AA INTERMEDIATE CO LIMITED

INTERIM REPORT

FOR THE SIX MONTHS ENDED 31 JULY 2025

Interim management report

General overview

Strong performance in our business has delivered growth in all our financial metrics, including a 53% improvement in profit before tax. Paying down of debt has further strengthened the balance sheet making a positive start to FY26.

The Directors present the condensed financial statements of AA Intermediate Co Limited ("the Company") and its subsidiary undertakings (together "the Group") for the period ended 31 July 2025. The Company is an Obligor and a parent company of each of the other Obligors that provide security and guarantees under the financing arrangements entered into by the AA on 2 July 2013. The Company's immediate parent is AA Mid Co Limited. There is no material difference in the financial conditions and results of operations between the AA Intermediate Co Limited group and the AA Mid Co Limited group.

Highlights

Strong trading performance

- Revenue up 6% to £590m (H1 25: £556m), with growth in both Road (6%) and Insurance (7%) divisions, driven by growth in holdings and average income per customer.
- Total holdings[1] have increased by 0.9m (6%) to 17.0m (H1 25: 16.1m), confirming us as the UK's largest driving services' provider.
- Roadside paid personal holdings increased by 45k (1%) to 3,322k (H1 25: 3,277k), and business holdings increased by 0.8m (7%) to 11.9m (H1 25: 11.1m) re-confirming our position as the UKs largest provider of breakdown assistance.
- Completion of our Insurance replatform and further investment in our proposition has seen Broker motor policies in force increasing by 51k (5%) to 1,000k (H1 25: 949k).
- Adjusted EBITDA[2] up 7% to £212m (H1 25: £198m), despite ongoing inflationary and macroeconomic pressures, demonstrating strong cost control and a resilient operating model benefiting from our investment in data, technology and AI.
- Strong trading results and reduced finance costs led to a 53% increase in PBT to £46m (H1 25: £30m).

Strengthened balance sheet

- With senior leverage at 5.2x, and following the £62m Class B3 redemption in May, a notice of redemption has been issued for the remaining £48m B3 Notes, completing this within FY26.
- We successfully refinanced our £165m Senior Term facility and £56m Working Capital Facility, including a new US Private Placement transaction to diversify our funding sources.
- Finance costs reduced by 21% as a result of decreases in both ongoing and adjusting debt finance expenses.
- Our Class A rating was re-affirmed at BBB.

Delivering for our customers

- Customer growth has been supported by strong performance in key operating and service metrics including our Trustpilot rating reaching 4.7 (H1 25: 4.5) supported by our continued high repair rates maintained. Repair rates for electric vehicles are higher still, reflecting early investment in comprehensive training of patrols.
- Our app, relaunched in March, has driven stronger customer engagement, with active users increasing by 11% to 1.2m and users engaging more frequently with the app (+8% vs H1 25). This is supporting customer retention, cross selling our broader offer and delivering operating cost efficiency.
- £31m of capital investment in H1 (H1 25: £34m), providing ongoing innovation in our customer proposition and efficiency including leveraging data, technology and AI.

[1] Includes Roadside B2C and B2B holdings and brokered motor and home insurance policies in force.
[2] Defined on page 3.

Interim management report (continued)

Highlights (continued)

	Six months ended July 2025 (H1 26)	Six months ended July 2024 (H1 25)
Revenue (£m)		
Roadside business division	**527**	497
Insurance business division	**63**	59
Revenue	**590**	556
Adjusted EBITDA[1] (£m)		
Roadside business division	**207**	195
Insurance business division	**5**	3
Adjusted EBITDA	**212**	198
Reported EBITDA[1] (£m)		
Roadside business division	**187**	176
Insurance business division	**5**	3
Reported EBITDA	**192**	179
Profit before tax (£m)	**46**	30
Cash		
Adjusted operating cash flow[2] (£m)	**196**	188
Cash and cash equivalents (£m)	**115**	111
Membership		
Paid personal holdings (B2C) (000s)	**3,322**	3,277
Business holdings (B2B) (ms)	**11.9**	11.1
Total Motor policies (000s)	**1,000**	949
Number of patrols	**2,741**	2,759

[1] Defined on page 3.
[2] Net cash flow after amortisation of insurance acquisition cash flows, pension payments, movement in working capital and other non-cash movements. See page 4.

Outlook

We remain confident in our proven, successful strategy and continue to focus on driving our underlying trading performance. Despite persistent macroeconomic headwinds, our disciplined execution and solid first-half results reinforce the resilience of our operating model. We remain committed to our long-term growth ambition and are well positioned to sustain our strong momentum for the rest of the year.

