THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

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

This document relating to Saga plc ("**Saga**" or the "**Company**") comprises: (i) a circular prepared in accordance with the Listing Rules of the Financial Conduct Authority (the "**FCA**"); and (ii) a prospectus (the "**document**" or "**Prospectus**") prepared in accordance with the Prospectus Regulation Rules of the FCA made pursuant to Section 73A of the Financial Services and Markets Act 2000, as amended ("**FSMA**"). A copy of this document has been filed with, and approved by, the FCA in accordance with Section 87A of the FSMA and made available free of charge to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. This document has been approved as a prospectus by the FCA as competent authority under Regulation (EU) 2017/1129. The FCA only approves this document as a prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; such approval should not be considered as an endorsement of the Company that is, or of the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities.

If you sell or have sold or have otherwise transferred all of your Shares (other than ex-entitlement) held in certificated form before 8.00 a.m. (London time) on 11 September 2020 (the "**Ex-Entitlement Date**") please send this document at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa. If you sell or have sold or have otherwise transferred only part of your Shares (other than ex-entitlement) held in uncertificated form before the Ex-Entitlement Date, please retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The Company, the Directors whose names appear in Part IV (*Directors, Proposed Director, Company Secretary, Registered Office and Advisers*) and the Proposed Director whose name appears in Part IV (*Directors, Proposed Director, Company Secretary, Registered Office and Advisers*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The distribution of this document and the transfer of the New Shares into jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession this document (and any accompanying documents) comes should inform themselves about and observe any such restrictions. The New Shares are not transferable except in accordance with the restrictions set out in paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising)* of this document. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular this document and any other related documents, should not be distributed, forwarded to or transmitted in or into any of the Excluded Territories.

Saga plc

(Incorporated and registered in England and Wales with registered number 08804263)

First Firm Placing of 224,400,000 New Shares at 27 pence per share

and

Second Firm Placing of 124,183,026 New Shares at 12 pence per share

and

Placing and Open Offer of 623,335,182 New Shares at 12 pence per share

and

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

and

Notice of General Meeting

HSBC	J.P. Morgan Cazenove	Numis Securities
Joint Bookrunner	**Financial Adviser, Sponsor, Joint Global Coordinator and Joint Bookrunner**	**Joint Global Coordinator and Joint Bookrunner**

The Existing Shares have been admitted to listing on the premium listing segment of the Official List of the FCA (the "**Official List**") and to trading on the London Stock Exchange's main market for listed securities (the "**Main Market**"). Applications will be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market (together "**Admission**"). It is expected that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 5 October 2020.

No application has been or is currently intended to be made for the New Shares to be admitted to listing or trading on any other exchange. The New Shares issued by the Company pursuant to the Capital Raising will rank *pari passu* in all respects with each other, with the Existing Shares and the Consolidated Shares.

You should read this entire document and the information incorporated by reference into this document in full. Your attention is drawn to the letter from the Chairman of Saga which is set out in Part VII (*Chairman's Letter*) of this document. Shareholders and any other persons contemplating a purchase of New Shares should read in particular Part II (*Risk Factors*) for a discussion of certain risks and other factors that should be considered when deciding on what action to take in relation to the Capital Raising or deciding whether or not to subscribe for or acquire New Shares.

A Notice of General Meeting of the Company, to be held at 10.30 a.m. on 2 October 2020 at Focus Point, 21 Caledonian Road, London, N1 9GB, is set out at the end of this document. You are requested to register your proxy online by logging on to www.sagashareholder.co.uk and following the instructions. CREST Shareholders may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the registrar (CREST participant ID RA10). In any event to be valid, the Proxy instruction must be received by the Company's Registrar by not later than 10.30 a.m. on 30 September 2020.

If you hold your shares within the Saga Shareholder Account (SSA) your shares are held on your behalf in the name of Link Market Services Trustees (Nominees) Limited, a wholly owned subsidiary of the administrators of the SSA, Link Market Services Trustees Limited. Link Market Services Trustees (Nominees) Limited is the registered shareholder but you can tell them how you want the votes in respect of your shares to be cast at the General Meeting by voting online by logging on to www.sagashareholder.co.uk and following the instructions or by completing and returning a Form of Direction to the registrar by not later than 10.30 a.m. on 29 September 2020.

If you would like to request a paper Form of Proxy or Form of Direction, please contact Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice.

The latest time and date for acceptance and payment in full in respect of the Open Offer by Qualifying Shareholders is expected to be 11.00 a.m. on 30 September 2020, or if you hold your shares within the SSA the latest time and date for acceptance and payment in full in respect of the Open Offer by Qualifying Shareholders is expected to be 11.00 a.m. on 28 September 2020 unless otherwise announced by the Company. The procedures for acceptance and payment are set out in paragraph 4 of Part IX (*Terms and Conditions of the Capital Raising*) of this document for Qualifying Non-CREST Shareholders who hold their Existing Shares in certificated form and Shareholders in the SSA (other than, subject to the provisions set out in paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) of this document, Shareholders with a registered address in any of the Excluded Territories). Qualifying CREST Shareholders should refer to paragraph 5 of Part IX (*Terms and Conditions of the Capital Raising*) of this document.

Investors should only rely on the information contained in this document and any documents incorporated herein by reference. No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorised. Saga will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information.

J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) ("**JPM**") is authorised by the Prudential Regulatory Authority (the "**PRA**") and regulated in the United Kingdom by the PRA and the FCA. Numis Securities Limited ("**Numis**") is authorised and regulated in the United Kingdom by the FCA. HSBC Bank plc ("**HSBC**", and together with JPM and Numis, the "**Banks**") is authorised by the PRA and regulated in the United Kingdom by the PRA and FCA. The Banks are acting exclusively for the Company and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the Capital Raising.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor and the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither the Banks nor any of their respective subsidiaries, branches or affiliates, accept any duty, liability or responsibility whatsoever (whether direct or indirect) to any person for any acts or omissions of the Company in relation to the Capital Raising and Admission, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Capital Raising and Admission, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not as to the past or future. The Banks and their respective subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this document or any such statement or otherwise. No representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not as to the past or future.

The Banks may engage in transactions in relation to the New Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. In connection with the Capital Raising, the Banks and any of their respective affiliates, acting as investors for their own accounts may acquire New Shares as a principal position and in that capacity may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for their own accounts in such New Shares and other securities of the Company or related investments in connection with the Capital Raising or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, placing or dealing by each of the Banks and any of their affiliates acting as investors for their own accounts. In addition, certain of the Banks or their affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which such Banks (or their affiliates) may from time to time acquire, hold or dispose of New Shares. In the event that the Banks subscribe for New Shares which are not taken up by Qualifying Shareholders, the Banks may co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, the Banks and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

In making an investment decision, investors must rely on their own examination, analysis and enquiry of the Company and the terms of the Capital Raising, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Banks or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document and the documents (or parts thereof) incorporated herein by reference, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Banks. None of the Company or any of the Banks or any of their respective representatives is making any representation to any offeree or purchaser of the New Shares in the Capital Raising regarding the legality of an investment by such offeree or purchaser under the laws applicable to such offeree or purchaser.

NOTICE TO OVERSEAS SHAREHOLDERS

The New Shares have not been and will not be registered under the securities laws of any Excluded Territory (which includes the United States) and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption, from or in a transaction not subject to, and in compliance with any applicable securities laws. There will be no public offer of the New Shares in any of the Excluded Territories.

All Overseas Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document if and when received, or any other document relevant to the Capital Raising, to a jurisdiction outside the United Kingdom should read the information set out in paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) of this document.

The New Shares and Open Offer Entitlements have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority or under the relevant laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The New Shares and Open Offer Entitlements are being offered and sold only (i) outside the United States in reliance on Regulation S under the US Securities Act ("**Regulation S**"); and (ii) in the United States, subject to certain limited exceptions, to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the US Securities Act ("**Rule 144A**") pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the New Shares and Open Offer Entitlements may be relying upon the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

Neither the US Securities and Exchange Commission ("**SEC**"), nor any state securities commission in the United States nor any other US regulatory authority has approved the New Shares, nor have such authorities reviewed, passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Capital Raising, an offer, sale or transfer of the New Shares within the United States by a dealer (whether or not participating in the Capital Raising) may violate the registration requirements of the US Securities Act.

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in or incorporated by reference into this document for any purpose other than in considering an investment in the New Shares is prohibited. By accepting delivery of this document, each recipient agrees to the foregoing.

No action has been or will be taken by the Company or by the Banks that would permit possession or distribution of this document or any other material relating to the New Shares in any country or jurisdiction where action for that purpose is required, other than in the United Kingdom. This document is not an offer to sell, or the solicitation of an offer to buy or subscribe for the New Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into any of the Excluded Territories.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

Certain information in relation to the Company is incorporated by reference into this document. Capitalised terms have the meanings ascribed to them in Part XXI(*Definitions*) the section entitled "Definitions" of this document.

Neither the delivery of this document nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs since the date hereof or that the information set forth in this document is correct as of any date subsequent to its date.

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 such securities 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 (such term to have the same meaning as in the MiFID II Product Governance Requirements) 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 issue of the New Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors (in connection with the Capital Raising) 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.

WHERE TO FIND HELP

If you have any questions, please contact Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice.

This document is dated 11 September 2020.

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PART I

SUMMARY

A. Introduction and warnings

A.1.1 *Name and international securities identifier number (ISIN) of the securities*

Saga plc ordinary shares; ISIN: GB00BLT1Y088, Consolidated Shares: ISIN code GB00BMX64W89

A.1.2 *Identity and contact details of the issuer, including its Legal Entity Identifier (LEI)*

Saga plc is a public company limited by shares, incorporated in England and Wales, with registered number 08804263 and its registered office at Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE. The Company operates under the Companies Act 2006. The Company's telephone number is 0330 094 6016 and its Legal Entity Identifier is 2138004WWUJN94K2LH95.

A.1.3 *Identity and contact details of the competent authority approving the prospectus*

This Prospectus has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129.

A.1.4 *Date of approval of the prospectus*

This Prospectus was approved on 11 September 2020.

A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the Prospectus. Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Shares.

B. Key information on the issuer

B.1 *Who is the issuer of the securities?*

B.1.1 *Domicile, legal form, LEI, jurisdiction of incorporation and country of operation*

The issuer of the securities is Saga plc.

The Company is a public limited company incorporated and domiciled in England and Wales with registered number 08804263 and Legal Entity Identifier 2138004WWUJN94K2LH95. The Company's registered office is at Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE. The principal legislation under which the Company operates is the Companies Act 2006. The Company was incorporated in England and Wales.

B.1.2 *Principal activities*

The Group is a UK specialist provider of products and services tailored to customers aged 50 and over. Initially established as a holiday provider in 1951, today the Group provides a broad range of high-quality and differentiated products and services to its target demographic, predominately focusing on insurance and travel. The Directors believe that the Saga brand is synonymous with the over 50s market in the United Kingdom and that the Group is recognised for its high-quality products and services, expertise in serving its target demographic and excellence in customer service. Whilst the Group's target market is over 50s, its core customers are often over 70, a large and affluent customer segment that in 2019 represented 13% of the UK population (approximately 8.8 million people) and held 23% of the United Kingdom's disposable wealth. The over 70s market in the United Kingdom is estimated to grow by 22% (to 10.7 million people) by 2028.

The Group is listed on the London Stock Exchange, trading under the "SAGA" ticker symbol.

B.1.3 *Major shareholders*

In so far as it is known to the Company as at the Latest Practicable Date, the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital:

Shareholder	As at the Latest Practicable Date[1]		Immediately following Admission[2]	
	Number of Ordinary Shares	Percentage of voting shares	Number of Ordinary Shares	Percentage of voting shares
Setanta Asset Management Ltd	122,547,967	10.92%	190,839,633	9.11%
Standard Life Aberdeen plc	87,551,985	7.80%	136,191,976	6.50%
Majedie Asset Management Limited	53,668,877	4.78%	83,484,919	3.99%
Pictet Asset Management Limited	38,384,689	4.56%	59,709,516	2.85%
The Vanguard Group Inc.	36,248,745	3.26%	56,386,936	2.69%
BlackRock Inc	34,965,309	3.11%	54,390,480	2.60%
Roger De Haan[3][4]	—	—	552,833,333	26.40%

(1) Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 9 September 2020.

(2) Assuming that (i) all of the New Shares in relation to the Capital Raising are issued, (ii) no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Employee Share Schemes between the date of this Prospectus and Admission, and (iii) all of the shareholders listed in the table above take up their Open Offer Entitlement in full and no Ordinary Shares are clawed back to satisfy valid applications under the Open Offer.

(3) Roger De Haan's number of shares following admission will be between a minimum of 348,583,026 Ordinary Shares (representing approximately 16.6% per cent. of the voting share capital of the Company) and a maximum of 552,833,333 Ordinary Shares (representing approximately 26.4% per cent. of the voting share capital of the Company), depending on take-up by Qualifying Shareholders under the Open Offer.

(4) Under the Takeover Code, Roger De Haan is considered to be acting in concert with Andrew Deacon who has an interest in 4,000,000 shares in the Company (representing 0.36% of the total voting rights).

In accordance with the terms of a relationship agreement between Roger De Haan and the Company, Roger De Haan has the right to be appointed as a Director and the Board has agreed that Roger De Haan will assume the position of Non-Executive Chairman at completion of the Capital Raising.

The Company and the Directors are not aware of any persons, who, as at the Latest Practicable Date, directly or indirectly, jointly or severally exercise or could exercise control over the Company, nor are they aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company.

B.1.4 *Key managing directors*

Euan Sutherland, Group Chief Executive Officer
James Quin, Group Chief Financial Officer
Cheryl Agius, Chief Executive Officer of Insurance

B.1.5 *Identity of the statutory auditors*

KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom

B.2 ***What is the key financial information regarding the issuer?***

The selected financial information in the tables below for the six months ending 31 July 2020 and 2019 and the years ended 31 January 2020, 2019 and 2018 has been extracted or derived from the Saga Half-Year Results 2020 and the Saga Annual Report 2020 and the Saga Annual Report 2019, and the Saga Annual Report 2018, respectively.

Selected consolidated income statement information

	Six months ended 31 July		Year ended 31 January		
	2020	2019	2020	2019[1]	2018[2]
	(unaudited)				
Total revenue (£ million)	192.4	395.9	797.3	841.5	860.2
Gross profit (£ million)	131.1	184.5	371.4	436.5	447.4
(Loss)/profit before tax from continuing operations (£ million)	(55.5)	52.6	(300.9)	(134.8)	180.9
Year-on-year revenue growth (%)	(51.4%)	(8.3%)	(5.2%)	(2.2%)	(1.3%)
Earnings per share (basic)	(5.1p)	4.1p	(27.9p)	(14.5p)	12.5p

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 *Leases*. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

Selected consolidated balance sheet information

	Six months ended 31 July		Year ended 31 January		
	2020	2019	2020	2019[1]	2018[2]
	(unaudited)		(£ million)		
Total assets	**1,962.0**	**2,599.5**	**2,094.8**	**2,323.2**	**2,647.9**
Total equity	556.4	987.9	588.2	960.9	1,225.5
Net debt[3]	646.0	642.9	593.9	391.3	432.0
Loans and borrowings	666.8	675.7	624.3	439.2	443.0

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 *Leases*. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial position for the year ended 31 January 2018 has not been restated for the adoption of IFRS 16 Leases.

(3) Net debt is calculated as the sum of the carrying values of the Group's debt facilities less the amount of available cash it holds.

Selected consolidated statement of cash flows information

	Six months ended 31 July		Year ended 31 January		
	2020	2019	2020	2019[1]	2018[2]
	(unaudited)		(£ million)		
Net cash flows (used in)/from operating activities	(79.7)	71.0	91.9	148.3	135.2
Net cash flows from/(used in) investing activities	34.8	(213.4)	(256.2)	(99.8)	10.0
Net cash flows from/(used in) financing activities	36.5	213.3	146.1	(118.2)	(139.7)
Net (decrease)/increase in cash and cash equivalents	**(8.4)**	**70.9**	**(18.2)**	**(69.7)**	**5.5**
Cash and cash equivalents at start of period	139.1	157.3	157.3	227.0	221.5
Cash and cash equivalents at end of period	**130.7**	**228.2**	**139.1**	**157.3**	**227.0**

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 *Leases*. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

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.

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 33p 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.

Unaudited pro forma statement of net assets

The unaudited *pro forma* information set out below has been prepared to illustrate the effect of the Capital Raising on the consolidated statement of net assets of the Group as at 31 July 2020.

		Adjustments		
	Net assets of the Group at 31 July 2020	Proceeds from the Capital Raising	Intended use of proceeds from the Capital Raising	*Pro forma* net assets of the Group at 31 July 2020
	Note 1 £m	Note 2 £m	Note 3 £m	Note 4 £m
Assets				
Goodwill	718.6	—	—	718.6
Intangible fixed assets	56.8	—	—	56.8
Retirement benefit scheme assets	5.7	—	—	5.7
Property, plant and equipment	420.1	—	—	420.1
Right of use of assets	13.5	—	—	13.5
Financial assets	347.4	—	—	347.4
Current tax assets	1.5	—	—	1.5
Deferred tax assets	12.2	—	—	12.2
Reinsurance assets	59.0	—	—	59.0
Inventories	2.8	—	—	2.8
Trade and other receivables.	195.7	—	—	195.7
Assets held for sale	43.0	—	—	43.0
Cash and short term deposits	85.7	140.0	(103.6)	122.1
Total assets	**1,962.0**	**140.0**	**(103.6)**	**1,998.4**
Liabilities				
Gross insurance contract liabilities	437.2	—	—	437.2
Provisions	5.3	—	—	5.3
Financial liabilities	697.0	—	(103.6)	593.4
Deferred tax liabilities	6.7	—	—	6.7
Current tax liabilities	—	—	—	—
Contract liabilities	86.0	—	—	86.0
Trade and other payables	152.0	—	—	152.0
Liabilities held for sale	21.4	—	—	21.4
Total liabilities	1,405.6	—	(103.6)	1,302.0
Net assets	**556.4**	**140.0**	**—**	**696.4**

1. The net assets of the Group as at 31 July 2020 have been extracted without material adjustment from the 2020 Interim Financial Statements.
2. The adjustment in Note 2 reflects the net cash proceeds from the Capital Raising. Net cash proceeds comprise gross proceeds of £150.0 million, net of transaction costs of £10.0 million.
3. The adjustment in Note 3 represents the £63.6 million and £40.0 million of net proceeds from the Capital Raising used to repay part of the Term Loan and Revolving Credit Facility respectively.
4. No adjustment has been made to reflect the trading results of the Group since 31 July 2020 or any other change in its financial position in this report.

B.3 ***What are the key risks that are specific to the issuer?***

Risks relating to the Group's financial condition and the impact of the COVID-19 pandemic

- If the Capital Raising does not complete successfully and the Group's results were to reflect what the Directors consider to be a reasonable worst case scenario, the Group may breach its financial covenants under the Term Loan and Revolving Credit Facility as at its 31 July 2021 covenant testing date, which 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. Shareholders may lose all or a substantial portion of their investment.
- The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic. Furthermore, the COVID-19 pandemic and related impacts may cause insurance regulators and travel regulators to increase or tighten capital adequacy, cash ring-fencing and related requirements which could have a material adverse effect on the Group's operational and financial flexibility in future periods. The long-term impacts of the COVID-19 pandemic remain unclear and the Group could experience persistently diminished demand for its Travel products and services, or persistently increased competition and lower margins on new policies in the Group's Insurance business.
- The Group's borrowings restrict its financial and operational flexibility, and the Group's ability to satisfy its financial covenants and service and refinance its indebtedness is influenced by factors beyond the Group's control. The ability of the Group to raise additional debt or to refinance existing debt on favourable terms will depend on, among other things, the Group's ability to negotiate new, increased or longer term financings and a lender's estimate of the stability of the Group's cash flows, as well as general macroeconomic, political and capital market conditions and credit availability.

Risks relating to the Group's Travel business

- The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business. The Group suspended its Cruise business on 12 March 2020 and its Tour Operations on 16 March 2020 and operations may not resume on the expected timetable or may resume only at reduced load factors. Further restrictions on travel and other activities or the tightening of social distancing and other standards could be imposed if there is a resurgence in COVID-19 cases, which could result in a renewed suspension of the Group's Cruise business or Tour Operations, increased operational complexity and costs and reduced demand for the Group's products and services.
- The travel industry is competitive and the Group's Travel business may not compete successfully. As the Group's target demographic of individuals over 50 years of age increasingly purchase products online or seek more competitively priced travel, the competition from online and/or integrated providers of travel services is likely to increase. If the Group is unable to manage and respond to changes in the competitive environment or to adapt to any changes in consumer preferences and demand, this would have a material adverse effect on the Group.

Risks relating to the Group's Insurance business

- Levels of competition and/or new entrants into the over 50s market could lead to the Group's Insurance business being unable to achieve anticipated margins and/or market share. Increases in the supply of insurance (whether through an increase in the number of competitors, an increase in the capitalisation available to insurers or otherwise) or a reduction in consumer demand for insurance, or alternatively, prolonged periods of price reductions and discounts, could have adverse consequences for the Group.
- Failure to comply with the regulatory capital and capital adequacy requirements and related regulations could have a material adverse effect on the Group. In the event that any change in regulatory requirements is imposed that requires the Company's regulated subsidiaries to hold additional capital or cash, or a material change is required to be made to intra-group payment terms with regulated subsidiaries, there could be an adverse impact on the Group's financial flexibility and the Group may experience reduced liquidity and increased costs and expenses.
- The results of the FCA's ongoing market study into how general insurance firms charge their retail customers for home and motor insurance (the "**FCA Market Study**") could have a significant impact on the Group's Insurance business. The regulatory outcomes of the FCA Market Study could lead to material decreases in the Group's profitability as a result of lower income or any potential fines or penalties imposed by the FCA.
- The Group may fail to deliver its transformative strategy for the Insurance business. Should the Group be unable to execute its strategy a likely consequence would be a failure to achieve the associated financial benefits, including policy and profit growth.

Risks relating to the Group's business as a whole

- The Group may fail to maintain favourable brand recognition or may be impacted by negative publicity. Factors affecting brand reputation are often outside of the Group's control, and the Group's efforts and investments to maintain or enhance favourable brand reputation may not have their desired effects.
- The Group's culture and resource capability could be impaired by the loss of key colleagues, or by an inability to attract and retain, or obtain regulatory approval for, qualified personnel. The Group's expansion and development could be hampered by any shortage of colleagues and the quality of its services could be adversely affected.

Risks relating to the macroeconomic environment in which the Group operates

- Downturns in economic conditions in the United Kingdom may reduce consumer demand for the Group's products and services. A deterioration or weak recovery in economic conditions in the United Kingdom could negatively impact the economic welfare and consumer confidence of the Group's target demographic and could lead to a reduction in discretionary spending amongst this group.

C. Key information on the securities

C.1 ***What are the main features of the securities?***

C.1.1 *Type, class and ISIN*

The Firm Placing and the Placing and Open Offer comprise in aggregate 971,918,208 New Shares of which 224,400,000 New Shares are proposed to be issued under the First Firm Placing at a price of 27 pence per New Share. 124,183,026 New Shares are proposed to be issued under the Second Firm Placing at a price of 12 pence per New Share and 623,335,182 New Shares are proposed to be issued under the Placing and Open Offer at a price of 12 pence per New Share.

On Admission, the New Shares will be registered with GB00BLT1Y088. The ISIN of the Open Offer Entitlements is GB00BMX64Y04. The ISIN of the Consolidated Shares is GB00BMX64W89.

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The Shares are denominated in pounds sterling. As the Latest Practicable Date, the Company had 1,122,003,328 Existing Shares of 1 pence each (all of which were fully paid or credited as fully paid).

Pursuant to the Capital Raising, the Company is proposing to issue 971,918,208 New Shares.

C.1.3 *Rights attached to the Ordinary Shares*

The New Shares and Consolidated Shares will, when issued and fully paid, rank equally in all respects with the Existing Shares and have the following rights attaching to them:

- on a show of hands at a general meeting every member present in person has one vote and every proxy or representative present who has been duly appointed by a member entitled to vote has one vote; and on a poll every member (whether present in person or by proxy or representative) has one vote per Ordinary Share;
- the right to receive dividends on a *pari passu* basis; and
- if the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in the proportion to the capital which at the start of the winding up is paid up on the shares held by them, respectively.

C.1.4 *Rank of securities in the issuer's capital structure in the event of insolvency*

The New Shares and Consolidated Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Shares and will rank in full for all dividends and distributions declared made or paid on the share capital of the Company.

C.1.5 *Restrictions on the free transferability of the securities*

There are no restrictions on the free transferability of the Ordinary Shares. However, the making of the proposed offer of New Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such New Shares.

C.1.6 *Dividend or payout policy*

In November 2019, the Group 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 EBITDA 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 Firm Placing and Placing and Open Offer, the Board does not expect this target to be reached before 2023.

C.2 ***Where will the securities be traded?***

Applications will be made to the FCA for the New Shares to be admitted to listing on the premium listing segment of the Official List of the FCA (the "**Official List**") and to be admitted to trading on the main market for listed securities of London Stock Exchange plc (the "**LSE**").

C.3 ***What are the key risks that are specific to the securities?***

Risks relating to the Capital Raising and an investment in Ordinary Shares

- Following the Capital Raising, Roger De Haan will own a strategic shareholding in the Company, enabling him to exercise significant influence over matters requiring Shareholder approval, and his interests may differ from those of other Shareholders. In addition, following the expiry of lock-up restrictions in the Relationship Agreement, Roger De Haan may undertake sell-downs of Ordinary Shares (or there may be a perception that Roger De Haan could undertake such a sell-down), which may adversely impact the price of the Ordinary Shares.
- Shareholders will experience dilution in their ownership of the Company as a result of the Capital Raising and may be further diluted by subsequent issues of Ordinary Shares, and their proportionate ownership and voting interests in the Company would be reduced.
- Any future payments of dividends under the Company's dividend policy will depend on the financial condition of the Group. The Company is currently prohibited from paying dividends and the Board cannot be certain when it will resume making payments of dividends in the future.

D. Key information on the offer of securities to the public and admission to trading on a regulated market

D.1 ***Under which conditions and timetable can I invest in this security?***

Saga is proposing to raise gross proceeds (before expenses) of approximately £150 million through the issue of New Shares in connection with the Capital Raising. Pursuant to the Capital Raising, the Company has agreed to:

- place 224,400,000 New Shares with Roger De Haan at the First Firm Placing Price of 27 pence per New Share;
- place an additional 124,183,026 New Shares with Roger De Haan, representing Roger De Haan's *pro rata* entitlement had Roger De Haan been eligible to participate in the Open Offer, at the Second Firm Placing Price of 12 pence per New Share; and
- undertake the Placing and Open Offer, pursuant to which the Company will offer 623,335,182 New Shares to Qualifying Shareholders other than to those Qualifying Shareholders with a registered address, or resident, in one of the Excluded Territories, at the Offer Price of 12 pence per New Share.

The Capital Raising will take place in conjunction with the Consolidation. On 12 October 2020 the Consolidation will become effective, 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 First Firm Placing Price represents a premium of 68.4% to the Closing Price of 16 pence on 9 September 2020. The Second Firm Placing Price and the Offer Price represent a discount of 25.1% to the Closing Price of 16 pence on 9 September 2020.

The Placing and Open Offer

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for New Shares *pro rata* to their Existing Holdings on the basis of 5 New Shares for every 9 Existing Shares held by them and registered in their name on the Register at the close of business on 9 September 2020 (the "**Record Date**").

The Joint Bookrunners have, pursuant to the Placing and Open Offer Agreement, conditionally placed the New Shares to be issued pursuant to the Placing and Open Offer with certain Shareholders, Roger De Haan (in addition to his allocations under the Firm Placing) and institutional investors ("**Placees**"). The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Placing Shares conditionally placed with investors other than Roger De Haan will be clawed back on a *pro rata* basis first and only when these Placing Shares have been fully clawed back will the Placing Shares conditionally placed to Roger De Haan be clawed back.

The Offer Price is 12 pence per New Share, payable in full on acceptance by no later than 11.00 a.m. on 30 September 2020 or if you are a Shareholder in the SSA by no later than 11.00 a.m. on 28 September 2020.

Conditions

The Capital Raising is conditional, *inter alia*, upon:

- 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 Company and the Joint Global Coordinators shall agree);
- the Subscription Agreement becoming unconditional; and
- the Placing and Open Offer Agreement becoming unconditional.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Capital Raising will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable.

The Placing and Open Offer is underwritten by the Banks on the terms and subject to the conditions of the Placing and Open Offer Agreement. The Firm Placing is not underwritten by the Banks.

Timetable

Record Date for entitlements under the Open Offer	6.00 p.m. on 9 September 2020
Publication of the Prospectus (including the Notice of General Meeting, Form of Proxy and Application Form)	11 September 2020
Ex-Entitlement Date for the Open Offer	8.00 a.m. on 11 September 2020
Latest time and date for receipt of completed SSA Application Forms and payment in full under the Open Offer for the SSA	11.00 a.m. on 28 September 2020
Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 30 September2020
Latest time and date for receipt of completed 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
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
Consolidation Record Date	6.00 p.m. on 9 October 2020
Effective time of the Consolidation	8.00 a.m. on 12 October 2020

Dilution

If a Qualifying Shareholder who is not a Placee does not take up any of his or her Open Offer Entitlement, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 46.4% as a result of the Capital Raising.

If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlements in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.6% as a result of the Firm Placing.

Costs and expenses

The total estimated costs and expenses of the Capital Raising payable by the Company are approximately £10 million (excluding recoverable VAT). Shareholders will not be charged expenses by the Company in respect of the Issue.

D.2 ***Why is this document being produced?***

This Prospectus has been prepared in connection with the offer of New Shares pursuant to the Capital Raising and the applications to the FCA and to the LSE for the New Shares to be admitted to the premium segment of the Official List and to trading on the main market of the LSE, respectively.

The Company expects to receive gross proceeds (before expenses) of approximately £150 million from the Capital Raising. The Company intends 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 and £133.6 million was outstanding as at the date of this document. 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 under the Group's Revolving Credit Facility (after £10 million of the £50 million initially drawn was repaid in August 2020) and to use the balance of the net proceeds to be used to strengthen the capital adequacy and cash requirements of the Group's operating divisions.

There are no material conflicts of interest pertaining to the Capital Raising or Admission.

PART II

RISK FACTORS

An investment in the New Shares is subject to a number of risks and uncertainties. Accordingly, prospective investors and Shareholders should carefully consider the risks and uncertainties associated with the Capital Raising, any investment in the New Shares and the Group's business and the industry in which it operates, together with all other information contained or incorporated by reference in this Prospectus, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. If any of the following risks or uncertainties actually materialises, the Group's business, results of operations, financial condition and prospects could be materially adversely affected. In such case, the market price of the New Shares could decline and investors and shareholders may lose all or part of their investment. Prospective investors and Shareholders should note that the risks and uncertainties summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor or shareholder of whether to invest in the New Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors and Shareholders should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below are not the only ones the Group will face. Additional risks and uncertainties not presently known to the Directors or the Group, or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and prospects and could negatively affect the market price of the New Shares.

1. Risks relating to the Group's financial condition and the impact of the COVID-19 pandemic

1.1 *If the Capital Raising does not complete successfully, the Group may breach its financial covenants, which may cause Shareholders to lose all or a substantial portion of their investment.*

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 Group's leverage, as measured by its net debt to adjusted EBITDA ratio (excluding Cruise net debt and EBITDA) (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 of 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 30 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 to partially prepay the Term Loan such that the balance outstanding does not exceed £70 million and to prepay the balance of 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. See *"—The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic*" and "*—The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business*" below. 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.

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 to its financial covenants. Whilst the Group has previously negotiated waivers and amendments to its financial covenants (including an amendment to its leverage and interest cover covenants 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' shareholdings, 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 will require further debt refinancing in the short term, that is, for at least the period covered by the working capital statement in this document.

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, 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.

1.2 ***The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic***

The Group has been materially negatively impacted by the COVID-19 pandemic and related restrictions on travel activity, resulting in decreased operating and financial performance, which may in turn impact the Group's ability to satisfy its financial covenants and service its debt obligations in future periods. See "*—If the Capital Raising does not complete successfully, the Group may breach its financial covenants, which may cause Shareholders to lose all or a substantial portion of their investment*."

The Group's products and services are targeted at a mature demographic, with 74% of the Group's Travel customers and 52% of the Group's Insurance customers being aged 70 or older for the year ended 31 January 2020. The UK government has advised that individuals over 70 years of age are particularly vulnerable to the effects of COVID-19, and the impact of COVID-19 is therefore of particular relevance to the Group's target customer demographic, who (for example) may be less willing to travel even as COVID-19 restrictions are eased or lifted.

The Group's Travel business in particular has been negatively impacted by the COVID-19 pandemic, with the Group's Cruise business and Tour Operations suspended since March 2020. See "*—The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business*."

While the Group's Insurance business has continued to operate and remains profitable, these operations have also been adversely impacted by the COVID-19 pandemic. Specifically, the Group

has experienced a significant decrease in customer demand for its travel insurance products due to restrictions on travel. Revenue for the Group's home and motor insurance sub-segments has remained resilient (revenue for the Group's home insurance sub-segment was £30.5 million for the six months ended 31 July 2020 (as compared to £32.7 million for the six months ended 31 July 2019), and revenue for the motor insurance sub-segment was £51.5 million for the same period (as compared to £53.5 million for the six months ended 31 July 2019)), with an increase of 2.5% in motor and home insurance policies for the six months ended 31 July 2020. However, the Group has experienced a decrease in certain ancillary fees, such as midterm adjustment fees, as fewer customers have been moving home or purchasing vehicles. See "*—The Group's Insurance business faces challenges in a competitive market*."

In response to this challenging environment, the Group has taken a number of actions to protect its balance sheet and increase liquidity, including drawing £50 million under its Revolving Credit Facility (of which £10 million has been repaid in August 2020), reducing operating expenses (including by reducing headcount in the Travel business), suspending the payment of dividends, and agreeing with its bank lenders to certain changes to the covenants under the Term Loan Revolving Credit Facility and obtaining a debt holiday and covenant waiver for its two Ship Facilities (which allow for the deferral of up to £32 million in principal payments that were due up to 31 March 2021 assuming delivery of *Spirit of Adventure* on or before 30 September 2020). While these measures were designed to help protect the Group's financial condition and liquidity during a period of crisis, they may also have negative impacts on the Group's business, the market price of the New Shares and the Group's ability to execute its strategy successfully. For example, as a result of the covenant amendments and waivers to the Group's banking facilities, the Company is prohibited from paying dividends while the Leverage Covenant Ratio is greater than 3.0x under the Term Loan and Revolving Credit Facility and while the deferred principal payments pursuant to the debt holiday under the Ship Facilities remain outstanding. In addition, as a result of the headcount reduction, the Group may not have sufficient colleagues in place to meet any increase in customer demand and to resume a satisfactory level of operational performance when the Group's Cruise business resumes operations.

Furthermore, the COVID-19 pandemic and related impacts may cause insurance regulators, such as the FCA, and travel regulators, such as the Civil Aviation Authority ("**CAA**"), to increase or tighten capital adequacy, cash ring-fencing and related requirements for the companies they regulate, which include the regulated insurance and travel subsidiaries of the Group. Any such increasing or tightening of capital adequacy and/or cash ring-fencing requirements could have a material adverse effect on the Group's operational and financial flexibility in future periods. See also "*—The Group's Travel business is subject to substantial and changing regulations, which include stringent cash collateral requirements for customer receipts across its Tour Operations business*" and "*— Failure to comply with the regulatory capital and capital adequacy requirements and related regulations could have a material adverse effect on the Group".*

The COVID-19 pandemic and related impacts are expected to cause a deep recession in the United Kingdom and elsewhere. A decline in gross domestic product ("**GDP**") in the United Kingdom is likely to lead to lower consumer spending and increased financial market volatility. This may lead to reduced returns on and loss of value of pensions and other investments, which may reduce consumer confidence and levels of disposable income among the Group's target demographic of over 50s. Any such reduction in consumer spending, consumer confidence or levels of disposable income may lead to decreased demand for the Group's products and services, such as reduced numbers of bookings in the Group's Cruise business and Tour Operations, or an increased proportion of the Group's insurance customers choosing lower-margin "no-frills" insurance cover.

The long-term impacts of the COVID-19 pandemic remain unclear. For example, additional resurgences of COVID-19 cases may lead to further national or local lockdowns or other restrictive measures being reinstated and significant social distancing and other protective measures may remain in place into 2021 or longer, which would result in even more severe macroeconomic impacts, with GDP and consumer spending suffering further reductions. The Group's Travel business in particular would be severely impacted in the event that restrictions are re-imposed or remain in place for an extended period of time in response to any resurgences of COVID-19 cases, and the Group could experience persistently diminished demand for its Travel products and services, or persistently increased competition and lower margins on new policies in the Group's Insurance business.

1.3 ***The Group's borrowings restrict its financial and operational flexibility and the Group's ability to satisfy its financial covenants and service and refinance its indebtedness is influenced by factors beyond the Group's control.***

As at 31 July 2020, the Group had total borrowings of £666.8 million (net of debt issue costs). Upon successful completion of the Capital Raising and application of the net proceeds thereof to prepay part of the Term Loan and repay the amount drawn and outstanding under the Revolving Credit Facility, the Group will continue to have a significant level of indebtedness under the Term Loan, the Corporate Bonds and the Ship Facilities.

In response to the COVID-19 pandemic and its impact on the Group's financial position, the Group has agreed changes to the financial covenants in respect of the Term Loan and Revolving Credit Facility and entered into a debt holiday and covenant waiver under the Ship Facilities which have restricted the Group's financial and operational flexibility. For example, as a result of such changes, the Company is prohibited from paying dividends so long as the Leverage Covenant Ratio is greater than 3.0x and deferred principal payments remain outstanding under the Ship Facilities. The indebtedness of the Group may lead to consequences over the longer term for its financial and operational flexibility including, but not limited to:

- being unable to support delivery of the Group's business strategy, including any further investment in areas of the business;
- a significant portion of the Group's cash flow being required to service debt obligations, thereby reducing financial flexibility and cash available to invest in the business;
- changes in debt credit ratings having a negative impact on the cost, terms, conditions and availability of financing;
- limits on any additional borrowing, capital expenditure, acquisitions or debt service requirements, or an inability to refinance existing indebtedness on commercially attractive terms;
- increased vulnerability to general adverse economic and industry conditions, including increases in interest rates and inflation; and
- increased vulnerability to any negative impacts on the Group's financial results or condition, whether as a result of sudden events, such as the COVID-19 pandemic, or longer-term trends in the insurance or travel markets

Over the longer term the Group's ability to satisfy its financial covenants and make scheduled payments under the Term Loan, the Revolving Credit Facility, the Corporate Bonds and the Ship Facilities, and to refinance the Term Loan, the Revolving Credit Facility and the Corporate Bonds when due, will depend on, among other things, its future financial results and condition, credit rating and market conditions. The Group's financial results and condition are affected by a range of macroeconomic, competitive and business factors, many of which are outside of its control, such as by the impacts of the COVID-19 pandemic. See "*—The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic.*"

The Company intends to use £63.6 million of proceeds of the Capital Raising to prepay part of the Term Loan (and has agreed with its lenders to extend the term of the remaining balance of the Term Loan to May 2023) and £40 million to repay the amount drawn and outstanding under the Revolving Credit Facility (after £10 million of the £50 million initially drawn was repaid in August 2020), thereby reverting the undrawn portion of the Revolving Credit Facility to its full £100 million. However, the ability of the Group to raise additional debt or to refinance existing debt under the remaining Term Loan, the Revolving Credit Facility and the Corporate Bonds on favourable terms will depend on, among other things, the Group's ability to negotiate new, increased or longer term financings and a lender's estimate of the stability of the Group's cash flows, as well as general macroeconomic, political and capital market conditions and credit availability. Although the Group has historically been able to obtain financing on reasonable terms, no assurance can be given that future financing will be available on acceptable terms or will not be on terms more onerous than the terms of the Group's existing financing. In the current environment, which has been marked by significant economic uncertainty as a result of the COVID-19 pandemic, deterioration in the travel and tourism sectors and corresponding reductions in the Group's revenues from its Travel business, certain lenders may be less willing to allow the Group to refinance its existing debt or to offer new

lending to the Group, including for the purpose of financing bonding requirements of the Company's CAA-regulated subsidiaries. See "*—The Group's Travel business is subject to substantial and changing regulations, which include stringent cash collateral requirements for customer receipts across its Tour Operations business.*" Any failure by lenders to fulfil their obligations may have a negative impact on the Group's cash flow and liquidity. Additionally, on 3 July 2020, Moody's Investors Service ("**Moody's**") downgraded its credit rating of Saga's corporate family and senior debt ratings from Ba2 to B1 and changed the outlook from ratings under review to negative; this downgrade followed the downgrade in March 2020 from Ba1 to Ba2. Similarly, S&P Global Ratings ("**S&P**") downgraded Saga's long-term credit rating from BB to B in March 2020. These and any future downgrades in credit ratings and outlook may increase the Group's cost of borrowings for future financings.

In addition, any significant failures in the banking market could lead the Group to have insufficient liquidity and poor treasury planning, significant fluctuations in sterling, euro, US dollar or other foreign currency exchange rates or a significant increase in interest rates could cause the Group to experience increased costs and financial losses.

2. Risks relating to the Group's Travel business

2.1 *The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business.*

The COVID-19 pandemic has had a severe impact on the Group's Travel business and the global travel industry more generally. The full extent of the impact of the COVID-19 pandemic is uncertain, including the duration and extent of existing and future travel restrictions and any long-term impact on consumer behaviour. The Group's Travel business is dependent upon the ability and willingness of its customers to take leisure trips and holidays. Moreover, the Group's products and services are targeted at a mature demographic, with 74% of the Group's travel customers for the year ended 31 January 2020 being aged 70 or older. The UK government has advised that individuals over 70 years of age are particularly vulnerable to the effects of COVID-19, and the impact of COVID-19 is therefore of particular relevance to the Group's customers, who may be less willing to go on a cruise or to travel even as restrictions lift, especially if they are concerned about their own safety and welfare and do not have adequate travel insurance that covers both cancellation and medical costs.

The Group suspended its Cruise business on 12 March 2020 and its Tour Operations on 16 March 2020, and the UK government currently continues to advise against cruise travel. Although the Group currently expects to be able to resume its Cruise operations in late 2020 and Tour Operations to resume in April 2021, subject to health and safety considerations and government advice, operations may not resume on that timetable or may resume only at reduced load factors. During the current suspension of activity in the Cruise and Tour Operations businesses, the Group has experienced significant working capital outflows (including as a result of the return of customer advanced deposits on cancelled departures). The "cash burn" cost for the Cruise and Tour Operations businesses, relating to ongoing operating and financing costs but excluding any return of advance receipts, is expected to be between £6 million and £8 million per month in the second half of this financial year. As at 31 July 2020, the Group had refunded £53.7 million of advance travel receipts to customers, of which 26.4% were in relation to the Group's Cruise business, and expects that customer refunds will be lower in the second half of the current fiscal year as all upcoming departures have now been cancelled. In the first half of 2020, the Group impaired in full the goodwill assets allocated to the Tour Operations and Cruise businesses totalling £59.8 million. In the event of a prolonged suspension of travel, the Group faces the risk of additional working capital outflows as well as the "cash burn" cost of ongoing operating and financing costs.

Ships and other enclosed spaces, such as aircraft and hotels, are particularly susceptible to the spread of infectious diseases, such as COVID-19, and implementing effective social distancing measures on cruise ships (particularly smaller river cruise ships) and on specialist holidays and escorted tours is likely to involve significant operational complexity. As a result, it may be difficult to implement measures required to safely reopen the Group's cruise ships or for third-party operators, such as hotels and airlines, to seek to protect the Group's customers. As the understanding of COVID-19 evolves, it is possible that the health and safety protocols the Group is adopting may require further adjustment. The Group expects that its Travel revenue may be lower as social distancing requirements may mean fewer passengers are permitted to travel on a single cruise or

river ship vessel or on an escorted tour. Operating expenses may also be higher than before the COVID-19 pandemic (to, for example, implement increased health and safety protocols) and any cost increases may be difficult to defray or pass on to consumers in a competitive environment, and accordingly may result in reduced profitability.

In addition, the COVID-19 pandemic has delayed the completion of the Group's intended transformation of its Cruise business. The Group launched its first new cruise ship, *Spirit of Discovery*, in July 2019 and was due to launch its second new cruise ship, *Spirit of Adventure*, in August 2020. The COVID-19 pandemic has delayed the delivery date for *Spirit of Adventure*, which is now expected to be delivered on 29 September 2020, with its maiden voyage currently scheduled by the end of 2020. Furthermore, the inability of *Spirit of Discovery* to sail will result in a substantial reduction in forecast revenue in the year ending 31 January 2021, which will, in turn, have an adverse impact on the Group's cash flows, results of operations, financial condition and prospects.

Even if the spread of COVID-19 abates in the near term, significant resurgences of the disease may occur. Further restrictions on travel and other activities or the tightening of social distancing and other standards could be imposed if there is a resurgence in COVID-19 cases, which could result in a renewed suspension of the Group's Cruise business or Tour Operations, increased operational complexity and costs arising from the need to change planned cruise routes or implement different or additional health and safety protocols and reduced customer demand for the Group's products and services. If the Group resumes its cruise ship operations and there is an incidence of COVID-19 on board or if a resurgence of the disease generally leads to governments imposing further lockdowns, the Group may incur significant additional costs to, for example, provide air transportation to repatriate passengers or crew members and provide accommodation for passengers or crew members who are temporarily unable to return to their home jurisdiction, as well as medical care for any passengers or crew members who may have been exposed to the virus. Illness or loss of life aboard one of the Group's cruises or in connection with one of the Group's holidays could also result in adverse publicity for the Group and damage its reputation, which could result in significant reductions in demand for the Group's products and services.

The Group has experienced a reduction in demand for its travel products and services as a result of the COVID-19 pandemic. Such a reduction may be exacerbated if continued social distancing or other protective measures impact the viability of certain products or services, such as cruises, river cruise tours and escorted tours. Reductions in demand and the implementation of social distancing measures may result in lower number passenger days on the Group's cruise ships and lower departing passenger numbers for the Group's Tour Operations business on a longer-term basis.

The regulations which apply to the Group's Travel business may also change as a result of the COVID-19 pandemic. See "*—The Group's Travel business is subject to substantial and changing regulations, which include stringent cash collateral requirements for customer receipts across its Tour Operations business.*"

2.2 *The travel industry is competitive and the Group's Travel business may not compete successfully.*

The travel industry has continued to see an increase in the online distribution of products and services. Online providers typically have lower cost structures and a greater ability to dynamically price their products than traditional providers. They can also offer customers greater price transparency as components of traditional holiday packages (such as air travel and accommodation) are unbundled. The presence of these online providers has resulted in increased competition and an increased focus by consumers on price. In addition, consumers are increasingly able to compare the price of hotel bookings or flights online, and are therefore less reliant on packaged tour providers. In addition, some online providers of travel services are integrated, owning and offering several or all elements of a packaged holiday (such as air travel and accommodation). The Company considers that this integration typically gives these providers a structural cost advantage in the market and allows them to price their products on a more competitive basis. As the Group's target demographic of individuals over 50 years of age increasingly purchase products online or seek more competitively priced travel, the competition from online and/or integrated providers of travel services is likely to increase.

The Group's Tour Operations businesses was suspended in March as a result of COVID-19. Tour Operations passenger numbers for the six months ended 31 July 2020 were 12,000 compared to 84,000 for the six months ended 31 July 2019. The Group's Tour Operations business experienced

weak customer demand in the year ended 31 January 2020, with a drop of 8.5% in passenger numbers (as compared to the year ended 31 January 2019). The Group's gross margins for the year ended 31 January 2020 also declined to 17.7% (as compared to 19.6% for the year ended 31 January 2019) as a result of competition, including from discounting by competitors, challenges in managing river cruise commitments and the impact of the compulsory liquidation of Thomas Cook Group plc ("**Thomas Cook**"). See "— *The Group may be required to honour bookings and other services made by third-party operators that become insolvent and the insolvency of third-party operators may reduce demand for the Group's products and services*.".

During the suspension of the Group's Tour Operations business, the Group has reassessed its Tour Operations business and plans to refocus the business on higher value-add products specifically designed for Saga customers such as higher-margin escorted tours and river tours, with less emphasis on more commoditised packaged holiday offerings. The travel industry, however, has seen the emergence of an increasing number of specialist providers in recent years. The Group's target demographic is also targeted by a range of specialist competitors, in addition to travel companies with a broader demographic focus. If other specialist providers emerge with bespoke, differentiated offerings aimed at the Group's target demographic, or other global or regional travel operators develop specialist offerings aimed at the Group's target demographic, such increased competition may put downward pressure on prices for the Group's products and services, and reduce sales volumes, resulting in a loss of revenue or a reduction in operating margins.

In addition, tour operators and other travel providers such as airlines have come under significant financial pressure as a result of COVID-19, leading to mass redundancy programmes and some travel firms going into liquidation. The lack of supply in the market could drive up costs or lead to further consolidation in the travel industry, offering competitors the opportunity to expand their operations, enhance capacity and achieve greater cost efficiencies, any of which may impact the margins of the Group's Tour Operations business and its ability to compete with competitors with lower cost bases.

If the Group is unable to manage and respond to changes in the competitive environment or to adapt to any changes in consumer preferences and demand, this would have a material adverse effect on the Group's cash flows, financial condition, results of operations and prospects.

2.3 ***The Group's Travel business is subject to substantial and changing regulations, which include stringent cash collateral requirements for customer receipts across its Tour Operations business.***

The Group's Travel business is subject to extensive legislative and regulatory requirements specific to the travel and tourism industry, including requirements related to health and safety, security, environmental protection (including noise, anti-fouling and carbon emissions restrictions), ship safety and security regulation, the suitability of vessels and the obligation to pay duties. Compliance with legal and regulatory requirements (including compliance with conditions required to maintain licenses granted to certain Group companies) imposes significant costs and restrictions on the Group's Travel business and changing requirements could limit the Group's flexibility with respect to its strategy and its marketing, business and operational practices.

Certain of the Group's Tour Operations rely on the grant of licenses in order to continue operating, and those licenses involve onerous conditions that must be met by those entities on an ongoing basis. For example, as a condition of renewing their licences, certain entities within the Group's Tour Operations business are required to maintain a minimum level of unrestricted cash and additional financial bonding in order to comply with regulatory requirements set by the CAA as part of the ATOL financial protection scheme, as well as by the Association of British Travel Agents ("**ABTA**") and the International Air Transport Association ("**IATA**").

The economic impact of the COVID-19 pandemic and recent failures of tour operators such as Thomas Cook may increase the likelihood that the CAA will adopt measures to increase the cash collateral requirements of regulated companies. Whether the CAA's requirements will be altered, or whether further conditions will be imposed by the CAA, will not be known until the next licensing renewal process is finalised in September 2020.

As part of ongoing discussions with the CAA, the Group will move to trust accounting for ST&H Limited (which operates Saga Holidays) from 14 September 2020 and also expects in the near term to move to trust accounting for Titan Travel (UK) Limited. In each case, the trust accounting is

expected to be for both new and existing customer receipts. These changes will result in reduced financial and operational flexibility for the Group and are expected to lead to an additional provision of cash support to the Tour Operations business of approximately £10 million at the commencement of the trust arrangements. However, the Group is also expecting that the trust arrangements will result in an elimination or significant reduction of the bonding requirements for the Group's CAA-regulated businesses, although the CAA's position on the bonding requirements has not yet been formally confirmed.

The CAA may require bonding requirements to be maintained for a period of time following the establishment of trust arrangements. If the Group is unable to secure such bonding facilities on acceptable terms or at all, then the Group may be required to transfer cash from other parts of the business or provide cash security to the CAA in lieu of the bonding requirement, which would reduce its operational and financial flexibility further.

Further, the Group's Travel business is subject to any changes in health and safety laws and regulations, which are expected to become more extensive in the coming years, particularly as regulators may adopt more stringent requirements in light of the COVID-19 pandemic. Complex and variable regulatory measures may be imposed with respect to travel restrictions, social distancing and specific health and safety requirements for travel providers and tour operators. See "—*The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business*."

In addition, the Group is subject to changes in environmental laws and regulations. Increased political and social attention to issues concerning climate change and other environmental impacts could have a material impact on the Group's Travel business and reputation. The cruise industry in particular has faced public criticism for its impact on the environment. International and local legislation and regulatory measures to limit greenhouse gas emissions or otherwise limit the environmental impact of travel operations are currently in various stages of planning or implementation and may result in additional taxes or increases in operating costs if the Group is required to adjust aspects of its business to comply with such measures and meet emissions targets. Furthermore, public awareness and consumer sentiment towards environmental impacts could lead to a reduction in international travel.

Decisions by the UK government or other governments, as well as by applicable regulators, may result in substantial increases in compliance and operating costs, which could result in adverse effects on the Group's business, financial condition, results of operations and prospects.

2.4 ***The Group may be required to honour bookings and other services made by third-party operators that become insolvent and the insolvency of third-party operators may reduce demand for the Group's products and services.***

While the Group's Cruise business operates predominantly on a direct-to-consumer basis, and with customer services mainly provided by Group-owned operations, substantially all of the Group's Tour Operations have at least one component offered by a third-party provider, and a significant portion of the bookings of Titan Travel, the Group's escorted tour business, are sourced from travel agents.

On 23 September 2019, the travel provider Thomas Cook went into compulsory liquidation. At the time, some of the Group's customers had booked a flight with Thomas Cook to or from their holidays with the Group, or had booked a holiday through Thomas Cook. The Group supported its impacted customers by arranging alternative flights and handling affected cruise and holiday reservations directly. The Group recognised £3.9 million of non-underlying costs for the year ended 31 January 2020 in relation to the administration of Thomas Cook. Similarly, in 2017, the failure of Monarch Airlines led to a £2 million cost to the Group (although this was not treated as an exceptional item in the financial year ended 31 January 2018).

There can be no assurance that other third-party travel providers utilised by the Group or its customers will remain solvent, particularly in the current challenging environment. In the event of an insolvency of a third-party travel provider, including an airline or other transit provider, the Group may be required to provide or arrange for the services of the insolvent party. The Group may not recover its expenses in relation to any such services in full, or at all. If the Group is unable to provide such services or arrange for an alternative service on a reasonable timeframe and at a reasonable cost, the Group may be required to compensate customers for the loss of those services or may not be able to offer travel products containing such services until a suitable

provider can be identified. The Group monitors its ongoing exposure to third parties and as at 31 July 2020 the Group's Tour Operations had £7.7 million of prepayments with air and land-based suppliers. To the extent that any prepayments are not recoverable, the Group will suffer losses in the amount of such unrefunded prepayments.

Further, a number of third-party travel providers, particularly air transport operators, have ceased trading in recent years, notably including one of Europe's largest regional carriers, Flybe, which entered into administration in March 2020. There is a significant risk, in the current challenging environment and in light of travel restrictions, social distancing measures and other COVID-19-related impacts, that additional third-party travel providers may cease operations in the future. To the extent that the reduction in the number or quality of transport providers and other tourism operators results in increased costs to the Group's customers, or adversely impacts its customers' trust in the travel and tourism industry, demand for the Group's products and services and the Group's reputation as a travel provider may be adversely impacted.

2.5 ***Accidents, disease, political instability, war, adverse weather conditions, natural disasters and other incidents affecting the health, safety, security and satisfaction of customers and colleagues could have an adverse impact on the Group's Travel business.***

As has been demonstrated by the COVID-19 pandemic, the Group's Travel business is susceptible to disruption from natural events and other incidents beyond the Group's control, as well as being exposed to risks relating to health and safety. The use and operation of hotels, land tours, cruise ships, port facilities, shore excursions and other travel-related activities involve the risk of incidents, including accidents caused by the improper operation or catastrophic failure of aircraft, ships, motor-coaches and trains; political instability or war in travel destinations; passenger, colleague and crew illnesses (whether as a result of disease, food poisoning or other factors); adverse weather conditions and natural disasters; mechanical failures; fires; repair delays; groundings; navigational errors; environmental mishaps; missing passengers; piracy; terrorism; and other incidents, which may cause illness, injury or death, or the alteration of itineraries or cancellation of tours or cruises. Such events may result in significant additional costs for the Group, including costs relating to providing accommodation for stranded customers, the cancellation and delay of flights and associated compensation payments and medical treatment for affected customers. Furthermore, as a package holiday provider, the Group is exposed to potential liability arising from such health and safety incidents that occur during the holiday, involving injury or illness to customers and colleagues. This includes potentially significant losses or potential criminal liability in relation to a significant health and safety incident arising from the operation of the Group's cruise ships or a contracted third party used to transport or accommodate customers of the Group's Tour Operations.

The occurrence and timing of such incidents could adversely impact demand for travel products and services even in areas unaffected by such incidents, and the Group's ability to maintain operations and continue to execute its overall business strategy. Furthermore, the Group's business continuity, disaster recovery, operational risk and third-party risk management processes may not be able to mitigate the impact of such incidents successfully. Such incidents could also create a perception that the Group's cruise ships or travel-related suppliers that the Group uses are less safe or reliable than those provided by its competitors and could cause customers to lose confidence and switch to other travel providers, particularly if the Group were perceived to be acting inappropriately following any such event. Accordingly, the occurrence of any such incidents could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.6 ***Damage to the Group's cruise ships or the Group's inability to procure ship repairs or maintenance may result in cancellation of cruises.***

The Group is dependent on shipyards to repair and refit its ocean cruise ships on a timely basis and to good working order. The repair, maintenance and refurbishment of cruise ships are complex processes and involve risks similar to those encountered in other large and sophisticated repair, maintenance and refurbishment projects, which could cause delays and cost overruns in completing such work. The Group has purchased two new purpose-built ocean cruise ships and expects that their repair and maintenance costs will increase as the ships age. Delays or faults in the repair or revitalisation of a ship can result in delays or cancellation of cruises, or necessitate unscheduled dry-docks or repairs of ships. Any such events could have a material adverse effect on the Group's business and financial condition.

In addition, the Group's ships are subject to the risks of mechanical failures and accidents, which would incur repair expenses and ancillary losses caused by delays, the inability to use the ships and compensation owed to customers. The Group may be unable to procure spare parts when needed or make repairs without incurring significant expense or suspension of service. The Group has outsourced the management of deck and engine functions for its cruise ships to a third-party professional cruise ship maintenance company. The Group may suffer financial losses or damage to its reputation as a result of any failure to manage its relationship with this or other third-party service providers effectively. Events such as work stoppages, labour actions, insolvencies, force majeure events or other difficulties experienced by third-party suppliers that build, repair, maintain or refurbish the Group's ships, or disputes with such suppliers, could also prevent or delay the Group from undertaking scheduled cruises or the completion of the repair, maintenance or refurbishment of its ships. Any of these events could have a material adverse effect on the Group's business, financial condition, and results of operations.

2.7 ***Increased fuel costs or a shortage of fuel availability would reduce the profitability of the Group's Cruise business and Tour Operations.***

The Group is exposed to volatile fuel prices as a result of its cruise operations and the dependency of some customers on third-party air transport to travel to or from their Saga holidays. At present, travel restrictions as a result of COVID-19 have materially altered the Group's previously expected demand for fuel, as cruise operations in particular have halted. Nonetheless, as operations resume, Group's Cruise business will be dependent on its ability to purchase fuel in order to sail its cruise ships.

The Group enters into commodity fuel and gas oil swap contracts to hedge its exposure to fuel prices. The Group is thus exposed to the risk that it is unable to enter into such contracts in the future at a price that maximises the Group's profitability, or that its existing swap contracts will not match its level of demand. In particular, as at 31 July 2020, the Group had 34 fuel oil swap contracts in place, which were in an overall net loss position of £1.7 million as at 31 July 2020 due to the reduction in oil prices from COVID-19's impact on fuel demand. Future increases in the price of fuel (that the Group is unable to hedge) could increase the Group's costs, including the cost of its cruise operations and of its packaged holidays. The Group may not be able to pass the higher costs on to consumers, in which case the profitability of the Group's Travel business will be reduced.

When operations resume, consumers whose Saga holiday or cruise does not include air transport will incur increased overall expenses related to the holiday if fuel costs rise and increase the cost of third-party air transport. This may reduce demand for the Group's services, or reduce the spending of customers while they are on a Saga cruise or tour holiday, which could adversely impact the Group's business and financial condition.

3. Risks relating to the Group's Insurance business

3.1 ***Levels of competition and/or new entrants into the over 50s market could lead to Group's Insurance business being unable to achieve anticipated margins and/or market share.***

The Group's Insurance business operates in a market characterised by significant levels of competition. The supply of insurance capacity is related to prevailing prices, the level of insured losses and the level of industry profitability and capital surplus which, in turn, may fluctuate in response to changes in inflation rates, the rates of return on investments being earned by the insurance industry, as well as other social, economic, legal and political factors. As a result, the insurance market has historically been characterised by periods of intense competition in relation to price and policy terms and conditions often due to excessive underwriting capacity, as well as periods when shortages of capacity have seen increased premiums and margin growth. As a result of such fluctuations, the Group has, in some years, lost customers through price competition and it may lose customers through increased price or product competition in the future.

The Group's Insurance business, including both its insurance broking and underwriting services, has a significant number of competitors, which include global, national, and local insurance companies, including direct insurance providers and other non-insurance financial services companies, including banks. Some of these competitors face low barriers to entry and offer alternative products or more competitive prices due to potential cost, capital or scale advantage. In addition, there is potential for

direct disruption of the over 50s market from new entrants, "insuretech" or a change in strategy to focus on this segment from incumbent market participants.

Over time this environment has resulted in high levels of competition for new business and an increase in the costs of customer acquisition, which in turn has led to margin compression of new business. The Group's profitability per broked policy in the home and motor insurance sub-segment has declined as a result of these and other factors, with the Group's overall gross margin per policy for home and motor insurance being £71 for the six months ended 31 July 2020, compared to £74 for the year ended 31 January 2020 and £80 for the year ended 31 January 2019.

Some of the Group's competitors in the insurance industry will acquire new policies at a loss in order to achieve policy growth, with the expectation of profitability should the policies be retained in future years. In order to respond to this practice, the Group will (as it deems appropriate) compete on price, which may have the effect of lowering its margins and profits in the near term. The Group may itself also choose to write policies at a loss in the first year of business through initial price discounts in order to gain new business that it believes will be profitable in subsequent years or to increase its market share. This practice can lead to a difference in new and renewal policy pricing, whereby a new business customer will normally receive a lower (discounted) price than a renewing customer. The practice of differentiating between new and renewing customers is part of an ongoing debate in the UK insurance industry and continues to be an area of focus for regulators, the media and consumer groups. If the insurance industry were to be subjected to heightened regulatory scrutiny or media comment as a result of this practice, it may negatively impact the Group's business and brand, and could give rise to penalties or requirements to reimburse being imposed upon the Group. See "*—The results of the FCA's ongoing market study into pricing in the insurance sector could have a significant impact on the Group's Insurance business*."

Increases in the supply of insurance (whether through an increase in the number of competitors, an increase in the capitalisation available to insurers or otherwise) or a reduction in consumer demand for insurance, or alternatively, prolonged periods of price reductions and discounts, could have adverse consequences for the Group, including fewer contracts written, reduced policy count, lower premium rates, increased expenses for customer acquisition and retention and less favourable policy terms and conditions.

The effect of competition in the Insurance business could negatively impact the Group's business, financial condition, market share, results of operations and prospects, and may reduce the Group's overall profitability in this segment.

3.2 ***Failure to comply with the regulatory capital and capital adequacy requirements and related regulations could have a material adverse effect on the Group.***

The Group's in-house insurance underwriting business is Acromas Insurance Company Limited ("**AICL**"), which is based in Gibraltar. AICL is required to maintain minimum capital resources in order to meet various solvency and capital requirements under Solvency II as implemented in Gibraltar. The amount of regulatory capital resources required depends on the nature and level of insurance underwriting risk faced by AICL.

AICL's capital position could be adversely affected by a number of factors that erode its capital resources, impact the quantum of risk to which it is exposed or reduce the value of its assets. For example, AICL's solvency is sensitive to specific allowances granted to AICL by the Gibraltar Financial Services Commission (the "**GFSC**") which, if removed, would affect AICL's solvency coverage. In addition, the assets of AICL include office property investments, substantially all of which are in turn leased to the Group for its use. If the valuation of these office properties were to decline materially in future periods due to negative developments in the UK office real estate market or reductions in the Group's requirements for such office properties, including indirectly as a result of the impact of the COVID-19 pandemic on the UK economy, the Group may be required to contribute additional capital to AICL to maintain its regulatory capital resources, which in turn may reduce the Group's financial flexibility and have a material adverse effect on its businesses, financial condition, results of operations and prospects in future periods.

The GFSC could also exercise its relevant powers to increase the cash and/or net asset resource requirements of insurance underwriting entities such as AICL. This could include recognising the risk of, or enforcing, changes in respect of the premium payment terms or other arrangements between regulated entities within the Group's Insurance business. Any changes in premium payment

terms between AICL and Saga Services Limited ("**SSL**") or other regulatory requirements, if implemented, may adversely affect the Group.

The Group's regulated insurance distribution business (retail broking and insurance intermediation) is conducted by SSL, and personal finance product distribution by Saga Personal Finance Limited ("**SPF**"), both based in the United Kingdom and regulated by the FCA. Both FCA regulated companies are required to have appropriate resources in relation to their regulated business activities. Under these requirements, SSL is (among other things) required to hold cash and other liquid assets in compliance with the FCA's Threshold Condition 2.4. For the financial year 2020/ 2021, the minimum capital requirement for SSL is £5.3 million with an additional requirement of £0.4 million for SPF. SSL currently holds ringfenced cash of £6.7 million.

Following discussions with the FCA with regards to SSL's cash arrangements, it was agreed that the Group will from 1 October 2020 operate a daily cash sweep from SSL for any cash held above the ring-fenced minimum capital requirement amount plus the expected next month-end bordereaux payment to insurers. This will increase intra month cash held within SSL compared to the existing cash sweep arrangements but is not expected to change the month end position or to have any impact on the Group's covenant position under banking facilities.

In the event that any change in regulatory requirements is imposed that requires the Company's regulated subsidiaries to hold additional capital or cash, or a material change is required to be made to intra-group payment terms with regulated subsidiaries, there could be an adverse impact on the Group's financial flexibility and the Group may experience reduced liquidity and increased costs and expenses. In addition, the economic and other impacts of the COVID-19 pandemic may increase the likelihood of supervisory and regulatory authorities adopting measures that increase the regulatory capital or cash resource requirements of the Company's Insurance subsidiaries.

If the Group and/or the Company's regulated subsidiaries are unable to meet additional capital and cash requirements, the Group would have to take other measures to protect its or their solvency, cash and capital position which may be difficult or costly, including potentially limiting the extent to which AICL or the Group's FCA authorised subsidiaries pay dividends to other members of the Group or, in the longer term, raising additional capital. In addition, if these requirements are not met, the Group and/or the Company's regulated subsidiaries could be subject to a range of actions by regulators, including (but not limited to) the potential loss of key financial services regulatory authorisations, permissions or licences (which could require the Group to cease some of its regulated insurance operations).

