant interest and the "**Wider Bidco Group**" means Bidco and its subsidiary undertakings, associated undertakings and any other undertaking in which Bidco and/or such undertakings (aggregating their interests) have a significant interest. For these purposes "**subsidiary undertaking**" and "**undertaking**" have the meanings given by the Companies Act, "**associated undertaking**" has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations, which shall be excluded for this purpose, and "**significant interest**" means a direct or indirect interest in 20% or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act).

Part 2 – Waiver and invocation of the Conditions

1 Bidco reserves the right to waive, in whole or in part, all or any of the Conditions set out in Part 1 of this Appendix A, except for Conditions 1 and 3, which cannot be waived. The Acquisition will be subject to the satisfaction (or waiver, if permitted) of the Conditions set out in this Appendix A, to the further terms set out in this Appendix A, and to the full terms and conditions which will be set out in the Offer Document and the Form of Acceptance.

2 The Acquisition shall lapse unless all of the Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by Bidco to be or remain satisfied, by midnight on the earlier of the Unconditional Date and the Longstop Date (subject to the rules of the Takeover Code, and where applicable, the consent of the Panel).

3 Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions 1 to 12 (inclusive) by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.

4 Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise.

5 Bidco may only invoke a Condition that is subject to Rule 13.5(a) of the Takeover Code with the consent of the Panel and any Condition that is subject to Rule 13.5(a) of the Takeover Code may be waived by Bidco.

6 Conditions 1 and 3 are not subject to Rule 13.5(a) of the Takeover Code.

7 If Bidco is required by the Panel to make an offer or offers for Dignity Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

8 Save as may otherwise be required by the Panel, the Acquisition will not proceed, will lapse or will be withdrawn if by midnight on the Longstop Date:

8.1 sufficient acceptances have not been received so as to enable Condition 1 to be satisfied; or

8.2 where sufficient acceptances have been received so as to enable Condition 1 to be satisfied, one or more of the Conditions relating to an official authorisation or regulatory clearance has not been satisfied or waived and the Panel consents to the Acquisition not proceeding, lapsing or being withdrawn.

Part 3 – Implementation by way of Scheme

1 Bidco reserves the right, with the consent of the Panel, to elect to implement the Acquisition by way of a Scheme.

2 If the Acquisition is implemented by way of a Scheme, the Scheme will be implemented, so far as applicable, on the same terms, subject to appropriate amendments to reflect the change in method of effecting the Acquisition, including (without limitation and subject to the consent of the Panel):

2.1 its approval by a majority in number representing not less than 75% in value of the Dignity Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting; and

2.2 the Court Meeting and any separate class meeting which may be required by the Court, or any adjournment of any such meeting, being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Bidco and Dignity may agree, with the consent of the Panel and/or approval of the Court, if such consent and/or approval is required);

2.3 all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at a Dignity General Meeting or at any adjournment of that meeting; and

2.4 such Dignity General Meeting, or any adjournment of that meeting, being held on or before the 22nd day after the expected date of the Dignity General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Bidco and Dignity may agree, with the consent of the Panel and/or approval of the Court, if such consent and/or approval is required);

2.5 the sanction of the Scheme by the Court with or without modification (but subject to any such modification being on terms acceptable to Bidco and Dignity) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies; and

2.6 the Scheme Court Hearing being held on or before the 22nd day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course (or such later date, if any, Bidco and Dignity may agree, with the consent of the Panel and/or approval of the Court, if such consent and/or approval is required).

3 In addition, if the Acquisition is implemented by way of a Scheme, the Scheme will be conditional upon the Conditions set out above and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the Conditions set out above have either been waived (if permitted) or fulfilled.

Part 4 – Certain further terms of the Acquisition

1 The Acquisition will be governed by English law and be subject to the Conditions and further terms set out in this Appendix A and to be set out in the Offer Document and the Form of Acceptance. The Acquisition will be subject to the applicable rules, regulations and requirements of the FCA, the Panel, the LSE and the Takeover Code. This Announcement does not constitute, or form part of, an offer or invitation to purchase Dignity Shares or any other securities.

2 Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

3 The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Details in relation to Dignity Shareholders in overseas jurisdictions will also be contained in the Offer Document.

4 Dignity Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this Announcement.

5 If, on or after the date of this Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Dignity Shares, Bidco reserves the right (without prejudice to any right of Bidco to invoke Condition 8.3 in Part 1 of this Appendix A) to reduce the consideration payable under the terms of the Acquisition for the Dignity Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this Announcement or in the Offer Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is declared, made or paid or is payable and it is: (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.

APPENDIX B

SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used.

1 The fully diluted share capital of Dignity is calculated on the basis of:

1.1 50,043,435 Dignity Shares in issue as at the close of business on the Latest Practicable Date; and

1.2 1,119,812, being the maximum number of Dignity Shares which may be issued on or after the date of this Announcement to satisfy the exercise and vesting of awards outstanding under the Dignity Share Schemes as at the close of business on the Latest Practicable Date.

2 The enterprise value of Dignity is based on the Cash Offer price of 550 pence per Dignity Share and Dignity's net debt position of £508.0 million (being Dignity's gross debt of £516.5 million as at 30 December 2022, less Dignity's cash and cash equivalents of £8.5 million as at 30 December 2022, as published by Dignity on 23 January 2023 in its unaudited trading update for the 52 weeks ended 30 December 2022).

3 Dignity's estimated maximum underlying operating profit (on a post-IFRS 16 basis) of no more than £20 million, and its underlying operating profit before depreciation and amortisation (pre-IFRS 16) of no more than £37 million, respectively, for the 52 weeks ended 30 December 2022 have been extracted from Dignity's unaudited trading update for the 52 weeks ended 30 December 2022, as published by Dignity on 23 January 2023.

4 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 annual report and accounts. The Dignity Board believes that, whilst statutory reporting measures provide financial performance information on the Dignity Group under IFRS, APMs provide additional useful information to enable readers of Dignity's financial statements to fully understand the trading performance and financial position of Dignity's business. The APMs provided are aligned with those used in the day-to-day management of Dignity's business and allow for greater comparability across periods. For this reason, the APMs provided exclude the impact of consolidating various trusts (being The National Funeral Trust, the Trust for Age UK Funeral Plans and various pre-arranged funeral plans from which the Dignity Group receives funeral cover in the event they deliver a funeral service) 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.

5 The premium calculations to the price per Dignity Share used in this Announcement have been calculated by reference to the closing market price of a Dignity Share sourced from Factset on any particular date.

6 Unless otherwise stated, the financial information relating to Dignity is extracted from the audited consolidated financial statements of Dignity for the year ended 31 December 2021.

7 Certain figures included in this Announcement have been subject to rounding adjustments.

APPENDIX C

DETAILS OF IRREVOCABLE UNDERTAKING AND LETTERS OF INTENT

Bidco has received an irrevocable undertaking and letters of intent in respect of a total of 5,139,040 Dignity Shares, representing approximately 10.04% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 14.16% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares.

Letters of intent

Bidco has received letters of intent, confirming its intention to accept the Offer (or, if the Acquisition is implemented by way of a Scheme, to vote in favour of a Scheme at the Court Meeting and the resolutions to be proposed at a Dignity General Meeting, as necessary) from:

- Artemis Investment Management LLP (acting in its capacity as investment adviser for and on behalf of Artemis Strategic Assets Fund and Artemis Alpha Trust plc) in respect of a total of 4,627,107 Dignity Shares, representing approximately 9.04% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 12.75% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares. Artemis Investment Management LLP has also confirmed its intention to elect for the Listed Share Alternative in respect of a significant proportion of its holding of Dignity Shares; and

- Ravenscroft Group in respect of a total of 500,000 Dignity Shares, representing approximately 0.98% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date and approximately 1.38% of Dignity's fully diluted share capital as at the close of business on the Latest Practicable Date excluding the Consortium Rollover Shares.

Dignity Director irrevocable undertaking

Name	Interest in Dignity Shares	Percentage of Dignity's fully diluted share capital	Percentage of Dignity's fully diluted share capital (excluding Consortium Rollover Shares)
Kate Davidson MBE	11,933	0.02%	0.03%
Total	**11,933**	**0.02%**	**0.03%**

This irrevocable undertaking will lapse and cease to be binding if:

- the Offer is declared unconditional in accordance with the requirements of the Takeover Code, or a Scheme (if applicable) becomes effective in accordance with its terms;

- Bidco announces, with the consent of the Panel, that it does not intend to proceed with the Acquisition and no new, revised or replacement offer or scheme is announced in accordance with Rule 2.7 of the Takeover Code, either at the same time or within two Business Days of such announcement;

- the Offer lapses or is withdrawn, unless Bidco announces, within five Business Days of such lapse or withdrawal and with the consent of the Panel, a firm intention to switch to a Scheme (or vice versa, if Bidco elects to implement the Acquisition by way of a Scheme);

- the Offer does not become unconditional in accordance with the requirements of the Takeover Code by the Longstop Date, or, if Bidco elects to implement the Acquisition by way of a Scheme, the Scheme does not become effective by the Longstop Date; or

- any competing offer is made for Dignity and such competing offer is declared unconditional in accordance with the requirements of the Takeover Code (if implemented by way of a takeover offer) or otherwise becomes effective (if implemented by way of a Scheme).