Interim management report (continued)

Financial performance

The Group has two key segments – Roadside and Insurance. These segments are consistent with the way in which information is presented to the chief operating decision maker. Head Office costs have been allocated to these two key segments as these costs principally directly support the operations of these segments. Head Office costs are predominately allocated on a percentage of revenue basis.

The two reportable operating segments are as follows:

- *Roadside business division:* This segment is the largest part of the AA business. The AA provides a nationwide service, sending patrols out to members stranded at the side of the road, repairing their vehicles where possible and getting them back on their way quickly and safely. In addition, this segment includes the AA and BSM driving schools, Drivetech which provides driver training and educative programmes, Prestige which provides service, maintenance and repair services, Keycare which offers policies covering lost and stolen keys and AA Media, a publisher which rates hotels, restaurants and attractions across the UK.
- *Insurance business division:* This segment includes the insurance brokerage activities of the AA, primarily in arranging motor and home insurance for customers and its intermediary financial services business. This segment also includes AA Cars which sells used vehicles and accident assist.

	Six months ended July 2025 £m	**Six months ended July 2024 £m**
Revenue		
Roadside business division	**527**	497
Insurance business division	**63**	59
Revenue	**590**	556
Adjusted EBITDA		
Roadside business division	**207**	195
Insurance business division	**5**	3
Adjusted EBITDA	**212**	198
Reported EBITDA		
Roadside business division	**187**	176
Insurance business division	**5**	3
Reported EBITDA	**192**	179

These financial statements report results and performance both on a statutory and non-GAAP (non-statutory) basis. The Group's adjusted performance measures are non-GAAP (non-statutory) financial measures and are included in these financial statements as they are key financial measures used by management to evaluate performance of business segments.

Adjusted EBITDA is defined as profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation of intangible assets, amortisation of insurance acquisition cash flows, adjusting operating items, share-based payments, pension adjustments, impairment of property, plant and equipment, impairment of intangible assets, net finance costs and tax expense.

Reported EBITDA is defined as Adjusted EBITDA excluding the adjustment for amortisation of insurance acquisition cash flows.

The pension adjustment represents charges related to the UK and Ireland defined benefit schemes.

Interim management report (continued)

Financial performance (continued)

Reconciliation of Adjusted EBITDA to profit before tax:

	Six months ended July 2025 £m	Six months ended July 2024 £m
Adjusted EBITDA	**212**	198
Amortisation of insurance acquisition cash flows	**(20)**	(19)
Reported EBITDA	**192**	179
Share-based payments	**(5)**	-
Pension adjustment	**(3)**	(3)
Amortisation and depreciation	**(62)**	(56)
Adjusting operating items	**(6)**	(1)
Fulfilment finance costs (included within operating profit)	**(1)**	(1)
Operating profit	**115**	118
Net finance costs	**(69)**	(88)
Profit before tax	**46**	30

Cash flow

	Six months ended July 2025 £m	Six months ended July 2024 £m
Adjusted EBITDA	**212**	198
Amortisation of insurance acquisition cashflows	**(20)**	(19)
Pension payments	**(15)**	(14)
Working capital	**19**	23
Adjusted operating cash flow	**196**	188
Tax paid	**(12)**	(9)
Capital expenditure	**(31)**	(34)
Proceeds from sale of fixed assets	**1**	5
Payment of lease capital	**(24)**	(22)
Operating free cash flow after capital expenditure	**130**	128
Net interest paid	**(67)**	(72)
Operating free cash flow before adjusting operating items	**63**	56
Acquisition of subsidiary	-	(9)
Investment in joint venture	**(1)**	-
Adjusting operating items	**(5)**	(10)
Free cash flow	**57**	37
Refinancing transactions and debt buyback	**(59)**	(13)
Net (decrease)/increase in cash and cash equivalents	**(2)**	24

Adjusted operating cash flows for H1 26 were an inflow of £196m, an improvement of £8m over H1 25, reflecting strong trading performance and cash management in the year.

Interim management report (continued)

Capital expenditure

- Cash capital expenditure of £31m in H1 (H1 25: £34m) includes developing new digital propositions, enhancing our existing digital propositions and making upgrades to our data and operational infrastructure.

