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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

10 September 2020

Saga plc

Proposed £150 million Capital Raise

Strategic Investment by Sir Roger De Haan

Interim results and strategy update

Further to the announcement on 30 August 2020, Saga plc (the “**Company**”), the UK’s specialist in products and services for life after 50, today announces its intention to raise approximately £150 million in equity capital (the “**Capital Raising**”) in order to strengthen its balance sheet, improve liquidity and support the execution of its reinvigorated strategy under its strengthened management team.

Highlights

In its interim results released today, the Company notes the encouraging operational progress which has been made since the start of the year, and the resilience of the business through a time of unprecedented challenge and change. It has also highlighted the near-term cashflow impact and potential long-term impacts of COVID-19 on the business, and the priority therefore to strengthen the financial position of the Company.

The Board of Saga is today proposing to raise approximately £150 million of gross proceeds, by way of a firm placing and a placing and open offer. This is underpinned by a strategic investment of up to £100 million by Sir Roger De Haan, Saga’s former Chief Executive Officer and the son of the founder of the business. Sir Roger De Haan will make his investment through:

- a firm placing of 224.4 million new ordinary shares representing 20% of the current issued share capital of the Company, to be issued at 27p per share (the “**First Firm Placing Price**”), a 98% premium to the 13.61 pence closing price of Saga shares on 28 August 2020 (the “**First Firm Placing**”), reflecting his belief in the underlying strength of the Saga brand and business and his confidence in the new strategy under the strengthened management team, which would contribute £60.6 million of the proposed Capital Raising;

- a further firm placing, raising £14.9 million on the same pricing as will apply to Saga shareholders who participate in the open offer (the “**Second Firm Placing**” and, together with the First Firm Placing, the “**Firm Placing**”); and
- participating as a conditional placee for shares representing £24.5 million in the placing and open offer (expected to raise total proceeds of approximately £74.5 million), subject to clawback by Saga shareholders in the open offer (the “**Placing and Open Offer**”).

Following the Capital Raising, a share consolidation will take place pursuant to which every 15 Ordinary Shares of 1 pence nominal value will be consolidated into 1 Consolidated Share of 15 pence nominal value.

This move is designed to ensure that Saga is well positioned to strengthen the business in the short term, against the backdrop of the COVID-19 outbreak and the continued suspension of Saga’s Travel businesses, and is positioned for longer-term recovery and growth:

- Under its new executive leadership, Saga has made considerable operational progress this year, as demonstrated by the publication today of Interim Results for the six months ended 31 July 2020:
 - Underlying Profit Before Tax of £15.9 million, in line with our expectations.
 - Debt ratio (excluding Cruise) of 3.6x, well within the 4.75x covenant levels.
 - Both retail broking and underwriting businesses traded resiliently during the period:
 - Within retail broking, motor and home policies of 831,000 are 2.5% higher than the previous period, with retention 5.4% higher than last year at 80% and margins per policy in line with expectations
 - Underwriting profit of £28.0 million, including £27.0 million of reserve releases, ahead of expectations due to favourable experience on large bodily injury claims relating to prior accident years.
 - Travel business has remained on pause since the decision in mid-March to suspend operations due to COVID-19. The Group continues to expect Cruise to resume this year; Tour Operations business due to recommence from April 2021. A significant proportion of customers continue to show their loyalty, with over 65% of customers retaining their bookings with Cruise.
 - A robust response to COVID-19 with almost all colleagues effectively working from home with no business interruption and Travel businesses reset for operation in a COVID-19 world.
- Saga today issues an update on strategy, *Transforming Saga – Experience is Everything*, centred on delivering great, differentiated products and services for our distinct customer segment
 - The Board believes that Saga has a fundamentally strong proposition, with a target audience that is the fastest growing and wealthiest consumer segment in the UK
 - The new management team has developed a clear and compelling strategy to create a refreshed, contemporary and confident brand position and to leverage the heritage of Saga with a data and digital-led approach to improve the customer experience
 - The Board is confident that this strategy will drive growth in revenues, profit and cash, return Saga to sustainable growth and restore significant shareholder value

- The strategy will be focused on delivery under five key pillars:
 - People and Culture Re-set – a step-change in delivery
 - Data, Digital and Brand Transformation – a bigger, bolder strategy
 - Optimising our Businesses – exceptional experiences for customers
 - Lower Cost Base – constant drive for efficiencies
 - Debt Reduction – further strengthening of balance sheet
- The Board is encouraged by the progress made since the start of the year and by the resilience of the business through a time of unprecedented challenge and change. It believes the current COVID-19 crisis has highlighted the strength of the Saga brand and its direct relationship with its customers and, based on the compelling strategy which the strengthened management team has already started to develop, remains confident in the longer-term prospects of Saga
- Sir Roger De Haan believes in the underlying strength of the Saga brand, is encouraged by the changes that he has seen under the new management team and supports the strategic update issued today
- In connection with his investment, it is intended Sir Roger De Haan will join the Board and become Non-Executive Chairman upon completion of the Capital Raising for an expected term of three years, subject to annual re-election by shareholders
- The Directors intend to take-up their pro-rata entitlement in the open offer in full
- The Capital Raising will enable the Company to significantly reduce short term debt, enabling full repayment of the £40 million current drawn portion of the revolving credit facility and reducing the amount outstanding under the term loan from £134 million to £70 million
- Conditional on the successful completion of the Capital Raising, the Company has agreed with lending banks to extend the maturity of the £70 million term loan by a year to May 2023 and has also agreed certain covenant amendments that provide additional financial flexibility

Euan Sutherland, Saga Chief Executive Officer, said:

“Saga has made significant progress in the first half. Through this year our priorities have been serving our customers and keeping colleagues safe during a period of major disruption and further strengthening our financial position. While taking decisive action to react to the COVID-19 outbreak, we have also continued to make progress in our businesses. This is clearly shown in Insurance with the success of our three-year fixed-price product and our COVID-19 travel insurance product, and in Cruise by the imminent arrival of our second new ship, Spirit of Adventure. We are excited about the opportunities ahead, whilst mindful of the fact that we face into challenges with the continuation of the COVID-19 pandemic.

“We have conducted a comprehensive review of strategy and have developed a plan which we believe will strengthen our brand, improve our focus on our customers, deliver exceptional experiences for them, and return both our Insurance and Travel businesses to growth. The Capital Raising, supported by Sir Roger De Haan’s cornerstone investment, will allow us to build on our actions to date by enhancing our resilience and financial strength.

“Saga is a distinctly British business, with a strong brand, loyal customers and great people and we are excited about the opportunities ahead. With our strengthened financial position and a refreshed strategy, we expect to be well positioned to unlock all the potential in Saga, returning the business to sustainable growth and creating significant long-term value for all our investors.”

Sir Roger De Haan said:

“Saga is a special company and I am very optimistic about its future as a result of the strategy that is being outlined today. Euan Sutherland and his new management team have shown that they really understand the business and they are already being successful. Saga has always flourished when it has put its customers at the centre of everything it does and when it has offered good value products designed specifically for them and delivered with great service. I am proud to be playing my part in ensuring that Saga is back on the right track.”

Patrick O’Sullivan, Saga Chairman, said:

“The Board is confident in the future of the Company now that we have the right leadership team, with a clear and ambitious turnaround strategy. That strategy is built on Saga’s heritage of providing exceptional products and services to our distinct customer group. We have made good early progress against this plan, but there is much still to do. Against that backdrop, we welcome Sir Roger De Haan’s investment and his return to the Board as Chairman. His understanding of our heritage, our sectors and our customers will be invaluable as Saga moves ahead. I will step down as Chairman following the EGM to approve the equity raise, confident that I am leaving the business in a strong position with a compelling strategy, a committed management team and a significantly enhanced financial position”

1. Key Highlights of the proposed Capital Raising

Firm Placing and fully underwritten Placing and Open Offer to raise gross proceeds of approximately £150 million, comprising:

- a First Firm Placing of 224.4 million New Shares to Sir Roger De Haan at a price of 27 pence per New Share, raising gross proceeds of £60.6 million and resulting in Sir Roger De Haan holding an interest of 20 per cent in the Company. The New Shares issued pursuant to the First Firm Placing will be subscribed for by Sir Roger De Haan and will not carry an entitlement to participate in the Open Offer;
- a Second Firm Placing of New Shares to Sir Roger De Haan at a price per New Share to be determined following completion of the Bookbuild. The Second Firm Placing is designed to replicate the entitlement Sir Roger De Haan would have had to participate in the Open Offer if the New Shares issued pursuant to the First Firm Placing had Sir Roger De Haan been on the Register on the Record Date;
- a Placing and Open Offer of New Shares at a price per New Share to be determined following completion of the Bookbuild (subject to a maximum issue price of 15 pence per New Share). The Second Firm Placing and the Placing and Open Offer are expected to raise gross proceeds of approximately £89.4 million in aggregate; and
- a share consolidation, pursuant to which every 15 Ordinary Shares of 1 pence nominal value will be consolidated into 1 Consolidated Share of 15 pence nominal value (the “**Consolidation**”), which is expected to become effective on 12 October 2020.

- Sir Roger De Haan has agreed to a lock-up of 12 months with respect to any shares acquired by him as part of the proposed Capital Raising, and the Company has agreed to a customary 180 day lock-up on the issue of further Ordinary Shares and other alterations of capital.

Capitalised terms not otherwise defined in this announcement shall have the meaning set out in Appendix 1 of this announcement.

2. Conditional placing

It is expected that the New Shares that will be issued pursuant to the Placing and Open Offer will be conditionally placed with investors, including Sir Roger De Haan, following the completion of an accelerated bookbuild process (the “**Bookbuild**”) by the Joint Bookrunners. The New Shares conditionally placed with investors (“**Placees**”) will be subject to clawback to satisfy valid acceptances made by Qualifying Shareholders under the Open Offer. Sir Roger De Haan will have a priority allocation of conditional placing shares, as a result of which New Shares conditionally placed with investors other than Sir Roger De Haan will be clawed back on a pro rata basis first and only when these New Shares have been fully clawed back will the New Shares conditionally placed to Sir Roger De Haan be clawed back.

The Bookbuild will open with immediate effect following this announcement. The final issue price and the number of Firm Placing Shares to be placed to Sir Roger De Haan pursuant to the Second Firm Placing and the number of Open Offer Shares that are the subject of the conditional placing will be determined following the close of the Bookbuild.

The Bookbuild is expected to close on or around 5.00 p.m. on 10 September 2020, subject to acceleration. Timing of the closing of the Bookbuild and allocations are at the discretion of the Joint Bookrunners and the Company. The issue price and details of the results of the Second Firm Placing and the conditional placing will be announced as soon as practicable after the close of the Bookbuild. Certain conditional Placees who are existing Shareholders of the Company, at the absolute discretion of the Joint Bookrunners, may be offered the opportunity to off-set their Placing commitments against the Open Offer Shares validly taken up and paid for under the Open Offer.

The terms and conditions of the conditional placing are set out in Appendix 2 of this announcement. For the avoidance of doubt, if a person has signed and returned to the Joint Bookrunners (in a form satisfactory to them) a placing letter in respect of their participation in the Conditional Placing (the “**Placing Letter**”) prior to the publication of the Placing Results Announcement, to the extent there is any conflict between the terms of such Placing Letter and these terms and conditions in this Appendix the terms of the Placing Letter shall prevail.

For further information, please contact:

Saga Plc

Investor Relations

Mark Watkins

Tel: +44 (0) 203 846 5113

Sponsor, Joint Global Coordinator and Joint Bookrunner to Saga

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Greenhill & Co. International LLP ("**Greenhill**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Sir Roger De Haan and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Sir Roger De Haan for providing the protections afforded to its clients or affiliates, or for providing advice in relation to any matter or arrangement referred to herein.

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This announcement contains "forward-looking statements", which include statements other than statements of historical facts, including, without limitation, those regarding the Company's intentions, beliefs or current expectations concerning, among other things, its future financial condition and performance and results of operations; its strategy, plans, objectives, prospects, growth, goals and targets; future developments in the industry and markets in which the Company participates or is seeking to participate; and anticipated regulatory changes in the industry and markets in which the Company operates. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "project", "should" or "will" or, in each case, their negative, or other variations or comparable terminology. By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors because

they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are based on numerous assumptions, some of which are outside of the Company's influence and/or control, regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Shareholders and potential investors are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial condition, results of operations, cash flows and distributions to Shareholders and the development of its financing strategies, and the development of the industry in which it operates, may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the Company's financial condition, results of operations, cash flows and distributions to Shareholders and the development of their financing strategies, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. No statement in this announcement is intended to be a profit forecast.

This announcement does not constitute a recommendation concerning any Shareholder's or investor's options with respect to the Placing and Open Offer. The price of shares may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

In connection with the Capital Raising, the Joint Bookrunners may release communications to the market as to the extent to which the book is "covered". A communication that a transaction is, or that the books are, "covered" refers to the position of the order book at that time. It is not an assurance that the books will remain covered, that the transaction will take place on any terms indicated or at all, or that if the transaction does take place, the securities will be fully distributed by the Joint Bookrunners.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the MiFID II Product Governance Requirements), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raise. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares. Each distributor

is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	6.00 p.m. on 9 September 2020
Announcement of the Capital Raising and Saga Half-Year Results 2020	10 September 2020
Announcement of the results of the Firm Placing and the conditional placing pursuant to the Placing and Open Offer	10 September 2020
Ex-Entitlement Date for the Open Offer	8.00 a.m. on 11 September 2020
Publication of the Prospectus (including the Notice of General Meeting, Form of Proxy and Application Form)	11 September 2020
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	as soon as practicable after 8.00 a.m. on 15 September 2020
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 24 September 2020
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 25 September 2020
Latest time and date for splitting of Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 28 September 2020
Latest time and date for receipt of completed Pink Application Forms and payment in full under the Open Offer for the SSA	11.00 a.m. on 28 September 2020
.....	10.30 a.m. on 29 September 2020
Latest time and date for receipt of Forms of Direction	2020
Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 30 September 2020
Latest time and date for receipt of completed White Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 30 September 2020

Announcement of the results of the Placing and Open Offer	2 October 2020
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General Meeting	
.....	10.30 a.m. on 2 October 2020
Announcement of the results of the General Meeting	2 October 2020
.....	
Admission and commencement of dealings in New Shares	
.....	by 8.00 a.m. on 5 October 2020
New Shares credited to CREST accounts (uncertificated holders only)	as soon as possible after 8.00 a.m. on 5 October 2020
.....	
Consolidation Record Date	6.00 p.m. on 9 October 2020
.....	
Effective time of the Consolidation	8.00 a.m. on 12 October 2020
.....	
Expected despatch of definitive share certificates (where applicable)	On or around 23 October 2020
.....	