APPENDIX D

DETAILS ON VALDERRAMA AND THE BIDCO GROUP

Valderrama is a private company limited by shares that was incorporated in Guernsey on 25 August 2022 with registered number 70991 and has its registered office at PO Box 650, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX. Castelnau and SPWOne are currently Valderrama's sole shareholders, with the company having been incorporated for the purposes of a 50:50 joint venture between Castelnau and SPWOne, pursuant to which Castelnau and SPWOne agreed to invest in Valderrama for the purposes of making investments in line with Castelnau's investment objectives and investment policy, which are summarised in Appendix E.

Topco is a private company limited by shares that was incorporated in England and Wales on 12 October 2022 with registered number 14415281 and has its registered office at 64-66 Glentham Road, London, United Kingdom, SW13 9JJ. The sole shareholder of Topco is Valderrama.

Midco is a private company limited by shares that was incorporated in England and Wales on 13 October 2022 with registered number 14416044 and has its registered office at 64-66 Glentham Road, London, United Kingdom, SW13 9JJ. The sole shareholder of Midco is Topco.

Bidco is a private company limited by shares that was incorporated in England and Wales on 13 October 2022 with registered number 14417289 and having its registered office at 64-66 Glentham Road, London, United Kingdom, SW13 9JJ. The sole shareholder of Bidco is Midco.

Each member of the Bidco Group was incorporated for the purposes of implementing the Acquisition.

Set out below is a summary of the Valderrama capital structure and any relevant provisions of the Valderrama Articles and the Valderrama JVA, which should be read in conjunction with, and is subject to, the full text of those documents. For the purposes of this Appendix D, the terms "subsidiary undertaking" and "undertaking" shall have the meanings given to them in the Valderrama Articles and the Valderrama JVA. Eligible Dignity Shareholders who validly elect for the Unlisted Share Alternative and who receive Valderrama D Shares as a result will, pursuant to the Power of Attorney, deliver a fully executed deed of adherence pursuant to which they will be bound by the Valderrama JVA.

1 **Valderrama's share capital**

As at the date of this Announcement, the issued share capital of Valderrama consists of one Valderrama A1 Share and one Valderrama A2 Share.

Following the Effective Date, it is expected that the Valderrama share capital structure will be comprised of:

- Valderrama A1 Shares – held by SPWOne;
- Valderrama A2 Shares – held by Castelnau;
- Valderrama B Shares – to be held by any third party investor in Valderrama (to the extent that Castelnau and SPWOne successfully syndicate part of their equity funding commitments in respect of the Acquisition after the date of this Announcement);
- Valderrama C1 Shares – to be issued to persons nominated by SPWOne;
- Valderrama C2 Shares – to be held by Castelnau, which will allocate them after the Effective Date to members of Dignity's management team as part of future management incentivisation arrangements;
- Valderrama D Shares – to be held by any Eligible Dignity Shareholder who validly elects for the Unlisted Share Alternative; and

- Valderrama E Shares – to be held by Castelnau and those PAMP Affiliates that have agreed to receive Valderrama E Shares under the Consortium Rollover SPA.

For the purposes of Rule 24.11 of the Takeover Code, Morgan Stanley will provide an estimate of the value of the Valderrama D Shares, together with the assumptions, qualifications and caveats forming the basis of its estimated value, in a letter to be set out in the Offer Document.

Each Valderrama Share will be allotted and issued credited as fully paid. A summary of the rights attaching to the Valderrama Shares is set out below.

2 **Rights attaching to Valderrama Shares**

Voting rights

Holders of Valderrama A1 Shares or Valderrama A2 Shares shall have the right to receive notice of, attend, speak and vote at any general meeting of Valderrama, and vote on any written resolution circulated outside of any general meeting of Valderrama.

Holders of Valderrama B Shares, Valderrama C Shares, Valderrama D Shares and Valderrama E Shares shall have no right to receive notice of, attend, speak or vote at any general meeting of Valderrama, or vote on any written resolution circulated outside of any general meeting of Valderrama.

Economic rights – Distribution of assets on a winding up

Upon any distribution of assets on a liquidation or other return of capital, the surplus assets of Valderrama remaining after payment or provision for establishment expenses, operating expenses and other liabilities and obligations where applicable or reasonably required, shall be applied (to the extent lawfully permissible) as follows:

- holders of Valderrama A1 Shares and Valderrama A2 Shares shall participate pari passu:

    - alongside holders of Valderrama B Shares, Valderrama D Shares and Valderrama E Shares until all Valderrama Shareholders have received proceeds equal to their invested capital; and

    - thereafter, with holders of the Valderrama B Shares and Valderrama D Shares, in 85% of the total proceeds apportioned to the Valderrama A Shares, Valderrama B Shares and Valderrama D Shares,

  with the apportionment between holders of Valderrama E Shares (on the one hand) and holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares (on the other hand) being made pro rata relative to the proportion the number of Valderrama E Shares in issue bears to the aggregate total number of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares in issue;

- holders of Valderrama B Shares shall participate pari passu:

    - alongside the holders of Valderrama A Shares, Valderrama D Shares and Valderrama E Shares until all Valderrama Shareholders have received proceeds equal to their invested capital; and

    - thereafter, with holders of the Valderrama A Shares and Valderrama D Shares, in 85% of the total proceeds apportioned to the Valderrama A Shares, Valderrama B Shares and Valderrama D Shares,

  with the apportionment between holders of Valderrama E Shares (on the one hand) and holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares (on

the other hand) being made pro rata relative to the proportion the number of Valderrama E Shares in issue bears to the aggregate total number of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares in issue;

- holders of Valderrama C1 Shares (as a class) are entitled to 12%, and holders of Valderrama C2 Shares (as a class) are entitled to 3%, of proceeds otherwise allocable to the holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares, but only once the holders of Valderrama A Shares, Valderrama B Shares, Valderrama D Shares and Valderrama E Shares have received proceeds equal to their invested capital;

- holders of Valderrama D Shares shall participate pari passu:

    - alongside the holders of Valderrama A Shares, Valderrama B Shares and Valderrama E Shares until all Valderrama Shareholders have received proceeds equal to their invested capital; and

    - thereafter, with holders of the Valderrama A Shares and Valderrama B Shares, in 85% of the total proceeds apportioned to the holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares,

  with the apportionment between holders of Valderrama E Shares (on the one hand) and holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares (on the other hand) being made pro rata relative to the proportion the number of Valderrama E Shares in issue bears to the aggregate total number of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares in issue; and

- holders of Valderrama E Shares shall participate pari passu:

    - alongside the holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares until all Valderrama Shareholders have received proceeds equal to their invested capital; and

    - thereafter, in 100% of the proceeds apportioned to the holders of Valderrama E Shares,

  with the apportionment between holders of Valderrama E Shares (on the one hand) and holders of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares (on the other hand) being made pro rata relative to the proportion the number of Valderrama E Shares in issue bears to the aggregate total number of Valderrama A Shares, Valderrama B Shares and Valderrama D Shares in issue.

Economic rights – Dividends

The directors of Valderrama can pay dividends or other distributions only with the prior approval of the holders of the Valderrama A Shares. Any dividend or other distribution which is approved shall be distributed amongst the Valderrama Shareholders in the same manner as any surplus assets on a winding up, as summarised above.

3 **Share transfers**

Shareholders may transfer Valderrama Shares only:

- if such transfer is made with the prior written consent of the holders of Valderrama A Shares;

- pursuant to the drag-along and tag-along rights summarised in paragraph 5 of this Appendix D; or

- where such transfer is a “Permitted Transfer” (such term having the meaning given to it in the Valderrama Articles or the Valderrama JVA). Permitted Transfers include transfers

to (i) in the case of a Valderrama Shareholder who is an individual, that Valderrama Shareholder's spouse, unmarried partner, children and grandchildren and (ii) in the case of a Valderrama Shareholder which is an undertaking, members of that Valderrama Shareholder's group.

4 **Additional issues of Valderrama Shares**

Subject to the exceptions listed below, on a new issue of Valderrama Shares, Valderrama Shareholders (other than holders of Valderrama C Shares) will be entitled to participate pro rata in the issue at the same price and on the same terms and will also have the opportunity to accept any new Valderrama Shares not taken up by other Valderrama Shareholders.