3.3 ***The results of the FCA's ongoing market study into pricing in the insurance sector could have a significant impact on the Group's Insurance business.***

The Group's Insurance business in the United Kingdom is regulated by the FCA. The FCA is currently undertaking a market study into how general insurance firms charge their retail customers for home and motor insurance (the FCA Market Study). The interim report on the FCA's Market Study, which was published in October 2019, (the "**FCA's Interim Report**") indicated that it expected to introduce some changes to the regulatory regime. The FCA's concerns about current practices in the retail general insurance market included, among others, writing new policies at a discount, then increasing premiums when customers renew; the payment of loyalty premiums by policyholders who stay with the same insurer for a number of years; and disproportionately high premiums paid by customers the FCA views as more likely to be vulnerable or who may be less aware of the pricing practices that are impacting their premiums. The FCA's Interim Report indicated several potential remedies to address these concerns, particularly in relation to:

- restricting renewal price increases, or requiring providers to automatically move customers to cheaper deals;
- banning or restricting practices that discourage switching, including banning or imposing restrictions on automatic renewal; and
- requiring providers to publish information about price differentials among their customers.

The results of the FCA Market Study were expected be released in June 2020, but have been delayed due to the COVID-19 pandemic. The extent to which the potential remedies proposed in the Interim Report will be reflected in the final FCA Market Study is not currently clear. The impact of the FCA Market Study thus provides considerable regulatory uncertainty for the Group and its

FCA-regulated Insurance subsidiaries. The behaviour of the Group's competitors in response to any future change in the regulatory landscape will also be difficult to predict following the finalisation of the FCA Market Study. The Group introduced new pricing rules in July 2019 and it has also implemented additional reporting and governance around its approach to pricing following discussions with the FCA over the last 12 months.

However, when the FCA Market Study is published and assuming its final policy recommendations are implemented, the Company's FCA-authorised Insurance subsidiaries could be required to take further actions to be comply fully with the relevant requirements. Some of the potential remedies identified by the FCA would have a significant impact on renewal profitability, and in the short term this would likely lead to a reduction in overall margins per policy. As a result, the regulatory outcomes of the FCA Market Study could lead to material decreases in the Group's profitability as a result of lower income or any potential fines or penalties imposed by the FCA.

It is also possible that such changes could be applied on a back-dated basis, or that past pricing practices could be deemed to have breached the standards in force at the time. In such an eventuality the Group may be required to provide recompense to past and current customers. This would potentially have a material impact on the Group's cash flows that would be significantly higher than an outcome for the market study that focused on changes for prospective new business only, or for prospective new business and renewals of existing policies.

Any increase in the cost of compliance with, or decrease in income as a result of, the ultimate policy implementations stemming from the FCA Market Study could have a materially adverse impact on the Company's FCA-authorised Insurance subsidiaries and, in turn, on the Group's business, financial condition, results of operations and prospects.

3.4 ***The Group may fail to deliver its transformative strategy for the Insurance business.***

In April 2019, the Group relaunched its strategy for its Insurance business in order to focus on direct-to-consumer channels and to provide differentiated products and services. The Group has continued to pursue the relaunched strategy throughout the COVID-19 pandemic. As part of this ongoing transformation, the Group has:

- been increasing the proportion of its sales through direct channels, with direct share for new Home and Motor business amounting to 58% of the book for the six months ended 31 July 2020;
- launched the Group's three-year fixed price proposition for home and motor insurance, and intends to continue to develop differentiated propositions tailored to its customers;
- implemented a new approach to renewal pricing;
- taken steps aimed at improving its operational execution; and
- been investing in pricing resource tools and techniques to better understand its customers and improve risk selection.

Should the Group be unable to execute its strategy a likely consequence would be a failure to achieve the associated financial benefits, including policy and profit growth. In particular, the strategy relaunch involves significant changes in the Insurance business as a whole, including changes in the administrative processes associated with the Group's insurance broking and changes to the Group's systems and IT, each of which entail a risk that the implementation of these changes will not be successful. The direct-to-customer model entails marketing and other expenses to identify and attract potential direct relationship customers. The Group's acquisition costs for such customers may increase over time and the Group may not remain competitive in the direct-to-customer channel.

Moreover, successful implementation of the strategy is dependent on, among other things, the quality, skills and experience of the Group's colleagues and their ability to develop innovative and attractive products. The Group may not be able to recruit, retain, motivate and develop the appropriately skilled and qualified people required to implement the strategy. See "*—The Group's culture and resource capability could be impaired by the loss of key colleagues, or by an inability to attract and retain, or obtain regulatory approval for, qualified personnel.*"

3.5 ***The Group's technical reserves may not adequately cover actual insurance claims due to the uncertain nature and timing of the risks that the Group incurs in underwriting insurance products.***

The Group maintains claims reserves and premium reserves to cover the estimated cost of future claims payments and related administrative and other expenses with respect to losses or injuries which have been incurred but have not been fully settled as at the balance sheet date or which may occur in the future against insurance policies which have already been written prior to the balance sheet date.

Due to the uncertain nature and timing of the risks that the Group incurs in underwriting insurance products, particularly in the current uncertain environment created by the COVID-19 pandemic, the Group cannot precisely determine the amounts that it will ultimately pay to meet the liabilities covered by the insurance policies it underwrites or the timing of payment and settlement of those liabilities. As such, the Group's technical reserves may prove to be inadequate to cover actual claims, particularly when the settlement of liability or payments of claims may not occur until well into the future.

The Group estimates technical claims reserves using a range of actuarial and statistical projections techniques and assumptions across a range of variables such as the time required to learn of and settle claims, facts and circumstances known at a given time, trends in the number of claims or claims of certain types, inflation in claims severity and expected future claims payment patterns. Estimates are also dependent on other variable factors, including the legal, social, economic, regulatory environments, results of litigation, rehabilitation and mortality trends, business mix, consumer behaviour, market trends, underwriting assumptions, risk pricing models, inflation in medical care costs, future earnings inflation and other relevant forms of inflation, exchange rate movements, the cost of repairs and replacement, and estimated future receipts from third parties such as other insurers and reinsurance recoveries, as well as changes in internal claims handling processes. The inevitable variations in any of these factors contribute to the uncertainty of the technical reserves estimate.

Claims which are subject to periodical payment orders ("**PPOs**") to settle personal injury claims, in which annually indexed payments are made periodically over several years or the lifetime of the injured party, are another significant source of uncertainty in the claims reserves. The utilisation of PPOs to settle personal injury claims makes the estimation of technical reserves complex and uncertain due to the increased range of assumptions required, such as the future propensity of such settlement methods, estimated rates of inflation, estimated mortality trends for impaired lives, payment patterns, investment income and the impact of reinsurance recoveries which will occur many years into the future with a resultant increase in the associated credit or other non-payment risk. The fact that these claims take many years to ultimately settle increases the uncertainty around their estimation. The number and size of claims subject to PPOs could also increase.

In addition, the Group's technical reserves are particularly susceptible to potential retrospective changes in legislation and new court decisions. For example, a change in the "Ogden discount rate" (which is the discount rate set by the UK government and used by courts to calculate lump sum awards in personal injury cases) would impact all relevant claims settled after that date, regardless of whether the insurance to which the claim relates was priced on that basis or not. Changes to the Ogden discount rate, such as those that have occurred in the past, can result from changes in or volatility of interest rates or changes in the cost of care and other medical cost inflation, and in particular there is a risk that sustained low interest rates may lead to increased pressure on the UK government to reduce the Ogden discount rate. A reduction in the Ogden discount rate would have the effect of increasing the present value of lump sum awards, thereby increasing the amount the Group would need to pay to settle certain claims. Any such changes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Consequently, changes in or inaccurate estimation of any of these factors may result in actual future claims costs and related expenses paid differing, potentially significantly, from the estimates reflected in the claims and reserves in the Group's financial statements. To the extent that the Group's technical reserves are subsequently estimated to be insufficient to cover the future cost of claims and administrative or other expenses, the Group will have to increase its technical reserves and incur a corresponding reduction in earnings in the relevant period.

If the Group's technical reserves are excessive as a result of an over-estimation of risk, the Group may set premiums at levels which are too high, which may impact the Group's ability to compete. Conversely, if the Group charges premiums that are insufficient for the cover provided, the Group may suffer underwriting losses, which would lead to a reduction in earnings. Either of these occurrences could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.6 ***The Group's underwriting assumptions and pricing models may not accurately reflect its overall risk exposure.***

The Group's results from its Insurance underwriting business depend significantly on whether its actual claims experience is consistent with the data, estimates and assumptions the Group uses in underwriting and setting prices for its products. The Group's pricing assumptions are based on a variety of factors, which may include historical data, estimates, assumptions, statistical methods, models and individual expert judgements. Such factors may not accurately quantify the Group's risk exposure, particularly in dynamic and uncertain environments, including as a result of the COVID-19 pandemic. In addition, the estimates, assumptions, statistical methods, models and individual expert judgements themselves may be flawed, leading to inaccurate pricing of risk despite access to accurate data and accurate assessment of other risks.

The Group's ability to properly quantify risk exposure and, as a result, price its insurance products successfully is subject to various risks and uncertainties, including uncertainty relating to the ongoing COVID-19 pandemic, exposure to claims inflation, changes in claims frequency, unanticipated legal and regulatory changes and costs, changes in mortality or rehabilitation trends, inaccurate assumptions on weather trends, unexpected or new types of claims, changes in social or market trends, including customer and claimant behaviour, changes in economic conditions, inaccuracies in the data collected from internal or external parties or used within the modelling and pricing processes, incorrect or incomplete analysis of data, inaccurate or inappropriate policy terms and conditions, inappropriate or incomplete purchase of reinsurance or receipt of recoveries therefrom, changes in its internal operating environment, the selection of inappropriate pricing methodologies, inaccurate assumptions for future investment income and the uncertainties inherent in estimates and assumptions.

Certain aspects of the Group's transformation strategy also entail risks specific to those products. The Group's three-year fixed price products for home and motor insurance expose the Group to net rate increase risk and risk of volatility of future margins. The three-year fixed price products offered by SSL enable customers to fix their annual insurance premium for the subsequent two annual renewal periods, subject to certain limited exceptions, which exposes the Group to a risk that net rates from panel insurers for the second and third year increase more than the Group assumed when it initially priced the policy. A significant increase in net rates from panel insurers may cause the Group to suffer a loss on its three-year fixed price products and a material decrease margin per policy and in overall profitability. While the Group is able to mitigate the impact of unexpected net rate inflation through a contract with a third party reinsurer to provide a layer of insurance cover should premium inflation exceed defined levels, there can be no guarantee that such reinsurance will continue to be available on competitive terms or at all.

If the Group's actual claims and expense experience or investment income differ from the underlying data, estimates and assumptions the Group uses in pricing its business, or if its pricing is different to the market price for similar insurance products, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.7 ***The Group may not be able to manage its underwriting risk successfully through reinsurance arrangements if reinsurers withdraw their products, increase prices or fail to meet their payment obligations.***

An important part of the Group's risk management strategy is to purchase reinsurance from third parties, thereby transferring exposure to certain risks to others through reinsurance arrangements with the aim of reducing the impact of individual large losses or accumulations from a single catastrophic event, supporting growth and managing capital more efficiently. The Group has historically relied on excess of loss reinsurance agreements to maintain its exposure to loss at or below a level that is within the capacity and appetite of its capital resources, quota share reinsurance and coinsurance to proportionately reduce risk exposures across the whole account.

If reinsurers do not offer to renew their products and services, in whole or in part, for any reason, the Group may be unable to procure replacement cover for any reinsurance agreements at reasonable rates and may be exposed to un-reinsured losses during any interim period between termination of the existing agreements and the start of any replacement cover. Further, changes in reinsurers' levels of risk tolerance may result in changes in price or their willingness to reinsure certain risks. In private motor reinsurance, the historical increase in PPOs to settle personal injury claims has already led to increases in the price of reinsurance, as has the recent change in the "Ogden discount rate". Further increases in the price of motor reinsurance or decreases in the willingness of reinsurers to provide motor reinsurance may occur if PPOs and the liabilities connected with such orders continue to increase. For home insurance policies underwritten by the Group, if the reinsurance or coinsurance arrangements cease to be available, there is a risk that the Group's exposure to catastrophic weather events increases or the Group is no longer able to provide home insurance on an competitive basis and withdraws from the market.

While the Group's reinsurance reduces the liability of the Group to the extent of the risk ceded, it does not discharge the Group's primary obligation to pay under an insurance policy for losses incurred. As a result, the Group is subject to credit risk with respect to its current and future reinsurers, as the Group is liable to customers regarding the portion of the risk that has been reinsured in the event that the reinsurers fail to meet their payment obligations for any reason, including insolvency. For example, reinsurance recoveries on individual excess of loss protections can take many years to collect, particularly if a claim is subject to a PPO, potentially exposing the Group to reinsurance credit risk for many years. The insolvency of any reinsurers, or their inability or refusal to pay claims under the terms of any agreements, could therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.8 ***Actions taken by the Group's home insurance and motor insurance underwriting panels, such as price increases or withdrawals, could adversely impact the Group's business.***

The Group utilises its insurance panel to underwrite its home insurance and motor insurance products. The Group's insurance panel is made up of the Group's underwriting entity (which represented 75% of policies written and 72% of premiums written on the Group's Saga branded core motor insurance panel for the year ended 31 January 2020) and certain of the Group's competitors. In order to function efficiently, the Group needs to provide the panel with appropriate information and ensure the panel is managed appropriately. Failure to do so could result in the Group's competitors increasing their prices, failing to maintain their competitive positions or withdrawing from the Group's panel, which may impact the Group's ability to compete with the rest of the market and negatively impact sales volumes and profitability. If the Group's panel were to lose members, there would be less price competition between panel members. In addition, if the Group's panel members fail to competitively price their policies, the Group would be required to reduce its pricing, pass the cost on to the consumer or increase the amount of its in-house underwriting. Finally, the failure of one or more of the Group's panel members could harm the Group's reputation, sales and profitability. Any of the above events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.9 ***The Group's results depend on the performance of its investment portfolio, and changes in the financial markets may have an adverse effect on the value of the Group's investment portfolio.***

As at 31 July 2020, the Group held £342.0 million in invested funds. The majority of the Group's financial assets are held by its underwriting entity and represent premium income received and invested to settle claims and to meet regulatory capital requirements.

The Group's investment returns are susceptible to changes in interest rates, foreign exchange rates and credit spreads and are subject to a variety of risks, including risks related to general global economic conditions, market volatility, property valuation and interest rate fluctuations, liquidity risk and credit risk. Changes in these factors can be difficult to predict, particularly in the current environment, which has been characterised by significant market volatility since the outbreak of COVID-19.

The value of the Group's fixed income portfolio will be affected by interest rates and credit spreads, changes in the credit ratings of the issuers of the securities and liquidity generally in the bond markets, which may affect returns on, and the market values of, UK and international fixed-income investments in the Group's investment portfolios. Generally, investment income may be reduced

during sustained periods of lower interest rates as higher yielding fixed-income securities are called, mature or are sold and the proceeds reinvested at lower rates. In March 2020 the Monetary Policy Committee of the Bank of England cut the UK base rate to 0.1%, the lowest it has been since the Bank of England began setting rates in 1694, and the Directors believe that the Bank of England is likely to retain interest rates at a very low level for the foreseeable future.

During periods of rising interest rates, prices of fixed income securities tend to fall and realised gains upon their sale are reduced or realised losses are increased, but reinvestments take place at a higher yield. When the credit rating of the issuer of the debt securities falls, or the credit spread with respect to the issuer increases, the value of the fixed income securities may also decline.

The Group invests in various financial instruments. As of 31 January 2020, the Group's investment portfolio consisted of deposits with financial institutions, debt securities, money market funds and loan funds. Any increase in the concentration of these investments, including by geographical area, counterparty or economic sector, may lead to greater volatility in the Group's investments and in turn adversely affect the performance of the Group's investment portfolio. The Group is also directly and indirectly exposed to the credit of sovereign states, financial services institutions and other sectors such as utilities. The value of those instruments has been and may continue to be adversely affected by developments in the global sovereign debt markets, the global economy as a whole and developments specific to the issuers of those securities. In addition, there can be no assurance that the Group will not have more varied exposure in the future, that it will not incur losses as a result of indirect exposure or that the risks associated with its direct holdings will not increase as a result of adverse changes in the sovereign debt markets.

The Group's investment portfolio also contains interest-rate-sensitive instruments that may be adversely affected by significant changes in interest rates, particularly its cash holdings. As at 31 July 2020, the Group's investment portfolio included £91.9 million in interest-rate-sensitive instruments (primarily LIBOR-linked or subject to fair value re-measurement).

Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions, and other factors beyond the Group's control. LIBOR, in particular, is the subject of ongoing regulatory reforms. On 12 July 2018, the FCA announced that LIBOR may cease to be a regulated benchmark and, as a result, the continuation of LIBOR on the current basis cannot be guaranteed. At this time, it is not possible to predict the effect of any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. Uncertainty as to the nature of such alternative reference rates or other reforms may adversely affect the trading market for, and the value of, LIBOR-linked instruments.

In the event of a significant change in interest rates, the Group may not be able to mitigate interest rate sensitivity in a changing interest rate environment. In particular, a significant increase in interest rates could result in significant losses, realised or unrealised, in the fair value of the Group's current investment portfolio and, consequently, could have an adverse effect on its results of operations and capital position. Lower interest rates could also affect income derived from fixed income investments as borrowers seek to refinance at lower interest rates, redeeming current debt instruments and requiring the Group to reinvest the proceeds in securities with lower interest yields. A changing interest rate environment will also impact the Group's returns on its substantial cash holdings.

Due to the unpredictable nature of the frequency, size and timing of losses, including payments, that may arise under the Group's insurance policies, the Group's liquidity needs could be substantial from time to time. Illiquidity of certain investments may prevent the Group from selling assets in a timely manner. This may force the Group to liquidate its investments at times and prices that are not optimal. This could have a material adverse effect on the performance of its investment portfolio and therefore a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.10 ***The Group's Insurance business is subject to substantial regulation, as well as impacts of future developments and changes in law and regulation***

The insurance underwriting and insurance intermediary industries are highly regulated and the Group and its operations are subject to a wide range of laws and regulations. These laws and regulations (and the interpretations thereof) cover a wide variety of areas and may change, and the imposition of stricter laws and regulations could affect the Group's profitability or increase the

Group's compliance burden. The Group is, in particular, subject to detailed and comprehensive government legislation and regulation by, amongst others, the FCA in the United Kingdom and the GFSC in Gibraltar.

Changes in legislation or regulation or actions by these or other regulatory bodies could result in increased compliance costs for the Group, which may result in reduced competitiveness against certain participants in the relevant markets. Regulatory authorities have broad powers over many aspects of the Group's business—including marketing, selling and pricing practices, product development and structures, data and records usage and management (including customer financial and personal data), systems and controls, health and safety, capital requirements, permitted investments, corporate governance and senior management accountability—and have the ability to impose restrictions on the future growth of the Group's Insurance business. See "*—The results of the FCA's ongoing market study into pricing in the insurance sector could have a significant impact on the Group's Insurance business*" and "*—The Group's technical reserves may not adequately cover actual insurance claims due to the uncertain nature and timing of the risks that the Group incurs in underwriting insurance products*." Generally speaking, financial services regulators are concerned with the Group's financial stability in order to protect financial markets and consumers.

Regulators may make enquiries of firms regarding their compliance with relevant law and regulations. Failure to comply with existing or future laws or regulations, including regulations relating to the sale of insurance products, claims handling, operational and business controls and protection of customer data, could lead to regulatory investigations or censure, the imposition of significant fines or other financial penalties, including compensation orders, prohibition on operations and other penalties. Any non-compliance or perception on the part of contractual counterparties, customers or regulators that the Group is non-compliant with relevant laws and regulations may lead to cancellation of existing contracts or impair the Group's ability to win future business or result in a decrease in demand for the Group's products and services. Any violation, or perceived violation, of the laws or regulations applicable to the Group may give rise to penalties or requirements to reimburse being imposed upon the Group and could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

The Group could be exposed to changes in laws and/or regulations that can be applied retrospectively to policies written in prior years. Conceivably this could include insurance market wide customer redress for certain policy types, customer groups, premiums, or fees/charges.

Government policy, legislative and regulatory requirements and interpretations thereof may change and become more onerous or constraining, and may weaken or eliminate markets in which the Group operates. The Group cannot predict any such changes with certainty and may be unable to respond effectively to changes in government policy, legislation or regulation. Any such changes may require the Group to change its strategy, marketing, business or operational practices or otherwise make adaptations to its products or services in the relevant market, which may further increase its costs or result in reduced revenues. The Group may be unable to pass on any increase in regulatory compliance costs to its customers, thereby causing a decline in its margins. If the Group does seek to pass on such costs to its customers, this may reduce the price competitiveness of, and hence customer demand for, the Group's products and services. Any such changes may have a material adverse effect upon the Group's business, financial condition, results of operation and prospects.

3.11 ***The Group is exposed to risks specific to motor insurance, including an increasing number of claims and uncertainty caused by potential changes in regulations and legislation.***

Motor insurance represented 26.8% of the Group's overall business by revenue for the six months ended 31 July 2020. Although the Group has noted a decrease in the number of motor insurance claims during the COVID-19 pandemic to date, possibly as a result of decreased motor travel, the motor insurance business remains subject to a variety of specific risks, including but not limited to:

- increases in the propensity of severe personal injury claims to settle using PPOs, which exposes the Group to further earnings-related inflation as well as additional mortality, investment income and reinsurance credit risks;
- increases in personal injury or third-party property damage claims, which could be caused by, among other things, an increased propensity of third parties to claim or increases in the size or severity of claims;

- increases in fraud associated with staged accidents, falsified claims or other fraudulent reporting;
- enhancements in medical knowledge and techniques as well as the increasing use of rehabilitation, resulting in increased life expectancy for injured claimants, with expensive medical and rehabilitation regimes required for longer periods;
- the potential for one or more global reinsurers to fail, change their risk appetite or alter the nature, pricing or terms of their reinsurance cover, such as removing unlimited personal injury cover;
- uncertainty relating to the outcome or impact of regulatory or legislative changes on motor insurance as a result of either current investigations and initiatives or potential future initiatives;
- the exposure of motor insurance reserves to retrospective and prospective legal changes through court awards and/or judgments; and
- changes in the frequency of motor accidents due to potential changes in the economy, changes in fuel prices and technological changes to vehicles and roadways, including automated driving, or social or driving habit changes as a result of the impact of the COVID-19 pandemic.

In the medium to long term, there is the potential for material disruption to the motor insurance market and the Group from new developments in vehicle technology including but not limited to autonomous vehicles, electric/hydrogen vehicles, connected cars, and disintermediation.

The occurrence or persistence of any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.12 ***The Group is exposed to risks associated with internal and external fraudulent claims in connection with the Group's Insurance business.***

The Group is vulnerable to external fraud from a variety of sources such as suppliers, intermediaries, customers and other third parties. The Group is at risk from customers who misrepresent or fail to provide full disclosure of the risks covered before such cover is purchased, from policyholders who file fraudulent or exaggerated claims, and from a range of other fraud-related exposures, such as the fraudulent use of its confidential information. The incidence of external fraud may rise during periods of economic slowdown and recession. If the COVID-19 pandemic and related impacts cause a deep recession in the United Kingdom and elsewhere, the Group may be subject to an increased number of fraudulent claims. The Group's fraud protection processes may fail to effectively identify and combat these risks.

Whilst the Group has systems and controls in place to identify, detect and prevent internal fraud, the Group is also vulnerable to the risk of fraud from employees and staff members who fail to follow or who circumvent procedures designed to prevent fraudulent activities. It is not always possible to effectively deter or prevent employee misconduct and the precautions the Group takes to deter and detect this activity may not be effective in all cases. The risk of employee fraud occurring and going undetected is increased where employees work from home, and especially where they have direct access to customer or payment data. The occurrence or persistence of fraud in any aspect of the Group's insurance or financial services businesses in particular could damage its reputation and brands as well as its financial standing, and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.13 ***The Group may suffer future impairment losses, particularly in the Insurance business, as a result of potential declines in the fair value of its assets.***

The Group has a significant amount of goodwill. Goodwill is evaluated for impairment by computing the fair value of a cash-generating unit and comparing it with its carrying value. If the carrying value of the cash-generating unit exceeds its fair value, a goodwill impairment is recorded. Significant judgment is involved in estimating fair value and associated cash flows.

For the year ended 31 January 2020, the Group recorded an impairment of goodwill in the amount of £383.0 million, of which £370.0 million related to the Insurance business (excluding Bennetts Motorcycling Services Limited ("**Bennetts**")). This impairment of goodwill was a result of a fall in the Company's market capitalisation and an associated increase in risk premium, which in turn required the Group to discount cash flows at a materially higher discount rate than was previously the case.

As a result, the Group determined that the recoverable amount of the goodwill of the Insurance business, excluding Bennetts, was below the previous carrying value in the year ended 31 January 2020. There can be no assurance that significant impairment charges will not be required in the future, whether in the Insurance business or otherwise, and such charges may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

4. Risks relating to the Group's business as a whole

4.1 *The Group may fail to maintain favourable brand recognition or may be impacted by negative publicity.*

The Group's business depends on its reputation for quality of service, and favourable recognition of the Group's brand is important in the sectors in which the Group operates. Any actual or perceived quality deficiency could adversely impact the Group's sales and marketing activities, as well as demand for its services. Factors affecting brand reputation are often outside of the Group's control, and the Group's efforts and investments to maintain or enhance favourable brand reputation may not have their desired effects. The Group is highly reliant on maintaining satisfactory customer service performance to prevent brand corrosion. If its customer service were to be deficient or if any one incident were to receive significant negative publicity, the Group's brand could be damaged. The Group is also exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory or other investigations or actions, data protection failures, health and safety incidents, the reputations and actions of its business partners or competitors, press speculation, negative publicity or negative customer reviews, whether or not founded in fact, could damage the Group's brand and reputation.

The proliferation of online information on and reviews about consumer experiences has increased the reputational risk the Group faces as a result of any dissatisfaction a customer may have with respect to its services. The rise in the use of social media over recent years has further compounded the potential impact of any negative publicity generated by such incidents. Any negative publicity relating to specific incidents in any one of the Group's business segments has the potential to negatively impact the reputation of the Group's other segments, particularly those operating under the same brand names. Likewise, if the Group were to enter into a new business, it may be exposed to events which have a negative impact on its brand or reputation, which in turn could reduce the value of its brand in its current business segments. Furthermore, the damage to the Group's reputation from any such incident could be exacerbated by any failure on its part to respond effectively to such an incident. There can be no assurances that an event giving rise to significant negative publicity will not occur. Any negative publicity could have a material adverse effect on the Group's brand and reputation, and therefore could have a negative impact on the Group's business, financial condition, results of operations and prospects.

In the year ended 31 January 2020, the Group's brand net promoter score, based on surveys of its customers, fell to 20 points from 25 points the year before. The Group believes this decline was partly due to one-off factors, including the closure of the Group's credit card provided through Saga Personal Finance, and the Group remains committed to investing in the brand and improving its perception with customers. However, no assurance can be given that the Group will not experience further decreases in net promoter scores, including as a result of the factors discussed above.

4.2 *The Group is exposed to reputational impact and potential financial losses from its relationships with third parties.*

The Group is dependent on the provision of services by third-party suppliers in all its businesses, including insurance underwriters, hotel operators, airlines, third-party tour operators, ship servicers, healthcare service providers and IT service providers. In addition, the Group's personal finance services depend on partnership with third-party institutions. The efficiency, timeliness and quality of performance by such third parties are largely beyond the Group's control. Any negative effects to the Group's operations or negative publicity resulting from the action of partners or other third parties to whom the Group outsources certain activities or third-party suppliers could have an adverse effect on the Group's reputation and operations. The Group has limited control over incidents involving third parties and how those third parties respond to such incidents but the Group's business, financial condition, results of operations and prospects may be adversely impacted by such incidents.

The Group is exposed to credit risk in respect of trade and other receivables from third parties. In particular, if a third-party travel agency takes a booking on behalf of the Group's Travel business but is forced into insolvency or liquidation, the Group would still be required to provide the service but would not receive the full amount owed from the third-party travel agency. In the year ended 31 January 2020, the Group recognised a £3.9 million one-off loss in relation to the administration of Thomas Cook. Any future insolvency of a third-party tour operator could expose the Group to further such losses.

The Group's non-insurance personal finance products are particularly reliant on third parties, operating by way of introductions to financial service providers. Any failure by these third parties could significantly impact the Group's customers, resulting in an adverse impact on the Group's reputation, business, financial condition, results of operations and prospects.

4.3 ***The Group's operations are highly dependent on the resilience of its infrastructure, including the proper functioning of its IT and communications systems***

A failure in the Group's critical services or operations and a subsequent inability to recover these within an acceptable timeframe, could have a material impact on the Group's ability to sell products, or deliver services to customers. This lack of operational resilience could impact the group financially in terms of lost revenue and also cause reputational damage to the Group. With most employees working remotely from home, any prolonged outage of a national internet provider could consequently mean that employees are unable to perform their role.

In particular, the Group relies heavily on its IT and communication systems to conduct its business, including for the purposes of maintaining the Group's marketing database, its payment processing systems, its reservation system, its insurance systems and other operational systems. Additionally, the Group relies on third parties to provide key IT functions, such as support of the general ledger, corporate domain services and payroll services. The extent of the Group's reliance on these systems has increased as a result of the COVID-19 pandemic, during which almost all of the Group's colleagues relocated from office-based to home-based working. The Group's processes and systems, including those provided by third parties, may experience failures or otherwise not operate as expected (including as a result of cybercrime), may not fulfil their intended purpose or may become obsolete, which may result in the Group's operations being inefficient, ineffective or inaccurate and, in turn, adversely affect the overall operational and financial performance of its business. In particular, several of the Group's systems have been developed internally by the Group and therefore any system upgrades would also need to be developed internally. The Group's contact centre operations could be disrupted due to loss or breakdown of physical infrastructure, insufficient staff or other reasons. If its customers experience a lack of quality service or reliability, the Group's reputation could be damaged significantly, such that customers' demand for its products and services may decrease, which could result in the loss of existing customers, a failure to attract new customers and a decline in revenue.

To achieve its strategic objectives and remain competitive, the Group must continue to develop and enhance its IT and communications systems and adapt its products, services and infrastructure in order to meet evolving market trends and consumer demand and keep pace with new IT developments, while at the same time maintaining the reliability and integrity of its operations, products and services. The Group may be required to invest substantial financial, operational and technical resources in the development of new software or other technology, the acquisition of equipment and software or upgrades to its existing systems and infrastructure. The Group may not be able to anticipate such developments or have the resources to acquire, design, develop, implement or utilise, in a cost-effective manner, IT and communications systems that provide the capabilities necessary for the Group to compete effectively. Any failure to adapt to technological developments could have a negative effect on the Group's business, financial condition, results of operations and prospects.

4.4 The Group collects non-public data from customers, business contacts and colleagues and is subject to data protection regulations, which may result in regulatory action or reputational damage.

The Group regularly collects and processes non-public data from its customers, business contacts and colleagues as part of the operation of its business and in connection with developing and maintaining the Group's proprietary databases. As a result, the Group must comply with data protection and privacy laws in the United Kingdom, the European Union and other relevant

jurisdictions, including the General Data Protection Regulation ((EU) 2016/679) ("**GDPR**"). Those laws impose certain requirements on the Group in respect of the collection and use of such data. There is a risk that the Group may not make the required notifications to, or obtain the required consents from, regulators and data subjects. For example, GDPR and related restrictions limit the Group's ability to engage in certain types of direct marketing to customers who have not provided opt-in consent, which may reduce the ability of the Group to increase the proportion of its sales through direct channels and increase the Group's marketing costs. Failure to comply with data protection laws could potentially lead to regulatory censure, fines, civil and criminal liability and reputational and financial costs.

In connection with its financial services business, the Group collects customer data, including credit scores and vehicle data and the Group's Travel business collects passenger data for its cruise and package tours. Other businesses in the financial services and travel industries have been subjected to investigations, lawsuits and adverse publicity due to allegedly improper disclosure of customer information. As privacy and data protection have become more sensitive issues, the Group may also become exposed to potential liabilities in relation to how it obtains customer data as well as its handling, use and disclosure of such data.

The Group is also exposed to the risk that the personal data the Group controls could be wrongfully accessed or used, whether by employees or third parties. If the Group, or any of the third-party service providers on which the Group relies, fail to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were to occur, the Group could be exposed to liability under data protection laws. This could also result in damage to the Group's brand and reputation, as well as the loss of new or existing customers, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

4.5 ***Attempts by third-parties or malicious insiders to disrupt or improperly access the Group's IT systems could result in loss of data or reputational damage.***

The effectiveness, availability, security and integrity of the Group's technology is essential for the Group's operations. The Groups' insurance and Travel businesses are dependent on access to secure and reliable data, and hold personal data relating to the Group's customers. The Group is exposed to the increasing risk that individuals or groups may attempt to disrupt the availability, confidentiality, integrity and resilience of its IT systems, which could disrupt key operations (such as the Group's reservation systems), make it difficult to recover critical services, damage assets and compromise the integrity and security of both corporate and customer data. This could result in loss of trust from the Group's customers, colleagues and other stakeholders, reputational damage, legal or regulatory proceedings and direct or indirect financial loss. In particular, any disruption to or unavailability of the Group's reservations system as a result of a cyber-security incident could remove or severely curtail the Group's ability to make cruise and other travel bookings for its customers and could result in significant reputational damage to the Group and its brands. Although the Group is continuously investing in its IT systems to protect itself from such disruption, the cyber-security threat continues to evolve globally in sophistication and potential significance, particularly in light of the Group's growing digital footprint. The Group believes that the cyber-security threat is likely to be heightened in the period while the COVID-19 pandemic persists.

Developments in data protection worldwide may also increase the financial and reputational implications for the Group following any significant breach of its IT systems or those of its third-party partners and suppliers, with regulators imposing significant fines. See "*—The Group collects non-public data from customers, business contacts and colleagues and is subject to data protection regulations, which may result in regulatory action or reputational damage*".

Despite the Group's efforts to enhance its IT environment, protect its data and improve its cybersecurity and operational resilience, there remains a risk that such events will take place which may have material adverse consequential effects on the Group's business, financial condition, results of operations and prospects.

4.6 ***The Group's culture and resource capability could be impaired by the loss of key colleagues, or by an inability to attract and retain, or obtain regulatory approval for, qualified personnel.***

The Group's operational and financial performance, and the delivery of strategic initiatives for the growth and success of the Group's business, depend on the Group's ability to foster a culture of high performance and to develop the Group's people. The Group has reduced the number of its colleagues, and there is a risk that its operations and colleague morale may be adversely impacted as a result. Further, as the Group's Travel business resumes operations following easing of government restrictions on travel and social distancing, the Group may not have sufficient colleagues in place to meet any increase in customer demand and to resume a satisfactory level of operational performance.

If the Group is unable to attract or train highly skilled and reliable personnel that either have or can develop specialised know-how in the insurance and travel sectors, as well as IT and other specialist skills, then the Group's performance may decline and it may be unable to deliver its strategic initiatives. The Group currently competes with various employers in attracting and retaining suitably qualified personnel, and the Group expects to face heightened competition with its industry peers in attracting talent in its specialist areas. The Group's Cruise business is particularly dependent on finding suitable personnel that are able and willing to live away from home for extended periods of time. Additionally, regulatory changes in the insurance and travel sectors could require the Group to hire or promote more qualified personnel or, if the Group cannot find and recruit more suitable personnel, to reduce its operations accordingly. Specifically, the Group is required to have individuals approved by the FCA, the Jersey Financial Services Commission (the "**Commission**") and the GFSC in key roles in the Group's Insurance business. The Group's inability to retain senior personnel or to hire or promote suitable personnel in the future to form part of its senior management teams could negatively impact its business, financial condition, results of operations and prospects.

The Group's ability to build and maintain a high-performance and high-support culture is important in providing a high quality of customer service. The Group was able to successfully relocate almost all office-based colleagues to home-based working in early March 2020 during the early stages of the COVID-19 pandemic, and has experienced no appreciable impact on the operations of the business from this change; however, there can be no assurance that the Group will not in the future experience disruption to its business as a result of working-from-home arrangements. Home-based working could lead to an increase in internal fraud or a decline in colleague engagement or productivity over time. Failure to maintain or increase colleague engagement and build and maintain a culture which promotes talent, diversity and fosters high performance would have a negative impact on the Group's performance, including colleague attrition. A high rate of turnover in the Group's colleagues, or a difficult recruitment environment that increases the workload of its current colleagues, could harm this culture and adversely impact the Group's operations. Failure to maintain the Group's existing colleagues would increase its operating costs and impact the quality of the Group's products and services as the Group invests substantial financial resources and time in recruiting and training its colleagues. Furthermore, the outsourcing of certain functions within the Group's business and certain internal restructuring and redundancies, including as a result of the COVID-19 pandemic, may adversely affect the morale of its colleagues. The Group's expansion and development could be hampered by any shortage of colleagues and the quality of its services could be adversely affected.

4.7 ***The Group is subject to risks associated with disposals.***

On 7 August 2020, the Group announced the completion of the sale of Bennetts, an insurance broker for motorcycles, to Atlanta Investment Holdings C Limited, part of The Ardonagh Group. In addition, the Group is considering options for the disposal of Destinology.

If the Group undertakes disposals of Destinology or any further businesses or assets in the future, there can be no assurance that the Group will be able to find purchasers for such businesses or assets, and the Group may not be able to meet its targets associated with such disposals. Furthermore, any such disposals may require additional time and resources of key management. To the extent that the Group is unable to proceed with any disposals in the timeframe that it expects, or to raise the anticipated level of disposal proceeds, or if more management or other resources are required to carry out those disposals than was initially anticipated, it may have a negative financial impact on the Group. The Group may not be able to achieve any anticipated cost

reductions or efficiencies in line with its disposal plans or at all. Even if successful, such disposals would likely result in an initial reduction of revenue and cash flow as the Group exits the relevant business or divests of the relevant assets.

Moreover, potential buyers may not be able to acquire the relevant business or assets as a result of a variety of factors, including the outcome of due diligence processes, any inability by the buyer to raise funds in a timely manner or on acceptable terms, the need for competition authority approval in certain instances and competition for transactions from peers and other entities exploring divestment opportunities in the insurance or travel sectors.

In addition, the Group may remain at risk of potential litigation and business claims in relation to disposals where it has provided warranties and/or indemnities to the purchaser or has continuing obligations. Claims that may arise in connection with such obligations and liabilities may divert management's attention and may result in the incurrence of additional costs, all of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

4.8 ***The Group is exposed to risks in connection with its commitments under its defined benefit pension scheme.***

The Group operates a defined benefit pension scheme, the Saga Pension Scheme, which is exposed to funding risks. Valuations of all UK defined benefit plans are required to be conducted on at least a triennial basis in accordance with legislative requirements. The previous valuation of the Saga Pension Scheme was at 31 January 2017 and the latest valuation is ongoing.

The valuation process determines the value of the Saga Pension Scheme's liabilities for statutory funding purposes and, to the extent there is a shortfall in the Saga Pension Scheme's assets as against that value, the trustees of the Saga Pension Scheme must agree with the employer (or have set by the UK Pensions Regulator) a recovery plan setting out a programme for clearing the deficit. Further to the previous valuation of the Saga Pension Scheme carried out in January 2017, the trustees of the Saga Pension Scheme and the relevant members of the Group agreed the terms of a recovery plan which will result in the Group making additional payments totalling a further £25.4 million during the period to 29 February 2024, over and above ongoing payments for current service. The total expected contributions in the year ending 31 January 2021 are £9.3 million, which includes an additional payment of £3.0 million. As a result of movements in the statutory pension position and the deterioration in the Group's financial position and covenant strength, the Group anticipates the conclusion of the next updated valuation, based on the position at 31 January 2020, which is expected to be finalised by the end of 2020, will show an increased deficit in comparison to the prior valuation. The preliminary estimated statutory valuation of the Saga Pension Scheme deficit at 31 January 2020 was approximately £30 million, but the valuation may increase to around £40 million when finalised. This deficit could further increase in the event that the scheme, which is currently open to new members and future accrual, is closed and put into a long-term runoff.

While the outcome of the updated valuation is not expected to change the payments due to be made by the Group in the period to 29 February 2024, it may result in an increase in contributions for employers and employees of the Group in subsequent years.

Failure by the Group to comply with the terms of the recovery plan for the Saga Pension Scheme may result in investigation or sanction from the UK Pensions Regulator, which has powers under the Pensions Act 2004 which, if various conditions are met and the power is exercised, could require the Group to make additional contributions or put in place other financial support for the Saga Pension Scheme. An order made by the UK Pensions Regulator could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The maximum amount of any support that an individual member of the Group could be forced to pay is the buy-out deficit in the relevant third-party scheme at the relevant default date. The deficit of the pension scheme on a buy-out basis is substantially higher than the statutory valuation basis and while this is not viewed by the Company as a meaningful benchmark, this nonetheless could cause the period of the recovery plan to be extended and cause the Group to contribute material additional funds to support the pension scheme beyond the current recovery plan period running to 29 February 2024.

The valuation of the Saga Pension Scheme's pension obligations is subject to assumptions regarding the discount rate, inflation rate and changes in the life expectancy of members. The Saga

Pension Scheme's assets are invested in different categories of assets, with different maturities designed to match liabilities as they fall due. As the plan assets include investments in quoted equities, the values attributable to the externally invested pension plan assets are subject to fluctuations in the capital markets. As a result, a decrease in interest rates and/or increase in longevity or inflation changes, or unfavourable developments in the capital markets, could result in a significant increase in the Group's provisions for its pension scheme under IAS 19.

In addition, deterioration in the Group's financial condition could lead to an increased funding commitment by the Group to the trustees, which could further exacerbate any financial difficulties the Group faced at such time. Any such increases in its net pension obligations could adversely affect the Group's financial condition due to increased outflows of funds to finance the pension obligations.

4.9 ***The Group's own insurance may be inadequate, premiums may increase and, if there is a significant deterioration in its claims experience, insurance may not be available on acceptable terms.***

The Group maintains public liability, employer's liability, run-off cover in respect of directors' and officers' liability, motor fleet, marine and property insurance, as well as insurance for certain other claims, and has chosen to self-insure in respect of directors' and officers' liability. However, claims not covered by the Group's insurance or in excess of its insurance coverage may arise, such as property losses resulting from fire, natural disaster or other causes outside its control. Furthermore, the Group may be unable to obtain insurance cover in the future on acceptable terms, or without substantial premium increases or at all, particularly if there is deterioration in its claims experience history. A successful claim against the Group not covered by or in excess of its insurance cover could have a material adverse effect on the Group's business and financial condition.

4.10 The Group is subject to substantial regulation in respect of its financial services offerings.

The companies in the Group that conduct regulated financial services business must obtain and maintain certain authorisations, permissions and licences (such as authorisation and permission from the FCA to conduct regulated insurance intermediation and investment services and the GFSC in relation to insurance activities) and must comply with relevant rules and regulations. The Group is also subject to competition and consumer protection laws enforced by the UK Competition and Markets Authority ("**CMA**"), the FCA and the European Competition Commission.

The Group offers a number of other financial products to its customers. In partnership with Goldman Sachs International Bank, SPF intermediates savings accounts, and in partnership with HUB Financial Solutions Limited, SPF intermediates a range of equity release products. SPF only intermediates these products; the products themselves are provided by third parties. The Group carries out marketing promotions and acts as an introducer to third parties that manufacture and operate these products and services on behalf of the Group. In these instances the Group's regulatory role and responsibility is limited to the introduction to the third party and the legal and regulatory responsibility for the operation of the products and services lies with the third party. Although the Group regulatory obligations are limited for these products and services, there are reputational risks to the Group of a failure of the third party to comply with applicable regulations or a failure of the third party to treat customers fairly or deliver expected customer outcomes.

Changes in government policy or legislation, or the regulatory interpretation or enforcement thereof (at a national or EU level), in any of the financial services markets in which the Group operates may occur in the future or be applied retrospectively, and may adversely affect the Group's underlying profitability, product range, distribution channels and capital requirements.

There may be additional legislation or regulation introduced in the future which may have an adverse effect on the Group, for example, as a result of the United Kingdom's withdrawal from the European Union ("**Brexit**"), or future changes to the amounts due to be paid by the Group to the Financial Services Compensation Scheme ("**FSCS**"), including the risk of failure in other financial services sectors impacting the level of levies on insurers and intermediaries. See "*—The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union*." The Group may also face increased compliance or compensation costs due to such changes to financial services legislation or regulation, or due to the need to set up additional compliance and risk management controls. Increased regulation of the Group's financial services

offerings could have a material adverse effect on the Group's financial services businesses and results of operations.

4.11 ***The Group is exposed to transactional risks due to volatility in foreign exchange rates.***

The Group faces the risk that the fair value of future cash flows of a financial asset or liability will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). As a result, the Group is exposed to transactional risks in respect of costs denominated in foreign currencies, particularly euros and US dollars, and to a lesser extent, Australian dollars, Canadian dollars, Swiss francs, Japanese yen, New Zealand dollars, Norwegian krone, Thai baht, Chinese yuan, Danish krona, South African rand and other currencies. A fall in the pound sterling relative to other currencies would lead to a corresponding increase in costs denominated in foreign currencies.

As at 31 January 2020, the Group had 808 foreign exchange forward currency contracts as hedges of highly probable foreign currency cash expenses in future periods. These hedging arrangements were entered into in the ordinary course of business with the purpose of protecting cash flows, and vary with the level of expected foreign currency sales and purchases. However, due to the COVID-19 pandemic, the Group's need for foreign currency hedging has significantly reduced in comparison to the original assumptions on which the Group entered into such contracts, and the Group has been exposed to changes in the value of these hedging arrangements. As of 31 July 2020, the mark-to-market position on open positions for transactional currencies was a net gain of £0.9 million. There can be no guarantee that the Group's foreign currency hedging arrangements will not expose the Group to losses in the future, particularly given the uncertainty around the Group's future need for foreign currency to conduct its sales and purchases in light of the COVID-19 pandemic.

Further, although the Group currently has a number of forward contracts in place in respect of foreign currency exposures, the Group may in the future, in considering the needs of its business and what it views as its likely level of foreign currency exposure, choose not to enter into such contracts, or may not be able to conclude such contracts on advantageous terms in a timely manner or at all. In such a scenario, the Group may not have adequate hedging arrangements in place to mitigate any adverse foreign currency fluctuations that materialise. To the extent that such exposures are not adequately hedged, the Groups would be subject to foreign exchange volatility, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

4.12 ***Unsolicited takeover proposals may create additional risks and uncertainties with respect to the Group's financial position, operations, strategies and management.***

The Group's exposure to unsolicited takeover proposals may be heightened during periods of economic uncertainty and share price volatility, including as a result of the COVID-19 pandemic. The Saga Board 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. In the event that a third party, such as a competitor, private equity firm or activist investor makes an unsolicited takeover proposal, the Group's review and consideration of such a proposal may be a significant distraction for the senior management team, and may require the Directors to expend significant time and resources. Such proposals may create uncertainty for the Group's colleagues, and may adversely affect the Group's ability to attract and retain key personnel. If such a proposal attracts press speculation, any perceived uncertainties as to the Group's future direction also may affect the market price and volatility of the Ordinary Shares. Any of the foregoing risks could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

5. Risks relating to the macroeconomic environment in which the Group operates

5.1 *Downturns in economic conditions in the United Kingdom may reduce consumer demand for the Group's products and services.*

The Group may be affected by downturns in economic conditions in the United Kingdom or uncertainties regarding the future economic prospects of the United Kingdom, particularly as its target customer base consists of consumers in the United Kingdom.

According to the ONS, the GDP of the United Kingdom declined by 19.1% in the three months to May 2020 as the COVID-19 pandemic and lockdown measures impacted the UK economy, and the UK officially entered into a recession after the second quarter of 2020. It is widely anticipated that unemployment will increase significantly as UK government support schemes introduced during the COVID-19 pandemic are gradually scaled back or withdrawn. Any further decreases or a weak recovery in economic activity as a result of the COVID-19 pandemic and related impacts may have a material adverse impact on the Group. See "*—The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic*". Furthermore, the UK economy may be negatively impacted by the UK's uncertain future economic relationship with the European Union. See "*—The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union*."

A deterioration or weak recovery in economic conditions in the United Kingdom could negatively impact the economic welfare and consumer confidence of the Group's target demographic of individuals over 50 years of age. This demographic is generally more susceptible to variations in returns on state and private pensions and other investments and to volatility in inflation and interest rates and, accordingly, a macroeconomic downturn resulting in lower investment returns or volatility in inflation or interest rates could lead to a reduction in discretionary spending amongst this group. In addition, this demographic may be indirectly impacted by a macroeconomic downturn if the Group's customers or potential customers elect to support financially family members who may be directly impacted by any such downturn, which could also lead to a reduction in discretionary spending amongst this group. Any such decrease in spending by the Group's target customers could result in a decrease in new business and sales volumes of the Group's products and services or an increase in insurance claims and cancellations of package holidays and cruises, each of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the United Kingdom and a number of other jurisdictions have implemented extensive government programmes during the COVID-19 pandemic to support businesses and mitigate rises in unemployment levels. These government programmes may result in significantly increased taxation or reduced state expenditure in future years (including any negative impact on state pension levels), volatility in inflation or interest rates and an increase in the likelihood of future sovereign debt crises. Any such event, particularly in the United Kingdom, may have a significant negative impact on consumer confidence and spending levels by the Group's target customer base, which could further materially adversely impact the Group.

5.2 *The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union.*

Under the terms of the EU Withdrawal Agreement, the United Kingdom withdrew from membership of the European Union on 31 January 2020 and entered into a transition period which is due to expire on 31 December 2020. During the transition period, the majority of the rights and obligations associated with membership of the European Union continue to apply to the United Kingdom. Should the UK government fail to conclude a trade agreement with the European Union by the end of the transition period, the United Kingdom will revert to trading with the European Union under the rules of the World Trade Organisation, unless the transition period is extended or other agreements are concluded with the European Union in order to avoid this outcome. If the transition period ends with no trade arrangement in place, there may be a further deterioration in economic conditions in the UK economy. The economic effects may include, but are not limited to, increases in tariffs and other non-tariff trade barriers, increases in regulatory costs, foreign exchange rate volatility (in particular, a weakening of the pound sterling against other leading currencies), disruption to supply chains, decreases in UK and global stock indices, a decrease in UK consumer confidence and a decrease in the GDP of the United Kingdom. In addition, any introduction of visa or other

requirements to permit UK citizens to travel in the European Union may adversely impact the Group's Travel business.

The uncertainty as to when and whether a trade agreement will be concluded with the European Union and what rights and obligations any such agreement will contain continue to cause both macroeconomic and regulatory uncertainty. As substantially all of the Group's customers are located in the United Kingdom and as its insurance policies are sold primarily in the United Kingdom, the Group believes it will be disproportionately impacted by any risks emerging from changes in the UK macroeconomic and regulatory environment as a result of the United Kingdom's withdrawal from the European Union. This could include reduced demand for the Group's products and services. For example, foreign car manufacturers may change their prices due to exchange rate fluctuations, which could impact the motor insurance industry by changing the mix of vehicles on the road. There may also be import duties on new vehicles and parts, increasing repair costs and the cost of new for old insurance cover. In addition, the cost of care associated with personal injury claims could increase. Any of the foregoing changes may result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group includes several regulated subsidiaries, including in the Insurance, Personal Finance and Travel businesses. The United Kingdom's withdrawal from the European Union may lead to uncertainty in the continued applicability of the regulations that currently govern these subsidiaries. For instance, one of the Company's regulated subsidiaries, AICL, is registered in Gibraltar and regulated by a Gibraltar regulator. Any uncertainty regarding the status of Gibraltar or regulatory change following the end of the transition period could have a material adverse effect on the Group's Insurance business, for example, if AICL were unable to conduct business in the United Kingdom through the branch now in place under the UK passporting arrangements as it currently does.

6. Risks relating to the Capital Raising and an investment in Ordinary Shares

6.1 ***Following the Capital Raising, Roger De Haan will own a strategic shareholding in the Company, enabling him to exercise significant influence over matters requiring Shareholder approval, and his interests may differ from those of other Shareholders.***

Following the Capital Raising and depending on the extent of clawback to satisfy the take up by Shareholders of Open Offer Entitlements, Roger De Haan will own a strategic shareholding of between 16.6% and 26.4% of the Enlarged Share Capital and will hold voting power commensurate with his shareholding. As a result of Roger De Haan's shareholding in the Company and his becoming a director and non-executive Chairman of the Company on completion of the Capital Raising, Roger De Haan will be a "related party" of the Company for the purposes of Listing Rule 11.

The Company and Roger De Haan have entered into the Relationship Agreement to regulate their relationship following completion of the Capital Raising. Pursuant to the Relationship Agreement, for so long as Roger De Haan holds Ordinary Shares representing at least the higher of 10% of the Company's issued share capital and 60% of the total number of New Shares acquired by him in the Capital Raising, Roger De Haan shall be entitled to be appointed as a non-executive director to the Board.

Notwithstanding that Roger De Haan has entered into the Relationship Agreement, which is conditional upon completion of the Capital Raising, following completion of the Capital Raising the interests of Roger De Haan may not always be aligned with those of other Shareholders and he may, for so long as he retains a shareholding at or around a similar level, be able to exercise a significant degree of influence that is greater than other shareholders individually may exercise over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. In addition, following the expiry of lock-up restrictions in the Relationship Agreement, Roger De Haan may undertake sell-downs of Ordinary Shares (or there may be a perception that Roger De Haan could undertake such a sell-down), which may adversely impact the price of the Ordinary Shares.

6.2 ***Shareholders will experience dilution in their ownership of the Company as a result of the Capital Raising and may be further diluted by subsequent issues of Ordinary Shares.***

Subject to certain limited exceptions, Shareholders in the United States and the Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of

the Capital Raising. If a Qualifying Shareholder who is not a Placee does not take up any of his or her Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 46.4% as a result of the Capital Raising.

If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlements in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.6% as a result of the Firm Placing.

In addition, Shareholders may experience substantial dilution by further issues of Ordinary Shares (or securities convertible into Ordinary Shares). Other than pursuant to the Capital Raising, the Company has no current plans for an offering or issuance of Ordinary Shares, apart from issuances in accordance with the rules of the Group's employee share plans. However, it is possible that the Directors may decide to offer additional Ordinary Shares in the future. If Shareholders did not take up such offer of Ordinary Shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in the Company would be reduced and the percentage that their Ordinary Shares would represent of the total share capital of the Company would be reduced accordingly.

6.3 ***Any future payments of dividends under the Company's dividend policy will depend on the financial condition of the Group.***

Under English company law, a company can only pay cash dividends to the extent that it has sufficient distributable reserves and cash available for this purpose. The Company thus may not be able to make dividend payments in the future, or sustain dividend payments at any particular level.

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, so long as the Leverage Covenant Ratio is greater than 3.0x EBITDA 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.

Any future decision by the Board to declare and pay dividends will depend on, among other things, applicable law, regulation, the Group's financial position, working capital requirements, financing costs and covenants, general economic conditions and other factors the Board deems significant from time to time. The Company's ability to pay dividends will also depend on the level of dividends and other distributions, if any, received from its subsidiaries. To the extent that the Group or its subsidiaries experience an adverse effect on their results of operations, cash flows or financial condition, or such other relevant factor, the Board may decide at its discretion to decrease the amount of dividends, change or revoke the dividend policy or discontinue paying dividends entirely.

In order to further reduce leverage to much lower levels, the Board intends to go further than the existing banking requirements and does not expect to reconsider whether to pay dividends until total Group leverage (including Cruise) is below 3.5x EBITDA. This is not expected to happen before 2023. However, due to the above factors, some of which are outside of the Group's control, the Board cannot be certain when it will resume making payments of dividends in the future. If the Company continues to postpone its payment of dividends, the market price of the Ordinary Shares may be adversely impacted.

6.4 ***The market price of the Ordinary Shares may fluctuate.***

The share prices of publicly traded companies can be highly volatile. The market price of the Ordinary Shares could be subject to significant fluctuations. The market price of the Ordinary Shares may fluctuate in response to various factors and events, including those referred to in this Part II, as well as any regulatory and tax changes affecting the Group's operations, variations in the Group's operating results and financial position or business developments of the Group or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates, large sales or purchases of shares (including as a result of speculative activity), the publication of research analysts' reports regarding the Group, its competitors or the insurance and travel sectors generally, and general economic conditions unrelated to the Group's actual performance or conditions in its key markets, such as the impact of the COVID-19 pandemic. Stock markets have, in recent periods, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

General fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, the Ordinary Shares, regardless of the Group's actual operating performance. In particular, the trading price of the Ordinary Shares may drop below the Offer Price in the Open Offer, impacting the existing Shareholders' decision on whether to participate in the Open Offer.

6.5 ***The market price for Ordinary Shares may decline below the current market price or the price at which they were acquired by a Shareholder.***

The public trading market price of the Ordinary Shares may decline below the current trading market price or the price at which they were acquired by a Shareholder, including any Ordinary Shares subscribed for at the Offer Price as a result of a Qualifying Shareholder taking up his or her Open Offer Entitlements. Should the latter occur, that Shareholder will suffer an immediate, unrealised loss as a result. Moreover, there can be no assurance that, following a Shareholder's acquisition of Ordinary Shares, including any Qualifying Shareholder that subscribes for Ordinary Shares as a result of taking up his or her Open Offer Entitlements, that Shareholder will be able to sell Ordinary Shares at a price equal to or greater than the acquisition price for those Ordinary Shares.

6.6 ***The Company may issue additional shares or securities in the future, which may adversely affect the market price of the Ordinary Shares and dilute the holdings of Shareholders.***

Other than in connection with the Capital Raising and pursuant to employee share plans, the Company has no current plans for any offering or issuance of Ordinary Shares, or of securities convertible into or rights to subscribe for Ordinary Shares. However, the Group may offer additional Ordinary Shares in the future, including through public offerings or private placements of Ordinary Shares, or of securities that are convertible into or rights that are exercisable to subscribe for, Ordinary Shares. Any such offering by the Group, or the public perception that an offering may occur, could have an adverse effect on the market price of the Ordinary Shares and dilute the holdings of Shareholders. In such cases, the offering price, conversion price or exercise price may also be below the Offer Price or the prevailing market price of the Ordinary Shares.

6.7 ***Shareholders may not be able to exercise pre-emption rights or participate in future issues of Ordinary Shares, whether because they are outside the United Kingdom or otherwise, which may dilute the holdings of Shareholders.***

Other than in connection with the Capital Raising and pursuant to employee share plans, the Company has no current plans for any offering of Ordinary Shares. The Company may, however, decide to issue and allot additional Ordinary Shares in the future. In the case of a future allotment of new Ordinary Shares for cash, the then current Shareholders will have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of Shareholders at a general meeting. An issue of new Ordinary Shares not for cash or when pre-emption rights have been disapplied could dilute the ownership and voting interests of the then existing Shareholders.

The securities laws of certain jurisdictions outside the United Kingdom may restrict the participation by, or the Company's ability to allow participation of, certain shareholders in such jurisdictions in any future issues carried out by the Company of Ordinary Shares or of other securities.

6.8 ***The ability of overseas Shareholders to bring actions or enforce judgments against the Group or the Directors may be limited.***

The ability of an overseas Shareholder to bring an action against the Group may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of Shareholders are governed by English law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. All of the Directors and executive officers of the Company are residents of the United Kingdom. Consequently, it may not be possible for an overseas Shareholder to effect service of process upon the Directors and executive officers within the overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive

officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

6.9 ***Overseas Shareholders may face currency exchange rate risks by investing in the Ordinary Shares.***

The Ordinary Shares are, and any dividends to be paid in respect of the Ordinary Shares will be, denominated in pounds sterling. An investment in the Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to currency exchange rate risk that may impact the value of the investment in the Ordinary Shares or any dividends paid to such investor in foreign currency terms. As a result, Shareholders may experience material adverse effects on the value of their dividends, as a result of movements in the exchange rate between the pound sterling and their local currency.

PART III

IMPORTANT INFORMATION

1. Notice to investors

Investors should rely solely on the information contained in this document and the information incorporated by reference into this document (and any supplementary prospectus produced to supplement the information contained in this document) when making a decision as to whether to subscribe for New Shares in the Capital Raising. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Banks or the Sponsor.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any action in respect of the New Shares or Existing Shares. None of the Company, the Directors, the Banks or the Sponsor makes any representation to any Shareholder or subscriber or purchaser of the New Shares or Existing Shares regarding the legality of such an investment.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks or the Sponsor by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither the Banks nor the Sponsor accept any responsibility whatsoever for, or make any representation or warranty, express or implied, as to, the contents of this document or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the New Shares, the Existing Shares, the Firm Placing, the Placing and Open Offer, or Admission and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Banks and the Sponsor accordingly disclaim all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

This document has been approved as a prospectus by the FCA, as competent authority under Regulation (EU) 2017/1129. The FCA only approves this document as a prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; such approval should not be considered as an endorsement of the Company that is, or of the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. This document has also been approved by the FCA as a circular for the purpose of Listing Rule 13.2.1R(4) of the Listing Rules of the FCA (made under section 73A of the FSMA).

The Company will update the information provided in this document by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the offer occurs after the publication of this document or if this document contains any material mistake or material inaccuracy. This document and any supplement will be subject to approval by the FCA (as competent authority under Regulation (EU) 2017/1129) and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this document is published prior to Admission of the New Shares, investors shall have the right to withdraw their applications for New Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear Business Days after publication of the supplement).

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of the FSMA and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor any issue or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

2. Forward-looking statements

Certain statements contained in this document constitute "forward-looking statements" and include statements other than statements of historical facts contained in this document, including, without limitation, those regarding the Group'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 Group participates or is seeking to participate; and anticipated regulatory changes in the industry and markets in which the Group 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 Group's influence and/or control, regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Shareholders and potential investors are cautioned that forward-looking statements are not guarantees of future performance and that the Group'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 document. In addition, even if the Group'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 document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements should, therefore, be construed in light of the foregoing risk factors and the other factors identified in Part II (*Risk Factors*). Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are made as at the date of this document and are not intended to give any assurance as to future results. The Group will update this document as required by applicable law, including the Listing Rules, Prospectus Regulation Rules, MAR, the Disclosure Guidance and Transparency Rules, the requirements of the LSE, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, the Summary section, Part II (*Risk Factors*) and Part X (*Business Overview*). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may or may not occur. Any forward-looking statement contained in this document based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital.

3. Market and industry data

Certain information in this document has been sourced from third parties. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this document which has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references to market data, industry statistics and forecasts and other information in this document consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or the Company's own knowledge of its sales and markets.

Market data and statistics are inherently speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that: the markets may be defined differently; the underlying information may be gathered by different methods; and different assumptions may be applied in compiling the data. Accordingly, the market statistics included in this document should be viewed with caution.

4. Sources and presentation of financial and other information

4.1 Sources of financial information

Unless otherwise indicated, financial information relating to the Group as at and for the six months ended 31 July 2020 and 2019 and as at and for the years ended 31 January 2020, 2019 and 2018 has been extracted without material adjustment from the following sources:

- the unaudited interim financial statements of the Group as at and for the six months ended 31 July 2020 (the "**2020 Interim Financial Statements**") included in the Group's 2020 half-year results announcement dated 10 September 2020 (the "**Saga Half-Year Results 2020**");
- the audited consolidated financial statements of the Group as at and for the year ended 31 January 2020 (the "**2020 Annual Financial Statements**") included in the Group's 2020 annual report made available to shareholders on 9 April 2020 (the "**Saga Annual Report 2020**");
- the audited consolidated financial statements of the Group as at and for the year ended 31 January 2019 (the "**2019 Annual Financial Statements**") included in the Group's 2019 annual report made available to shareholders on 3 May 2019 (the "**Saga Annual Report 2019**"); and
- the audited consolidated financial statements of the Group as at and for the year ended 31 January 2018 (the "**2018 Annual Financial Statements**") included in the Group's 2018 annual report made available to shareholders on 11 May 2018 (the "**Saga Annual Report 2018**").

The 2020 Interim Financial Statements, the 2020 Annual Financial Statements, the 2019 Annual Financial Statements, and the 2018 Annual Financial Statements (collectively, the "**Financial Statements**") are incorporated by reference into this document, as set out in Part XX (*Documentation Incorporated by Reference*) of this document. The Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). KPMG reviewed the 2020 Interim Financial Statements and audited the Annual Financial Statements. The review and audit reports on the Financial Statements do not contain any qualifications. 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and KPMG's report states that they did not audit and they do not express an audit opinion on the interim financial statements. Accordingly, the degree of reliance on their reported interim review should be restricted in light of the limited nature of the review procedures applied.

4.2 Non-IFRS measures of the Group's performance

This document contains certain non-IFRS financial measures for the Group that are supplementary measures that are not required by, or presented in accordance with, IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. Such non-IFRS financial measures are included in this document because they are used by management to help both management and users of the accounts to better understand the financial performance and position of the business.

The non-IFRS measures contained in this document have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS. In addition, the non-IFRS measure presented by the Group may not be comparable to similarly titled measures presented by other businesses, as such businesses may define and calculate such measures differently. Accordingly, undue reliance should not be placed on the non-IFRS measures contained in this document.

A discussion of the non-IFRS financial measures used by the Group and reconciliations to the nearest IFRS measures is provided below.

4.2.1 *Underlying Profit Before Tax and underlying basic earnings per share*

For the financial years ended 31 January 2020, 31 January 2019 and 31 January 2018, underlying profit before tax represents loss before tax, excluding unrealised fair value gains and losses on derivatives, the impairment of the carrying value of fixed assets including goodwill. For the financial year ended 31 January 2020, it also included the impact of the insolvency of Thomas Cook and restructuring costs. For the financial year ended 31 January 2018, it also included one-off costs associated with the unamortised facility fees of previous banking facilities.

For the six months ended 31 July 2020, underlying profit before tax represents profit/loss before tax excluding unrealised fair value gains and losses on derivatives, the profit on disposal of businesses and ships, impairment of the carrying value of fixed assets including goodwill, and restructuring costs.

Underlying profit before tax is the Group's primary key performance indicator and the Directors believe this measure is useful for presenting the Group's underlying trading performance, as it excludes non-cash technical accounting adjustments and non-underlying financial impacts that are not expected to recur.

For the financial years ended 31 January 2020, 31 January 2019 and 31 January 2018, underlying basic earnings per share represents basic earnings per share, excluding the post-tax effect of unrealised fair value gains and losses on derivatives, the impairment of the carrying value of fixed assets including goodwill. For the financial year ended 31 January 2020, it also included the impact of the insolvency of Thomas Cook and restructuring costs. For the financial year ended 31 January 2018, it also included one-off non-cash costs associated with the unamortised facility fees of previous banking facilities.

For the six months ended 31 July 2020, underlying basic earnings per share represents basic earnings per share excluding the post-tax effect of unrealised fair value gains and losses on derivatives, the profit on disposal of businesses and ships, the impairment of the carrying value of fixed assets including goodwill, and restructuring costs.

Underlying basic earnings per share is linked to underlying profit before tax, the Group's primary key performance indicator, and represents what management consider to be the underlying shareholder value generated in the period.