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- (1) The Proposed Capital Raising is subject to certain restrictions relating to Shareholders with registered addresses in any of the Excluded Territories
 - (2) Share certificates will be posted by prepaid first class post in respect of Shareholders on the Register.
 - (3) References to times in this timetable are to London time, unless otherwise stated.
 - (4) The times and dates set out in the expected timetable of principal events above and mentioned throughout this announcement may be adjusted by Saga in consultation with the Joint Bookrunners, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders by way of a simultaneous RIS announcement.

PROPOSED CAPITAL RAISING

1. Introduction

The Company has today announced a Capital Raising by way of the Firm Placing and the Placing and Open Offer to raise gross proceeds (before expenses) for Saga of approximately £150 million. The Capital Raising is intended to strengthen the Group's balance sheet and improve its liquidity position as it navigates a highly uncertain market backdrop. The Capital Raising is underpinned by a strategic investment by Sir Roger De Haan, who acted as Chief Executive and Chairman of the Group for 20 years, who will become a significant shareholder and non-executive Chairman following completion of the Capital Raising.

The Capital Raising is conditional upon, among other things, the passing of all the Resolutions by Shareholders at the General Meeting. The General Meeting will take place at 10.30 a.m. on 2 October 2020.

2. Background to and reasons for the Capital Raising

2.1 Introduction to Saga

Sidney De Haan, Saga's founder, began operating low-cost holidays for retired people in 1951. Over the years, Saga expanded the type and range of its holidays and lowered its age qualification to 60, then to 50. In the 1980s, Saga started an insurance business, which now generates the majority of the Group's current earnings. Saga is recognised for its high-quality products and services, including cruises and holidays, insurance, personal finance and the Saga Magazine. For the year ended 31 January 2020, the Group's loss before tax was £300.9 million, mainly resulting from a £370 million impairment of goodwill relating to the Group's operating divisions, which included profit before tax of £0.8 million for its Travel business, profit before tax of £130.8 million for its Insurance business, and loss before tax of £49.5 million for its Other businesses and central costs segment. For the same period, the Group's underlying profit before tax was £109.9 million, of which £19.8 million was attributable to its Travel business and £130.8 million to its Insurance business. The Group's underlying loss before tax for its Other businesses and central costs segment was £40.7 million.

Saga has a long and proud heritage. The Directors believe its success is built on its brand and on its ability to market high-quality products directly to consumers. In recent years, Saga has experienced a number of challenges that have led to a reduction in customer numbers and profitability. These challenges include changing distribution patterns in insurance, the impact of regulations such as GDPR, a failure to differentiate in highly competitive markets, a weakening of core capabilities and a lack of successful delivery against strategic priorities.

To respond to these challenges, Saga has in recent years initiated a series of transformative measures. The first significant initiative was the transformation of the Cruise business. Saga reached a major milestone in July 2019 with the launch of *Spirit of Discovery*, the first of two new cruise ships. The second ship, *Spirit of Adventure*, is expected to be able to sail in late 2020.

In April 2019, the Group announced a reset of Saga's Insurance business, focused on re-establishing a direct-to-consumer strategy based on improving customer loyalty, rebuilding core capacities and launching differentiated products. The first major product launch was a three-year fixed price insurance policy, which the Group started selling for new and renewal customers in April 2019.

The Group made initial progress during 2019 and early 2020 against the priorities set out in the strategic reset in April 2019. The Insurance business stabilised, with Group results for the six months ended 31 July 2020 and for the year ended 31 January 2020 in line with expectations despite numerous industry challenges, including a tough pricing environment in Insurance and the collapse of Thomas Cook in Travel.

The Board has also taken actions to strengthen the management team, marked by the arrival of Euan Sutherland as Group Chief Executive Officer, James Quin as Group Chief Financial Officer, Cheryl Agius as Chief Executive Officer of Insurance, Nick Stace as Group Strategy Officer and Jane Storm as Chief People Officer. Saga's management team has undertaken a series of initiatives to simplify the Group, with plans in place to achieve a sustainable reduction in annual operating costs of £20 million. In addition, the disposals of Country Cousins and Patricia White's branded introductory care agency businesses and Bennetts generated £38 million of disposal proceeds.

As the COVID-19 pandemic began to spread to the United Kingdom in early 2020, the management team took a series of actions to protect its business, colleagues and customers:

- The Group suspended operations in its Travel business in March 2020 and prioritised the repatriation of customers and colleagues before the mandatory lockdowns commenced.
- The Group enabled full-time working from home with no material interruption to service levels.
- Where requested, the Group refunded customers in the Travel business the balances paid on their cancelled departures.
- Stress test modelling enabled the Group to prepare for the financial impact of COVID-19 by drawing £50 million under the Revolving Credit Facility and renegotiating the debt covenants under its Term Loan and Revolving Credit Facility.
- The Group reduced expenses, particularly in the Travel business, to reduce the monthly “cash burn” cost.
- The Group agreed with its lenders to a deferral of up to £32 million in principal payments under the Ship Facilities (assuming delivery of *Spirit of Adventure* on or before 30 September 2020).

In parallel, following the arrival of Euan Sutherland as Group Chief Executive Officer, Saga has undertaken a comprehensive strategic review of the business in order to build on the reset started in April 2019, and to ensure that the Group is well positioned to address the challenges of the last few years and take advantage of the opportunities that may emerge once the COVID-19 crisis has passed.

Saga’s investment case

The Board believes that Saga has a fundamentally strong proposition, with a demographic that is growing and has a large proportion of the United Kingdom’s wealth. The Group has a strategic plan to improve and modernise the business, which will take the original Saga DNA of exceptional customer service and put it in a digital and data driven context.

The Board believes that Saga will be further supported in the transformation of its businesses by the involvement of Sir Roger De Haan as an investor and non-executive Chairman. Sir Roger De Haan will bring a wealth of knowledge and experience to the Group, as well as a deep understanding of the Saga business and its customers, which the Board believes will be highly valuable to the Group as it seeks to deliver its updated strategy post the Capital Raising.

The proposed Capital Raising will significantly mitigate the cash cost of COVID-19 and together with other actions will accelerate the reduction in the Group’s short-term debt. This will provide Saga with greater financial flexibility, supporting its execution of the Group’s strategy and improving the Group’s resilience against ongoing COVID-19 impacts.

2.2 Background to the raise and impact of COVID-19 on the Group

Impact of the COVID-19 pandemic on the Group

The Group has been able to successfully maintain operational capability during the COVID-19 pandemic, with excellent call answer rates across the Group's services and sales teams and with almost all colleagues working from home. However, all Cruise departures were suspended on 12 March 2020, and Tour Operations departures were suspended on 16 March 2020. The UK government currently continues to advise against cruise travel and has in recent weeks placed quarantine restrictions on individuals returning from countries experiencing an increase in COVID-19 cases. There

remains a high degree of uncertainty as to when the Travel business operations will resume, but the Group currently expects to be able to resume its Cruise operations in late 2020, including a limited "safe sailing" cruise offering on the Group's fleet of mid-sized ships, and the Tour Operations in April 2021, subject to health and safety considerations and government advice. The Group has made preparations for the possibility that Cruise departures may resume towards the end of 2020 but subsequently be temporarily paused until May next year.

Following the Group's decision to suspend operations in its Travel business, the Group committed a working capital outflow of approximately £70 million to fund its Cruise and Tour Operations obligations for the six months ended 31 July 2020. This commitment has enabled the Travel business to return advance customer receipts to customers on request, continue to meet all supplier obligations, and fund ongoing cash and financing costs. The Group has also taken steps to reduce near-term marketing and other costs. These measures are expected to limit the ongoing "cash burn" cost for the Group's Cruise and Tour Operations businesses to between £6 million and £8 million per month in the second half of this financial year.

Whilst management believes the strength of the Saga offering and loyalty of its customers have been demonstrated, particularly in the Cruise business, which has experienced over 65% retention for cancelled cruises as at 31 July 2020, the longer term impact of the COVID-19 pandemic on the travel sector cannot be predicted at the current time.

In the Group's Retail Broking business, the home, motor and private medical insurance sub-segments have remained resilient during the COVID-19 pandemic. Motor and home insurance policies increased by 2.5% for the six months ended 31 July 2020, with margins broadly in line with plan assumptions. As expected, the Group has experienced a significant decrease in customer demand for travel insurance products as a result of restrictions on travel. In aggregate, COVID-19 has had an adverse impact on Retail Broking profits of £6.5 million for the six months ended 31 July 2020.

The Group's Insurance underwriting business has also been resilient, with profit before tax of £28 million for the six months ended 31 July 2020 (as compared to £21.3 million for the six months ended 31 July 2019), due to ongoing favourable claims experience relating to previous years. The Group's interim financial statements as at and for the six months ended 31 July 2020 do not reflect the recent decrease in the frequency of motor claims, which is due to a sharp reduction in miles driven by the Group's customers during the COVID-19 lockdown period. The Group decided not to recognise the benefit of this decrease because of uncertainty over the current pricing and claims outlook. As the impact of the COVID-19 pandemic on the Group's Insurance underwriting business becomes more certain, the Group intends to return a portion of this benefit to customers.

Reasons for the Capital Raising

The Group continues to monitor the impact of the COVID-19 pandemic on its business and has taken actions to reduce its costs, in particular in the Travel business. The Directors believe there is a risk of a slow recovery of the travel market over the short to medium term, as customer behaviours and the competitive landscape in the travel and insurance sectors may change as a result of the COVID-19 pandemic. The regulatory environment in which the Group operates may also change and there is a risk that the capital adequacy requirements for the Group's regulated insurance subsidiaries, and the cash collateral requirements for its regulated travel subsidiaries, may be increased. While the Group has significant available liquidity, these risks and uncertainties could have a significant adverse impact on the business over time, such that there is a risk that the Group will not comply with all of its financial

covenants as at 31 July 2021 in the absence of the Capital Raising. This issue has been materially exacerbated by the Group's elevated level of leverage at the onset of the COVID-19 crisis.

In light of the above challenges, the proposed Capital Raising is intended to improve the Group's financial position and meaningfully reduce the uncertainty facing the Group with respect to its funding and balance sheet. The balance of the net proceeds will be used to strengthen the capital adequacy and cash requirements of the Group's Insurance business. For further information on the use of proceeds from the Capital Raising, see paragraph 3 below.

Based on the proposed Capital Raising, the Group has also been able to agree with its lending banks to extend the maturity of the remaining balance of the Term Loan to May 2023 and also to amend certain bank covenants. These amendments are contingent on the successful completion of the Capital Raising.

The Capital Raising is therefore expected to provide the Group with a significantly improved liquidity position to enable it to navigate a highly uncertain backdrop in relation to the COVID-19 pandemic.

2.3 The Group's Strengths

Despite the challenges facing the Group, the Board strongly believes that the Group retains a number of distinctive strengths, which position it well for future growth and achievement of attractive returns to Shareholders:

Leadership in a growing and highly attractive customer demographic

Older consumers, who are Saga's target customers, are the fastest growing and most affluent cohort in the United Kingdom. As the population of the United Kingdom ages, the number of over 65s is expected to grow from 12.4 million in 2019 to more than 18 million by 2050, with the proportion of the population aged over 65 increasing from 18.5% to 25.3% over the same period. The Directors believe that Saga's focus on these customers provides it with insight into the behavioural traits and sentiments of this growing target demographic, allowing it to develop and deliver differentiated products and services and position the business exceptionally well to take advantage of this highly attractive market opportunity.

Brand strength and customer trust with over 50s customers

In a highly competitive environment, the Directors believe Saga's brand remains a significant differentiator and driver of value. Saga's long track record and heritage as a consumer brand in the older market means that the Saga brand is both highly trusted and well-recognised within its target demographic, achieving over 88% recognition with UK over 50s.

Direct access to the customer base

Saga's heritage is operating as a direct-to-consumer business, primarily built around direct marketing and an extensive customer database. The Directors believe this is a key differentiator with travel competitors which traditionally have a higher reliance on travel agents and, in the case of insurance, on selling via price comparison websites. A direct-to-consumer approach makes it easier to build long-term customer relationships, with a focus on higher quality products as well as on value, and to cross-sell other products.

While this direct-to-consumer approach has been challenged by changing distribution patterns and by the implementation of GDPR, the majority of all Saga sales remain direct and the Group's marketing database remains a key source of value in generating new leads.

A strong Insurance business with 1.5 million customers

The Saga Insurance business is the largest part of the Group and its home and motor insurance products have remained resilient in light of the current challenges of the COVID-19 pandemic.

The Group has a high level of market share in its key demographic. The Directors believe the Group also has the critical capabilities needed to service this customer base and the data to be able to more accurately price risk for its customers.

A truly differentiated Cruise proposition

Following the delivery of *Spirit of Discovery* in June 2019 and with the upcoming delivery of *Spirit of Adventure*, Saga expects to be the only operator of new mid-sized cruise ships in the UK market. In addition, Saga's offering is tailored at every level to its over-50s demographic. Saga's boutique cruise offering includes all-adult cruising, all-inclusive offerings, individual cabin occupancy, single-seat dining, individual cabin air conditioning, a chauffeur pick-up service and all-balcony cabins, all designed with older customer experience in mind. The Directors believe this differentiated offering will position Saga well to compete within the UK cruise market upon resumption of Cruise activities.

A strengthened and highly experienced management team

The Board has taken a number of steps to strengthen the management team of the Group in recent years, with the arrival of Euan Sutherland as Group Chief Executive Officer, James Quin as Group Chief Financial Officer, Cheryl Agius as Chief Executive Officer of Insurance, Nick Stace as Group Strategy Officer and Jane Storm as Chief People Officer. Each brings a wealth of experience, with a mixture of both financial services expertise and brand/consumer experience. The Board believes that the Group now has the right team in place to execute its strategy.

2.4 The Group's Strategy

The strategic turnaround plan outlined by the new management team in 2020 is intended to build on Saga's heritage while responding fully to the challenges faced by the business today. At our core, we will remain the same – a unique British business focused on providing exceptional, differentiated products and services to our distinct customer group. At the same time, we will refresh our brand, invest in data and digital to improve the customer experience; we will optimise the insurance business and build greater capability and resilience in the Cruise business and re-set our Tours offer. We are confident that this approach will return Saga to growth and will underpin a successful next chapter in its history.

Our target audience of the over 50s is the fastest growing and wealthiest consumer segment in the UK. In the first 55 years of its existence, Saga kept a focus on innovation, creating and delivering unique, high-quality products and services for older people in the United Kingdom. The Board considers that this was followed by almost 15 years during which this tight focus slipped and the Saga franchise was depleted, first under private equity ownership, when debt was increased dramatically and decision making became too focused on the short-term; then, during the period in public ownership, when the potential impact of some of the investment made was lost due to poor delivery.