The pre-emption provisions summarised above will not apply to an issue of:

- (i) Valderrama A Shares and Valderrama B Shares in connection with the funding of the Acquisition, the funding of any purchases of Dignity Shares outside of the Acquisition or the funding of any payment made pursuant to Chapter 3 of Part 28 of the Companies Act in connection with the Acquisition or (ii) additional Valderrama B Shares prior to the date falling 12 months after the date on which Valderrama first directly or indirectly controls more than 50% of the voting rights in Dignity to raise up to £100 million at an issue price of not less than £1.00 per share;

- (i) Valderrama D Shares and Valderrama E Shares pursuant to the Acquisition or pursuant to Chapter 3 of Part 28 of the Companies Act in connection with the Acquisition or (ii) Valderrama E Shares to Castelnau and to those PAMP Affiliates who agreed to receive Valderrama E Shares or New Castelnau Consideration Shares under the Consortium Rollover SPA;

- Valderrama Shares (other than Valderrama C Shares issued as described in the final bullet point below) to individuals who are (or are to become) employed by, or directors or other officers of, Valderrama or any of its subsidiary undertakings, provided that such Valderrama Shares carry in aggregate (on a fully diluted basis) an entitlement to not more than 5% of (i) Valderrama's surplus assets on a distribution of assets on a liquidation or other return of capital and (ii) any other dividend or distribution made by Valderrama (referred to as an 'Employee Issue' in the Valderrama Articles);

- Valderrama Shares, on terms approved by the directors of Valderrama and the holders of the Valderrama A Shares as bona fide arm's length terms, to the seller(s) of any shares, assets, businesses or undertakings being acquired by Valderrama or any of its subsidiary undertakings as consideration (in whole or in part) for such acquisition;

- Valderrama Shares where (i) there has been or, in the opinion of the holders of the Valderrama A Shares, there is a reasonable likelihood of there being, an acceleration of, or event of default or breach of covenant under, any financing facility or agreement or instrument evidencing financial indebtedness of Valderrama or any of its subsidiary undertakings or (ii) Valderrama or any of its subsidiary undertakings is, or, in the opinion of the holders of the Valderrama A Shares, is reasonably likely to become, insolvent, and (in each case) the purpose of the issue of Valderrama Shares is to avoid, cure or remedy that event of default, breach of covenant, acceleration or insolvency (as the case may be); or

- up to 120,000 Valderrama C1 Shares and up to 30,000 Valderrama C2 Shares.

These pre-emption rights may be varied only with the written consent of the holders of 75% in value of each of the Valderrama A1 Shares, the Valderrama A2 Shares, the Valderrama B Shares, the Valderrama D Shares and the Valderrama E Shares, or with the sanction of a special resolution passed at a separate general meeting of the holders of each of these classes of Valderrama Shares.

5 **Drag-along and tag-along rights**

Drag-along rights

If a transfer of any Valderrama A Shares (other than any "Permitted Transfers", as summarised in paragraph 3 above, or any transfer between SPWOne or any of its permitted transferees (on the one hand) and Castelnau or any of its permitted transferees (on the other hand)) would result in a proposed transferee or persons connected with it holding more than 50% of the voting rights in Valderrama, the proposed transferor may require all other Valderrama Shareholders to transfer all (but not some only) of their Valderrama Shares to the proposed transferee on the same terms as those agreed between the proposed transferor and the proposed transferee.

Tag-along rights

If a transfer of any Valderrama A Shares (other than any "Permitted Transfers", as summarised in paragraph 3 above, or any transfer between SPWOne or any of its permitted transferees (on the one hand) and Castelnau or any of its permitted transferees (on the other hand)) would result in a proposed transferee or persons connected with it:

- holding more than 50% of the voting rights in Valderrama, that proposed transferee must offer to buy all of the Valderrama Shares then in issue; or

- holding 50% or less of the voting rights in Valderrama, that proposed transferee must offer to buy the same proportion of all Valderrama Shares then in issue (other than the Valderrama C Shares) as the proportion of Valderrama A Shares proposed to be transferred bears to the total number of Valderrama A Shares held by the proposed transferor prior to the transfer.

Any such offer must be on the same terms as those offered to the proposed transferor.

6 **Exit events**

In the event of a "Share Sale", an "Asset Sale" or a "Listing" (as each such term is defined in the Valderrama Articles or the Valderrama JVA), the following provisions shall apply:

- in the event of a Share Sale or an Asset Sale, Valderrama Shareholders must procure that the consideration for the sale is shared amongst Valderrama Shareholders, having regard to the rights to surplus assets that attach to each class of Valderrama Shares (as summarised above);

- immediately prior to a Listing, to the extent that a share capital reorganisation is required, such reorganisation shall be effected in a manner consistent with the economic rights of existing Valderrama Shares (as summarised above); and

- if by sanction of a special resolution, the holders of Valderrama A1 Shares and Valderrama A2 Shares agree that a Listing should occur, they shall give written notice of this to all other Valderrama Shareholders (the "**Other Valderrama Shareholders**") and all Other Valderrama Shareholders shall be deemed to have voted in favour of all resolutions and to have waived or consented in respect of each class of Valderrama Shares that they hold to all matters requiring a waiver or consent which are required to enable the Listing to proceed (provided such matters are procedural and do not adversely affect the economic value of the Valderrama Shares held by the Other Valderrama Shareholders).

7 **Board appointment rights**

Only holders of Valderrama A1 Shares and Valderrama A2 Shares shall have the right to appoint or remove any director of Valderrama.

No Other Valderrama Shareholder shall have the right to appoint or remove any such director.

8 **Leaver provisions**

The Valderrama Articles contain customary leaver provisions which apply to the holders of the Valderrama C Shares or holders of Valderrama Shares issued pursuant to an 'Employee Issue' (as referred to in paragraph 4 of this Appendix D). These leaver provisions do not affect the rights of the holders of any other Valderrama Shares.

9 **Disclosure of beneficial interests**

Valderrama's Resident Agent may, by notice in writing, require a Valderrama Shareholder to disclose to Valderrama details in respect of themselves and whether they are holding their interest in Valderrama for their own benefit or for the benefit of another person (and, if they are holding their interest in Valderrama for the benefit of another person, details in respect of that other person). If, in the opinion of the Resident Agent, a Valderrama Shareholder fails, without excuse, to disclose the details required by such notice or makes a statement in response to such notice which is false, deceptive or misleading in a material particular, the Resident Agent must notify Valderrama.

On receipt of such notice, Valderrama's directors may place such restrictions as they think fit on the rights attaching to the relevant Valderrama Share. These restrictions include suspending the ability of a Valderrama Shareholder to transfer their Valderrama Shares or to receive dividends or other distributions in respect of them, and the Valderrama directors may also cancel the relevant Valderrama Shares.

10 **Governance of Valderrama**

The holders of Valderrama A Shares shall ensure that neither Valderrama nor any of its subsidiary undertakings from time to time carries out any act outside the ordinary course of its business (including certain customary restricted matters, which are set out in the Valderrama JVA) without the prior written consent of each holder of Valderrama A Shares.

11 **Deadlock provisions**

The Valderrama JVA contains deadlock resolution procedures which apply if the holder of Valderrama A1 Shares and the holder of Valderrama A2 Shares are unable to agree on any matter relating to the affairs of Valderrama. In such a case, the holder of Valderrama A1 Shares or the holder of Valderrama A2 Shares may serve a deadlock notice on the other. Following the service of such a notice, the holder of Valderrama A1 Shares and the holder of Valderrama A2 Shares shall attempt to resolve the relevant matter and, if they are unable to do so, then either the holder of Valderrama A1 Shares or the holder of Valderrama A2 Shares may either offer to (i) buy all of the other's Valderrama Shares or (ii) sell all of its Valderrama Shares to the other, in each case at a price to be specified in a "deadlock resolution notice". No such "deadlock resolution notice" may be served before 23 January 2026. If, following the operation of the relevant provisions of the Valderrama JVA, the deadlock has not been resolved, Valderrama would be wound up.

12 **Insolvency**

If an "Insolvency Event" (as such term is defined in the Valderrama JVA) or certain types of change of control occur in relation to any Valderrama Shareholder, or if a Valderrama Shareholder is in material breach of certain provisions of the Valderrama JVA and fails to rectify that breach within a 20 business day period, then any other Valderrama Shareholder may require that Valderrama Shareholder (by service of a notice) to sell all of its Valderrama Shares at a price determined by an independent expert.

13 **Amendments to the Valderrama JVA**

The Valderrama JVA may be amended only with the prior written consent of each of (i) the holder of the Valderrama A1 Shares, (ii) the holder of the Valderrama A2 Shares and (iii) Valderrama Shareholders holding a majority of the Valderrama Shares (excluding the Valderrama A Shares), provided that no amendments may be made to any of the provisions

of the Valderrama JVA which would be materially prejudicial to the interests of any of the Valderrama Shareholders without the consent of the Valderrama Shareholders concerned.

14 **Governing law**

The Valderrama JVA is governed by English law and the courts of England and Wales shall have exclusive jurisdiction to settle any issue between the parties to the Valderrama JVA, whether arising out of or in connection with Valderrama JVA or its subject matter, or otherwise (including non-contractual claims, disputes or issues).

APPENDIX E

CASTELNAU'S INVESTMENT OBJECTIVE AND POLICY AND PERFORMANCE FEE

1 Investment objective

Castelnau's investment objective is to compound shareholders' capital at a higher rate of return than the FTSE All-Share Total Return Index over the long term.

2 Investment policy

Castelnau seeks to achieve a high rate of compound return over the long term by carefully selecting investments, using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes.