Financing position

The table below sets out the current funding position as at 31 July 2025:

	Expected maturity date	Interest rate %	Principal £m
Senior Term Facility 2025	19 March 2030	6.56	95
USPP	18 March 2030	6.67	70
Class A8 Notes	31 July 2027	5.50	325
Class A9 Notes	31 July 2028	3.25	270
Class A10 Notes	31 July 2029	7.38	385
Class A11 Notes	31 January 2028	8.45	400
Class A12 Notes	31 July 2031	6.85	435
Class B3 Notes	31 January 2026	6.50	48
Total loan notes			**2,028**

- The Senior Leverage ratio was 5.2x as at 31 July 2025 (5.3x as at 31 January 2025)
- The Class B Leverage Ratio was 5.6x as at 31 July 2025 (5.9x as at 31 January 2025)
- Class A FCF:DSCR ratio was 2.8x as at 31 July 2025 (2.7x as at 31 January 2025)
- We successfully refinanced our £165m Senior Term Facility and £56m Working Capital Facility well ahead of the scheduled maturity and in line with the ongoing maturity management programme. See Note 17 for details.
- £62m of B3 Notes redeemed at par in May 2025 and notice of redemption has been issued for the remaining £48m.
- The Group has fully hedged all its exposure to variable interest rates and its forecast diesel usage for the years ending 31 January 2026 and 31 January 2027.

Principal risks and uncertainties

The AA continues to assess the principal risks and uncertainties which could pose a threat to the delivery of our strategic objectives. We proactively monitor and take appropriate steps to manage these risks, with oversight by the Group Executive Risk and Compliance Committee and the AA Insurance Services Limited and Group Audit and Risk Committees. The Directors do not consider that the principal risks and uncertainties and the mitigating actions described in the Group's Annual Report and Financial Statements for the year ended 31 January 2025 have substantively changed.

Further information in respect of our Risk Management Framework, our Principle Risks and how we manage them can be found on pages 10 to 15 of the AA Intermediate Co Limited 2025 Annual Report and Financial Statements, which can be found on the website https://www.theaacorporate.com/investors.

Interim management report (continued)

Net debt and covenants

		As at 31 July 2025	As at 31 July 2024	As at 31 January 2025
		£m	**£m**	**£m**
Senior Term Facility		**95**	165	165
USPP		**70**	-	-
Class A notes		**1,815**	1,815	1,815
Less: cash and cash equivalents		**(115)**	(111)	(117)
Net Senior Secured Debt[1]		**1,865**	1,869	1,863
Class B notes		**48**	125	110
Lease obligations for covenant reporting[2]		**85**	62	75
Net Whole Business Securitisation (WBS) debt[3]		**1,998**	2,056	2,048
IFRS 16 lease adjustment for lease obligations[4]		**30**	19	31
Net Debt		**2,028**	2,075	2,079
Reconciliation to covenants				
Lease obligations for covenant reporting[2]		**85**	62	75
IFRS 16 lease adjustment for WBS for lease obligations[4]		**30**	19	31
Total lease liabilities as reported in the statement of financial position		**115**	81	106
Debt Covenant EBITDA for the last 12 months[5]		**360**	343	350
	Covenant			
Class B Leverage Ratio[6]		**5.6x**	6.0x	5.9x
Senior Leverage ratio[7]		**5.2x**	5.5x	5.3x
Class A free cash flow: debt service[8]	>1.35x	**2.8x**	2.7x	2.7x

Ratios for all periods calculated on an unrounded basis.

[1] Principal amounts of the Senior Term Facility and Class A Notes less AA Intermediate Co group cash and cash equivalents.
[2] The lease obligations for covenant reporting value is presented based on frozen GAAP pre-IFRS 16, as required by the debt documents. The figure above is therefore different to the lease liabilities value shown in the statement of financial position.
[3] Net WBS Debt represents the borrowings and cash balances within the WBS structure headed by AA Intermediate Co Limited. This includes the principal amounts of the Senior Term Facility, Class A Notes, Class B3 Notes and lease obligations for covenant reporting less AA Intermediate Co Limited group cash and cash equivalents.
[4] Difference between lease obligations for covenant reporting based on frozen GAAP and the lease liabilities value included in the statement of financial position having adopted IFRS 16 from 1 February 2019.
[5] AA Intermediate Co Limited group debt covenant EBITDA.
[6] Ratio of Net WBS Debt[3] to AA Intermediate Co Limited group debt covenant EBITDA.
[7] Ratio of Net Senior Secured Debt[1] to AA Intermediate Co Limited group debt covenant EBITDA[5]. Note 31 July 2024 calculated on unrounded numbers.
[8] Ratio of free cash flow to proforma debt service relating to the Senior Term Facility and Class A Notes.