	Six months ended 31 July 2020	Six months ended 31 July 2019	Year ended 31 January 2020	Year ended 31 January 2019 (restated)[1]	Year ended 31 January 2018[2]
			(£ million)		
(Loss)/profit after tax	**(57.1)**	**45.8**	**(312.8)**	**(162.2)**	**139.4**
Loss after tax for the year from discontinued operations	—	—	—	—	7.6
Tax expense	1.6	6.8	11.9	27.4	33.9
(Loss)/profit before tax	**(55.5)**	**52.6**	**(300.9)**	**(134.8)**	**180.9**
Impairment of goodwill	59.8	—	383.0	310.0	—
Restructuring costs	28.3	2.2	5.9	—	4.8
Debt issue costs	—	—	—	—	4.3
Thomas Cook insolvency[3]	—	—	3.9	—	—
Impairment of assets	—	0.3	16.9	5.9	—
Net fair value (gains)/losses on derivatives	(1.9)	(2.3)	1.1	(1.0)	0.6
Profit on disposal of assets	(4.5)	—	—	—	—
Net profit on disposal of businesses	(10.3)	—	—	—	—
Group Consolidated Underlying Profit Before Tax.	**15.9**	**52.8**	**109.9**	**180.1**	**190.6**
Total Retail Broking (earned)	42.0	49.3	90.2	105.8	130.7
Underwriting	28.0	21.3	40.6	86.7	79.3
Total Insurance	**70.0**	**70.6**	**130.8**	**192.5**	**210.0**
Travel	(34.2)	0.8	19.8	21.6	20.6
Other Businesses and Central Costs	(11.3)	(12.2)	(27.0)	(21.3)	(27.5)
Net finance costs[4]	(8.6)	(6.4)	(13.7)	(12.7)	(12.5)
Group Consolidated Underlying Profit Before Tax.	**15.9**	**52.8**	**109.9**	**180.1**	**190.6**
Basic Earnings Per Share					
Underlying Earnings Per Share	2.2p	4.1p	8.9p	13.1p	13.8p
Earnings Per Share	(5.1p)	4.1p	(27.9p)	(14.5p)	12.5p

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 Leases. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

(3) One-off incremental costs incurred as a direct result of the insolvency of Thomas Cook.

(4) Net finance costs exclude ship debt interest costs (in respect of year ended 31 January 2020), net fair value gains/(losses) on derivatives and IAS19R pension interest costs.

4.2.2 *Trading EBITDA, Rolling Trading EBITDA and Adjusted Trading EBITDA*

Trading EBITDA is defined as earnings before interest payable, tax, depreciation and amortisation, and excludes the amortisation of acquired intangibles, non-trading costs and impairments.

Adjusted Trading EBITDA is defined as earnings before interest payable, tax, depreciation and amortisation, and excludes the amortisation of acquired intangibles, non-trading costs and impairments. It also excludes the impact of IFRS 16 and the Trading EBITDA relating to the Group's two new cruise ships, *Spirit of Discovery* and *Spirit of Adventure*, in line with the Group's debt covenants.

Adjusted Trading EBITDA is linked to the Group's leverage covenant under the Term Loan and Revolving Credit Facility, being the denominator in the Leverage Covenant Ratio, which is calculated as the ratio of the Group's net debt to adjusted EBITDA (excluding Cruise net debt and EBITDA).

Rolling Trading EBITDA is calculated as follows:

(i) for the 12 months to July 2020 it is equal to Trading EBITDA for the six months ended 31 July 2020 plus Trading EBITDA for the 12 months ended 31 January 2020 less Trading EBITDA for the 6 months ended 31 July 2019 less Trading EBITDA of disposed and held for sale companies for the 12 months ended 31 July 2020.

(ii) for the 12 months to July 2019 it is equal to Trading EBITDA for the six months ended 31 July 2019 plus Trading EBITDA for the 12 months ended 31 January 2019 less Trading EBITDA for the 6 months ended 31 July 2018 less Trading EBITDA of disposed and held for sale companies for the 12 months ended 31 July 2019.

	Six months ended 31 July 2020	Six months ended 31 July 2019	Year ended 31 January 2020	Year ended 31 January 2019 (restated)[1]	Year ended 31 January 2018[2]
			(£ million)		
(Loss) profit after tax	**(57.1)**	**45.8**	**(312.8)**	**(162.2)**	**139.4**
Loss after tax for the year from discontinued operations	—	—	—	—	7.6
Tax expense	1.6	6.8	11.9	27.4	33.9
(Loss) profit before tax	**(55.5)**	**52.6**	**(300.9)**	**(134.8)**	**180.9**
Impairment of goodwill	59.8	—	383.0	310.0	—
Restructuring costs	28.3	2.2	5.9	—	4.8
Debt issue costs	—	—	—	—	4.3
Thomas Cook insolvency[3]	—	—	3.9	—	—
Impairment of assets	—	0.3	16.9	5.9	—
Net fair value (gains)/losses on derivatives	(1.9)	(2.3)	1.1	(1.0)	0.6
Profit on disposal of assets	(4.5)	—	—	—	—
Net profit on disposal of businesses	(10.3)	—	—	—	—
Group Consolidated Underlying Profit Before Tax	**15.9**	**52.8**	**109.9**	**180.1**	**190.6**
Depreciation and amortisation (excluding acquired intangibles)	14.4	24.8	48.0	43.5	33.9
Non-trading costs	—	—	—	2.3	3.4
Amortisation of acquired intangibles	—	1.6	3.0	3.6	4.7
Pension charge IAS19R[5]	1.0	0.1	0.1	0.4	5.5
Net finance costs[6]	13.8	7.8	20.7	12.7	12.5
Trading EBITDA[7]	45.1	87.1	**181.7**	**242.6**	**250.6**
Trading EBITDA[7] for the 12 months to 31 January 2020/2019	181.7	242.6	n/a	n/a	n/a
Less: Trading EBITDA[7] for the 6 months to 31 July 2019/2018	(87.1)	(141.1)	n/a	n/a	n/a
Less: Trading EBITDA[7] of disposed and held for sale companies	(3.7)	—	n/a	n/a	n/a
Rolling Trading EBITDA[7] **for the 12 months to 31 July 2020/2019**	**136.0**	**188.6**	**n/a**	**n/a**	**n/a**
Impact of IFRS 16 Leases	(6.6)	(13.1)	**(13.5)**	(11.3)	—
Spirit of Discovery Trading EBITDA[4]	(14.1)	4.3	**(16.1)**	—	—
Adjusted Trading EBITDA[8]	115.3	179.8	**152.1**	231.3	250.6

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 Leases. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.
(3) One-off incremental costs incurred as a direct result of the insolvency of Thomas Cook.
(4) EBITDA includes central Cruise overheads.
(5) Pension charge IAS19R includes the additional non-cash pension service costs in excess of employer contributions made in the year and the non-cash pension interest cost that are both required under IAS19R
(6) Net finance costs exclude ship debt interest costs (in respect of year ended 31 January 2020), net fair value gains/(losses) on derivatives and IAS19R pension interest costs.
(7) Trading EBITDA is defined as earnings before interest payable, tax, depreciation and amortisation, and excludes the amortisation of acquired intangibles, non-trading costs and impairments.
(8) Adjusted Trading EBITDA is calculated on a 12 month basis as opposed to 6 months for the periods ended 31 July 2020 and 31 July 2019.

4.2.3 *Available operating cash flow*

Available operating cash flow represents net cash flow from operating activities after capital expenditure, but before tax, interest paid and non-trading items, which is available to be used by the Group as it chooses and is not subject to regulatory restriction.

	Six months ended 31 July 2020	Six months ended 31 July 2019	Year ended 31 January 2020	Year ended 31 January 2019[1]	Year ended 31 January 2018[2]
			(£million)		
Net cash flow from operating activities (reported)	(79.7)	71.0	91.9	148.3	135.2
Exclude cash impact of:					
Trading of restricted divisions	83.8	(55.6)	(46.5)	(77.9)	(56.0)
Non-trading costs	18.6	3.4	4.5	5.5	8.7
Interest paid	12.5	7.4	19.9	13.9	11.1
Tax paid	4.7	16.1	25.1	34.8	32.8
Disposal group companies	(4.5)	—	—	—	—
	115.1	(28.7)	3.0	(23.7)	(3.4)
Cash (paid to)/released from restricted divisions	(53.7)	(9.0)	15.0	78.5	70.0
Capital expenditure funded from available cash	(4.9)	(8.4)	(17.2)	(20.8)	(26.3)
Available operating cash flow	**(23.2)**	**24.9**	**92.7**	**182.3**	**175.5**

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 Leases. See note 2.5 to the 2020 Annual Financial Statements.
(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

4.2.4 *Net debt and Adjusted net debt*

Net debt is calculated as the sum of the carrying values of the Group's debt facilities less the amount of available cash it holds.

Adjusted net debt is the sum of the carrying values of the Group's debt facilities less the amount of available cash it holds but excludes the ship debt and the Cruise business available cash.

Adjusted net debt is linked to the Group's leverage covenant under the Term Loan and Revolving Credit Facility, being the numerator in the Leverage Covenant Ratio, which is calculated as the ratio of the Group's net debt to adjusted EBITDA (excluding Cruise net debt and EBITDA).

£ million	Six months ended 31 July 2020	Six months ended 31 July 2019	Year ended 31 January 2020	Year ended 31 January 2019[1,4]	Year ended 31 January 2018[2,4]
			(£ million)		
Corporate bond	**250.0**	**250.0**	250.0	250.0	250.0
Term loan	**140.0**	**160.0**	140.0	160.0	180.0
Ship loan	**234.8**	**245.0**	234.8	—	—
Revolving credit facility	**50.0**	**20.0**	10.0	30.0	15.0
Less available cash	**(28.8)**	**(32.1)**	(40.9)	(48.7)	(13.0)
Net debt[3]	**646.0**	**642.9**	593.9	**391.3**	**432.0**
Ship loan	(234.8)	(245.0)	(234.8)	—	—
Cruise (overdraft)/available cash	(0.5)	—	2.6	—	—
Adjusted net debt[4]	**410.7**	**397.9**	361.7	**391.3**	**432.0**

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 Leases. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

(3) Net debt is calculated as the sum of the carrying values of the Group's debt facilities less the amount of available cash it holds.

5. Pro forma financial information

In this document, any reference to "*pro forma*" financial information is to information which has been extracted without material adjustment from the unaudited financial information contained in Part XVII (*Unaudited Pro Forma* Financial Information) of this document (the "***Pro Forma* Financial Information**").

The *Pro Forma* Financial Information is for illustrative purposes only. Because of its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of the Group.

Future results of operations may differ materially from those presented in the *Pro Forma* Financial Information due to various factors.

6. Rounding

Certain financial data and percentages have been rounded. As a result of such rounding, the totals of financial data presented in this document may vary slightly from the actual arithmetic totals of such data and percentages in tables may not add up to 100%.

7. Currency

The Group prepares its financial statements in pounds sterling. All references to "GBP", "pounds", "pounds sterling", "sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

All references to "€" or "euros" are to the lawful currency of the European Union.

8. No profit forecast or estimates

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings for Saga for the current or future financial years would necessarily match or exceed the historical published earnings for Saga.

9. Incorporation by reference

Certain information in relation to the Group is incorporated by reference in this document, as set out in Part XX (*Documentation Incorporated by Reference*) of this document. With the exception of such information specifically incorporated by reference, the contents of Saga's website or any hyperlinks accessible from it do not form part of this document and investors should not rely on them.

10. Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part XXI (*Definitions*).

PART IV

DIRECTORS, PROPOSED DIRECTOR, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Patrick O'Sullivan (*Chairman*) Euan Sutherland (*Group Chief Executive Officer*) James Quin (*Group Chief Financial Officer*) Cheryl Agius (*Chief Executive Officer of Insurance*) Orna NiChionna (*Senior Independent Non-Executive Director*) Eva Eisenschimmel (*Non-Executive Director*) Julie Hopes (*Non-Executive Director*) Gareth Hoskin (*Non-Executive Director*) Gareth Williams (*Non-Executive Director*)
Proposed Director	Sir Roger De Haan *(Chairman*)
Company Secretary	Victoria Haynes
Registered office of the Company	Enbrook Park Sandgate Folkestone Kent CT20 3SE United Kingdom
Financial Adviser, Sponsor, Joint Global Coordinator and Joint Bookrunner	J.P. Morgan Securities plc (trading as J. P. Morgan Cazenove) 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Joint Global Coordinator and Joint Bookrunner	Numis Securities Limited London Stock Exchange Building 10 Paternoster Square London EC4M 7LT United Kingdom
Joint Bookrunner	HSBC Bank plc 8 Canada Square Canary Wharf London EC14 5HQ United Kingdom
Financial Adviser to the Company	Goldman Sachs International Plumtree Court 25 Shoe Lane London EC4A 4AU United Kingdom
Legal adviser to the Company	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG United Kingdom
Legal adviser to the Financial Adviser, Sponsor, Joint Global Coordinators and Joint Bookrunners	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
Auditors and Reporting Accountants	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL United Kingdom

Receiving Agent	Link Group Saga Shareholder Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Registrar	Link Group The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

PART V

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 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 receipt of completed SSA Application Forms and payment in full under the Open Offer for the SSA	11.00 a.m. on 28 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 Forms of Direction	10.30 a.m. on 29 September 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 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
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 practicable 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 and Admission and commencement of dealings in Consolidated Shares	8.00 a.m. on 12 October 2020
Consolidated Shares credited to CREST accounts	as soon as practicable after 8.00 a.m. on 12 October 2020
Expected despatch of definitive share certificates and nominee statements for Shareholders in the SSA (where applicable)	on or around 23 October 2020

(1) The Capital Raising is subject to certain restrictions relating to Shareholders with registered addresses in any of the Excluded Territories, details of which are set out in Part IX (*Terms and Conditions of the Capital Raising*) of this document.

(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 document 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.

(5) If you have any queries on the procedure for acceptance and payment, you should contact the Registrar on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate.

PART VI

CAPITAL RAISING STATISTICS

First Firm Placing Price per New Share	27 pence
Offer Price per New Share	12 pence
Premium of First Firm Placing Price to the Closing Price[(1)]	68.4%
Discount of Offer Price and Second Firm Placing Price to the Closing Price[(1)]	25.1%
Open Offer Entitlement	5 New Shares for every 9 Existing Shares
Number of Existing Shares in issue at the date of this document[(2)]	1,122,003,328
Number of New Shares to be issued by the Company pursuant to the Capital Raising	971,918,208
Number of New Shares to be issued by the Company pursuant to the First Firm Placing	224,400,000
Number of New Shares to be issued by the Company pursuant to the Second Firm Placing	124,183,026
Number of New Shares to be issued by the Company pursuant to the Placing and Open Offer	623,335,182
Number of New Shares in issue immediately following completion of the Capital Raising	2,093,921,536
New Shares as a percentage of the Enlarged Share Capital of the Company immediately following completion of the Capital Raising[(3)]	46.4%
Consolidation ratio	15:1
Number of Consolidated Shares in issue immediately following completion of the Capital Raising and the Consolidation	139,594,769
Estimated gross proceeds (before expenses) of the Capital Raising	£150 million
Estimated net proceeds (after expenses) receivable by the Company after expenses associated with the Capital Raising	£140 million
Expected market capitalisation of the Company at the Offer Price upon Admission	£251.3 million

(1) The closing price on the London Stock Exchange's main market for listed securities on 9 September 2020

(2) No Shares are held in treasury.

(3) Assuming that no Shares are issued as a result of the exercise of any options or vesting of awards under any Employee Share Schemes between 9 September 2020, being the Latest Practicable Date, and the completion of the Capital Raising.

PART VII

CHAIRMAN'S LETTER

(*Incorporated and registered in England and Wales with company number 08804263*)

Registered Office:
Enbrook Park
Folkestone
Kent CT20 3SE
United Kingdom

Tel: +44 (0) 20 7887 1000
www.saga.co.uk

Patrick O'Sullivan (*Chairman*)
Euan Sutherland (*Group Chief Executive Officer*)
James Quin (*Group Chief Financial Officer*)
Cheryl Agius (*Chief Executive Officer of Insurance*)
Orna NiChionna (*Senior Independent Non-Executive Director*)
Eva Eisenschimmel (*Non-Executive Director*)
Julie Hopes (*Non-Executive Director*)
Gareth Hoskin (*Non-Executive Director*)
Gareth Williams (*Non-Executive Director*)

11 September 2020

To the Shareholders and, for information only, to persons with information rights

Dear Shareholder

Proposed Capital Raising

and

Notice of General Meeting

1. Introduction

On 10 September 2020, the Company announced a proposed capital raise 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 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 purpose of this letter is to give you further details of the Capital Raising, including the background to and reasons for the capital raise and the use of proceeds, and to explain why the Board considers the Capital Raising to be in the best interests of Shareholders.

The Capital Raising is conditional upon, among other things, the passing of the Resolutions by Shareholders at the General Meeting. The General Meeting will take place at 10.30 a.m. on 2 October 2020 at Focus Point, 21 Caledonian Road, London, N1 9GB.

The UK government has announced its intention to legally restrict gatherings of more than six people. In light of this, and in accordance with the Company's commitment to the safety of Shareholders and colleagues, Shareholders will be unable to attend the General Meeting in person.

The Notice of General Meeting can be found at the end of this document and will be made available to Shareholders on the Company's website at www.corporate.saga.co.uk and sent to Shareholders. Forms of Proxy will be made available to Shareholders on the Company's website at www.corporate.saga.co.uk (if you would like to request a paper Form of Proxy please contact Saga Shareholder Services).

The Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as each Director who is a Shareholder intends to do in respect of his or her own legal and beneficial holdings of Existing Shares.

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 Insurance business, 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 Roger De Haan as an investor and non-executive Chairman. 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.

For more information about the impact of the COVID-19 pandemic, see paragraph "*The impact of and the Group's response to the COVID-19 pandemic*" in Part X (*Business Overview*).

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 operating divisions. 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. For further information on the terms of the amendments, see Part XIV (*Operating and Financial Review*) of this document.

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 with1.5 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 our 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 (see Part XIV (*Operating and Financial Review*) of this document). 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 2019/20 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 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 Roger De Haan's proposed role in the Company

It is proposed that immediately following completion of the Capital Raising, 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 Roger De Haan's commitment to Saga and confidence in its ability to deliver its strategy, 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 124,183,026 New Shares at a subscription price of 12 pence per share in the Second Firm Placing, as a result of which Roger de Haan will have a holding of at least 348,583,026 Ordinary Shares (representing 16.6 per cent. of the issued share capital) following completion of the Capital Raising. In addition Roger de Haan has conditionally subscribed for 204,250,307 New Shares in the Placing and Open Offer, subject to clawback from shareholders participating in the Open Offer. As a result, depending on the extent of clawback, Roger de Haan's shareholding in the Company following completion of the Capital Raising will be between 16.6 per cent. and 26.4per cent.

In connection with his investment in the Company through the Capital Raising, Roger De Haan has entered into the Relationship Agreement with the Company, conditional on Admission occurring. 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. Roger De Haan is expected to 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 Roger De Haan's participation in the Capital Raising, see paragraph 5 below, and for further information on the terms of the Relationship Agreement, see paragraph 17.2 of Part XIX (*Additional Information*).

The Directors have carefully considered the proposed role of 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 Roger De Haan will not be considered independent on appointment. Taking into account 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 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 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:

- a firm placing of 224,400,000 New Shares to Roger De Haan at a price of 27 pence per New Share (the "**First Firm Placing Price**"), representing a 68.4% premium to the Closing Price on 9 September 2020 (the "**First Firm Placing**"). The New Shares issued pursuant to the First Firm Placing will be subscribed for by Roger De Haan and will not carry an entitlement to participate in the Open Offer;
- a firm placing of 124,183,026 New Shares to Roger De Haan at a price of 12 pence per New Share (the "**Second Firm Placing Price**") (the "**Second Firm Placing**" and, together with the First Firm Placing, the "**Firm Placing**"). 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 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;
- a placing and open offer of 623,335,182 New Shares at a price of 12 pence per New Share (the "**Offer Price**") (the "**Placing and Open Offer**"); and
- a 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 Open Offer will be made on the basis of:

5 New Shares for every 9 Existing Shares

held by and registered in the names of Qualifying Shareholders at the close of business on the relevant Record Date.

The Joint Bookrunners have, pursuant to the Placing and Open Offer Agreement, conditionally placed the New Shares to be issued pursuant to the Placing and Open Offer with certain Shareholders, Roger De Haan (in addition to his allocations under the Firm Placing) and institutional investors. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Placing Shares conditionally placed with investors other than 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 Placing Shares have been fully off-set or clawed back will the Placing Shares conditionally placed to Roger De Haan be clawed back.

Accordingly, 348,583,026 New Shares will be placed with Roger De Haan pursuant to the Firm Placing subject to, and in accordance with, the Subscription Agreement, and 623,335,182 New Shares will be issued at the Offer Price pursuant to the Placing and Open Offer subject to, and in accordance with, the Placing and Open Offer Agreement, with all such New Shares representing in aggregate 86.6% of the Enlarged Share Capital. The Firm Placing Shares are not subject to clawback and are not part of the Placing and Open Offer.

Upon and from Admission, Roger De Haan will hold between 16.6% and 26.4% of the Enlarged Share Capital, depending on the level of participation in the Open Offer, and the Relationship Agreement will become effective. See paragraph 17.2 of Part XIX (*Additional Information*) of this document for a summary of the principal terms of the Relationship Agreement.

The First Firm Placing Price of 27 pence per New Share represents a premium of 68.4% to the Closing Price of 16 pence on 9 September 2020. The Company and Roger De Haan agreed that pursuant to the First Firm Placing he would subscribe for New Shares at a 68.4% premium to the Closing Price.

The Second Firm Placing Price and the Offer Price of 12 pence per New Share represents a discount of 25.1% to the Closing Price of 16 pence on 9 September 2020. The Offer Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment. The Second Firm Placing Price has been set at the Offer Price to replicate the entitlement 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 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 Company and the Joint Global Coordinators shall 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 and any Open Offer Entitlements admitted to CREST will thereafter be disabled.

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 are set out in the Notice of General Meeting at the end of this document.

As of the date of the Prospectus, 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.

See paragraph 17.3 of Part XIX (*Additional Information*) of this document for a summary of the principal terms of the Placing and Open Offer Agreement and paragraph 17.1 of Part XIX (*Additional Information*) of this document for a summary of the principal terms of the Subscription Agreement.

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 will, in aggregate, represent approximately 46.4% of the Enlarged Share Capital following Admission.

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.

Subject to the fulfilment of the conditions set out above and on the terms and conditions of the Open Offer set out in Part IX (*Terms and Conditions of the Capital Raising*) of this document and, in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA, the relevant Application Form, Qualifying Shareholders are being given the opportunity to subscribe for New Shares *pro rata* to their existing shareholdings at the Offer Price on the basis of:

5 New Shares for every 9 Existing Shares

held by Qualifying Shareholders and registered in his or her name at the close of business on the Record Date.

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. Qualifying Shareholders with fewer than 9 Existing Shares will therefore have no entitlement under the Open Offer.

Qualifying Shareholders may apply for any whole number of New Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders with holdings of Existing Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements. Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be enabled for settlement in CREST as soon as possible after 8.00 a.m. on 15 September 2020.

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.

If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlements in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.6% as a result of the Firm Placing. Subject to certain limited exceptions, Shareholders in the United States and the Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

Further information on the Capital Raising and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IX (*Terms and Conditions of the Open Offer*) of this document and, where relevant, in the Application Form. Some questions and answers in relation to the Capital Raising are set out in Part VIII (*Some Questions and Answers about the Capital Raising*) of this document.

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 (including any New Shares) 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 Raise will no longer hold Shares in the Company.

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

Ordinary Shares (following completion of the Capital Raising)	Consolidated Shares	Fractional entitlement to Consolidated Share[(1)]
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. See further Part V (*Expected Timetable of Principal Events*) of this document.

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 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 proposal 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, as described in more detail in paragraph 17.5 of Part XIX (*Additional Information*) of this document.

8. Financial impact of the Capital Raising

Your attention is drawn to Part XVII (*Unaudited Pro Forma Financial Information*) of this document, which contains a *pro forma* statement of net assets of the Group that illustrates the impact of the Capital Raising on the net assets of the Group as at 31 July 2020 as if it had taken place at that date.

9. Risks

The Capital Raising and any investment in the New Shares are subject to a number of risks.

Paragraph 18 (*Importance of your vote*) below sets out certain important matters relating to the financial position of Saga which Shareholders should consider fully and carefully.

In addition, this document contains a detailed discussion of certain risks associated with Saga's financial condition and the impact of the COVID-19 pandemic, the operation of the Group's business, the impact of the macroeconomic environment on the Group, and the Capital Raising. You should consider fully and carefully these risk factors, as set out in Part II (*Risk Factors*) of this document, when considering what action to take in relation to the proposed Capital Raising or deciding whether or not to subscribe for New Shares.

10. Employee Share schemes

The number of Shares subject to options and awards outstanding under the Employee Share Schemes and the exercise price (if any) may be adjusted in accordance with the rules of the relevant Employee Share Scheme in such a way as the Remuneration Committee or the Board, as appropriate, considers appropriate to take account of the Capital Raising and the Consolidation,

subject to the approval of HMRC where required. Where options and awards are subject to performance conditions, adjustments may, if the Remuneration Committee considers it appropriate, be made to the conditions. Holders of options and awards under the Employee Share Schemes will be contacted separately in due course with further information on how their options and awards may be affected by the Capital Raising and the Consolidation. Participants in the SIP will be contacted separately regarding their participation in the Capital Raising as beneficial owners of Shares held in the SIP and the actions (if any) that they may need to take.

11. 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.

12. Working capital

12.1 *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 document.

12.2 *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.

12.3 *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.

12.4 ***Basis of preparation of the working capital statement***

The working capital statement in this document has been prepared in accordance with the ESMA Recommendations, and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the COVID-19 pandemic.

13. Taxation

Your attention is drawn to Part XVIII (*Taxation*) of this document. If you are in any doubt as to your tax position you should contact your professional adviser immediately.

14. Irrevocable undertakings

The Directors have irrevocably undertaken to vote, or to procure that the registered holders vote, in favour of the Resolutions in respect of their beneficial holdings and shares in respect of which they have an interest, such interests amounting to 10,381,195 Existing Shares in aggregate, representing approximately 0.93% of the existing Share capital of Saga in issue as at the Latest Practicable Date.

In addition, each Director who holds Existing Shares has irrevocably undertaken to subscribe in full for his or her entitlement to New Shares at the Offer Price under the Open Offer.

15. Related party transaction

Setanta Asset Management Ltd (acting on behalf of its clients) ("**Setanta**"), which held approximately 10.9% of the issued share capital of the Company as at 9 September 2020, is a substantial shareholder, and therefore considered to be a related party, for the purposes of Listing Rule 11. Setanta has conditionally subscribed for 68,291,666 New Shares in connection with the Placing and Open Offer, equating to £8,195,000 at the Offer Price, subject to clawback by Qualifying Shareholders to satisfy valid applications under the Open Offer. Under Listing Rule 11.1.10R, the participation in the Placing by Setanta constitutes a "smaller" related party transaction and as such does not require the approval of independent ordinary shareholders of the Company.

16. General Meeting and the Resolutions

16.1 ***General Meeting***

Set out in Appendix 1 of this document is the Notice of General Meeting to be held at 0.30 a.m. on 2 October 2020 at Focus Point, 21 Caledonian Road, London, N1 9GB, at which the Resolutions (summarised below) will be proposed. The full text of the Resolutions is set out in the Notice of General Meeting.

16.2 ***Resolutions***

The Capital Raising is conditional upon, among other things, Shareholders' approval of Resolutions (i) to (iii):

(i) to approve the Capital Raising and the issuance of New Shares under the Capital Raising at an issue price of 27 pence in respect of the First Firm Placing (at a premium of 68.4% to the Closing Price of 16 pence on 9 September 2020) and at an issue price of 12 pence in respect of the Second Firm Placing and the Placing and Open Offer (at a discount of 25.1% to the Closing Price of 16 pence on 9 September 2020);

(ii) to grant the Board authority to allot the New Shares for cash for the purposes of the Capital Raising pursuant to Section 551 of the Companies Act 2006;

(iii) to grant the Board authority to allot the New Shares to be authorised under the authority to allot requested under the resolution described in (ii) above, which shall represent 86.6 per cent. of the Ordinary Shares in issue as at 9 September 2020 (being the latest practicable date prior to publication of this document), as if the pre-emption rights in Section 561 of the Companies Act 2006 did not apply; and

(iv) to consolidate every 15 Ordinary Shares of 1 pence into 1 Consolidated Share of 15 pence, having the same rights and obligations as the Existing Shares, save as to nominal value.

Resolution (i) is required under Listing Rule 9.5.10R(3)(a) to approve the issue of New Shares pursuant to the Second Firm Placing and the Placing and Open Offer at a discount in excess of 10%.

If Resolutions (i) to (iii) are not approved at the General Meeting, the Company will be unable to complete the Capital Raising.

16.3 *Actions to be taken*

General Meeting

The UK government has announced its intention to legally restrict gatherings of more than six people. In light of this, and in accordance with the Company's commitment to the safety of our shareholders and colleagues, shareholders will be unable to attend the General Meeting in person.

You are requested to register a proxy online by logging on to www.sagashareholder.co.uk and following the instructions. CREST Shareholders may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the registrar (CREST participant ID RA10). In any event to be valid, the Proxy Instruction must be received by the Company's Registrar by not later than 10.30 a.m. on 30 September 2020.

If you hold your shares within the Saga Shareholder Account (SSA) your shares are held on your behalf in the name of Link Market Services Trustees (Nominees) Limited, a wholly owned subsidiary of the administrators of the SSA, Link Market Services Trustees Limited. Link Market Services Trustees (Nominees) Limited is the registered shareholder but you can tell them how you want the votes in respect of your shares to be cast at the General Meeting by voting online by logging on to www.sagashareholder.co.uk and following the instructions or by completing and returning a Form of Direction to the registrar by not later than 10.30 a.m. on 29 September 2020.

If you would like to request a paper Form of Proxy or Form of Direction, please contact Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice.

In respect of the Open Offer

If you are a Qualifying Non-CREST Shareholder or a Shareholder in the SSA and not also a Restricted Shareholder and you wish to take up your Open Offer Entitlements in whole or in part, you should complete and return the Application Form, together with your remittance for the full amount of the subscription monies for the New Shares being taken up in accordance with the instructions printed thereon and in Part IX (*Terms and Conditions of the Capital Raising*) of this document, by post, to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Application forms should be posted so as to arrive by no later than 11.00 a.m. on 30 September 2020 and SSA Application forms should be posted so as to arrive by no later than 11.00 a.m. on 28 September 2020, being the latest time for acceptance and payment in full in each case. If you are a Qualifying CREST Shareholder and not also a Restricted Shareholder, no Application Form is provided and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The latest time for applications to be submitted in CREST under the Open Offer is 11.00 a.m. on 30 September 2020. Full details of the terms and conditions

of the Open Offer and the procedure for application and payment are contained in Part IX (*Terms and Conditions of the Capital Raising*) of this document. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

Further information

Your attention is drawn to the further information set out in Part VIII (*Some Questions and Answers About the Capital Raising*) to Part XIX (Additional *Information*) (inclusive) of this document. Shareholders should read the whole of the Prospectus and not rely solely on the information set out in this letter.

17. Overseas shareholders

The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of or located in countries other than the United Kingdom, is drawn to the information in paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) of this document.

United States

The New Shares have not been, and will not be, registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States.

Accordingly, Saga is not extending the offer under the Capital Raising into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain limited exceptions, this document does not constitute and will not constitute an offer or an invitation to acquire any New Shares in the United States. Subject to certain limited exceptions, this document will not be sent to any Qualifying Shareholder in, or with a registered address in, the United States.

Subject to certain limited exceptions, any person who acquires the New Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or accepting delivery of the New Shares that it is not, and that at the time of acquiring the New Shares it will not be, in the United States or acting on behalf of a person on a non-discretionary basis in the United States or any state of the United States.

Saga reserves the right to offer the New Shares to a limited number of Qualifying Shareholders in the United States that are determined by Saga to be eligible to participate in the Capital Raising, which may include QIBs, in offerings exempt from, or in transactions not subject to, the registration requirements under the US Securities Act.

A QIB will be permitted to participate in any sales or purchases of the New Shares only if the QIB (i) returns a duly completed and executed investor letter containing relevant representations and warranties, including that it and any account for which it is acting is a QIB, to and in accordance with the instructions of its custodian or nominee; and (ii) sends copies of such duly completed and executed investor letter to Saga. Any person that participates in any sales or purchases of the New Shares that does not sign and deliver an investor letter will be deemed to have represented and warranted that it is located outside the United States and is subscribing for the New Shares in an offshore transaction in compliance with the provisions of Regulation S.

Prospective investors are hereby notified that the sellers of the New Shares may be relying upon the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

The Company will, during any period in which it is neither subject to and in compliance with Section 13 or 15(d) of the United States Securities Exchange Act of 1934 nor exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) thereunder, provide to each holder or beneficial owner of the New Shares and to each prospective purchaser (as

designated by such holder) of New Shares, upon the request of such holder or prospective purchaser, the information required to be provided under Rule 144A(d)(4) under the US Securities Act.

In addition, until 40 days after the commencement of the Capital Raising, an offer, sale or transfer of the New Shares within the United States by a dealer (whether or not participating in the Capital Raising) may violate the registration requirements of the US Securities Act.

None of the New Shares, this document or any other offering document relating to the Existing Shares or the New Shares have been approved or disapproved by the United States Securities and Exchange Commission, any securities regulatory authority of any state of the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

Other jurisdictions

This document and any accompanying documents are not being made available to Overseas Shareholders with registered addresses in any Excluded Territory and may not be treated as an invitation to subscribe for any New Shares by any person resident or located in such jurisdictions or any other Excluded Territory. The New Shares have not been, and will not be, registered under the applicable securities laws of any Excluded Territory. Accordingly, the New Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any Excluded Territory to or for the account or benefit of any national, resident or citizen of any Excluded Territory. This document has been prepared to comply with English law, the Prospectus Regulation, the Prospectus Regulation Rules and the Listing Rules, and the information disclosed may not be the same as that which could have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

18. Importance of your vote

Your 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.

18.1 *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. See *"—The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic" and "—The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business.*" in paragraphs 1.2 and 2.1 of Part II (*Risk Factors*) of this document. 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.

18.2 ***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 document.

18.3 *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.

19. 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 "**Latest Practicable Date**").

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, being the latest practicable date prior to publication of this document), intends to take up in full his or her entitlement to subscribe for New Shares under the Open Offer.

Yours faithfully

Patrick O'Sullivan
Chairman

Saga plc

PART VIII

SOME QUESTIONS AND ANSWERS ABOUT THE CAPITAL RAISING

The questions and answers set out in this Part VIII are intended to be in general terms only and, as such, you should read Part IX (Terms and Conditions of the Capital Raising) of this document for full details of the terms of the Capital Raising and what action you should take if you wish to participate in the Capital Raising. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under the FSMA, or from another appropriately authorised independent financial adviser.

This Part VIII deals with general questions relating to the Capital Raising and more specific questions primarily relating to Existing Shares held by persons resident in the United Kingdom who hold their Existing Shares in certificated form. If you are an Overseas Shareholder, you should read paragraph 6 of Part IX (Terms and Conditions of the Capital Raising) of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up the New Shares. If you hold your Existing Shares in uncertificated form (through CREST) you should read Part IX (Terms and Conditions of the Capital Raising) of this document for full details of what action you should take. If you are a CREST Sponsored Member, you should also consult your CREST Sponsor.

If you do not know whether your Existing Shares are in certificated or uncertificated form, please call the Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice.

Section A – Questions and Answers for all Qualifying Shareholders

1. What are the Firm Placing and the Placing and Open Offer?

A firm placing and placing and open offer is a way for companies to raise money. The structure gives existing Qualifying Shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (an open offer) and provides an opportunity for new investors to subscribe for new shares in the Company (a firm placing).

The Company has agreed with Roger De Haan to undertake the Firm Placing, which comprises two firm placings. The First Firm Placing will enable Roger De Haan to invest in and become a Shareholder in the Company by subscribing for 224,400,000 New Shares at a price of 27 pence per New Share. The Second Firm Placing will enable Roger De Haan to subscribe for 124,183,026 New Shares at the Offer Price as if he were participating in the Open Offer as a Qualifying Shareholder. The Firm Placing is inter-conditional with the Placing and Open Offer.

The Company has also agreed to undertake the Placing and Open Offer. The Joint Bookrunners have, pursuant to the Placing and Open Offer Agreement, conditionally placed the New Shares to be issued pursuant to the Placing and Open Offer with certain Shareholders, Roger De Haan (in addition to his allocations under the Firm Placing) and institutional investors. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

2. Can I participate in the Firm Placing?

No. The Firm Placing is not available to Qualifying Shareholders. If a Qualifying Shareholder (who is not a Placee) takes up his or her Open Offer Entitlements in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 16.6% as a result of the Firm Placing.

3. What is the Company's Open Offer?

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 623,335,182 New Shares at a price of 12 pence per New Share. If you hold

Existing Shares at the Record Date or have a *bona fide* market claim, and are not a Shareholder located in the United States (except subject to certain limited exceptions) or any other Excluded Territory (for further information, see paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*)), you will be entitled to subscribe for New Shares under the Open Offer. The Open Offer is being made on the basis of 5 New Shares for every 9 Existing Shares held by Qualifying Shareholders (other than Restricted Shareholders) at the Record Date. The Offer Price of 12 pence per Open Offer Share represents a discount of 25.1 per cent. to the Closing Price on 9 September 2020. If your entitlement to New Shares is not a whole number, your fractional entitlement will be rounded down to the nearest whole number in calculating your entitlement to New Shares. New Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing mid-market share price on the last dealing day before the details of the Capital Raising were announced on 10 September 2020. Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders and Shareholders in the SSA should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. New Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. The Placing Shares have been placed with conditional Placees, subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders. Any New Shares which are not applied for under the Open Offer will be allocated to Placees pursuant to the Placing and Open Offer Agreement, with the proceeds ultimately accruing for the benefit of the Company. However, Shareholders should note that the Capital Raising is conditional upon: (i) the Resolution 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 shall agree); (iii) the Placing and Open Offer Agreement becoming unconditional and (iv) the Subscription Agreement becoming unconditional.

4. When will the Open Offer take place?

The Open Offer will be open for acceptance between 14 September 2020 and 11.00 a.m. on 30 September (in respect of Application Forms and applications in CREST) and 11.00 a.m. on 28 September 2020 (in respect of SSA Application Forms).

The Open Offer is subject to Admission of the New Shares becoming approved by the FCA to take effect by not later than 8.00 a.m. on 5 October 2020.

5. What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Shares in certificated form or Shareholders in the SSA (that is not held in CREST). It sets out your entitlement to subscribe for the New Shares and is a form which you should complete if you want to participate in the Open Offer.

6. What if I have not received an Application Form?

If you have not received an Application Form and you do not hold your Shares in CREST, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be able to participate in the Open Offer, including Qualifying CREST Shareholders, Qualifying Non-CREST Shareholders and Shareholders in the SSA who bought Shares before the Ex-Entitlements Date but were not registered as the holders of those Shares at the Record Date (see question 17 below).

If you do not receive an Application Form but think that you should have received one, please call Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be

unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice.

7. I hold my Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part IX (*Terms and Conditions of the Capital Raising*) of this document. Persons who hold Shares through a CREST member should be informed by the CREST member through which they hold their Shares of the number of New Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

8. I hold my Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Application Form and are not a Shareholder with a registered address in a Excluded Territory, and are not physically located in the United States (except subject to certain limited exceptions) or any other Excluded Territory, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Shares before the Ex-Entitlements Date.

9. I hold my Shares in certificated form or in the SSA. How do I know how many New Shares I am entitled to take up?

If you hold your Shares in certificated form and do not have a registered address in the United States (except subject to certain limited exceptions) or any other Excluded Territory, you will be sent an Application Form that shows:

- how many Shares you held at the Record Date;
- how many New Shares are in your Open Offer Entitlement; and
- how much you need to pay in Pounds Sterling if you want to take up your right to subscribe for all of your Open Offer Entitlement.

If you would like to apply for any or all of the New Shares in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 30 September 2020 and SSA Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 28 September 2020 being the latest time for acceptance and payment in full in each case, after which time Application Forms will not be valid.

10. I hold my Existing Shares in certificated form or in the SSA and am I eligible to receive an Application Form. What are my choices in relation to the Open Offer?

10.1 If you do not want to take up your Open Offer Entitlement

If you do not want to take up your Open Offer Entitlement you do not need to do anything. In these circumstances, you will not receive any New Shares. You will also not receive any money when the New Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the New Shares to which you are entitled by the latest time for acceptance and payment in full, the Company has made arrangements under which the Company has agreed to issue New Shares comprising your Open Offer Entitlement to the conditional Placees in the Placing and Open Offer.

If you do not take up any of your Open Offer Entitlement then following the issue of the New Shares pursuant to the Capital Raising, your interest in the Company, as a percentage of the Enlarged Share Capital, will be diluted by 46.4% as a result of the Capital Raising.

10.2 If you want to take up some but not all of the New Shares under your Open Offer Entitlement

If you want to take up some but not all of the New Shares under your Open Offer Entitlement, you should write the number of New Shares you want to take up in Box 6 of your Application Form; for example, if you have an Open Offer Entitlement for 100 New Shares but you only want to apply for 50 New Shares, then you should write "50" in Box 6.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, "50") by £0.12, which is the price in pounds sterling of each Open Offer Share giving you an amount of £6.00 in this example. You should write this amount in Box 7, rounding up to the nearest whole penny and this should be the amount your cheque or banker's draft is made out for.

If you hold your shares in the SSA and have received a SSA Application Form you must also complete Box 2 of the application form. You should refer to the National Client Identifier (NCI) Help Sheet for information on how to fill out Box 2. If you do not have the required National Client Identifier or it is not required for your nationality, then please complete the Nationality and Date of Birth boxes so we can generate an ID for you where possible. Without this information, we will not be able to accept your application.

In all cases the application form should be signed by all Shareholders in accordance with the instructions printed on the Application Form. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope by post to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 30 September 2020 and SSA Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 28 September 2020 being the latest time for acceptance and payment in full in each case, after which time Application Forms will not be valid.

All payments should be in Pounds Sterling and made by cheque or banker's draft made payable to 'Link Market Services Limited re: Saga Open Offer Acceptance A/C' and crossed 'A/C payee only'. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct Link to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

The number of New Shares you subscribe for will be consolidated into Consolidated Shares and you will receive a definitive share certificate or if you are a Shareholder in the SSA your account statement in respect of the Consolidated Shares. Your definitive share certificate or nominee statement is expected to be despatched to you on or around 23 October 2020.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 5 October 2020 (or such later time ordate as the Company and the Joint Global Coordinators shall agree), the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without payment of interest, to the address set out on the Application Form, within 14 days thereafter.

10.3 If you want to take up all of your Open Offer Entitlement

If you want to take up all of the New Shares to which you are entitled and have a Application Form, all you need to do is sign Box 2 on page 1 of the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 5 of your Application Form), payable to 'Link Market Services Limited re: Saga Open Offer Acceptance A/C' and crossed 'A/C payee only', in the accompanying pre-paid envelope by post to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you are a Shareholder in the SSA and have a SSA Application Form you must also complete Box 2 of the application form. You should refer to the National Client Identifier (NCI) Help Sheet for information on how to fill out Box 2. If you do not have the required National Client Identifier or it is not required for your nationality, then please complete the Nationality and Date of Birth boxes so we can generate an ID for you where possible. Without this information, we will not be able to accept your application.

Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 30 September 2020 and SSA Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 28 September 2020 being the latest time for acceptance and payment in full in each case, after which time Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow at least four Business Days for delivery within the United Kingdom. Please do not send cash.

11. I am a Qualifying Shareholder, do I have to apply for all the New Shares I am entitled to apply for?

Any applications by a Qualifying Shareholder for a number of New Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the New Shares in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement. Please refer to question 15 for further information.

12. Will I be taxed if I take up my entitlements?

If you are resident in the United Kingdom for UK tax purposes, you will not have to pay UK tax when you take up your right to receive New Shares, although the Capital Raising may affect the amount of UK tax you pay when you sell your New Shares. Further information for Qualifying Shareholders who are resident in the United Kingdom for UK tax purposes is contained in Part XVIII (*Taxation*) of this document. Shareholders who are in any doubt as to their tax position or who are subject to tax in any jurisdiction other than the United Kingdom should consult their professional advisers immediately.

13. Are the Firm Placing and the Placing and Open Offer underwritten?

The Placing and Open Offer is underwritten by the Joint Bookrunners pursuant to the Placing and Open Offer Agreement subject to certain customary conditions. The fees payable to the Joint Bookrunners in connection with this underwriting and a summary of the terms of the Placing and Open Offer Agreement are set out in paragraph 17.3 of Part XIX (*Additional Information*) of this document.

The Firm Placing is not underwritten by the Joint Bookrunners.

14. What if the number of New Shares to which I am entitled is not a whole number: am I entitled to fractions of New Shares?

Your entitlement to New Shares will be calculated at the relevant Record Date. If the result is not a whole number, your entitlement will be rounded down to the nearest whole number and you will not receive a New Share in respect of any fraction of a New Share.

15. Will my current shareholding in Saga remain the same following the Capital Raising?

If a Qualifying Shareholder who is not a Placee does not take up any of his or her Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital,

will be diluted by 46.4% as a result of the Capital Raising. If a Qualifying Shareholder who is not a Placee takes up his or her Open Offer Entitlements in full such Qualifying Shareholder's holding, as a percentage of Enlarged Share Capital, will be diluted by 23.7% as a result of the Firm Placing. Subject to certain limited exceptions, Shareholders in the United States and the Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

16. I hold my Existing Shares in certificated form. If I take up my Open Offer Entitlement, when will I receive the certificate representing my Consolidated Shares and New Shares?

If you take up your Open Offer Entitlement under the Open Offer, definitive share certificates for the New Shares and Consolidated Shares are expected to be posted on or around 23 October 2020.

17. If I buy Ordinary Shares after the Record Date but before 8.00 a.m. on 11 September 2020 (the Ex-Entitlements Date) will I be eligible to participate in the Open Offer?

If you bought Shares before the Ex-Entitlements Date but after the Record Date or you are not registered as the holder of Shares at 6.00 p.m. on the Record Date you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. If you buy Ordinary Shares at or after 8.00 a.m. on 11 September 2020 (the Ex-Entitlements Date), you will not be eligible to participate in the Open Offer in respect of those Ordinary Shares.

18. Can I change my decision?

If you are a Qualifying Non-CREST Shareholder or Shareholder in the SSA, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Shares for which you have applied, except in very limited circumstances (see paragraph 8 of Part IX (*Terms and Conditions of the Capital Raising*) of this document for further information).

19. What if I hold options and awards under Saga's Employee Share Schemes?

The number of Shares subject to options and awards outstanding under the Employee Share Schemes and the exercise price (if any) may be adjusted, in accordance with the rules of the relevant Employee Share Scheme in such a way as the Remuneration Committee or the Board, as appropriate, considers appropriate to take account of the Capital Raising and Consolidation, subject to the approval of HMRC where required. Where options and awards are subject to performance conditions, adjustments may, if the Remuneration Committee considers it appropriate, be made to the conditions. Holders of options or awards under the Employee Share Schemes will be contacted separately in due course with further information on how their options and awards may be affected by the Capital Raising and the Consolidation. Participants in the SIP will be contacted separately regarding their participation in the Capital Raising as beneficial owners of Shares held in the SIP and the actions (if any) that they may need to take.

20. What is the purpose of the Consolidation and will my current shareholding in Saga remain the same following the Consolidation?

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. Each Shareholder will have fewer Ordinary Shares as a result of the Consolidation. However, subject to the treatment of fractions, it is not expected that the proportion of Saga's issued share capital held by each Shareholder may change as a result of the Consolidation (although a Shareholder may experience dilution under the Capital Raising). The Consolidation may result in the creation of fractional Consolidated Shares. Such fractions will be aggregated and sold by the Company on behalf of the relevant Shareholders. Amounts of less than £5.00 will not be paid to Shareholders and will be retained for the benefit of the Company. As a result, there may be minor dilution to your shareholding following the Consolidation. The Directors have set the Consolidation Ratio at 1 Consolidated Share for every 15 Ordinary Shares and therefore a Shareholder with fewer

than 15 Ordinary Shares at the Consolidation Record Date (taking into account New Shares subscribed for in the Open Offer) will have their entire holding sold as part of the Consolidation process and will no longer be a Shareholder in Saga. Shareholders who would, assuming they take up their entitlements in the Open Offer, hold fewer than 15 Ordinary Shares should not therefore subscribe for New Shares through the Open Offer.

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

Ordinary Shares (following completion of the Capital Raising)	Consolidated Shares	Fractional entitlement to Consolidated Share[(1)]
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 a 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.

21. What should I do if I live outside the United Kingdom?

Your ability to apply to subscribe for New Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States (except subject to certain limited exceptions) or any other Excluded Territory are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) of this document.

22. What should I do if I think my holding of Existing Shares at the relevant Record Date is incorrect or I want more information in relation to the Capital Raising?

If you have bought or sold Existing Shares shortly before the relevant Record Date, your transaction may not be entered on the register of members in time to appear on the register at the relevant Record Date. If you are concerned about the figure in the Application Form or otherwise concerned that your holding of Existing Shares has been reflected incorrectly, please contact the Saga Shareholder Services, as appropriate. Contact details for the Saga Shareholder Services are set out in question 23 of this Part VIII (*Some Questions and Answers about the Capital Raising*). Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice.

23. What should I do if I need further assistance?

If you have any other questions, please contact Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, Saga Shareholder Services will only be able to provide information contained in this document and will be unable to give advice on the merits of the Capital Raising or to provide financial, investment or taxation advice. Link staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly. Your attention is drawn to the further terms and conditions in Part IX (*Terms and Conditions of the*

Capital Raising) of this document and (in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA) in the Application Form. The contents of this document or any subsequent communication from the Company, the Directors or the Joint Bookrunners or any of their respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

PART IX

TERMS AND CONDITIONS OF THE CAPITAL RAISING

1. Introduction

The Company proposes to raise gross proceeds of £150 million (net proceeds of £140 million after expenses) by way of the Capital Raising.

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

- a firm placing of 224,400,000 New Shares to Roger De Haan at the First Firm Placing Price representing a 68.4% premium to the Closing Price on 9 September 2020 (the "**First Firm Placing**"). The New Shares issued pursuant to the First Firm Placing will be subscribed for by Roger De Haan and will not carry an entitlement to participate in the Open Offer;
- a firm placing of 124,183,026 New Shares to Roger De Haan at the Second Firm Placing Price (the "**Second Firm Placing**" and, together with the First Firm Placing, the "**Firm Placing**"). 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 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;
- a Placing and Open Offer of 623,335,182 New Shares at the Offer Price; and
- a 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 Firm Placing is being made subject to the terms of the Subscription Agreement entered into between the Company and Roger De Haan on 10 September 2020. A summary of the Subscription Agreement is set out in paragraph 17.1 of Part XIX (*Additional Information*) of this document.

Subject to the satisfaction or waiver of the conditions of the Placing and Open Offer Agreement and of the Subscription Agreement and the terms and conditions set out in this Part IX, including passing of the Resolutions by Shareholders, the New Shares will be issued at the First Firm Placing Price of 27 pence per New Share in connection with the First Firm Placing and otherwise at the Offer Price of 12 pence per New Share (other than, subject to certain limited exceptions, to Qualifying Shareholders resident or with registered addresses in any of the Excluded Territories) and, in connection with the Open Offer, on the basis of:

5 New Shares for every 9 Existing Shares

held by and registered in the names of Qualifying Shareholders at the close of business on the relevant Record Date (and so in proportion to any other number of Existing Shares each Qualifying Shareholder then holds) and otherwise on the terms and conditions set out in this document (or, in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA, the relevant Application Form).

The Joint Bookrunners have, pursuant to the Placing and Open Offer Agreement, conditionally placed the New Shares to be issued pursuant to the Placing and Open Offer with certain Shareholders, Roger De Haan (in addition to his allocations under the Firm Placing) and institutional investors. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Placing Shares conditionally placed with investors other than Roger De Haan will be clawed back on a *pro rata* basis first (with investors 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 Placing Shares have been fully off-set or clawed back will the Placing Shares conditionally placed to Roger De Haan be clawed back.

Times and dates referred to in this Part IX have been included on the basis of the expected timetable for the Capital Raising set out in Part V (*Expected Timetable of Principal Events*) of this document.

The First Firm Placing Price of 27 pence per New Share in connection with the First Firm Placing represents a premium of 68.4% to the Closing Price of 16 pence on 9 September 2020. The

Second Firm Placing Price and the Offer Price of 12 pence per New Share represents a discount of 25.1% to the Closing Price of 16 pence on 9 September 2020.

Roger De Haan has agreed to subscribe for the Firm Placing Shares in accordance with the terms and subject to the conditions in the Subscription Agreement. The Subscription Agreement is conditional upon certain matters being satisfied or not occurring prior to Admission and may also be terminated by Roger De Haan prior to Admission upon the occurrence of certain specified events, in which case the Capital Raising will not proceed. A summary of the principal terms and conditions of the Subscription Agreement is set out in paragraph 17.1 of Part XIX (*Additional Information*) of this document.

The Joint Bookrunners have agreed to underwrite the Placing and Open Offer in accordance with the terms and subject to the conditions in the Placing and Open Offer Agreement. The Firm Placing is not underwritten by the Joint Bookrunners. The Placing and Open Offer Agreement is conditional upon certain matters being satisfied or not occurring prior to Admission and may also be terminated by the Joint Bookrunners prior to Admission upon the occurrence of certain specified events, in which case the Capital Raising will not proceed. A summary of the principal terms and conditions of the Placing and Open Offer Agreement is set out in paragraph 17.3 of Part XIX (*Additional Information*) of this document.

The Capital Raising is conditional, *inter alia*, upon:

- 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 Company and the Joint Global Coordinators shall agree);
- the Placing and Open Offer Agreement becoming unconditional; and
- the Subscription Agreement becoming unconditional.

If any of the conditions are not satisfied or, if applicable, waived, then the Capital Raising will not take place. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

2. Terms and conditions of the Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA, the Application Forms), each Qualifying Shareholder who is not a Restricted Shareholder is being given an opportunity to apply for New Shares at the Offer Price (payable in full and free of all expenses) on the following *pro rata* basis:

5 New Shares at 12 pence each for every 9 Existing Shares

held and registered in their name at 6.00 p.m. on 9 September 2020 (the Record Date) and so on in proportion to any other number of Existing Shares then held.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Open Offer Entitlements.

Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer Entitlements.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders and Shareholders in the SSA should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. New Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Shares which are not applied for under the Open Offer will be allocated to the Placees in the Placing and Open Offer, with the proceeds ultimately accruing for the benefit of the Company.

The attention of Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) which forms part of the terms and conditions of the Capital Raising. In particular, Restricted Shareholders will not be sent this document or the Application Form and will not have their CREST stock accounts credited with Open Offer Entitlements.

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Ordinary Shares and Consolidated Shares and will rank in full for all dividends and other distributions made, paid or declared in respect of the Ordinary Shares after their issue.

The Directors have set the Consolidation Ratio at 1 Consolidated Share for every 15 Ordinary Shares and therefore a Shareholder with fewer than 15 Shares as at the Consolidation Record Date (taking into account New Shares subscribed for in the Open Offer) will have their entire holding sold as part of the Consolidation process and will no longer be a Shareholder in Saga. Shareholders who would, assuming they take up their entitlements in the Open Offer, hold fewer than 15 Ordinary Shares should not therefore subscribe for New Shares through the Open Offer. Subject to the above, it is not expected that the proportion of Saga's issued share capital held by each Shareholder will change as a result of the Consolidation.

The Consolidation may also result in the creation of fractional Consolidated Shares. Such fractions will be aggregated and sold by the Company on behalf of the relevant Shareholders. Amounts of less than £5.00 will not be paid to such Shareholders and will be retained for the benefit of the Company. As a result, there may be minor dilution to your shareholding following the Consolidation.

Following the Consolidation, the ISIN code for the Consolidated Shares will be GB00BMX64W89.

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

No temporary documents of title will be issued in respect of the New Shares held in uncertificated form. Definitive certificates in respect of New Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their New Shares in certificated form on or around 23 October 2020.

The Existing Shares are already CREST-enabled. No further application for admission to CREST is required for the New Shares and all of the New Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Open Offer Entitlements to be admitted to CREST as participating securities. In respect of those Qualifying Shareholders who have validly elected to hold their New Shares in uncertificated form, the Open Offer Entitlements are expected to be credited to their CREST stock accounts, as soon as practicable after 8.00 a.m. on 15 September 2020.

Subject to the conditions above being satisfied and save as provided in this Part IX (*Terms and Conditions of the Capital Raising*), it is expected that:

(A) Link will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than Restricted Shareholders) with such Shareholders' Open Offer Entitlements, with effect from 8.00 a.m. on 15 September 2020;

(B) New Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their Open Offer Entitlements by 8.00 a.m. on 5 October 2020;

(C) share certificates for the Consolidated Shares will be despatched on or around 23 October 2020 to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements. Such certificates will be despatched at the risk of such Shareholders. Shareholders in the SSA will be sent notification of their allocation of New Shares on or around 23 October 2020.

All Qualifying Shareholders taking up their Open Offer Entitlements will be deemed to have given the representations and warranties set out in paragraph 4.7 below (in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA) and paragraph 5.8 below (in the case of Qualifying CREST Shareholders) unless, in each case, such requirement is waived in writing by the Company.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renouncees (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Shareholders is drawn to paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) which forms part of the terms and conditions of the Open Offer.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates or times.

3. Action to be taken in connection with the Open Offer

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of his entitlement under the Open Offer or has had his Open Offer Entitlements credited to his CREST Stock account.

If you are a Qualifying Non-CREST Shareholder or Shareholder in the SSA and you are not a Restricted Shareholder, please refer to paragraph 4 and paragraphs 6 to 12 (inclusive) of this Part IX (*Terms and Conditions of the Capital Raising*).

If you are a Qualifying CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraphs 5 to 12 (inclusive) of this Part IX(*Terms and Conditions of the Capital Raising*) and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

4. Action to be taken in relation to Open Offer Entitlements represented by Application Forms

4.1 General

Subject to paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*), Qualifying Non-CREST Shareholders and Shareholders in the SSA will have received an Application Form with this document.

The Application Forms set out:

(i) in Box 3, on the Application Form, the number of Existing Shares registered in such person's name at the Record Date (on which a Qualifying Non-CREST Shareholder or Shareholder in the SSA's entitlement to New Shares is based);

(ii) in Box 4, the maximum number of New Shares for which such persons are entitled to apply under the Open Offer, taking into account that they will not be entitled to take up any fraction of a New Share arising when their entitlement was calculated;

(iii) in Box 5, how much they would need to pay in Pounds Sterling if they wish to take up their Open Offer Entitlement in full;

(iv) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to convert all or part of his entitlement into uncertificated form and instructions regarding acceptance and payment, consolidation and splitting.

Qualifying Non-CREST Shareholders and Shareholders in the SSA may apply for less than their maximum Open Offer Entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders and Shareholders in the SSA.

The latest time and date for acceptance of the Application Forms and payment in full will be 11.00 a.m. on 30 September 2020 and SSA Application Forms will be 11.00 a.m. on 28 September 2020.

The New Shares are expected to be issued on 5 October 2020. After such date the New Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

Qualifying Shareholders who do not want to take up or apply for the New Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by completing an online proxy form at www.sagashareholder.co.uk or returning a hard copy Form of Proxy or Form of Direction or by completing and transmitting a CREST Proxy Instruction.

In the event that the conditions to the Open Offer are not satisfied, the Open Offer will lapse, any Application Forms submitted to the Receiving Agent will be deemed invalid and the Receiving Agent will refund the amount paid by a Qualifying Non-CREST Shareholder or Shareholder in the SSA by way of cheque, without interest, as soon as practicable thereafter.

4.2 *Bona fide* market claims

Applications to acquire New Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder or Shareholder in the SSA named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Shares through the market prior to 8.00 a.m. on 11 September 2020 (the date upon which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims prior to 3.00 p.m. on 28 September 2020.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder or Shareholders in the SSA who has sold or otherwise transferred all or part of his holding of Shares prior to the date upon which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer, being 8.00 a.m. on 11 September 2020, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire New Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 8.00 a.m. on 11 September 2020 should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Forms should not, however, be forwarded to or transmitted in or into any Excluded Territory, including the United States (except subject to certain limited exceptions). If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Shares shown on Box 3 of their Application Form prior to 8.00 a.m. on 11 September 2020 should, if the market claim is to be settled outside CREST, complete Box 8 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and

one for each of the purchasers or transferees), the total number of Existing Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 3 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 4), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 3.00 p.m. on 28 September 2020. The Receiving Agent will then create new Application Forms, mark the Application Forms 'Declaration of sale or transfer duly made' and send them by post to the person submitting the original Application Form. The Application Form should not, however, be forwarded to or transmitted in or into any Excluded Territory, including the United States (except subject to certain limited exceptions).

4.3 Application procedures

Qualifying Non-CREST Shareholders and Shareholders in the SSA who wish to apply to subscribe for all or any of the New Shares in respect of their Open Offer Entitlement must return the Application Form in accordance with the instructions thereon.

Completed Application Forms should be posted in the accompanying pre-paid envelope (in the United Kingdom only) or returned by post to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 30 September 2020 and SSA Application Forms should be posted so as to arrive by no later than 11.00 a.m. on 28 September 2020 being the latest time for acceptance and payment in full in each case, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Qualifying Non-CREST Shareholders and Shareholders in the SSA should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first class post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four working days for delivery.

Completed Application Forms should be returned together with payment in accordance with paragraph 4.4 below.

4.4 Payment

All payments must be made by cheque or banker's draft in Pounds Sterling payable to 'Link Market Services Limited re: Saga plc Open Offer Acceptance A/C' and crossed 'A/C payee only'. Cheques must be for the full amount payable on acceptance, and sent by post to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any event, not later than **11.00 a.m. on 30 September 2020 in respect of Application Forms and 11.00 a.m. on 28 September 2020 in respect of SSA Application Forms**. A pre-paid envelope for use within the United Kingdom only will be sent with the Application Form.

Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has inserted the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Company Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Open Offer that cheques must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a non-interest-bearing account retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no New Shares will be issued and all monies will be returned (at the applicant's sole risk) to applicants, without payment of interest, either as a cheque by first class post to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, in each case, as soon as practicable following the lapse of the Open Offer. The interest earned on such monies, if any, will be retained for the benefit of the Company.

If New Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part IX (*Terms and Conditions of the Capital Raising*) in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All enquiries in connection with the Application Forms should be addressed to Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively, enquiries in connection with the Application Forms can be made to 0800 015 5429. Saga Shareholder Services is open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

4.5 Incorrect sums

If an Application Form encloses a payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

(i) to reject the application in full and return the cheque or refund the payment to the Qualifying Non-CREST Shareholder or Shareholder in the SSA in question (without interest); or

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder or Shareholder in the SSA in question (without interest), save that any sums of less than £1.00 will be retained for the benefit of the Company; or

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder or Shareholder in the SSA in question (without interest), save that any sums of less than £1.00 will be retained for the benefit of the Company.

4.6 Discretion as to validity of acceptances

If payment is not received in full by 11.00 a.m. on 30 September 2020 (or 11.00 a.m. on 28 September 2020 in the case of Shareholders in the SSA who are in receipt of the SSA Application Form) the offer to subscribe for New Shares will be deemed to have been declined and will lapse. However, the Company may, but shall not be obliged to, treat as valid: (a) Application Forms and accompanying remittances that are received through the post not later than 11.00 a.m. on 30 September 2020; and (b) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 30 September 2020 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Shares to be acquired and undertaking to lodge the relevant

Application Form, duly completed, by 11.00 a.m. on 30 September 2020 and such Application Form is lodged by that time.

The Company may also (in its absolute discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for the New Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for New Shares in, a Excluded Territory, including the United States.

4.7 Effect of application

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

(i) represents and warrants to each of the Company and the Joint Bookrunners that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with each of the Company and the Joint Bookrunners that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

(iii) confirms to each of the Company and the Joint Bookrunners that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

(iv) confirms to each of the Company and the Joint Bookrunners that in making the application he is not relying and has not relied on the Joint Bookrunners or any other person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(v) represents and warrants to the each of Company and the Joint Bookrunners that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vi) represents and warrants to each of the Company and the Joint Bookrunners that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vii) represents and warrants to each of the Company and the Joint Bookrunners that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, and (b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the New Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Shares under the Open Offer;

(viii) represents and warrants to each of the Company, the Joint Bookrunners and the Receiving Agent that: (a) subject to certain limited exceptions, he is not in the United States, nor is he applying for the account of any person who is located in the United States; and (b) he is not applying for the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any New Shares into the United States;

(ix) represents and warrants to each of the Company and the Joint Bookrunners that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;

(x) requests that the New Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Company's Articles; and

(xi) acknowledges that his or its application for New Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 7 (*Withdrawal Rights*) of this Part IX apply.

4.8 Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, Link may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the 'verification of identity requirements'). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Link. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (the "**applicant**"), including any person who appears to Link to be acting on behalf of some other person, shall thereby be deemed to agree to provide Link with such information and other evidence as Link may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to Link such information as may be specified by Link as being required for the purpose of the Money Laundering Regulations.

If Link determines that the verification of identity requirements apply to any applicant or application, the relevant New Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Link is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither Link nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, Link has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence).

The verification of identity requirements will not usually apply if:

(A) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 2015/849/EC);

(B) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;

(C) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations;

(D) the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or

(E) the aggregate subscription price for the relevant New Shares is less than €15,000 (or its Pounds Sterling equivalent).

Submission of the Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Joint Bookrunners from the applicant that the Money Laundering Regulations will not be breached by application of such remittance and an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations. If the verification of identity requirements applies, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

(i) if payment is made by cheque or banker's draft drawn on a branch of a bank or building society in the United Kingdom and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to 'Link Market Services Limited re: Saga Open Offer Acceptance A/C' and crossed 'A/C payee only'. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form; or

(ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (A) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, Israel, Korea, Japan, Malaysia, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Link and/or any relevant regulatory or investigatory authority.

To confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the applicant should contact Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate.

4.9 Issue of New Shares to Non-CREST Shareholders and Shareholders in the SSA

Definitive share certificates in respect of the New Shares and Consolidated Shares to be held in certificated form are expected to be despatched by post on or around 23 October 2020, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form). Shareholders in the SSA will be sent a Nominee Statement confirming their New Shares and Consolidated Shares on or around 23 October 2020.

5. Action to be taken in relation to Open Offer Entitlements credited in CREST

5.1 General

Subject to paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) of this document in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his Open Offer Entitlement equal to the maximum number of New Shares for which he is entitled to apply to acquire under the Open Offer.

Open Offer Entitlements are rounded down to the nearest whole number and any fractional entitlement to the Open Offer Shares will be disregarded and you will not receive any entitlement to Open Offer Shares in respect of any fraction of an Open Offer Share.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held at the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST, or it is impracticable to credit the stock accounts of Qualifying CREST Shareholders, by 3.00 p.m. on 15 September 2020 or such later time as the Company shall decide, Application Forms shall, unless the Company agrees otherwise, be sent out in substitution for the Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their entitlements in respect of New Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of New Shares. If you have any queries on the procedure for acceptances and payment, you should contact Saga Shareholder Services on 0800 015 5429. They are open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate.