The new management team have looked back to our heritage to address the problems we have identified and we have begun to resolve them with precision and pace. Our objective is to return the business to its core DNA, within a contemporary data and digital-led strategy, creating exceptional experiences every day for our customers. We are confident that this will drive growth in revenues, profit and cash over the long term and sustainable returns for our investors.

We have a new creative brand essence of “Experience is Everything” which talks to the life experience of our customers, the experience of Saga and the amazing customer experiences we aim to deliver for them. This is an important change for Saga; not only do we believe it will drive increased brand awareness, but we want it to act as an internal mantra for our people.

It is important to be realistic as we move forward, recognising four major challenges, in order to address them and ensure they do not recur:

- Dilution of the original culture and lack of clear performance expectations
- An inconsistent focus on the customer and the core drivers of shareholder value
- Legacy of poorly made investment and then lack of delivery across the business
- Excessive levels of debt

At the same time, we are very aware that we are heading into the next phase of delivery against the backdrop of the COVID-19 pandemic and the United Kingdom’s worsening economic outlook. We are aware of the scale of the task ahead of us, but confident in our ability to deliver.

Recognising all this, the new management team has already begun delivering improvements and to create a platform for long term growth in revenue and profit. We have identified how to leverage the investment of recent years efficiently and what further investments need to be made. We are ensuring Saga is focused, first and foremost, on going back to its roots and using innovation to bring unique products to our customer base.

The golden thread running through everything we do will be a purpose-led approach to business. We recognise that older people do not define themselves by age, but by attitude, aspiration and an appetite for adventure. Saga is committed to delivering exceptional experiences for all customers every day, while being a driver of positive change in the markets in which we operate. We are aligning our people and our products around this purpose and through this approach and a return to great customer focus, we believe we will build longer, deeper relationships with this growing cohort of customers. This, in turn, will help to ensure Saga returns to being a high quality, growing and profitable business, one with a higher quality of earnings.

To deliver our plan we are focused on the following five priorities:

People and culture reset

The transformation required in people, leadership and culture will underpin the success of the strategic reset, so this is our first priority. The new management team has already acted decisively, resizing and reshaping the business in 2020, with headcount reduced by 36% (excluding ship crew) in the six months ended 31 July 2020 (including non-core disposals; 23% on a permanent like-for-like basis) and created a culture of accountability, with a new approach to organisation design, reducing grades and management layers from 17 to 5. The work we had done in this area enabled us to move quickly at the start of the COVID-19 pandemic and within a week of lockdown we had almost all 2,500 colleagues working effectively from home, with no material reduction in customer satisfaction levels. Our re-established commitment to fairness and colleague welfare saw the vast majority of Cruise crew repatriated to their home countries, alongside an investment in improved communications across the business to drive alignment and performance, as well as focusing on support for colleague mental health, diversity and inclusion. We are launching a new purpose, values and engagement programme this month, as we connect the customer brand transformation with the colleague brand to secure a strong foundation for growth in revenue and profit across the business.

Data, digital and brand transformation

The new management team are implementing a single Group-wide customer digital data platform. It builds on and optimises the investments made in the last five years, which failed to reduce complexity and give a single view of the customer across our businesses. We plan to efficiently re-purpose existing technology and develop big data solutions over the next two years. We will create an automated personalisation model which will allow customer interaction in real time and synchronisation across channels and businesses to drive customer multi-product holdings, loyalty and value. The digital transformation is also expected to drive value by improving insurance risk pricing by migrating insurance data into new platforms in 2020; using data to deliver more targeted marketing on digital platforms, beginning with insurance in 2020; and identifying cross-selling opportunities.

The transformation is also designed to drive awareness and consideration of a refreshed and contemporary Saga with a new integrated multi-year brand campaign planned to launch in 2021 alongside optimised direct sales driven marketing. We have a new creative brand essence of “Experience is Everything” which focuses on the experience of our customers, the experience of Saga and the amazing customer experiences we want to deliver for them. This change is aimed at not only driving increased brand awareness, but also acting as an internal mantra for our colleagues. Our target audience have already responded very positively to “Experience is Everything” as it is focused on the positives of age and celebrates experience whilst constantly addressing customers key concerns. There is already a brand advertising fund identified within the current plan to positively reset Saga. We are also planning a redesign of the website and enhanced digital features for customers, including content and rewards on web and mobile.

Optimising core businesses

The new management team are focused on making the core Saga businesses the best they can be for customers and colleagues, separately and together. We are clearly focused on this core aim and do not intend to invest in other businesses until we have delivered real improvements. This discipline will be important to drive maximum value creation and efficiency across the Group in the interests of Shareholders.

The Group’s Insurance business has been operationally and financially resilient through the COVID-19 crisis, with good progress made in delivery of our objectives in the first six months of the 2020/2021 financial year. Saga-branded motor and home core policy numbers increased by 2.5% (the first growth in five years), and the Insurance business saw strong customer retention ahead of plan and margins in line with plan. Innovation has seen a change in the last year, resulting in positive customer reaction with the introduction of motor and home three-year fixed-price insurance, alongside COVID-19 inclusive travel insurance. We also believe there is more innovation to come from a refocused team. Our next stage of growth and transformation is underpinned by the group-wide focus on data, digital and our knowledge of our customers. We have a clear focus on what matters most for the next 12 months and beyond; transforming our pricing, upgrading our data infrastructure and simplifying the way our customers buy insurance through greater back-office efficiency, along with a complete systems migration and modernisation of direct marketing. Driven by our brand strategy, we are focussed on delivering exceptional propositions with exceptional experiences for our customers with a clear strategy for how we will perform well in the longer term. One of key aims is creating broader and deeper relationships with our customers and keeping our customers for longer, with a goal of attaining 80% customer retention in our Insurance business.

In the Cruise business, the number one priority is a safe return to service as soon as government restrictions on the cruise industry are lifted. We are working closely with the UK Government and all the relevant authorities to ensure provision of the best practice safety operating protocols for a COVID world. Our transformation of cruise means we operate some of the newest cruise ships on the seas. These are boutique cruise ships that are technologically advanced and able to offer our guests high levels of safety, with fresh air for all cabins, control of air-conditioning airflow in corridors and public spaces, all table-service restaurants, ionisation and ultra-violet filter capability which helps to further protect guests. Our ships are mid-size, enabling social distancing and realistic capacity management along with enhanced guest protection with testing ahead of boarding and medical staff and medical facilities on-board, as well as provision on-board for isolation and quarantine areas. Saga Cruise has always operated an end-to-end bubble for those travelling to and from our ships (excluding shore excursions), with a dedicated car service picking up guests from their homes and driving them to the ships and the same on return, and we only sail from UK ports. We will soon launch our second Spirit class ocean ship *Spirit of Adventure* and customer retention for those whose cruises have been cancelled because of COVID-19 has been strong, as are 2021 bookings. The new management team has confidence in the financial metrics established with *Spirit of Discovery* from August 2019 (load factors, per diems and profit per ship) being re-established, over time, as sailing resumes.

The new management team have taken the opportunity to begin the reset of the Tour Operations business during the COVID-19 lockdown. Having repatriated more than 3,000 customers in March 2020, we set about establishing a lower cost, smaller business and planning for a resumption of operations based on a higher-quality, differentiated product portfolio that is consistent with the Saga brand and re-introduced our Saga price promise to refund the difference for early bookers if we reduce our brochure prices. These will emphasise peace of mind, unique and aspirational holidays tailored for our customers and the delivery of exceptional experiences. The launch of the 2021 season is taking place in early autumn 2020, with a return to the DNA that created success for Saga Holidays for many years. Titan Travel has also improved its focus and reduced its cost base, while taking the same high-quality measures around COVID-19 safety and peace of mind for customers. Both Tour Operations businesses are planning for a resumption of operations from April 2021.

Lowering our operating costs

During 2020 and before COVID-19, the new management team was focused on delivering the optimum cost base for Saga. Having inherited a high cost, complex business, we have worked hard to reduce cost and complexity and have focused on this to great effect already. This focus on cost efficiency will remain as a central element for the business in the years ahead.

Reducing debt

The new management team acted quickly with decisive measures to strengthen the balance sheet and reduce debt. Focused in particular on the covenanted short-term debt, we have reduced operating costs, disposed of non-core assets, suspended the dividend and we are now proposing the Capital Raising. The Directors believe these measures will significantly strengthen the Saga balance sheet and provide a strong foundation for future success and growth.

In terms of financial targets, the Group aims to return to sustainable profitable growth from the 2019/2020 level for underlying profit before tax of £110 million, with a step change in the quality of earnings. This is underpinned by an ambition to grow home and motor insurance policy count by 3% per annum over the cycle, to grow Tour Operations revenues by 4% per annum from the reset level,

both while sustaining or improving margins, as well as to achieve the goal of generating £40 million of EBITDA per Cruise ship per year in the longer term.

Management recognises that there will be an ongoing impact from COVID-19 and that the 2021/22 financial year will inevitably be a transitional one for the Group. Management also recognises that there is a need to increase investment in the brand, data and digital. This extra investment is not expected to exceed £10 million in each of the current and next financial years and should be self-funding from the 2022/23 financial year.

A key financial objective for the Group is to reduce total debt leverage to under 3.5x EBITDA. While the pace of recovery from COVID-19 will significantly influence the speed of debt reduction, the Group's modelling suggests that this should be achieved by the end of 2023 even in stress test scenarios. Given this priority the Group is not expecting to pay dividends in the next few years, but the Board will reassess its dividend policy once this leverage goal has been achieved. Beginning with the financial year ending 31 January 2023 and going forwards, the Company is targeting an 85% cash conversion ratio (as measured by available operating cash flow to Group trading EBITDA).

The new management team are confident the strategy for Saga is right and with the strengthened balance sheet through the Capital Raising, underpinned by Sir Roger De Haan, who will return to Saga as our Non-Executive Chairman, we are committed to delivering a strong future for the business.

2.5 Sir Roger De Haan's proposed role in the Company

It is proposed that immediately following completion of the Capital Raising, Sir Roger De Haan will assume the role of non-executive Chairman of the Board for an expected term of three years, subject to annual re-election by the Company's shareholders.

As a sign of Sir Roger De Haan's commitment to Saga and confidence in its ability to deliver its strategy, Sir Roger De Haan has agreed to invest up to £100 million in the Capital Raising, which underpins the Group's ability to pursue this important fundraising. Roger de Haan will subscribe for 224,400,000 New Shares at a subscription price of 27 pence per New Share in the First Firm Placing and New Shares at a subscription price to be determined following completion of the Bookbuild (subject to a maximum issue price of 15 pence per New Share) in the Second Firm Placing on the same pricing as will apply to Shareholders who participate in the Open Offer, as a result of which Sir Roger de Haan will have a holding of at least 323,746,421 Ordinary Shares (representing 22.4 per cent. of the issued share capital) following completion of the Capital Raising. In addition Sir Roger de Haan will conditionally subscribe for up to 163,400,246 New Shares in the Placing and Open Offer, subject to clawback from shareholders participating in the Open Offer. As a result, depending on the final price of New Shares in the open offer and extent of clawback, Sir Roger de Haan's shareholding in the Company following completion of the Capital Raising will be between 16.7 per cent. and 25.1per cent.

In connection with his investment in the Company through the Capital Raising, Sir Roger De Haan has entered into the Relationship Agreement with the Company, conditional on Admission occurring. Sir Roger De Haan has also entered into a letter of appointment with the Company which sets out the terms of his appointment as non-executive Chairman. Sir Roger De Haan will join the Board's Nomination Committee with a single vote in his capacity as a Director. The Board has approved the Senior Independent Director becoming Chair of the Nomination Committee, conditional on Admission occurring.

For additional information on Sir Roger De Haan's participation in the Capital Raising, see paragraph 5 below.

The Directors have carefully considered the proposed role of Sir Roger De Haan as non-executive Chairman of the Company in the context of the role of the Chief Executive Officer and senior independent director and the proposed responsibilities of each. The role of the Senior Independent Director has been widened as it is recognised that Sir Roger De Haan will not be considered independent on appointment. Taking into account Sir Roger De Haan's history with the Saga brand and business, his proposed time commitment, and the terms of the Relationship Agreement and his letter of appointment, the Directors believe that the appointment of Sir Roger De Haan as non-executive Chairman is in the best interests of the Company.

3. Use of proceeds

The Capital Raising is expected to raise gross proceeds (before expenses) of approximately £150 million in aggregate and net proceeds (after expenses) of approximately £140 million.

The Company has agreed to use £63.6 million of net proceeds to prepay part of the Term Loan, under which £140 million was outstanding as at 31 July 2020 (a prepayment of £6.4 million was subsequently made under the Term Loan on 14 August 2020 as required pursuant to the Credit Facility Agreement following the completion of the sale of Bennetts). The Company has agreed with its lenders to extend the term of the remaining balance of the Term Loan to May 2023.

The Company intends to use a further £40 million of the net proceeds to repay the amount drawn and outstanding under the Group's Revolving Credit Facility (after £10 million of the £50 million initially drawn was repaid in August 2020), with the balance of the net proceeds to be used to strengthen the capital adequacy and cash requirements of the Group's operating divisions.

4. Financial position, current trading and prospects

For the six months ending 31 July 2020, the Group reported a loss before tax of £55.5 million and underlying profit before tax of £15.9 million, a decrease of 205.5% and 69.9% respectively in comparison to the prior period. This is in line with expectations and the stress test modelling undertaken at the onset of the COVID-19 crisis in March 2020 and reflects:

- Resilient trading in the Insurance business with both the Retail Broking and Insurance underwriting businesses continuing to make good progress against the targets set in April 2019.
- The suspension of the Travel business in March 2020 due to government advice against travel.

The significant impact of COVID-19 on the travel industry has led to an increase in travel industry betas and cost of debt levels such that market-participant views of discount rates have increased over the past six months, particularly in the cruise industry. While the Group is confident that the Travel business will recover over time, and believes that its Cruise operations are well placed for a post-COVID-19 world, given this position and uncertainty over the pace of the recovery, the Group has impaired in full the goodwill assets allocated to the Tour Operations and Cruise businesses totalling £59.8 million.

Notwithstanding the progress made this year and the strong current liquidity position of the Group, there is an increasing likelihood that the impact of COVID-19 on the travel industry will be more significant and result in a slower recovery than previously anticipated. This has led to the launch of the Capital Raising, with Sir Roger De Haan as a cornerstone investor, which is anticipated to raise £140 million of net proceeds.

The Group suspended dividend payments at the onset of the COVID-19 crisis. No interim dividend is proposed and the Board anticipates that it will not reconsider whether to pay dividends until the

Group's leverage including Cruise is below 3.5x EBITDA. Taking into account the proceeds from the Capital Raising, the Board does not expect this target to be reached before 2023.