Interim management report (continued)

Net debt and covenants (continued)

Class A free cash flow to debt service was 2.8 times as at 31 July 2025, showing substantial headroom over the covenants which are set out above. The cash within the ring-fenced group headed by AA Mid Co Limited is part of the whole business securitisation (WBS). A dividend cannot be paid from the ring-fenced group until a number of criteria have been met. These include:

- Class A Free Cash Flow: Debt Service is above 1.35x
- The Total Class A Net Debt to EBITDA ratio is less than 5.5x
- The Class B3 Notes impose additional restrictions on certain payments and dividend flows.

Enquiries

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Consolidated income statement

	Note	**Six months ended July 2025 £m**	Six months ended July 2024 £m
Insurance revenue	**10**	**279**	271
Other revenue		**311**	285
Total income	**2**	**590**	556
Insurance service expenses		**(103)**	(99)
Other marketing and administration expenses		**(372)**	(339)
Operating profit		**115**	118
Finance income	**4**	**3**	3
Finance cost	**5**	**(72)**	(91)
Profit before tax		**46**	30
Tax expense	**6**	**(14)**	(9)
Profit for the period		**32**	21

The accompanying notes are an integral part of this consolidated income statement.

Consolidated statement of comprehensive income

	Six months ended July 2025 £m	Six months ended July 2024 £m
Profit for the period	**32**	21
Other comprehensive income on items that may be reclassified to the income statement in subsequent years		
Changes in fair value of cash flow hedges	**(2)**	1
Reclassification from cash flow hedge reserve	**(6)**	(4)
Tax effect of effective portion of changes in fair value of cash flow hedges	**2**	1
	(6)	(2)
Other comprehensive income on items that will not be reclassified to the income statement in subsequent years		
Remeasurement gains on defined benefit schemes	**7**	8
Tax effect	**(2)**	(2)
	5	6
Total other comprehensive income	**(1)**	4
Total comprehensive income for the period	**31**	25

The accompanying notes are an integral part of this consolidated statement of comprehensive income.

Consolidated statement of financial position

	Note	**July 2025 £m**	July 2024 £m	January 2025 £m
Assets				
Cash and cash equivalents	**13**	**115**	111	117
Trade and other receivables within 1 year	**11**	**291**	270	287
Amounts owed by other Group undertakings	**12**	**1,205**	1,206	1,207
Current tax receivable		**-**	4	5
Inventories		**5**	4	4
Trade and other receivables after 1 year	**11**	**1**	1	1
Derivative financial instruments after 1 year	**18**	**-**	9	6
Deferred tax assets		**17**	16	14
Investments in joint ventures and associates		**5**	5	5
Right-of-use assets	**9**	**121**	85	113
Property, plant and equipment	**8**	**23**	22	29
Goodwill and other intangible assets	**7**	**1,365**	1,367	1,368
Total assets		**3,148**	3,100	3,156
Liabilities				
Trade and other payables	**14**	**(379)**	(327)	(346)
Amounts due to other Group undertakings	**12**	**(119)**	(116)	(118)
Lease liabilities due within 1 year		**(38)**	(30)	(34)
Provisions due within 1 year	**15**	**(6)**	(5)	(7)
Borrowings and loans due within 1 year	**16**	**(48)**	-	(109)
Insurance contract liabilities	**10**	**(103)**	(120)	(114)
Lease liabilities due after 1 year		**(77)**	(51)	(72)
Derivative financial instruments due after 1 year	**18**	**(2)**	(1)	(1)
Borrowings and loans due after 1 year	**16**	**(1,962)**	(2,081)	(1,960)
Provisions due after 1 year	**15**	**(17)**	(8)	(17)
Defined benefit pension scheme liability	**19**	**(104)**	(143)	(120)
Total liabilities		**(2,855)**	(2,882)	(2,898)
Net assets		**293**	218	258
Equity				
Share capital	**22**	**361**	361	361
Share premium		**158**	158	158
Cash flow hedge reserve		**2**	10	8
Retained earnings		**(228)**	(311)	(269)
Total equity		**293**	218	258

The accompanying notes are an integral part of this consolidated statement of financial position.