In accordance with the instructions in this Part IX (*Terms and Conditions of the Capital Raising*), the CREST instruction must have been settled by 11.00 a.m. on 30 September 2020.

5.2 *Bona fide* market claims

The Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

Transactions identified by Euroclear's Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

5.3 USE Instructions in respect of Open Offer Entitlements

Qualifying CREST Shareholders who are CREST members and who wish to apply for New Shares in respect of all or some of their Open Offer Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Shares applied for; and

(ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of New Shares referred to in (i) above.

5.4 Content of USE Instructions in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of New Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);

(i) the ISIN of the Open Offer Entitlement. This is GB00BMX64Y04;

(ii) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;

(iii) the CREST participant ID of the CREST member;

(iv) the CREST participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;

(v) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 20832SAG;

(vi) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Shares referred to in (i) above;

(vii) the intended settlement date. This must be on or before 11.00 a.m. on 30 September 2020; and

(viii) the corporate action number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 30 September 2020.

In order to assist prompt settlement of the USE instruction, CREST Members (or CREST Sponsors, where applicable) should add the following non-mandatory fields to the USE instruction:

(i) a contact name and telephone number (in the free format shared note field); and

(ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 30 September 2020 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Open Offer are not fulfilled on or before 8.00 a.m. on 5 October 2020, or such other time and/or date as may be agreed between the Company and the Joint Global Coordinators, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter.

The interest earned on such monies, if any, will be retained for the benefit of the Company.

5.5 CREST procedures and timings

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by

11.00 a.m on 30 September 2020. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.6 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 30 September 2020 will constitute a valid application under the Open Offer.

5.7 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

(i) to reject the application in full and refund the payment to the CREST member in question (without interest);

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); or

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

5.8 Effect of application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

(i) represents and warrants to each of the Company and the Joint Bookrunners that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with each of the Company and the Joint Bookrunners to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);

(iii) agrees with each of the Company and the Joint Bookrunners that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

(iv) confirms to each of the Company and the Joint Bookrunners that in making the application he is not relying and has not relied on the Joint Bookrunners or any other person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(v) confirms to each of the Company and the Joint Bookrunners that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

(vi) represents and warrants to each of the Company and the Joint Bookrunners that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vii) represents and warrants to each of the Company and the Joint Bookrunners that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(viii) represents and warrants to each of the Company and the Joint Bookrunners that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law; and (b) applying with a view to re-offering, reselling, transferring or delivering any of the New Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Shares under the Open Offer;

(ix) represents and warrants to each of the Company, the Joint Bookrunners and the Receiving Agent that: (a) subject to certain limited exceptions, he is not in the United States, nor is he applying for the account of a person who is located in the United States, and (b) he is not applying for the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any New Shares into the United States;

(x) requests that the New Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Company's Articles;

(xi) represents and warrants to each of the Company and the Joint Bookrunners that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and

(xii) acknowledges that his or its application for New Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 7 (Withdrawal Rights) of this Part IX apply.

5.9 Discretion as to rejection and validity of acceptances

The Company may:

(i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 5.10 of this Part IX (Terms and Conditions of the Capital Raising). Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 30 September 2020 (or by such later time and date as the Company and the Joint Bookrunners may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5.9(i), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 5.8 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

(ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;

(iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;

(iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph, the 'first instruction') as not constituting a valid acceptance if, at the time at which Link receives a properly authenticated dematerialised instruction giving details of the first instruction, either;

(v) the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(vi) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, a Qualifying CREST Shareholder is unable validly to take up all or part of his Open Offer Entitlement by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

5.10 Money Laundering Regulations

If you hold your New Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact the Receiving Agent before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company and the Joint Bookrunners to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the USE Instruction concerned to proceed to settlement. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence.

5.11 Deposit of Open Offer Entitlements, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, (in the case or a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlements set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlements prior to 11.00 a.m. on 30 September 2020. After depositing their Open Offer Entitlements into their CREST account, CREST holders will shortly thereafter receive a credit for their Open Offer Entitlement which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the Open Offer Entitlements set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 25 September 2020 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 24 September 2020, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements, following the deposit or withdrawal (whether as shown in an Application Form or held in CREST), to take all necessary steps in connection with applying in respect of the Open Offer Entitlements, as the case may be, prior to 11.00 a.m. on 30 September 2020.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Joint Bookrunners by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed Application Letter in the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are, subject to certain limited exceptions, not located in, or citizen(s) or resident(s) of, any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, and that it/they is/are not located in the United States and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

5.12 Right to allot and issue New Shares in certificated form

Despite any other provision of this document, the Company reserves the right to allot and to issue any New Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

6. Overseas Shareholders

This document has been approved by the FCA, being the competent authority in the United Kingdom. It is expected that Shareholders in each EEA State other than any Excluded Territory will be able to participate in the Open Offer. It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to participate in the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) are intended as a general guide only and any Overseas Shareholder who is in doubt as to his, her or its position should consult his, her or its professional adviser without delay.

6.1 General

The distribution of this document and the Application Form and the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Open Offer.

This section sets out the restrictions applicable to Shareholders who have registered addresses outside the United Kingdom, who are physically located outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the United Kingdom, or who hold Ordinary Shares for the account or benefit of any such person.

New Shares will be provisionally allotted to all Shareholders holding Ordinary Shares at the Record Time, including Restricted Shareholders. However, Application Forms have not been, and will not

be, sent to, and New Shares will not be credited to CREST accounts of, Restricted Shareholders, or to their agent or intermediary.

Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST will not constitute an offer in or into any Excluded Territory and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form or deal with Open Offer Entitlements in CREST unless, in the relevant jurisdiction (other than any Excluded Territories), such an invitation or offer could lawfully be made to him and the Application Form or Open Offer Entitlements in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons receiving a copy of this document and/or an Application Form or whose stock account in CREST is credited with Open Offer Entitlements should not, in connection with the Capital Raising, distribute or send the same in or into, or transfer Open Offer Entitlements to any person in or into any Excluded Territory, including the United States (subject to certain limited exceptions). If an Application Form or credit of Open Offer Entitlements in CREST is received by any person in any Excluded Territory, including the United States (subject to certain limited exceptions), or by their agent or nominee in any such territory, he must not seek to take up the entitlements referred to in the Application Form or in this document or renounce the Application Form or transfer the Open Offer Entitlements in CREST. Any person who does forward this document or an Application Form into any Excluded Territory (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

The Company may treat as invalid any acceptance or purported acceptance of the offer of the Open Offer Entitlements which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Shares, or, in the case of a credit of New Shares in CREST, the Shareholder's registered address is in a Excluded Territory, including the United States (subject to certain limited exceptions), or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements.

Despite any other provisions of this document or the Application Form, the Company reserves the right to permit any Overseas Shareholder (other than Restricted Shareholders) to take up his entitlements if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Overseas Shareholder to be sent an Application Form if he is reasonably believed to be a Qualifying Non-CREST Shareholder or, if he is reasonably believed to be a Qualifying CREST Shareholder, arrange for the Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Overseas Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4 and 5 of Part IX (*Terms and Conditions of the Capital Raising*).

The provisions of this paragraph 6 of Part IX (*Terms and Conditions of the Capital Raising*) will apply generally to Restricted Shareholders and other Overseas Shareholders who do not or are unable to take up New Shares.

Specific restrictions relating to certain jurisdictions are set out below.

6.2 Offering restrictions relating to the United States

The New Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, into or within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities

laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States.

Neither the New Shares, the Form of Proxy, the Application Form, this document nor any other document connected with the Capital Raising have been or will be approved or disapproved by the United States Securities and Exchange Commission or by the securities commissions or any other regulatory authority of any state or other jurisdiction of the United States, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this document or any other document connected with this the Capital Raising. Any representation to the contrary is a criminal offence in the United States.

Subject to certain limited exceptions, no offering is being made in the United States and neither this document nor the Application Form constitute or will constitute an offer, or an invitation to apply for, or an offer or invitation to acquire, any New Shares in the United States. Application Forms have not been, and will not be, sent to, and the New Shares and Open Offer Entitlements have not been, and will not be, credited to the CREST account of, any Qualifying Shareholder with a registered address in the United States, subject to certain limited exceptions.

Subject to certain limited exceptions, envelopes containing Application Forms should not be postmarked in the United States or otherwise despatched from the United States, and all persons acquiring New Shares and wishing to hold such shares in registered form must provide an address for registration of the New Shares issued upon exercise thereof outside the United States.

The Company reserves the right to treat as invalid any Application Form: (i) that appears to it or its agents to have been executed in or despatched from the United States or that provides an address in the United States for delivery of definitive share certificates; (ii) that does not include the relevant warranty set out in the Application Form to the effect that the person executing the Application Form does not have a registered address (and is not otherwise located) in the United States and is not acquiring the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares in the United States; or (iii) where the Company believes acceptance of such Application Form may violate applicable legal or regulatory requirements, and the Company shall not be bound to allot (on a non-provisional basis) or issue any New Shares in respect of any such Application Form. In addition, the Company and the Receiving Agent reserve the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Shares.

Notwithstanding the foregoing, the Company reserves the right to offer and deliver the Open Offer Entitlements to, and the New Shares may be offered to and acquired by, a limited number of Shareholders and investors in the United States reasonably believed to be QIBs, within the meaning of Rule 144A, in offerings exempt from or in a transaction not subject to, the registration requirements under the US Securities Act. A QIB will be permitted to participate in any sales or purchases of the New Shares only if the QIB (i) returns a duly completed and executed QIB Investor Letter containing relevant representations and warranties, including that it and any account for which it is acting is a QIB, to and in accordance with the instructions of its custodian or nominee; and (ii) sends copies of such duly completed and executed QIB Investor Letter to the Company. Any person that participates in any sales or purchases of the New Shares that does not sign and deliver a QIB Investor Letter will be deemed to have represented and warranted that it is located outside the United States and is subscribing for the New Shares in an offshore transaction in compliance with the provisions of Regulation S.

In addition, until 40 days after commencement of the Capital Raising, an offer, sale or transfer of the New Shares within the United States by a dealer (whether or not participating in the Capital Raising) may violate the registration requirement of the US Securities Act.

6.3 Other overseas territories

Application Forms will be posted to Qualifying Non-CREST Shareholders or Shareholders in the SSA (other than those Qualifying Non-CREST Shareholders or Shareholders in the SSA who have registered addresses in the Excluded Territories) and Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than those Qualifying CREST Shareholders who have registered addresses in the Excluded Territories). No offer of or

invitation to subscribe for New Shares is being made by virtue of this document or the Application Form into the Excluded Territories.

Overseas Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders and Shareholders in the SSA only, the Application Form. Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Shares, you should contact your appropriate professional adviser immediately.

In relation to EEA States (except for the United Kingdom) (each, a "**relevant member state**"), no New Shares have been offered or will be offered to the public in that relevant member state prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Regulation, except that offers of New Shares may be made to the public in that relevant member state at any time: (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or (iii) in other circumstances falling within Articles 1(3), 1(4) or 3(2) of the Prospectus Regulation, provided that no such offer of New Shares shall require the Company or any other person to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For this purpose, the expression "an offer of any New Shares to the public" in relation to any New Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to acquire any New Shares.

6.4 Representations and warranties relating to overseas territories

Qualifying Non-CREST Shareholders and Shareholders in the SSA

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares therein makes the representations and warranties set out below to the Company and the Banks, except where proof has been provided to the Company's satisfaction (in its absolute discretion) that such person's completion of the Application Form or request for registration of the Open Offer Shares therein will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction. In the absence of such proof, the representations and warranties referred to above are that:

(a) such person is not in the United States or any Excluded Territory;

(b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares;

(c) such person is not acquiring Open Offer Shares for the account of any person who is located in the United States, unless:

  (i) the instruction to acquire was received from a person outside the United States; and

  (ii) the person giving such instruction has confirmed that (A) it has the authority to give such instruction, and (B) either (i) has investment discretion over such account or (ii) is an investment company that is subscribing for the New Shares in an "offshore transaction" within the meaning of Regulation S; and

(d) such person is not subscribing for Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into the United States or any Excluded Territory or any other jurisdiction referred to in paragraph (b) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares in an Application Form if it (a) appears to the Company or its agents to have been executed in, or despatched from, the United States or any of the Excluded Territories or

otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company or its agents believe the same may violate any applicable legal or regulatory requirement, (b) provides an address in the United States or any of the Excluded Territories for delivery of definitive share certificates for Open Offer Shares or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates, or (c) purports to exclude the representations and warranties required by this paragraph 6.4 of this Part IX (*Terms and Conditions of the Capital Raising*).

Qualifying CREST Shareholders

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedures set out in this Part IX (*Terms and Conditions of the Capital Raising*) represents and warrants to the Company and the Banks that, except where proof has been provided to the Company's satisfaction (in its absolute discretion) that such person's acceptance will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction:

(a) such person is not in the United States or any Excluded Territory;

(b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares;

(c) such person is not acquiring Open Offer Shares for the account of any person who is located in the United States, unless:

  (i) the instruction to acquire was received from a person outside the United States; and

  (ii) the person giving such instruction has confirmed that (A) it has the authority to give such instruction, and (B) either (i) has investment discretion over such account or (ii) is an investment company that is subscribing for the New Shares in an "offshore transaction" within the meaning of Regulation S; and

(d) such person is not subscribing for Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into the United States or any Excluded Territory or any other jurisdiction referred to in paragraph (b) above.

The Company reserves the right to reject any USE instruction sent from the United States or any of the Excluded Territories or by a CREST Member who is acting on a non-discretionary basis for the account or benefit of a person located within the United States or an Excluded Territory or any other jurisdiction where it is unlawful to make or accept an offer to subscribe for Open Offer Shares.

6.5 Waiver

The provisions of this paragraph 6 of this Part IX (*Terms and Conditions of the Capital Raising*) and of any other terms of the Capital Raising relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of paragraph 6 of this Part IX (*Terms and Conditions of the Capital Raising*) supersede any terms of the Capital Raising inconsistent herewith. References in this paragraph 6 of this Part IX (*Terms and Conditions of the Capital Raising*) to Qualifying Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this this paragraph 6 of this Part IX (*Terms and Conditions of the Capital Raising*) shall apply jointly to each of them.

7. Taxation

Information on taxation with regard to the Capital Raising for Qualifying Shareholders who are resident in the United Kingdom for UK tax purposes is set out in Part XVIII (*Taxation*) of this document. The information contained in Part XVIII (*Taxation*) is intended only as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders resident in the United Kingdom for UK tax purposes should consult their own tax advisers regarding the tax treatment of the Capital Raising in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult their professional advisers immediately.

8. Withdrawal rights

Qualifying Shareholders wishing to exercise the withdrawal rights under Article 23(2) of the Prospectus Regulation after the issue by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal, which shall not include a notice sent by facsimile, that must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder at Saga Shareholder Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by email to withdraw@linkgroup.co.uk, so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the New Shares applied for in full and the allotment of such New Shares to such persons becomes unconditional save to the extent required by statute. In such event Shareholders are advised to seek independent legal advice.

9. Employee Shareholders

To the extent that employees are also Shareholders, their Existing Shares will be treated in the same way in the Open Offer as Existing Shares held by any other Shareholder. Such treatment is detailed in this document but any further queries should be directed to Saga Shareholder Services.

If the employee Shareholder holds their Existing Shares through a nominee arrangement, the employee may need to instruct the nominee, for example, as to how to vote at the General Meeting and whether or not to accept the entitlements attaching to the employee's Existing Shares. Employee Shareholders will be contacted in due course in this regard.

10. Times and dates

The Company shall in its discretion be entitled to amend the dates that Application Forms are despatched or dealings in New Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall announce such amendments via a Regulatory Information Service and, if appropriate, notify Shareholders.

11. Governing law

The terms and conditions of the Capital Raising as set out in this document and the Application Form shall be governed by, and construed in accordance with, the laws of England and Wales.

12. Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, which may arise out of or in connection with the Capital Raising, this document and the Application Form. By accepting entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders or Shareholders in the SSA only, the Application Form, Qualifying Shareholders irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART X

BUSINESS OVERVIEW

1. Introduction

The Group is a UK specialist provider of products and services tailored to customers aged 50 and over. Initially established as a holiday provider in 1951, today the Group provides a broad range of high-quality and differentiated products and services to its target demographic, predominately focusing on insurance and travel. The Directors believe that the Saga brand is synonymous with the over 50s market in the United Kingdom and that the Group is recognised for its high-quality products and services, expertise in serving its target demographic and excellence in customer service. Whilst the Group's target market is over 50, its core customers are often over 70, a large and affluent customer segment that in 2019 represented 13% of the UK population (8.8 million people) and held 23% of the United Kingdom's disposable wealth. The over 70s market in the United Kingdom is estimated to grow by 22% (to 10.7 million people) by 2028.

The Group's business is organised into three operating segments: Insurance, Travel and Other businesses and central costs. 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 Insurance operations, 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 segment, £130.8 million to its Insurance segment, and an underlying loss before tax of £40.7 million to its Other businesses and central costs segment.

The Group's Insurance business comprises two sub-segments: Retail Broking and Insurance Underwriting. Retail Broking provides tailored insurance products and services to the Group's customers, principally motor, home, private medical and travel insurance. Retail Broking prices the policies and sources the underwriting of the risk, whether through its panel of home and motor underwriters or through solus arrangements for private medical and travel insurance. The Group's in-house underwriter, AICL, sits on the motor and home panels and competes for that business with other panel members. Even if a given policy is underwritten by a third party, it is presented to the customer as a Saga product and the Group always manages sales and servicing elements of the customer relationship.

The Group's Travel business comprises two sub-segments: Cruise and Tour Operations. The Cruise business provides boutique ocean cruises on purpose-built, luxury cruise ships. The Tour Operations business provides package holidays, escorted tours, hotel stays and river cruises. In 2009, the Group expanded the Travel business through the acquisition of Titan Travel.

The Group's Other businesses and central costs segment principally comprises personal finance, media, mailing and printing, and includes the Group's central cost base. As at 31 July 2020, each Saga customer held, on average, 1.31 core Saga products (as compared to 1.34 core Saga products per customer as at 31 January 2020).

The Group is listed on the London Stock Exchange, trading under the "SAGA" ticker symbol. The Group had revenue, loss before tax and underlying profit before tax of £797.3 million, £300.9 million and £109.9 million, respectively, for the year ended 31 January 2020. The Group had revenue, loss before tax and underlying profit before tax of £192.4 million, £55.5 million and £15.9 million, respectively, for the six months ended 31 July 2020. See the section entitled "*Presentation of financial and other information*" in Part III (*Important Information*) for more information on the Group's use of non-IFRS measures to monitor financial performance.

2. The impact of and the Group's response to the COVID-19 pandemic

The onset of the COVID-19 pandemic has had a material impact on the Group's operations, particularly on the Group's Travel business. Following advice from the UK government that people over 70 years old should avoid travel and given operational challenges in other relevant countries, the Group suspended its Cruise business on 12 March 2020 and its Tour Operations on 16 March 2020, and the UK government currently continues to advise against cruise travel. During the current suspension of activity in the Cruise and Tour Operations businesses, the Group has experienced significant working capital outflows (including as a result of the return of customer advanced

deposits on cancelled departures) and has taken steps to reduce near-term marketing and other costs expected to reduce the "cash burn" cost for the Cruise and Tour Operations businesses to between £6 million and £8 million per month (in the second half of this financial year), resulting in an expected annual savings of £20 million for the Group. In addition, the COVID-19 pandemic has delayed the completion of the Group's intended transformation of its Cruise business. *Spirit of Discovery* is currently docked in Tilbury and the delivery date for *Spirit of Adventure* has been delayed to 29 September 2020, with its maiden voyage currently scheduled for late 2020. The inability of *Spirit of Discovery* to operate is expected to result in a substantial reduction in forecast revenue for the year ended 31 January 2021.

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 that the Tour Operations will recommence in April 2021, subject to health and safety considerations and government advice. If social distancing and other health and safety restrictions related to the COVID-19 pandemic are required for an extended period, the Group expects that, subsequent to resumption of operations, its Travel revenue may be lower as social distancing requirements may mean fewer passengers are permitted to travel on a single cruise or river ship vessel or on an escorted tour. Operating expenses may also be higher (to implement increased health and safety protocols) than before the COVID-19 pandemic. Also, even if the spread of COVID-19 abates in the near term, further restrictions on travel and other activities could be imposed if there is a resurgence of COVID-19 cases, which could result in a renewed suspension of the Group's Cruise business or Tour Operations business. A resurgence of cases could also cause even more operational complexity and costs arising from the need to change planned cruise routes or implement different or additional health and safety protocols than those currently contemplated. See paragraph 2.1 ("*—The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business*") of Part II (*Risk Factors*) of this document.

Although the COVID-19 pandemic has substantially impacted the Travel business, management believes that customer retention levels have remained relatively high, particularly in the Cruise business, where advanced receipts were £37.3 million as at 31 July 2020, a £14.2 million reduction from £51.5 million at 31 January 2020. The Group announced on 2 April 2020 that all customers impacted by suspensions to its Cruise business and Tour Operations business would be re-booked on future trips or offered a cash refund. As at 31 July 2020, the Group has retained 67% of advance receipts on cancelled cruise departures.

In its Insurance business, the Group's home and motor insurance sub-segment has remained resilient during the COVID-19 pandemic. Saga branded motor and home insurance sales revenue decreased by 8.9% to £71.7 million for the six months ended 31 July 2020 (as compared to the six months ended 31 July 2019), reflecting reduced margin offset by higher customer retention rates as a result of changes made to the Group's renewal approach in July 2019 and other strategic initiatives.

The Group's retail broking insurance business has remained resilient during the COVID-19 pandemic. Saga branded home and motor policy volumes increased by 2.5% in the six months ended 31 July 2020. The higher policy count is due to improved customer retention of 80% across home and motor, compared to 75% in the year ended 31 January 2020. This includes the beneficial impact on customer loyalty of the three-year fixed policy introduced in April 2019. In the six months ended 31 July 2020, 273,000 three-year fixed-price policies were sold, representing 32.8% of total motor and home policies, with over 60% of direct new business customers taking the product. In addition, the operations cost per policy has reduced to £12 for the six months ended 31 July 2020, driven by technology, robotics and simplifying our organisational structure.

In its travel insurance sub-segment, the Group has experienced a significant decrease in customer demand for travel insurance products as a result of restrictions on travel. The Group announced on 11 June 2020 that treatment abroad for COVID-19 and repatriation to the United Kingdom would be included as part of its standard travel insurance policies for all trips from 1 June 2020, however, sales have remained subdued given the imposition of quarantine requirements to a number of popular overseas travel destinations.

The Board's priority is, and will remain, ensuring the health and well-being of employees, customers and suppliers, while protecting the long-term value of the Group. 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 has been able to maintain operational capability throughout this period, with excellent call answer rates across the Group's services and sales teams and almost all employees working from home.

The Group has taken a variety of steps to mitigate the impact of the COVID-19 pandemic on the Group's business, including:

- ***Covenant amendments and debt holiday***: On 2 April 2020, the Board announced it had agreed changes to the debt covenants under its Term Loan and Revolving Credit Facility to secure additional financial flexibility. The Group's lenders agreed to amend the leverage covenant and the interest cover covenant under the Term Loan and the Revolving Credit Facility. The Group has subsequently agreed with its lenders to further amend these covenants, conditional on part of the proceeds of the Capital Raising being used to prepay part of the Term Loan to reduce the drawn amount to £70 million and to prepay the outstanding amount under the Revolving Credit Facility. Further details of the changes to the covenants are set out in Part XIV (*Operating and Financial Review*). In addition, the Board announced on 22 June 2020 that it had secured a debt holiday and covenant waiver for the Group's Ship Facilities. The Group's lenders agreed to a deferral of up to £32 million in principal payments under the Ship Facilities that were due up to 31 March 2021 (assuming delivery of Spirit of Adventure on or before 30 September 2020). These deferred amounts will amortise over a four-year period, and interest remains payable. For further information on the terms of the amendments to the Group's debt covenants, see Part XIV (*Operating and Financial Review*) of this document. The Company intends to use £103.6 million of the net proceeds of the Capital Raising to repay amounts under the Term Loan and the Revolving Credit Facility. For further information, see paragraph 3 (*Use of proceeds*) of Part VII (*Chairman's Letter*) of this document.
- ***Suspension of dividends***: To protect the Group's financial position and conserve liquidity, the Board announced on 2 April 2020 that it had suspended dividend payments. Under the terms of the agreed debt holiday and covenant waivers, no dividends can be paid by the Company while the Leverage Covenant Ratio is greater than 3.0x and the deferred principal payments under the Ship Facilities remain outstanding. The Board has set an internal target of reducing total Group leverage to below 3.5x EBITDA before reconsidering whether to pay dividends, and this is not expected to happen before 2023.
- ***Disposals***: On 17 February 2020, the Group announced that it had reached agreement with Atlanta Investment Holdings C Limited for the sale of Bennetts, its insurance biking brand, for net cash proceeds of £24 million. On 7 August 2020, the Group announced the completion of the sale of Bennetts. In addition, the Group reached agreement on 3 March 2020 with Limerston Capital LLP for the sale of its Country Cousins and Patricia White's branded introductory care agency businesses for an enterprise value of £14 million. In addition, the Group is considering its options for the disposal of its Destinology tour operations business. See Part XIX (*Additional Information*) of this document for a summary of the terms and conditions of these disposals.
- ***Liquidity***: In March 2020, the Group drew £50 million under the £100 million Revolving Credit Facility to support the travel business through COVID-19 crisis. As at 31 July 2020 the Group had available cash of £28.8 million, excluding £101.9 million held in ring fenced funds.
- ***Administrative cost savings***: The Group identified cost savings arising from its reduced travel operations, voluntary redundancy programme and reduced near-term marketing expenses (including an expected reduction of £10.5 million in marketing costs by 31 July 2021 relating to the Travel segment). In January 2020, the Group launched Simpler Saga, a programme to increase the pace of execution and efficiency across the business. This programme, which includes ongoing initiatives relating to property and procurement, is expected to achieve £20 million of run rate savings, excluding short-term actions to reduce expenses in response to the COVID-19 crisis.

3. History and development

Saga was established in 1951 when its founder, Sidney De Haan began offering pensioners off-peak packaged holidays to his hotel in Folkestone. The Group's business expanded over time to offer holidays and cruises, throughout the world with a total focus on direct marketing to people

aged over 50. The Group listed on the London Stock Exchange in 1978. In 1984, it re-launched *Saga News,* which had been operating since 1966, as *Saga Magazine* to provide editorial content to the over 50s market and to advertise its own and third-party products and services.

In the early 1980s, the Group began extensive research and the test marketing of insurance to its customers and began a process of diversification to broaden the range of products and services offered to its customers. In 1984, it established Saga Services Limited to further develop its financial services business. In 1996, it was authorised to conduct investment business. In 2003, the Group launched AICL (then known as Saga Insurance Company Limited) as a means of underwriting its motor insurance policies in-house.

Saga reverted to private ownership under the De Haan family in 1990. To complement its strength in inclusive holidays, the Group launched its own cruise ship business and purchased its first cruise ship, the *Saga Rose*, in 1997 and chartered its second cruise ship, the Saga Pearl, in 2003. Saga was acquired by Charterhouse Capital Partners LLP in 2004. In 2007, the Group combined with AA Limited, which was owned by funds managed by CVC Capital Partners and Permira, to form the Acromas Group. In 2009, the Group expanded the Travel business through the acquisition of Titan Travel, an escorted tours business, to complement its traditional package holiday and cruise offerings. The Group listed on the London Stock Exchange in May 2014. On 26 June 2014, Acromas Group, which was the holding company for Saga and the AA, sold its entire shareholding in the AA group.

Saga launched its first purpose-built cruise ship, *Spirit of Discovery*, in July 2019. The Group's cruise transformation programme is due to complete with the delivery of a second cruise ship, *Spirit of Adventure*, which is expected to be delivered on 29 September 2020.

4. Market dynamics

The Group operates in a dynamic environment across multiple sectors to meet the needs of its target demographic.

Whilst Saga's target market is people aged over 50, its core customers are often aged over 70. This segment of the over 50s market is large, more affluent and is expected to continue to grow. In 2019, people aged over 70 totalled 8.8 million people, representing 13% of the entire UK population with total disposable wealth of £1.8 trillion (23% of the UK's disposable wealth). As the baby boomer generation reaches age 70+, the segment is estimated to grow by 22% to 10.7 million people by 2028, representing 15% of the UK's population.

Saga's investment in strengthening its customer insight and its ability to stay abreast of changing sentiments and behavioural traits of its core target market has supported its strong presence with people aged over 70; 74% of Saga's Travel customers and 52% of Insurance customers are aged 70+.

The Group competes for business with many providers within the sectors in which it operates. Competition for customers continues to increase, in particular, in the more commoditised parts of the insurance and travel markets, where customers can buy simple and cheap products easily online. Insurance markets are highly competitive, and while the aim of an insurer is to write business at the appropriate price relative to the risk involved, competitors may write business at a loss, either intentionally to increase volumes in the immediate term and thus to boost profitability in future years, or unintentionally through inaccurate pricing assumptions. The effect of this market dynamic is that the Group may cede volume as it maintains its disciplined approach to new business pricing. By pursuing this disciplined approach, which can create variability in the policy count of in force insurance policies, the Group is seeking to reduce the impact of this market dynamic on annual profits over the longer term.

As discussed in more detail in paragraph 2.1 ("*—The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business*") of Part II (*Risk Factors*) of this document, the introduction of mandatory lockdown and social distancing measures, together with the restrictions imposed on international travel, has had a material adverse effect on the global travel industry. Although the Group's target customers may be less sensitive to wider economic cycles because they generally are less likely to rely on income from employment, they may be more vulnerable to the effects of COVID-19 and therefore may be more likely to reduce their spending on travel products so long as the perceived risk of infection among the Group's customers is acute.

While the COVID-19 pandemic has had a significant impact on market dynamics, and the Directors expect it to continue to have a significant impact for the foreseeable future, a number of other trends affecting the insurance and travel markets influence the Group's strategy, including:

- ***Pricing competition***: the Group competes for business with many providers within the sectors in which it operates. Competition for customers continues to increase, notably in the more commoditised parts of the insurance and travel markets, where customers can buy simple and cheap products easily online. The Directors expect that a trend towards competitive pricing for long tenured customers and the increased cost of acquisition per policy will continue in the longer term.
- ***Customer preferences***: prior to the COVID-19 pandemic, there was growing demand for higher-value, long-haul travel products and services. The Group's strategy is therefore focused on high-quality, differentiated propositions that achieve a change in customer mix and an increase in average revenue per customer. The Directors believe this trend will continue beyond the current disruption of the travel market.
- ***Regulatory landscape***: the Group operates within an evolving regulatory landscape. Prior to the COVID-19 pandemic, the Group's activities were subject to increasing insurance, environmental and other regulation. In particular, in the insurance sector, pricing practices continue to be an area of focus for the FCA, which is expected to conclude its Market Study into how general insurance firms charge their customers for home and motor insurance in the third quarter of 2020. As discussed in more detail in paragraph 3.3 ("*—The results of the FCA's ongoing market study into pricing in the insurance sector could have a significant impact on the Group's Insurance business*") of Part II (*Risk Factors*) of this document, the Group has already unilaterally taken a number of steps to address what it views as the key concerns highlighted in the FCA Interim Report, particularly with respect to renewal pricing for long tenured customers. The Group introduced new pricing rules in July 2019 and it has also implemented additional reporting and governance around its approach to pricing following discussions with the FCA over the last 12 months. Although the Directors believe that regulatory measures to improve fairness in pricing will be positive for the Group's place in the market, regulatory changes may increase the costs of compliance and widen the scope for potential non-compliance. A number of the Group's other activities are also subject to substantial regulation which is subject to change. For example, insurance regulators and travel regulators may increase or tighten capital adequacy, cash ring-fencing and related requirements for the companies they regulate.

5. Key business segments

5.1 *Insurance*

5.1.1 Retail Broking

Retail Broking provides insurance products and services tailored to the over 50s market, including motor, home, private medical and travel insurance. The Group prices the requested policy and sources the cost of risk, predominantly through its panel of home and motor underwriters, or through solus arrangements for other categories of insurance.

On 4 April 2019, the Company announced an update of its retail broking strategy focusing on a return to a more direct focused distribution strategy and the launch of differentiated products and services. At the forefront of this strategy was the development of 12-month insurance policies with the option to fix the premium over three years. The Group has sold over 600,000 three-year fixed-price policies since the launch of this product in April 2019. As at 31 July 2020, there were approximately 501,000 of such policies in force and such policies comprised over 30% of the Group's total motor and home policies (as compared to 20% of the Group's policy book as at 31 January 2020). The Group's retail broking strategy is also focused on increasing direct sales to customers. For the six months ended 31 July 2020, the proportion of new customers that have come to Saga on a direct basis has increased to 58% for new Home and Motor business (as compared to 57% for the year ended 31 January 2020) and the proportion of retained customers has increased to 80% (as compared to 75% for the year ended 31 January 2020). The Group is targetting stable home and motor gross margins per policy for home and insurance over time.

Retail Broking sold a total of 2.2 million policies for the six months ended 31 July 2020 (including both core and add-on policies) and 4.2 million policies for the year ended 31 January 2020. An operational summary of the Group's Retail Broking business is set out below.

	For the six months ended 31 July		For the year ended 31 January		
Key metrics	**2020**	**2019**	**2020**	**2019[1]**	**2018[2]**
			(£ million)		
Profit before tax	42.0	49.3	90.2	105.8	130.7
Written revenue	104.1	129.0	236.8	253.1	275.7
Written gross profit	100.7	121.4	221.1	238.0	261.3
Written underlying profit before tax[3]	38.7	52.1	91.1	106.6	123.5
Earned underlying profit before tax[4]	42.0	49.3	90.2	105.8	130.7

(1) The Group adopted IFRS 16 Leases and reported its performance for the year ended 31 January 2020 against a restated comparative period for the year ended 31 January 2019 under this new standard. For further details, see Note 39 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

(3) Excluding the impact of the written to earned adjustment. For further information, see page 16 of the Saga Half-Year Results 2020.

(4) Including the impact of the written to earned adjustment. For further information, see page 16 of the Saga Half-Year Results 2020.

Profit before tax for the Group's Retail Broking business was £42 million for the six months ended 31 July 2020. The reduction in profit before tax on a written basis for the same period was mainly due to a £14.2 million reduction in written gross profit, after also deducting marketing expenses but before overheads. Overall gross margin per policy, calculated as written gross profit less marketing expenses divided by policy numbers, for home and motor combined was £71, which represents a decrease from the year ended 31 January 2020. In aggregate, the Group estimates that factors directly related to COVID-19 reduced profits for the six months ended July 2020 by £6.5 million. Excluding the impact of COVID-19, the balance of the change in written gross profits is due to Bennetts (£2.0 million), lower results from non-Motor and Home broking (£2.8 million, mainly in relation to claims handling and credit hire) and a £2.9 million decline in profits on the core Saga branded Home and Motor policies.

Profit before tax for the Group's Retail Broking business was £90.2 million for the year ended 31 January 2020. The reduction in profit before tax on a written basis for the year ended 31 January 2020 compared to the year before was due to a £17.4 million reduction in written gross profit less marketing expenses, which in turn was primarily due to a £4.4 million decline in Saga branded new business profitability and a £13.0 million decline in Saga branded renewal profitability. As a result, the overall gross margin per policy, calculated as written gross profit less marketing expenses divided by policy numbers, for home and motor combined, was £74.3, compared with £80.3 in the prior year.

The change in renewal profitability was due to an increase in the proportion of lower margin policies sourced from price comparison websites and a reduction in pricing for certain long tenured home customers. The change in new business profitability was mainly due to a highly competitive market and an increase in acquisition costs, such as the fees charged by price-comparison websites, arising from the selling or renewing of insurance policies.

As discussed in more detail in paragraph 3.3 ("*—The results of the FCA's ongoing market study into pricing in the insurance sector could have a significant impact on the Group's Insurance business*") of Part II (Risk Factors) of this document, some of the potential remedies identified in the FCA Market Study would have a significant impact on renewal profitability for the Retail Broking business. In the short term, these remedies would likely lead to a reduction in overall margins per policy, particularly for home insurance. As a result, the regulatory outcomes of the FCA Market Study could lead to material decreases in the Group's profitability in subsequent periods.

Motor insurance

Motor insurance is the largest of the Group's insurance products by both revenue and policies sold. For the six months ended 31 July 2020, motor insurance policies accounted for 48.4% of the

Group's insurance broking revenue (45.2% for the six months ended 31 July 2019), with 0.6 million core policies and 0.9 million add-on policies sold (1.2 million and 1.5 million, respectively, as at 31 January 2020). For the same period, AICL underwrote 70% of the Group's Saga branded broked motor insurance policies (79% for the six months ended 31 July 2019). The Group's motor insurance policies are generally held by individuals aged 50 and older, who tend to be lower risk customers and make fewer claims on average as compared to the general population. The Group offers a number of motor insurance policies, including comprehensive cover and third-party damage and theft cover. The Group's comprehensive motor insurance cover includes liability to others for injury or damage to property, travel abroad, damage to a vehicle when in the custody of garage staff or valet service, damage caused by accident, fire or theft, replacement locks and keys, theft of personal belongings inside the vehicle and a variety of other claims. The Group also offers ancillary complementary policies, such as legal expenses, motor breakdown assistance, personal accident cover, car hire and an accident healthcare plan.

For the six months ended 31 July 2020, broked motor insurance policies generated profit before tax of £16.6 million. For the same period, broked motor insurance policies generated written gross profit (less marketing costs) of £38.2 million, which equates to £61 per core policy sold. This metric decreased compared to the six months ended 31 July 2019 as a result of pricing actions for long-tenured customers that were implemented in July 2019, the impact of COVID-19 on other income and more generally competitive market conditions. This was partially offset by lower costs of acquisition an increase in the number of renewal policies.

For the year ended 31 January 2020, broked motor insurance policies generated profit before tax of £28.0 million. For the same period, broked motor insurance policies generated written gross profit (less marketing costs) of £82.0 million, which equates to £71 per core policy sold. This metric increased compared to the year ended 31 January 2019 as a result of net rate reductions and mix changes, with a 15% decline in the number of new business policies and an increase in renewal volumes, partially offset by a higher cost of acquisition for direct new business. Gross written premiums decreased by 0.9% for the year ended 31 January 2020 compared to the year ended 31 January 2019 due to a 4.8% reduction in core policies, which was partially offset by an increase in average gross written premiums reflecting a higher contribution from the renewal book and the launch of the Group's three-year fixed-price product.

Home insurance

Home insurance is the second largest of the Group's insurance products by revenue and policies sold. For the six months ended 31 July 2020, home insurance policies accounted for 29.3% of the Group's insurance broking revenue (as compared to 25.3% for the six months ended 31 July 2019), with approximately 347,000 core policies and 273,000 add-on policies sold (as compared to 682,000 and 537,000, respectively, as at 31 January 2020). The Group offers a number of home insurance products, including buildings insurance, contents insurance, renters insurance, landlord's insurance and flood reinsurance. Under these products, the Group offers two tiers of cover: Saga Home, which is a three-year fixed-price product, and Saga Essential, which is an index-linked product. In addition, the Group offers Saga TailorMade on an individual basis for customers who require a higher level of insurance cover.

For the six months ended 31 July 2020, broked home insurance policies generated profit before tax of £14.8 million. For the same period, broked home insurance policies generated written gross profit (less marketing costs) of £27.3 million, which equates to £79 per core policy sold. This metric stayed approximately the same compared to the six months ended 31 July 2019.

For the year ended 31 January 2020, broked home insurance policies generated profit before tax of £33.1 million. For the same period, broked home insurance policies generated written gross profit less marketing costs of £54.3 million, which equates to £80 per core policy sold. This metric decreased as a result of lower margins on the renewal book due to less profitable new business written in the prior period, lower pricing for long tenured customers and an increased cost of acquisition per policy. Gross written premiums decreased by 4.5% for the year ended 31 January 2020 due to the competitive pricing environment on a stable base of core policies.

Additional insurance products

In addition to home and motor insurance policies, Retail Broking encompasses other insurance policies, including private medical insurance ("**PMI**") and travel insurance. The Group considers that

the provision of these policies plays an important role in deepening the Group's relationship with its customers. PMI and travel insurance policies accounted for 16.3% and 2.9%, respectively, of the Group's insurance broking revenue for the six months ended 31 July 2020 (as compared to 14.3% and 5.6%, respectively, for the year ended 31 January 2020). As a result of the COVID-19 pandemic and related impacts, sales of travel insurance for the six months ended 31 July 2020 have declined by 58% (as compared to the six months ended 31 July 2019). The Group announced on 11 June 2020 that treatment abroad for COVID-19 and repatriation to the United Kingdom would be included as part of its standard travel insurance policies for all trips from 1 June 2020.

5.1.2 *Insurance Underwriting*

The Group's in-house underwriter, AICL, sits on the panels for the motor and home insurance policies sold by the Retail Broking business. AICL plays an important role in providing a source of competitively priced risk, competing with other panel members. On the home panel, AICL transfers 99% of risk in relation to home insurance policies to The New India Assurance Company Limited, a third-party insurance provider. This arrangement allows the Group to increase the volume of policies underwritten internally without increasing the associated risk. AICL underwrote 54% of the Group's motor insurance policies (70% excluding Bennetts motorcycle policies) and 22% of the Group's home insurance policies for the six months ended 31 July 2020 (as compared to 60% (75% excluding Bennetts motorcycle policies) and 20%, respectively, for the year ended 31 January 2020).

The Group purchases reinsurance from third parties, thereby transferring its exposure to certain risks through reinsurance arrangements. In February 2019, the Group refreshed its motor quota share reinsurance agreement, increasing the cession to 80% and splitting this 50:50 between New Reinsurance Company Ltd and Hannover Ruck SE. These agreements reinsure 80% of the Group's motor claims risks, limited by a loss ratio cap. In addition, the Group purchases excess of loss protections for its motor portfolio to limit the impact of a single large claim or aggregation of claims.

An element of the tail risk in the three-year fixed price product of net rate increases from panel insurers at the two subsequent annual renewal periods is passed from SSL, which writes the three-year fixed price products, to AICL, which covers losses attributable to net rate increases within a specified percentage range. AICL has transferred 50% of its exposure to the risk of increases within such range through a quota share reinsurance agreement with Hannover Ruck SE. SSL retains exposure to the risk of net rate increases outside of the specified percentage range covered by the insurance policy with AICL.

For the six months ended 31 July 2020, AICL generated profit before tax of £28 million (as compared to £21.3 million for the six months ended 31 July 2019). For the same period, excluding the impact of the Group's quota share reinsurance agreements, AICL's net earned premiums totalled £92.5 million (as compared to £95.9 million for the six months ended 31 July 2019). For the year ended 31 January 2020, AICL generated profit before tax of £40.6 million (as compared to £86.7 million for the year ended 31 January 2019). For the same period, excluding the impact of the Group's quota share reinsurance agreements, AICL's net earned premiums totalled £196.2 million (as compared to £204.8 million for the year ended 31 January 2019). Recent declines in underlying profit before tax are largely due to a reduction in reserves releases, with a decline in net earned premiums in line with the reduction in broking policy volumes underwritten by AICL.

For the six months ended 31 July 2020, excluding the impact of the quota share, AICL's pure combined operating ratio decreased to 101.6% when compared to the year ended 31 January 2020, largely due to seasonality of higher claims cost in winter months. For the year ended 31 January 2020, also excluding the impact of the quota share, AICL's pure combined operating ratio increased to 103.4% as a result of higher than average returns on profit and loss sharing agreements than in prior periods. AICL's reported combined operating ratio increased to 83.0%, excluding the impact of the quota share, due to a decrease in reserve releases of £40.0 million, for the year ended 31 January 2020. By 2021 to 2022, the Group targets AICL's combined operating ratio to be 97%.

An operational summary of the Group's Insurance underwriting business is set out below.

	For the six months ended 31 July		For the year ended 31 January		
Key metrics	**2020**	**2019**	**2020**	**2019[1]**	**2018[2]**
			(£ million)		
Revenue	28.5	37.4	69.1	93.3	99.0
Gross profit	28.4	20.9	39.0	85.0	71.0
Profit before tax	28.0	21.3	40.6	86.7	79.3
Underlying profit before tax	28.0	21.3	40.6	86.7	79.3

(1) The Group adopted IFRS 16 Leases and reported its performance for the year ended 31 January 2020 against a restated comparative period for the year ended 31 January 2019 under this new standard. For further details, see Note 39 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

5.1.3 *Travel*

The Group offers a range of travel products under the brands Saga Holidays, Saga Cruises and Titan Travel. These products involve taking passengers all over the world on specialist holidays, escorted tours, river cruises, and boutique ocean cruises as well as commoditised hotel packages. For the six months ended 31 July 2020, the Group had 12,000 travelling passengers (excluding Cruise passengers) (84,000 for the six months ended 31 July 2019). For the year ended 31 January 2020, the Group's Travel business generated profit before tax of £0.8 million (£20.0 million for the year ended 31 January 2019) and underlying profit before tax of £19.8 million (£21.6 million for the year ended 31 January 2019), of which £10.6 million of the underlying profit before tax was attributable to its Cruise business and £9.2 million to its Tour Operations business (£6.9 million and £14.7 million, respectively, for the year ended 31 January 2019). For the six months ended 31 July 2020, the Group's Travel business generated a loss before tax of £43.6 million and underlying loss before tax of £34.2 million (£6.1 million profit before tax and a 0.8 million underlying profit before tax for the six months ended 31 July 2019), of which £15.4 million of the underlying loss before tax was attributable to its Cruise business and £18.8 million to its Tour Operations business (a loss of £3.4 million and profit of 4.2 million, respectively, for the six months ended 31 July 2019).

As discussed in more detail above and elsewhere in this Prospectus, the Travel business has been severely impacted by the effects of the COVID-19 pandemic. The Group has been working with the UK government and industry bodies to safely resume its travel activities. 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 that the Tour Operations will recommence 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. See paragraph 2.4 (*The Group's Strategy*) of Part VII (*Chairman's Letter*) of this document.

5.1.4 *Cruise*

Saga Cruises is a boutique cruise line for travellers aged 50 and over, with cruises that depart exclusively from ports in the United Kingdom. The Directors believe that the high staff to passenger ratio of approximately one crew member for every two guests on each cruise allows the Group to deliver high levels of customer service to its passengers. Historically, the Group owned and operated cruise ships that were purchased from third party vendors and refitted under the Saga brand. In July 2019, the Group launched *Spirit of Discovery*, its first purpose-built cruise ship. As a result of the COVID-19 pandemic and related impacts, *Spirit of Discovery* is currently unable to operate. Furthermore, the launch of the Group's second new cruise ship, *Spirit of Adventure*, has been delayed until 29 September 2020, with its maiden voyage currently scheduled for late 2020. *Spirit of Discovery* and *Spirit of Adventure* each have the capacity to accommodate 999 passengers.

For the year ended 31 January 2020, Saga Cruises hosted approximately 32,000 passengers over 409,000 passenger days (as compared to 26,000 passengers over 334,000 passenger days for the

year ended 31 January 2019). The average load factor for the year ended 31 January 2020 was 84% (as compared to 82% for the year ended 31 January 2019). Saga Cruises generated £118 million in revenue for the year ended 31 January 2020 from an average per diem of £259 per customer (as compared to £96.6 million in revenue from an average per diem of £262 per customer for the year ended 31 January 2019).

An operational summary of the Group's Cruise business is set out below.

	For the six months ended 31 July		For the year ended 31 January		
Key metrics	**2020**	**2019**	**2020**	**2019[1]**	**2018[2]**
			(£ million)		
Revenue	16.3	42.1	118.0	96.6	88.2
Gross profit	(3.4)	8.8	37.9	23.4	23.0
(Loss)/profit before tax	(11.8)	(0.2)	3.2	1.3	7.8
Underlying (loss)/profit before tax	(15.4)	(3.4)	10.6	6.9	6.5

(1) The Group adopted IFRS 16 Leases and reported its performance for the year ended 31 January 2020 against a restated comparative period for the year ended 31 January 2019 under this new standard. For further details, see Note 39 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

5.1.5 *Tour Operations*

The Group's Tour Operations business (a sub-segment which includes the Saga Holidays, Titan Travel and Destinology brands) provided holiday experiences to approximately 12,000 customers for the six months ended 31 July 2020 (as compared to approximately 84,000 customers for the six months ended 31 July 2019). Under the Saga Holidays brand, customers are able to choose from a range of holiday experiences, including:

- ***Hotel holidays***: Hotel holidays are traditional package holidays. The majority of these packages are all-inclusive, with all associated costs included in one price. Hotel offerings typically include insurance, excursions, guided orientation walks and a dedicated Saga host.
- ***Touring holidays***: Touring holidays are themed package holidays that centre around escorted tours at various destinations around the world. Touring holidays are generally more adventurous than hotel holidays. Customers are able to select the tour pace that suits them, choosing between Relaxed, Standard and Active options.
- ***River cruises***: River cruise holidays generally operate on European routes, providing a way for the Group's customers to discover multiple new sights and experiences. In addition to the Group's current fleet of river cruise ships, some of which are owned by handpicked partners, the Group announced the build of a bespoke new leased ship, *Spirit of the Rhine*, on 4 November 2019. The new ship is due to commence operations in March 2021.
- ***Special interest***: Saga Holidays also offers a range of holidays and tours centred around a specific interest, such as music and dancing events, art history, Christmas celebrations, and places of historic interest and natural beauty or holidays for the single traveller.

In addition to holidays provided under the Saga Holidays brand, the Group owns and operates the Titan Travel brand. Titan Travel provides escorted touring holidays, with destinations ranging from Australia to North and South America. The Group also currently owns Destinology, a travel brand that specialises in four and five star holidays in the Middle East, Asia and Europe. The Group is considering its options for the disposal of Destinology.

For the year ended 31 January 2020, revenue for the Group's Tour Operations business decreased to £346.1 million, with 4.9% higher average revenue per passenger, partially offsetting a 8.5% decrease in the number of departing passengers. For the year ended 31 January 2020, gross margins declined to 17.7% from 19.6% for the year ended 31 January 2019, as a result of competition, including from discounting by competitors, challenges in managing river cruise commitments and the impact of the compulsory liquidation of Thomas Cook. Due to the impact of the COVID-19 pandemic, Tour Operations are currently suspended. The Group currently expects

that Tour Operations will recommence in April 2021, subject to health and safety considerations and government advice.

The Group has used the COVID-19 pandemic to begin the reset and refocus of its Tour Operations business to a smaller, higher quality and differentiated proposition which will relaunch from April 2021. See paragraph 2.4 (*The Group's Strategy*) of Part VII (*Chairman's Letter*) of this document.

An operational summary of the Group's Tour Operations business is set out below.

	For the six months ended 31 July		For the year ended 31 January		
Key metrics	**2020**	**2019**	**2020**	**2019[1]**	**2018[2]**
			(£ million)		
Revenue	33.0	176.9	346.1	360.8	360.5
Gross profit	—	31.2	61.2	70.6	69.8
(Loss)/profit before tax	(31.8)	6.3	(2.5)	15.3	12.2
Underlying (loss)/profit before tax	(18.8)	4.2	9.2	14.7	14.1

(1) The Group adopted IFRS 16 Leases and reported its performance for the year ended 31 January 2020 against a restated comparative period for the year ended 31 January 2019 under this new standard. For further details, see Note 39 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

5.2 Other Businesses and Central Costs

The Group's Other Businesses principally comprises personal finance, media and mailing and printing. An operational summary of the Other Businesses and Central Costs is set out below.

	For the six months ended 31 July		For the year ended 31 January		
Key metrics	**2020**	**2019**	**2020**	**2019[1]**	**2018[2]**
			(£ million)		
Revenue	9.4	15.3	29.0	34.1	29.6
Gross profit	4.3	7.0	13.9	16.0	15.1
(Loss)/profit before tax[3]	(81.8)	(24.1)	(432.5)	(344.0)	(49.1)
Underlying (loss)/profit before tax	(19.9)	(18.6)	(40.7)	(34.0)	(40.0)

(1) The Group adopted IFRS 16 Leases and reported its performance for the year ended 31 January 2020 against a restated comparative period for the year ended 31 January 2019 under this new standard. For further details, see Note 39 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

(3) Impairments of the carrying value of goodwill allocated to the Insurance and Travel businesses are recognised within Central costs but excluded from Underlying PBT.

5.2.1 *Personal finance*

In addition to the Insurance business, the Group offers a number of other financial products to its customers. In partnership with Marcus by Goldman Sachs International Bank, the Group offers savings accounts under the Saga Personal Finance brand. In addition, the Group offers certain equity release products in partnership with HUB Financial Solutions Limited. The aggregate revenue for the Group's personal finance business was £3.3 million for the six months ended 31 July 2020 (£3.8 million for the six months ended 31 July 2019).

5.2.2 *Media, mailing and printing*

The Group launched the *Saga News* in 1966 as a free newsletter. Since 1984, the newsletter has been a magazine and today the *Saga Magazine* plays a central role in promoting the Group's brand and advertising its products and services. In 2019, the Group launched a digital version of the *Saga Magazine*. The Group also operates a mailing and printing business which fulfils direct mail marketing for in-house and external customers.

5.2.3 *Healthcare*

On 3 March 2020, the Group sold its Country Cousins and Patricia White's branded introductory care agency businesses for an enterprise value of £14 million to Limerston Capital LLP. See paragraph 17.13 of Part XIX (*Additional Information*) of this document for a summary of the terms and conditions of these disposals. In addition, the Group has completed the transfer of Saga-branded healthcare customers and colleagues to a well-regarded third party care provider for a nominal sum. Apart from the provision of private medical insurance, as described above, this transfer completes the Group's exit from the healthcare sector.

6. Colleagues and employee relations

Based on a monthly average for the six months ended 31 July 2020, the Group employed 3,658 people, including 1,684 in Insurance, 1,130 in Travel and 844 in Other Businesses and central costs. The following table sets out the average number of the Group's colleagues by business segment for the twelve-month period up to the year-end dates indicated, and a six-month average for the period up to 31 July 2020.

	Average for the period to			
	31 July 2020	2020	31 January 2019	2018
Insurance	1,684	1,766	1,911	2,206
Travel	1,130	2,408	2,134	2,266
Other Businesses and central costs	844	1,030	997	857
Total	**3,658**	**5,204**	**5,042**	**5,329**

The Group's employee policies are designed to maximise colleague retention and minimise staff turnover. The Group pays basic salaries in line with market rates and operates a Group-wide job grading structure, with salary bands adjusted annually in line with market movements. Within this framework, the Group has a performance management approach involving twice yearly reviews of performance against business objectives to determine pay awards for individuals. Additionally, the Group operates a performance-related bonus system, subject to both relevant businesses and the overall Group meeting its budgeted profit. Rather than taking part in the general bonus system, sales agents in the contact centres are eligible for commission payments linked to key performance indicators, which are designed to prevent sales from being achieved at the expense of customer service and in accordance with regulation. The Group has a good record of employee relations, with no recent history of material industrial disputes.

The Group established a voluntary redundancy programme as part of a broader effort to simplify the organisation and increase the pace of execution and efficiency across the business. In addition, as part of its response to the COVID-19 pandemic, the Group has taken a number of steps to optimise its workforce and has reduced headcount 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 Group's newly established commitment to fairness and colleague welfare has seen the vast majority of cruise crew repatriated to their home countries in light of the government lockdowns alongside an investment in improved communications across the business to drive alignment and performance. The Group has also increased its support for colleague mental health, diversity and inclusion. Launching a new purpose, values and engagement programme in September 2020, Saga intends to connect the customer brand transformation to its colleague brand to secure a strong foundation for growth in revenue and profit across the business.

7. Intellectual property

The Group has various trademarks incorporating the Saga name. The Group has also registered the domain name Saga.co.uk and owns many other domain names incorporating the Saga and other brand names.

8. Insurance

The Group maintains public liability, employer's liability, run-off cover in respect of directors' and officers' liability, motor fleet, marine and property insurance, as well as insurance for certain other claims. The Directors believe that the Group's current insurance coverage is appropriate for its business, in respect of its level and applicable excesses and deductibles, considering the Group's business location as well as the size of its business activities.

9. IT infrastructure

The Group operates a mixture of packaged and bespoke applications, these are supported and maintained through a mixture of in-house and vendor support. Most of the Group's operating systems are adapted to each business segment, so application support is administered by decentralised segment-specific IT support functions, supported by package vendor support where necessary.

Most IT infrastructures, such as telephony switches, data networks and server rooms, are maintained by centralised IT support functions. The Group has certain measures available for disaster recovery of its IT systems, including alternative servers located on and off-site. The computer room environment incorporates typical data centre controls, including fire detection, fire suppression, air condition and uninterruptible power supplies.

The Group intends to implement a single group-wide customer digital data platform by building on, optimising and completing the investments made in the last five years, efficiently repurposing existing technology and developing big data solutions over the next two years. From this platform, the Group is creating an automated personalisation model which will allow customer interaction in real time and which is synchronised across channels and businesses to drive customer multi-product holdings and increase loyalty and value.

10. Environmental Matters and Sustainability

The Group is sensitive to its environmental impact and aims to operate in a manner that minimises negative impact, such as waste sent to landfill, and invests in activities which have a positive impact on the environment, such as improved energy efficiency.

The Group's sustainability strategy is divided into four areas:

- ***Safeguarding the environment***: promoting high standards of environmental stewardship by targeting emissions, waste and single-use plastics, as well as supporting marine conservation efforts by the ORCA charity.
- ***Developing talent***: nurturing and investing in the Group's people and culture by focusing on diversity, inclusion and belonging, colleague engagement and rewards and recognition.
- ***Supporting local communities***: investing in the Group's communities and wider society through volunteer days, local project funding, payroll giving and communities meetings.
- ***Encouraging responsible business practices***: promoting and committing to high standards of transparency and governance.

During the year ended 31 January 2020, the Group's greenhouse gas emissions increased by 2% compared to the year ended 31 January 2019 to approximately 102,770 tonnes of CO_2e from fuel combustion and electricity purchased for the Group's own use, equivalent to 85.8 tonnes of CO_2e per £1 million in customer spend. The overall increase in emissions was largely due to an increase in marine fuel due to the Group's purchase of the cruise ship *Spirit of Discovery*, although the overall emissions per passenger decreased during the year ended 31 January 2020. Following the Group's review of its Scope 1 direct and Scope 2 indirect CO_2 emissions, it set a new 30% reduction target to reduce these emissions by 2030. The Group is working to identify possible means to reduce its CO_2 emissions, such as through efficient route planning of its cruise ships and applying energy efficient measures to its offices. The Group's two new cruise ships, *Spirit of Discovery* and *Spirit of Adventure*, create fewer CO_2 emissions per passenger than the Group's older ships and have removed single-use plastics from their operations.

PART XI

DIRECTORS, PROPOSED DIRECTOR AND CORPORATE GOVERNANCE

1. Directors

The Directors of the Company as at the date of this document and their respective roles are set out below:

Name	Position
Patrick O'Sullivan	Chairman
Euan Sutherland	Group Chief Executive Officer
James Quin	Group Chief Financial Officer
Cheryl Agius	Chief Executive Officer of Insurance
Orna NiChionna	Senior Independent Non-Executive Director
Eva Eisenschimmel	Non-Executive Director
Julie Hopes	Non-Executive Director
Gareth Hoskin	Non-Executive Director
Gareth Williams	Non-Executive Director

The business address of each Director is Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE.

A short biography for each Director is set out below. Further information on the Directors, including the companies of which each of the Directors has been a director at any time in the past five years, is set out in paragraph 9.1 of Part XIX (*Additional Information*) of this document.

Patrick O'Sullivan, Chairman

Patrick O'Sullivan was appointed in May 2018. A financially and strategically sophisticated business leader and Board director, Patrick has a wealth of experience in the financial and insurance industries. He has previously held roles at the Bank of America, Goldman Sachs, Financial Guaranty Insurance Company, Barclays/BZW and Zurich. On completion of the Capital Raising, Patrick O'Sullivan will step down from his position as a director and as Chairman of the Company.

Euan Sutherland, Group Chief Executive Officer

Euan Sutherland was appointed in January 2020. Euan has significant experience of leading major consumer facing businesses through periods of change to deliver a more efficient organisation and of implementing strategies focused on customer insight, digital innovation and wholesale expansion. He has held a number of senior management positions, including CEO of Superdry plc, the global digital brand and CEO of The Co-op Group and Group COO & CEO UK at Kingfisher plc. He has a background in global fast moving consumer goods brands including Mars and Coca-Cola. He is currently a non-executive director of Britvic plc.

James Quin, Group Chief Financial Officer

James Quin was appointed CFO in January 2019. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a seasoned insurance executive with over 28 years of senior leadership experience. He also has extensive strategic, investor and operational finance experience within the insurance industry. He has previously been UK Chief Financial Officer at Zurich Insurance Group and held senior positions at Citigroup Global Markets; Lehman Brothers; and PwC.

Cheryl Agius, Chief Executive Officer of Insurance

Cheryl Agius was appointed in January 2020. A fellow of the Institute of Actuaries, Cheryl has over 25 years' experience in insurance, retirement and pensions. She also has a strong track record of delivery in senior strategic roles and in leading an organisational transformation and change programme to create a data-driven, digitally led business. Her previous roles include, Legal & General (UK Strategic Retirement Director, UK International Development Director and most recently Chief Executive Officer of General Insurance business); Aon Hewitt, Lloyds TSB and Towers Watson.

Orna NiChionna, Non-Executive Director and Senior Independent Director

Orna NiChionna joined the Board in 2014 and was appointed Senior Independent Director in March 2017. She has considerable experience of UK corporate leadership and governance, having also held the role of Senior Independent Director at Royal Mail plc, HMV plc, Northern Foods plc and Bupa. She is currently Chairman of the remuneration committee at Burberry Group plc. She has also been a Non-Executive Director of Bank of Ireland UK Holdings plc and Bristol & West plc. A former Partner at McKinsey & Company, she has significant experience of retail and consumer strategy and new concept development and launch, business turnaround, logistics redesign and supply chain management. She is also Deputy Chair of the National Trust, Chair of Founders Intelligence Limited and Non-Executive Director at and Trustee of Sir John Soane's Museum.

Eva Eisenschimmel, Non-Executive Director

Eva Eisenschimmel was appointed in January 2019. She has over 30 years of experience as a brand and marketing professional. She is currently Chief of Staff at Lowell and is highly experienced in customer membership schemes, she was appointed 'Customer Champion' and chairs Saga's Customer Forum. Her previous roles include Non-Executive Director (and a member of the Audit, Nomination, Remuneration and Risk Committees) of Virgin Money plc; Managing Director of Marketing, Brands and Culture at Lloyds Banking Group plc; Chief Customer Officer at Regus plc; Chief People and Brand Officer at EDF Energy and senior positions at Allied Domecq and British Airways, where she was responsible for the Executive Club.

Julie Hopes, Non-Executive Director

Julie Hopes was appointed in October 2018. Julie brings a wealth of insurance experience specialising in retail general insurance. She is highly customer-focused and has a track record of driving business growth. Julie is a non-executive director of the West Bromwich Building Society where she holds the roles of Deputy Chair and Chair of the remuneration committee. She is also the Chair of Police Mutual Assurance Society. She has previously been a non-executive director and Chair of the Risk Committee at Co-operative Insurance. Her previous executive roles include Managing Director of Royal Sun Alliance's (RSA) Affinity Business, Operations and IT Director of RSA's International Business and Managing Director of Tesco Insurance. Julie is an associate with the Chartered Institute of Bankers.

Gareth Hoskin, Non-Executive Director

Gareth Hoskin was appointed in March 2019. He has 20 years' experience in the insurance industry, having taken on a variety of roles at Legal & General, as a main Board Director and CEO International. Before joining Legal & General, Gareth worked at PwC for 12 years, where he trained as an accountant. He also has recent and relevant financial experience and competence in accounting. He was appointed Audit Chairman at Leeds Building Society in November 2015 and subsequently became Senior Independent Director. He is Trustee, Non-Executive Director and Chairman of the Audit and Risk Committees at Diabetes UK.

Gareth Williams, Non-Executive Director

Gareth Williams was appointed in May 2014. He has extensive expertise in all aspects of human resource and people strategy. Gareth brings unique perspective to discussions, drawn from his experience of working at Director level in a consumer facing organisation and knowledge of corporate relations, management development and resourcing. His previous roles include Human Resources Director of Diageo plc (including oversight responsibility for corporate relations) and key positions in human resources at Grand Metropolitan plc. He is currently Non-Executive Director of WNS (Holdings) Limited and Trustee of Cicely Saunders International.

2. Proposed Director

The Proposed Director of the Company, and his proposed role, is set out below:

Name	Position
Roger De Haan	Non-Executive Chairman

The business address of the Proposed Director is Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE.

A short biography for the Proposed Director is set out below. Further information on the Proposed Director, including the companies of which the Proposed Director has been a director at any time in the past five years, is set out in paragraph 9.1 of Part XIX (*Additional Information*) of this document.

Roger De Haan, Non-Executive Chairman

Roger De Haan is steeped in Saga. He joined the business in 1966, aged 17, as its 11th employee and worked there for 38 years. He became Managing Director in 1976 and Chairman and Chief Executive from 1984 until he sold the company in 2004. Having been floated in 1978, Saga was taken back into private ownership in 1990. By the time of its sale, Saga was a well-known and respected brand, expert in direct marketing, and with over 2 million customers. The Saga group included a diverse range of successful businesses, both in the UK and overseas, including travel, cruises, insurance and financial services, publishing and radio. Saga offered a wide range of insurance products and its financial services offerings included an independent financial planning service, retail and personal savings products, a stock-broking system, and a branded credit card. Saga magazine became the largest monthly subscription magazine in the UK with a circulation of over 1.2 million.

Since selling Saga in 2004, Roger De Haan has focused his energies on philanthropic activities and the development of Folkestone's Harbour and its seafront. His main charitable interests are in education, regeneration, the arts, heritage, community, sport and healthcare. He was a trustee of the Heritage Lottery Fund from 2014 to 2017. In 2014, he was knighted for his services to education and to charity in Kent and overseas.

3. Senior Managers

The senior managers of the Company (the "**Senior Managers**") as at the date of this document and their respective roles are set out below:

Name	Position
Stuart Beamish	Chief Customer Officer
Jules Christmas	Chief Information Officer
Nick Stace	Chief Strategy Officer
Jane Storm	Chief People Officer
Helen Webb	Chief Risk and Compliance Officer

The business address of each Senior Manager is Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE.

A short biography for each Senior Manager is set out below. Further information on the Senior Managers, including the companies of which each of the Senior Manager has been a director at any time in the past five years, is set out in paragraph 9.1 of Part XIX (*Additional Information*) of this document.

Stuart Beamish, Chief Customer Officer

Stuart Beamish was appointed Chief Customer Officer in November 2018, having been Group Marketing Director since December 2017. He joined Saga in December 2016 as Marketing Director for Saga Holidays and Cruises. Stuart has spent over 20 years in marketing including 13 years at British Airways where he was responsible for customer marketing worldwide. He went on to lead Customer Relationship Marketing & Insight for Virgin Holidays before joining bmi as Marketing,

Product and eCommerce Director. Prior to Saga, Stuart worked at Barclaycard as Marketing Director, Digital Marketplace where he launched new eCommerce ventures for the bank.