5. Key terms of the Capital Raising

The Company proposes to raise gross proceeds of £150 million by way of the Capital Raising.

The Capital Raising is comprised of the following elements, each of which is inter-conditional with the others:

- the First Firm Placing of 224,400,000 New Shares to Sir Roger De Haan at the First Firm Placing Price of 27 pence per New Share, representing a 68.4% premium to the Closing Price on 9 September 2020 (and a 98% premium to the 13.61 pence Closing Price on 28 August 2020). The New Shares issued pursuant to the First Firm Placing will be subscribed for by Sir Roger De Haan and will not carry an entitlement to participate in the Open Offer;
- the Second Firm Placing of New Shares to Sir Roger De Haan at the Second Firm Placing Price to be determined following completion of the Bookbuild (subject to a maximum issue price of 15 pence per New Share). The New Shares issued pursuant to the Second Firm Placing will not carry an entitlement to participate in the Open Offer, but the Second Firm Placing replicates the entitlement Sir Roger De Haan would have had to participate in the Open Offer if the New Shares issued pursuant to the First Firm Placing had been on the Register on the Record Date;
- the Placing and Open Offer of New Shares at a price to be determined following completion of the Bookbuild (subject to a maximum issue price of 15 pence per New Share) (the "**Offer Price**"); and
- the Consolidation, following the Capital Raising, pursuant to which every 15 Ordinary Shares of 1 pence nominal value will be consolidated into 1 Consolidated Share of 15 pence nominal value.

The basis of the Open Offer will be announced following completion of the Bookbuild.

The Joint Bookrunners intend, pursuant to the Placing and Open Offer Agreement, to conditionally place the New Shares to be issued pursuant to the Placing and Open Offer with certain Shareholders, Sir Roger De Haan (in addition to his allocations under the Firm Placing) and institutional investors. The commitments of these Placees will be subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Open Offer Shares conditionally placed with investors other than Sir Roger De Haan will be clawed back on a pro rata basis first (with Placees also being entitled to off-set Open Offer Shares for which they validly apply under the terms of the Open Offer against their allocation in the conditional placing) and only when these Open Offer Shares have been fully clawed back will the Open Offer Shares conditionally placed to Sir Roger De Haan be clawed back.

The First Firm Placing Price of 27 pence per New Share represents a premium of 98% to the Closing Price of 13.61 pence on 28 August 2020, being the Business Day prior to the announcement of the proposed Capital Raising.

The Capital Raising is conditional upon the following:

- the Resolutions being passed by Shareholders at the General Meeting;
- Admission becoming effective by not later than 8.00 a.m. on 5 October 2020 (or such later time or date as the Joint Global Coordinators and the Company may agree);
- the Placing and Open Offer Agreement becoming unconditional; and
- the Subscription Agreement becoming unconditional.

Accordingly, if any such conditions are not satisfied, or, if applicable waived, the Capital Raising will not proceed.

The necessary shareholder approvals for the Capital Raising will be sought at the General Meeting to be held at 10.30 a.m. on 2 October 2020, the full details of which will be set out in the Notice of General Meeting that will be contained in the Prospectus to be published by Saga in connection with the Capital Raising.

As of the date of this announcement, Sir Roger De Haan has been approved as a "controller" of the Company's FCA regulated subsidiaries for the purposes of FSMA, as "shareholder controller" of the Company's Jersey incorporated subsidiary, for the purposes of the Financial Services (Jersey) Law 1998 ("FSJL") and as "controller" of the Company's Gibraltar incorporated subsidiary, for the purposes of the Gibraltar Financial Services Act 2019.

The Placing and Open Offer is being fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Placing and Open Offer Agreement. The Firm Placing is not underwritten by the Joint Bookrunners.

Applications will be made for the New Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission of the New Shares will become effective and dealings in the New Shares will commence at 8.00 a.m. on 5 October 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with Existing Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the New Shares.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for under the Open Offer for the benefit of the Company.

Further information on the Capital Raising and the terms and conditions on which it is made, including the procedure for application and payment, will be set out in the Prospectus. The Company also intends to publish a shareholder guide to assist shareholders in understanding how they can participate in the Open Offer.

Consolidation

At the General Meeting, Shareholders will be asked to approve the Consolidation. Under the Consolidation every 15 Ordinary Shares of 1 pence nominal value will be consolidated into 1 Consolidated Share of 15 pence nominal value. The Consolidation is being undertaken because the current trading price of the Ordinary Shares is such that a small movement in the Company's share price could result in a large percentage movement and considerable volatility. Thus the purpose of the Consolidation is to try to establish a market price for the Company's shares that is more appropriate than the market price at present.

The effect of the Consolidation will be that Shareholders will, on implementation of the Consolidation, hold:

1 Consolidated Share of 15 pence nominal value for every 15 Ordinary Shares of 1 pence nominal value

The proportion of the issued ordinary share capital of the Company held by each Shareholder immediately following the Consolidation will, save for fractional entitlements, remain unchanged as a result of the Consolidation itself (although a Shareholder will experience dilution under the Capital Raising). In addition, apart from the change in nominal value, each Consolidated Share will carry the same rights as set out in the Articles of Association that apply to the Existing Shares (including in relation to voting, pre-emption rights, dividends and rights on a return of capital). The resolutions

approved at the annual general meeting of the Company held on 22 June 2020 granting authority to the Directors to allot Ordinary Shares, including on a non pre-emptive basis, are not affected by the Consolidation since the aggregate nominal value of the total issued share capital will remain unchanged by the Consolidation.

Where the Consolidation results in any Shareholder being entitled to a fraction of a Consolidated Share, that fraction will not be allotted to such Shareholder and arrangements will be put in place for any such fractional entitlements arising from the Consolidation to be aggregated and sold in the market on behalf of the relevant Shareholders. Amounts of less than £5.00 will not be paid to such Shareholders and will instead be retained for the benefit of the Company. Having regard to the current share price of the Company, it is anticipated that no proceeds of fractional entitlements will be distributed. As a result of the Consolidation, Shareholders with fewer than 15 Ordinary Shares following completion of the Capital Raising will no longer hold Ordinary Shares in the Company.

For purely illustrative purposes, an example of the effect of the Consolidation is set out below:

<u>Ordinary Shares (following completion of the Capital Raising)</u>	<u>Consolidated Shares</u>	<u>Fractional entitlement to Consolidated Share⁽¹⁾</u>
1	0	0.07
14	0	0.93
20	1	0.33
150	10	0.00
7,000	466	0.66
15,000	1,000	0.00

(1) The fractional entitlement represents the fraction of a Consolidated Share which will be aggregated and sold in the market on behalf of relevant Shareholders. Amounts of less than £5.00 will not be paid to such Shareholders and will instead be retained for the benefit of the Company.

Although a Shareholder would hold fewer Consolidated Shares than they held Ordinary Shares before the Consolidation, their ownership of Saga (being the number of Ordinary Shares in the Company they would hold as a proportion of the total number of Ordinary Shares in issue) will be the same before and after the Consolidation, subject to any adjustment to reflect a fractional entitlement to a Consolidated Share arising from the Consolidation.

The number of Shares admitted to the premium listing segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange will change as a result of the Consolidation. However, the Consolidation will not affect the Group's or the Company's net assets. A request will be made to the FCA and the London Stock Exchange to reflect, on the Official List and the Main Market respectively, the Consolidation.

If approved, the Consolidation is expected to become effective at 8.00 a.m. on 12 October 2020.

Following the Consolidation, the Consolidated Shares will be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange at 8.00 a.m. on 12 October 2020 with ISIN:GB00BMX64W89.

6. Possible offer from a consortium of US financial investors

The Saga Board also recently evaluated and rejected an unsolicited and highly conditional indicative approach for the Company from a consortium of two US financial investors at a price of 33 pence per ordinary share. This 33 pence offer followed several earlier indicative approaches from the consortium which commenced at a significantly lower valuation. The investors have since confirmed that they are no longer considering an offer for the Company. This is not a statement to which Rule 2.8 of the Takeover Code applies.

In deciding to reject the consortium's proposal and recommend the Capital Raising to Shareholders, the Board took into account all relevant factors including the highly conditional nature of the

consortium's proposal and the certainty and strategic opportunity that the Capital Raising presented to the Company.

The Company will provide further updates as required by law and regulation.

7. Amended facilities

The Group has entered into the Amended Credit Facility Agreement with the agent and lenders under its Term Loan and Revolving Credit Facility. The Amended Credit Facility Agreement will take effect subject to, among other standard conditions, the Company raising net proceeds in the Capital Raising of at least £125 million and applying part of the proceeds of the Capital Raising to partially prepay the Term Loan such that the amount outstanding under the Term Loan does not exceed £70 million, and to prepay the balance outstanding under the Revolving Credit Facility (without cancelling the lenders' revolving credit commitments).

Under the terms of the Amended Credit Facility Agreement the term of the Term Loan has been extended by 12 months to May 2023 and the lenders have relaxed the Group's leverage and interest cover covenants at certain testing dates.

8. Dividend policy

In November 2019, the Company paid an interim dividend of 1.3 pence per share. In order to protect the Group's financial position in light of the COVID-19 pandemic, the Board announced on 2 April 2020 that it had suspended dividend payments.

Given the uncertain implications of the COVID-19 pandemic on the Group's business, the Board did not pay a final dividend for the year ended 31 January 2020. Furthermore, under amendments agreed to the Group's banking facilities in March 2020, so long as the Leverage Covenant Ratio is greater than 3.0x under the Term Loan and Revolving Credit Facility and deferred principal payments remain outstanding under the Ship Facilities, the Company is prohibited from paying dividends. The Board anticipates that it will not reconsider whether to pay dividends until the Group's leverage including Cruise is below 3.5x EBITDA. Taking into account the proceeds from the Capital Raising, the Board does not expect this target to be reached before 2023.

9. Board recommendation and Directors' intentions

The Directors believe that the Capital Raising and the Resolutions to be put to the General Meeting are in the best interests of the Company and Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be put to the General Meeting. The Directors have committed to vote, or procure that the registered holder votes, in favour of the Resolutions in respect of their beneficial holdings, amounting to 10,381,195 Existing Shares in aggregate, representing 0.93% of the existing Share capital of Saga in issue as at 9 September 2020.

The Board is fully supportive of the Capital Raising. Each of the Directors who is a Shareholder, such holdings amounting in aggregate to 10,381,195 Existing Shares (representing 0.93% of the Company's existing issued share capital as at 9 September 2020, intends to take up in full his or her entitlement to subscribe for New Shares under the Open Offer.

10. Working capital

Working capital statement

The Company is of the opinion that, after taking into account the net proceeds of the Capital Raising and the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this announcement.

Impact of the COVID-19 pandemic

In preparing the working capital statement above, the Company is required to identify, define and consider a reasonable worst case scenario, which involved making certain assumptions regarding the potential evolution of the COVID-19 pandemic and its potential impact on the Group in that reasonable worst case scenario.

Reasonable worst case assumptions relating to the COVID-19 pandemic

The COVID-19 pandemic has had, and is anticipated to continue to have, a significant impact on the Group's near term performance. In assessing the potential impact resulting from the COVID-19 pandemic, the Company has assumed that travel activity in particular will continue to be impacted. In preparing its reasonable worst case scenario, the Company has made the following key assumptions relating to the COVID-19 pandemic:

- Cruise operations re-commence in November 2020 but then cease from 5 January 2021 to 1 May 2021 due to a potential second wave of lockdowns, with a higher refund rate of 45% of affected bookings due to depart in that period, as compared to the refund rate of 35% between 12 March 2020 and 31 July 2020.
- Complex and variable health and safety measures continue to be imposed with respect to travel restrictions resulting in reduced load factors for the Group's Cruise business until at least 31 January 2022, with an estimated load factor of 80% for the remainder of the year ending 31 January 2022 and for the year ending 31 January 2023 following the re-commencement of operations on 1 May 2021, and with a lower load factor of 83% in the year ending 31 January 2024, as compared to a load factor of 84% for the year ended 31 January 2020.
- Tour Operations remain largely suspended until 1 April 2021 and there is slower growth in passenger numbers until at least 31 January 2022, with an estimated 67,000 passengers for the year ending 31 January 2022, as compared to approximately 137,000 passengers (excluding Destinology) for the year ended 31 January 2020.
- The Insurance business stress test incorporates a continued downturn in sales of travel policies until at least 31 January 2022, with an estimated reduction in sales of travel insurance policies of 13% compared to the year ended 31 January 2020, and includes an estimated return from February 2021 to the levels of motor claims frequency that the Group experienced before the outbreak of COVID-19.
- The Insurance underwriting business is assumed to pay £12 million lower dividends than planned in part as cash is retained to support lower property valuations resulting from higher property vacancy and lower ability to sell or sublet these properties as a result of COVID-19.

11. Importance of Shareholder vote

Shareholder attention is drawn to the fact that the Capital Raising is conditional upon, amongst other things, the Resolutions being passed at the General Meeting.

The Capital Raising is intended to improve the Group's financial position and meaningfully reduce the uncertainty facing the Group with respect to its funding and balance sheet. The Company intends to use £63.6 million of the net proceeds of the Capital Raising to prepay part of the Group's Term Loan, which would enable the Group to extend the maturity of the Term Loan to May 2023 and would, therefore, remove a near-term funding requirement for the Group. The Directors believe the Capital Raising would provide the Group with a significantly improved liquidity position to enable it to navigate a highly uncertain backdrop in relation to COVID-19.

Reasons for the Capital Raising

The Group has substantial indebtedness and is subject to a number of financial covenants, including a leverage covenant and an interest cover covenant under the Term Loan and Revolving Credit Facility. The financial covenants under the Term Loan and Revolving Credit Facility are currently tested quarterly so long as the Leverage Covenant Ratio is greater than 4.0x.

If the Capital Raising does not successfully complete, the Group's leverage covenant under the Term Loan and Revolving Credit Facility would be breached if the Leverage Covenant Ratio exceeds 4.75x as at the 31 October 2020, 31 January 2021 or 30 April 2021 covenant testing dates, 4.25x as at the 31 July 2021 covenant testing date, 4.0x as at the 31 January 2022 covenant testing date or 3.0x for covenant testing dates on or after 31 July 2022. The Group has agreed with its lenders to amend the leverage covenant, conditional on the Capital Raising raising net proceeds of at least £125 million and the Group using part of the proceeds to partially prepay the Term Loan such that the balance outstanding does not exceed £70 million and to prepay the balance outstanding under the Revolving Credit Facility (but with no corresponding cancellation of the lenders' revolving credit commitments). Pursuant to this agreement, the Group's leverage covenant would only be breached if the Leverage Covenant Ratio exceeds 4.75x as at the 31 October 2020, 31 January 2021, 30 April 2021 or 31 July 2021 covenant testing dates and 4.5x as at the 31 October 2021 covenant testing date. The required ratio at subsequent testing dates remains unchanged.