Castelnau follows a high conviction investment strategy. The expertise and processes developed by PAMP, Castelnau's investment manager, can be applied to all parts of the capital structure of a business, both private and publicly quoted. These positions could be represented by a minority stake, a control position combined with operational involvement, full ownership of a company, a joint venture, a loan or convertible instrument, a short position or any other instrument which allows Castelnau to access value.

Castelnau may select investments from all asset classes, geographies and all parts of the capital structure of a business. Both private and public markets are within the scope of Castelnau's investment policy. The constraints on PAMP, as Castelnau's investment manager, lie in the high standards, strict hurdles and diligent processes used to select investments. These constraints help to maximise returns by reducing mistakes, enforcing a margin of safety and only accepting investments with a favourable range of outcomes.

Castelnau expects to hold a concentrated portfolio of investments and will not seek to reduce concentration risk through diversification. The opportunity set will dictate the number of holdings and the weighting of investments in Castelnau's investment portfolio and the investments with the best return profiles will receive the largest weightings. Castelnau will, therefore, have no set diversification policies.

The volatility of mark-to-market prices does not affect the investment process. It is likely that volatility in the market price of a listed investment will provide attractive entry or exit points and so any Eligible Dignity Shareholders who make elections for the Listed Share Alternative should expect high volatility to sit alongside the high long-term compounding rates that Castelnau is aiming to achieve.

The constituents of local indices, the weightings of investments in these indices and the volatility of the indices relative to Castelnau will not affect investment decisions. It is anticipated that agnosticism towards local indices will help focus research efforts, decision making and ultimately investment performance.

Castelnau may invest directly or through special purpose vehicles if considered appropriate.

Investment restrictions

Castelnau will not invest in companies whose principal business is (i) tobacco or tobacco related products, (ii) engaged directly in weapons production or (iii) engaged in the pornography industry.

There is no cross-financing between the companies forming part of Castelnau's investment portfolio and no operation of a common treasury function between Castelnau and any of its portfolio companies.

Castelnau does not invest more than 15% of its total assets in other investment companies whose shares are admitted to the Premium Segment.

Derivatives

Castelnau currently does not intend to, but may in future, use derivatives, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value

of the investment portfolio resulting from fluctuations in the securities and changes in currencies and interest rates, (ii) protect Castelnau's unrealised gains in the value of the investment portfolio, (iii) enhance or preserve returns, spreads or gains on any investment in the investment portfolio, (iv) hedge the interest rate or currency exchange rate on any of Castelnau's liabilities or assets, (v) protect against any increase in the price of any securities Castelnau anticipates purchasing at a later date, (vi) more efficiently gain access to the economics of an investment opportunity or (vii) for any other reason that PAMP deems appropriate on an opportunistic basis.

Borrowing policy

There is no limit in Castelnau's articles of incorporation on the level of gearing which Castelnau can employ. Whilst Castelnau does not currently expect to have long-term gearing as part of its strategy, any such gearing utilised would be expected to be below 50% of Castelnau's gross asset value (including undrawn capital commitments), in each case measured at the time of investment. The Castelnau board may, however, approve a higher level of gearing from time to time, in circumstances where PAMP recommends that it should do so on an opportunistic basis.

Cash management

Castelnau may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds. There is no restriction on the amount of such cash and cash equivalents that Castelnau may hold and there may be times when it is appropriate for it to have a significant cash and cash equivalents position.

Any material change to Castelnau's investment policy set out above will require the approval of Castelnau shareholders by way of an ordinary resolution at a general meeting.

3 Performance fee

PAMP was appointed as Castelnau's investment manager pursuant to an investment management agreement dated 23 September 2021 (the "**IMA**").

PAMP's remuneration for the provision of its services under the IMA will be the performance fee only (the "**Performance Fee**").

Castelnau's performance is measured over consecutive periods of not less than three years (each a "**Performance Period**"). The first Performance Period commenced on Castelnau's IPO on 18 October 2021 and ends on 31 December 2024.

The Performance Fee is equal to one third of the outperformance of Castelnau's net asset value (defined for the purposes of the IMA as the value, as at any date, of the assets of Castelnau after deduction of all liabilities determined in accordance with the accounting policies adopted by Castelnau from time to time) total return (on an undiluted basis and excluding any accrual or payment of the Performance Fee) after adjustment for inflows and outflows (such inflows and outflows including payments in respect of tender offers and buybacks), with dividends reinvested, over the FTSE All-Share Total Return Index, for each Performance Period (or, where no performance fee is payable in respect of a financial year, in the period since a Performance Fee was last payable). The net asset value total return is based on the weighted number, and net asset value, of Castelnau's ordinary shares in issue over the relevant Performance Period.

Subject at all times to compliance with relevant regulatory and tax requirements, any Performance Fee payable will be satisfied as to 100% of its value by the issue of new Castelnau ordinary shares to PAMP (rounded down to the nearest whole number) (including the reissue of treasury shares) ("**Performance Fee Shares**").

The number of Performance Fee Shares to be issued to PAMP is equal to the applicable Performance Fee divided by the prevailing net asset value per ordinary share at the time of issue (adjusted for any dividend or other distributions the right to which have gone *ex* prior to the date of issue).

At its option, PAMP is entitled to elect that a portion of any Performance Fee is paid in cash instead of Performance Fee Shares where PAMP is required to pay any tax liability and other related costs arising

from the payment of any Performance Fee. Any such election must be made within five working days of the relevant Performance Fee calculation date and the resulting cash payment must be made at the same time as the issuance of any Performance Fee Shares.

The Performance Fee is subject to a high-water mark, so that no Performance Fee will be payable until all underperformance of Castelnau's NAV since the last Performance Fee was payable has been made up.

As at the date of this Announcement, Castelnau has to recover an underperformance of approximately 30% relative to the FTSE All-Share Total Return Index before a Performance Fee is payable. Eligible Dignity Shareholders who validly elect for the Listed Share Alternative and to whom New Castelnau Consideration Shares are issued will not, therefore, see their economic returns diluted as a result of the payment of the Performance Fee until this underperformance has been made up.

APPENDIX F

ROLLOVER MECHANICS

Set out below is a summary of the rollover steps pursuant to which:

- Castelnau will hold Valderrama E Shares;
- PAMP Affiliates will hold Valderrama E Shares or New Castelnau Consideration Shares;
- any Eligible Dignity Shareholder who validly elects for the Unlisted Share Alternative will hold Valderrama D Shares; and
- any Eligible Dignity Shareholder who validly elects for the Listed Share Alternative will hold New Castelnau Consideration Shares.

This summary should be read in conjunction with, and is subject to, the full text of the documents referred to in this Appendix F, once made available on Castelnau's website.

Pursuant to the Power of Attorney, any Eligible Dignity Shareholders who validly elect for either or both of the Alternative Offers will irrevocably appoint Bidco, and any director of, or person authorised, by Bidco, as their attorney and/or agent to execute on their behalf all documents necessary or desirable to effect the rollover mechanics described in this Appendix F.

For the purpose of this Appendix F only, the phrase "**Other Dignity Shareholder**" shall mean any Dignity Shareholder other than Castelnau or any PAMP Affiliate.

1 Acquisition of Dignity Shares by Bidco

1.1 Castelnau and PAMP Affiliates

The Consortium Rollover Shares will not be acquired by Bidco as part of the Acquisition. Instead, pursuant to the Consortium Rollover SPA:

- Castelnau will exchange the 10,361,149 Consortium Rollover Shares owned by it for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for Valderrama E Shares; and
- the PAMP Affiliates will exchange the 4,515,010 Consortium Rollover Shares owned by them for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for (i) Valderrama E Shares or (ii) New Castelnau Consideration Shares, as set out in the Consortium SPA,

with these exchanges taking effect at such time as would result in the Acceptance Condition being capable of satisfaction when taking into account (i) the Consortium Rollover Shares and (ii) Dignity Shares in respect of which acceptances have been received (and not validly withdrawn in accordance with the rules and requirements of the Takeover Code and the terms of the Offer) by Bidco from Other Dignity Shareholders.

1.2 Other Dignity Shareholders

Eligible Other Dignity Shareholders who validly elect for the Unlisted Share Alternative will sell their Dignity Shares to Bidco in consideration for the issue of Bidco D Loan Notes which, following the exercise of a series of put and call options (as described below), will be exchanged for Valderrama D Shares.

Eligible Other Dignity Shareholders who validly elect for the Listed Share Alternative will sell their Dignity Shares to Bidco in consideration for the issue of Bidco CG1 Loan Notes which, following the exercise of a series of put and call options (as described below), will be exchanged for New Castelnau Shares.

2 The Loan Notes

The Loan Notes will be governed by English law and will be issued by Bidco, Midco or Topco (as applicable), credited as fully paid, in integral multiples of £1.00. The Loan Notes will constitute direct, unsecured and unsubordinated obligations of each of Bidco, Midco and Topco (as applicable).

The Loan Notes will bear interest at a rate of 10% per annum, such interest beginning to accrue from the date of their issue.