Jules Christmas, Chief Information Officer

Jules Christmas joined Saga in 1997 after an early career in software application development and business analysis roles. Jules has a Master's Degree in Computing. Prior to becoming Group IT Director of the wider Acromas group in 2008, Jules's roles have included Head of Application Development and IT Director for the Services Division. During his career Jules has led a number of IT and digital transformation programmes, including the re-platforming of a number of enterprise applications and migration of platforms to the cloud. Alongside his primary responsibilities, Jules has fulfilled a number of strategic change and programme leadership roles in the technology/digital and operational domains.

Nick Stace, Chief Strategy Officer

Nick Stace joined Saga in March 2020 as Group Strategy Officer. He has been driving the development and implementation of a new purpose led strategy; to transform the impact of the Saga community; to develop new products and services; and support Saga's commitment to becoming Britain's best loved brand for the over 50s. Nick has charity, consumer, financial services and regulatory experience across a range of senior leadership roles. Currently Nick is a trustee of the National Trust, with recent positions including CEO of The Prince's Trust and Board member of the Financial Conduct Authority. Previously Nick spent 15 years as deputy CEO of Which? and subsequently CEO of CHOICE, Australia's equivalent consumer organisation.

Jane Storm, Chief People Officer

Jane Storm joined Saga in October 2019 as Chief People Officer. Jane is responsible for developing and leading the Group's People and Culture Strategy that enables Saga to serve the unique needs of its customers. Prior to Saga, Jane was the CPO at Connect Group plc, after 19 years at Tesco plc gaining international experience in senior HR operational and group capability roles. Jane started her career as a HR Graduate with Prudential plc.

Helen Webb, Chief Risk and Compliance Officer

Helen Webb was appointed Chief Risk and Compliance Officer in 2018, having joined Saga in 2009 as Group Head of Internal Audit. Helen leads the second line of defence assurance functions for the Group, and advises the Board on risk and regulatory matters. Prior to Saga, Helen was a Head of Internal Audit within Barclays' Global Retail and Commercial Banking division, after spending her early career within the Bank of England's internal audit function. Helen graduated from Oxford University in 1998 and is a Chartered Accountant.

4. Directors', the Proposed Director's and Senior Managers' Interests

Details of the interests of each Director, the Proposed Director and each Senior Manager are set out in paragraph 12 of Part XIX (*Additional Information*) of this document.

5. Corporate Governance

The Group is controlled through the Board, which currently comprises nine Directors and is responsible to Shareholders for the proper management of the Company. The Board is responsible for, and provides, the overall direction for management, debates the Group's strategic priorities, and sets the Group's values and standards.

5.1 *Compliance with the UK Corporate Governance Code*

The Board is committed to the highest standards of corporate governance and, other than as set out below, the Company complies in full with the UK Corporate Governance Code (the "**Code**"). The Board also takes account of institutional shareholder and governance rules and guidance on disclosure and shareholder authorisation. For the year ended 31 January 2020, the Company did not comply with Provision 38 of the Code, as the Group Chief Financial Officer's pension did not align with that of the workforce, but this has since been addressed. Under Provision 9 of the Code, a chair should be independent on appointment. Roger De Haan's appointment as a director and as

non-executive Chairman is being made in accordance with the terms of the Relationship Agreement which is being entered into in the context of Roger De Haan becoming a significant shareholder in the Company. Accordingly, he will not be considered to be independent on appointment in accordance with this provision of the Code. For the reasons stated in paragraph section 5.5 below the directors nevertheless believe that Roger De Haan's appointment as non-executive Chairman is in the best interests of the Company.

5.2 *Board composition*

The Code recommends that at least half the board of directors of a UK listed company, excluding its chair, should comprise non-executive directors determined by the board to be independent. For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers that Orna NiChionna, Eva Eisenschimmel, Julie Hopes, Gareth Hoskin, and Gareth Williams are independent.

5.3 *Reserved matters*

A number of matters are reserved for the Board. A list of these matters is reviewed annually by the Board, the last review having taken place on 4 September 2020. The matters reserved for the Board include the following*:*

- any decision likely to have a material impact on Saga from any perspective including, but not limited to, financial, operational, strategic or reputational;
- the strategic direction of the overall business, objectives, budgets and forecasts, levels of authority to approve expenditure, and any material changes to them;
- the commencement, material expansion, diversification or cessation of any of Saga's activities;
- Saga's regulatory, financial and material operational policies;
- changes relating to Saga's capital, corporate, management or control structures;
- material capital or operating expenditure outside pre-determined tolerances or beyond the delegated authorities;
- major capital projects (including post-investment reviews where not considered in detail by the Audit or Risk Committees or where the Board decides a full review is required), corporate action or investment by Saga that will have, or is likely to have, a financial cost greater than the amount set out in the relevant contract approval processes from time to time; and
- any contract which is material strategically or by reason of size, not in the ordinary course of business, or outside agreed budgetary limits or that relates to joint ventures and material arrangements with customers or suppliers.

5.4 *Board committees*

As required by the Code the Board has established a Nomination Committee, an Audit Committee and a Remuneration Committee. In addition, the Board has established a Risk Committee. Each committee has formally delegated duties and responsibilities and written terms of reference.

As of the date of this document, the members of each committee are as follows:

Name	Chair	Members
Nomination Committee	Patrick O'Sullivan[(1)]	Orna NiChionna Eva Eisenschimmel Gareth Williams Julie Hopes Gareth Hoskin
Audit Committee	Gareth Hoskin	Orna NiChionna Gareth Williams
Remuneration Committee	Eva Eisenschimmel	Orna NiChionna Julie Hopes Gareth Williams
Risk Committee	Orna NiChionna	Julie Hopes Gareth Hoskin Gareth Williams

(1) The Board has approved the appointment of Orna NiChionna as Chair of the Nomination Committee on completion of the Capital Raising.

5.4.1 *Nomination Committee*

The Nomination Committee is appointed by the Board and comprises at least three members, a majority of whom must be independent Non-Executive Directors. The chair of the committee must either be the Chairman or an independent Non-Executive Director, and in the absence of the committee chair the members present will elect one of their number who would qualify to be the committee chair to chair the meeting. The quorum is any two members of the Committee both of whom must be independent Non-Executive Directors. The committee meets at least twice a year and at such other times as otherwise required.

The Nomination Committee is responsible for reviewing the structure, size, and composition of the Board, succession planning for directors and senior executives, and making recommendations on suitable candidates for appointment to the Board.

5.4.2 *Audit Committee*

The Audit Committee is appointed by the Board and comprises at least three members, all of whom must be independent Non-Executive Directors. Membership of the committee must include at least one member of the Risk Committee, and, where possible, a member of the Remuneration Committee. At least one member of the committee must have recent and relevant financial experience and have competence in accounting and/or auditing. The Chairman may not be a member of the committee. The chair of the committee is appointed by the Board, and in the absence of the committee chair the members present will elect one of their number who would qualify to be the committee chair to chair the meeting. The quorum is any two members of the Committee, at least one of whom should have significant, recent, and relevant financial experience. The committee meets at least three times a year at appropriate times in the financial, reporting, and audit cycle, and at such other times as otherwise required.

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, the adequacy and effectiveness of its internal control systems, and the adequacy and effectiveness of the Company's internal audit function and external auditors.

5.4.3 *Remuneration Committee*

The Remuneration Committee is appointed by the Board and comprises at least three members, all of whom must be independent Non-Executive Directors. The Chairman may be a member if they are considered independent on their appointment as Chairman. The chair of the committee is appointed by the Board, and should ideally have served on a remuneration committee for at least 12 months prior to the appointment. In the absence of the committee chair, the members present will elect one of their number who would qualify to be the committee chair to chair the meeting. The quorum is any two members of the Committee, both of whom must be Independent Non-Executive Directors. The committee meets at least two times a year, and at such other times as otherwise required.

The Remuneration Committee is responsible for determining the terms and conditions of employment, including remuneration, for the Chairman, the Executive Directors and certain members of the Group's executive management team.

5.4.4 *Risk Committee*

The Risk Committee is appointed by the Board and comprises at least three members, all of whom must be independent Non-Executive Directors. The chair of the committee is appointed by the Board, and in the absence of the committee chair the members present will elect one of their number to chair the meeting. The Chairman may not be a member of the committee. The quorum is two members of the committee.

The Risk Committee is responsible for monitoring the Group's overall risk appetite, tolerance, strategy, and risk assessment processes. It also monitors the effectiveness of the Group's risk management systems, its ability to manage emerging risks, and any material breaches of risk limits.

5.5 ***The role of the Proposed Director***

In accordance with the terms of the Relationship Agreement, Roger De Haan has nominated himself as a director of the Company and the Board has resolved that following, and conditional upon the completion of, the Capital Raising, Roger De Haan will assume the position of Non-Executive Chairman. Patrick O'Sullivan will retire from the Board upon the completion of the Capital Raising. The terms of Roger De Haan's appointment as non-executive Chairman are set out in a letter of appointment which provides that his position as Chairman will be subject to re-appointment at each annual general meeting of the Company.

Further information on the terms of the Relationship Agreement is set out in paragraph 17.2 of Part XIX (*Additional Information*).

The Directors have carefully considered the proposed role of 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 Roger De Haan will not be considered independent on appointment. Taking into account Roger De Haan's history with the Saga brand and business, his proposed time commitment, and the terms of the Relationship Agreement and letter of appointment, the Directors believe that the appointment of Roger De Haan as non-executive Chairman is in the best interests of the Company.

PART XII

REGULATORY OVERVIEW

The Group is subject to detailed and comprehensive legislation and regulation in respect of its operations. Regulatory authorities and agencies have broad powers over many aspects of the financial services and travel industries.

The following section considers the main features of the relevant regulatory regimes for each of the industries in which the Group operates.

1. Financial Services Regulation

The Group includes three regulated financial services companies: (i) SSL, (ii) SPF and (iii) AICL.

- SSL is a company incorporated in the United Kingdom. It is authorised and regulated by the FCA and is also registered to conduct general insurance business in or from within Jersey by the Jersey Financial Services Commission (the "**Commission**").
- SPF is a company incorporated in the United Kingdom. It is authorised and regulated by the FCA.
- AICL is a Gibraltar registered company. It is regulated by the Gibraltar Financial Services Commission.

The majority of the Group's regulated business is general insurance intermediation. Insurance intermediation services are provided by SSL in the United Kingdom and Jersey. SPF operates a "white label" business model through which it intermediates long-term insurance products and regulated investment products; these products are branded as Saga products and are brokered by SPF, but the financial products are provided by third parties. AICL is an insurer and underwrites business introduced by intermediaries. AICL underwrites home and motor insurance products in the UK through a branch.

There are also three entities in the Group – CHMC Limited, ST&H Limited and Saga Membership Limited – which conduct insurance intermediation activities in the United Kingdom as appointed representatives of authorised firms in the Group (each of which is known as the relevant appointed representative's "principal"). CHMC Limited is an appointed representative of SSL. ST&H Limited is an appointed representative of both SSL and SPF. Saga Membership Limited is an introducer appointed representative of both SSL and SPF. An appointed representative is not itself authorised by the FCA but is a representative of its principal firm(s). An appointed representative is an exempt person for the purposes of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") and the authorised principal firm(s) remain responsible and liable for the regulatory compliance of its appointed representatives.

Unless specified otherwise or in the heading, the following sub-sections address the laws and regulations of the United Kingdom.

In addition to the laws and regulations of the United Kingdom, authorised firms must (at least until the end of the Brexit transition or implementation period) also comply with relevant European Union law, including relevant directly applicable regulations. Where an entity is domiciled or conducts business outside of the United Kingdom (whether in an EU Member State or otherwise), regulation in other jurisdictions may apply and authorisation, permissions or licences from other regulatory authorities may be required to conduct business in those jurisdictions.

Overview

In the United Kingdom, regulated financial services firms are subject to the authority of one or both of two UK regulators: the Prudential Regulation Authority ("**PRA**") and the FCA.

The PRA is responsible for the prudential regulation of all banks, insurance companies and some designated investment firms. Although the PRA is responsible for the prudential regulation of these firms, they are dual-regulated with the FCA which has responsibility for the regulation of their conduct of business. For other financial services firms, including insurance intermediaries and other investment firms, the FCA is the sole regulator in both prudential and conduct of business matters.

FSMA is the central piece of legislation for the regulation of financial services companies in the United Kingdom. Under FSMA, persons carrying on "regulated activities" prescribed in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) ("**RAO**") must be authorised by the PRA and/or FCA (as appropriate) before carrying on any of those regulated activities unless they are exempt.

As mentioned above, in the United Kingdom SSL and SPF are authorised and regulated (solely) by the FCA. SSL is registered to conduct general insurance business in or from within Jersey by the Commission. None of the entities in the Group are authorised or regulated by the PRA. Information relating to the PRA, and its rules and guidance, is included to provide an overall description of the framework for the regulation of insurance and financial services in the United Kingdom.

Authorisation

Dual-regulated firms must apply to the PRA for authorisation and solo-regulated firms (i.e. firms regulated solely by the FCA, which includes insurance intermediaries) must apply to the FCA. When granting authorisation, the FCA and PRA must ensure that the firm meets certain threshold conditions which, among other things, require the firm to be a fit and proper person (having regard to all circumstances) and the firm to have adequate resources (including financial resources) for the carrying on of its business. When the FCA and PRA (as applicable) grant a firm its authorisation, they set the scope of, and may include such restrictions on, the specific permissions granted to the firm. This sets limits on the scope of regulated activities that the firm is permitted to carry on.

FCA and PRA rules

Once authorised, firms must comply with the rules in the FCA Handbook and (if dual-authorised) the PRA Rulebook, as well as the body of other rules published by the FCA and PRA. The FCA Handbook and the PRA Rulebook contain detailed rules covering, among other things, governance, risk management, systems and controls and other organisational requirements, conduct of business rules, corporate governance and individual accountability, and prudential (including capital and liquidity) requirements.

In addition to the detailed rules and guidance published by the PRA and FCA, the FCA Handbook and the PRA Rulebook contain high-level standards for conducting financial services business in the United Kingdom, known as the Principles for Business (in the case of the FCA Handbook) and the Fundamental Rules (in the case of the PRA Rulebook). All authorised firms are expected to comply with these standards, which cover (among other things) the maintenance of adequate systems, controls and financial resources, treating customers fairly, communicating with customers in a manner that is clear, fair and not misleading, and being open and co-operative with the FCA and (if a firm is dual-authorised) the PRA.

Insurance intermediaries and investment firms

Insurance intermediaries and investment firms are generally authorised and regulated by the FCA. They must comply with the specific rules that apply to their business. SSL and SPF each carry on insurance intermediation activities. SPF also carries on a limited range of regulated investment services and is the only entity in the Group to do so.

Due to the nature of insurance intermediation business, financial requirements applying to insurance intermediaries, particularly those which do not hold client money, are generally less onerous than those applying to investment firms and insurance companies. For the financial year 2020/2021, SSL and SPF are (among other things) required to hold cash and other liquid assets in compliance with the FCA's Threshold Condition 2.4; the Threshold Condition 2.4 cash requirement for SSL is £5.3 million with an additional cash requirement of £0.4 million for SPF.

In addition to the prudential rules, SSL and SPF are subject to various conduct of business rules that apply specifically to the business they conduct, including in relation to the obligations they owe to their customers when performing their regulated business, communications with customers, information disclosures and other transparency and reporting requirements.

Some important sources of rules and accompanying guidance relevant to the insurance intermediary and investment services businesses undertaken within the Group include (but are not limited to) the following regulatory handbooks in the FCA Handbook:

- the General Prudential Sourcebook ("GENPRU");

- the Prudential Sourcebook for Mortgage and Home Finance Firms and Insurance Intermediaries ("MIPRU");
- the Mortgages and Home Finance: Conduct of Business Sourcebook ("MCOBS");
- the Insurance: Conduct of Business Sourcebook ("ICOBS");
- the Conduct of Business Sourcebook ("COBS"); and
- the Consumer Credit Sourcebook ("CONC").

Insurance Distribution Directive

There has been increasing focus in the EU on how the insurance industry markets and distributes insurance products and on the introduction of appropriate safeguards for customers. The Insurance Distribution Directive ((EU) 2016/97) ("IDD") (as amended) sets standards for the distribution of insurance products. It replaced the previous Insurance Mediation Directive (2002/92/EC). The IDD only sets minimum standards – this means that firms must also comply with relevant local law and regulations to the extent that they set standards higher than the IDD (in the UK, this includes the standards and rules set out in the FCA Handbook).

The IDD aims to enhance protection for customers buying both general and long term insurance products (with some specific rules introduced for insurance-based investment products ("IBIPs")). It also aims to ensure that customers are protected irrespective of the distribution channel used to access an insurance product and to promote competition on equal terms between distributors of insurance products.

The IDD contains requirements for the authorisation of (re)insurance intermediaries and establishes passporting rights for firms that are registered under the directive. A range of additional requirements applying to those firms are also extended to (re)insurers which are involved in the distribution of insurance products. In particular, the IDD imposes specific rules on distributors to act in the best interests of their customers and to ensure that information provided to customers is clear, fair and not misleading. It also includes rules on product oversight and governance, transparency and conflicts of interests, and enhanced conduct of business rules for IBIPs.

In the UK, the Insurance Distribution (Regulated Activities and Miscellaneous Amendments) Order 2018 (the "IDD Order") transposed the IDD into UK law, and amended the relevant provisions of FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. The IDD Order came into force on 1 October 2018.

Supervision and Enforcement

The FCA and PRA supervise firms in a number of ways, including through the Senior Managers & Certification Regime (outlined below). The supervisory role of the regulators is supported by a range of rules in the FCA Handbook and the PRA Rulebook, such as rules requiring firms to notify regulators about certain events. In particular, Principle 11 of the FCA's Principles for Businesses requires that "[a] *firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice*".

The FCA and PRA also have extensive powers to supervise and intervene in the affairs of an authorised firm under FSMA, including to monitor compliance with the regulators' objectives. The FCA and PRA have various disciplinary and enforcement powers, including the power to: withdraw a firm's authorisation; cancel, vary or withdraw a firm's permissions; suspend firms or individuals from undertaking regulated activities; impose restitution orders where persons have suffered loss; and fine, censure, or impose other sanctions on firms or individuals who breach relevant rules.

The FCA and PRA can also formally investigate a firm, require firms to produce information or documents, or require a firm to provide a "skilled persons" report under sections 166 and 166A of FSMA.

In addition to its disciplinary and enforcement powers, the FCA can prosecute certain criminal offences under FSMA and other legislation. The FCA also has various powers in relation to market abuse, including the power to sanction persons who commit market abuse.

Both the FCA and PRA have powers in relation to the administration and winding-up of authorised firms under FSMA.

Breaches by authorised firms of certain rules in the FCA Handbook and the PRA Rulebook can also give certain private persons (who suffer loss as a result of the breach) a right of action against the breaching firm for damages.

Senior Managers & Certification Regime

FSMA gives the FCA and the PRA powers and responsibilities over individuals carrying on certain roles (known as "controlled functions") for or on behalf of an authorised firm (and appointed representatives) within the UK financial services industry. This is one of the ways in which the FCA and PRA supervise firms, including their management and governance.

On 9 December 2019, the Senior Managers Regime and the Certification Regime (known collectively as the "SMCR") came into force for solo (FCA only) regulated firms, including SSL and SPF. The other members of the Group are not FCA regulated entities so SMCR does not apply to them. The SMCR aims to enhance the accountability and responsibility of managers, employees and other persons acting on behalf of firms and to make sure that authorised firms have clear and effective governance structures. Among various other rules, the Senior Managers Regime requires that persons (called "Senior Managers") performing certain roles (called "Senior Management Functions" or "SMFs") for or on behalf of authorised firms are approved by the FCA prior to performing those roles. Senior management functions include key governance roles. The FCA may not approve individuals for such roles unless they are satisfied that they have the appropriate qualifications, knowledge, training and experience and are fit and proper to perform those functions. The FCA may withdraw approval for individuals whom they deem no longer fit and proper to perform those functions.

The SMCR rules apply differently depending on the size and business conducted by each firm: a "Limited Scope SMCR firm" is subject to the fewest rules, a "Core SMCR firm" is subject to additional rules and an "Enhanced SMCR firm" is subject to the most rules. SSL is an Enhanced SMCR firm and SPF is a Core SMCR firm. There are also different SMCR regimes for insurers and banks.

In addition to the requirement that firms must obtain approval for Senior Managers before those persons discharging Senior Management Functions:

- authorised firms must allocate specific "Prescribed Responsibilities" between its Senior Managers;
- each Senior Manager must have an individual Statement of Responsibilities and owes a "duty of responsibility" in respect of the areas of business for which they are responsible. In addition, certain SMCR firms such as banks, insurers and Enhanced SMCR firms like larger investment firms must have a "Management Responsibilities Map" for the whole firm. Saga Services Limited is the only Enhanced SMCR firm in the Group, so is the only Group entity required to have a Management Responsibilities Map. Saga Personal Finance Limited is a Core SMCR firm so is not required to have a Management Responsibilities Map; and
- under the Certification Regime, individuals performing other key functions must be certified by the firm as "fit and proper" (on at least an annual basis).

All persons performing designated senior management functions in SSL and SPF must be approved by the FCA for those roles, and SSL and SPF must allocate the applicable Prescribed Responsibilities between their Senior Managers. As such, they are subject to ongoing regulatory obligations for which they are personally accountable to the FCA.

The FCA has wide-ranging powers under FSMA and the SMCR to act against persons who fail to satisfy their regulatory obligations or who cease to be fit and proper, including (but not limited to) withdrawal of their approval, fines and other disciplinary actions.

SSL's Senior Managers include (amongst others) James Quin, Cheryl Agius and Julie Hopes, who are also directors of the Company (see Part XI (*Directors, Proposed Director and Corporate Governance*)). SPF's Senior Managers include (amongst others) James Quin and Julie Hopes, who are also directors of the Company (see Part XI (*Directors, Proposed Director and Corporate Governance*)).

The SMCR also applies on a more limited basis to incoming branches of EEA and non-EEA firms, such as AICL (which has a branch in the United Kingdom). In particular, individuals performing

certain SMFs (including branch-specific SMFs) in relation to an incoming branch require pre-approval prior to performing that role. At this time, there are no SMFs applicable to AICL, therefore no individuals are recorded on the FCA Register.

Persons approved by the PRA or FCA are typically individuals. However, a body corporate can be approved by the FCA or PRA (for example, if the body corporate is a director of an authorised firm).

Approved Persons Regime

The SMCR replaced the previous Approved Persons Regime ("**APR**") for UK authorised firms. However, the APR continues to apply for appointed representatives (in modified form), including ST&H Limited and CHMC Limited. Under the APR, persons carrying on certain roles for or on behalf of an authorised firm within the UK financial services industry must be pre-approved by the FCA. Individuals who are approved to perform a "controlled function" are described as "approved persons".

The APR does not apply to introducer appointed representatives, including Saga Membership Limited. Similar obligations and enforcement powers apply under the APR as under the SMCR.

Change in control

The PRA and FCA also have powers in relation to the approval of the "controllers" of UK-incorporated PRA and FCA authorised firms in the United Kingdom.

Under FSMA, any person proposing to acquire or increase "control" in a UK-incorporated PRA or FCA authorised firm must obtain approval from the PRA and/or FCA (as necessary) prior to the change in control applications or notifications. Likewise, any person proposing to decrease or cease to have "control" in a UK PRA or FCA authorised firm must notify the PRA and/or FCA (as necessary) prior to the change in control.

As SSL and SPF are solo regulated firms, the FCA is the relevant UK regulator for changes in control. The threshold at which a person has "control" in a firm depends on the type of firm in question. The exact calculation of shares or voting power for the purposes of the controller thresholds depends on the detailed rules set out in FSMA, including in particular whether the relevant person is acting "in concert" with other persons.

Financial Services Compensation Scheme

The Financial Services Compensation Scheme ("**FSCS**") is designed to support the United Kingdom's financial system and consumer confidence in it. The FSCS compensates "eligible claimants" (which are, generally speaking, individuals and small businesses) for "protected claims" against UK authorised firms where those firms are unable or unlikely to be able to meet the claims (typically in cases of insolvency or where they have otherwise gone out of business).

The FSCS covers a range of businesses, including banking, insurance, insurance intermediation and investment business. Eligibility depends on the application of the rules set out in the FCA Handbook. The FSCS is primarily funded by levies on authorised participating firms and the levels of contribution to the FSCS may change over time.

The Financial Ombudsman Service

Authorised firms are required to maintain complaints handling procedures in accordance with applicable law and regulation (in particular, the rules set out in the FCA Handbook). However, eligible complainants may be able to make a complaint to the Financial Ombudsman Service (**"FOS**") if they are not satisfied having exhausted a firm's complaints handling procedures.

The FOS is a free service designed to help settle complaints against financial services businesses. It is intended to be a fast, informal and cost effective dispute resolution service, and determines complaints "by reference to what is, in [its] opinion, fair and reasonable in all the circumstances of the case".

Where the FOS finds against a firm, it has a range of powers, including to award compensation or to make a direction requiring the firm to take such steps as the FOS considers just and appropriate. Eligibility to refer complaints to the FOS depends on the application of the rules set out in the FCA Handbook.

Insurers (Gibraltar)

AICL is an insurance underwriting company incorporated in Gibraltar. It operates through a branch (freedom of establishment) in the United Kingdom. Subject to certain exemptions (which do not apply to the Group), no person may carry on insurance business in Gibraltar unless authorised to do so by the Gibraltar Financial Services Commission ("**GFSC**") pursuant to the Financial Services Act 2019 (as subsequently amended). The GFSC, in deciding whether to grant authorisation, is required to determine whether the applicant satisfies the threshold conditions set out in the Financial Services Act 2019 to be engaged in insurance business and, in particular, whether the applicant has and will continue to have appropriate resources, and that it is and will continue to be a fit and proper person having regard to the objectives of the GFSC (including in both cases whether those who manage the applicant's affairs have adequate skills and experience and those affairs are conducted soundly and with probity). An authorisation to carry on insurance business may also be subject to such requirements as the GFSC considers appropriate.

In specific circumstances, the GFSC may vary or cancel an insurer's authorisation to carry on a particular class or classes of business or insurance business generally. The circumstances in which the GFSC can vary or cancel an authorisation include a failure to meet the threshold conditions or where such action is desirable in order to protect the interests of consumers or potential consumers.

The Group is also entitled to conduct insurance business in the United Kingdom by virtue of the passporting rights granted under the EU single market directives which allow insurers to exercise passporting rights throughout EEA States. These rights extend to Gibraltar as if it were an EEA state in relation to the United Kingdom by virtue of the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 (SI 2001/3084). Therefore, although prudential regulation is the responsibility of the GFSC, the Group's underwriting function is subject to conduct of business regulation by the FCA in relation to insurance business undertaken in the United Kingdom. The FCA has the power to intervene in the Group's business to ensure compliance in this respect.

Solvency II

The Solvency II Directive (2009/138/EC) as amended sets out a prudential framework for the regulation and supervision of insurance companies. It applies to life and non-life insurance companies, as well as reinsurers. One of the core aims of the regime is to protect policyholders by establishing prudential requirements which are commensurate with the risks of the business and to ensure financial stability of the insurance industry and the markets.

The regime is based on the concept of three pillars: (i) minimum regulatory capital resource requirements (quantitative requirements); (ii) qualitative requirements (such as governance and risk management) and supervisory review of firms; and (iii) enhanced disclosure and transparency requirements.

Solvency II sets out technical rules covering a number of topics, including (among other things) rules for the calculation of technical provisions and for the valuation of assets and other liabilities two capital requirements, the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR), rules defining the capital instruments which are eligible to satisfy the MCR and the SCR and governance. Solvency II is supplemented by various rules that have been adopted by the European Commission.

The regime also includes rules on supervision of insurance groups. AICL's ultimate insurance parent undertaking is the Company (which is classified as a mixed-activity insurance holding company) for the purposes of the Solvency II group supervision regime, and the Gibraltar Financial Services Commission is the group supervisor.

Jersey

SSL is regulated by the Commission as a registered person under the FSJL to carry on general insurance mediation business (including incidental general insurance mediation business) (a) in addition to carrying on (i) any class of financial service business other than general insurance mediation business, or (ii) any other business authorised under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996; or (b) as a company that is part of a group, where another part of the group carries on (i) any class of financial service business other than general insurance mediation business, or

(ii) any other authorised under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996. As such, SSL is required to comply with the Codes of Practice for General Insurance Mediation Business issued by the Commission (the "Codes of Practice"). The Codes of Practice set out the principles for the conduct of business and SSL is responsible for following the principles and implementing such practices as it considers necessary for the proper management and control of its business. Broadly, the Codes of Practice require SSL to: (1) conduct its business with integrity; (2) have due regard to the interests of its clients; (3) organise and control its affairs effectively for the proper performance and management of its business and be able to demonstrate the existence of adequate risk management systems; (4) be transparent in its business arrangements; (5) maintain and be able to demonstrate the existence of adequate financial resources and adequate insurance; (6) deal with the Commission and other authorities in Jersey in an open and co-operative manner; and (7) not make statements that are misleading, false or deceptive. The Codes of Practice set out further regulatory requirements respect of each of these principles.

Brexit

Under the terms of the EU Withdrawal Agreement, the United Kingdom withdrew from membership of the European Union on 31 January 2020 and entered into a transition period which is due to expire on 31 December 2020 (unless it is extended further). During the transition period, the majority of rights and obligations associated with membership of the European Union continue to apply to the United Kingdom, including passports rights provided under the IDD and Solvency II regimes. Although SSL currently has IDD services passporting rights into certain EU member states, in practice SSL does not exercise these or provide services to any clients in the EEA.

Uncertainty as to when and whether a trade agreement will be concluded with the European Union and what rights and obligations any such agreement will contain continues to cause material legal uncertainty for firms' preparations for conducting business after the end of the transition period. Despite this difficulty, negotiating positions adopted by both the UK and the EU leave little doubt that passporting rights currently held by insurers and insurance intermediaries will no longer be available once the transition period comes to an end.

Should the UK become a "third country" upon expiry of the transition period then, in respect of the insurance sector, it is possible that the EU will grant the UK equivalence under Solvency II. This should be distinguished from equivalence under other directives in the financial sector since the effects vary across directives. Under Solvency II, equivalence does not provide for passporting rights

As noted above, AICL is a Gibraltar company operating through a branch in the United Kingdom. AICL provides regulated insurance services into the United Kingdom under its Solvency II branch passport. Following the end of the transition period, it is expected that the United Kingdom and Gibraltar will (temporarily) preserve reciprocal passporting rights for insurance business through legislation which has been enacted in the United Kingdom and in Gibraltar. In the long-term, it is expected that the United Kingdom and Gibraltar will seek to negotiate a new framework for continued market access between those jurisdictions. As such, there still remains uncertainty in relation to the long-term capacity for AICL to continue to provide insurance business in the United Kingdom.

Other industry developments

The FCA is currently undertaking a market study into how general insurance firms charge their customers for home and motor insurance. It was anticipated that the results of the study would be released in June 2020, but this has been delayed due to COVID-19. The impact of the FCA Market Study is currently unknown, and represents a considerable uncertainty in terms of the Group's regulatory landscape. It is also not possible to predict the behaviour of competitors in response to this changed regulatory landscape. However, the FCA's Interim Report, which was published in October 2019, indicated that it expected to introduce some changes to the regulatory regime. Concerns expressed about current practice in the market included the payment of loyalty premiums by policyholders who stay with the same insurer for a number of years and prices paid by customers who could be classified as vulnerable.

2. Travel Regulation

Package Holiday Regulations

As a tour operator, the Group is subject to several key areas of law, regulation and consumer protection. The Group also chooses to be a member of the Association of British Travel Agents ("ABTA") and the Federation of Tour Operators ("FTO"), well-recognised UK trade bodies with codes of conduct to which members are expected to adhere. The Group also holds a bond with ABTA for the protection of customers' monies where holidays do not include flights.

General consumer protection legislation such as the Consumer Protection from Unfair Trading Regulations 2008 introduce general duties on businesses which affect how the Group advertises, how the Group sells its holiday products and requires the Group to treat customers fairly.

The Package Travel and Linked Travel Arrangements Regulations 2018 replaced the Package Travel, Package Holidays and Package Tours Regulations 1992 (PTR 1992) and provides greater protection to consumers. The scope of a package holiday has been widened under the new regulations to include both ready-made as well as bespoke packages. The regulations hold the package provided liable for failing to provide travel services to a given standard and includes an obligation to compensate for sub-standard services. While the liability regime itself has not changed significantly, the widening of the scope of holiday means more services are 'caught' by the regulation. The regulations also guarantee financial protection in the event the travel company goes out of business.

Under the 2018 regulations, cancellation can occur without termination fees where there is a change in an essential part of the holiday booking. This can include standard of accommodation, place of departure / arrival, and standard of facility advertised as being part of the package. Suppliers are allows to vary prices in certain circumstances, provided such right is provided for within the terms of the holiday and are a direct consequent of fluctuations in exchange rates, taxes, fuel or power charges.

The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 require that persons offering to sell flights or holidays with flights to UK consumers must hold an ATOL licence or by a retail agent of the ATOL licence holder (the ATOL licence holder offers the guarantee to the consumer for the retailer's bookings). The Air Travel Trust also operates a scheme on behalf of the CAA to protect customers' monies for flight based holidays in the event of financial failure.

As at 31 July 2020, Titan Travel (UK) Limited, Destinology Limited and ST&H Limited (which operates Saga Holidays) were, together, required by the CAA to hold unrestricted cash on an ongoing basis in an amount equal to 70% of customer monies received in advance, and additional bonding in the amount of £32.8 million for the CAA, and £26.5 million of bonding on behalf of ABTA and IATA. As at 31 July 2020, the Group's regulated businesses held £30.5 million in unrestricted cash against £34.7 million of customer monies received in advance, which is above the regulatory requirement.

The economic impact of the COVID-19 pandemic and recent failures of tour operators such as Thomas Cook may increase the likelihood that the CAA will adopt measures to increase the cash collateral requirements of regulated companies. Whether the CAA's requirements will be altered, or whether further conditions will be imposed by the CAA, will not be known until the next licensing renewal process is finalised.

As part of ongoing discussions with the CAA, the Group will move to trust accounting for ST&H Limited (which operates Saga Holidays) from 14 September 2020 and also expects in the near term to move to trust accounting for Titan Travel (UK) Limited. In each case, the trust accounting is expected to be for both new and existing customer receipts. These changes will result in reduced financial and operational flexibility for the Group and are expected to lead to an additional provision of cash support to the Tour Operations business of approximately £10 million at the commencement of the trust arrangements. However, the Group is also expecting that the trust arrangements will result in an elimination or significant reduction of the bonding requirements for the Group's CAA-regulated businesses, although the CAA's position on the bonding requirements has not yet been formally confirmed.

CAA Licensing Regime

Certain entities within the Group are licenced by the CAA. ATOL licences, which are granted by the CAA, are designed to protect customers by requiring the licence-holder to provide funds that can

be used to repatriate customers in the event of financial failure of the tour operator. Failure to comply with The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 or the Package Travel and Linked Travel Arrangements Regulations 2018 exposes the Group to enforcement action by the CAA (which action can include fines, securing undertakings, refusing licence applications, withdrawing, not renewing a licence and/ or imposing additional conditions on a licence and criminal prosecution, including the risk of an unlimited fine and/or 2 years imprisonment). The CAA is also empowered to conduct inspections. Various Group entities who operate the Group's travel business are required to comply with the fitness and competence criteria set by the CAA and to ensure the nominated 'Accountable Person' is acceptable to the CAA. Under section 35 of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012, the CAA can revoke, suspend or vary an ATOL licence if it is no longer satisfied that the licence-holder is a fit person to make available flight accommodation. It should be noted that the Group's relationship with the CAA is positive and gives the Group no cause for concern.

ABTA Membership

Titan and Saga are the trading names of Group entities which are members of ABTA. Membership of ABTA is undertaken on a voluntary basis. ABTA members are required to comply with the ABTA Code of Conduct which requires that members meet certain standards of service and protects non-flight holiday customers. ABTA also operates a complaints service, providing access to independent arbitration and mediation schemes. ABTA can issue fixed penalties and require members to give undertakings in respect of their subsequent conduct. Complaints can also be heard by the Code of Conduct Committee, which is empowered to issue undertakings, reprimands, fines and suspend or terminate membership of ABTA. A serious breach of the ABTA code is therefore also likely to expose the Group to reputational harm and could affect profitability, if consumers opt not to book travel packages with a non-ABTA member.

The Group's travel business is also licenced by the Irish Commission for Aviation Regulation, to carry on business in Ireland as a travel agent.

IATA Membership

The Group, through its licenced travel entity, is also an accredited agent for IATA. IATA is a trade body of the world's scheduled airlines and its membership allows the Group to issue air tickets through the airlines reservation systems. Again, IATA membership is subject to satisfying minimum financial hurdles.

Membership is not compulsory but the Group may not be able to obtain competitive air fares with airlines if it did not hold this licence. The Group also holds a bond with IATA that protects the airlines in the event of its financial failure.

Cruise and Shipping Regulations

Shipping is one of the world's most heavily regulated industries, and it is subject to many industry standards. Government regulation significantly affects the ownership and operation of vessels. These regulations consist mainly of rules and standards established by international conventions, but they also include national, state and local laws and regulations in force in jurisdictions where vessels may operate or are registered, and which may be more stringent than international rules and standards. This is the case particularly in the United States and, increasingly, in Europe. A variety of governmental and private entities subject vessels to both scheduled and unscheduled inspections. These entities include local port authorities (the US Coast Guard, harbour masters or equivalent entities), classification societies, flag state administration (country vessel of registry), and charterers, particularly terminal operators. Certain of these entities require vessel owners to obtain permits, licences and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

Heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers continue to lead to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. Vessel owners are required to maintain operating standards for all vessels that will emphasise operational safety, quality maintenance, continuous training of officers and crews and compliance

with US and international regulations. Because laws and regulations frequently change and may impose increasingly strict requirements, the Group cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of its vessels. In addition, a future serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect its profitability.

The International Maritime Organization ("**IMO**") has negotiated a number of international conventions concerned with preventing, reducing and controlling pollution from vessels. These fall into two main categories, consisting firstly of those concerned generally with vessel safety standards, and secondly of those specifically concerned with measures to prevent pollution.

Compliance Enforcement

A flag state, as defined by the United Nations Convention on Law of the Sea, has overall responsibility for the implementation and enforcement of international maritime regulations for all vessels granted the right to fly its flag. The "Shipping Industry Guidelines on Flag State Performance" evaluates flag states based on factors such as sufficiency of infrastructure, ratification of international maritime treaties, implementation and enforcement of international maritime regulations, supervision of surveys, casualty investigations and participation at IMO meetings. The one vessel that the Group currently operates is flagged in the UK.

Non-compliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The US Coast Guard and European Union authorities have, for example, indicated that vessels not in compliance with the ISM Code will be prohibited from trading in US and European Union ports, respectively. As of the date of this document, each of the Group's vessels is ISM Code certified.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations may have on the Group's operations.

Ship Safety Regulation

A primary international safety instrument is the Safety of Life at Sea Convention of 1974, as amended, or SOLAS, together with the regulations and codes of practice that form part of its regime. Much of SOLAS is not directly concerned with preventing pollution, but some of its safety provisions are intended to prevent pollution as well as promote safety of life and preservation of property. These regulations have been and continue to be regularly amended as new and higher safety standards are introduced with which the Group is required to comply.

An amendment of SOLAS introduced the International Safety Management, or ISM, Code, which has been effective since July 1998. Under the ISM Code, the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by the respective flag state for the vessel, under the ISM Code.

IMO regulations in the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) and its related STCW Code require seafarers and other personnel on passenger ships to have safety and emergency training, in areas including crisis management and human behaviour.

Ship Security Regulation

In December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect on 1 July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created ISPS Code. Among the various requirements are:

- on-board installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The vessels in its fleet that the Group operates have on board valid International Ship Security Certificates that attest to the vessel's compliance with SOLAS security requirements and the ISPS Code.

Regulations to Prevent Pollution from Ships

In the secondary main category of international regulation, the primary instrument is the International Convention for the Prevention of Pollution from Ships ("**MARPOL**"), which imposes environmental standards on the shipping industry set out in Annexes I-VI of MARPOL. These contain regulations for the prevention of pollution by oil (Annex I), by noxious liquid substances in bulk (Annex II), by harmful substances in packaged forms within the scope of the International Maritime Dangerous Goods Code (Annex III), by sewage (Annex IV), by garbage (Annex V) and by air emissions (Annex VI).

These regulations have been and continue to be regularly amended as new and higher standards of pollution prevention are introduced with which the Group is required to comply.

For example, MARPOL Annex VI sets limits on Sulphur Oxides ("**SOx**") and Nitrogen Oxides ("**NOx**") emissions from vessel exhausts, prohibits deliberate emissions of ozone depleting substances and limits the emission of volatile organic compound ("**VOC**"). Limiting worldwide SOx emissions will mean in fuel oil to 0.50 per cent. from 1 January 2020 (from 3.5 per cent. currently) will ensure protection of the health of those in ports and coastal areas, as well as passengers and crew on ships. For special areas known as Emission Control Areas ("**ECAs**") the cap is lower and is currently at 1.0 per cent. and will reduce to 0.1 per cent. after 1 January 2015. Further regulations come into force from 1 January 2020 lowering the sulphur content limit to 0.5 per cent. In all non-ECAs from the 3.5 per cent. limit currently in place. Limiting NOx emissions is set on a three tier reduction, the final one of which comes into force on 1 January 2016. Currently the Group is SOx and NOx compliant in all its vessels.

Greenhouse Gas Emissions

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change ("**Kyoto Protocol**") entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programmes to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the greenhouse gas emissions from international shipping do not come under the Kyoto Protocol. The European Union confirmed in April 2007 that it plans to expand the European Union emissions trading scheme by adding vessels. In December 2009, more than 27 nations, including the United States, entered into the Copenhagen Accord. The Copenhagen Accord is non-binding, but is intended to pave the way for a comprehensive, international treaty on climate change. The IMO is evaluating various mandatory measures to reduce greenhouse gas emissions from international shipping, which may include market-based instruments or a carbon tax. The European Union also has indicated that it intends to propose an expansion of an existing EU emissions trading regime to include emissions of greenhouse gases from vessels, and individual countries in the European Union may impose additional requirements. In the United States, the US Environmental Protection Agency ("**EPA**") issued an "endangerment finding" regarding greenhouse gases under the Clean Air Act. While this finding in itself does not impose any requirements on the shipping industry, it authorises the EPA to regulate directly greenhouse gas emissions through a rule-making process. In addition, climate change initiatives are being considered in the United States Congress and by individual states. Any passage of new climate control legislation or other regulatory initiatives by the IMO, European Union, the United States or other countries or states where the Group operates that restrict emissions of greenhouse gases could have a significant financial and operational impact on its business through increased compliance costs or additional operational restrictions that the Group cannot predict with certainty at this time.

Directive 2018/410 of the European Parliament and the Council, which amended the EU Emissions Trading System (ETS) Directive, focusses on the need to reduce shipping emissions. The Directive provides for a review of IMO action by the European Commission and requires action to address shipping emissions from the IMO or the EU to begin from 2023. Under the EU Monitoring, Reporting and Verification (MRV) Regulation, from 1 January 2018, large ships loading or unloading cargo or passengers at ports in the European Economic Area (EEA) are required to:

- monitor and report their related CO2 emissions and other relevant information in conformity with Regulation 2015/757 (as amended by Delegated Regulation 2016/2071); and report aggregated data to the IMO.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships (the "**Anti-fouling Convention**"). The Anti-fouling Convention prohibits the use of organotin compound coatings to prevent the attachment of molluscs and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-Fouling System Certificate and undergo a survey before the vessel is put into service or when the anti-fouling systems are altered or replaced. Currently each of the Group's vessels have such Certificates in place.

Other International Regulations to Prevent Pollution

In addition to MARPOL, other more specialised international instruments have been adopted to prevent different types of pollution or environmental harm from vessels. In February 2004, the IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "BWM Convention"), which has not yet entered into force. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements. The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35.0 per cent. of the gross tonnage of the world's merchant shipping. To date, there has not been sufficient adoption of this standard by governments that are members of the BWM Convention for it to enter into force.

Although the United States is not a party to the International Convention on Civil Liability for Oil Pollution Damage of 1969 ("**CLC**"), as amended, many countries have ratified and follow the liability plan adopted by the IMO and set out in the CLC and its Protocols. Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain defences. The limits on liability outlined in the 1992 Protocol use the International Monetary Fund currency unit of Special Drawing Rights ("**SDR**"). Under an amendment to the 1992 Protocol that became effective on 1 November 2003, for vessels between 5,000 and 140,000 gross tons (a unit of measurement for the total enclosed spaces within a vessel), liability is limited to approximately 4.51 million SDR plus 631 SDR for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability is limited to 89.77 million SDR. The exchange rate between SDRs and US dollars was 1.00 SDR per 1.00 US dollar on 31 January 2014. The right to limit liability is forfeited under the CLC where the spill is caused by the ship owner's actual fault and under the 1992 Protocol where the spill is caused by the ship owner's intentional or reckless conduct. Vessels trading with states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the CLC has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that of the convention. The Directors believe that its protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

IMO regulations also require owners and operators of vessels to adopt Ship Oil Pollution Emergency Plans. Periodic training and drills for response personnel and for vessels and their crews are required, and in compliance with such regulations, drills are carried out on its vessels no less than four times per year when the crews are trained.

European Regulations

European regulations in the maritime sector are in general based on international law, most of which were promulgated by the IMO and subsequently adopted by the Member States. However,

since the Erika incident in 1999, when the Erika broke in two off the coast of France while carrying heavy fuel oil, the European Community has become increasingly active in the field of regulation of maritime safety and protection of the environment. It has been the driving force behind a number of amendments of MARPOL (including, for example, changes to accelerate the timetable for the phase-out of single hull tankers, and prohibiting the carriage in such tankers of heavy grades of oil), and if dissatisfied either with the extent of such amendments or with the timetable for their introduction it has been prepared to legislate on a unilateral basis. In some instances where it has done so, international regulations have subsequently been amended to the same level of stringency as that introduced in Europe, but the risk is well established that EU regulations (and other jurisdictions) may from time to time impose burdens and costs on ship owners and operators which are additional to those involved in complying with international rules and standards.

In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment of international law. Notably, in 2005 it adopted a directive on ship-source pollution, imposing criminal sanctions for pollution not only where this is caused by intent or recklessness (which would be an offense under MARPOL), but also where it is caused by "serious negligence." The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law. Criminal liability for a pollution incident could not only result in the Group incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

International Laws Governing Civil Liability to Pay Compensation or Damages

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention"), which imposes strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of "bunker oil." The Bunker Convention defines "bunker oil" as "any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil." The Bunker Convention also requires registered owners of vessels over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended, or the 1976 Convention). The Bunker Convention entered into force in November 2008. In other jurisdictions, liability for spills or releases of oil from vessels' bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Outside the United States, national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a ship owner's intentional or reckless conduct. Some states have ratified the 1996 LLMC Protocol to the 1976 Convention, which provides for liability limits substantially higher than those set forth in the 1976 Convention to apply in such states. Finally, some jurisdictions are not a party to either the 1976 Convention or the 1996 LLMC Protocol, and, therefore, shipowners' rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Insurance cover for oil pollution is covered through West of England.

Maritime Labour Convention 2006

New rules under the Maritime Labour Convention 2006 ("**MLC 2006**") entered into force on 20 August 2013. The MLC 2006 provides comprehensive rights and protection at work for the world's seafarers. The convention aims to achieve both decent work conditions for seafarers and secure economic interests in fair competition for quality shipowners. A Maritime Labour Certificate and a declaration of Maritime Labour Compliance is required to ensure compliance with the convention for all ships above 500 tons. The Group has obtained the required certification for the vessel the Group currently operates.

PART XIII

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present selected financial and other information of the Group as at the dates and for the periods indicated. The financial information contained herein has been extracted or derived from the Financial Statements. The following information should be read in conjunction with the section entitled "*Sources and presentation of financial and other information*" in Part III (*Important Information*) of this document, as well as the portions of the Saga Half-Year Results 2020, the Saga Annual Report 2020, the Saga Annual Report 2019 and the Saga Annual Report 2018, incorporated by reference into this document as set out in Part XX (*Documentation Incorporated by Reference*) of this document.

1. Income statement

	Six months ended 31 July		Year ended 31 January		
	2020	2019	2020	2019[1]	2018[2]
	(unaudited)				
			(£ million)		
Gross earned premiums on insurance underwritten by the Group.	112.1	111.8	233.9	238.1	259.6
Earned premiums ceded to reinsurers.	(73.1)	(70.3)	(145.7)	(136.0)	(139.9)
Net earned premiums	39.0	41.5	88.2	102.1	119.7
Other revenue.	153.4	354.4	709.1	739.4	740.5
Total revenue	**192.4**	**395.9**	**797.3**	**841.5**	**860.2**
Gross claims incurred	(64.9)	(76.0)	(140.6)[3]	(115.7)[3]	(154.2)[3]
Reinsurers' share of claims incurred	64.1	59.0	109.8[3]	106.1[3]	125.2[3]
Net claims incurred.	(0.8)	(17.0)	(30.8)	(9.6)	(29.0)
Other cost of sales	(60.5)	(194.4)	(395.1)	(395.4)	(13.4)
Total cost of sales	(61.3)	(211.4)	(425.9)	(405.0)	(412.8)
Gross profit	**131.1**	**184.5**	**371.4**	**436.5**	**447.4**
Administrative and selling expenses.	(129.6)	(125.8)	(252.6)	(248.3)	(254.3)
Impairment of assets	(62.0)	(1.2)	(400.5)	(315.9)	—
Net profit on disposal of businesses	10.3	—	—	—	—
Net profit on disposal of property, plant and equipment	6.7	0.2	1.3	3.8	—
Investment income.	(0.1)	0.4	1.2	0.7	7.6
Finance costs	(13.8)	(7.8)	(21.8)	(12.6)	(19.1)
Finance income	1.9	2.3	0.1	1.0	1.5
Share of loss of joint ventures.	—	—	—	—	(2.2)
(Loss)/profit before tax	**(55.5)**	**52.6**	**(300.9)**	**(134.8)**	**180.9**
Loss after tax from discontinued operations	—	—	—	—	(7.6)
Tax expense	(1.6)	(6.8)	(11.9)	(27.4)	(33.9)
(Loss)/profit for the period	**(57.1)**	**45.8**	**(312.8)**	**(162.2)**	**139.4**

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 *Leases*. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 *Revenue from Contracts with Customers and IFRS 9 Financial Instruments*. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

(3) Gross claims incurred and reinsurers' share of claims incurred for the years ended 31 January 2018, 31 January 2019 and 31 January 2020 have been restated due to an incorrect allocation between these classifications previously reported.

2. Balance sheet

	As at 31 July		As at 31 January		
	2020	2019	2020	2019[1]	2018[2]
	(unaudited)		(£ million)		
Assets					
Goodwill	718.6	1,175.0	778.4	1,175.0	1,485.0
Intangible fixed assets	56.8	62.3	57.1	62.8	61.2
Retirement benefit scheme assets	5.7	—	—	—	—
Property, plant and equipment	420.1	426.2	425.0	181.4	163.4
Right of use of assets	13.5	27.8	25.7	22.6	33.0
Financial assets	347.4	406.8	378.1	426.2	513.5
Current tax assets	1.5	—	—	—	—
Deferred tax assets.	12.2	16.8	22.3	14.9	13.7
Reinsurance assets.	59.0	82.2	62.1	96.8	100.2
Inventories.	2.8	4.7	5.4	4.0	5.8
Trade and other receivables	195.7	239.1	209.0	216.6	215.1
Assets held for sale.	43.0	—	33.8	—	6.8
Cash and short- term deposits	85.7	158.6	97.9	122.9	83.2
Total assets	**1,962.0**	**2,599.5**	**2,094.8**	**2,323.2**	**2,647.9**
Liabilities					
Retirement benefit scheme obligations	—	7.4	5.5	2.8	7.0
Gross insurance contract liabilities	437.2	489.9	443.6	490.6	581.4
Provisions	5.3	7.6	7.7	10.0	4.7
Financial liabilities	697.0	716.1	690.3	481.7	468.5
Deferred tax liabilities	6.7	6.7	4.2	7.8	17.0
Current tax liabilities	—	9.3	7.7	17.2	15.2
Contract liabilities	86.0	181.3	153.2	144.7	142.7
Trade and other payables	152.0	193.3	185.9	207.5	185.9
Liabilities held for sale	21.4	—	8.5	—	—
Total liabilities	**1,405.6**	**1,611.6**	**1,506.6**	**1,362.3**	**1,422.4**
Total equity	**556.4**	**987.9**	**588.2**	**960.9**	**1,225.5**
Total equity and liabilities	**1,962.0**	**2,599.5**	**2,094.8**	**2,323.2**	**2,647.9**

(1) The Group's financial position as at 31 January 2019 was restated following the adoption of IFRS 16 *Leases*. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial position as at 31 January 2018 was restated following the adoption of IFRS 15 *Revenue from Contracts with Customers and* IFRS 9 *Financial Instruments*. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial position for the year ended 31 January 2018 has not been restated for the adoption of IFRS 16 Leases.

3. Cash flow statement

	Six months ended 31 July		Year ended 31 January		
	2020	2019	2020	2019[1]	2018[2]
	(unaudited)				
			(£ million)		
Net cash flows (used in)/from operating activities	(79.7)	71.0	91.9	148.3	135.2
Net cash flows from/(used in) investing activities	34.8	(213.4)	(256.2)	(99.8)	10.0
Net cash flows from/(used in) financing activities.	36.5	213.3	146.1	(118.2)	(139.7)
Net (decrease)/increase in cash and cash equivalents	**(8.4)**	**70.9**	**(18.2)**	**(69.7)**	**5.5**
Cash and cash equivalents at start of period.....	139.1	157.3	157.3	227.0	221.5
Cash and cash equivalents at end of period.....	130.7	228.2	**139.1**	**157.3**	227.0

(1) The Group's financial results for the year ended 31 January 2019 were restated following the adoption of IFRS 16 *Leases*. See note 2.5 to the 2020 Annual Financial Statements.

(2) The Group's financial results for the year ended 31 January 2018 were restated following the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. The Group reported its performance for the 12 months to 31 January 2019 against a restated comparative period for the 12 months to 31 January 2018 under the new standards. The Group's financial results for the year ended 31 January 2018 have not been restated for the adoption of IFRS 16 Leases.

4. Key performance indicators

	As at and for the six months ended 31 July		As at and for the years ended 31 January		
	2020	2019	2020	2019	2018
			(unaudited)		
Underlying profit before tax (£ million)[1]	15.9	52.8	109.9	180.1	190.6
Underlying earnings per share[2].....	2.2p	4.1p	8.9p	13.1p	13.8p
Dividend per share[3].....	—	1.3p	1.3p	4.0p	9.0p
Available operating cash flow (£ million)[4]	(23.2)	24.9	92.7	182.3	175.5
Leverage Covenant Ratio[5]	3.6x	2.2x	2.4x	1.7x	1.7x
Average products held[6].....	1.31	1.36	1.34	1.36	1.39
Customer net promoter score[7].....	41	37	38	36	—

(1) Underlying Profit Before Tax represents profit/(loss) loss before tax excluding unrealised fair value gains and losses on derivatives, the net profit on disposal of businesses and ships, impairment of the carrying value of fixed assets including goodwill, the impact of the insolvency of Thomas Cook, debt issue costs and restructuring costs.

(2) Underlying basic earnings per share represents basic earnings per share excluding the post-tax effect of unrealised fair value gains and losses on derivatives, the profit on disposal of businesses and ships, the impairment of the carrying value of fixed assets including goodwill, the impact of the insolvency of Thomas Cook, debt issue costs and restructuring costs.

(3) Dividend per share represents the dividend declared per Ordinary Share in the period.

(4) Available operating cash flow is net cashflow from operating activities after capital expenditure but before tax, interest paid, restructuring costs, proceeds from disposal of businesses and other non-trading items, which is available to be used by the Group as it chooses and is not subject to regulatory restriction.

(5) Leverage Covenant Ratio represents adjusted net debt (the sum of the carrying value of the Group's debt facilities less the amount of available cash it holds, excluding the Group's ship debt and the Cruise business available cash) to adjusted trading EBITDA (the Group's earnings before interest payable, tax, depreciation and amortisation, and excluding the amortisation of acquired intangibles, non-trading costs and impairments and excluding the impact of IFRS 16 and the Trading EBITDA relating to the two new cruise ships, the Spirit of Discovery and Spirit of Adventure in line with the Group's debt covenants).

(6) Average products held represents the average number of core Saga products held per customer.

(7) Customer net promoter score represents the willingness of customers to recommend products or services to others, as measured by customer survey responses weighted by business units to be representative of the Group.

PART XIV

OPERATING AND FINANCIAL REVIEW

The following documents, which have been previously published and filed with the FCA and which are available for inspection in accordance with paragraph 24 of XIX (*Additional Information*) of this document and are incorporated by reference into this document as set out in Part XX (*Documentation Incorporated by Reference*) of this document, contain information which is relevant to this Part:

Document	Section	Page number(s)
Saga Half-Year Results 2020	Operating and Financial Review	9 – 27
Saga Annual Report 2020	Operating and Financial Review	34 – 47
Saga Annual Report 2019	Operating and Financial Review	38 – 51

1. Debt structure

As at 31 July 2020, the Group had total borrowings of £666.8 million (net of debt issue costs), which comprised the Corporate Bonds, the Term Loan, the Revolving Credit Facility and the Ship Facilities. The Group also enters into foreign exchange forward contracts, fuel and gas oil swaps, and interest rate swaps.

The table below summarises the Group's net debt position as at the dates indicated.

Financing Arrangement	Maturity date	As at 31 July 2020	As at 31 January 2020
		(unaudited)	(audited)
		(£ million)	
Corporate Bonds	May 2024	250.0	250.0
Term Loan	May 2023[(1)]	140.0	140.0
Revolving Credit Facility	May 2023	50.0	10.0
Ship Facilities	June 2031[(2)]	234.8	234.8
Less: Available cash		(28.8)	(40.9)
Net Debt		**646.0**	**593.9**

(1) Under the Term Loan, a repayment of £20 million is due by 31 January 2021. The Company intends to use £63.6 million of the net proceeds of the Capital Raising to prepay part of the Term Loan. The Company has agreed with its lenders to extend the term of the remaining balance of the Term Loan to May 2023.

(2) Under the Ship Facilities, repayments are due in six month instalments and have been deferred until 24 June 2021 in respect of *Spirit of Discovery* and until the first repayment date after 1 April 2021 in respect of *Spirit of Adventure.* The *Spirit of Adventure* is expected to be delivered on 29 September 2020 and, accordingly, the first repayment for *Spirit of Adventure* will be six months after delivery.

Interest on the Corporate Bonds is incurred at an annual interest rate of 3.375%. Interest on the Term Loan and Revolving Credit Facility is incurred at a variable fixed rate according to a ratchet which is linked to the Group's leverage ratio. The 2015 Ship Facility incurs interest at an effective annual interest rate of 4.31% (including arrangement and commitment fees). The 2017 Ship Facility will incur interest from the utilisation date, being the date of delivery of *Spirit of Adventure*.

The Group's lenders under the Ship Facilities agreed to a deferral of up to £32 million principal payments that were expected to be due for payment in the period to 31 March 2021 (assuming delivery of *Spirit of Adventure* on or before 30 September 2020). These deferred amounts will amortise over a four-year period, and interest remains payable.

Following successful completion of the Capital Raising, the earliest maturity of the Group's facilities would be the maturity of the Term Loan and Revolving Credit Facility in May 2023, followed by the maturity of the Corporate Bonds in May 2024. On delivery of *Spirit of Adventure*, which is expected to be on 29 September 2020, the Group will draw down approximately £285 million under the 2017 Ship Facility. As a result, the total outstanding borrowings of the Group and the proportion of outstanding borrowings comprised of the Ship Facilities will increase significantly. Even if the

Group's results were to reflect what the Directors consider to be a reasonable worst case scenario, the Group expects in future periods to significantly reduce its outstanding borrowings following expiry of the debt holiday under the Ship Facilities at 31 March 2021 as the deferred and other outstanding amounts under the Ship Facilities are repaid in accordance with regular instalments and the available operating cash flow of the Group reduces Group net debt. The Board anticipates that it will not reconsider whether to pay dividends until the Group's leverage (including Cruise) is below 3.5x EBITDA. As outstanding borrowings reduce, the Group expects to have greater financial flexibility in future periods.

2. Debt covenants

2.1 *Corporate Bonds*

There are no financial covenants under the Corporate Bonds.

For more information on the documents pursuant to which the Group has entered into the Corporate Bonds, see paragraph 17.4 of Part XIX (Additional Information) of this document.

2.2 *Term Loan and Revolving Credit Facility*

The Term Loan and Revolving Credit Facility contain two financial covenants: a leverage covenant and an interest cover covenant. These covenants are currently tested quarterly so long as the Group's Leverage Covenant Ratio is greater than 4.0x., in which case the financial covenants are tested every six months. The Amended Credit Facility Agreement will replace this with a requirement that, prior to 31 January 2022, (i) if the Leverage Covenant Ratio exceeds 4.0x when the 31 January 2021 covenant test is undertaken, the financial covenants will be tested again as at 30 April 2021; and (ii) if the Leverage Covenant Ratio exceeds 4.0x when the 31 July 2021 covenant test is undertaken, the financial covenants will be tested again as at 31 October 2021.

The Leverage Covenant Ratio is calculated as the ratio of the Group's net debt to adjusted EBITDA (excluding Cruise net debt and EBITDA). As at 31 July 2020, the Leverage Covenant Ratio was 3.6x. The interest cover covenant is calculated as the ratio of the Group's adjusted EBITDA to total net cash interest. As at 31 July 2020, the Group's interest cover ratio was 5.48x.

The Group's covenant headroom under the Term Loan and Revolving Credit Facility has diminished significantly as a result of the severely negative impact on of the COVID-19 pandemic the Group's Travel business. See paragraph 1.2 ("*—The COVID-19 pandemic has had and will continue to have a material adverse impact on the Group, as would any major subsequent outbreak or pandemic*") and paragraph 2.1 ("*—The COVID-19 pandemic has had, and will continue to have, a material adverse impact on the Group's Travel business*") of Part II (*Risk Factors*) of this document. 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).

In response to this significant reduction in covenant headroom, on 1 April 2020, the Group agreed with its lenders to amend the financial covenants in respect of the Term Loan and the Revolving Credit Facility to allow additional flexibility. The covenants agreed at this point are as shown below.

Period ending	Leverage Covenant Ratio	Group interest cover
July 2020	4.75x	2.5x
October 2020	4.75x	1.75x
January 2021	4.75x	1.25x
April 2021	4.75x	2.0x
July 2021	4.25x	3.0x
January 2022	4.0x	3.5x
July 2022 and onwards	3.0x	3.5x

In order to further improve headroom in stress test scenarios, the Group has agreed with its lenders to further amend the financial covenants in respect of the Term Loan and the Revolving Credit Facility pursuant to the Amended Credit Facility Agreement to allow additional flexibility, conditional on, among other standard conditions, the Group receiving net cash proceeds of at least £125 million from the Capital Raising to prepay part of the amount outstanding under the Term Loan such that the amount outstanding does not exceed £70 million, and the Group prepaying the amount outstanding under the Revolving Credit Facility (without cancelling the lenders' revolving credit commitments), which as at the date of this document is £40 million. The amended covenants are shown below:

Period ending	Leverage Covenant Ratio	Group interest cover
July 2020	4.75x	2.5x
October 2020	4.75x	1.75x
January 2021	4.75x	1.25x
April 2021	4.75x	1.25x
July 2021	4.75x	1.5x
October 2021	4.5x	1.75x
January 2022	4.0x	2.5x
April 2022 and onwards	3.0x	3.5x

The Group agreed to certain restrictions with its lenders on 1 April 2020, including a commitment that no dividends will be paid while the Leverage Covenant Ratio is greater than 3.0x. The Company also agreed that: (i) until 31 July 2021, no more than £50 million under the Term Loan or the Revolving Credit Facility will be utilised in connection with the repayment of the Ship Facilities; and (ii) from 1 August 2021, no more than £25 million will be utilised for this purpose. Under the Amended Credit Facility Agreement, which is conditional on, among other standard conditions, the Group receiving net cash proceeds of at least £125 million from the Capital Raising and prepaying part of the amount outstanding under the Term Loan such that the amount outstanding does not exceed £70 million and the Group prepaying the amount outstanding under the Revolving Credit Facility, the Company has agreed to amend this restriction so that: (i) until 31 January 2022, no more than £40 million under the Term Loan or the Revolving Credit Facility will be utilised in connection with the repayment of the Ship Facilities; and (ii) from 1 February 2022, no more than £25 million will be utilised for this purpose.

In addition to the leverage and interest cover covenants, commencing with the period ending 31 July 2022, a minimum EBITDA covenant is applicable if the Leverage Covenant Ratio exceeds 2.5x for any subsequent period. So long as the minimum EBITDA covenant is in effect, Cruise EBITDA must be equal to or greater than the debt service amounts under the Ship Facilities.

In the event of a covenant breach, the lenders under the Term Loan and the Revolving Credit Facility would have the right to terminate the facilities and demand immediate repayment of all amounts due thereunder. Any such demand would also trigger the right of holders of the Corporate Bonds or lenders under the Ship Facilities to similarly demand immediate repayment.

For more information on the documents pursuant to which the Group has entered into the Term Loan and the Revolving Credit Facility, see paragraph 17.5 of Part XIX (*Additional Information*) of this document.

2.3 *Ship Facilities*

The Ship Facilities contain two financial covenants: a debt service cover covenant and an interest cover covenant. The covenants under the Ship Facilities are measured against ST&H Group Limited and its subsidiaries. If ST&H Group Limited and its subsidiaries do not comply with the debt service cover covenant and the interest cover covenant, then these covenants are measured against the Group. As described below, the interest cover covenant under the Ship Facilities is calculated differently to the interest cover covenant under the Term Loan and Revolving Credit Facility.

The debt service cover covenant is calculated as the ratio of consolidated *pro forma* trading EBITDA to consolidated debt service and must be not less than 1.2x. As at 31 July 2020, the debt

service cover ratio of the Group was 3.8x. The interest cover covenant is calculated as the ratio of consolidated *pro forma* trading EBITDA to consolidated total net cash interest expenses and must be not less than 2.0x. As at 31 July 2020, the interest cover ratio of the Group was 5.4x.

In response to the COVID-19 pandemic and the related adverse impact on the Group's financial position, the Group secured a covenant waiver for the Ship Facilities. Under the terms of this waiver, testing of the financial covenants is suspended from 1 April 2020 to 31 March 2021. The Company has agreed that no dividends will be paid by the Company whilst deferred principal payments remain outstanding under the Ship Facilities.

For more information on the documents pursuant to which the Group has entered into the Ship Facilities, see paragraphs 17.6 and 17.7 of Part XIX (*Additional Information*) of this document.

3. Liquidity and capital resources

The Group's primary uses of cash are operating costs, debt interest and principal repayments, capital expenditure and dividends.

The Group's primary sources of liquidity are its net cash flows from operating activities and undrawn committed bank facilities. The Group seeks to manages liquidity risk by evaluating current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash or availability on the Revolving Credit Facility. The Group manages concentration risk on its financial assets through a policy of diversification. This policy defines the Group's exposure limit by asset class and to third party institutions based on the credit ratings of the individual counterparties. On a monthly basis, exposure to each asset class and counterparty is calculated and reported, and compliance with the policy is monitored.