If the Capital Raising does not successfully complete, the interest cover covenant under the Term Loan and Revolving Credit Facility would be breached if the Group's adjusted EBITDA to total net cash interest falls below 1.75x as at the 31 October 2020 covenant testing date, 1.25x as at the 31 January 2021 covenant testing date, 2.0x as at the April 2021 covenant testing date, 3.0x as at the 31 July 2021 covenant testing date or 3.5x for covenant testing dates on or after 31 January 2022. The Group has agreed with its lenders to amend the interest cover covenant, conditional on the Capital Raising raising net proceeds of at least £125 million and the Group using part of the proceeds of the Capital Raising to partially prepay the Term Loan such that the balance outstanding does not exceed £70 million and to prepay the balance outstanding under the Revolving Credit Facility (but with no corresponding cancellation of the lenders' revolving credit commitments). Pursuant to this agreement, the interest cover covenant would only be breached if the Group's adjusted EBITDA to total net cash interest falls below 1.25x as at the 31 January 2021 or 30 April 2021 covenant testing dates, 1.5x as at the 31 July 2021 covenant testing date, 1.75x as at the 31 October 2021 covenant testing date, 2.5x as at the 31 January 2022 covenant testing date and 3.5x as at subsequent covenant testing dates.

The Group's covenant headroom under the Term Loan and Revolving Credit Facility has diminished significantly as a result of the severely negative impact of the COVID-19 pandemic on the Group's Travel business. The Leverage Covenant Ratio increased to 3.6x as at the 31 July 2020 covenant testing date (as compared to 2.4x as at the 31 January 2020 covenant testing date). In addition, the Group's adjusted EBITDA to total net cash interest ratio under the interest cover covenant decreased to 5.48x as at the 31 July 2020 covenant testing date (as compared to 8.98x as at the 31 January 2020 covenant testing date).

If the Group's results were to reflect what the Directors consider to be a reasonable worst case scenario and the Capital Raising were to fail to complete successfully, then (in the absence of successful and timely mitigating actions) whilst the Group expects to remain in compliance with its financial covenants under the Term Loan and Revolving Credit Facility at 31 January 2021 and does not expect to breach the covenants under the Ship Facilities during the period covered by the working capital statement, the Group would likely breach its leverage covenant and interest cover covenant

under the Term Loan and Revolving Credit Facility as at its 31 July 2021 covenant testing date, and the Directors also expect the Group would have limited headroom for the financial covenants under the Ship Facilities as at the 31 July 2021 covenant testing date during the period covered by the working capital statement. In addition, the Group has agreed with its lenders to extend the term of the remaining balance of the Term Loan to May 2023, conditional on completion of the Capital Raising. If the Capital Raising were to fail to complete successfully then the Group may also face challenges in its ability to repay the Term Loan when this matures, which under the existing facility, would be in May 2022.

In the event of a covenant breach under the Term Loan and Revolving Credit Facility, the lenders under the Term Loan and Revolving Credit Facility would have the right to terminate the facilities and demand immediate repayment of all amounts due thereunder, and any such demand would trigger the right of holders of the Corporate Bonds and lenders under the Ship Facilities to similarly demand immediate repayment. The Group would be unlikely to obtain the funds necessary to repay the amounts outstanding under the Term Loan, the Revolving Credit Facility, the Corporate Bonds and the Ship Facilities if they became immediately due and payable upon the demand of the lenders following a covenant breach. In such circumstances, the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders would be at risk of losing all or a substantial portion of their investment.

Potential mitigating actions

If the Group were at risk of a covenant breach, the Group would consider a range of mitigating actions to attempt to avoid a covenant breach, including the following:

- The Group would attempt to renegotiate with its lenders to secure appropriate waivers or amendments. Whilst the Group has previously negotiated waivers and amendments to its financial covenants (including an amendment to its interest cover covenant which is conditional on completion of the Capital Raising), there can be no certainty that further waivers or amendments could be secured at an acceptable cost and, even if secured, such waivers and amendments would likely cause the Group to incur significant additional costs and subject the Group to onerous financial and operational restrictions.
- The Group may take steps to further reduce near-term operating expenses and other costs. However, the Group has already reduced its operating expenses (including by reducing headcount in the Travel business) and achieving any further reductions may involve incurring additional costs and, even if achieved, may adversely affect the longer-term competitiveness and operational ability of the Group.
- The Group may also attempt to sell non-core businesses or other assets on an accelerated timetable. However, the Group has already disposed of a number of non-core businesses and in light of the impact the COVID-19 pandemic has had on investment markets, such sales may not be negotiated in a timely manner or at an acceptable price or (even if agreed) may not complete successfully.
- The Group may consider seeking an alternative investment or another form of equity issuance. However, such an investment or issuance may not be secured, nor can there be any certainty as to the terms of any such investment or issuance. Such an investment or issuance could materially increase costs for the Group and dilute Shareholders, adversely affect the market price of the Shares and could result in one or more third parties taking controlling interests in the Group.

It is not currently anticipated that the Group would require further debt refinancing in the short term, that is, for at least the period covered by the working capital statement in this announcement.

Implications if the Capital Raising does not successfully complete

As a result of the significant decrease in covenant headroom under the Term Loan and the Revolving Credit Facility and the considerable uncertainty as to the impact of COVID-19 beyond 31 January 2021, the Group is undertaking the Capital Raising to significantly reduce the outstanding debt under the Term Loan and Revolving Credit Facility. The Capital Raising is contingent on the outcome of a Shareholder vote and, in addition, whilst it is fully committed, the Placing and Open Offer Agreement is subject to certain specific conditions that, although customary in nature, are outside the control of the Group. As a result, and the interim financial statements of the Group as at and for the six months ended 31 July 2020 include a statement that the Directors have concluded that there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and to continue realising its assets and discharging its liabilities in the normal course of business. The Directors expect that the material uncertainty would be removed on completion of the Capital Raising, which is expected to happen by the end of September 2020. The review report with respect to the interim financial statements of the Group as at and for the six months ended 31 July 2020 highlights the existence of a material uncertainty which may cast significant doubt upon the Group's ability to continue as a going concern as the Capital Raising remains subject to certain conditions, including approval of the Resolutions by Shareholders.

Accordingly, if the Capital Raising does not successfully complete, then the Group may breach its financial covenants under the Term Loan and Revolving Credit Facility as at 31 July 2021, which in turn would trigger acceleration and cross-default rights for the Group's lenders, and ultimately the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders may lose all or a substantial portion of their investment.

As such, Shareholders are asked to vote in favour of the Resolutions at the General Meeting so that, assuming the other conditions to the Capital Raising are satisfied, the Capital Raising can proceed.

Appendix 1: Definitions

"Admission"	the admission of the New Shares to the premium listing segment of the Official List and to trading on the LSE's Main Market for listed securities
"Amended Credit Facility Agreement"	the amendment and restatement agreement entered into in respect of the Credit Facility Agreement between the Company and certain of its subsidiaries and the Agent and the lenders on 10 September 2020
"Application Form"	the application form accompanying this Prospectus pursuant to which Qualifying Non-CREST Shareholders who are registered on the register of members of the Company at the Record Date may apply for Open Offer Shares under the Open Offer
"Articles of Association"	the articles of association of the Company
"Board"	the board of Directors of the Company
"Bookbuild"	the accelerated bookbuild process launched following this announcement
"Capital Raising"	the Firm Placing and the Placing and the Open Offer

"Chairman"	the Chairman of Saga, being Patrick O'Sullivan at the date of this announcement, and, following Admission, Sir Roger De Haan
"Closing Price"	the closing middle-market price in pounds sterling of an Existing Share trading on the LSE
"Companies Act 2006"	the UK Companies Act 2006, as amended, and the regulations made thereunder
"Company" or "Saga"	Saga plc, a company registered in England and Wales with registered number 08804263
"Consolidation"	the proposed consolidation of every 15 Ordinary Shares into one Consolidated Share, further details of which are set out in this announcement
"Consolidation Ratio"	the ratio of 15 Ordinary Shares for every 1 Consolidated Share
"Consolidation Record Date"	6.00 p.m. on 9 October 2020
"Consolidated Shares"	the ordinary shares of £0.15 each in the share capital of the Company resulting from the Consolidation
"Corporate Bonds"	the corporate bonds issued by the Company
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Ltd is the operator
"Cruise"	the Group's cruise business
"Directors"	the directors of Saga
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"Enlarged Share Capital"	the Company's ordinary issued share capital immediately following completion of the Capital Raising and the issue of the New Shares
"EU" or "European Union"	the European Union
"Excluded Territories"	Australia, Canada, Japan, the United States (subject to certain limited exceptions), New Zealand and the Republic of South Africa and any other jurisdiction where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would breach any applicable law or regulation
"Ex-Entitlements Date"	8.00 a.m. on 11 September 2020
"Existing Shares"	the existing Ordinary Shares in issue as at the date of this announcement
"FCA"	the Financial Conduct Authority
"Firm Placing Shares"	the New Shares which are to be issued pursuant to the Firm Placing
"Firm Placing"	the placing of the First Firm Placing Shares and the Second Firm Placing Shares to Roger De Haan on the terms and subject to the conditions contained in the Subscription Agreement
"First Firm Placing"	a firm placing of 224,400,000 New Shares to Roger De Haan at a price of 27 pence per New Share
"First Firm Placing Price"	27 pence, the price at which New Shares will be issued pursuant to the First Firm Placing
"First Firm Placing Shares"	the Firm Placing Shares to be issued pursuant to the First Firm Placing
"Form of Direction"	a form given by a Shareholder directing Link Asset Services how to vote shares held in the Saga Share Account (SSA) on that Shareholder's behalf;
"Form of Proxy"	the personalised form of proxy relating to the Notice of General Meeting
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting"	the general meeting of the holders of Ordinary Shares to, among other matters, approve the Capital Raising scheduled to take place at 10.30 a.m. on 2 October 2020
"GDPR"	General Data Protection Regulation ((EU) 2016/679)
"Government"	Her Majesty's Government of the United Kingdom
"Group"	Saga, its subsidiary undertakings from time to time (as defined in the Companies Act 2006)
"HSBC"	HSBC Bank plc

"ISIN"	International Security Identification Number
"Joint Bookrunners"	JPM, Numis and HSBC
"Joint Global Coordinators"	JPM and Numis
"JPM"	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove)
"Leverage Covenant Ratio"	the ratio for the leverage covenant under the Group's Term Loan and Revolving Credit Facility, as measured by its net debt to adjusted EBITDA ratio (excluding Cruise net debt and EBITDA)
"Listing Rules"	the listing rules made by the FCA pursuant to Part 6 of the FSMA
"London Stock Exchange" or "LSE"	London Stock Exchange plc
"Main Market"	the London Stock Exchange's Main Market for listed securities
"MAR"	the Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations
"Member States"	the Member States of the European Union from time to time
"New Shares"	the new Ordinary Shares to be issued by the Company pursuant to the Capital Raising
"Numis"	Numis Securities Limited
"Offer Price"	the price to be determined following the Bookbuild, being the price at which New Shares will be issued to Qualifying Shareholders subscribing for New Shares pursuant to the Open Offer and to Roger De Haan pursuant to the Second Firm Placing
"Official List"	the Official List of the FCA
"Open Offer Entitlement"	the entitlement to subscribe for the Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
"Open Offer Shares"	the New Shares for which Qualifying Shareholders are being invited to apply to be issued pursuant to the terms of the Open Offer
"Open Offer"	the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Offer Price on the terms and subject to the conditions set out in this announcement and in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA only, the relevant Application Form
"Ordinary Shares"	the ordinary shares in the capital of the Company (including, upon Admission, the New Shares)
"Placee"	a conditional placee of New Shares to be issued pursuant to the Placing and Open Offer, subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer
"Placing and Open Offer"	the conditional placing, by the Joint Bookrunners, as agents of and on behalf of the Company, of the Placing Shares with Placees subject to clawback by Qualifying Shareholders pursuant to the Open Offer, on the terms and subject to the conditions contained in the Placing and Open Offer Agreement
"Placing and Open Offer Agreement" .	the placing and open offer agreement dated 10 September 2020 between and among the Company and the Joint Bookrunners
"Placing Shares"	the New Shares proposed to be issued by the Company pursuant to the Placing and Open Offer
"PRA"	Prudential Regulation Authority
"Prospectus Regulation Rules"	the Prospectus Regulation rules made by the FCA under Part 6 of the FSMA
"Prospectus Regulation"	Prospectus Regulation (EU) 2017/1129
"Prospectus"	the prospectus to be published by the Company in connection with the Capital Raising
"Qualifying CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares on the register of members of the Company on the Record Date which are in uncertificated form
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares on the register of members of the Company on the Record Date which are in certificated form
"Qualifying Shareholders"	holders of Ordinary Shares who are on the Company's register of members at the Record Date, excluding the Restricted Shareholders
"Record Date"	6.00 p.m. on 9 September 2020, being the record date in respect of the Open Offer

"Register"	the register of members of the Company in the United Kingdom
"Relationship Agreement"	the relationship agreement dated 10 September 2020 between the Company and Roger De Haan
"Resolutions"	the shareholder resolutions of Saga necessary to implement the Capital Raising, including without limitation to grant authority to the Directors to allot the New Shares (and any amendment(s) thereof)
"Restricted Shareholder"	subject to certain limited exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Excluded Territory
"Revolving Credit Facility"	the revolving credit facility of the Group
"Saga Half-Year Results 2020"	Saga's financial results covering the period to 31 July 2020
"Second Firm Placing"	a firm placing of New Shares to Roger De Haan at the Offer Price
"Second Firm Placing Price"	the Offer Price
"Second Firm Placing Shares"	the Firm Placing Shares to be issued pursuant to the Second Firm Placing
"Shareholder"	a holder of Ordinary Shares
"Ship Facilities"	the 2015 Ship Facility and the 2017 Ship Facility in relation to the financing of two cruises ships, <i>Spirit of Discovery</i> and <i>Spirit of Adventure</i> , respectively
"Sponsor"	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove)
"SSA"	The Saga Shareholder Account in the name of Link Market Services Trustees (Nominees) Limited, a wholly owned subsidiary of the administrators of the SSA
"Subscription Agreement"	the subscription agreement dated 10 September 2020 between the Company and Roger De Haan
"Term Loan"	the term loan facility of the Group
"Tour Operations "	tours, package holidays and river cruises operated by the Group's travel company, ST&H Limited and its subsidiaries, under the Saga Holidays, Titan Travel and Destinology brands
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"US Securities Act"	US Securities Act of 1933 (as amended)

Appendix 2: Terms and Conditions of the Conditional Placing

IMPORTANT INFORMATION ON THE CONDITIONAL PLACING FOR INVITED CONDITIONAL PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE CONDITIONAL PLACING OF NEW SHARES IN SAGA PLC (THE "**COMPANY**") SUBJECT TO CLAWBACK IN RESPECT OF VALID APPLICATIONS BY QUALIFYING SHAREHOLDERS PURSUANT TO THE OPEN OFFER (THE "**OPEN OFFER**"). THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE ONLY DIRECTED AT, AND BEING DISTRIBUTED TO: (A) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("**EEA**"), PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**") ("**QUALIFIED INVESTORS**"); (B) IF IN THE UNITED KINGDOM, PERSONS WHO ARE QUALIFIED INVESTORS AND FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2) OF THE ORDER AND WHO ARE QUALIFIED INVESTORS; (C) IF IN THE UNITED STATES, CERTAIN PERSONS REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" ("**QIBs**") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"); OR (D) ARE OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED; AND, IN EACH CASE, HAVE BEEN INVITED TO PARTICIPATE IN THE CONDITIONAL PLACING BY THE JOINT BOOKRUNNERS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY PERSON WHO HAS RECEIVED OR IS DISTRIBUTING THESE TERMS AND CONDITIONS MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THESE TERMS AND CONDITIONS DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE HAS BEEN AND WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

EACH CONDITIONAL PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF CONDITIONAL PLACING SHARES (AS SUCH TERM IS DEFINED BELOW).