Consolidated statement of changes in equity

Attributable to the equity holders of the parent

	Note	Share capital £m	Share premium £m	Cash flow hedge reserve £m	Retained earnings £m	Total £m
At 1 February 2024		**361**	**-**	**12**	**(338)**	**35**
Profit for the period		-	-	-	21	21
Changes in fair value of cash flow hedges		-	-	1	-	1
Reclassification from cash flow hedge reserve		-	-	(4)	-	(4)
Remeasurement losses on defined benefit schemes		-	-	-	8	8
Tax effect		-	-	1	(2)	(1)
Total comprehensive income		-	-	(2)	27	25
Issue of shares		-	158	-	-	158
At 31 July 2024		**361**	**158**	**10**	**(311)**	**218**
At 1 February 2025		**361**	**158**	**8**	**(269)**	**258**
Profit for the period		-	-	-	32	32
Changes in fair value of cash flow hedges		-	-	(2)	-	(2)
Reclassification from cash flow hedge reserve		-	-	(6)	-	(6)
Remeasurement losses on defined benefit schemes		-	-	-	7	7
Tax effect		-	-	2	(2)	-
Total comprehensive income		-	-	(6)	37	31
Equity-settled share-based payments		-	-	-	4	4
At 31 July 2025		**361**	**158**	**2**	**(228)**	**293**

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The accompanying notes are an integral part of this consolidated statement of changes in equity.

Consolidated statement of cash flows

	Note(s)	**Six months ended July 2025 £m**	Six months ended July 2024 £m
Operating activities			
Profit before tax		**46**	30
Amortisation, depreciation and impairment	**7, 8, 9**	**62**	56
Net finance costs	**4, 5**	**70**	89
Difference between pension charge and cash contributions		**(12)**	(11)
Other adjustments to profit before tax		**7**	(2)
Working capital and provisions:			
Increase in trade and other receivables		**(7)**	(3)
Increase in trade and other payables		**36**	16
Increase in inventories		**(1)**	-
(Decrease)/increase in provisions		**(1)**	1
(Decrease)/increase in insurance contract liabilities		**(9)**	2
Total working capital and provisions adjustments		**18**	16
Net cash flows from operating activities before tax		**191**	178
Tax paid		**(12)**	(9)
Net cash flows from operating activities		**179**	169
Investing activities			
Capital expenditure		**(31)**	(34)
Proceeds from sale of fixed assets		**1**	5
Receipt of principal of financial asset at amortised cost		**-**	1
Payment for acquisition of subsidiary, net of cash acquired		**-**	(9)
Investment in joint venture		**(1)**	(1)
Interest received		**3**	3
Net cash flows used in investing activities		**(28)**	(35)
Financing activities			
Proceeds from borrowings		**165**	435
Issue costs on borrowings		**(2)**	(3)
Debt repayment premium and penalties		**-**	(8)
Equity contribution via issue of shares		**-**	158
Proceeds on settlement of interest rate swap		**5**	-
Repayment of borrowings		**(227)**	(595)
Refinancing transactions		**(59)**	(13)
Interest paid on borrowings		**(67)**	(73)
Payment of lease capital		**(24)**	(22)
Payment of lease interest		**(3)**	(2)
Net cash flows used in financing activities		**(153)**	(110)
Net (decrease)/increase in cash and cash equivalents		**(2)**	24
Cash and cash equivalents at the beginning of the period		**117**	87
Cash and cash equivalents	**13**	**115**	111

The accompanying notes are an integral part of this consolidated statement of cash flows.

Consolidated statement of cash flows (continued)

Other adjustments to profit before tax inflow of £7m (H1 25: outflow of £2m) includes loss on disposal of fixed assets of £1m (H1 25 profit: £3m), impairment of investment in joint ventures of £1m (H1 25: £1m) and a share-based payment charge of £5m (H1 25: £nil).

Notes to the financial statements

1 Basis of preparation

a) Adoption of new accounting standards

No new accounting standards have been adopted by the Group in the period to 31 July 2025.

b) Accounting policies

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and the Financial Conduct Authority's Disclosure and Transparency Rules. Accordingly, they do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 January 2025.

These financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year to 31 January 2025 were approved by the Board of Directors on 6 June 2025 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 January 2025 which were prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

c) Going concern

The Group's operations are highly cash generative with a large proportion of its revenues coming from recurring transactions. Net cash flows from operating activities in the period were £179m (HY 25: £169m, 2025: £319m). The significant customer loyalty demonstrated by high renewal rates and lengthy customer tenure underpins this. In addition to £115m (HY 25: £111m, 2025: £117m) of unrestricted cash balances at the reporting date, the Group has agreed undrawn credit facilities of £46m (HY 25: £46m, 2025: £46m).

The majority of the Group's borrowings are long term in nature, and the Group continues to seek to refinance its debt within good time of its scheduled maturity, including the refinancing of its Senior Term Facility ('STF') which had a maturity date of 10 March 2026. As at the date of approval of these financial statements, the full £165m of STF has already been refinanced. On 14 May 2025 the Group redeemed £62m of Class B3 Notes at par. See Note 17 for more details.