The Group's available liquidity (excluding amounts held by the Group's Travel and Insurance businesses which are subject to contractual or regulatory restrictions) as at 31 July 2020 was £78.8 million (consisting of cash and cash equivalents of £28.8 million and £50 million of undrawn committed facilities).

As at 31 July 2020, the Group had capital commitments of £269.5 million in relation to the remaining element of the contract price of *Spirit of Adventure.*

PART XV

CAPITALISATION AND INDEBTEDNESS

The following tables set out the consolidated capitalisation and indebtedness of the Group as at 31 July 2020 and, as such, do not reflect the impact of the Capital Raising. These tables should be read together with Part XIII (*Selected Financial and Other Information*) and Part XVI (*Historical Financial Information*) of this document.

Capitalisation

The capitalisation information as at 31 July 2020 set out below has been extracted without material adjustment from the unaudited interim financial statements of the Group as at and for the six months ended 31 July 2020, which are incorporated by reference into this document, as set out in Part XX (*Documentation Incorporated by Reference*) of this document:

	As at 31 July 2020 (unaudited)
	(£ millions)
Shareholders' equity	
Issued capital	11.2
Share premium	519.3
Retained earnings	16.4
Other reserves	9.5
Total capitalisation	556.4

There has been no material change in the Company's capitalisation since 31 July 2020.

Indebtedness

The following table sets out the Company's indebtedness as at 31 July 2020:

	As at 31 July 2020 (unaudited)
	(£ millions)
Total current debt	
Guaranteed[(1)]	70.4
Secured	13.6
Unguaranteed/Unsecured	15.8
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	371.8
Secured	211.0
Unguaranteed/Unsecured	14.4

(1) The Group made a repayment of £6.4m of the Term Loan and repaid £10.0m of the Revolving Credit Facility during August 2020, the effect of which is not reflected in the balance reported here which is stated as at 31 July 2020.

Net Financial Indebtedness

The following table sets out the Group's net financial indebtedness as at 31 July 2020:

	As at 31 July 2020 (unaudited)
	(£ millions)
Cash	85.7
Cash equivalents	45.0
Trading securities	—
Liquidity	**130.7**[(1)]
Current Financial Receivable	**72.1**
Current bank debt	—
Current portion of non-current debt	84.0
Other current financial debt	12.2
Current financial debt	**96.2**
Net current financial indebtedness	**(106.6)**
Non-current bank debt[(2)]	334.0
Bonds issued	248.8
Other non-current loans	14.4
Non-current financial indebtedness	**597.2**
Net financial indebtedness	**490.6**

(1) Included within cash and cash equivalents are amounts held by the Group's Travel and Insurance businesses which are subject to contractual or regulatory restrictions. These amounts held are not readily available to be used for other purposes within the Group and total £101.9m. Available cash excludes these amounts and any amounts held by disposal groups.

(2) The Group made a repayment of £6.4m of the Term Loan and repaid £10.0m of the Revolving Credit Facility during August 2020, the effect of which is not reflected in the balance reported here which is stated as at 31 July 2020.

The Group has no indirect and contingent indebtedness.

PART XVI

HISTORICAL FINANCIAL INFORMATION

The following documents, which have been previously published and filed with the FCA and which are available for inspection in accordance with paragraph 24 of Part XIX (*Additional Information*) of this document and are incorporated by reference into this document as set out in Part XX (*Documentation Incorporated by Reference*) of this document, contain information which is relevant to Part XX:

Reference	Information incorporated by reference	Page number(s)
For the six months ended 31 July 2020		
Saga Half-Year Results 2020	Operating and Financial Review	9 – 27
Saga Half-Year Results 2020	Independent Review Report	59 – 60
Saga Half-Year Results 2020	Condensed consolidated income statement	28
Saga Half-Year Results 2020	Condensed consolidated statement of comprehensive income	29
Saga Half-Year Results 2020	Condensed consolidated statement of financial position	30
Saga Half-Year Results 2020	Condensed consolidated statement of changes in equity	31
Saga Half-Year Results 2020	Condensed consolidated statement of cash flows	32
Saga Half-Year Results 2020	Notes to the condensed consolidated interim financial statements	33 – 57
For the year ended 31 January 2020		
Saga Annual Report 2020	Operating and Financial Review	34 – 47
Saga Annual Report 2020	Independent Auditors' Report	114 – 126
Saga Annual Report 2020	Consolidated Income Statement	125
Saga Annual Report 2020	Consolidated Statement of Comprehensive Income	126
Saga Annual Report 2020	Consolidated Statement of Financial Position	127
Saga Annual Report 2020	Consolidated Statement of Changes In Equity	128
Saga Annual Report 2020	Consolidated Statement of Cash Flows	129
Saga Annual Report 2020	Notes to the Consolidated Financial Statements	130 – 194
Saga Annual Report 2020	Notes to the Company Financial Statements	197 – 200
For the year ended 31 January 2019		
Saga Annual Report 2019	Operating and Financial Review	38 – 51
Saga Annual Report 2019	Independent Auditors' Report to the Members of Saga plc	118 – 126
Saga Annual Report 2019	Consolidated Income Statement	127
Saga Annual Report 2019	Consolidated Statement of Comprehensive Income	128
Saga Annual Report 2019	Consolidated Statement of Financial Position	129
Saga Annual Report 2019	Consolidated Statement of Changes In Equity	130
Saga Annual Report 2019	Consolidated Statement of Cash Flows	131
Saga Annual Report 2019	Notes to the Consolidated Financial Statements	132 – 191
Saga Annual Report 2019	Notes to the Company Financial Statements	194 – 197
For the year ended 31 January 2018		
Saga Annual Report 2018	Independent Auditors' Report to the Members of Saga plc	128 – 134
Saga Annual Report 2018	Consolidated Income Statement	135
Saga Annual Report 2018	Consolidated Statement of Comprehensive Income	136
Saga Annual Report 2018	Consolidated Statement of Financial Position	137
Saga Annual Report 2018	Consolidated Statement of Changes In Equity	138
Saga Annual Report 2018	Consolidated Statement of Cash Flows	139
Saga Annual Report 2018	Notes to the Consolidated Financial Statements	140 – 201
Saga Annual Report 2018	Notes to the Company Financial Statements	204 – 207

PART XVII

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

Section A – Unaudited *Pro Forma* Statement of Net Assets

The unaudited *pro forma* statement of net assets and accompanying notes set out below has been prepared to illustrate the effect of the Capital Raising on the Group's net assets as at 31 July 2020 as if the Capital Raising had been undertaken at that date.

The unaudited *pro forma* statement of net assets, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results of operations nor is it indicative of its future results.

The unaudited *pro forma* statement of net assets is presented on the basis of the accounting policies adopted by the Group in preparing the financial statements for the period ended 31 July 2020.

The unaudited *pro forma* statement of net assets has been prepared on the basis set out in the notes below and in accordance with Annex 20 of the PR Regulation.

The unaudited *pro forma* statement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XVII.

		Adjustments		
	Net assets of the Group at 31 July 2020	**Proceeds from the Capital Raising**	**Intended use of proceeds from the Capital Raising**	***Pro forma net assets of the Group at 31 July 2020***
	Note 1 £m	**Note 2 £m**	**Note 3 £m**	**Note 4 £m**
Assets				
Goodwill	718.6	—	—	718.6
Intangible fixed assets	56.8	—	—	56.8
Retirement benefit scheme assets	5.7	—	—	5.7
Property, plant and equipment	420.1	—	—	420.1
Right of use of assets	13.5	—	—	13.5
Financial assets	347.4	—	—	347.4
Current tax assets	1.5	—	—	1.5
Deferred tax assets	12.2	—	—	12.2
Reinsurance assets	59.0	—	—	59.0
Inventories	2.8	—	—	2.8
Trade and other receivables	195.7	—	—	195.7
Assets held for sale	43.0	—	—	43.0
Cash and short term deposits	85.7	140.0	(103.6)	122.1
Total assets	**1,962.0**	**140.0**	**(103.6)**	**1,998.4**
Liabilities				
Retirement benefit scheme obligations	—	—	—	—
Gross insurance contract liabilities	437.2	—	—	437.2
Provisions	5.3	—	—	5.3
Financial liabilities	697.0	—	(103.6)	593.4
Deferred tax liabilities	6.7	—	—	6.7
Current tax liabilities	—	—	—	—
Contract liabilities	86.0	—	—	86.0
Trade and other payables	152.0	—	—	152.0
Liabilities held for sale	21.4	—	—	21.4
Total liabilities	**(1,405.6)**	**—**	**(103.6)**	**1,302.0**
Net assets	**556.4**	**140.0**	**—**	**696.4**

1. The net assets of the Group as at 31 July 2020 have been extracted without material adjustment from the 2020 Interim Financial Statements.
2. The adjustment in Note 2 reflects the net cash proceeds from the Capital Raising. Net cash proceeds comprise gross proceeds of £150.0 million, net of transaction costs of £10.0 million.
3. The adjustment in Note 3 represents the £63.6 million and £40.0 million of net proceeds from the Capital Raising used to repay part of the Term Loan and Revolving Credit Facility respectively.
4. No adjustment has been made to reflect the trading results of the Group since 31 July 2020 or any other change in its financial position in this report.

Section B – Accountant's Report on the Unaudited *Pro Forma* Statement of Net Assets

The Directors and the Proposed Director
Saga plc
Enbrook Park
Sandgate
Folkestone
Kent
CT20 3SE

11 September 2020

Ladies and Gentlemen

Saga plc

We report on the *pro forma* statement of net assets (the '*Pro forma* financial information') set out in Part XVII of the combined prospectus and circular dated 11 September 2020, which has been prepared on the basis described in Section A, for illustrative purposes only, to provide information about how the firm placing and placing and open offer might have affected the financial information presented on the basis of the accounting policies adopted by Saga plc in preparing the financial statements for the period ended 31 July 2020. This report is required by Section 3 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 (the 'PR Regulation') and is given for the purpose of complying with that section and for no other purpose.

Responsibilities

It is the responsibility of the Directors and the Proposed Director of Saga plc to prepare the *Pro forma* financial information in accordance with Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the *Pro forma* financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro forma* financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the combined prospectus and circular.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro forma* financial information with the Directors and the Proposed Director of Saga plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro forma* financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Saga plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the *Pro forma* financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Saga plc.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

KPMG LLP

PART XVIII

TAXATION

UK Taxation

1. General

The following statements are intended only as a general guide to certain UK tax considerations. They are based on current UK tax legislation as applied in England and the current published practice of HMRC as at the date of this document, both of which are subject to change at any time, possibly with retroactive effect. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of New Shares. Shareholders should be aware that the tax legislation of any jurisdiction where a Shareholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the New Shares including in respect of any income received from the New Shares.

The following statements do not necessarily apply where any income received from the New Shares is deemed for tax purposes to be the income of any other person. They apply only to Shareholders and Placees who (except insofar as express reference is made to the treatment of non-UK residents) are resident, and in the case of individuals domiciled or deemed domiciled, for tax purposes in (and only in) the United Kingdom, who hold their New Shares as an investment (other than in an individual savings account ("**ISA**") or a self-invested personal pension ("**SIPP**")) and who are the absolute beneficial owners of both their Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders or Placees who are subject to special rules (such as persons acquiring their New Shares in connection with their employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

Prospective acquirers of New Shares who are in any doubt about their tax position or who are subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

2. Taxation of chargeable gains

2.1 *New Shares acquired pursuant to the Firm Placing*

The issue of Firm Placing Shares to Roger De Haan pursuant to the First Firm Placing will not constitute a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains. Accordingly, any acquisition of Firm Placing Shares by Roger De Haan pursuant to the First Firm Placing will be treated as a separate acquisition of Ordinary Shares.

The issue of Firm Placing Shares to Roger De Haan pursuant to the Second Firm Placing will not constitute a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains. Accordingly, any acquisition of Firm Placing Shares by Roger De Haan pursuant to the Second Firm Placing will be treated as a separate acquisition of Ordinary Shares.

2.2 *New Shares acquired pursuant to the Placing*

The issue of Placing Shares to Placees pursuant to the Placing and Open Offer will not constitute a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains. Accordingly, any acquisition of Placing Shares pursuant to the Placing and Open Offer will be treated as a separate acquisition of Ordinary Shares.

2.3 *New Shares acquired pursuant to the Open Offer*

As a matter of UK tax law, the acquisition of Open Offer Shares by a Qualifying Shareholder pursuant to the Open Offer may not, strictly speaking, constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to, or less than, the shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. As explained in Part VIII of this document (*Some Questions and Answers about the Capital Raising*), Shareholders with registered addresses, or who are located, in the United States (subject to certain limited exceptions) or any other Excluded Territory are not eligible

to participate in the Open Offer. Consequently, as the Open Offer is not made to all Shareholders HMRC's treatment of the Open Offer cannot be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares is regarded as a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains, a Qualifying Shareholder should not be treated as acquiring a separate asset or making a disposal of any part of that Qualifying Shareholder's Existing Holdings by reason of taking up all or part of his or her Open Offer Entitlement. The Open Offer Shares issued to a Qualifying Shareholder will be treated as the same asset (a "**New Holding**") as, and having been acquired at the same time as, the Qualifying Shareholder's Existing Holdings. For the purpose of computing any capital gain or loss on a subsequent disposal by a Qualifying Shareholder of any New Holding, the amount of subscription monies paid for the Open Offer Shares will be added to the base cost of the Qualifying Shareholder's Existing Holdings.

If, or to the extent that, the acquisition of Open Offer Shares under the Open Offer is not regarded as a reorganisation of the Company's share capital, the Open Offer Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of the UK taxation of chargeable gains, be treated as a separate acquisition of Ordinary Shares and the price paid for those Open Offer Shares will constitute their base cost. For both corporate and individual Qualifying Shareholders, the Open Offer Shares should be pooled with the Qualifying Shareholder's Existing Holdings and the share identification rules will apply on a future disposal. There will be no disposal for the purposes of the UK taxation of chargeable gains at the time the Open Offer is taken up by a Qualifying Shareholder.

2.4 *Consolidation*

It is expected that, for the purpose of UK taxation of chargeable gains, the Consolidation should be regarded as a reorganisation of the share capital of the Company. Accordingly, a Shareholder should generally not be treated as making a disposal of all or part of their holding of Shares by reason of any changes made to that holding pursuant to the Consolidation and no immediate liability to UK taxation on chargeable gains should generally arise in respect of the Consolidation.

To the extent that a Shareholder receives, or is entitled to receive, a cash distribution in respect of fractional entitlements, this may be treated as a part disposal of the Shareholder's holding of Ordinary Shares which may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of the UK taxation of chargeable gains. However, if the amount of cash distribution received is small in comparison with the value of their holding of Ordinary Shares held on the Consolidation Record Date (which should be the case), the Shareholder will not be treated as having disposed of the shares in respect of which the cash distribution was received for the purposes of UK taxation of chargeable gains. Instead, an amount equal to the amount of such cash will be deducted from the base cost of their Consolidated Shares. Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5% or less of the market value of a Shareholder's holding of Ordinary Shares held on the Consolidation Record Date immediately before the distribution will generally be treated as small for these purposes.

It is expected that, following the Consolidation, a Shareholder's base cost in respect of his holding of Consolidated Shares will be the same as it was in respect of his holding of Ordinary Shares prior to the Consolidation but subject to any increases or reductions in the base cost as a result of the Capital Raising, and any reductions due to the disposals of any fractional entitlements arising from the Consolidation.

Where the Consolidation Ratio results in any Shareholder being entitled to a fraction of a Consolidated Share and such Shareholder therefore does not receive any Consolidated Shares, such a Shareholder will be treated as disposing of their Ordinary Shares held on the Consolidation Record Date as a result of the Consolidation. To the extent that such a Shareholder receives or is entitled to receive cash in respect of his Ordinary Shares held on the Consolidation Record Date, such disposal may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of the UK taxation of chargeable gains.

Further details of the tax treatment of a Shareholder's disposal of its Shares are set out in paragraph 2.5 below.

2.5 *Disposals*

UK resident individual Shareholders

A disposal of New Shares may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of the UK taxation of chargeable gains.

An individual Shareholder who is resident in the United Kingdom for UK tax purposes (or who ceases to be resident in the UK for a period of five years or less) and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their New Shares, are less than or equal to the upper limit of the UK income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2020-2021) in respect of any gain arising on a disposal or deemed disposal of their New Shares.

An individual Shareholder who is resident in the United Kingdom for UK tax purposes (or who ceases to be resident in the UK for a period of five years or less) and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their New Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2020-2021) in respect of any gain arising on a disposal or deemed disposal of their New Shares to the extent that, when added to the Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit and at the flat rate of 20 per cent. (for the tax year 2020-2021) in respect of the remainder.

Each individual Shareholder has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020-2021.

UK resident corporate Shareholders

Where a corporate Shareholder falls within the charge to UK corporation tax (including non-resident holders of New Shares whose Shares are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment), a disposal or deemed disposal of New Shares may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax.

UK corporation tax is currently charged at a rate of 19 per cent.

To the extent that a corporate Shareholder's acquisition of New Shares does constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains, it should be noted for the purposes of calculating the indexation allowance available on a subsequent disposal of New Shares that generally the expenditure incurred in acquiring the New Shares will be treated as incurred only when the Shareholder made, or became liable to make, payment, and not at the time those shares are otherwise deemed to have been acquired. Indexation allowance has been frozen such that it will be calculated only up to and including December 2017, irrespective of the date of disposal of New Shares.

Non-UK tax resident Shareholders

An individual Shareholder who is not a UK resident will not generally be subject to UK tax on any gain accruing to them as a result of a disposal or deemed disposal of the New Shares unless the Shareholder caries on a trade, profession or vocation in the United Kingdom through a branch or agency, and, broadly, uses, holds or acquires their New Shares for the purposes of that trade, profession or vocation.

A corporate Shareholder that is not UK resident and does not carry on a trade through a UK permanent establishment will not generally be subject to UK tax on any gain accruing to it as a result of a disposal or deemed disposal of the New Shares.

3. Taxation of Dividends

The Company is not required to withhold tax at source from any dividend payments it makes.

3.1 *UK resident Shareholders*

A UK resident Shareholder's liability to tax on such dividends received will depend on the individual circumstances of that Shareholder:

Individual Shareholders

Dividends received by an individual Shareholder from the Company will, except to the extent that they are earned through an ISA, SIPP or other regime which exempts the dividends from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

A nil rate of income tax applies to the first £2,000 of taxable dividend income received by an individual Shareholder from all sources in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.

Any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at the applicable dividend rates which for the tax year 2020-2021 are as follows:

(i) at the rate of 7.5 per cent. to the extent that the relevant dividend income falls below the threshold for the higher rate of UK income tax;

(ii) at the rate of 32.5 per cent. to the extent that the relevant dividend income falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of income tax; and

(iii) at the rate of 38.1 per cent. to the extent that the relevant dividend income falls above the threshold for the additional rate of UK income tax.

In determining whether and, if so, to what extent the relevant dividend income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Shareholder's total income for income tax purposes.

Corporate Shareholders

A Shareholder within the charge to UK corporation tax which is a "small company" (for the purposes of the UK taxation of dividends) will not generally be subject to tax on dividends from the Company, provided certain conditions are met, including an anti-avoidance condition.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. Examples of dividends that are within an exempt class include: (i) dividends paid on shares that are "ordinary shares" (that is, shares that do not carry any present or future preferential right to dividends or to the payer's assets on its winding up) and which are not redeemable, and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of the share capital in respect of which the distribution is made) and who is entitled to less than 10 per cent. of the profits available for distribution and would be entitled to less than 10 per cent. of the assets available for distribution on a winding-up. These exemptions are subject to anti-avoidance rules.

3.2 *Non-UK resident Shareholders*

Non-UK resident Shareholders (other than those holding their New Shares in connection with a trade, profession or vocation in the United Kingdom carried on through a branch, agency or permanent establishment and those who are otherwise within the charge to UK corporation tax) will not generally be subject to UK tax on any dividends received from the Company. A non UK resident Shareholder may be subject to foreign taxation on dividend income under their local law.

4. UK stamp duty and Stamp Duty Reserve Tax ("SDRT")

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position for holders of New Shares and apply regardless of whether or not a Shareholder is resident in the United Kingdom for UK tax purposes.

4.1 *Issue of New Shares*

No stamp duty or SDRT will generally be payable on the issue of New Shares pursuant to the Firm Placing and Placing and Open Offer.

UK domestic law provides that where New Shares are issued into a clearance service or depositary receipt system, a charge to SDRT may arise. Following the decisions of the European Court of Justice in Case C-569/09 *HSBC Holdings plc and Vidacos Nominees Ltd v* HMRC and the First Tier Tribunal in *HSBC Holdings plc and the Bank of New York Mellon Corporation v HMRC* [2012] UK FTT 163 that such a charge is incompatible with European Union law, HMRC has confirmed that will no longer seek to impose a charge to SDRT in these circumstances. Under current legislation such a charge should remain incompatible following the end of the transition period for the United Kingdom's withdrawal from the European Union, albeit then as a matter of domestic law.

Further, it was confirmed in the Autumn Budget 2017 that the UK Government intended to continue the current approach following the United Kingdom's withdrawal from the European Union.

4.2 *Subsequent dealings in New Shares registered on the UK Register*

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in New Shares will be subject to stamp duty or SDRT in the normal way. Subject to any applicable exemptions, including an exemption for certain low value transactions, the transfer on sale of New Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable (rounded up to the nearest multiple of £5), or where the transfer is effected in CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable. A charge to SDRT will also arise on an unconditional agreement to transfer New Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. Stamp duty and SDRT are normally payable by the purchaser or transferee.

Transfers to connected parties may be subject to stamp duty or SDRT at the market value of the shares if this is higher than the amount of value of consideration payable.

Where New Shares are transferred: (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Shares , with subsequent transfers within the depositary receipt system or clearance system then being free from SDRT. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under Section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of New Shares into such an account and on subsequent agreements to transfer such New Shares within such account.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

US Taxation

1. Introduction

The following is a summary of certain US federal income tax consequences of the allocation, exercise and lapse of Open Offer Entitlements pursuant to the Placing and Open Offer and the acquisition, ownership and disposition of the New Shares by a US Holder (as defined below). This summary deals only with US Holders that are allocated, with respect to their Existing Shares, Open Offer Entitlements, or that purchase New Shares in the Capital Raising at the Offer Price; hold Existing Shares, if any, as capital assets; and will hold Open Offer Entitlements and New Shares as capital assets, within the meaning of Section 1221 of the US Internal Revenue Code of 1986, as amended (the "**Code**"). The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of the New Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly or by attribution) 10% or more of the stock of the Company (by vote or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that hold Open Offer Entitlements or New Shares in connection with a permanent establishment or fixed base outside the United States, investors that will hold the New Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US dollar). Furthermore, this summary does not address tax considerations applicable to investors that carry on a trade, profession or vocation in the UK through a branch or agency, and, broadly, use, hold or acquire their New Shares for the purposes of that trade, profession or vocation, or those that are otherwise within the charge to UK corporation tax.

As used herein, the term "**US Holder**" means a beneficial owner of Open Offer Entitlements or New Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner or other owner of an entity or arrangement treated as a partnership or other pass-through entity for US federal income tax purposes that holds Open Offer Entitlements or New Shares will depend on the status of the partner (or other owner) and the activities of the entity or arrangement. Prospective purchasers that are entities or arrangements treated as partnerships or other passthrough entities for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and to their partners (or other owners) of the receipt, exercise and expiration of Open Offer Entitlements and the acquisition, ownership and disposition of the New Shares by the entity.

The summary assumes that the Company is not a passive foreign investment company (a "**PFIC**") for US federal income tax purposes, which the Company believes to be the case. The Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders. See "*Passive Foreign Investment Company Considerations*" below.

This summary is based on the tax laws of the United States, including the Code, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and the United Kingdom (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE

CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY SHAREHOLDER OR PROSPECTIVE SHAREHOLDER AND NO OPINION OR REPRESENTATION WITH RESPECT TO THE US FEDERAL INCOME TAX CONSEQUENCES TO ANY SUCH SHAREHOLDER OR PROSPECTIVE SHAREHOLDER IS MADE. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NEW SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFIT OF THE TREATY, THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

2. Taxation in respect of the Open Offer Entitlements

2.1 *Allocation*

The Company believes that Open Offer Entitlements generally should not be treated for US federal income tax purposes as items of property that are separate from the Existing Shares, and accordingly, the allocation of those entitlements generally should not result in any US federal income tax consequences. However, it is possible that the IRS will seek to treat these entitlements as separate items of property. If the Open Offer Entitlement is treated as a separate item of property for US federal income tax purposes, the receipt of the Open Offer Entitlement generally should not be treated as a taxable distribution. Further, if the Open Offer Entitlements are treated as separate property, a US Holder that exercises its Open Offer Entitlements to subscribe for New Shares would be required to allocate a portion of its basis in its Existing Shares to those Open Offer Entitlements, based on their relative fair market values on the date of receipt or allocation, if the value of its Open Offer Entitlements is at least 15% of the value of its Existing Shares or the US Holder otherwise elects to make such an allocation. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax characterization of the allocation of Open Offer Entitlements.

2.2 *Exercise*

A US Holder will not recognise taxable income when it receives New Shares by taking up its Open Offer Entitlements to subscribe for and purchase New Shares. The US Holder's tax basis in the New Shares will equal its tax basis, if any, allocated to the Open Offer Entitlements taken up plus the US dollar value of the pounds sterling Offer Price paid on the acquisition date (or in the case of cash basis and electing accrual basis taxpayers, the settlement date).

2.3 Expiration

If a US Holder does not take up the New Shares to which it is entitled under the Open Offer Entitlements allocated to such holder, the US Holder's Open Offer Entitlements will be deemed to have no tax basis, and no gain or loss will be recognised by the US Holder upon the expiration, lapse or reallocation of the US Holder's Open Offer Entitlements. Any tax basis that was allocated from Existing Shares to the Open Offer Entitlements would revert to and remain with the Existing Shares.

3. Taxation in respect of the New Shares

3.1 *Consolidation*

General

The Consolidation should be treated as a tax-free recapitalization, and accordingly, a US Holder generally should not recognise any gain or loss for US federal income tax purposes upon the receipt of Consolidated Shares in exchange for New Shares. A US Holder's basis in its Consolidated Shares will be equal to its basis in the New Shares that are exchanged therefor, and its holding period in its Consolidated Shares will include its holding period in those New Shares.

Fractional Consolidated Shares

A cash payment that is made in lieu of fractional Consolidated Shares will be treated as a payment in redemption of the fractional Consolidated Shares. A US Holder who receives such payment is subject to US federal income tax consequences that depend on whether the redemption is "essentially equivalent to a dividend" for US federal income tax purposes. A redemption payment received by a small public shareholder is normally not treated as essentially equivalent to a dividend if it causes the shareholder's percentage interest to go down, taking into account other

redemptions that occur concurrently. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax characterization of a payment for fractional Consolidated Shares.

If the redemption is essentially equivalent to a dividend, the cash payment will generally be taxable to the US Holder as foreign source dividend income, as described in paragraph 3.2 below. If the redemption is not essentially equivalent to a dividend, the cash payment will be treated as proceeds of a sale of the fractional Consolidated Shares, in which case, a US Holder generally will recognise US source capital gain or loss for US federal income tax purposes equal to the difference, if any, between the cash payment and the US Holder's adjusted tax basis in the New Shares that are surrendered in exchange for that payment, as described in paragraph 3.3 below.

3.2 *Dividends*

General

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to the New Shares will be reported as ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company will generally be taxable to a non-corporate US Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, which the Company believes to be the case. A US Holder will be eligible for this reduced rate only if it has held the New Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. A US Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See "*Passive Foreign Investment Company Considerations*" below.

Foreign Currency Dividends

Dividends paid in pounds sterling will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the pounds sterling are converted into US dollars at that time. If dividends received in pounds sterling are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. A US Holder may have foreign currency gain or loss if the dividend is converted into US dollars after the date of its receipt.

3.3 *Sale or other disposition*

Upon a sale or other disposition of the New Shares, a US Holder generally will recognise US source capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's adjusted tax basis in the New Shares. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the New Shares exceeds one year. The deductibility of capital losses is subject to limitations. However, regardless of a US Holder's actual holding period, any loss may be long-term capital loss to the extent the US Holder receives a dividend that qualifies for the reduced rate described above under "*Dividends—General*", and exceeds 10% of the US Holder's basis in its New Shares.

The amount realised on a sale or other taxable disposition of the New Shares for an amount in foreign currency will be the US dollar value of that amount on the settlement date of the sale or other taxable disposition in the case of a cash basis US Holder, or the trade date in the case of an accrual basis US Holder. On the settlement date, an accrual basis US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to any difference between the US dollar value of the amount received based on the exchange rates in effect on the

trade date and the settlement date. However, in the case of the New Shares traded on an established securities market, accrual basis US Holders may elect to determine the US dollar value of the amount realised on the sale or other taxable disposition of the New Shares based on the exchange rate in effect on the settlement date, and no exchange gain or loss will be recognised on that date.

3.4 *Disposition of Foreign Currency*

Foreign currency received on the sale or other disposition of a New Share will have a tax basis equal to its US dollar value on the settlement date. Any gain or loss recognised on a sale or other disposition of a foreign currency (including upon exchange for US dollars) will be US source ordinary income or loss.

3.5 *Passive Foreign Investment Company Considerations*

The Company does not believe that it is currently a PFIC for US federal income tax purposes, and it does not expect to become a PFIC in the foreseeable future. However, the Company's possible status as a PFIC must be determined annually and will depend on the composition of the Company's income and assets and the value of its assets from time to time and therefore such status may be subject to change. If the Company were to be treated as a PFIC for any year in which a US Holder of New Shares held an equity interest in the Company, and unless a valid mark-to-market election is made, the US Holder could be required (i) to pay a special US addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of New Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. If the Company were a PFIC for any taxable year, similar rules would apply to distributions by, and sale of shares of, any lower-tier subsidiaries that are also PFICs. Additionally, dividends paid by the Company would not be eligible for the special reduced rate of tax described above under "Dividends—General" if the Company were a PFIC in the year the dividend was paid or the immediately preceding year. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

3.6 *Backup Withholding and Information Reporting*

Payments of dividends and other proceeds with respect to the New Shares, by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders are not subject to backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is timely furnished to the IRS. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of New Shares.

3.7 *Transfer Reporting Requirements*

A US Holder who purchases New Shares may be required to file Form 926 (or similar form) with the IRS if the purchase, when aggregated with all transfers of cash or other property made by the US Holder (or any related person) to the Company within the preceding 12 month period, exceeds US$100,000 (or its equivalent). A US Holder who fails to file any such required form could be required to pay a penalty equal to 10% of the gross amount paid for the New Shares (subject to a maximum penalty of US$100,000, except in cases of intentional disregard). US Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the New Shares.

3.8 *Foreign Financial Asset Reporting*

US Holders are subject to reporting requirements on the holding of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds US$50,000 at the end of the taxable year or US$75,000 at any time during the taxable year. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. The New Shares are expected to constitute foreign financial assets subject to these requirements unless the

New Shares are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). US Holders should consult their tax advisers regarding the application of this legislation.

PART XIX

ADDITIONAL INFORMATION

1. Responsibility

The Company, the Directors whose names appear in paragraph 1 of Part XI (*Directors, Proposed Director and Corporate Governance*) and the Proposed Director whose name appears in paragraph 2 of Part XI (*Directors, Proposed Director and Corporate Governance*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2. Incorporation and registered office

The Company was incorporated and registered in England and Wales on 5 December 2013 as a private company limited by shares with registered number 08804263 and the name Sequoia Newco 1 Limited, which was subsequently changed to Saga Limited on 23 December 2013. On 2 May 2014, the Company re-registered as a public company and adopted the name Saga plc.

The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been, and the New Shares and Consolidated Shares will be, created is the Companies Act 2006 and the regulations made thereunder.

The Company is domiciled in the United Kingdom. Its head office, registered office and principal place of business is at Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE, United Kingdom. The telephone number of the Company's registered office is 0330 094 6016 and its Legal Entity Identifier is 2138004WWUJN94K2LH95.

The Company's website is www.corporate.saga.co.uk. The information on the Company's website does not form part of this document unless it has been incorporated by reference into this document, as set out in Part XX (*Documentation Incorporated by Reference*) of this document.

3. Organisational structure

The Company is the ultimate holding company of the Group.

3.1 *Group*

Saga's principal subsidiaries and associated undertakings (each of which are considered by Saga to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position or the profits and losses of the Group) are as follows:

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
CHMC Holdings Limited	England	100
CHMC Limited	England	100
Destinology Limited	England	100
Driveline Group Limited	England	100
Enbrook Cruises Limited	England	100
MetroMail Limited	England	100
PEC Services Limited	England	100
Saga Personal Finance Limited	England	100
Saga Crewing Services Limited	England	100
Saga Cruises Limited	England	100
Saga Cruises IV Limited	England	100
Saga Cruises V Limited	England	100
Saga Cruises VI Limited	England	100
Saga Group Limited	England	100
Saga Holdings Limited	England	100

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
Saga Membership Limited	England	100
Saga Mid Co Limited	England	100
Saga Leisure Limited	England	100
Saga Properties Limited	England	100
Saga Publishing Limited	England	100
Saga Retirement Villages Limited	England	100
Saga Services Limited	England	100
Saga Transport Limited	England	100
Saga 200 Limited	England	100
Saga 300 Limited	England	100
Saga 400 Limited	England	100
ST&H Group Limited	England	100
ST&H Limited	England	100
ST&H Transport Limited	England	100
Saga Cruises GmbH	Germany	100
Acromas Insurance Company Limited	Gibraltar	100
Saffron Maritime Limited	Guernsey	100

4. Share capital

4.1 *Issued share capital*

The issued fully paid up share capital of the Company, as at the Latest Practicable Date, is as follows:

Class	Number	Nominal value per share
Ordinary shares	1,122,003,328	£0.01

The Company holds no Shares in treasury.

The issued fully paid up share capital of the Company is expected to be after the issue of the New Shares and immediately following Admission (assuming that 971,918,208 New Shares are issued in connection with the Capital Raising and no other Shares are issued between the Latest Practicable Date and Admission) as follows:

Class	Number	Nominal value per share
Ordinary shares	2,093,921,536	£0.01

The Company intends to make awards of free shares to all eligible employees with a value of up to £1 million in aggregate. The free share awards are expected to be announced on or around 2 October 2020 and calculated at the prevailing share price at the time of award in early November. This would be the sixth consecutive year that employees have received a free share award, where the maximum value issued to an employee is £300. The free shares must be retained for at least three years in the SIP Trust (as defined below) (the vesting period) during which time they cannot be sold or transferred, except if an employee leaves Saga as a 'Good Leaver'. Shares held by individuals who have not attained Good leaver status will be deemed to be forfeit and retained by the SIP Trust.

Other than in connection with this proposed issue of free shares and the Firm Placing and Placing and Open Offer, no issue of share capital by the Company is proposed. Other than in connection with the Employee Share Plans, no share capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

The New Shares will, when issued, be in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of New Shares in uncertificated form and title to the New Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered share owners by first class post in respect of Shareholders on the UK Register. The New Shares which are subject to the Open Offer will be provisionally allotted to Qualifying Shareholders by a resolution of a committee of the Board in accordance with English law. The New Shares will have the same rights in all respects of the Ordinary Shares (including the right to receive all dividends and other distributions declared after the date of issues of the New Shares). No temporary documents of title have been or will be issued in respect of the New Shares.

Ordinary Shares are currently listed on the premium segment of the Official List and traded on the LSE's Main Market for listed securities under the abbreviated name Saga plc and the trading code SAGA.

No application has been made or is currently intended to be made by Saga for the New Shares to be admitted to listing or trading on any other exchange.

The New Shares will be ordinary shares of £0.01 each, in registered form and denominated in sterling.

There are no acquisition rights or obligations in relation to the issue of Shares in the capital of the Company or an undertaking to increase the capital of the Company.

There are no convertible securities, exchangeable securities or securities with warrants in the Company.

Rights attaching to the New Shares are summarised in paragraph 5 of this Part XIX (*Additional Information*) below.

Other than in connection with the Capital Raising, no commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of the Company.

4.2 *History of Saga's share capital*

As at 1 February 2017, being the first day covered by the audited financial statements incorporated by reference into this document, the issued share capital of Saga was 1,118,005,405 Ordinary Shares of £0.01 each. Save as disclosed below, during the six months ended 31 July 2020 and the three years ending 31 January 2020, 31 January 2019, and 31 January 2018, there has been no issue of share capital of the Company fully or partly paid either for cash or other consideration and no share capital of any member of the Group is under option or agreed, conditionally or unconditionally, to be put under option.

Date and description	Number of ordinary shares (nominal value of £0.01 each)
As at 31 January 2020	**1,122,003,328**
As at 31 January 2019	**1,122,003,328**
Issued under employee incentive arrangements	1,707,909
As at 31 January 2018	**1,120,295,419**
Issued under employee incentive arrangements	2,290,014

4.3 *History of Saga's dividends*

In November 2019, the Group 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. 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.

Year ended 31 January	Type	Amount	Payment date
2020	Interim	1.3p	22/11/2019
2019	Final	1.0p	28/06/2019
	Interim	3.0p	23/11/2018
2018	Final	6.0p	29/06/2018
	Interim	3.0p	17/11/2017

4.4 *Existing Shareholder authorities*

It was resolved by the existing Shareholders at the Company's Annual General Meeting held on 22 June 2020 that:

- the Directors are authorised to allot shares that are equity securities (within the meaning of section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £3,736,271 representing approximately one third of the issued share capital of Saga;
- up to a further aggregate nominal amount of £7,472,542 provided they are offered in connection with an offer by way of a rights issue to shareholders of ordinary shares (or to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities); and
- the allotment authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of (i) the end of the next annual general meeting after the 22 June 2020; or (ii) the close of business on 31 July 2021.

4.5 *Shareholder authorities to be proposed at the General Meeting*

As set out in the Notice of General Meeting at the end of this document, Saga intends to ask its shareholders at the General Meeting to:

- to approve the Capital Raising and the issuance of New Shares under the Capital Raising at an issue price of 27 pence in respect of the First Firm Placing (at a premium of 68.4% to the Closing price of 16 pence on 9 September 2020) and at an issue price of 12 pence in respect of the Second Firm Placing and the Placing and Open Offer (at a discount of 25.1% to the Closing Price of 16 pence on 9 September 2020);
- to grant the Board authority to allot the New Shares for cash for the purposes of the Capital Raising pursuant to Section 551 of the Companies Act 2006;
- to grant the Board authority to allot the New Shares to be authorised under the authority to allot requested under the resolution described in (i) above, which shall represent 86.6 per cent. of the Ordinary Shares in issue as at 9 September 2020 (being the latest practicable date prior to publication of this document), as if the pre-emption rights in Section 561 of the Companies Act 2006 did not apply; and
- to consolidate every 15 Ordinary Shares of 1 pence into 1 Consolidated Share of 15 pence, having the same rights and obligations as the Existing Shares, save as to nominal value.

Assuming the Capital Raising completes, Saga's issued and fully paid share capital will immediately upon Admission be divided into 2,093,921,536 Ordinary Shares of 1 pence each. Following the Consolidation, Saga's issued and fully paid share capital will be 139,594,769 Consolidated Shares of 15 pence each.

5. Rights attaching to New Shares

The rights attaching to the New Shares and the Consolidated Shares will be the same as those attaching to the Existing Shares. See Paragraph 8.2 of this Part XIX.

6. Share capital after the Capital Raising

Subject to Admission, 971,918,208 New Shares will be issued with a nominal value of 1 pence each. This will result in the issued share capital of the Company increasing by approximately 86.6% (assuming no options are exercised and no awards vest under the Employee Share Schemes between the Latest Practicable Date and Admission).

7. Dividends and 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, 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 does not expect to reconsider whether to pay dividends until 2023 at the earliest and, in addition, any decision to pay dividends will be linked to the Group's leverage (including Cruise) being below 3.5x.

8. Memorandum and Articles of Association

The Memorandum of Association and Articles of Association are available for inspection as described in paragraph 24 of this Part XIX, and are available for inspection at the Company's registered office and on the Company's website, www.corporate.saga.co.uk.

The Articles of Association, which were adopted pursuant to a special resolution on 1 May 2014, contain (among others) provisions to the following effect:

8.1 *Share Capital*

8.1.1 *Liability of members*

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

8.1.2 *Further issues and rights attaching to shares*

Subject to the provisions of the Act, and without prejudice to any rights attached to existing shares or class of shares, shares may be issued with such rights or restrictions as the Company may determine by ordinary resolution or, subject to and in default of such determination, as the Board determines.

Subject to the provisions of the Act, the rights attaching to a class of shares may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class or with a special resolution passed at a separate general meeting of the holders of the shares of the class.

8.1.3 *Changes to the share capital*

Subject to the Companies Act 2006, the company may, by ordinary resolution, increase, consolidate or sub-divide its share capital.

8.1.4 *Redemption of shares*

Subject to the provisions of the Act, shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

8.1.5 *Uncertificated shares*

Subject to the Uncertificated Securities Regulation 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

8.2 *Rights attaching to the shares of the Company*

8.2.1 *Dividends*

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares

on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If the share capital is divided into different classes, the Board may also pay:

a. interim dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential rights with regard to dividends; and

b. at intervals determined by it, any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment.

If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for the purpose of this Article as paid on the share.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares on which the dividend is paid.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

8.2.2 *Voting rights*

Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him in respect of that share have been paid.

8.2.3 *Transfer of the Ordinary Shares*

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal unless expressly required otherwise.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

a. is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

b. is in respect of one class of share only; and

c. is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

8.2.4 *Distribution of assets on a winding-up*

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

8.2.5 *Restrictions on rights: failure to respond to a section 793 notice*

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll. Such notice shall cease to have effect not more than seven days after the earlier of receipt by the Company of (a) a notice of an approved transfer, but only in relation to the shares transferred, or (b) all the information required by the relevant section 793 notice, in a form satisfactory to the Board.

8.2.6 *Untraced members*

The Company shall be entitled to sell, at the best price reasonably obtainable, the shares of a member or the shares to which a person is entitled by transmission if:

a. during the period of 12 years before the date of the publication of the advertisements referred to in paragraph (b) (the "relevant period"), at least three dividends in respect of the shares in question have been declared and all dividend warrants and cheques which have been sent in respect of the shares in question have remained uncashed;

b. the Company shall as soon as practicable after expiry of the relevant period have inserted advertisements both in a national daily newspaper and in a newspaper circulating in the area of the last known address of such member or other person giving notice of its intention to sell the shares; and

c. during the relevant period and the period of three months following the publication of the advertisements referred to in paragraph (b), the Company has received no indication either of the whereabouts or of the existence of such member or person.

8.2.7 *Forfeiture*

If a notice requiring payment of a call is not complied with, any share in respect of which it was sent may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board. Subject to the provisions of the Companies Act 2006, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determines.

A person shall cease to be a member in respect of any share which has been forfeited. The person shall remain liable to the Company for all moneys which at the date of forfeiture were presently

payable by him to the Company in respect of that share with interest on that amount at the rate at which interested was payable on those moneys before the forfeiture or, if no interest was so payable, at the rate determined by the Board, not exceeding 15% per annum or, if higher, the appropriate rate (as defined in the Companies Act 2006), from the date of forfeiture until payment.

The Board may accept the surrender of any share which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, expect only these rights and liabilities expressly saved by the Articles or as are given or imposed in the case of past members by the Companies Act 2006.

8.2.8 *Pre-emption rights*

The Board is empowered for a prescribed period to allot equity securities for cash pursuant to an existing authority to allot as if section 561 of the Companies Act 2006 did not apply to any such allotment, provided that its power is limited to: (a) the allotment of equity securities in connection with a pre-emptive issue, and (b) the allotment of equity securities (otherwise than pursuant to (a)) of equity securities up to an aggregate nominal amount equal to the section 561 amount. The Company may make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any securities into shares to be granted, after an authority given pursuant to existing authority under the Articles has expired. The Board may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if the authority or power pursuant to which that offer or agreement was made had not expired.

8.3 ***Variation of rights***

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

Rights attaching to shares shall be deemed to be varied by (a) the reduction of the capital paid up on that share or class of shares otherwise than by a purchase or redemption by the Company of its own shares, and (b) the allotment of another share ranking in priority for payment of a dividend or in respect of capital or which confers on its holder voting rights more favourable than those conferred by that share or class of shares. Rights attaching to shares shall not be deemed to be varied by (a) the creation or issue of another share ranking equally with, or subsequent to, that share or class of shares or by the purchase or redemption by the Company of its own shares, or (b) the Company permitting, in accordance with the Uncertificated Securities Regulations 2001, the holding of and transfer to title of shares of that or any other class in uncertificated form by means of a relevant system.

8.4 ***General meetings***

The Board may call general meetings whenever and at such times and places as it shall determine. Upon a requisition of members pursuant to the provisions of the Companies Act 2006, the Board shall promptly convene general meeting in accordance with the requirements of the Companies Act 2006.

The necessary quorum for a general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares). Any holder of Ordinary Shares may demand a poll and each holder of Ordinary Shares shall, on a poll, have one vote in respect of every share held by them.

An annual general meeting shall be called by at least 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice. The notice shall specify the place, the date and the time of meeting and the general nature of the business to be dealt with, and shall be sent to every member and every director (subject to the Companies Act 2006 and the Articles). In the case of an annual general meeting the notice shall specify the meeting as such.

The Board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world.

No business shall be transacted at any meeting unless a quorum of two persons is present. Save as otherwise provided by the Articles, two 'qualifying persons' present at a meeting and entitled to vote upon the business to be dealt with are a quorum.

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is validly demanded. No shareholder shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by it unless all amounts presently payable by it in respect of that share have been paid.

A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of shareholders.

8.5 ***Proxies***

The appointment of a proxy shall be made in writing and shall be in any usual form or in any other form which the Board may approve. The appointment of a proxy may be in hard copy form or electronic form, to an electronic address provided by the Company for the purpose. The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A proxy appointment shall be deemed to entitle the proxy to exercise all or any of the appointing member's rights to attend and to speak and vote at a meeting of the Company in respect of the shares to which the proxy appointment relates.

8.6 ***Directors***

8.6.1 *Number of Directors*

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than two in number.

8.6.2 *Directors' shareholding qualification*

A director shall not be required to hold any shares in the capital of the Company by way of qualification.

8.6.3 *Proceedings of the Board*

Subject to the provisions of the Companies Act 2006 and the Articles, the business of the Company shall be managed by the Board and the Board may exercise all the powers of the Company, including without limitation the power to dispose of all or any part of the undertaking of the Company. A meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

The Board may delegate any of its powers to any committee consisting of one or more directors. The Board may also delegate to any director holding any executive office such of its powers as the Board considers desirable to be exercised by him.

Subject to the Articles, the Board may regulate its proceedings as it thinks fit. The quorum for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two.

All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a director or alternate director, shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or any member of the committee or alternate director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director or, as the case may be, an alternate director and had been entitled to vote.

8.6.4 *Appointment and removal of directors*

At every annual general meeting all the directors at the date of the notice convening the annual general meeting shall retire from office. A director who retires at an annual general meeting may, if willing to act, be re-appointed. If the Company does not fill the vacancy at the meeting at which a director retires, the retiring director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the director is put to the meeting and lost.

The Company may also, by ordinary resolution, appoint a person who is willing to act to be director, either to fill a vacancy or as an additional director. The Board may appoint a person who is willing to act to be director, either to fill a vacancy or as an additional director and in either case whether or not for a fixed term, provided that the appointment does not cause the number of directors to exceed the number, if any, fixed by or in accordance with the Articles as the maximum number of directors.

In addition to any power of removal under the Companies Act 2006, the Company may, by ordinary resolution, remove a director from office and, in accordance with the Articles, may by ordinary resolution appoint another person who is willing to act as a director, and is permitted by law to do so, to be a director instead of them. Automatic termination of directorship can occur in certain circumstances under the Articles, including where such director is the subject of a bankruptcy order, they resign or they are prohibited from being a director by law.

8.6.5 *Alternate directors*

An alternate director can be appointed by any director (other than an alternate director) and such alternate may be another director or any other person approved by resolution of the directors and willing to act and may be removed from office by the director that appointed them.

8.6.6 *Remuneration of the directors*

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding any other amounts payable under the Articles) shall not exceed in aggregate £2,000,000 per annum (or such higher amount as the Company may from time to time determine by ordinary resolution). The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any calls of shares or of debentures of the Company or otherwise with the discharge of their duties.

8.6.7 *Directors' interests*

Except as otherwise provided by the Articles, a Director shall not vote at a meeting of the Board or a committee of the Board on any resolution of the Board concerning a matter in which they have an interest (other than by virtue of their interests in shares or debentures or other securities of, or otherwise in or through, the Company) which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless their interest arises only because the resolution concerns certain matters (such as the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by the Director or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings). However, the Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of the Board or a committee of the Board.

For the purposes of section 175 of the Companies Act 2006, the Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach of duty by a director under that section, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company.

Where the existence of a director's relationship with another person has been approved by the Board in accordance with the Articles and their relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties they owe to the Company by virtue of sections 171 to 177 of the Companies Act 2006 because they (a) absent themselves from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise, and/or (b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser, for as long as they reasonably believe such conflict of interest or possible conflict of interest subsists.

8.7 ***Directors' indemnity***

Subject to the provision of the Companies Act 2006, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the Company (other than any person engaged by the Company as an auditor) shall be indemnified out of the assets of the Company against any liability incurred by them for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that the indemnity shall not provide for indemnification to the extent that it would cause the provision in the Articles to be treated as void under the Companies Act 2006.

8.8 ***Communications by the Company***

Any notice to be sent to or by any person pursuant to the Articles (other than a notice calling a meeting of the Board) shall be in writing. The Company shall send any document in any form and by such means as it may in its absolute discretion determine, subject to the provisions of the Companies Act 2006 (or any other rules or regulations to which the Company may be subject).

8.9 ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

9. Directors', Proposed Director's and Senior Managers' interests

9.1 *Other Directorships*

Save as set out below, none of the Directors, nor the Proposed Director nor the Senior Managers has been a member of any partnerships or held any directorships of any other company (other than subsidiaries of the Company), at any time in the last five years prior to the date of this document:

Directors / Proposed Director / Senior Manager	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
Directors		
Patrick O'Sullivan	—	ERS Syndicate Management Limited ERS DGB Limited
Euan Sutherland	Britvic PLC	Supergroup Internet North America Limited Supergroup International Limited Fragrances 55 Limited Supergroup Internet Limited DKH Retail Limited Supergroup Concessions Limited C-Retail Limited Superdry Plc
James Quin	—	Endsleigh Insurance Services Limited Zurich Holdings (UK) Limited Zurich Financial Services (UKISA) Limited Zurich Assurance Limited
Cheryl Agius	—	Fairmead Distribution Services Limited Fairmead Insurance Limited

Directors / Proposed Director / Senior Manager	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
		Buddies Enterprises Limited
Orna NiChionna	Founders Intelligence Limited Sir John Soane's Museum National Trust for Places of Historical Interest & Natural Beauty National Trust (Renewable Energy) Limited National Trust (Enterprises) Limited Burberry Group plc	Royal Mail plc
Eva Eisenschimmel	Lowell Financial Limited	Alula Consulting Limited Virgin Money plc Virgin Money Holdings (UK) plc Water Plus Select Limited Water Plus Limited Water Plus Group Limited Impello Limited
Julie Hopes	Police Mutual Assurance Society Limited West Bromwich Building Society	Kingston Gorse Estate (Sussex) Limited
Gareth Hoskin	Leeds Building Society Diabetes UK	—
Gareth Williams	Cicely Saunders International WNS Holdings Limited	YSC Holdings Limited
Proposed Director		
Roger De Haan	Sea Lady Management Company Limited Creative Folkestone The Creative Foundation (Trading) Limited Friends of Folkestone Academy Limited FFMA (Trading) Limited Folkestone Harbour (1) Limited Folkestone Harbour (2) Limited Folkestone Harbour (3) Limited Folkestone Harbour (4) Limited Folkestone Harbour (GP) Limited Folkestone Harbour Company Limited Folkestone Harbour Holdings Limited	Marlowe Academy Lynchpin Property Limited Folkestone Academy Academy FM Folkestone Academy FM Thanet

Directors / Proposed Director / Senior Manager	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
	Folkestone Harbour Nominee (1) Limited Folkestone Harbour Nominee (2) Limited Armadillo Properties Limited Saga Radio (London) Limited (*dormant*) Primetime Radio Limited (*dormant)* Folkestone Harbour & Seafront Development Company Limited (*dormant*) Roger de Haan Charitable Trust Trustee of various family trusts Governor of Kings School, Canterbury	
Senior Managers		
Stuart Beamish	Go Places Marketing Ltd	—
Jules Christmas	—	—
Nick Stace	T Stace & Sons	—
Jane Storm	—	Storm Capability Limited
Helen Webb	—	—

9.2 ***Confirmations and conflicts of interest***

9.2.1 *Confirmations*

At date of this document, none of the Directors, nor the Proposed Director nor any Senior Manager has during at least the previous five years prior to the date of this document:

- any convictions in relation to fraudulent offences;
- been a member of the administrative, management, supervisory body or senior management of a company associated with any bankruptcies, receiverships or liquidations or a company been put into administration; or
- been subject to any official public incrimination or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the Directors and the Proposed Director.

9.2.2 *Conflicts of interest*

None of the Directors, nor the Proposed Director nor any Senior Manager has any actual or potential conflicts of interest between any duties they owe to Saga and any private interests or other duties he or she may also have.

9.2.3 *Transactions*

No Director nor any Senior Manager has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately

preceding financial year, or during any earlier financial year, and remains in any respect outstanding or underperformed.

Other than in respect of the Subscription Agreement and the Relationship Agreement, the Proposed Director has not, or has not had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year, and remains in any respect outstanding or underperformed.

There are no outstanding loans granted by the Company or any Group company to any of the Directors or the Proposed Director or any of the Senior Managers nor has any guarantee been provided by the Company or any Group company for their benefit.

9.2.4 *Appointment arrangements*

There are no arrangements or understandings with major Shareholders, customers, suppliers or others pursuant to which any Director, the Proposed Director or Senior Manager was appointed as a director or senior manager.

Following, and conditional on completion of the Capital Raising, the Proposed Director is to be appointed to the Board, pursuant to his right to be appointed to the Board under the terms of the Relationship Agreement. Further information on Roger De Haan's role and the terms of the Relationship Agreement is available in paragraph 17.2 of Part XIX (*Additional Information*).

10. Summary of remuneration and benefits

A summary of the amount of remuneration paid to the Directors (including any contingent or deferred compensation) and benefits in kind granted for the year ended 31 January 2020 is set out in the table below. The Directors are categorised in their positions as at 31 January 2020 for these purposes.

10.1 *Executive Directors*

Director	Salary (£)	Taxable benefits (£)	Pension (£)	Bonus (£)	LTIP (£)	Total (£)
Lance Batchelor[(1)]	689,785	38,252	103,468	190,414	0	1,021,919
Euan Sutherland[(2)]	53,846	1,002	3,231	58,456	0	116,535
James Quin	370,000	25,505	37,000	308,980	0	741,485
Cheryl Agius[(3)]	30,417	937	1,825	24,532	0	57,711
Total	1,144,048	65,696	145,524	557,850	0	1,937,650

(1) Lance Batchelor left the Company on 31 January 2020. Lance Batchelor had been granted £63,471 in deferred shares but such sum was not awarded and the deferred shares lapsed immediately upon his departure from the Company.
(2) Euan Sutherland joined the Board on 6 January 2020.
(3) Cheryl Agius joined the Board on 1 January 2020.

10.2 *Non-Executive Directors*

Director	Fees (£)
Patrick O'Sullivan	325,000
Ray King[(4)]	73,672
Orna NiChionna	93,762
Julie Hopes	125,788
Eva Eisenchismmel	63,672
Gareth Williams	73,672
Gareth Hoskin[(5)]	106,202
Total	861,768

(4) Ray King retired as a non-executive Director on 22 June 2020.
(5) Gareth Hoskin joined the Board on 11 March 2019.

10.3 ***Senior Managers***

The aggregate amount of remuneration paid (including any contingent or deferred compensation) and all benefits in kind granted to Senior Managers by the Company and its subsidiaries for services in all capacities for the year ended 31 January 2020 was £1,066,328.16 (excluding Nick Stace who was not a Senior Manager during such period). This amount includes, among others, base salary, a car allowance, supplements, bonus, retirement or similar benefits and private medical insurance. The Company is not required to, and does not otherwise, disclose publicly remuneration for Senior Managers on an individual basis.

11. Directors' terms and conditions

11.1 ***Executive Directors***

11.1.1 *General terms*

The Executive Directors are appointed as Executive Directors of the Company, subject to the Articles, pursuant to service contracts. The following table summarises the terms of the service contracts of the Executive Directors with the Company:

	Date of appointment	Present expiry date	Notice period by Company (months)	Notice period by Director (months)
James Quin	1 January 2019	n/a	6	6
Euan Sutherland	6 January 2020	n/a	12	12
Cheryl Agius	1 January 2020	n/a	12[(1)]	12[(1)]

(1) A notice period of 12 months during the first year of employment and 6 months thereafter (subject to review, but shall not be less than 6 months or more than 12 months)

11.1.2 *Termination provisions*

The CEO's employment may be terminated by either the Company or the CEO with 12 months' notice. The CFO's employment may be terminated by either the Company or the CFO with 6 months' notice.

Notwithstanding these agreed notice periods, provisions allowing the Company to terminate the employment of an Executive Director are included in the service contacts for the Executive Directors. Examples of grounds on which an Executive Director's employment can be terminated immediately include: (i) being guilty of any gross misconduct; (ii) being declared bankrupt; (iii) committing, in the opinion of the FCA, a civil offence under MAR; or (iv) a breach of any provision of the Company's anti-corruption and bribery policy and related procedures. Provisions for dismissal due to incapacity are also included in the service contracts for the Executive Directors. Upon termination, the Executive Director must return property belonging to the Company or Group company.

11.2 *Non-Executive Directors*

11.2.1 *General terms*

The Non-Executive Directors are appointed as Non-Executive Directors of the Company, subject to the Articles, pursuant to letters of appointment. The following table summarises the terms of appointment of the Non-Executive Directors with the Company:

	Date of appointment	Present expiry date	Notice period by Company (months)	Notice period by Director (months)
Patrick O'Sullivan	1 May 2018	1 May 2021	3	3
Orna NiChionna[(1)]	29 May 2014	29 May 2023	3	3
Julie Hopes.	1 October 2018	1 October 2021	3	3
Eva Eisenchismmel	1 January 2019	1 January 2022	3	3
Gareth Williams	29 May 2014	29 May 2023[(2)]	3	3
Gareth Hoskin	4 March 2019	4 March 2022	3	3

(1) Appointed senior independent director on 31 March 2017

(2) The Company announced on 17 January 2020 Gareth Williams's intention to step down by the end of December 2020.

11.2.2 *Termination provisions*

The appointments of each of the Non-Executive Directors can be terminated upon three months' notice by either the Company or the relevant non-executive Director. Continuation of each non-executive Director's appointment is also contingent on satisfactory performance and re-election at each annual general meeting of the Company.

11.3 *Proposed Director*

	Notice period by Company (months)	Notice period by Director (months)
Roger De Haan	6[(1)]	6[(1)]

(1) Roger De Haan's appointment may be terminated by either party on six months' notice, provided that notice is given on or following the first anniversary of Roger De Haan's appointment.

Roger De Haan will be appointed as a Non-Executive Director and to the office of Chairman, pursuant to the Relationship Agreement, his letter of appointment, and the Articles. Continuation of Roger De Haan's appointment is contingent on satisfactory performance and re-election at each annual general meeting of the Company.

Roger De Haan will be paid a fee of £200,000 per annum, for so long as he serves as Chairman, and £65,000 per annum for any period in which he is a Director but not Chairman, save for during the period of 12 months following his appointment as Chairman when he has voluntarily offered not to receive a fee.

11.4 *Directors' indemnity*

The Company provides indemnities to its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. As at the date of this document, such indemnities are in force in respect of the Directors and the Proposed Director, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company or any of its subsidiaries.

12. Interests of Directors

Save as disclosed in this paragraph 12, none of the Directors, nor the Proposed Director, nor any of the Senior Managers nor their immediate families or connected persons have any interests (beneficial or non-beneficial) in the share capital of the Group or its subsidiaries.

Save as disclosed in this paragraph 12 and paragraph 15 of this Part XIX, no other person involved in the Admission has an interest which is material to the Admission.

12.1 *Share interests*

	Interests as at the Latest Practicable Date[1]		Immediately following Admission	
Directors	**Number of Shares**	**Approximate percentage of voting shares**	**Number of Ordinary Shares**	**Approximate percentage of voting shares**
James Quin	3,674,548	0.33%	5,715,963	0.27%
Euan Sutherland	4,411,669	0.39%	6,862,596	0.33%
Cheryl Agius	1,732,002	0.15%	2,694,225	0.13%
Patrick O'Sullivan	270,815	0.02%	421,267	0.02%
Orna NiChionna	29,195	0.00%	45,414	0.00%
Julie Hopes.	42,617	0.00%	66,293	0.00%
Eva Eisenchismmel.	41,354	0.00%	64,328	0.00%
Gareth Williams	43,817	0.00%	68,159	0.00%
Gareth Hoskin	135,178	0.01%	210,276	0.01%
Proposed Director				
Roger De Haan	—	—	552,833,333	26.40%
Senior Managers				
Stuart Beamish	1,390,764	0.12%	2,163,410	0.10%
Jules Christmas	1,490,387	0.13%	2,318,379	0.11%
Nick Stace.	554,323	0.05%	862,280	0.04%
Jane Storm	1,359,286	0.12%	2,114,444	0.10%
Helen Webb	749,010	0.07%	1,165,126	0.06%

(1) Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 1,122,003,328 Shares of £0.01 each.

(2) The number of Ordinary Shares held by Roger De Haan immediately following Admission is the maximum number of Ordinary Shares which could be issued to him pursuant to the terms of the Subscription Agreement.

Taken together, the combined percentage interest of the Directors in voting rights in respect of the issued ordinary share capital of Saga at the Latest Practicable Date was less than 0.93%.

12.2 *Share awards*

The Directors and Senior Managers had the following options and awards relating to the Ordinary Shares under the Employee Share Schemes, as described in paragraph 13 of this Part XIX as at the Latest Practicable Date.

	Plan	Date of Original Grant/ Award	Option Exercise Price (if any) £	Number of Shares Awarded	Exercisable/ Vesting date
Directors					
James Quin	LTIP 2019	12 August 2019	Nil	1,660,882	12 August 2023
	RSP 2020	24 June 2020	Nil	1,333,148	24 June 2023
	DBP 2019/20	28 May 2020	Nil	462,682	28 May 2023
	DBP 2018/19	11 July 2019	Nil	7,748	11 July 2022
Euan Sutherland.	LTIP 2019	6 January 2020	Nil	1,353,965	6 January 2023
	RSP 2020	24 June 2020	Nil	2,716,186	24 June 2023
	DBP 2019/20	28 May 2020	Nil	87,534	28 May 2023
Cheryl Agius	RSP 2020	24 June 2020	Nil	1,133,037	24 June 2023
	DBP 2019/20	28 May 2020	Nil	36,735	28 May 2023
	Buy out Award 1	20 April 2020	Nil	162,723	16 April 2021
	Buy out Award 2	20 April 2020	Nil	304,099	16 April 2022
Senior Managers					
Stuart Beamish	LTIP 2019	12 Aug 2019	Nil	516,157	12 August 2022
	LTIP 2018	1 May 2018	Nil	123,620	1 May 2021
	RSP 2020	24 June 2020	Nil	509,977	24 Jun 2023
	DBP 2019/20	28 May 2020	Nil	203,226	28 May 2023
	DBP 2018/19	11 July 2019	Nil	37,784	11 July 2022
Jules Christmas.	LTIP 2019	12 August 2019	Nil	457,809	12 August 2022
	LTIP 2018	1 May 2018	Nil	147,167	1 May 2021
	RSP 2020	24 June 2020	Nil	452,328	24 June 2023
	DBP 2019/20	28 May 2020	Nil	190,334	28 May 2023
	DBP 2018/19	11 July 2019	Nil	35,381	11 July 2022
	DBP 2016/17	26 May 2017	Nil	20,729	26 May 2020
	DBP 2015/16	27 May 2016	Nil	21,840	27 May 2019
Nick Stace	RSP 2020	24 June 2020	Nil	554,323	24 June 2023
Jane Storm	LTIP 2019	1 October 2019	Nil	594,059	1 October 2022
	RSP 2020	24 June 2020	Nil	665,188	24 June 2023
	DBP 2019/20	28 May 2020	Nil	100,039	28 May 2023
Helen Webb	LTIP 2019	12 August 2019	Nil	201,974	12 August 2022
	LTIP 2018	1 May 2018	Nil	36,011	1 May 2021
	RSP 2020	24 June 2020	Nil	443,458	24 June 2023

13. Employee Share Schemes

Saga, currently operates the following discretionary executive share plans: the RSP which replaced the LTIP in 2020 and the DBP. In addition, Saga operates the SIP which is a UK tax advantaged all-employee plan. There are also a small number of options outstanding under the IPO Plan (the RSP, DBP, LTIP, SIP and the IPO Plan are, together, the "**Employee Share Schemes**").

References in this section 13 to the Board include any designated committee of the Board.

The principal features of the Employee Share Schemes are summarised below.

13.1 *RSP*

13.1.1 *Status*

The RSP was adopted by the Board and approved by the Company's shareholders on 22 June 2020. The RSP is a discretionary executive share plan. Under the RSP Awards can be in the form of options over Shares (the "**RSP Options**") or a conditional right to acquire Shares (the "**RSP Conditional Share Awards**"). The Company has also established a sub-plan to the RSP which permits the grant of options over Shares ("**RSP CSOP Options**") meeting the requirements of a company share option plan ("**CSOP**") for the purposes of the Income Tax (Earnings and Pensions) Act 2003 ("**ITEPA**"). RSP Options, RSP Conditional Share Awards and RSP CSOP Options are together referred to as the "**RSP Awards**". The provisions of the RSP apply to RSP CSOP Options

subject to and insofar as permitted by the applicable requirements of the CSOP legislation. No consideration is payable by Participants to receive a RSP Award.

13.1.2 *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the RSP at the discretion of the Board. Non-Executive Directors are not eligible to participate in the RSP.

13.1.3 *Grant of RSP Awards*

RSP Awards may normally only be granted during the 42 days beginning on: (i) the date of shareholder approval of the RSP; (ii) the day after the announcement of the Company's results; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the RSP Award at that time; or (iv) the day after the lifting of any dealing restrictions which prevented the grant of RSP Awards.

No RSP Awards may be granted more than ten years from the date when the RSP was approved by shareholders.

The Board may grant RSP Awards to eligible employees with a maximum total market value in any financial year of up to 100% of the relevant individual's annual base salary.

13.1.4 *Holding Period*

RSP Awards for Executive Directors will be subject to a two-year holding period following vesting when the Shares vested cannot be sold. The Board may also include restrictions on the sale of Shares under the RSP Awards ("**Sale Restrictions**") of up to two years for other Participants in the RSP.