Unless otherwise defined in these terms and conditions, capitalised terms used in these terms and conditions shall have the meaning given to them in this announcement or in the preliminary circular and prospectus dated 10 September 2020 prepared by, and relating to, the Company (the "**Preliminary Prospectus**", which term shall include the documents incorporated by reference therein) in connection

with the offer of New Shares to be issued by the Company in connection with the Capital Raising. The Preliminary Prospectus has not been approved by the Financial Conduct Authority (the "**FCA**") under section 87A of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") or otherwise.

In connection with the Capital Raising and Admission, the final approved combined circular and prospectus expected to be dated on or around 11 September 2020 and prepared by, and relating to, the Company (the "**Prospectus**", which term shall include the documents incorporated by reference therein) will, following approval by the FCA, be published on the Company's website and made available to you and will be despatched by the Company to its Shareholders (other than those who have elected or have deemed to have elected to receive soft copy, e-mail notifications or postal notifications of the publication of documents). The Prospectus is not expected to be approved and published prior to Conditional Placees (as defined below) entering into a legally binding commitment in respect of the conditional placing, by the Joint Bookrunners, as agents of and on behalf of the Company, of New Shares to be issued pursuant to the Placing and Open Offer (the "**Conditional Placing Shares**") with Conditional Placees (as defined below) subject to clawback by Qualifying Shareholders pursuant to the Open Offer (the "**Conditional Placing**"). Such commitments will therefore be made on the basis of the Preliminary Prospectus and the Placing Results Announcement (as defined below).

If a person indicates to the Joint Bookrunners that it wishes to participate in the Conditional Placing by making an oral or written offer to acquire Placing Shares pursuant to the terms of the Conditional Placing (each such person, a "**Conditional Placee**"), such person will be deemed: (i) to have read and understood in their entirety these terms and conditions in this Appendix and the announcement of which it forms part, the Preliminary Prospectus, the information set out in this announcement and the placing results announcement expected to be published on or around 10 September 2020 (the "**Placing Results Announcement**" and, together with the Preliminary Prospectus and this announcement, the "**Disclosure Package**"); (ii) to be participating and making such offer on the terms and conditions contained in this Appendix; and (iii) to be providing the representations, warranties, indemnities, agreements, undertakings, acknowledgements and confirmations contained in these terms and conditions in this Appendix.

For the avoidance of doubt, if a person has signed and returned to the Joint Bookrunners (in a form satisfactory to them) a placing letter in respect of their participation in the Conditional Placing (the "**Placing Letter**") prior to the publication of the Placing Results Announcement, to the extent there is any conflict between the terms of such Placing Letter and these terms and conditions in this Appendix the terms of the Placing Letter shall prevail.

In particular, each Conditional Placee represents, warrants and acknowledges that:

- 1** it is a Relevant Person and undertakes that it will acquire, hold, manage and dispose of any of the Conditional Placing Shares that are allocated to it for the purposes of its business only;
- 2** in the case of any Conditional Placing Shares subscribed for by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, that: (i) the Conditional Placing Shares acquired by and/or subscribed for by it in the Conditional Placing will not be acquired and/or subscribed for on a discretionary basis on behalf of, nor will they be acquired or subscribed for with a view to their offer or resale to, persons in a member state of the EEA or the UK other than Qualified Investors, or in circumstances which may give rise to an offer of securities to the public other than an offer or resale, in a member state of the EEA which has implemented the Prospectus Regulation, to Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale; or (ii) where the Conditional Placing Shares have been acquired or subscribed for by it on behalf of persons in any member state of the EEA or the United Kingdom other than Qualified

Investors, the offer of those Conditional Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;

- 3 it is and, at the time the Conditional Placing Shares are acquired, will be either: (i) not located in the United States (within the meaning of Regulation S under the Securities Act ("**Regulation S**")); acquiring the Conditional Placing Shares in an offshore transaction in accordance with Regulation S; not a resident of any Excluded Territories (as defined below) or a corporation, partnership or other entity organised under the laws of any Excluded Territories; and subscribing for the Conditional Placing Shares for its own account (or for the account of affiliates or funds managed by it or its affiliates with respect to which it either has investment discretion or which are located outside the United States); or (ii) (a) a QIB, (b) aware, and each potential beneficial owner of the Conditional Placing Shares has been advised, that the sale to it of the Conditional Placing Shares is being made in accordance with Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, registration under the Securities Act, and (c) either acquiring the Conditional Placing Shares for its own account, or any account for which it is acquiring the Conditional Placing Shares is a QIB. If the Conditional Placée is participating in the Conditional Placing as or on behalf of a QIB, it agrees to furnish to the Joint Bookrunners and the Company a signed US investor letter in the form provided by the Joint Bookrunners and the Company. These terms and conditions do not constitute, subject to certain exceptions, an offer to sell or issue or the invitation or solicitation of an offer to buy or acquire the Conditional Placing Shares in, or to residents of, any jurisdiction including, without limitation, the United States (subject to certain limited exceptions), Australia, Canada, Japan, New Zealand, the Republic of South Africa or any other jurisdiction where the extension or availability of the Conditional Placing would breach any applicable laws or regulations (each an "**Excluded Territory**", and "**Excluded Territories**" shall mean any of them);
- 4 it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in this Appendix;
- 5 the Company and the Joint Bookrunners will rely upon the true and accuracy of the foregoing representations, warranties and acknowledgements; and
- 6 these terms and conditions and the information contained herein are not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in, or who are residents of, the United States or any other Excluded Territory, subject to certain exceptions.

In particular, the Conditional Placing Shares referred to in these terms and conditions have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Conditional Placing Shares may not be offered, sold, transferred or delivered, directly or indirectly in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable laws of any state or other jurisdiction of the United States. Accordingly, the Conditional Placing Shares are being offered and sold outside the United States in accordance with Regulation S, and in the United States to a limited number of QIBs pursuant to an exemption from registration under the Securities Act in a transaction not involving any public offering. There has been and will be no public offering of the Conditional Placing Shares in the United States. The Conditional Placing Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Conditional Placing or the accuracy or adequacy of these terms and conditions. Any representation to the contrary is a criminal offence in the United States.

The distribution of these terms and conditions and the offer and/or placing of the Conditional Placing Shares in certain other jurisdictions may be restricted by law. No action has been or will be taken by any of the Joint Bookrunners or the Company that would, or is intended to, permit an offer of the Conditional Placing Shares or possession or distribution of these terms and conditions or any other offering or publicity material relating to the Conditional Placing Shares in any jurisdiction where any such action for that purpose is required, save as mentioned above. Persons into whose possession these terms and conditions come are required by the Joint Bookrunners and the Company to inform themselves about and to observe any such restrictions.

Each Conditional Placee's commitments will be made solely on the basis of the information set out in this announcement (including these terms and conditions in this Appendix), the Preliminary Prospectus, the Placing Results Announcement and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) the Placing Letter. Each Conditional Placee, by participating in the Conditional Placing, acknowledges and agrees that it has not relied on any other information, representation, warranty or statement made by or on behalf of any of the Joint Bookrunners or the Company or any of their respective affiliates and none of the Joint Bookrunners, the Company or any person acting on such person's behalf or any of their respective affiliates has or shall have liability for any Conditional Placee's decision to accept the invitation to participate in the Conditional Placing based on any other information, representation, warranty or statement. Each Conditional Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting the invitation to participate in the Conditional Placing.

No undertaking, representation, warranty or any other assurance, express or implied, is made or given by or on behalf of any Joint Bookrunner or any of its affiliates, their respective directors, officers, employees, agents, advisers, or any other person, as to the accuracy, completeness, correctness or fairness of the information or opinions contained in the Preliminary Prospectus and/or the Prospectus (when published), this announcement, the Placing Results Announcement or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company, the Conditional Placing, the Capital Raising or Admission and no such person shall have any responsibility or liability for any such information or opinions or for any errors or omissions. Accordingly, save to the extent permitted by law, no liability whatsoever is accepted by any of the Joint Bookrunners or any of their respective directors, officers, employees or affiliates or any other person for any loss howsoever arising, directly or indirectly, from any use of this announcement or the Placing Results Announcement or such information or opinions contained herein or otherwise arising in connection with the Preliminary Prospectus and/or the Prospectus (when published).

These terms and conditions do not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Conditional Placing Shares or any other securities or an inducement or recommendation to enter into investment activity, nor shall these terms and conditions (or any part of them), nor the fact of their distribution, form the basis of, or be relied on in connection with, any investment activity. No statement in this announcement is intended to be nor may be construed as a profit forecast and nor should any such statement be interpreted to mean that the Company's profits or earnings per share for any future period will necessarily match or exceed historical published profits or earnings per share of the Company.

Proposed Conditional Placing of Conditional Placing Shares subject to clawback in respect of valid applications by Qualifying Shareholders pursuant to the Open Offer

Conditional Placees are referred to these terms and conditions in this Appendix, this announcement, the Preliminary Prospectus, the Placing Results Announcement and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results

Announcement) the Placing Letter containing details of, *inter alia*, the Placing and Open Offer. These terms and conditions in this Appendix, this announcement, the Preliminary Prospectus, the Placing Results Announcement and the Prospectus have been prepared and issued, or will be issued, by the Company, and each of these documents is and will be the sole responsibility of the Company.

Application for listing and admission to trading

Applications will be made to the FCA for admission of the New Shares to listing on the premium listing segment of the Official List of the FCA and to the London Stock Exchange for admission of the New Shares to trading on its main market for listed securities.

Application will also be made to Euroclear UK & Ireland Limited for the entitlements to the Open Offer Shares (the "**Open Offer Entitlements**") to be admitted as separate participating securities within CREST. Subject to the conditions of the Placing and Open Offer being satisfied, it is expected that Admission of the New Shares will become effective on 5 October 2020 and that dealings for normal settlement on the London Stock Exchange in the New Shares will commence at 8.00 a.m. on the same day.

Placing and Open Offer

The Joint Bookrunners have severally agreed, pursuant to the Placing and Open Offer Agreement, to use reasonable endeavours to procure subscribers for the Conditional Placing Shares, as agent for the Company, at the Offer Price. Commitments of Conditional Placees in respect of the Conditional Placing Shares are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. Sir Roger De Haan has also committed to participate in the Conditional Placing, in addition to his commitment to subscribe for shares in the Firm Placing. Sir Roger De Haan will have a priority allocation of Conditional Placing Shares, as a result of which New Shares conditionally placed with Conditional Placees other than Sir Roger De Haan will be clawed back on a pro rata basis first and only when these New Shares have been clawed back in full will the New Shares conditionally placed to Sir Roger De Haan be clawed back.

Following the agreement or determination (pursuant to the Placing and Open Offer Agreement) of the Offer Price and the number of Conditional Placing Shares to be issued, which may require the execution of terms of subscription (the "**Terms of Subscription**") by the Company and the Joint Bookrunners, to the extent that Conditional Placees cannot be found for the Open Offer Shares which are not applied for by Qualifying Shareholders under the Open Offer or any Conditional Placee fails to take up any or all of the Open Offer Shares which have not been applied for by Qualifying Shareholders under the Open Offer and which have been allocated to it, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing and Open Offer Agreement, to take up such Open Offer Shares at the Offer Price.

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for New Shares at the Offer Price pro rata to their Existing Holdings on the basis of a ratio to be determined following completion of the Bookbuild. Fractions of Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number.

The New Shares issued under the Placing and Open Offer, when issued and fully paid, will be identical to, and rank *pari passu* in all respects with, the Existing Shares including the right to receive all dividends and other distributions declared, made or paid on the Existing Shares by reference to a record date on or after Admission.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 5 October 2020 and that dealings for normal settlement in the Open Offer Shares will commence at 8.00 a.m. on the same day.

The Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the Resolutions being passed by Shareholders at the General Meeting;
- (ii) Admission becoming effective by not later than 8.00 a.m. on 5 October 2020 (or such later time or date as the Company and the Joint Global Coordinators may agree);
- (iii) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated by the Joint Bookrunners in accordance with its terms prior to Admission; and
- (iv) the Subscription Agreement having become unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

The full terms and conditions of the Open Offer will be contained in the Prospectus to be issued by the Company in connection with the Capital Raising and Admission. The Prospectus to be issued by the Company will be approved by the FCA under section 87A of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules made under Part VI of the FSMA.

Bookbuild of the Conditional Placing

The Joint Bookrunners will be conducting an accelerated bookbuild process commencing immediately following this announcement (the “**Bookbuild**”) in order to determine demand for participation in the Conditional Placing. The Joint Bookrunners will seek to procure Conditional Placees as agent for the Company as part of this Bookbuild. These terms and conditions give details of the terms and conditions of, and the mechanics of participation in, the Bookbuild and Conditional Placing.