The Loan Notes (together with accrued interest up to but excluding the date of redemption) may be redeemed by the relevant issuer (in whole or in part) on not fewer than five business days' notice in writing to the holders at any time after the date falling six months and one day after the date on which the Loan Notes are issued. Any Loan Notes not previously redeemed will be redeemed in full (together with accrued interest up to but excluding the date of redemption) on the tenth anniversary of the date of the relevant loan note instrument.

The Loan Notes are transferrable only with the consent of the issuer.

3 Rollover

3.1 Bidco Acquisition

Bidco will acquire Dignity Shares from:

- Castelnau pursuant to the Consortium Rollover SPA in consideration for the issue by Bidco to Castelnau of Bidco E Loan Notes;
- the PAMP Affiliates pursuant to the Consortium Rollover SPA in consideration for the issue by Bidco to the relevant PAMP Affiliate of:
    - to the extent such PAMP Affiliate agreed to receive New Castelnau Consideration Shares, Bidco CG2 Loan Notes; or
    - to the extent such PAMP Affiliate agreed to receive Valderrama E Shares, Bidco E Loan Notes;
- any Other Dignity Shareholder pursuant to the Acquisition in consideration for the issue by Bidco to the relevant Other Dignity Shareholder of:
    - to the extent such Other Dignity Shareholder validly elects for the Listed Share Alternative, Bidco CG1 Loan Notes; or
    - to the extent such Other Dignity Shareholder validly elects for the Unlisted Share Alternative, Bidco D Loan Notes.

3.2 Midco Rollover – Consortium

Under the terms of the Midco Consortium Put and Call Option Deed, Midco will be granted a call option (the "**Midco Consortium Call Option**") pursuant to which Midco will have the right to acquire from:

- Castelnau, any Bidco E Loan Notes held by Castelnau in consideration for the issue by Midco to Castelnau of Midco E Loan Notes; and
- any PAMP Affiliate:
    - to the extent such PAMP Affiliate agreed to receive New Castelnau Consideration Shares, any Bidco CG2 Loan Notes held by such PAMP Affiliate in consideration for the issue of Midco CG2 Loan Notes by Midco to such PAMP Affiliate; or

- to the extent such PAMP Affiliate agreed to receive Valderrama E Shares, any Bidco E Loan Notes held by such PAMP Affiliate in consideration for the issue of Midco E Loan Notes by Midco to such PAMP Affiliate.

In addition, Castelnau and the PAMP Affiliates will be granted a corresponding put option pursuant to which Midco will be required to acquire from them any Bidco Loan Notes held by them in consideration for the issue of such equivalent number of Midco Loan Notes that would have been issued on the exercise of the Midco Consortium Call Option.

3.3 ***Midco Rollover – Other Dignity Shareholders***

Under the terms of the Midco Other Dignity Shareholder Put and Call Option Deed, Midco will be granted a call option (the "**Midco Other Dignity Shareholder Call Option**") pursuant to which Midco will have the right to acquire from any Other Dignity Shareholder:

- to the extent such Other Dignity Shareholder validly elects for the Listed Share Alternative, any Bidco CG1 Loan Notes held by such Other Dignity Shareholder in consideration for the issue of Midco CG1 Loan Notes by Midco to such Other Dignity Shareholder; or

- to the extent such Other Dignity Shareholder validly elects for the Unlisted Share Alternative, any Bidco D Loan Notes held by such Other Dignity Shareholder in consideration for the issue of Midco D Loan Notes by Midco to such Other Dignity Shareholder.

In addition, those Other Dignity Shareholders who validly elect for an Alternative Offer will be granted a corresponding put option pursuant to which Midco will be required to acquire from them any Bidco Loan Notes held by them in consideration for the issue of such equivalent number of Midco Loan Notes that would have been issued on the exercise of the Midco Other Dignity Shareholder Call Option.

3.4 ***Topco Rollover – Consortium***

Under the terms of the Topco Consortium Put and Call Option Deed, Topco will be granted a call option (the "**Topco Consortium Call Option**") pursuant to which Topco will have the right to acquire from:

- Castelnau, any Midco E Loan Notes held by Castelnau in consideration for the issue by Topco to Castelnau of Topco E Loan Notes; and

- any PAMP Affiliate:

    - to the extent such PAMP Affiliate agreed to receive New Castelnau Consideration Shares, any Midco CG2 Loan Notes held by such PAMP Affiliate in consideration for the issue of Topco CG2 Loan Notes by Topco to such PAMP Affiliate; or

    - to the extent such PAMP Affiliate agreed to receive Valderrama E Shares, any Midco E Loan Notes held by such PAMP Affiliate in consideration for the issue of Topco E Loan Notes by Topco to such PAMP Affiliate.

In addition, Castelnau and the PAMP Affiliates will be granted a corresponding put option pursuant to which Topco will be required to acquire from them any Midco Loan Notes held by them in consideration for the issue of such equivalent number of Topco Loan Notes that would have been issued on the exercise of the Topco Consortium Call Option.

3.5 ***Topco Rollover – Other Dignity Shareholders***

Under the terms of the Topco Other Dignity Shareholder Put and Call Option Deed, Topco will be granted a call option (the "**Topco Other Dignity Shareholder Call Option**") pursuant to which Topco will have the right to acquire from any Other Dignity Shareholder:

- to the extent such Other Dignity Shareholder validly elects for the Listed Share Alternative, any Midco CG1 Loan Notes held by such Other Dignity Shareholder in consideration for the issue of Topco CG1 Loan Notes by Topco to such Other Dignity Shareholder; or

- to the extent such Other Dignity Shareholder validly elects for the Unlisted Share Alternative, any Midco D Loan Notes held by such Other Dignity Shareholder in consideration for the issue of Topco D Loan Notes by Topco to such Other Dignity Shareholder.

In addition, those Other Dignity Shareholders who validly elect for an Alternative Offer will be granted a corresponding put option pursuant to which Topco will be required to acquire from them any Midco Loan Notes held by them in consideration for the issue of such equivalent number of Topco Loan Notes that would have been issued on the exercise of the Topco Other Dignity Shareholder Call Option.

3.6 ***Alternative Offers Rollover – Consortium***

Under the terms of the Alternative Offers Consortium Put and Call Option Deed, Valderrama will be granted a call option (the "**Alternative Offers Consortium Call Option**") pursuant to which Valderrama will have the right to acquire from:

- Castelnau, any Topco E Loan Notes held by Castelnau in consideration for the issue of Valderrama E Shares to Castelnau;

- any PAMP Affiliate, to the extent that such PAMP Affiliate agreed to receive New Castelnau Consideration Shares, any Topco CG2 Loan Notes held by such PAMP Affiliate in consideration for the issue of Valderrama E Shares to such PAMP Affiliate; and

- any PAMP Affiliate, to the extent that such PAMP Affiliate agreed to receive Valderrama E Shares, any Topco E Loan Notes held by such PAMP Affiliate in consideration for the issue of Valderrama E Shares to such PAMP Affiliate.

In addition:

- Castelnau and those PAMP Affiliates who agreed to receive Valderrama E Shares will be granted a corresponding put option pursuant to which Valderrama will be required to acquire from them any Topco E Loan Notes held by them in consideration for the issue of an equivalent number of Valderrama E Shares; and

- those PAMP Affiliates who agreed to receive New Castelnau Consideration Shares will be granted a corresponding put option pursuant to which Valderrama will be required to acquire from them any Topco CG2 Loan Notes held by them in consideration for the issue of an equivalent number of Valderrama E Shares,

in each case, such equivalent number being that number which would have been issued on the exercise of the Alternative Offers Consortium Call Option.

3.7 ***Alternative Offers Rollover – Other Dignity Shareholders***

Under the terms of the Alternative Offers Other Dignity Shareholder Put and Call Option Deed, Valderrama will be granted a call option (the "**Alternative Offers Other Dignity Shareholder Call Option**") pursuant to which Valderrama will have the right to acquire from any Other Dignity Shareholder, to the extent such Other Dignity Shareholder validly elects for:

- the Unlisted Share Alternative, any Topco D Loan Notes held by such Other Dignity Shareholder in consideration for the issue of Valderrama D Shares to such Other Dignity Shareholder; and

- the Listed Share Alternative, any Topco CG1 Loan Notes held by such Other Dignity Shareholder in consideration for the issue of Valderrama D Shares to such Other Dignity Shareholder.

In addition, those Other Dignity Shareholders who validly elect for:

- the Unlisted Share Alternative will be granted a corresponding put option pursuant to which Valderrama will be required to acquire from them any Topco D Loan Notes held by them in consideration for the issue of an equivalent number of Valderrama D Shares; and

- the Listed Share Alternative will be granted a corresponding put option pursuant to which Valderrama will be required to acquire from them any Topco CG1 Loan Notes held by them in consideration for the issue of an equivalent number of Valderrama D Shares,

in each case, such equivalent number being that number which would have been issued on the exercise of the Alternative Offers Other Dignity Shareholder Call Option.