The Sale Restriction period will run for two years from the vesting date where this occurs three years from the date of grant.

The Sale Restriction period continues after employment ceases and malus/clawback can still affect RSP Awards but can end early in the case of certain corporate events; death of a Participant; or at the discretion of the Board.

13.1.5 *Performance conditions*

No performance conditions on grant.

The Board may impose performance conditions on the vesting of RSP Awards. Where performance conditions are specified for RSP Awards, the underlying measurement period for such conditions will ordinarily be three years. The Board has discretion to adjust vesting if business performance, individual performance or wider Company considerations mean in their view that an adjustment is required.

13.1.6 *Vesting*

RSP Awards will normally vest on the third anniversary of the date of grant subject to continued employment, the satisfaction of any applicable performance condition or other condition imposed by the Board, and to the extent permitted following any operation of malus and clawback.

However, if there are any dealing restrictions in place at that time, normal vesting may be delayed until the dealing restrictions have been lifted. RSP Options will normally remain exercisable for a period determined by the Board at grant which cannot exceed 10 years from grant.

13.1.7 *Malus and clawback*

Malus provisions apply to all elements of the RSP. Malus is the adjustment of unvested RSP Awards because of the occurrence of one or more circumstances. The adjustment may result in the value being reduced to nil. Clawback is the recovery of vested RSP Awards or payments under the RSP as a result of the occurrence of one or more circumstances. Clawback may apply to all or part of a Participant's RSP Award or payment under the RSP and may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any vesting condition or condition in respect of a RSP Award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the RSP Award was based on error, or inaccurate or misleading information;
- action or conduct of a Participant which amounts to fraud or gross misconduct;
- events or the behaviour of a Participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant Participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the Participant;
- material failure of risk management including but not limited to a material breach of risk appetite and regulatory standards; or
- insolvency or corporate failure.

The following sets out the periods during which malus and clawback may be effected:

- Malus – any time to the point of vesting or payment.
- Clawback – 2 years from the date of vesting or payment except that the Board may determine that clawback will apply for a longer period if an investigation into a Participant or any Group company has commenced before the second anniversary of the date of vesting.

13.1.8 *Cessation of employment*

Death of Participant: a proportion of any unvested RSP Award will vest immediately. The proportion which vests will be determined by the Board taking into account, among other factors, the extent to which any applicable performance conditions have been satisfied at the date of death. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the Participant's cessation of employment as a proportion of the normal vesting period.

Good leavers: RSP Awards will be pro-rated for time and will vest on their original vesting dates and remain subject to the holding period. Good leaver reasons are ill-health, injury, disability, redundancy, retirement with the agreement of the Participant's employer, the Participant's employer ceasing to be a member of the Group or the Participant being employed in an undertaking or part of an undertaking which is transferred outside the Group or any other circumstances at the Board's discretion.

Other leavers: No RSP Award for year of cessation and unvested RSP Awards will be forfeited on cessation of employment. Vested RSP Awards will remain subject to the holding period.

Discretion: The Board has the following elements of discretion:

- to determine that a Participant is a good leaver. It is the Board's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;
- to determine whether to pro-rate the RSP Award for time. The Board's normal policy is that it will pro-rate for time;
- to determine whether the RSP Award will vest on the date of cessation or the original vesting date. The Board will make its determination based amongst other factors on the reason for the cessation of employment.
- to determine whether the holding period for RSP Awards applies in part or in full. The Board will make its determination based amongst other factors on the reason for the cessation of employment.

13.1.9 *Corporate Events*

The RSP Awards will vest on the date of the change of control and the holding period will not apply.

Discretion**:** The Board has the following elements of discretion:

- to determine whether the satisfaction of RSP Awards should be in cash or shares or a combination of both;
- to determine whether to pro-rate RSP Awards on change of control. The Board's normal policy is that it will pro-rate. The Board will determine whether to pro-rate based on the circumstances of the change of control.

13.1.10 *Operation*

The Board supervises the operation of the RSP in respect of the employees of the Company, including the Executive Directors. The Board has the discretion to make RSP Awards at any time where they consider the circumstances appropriate.

No RSP Awards will be granted during a period when trading in Shares is prohibited.

13.1.11 *Taxation*

The vesting and exercise of RSP Awards are conditional upon the Participant paying any taxes due.

13.1.12 *Allotment and Transfer of Shares*

Shares allotted by the Company or transferred by the trustee of the EBT will not rank for dividends payable if the record date for the dividend falls before the date on which the Shares are acquired by the Participant. Applications will be made for the admission of the new Shares to be issued to listing on the Official List of the FCA, and to trading on the London Stock Exchange's main market for listed securities following the vesting and/or exercise of RSP Awards.

13.1.13 *Further provisions of the RSP*

Further provisions which apply to the RSP are set out in section 13.4.

13.2 ***LTIP***

13.2.1 *Status*

The LTIP was adopted by the Board and approved by the Company's shareholders on 1 May 2014 and was amended with the approval of the Shareholders on 19 June 2019. The LTIP is a discretionary executive share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Shares ("**LTIP Options**") and/or (ii) conditional awards (i.e. a conditional right to acquire Shares) ("**LTIP Conditional Awards**") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("**LTIP Restricted Shares**"). The Company has also established a sub-plan to the LTIP which permits the grant of options ("**LTIP CSOP Options**", and together with LTIP Options, LTIP Conditional Awards and LTIP Restricted Shares, "**LTIP Awards**") over Shares meeting the requirements of a CSOP for the purposes of ITEPA 2003. The provisions of the LTIP apply to LTIP CSOP Options subject to and insofar as permitted by the applicable requirements of the CSOP legislation. No payment is required for the grant of an LTIP Award.

13.2.2 *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

13.2.3 *Grant of LTIP Awards*

The Board may grant LTIP Awards over Shares to eligible employees with a maximum total market value in any financial year of up to 250 per cent. of the relevant individual's annual base salary. The sub-plan to the LTIP permits the grant of LTIP CSOP Options over Shares with a total market value of up to the permitted limit from time to time applying to options granted under a CSOP (currently £30,000).

Where an employee is granted an LTIP Option, they may also be granted an LTIP CSOP Option over further Shares up to the permitted limit applicable to options granted under a CSOP (see

above). The exercise price payable for each Share subject to an LTIP CSOP Option shall be determined by the Board and shall not be less than the market value of a Share determined in accordance with the requirements of the applicable CSOP legislation. The number of Shares under the LTIP Option which may be exercised will be reduced by such number of Shares as has a market value (as at the date of exercise of the LTIP CSOP Option) equal to the gain made on the exercise of the LTIP CSOP Option. Overall the economic gain from the LTIP Award before tax is the same as if the LTIP CSOP Option was not in place.

LTIP Awards may be granted during the 42 days beginning on: (i) IPO Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the LTIP Award at that time; or (iv) the day after the lifting of any dealing restrictions which prevented the grant of LTIP Awards..

However, no LTIP Awards may be granted more than ten years from the date when the LTIP was adopted.

13.2.4 *Holding period*

At its discretion, the Board may grant LTIP Awards subject to a holding period of a maximum of two years following vesting.

13.2.5 *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Awards.

13.2.6 *Malus and Clawback*

The Board may decide, at any time prior to the vesting of LTIP Awards, that the number of Shares subject to an LTIP Award shall be reduced (including to nil) or, for LTIP Awards granted on or after 10 July 2019, impose additional conditions, on such basis that the Board in its discretion considers to be fair and reasonable where the Board determines:

- there has been a material misstatement of the audited accounts of the Group or any Group company,
- that the assessment of any performance condition in respect of an LTIP Award was based on error, or inaccurate or misleading information,
- for LTIP Awards granted on or after 10 July 2019, that any information used to determine the LTIP Award was based on error or inaccurate or misleading information,
- that there has been action or conduct of a Participant or Participants which amounts to gross misconduct,
- that events or the behaviour of a Participant or Participants have, for LTIP Awards granted on or after 10 July 2019 led to the censure of any Group company by a regulatory authority, or for all LTIP Awards, have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant Participant or Participants were responsible for the reputational damage and that the reputational damage is attributable to them,
- for LTIP Awards granted on or after 10 July 2019, there has been a material failure of risk management, and/or
- for LTIP Awards granted on or after 10 July 2019, there has been insolvency or corporate failure.

The Board may require the Participant to transfer to the Company all or some of the Shares acquired following vesting of an LTIP Award or the exercise of an LTIP Option in the same

circumstances as apply to malus (see above). For LTIP Awards granted on or after 10 July 2019, clawback may only be applied at any time during the period of two years following the vesting of an LTIP Award except that the Board may determine that clawback will apply for a longer period if an investigation into a Participant or any Group company has commenced before the second anniversary of the date of vesting.

13.2.7 *Vesting and exercise*

LTIP Awards will normally vest, and LTIP Options and LTIP CSOP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted under any operation of malus or clawback. LTIP Options and LTIP CSOP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant. For LTIP Awards granted on or after 10 July 2019, specific limitations on the timing of the vesting and exercise of LTIP Awards and LTIP Options apply for Participants who are US tax payers.

13.2.8 *Cessation of employment*

Except in certain circumstances, set out below, an LTIP Award will lapse immediately upon a Participant ceasing to be employed by or holding office with the Group. For LTIP Awards granted on or after 10 July 2019, unless the Board determines otherwise, LTIP Options can be exercised to the extent vested during a Participant's notice period.

However, if a Participant so ceases because of their ill-health, injury, disability, redundancy, retirement with the agreement of their employer, the Participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**LTIP Good Leaver Reason**"), their LTIP Award will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the Participant's cessation of employment as a proportion of the normal vesting period.

If a Participant ceases to be a Group employee or director for an LTIP Good Leaver Reason, the Board can alternatively decide that the LTIP Award will vest early when they leave. If a Participant dies, a proportion of their LTIP Award will vest on the date of death. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the Participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options and LTIP CSOP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. Where LTIP CSOP Options granted before 10 July 2019 vest for an LTIP Good Leaver Reason, they vest and can be exercised to the extent vested for a period of 6 months following cessation of employment. To the extent that LTIP Options vest following death of a Participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

13.2.9 *Corporate events*

In the event of a takeover, reconstruction, amalgamation or winding-up of the Company, the LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the Participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options and LTIP CSOP Options vest in the event of a takeover, winding-up or reconstruction or amalgamation of the Company they may be exercised for a period of six

months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the Participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options and LTIP CSOP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

13.2.10 *Further provisions of the LTIP*

Further provisions which apply to the LTIP are set out in section 13.4.

13.3 *The DBP*

The DBP was adopted by the Board and approved by the Shareholders on 1 May 2014 and was amended with the approval of the Shareholders on 19 June 2019. The DBP operates in conjunction with the Company's executive bonus scheme.

13.3.1 *Status*

The DBP is a discretionary executive share plan. Under the DBP, the Board may, within certain limits, grant to eligible employees (i) nil cost options over Shares and/or (ii) conditional awards (i.e. a conditional right to acquire Shares) and/or (iii) Shares which are subject to restrictions and the risk of forfeiture (together, "**DBP Awards**"). No payment is required for the grant of a DBP Award.

13.3.2 *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the DBP at the discretion of the Board.

13.3.3 *Grant of DBP Awards*

The Board may determine that a proportion of a Participant's annual bonus will be deferred into a DBP Award.

There is a maximum limit on the market value of Shares granted to any employee under a DBP Award of 50 per cent. of the total annual bonus for that individual. DBP Awards may be granted during the 42 days beginning on: (i) IPO Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the DBP Award at that time; or (iv) the day after the lifting of any dealing restrictions which prevented the grant of DBP Awards.

However, no DBP Awards may be granted more than ten years from the date when the DBP was adopted.

13.3.4 *Holding period*

At its discretion, the Board may grant DBP Awards subject to a holding period of a maximum of up to two years following vesting.

13.3.5 *Malus and clawback*

The Board may decide, at any time prior to the vesting of DBP Awards, that the number of Shares subject to a DBP Award shall be reduced (including to nil) or, for DBP Awards granted on or after 10 July 2019, impose additional conditions, on such basis that the Board in its discretion considers to be fair and reasonable where the Board determines:

- there has been a material misstatement of the audited accounts of the Group or any Group company,

- that the assessment of any performance condition in respect of a DBP Award was based on error, or inaccurate or misleading information,
- for DBP Awards granted on or after 10 July 2019, that any information used to determine the bonus or the number of Shares under a DBP Award was based on error or inaccurate or misleading information,
- that there has been action or conduct of a Participant or Participants which amounts to gross misconduct,
- that events or the behaviour of a Participant or Participants have, for DBP Awards granted on or after 10 July 2019 led to the censure of any Group company by a regulatory authority, or for all DBP Awards, have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant Participant or Participants were responsible for the reputational damage and that the reputational damage is attributable to them,
- for DBP Awards granted on or after 10 July 2019, there has been a material failure of risk management, and/or
- for DBP Awards granted on or after 10 July 2019, there has been insolvency or corporate failure.

The Board may require the Participant to transfer to the Company all or some of the Shares acquired following vesting of a DBP Award or the exercise of a DBP Option in the same circumstances as apply to malus (see above). For DBP Awards granted on or after 10 July 2019, clawback may only be applied at any time during the period of three years following the date on which the Board determined the bonus to which the DBP Award relates except that the Board may determine that clawback will apply for a longer period if an investigation into a Participant or any Group company has commenced before the third anniversary of the date on which the Board determined the bonus to which the DBP Award relates.

13.3.6 *Vesting and exercise*

DBP Awards will normally vest on the third anniversary of the date of grant of the DBP Award to the extent permitted under any operation of malus or clawback. DBP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from the date of grant. For DBP Awards granted on or after 10 July 2019, specific limitations on the timing of the vesting and exercise of DBP Awards and DBP Options apply for Participants who are US tax payers.

13.3.7 *Cessation of employment*

Except in certain circumstances, set out below, a DBP Award will lapse immediately upon a Participant ceasing to be employed by or holding office with the Group. For DBP Awards granted on or after 10 July 2019, unless the Board determines otherwise, DBP Options can be exercised during a Participant's notice period.

However, if a Participant so ceases because of their ill-health, injury, disability, redundancy, retirement with the agreement of their employer, the Participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each a "**DBP Good Leaver Reason**"), the DBP Award will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the Participant's cessation of employment as a proportion of the normal vesting period.

If a Participant ceases to be a Group employee or director for a DBP Good Leaver Reason, the Board can alternatively decide that the DBP Award will vest early when they leave. If an employee dies, a proportion of the DBP Award will vest on the date of death. The extent to which a DBP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the DBP Award has been held and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the Participant's cessation of employment as a proportion of the normal vesting period.

To the extent that DBP Options vest for a DBP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that DBP Options vest following death of a Participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

13.3.8 *Corporate events*

In the event of a takeover, reconstruction, amalgamation or winding-up of the Company, the DBP Awards will vest early. The proportion of the DBP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the DBP Award has been held by the Participant.

To the extent that DBP Options vest in the event of a takeover, winding-up or reconstruction or amalgamation of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that DBP Awards shall vest. The proportion of the DBP Awards which vests shall be determined by the Board taking into account, among other factors, the period of time the DBP Award has been held by the Participant and the extent to which any applicable performance conditions have been satisfied at that time. DBP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that DBP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

13.3.9 *Further provisions of the DBP*

Further provisions which apply to the DBP are set out in section 13.4.

13.4 ***Provisions applying to the RSP, the LTIP and the DBP***

13.4.1 *Awards not transferable*

RSP Awards, LTIP Awards and DBP Awards are not transferable other than to the Participant's personal representatives in the event of death provided that RSP Awards, LTIP Awards and DBP Awards and Shares may be held by the trustees of an employee as nominee for the Participants.

13.4.2 *Anti-dilution limits*

The RSP, the LTIP and the DBP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of each of the RSP, the LTIP and the DBP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. In addition, the rules of each of the RSP, the LTIP and the DBP provide that, in any period of 10 calendar years, not more than five per cent. of the Company's issued ordinary share capital may be issued under the relevant plan and under any other executive share scheme adopted by the Company. Shares issued out of treasury under the RSP, the LTIP or the DBP will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued pursuant to awards granted before IPO Admission or within 42 days beginning on IPO Admission will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

13.4.3 *Variation of capital*

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to RSP Awards, LTIP Awards and DBP Awards, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable. Any Participant holding LTIP Restricted Shares, subject to the restricted share agreement governing the LTIP Restricted Shares, shall have the same rights as any other shareholder on a variation of capital.

13.4.4 *Dividend equivalents*

In respect of any RSP Award, LTIP Award or any DBP Award, the Board may decide that Participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may exclude or include special dividends or dividends in specie.

13.4.5 *Alternative settlement*

At its discretion, the Board may decide to satisfy RSP Awards, LTIP Awards or DBP Awards with a cash payment equal to any gain that a Participant would have made had the relevant award been satisfied with Shares.

13.4.6 *Rights attaching to Shares*

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the RSP, the LTIP and the DBP will not confer any rights on any Participant until the relevant award has vested or the relevant option has been exercised and the Participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A Participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the Participant acquires the Shares, save to the extent set out in the agreement with the Participant relating to those Shares.

13.4.7 *Amendments*

The Board may, at any time, amend the provisions of the RSP, the LTIP or the DBP in any respect. The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of Participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant plan, the price at which Shares can be acquired under an award under the relevant plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of Participants except where for LTIP Awards and DBP Awards granted on or after 10 July 2019 and for all RSP awards, the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a relevant legal or regulatory requirement and requires an amendment to be made in order for any Group company to comply with such requirement or, for all RSP Awards, LTIP Awards and DBP Awards, where Participants are notified of such amendment and the majority of Participants approve such amendment.

13.4.8 *Overseas plans*

The Board may, at any time, establish further plans based on the RSP, the LTIP and the DBP for overseas territories. Any such plan shall be similar to the LTIP or DBP, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

13.4.9 *Benefits not pensionable*

The benefits received under the RSP, the LTIP and the DBP are not pensionable.

13.5 ***The SIP***

13.5.1 *Status*

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Shares can be provided to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be: (i) awarded up to £3,600 worth of free Shares ("**SIP Employee Free Shares**") each year; (ii) offered the opportunity to buy Shares with a value of up to

the lower of £1,800 or 10 per cent. of the employee's pre-tax salary a year ("**SIP Partnership Shares**"); (iii) given up to two free Shares ("**SIP Matching Shares**") for each SIP Partnership Share bought; and/or (iv) required to purchase Shares using any dividends received on Shares held in the SIP ("**SIP Dividend Shares**"). The Board may determine that different limits shall apply in the future should the relevant legislation change in this respect. At present, SIP Matching Shares are not offered under the SIP.

13.5.2 *SIP Trust*

The SIP operates through a UK-resident trust (the "**SIP Trust**"). The trustee of the SIP Trust purchases or subscribes for shares that are awarded to or purchased on behalf of Participants in the SIP. A Participant will be the beneficial owner of any Shares held on their behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue.

If a Participant ceases to be in relevant employment, they will be required to withdraw their SIP Employee Free Shares, SIP Partnership Shares, SIP Matching Shares and SIP Dividend Shares from the SIP Trust (or the SIP Employee Free Shares and SIP Matching Shares may be forfeited as described below).

13.5.3 *Eligibility*

Each time that the Board decides to operate the SIP, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SIP must be offered the opportunity to participate. Participants invited to participate must have completed a minimum qualifying period of employment before they can participate, as determined by the Board in relation to any award of Shares under the SIP which may be different for each type of award from time to time. In the case of SIP Employee Free Shares (and, in certain circumstances, SIP Partnership Shares and SIP Matching Shares) that period must not exceed 18 months or, in certain other circumstances and only in the case of SIP Matching Shares, six months.

13.5.4 *Anti-dilution limits*

The SIP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of the SIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme operated by the Company. Shares issued out of treasury for the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines. Shares issued pursuant to awards granted before IPO Admission or within 42 days beginning on IPO Admission will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

13.5.5 *SIP Employee Free Shares*

Up to £3,600 worth of SIP Employee Free Shares may be awarded to each employee in a tax year. SIP Employee Free Shares must be awarded on the same terms to each employee, but the number of SIP Employee Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of three years during which the Participant cannot withdraw the SIP Employee Free Shares from the SIP Trust (or otherwise dispose of the SIP Employee Free Shares) unless the Participant leaves relevant employment.

SIP Employee Free Shares will be forfeited if the Participant leaves relevant employment other than in the circumstances of injury, disability, redundancy, retirement, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company (each a "**SIP Good Leaver Reason**") or on death. Forfeiture can only take place within three years of the SIP Employee Free Shares being awarded.

13.5.6 *SIP Partnership Shares*

The Board may allow an employee to use pre-tax salary to buy SIP Partnership Shares. The maximum limit is the lower of £1,800 or 10 per cent. of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Board, must be no greater than £10 on any

occasion. SIP Partnership Shares can be purchased out of deductions from the Participant's pre-tax salary when those deductions are made. A Participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions.

Once acquired, SIP Partnership Shares may be withdrawn from the SIP by the Participant at any time.

On cessation of employment (except for a SIP Good Leaver Reason or on death), Participants can choose to sell or transfer their SIP Partnership Shares provided they are offered for sale for a price equal to the lower of the market value of the SIP Partnership Shares at the time of their sale or the price paid for those SIP Partnership Shares.

13.5.7 *SIP Matching Shares*

The Board may, at its discretion, offer SIP Matching Shares free to an employee who has purchased SIP Partnership Shares. At present, SIP Matching Shares are not offered under the SIP. If SIP Matching Shares were to be awarded, they would need to be awarded on the same basis to all Participants up to a maximum of two SIP Matching Shares for every SIP Partnership Share purchased (or such other maximum as may be provided by statute) and would be subject to a holding period of between three and five years (the precise duration to be determined by the Board) during which the Participant could not withdraw the SIP Matching Shares from the SIP Trust unless the Participant leaves relevant employment. The Board, at its discretion, could also provide that the SIP Matching Shares would be forfeited if the Participant leaves relevant employment other than for a SIP Good Leaver Reason or on death provided that such forfeiture could only take place within three years of the SIP Matching Shares being awarded.

13.5.8 *Re-investment of dividends*

Under the SIP, Participants must re-invest the whole or part of any dividends paid on Shares held in the SIP. SIP Dividend Shares must be held in the SIP Trust for no less than three years.

Once acquired, on cessation of employment, (except for a SIP Good Leaver Reason, or on death), Participants can choose to sell or transfer their SIP Dividend Shares provided they are offered for sale for a price equal to the lower of the market value of the SIP Dividend Shares at the time of their sale or the amount of dividends originally reinvested into the SIP Dividend Shares.

13.5.9 *Corporate events*

In the event of a general offer being made to Shareholders (or a similar takeover event taking place) during a holding period, Participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of a corporate re-organisation, any Shares held by Participants may be replaced by equivalent shares in a new holding company.

13.5.10 *Variation of capital*

Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Shares acquired or awarded under the SIP, in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

13.5.11 *Rights attaching to Shares*

Any Shares allotted under the SIP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

13.5.12 *Amendments*

The Company may at any time amend the rules of the SIP by resolution of the Board and may amend the SIP trust deed by way of a supplemental deed. The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of Participants which is made to the provisions relating to eligibility, persons to whom the award must or may be made, individual or overall limits, the basis for determining a Participant's entitlement to and the terms of Shares provided under the SIP, the price payable for SIP Shares by eligible employees and/or the adjustments that may be made in the event of any variation to the share capital of the Company; save that there are exceptions for any minor amendment to benefit the administration of the SIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, the Company and/or its

subsidiaries or the trustees of the SIP Trust. No modification can be made which would alter, to the disadvantage of any Participant, the rights they accrued under the SIP.

13.5.13 *Benefits not pensionable*

The benefits received under the SIP are not pensionable.

13.5.14 *Overseas plans*

The Board may, at any time, establish further plans for overseas territories, any such plan to be similar to the SIP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SIP.

13.6 ***The IPO Plan***

194,133 shares remain outstanding under four options granted under the IPO Plan (the "**IPO Options**"). The IPO Options were granted when the Group listed on the London Stock Exchange in May 2014. The IPO Options were granted as nil-cost options with the number of shares set by reference to the final offer price on IPO Admission. The IPO Options were fully vested from the date of grant and are exercisable for ten years from grant, except that following cessation of employment they are instead exercisable for six months (or such longer period as permitted by the Board) from such cessation and in the event of the relevant individual's death, twelve months from the individual's death. The IPO Options are not subject to malus or clawback provisions or continuing employment requirements. If there is a variation of share capital of the Company including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company, the Company may make such adjustments to the IPO Options including to the number of Ordinary Shares subject to IPO Options, the option exercise price (if any) and the description of the Ordinary Shares, as it considers to be fair and reasonable.

13.7 ***The EBT***

The Company established the EBT by way of a trust deed entered into between the Company and Estera Trust (Jersey) Limited. The Company has the power to appoint and remove the trustee.

The EBT can be used to benefit employees and former employees of the Company and its subsidiaries and certain members of their families. The trustee of the EBT has the power to acquire the Shares. Any Shares acquired may be used for the purposes of the Employee Share Schemes or other employee share plans established by the Group from time to time.

The Group may fund the EBT by loan or gift to acquire Shares either by market purchase or by subscription. Any awards to subscribe for Shares granted to the EBT or Shares issued to the EBT will be treated as counting against the dilution limits that apply to the relevant plan save to the extent set out in section 13.4.2.

The EBT will not make an acquisition of Shares if that acquisition would mean that (after deducting any Shares held as nominee for beneficiaries under the EBT) it held more than five per cent. of the Company's ordinary share capital, without prior shareholder approval.

14. Pensions

Saga operates a number of retirement benefit arrangements for the benefit of officers and employees of the Group. These arrangements include:

14.1 ***Defined contribution plans***

There are a number of defined contribution schemes in the Company. The total charge for the year ended 31 January 2020 in respect of the defined contribution schemes was £3.6 million.

The assets of these schemes are held separately from those of the Company in funds under the control of trustees.

14.2 ***Defined benefit plan***

The Company operates a funded defined benefit scheme, the Saga Pension Scheme, which is open to new members who accrue benefits on a career average salary basis. The assets of the scheme are held separately from those of the Company in independently administered funds.

The scheme is governed by the employment laws of the United Kingdom. The level of benefits provided depends on the member's length of service and average salary whilst a member of the scheme. The scheme requires contributions to be made to a separately administered fund which is governed by a Board of Trustees and consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The long term investment objectives of the trustees and the Company are to limit the risk of the assets failing to meet the liabilities of the scheme over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long term costs of the scheme. To meet those objectives, the scheme's assets are invested in different categories of assets, with different maturities designed to match liabilities as they fall due. The investment strategy will continue to evolve over time and is expected to match the liability profile closely. The pension liability is exposed to inflation rate risks and changes in the life expectancy of members. As the plan assets include investments in quoted equities, the Company is exposed to equity market risk. The Company has provided a super security to the trustees of the scheme, which ranks before any liabilities under the senior facilities agreement. The value of the security is capped at £32.5 million.

15. Major shareholders

In so far as it is known to the Company as at the Latest Practicable Date, the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital:

	As at the Latest Practicable Date[1]		Immediately following Admission[2]	
Shareholder	**Number of Ordinary Shares**	**Approximate percentage of voting shares**	**Number of Ordinary Shares**	**Approximate percentage of voting shares**
Setanta Asset Management Ltd	122,547,967	10.92%	190,839,633	9.11%
Standard Life Aberdeen plc	87,551,985	7.80%	136,191,976	6.50%
Majedie Asset Management Limited	53,668,877	4.78%	83,484,919	3.99%
Pictet Asset Management Limited	38,384,689	4.56%	59,709,516	2.85%
The Vanguard Group Inc	36,248,745	3.26%	56,386,936	2.69%
BlackRock Inc	34,965,309	3.11%	54,390,480	2.60%
Roger De Haan[3][4]	—	–	552,833,333	26.40%

(1) Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 1,122,003,328 Existing Shares.

(2) Assuming that (i) all of the New Shares in relation to the Capital Raising are issued, (ii) no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Employee Share Schemes between the date of this Prospectus and Admission, and (iii) all of the shareholders listed in the table above take up their Open Offer Entitlement in full and no Ordinary Shares are clawed back to satisfy valid applications under the Open Offer.

(3) Roger De Haan's number of shares following admission will be between a minimum of 348,583,026 and a maximum of 552,833,333, depending on the results of the Placing and Open Offer.

(4) Under the Takeover Code, Roger De Haan is considered to be acting in concert with Andrew Deacon who has an interest in 4,000,000 shares in the Company (representing 0.36% of the total voting rights). Please see paragraph 16.1 of Part XIX (*Additional Information*) for more information.

Save as disclosed above, the Directors are not aware of any interest which will represent an interest in Saga's share capital or voting rights which is notifiable under the Disclosure Guidance and Transparency Rules following Admission occurring.

Upon completion of the Capital Raising, Roger De Haan will hold between 348,583,026 and 552,833,333 New Shares (representing 16.6% to 26.4% of the Enlarged Share Capital), depending on the extent of Shareholder participation in the Open Offer.

So far as Saga is aware, on Admission, no person or persons, directly or indirectly, jointly or severally, will exercise or could exercise control over Saga.

There are no differences between the voting rights enjoyed by the shareholders described in this paragraph 15 above and those enjoyed by any other holder of Ordinary Shares.

16. Mandatory takeover bids and squeeze-out and sell-out rules

16.1 *Mandatory takeover bids*

The City Code on Takeovers and Mergers (the "**Takeover Code**") is issued and administered by the Panel on Takeovers and Mergers (the "**Panel**"). The Company is subject to the Takeover Code and therefore Shareholders are entitled to the protection afforded by the Takeover Code.

Under Rule 9 of the Takeover Code (1) when a person acquires an interest in shares which (taken together with the shares in which he or she and persons acting in concert with him or her are interested) carry 30% or more of the voting rights of a company subject to the Takeover Code; or (2) where a person, together with persons acting in concert with him or her is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him or her, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he or she is interested, then in either case, that person together with the person acting in concert with him or her, is normally required to extend offers in cash, at the highest price paid by him or her (or any persons acting in concert with him or her) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital of that company whether voting or non-voting and also to the holders of any other transferable securities carrying voting rights.

Under the Takeover Code, Roger De Haan is considered to be acting in concert with Andrew Deacon who has an interest in 4,000,000 shares in the Company (representing 0.36% of the total voting rights). Andrew Deacon is a personal friend of Roger De Haan and was a director of Saga Limited between 1979 and 2004. Save in respect of Andrew Deacon, Roger De Haan is not acting in concert with any other person in relation to the Company.

16.2 *Squeeze-out rules*

Under the Companies Act 2006, if a "takeover offer" (as defined in section 974 of the Companies Act 2006) is made for the shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which the offer relates (the "**Offer Shares**") and not less than 90% of the voting rights attached to the Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

16.3 *Sell-out rules*

The Companies Act 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares, and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

16.4 *Takeover bids*

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

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 proposed 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.

17. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group: (a) in the two years immediately preceding the date of this document and are, or may be, material to the Group as at the date of this document; or (b) at any time which contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

17.1 *Subscription Agreement*

The Company and Roger De Haan have entered into a subscription agreement dated 10 September 2020 (the "**Subscription Agreement**"). Subject to and pursuant to the terms and conditions of the Subscription Agreement, Roger De Haan has agreed to subscribe for, and the Company has agreed to allot and issue: (i) the First Firm Placing Shares at the First Firm Placing Price; and (ii) the Second Firm Placing Shares at the Second Firm Placing Price. In addition, Roger De Haan has agreed to irrevocably undertake to subscribe for such number of Placing Shares with an aggregate value of £24.5 million at the Offer Price (subject to a maximum price per Placing Share of 15 pence) pursuant to the Placing and Open Offer, subject to clawback to the extent the Open Offer Shares are taken up in the Open Offer. The Placing Shares conditionally placed with investors other than Roger De Haan will be clawed back on a *pro rata* basis first and only when these Placing Shares have been fully clawed back will the Placing Shares conditionally placed to Roger De Haan be clawed back. Roger De Haan is not obliged to subscribe for Placing Shares pursuant to the Placing and Open Offer to the extent that (i) the consideration for the Firm Placing Shares and the Placing Shares conditionally placed to Roger De Haan would exceed £100 million or (ii) Roger De Haan would acquire an interest in New Shares which (taken together with Ordinary Shares in which any persons acting in concert with him were interested) are equal to or greater than 29.9% of the Company's issued share capital. The subscription for Firm Placing Shares by Roger De Haan under the Subscription Agreement is not underwritten by the Joint Bookrunners.

No fees or commissions are payable by the Company to Roger De Haan in connection with the Firm Placing. Pursuant to his participation in the Placing and Open Offer as a conditional Placee, the Company will pay to Roger De Haan a commission of 0.75% on the consideration payable for the number of Placing Shares for which he subscribes in the conditional placing.

The Company has given certain representations and warranties to Roger De Haan, in respect of the Firm Placing only, on substantially the same basis as the Company has given warranties to the Joint Bookrunners pursuant to the Placing and Open Offer Agreement, Furthermore, Roger De Haan has given certain customary representations and warranties to the Company.

The obligations of Roger De Haan under the Subscription Agreement are subject to certain conditions including, amongst others: none of the warranties in the Subscription Agreement being untrue, inaccurate or misleading at any time between the date of the Subscription Agreement and Admission; the Placing and Open Offer Agreement becoming wholly unconditional and not having lapsed or been terminated; the Amended Credit Facility Agreement remaining in full force and effect and having become unconditional (subject only to the satisfaction of a number of specified conditions); passing of the Resolutions at the General Meeting; and Admission becoming effective at or before 8.00 a.m. on 5 October 2020 or such later time and/or date as the Company and Roger De Haan may agree.

If any of the conditions to the Subscription Agreement are not satisfied or have become incapable of being satisfied by the required time and/or date, the Subscription Agreement shall lapse. In addition, Roger De Haan may terminate the Subscription Agreement in certain circumstances, including where any of the warranties have become untrue, inaccurate or misleading or there has been a material adverse change in or affecting the Group (taken as a whole), but only before Admission.

The Company has undertaken that this Prospectus and any further document published by the Company in connection with the Capital Raising shall contain a unanimous and unqualified recommendation to vote in favour of the Resolutions, provided that the Company retains the ability to withdraw or alter the recommendation if to do so would be required for the directors to comply with their duties as directors of the Company.

The Company has further undertaken that it shall not solicit or encourage a proposal that would compete with the Capital Raising (including any offer to acquire 50% or more of the Ordinary Shares), provided that the undertaking shall not prevent the directors taking action that would be necessary to comply with their duties as directors of the Company in relation to an improvement to the proposal which was known by the Company and discussed by the Board in the 60 days prior to entering into the Subscription Agreement.

In circumstances where the Board withdraws, suspends, qualifies, or amends its recommendation to vote in favour of the Resolutions, or the Board supports a proposal that competes with the Capital Raising, the Company has undertaken to pay Roger De Haan an inducement fee by way of compensation of £1.5 million. This is less than an amount equal to 1% of the market capitalisation of the Company at the close of trading on 9 September 2020, being the day prior to the date of the Subscription Agreement. Accordingly, the agreement to pay the inducement fee is not a Class 1 transaction for the purposes of the Listing Rules.

The Subscription Agreement is governed by English law and subject to the exclusive jurisdiction of the courts of England.

17.2 ***Relationship Agreement***

The Company and Roger De Haan have entered into a relationship agreement dated 10 September 2020 (the "**Relationship Agreement**") to govern Roger De Haan's holding of Ordinary Shares and the continuing relationship between the parties following Admission. As a result of Roger De Haan's shareholding in the Company and his becoming a director and non-executive Chairman of the Company on completion of the Capital Raising, Roger De Haan will be a "related party" of the Company for the purposes of Listing Rule 11.

The Relationship Agreement is conditional upon Admission becoming effective at or before 8.00 a.m. on 5 October 2020 and shall take effect from Admission.

Pursuant to the terms of the Relationship Agreement, for so long as Roger De Haan holds Ordinary Shares representing at least the higher of 10% of the Company's issued share capital and 60% of the total number of New Shares acquired by him in the Capital Raising, Roger De Haan shall be entitled to appoint one non-executive director to the Board. In accordance with the terms of the Relationship Agreement, Roger De Haan has nominated himself as a director and the Board has resolved that following, and conditional upon the completion of, the Capital Raising, Roger De Haan will assume the position of Non-Executive Chairman. Roger De Haan will also serve as a member of the Board's Nomination Committee. The appointment of any subsequent director nominated by Roger De Haan shall be made in consultation with the Company. The appointment of Roger De Haan and any subsequent director is subject to re-appointment at each annual general meeting of the Company.

In accordance with the terms of the Relationship Agreement, the Company shall establish a strategic forum (the "**Strategic Forum**"). The Strategic Forum shall be comprised of the Chairman, the Chief Executive Officer, and members of the Company's executive leadership team. The Strategic Forum's purpose is to discuss the strategic direction of the Group and to have input into the strategy of the Company, which is to be presented for consideration and, if deemed appropriate, adoption by the Board. The Strategic Forum will meet not less than monthly for the period ending four months after Admission and every two months thereafter.

The Relationship Agreement contains lock-up provisions pursuant to which Roger De Haan undertakes for a period of 12 months from the date of the Admission, subject to certain exceptions or without the prior written consent of the Company, that he will not, directly or indirectly, dispose of his interests in any Ordinary Shares acquired as part of the Capital Raising.

The lock-up restrictions in the Relationship Agreement shall not apply to: (i) the acceptance or voting in favour of, or providing an irrevocable undertaking to accept or vote in favour of, a takeover offer for the whole of the ordinary share capital of the Company which is recommended by the

Board; (ii) a disposal pursuant to any compromise or arrangement between the Company and its creditors or members (or any class of them) which is agreed to by the creditors or members and sanctioned by the court under the Companies Act 2006; (iii) any disposal made pursuant to an offer by the Company to purchase Roger De Haan's Ordinary Shares which is made on identical terms to all Shareholders; (iv) any disposal in connection with a scheme or reconstruction pursuant to section 110 of the Insolvency Act 1986; (v) any disposal pursuant to any court order or as otherwise required by law or regulation; (vi) the sale of Ordinary Shares in connection with the take up of Ordinary Shares in the Company, or other rights granted in respect of a rights issue or other pre-emptive share offering by the Company, to enable him to subscribe for such number of Ordinary Shares or take up such rights as may be offered to him as he may, in his discretion, decide; (vii) a disposal of Roger De Haan's Ordinary Shares to or by personal representatives in the event of Roger De Haan's death; (viii) a disposal to a Connected Person to Roger De Haan (as defined in the Companies Act 2006); (ix) a disposal to a family trust of Roger De Haan; or (x) a disposal of the legal interest in the Ordinary Shares whereby the beneficial ownership does not change.

The Relationship Agreement shall continue in force for so long as Roger De Haan holds Ordinary Shares representing at least the higher of 10% of the Company's issued share capital and 60% of the total number of New Shares acquired by him in the Capital Raising, and shall terminate if Roger De Haan's ownership of Ordinary Shares falls below this level, or the Company ceases to be admitted to the premium listing segment of the Official List or to be admitted to trading on a recognised stock exchange. For the purpose of calculating Roger De Haan's shareholding in the Company, the effect of any dilution resulting from shares issued by the Company other than the Capital Raising are to be disregarded. Under the Relationship Agreement, the Company may not purchase Ordinary Shares where the result could be that Roger De Haan's ownership of Ordinary Shares rises to above 29.9% of the Company's issued share capital, other than in circumstances where Roger De Haan would not be required to make a general offer under Rule 9 of the Takeover Code.

Pursuant to the Relationship Agreement, any transaction or arrangement between Roger De Haan and any member of the Group will be conducted at arm's length and on normal commercial terms.

Roger De Haan has agreed that he will not, directly or indirectly, be interested in, engaged in, or carry on a business that competes with the Group without the prior written consent of the Board (save for any director nominated by Roger De Haan), other than any investment of up to 3% in the securities of a publicly quoted company.

The Relationship Agreement is governed by English law and subject to the exclusive jurisdiction of the courts of England.

17.3 ***Placing and Open Offer Agreement***

The Company and the Joint Bookrunners have entered into a placing and open offer agreement dated 10 September 2020 (the "**Placing and Open Offer Agreement**") pursuant to which: (i) JPM was appointed to act as sponsor to the Company in connection with the applications for Admission and any related party transactions in connection with the Capital Raising; (ii) JPM and Numis were appointed to act as joint global coordinators; and (iii) JPM, Numis and HSBC as joint bookrunners to the Company in connection with the Capital Raising.

Subject to and pursuant to the terms and conditions of the Placing and Open Offer Agreement, the Joint Bookrunners have agreed to use reasonable endeavours to procure conditional Placees for the Placing Shares at the Offer Price on the basis that the Placing Shares for which conditional Placees are procured shall be the subject to clawback by Qualifying Shareholders to the extent they are taken up in the Open Offer. To the extent that the Joint Bookrunners fail to procure conditional Placees, or any conditional Placee procured by the Joint Bookrunners fails to make payment for any or all of the Placing Shares at the Offer Price which have been allocated to it, subject to certain conditions, each of the Joint Bookrunners shall severally (and not jointly or jointly and severally) subscribe for such Placing Shares at the Offer Price in the agreed proportions. The underwriting commitment of the Joint Bookrunners pursuant to the Placing and Open Offer Agreement is subject to the conditions set out below. The Firm Placing is not underwritten by the Joint Bookrunners.

In consideration of their services under the Placing and Open Offer Agreement, and subject to their obligations under the Placing and Open Offer Agreement having become unconditional and the

Placing and Open Offer Agreement not being terminated, the Company has agreed to pay to the Joint Bookrunners the following commissions:

- In respect of the Second Firm Placing, a total commission of 1.25%, split between the Joint Global Coordinators in agreed proportions;
- In respect of the Open Offer (excluding Placing Shares conditionally placed with Roger De Haan which are not clawed back by Qualifying Shareholders), a total commission of 1.75%, split between the Joint Bookrunners; and
- In respect of the Open Offer Shares, a total commission of 1.25%, split between the Joint Global Coordinators in agreed proportions.

The Company has also agreed to pay each of the each of the conditional placees to the Placing and Open Offer a commission of 0.75% on the value of the New Shares for which they have agreed to subscribe.

In addition to the commissions set out above (and whether or not the obligations of the Joint Bookrunners become unconditional in all respects or the Placing and Open Offer Agreement is terminated), the Company has agreed to pay certain costs and expenses of the Joint Bookrunners in connection with, or incidental to, the Capital Raising.

The Company has given certain customary undertakings, representations and warranties to the Joint Bookrunners, in relation to the issue and/or sale of New Shares, including but not limited to (subject to certain standard exceptions): (i) a 180 day lock-up on issues of further Ordinary Shares and other alterations of share capital; (ii) a 90 day restriction on making announcements or communications concerning the Company or Group which may be material in the context of the Group taken as whole, the Placing and Open Offer, the Joint Bookrunners' underwriting commitment and/or Admission; (iii) and a 90 day restriction on entering into any agreements, commitments or arrangements which may be material in the context of the Capital Raising or which are material in the context of the business or affairs of the Group or in relation to the Placing and Open Offer, the Joint Bookrunners' underwriting commitment and/or Admission, in each case without the prior consent of the Joint Bookrunners. The Company has given customary indemnities to the Joint Bookrunners and certain indemnified persons connected with each of them.

The obligations of the Joint Bookrunners under the Placing and Open Offer Agreement in relation to the Capital Raising are subject to certain customary conditions including, amongst others: none of the warranties in the Placing and Open Offer Agreement being untrue, inaccurate or misleading at any time between the date of the Placing and Open Offer Agreement and Admission; the Subscription Agreement becoming wholly unconditional and not having lapsed or been terminated; the Amended Credit Facility Agreement remaining in full force and effect and having become unconditional (subject only to the satisfaction of a number of specified conditions); passing of the Resolutions at the General Meeting; there not having been a material adverse change in or affecting the Group (taken as a whole); and Admission occurring at or before 8.00 a.m. on 5 October 2020, (or such later time or date as the Company and the Joint Global Coordinators shall agree), other than in circumstances where an offer under Rules 2.4, 2.7 or 2.8 of the Takeover Code is made by a consortium disclosed in this Prospectus and the Company considers, having taken legal advice, that it is necessary to delay the General Meeting by up to five business days to enable shareholders to have sufficient information regarding the relevant development prior to voting on the Resolutions.

If any of the conditions to the Placing and Open Offer Agreement are not satisfied (or waived by the Joint Bookrunners) or have become incapable of being satisfied by the required time and/or date, or on the occurrence of certain customary circumstances, the Joint Bookrunners may terminate the Placing and Open Offer Agreement, but only before Admission.

17.4 ***Trust Deed: Corporate Bonds***

On 12 May 2017, the Company issued £250,000,000 3.375% guaranteed bonds due 2024 ("**Corporate Bonds**"). The Corporate Bonds were issued in bearer form in denominations of £100,000 and integral multiples of £1,000 in excess, up to and including £199,000. The use of proceeds from the issue was for general corporate purposes, including the refinancing of indebtedness.

The terms and conditions of the Corporate Bonds are set out in a trust deed dated 12 May 2017 entered into between the Company (as issuer), Saga Mid Co Limited and Saga Services Limited (each as guarantors) and HSBC Corporate Trustee Company (UK) Limited (as trustee) (the "**Corporate Bonds Trust Deed**") which appends the terms and conditions of the Corporate Bonds (the "**Corporate Bonds Ts&Cs**"). The Corporate Bonds are the subject of a paying agency agreement dated 12 May 2017.

Interest under the Corporate Bonds at the rate of 3.375% per annum is payable semi-annually on 12 May and 12 November each year.

The Corporate Bonds Ts&Cs include a mechanism for accession and release of guarantors. In addition, for so long as the Corporate Bonds are outstanding, the Company, the guarantors and their principal subsidiaries are bound by a negative pledge not to grant any security in respect of other financial indebtedness without: (i) equivalent security interests being provided to the holders of the Corporate Bonds; or (ii) providing such other security for the Corporate Bonds that the trustee may in its absolute discretion consider to be not materially less beneficial to the interests of bondholders or as may be approved by an extraordinary resolution of bondholders.

Each guarantor guarantees to the trustee payment of all sums payable by the Company under the Corporate Bonds Ts&Cs. Each guarantor also agrees, without limitation: (i) to make payment on demand of sums to indemnify the trustee and each bondholder and couponholder against any loss sustained by the trustee or such bondholder or couponholder due to non-payment; (ii) to make payment of any sum payable by the Company under Corporate Bonds T&Cs or in respect of the bonds or coupons in the event of a default by the Company; (iii) that its obligations under the Corporate Bonds Ts&Cs is unconditional; (iv) that its guarantees under the Corporate Bonds T&Cs are each a continuing guarantee and indemnity and will remain in effect until all amounts due as principal, interest or otherwise under the Corporate Bonds T&Cs have been paid in full; and (v) that any amounts paid by guarantors shall be subrogated to all rights of the bondholders against the Company.

The Company and the guarantors covenant with the trustee to comply with the Corporate Bonds Ts&Cs. Each of the Company and the guarantors have granted covenants to the trustee in respect of, among other things, maintaining books of account to comply with applicable laws, giving written notice to the trustee upon becoming aware of an event of default, providing the trustee with a certificate of compliance and furnishing information as is required by the trustee. In addition, the Company covenants to use all reasonable endeavours to maintain the listing of the Corporate Bonds on the Official List of the Irish Stock Exchange and the admission to trading of the Corporate Bonds of the Global Exchange Market of the Irish Stock Exchange, unless otherwise agreed with the trustee.

Pursuant to the Corporate Bonds Ts&Cs, the Corporate Bonds will be redeemed at their principal amount on 12 May 2024. All but not some of the Corporate Bonds may be redeemed at the option of the issuer at a redemption price which is equal to either the principal amount or the relevant redemption price calculated in accordance with the Corporate Bonds Trust Deed.

The Corporate Bonds Ts&Cs include a right for the holders to require redemption of the Corporate Bonds in the event of a change of control of the Company. If any person or any persons acting in concert become interested in more than 50% of the issued or allotted ordinary share capital of the Company or shares in the capital of the Company carrying more than 50% of the voting rights, the holder of each Corporate Bond will have the option to require the Company to redeem or, at the Company's option, purchase that Corporate Bond at 101% of its principal amount together with accrued interest..

The Corporate Bonds Ts&Cs contain certain events of default (subject, in certain cases, to grace periods and materiality thresholds), including, without limitation, with respect to: (i) failure to make payments of principal under the Corporate Bonds; (ii) breach of other obligations by the Company or a guarantor in respect of the Corporate Bonds; (iii) cross-default of the Company, guarantor or any principal subsidiary; (iv) one or more judgments or orders for the payment of any amount in excess of £20,000,000, whether individually or in aggregate, being rendered against the Company, guarantor or any principal subsidiary; (v) a secured party taking possession of the whole or a substantial part of the undertaking, assets and revenues of the Company, guarantor or any principal subsidiary; (vi) insolvency of the Company, guarantor or any principal subsidiary; and (vii) winding up of the Company, guarantor or any principal subsidiary. Upon the occurrence of an event of

default the trustee may (if directed by holders of at least one quarter of the aggregate principal amount of the Corporate Bonds then outstanding or by an extraordinary resolution as defined in the Corporate Bonds Ts&Cs) declare that the Corporate Bonds are immediately due and payable. The trustee may also, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Corporate Bonds Ts&Cs in respect of the Corporate Bonds.

The Corporate Bonds Ts&Cs are governed by English law.

17.5 ***Facility Agreement: Term Loan and Revolving Credit Facility***

The Company and certain of its subsidiaries entered into a multi-currency term and revolving facilities agreement dated 9 May 2017, as amended and restated on 9 January 2018, 30 April 2018, 3 April 2019 and 1 April 2020, with, amongst others, Mizuho Bank Ltd. as facility agent (the "**Agent**") and a syndicate of banks as lenders (the "**Credit Facility Agreement**"). The Company and Saga Mid Co Limited are the original borrowers and each of the Company and certain of its subsidiaries are original guarantors. The Credit Facility Agreement allows wholly-owned subsidiaries of the Company to become additional borrowers or additional guarantors.

On 10 September 2020, the Company and certain of its subsidiaries entered into an amendment agreement in respect of the Credit Facility Agreement with the Agent for and on behalf of the lenders (as so amended, the "**Amended Credit Facility Agreement**"). The Amended Credit Facility Agreement will take effect subject to satisfaction of certain conditions, including the Group receiving net cash proceeds of at least £125 million from the Capital Raising and Group applying part of the proceeds of the Capital Raising to prepay (i) part of the amount outstanding under the Term Loan (as defined below) such that the amount outstanding under the Term Loan does not exceed £70 milllion (with a corresponding cancellation of the lenders' term loan commitments) and (ii) the full amount outstanding under the Revolving Credit Facility (as defined below) (but with no corresponding cancellation of the lenders' revolving credit commitments). The Company intends to use the proceeds of the Capital Raising to make the required prepayments such that the Amended Credit Facility Agreement comes into effect.

The Credit Facility Agreement is unsecured but is guaranteed by certain members of the Group. The Credit Facility Agreement contains financial covenants, as well as customary representations, covenants and events of default and provides for mandatory prepayment upon a change of control of the Company.

The key terms of the Credit Facility Agreement and the amendments to it pursuant to the Amended Credit Facility Agreement are set out below:

a) Term

The term of the Credit Facility Agreement in relation to the term loan facility (the "**Term Loan**") was five years from 9 May 2017 (i.e. to 9 May 2022), and in relation to the revolving facility (the "**Revolving Credit Facility**") was, following an amendment in April 2020, six years from 9 May 2017 (i.e. to 9 May 2023).

The Amended Credit Facility Agreement, which is conditional upon, among other things, the Company's payment of the extension fee of 0.125% of the amount of the Term Loan, will extend the Term Loan for a further period of one year, terminating on 9 May 2023.

b) Commitments

The total commitments in respect of the credit facility originally made available to the Company and Saga Mid Co Limited under the Credit Facility Agreement was £300,000,000, of which £200,000,000 was in respect of the Term Loan and £100,000,000 is in respect of the Revolving Credit Facility. As at the date of this document, £133,600,000 and £40,000,000 have been drawn down and remain outstanding in respect of the Term Loan and the Revolving Credit Facility, respectively. No further amounts may be drawn under the Term Loan under the terms of the Credit Facility Agreement.

Pursuant to the terms of the Amended Credit Facility Agreement, the lenders' commitments under the Term Loan will be reduced to £70,000,000, and their commitments under the Revolving Credit Facility will remain the same at £100,000,000. In addition, a scheduled repayment of £20,000,000 under the Term Loan on 31 January 2021 will be cancelled.

c) Margin

Under the Amended Credit Facility Agreement, the applicable margin payable for the Term Loan and the Revolving Credit Facility is subject to a variable fixed rate according to a ratchet which is linked to the Group's Leverage Covenant Ratio.

Pursuant to an amendment agreement to the Credit Facility Agreement between the Company and certain of its subsidiaries and the Agent dated 1 April 2020, which was conditional upon the Company's payment of a 0.25% to each consenting lender, the applicable margin for the Term Loan and the Revolving Credit Facility was varied to extend the range of the ratchet and increase the maximum threshold.

d) Other fees

A utilisation fee is payable in respect of the drawn amount under the Revolving Credit Facility and this is subject to variation according to a ratchet linked to the percentage of the revolving facility loans drawn. A commitment fee of 35% of the applicable margin is payable on the undrawn amount of the Revolving Credit Facility. Agency and arrangement fees are also payable.

e) Pro rata cancellation and prepayment

If the Company chooses to make any voluntary prepayment of the Term Loan or the Revolving Credit Facility, such prepayment shall be applied *pro rata* to each lender's participation in that loan.

f) Financial covenants

The Credit Facility Agreement contains various financial covenants which measure:

(1) leverage (being the ratio of the Group's total net debt to adjusted EBITDA (excluding Cruise net debt and EBITDA) (the "**Leverage Covenant Ratio**").The Credit Facility Agreement requires that the Leverage Covenant Ratio does not exceed:

   (i) 4:75:1 (4.75x) before 31 July 2021;

   (ii) 4:25:1 (4.25x) on or after 31 July 2021 but before 31 January 2022;

   (iii) 4:00:1 (4.0x) on or after 31 January 2022 but before 31 July 2022; and

   (iv) 3:0:1 (3.0x) on or after 31 July 2022;

   The Amended Credit Facility Agreement amends the relevant provisions of the Credit Facility Agreement such that the new requirement will be that the Leverage Covenant Ratio does not exceed:

   (i) 4.75:1 (4.75x) on or before 31 July 2021;

   (ii) 4.50:1 (4.5x) after 31 July but before 31 January 2022;

   (iii) 4:00:1 (4.0x) on or after 31 January 2022 but before 31 July 2022; and

   (iv) 3:0:1 (3.0x) on or after 31 July 2022;

(2) interest cover (being the ratio of the Group's adjusted EBITDA to total net cash interest), which under Credit Facility Agreement shall not be:

   (i) less than 2:5:1 (2.5x) before 31 October 2020;

   (ii) less than 1:75:1 (1.75x) on or after 31 October 2020 but before 31 January 2021;

   (iii) less than 1:25:1 (1.25x) on or after 31 January 2021 but before 30 April 2021;

   (iv) less than 2:00:1 (2.0x) on or after 30 April 2021 but before 31 July 2021;

   (v) less than 3:00:1 (3.0x) on or after 31 July 2021 but before 31 January 2022; and

   (vi) less than 3:5:1 (3.5x) on or after 31 January 2022;

   The Amended Credit Facility Agreement amends the relevant provisions of the Credit Facility Agreement such that the new requirement will be that the interest cover ratio shall not be:

   (i) less than 2:5:1 (2.5x) before 31 October 2020;

   (ii) less than 1:75:1 (1.75x) on or after 31 October 2020 but before 31 January 2021;

(iii) less than 1:25:1 (1.25x) on or after 31 January 2021 but before 31 July 2021;

(iv) less than 1.50:1 (1.5x) on or after 31 July 2021 but before 31 October 2021;

(v) less than 1.75:1 (1.75x) on or after 31 October 2021 but before 31 January 2022;

(vi) less than 2.5:1 (2.5x) on or after 31 January 2022 but before 30 April 2022; and

(vii) less than 3.50:1 (3.5x) on or after 30 April 2022.

and

(3) minimum Cruise EBITDA, which under the Credit Facility Agreement must be equal to or greater than the debt service amounts on the Ship Facilities for each relevant period ending on or after 31 July 2022 where the Leverage Covenant Ratio is in excess of 2.5:1 (2.5x).

The Credit Facility Agreement provides for the testing of financial covenants on a quarterly basis unless the Leverage Covenant Ratio is less than or equal to 4.0:1 (4.0x), in which case the financial covenants are tested every six months. The Amended Credit Facility Agreement will replace this with a requirement that, prior to 31 January 2022, (i) if the Leverage Covenant Ratio exceeds 4.0:1 (4.0x) when the 31 January 2021 covenant test is undertaken, the financial covenants will be tested again as at 30 April 2021; and (ii) if the Leverage Covenant Ratio exceeds 4.0:1 (4.0x) when the 31 July 2021 covenant test is undertaken, the financial covenants will be tested again as at 31 October 2021.

g) General undertakings

The Company has given general undertakings under the Credit Facility Agreement, including in connection with: compliance with laws; *pari passu* ranking of payment obligations; a negative pledge; disposals (subject to certain carve-outs); acquisitions; change of business; guarantees (subject to certain carve-outs); intellectual property; pensions; environmental compliance; and share capital.

The Credit Facility Agreement also contains undertakings in relation to: (i) dividends and distributions, which are not payable by the Company where the Leverage Covenant Ratio is greater than 3.0:1 (3.0x) ; and (ii) permitted financial indebtedness, which restricts the amount that may be utilised by the Group under the Amended Credit Facility Agreement in connection with the Ship Facilities to £50,000,000 until 31 July 2021 and to £25,000,000 from 1 August 2021. Pursuant to the terms of the Amended Credit Facility Agreement, the Company has agreed to amend this permitted financial indebtedness restriction so that: (i) until 31 January 2022, no more than £40,000,000 under the Term Loan or the Revolving Credit Facility will be utilised in connection with the repayment of the Ship Facilities; and (ii) from 1 February 2022, no more than £25,000,000 will be utilised for this purpose.

h) Information undertakings

The Company is required to supply: (i) audited consolidated financial statements within 120 days of the end of the financial year; (ii) audited consolidated financial statements of each obligor within 120 days of the end of the financial year; (iii) consolidated financial statements for the financial half year within 90 days of the end of each half of the financial year; (iv) for the relevant periods ending on 30 April 2020, 31 July 2020 and 31 October 2020 and thereafter until the Leverage Covenant Ratio is less than or equal to 3.0:1 (3.0x) (the "**Financial Reporting Leverage Trigger**") its consolidated financial statements for each financial quarter within 45 days of the end of the financial quarter; (v) for each month until 31 October 2020 and thereafter until after the Financial Reporting Leverage Trigger occurs, its management accounts and the management accounts for certain Cruise subsidiaries within 30 days of the end of the relevant month; (vi) for the relevant periods ending on 30 April 2020, 31 July 2020, 31 October 2020 and thereafter until after the Financial Reporting Leverage Trigger occurs, projected forecasts for Group for the remainder of the relevant financial year; (vii) a compliance certificate setting out compliance with financial covenants along with the statements in paragraphs (i), (iii) (iv) above; and (viii) other documentation including documents dispatched to the Company's shareholders; details of any litigation, arbitration or administrative proceedings which could be reasonably expected to have a material adverse effect; and such further information regarding the financial condition, assets and operations of any member of the group of the Company as may be reasonably requested by the lenders.

i) Events of default

The Credit Facility Agreement contains certain events of default (subject to certain grace periods and materiality thresholds), upon the occurrence of which the lenders may terminate the facilities and demand repayment, which include: non-payment of amounts payable thereunder; non-satisfaction of financial covenants; non-compliance with other obligations; misrepresentation; cross-default on financial indebtedness of another member of the Group; insolvency; changes to the ownership of the obligors; cessation of business; material adverse change; and withdrawal of certain regulatory approvals that could reasonably be expected to have a material adverse effect on the Group.

j) Governing law

The Credit Facility Agreement is governed by English law and subject to the exclusive jurisdiction of the courts of England.

17.6 *Facility Agreement: Ship Facility – Spirit of Discovery*

Saga Cruises V Limited ("**Saga Cruises V**" as borrower), Acromas Holidays Limited, Acromas Shipping Limited and Acromas Travel Limited (as guarantors) entered into a facility agreement with HSBC Bank PLC (as agent, coordinating arranger and bookrunner), HSBC Bank PLC and KfW IPEX-Bank GmbH (as mandated lead arrangers) and certain financial institutions (as lenders), dated 21 December 2015, as amended on 24 April 2017, 14 June 2019, 17 June 2019 and by amendment no.1 on 22 January 2020 ("**2015 Ship Facility Agreement**").

Under the terms of the 2015 Ship Facility Agreement, the lenders made available to Saga Cruises V a term loan facility in an aggregate principal amount of up to €314,950,179.89 (being £244,963,972.85) for the purpose of assisting Saga Cruises V to finance up to 80% of the contract price of *Spirit of Discovery* under the S.714 Shipbuilding Contract (as described in paragraph 17.8 of this Part XIX) and 100% of the fee charged by Euler Hermes Acktiengesellschaft ("**Hermes**") (acting in its capacity as representative of the Federal Republic of Germany) as consideration for making available the related export credit guarantee (the "**2015 Ship Facility**").

On 4 June 2020, Saga Cruises V (as borrower), the Company, Saga Cruises Limited (formerly known as Acromas Shipping Limited) and ST&H Group Limited (formerly known as Acromas Travel Limited) (as guarantors) entered into an amendment no.2 agreement with HSBC Bank PLC, KfW-IPEX Bank GmbH and the lenders (the "**Amended 2015 Ship Facility Agreement**") in connection with the debt holiday and covenant waiver of its Ship Facilities.

The lenders have a first priority mortgage over *Spirit of Discovery* and the 2015 Ship Facility is guaranteed by certain members of the Group, including the Company. The Amended 2015 Ship Facility Agreement contains financial covenants, as well as customary representations, covenants and events of default.

The key terms of the Amended 2015 Ship Facility Agreement are set out below:

a) *Term*

The Amended 2015 Ship Facility Agreement has a maturity date of the date falling 144 months after the utilisation date on which the loan was made, being 24 June 2019 (i.e., a maturity date of 24 June 2031).

b) *Commitments*

The total commitments in respect of the 2015 Ship Facility under the Amended 2015 Ship Facility Agreement is an aggregate principal amount of up to €314,950,179.89 (being £244,963,972.85) for the purpose of assisting Saga Cruises V to finance up to 80% of the contract price of *Spirit of Discovery* and 100% of the fee charged by Hermes as consideration for the related export credit guarantee.

c) *Repayment, prepayment and cancellation*

Repayment of the 2015 Ship Facility under the 2015 Ship Facility Agreement was scheduled to take place in 24 substantially equal instalments at six month intervals with the first repayment date falling on the date six months after delivery of *Spirit of Discovery*.

Pursuant to the Amended 2015 Ship Facility Agreement repayment of the 2015 Ship Facility is in 24 substantially equal instalments in six month intervals with the first repayment date falling on

27 December 2019 and the final repayment date on 24 June 2031, other than in respect of advances made in the period from and including 1 April 2020 to 31 March 2021, amounting to £20.4 million (the "**2015 Deferral Loan**"), which are subject to eight equal repayment instalments from 24 June 2021 and at subsequent instalments at intervals of six months to 27 December 2024.

Subject to the prior written consent of Hermes and HSBC Bank PLC, Saga Cruises V may voluntarily cancel the whole or any part of the unutilised facility or voluntarily prepay the whole or any part of the 2015 Ship Facility in multiples of £5,000,000.

Under the 2015 Ship Facility Agreement the lenders may require mandatory prepayment of the 2015 Ship Facility in certain circumstances, including where: Saga Cruises V ceases to be a wholly owned subsidiary of the Company, in which case a lender has an option to cancel its commitment and such part of the loan will become payable; there is a change of control of the Company, in which case if a lender, on reasonable grounds, is no longer able to make its commitment it may be replaced or, failing which, cancel its commitment and such part of the loan will become payable; *Spirit of Discovery* is sold or becomes a total loss; or it becomes unlawful for any lender to perform its obligations the commitment of the lender will be cancelled, in which case Saga Cruises V shall repay such lender's participation in the loan.

Pursuant to the Amended 2015 Ship Facility Agreement, whilst the 2015 Deferral Loan remains outstanding, if the Company, Saga Cruises Limited or ST&H Group Limited:

(i) declares, makes or pays a dividend or other distribution on or in respect of its share capital;

(ii) redeems or repurchases any of its share capital or resolves to do so;

(iii) issues new shares or options, warrants or other rights for the purchase or exchange of new shares except: (i) pursuant to employee and/or director compensation plans in the ordinary course; and (ii) between 1 April 2020 and 31 December 2021, for the purpose of providing crisis and/or recovery related capital in connection with the COVID-19 pandemic; or

(iv) incurs any financial indebtedness except: (i) for the purpose of financing the payment of an instalment; (ii) between 1 April 2020 and 31 December 2021, for the purpose of providing crisis and/or recovery related financial indebtedness in connection with the COVID-19 pandemic; (iii) derivative transactions entered into in the ordinary course; and (iv) lease or hire purchase agreements entered into in the ordinary course and which would not, prior to the introduction of IFRS 16, have been treated as a finance or capital lease,

then the 2015 Deferral Loan becomes due and payable on demand.

d) *Interest*

Saga Cruises V is required to pay interest under the Amended 2015 Ship Facility Agreement charged at a rate per annum equal to the aggregate of the commercial interest reference rate and a fixed rate margin.

e) *Other fees*

Saga Cruises V is required to pay a commitment fee under the Amended 2015 Facility Agreement, as well as other fees including a structuring fee, an agency fee and a security agent fee and a fee to Hermes in connection with the export credit guarantee.

f) *Financial covenants*

The Amended 2015 Ship Facility Agreement contains financial covenants which measure:

(1) debt service cover ratio (being the ratio of consolidated *pro forma* trading EBITDA to consolidated debt service), which is to be not less than 1:20:1 (1.2x); and

(2) interest cover ratio (being the ratio of consolidated *pro forma* trading EBITDA to consolidated total net cash interest expenses), which is to be not less than 2:00:1 (2.0x),

in each case, against ST&H Group Limited and its subsidiaries. If ST&H Group Limited and its subsidiaries do not comply with such financial covenants, then the debt service cover covenant and the interest cover covenant are measured against the Group.