Principal terms of the Bookbuild

- (a) By participating in the Bookbuild and the Conditional Placing, Conditional Placees will be deemed: (i) to have read and understood this announcement, these terms and conditions in this Appendix, the Disclosure Package and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) the Placing Letter in their entirety; and (ii) to be participating and making an offer for any Conditional Placing Shares on these terms and conditions; and (iii) to be providing the representations, warranties, indemnities, agreements, undertakings, acknowledgements and confirmations contained in these terms and conditions.
- (b) The Joint Bookrunners are arranging the Conditional Placing severally, and not jointly, or jointly and severally, as agents of the Company.
- (c) Participation in the Conditional Placing will only be available to persons who are Relevant Persons and who may lawfully be, and are, invited to participate by any of the Joint Bookrunners. The Joint Bookrunners and their respective affiliates are entitled to enter bids for Conditional Placing Shares as principal in the Bookbuild.
- (d) To bid in the Bookbuild, Conditional Placees should communicate their bid by telephone or in writing to their usual sales contact at any Joint Bookrunner. Each bid should state the aggregate number of Conditional Placing Shares and Open Offer Shares which the Conditional Placee wishes to acquire or the total monetary amount which it wishes to commit to acquire Conditional Placing Shares at the Offer Price which is ultimately established by the Company and the Joint Global Coordinators, or at a price up to a price limit specified in its bid.

- (e) The Offer Price will be jointly agreed between the Joint Global Coordinators and the Company following completion of the Bookbuild and will be payable to the Joint Bookrunners (on behalf of the Company) by the Conditional Placees in respect of the Conditional Placing Shares allocated to them. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph (h) below.
- (f) The Bookbuild is expected to close on or around 5.00 p.m. on 10 September 2020, subject to acceleration, but may close earlier or later, at the discretion of the Joint Bookrunners and the Company. The timing of the closing of the books and allocations will be agreed between the Joint Bookrunners and the Company following completion of the Bookbuild. The Joint Bookrunners may, in agreement with the Company, accept offers to subscribe for Conditional Placing Shares that are received after the Bookbuild has closed.
- (g) An offer to subscribe for Conditional Placing Shares in the Bookbuild will be made on the basis of these terms and conditions in this Appendix (which shall be deemed to be incorporated in such offer), the Preliminary Prospectus, the Placing Results Announcement and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) the Placing Letter and will be legally binding on the Conditional Placee by which, or on behalf of which, it is made and will not be capable of variation or revocation.
- (h) Subject to paragraph (g) above, the Joint Bookrunners reserve the right not to accept bids or to accept bids, either in whole or in part, on the basis of allocations determined at the Joint Bookrunners' discretion and may scale down any bids as the Joint Bookrunners may determine, subject to agreement with the Company. The acceptance of bids shall be at the Joint Bookrunners' absolute discretion, subject to agreement with the Company.
- (i) If successful, each Conditional Placee's allocation will be confirmed to it by the Joint Bookrunners following the close of the Bookbuild. Oral or written confirmation (at the Joint Bookrunners' discretion) from the Joint Bookrunners to such Conditional Placee confirming its allocation will constitute a legally binding commitment upon such Conditional Placee, in favour of the Joint Bookrunners and the Company to acquire the number of Conditional Placing Shares allocated to it (and in the respective numbers of Conditional Placing Shares (subject to clawback) and Open Offer Shares so allocated) on the terms and conditions set out herein (which shall be deemed to be incorporated in such legally binding commitment) and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) the Placing Letter. Each Conditional Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Joint Bookrunners, to pay to the Joint Bookrunners (or as the Joint Bookrunners may direct) as agent for the Company in cleared funds an amount equal to the product of the Offer Price and, once confirmed in accordance with the procedure described in the paragraph entitled "*Conditional Placing Procedure*" below, the number of Conditional Placing Shares which such Conditional Placee has agreed to acquire and which have not been clawed back by Qualifying Shareholders pursuant to the Open Offer.
- (j) The Company will issue the Placing Results Announcement detailing the Offer Price and the number of Conditional Placing Shares to be issued. It is expected that the Placing Results Announcement will be issued as soon as practicable after the close of the Bookbuild.
- (k) Irrespective of the time at which a Conditional Placee's allocation(s) pursuant to the Conditional Placing is/are confirmed, settlement for all Conditional Placing Shares to be acquired pursuant to the Conditional Placing will be required to be made at the same time on the basis explained below under the paragraph "*Registration and Settlement*".

- (l) Commissions are payable to Conditional Placees in respect of the Conditional Placing, subject to certain exceptions. No commissions are payable to any Conditional Placees in respect of the Firm Placing or any Open Offer Shares which are subscribed for under the Open Offer.
- (m) By participating in the Bookbuild, each Conditional Placee agrees that its rights and obligations in respect of the Conditional Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Conditional Placee. All obligations under the Conditional Placing will be subject to the fulfilment of the conditions referred to below under the paragraph "*Conditions of the Conditional Placing and Termination of the Placing and Open Offer Agreement*".
- (n) To the fullest extent permissible by law, no Joint Bookrunner nor any of its affiliates nor any of its or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability to any Conditional Placee (or to any other person whether acting on behalf of a Conditional Placee or otherwise). In particular, no Joint Bookrunner nor any of its affiliates nor any of its or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability (including, to the extent permissible by law, any fiduciary duties) to any Conditional Placee (or to any person whether acting on behalf of a Conditional Placee or otherwise) in respect of the Joint Bookrunners' conduct of the Bookbuild or of such alternative method of effecting the Conditional Placing as the Joint Bookrunners and the Company may agree.

Conditions of the Conditional Placing and Termination of the Placing and Open Offer Agreement and Subscription Agreement

Conditional Placees will only be called on to subscribe for Conditional Placing Shares if the obligations of the Joint Bookrunners under the Placing and Open Offer Agreement have become unconditional in all respects and the Joint Bookrunners have not terminated the Placing and Open Offer Agreement prior to Admission.

The Joint Bookrunners' obligations under the Placing and Open Offer Agreement in respect of the Placing and Open Offer are conditional upon, *inter alia*:

- (a) the Prospectus being approved pursuant to the Prospectus Regulation Rules and the FSMA by the FCA not later than 5.00 p.m. on 11 September 2020 (or such later time or date as the Company and the Joint Bookrunners may agree);
- (b) Admission occurring not later than 8.00 a.m. on 5 October 2020 (or such later time or date as the Company and the Joint Global Coordinators may agree);
- (c) the passing of the Resolutions (without amendment or with such amendments as the Joint Global Coordinators may agree) at the General Meeting by no later than 2 October 2020 (or such later date as the Joint Global Coordinators may agree);
- (d) the representations warranties and undertakings given by the Company to the Joint Bookrunners in the Placing and Open Offer Agreement being true and accurate in all respects and not misleading, *inter alia*, on and as of the date of the Placing and Open Offer Agreement, the date of the Prospectus, the date of closing of the Open Offer, the date of any supplementary prospectus published prior to Admission and Admission, in each case by reference to the facts and circumstances then existing save in each case to an extent that the Joint Global Coordinators (acting in good faith) determine that such matter is not material;
- (e) no event referred to in Article 23 of the Prospectus Regulation arising between the time of publication of the Prospectus and Admission and no supplementary prospectus being published by or on behalf of the Company before Admission; and

- (f) the Subscription Agreement not having lapsed or been terminated and continuing in full force and effect in accordance with its terms and having become unconditional in all respects other than any condition relating to Admission;
- (g) the Terms of Subscription (if required) having been executed by the Company and the Joint Bookrunners,

(all such conditions included in the Placing and Open Offer Agreement being, together, the "**Conditions**").

The Placing and Open Offer Agreement can be terminated at any time before Admission by the Joint Global Coordinators (on behalf of the Joint Bookrunners) by giving notice to the Company in certain circumstances, including (but not limited to) where: (a) any statement contained in any offer document (or any amendment or supplement thereto) is or has become untrue, inaccurate or misleading or any matter has arisen which would, if the offer documents were to be issued at that time constitute an inaccuracy therein or omission therefrom, except to the extent as would not be, in the opinion of the Joint Global Coordinators (acting in good faith), material; (b) there has been a breach by the Company of any of its obligations under the Placing and Open Offer Agreement except to the extent as would not be, in the opinion of the Joint Global Coordinators (acting in good faith), material; (c) any of the warranties, representations or undertakings is or if repeated at any time up to and including Admission (by reference to the facts and circumstances then existing) would be, in the opinion of the Joint Global Coordinators (acting in good faith), untrue, inaccurate, incorrect or misleading, in each case to an extent which the Joint Global Coordinators (acting in good faith) determine to be material; (d) in the opinion of the Joint Global Coordinators (acting in good faith), there has been a material adverse change; or (e) the application for Admission is refused by the FCA and/or the London Stock Exchange or, in the opinion of the Joint Global Coordinators or the Sponsor, the application for Admission will not be granted.

If any Condition has not been satisfied or has become incapable of being satisfied by the required time and date (and is not waived by the Joint Global Coordinators as described below or if the Placing and Open Offer Agreement is terminated, all obligations under these terms and conditions will automatically terminate. By participating in the Bookbuild and the Conditional Placing, each Conditional Placee agrees that its rights and obligations hereunder are conditional upon the Placing and Open Offer Agreement becoming unconditional in all respects and that its rights and obligations will terminate only in the circumstances described above and will not be capable of rescission or termination by it after oral or written confirmation by the Joint Bookrunners (at the Joint Bookrunners' discretion) following the close of the Bookbuild.

The Joint Global Coordinators, acting jointly, may in their absolute discretion in writing and upon such terms as they think fit waive fulfilment of certain of the Conditions in the Placing and Open Offer Agreement or extend the time provided for fulfilment of such Conditions. Any such extension or waiver will not affect Conditional Placees' commitments as set out in these terms and conditions.

By participating in the Conditional Placing each Conditional Placee agrees that the exercise by the Company or any of the Joint Bookrunners of any right or other discretion under the Placing and Open Offer Agreement, including (without limitation) any decision made by the Joint Global Coordinators as to whether or not to waive or to extend the time and/or date for the fulfilment of any condition in the Placing and Open Offer Agreement and/or (on behalf of the Joint Bookrunners) whether or not to exercise any termination right, shall be within the absolute discretion of the Company and each Joint Bookrunner (as the case may be) and that neither the Company nor any Joint Bookrunner need make any reference to such Conditional Placee (or to any other person whether acting on behalf of any Conditional Placee or otherwise) and that neither the Company nor any Joint Bookrunner nor any person acting on their behalf shall have any liability to such Conditional Placee (or to any other person

whether acting on behalf of any Conditional Placee or otherwise) whatsoever in connection with any such exercise or failure so to exercise.

Withdrawal Rights

Conditional Placees acknowledge that their agreement to subscribe for Conditional Placing Shares is not by way of acceptance of the public offer made in the Prospectus and the Application Form but is by way of a collateral contract and as such Article 23(2) of the Prospectus Regulation does not entitle Conditional Placees to withdraw in the event that the Company publishes a supplementary prospectus in connection with the Capital Raising or Admission.

Conditional Placing Procedure

Conditional Placees shall subscribe for the Conditional Placing Shares to be issued pursuant to the Conditional Placing (subject to clawback) and any allocation of the Conditional Placing Shares will be notified to them on or around 10 September 2020 (or such other time and/or date as the Company and the Joint Bookrunners may agree) following completion of the Bookbuild.

Conditional Placees will be called upon to subscribe for, and shall subscribe for, the Open Offer Shares only to the extent that valid applications and payment in full by Qualifying Shareholders under the Open Offer are not received by 11.00 a.m. on 28 September 2020, in the case of Pink Application Forms for the SSA, or by 11.00 a.m. on 30 September 2020, in the case of White Application Forms for settlement of relevant CREST instructions, or if applications have otherwise not been deemed to be valid in accordance with the terms set out in the Prospectus and the Application Form.

Sir Roger De Haan will have a priority allocation of Conditional Placing Shares, as a result of which New Shares conditionally placed with Conditional Placees other than Sir Roger De Haan will be clawed back on a pro rata basis first and only when these New Shares have been fully clawed back will the New Shares conditionally placed to Sir Roger De Haan be clawed back.

If you are a Qualifying Shareholder and you take up and pay for New Shares under the Open Offer to which you are entitled in accordance with its terms, you may request, by returning an off-set application form as appended to, and in accordance with, the Placing Letter or as otherwise provided to you (the “**Off-set Application Form**”), that your participation in the Conditional Placing be reduced by up to the number of New Shares in your total Open Offer entitlement which you have validly taken up and paid for under the Open Offer (to a maximum of the number of New Shares in your Conditional Placing participation) (“**Off-set**”). If the Off-set Application Form is not returned by the closing time for the Open Offer, you will be deemed to have waived your right to claim Off-set in respect of any New Shares taken up under the Open Offer.

Payment in full for any Conditional Placing Shares so allocated in respect of the Conditional Placing at the Offer Price must be made by no later than 5 October 2020 (or by such later date as shall be no later than five business days following Admission, if Admission is delayed). The Joint Bookrunners will notify Conditional Placees if any of the dates in these terms and conditions should change, including as a result of delay in the posting of the Prospectus, the Application Forms or the crediting of the Open Offer Entitlements in CREST or the production of a supplementary prospectus or otherwise.

Lock-up

The Company has undertaken to the Joint Bookrunners that, between the date of the Placing and Open Offer Agreement and the date falling 180 days after Admission (inclusive), it will not, without the prior written consent of the Joint Global Coordinators enter into certain transactions involving or relating to the Ordinary Shares, subject to certain customary and other carve-outs agreed between the Joint Bookrunners and the Company.

By participating in the Conditional Placing, Conditional Placees agree that the exercise by the Joint Global Coordinators of any power to grant consent to waive the undertaking by the Company of a transaction which would otherwise be subject to the lock-up under the Placing and Open Offer Agreement shall be within the absolute discretion of the Joint Global Coordinators and that they need not make any reference to, or consult with, Conditional Placees and that they shall have no liability to Conditional Placees whatsoever in connection with any such exercise of the power to grant consent.

Registration and Settlement

Settlement of transactions in the Conditional Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. The Joint Bookrunners and the Company reserve the right to require settlement for, and delivery of, the Conditional Placing Shares to Conditional Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in the Disclosure Package and/or the Prospectus or would not be consistent with the regulatory requirements in the Conditional Placee's jurisdiction. Each Conditional Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner.

Settlement for the Conditional Placing Shares will be on a delivery versus payment basis and is expected to take place on or around 5 October 2020. Interest is chargeable daily on payments to the extent that value is received after the due date from Conditional Placees at the rate of two percentage points above prevailing LIBOR. Each Conditional Placee is deemed to agree that if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the Conditional Placing Shares allocated to it on its behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Conditional Placee to the Joint Bookrunners (on behalf of the Company) plus any interest due. By communicating a bid for Conditional Placing Shares, each Conditional Placee confers on the Joint Bookrunners and the Company all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Joint Bookrunners lawfully take in pursuance of such sale. The relevant Conditional Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon any transaction in the Conditional Placing Shares on such Conditional Placee's behalf.