For the Group's longer-term viability, it remains a key assumption of the Directors that the Group continues to have ready access to public debt markets to enable these borrowings to be refinanced at affordable rates of interest. Deleveraging the business remains a central long-term aim of the business.

The Directors consider the going concern period as twelve months from the date of signing these financial statements and have reviewed detailed monthly cash flow forecasts for this period. In addition, the Directors have considered and confirm there are no significant or material events that have been identified beyond the going concern period that may cast significant doubt upon the continuing use of the going concern basis. The forecasts incorporate severe but plausible downside scenarios relating to business performance and covenant thresholds.

The Directors have concluded that the Group has sufficient funds to continue trading for this period and the foreseeable future without significant curtailment of operations. Therefore, the financial statements have been prepared using the going concern basis.

d) Critical accounting estimates and judgements

The principal estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial period are consistent with those disclosed in the financial statements for the year ended 31 January 2025.

Notes to the financial statements (continued)

2 Segmental information

All segments operate principally in the UK. Revenue by destination is not materially different from revenue by origin.

Disaggregation of revenue:

	Six months ended July 2025 £m	Six months ended July 2024 £m
Roadside business division		
Consumer (B2C)	**318**	310
Business Services (B2B)	**147**	135
Roadside other[1]	**62**	52
Total Roadside business division	**527**	497
Insurance business division		
Brokering activities	**55**	51
Insurance other[1]	**8**	8
Total Insurance business division	**63**	59
Total revenue	**590**	556

[1] Roadside other comprises the Group's Driving Schools, Drivetech and Prestige businesses as well as a number of other smaller operations. Insurance other comprises the Group's AA Cars and Financial Services businesses.

Roadside B2C and B2B mostly consists of revenue from roadside membership subscriptions. The majority of brokering activities revenue relates to commission income from insurers external to the Group.

Reconciliation of insurance and other revenue by segment:

	Six months ended July 2025 £m	Six months ended July 2024 £m
Roadside business division		
Insurance revenue	**279**	271
Other revenue	**248**	226
Total roadside business division	**527**	497
Insurance business division		
Other revenue	**63**	59
Total insurance business division	**63**	59
Total revenue		
Total insurance revenue	**279**	271
Total other revenue	**311**	285
Total revenue	**590**	556

Notes to the financial statements (continued)

2 Segmental information (continued)

Reconciliation of Reported EBITDA to Operating profit

	Six months ended July 2025			Six months ended July 2024		
	Roadside £m	**Insurance £m**	**Group £m**	Roadside £m	Insurance £m	Group £m
Reported EBITDA	**187**	**5**	**192**	176	3	179
Share-based payments			**(5)**			-
Pension adjustment			**(3)**			(3)
Amortisation and depreciation			**(62)**			(56)
Fulfilment finance costs			**(1)**			(1)
Operating profit before adjusting items			**121**			119
Adjusting operating items			**(6)**			(1)
Operating profit			**115**			118

Reported EBITDA is one of the Group's key segmental performance measures as presented to the chief operating decision maker.

Adjusting operating items are not allocated to individual segments as they are managed on a Group basis. Segmental information is not presented for items in the consolidated statement of financial position as management does not view this information on a segmental basis.

3 Adjusting operating items

	Six months ended July 2025 £m	Six months ended July 2024 £m
Adjusting operating items	**6**	1

In the current period, adjusting operating items comprised £3m of strategic review projects, £1m related to our transformation project, £1m impairment of investments in joint ventures and £1m loss on disposal of non-current assets.

In the prior period, adjusting operating items comprised £2m of strategic review projects, £1m related to our transformation project and £1m impairment of investments in joint ventures. These costs were partially offset by £3m profit on disposal of non-current assets.

4 Finance income

	Six months ended July 2025 £m	Six months ended July 2024 £m
Interest income on bank deposits	**3**	3
Total ongoing cash finance income	**3**	3
Total finance income	**3**	3

Notes to the financial statements (continued)

5 Finance costs

	Six months ended July 2025 £m	Six months ended July 2024 £m
Interest on external borrowings	**69**	76
Reclassification from cash flow hedge reserve to the consolidated income statement	**(7)**	(4)
Finance charges payable on lease liabilities	**3**	2
Total ongoing cash finance costs	**65**	74
Ongoing amortisation of debt issue fees	**3**	3
Net finance expense on defined benefit pension schemes	**3**	4
Total ongoing non-cash finance costs	**6**	7
Debt management and early repayment fees	**1**	8
Total adjusting cash finance costs	**1**	8
Unamortised debt issue fees written off following repayment of borrowings	**-**	2
Total adjusting non-cash finance costs	**-**	2
Finance costs	**72**	91
Fulfilment interest costs (included in insurance service expenses)	**1**	1
Total finance costs	**73**	92

During the current period, in order to redeem its Senior Term Facility, the Group issued a new £95m Senior Term Facility and a £70m US Private Placement. The issues of the new instruments were not a modification of any existing debt and the associated issue fees were capitalised.