3.8 Castelnau CG2 Rollover – Consortium

Under the terms of the Castelnau CG2 Put and Call Option Deed, Castelnau will be granted a call option (the "**Castelnau CG2 Call Option**") pursuant to which Castelnau will have the right to acquire from any PAMP Affiliate, to the extent such PAMP Affiliate agreed to receive New Castelnau Consideration Shares, any Valderrama E Shares held by such PAMP Affiliate in consideration for the issue of New Castelnau Consideration Shares by Castelnau to such PAMP Affiliate.

In addition, those PAMP Affiliates who agreed to receive New Castelnau Consideration Shares will be granted a corresponding put option pursuant to which Castelnau will be required to acquire from them any Valderrama E Shares held by them in consideration for the issue of such equivalent number of New Castelnau Consideration Shares that would have been issued on the exercise of the Castelnau CG2 Call Option.

3.9 Castelnau CG1 Rollover – Other Dignity Shareholders

Under the terms of the Castelnau CG1 Put and Call Option Deed, Castelnau will be granted a call option (the "**Castelnau CG1 Call Option**") pursuant to which Castelnau will have the right to acquire from any Other Dignity Shareholder, to the extent such Other Dignity Shareholder validly elect for the Listed Share Alternative, any Valderrama D Shares held by such Other Dignity Shareholder in consideration for the issue of New Castelnau Consideration Shares to such Other Dignity Shareholder.

In addition, those Other Dignity Shareholders who validly elect for the Listed Share Alternative will be granted a corresponding put option pursuant to which Castelnau will be required to acquire from them any Valderrama D Shares held by them in consideration for the issue of such equivalent number of New Castelnau Consideration Shares that would have been issued on the exercise of the Castelnau CG1 Call Option.

Following completion of the Castelnau CG1 Put and Call Option Deed, any Valderrama D Shares acquired by Castelnau from any Other Dignity Shareholder shall automatically convert on a 1:1 basis into Valderrama E Shares pursuant to the operation of a conversion mechanism set out in the Valderrama Articles.

APPENDIX G

ILLUSTRATIVE SCALE BACK EXAMPLES

The examples in this Appendix G demonstrate, for illustrative purposes only, the effect of the scale back on:

- an Eligible Dignity Shareholder with 500 Dignity Shares ("**Shareholder A**") who accepts the Cash Offer in respect of 50 Dignity Shares ('C') and validly elects to receive:
    - the Listed Share Alternative in respect of 250 Dignity Shares ('A'); and
    - the Unlisted Share Alternative in respect of 200 Dignity Shares ('B'); and
- an Eligible Dignity Shareholder with 500 Dignity Shares ("**Shareholder B**") who does not accept the Cash Offer in respect of any Dignity Shares and validly elects to receive:
    - the Listed Share Alternative in respect of 200 Dignity Shares ('A'); and
    - the Unlisted Share Alternative in respect of 300 Dignity Shares ('B').

EXAMPLE 1

- Eligible Dignity Shareholders make valid elections for (in aggregate):
    - the Listed Share Alternative in respect of 10,000,000 Dignity Shares; and
    - the Unlisted Share Alternative in respect of 10,000,000 Dignity Shares.
- Alternative Offers Maximum ('X'): 18,143,544
- Total valid elections for Alternative Offers: ('Y'): 20,000,000
- Percentage to apply for the purposes of scale back ('Z'): 90.71772% (being X/Y)

Shareholder A receives:

- the Listed Share Alternative in respect of **226** Dignity Shares ('D') (being (Z x A), rounded down to the nearest whole Dignity Share);
- the Unlisted Share Alternative in respect of **181** Dignity Shares ('E') (being (Z x B), rounded down to the nearest whole Dignity Share); and
- the Cash Offer in respect of **93** Dignity Shares (being C + (A-D) + (B-E)).

Shareholder B receives:

- the Listed Share Alternative in respect of **181** Dignity Shares ('D') (being (Z x A), rounded down to the nearest whole Dignity Share);
- the Unlisted Share Alternative in respect of **272** Dignity Shares ('E') (being (Z x B), rounded down to the nearest whole Dignity Share); and
- the Cash Offer in respect of **47** Dignity Shares (being (A+B) - (D+E)).

EXAMPLE 2

- Eligible Dignity Shareholders make valid elections for (in aggregate):
    - the Listed Share Alternative in respect of 5,000,000 Dignity Shares; and
    - the Unlisted Share Alternative in respect of 25,000,000 Dignity Shares.
- Alternative Offers Maximum ('X'): 18,143,544
- Total elections for Alternative Offers ('Y'): 30,000,000
- Percentage to apply for the purposes of scale back ('Z'): 60.47848% (being X/Y)

Shareholder A receives:

- the Listed Share Alternative in respect of **151** Dignity Shares ('D') (being (Z x A), rounded down to the nearest whole Dignity Share);
- the Unlisted Share Alternative in respect of **120** Dignity Shares ('E') (being (Z x B), rounded down to the nearest whole Dignity Share); and
- the Cash Offer in respect of **229** Dignity Shares (being C + (A-D) + (B-E)).

Shareholder B receives:

- the Listed Share Alternative in respect of **120** Dignity Shares ('D') (being (Z x A), rounded down to the nearest whole Dignity Share);
- the Unlisted Share Alternative in respect of **181** Dignity Shares ('E') (being (Z x B), rounded down to the nearest whole Dignity Share); and
- the Cash Offer in respect of **199** Dignity Shares (being (A+B) - (D+E)).

APPENDIX H

DEFINITIONS

"**Acceleration Statement**"	a statement in which Bidco, in accordance with Rule 31.5 of the Takeover Code, brings forward the latest date by which all of the Conditions to the Offer must be satisfied or waived;
"**Acceptance Condition**"	the Condition set out in paragraph 1 of Part 1 of Appendix A;
"**Acquisition**"	the proposed acquisition by Bidco of the entire issued and to be issued share capital of Dignity not already owned or controlled by Castelnau and PAMP, to be implemented by means of the Offer or, should Bidco so elect (with the consent of the Panel), by means of a Scheme;
"**Alternative Offers**"	has the meaning given to it on pages 2 and 18 of this Announcement;
"**Alternative Offers Consortium Call Option**"	has the meaning given to it on page 75 of this Announcement;
"**Alternative Offers Consortium Put and Call Option Deed**"	the put and call option deed to be entered into between Castelnau, the PAMP Affiliates and Valderrama, granting Valderrama the Alternative Offers Consortium Call Option and granting a put option to the other parties;
"**Alternative Offers Maximum**"	has the meaning given to it on pages 2 and 19 of this Announcement;
"**Alternative Offers Other Dignity Shareholder Call Option**"	has the meaning given to it on page 75 of this Announcement;
"**Alternative Offers Other Dignity Shareholder Put and Call Option Deed**"	the put and call option deed to be entered into between Valderrama and (pursuant to the Power of Attorney) the Other Dignity Shareholders who validly elect for either or both of the Alternative Offers, granting Valderrama the Alternative Offers Other Dignity Shareholder Call Option and granting a put option to the other parties;
"**APMs**"	has the meaning given to it on page 59 of this Announcement;
"**Announcement**"	this announcement, made pursuant to Rule 2.7 of the Takeover Code;
"**associated undertaking**"	has the meaning given to it on page 55 of this Announcement;
"**Bidco**"	Yellow (SPC) Bidco Limited, a private company limited by shares incorporated in England and Wales with registered number 14417289;
"**Bidco CG1 Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Bidco for the purposes of permitting Eligible Dignity Shareholders to elect for the Listed Share Alternative;
"**Bidco CG2 Loan Notes**"	loan notes to be issued under a loan note instrument executed by Bidco on 23 January 2023 for the purposes of permitting PAMP Affiliates to receive New Castelnau Consideration Shares under the Consortium Rollover SPA;

"**Bidco D Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Bidco for the purposes of permitting Eligible Dignity Shareholders to elect for the Unlisted Share Alternative;
"**Bidco E Loan Notes**"	loan notes to be issued under a loan note instrument executed by Bidco on 23 January 2023 for the purposes of permitting Castelnau and the PAMP Affiliates to receive Valderrama E Shares under the Consortium Rollover SPA;
"**Bidco Group**"	Bidco, Midco and Topco and their respective direct and indirect subsidiary undertakings from time to time;
"**Bidco Loan Notes**"	the Bidco CG1 Loan Notes, the Bidco CG2 Loan Notes, the Bidco D Loan Notes and the Bidco E Loan Notes;
"**Business Day**"	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London;
"**Cash Offer**"	550 pence per Dignity Share;
"**Castelnau/Phoenix Loans**"	has the meaning given to it on pages 9 and 30 of this Announcement;
"**Castelnau**"	Castelnau Group Limited, a closed-ended investment company incorporated in Guernsey with registered number 67529;
"**Castelnau B Share**"	has the meaning given to it on page 36 of this Announcement;
"**Castelnau CG1 Call Option**"	has the meaning given to it on page 76 of this Announcement;
"**Castelnau CG1 Put and Call Option Deed**"	the put and call option deed to be entered into between Castelnau and (pursuant to the Power of Attorney) the Other Dignity Shareholders who validly elect for the Listed Share Alternative, granting Castelnau the Castelnau CG1 Call Option and granting a put option to the other parties;
"**Castelnau CG2 Call Option**"	has the meaning given to it on page 76 of this Announcement;
"**Castelnau CG2 Put and Call Option Deed**"	the put and call option deed to be entered into between Castelnau and the PAMP Affiliates who agreed to receive New Castelnau Consideration Shares under the Consortium Rollover SPA, granting Castelnau the Castelnau CG2 Call Option and granting a put option to the PAMP Affiliates;
"**Castelnau Placing**"	has the meaning given to it on pages 9 and 30 of this Announcement;
"**Castelnau Prospectus**"	the document required to be published by Castelnau in respect of the admission of the New Castelnau Placing Shares and the New Castelnau Consideration Shares to trading on the Specialist Fund Segment;
"**Castelnau Prospectus Condition**"	the Condition set out in paragraph 3 of Part 1 of Appendix A;
"**Companies Act**"	the Companies Act 2006;
"**Conditions**"	the conditions of the Acquisition set out in Appendix A and to be set out in the Offer Document;