If Conditional Placing Shares are to be delivered to a custodian or settlement agent, Conditional Placees should ensure that the Placing Letter is copied and delivered immediately to the relevant person within that organisation.

Acceptance

By participating in the Conditional Placing, each Conditional Placee (and any person acting on such Conditional Placee's behalf) (together, "**you**") irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Joint Bookrunners and the Company, the following:

- 1** you are duly incorporated and validly existing under the laws of your jurisdiction of incorporation. You have power under your constitutional documents and have obtained all necessary authorities (including, without limitation, all relevant members' resolutions) to subscribe and pay for the Conditional New Shares in the manner proposed and to enter into and perform your obligations pursuant to these terms and conditions in this Appendix and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) your Placing Letter, and there are no governmental or regulatory consents or other third party approvals, authorisations or orders required in order for you to

subscribe and pay for the Conditional Placing Shares in the manner proposed and to enter into and perform your obligations pursuant to these terms and conditions in this Appendix and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) your Placing Letter that have not been or will not prior to Admission have been obtained and you have not taken any action which will or may result in any of the Joint Bookrunners or the Company being in breach of the legal or regulatory requirements of any jurisdiction;

- 2** your agreement to subscribe for Conditional Placing Shares will comply with all agreements to which you are a party or by which you or any of your properties or assets is bound and which are material to your participation and your obligations in respect thereof;
- 3** the information, if any, relating to you set out in the Preliminary Prospectus is true and accurate and not misleading in any respect and the information relating to you provided or to be provided to you for inclusion in the Prospectus is or will be true and accurate and not misleading in any respect;
- 4** you have received a copy of this announcement (and the terms and conditions herein), the Placing Results Announcement (containing the Offer Price and number of Conditional Placing Shares to be issued) and the Preliminary Prospectus (including the terms and conditions of the Placing and Open Offer) and all such other information as you deem necessary to make an investment decision in relation to the Conditional Placing Shares. Your commitment will be solely on the basis of the information contained in the Preliminary Prospectus and the Announcements. You acknowledge however that the Preliminary Prospectus is in draft form and is subject to updating, completion, revision, further verification and amendment and you agree that you have relied on your own investigation of the business, financial or other position of the Company in accepting you Conditional Placing participation;
- 5** you have funds available to pay the full amount in respect of your participation in the Conditional Placing as and when due;
- 6** you acknowledge and agree that the Conditional Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. You further understand that the Conditional Placing Shares have not been registered under the applicable laws of Australia, New Zealand, the Republic of South Africa, Canada or Japan (the “**Excluded Territories**”);
- 7** you acknowledge and agree that you are not acquiring the Conditional Placing Shares as a result of any “general solicitation or general advertising” as defined in Regulation D under the Securities Act or any “directed selling efforts” as defined in Regulation S under the Securities Act;
- 8** you understand that the offer and sale of the Conditional Placing Shares to you is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and acknowledge and agree that, for so long as the Conditional Placing Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, none may be offered, sold or pledged or otherwise transferred except in an “offshore transaction” (as defined in Regulation S under the Securities Act) in accordance with the applicable requirements of Regulation S or pursuant to another applicable exemption from registration under the Securities Act, and in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States and the laws of other jurisdictions. You understand that no representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Conditional

Placing Shares, which may be subject to further applicable restrictions on transfer of the Conditional Placing Shares set forth in this form of confirmation in addition to those restrictions. You agree to notify any transferee in the United States to whom you subsequently reoffer, resell, pledge or otherwise transfer the Conditional Placing Shares in a transaction that is not an offshore transaction (as defined above) of the foregoing restrictions on transfer;

9 You are either:

9.1 not located in the United States (within the meaning of Regulation S); you are acquiring the Conditional Placing Shares in an offshore transaction in accordance with Regulation S; not a resident of any Excluded Territories or a corporation, partnership or other entity organised under the laws of any Excluded Territories; and subscribing for the Conditional Placing Shares for your own account (or for the account of your affiliates or funds managed by you or your affiliates with respect to which you either have investment discretion or which are located outside the United States); OR

9.2 (a) a qualified institutional buyer ("QIB") as that term is defined in Rule 144A under the Securities Act, (b) aware, and each potential beneficial owner of the Conditional Placing Shares has been advised, that the sale to you of the Conditional Placing Shares is being made in accordance with Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, registration under the Securities Act, (c) either are acquiring the Conditional Placing Shares for your own account, or any account for which you are acquiring the Conditional Placing Shares is a QIB. If you are participating in the Placing and Open Offer on the basis of this paragraph 9.2, you agree to furnish to the Joint Global Coordinators and the Company a signed US investor letter in the form provided by the Joint Global Coordinators and the Company;

10 you are subscribing for the Conditional Placing Shares for investment purposes, in each case, not with a view to, or for resale in connection with, the distribution thereof, directly or indirectly, in whole or in part, into or within the United States within the meaning of US securities laws;

11 you are (i) a person of a kind described in Article 19 and/or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") and you understand that the terms and conditions set out herein are directed only at (a) persons who have professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Order or (b) high net worth entities (including companies and unincorporated associations of high net worth and trusts of high value) or other persons falling within Article 49(2)(a) to (d) of the Order, and that, accordingly, any investment or investment activity to which these terms and conditions relate is available only to you as such a person or will be engaged in only with you as such a person; and (ii) not intending to offer or sell or otherwise deal with the Conditional Placing Shares in any way which would result in an offer to the public in the UK within the meaning of the Financial Services and Markets Act 2000 ("**FSMA**") or in any other jurisdiction or require registration or prospectus publication or similar actions in any other jurisdiction;

12 you understand and accept that in offering you a participation in the Conditional Placing, none of the Joint Bookrunners is making any recommendations to or advising you regarding the suitability or merits of any transaction you may enter into in connection with the Placing and Open Offer or otherwise and that you are not, and do not regard yourself as, a client of any of the Joint Bookrunners in connection with the Placing and Open Offer. To the fullest extent permitted by law, you acknowledge and agree to the disclaimers contained in this announcement. Without limiting the foregoing, you acknowledge that the Joint Bookrunners are acting exclusively for the Company and no-one else in connection with the Placing and Open

Offer and related firm placing, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in connection with the Placing and Open Offer and related firm placing or any other matter referred to in these terms and conditions in this Appendix, this announcement or the Placing Letter;

- 13** you understand and accept that the exercise by any of the Joint Global Coordinators of any rights or discretions under the Placing and Open Offer Agreement shall be within the absolute discretion of such Joint Global Coordinator and no Joint Global Coordinator need have any reference to you and shall have no liability to you whatsoever in connection with any decision to exercise or not to exercise any such right and you agree that you have no rights against any of the Joint Global Coordinators or the Company, or any of their respective directors and employees under the Placing and Open Offer Agreement pursuant to the Contracts (Rights of Third Parties Act) 1999;
- 14** you are not a person whose business is, or includes, issuing depository receipts or a person whose business is, or includes, the provision of clearance services for the purchase or sale of securities or a nominee of any such person;
- 15** you declare that sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services) do not apply on your acquisition of any Conditional Placing Shares under the Placing and Open Offer (if this is not applicable please indicate your status for stamp duty and stamp duty reserve tax purposes);
- 16** you have read, agreed with, understood and accepted the terms and conditions of this letter, the Preliminary Prospectus and the Announcements (when published) and, accordingly, irrevocably agree in accordance with such terms and conditions to subscribe and pay for the number of Conditional Placing Shares comprised in your participation in the Conditional Placing. In particular, and without limitation, you acknowledge that your participation in the Conditional Placing is subject to clawback to satisfy acceptances under the terms of the Open Offer and to Sir Roger de Haan's priority allocation of Conditional Placing Shares;
- 17** you acknowledge that your agreement to subscribe for the number of Conditional Placing Shares comprised in your participation in the Conditional Placing is not to be made pursuant to the Prospectus but is made pursuant to these terms and conditions in this Appendix and (if signed and returned to the Joint Bookrunners (in a form satisfactory to them) prior to the publication of the Placing Results Announcement) the Placing Letter;
- 18** you confirm that if you duly apply and subscribe (on the terms set out in the Prospectus) for Open Offer Shares to which you are entitled such application and subscription shall extend to an irrevocable undertaking to subscribe such number of New Shares at the Open Offer Price following expiry of the Open Offer in the event that, as a result of your default or otherwise, you have failed to fulfil your obligation to apply and subscribe for all those Open Offer Shares to which you are entitled;
- 19** you have not, in agreeing to subscribe for Conditional Placing Shares, relied on any information, representations and/or warranties from any of the Joint Bookrunners or the Company or any of their directors, officers, agents, representatives, subsidiaries or affiliates or any other person save for the information contained in the Preliminary Prospectus and the Announcements;
- 20** you acknowledge that the content of the Announcements, the Preliminary Prospectus and the Prospectus is exclusively the responsibility of the Company and none of the Joint Bookrunners nor any person acting on their behalf has or shall have liability for any information, representation or statement contained in such documents or any information previously published by or on behalf of the Company and will not be liable for your decision to participate

in the Placing and Open Offer based on any information, representation or statement contained in such documents or otherwise;

- 21 you and any person acting on your behalf acknowledge that none of the Joint Global Coordinators owes any fiduciary or other duty to you in respect of any representations, warranties, undertakings or indemnities in the Placing and Open Offer Agreement;
- 22 you are aware of, have complied with and will continue to comply with any obligations we have under the Criminal Justice Act 1993, the Proceeds of Crime Act 2002, the Financial Services and Markets Act 2000 and MAR, to the extent applicable to you;
- 23 if you are a resident in the EEA, you are a 'Qualified Investor' within the meaning of the EU Prospectus Regulation (EU) 2017/1129;
- 24 you are aware of your obligations in connection with money laundering under the Proceeds of Crime Act 2002 and have complied with the Money Laundering Regulations 2007 and any other applicable legislation concerning prevention of money laundering (the "**Regulations**") and, if you are making payment on behalf of a third party, you have obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;
- 25 if you are acquiring any New Shares as a fiduciary or agent for one or more accounts, you have sole investment discretion with respect to each such account and you have full power to make, and do make, the warranties and undertakings set out herein on behalf of each such account;
- 26 you acknowledge that time is of the essence as regards your obligations in respect of your participation in the Conditional Placing; and
- 27 you acknowledge that the Company, each Joint Bookrunner and any person acting on their behalf will rely upon the truth and accuracy of and compliance with the foregoing confirmations, representations, warranties, undertakings and acknowledgements.

Please also note that the agreement to allot and issue Conditional Placing Shares to Conditional Placees (or the persons for whom Conditional Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Conditional Placees, or such persons as they nominate as their agents, direct from the Company for the Conditional Placing Shares in question. Furthermore, each Conditional Placee agrees to indemnify on an after-tax basis and hold each of the Joint Bookrunners and/or the Company and their respective affiliates harmless from any and all stamp duty, stamp duty reserve tax and all other similar duties or taxes to the extent that such taxes, interest, fines or penalties arise from the unreasonable default or delay of that Conditional Placee or its agent or from a breach or inaccuracy of the foregoing representations, warranties, acknowledgements and undertakings of that Conditional Placee or its agent. In addition, Conditional Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Conditional Placing Shares or the agreement by them to acquire any Conditional Placing Shares.

Selling Restrictions

By participating in the Conditional Placing, you irrevocably acknowledge, confirm, undertake, represent, warrant and agree (as the case may be) with the Joint Bookrunners and the Company, the following:

- 1 you are not a person who has a registered address in, or is a resident, citizen or national of, a country or countries, in which it is unlawful to make or accept an offer to subscribe for Conditional Placing Shares;

- 2** you have fully observed and will fully observe the applicable laws of any relevant territory, including complying with the selling restrictions set out herein and obtaining any requisite governmental or other consents and you have fully observed and will fully observe any other requisite formalities and pay any issue, transfer or other taxes due in such territories;
- 3** if you are in the United Kingdom, you are a Qualified Investor: (i) who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order; or (ii) who falls within Article 49(2) of the Order;
- 4** if you are in a member state of the EEA, you are a Qualified Investor as defined in Article 2(e) of the Prospectus Regulation;
- 5** you are a person whose ordinary activities involve you (as principal or agent) acquiring, holding, managing or disposing of investments for the purpose of your business and you undertake that you will (as principal or agent) acquire, hold, manage or dispose of any Conditional Placing Shares that are allocated to you for the purposes of your business;
- 6** you are and, at the time the Conditional Placing Shares are purchased, will be either:
 - (i) outside the United States, acquiring the Conditional Placing Shares in an offshore transaction in accordance with Regulation S; not a resident of any Excluded Territory or a corporation, partnership or other entity organised under the laws of any Excluded Territory; subscribing for Conditional Placing Shares for your own account (or for the account of your affiliates or funds managed by you or your affiliates with respect to which you either have investment discretion or which are outside the United States); aware, and each potential beneficial owner of the Conditional Placing Shares has been advised, that the sale to it of the Conditional Placing Shares is being made in accordance with Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, registration under the Securities Act; and either acquiring the Conditional Placing Shares for your own account, or any account for which you are acquiring the Conditional Placing Shares is a QIB; or
 - (ii) a QIB that makes each of the representations, warranties, acknowledgements and agreements set out in paragraph 9 below;
- 7** none of the Conditional Placing Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- 8** that the offer and sale of the Conditional Placing Shares is being made in reliance on an exemption from the registration requirements of the Securities Act and acknowledge and agree that, for so long as the Conditional Placing Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, none may be offered, sold or pledged or otherwise transferred except in an offshore transaction in accordance with the applicable requirements of Regulation S or pursuant to another applicable exemption from registration under the Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States and the laws of other jurisdictions. You understand that no representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Conditional Placing Shares, which may be further subject to the applicable restrictions on transfer of the Conditional Placing Shares set forth in these terms and conditions in this Appendix; and
- 9** you (on your behalf and on behalf of any Conditional Placee on whose behalf you are acting) have: (a) fully observed the laws of all relevant jurisdictions which apply to you; (b) obtained all governmental and other consents which may be required; (c) fully observed any other requisite

formalities; (d) paid or will pay any issue, transfer or other taxes; (e) not taken any action which will or may result in the Company or the Joint Bookrunners (or any of them) being in breach of a legal or regulatory requirement of any territory in connection with the Conditional Placing; (f) obtained all other necessary consents and authorities required to enable you to give your commitment to subscribe for the relevant Conditional Placing Shares; and (g) the power and capacity to, and will, perform your obligations under the terms contained in these terms and conditions.

Times

Unless the context otherwise requires, all references to time are to London time. All times and dates in these terms and conditions may be subject to amendment. The Joint Bookrunners will notify Conditional Placees and any persons acting on behalf of the Conditional Placees of any changes.