6 Tax

The major components of the income tax expense are:

	Six months ended July 2025 £m	Six months ended July 2024 £m
Consolidated income statement		
Current income tax		
Current income tax charge	**17**	**10**
	17	**10**
Deferred tax		
Relating to origination and reversal of temporary differences – current year	**(3)**	**(1)**
	(3)	**(1)**
Tax charge in the income statement	**14**	9

Notes to the financial statements (continued)

6 Tax (continued)

Tax for the period has been calculated by applying the forecast effective tax rate for the full year to the profit before tax result for the period.

In both periods, the effective rate is higher than the standard rate of tax. In 2025 this was due to corporate interest restriction disallowance and 2026 results from disallowable transaction costs and corporate interest restriction.

Pillar Two

The Group is subject to the global minimum top-up tax under Pillar Two legislation and the first year to which top-up taxes could apply was the year from 1 February 2024 to 31 January 2025. The Group has not recognised a current tax expense related to the top-up tax (2025: £nil). The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two as provided in the amendments to IAS 12 issued in May 2023. The Group is monitoring developments as Pillar Two is fully implemented in relevant territories, and as further guidance is published.

7 Goodwill and other intangible assets

	Goodwill £m	Customer relationships £m	Software £m	Total £m
Cost				
At 1 February 2024	1,197	11	467	1,675
Additions	-	-	30	30
Additions through acquisition of business	5	4	-	9
At 31 July 2024	1,202	15	497	1,714
At 1 February 2025	1,206	18	471	1,695
Additions	-	-	29	29
Disposals	-	-	(25)	(25)
At 31 July 2025	**1,206**	**18**	**475**	**1,699**
Amortisation and impairment				
At 1 February 2024	33	5	279	317
Amortisation	-	1	29	30
At 31 July 2024	33	6	308	347
At 1 February 2025	33	7	287	327
Amortisation	-	1	30	31
Disposals	-	-	(24)	(24)
At 31 July 2025	**33**	**8**	**293**	**334**
Net book value				
At 31 July 2025	**1,173**	**10**	**182**	**1,365**
At 31 July 2024	1,169	9	189	1,367
At 31 January 2025	1,173	11	184	1,368

Disposals in the period relate to software assets that have been retired following upgrades to the Group’s insurance sales and administration platforms.

Notes to the financial statements (continued)

8 Property, plant and equipment

	Buildings on long leasehold land £m	Plant & equipment £m	Total £m
Cost			
At 1 February 2024	7	77	84
Additions	-	-	-
At 31 July 2024	7	77	84
At 1 February 2025	-	63	63
Additions	-	1	1
Disposals	-	(7)	(7)
At 31 July 2025	**-**	**57**	**57**
Depreciation and impairment			
At 1 February 2024	7	49	56
Charge for the period	-	6	6
At 31 July 2024	7	55	62
At 1 February 2025	-	34	34
Charge for the period	-	7	7
Disposals	-	(7)	(7)
At 31 July 2025	**-**	**34**	**34**
Net book value			
At 31 July 2025	**-**	**23**	**23**
At 31 July 2024	-	22	22
At 31 January 2025	-	29	29

Notes to the financial statements (continued)

9 Right-of-use assets

	Property £m	Vehicles & equipment £m	Total £m
Cost			
At 1 February 2024	26	130	156
Additions	-	31	31
Disposals	-	(15)	(15)
At 31 July 2024	26	146	172
At 1 February 2025	42	158	200
Additions	-	34	34
Disposals	-	(15)	(15)
At 31 July 2025	**42**	**177**	**219**
Accumulated Depreciation and impairment			
At 1 February 2024	10	72	82
Charge for the period	3	17	20
Disposals	-	(15)	(15)
At 31 July 2024	13	74	87
At 1 February 2025	15	72	87
Charge for the period	2	22	24
Disposals	-	(13)	(13)
At 31 July 2025	**17**	**81**	**98**
Net book value			
At 31 July 2025	**25**	**96**	**121**
At 31 July 2024	13	72	85
At 31 January 2025	27	86	113