"**Confidentiality Agreement**"	the non-disclosure agreement between Dignity, Valderrama, SPWOne, PAMP and Castelnau dated 21 November 2022;
"**Consortium**"	SPWOne, Castelnau and PAMP;
"**Consortium Exclusivity Agreement**"	the exclusivity and co-operation agreement between SPWOne, PAMP and Castelnau dated 7 October 2022;
"**Consortium Rollover Shares**"	has the meaning given to it on page 17 of this Announcement;
"**Consortium Rollover SPA**"	the share purchase agreement between Castelnau, the PAMP Affiliates and Bidco dated 23 January 2023 relating to the Consortium Rollover Shares;
"**Court**"	the High Court of Justice in England and Wales;
"**Court Meeting**"	should the Acquisition be implemented by way of a Scheme, the meeting(s) of the Dignity Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof;
"**DABS**"	the Dignity Deferred Annual Bonus Share Plan 2016;
"**Day 60**"	the 60th day following the publication of the Offer Document or such other date as may otherwise be set as being such day of the timetable of the Acquisition in accordance with the Takeover Code;
"**Dealing Disclosure**"	has the same meaning as in Rule 8 of the Takeover Code;
"**Dignity**"	Dignity plc, a public limited company incorporated in England and Wales with registered number 04569346;
"**Dignity DB Scheme**"	has the meaning given to it on page 29 of this Announcement;
"**Dignity Directors**" or "**Dignity Board**"	the board of directors of Dignity;
"**Dignity General Meeting**"	should the Acquisition be implemented by way of a Scheme, the general meeting of Dignity Shareholders (and any adjournment thereof) to be convened for the purpose of considering and, if thought fit, approving the shareholder resolutions necessary to enable Dignity to implement the Scheme;
"**Dignity Group**"	Dignity and its subsidiary undertakings from time to time;
"**Dignity Remuneration Committee**"	the remuneration committee of the Dignity Board;
"**Dignity Shareholders**"	the holders of shares in Dignity from time to time;
"**Dignity Shares**"	the ordinary shares of 12 48/143 pence each in the capital of Dignity and includes: 1. the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 12 48/143 pence each in the capital of Dignity;

2. any further ordinary shares of 12 48/143 pence each in the capital of the Dignity which are unconditionally allotted or issued and fully paid (or credited as fully paid) before the date on which the Offer closes or before such earlier date as Bidco may (subject to the Takeover Code) determine, not being earlier than the date on which the Offer becomes or is declared unconditional; and

3. any Dignity shares held as treasury shares that cease to be held as treasury shares before the date on which the Acquisition closes or before such earlier date as Bidco may (subject to the Takeover Code) determine, not being earlier than the date on which the Offer becomes or is declared unconditional,

but excludes any shares held as treasury shares on such date as Bidco may determine before the date on which the Acquisition closes (which may be a different date to the dates referred to in 2 and 3 above) and "**Dignity Share**" means any one of them;

"**Dignity Share Schemes**" the Dignity Sharesave Plan 2016, the Dignity Long Term Incentive Plan 2013, the Dignity Long Term Incentive Plan 2019 and the Dignity Deferred Annual Bonus Share Plan 2016, each as amended from time to time;

"**Disclosed**" the information fairly disclosed by, or on behalf of Dignity: (i) in the annual report and accounts of the Dignity Group for the financial year ended 31 December 2021; (ii) in this Announcement; (iii) in any other public announcement made by Dignity in accordance with the Market Abuse Regulation, the Listing Rules and/or the Disclosure and Transparency Rules or otherwise made via a Regulatory Information Service, in each case prior to this Announcement; (iv) in writing prior to the date of this Announcement by or on behalf of Dignity to Bidco (or its officers, employees, agents or advisers in their capacity as such), including in the virtual data room operated by or on behalf of Dignity in respect of the Acquisition; (v) during any management due diligence sessions in connection with the Acquisition prior to this Announcement which was attended by Dignity and either Bidco or any member of the Consortium (or their respective officers, employees, agents or advisers); or (vi) in Dignity's trading update of 23 January 2023;

"**Disclosure and Transparency Rules**" the Disclosure Guidance and Transparency Rules of the FCA;

"**EBITDA**" earnings before interest, taxes, depreciation and amortisation;

"**EEA Member State**" a member state of the European Economic Area;

"**Effective**" in the context of the Acquisition: (i) if the Acquisition is implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the Acquisition having been declared or having become unconditional in accordance with the requirements of the Takeover Code or (ii) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms;

"**Effective Date**" the date on which: (i) the Offer becomes or is declared unconditional or (ii) if Bidco elects to implement the Acquisition by way of a

	Scheme, the date on which the Scheme becomes effective in accordance with its terms;
"**Eligible Dignity Shareholders**"	Dignity Shareholders other than (i) Castelnau, (ii) the PAMP Affiliates and (iii) Restricted Dignity Shareholders;
"**FCA**"	the Financial Conduct Authority;
"**FCA Change in Control Condition**"	the Condition set out in paragraph 2 of Part 1 of Appendix A;
"**Form of Acceptance**"	the form of acceptance to accept the Offer, which will accompany the Offer Document;
"**FSMA**"	Financial Services and Markets Act 2000 (as amended);
"**IFRS**"	International Financial Reporting Standards (as adopted in the European Union)
"**IMA**"	has the meaning given to it on page 70 of this Announcement;
"**Investec**"	Investec Bank plc, corporate broker to Dignity;
"**Last Accounts Date**"	30 September 2022;
"**Latest Practicable Date**"	20 January 2023, being the last Business Day before the date of this Announcement;
"**LGPS**"	has the meaning given to it on page 29 of this Announcement;
"**Liberum**"	Liberum Capital Limited, corporate broker to Castelnau;
"**Listed Share Alternative**"	has the meaning given to it on pages 2 and 18 of this Announcement;
"**Listing Rules**"	the rules and regulations made by the FCA under Part VI of FSMA and contained in the FCA's publication of the same name (as amended from time to time);
"**Loan Notes**"	(i) the Bidco Loan Notes, (ii) the Midco Loan Notes and (iii) the Topco Loan Notes;
"**Longstop Date**"	midnight on 23 January 2024, or such later date (if any) as Bidco may, with the consent of Dignity or with the consent of the Panel, specify;
"**LSE**"	London Stock Exchange plc;
"**LTIP**"	the Dignity Long Term Incentive Plan 2019;
"**Main Market**"	the LSE's Main Market for listed securities;
"**Market Abuse Regulation**"	Regulation (EU) No.596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as applicable in the UK by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended from time to time (including by the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310));
"**Midco**"	Yellow (SPC) Midco Limited, a private company limited by shares incorporated in England and Wales with registered 14416044;

"**Midco CG1 Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Midco for the purposes of permitting Eligible Dignity Shareholders to elect for the Listed Share Alternative;
"**Midco CG2 Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Midco for the purposes of permitting PAMP Affiliates to receive New Castelnau Consideration Shares under the Consortium Rollover SPA;
"**Midco Consortium Call Option**"	has the meaning given to it on page 73 of this Announcement;
"**Midco Consortium Put and Call Option Deed**"	the put and call option deed to be entered into between Castelnau, the PAMP Affiliates (each acting by their discretionary investment manager, PAMP) and Midco, granting Midco the Midco Consortium Call Option and granting a put option to the other parties;
"**Midco D Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Midco for the purposes of permitting Eligible Dignity Shareholders to elect for the Unlisted Share Alternative;
"**Midco E Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Midco for the purposes of permitting Castelnau and the PAMP Affiliates to receive Valderrama E Shares under the Consortium Rollover SPA;
"**Midco Loan Notes**"	the Midco CG1 Loan Notes, the Midco CG2 Loan Notes, the Midco D Loan Notes and the Midco E Loan Notes;
"**Midco Other Dignity Shareholder Call Option**"	has the meaning given to it on page 74 of this Announcement;
"**Midco Other Dignity Shareholder Put and Call Option Deed**"	the put and call option deed to be entered into between Midco and (pursuant to the Power of Attorney) the Other Dignity Shareholders, granting Midco the Midco Other Dignity Shareholder Call Option and granting a put option to the other parties;
"**Minimum Acceptance Threshold**"	has the meaning given to it on page 38 of this Announcement;
"**Morgan Stanley**"	Morgan Stanley & Co. International plc, financial adviser to Bidco and the Consortium;
"**NAV**"	net asset value;
"**New Castelnau Consideration Shares**"	has the meaning given to it on pages 2 and 18 of this Announcement;
"**New Castelnau Placing Shares**"	has the meaning given to it on pages 9 and 30 of this Announcement;
"**Offer**"	the recommended offer to be made by or on behalf of Bidco by means of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act to acquire the entire issued and to be issued share capital of Dignity not already owned or controlled by Castelnau and PAMP, on the terms and subject to the conditions to be set out in the Offer Document, the Castelnau Prospectus and the Form of Acceptance, including, where the context admits, any subsequent revision, variation, extension or renewal of such offer;