Each of the financial covenants is tested every six months by reference to the relevant financial statements for the relevant half year date, save that pursuant to Amended 2015 Ship Facility

Agreement the testing of the financial covenants is suspended from 1 April 2020 until 31 March 2021.

g) *General undertakings*

Saga Cruises V has given general undertakings under the Amended 2015 Facility Agreement including in connection with: compliance with laws; security over assets; a negative pledge; financial indebtedness; tax; *pari passu* ranking of payment obligations; change of business; the export credit guarantee; and environmental compliance. In addition, Saga Cruises V has given undertakings in respect of insurance and operation and maintenance of *Spirit of Discovery* and arrangement of an annual valuation.

h) *Information undertakings*

Saga Cruises V is required to supply: (i) audited consolidated financial statements within 180 days of the end of the financial year; (ii) unaudited consolidated financial statements within 180 days of the end of each half of each financial year; (iii) a compliance certificate setting out compliance with financial covenants along with the statements in (i) and (ii) above; and (iv) other documentation including details of any litigation, arbitration or administrative proceedings which could be reasonably expected to have a material adverse effect; and such further information regarding the financial condition, assets and operations of any member of the group of any obligor or as may be reasonably requested by the lenders.

i) *Events of default*

The Amended 2015 Ship Facility Agreement contains certain events of default (subject to certain grace periods and materiality thresholds), upon the occurrence of which the lenders may terminate the 2015 Ship Facility and demand repayment, which include: non-payment of amounts payable thereunder; breach of financial covenants; breach of insurance obligations; arrest or seizure of *Spirit of Discovery*, misrepresentation; cross-acceleration; insolvency; material adverse change; and cessation of business.

j) *Governing law*

The Amended 2015 Ship Facility Agreement is governed by English law and subject to the exclusive jurisdiction of the courts of England.

17.7 ***Facility Agreement: Ship Facility – Spirit of Adventure***

Saga Cruises VI Limited ("**Saga Cruises VI**" as borrower), the Company, ST&H Limited, Saga Cruises Limited and ST&H Group Limited (as guarantors) entered into a facility agreement with HSBC Bank PLC (as agent, coordinating arranger and bookrunner), HSBC Bank PLC, KfW IPEX-Bank GmbH and Natwest Markets plc (formerly known as The Royal Bank of Scotland plc) (as mandated lead arrangers) and certain financial institutions (as lenders), dated 14 November 2017, as amended by an amendment no.1 agreement on 22 January 2020 ("**2017 Ship Facility Agreement**").

Under the terms of the 2017 Ship Facility Agreement, the lenders made available to Saga Cruises VI a secured term loan facility in an aggregate principal amount of up to the lower of (i) 295,000,000 and (ii) the aggregate of (a) the sterling equivalent of €295,760,000 for the purpose of assisting Saga Cruises VI to finance up to 80% of the contract price of *Spirit of Adventure* under the S.715 Shipbuilding Contract (as described in paragraph 17.9 of this Part XIX) and (b) 100% of the fee charged by Hermes (acting in its capacity as representative of the Federal Republic of Germany) as consideration for making available the related export credit guarantee (the "**2017 Ship Facility**").

On 4 June 2020, Saga Cruises VI (as borrower), the Company, Saga Cruises Limited and ST&H Group Limited (as guarantors) entered into an amendment no.2 agreement with HSBC Bank PLC, KfW-IPEX Bank GmbH, Natwest Markets plc and the lenders (the "**Amended 2017 Ship Facility Agreement**") in connection with a debt holiday and covenant waiver for its 2017 Ship Facility.

The lenders have a first priority mortgage over *Spirit of Adventure* and the 2017 Ship Facility is guaranteed by certain members of the Group, including the Company. The Amended 2017 Ship Facility Agreement contains financial covenants, as well as customary representations, covenants and events of default.

The key terms of the Amended 2017 Ship Facility Agreement are set out below:

a) *Term*

The Amended 2017 Ship Facility Agreement has a maturity date of the date falling 144 months after the utilisation date on which the loan is made.

b) *Commitments*

The total commitments in respect of the 2017 Ship Facility under the Amended 2017 Ship Facility Agreement an aggregate principal amount of up to the lower of (i) 295,000,000 and (ii) the aggregate of (a) the sterling equivalent of €295,760,000 for the purpose of assisting Saga Cruises VI to finance up to 80% of the contract price of *Spirit of Adventure* and (b) 100% of the fee charged by Hermes as consideration for the related export credit guarantee.

c) *Repayment, prepayment and cancellation*

Repayment of the 2017 Ship Facility under the 2017 Ship Facility Agreement was scheduled to take place in 24 substantially equal instalments at six month intervals with the first repayment date falling on the date six months after delivery of *Spirit of Adventure*, which is currently expected to be 29 September 2020.

Pursuant to the Amended 2017 Ship Facility Agreement repayment of the 2017 Ship Facility is in 24 substantially equal instalments in six month intervals with the first repayment date falling on the date six months after delivery of *Spirit of Adventure*, other than in respect of advances made in the period from and including 1 April 2020 to 31 March 2021, expected to amount to £12 million (assuming delivery of *Spirit of Adventure* on or before 30 September 2020) (the "**2017 Deferral Loan**"), which are subject to eight equal repayment instalments from the first repayment date to fall after 1 April 2021 and at subsequent instalments at intervals of six months. Any repayments for the 2017 Deferral Loan must be redeemed by 31 March 2025.

Subject to the prior written consent of Hermes and HSBC Bank PLC, Saga Cruises VI may voluntarily cancel the whole or any part of the unutilised facility or voluntarily prepay the whole or any part of the 2017 Ship Facility in multiples of £500,000.

Under the 2017 Ship Facility Agreement the lenders may require mandatory prepayment of the 2017 Ship Facility in certain circumstances, including where: Saga Cruises VI ceases to be a wholly owned subsidiary of the Company, in which case a lender has an option to cancel its commitment and such part of the loan will become payable; there is a change of control of the Company, in which case if a lender, on reasonable grounds, is no longer able to make its commitment it may be replaced or, failing which, cancel its commitment and such part of the loan will become payable; *Spirit of Adventure* is sold or becomes a total loss; or it becomes unlawful for any lender to perform its obligations the commitment of the lender will be cancelled, in which case Saga Cruises VI shall repay such lender's participation in the loan.

Pursuant to the Amended 2017 Ship Facility Agreement, whilst the 2017 Deferral Loan remains outstanding, if the Company, Saga Cruises Limited or ST&H Group Limited:

(i) declares, makes or pays a dividend or other distribution on or in respect of its share capital;

(ii) redeems or repurchases any of its share capital or resolves to do so;

(iii) issues new shares or options, warrants or other rights for the purchase or exchange of new shares except: (i) pursuant to employee and/or director compensation plans in the ordinary course; and (ii) between 1 April 2020 and 31 December 2021, for the purpose of providing crisis and/or recovery related capital in connection with the COVID-19 pandemic; or

(iv) incurs any financial indebtedness except: (i) for the purpose of financing the payment of an instalment; (ii) between 1 April 2020 and 31 December 2021, for the purpose of providing crisis and/or recovery related financial indebtedness in connection with the COVID-19 pandemic; (iii) derivative transactions entered into in the ordinary course; and (iv) lease or hire purchase agreements entered into in the ordinary course and which would not, prior to the introduction of IFRS 16, have been treated as a finance or capital lease,

then the 2017 Deferral Loan becomes due and payable on demand.

d) *Interest*

Saga Cruises VI is required to pay interest under the Amended 2017 Ship Facility Agreement charged at a rate per annum equal to the aggregate of the refinancing margin, the commercial

interest reference rate and a fixed rate margin. Saga Cruises VI may irrevocably elect to pay interest under the Amended 2017 Ship Facility Agreement in relation to all or a portion of the 2017 Ship Facility at a floating rate.

e) *Other fees*

Saga Cruises VI is required to pay a commitment fee under the Amended 2017 Facility Agreement, as well as other fees including a structuring fee, an agency fee and a security agent fee and a fee to Hermes in connection with the export credit guarantee.

f) *Financial covenants*

The Amended 2017 Ship Facility Agreement contains financial covenants which measure:

(1) debt service cover ratio (being the ratio of consolidated *pro forma* trading EBITDA to consolidated debt service), which is to be not less than 1:20:1 (1.2x); and

(2) interest cover ratio (being the ratio of consolidated *pro forma* trading EBITDA to consolidated total net cash interest expenses), which is to be not less than 2:00:1 (2.0x),

in each case, against ST&H Group Limited and its subsidiaries. If ST&H Group Limited and its subsidiaries do not comply with such financial covenants, then the debt service cover covenant and the interest cover covenant are measured against the Group.

Each of the financial covenants is tested every six months by reference to the relevant financial statements for the relevant half year date with the first testing date being the first half year date which is 12 months after the utilisation date, save that pursuant to Amended 2017 Ship Facility Agreement the testing of the financial covenants is suspended from 1 April 2020 until 31 March 2021.

g) *General undertakings*

Saga Cruises VI has given general undertakings under the Amended 2017 Facility Agreement including in connection with: compliance with laws; security over assets; a negative pledge; financial indebtedness; tax; *pari passu* ranking of payment obligations; change of business; the export credit guarantee; and environmental compliance. In addition, Saga Cruises VI has given undertakings in respect of insurance and operation and maintenance of *Spirit of Adventure* and arrangement of an annual valuation.

h) *Information undertakings*

Saga Cruises VI is required to supply: (i) audited consolidated financial statements within 180 days of the end of the financial year; (ii) unaudited consolidated financial statements within 180 days of the end of each half of each financial year; (iii) a compliance certificate setting out compliance with financial covenants along with the statements in (i) and (ii) above; (iv) other documentation including details of any litigation, arbitration or administrative proceedings which could be reasonably expected to have a material adverse effect; and such further information regarding the financial condition, assets and operations of any obligor or as may be reasonably requested.

i) *Events of default*

The Amended 2017 Ship Facility Agreement contains certain events of default (subject to certain grace periods and materiality thresholds), upon the occurrence of which the lenders may terminate the 2017 Ship Facility and demand repayment, which include: non-payment of amounts payable thereunder; breach of financial covenants; breach of insurance obligations; arrest or seizure of *Spirit of Adventure*, misrepresentation; cross-default; insolvency and insolvency proceedings; material adverse change; and cessation of business.

j) *Governing law*

The Amended 2017 Ship Facility Agreement is governed by English law and subject to the exclusive jurisdiction of the courts of England.

17.8 *Shipbuilding Contract – Spirit of Discovery*

Saga Cruises V (as buyer), Saga Group Limited (as guarantor) and Meyer Werft GmbH & Co. KG (as builder) ("**Meyer Werft**") entered into a shipbuilding contract dated 21 December 2015, as amended on 24 April 2017 and 13 June 2019, in respect of hull no. S.714, for Meyer to design, build and sell to Saga Cruises V a passenger cruise ship, *Spirit of Discovery*, and for Saga Cruises

V to purchase and accept delivery of the duly completed *Spirit of Discovery* (the "**S.714 Shipbuilding Contract**").

The contract price of *Spirit of Discovery* is €379,700,000 and included a lump sum allowance of €25,700,000 for costs relating to components and machinery supplied by Saga Cruises V, as well as supervision and project development costs. In addition, the S.714 Shipbuilding Contract provided for certain targets for cost savings. The contract price was payable in instalments with the balance payable on delivery.

Pursuant to the S.714 Shipbuilding Contract, Saga Cruises V had the option to purchase a sister-ship at the same price as *Spirit of Discovery* to be constructed and completed according to the same contract. The option was required to be exercised at the latest 24 months after the date of the S.714 Shipbuilding Contract, with an option release fee of up to €36,000,000 payable if the option was released without exercise by the expiry date. *Spirit of Adventure* is the optional ship provided for under S.714 Shipbuilding Contract.

Pursuant to the S.714 Shipbuilding Contract, title to *Spirit of Discovery*, free and clear of all encumbrances passed from Meyer Werft to Saga Cruises V upon its delivery to and acceptance by Saga Cruises V. Pursuant to addendum no.1 to the S.714 Shipbuilding Contract, the date at which *Spirit of Delivery* was due to be ready for delivery was amended from 18 July 2019 to 20 June 2019. Saga Cruises V took delivery of *Spirit of Discovery* in June 2019.

Prior to delivery, Meyer Werft was required to subject *Spirit of Discovery* to the tests (at which Saga Cruises V was entitled to have the supervisor and their team be present) in order to ascertain whether the ship has been completed in full accordance with the S.714 Shipbuilding Contract.

Meyer Werft has provided a guarantee in respect of: (i) any defect in *Spirit of Discovery* and all other components, equipment, gear, fittings, machinery, materials, parts, plant, outfit, spares and supplies for a period of 12 months from the date of delivery; and (ii) the main engines, for a period of 18 months from the date of delivery. Meyer Werft's responsibility is excluded if any defect is caused due to: (i) perils of the sea, accident, fire, negligence (but excluding negligence on the part of Meyer Werft), improper maintenance or handling; (ii) use of fuels or lubricants not recommended by the relevant manufacturer; (iii) wear and tear; and (iv) any fault in the components and machinery supplied by Saga Cruises V. Meyer Werft's maximum liability is capped at €50,000,000 per defect.

Saga Cruises V was entitled to reduce the contract price by way of liquidated damages in case of certain defects in *Spirit of Discovery* in relation to:

(i) the guaranteed trial speed of the ship;

(ii) the guaranteed fuel consumption of each of the diesel engines of the ship;

(iii) the guaranteed deadweight capacity of the ship;

(iv) the guaranteed cabin capacity of the ship; and

(v) the noise levels, sound insulation, impact sound insulation and vibration levels of the ship.

Saga Cruises V was also entitled to reduce the contract price by way of liquidated damages in case of certain delays by Meyer Werft in delivering *Spirit of Discovery*.

Each party granted warranties in respect of: (i) fulfilment of conditions to enter into and comply with obligations under the contract; and (ii) legal proceedings which may have a material adverse effect on obligations under the contract. Meyer Werft has also provided certain additional warranties and indemnities in favour of Saga Cruises V, in relation to German and European Community law and intellectual property.

Both Saga Cruises V and Meyer Werft were entitled to terminate the S.714 Shipbuilding Contract by written notice in the event of the total loss of *Spirit of Discovery* prior to delivery.

In addition, Saga Cruises V had the right to terminate the S.714 Shipbuilding Contract if (without limitation):

(i) the construction of *Spirit of Discovery* was suspended for more than 60 days and Saga Cruises V reasonably believed that Meyer Werft would not be able to recover the lost time;

(ii) delivery was not made or it could have been anticipated with reasonable certainty that delivery would not be made by the date 240 days after the date due for delivery;

(iii) delivery had not been made by the date 360 days after 18 July 2019;

(iv) Meyer Werft committed a material breach of its obligations under the shipbuilding contract or with respect to certain milestones under the S.714 Shipbuilding Contract;

(v) any guarantee issued by Meyer Werft becomes invalid; or

(vi) Meyer Werft applied for protection under the German law of insolvency.

Meyer Werft was entitled to terminate the contract in the event of non-payment by Saga Cruises V.

The S.714 Shipbuilding Contract is governed by English law and all disputes are to be referred to and decided by arbitration in London in accordance with the Arbitration Act 1996 and the rules of the London Maritime Arbitrators Association.

17.9 *Shipbuilding Contract – Spirit of Adventure*

Saga Cruises VI (as buyer), Saga Group Limited (as guarantor) and Meyer Werft (as builder) entered into a shipbuilding contract dated 29 September 2017 in respect of hull no. S.715, for Meyer Werft to design, build and sell to Saga Cruises VI a passenger cruise ship, *Spirit of Adventure*, and for Saga Cruises VI to purchase and accept delivery of the duly completed *Spirit of Adventure* (the "**S.715 Shipbuilding Contract**").

The contract price of *Spirit of Adventure* is €369,700,000 and includes a lump sum allowance of €25,700,000 for costs relating to components and machinery supplied by Saga Cruises VI, as well as supervision and project development costs. The contract price is payable in instalments with the balance payable on delivery.

Spirit of Adventure is the optional ship provided for under S.714 Shipbuilding Contract.

Pursuant to the S.715 Shipbuilding Contract, title to *Spirit of Adventure*, free and clear of all encumbrances, will pass to Saga Cruises VI upon its delivery to and acceptance by Saga Cruises VI, until which time all risks connected with the building work and otherwise in relation to *Spirit of Adventure* lie exclusively with Meyer Werft. Pursuant to the S.715 Shipbuilding Contract, *Spirit of Adventure* was due to be ready for delivery on 4 August 2020.The COVID-19 pandemic has delayed the delivery date for *Spirit of Adventure*, which is now expected to be delivered on 29 September 2020.

Prior to delivery, Meyer Werft is required to subject *Spirit of Adventure* to the tests (at which Saga Cruises VI is entitled to have the supervisor and their team be present) in order to ascertain whether the ship has been completed in full accordance with the S.715 Shipbuilding Contract.

Meyer Werft has provided a guarantee in respect of: (i) any defect in *Spirit of Adventure* and all other components, equipment, gear, fittings, machinery, materials, parts, plant, outfit, spares and supplies for a period of 12 months from the date of delivery; and (ii) the main engines, for a period of 18 months from the date of delivery. Meyer Werft's responsibility is excluded if any defect is caused due to: (i) perils of the sea, accident, fire, negligence (but excluding negligence on the part of Meyer Werft), improper maintenance or handling; (ii) use of fuels or lubricants not recommended by the relevant manufacturer; (iii) wear and tear; and (iv) any fault in components and machinery supplied by Saga Cruises VI. Meyer Werft's maximum liability is capped at €50,000,000 per defect.

Saga Cruises VI is entitled to reduce the contract price by way of liquidated damages in case of certain defects in *Spirit of Adventure* in relation to:

(i) the guaranteed trial speed of the ship;

(ii) the guaranteed fuel consumption of each of the diesel engines of the ship;

(iii) the guaranteed deadweight capacity of the ship;

(iv) the guaranteed cabin capacity of the ship; and

(v) the noise levels, sound insulation, impact sound insulation and vibration levels of the ship.

Saga Cruises VI is also entitled to reduce the contract price by way of liquidated damages in case of certain delays by Meyer Werft in delivering *Spirit of Adventure*.

Each party has granted warranties in respect of: (i) fulfilment of conditions to enter into and comply with obligations under the contract; and (ii) legal proceedings which have a material adverse effect on obligations under the contract. Meyer Werft has also provided certain additional warranties and indemnities in favour of Saga Cruises VI in relation to German and European Community law and intellectual property.

Both Saga Cruises VI and Meyer Werft are entitled to terminate the S.715 Shipbuilding Contract by written notice in the event of the total loss of *Spirit of Adventure* prior to delivery, at which time Meyer Werft would be required to pay to Saga Cruises VI: (i) all payments previously made by Saga Cruises VI to Meyer under the contract; and (ii) an aggregate of (a) the costs incurred by Saga Cruises VI in relation to the purchase, carriage, pre-delivery insurance and delivery of all components and machinery supplied by Saga Cruises VI and (b) the cost to Saga Cruises VI of obtaining replacements for such components and machinery.

In addition, Saga Cruises VI may terminate the contract if (without limitation):

(i) the construction of *Spirit of Adventure* is suspended for more than 60 days and Saga Cruises VI reasonably believes that Meyer Werft will not be able to recover the lost time;

(ii) delivery has not been made or it can be anticipated with reasonable certainty that delivery will not be made by the date 240 days after the date due for delivery;

(iii) delivery has not been made by the date 360 days after 18 July 2019;

(iv) Meyer Werft commits material breach of its obligations under the shipbuilding contract or with respect to the Milestones (as defined in the S.715 Shipbuilding Contract);

(v) any guarantee issued by Meyer Werft becomes invalid; or

(vi) Meyer Werft applies for protection under the German law of insolvency.

Meyer Werft is entitled to terminate the contract in the event of non-payment by Saga Cruises VI.

The S.715 Shipbuilding Contract is governed by English law and all disputes are to be referred to and decided by arbitration in London in accordance with the Arbitration Act 1996 and the rules of the London Maritime Arbitrators Association.

17.10 *Build, Design and Cruise Charter Agreement – Spirit of the Rhine*

ST&H Limited (trading as Saga Holidays) (as the charterer) ("**Saga Holidays**") and Rijfers Nautical Management B.V. (as the shipping company) ("**Rijfers**") entered into a build, design and cruise charter agreement dated 20 May 2019 (the "**2019 Charter Agreement**") pursuant to which Rijfers will design, engineer, build, launch, equip and outfit a luxury passenger river cruise ship, *Spirit of the Rhine*, for the purposes of providing Saga Holidays with the cruises under the 2019 Charter Agreement. Rijfers shall ensure that *Spirit of the Rhine* is ready to commence operations as a premium "4 Star plus" river cruise ship and is delivered to a mutually convenient location by 21 March 2021. Saga Holidays will provide the cruise programme.

Spirit of the Rhine is for the sole use of Saga Holidays and Rijfers will be responsible for *Spirit of the Rhine* and passenger safety. Rijfers will ensure that *Spirit of the Rhine* comes with all necessary trade, health, safety and other certificates and licences and complies with all relevant laws and regulations.

Saga Holidays will charter *Spirit of the Rhine* for a minimum of 260 nights each year between 2021 and 2030, of which at least 220 nights are from 1 April to 31 October and 40 nights outside of that date range. The charter price for Rijfers' services under the 2019 Charter Contract are fixed for 2021 and contracted to be €4.9 million, with the charter prices payable for each year from 2022 to 2030 determined by increasing the previous year's charter prices by 1.2%, with a minimum charter commitment of €52.1 million over the minimum term of the contract (including inflation). The charter price for each cruise is payable at the departure date for such cruise.

The 2019 Charter Agreement will terminate at the end of the 2030 operating season. Saga Holidays has an option, exercisable on or before 31 December 2029, to extend the 2019 Charter Agreement for 2031 or for 2031 and 2032.

Rijfers has warranted that it has taken out a liability insurance according to the C.L.N.I. treaty, which includes claims by third parties for damage arising from the operation of *Spirit of the Rhine*, as well as mooring and cruising risk. The costs for these insurances will be fully borne by Rijfers.

Either party may terminate the 2019 Charter Agreement if the other party: (i) is in material breach of its obligations and fails to remedy such breach within 14 days of notice; (ii) becomes insolvent; or (iii) undergoes a change of control. In addition, Saga Holidays may terminate the 2019 Charter Agreement in whole or in part without liability in the event of any cause or circumstances whatsoever beyond Saga Holidays' reasonable control which materially affects the long term nature of the UK holiday market for river cruises in Central Europe. Saga Holidays may also suspend or terminate the 2019 Charter Agreement in the event of serious or repeated customer dissatisfaction with the charter services.

The 2019 Charter Agreement contains certain force majeure provisions if it becomes permanently impossible for Rijfers to perform its obligations that permit Rijfers to substitute *Spirit of the Rhine* or to withdraw from the 2019 Charter Agreement before the start of a cruise or, with the agreement of Saga Holidays, during a cruise.

The 2019 Charter Agreement is governed in accordance with English law and subject to the exclusive jurisdiction of the English courts.

17.11 *Build, Design and Cruise Charter Agreement – Spirit of the Danube*

ST&H Limited (trading as Saga Holidays) (as the charterer) and Rijfers (as the shipping company) entered into a build, design and cruise charter agreement dated 22 January 2020 (the "**2020 Charter Agreement**") pursuant to which Rijfers will design, engineer, build, launch, equip and outfit a luxury passenger river cruise ship *Spirit of the Danube* for the purposes of providing Saga Holidays with the cruises under the 2020 Charter Agreement. Rijfers shall ensure that *Spirit of the Danube* is ready to commence operations as a premium "4 Star plus" river cruise ship and is delivered to a mutually convenient location by 21 March 2022. Saga Holidays will provide the cruise programme.

Spirit of the Danube is for the sole use of Saga Holidays and Rijfers will be responsible for *Spirit of the Danube* and passenger safety. Rijfers will ensure that *Spirt of the Rhine* comes with all necessary trade, health, safety and other certificates and licences and complies with all relevant laws and regulations.

Saga Holidays will charter *Spirt of the Danube* for a minimum of 260 nights each year between 2022 and 2031, of which at least 220 nights are from 1 April to 31 October and 40 nights outside of that date range. The charter price for Rijfers' services under the 2020 Charter Contract are fixed for 2022 and contracted to be €4.9 million, with the charter prices payable for each year from 2022 to 2030 determined by increasing the previous year's charter prices by 1.2%, with a minimum charter commitment of €52.7 million over the minimum term of the contract (including inflation). The charter price for each cruise is payable at the departure date for such cruise.

The 2020 Charter Agreement will terminate at the end of the 2031 operating season. Saga Holidays has an option exercisable on or before 31 December 2030 to extend the 2020 Charter Agreement for 2032 or for 2032 and 2033.

Rijfers has warranted that it has taken out a liability insurance according to the C.L.N.I. treaty, which includes claims by third parties for damage arising from the operation of *Spirt of the Danube*, as well as mooring and cruising risk. The costs for these insurances will be fully borne by Rijfers.

Either party may terminate the 2020 Charter Agreement if the other party: (i) is in material breach of its obligations and fails to remedy such breach within 14 days of notice; (ii) becomes insolvent; or (iii) undergoes a change of control. In addition, Saga Holidays may terminate the 2020 Charter Agreement in whole or in part without liability in the event of any cause or circumstances whatsoever beyond Saga Holidays' reasonable control which materially affects the long term nature of the UK holiday market for river cruises in Central Europe. Saga Holidays may also suspend or terminate the 2020 Charter Agreement in the event of serious or repeated customer dissatisfaction with the charter services.

The 2020 Charter Agreement contains certain force majeure provisions if it becomes permanently impossible for Rijfers to perform its obligations that permit Rijfers to substitute *Spirit of the Danube* or to withdraw from the 2020 Charter Agreement before the start of a cruise or, with the agreement of Saga Holidays, during a cruise.

The 2020 Charter Agreement is governed in accordance with English law and subject to the exclusive jurisdiction of the English courts.

17.12 *Share purchase agreement: Sale of Bennetts*

Pursuant to a share purchase agreement dated 14 February 2020 between Saga Services Limited ("**Saga Services**") as seller, Atlanta Investment Holdings C Limited ("**Atlanta C**") as the buyer and Atlanta Investment Holdings 2 Limited as the buyer guarantor ("**Atlanta 2**") (the "**Bennetts SPA**"), Saga Services agreed to dispose of the entire issued share capital of Bennetts Motorcycling Services Limited ("**Bennetts**") to Atlanta C for an initial consideration of £884,145. In addition, Atlanta C procured the repayment by Bennetts of £27,410,588 of outstanding debt to Saga Services. Completion of the disposal took place on 7 August 2020.

Pursuant to the Bennetts SPA, Saga Services has granted certain warranties, including:

(i) certain fundamental warranties relating to Saga Service's capacity and authority to enter into and perform its obligations under the Bennetts SPA and its title, in respect of which Saga Services is liable for a period of six years after the completion date under the Bennetts SPA;

(ii) certain tax warranties, in respect of which Saga Services is liable for a period of six years from the end of the accounting period at the completion date under the Bennetts SPA; and

(iii) certain warranties relating to the business and assets of Bennetts including in relation to tax, accounts, indebtedness, compliance with laws, contracts, insurance, litigation, intellectual property, information technology and data protection, real estate, employees and pension schemes, in respect of which Saga Services is liable for a period of eighteen months after the completion date under the Bennetts SPA.

The warranties given by Saga Services are subject to customary financial and other limitations, including:

(i) a de minimis on all claims under the Bennetts SPA of £50,000 (meaning that any claims below £50,000 will be disregarded for all purposes);

(ii) a threshold on all claims under the Bennetts SPA of £400,000 (meaning that Saga Services will not be liable in respect of any such claims unless the amount of damages resulting from all such claims exceeds £400,000 in aggregate). Once this threshold is reached, Saga Services is liable for all amounts resulting from such claims and not just the excess over that sum;

(iii) a cap of £10,000,000 in respect of any or all warranty claims (other than claims in relation to breach of title warranties); and

(iv) a cap of £26,000,000 in respect of any or all claims and Taxation Deed Claims (as defined in the Bennetts SPA).

Atlanta C must provide notice of the circumstance, along with reasonable details and evidence, giving rise to a claim against a warranty or an indemnity.

In addition, Saga Services has provided:

(i) an indemnity arising in connection with the pension scheme, with Saga Services remaining liable for a period of five years after the completion date under the Bennetts SPA; and

(ii) other indemnities, for which Saga Services is liable for eighteen months after the completion date under the Bennetts SPA.

Saga Services has also granted certain restrictive covenants in favour of Atlanta C: (i) restricting competition by Saga Services with the motorcycle insurance intermediary business of Bennetts; and (ii) undertaking not to solicit or endeavour to solicit from Bennetts any employee, any existing or prospective customer and any supplier.

Atlanta C is not entitled to terminate or rescind the Bennetts SPA by reason of any claim or for any other reason and the sole remedy against Saga Services is a claim in accordance with the terms of the Bennetts SPA or an action in damages.

17.13 *Share purchase agreement: Sale of Consolidated Healthcare*

Pursuant to a share purchase agreement dated 3 March 2020 between Saga Healthcare Limited ("**Saga Healthcare**") as seller, PWC BIDCO 1 Limited ("**PWC Bidco**") as the buyer and Saga Group Limited as the seller guarantor ("**Saga Group**") (the "**Consolidated Healthcare SPA**"), Saga Healthcare agreed to dispose of the entire issued share capital of Consolidated Healthcare Agencies Limited ("**Consolidated Healthcare**") to PWC Bidco for a consideration of £1,124,136. In

addition, PWC Bidco procured the repayment by Consolidated Healthcare at completion of £13,600,000 of outstanding debt to Saga Healthcare. Completion of the disposal took place on 3 March 2020.

Pursuant to the Consolidated Healthcare SPA, Saga Healthcare has granted certain warranties, including:

(i) fundamental warranties relating to Saga Healthcare's capacity and authority to enter into and perform its obligations under the Consolidated Healthcare SPA and its title, in respect of which Saga Services is liable for a period of six years after the date of completion under the Consolidated Healthcare SPA;

(ii) certain tax warranties and tax covenants, in respect of which Saga Healthcare is not liable unless PWC Bidco provides written notice containing details of the legal and factual basis of the claim, on or before seven years from 31 January 2020; and

(iii) certain warranties relating to the business and assets of Consolidated Healthcare including in relation to accounts, insurance, indebtedness, intellectual property and data protection, commercial arrangements, compliance with laws, litigation, employees, pension schemes and environmental matters, in respect of which Saga Healthcare is not liable unless PWC Bidco provides written notice containing details of the legal and factual basis of such claim on or before eighteen months from the date of completion under the Consolidated Healthcare SPA.

The warranties given by Saga Healthcare are subject to customary financial and other limitations, including:

(i) a de minimis on any claim relating to the business and assets of Consolidated Healthcare or claims relating to tax of £40,000. Once this threshold is reached, Saga Healthcare is liable for all amounts resulting from such claim and not just the excess over that sum;

(ii) a threshold on all claims relating to the business and assets of Consolidated Healthcare and claims relating to tax of £200,000 (meaning that Saga Healthcare will not be liable in respect of any such claims unless the amount of damages resulting from all such claims exceeds £200,000 in aggregate). Once this threshold is reached, Saga Healthcare is liable for all amounts resulting from such claims and not just the excess over that sum;

(iii) a cap of £7,362,068 in respect of the aggregate of all warranty claims relating to the business and assets of Consolidated Healthcare and warranty claims relating to tax; and

(iv) a cap of £14,724,136 in respect of any or all claims.

In addition, Saga Healthcare has granted indemnities in respect of certain accrued liabilities for unpaid holiday pay and any liabilities of the company under the Saga Pension Scheme. Saga Healthcare shall have no liability unless PWC Bidco gives written notice containing details of the legal and factual basis of such claim, on or before (i) three years from Completion under the Consolidated Healthcare SPA for any claim other than a claim in relation to the Saga Pension Scheme; or (ii) seven years from Completion under the Consolidated Healthcare SPA for any claim in relation to the Saga Pension Scheme.

17.14 *Security Agreement: Saga Pension Scheme*

The Company, Saga Mid Co Limited, MetroMail Limited, Saga Group, Saga Publishing Limited, Saga Services Limited and Saga Leisure Limited (as chargors) ("**Chargors**", and each a "**Chargor**") entered into a security agreement with Saga Pensions Trustees Limited (as trustee of the Saga Pension Scheme) (the "**Saga Pensions Trustee**") dated 30 April 2018 (the "**Security Agreement**"), as required by the pensions agreement between Saga Mid Co Limited and the Saga Pensions Trustee in relation to the Saga Pension Scheme (the "**Pensions Agreement**").

Each Chargor has provided a financial covenant to discharge on demand the obligations and liabilities of the principal employer in respect of the Saga Pension Scheme ("**Secured Obligations**") following a notification event pursuant to the Pensions Agreement ("**Notification Event**"). The total aggregate amount that may be applied against the Secured Obligations by the Saga Pensions Trustee arising from the enforcement of security under the Security Agreement is limited to a maximum net enforcement proceeds of £32,500,000.

Each Chargor has, in favour of the Saga Pensions Trustee:

(i) charged its present and future right, title and interest in and to any immoveable property vested in it and any fixtures and fittings thereof, by way of a first legal mortgage;

(ii) charged all its right, title and interest in and to each of its investments, by way of a first fixed charge;

(iii) charged all its present and future right, title and interest in and to its plant and machinery, by way of a first fixed charge;

(iv) charged all its present and future right, title and interest in and to each of the accounts maintained by it, by way of a first fixed charge;

(v) charged all its present and future right, title and interest in and to each of its book and other debts due, owing or payable, by way of a first fixed charge;

(vi) assigned all its present and future right, title and interest in and to each of its insurance policies;

(vii) assigned all its present and future right, title and interest in and to each of its material contracts and, to the extent permitted by applicable laws, database rights;

(viii) charged all its present and future right, title and interest in and to its intellectual property, by way of a first fixed charge; and

(ix) charged all its present and future right, title and interest in and to any asset, beneficial right, goodwill, rights in relation to uncalled capital or letter or credit not otherwise covered by (i) to (viii) above.

Each Chargor has also charged, in favour of the Saga Pensions Trustee, all of its present and future assets, property, business, undertaking and uncalled capital, by way of a first floating charge.

All security interests under the Security Agreement are created over present and future assets of each Chargor in favour of the Saga Pensions Trustee, free from any mortgage, charge, pledge, lien or other security interest. The security interests constitute continuing security for the Secured Obligations and extend to the balance of the Secured Obligations payable in accordance with the Pensions Agreement. The security arrangements under the Security Agreement remain in full force and effect until the earlier of: (i) the date on which the Saga Pensions Trustee's rights under the Pensions Agreement terminate; (ii) the date on which all Secured Obligations which may be or become due have been unconditionally and irrevocably paid and discharged in full; or (iii) the date on which the Saga Pensions Trustee has received any net proceeds of sale or enforcement arising from an asset subject to a security in an amount equal to £32,500,000.

Each Chargor has entered into restrictive covenants, including a covenant not to create, agree to create or permit to subsist any security on any of security assets, or assign, charge, lease, transfer, lend or otherwise dispose of all or any part of its right, title and interest in and to any security asset.

Pursuant to the Security Agreement, each Chargor has granted certain representations and warranties to the Saga Pensions Trustee, including:

(i) certain fundamental warranties relating to its valid incorporation, its capacity and authority to enter into and perform its obligations under the Security Agreement and the legal, valid, binding and enforceable nature of its obligations under the Security Agreement; and

(ii) certain warranties relating to non-contravention of law and regulation, no event of winding-up or insolvency, no event which could reasonably be expected to have a material adverse effect, no litigation or other proceeding which could have a material adverse effect, *pari passu* nature of payment obligations, its sole legal and beneficial ownership of the assets that it has mortgaged, charged or assigned and no encumbrance or disposal of assets.

Each Chargor has also granted certain undertakings (for the period that the security under the Security Agreement remains in force), including in relation to: compliance with laws; intellectual property; notifications; 'people with significant control' regime; amendments to constitutional documents; title documents; retention of documents; and licence of database rights.

Each Chargor has provided further assurances in relation to its obligations under the Security Agreement, including: taking steps towards creating, perfecting or protecting any security intended

to be created pursuant to the Security Agreement; facilitating the realisation of a security asset; and facilitating the exercise of any right, power or discretion exercisable by the Saga Pensions Trustee in respect of any security asset.

The security under the Security Agreement becomes enforceable immediately upon the occurrence of a Notification Event. On or after a Notification Event, each Chargor agrees to:

(i) comply with the directions of the Saga Pensions Trustee in respect of any investments and hold all dividends and other distributions paid or payable in respect of its investments on trust for the Saga Pensions Trustee;

(ii) hold amounts withdrawn from any account along with proceeds of monetary claims on trust for the Saga Pensions Trustee and the Saga Pensions Trustee is entitled to receive, withdraw, apply, transfer or set-off any or all credit balances on the accounts towards satisfaction of the Secured Obligations;

(iii) hold any payment received in respect of insurance policies on trust for the Saga Pensions Trustee and the Saga Pensions Trustee may exercise each Chargor's rights or remedies in respect of its respective insurance policies; and

(v) hold any payment received in respect of material contracts on trust for the Saga Pensions Trustee and the Saga Pensions Trustee may exercise each Chargor's rights or remedies in respect of its respective material contracts.

Furthermore, immediately following a Notification Event, the Saga Pensions Trustee may enforce all or any part of the security granted under the Security Agreement and exercise all powers, authorities and discretions thereunder and in accordance with applicable law.

The Security Agreement is governed by English law and subject to the exclusive jurisdiction of the courts of England.

18. Significant change

There has been no significant change in the financial position or financial performance of the Group since 31 July 2020, being the date to which the latest financial information in relation to the Group has been published.

19. Related party transactions

Save as disclosed in the information incorporated by reference into this document referred to below, the Company entered into no transactions with related parties during the years ended 31 January 2020, 2019, and 2018.

- Note 34 of the notes to the consolidated financial statements for Saga for the year ended 31 January 2018 which can be found at page 199 of the Saga Annual Report 2018.

For the period from and including 1 February 2020 and the Latest Practicable Date, there were no related party transactions entered into by the Company, other than the irrevocable undertakings which the Company entered into with each of the Directors in connection with the Capital Raising (see paragraph 14 of Part VII (*Chairman's Letter*) of this document for information.

20. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

21. Independent auditors

The financial statements of the Company as of 31 January 2020, 2019 and 2018, and for the years then ended, included in this document, have been audited by KPMG LLP, independent auditors, as stated in their report incorporated by reference herein.

KPMG LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

22. Consents

JPM has given and not withdrawn its written consent to the inclusion in this document of references to its name.

Numis has given and not withdrawn its written consent to the inclusion in this document of references to its name.

HSBC has given and not withdrawn its written consent to the inclusion in this document of references to its name.

Goldman Sachs International has given and not withdrawn its written consent to the inclusion in this document of references to its name.

KPMG has given and not withdrawn its written consent to the inclusion in this document of the report set out in Part XVII (*Unaudited Pro Forma* Financial Information) and has authorised the contents of its report for the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules. As the Ordinary Shares have not been and will not be registered under the Securities Act, KPMG has not filed and will not file a consent under the Securities Act.

23. General

The total costs and expenses (exclusive of VAT) payable by the Group in connection with the issue and Admission of the New Shares, are estimated to be approximately £10 million. There are no amounts payable to financial intermediaries.

24. Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website, www.saga.com, and at the Company's registered office at Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE, United Kingdom, during normal business hours on Monday to Friday each week (public holidays excepted) for a period of 12 months following Admission:

- the Memorandum of Association and Articles of Association;
- the Saga Half-Year Results 2020, the Saga Annual Report 2020, the Saga Annual Report 2019, and the Saga Annual Report 2018;
- the report of KPMG LLP on the *Pro Forma* Financial Information set out in Section B of Part XVII (*Unaudited Pro Forma* Financial Information) of this document; and
- this document.

This document is dated 11 September 2020.

PART XX

DOCUMENTATION INCORPORATED BY REFERENCE

The Saga Half-Year Results 2020 and the Saga Annual Report 2020 are available for inspection in accordance with paragraph 24 of Part XIX (*Additional Information*) of this document.

The table below sets out the various sections of the documents referred to above which are incorporated by reference into, and form part of, this document so as to provide certain information required pursuant to the Prospectus Regulation Rules, and only the parts of the documents identified below are incorporated into, and form part of, this document. Any parts of the following documents which are not incorporated by reference into this document are either not relevant for the investor or covered elsewhere in this document. To the extent that any part of the information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

Reference	Information incorporated by reference	Page number(s)
For the six months ended 31 July 2020		
Saga Half-Year Results 2020	Operating and Financial Review	9 – 27
Saga Half-Year Results 2020	Independent Review Report	59 – 60
Saga Half-Year Results 2020	Condensed consolidated income statement	28
Saga Half-Year Results 2020	Condensed consolidated statement of comprehensive income	29
Saga Half-Year Results 2020	Condensed consolidated statement of financial position	30
Saga Half-Year Results 2020	Condensed consolidated statement of changes in equity	31
Saga Half-Year Results 2020	Condensed consolidated statement of cash flows	32
Saga Half-Year Results 2020	Notes to the condensed consolidated interim financial statements	33 – 57
For the year ended 31 January 2020		
Saga Annual Report 2020	Operating and Financial Review	34 – 47
Saga Annual Report 2020	Independent Auditors' Report	114 – 126
Saga Annual Report 2020	Consolidated Income Statement	125
Saga Annual Report 2020	Consolidated Statement of Comprehensive Income	126
Saga Annual Report 2020	Consolidated Statement of Financial Position	127
Saga Annual Report 2020	Consolidated Statement of Changes In Equity	128
Saga Annual Report 2020	Consolidated Statement of Cash Flows	129
Saga Annual Report 2020	Notes to the Consolidated Financial Statements	130 – 194
Saga Annual Report 2020	Notes to the Company Financial Statements	197 – 200
For the year ended 31 January 2019		
Saga Annual Report 2019	Operating and Financial Review	38 – 51
Saga Annual Report 2019	Independent Auditors' Report to the Members of Saga plc	118 – 126
Saga Annual Report 2019	Consolidated Income Statement	127
Saga Annual Report 2019	Consolidated Statement of Comprehensive Income	128
Saga Annual Report 2019	Consolidated Statement of Financial Position	129
Saga Annual Report 2019	Consolidated Statement of Changes In Equity	130
Saga Annual Report 2019	Consolidated Statement of Cash Flows	131
Saga Annual Report 2019	Notes to the Consolidated Financial Statements	132 – 191
Saga Annual Report 2019	Notes to the Company Financial Statements	194 – 197
For the year ended 31 January 2018		
Saga Annual Report 2018	Independent Auditors' Report to the Members of Saga plc	128 – 134
Saga Annual Report 2018	Consolidated Income Statement	135
Saga Annual Report 2018	Consolidated Statement of Comprehensive Income	136
Saga Annual Report 2018	Consolidated Statement of Financial Position	137
Saga Annual Report 2018	Consolidated Statement of Changes In Equity	138
Saga Annual Report 2018	Consolidated Statement of Cash Flows	139
Saga Annual Report 2018	Notes to the Consolidated Financial Statements	140 – 201
Saga Annual Report 2018	Notes to the Company Financial Statements	204 – 207

Copies of the documents of which part or all are incorporated by reference herein are available in electronic format through the Company's corporate website at www.corporate.saga.co.uk.

Any statement which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART XXI

DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

"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
"Annual General Meeting"	annual general meeting
"AICL"	Acromas Insurance Company Limited
"Application Form"	The white application form 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" or "Articles"	the articles of association of the Company
"Auditors"	KPMG LLP
"Banks"	the Joint Bookrunners
"Board"	the board of Directors of the Company
"Brexit"	the United Kingdom's withdrawal from the European Union
"Business Day"	a day (other than a Saturday or Sunday) on which banks are open for general business in London
"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 document, and, following Admission, Roger De Haan
"Code"	the US Internal Revenue Code of 1986, as amended
"Closing Price"	the closing middle-market price in pounds sterling of an Existing Share trading on the LSE
"Commission"	Jersey Financial Services Commission
"Committee"	a committee of the Board
"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 paragraph 5 of Part VII (*Chairman's Letter*) of this document
"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, details of which are set out in paragraph 17.4 of Part XIX (Additional Information)
"Court"	Her Majesty's High Court of Justice in England and Wales

"CREST Proxy Instruction"	a properly formulated instruction via CREST appointing a proxy to vote on behalf of a member at the General Meeting
"CREST Regulations"	the Uncertificated Securities Regulations 2001
"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
"DBP"	the Saga plc Deferred Bonus Plan
"Directors"	the directors of Saga whose names appear in Part IV (*Directors, Proposed Director, Company Secretary, Registered office and Advisers)* of this document
"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
"EBT"	the Saga Employee Benefit Trust which includes any successor trust set up in connection with the employee share schemes of Saga
"Employee Share Schemes"	the employee share schemes operated by Saga, being the DBP, the LTIP, the RSP, the SIP and the IPO Plan
"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
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"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
"Executive Directors"	Euan Sutherland, James Quin and Cheryl Agius
"Ex-Entitlements Date"	8.00 a.m. on 11 September 2020
"Existing Holdings"	a Qualifying Shareholder's holding of Existing Shares on the Record Date
"Existing Shares"	the existing Ordinary Shares in issue as at the date of this document
"FCA"	the Financial Conduct Authority
"Financial Statements"	the 2020 Annual Financial Statements, the 2019 Annual Financial Statements, the 2018 Annual Financial Statements and the 2020 Interim Financial Statements as defined in paragraph 4.1 of Part III (*Important Information)*
"Firm Placing Shares"	the 224,400,000 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 Market Services Trustees (Nominees) Limited 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
"GFSC".....	Gibraltar Financial Services Commission
"GDPR"	General Data Protection Regulation ((EU) 2016/679)
"Government"	Her Majesty's Government of the United Kingdom
"Group".....	Saga plc, its subsidiary undertakings from time to time (as defined in the Companies Act 2006)
"HMRC".....	Her Majesty's Revenue and Customs
"HSBC".....	HSBC Bank plc
"IFRS".....	International Financial Reporting Standards as adopted by the EU
"IPO Admission".....	the admission of Ordinary Shares to the premium listing segment of the Official List and to trading on the LSE's Main Market for listed securities following the Company's initial public offering in May 2014
"IPO Option"	the shares that remain outstanding under four options granted under the IPO Plan
"IPO Plan"	the Saga plc IPO plan
"ISIN".....	International Security Identification Number
"KPMG".....	KPMG LLP
"Joint Bookrunners".....	JPM, Numis and HSBC
"Joint Global Coordinators"	JPM and Numis
"JPM"	J.P. Morgan Securities plc (trading as J.P. Morgan Cazenove)
"Latest Practicable Date"	9 September 2020
"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)
"LIBOR".....	London Interbank Offered Rate
"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
"LTIP"	the Saga plc Long Term Incentive Plan
"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
"Memorandum of Association"..	the memorandum of association of the Company

"MiFID II Product Governance Requirements"	the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures
"MiFID II"	EU Directive 2014/65/EU on markets in financial instruments, as amended
"New Shares"	the new Ordinary Shares to be issued by the Company pursuant to the Capital Raising
"Non-Executive Directors"	Orna NiChionna, Eva Eisenschimmel, Julie Hopes, Gareth Hoskin and Gareth Williams
"Numis"	Numis Securities Limited
"Offer Price"	12 pence, 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 document 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)
"Overseas Shareholders"	Shareholders or Qualifying Shareholders, as the context so requires, who have registered addresses, or who are located, outside the United Kingdom
"Participant"	any individual who holds a subsisting award under any of the Employee Share Schemes
"Placee"	a conditional placee of Placing 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 agreement dated 10 September 2020 between and among the Company and the Joint Bookrunners, details of which are set out in paragraph 17.3 of Part XIX (*Additional Information*)
"Placing Shares"	the New Shares proposed to be issued by the Company pursuant to the conditional placing of the Placing and Open Offer
"PMI"	private medical insurance
"PRA"	Prudential Regulation Authority
"Proposed Director"	Roger De Haan

"Prospectus Delegated Regulation"	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation
"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"	this document
"PR Regulation"	Commission Delegated Regulation (EU) 2019/980
"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 were on the Company's register of members at the Record Date, excluding the Restricted Shareholders
"Roger De Haan"	Sir Roger De Haan
"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
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Registrar and Receiving Agent"	Link Group
"Relationship Agreement"	the relationship agreement dated 10 September 2020 between the Company and Roger De Haan, details of which are set out in paragraph 17.2 of Part XIX (*Additional Information)*
"Reporting Accountants"	KPMG LLP
"Resolutions"	the shareholder resolutions of Saga plc 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) and the shareholder resolution to approve the Consolidation
"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, details of which are set out in paragraph 17.5 of Part XIX (*Additional Information)*
"RSP"	the Saga plc 2020 Restricted Share Plan
"Saga Annual Report 2020"	the Company's annual report published in 2020 and incorporated by reference into this document
"Saga Annual Report 2019"	the Company's annual report published in 2019 and incorporated by reference into this document
"Saga Annual Report 2018"	the Company's annual report published in 2018 and incorporated by reference into this document
"Saga Half-Year Results 2020"	the Company's financial results covering the period to 31 July 2020
"SDRT"	Stamp Duty Reserve Tax
"SEC"	the US Securities and Exchange Commission

"Second Firm Placing"	a firm placing of 124,183,026 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
"SEDOL"	Stock Exchange Daily Official List
"Senior Managers"	Stuart Beamish, Jules Christmas, Nick Stace, Jane Storm and Helen Webb
"Setanta"	Setanta Asset Management Ltd
"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, *Spirit of Discovery* and *Spirit of Adventure*, respectively, details of which are set out in paragraphs 17.6 and 17.7 of Part XIX (*Additional Information*) of this document
"SIP"	the Saga plc Share Incentive Plan
"SPF"	Saga Personal Finance Limited
"Sponsor"	J.P. Morgan Securities plc (trading 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
"SSA Application Form"	the pink application form pursuant to which Qualifying Shareholders who are registered as holding shares in the SSA at the Record Date may apply for Open Offer Shares under the Open Offer
"SSL"	Saga Services Limited
"Subscription Agreement"	the subscription agreement dated 10 September 2020 between the Company and Roger De Haan, details of which are set out in paragraph 17.1 of Part XIX (*Additional Information)*
"Term Loan"	the term loan facility, details of which are set out in paragraph 17.5 of Part XIX (*Additional Information)*
"Third Party"	any government or governmental, quasi-governmental, supra-national, statutory, administrative or regulatory body, authority, court, trade agency, association, institution, environmental body or any other person or body in any jurisdiction
"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
"Treaty"	has the meaning given in paragraph 1 of the US Taxation section of Part XVIII (*Taxation*)
"UK Corporate Governance Code"	the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018
"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 Holder"	has the meaning given in paragraph 1 of the US Taxation section of Part XVIII (*Taxation)*
"US Securities Act"	US Securities Act of 1933 (as amended)

APPENDIX 1

NOTICE OF GENERAL MEETING

ABOUT THE GENERAL MEETING

Please read the following information carefully.

The UK government has announced its intention to legally restrict gatherings of more than six people. In light of this, and in accordance with the Company's commitment to the safety of our shareholders and colleagues, shareholders will be unable to attend the General Meeting in person.

We will arrange for the meeting to be held with the minimum number of persons physically present required to form a quorum. We encourage you to vote by appointing the Chairman of the meeting as your proxy.

Regrettably, Shareholders, or their proxy (if not the Chairman of the meeting) or corporate representative, will be unable to attend the meeting in person. Any shareholders who attempt to attend the meeting in person. will be refused entry.

Shareholders should regularly review our website https://corporate.Saga.co.uk/investors/gm/ for any changes to the General Meeting arrangements.

The General Meeting will be held at the Company's office at Focus Point, 21 Caledonian Road, London, N1 9GB and will begin at 10.30 a.m. on 2 October 2020.

About the General Meeting

The resolutions set out on pages below will be considered at the General Meeting. You will be asked to vote on each of these resolutions. Voting on each resolution will be conducted by way of a poll.

General Meeting audio livestream

You may listen to the General Meeting live online using your smartphone, tablet or computer. You will also be able to ask the directors questions.

To listen to the meeting electronically, you will need to either:

a) Download the Lumi AGM app from the Apple Store or Google Play Store by searching for "Lumi AGM"; or

b) Visit http://web.lumiagm.com from your device.

To log in to the meeting, you must have the meeting ID and your unique login ID and your PIN code (which can be found on your notification correspondence) to hand. The meeting ID is: 185-190-507.

You will not be able to vote using the Lumi app or website. In order to vote on the business of the meeting, you must submit a Form of Proxy or Form of Direction in advance of the meeting in accordance with the instructions and deadlines below.

Asking questions at the General Meeting

If you wish to ask questions of the meeting, please do so by entering your question in the chat box through the Lumi app or website. Shareholders can also submit questions to the Board in advance of the General Meeting by writing to the Company Secretary at Saga, Enbrook Park, Sandgate, Folkestone CT20 3SE, by calling Saga Shareholder Services on the following number: 0800 015 5429 or by signing into the Lumi app or Lumi website on the day of the meeting using the meeting ID and your unique log in and PIN code, then selecting the message icon and submitting a question in the text field. The portal will be open from 7.00 a.m. on 2 October 2020 until the conclusion of the General Meeting to submit questions.

Do you have any other questions about the General Meeting?

Call Saga Shareholder Services on 0800 015 5429 or write to us at Saga Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

ATTENDING THE GENERAL MEETING

Note on COVID-19

Regrettably, Shareholders, or their proxy (if not the Chairman of the meeting) or corporate representative, are not able to attend the meeting in person. Shareholders are strongly encouraged to vote on all resolutions by completing an online proxy appointment form appointing the Chairman of the Meeting as their proxy.

Shareholders should regularly review our website https://corporate.Saga.co.uk/investors/gm/ for any changes to the General Meeting arrangements.

KEY DATES

10.30 a.m. on 29 September 2020	**Deadline for receipt of online or postal forms of direction by our Registrar**
10.30 a.m. on 30 September 2020	**Deadline for receipt of online or postal forms of proxy by our Registrar**
10.30 a.m. on 2 October 2020	**General Meeting**

ACTION REQUIRED

The attached notice includes the resolutions to be voted on at the General Meeting. You are requested to complete and submit a Form of Proxy or Form of Direction as soon as possible The Form of Proxy should reach the Company's Registrar by 10.30 a.m. on 30 September 2020 and the Form of Direction by 10.30 a.m. on 29 September 2020. Completion of a Form of Proxy or Direction will not preclude you from listening to the General Meeting audio. You can complete a Form of Proxy or Form of Direction via the Saga Shareholder Services Portal.

Last year, we advised that we would no longer send paper forms. If you would like to request a paper Form of Proxy or Form of Direction please contact Saga Shareholder Services.

Saga plc

(incorporated and registered in England and Wales with registered number 08804263)

Notice is hereby given that a general meeting of Saga plc (the "**Company**") will be held at 10.30 a.m. on 2 October 2020 at Focus Point, 21 Caledonian Road, London, N1 9GB (the "**General Meeting**") for the purpose of considering and, if thought fit, passing the following resolutions, of which the resolutions numbered 1, 2 and 4 will be proposed as ordinary resolutions and the resolution numbered 3 will be proposed as a special resolution:

Unless expressly stated otherwise, terms defined in the prospectus of the Company dated 11 September 2020 shall have the same meaning in this Notice of General Meeting.

ORDINARY RESOLUTIONS

That:

(1) subject to and conditional upon Resolutions 2 and 3 being duly passed, the terms of the proposed issue of 224,400,000 New Shares to Roger De Haan (or his nominee) for an aggregate subscription amount of £60,588,000 pursuant to the First Firm Placing, the terms of the proposed issue of 124,183,026 New Shares to Roger De Haan (or his nominee) for an aggregate subscription amount of £14,901,963 pursuant to the Second Firm Placing, and the proposed issue of 623,335,182 New Shares to conditional Placees and Qualifying Shareholders pursuant to the Placing and Open Offer:

   a. at an issue price of 27 pence per New Share in respect of the First Firm Placing (which is at a premium of 68.4% to the Closing Price of 16 pence per Ordinary Share on 9 September 2020); and

   b. at an issue price of 12 pence per New Share in respect of the Second Firm Placing and the Placing and Open Offer (which is at a discount of 25.1% to the Closing Price of 16 pence per Ordinary Share on 9 September 2020),

   be approved.

(2) subject to and conditional upon Resolutions 1 and 3 being duly passed, and without prejudice to all existing authorities conferred on the Directors by the Company, the Directors be and hereby are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot New Shares in the Company and/or to grant rights to subscribe for, or convert any security into, New Shares up to an aggregate nominal amount of £9,719,182 (being equivalent to 971,918,208 New Shares) pursuant to or in connection with the Firm Placing and the Placing and Open Offer, provided that the authority granted by this resolution shall expire at conclusion of the annual general meeting of the Company to be held in 2021, unless and to the extent previously varied, revoked or renewed, save that the Directors may, before such expiry, make offers or enter into agreements which would or might require New Shares to be allotted or rights to subscribe for, or to convert any security into, New Shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert any security into shares in pursuance of such as offers or agreements as if the authority given by this resolution had not expired;

SPECIAL RESOLUTION

That:

(3) subject to and conditional upon Resolutions 1 and 2 being duly passed, and without prejudice to all existing authorities conferred on the Directors by the Company, the Directors be and hereby are empowered pursuant to section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 2 above, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, such power to be limited to the allotment of equity securities pursuant to the authority granted by Resolution 2 up to an aggregate nominal amount of £9,719,182 (being equivalent to 971,918,208 New Shares), provided that the authority granted by this resolution shall expire at conclusion of the annual general meeting of the Company to

be held in 2021, unless and to the extent previously varied, revoked or renewed, save that the Directors may, before such expiry, make offers or enter into agreements which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired;

ORDINARY RESOLUTION

That:

(4) subject to and conditional upon Resolutions 1, 2 and 3 being duly passed, and subject to and conditional upon Admission, thereafter at such time as the Directors may in their sole discretion determine, every 15 ordinary shares of 1 pence each in nominal value in issue in the capital of the Company as at 6.00 p.m. on 9 October 2020 (or such other date as the Directors may in their sole discretion determine) (the "**Ordinary Shares**") be consolidated into one new consolidated ordinary share of 15 pence each in nominal value (the "**Consolidated Shares**") having the same rights and ranking *pari passu* in all respects with the Existing Shares, provided that, in accordance with Article 54 of the Articles of Association, where such consolidation would result in any member being entitled to a fraction of a Consolidated Share, such fraction shall be aggregated with the fractions of a Consolidated Share (if any) to which other members of the Company would be similarly so entitled and the Directors are hereby authorised to sell (or appoint any other person to sell) all the Consolidated Shares representing such fractions at the best price reasonably obtainable to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members who would otherwise be entitled to the fractions so sold, save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company and any proceeds of sale (net of expenses) to each of the relevant member(s) of less than £5.00 will accrue for the benefit of the Company (and, for the purposes of implementing the provisions of this resolution, any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such Consolidated Shares on behalf of the relevant member(s) and to do all acts and things the Directors consider necessary or desirable to effect the transfer of such Consolidated Shares to, or in accordance with the directions of, any buyer of such Consolidated Shares).

By order of the board of directors of the Company:

Victoria Haynes
Company Secretary
Saga plc
11 September 2020

Registered office:
Enbrook Park
Folkestone
Kent CT20 3SE
United Kingdom
Registered in England and Wales No. 08804263
www.saga.co.uk

Notes:

1. Only those members entered on the register of members of the Company as at close of business on 30 September 2020 (or if the General Meeting is adjourned, close of business on the date which is 48 hours before the time fixed for the adjourned General Meeting excluding any UK non-working days) shall be entitled to vote on the business of the above meeting and a member may vote in respect of the number of Ordinary Shares registered in the member's name at that time. In each case changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to vote on the business of the General Meeting. These requirements reflect Part 13 of the Act and Regulation 41 of The Uncertificated Securities Regulations 2001 (as amended).

   Shareholders can listen to a livestream of the meeting and ask questions electronically. Electronic participation does not constitute attendance at the meeting. In order to vote on the business of the meeting, you must complete a Form of Proxy or a Form of Direction, which you cannot do using the Lumi app or website. Shareholders can listen to the livestream by either downloading the dedicated "Lumi AGM" app or by accessing the General Meeting website: http://web.lumiagm.com. Lumi is our meeting software provider and works in conjunction with our registrar, Link.

   Downloading the General Meeting app

   To access the General Meeting you will need to download the latest version of the dedicated General Meeting app, called "Lumi AGM", onto your smartphone from the Google Play Store or the Apple App Store. We recommend that you do this in advance of the meeting date. Please note that the app is not compatible with older devices operating Android 4.4 (and below) or iOS 9 (and below).

   Accessing the General Meeting website

   Lumi General Meeting can also be accessed online using most well-known internet browsers such as Internet Explorer (versions 10 and 11), Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone. If you wish to access the General Meeting using this method, please go to https://weblumiagm.com on the day.

   Logging-in to the General Meeting

   Once you have downloaded the "Lumi AGM" App, or accessed https://web.lumiagm.com from your web browser, you will be asked to enter the Lumi Meeting ID which is 185-190-507. You will then be prompted to enter your unique log in and pin number. Your unique log in is your 11 digit Investor Code (IVC) including any zeros and your pin number is the last 4 digits of your IVC number. If you are not in receipt of your IVC this can be found on your share certificate or nominee statement or alternatively you can sign in to www.sagashareholder.co.uk to obtain your IVC code. If however you cannot find your IVC and don't have access to www.sagashareholder.co.uk then please contact Saga Shareholder Services on 0800 015 5429 to obtain you IVC in order to log into the meeting, Saga Shareholder Services is open from 9.00 a.m. – 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls from outside the United Kingdom will be charged at the applicable international rate.

   Access to the audio of the meeting via the app or website will be available from 30 minutes before the meeting begins.

   If you haven't received a letter from the company or have purchased shares in the company within the last few weeks, then please telephone Saga Shareholder Services on 0800 015 5429 by 10.30 a.m. on 30 September 2020 who will provide you with the required information to listen to the meeting remotely.

2. A member may appoint a proxy (who need not be a member of the Company) to exercise all or any of their rights to vote on the business of the General Meeting. You can appoint the Chairman of the meeting to be your proxy at the General Meeting, which is strongly recommended due to the restrictions on attendance.

3. You can also, if you wish, appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you.

4. **A proxy other than the Chairman of the meeting will be unable to attend the meeting and vote on your behalf, however they will be able to listen to the meeting electronically.**

   Shareholders are encouraged to register proxies in advance to allow sufficient time to process these. Saga Shareholer Services are open between 9.00 a.m. and 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales.

   If you hold your shares in a nominee via a bank or broker and wish to listen to the General Meeting electronically, please contact your bank or broker directly and ask them to send the Company's registrars Link a Corporate Letter of Representation before 10.30 a.m. on 30 September. Link will then send the unique login, PIN and meeting ID back to the nominee to forward on to you directly.

5. **You can vote in advance of the meeting either:**

   - **By logging on to www.sagashareholder.co.uk** and following the instructions;
   - **By requesting a hard copy Form of Proxy or Form of Direction directly from the Registrars, Link Group by emailing enquiries@sagashareholder.co.uk or by telephone to 0800 015 5429. Lines are open from 09.00 a.m. – 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales); or**
   - **If you are a CREST member, by using the CREST electronic proxy appointments service in accordance with the procedures set out below.**

6. **To be valid, the Proxy and any authority under which it was executed (or a notarially certified copy of such authority) must be submitted to the Company's Registrars, Link Group, in accordance with the instructions set out on in this Notice by no later than 10.30 a.m. on 30 September 2020** (or if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned General Meeting, excluding any UK non-working days). Completion of a Proxy will not preclude shareholders from listening to the meeting electronically. Members who prefer to appoint a proxy online can do so through the Saga Shareholder Services Portal (www.sagashareholder.co.uk) where full instructions on the procedure are given. Your Investor Code (IVC) will be required in order to use the online facility. Alternatively, members who have already registered with the Saga Shareholder Services Portal can register their proxy online by logging on to their portfolio at **www.sagashareholder.co.uk** and clicking on the link to register their vote. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 10.30 a.m. on 30 September 2020.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 2 October 2020 and any adjournment(s) thereof by using the procedures described in the CREST Manual (available at www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. We strongly recommend appointing the Chairman of the meeting as your proxy. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30 a.m. on 30 September 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST

member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

8. **If you hold your shares within the Saga Shareholder Account ('SSA') your shares are held on your behalf in the name of Link Market Services Trustees (Nominees) Limited, a wholly owned subsidiary of the administrators of the SSA, Link Market Services Trustees Limited. Link Market Services Trustees (Nominees) Limited is the registered shareholder but you can tell them how you want the votes in respect of your shares to be cast at the General Meeting by completing a Form of Direction. Please complete this form and return it to the Registrar or vote online at www.sagashareholder.co.uk by 10.30 a.m. on 29 September 2020** (or if the General Meeting is adjourned, 72 hours before the time fixed for the adjourned General Meeting, excluding any UK non-working days). The Investor Code (IVC) printed on your notification documentation will be required in order to log in to the system. Submitting a Form of Direction will not preclude you from listening to the meeting electronically. Notes 3 to 5 above do not apply to you. A Form of Direction will not be valid if sent to any address other than those provided or if received after 10.30 a.m. on 30 September 2020.

9. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

10. If you are a person who has been nominated by a member under section 146 of the Act to enjoy information rights in accordance with section 146 of the Act, Notes 3 to 7 above do not apply to you (as the rights described in those Notes can only be exercised by members of the Company) but you may have a right under an agreement between you and the member by whom you were nominated to be appointed or to have someone else appointed, as a proxy for the General Meeting. If you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

11. As at 9 September 2020 (being the latest practicable date before publication of this Notice) the Company's issued share capital consists of 1,122,003,328 Ordinary Shares, carrying one vote each. No shares were held in treasury. Therefore, the total number of voting rights in the Company as at 9 September 2020 is 1,122,003,328.

12. This Notice of General Meeting together with the information listed below, is available on the Company's website www.corporate.saga.co.uk**:**

    - the matters set out in this Notice of General Meeting;
    - the total number of (i) shares in the Company and (ii) shares of each class, in respect of which members are entitled to exercise voting rights at the General Meeting;
    - the totals of the voting rights that members are entitled to exercise at the General Meeting in respect of the shares of each class; and
    - members' statements, members' resolutions and members' matters of business received by the Company after the first date on which notice of the General Meeting is given.

13. Any member has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; the answer has already been given on its website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act (Requirements as to website availability). Where the Company is required to place a statement on its website under section 527 of the Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the General Meeting will include discussion regarding any statement that the Company has been required under section 527 of the Act to publish on its website.

14. A member that is a company or other organisation not having a physical presence can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 3 to 5 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the company's Articles of Association and the relevant provisions of the Act. Corporate representatives may exercise on its behalf all of the powers of a shareholder. Corporate Representatives will not be able to attend the General Meeting, however they will be able to listen to the meeting electronically.

15. You may not use any electronic address provided either in this Notice of General Meeting or any related documents to communicate with the Company for any purpose other than those expressly stated.

16. The results of voting at the General Meeting will be announced through a Regulatory Information Service and will appear on our website **www.corporate.saga.co.uk** as soon as they are available.

17. We regularly review ways to improve communication with shareholders and encourage electronic communication where available. This has advantages including increasing the speed of communication, minimising our impact on the environment and reducing print and distribution costs. Previously, Saga sent over 53,000 paper proxy forms annually, 85% of which were not returned. As of 2020 we no longer send paper proxy forms to shareholders registered for paper communications unless you have specifically asked for one. Instead you may register your proxy online at the Saga Shareholder Services Portal, www.sagashareholder.co.uk. Online registration is quicker and more secure than paper forms. If you would like to receive a paper proxy form you will need to request one each year from our Registrar, Link Group. We would urge you to register for electronic communications generally. You may register online using the Saga Shareholder Services Portal or by contacting Link Group.