"**Offer Document**"	the offer document to be sent to (among others) Dignity Shareholders, containing and setting out, among other things, the full terms and conditions of the Offer;
"**Official List**"	the official list maintained by the FCA;
"**Opening Position Disclosure**"	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position;
"**Other Dignity Shareholder**"	has the meaning given to it on page 72 of this Announcement;
"**Other Valderrama Shareholders**"	has the meaning given to it on page 66 of this Announcement;
"**PAMP**"	Phoenix Asset Management Partners Limited, a company registered in England and Wales with registered number 03514660;
"**PAMP Affiliates**"	the funds and accounts on whose behalf PAMP manages the relevant Consortium Rollover Shares as discretionary investment manager;
"**Panel**"	the Panel on Takeovers and Mergers;
"**Power of Attorney**"	the power of attorney to be included in the Form of Acceptance (in respect of Dignity Shares held in certificated form) or the Offer Document (in respect of Dignity Shares held in uncertificated form), pursuant to which any Eligible Dignity Shareholders who validly elect for either or both of the Alternative Offers will irrevocably appoint Bidco, and any director of, or person authorised, by Bidco, as their attorney and/or agent to execute on their behalf all documents necessary or desirable to give effect to the terms of the Acquisition (including the rollover mechanics described in Appendix F);
"**Performance Fee**"	has the meaning given to it on page 70 of this Announcement;
"**Performance Fee Shares**"	has the meaning given to it on page 70 of this Announcement;
"**Performance Period**"	has the meaning given to it on page 70 of this Announcement;
"**PRA**"	the Prudential Regulation Authority;
"**Premium Segment**"	the Premium Segment of the Main Market;
"**Regulation S**"	Regulation S under the US Securities Act;
"**Regulatory Information Service**"	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
"**Resident Agent**"	Elysium Fund Management Limited, Valderrama's resident agent (as defined by, and as appointed in accordance with, the Companies (Guernsey) Law, 2008);
"**Restricted Dignity Shareholders**"	(i) US Persons, (ii) in relation to the Listed Share Alternative, Dignity Shareholders who (a) are located in a Restricted Jurisdiction or (b) whose registered address is in an EEA Member State and (iii) in relation to the Unlisted Share Alternative, Dignity Shareholders who are located in a Restricted Jurisdiction;

"**Restricted Jurisdiction**"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Dignity Shareholders in that jurisdiction (including each of Australia, Canada, Japan, South Africa and the US);
"**Rothschild & Co**"	N. M. Rothschild & Sons Limited, financial adviser and Rule 3 adviser to Dignity;
"**Scheme**"	should the Acquisition be implemented by way of a scheme of arrangement under Part 26 of the Companies Act, such scheme of arrangement between Dignity and the Dignity Shareholders to implement the Acquisition with or subject to any modification, addition or condition approved or imposed by the Court;
"**Scheme Court Hearing**"	should the Acquisition be implemented by way of a Scheme, the hearing of the Court to sanction the Scheme under section 899 of the Companies Act;
"**Scheme Court Order**"	should the Acquisition be implemented by way of a Scheme, the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
"**Scheme Document**"	should the Acquisition be implemented by way of a Scheme, the document to be dispatched to Dignity Shareholders including the particulars required by section 897 of the Companies Act;
"**Sharesave**"	the Dignity Sharesave Plan 2016;
"**Share Schemes Letter**"	means the letter dated 23 January 2023 between Bidco, Valderrama, the Consortium Members and Dignity relating to, amongst other things, the Dignity Share Schemes and certain employee-related matters;
"**significant interest**"	has the meaning given to it on page 55 of this Announcement;
"**Specialist Fund Segment**"	the Specialist Fund Segment of the Main Market;
"**SPWOne**"	SPWOne V Limited, a company registered in England and Wales with registered number 1349085;
"**SPWOne Loan**"	has the meaning given to it on pages 9 and 30 of this Announcement;
"**SPWOne Share Charge**"	has the meaning given to it on pages 9 and 30 of this Announcement;
"**subsidiary undertaking**"	has the meaning given to it on page 55 of this Announcement;
"**Takeover Code**"	the City Code on Takeovers and Mergers;
"**Third Party**"	has the meaning given to it on page 48 of this Announcement;
"**Topco**"	Yellow (SPC) Topco Limited, a private company limited by shares incorporated in England and Wales with registered number 14415281;
"**Topco CG1 Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Topco for the purposes of permitting Eligible Dignity Shareholders to elect for the Listed Share Alternative;

"**Topco CG2 Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Topco for the purposes of permitting PAMP Affiliates to receive New Castelnau Consideration Shares under the Consortium Rollover SPA;
"**Topco Consortium Call Option**"	has the meaning given to it on page 74 of this Announcement;
"**Topco Consortium Put and Call Option Deed**"	the put and call option deed to be entered into between Castelnau, the PAMP Affiliates (each acting by their discretionary investment manager, PAMP) and Topco, granting Topco the Topco Consortium Call Option and granting a put option to the other parties;
"**Topco D Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Topco for the purposes of permitting Eligible Dignity Shareholders to elect for the Unlisted Share Alternative;
"**Topco E Loan Notes**"	loan notes to be issued under a loan note instrument to be executed by Topco for the purposes of permitting Castelnau and the PAMP Affiliates to receive Valderrama E Shares under the Consortium Rollover SPA;
"**Topco Loan Notes**"	the Topco CG1 Loan Notes, the Topco CG2 Loan Notes, the Topco D Loan Notes and the Topco E Loan Notes;
"**Topco Other Dignity Shareholder Call Option**"	has the meaning given to it on page 74 of this Announcement;
"**Topco Other Dignity Shareholder Put and Call Option Deed**"	the put and call option deed to be entered into between Topco and (pursuant to the Power of Attorney) the Other Dignity Shareholders, granting Topco the Topco Other Dignity Shareholder Call Option and granting a put option to the other parties;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**Unconditional Date**"	Day 60 or such earlier date as may be specified by Bidco in the Offer Document or any Acceleration Statement unless, where permitted, it has set aside that statement;
"**undertaking**"	has the meaning given to it on page 55 of this Announcement;
"**Unlisted Share Alternative**"	has the meaning given to it on pages 2 and 18 of this Announcement;
"**US**" or "**United States**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"**US Persons**"	has the meaning given to it in Regulation S;
"**US Securities Act**"	the US Securities Act of 1933, as amended;
"**Valderrama**"	Valderrama Limited, a non-cellular company incorporated in Guernsey with registered number 70991;
"**Valderrama Articles**"	the articles of incorporation of Valderrama from time to time;
"**Valderrama A Shares**"	the Valderrama A1 Shares and the Valderrama A2 Shares;
"**Valderrama A1 Shares**"	voting A1 shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;

"**Valderrama A2 Shares**"	voting A2 shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;
"**Valderrama B Shares**"	non-voting B shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;
"**Valderrama C Shares**"	the Valderrama C1 Shares and the Valderrama C2 Shares;
"**Valderrama C1 Shares**"	non-voting C1 shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;
"**Valderrama C2 Shares**"	non-voting C2 shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;
"**Valderrama D Shares**"	non-voting D shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;
"**Valderrama E Shares**"	non-voting E shares in the capital of Valderrama, having the rights set out in the Valderrama Articles and summarised in Appendix D;
"**Valderrama JVA**"	the joint venture agreement regarding Valderrama originally entered into by Valderrama, SPWOne, Castelnau and PAMP on 29 September 2022, as amended and restated on 23 January 2023:
"**Valderrama Shareholders**"	holders of Valderrama Shares from time to time;
"**Valderrama Shares**"	the Valderrama A Shares, the Valderrama B Shares, the Valderrama C Shares, the Valderrama D Shares and the Valderrama E Shares;
"**Wider Bidco Group**"	has the meaning given to it on page 55 of this Announcement; and
"**Wider Dignity Group**"	has the meaning given to it on page 55 of this Announcement.

All times referred to are London time, unless otherwise stated.

All references to "**GBP**", "**pence**", "**sterling**" or "**£**" are to the lawful currency of the United Kingdom.

Any phrase introduced by the terms "**including**", "**include**", "**in particular**" or similar expressions shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All references to a statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.