Notes to the financial statements (continued)

10 Insurance contracts

Net carrying amounts of insurance contracts

Liabilities for remaining coverage as at	**31 July 2025 £m**	31 July 2024 £m	31 January 2025 £m
Insurance contracts	**(152)**	(164)	(160)
Asset for insurance acquisition cashflows	**49**	44	46
Total insurance contract liabilities	**(103)**	(120)	(114)

The following table shows the movement on assets for insurance acquisition cash flows:

	Total £m
Balance at 31 January 2025	46
Amounts incurred during the period	19
Amount derecognised and included in the measurement of insurance contracts	(16)
Balance at 31 July 2025	49
Balance at 1 February 2024	42
Amounts incurred during the period	17
Amount derecognised and included in the measurement of insurance contracts	(15)
Balance at 31 July 2024	44

Reconciliation of changes in insurance contracts by remaining coverage and incurred claim:

	Liabilities for remaining coverage		**Liability for incurred claims**	**Total**
	Incurred claims £m	**Loss component £m**	**Estimates of present value of future cash flows £m**	**£m**
Net opening insurance contract balances at 1 February 2025	**(157)**	**(3)**	**-**	**(160)**
Insurance revenue	279	-	-	279
Insurance service expenses				
Incurred claims and other insurance service expenses	-	-	(84)	(84)
Amortisation of insurance acquisition cash flows	(20)	-	-	(20)
Losses on onerous contracts	-	1	-	1
Total insurance service expenses	(20)	1	(84)	(103)
Total changes in the consolidated income statement	**259**	**1**	**(84)**	**176**
Premiums received	(272)	-	-	(272)
Insurance acquisition cash flows paid	4	-	-	4
Transferred from insurance acquisition cash flows asset	16	-	-	16
Claims and other insurance service expenses paid	-	-	84	84
Total cash flows	**(252)**	**-**	**84**	**(168)**
Net closing insurance contract balances at 31 July 2025	**(150)**	**(2)**	**-**	**(152)**

Notes to the financial statements (continued)

10 Insurance contracts (continued)

	Liabilities for remaining coverage		Liability for incurred claims	Total
	Incurred claims £m	Loss component £m	Estimates of present value of future cash flows £m	£m
Net opening insurance contract balances at 1 February 2024	**(158)**	**(2)**	**-**	**(160)**
Insurance revenue	271	-	-	271
Insurance service expenses				
Incurred claims and other insurance service expenses	-	2	(80)	(78)
Amortisation of insurance acquisition cash flows	(19)	-	-	(19)
Losses on onerous contracts	-	(2)	-	(2)
Total insurance service expenses	(19)	-	(80)	(99)
Total changes in the consolidated income statement	**252**	**-**	**(80)**	**172**
Premiums received	(275)	-	-	(275)
Insurance acquisition cash flows paid	4	-	-	4
Transferred from insurance acquisition cash flows asset	15	-	-	15
Claims and other insurance service expenses paid	-	-	80	80
Total cash flows	**(256)**	**-**	**80**	**(176)**
Net closing insurance contract balances at 31 July 2024	**(162)**	**(2)**	**-**	**(164)**

The expected derecognition profile of the insurance acquisition cash flows asset is as follows:

	1 year or less £m	1-2 years £m	2-3 years £m	3-4 years £m	Over 4 years £m	Total £m
31 July 2025	**23**	**13**	**8**	**4**	**1**	**49**
31 July 2024	20	12	7	4	-	44
31 January 2025	21	12	8	4	1	46

11 Trade and other receivables

	July 2025 £m	July 2024 £m	January 2025 £m
After one year			
Other receivables	**1**	1	1
	1	1	1
Within one year			
Trade receivables	**232**	214	225
Prepayments	**28**	25	32
Contract assets	**28**	26	26
Other receivables	**3**	5	4
	291	270	287

Notes to the financial statements (continued)

12 Amounts owed by / due to other group undertakings

	July 2025 £m	July 2024 £m	January 2025 £m
Amounts owed by other Group undertakings	**1,205**	1,206	1,207
Amounts due to other Group undertakings	**(119)**	(116)	(118)

Amounts owed by and due to other Group undertakings are unsecured, have no repayment terms and bear no interest.

13 Cash and cash equivalents

	July 2025 £m	July 2024 £m	January 2025 £m
Cash at bank and in hand – available	**115**	111	117

14 Trade and other payables

	July 2025 £m	July 2024 £m	January 2025 £m
Trade payables	**172**	158	154
Other taxes and social security costs	**29**	10	19
Accruals	**72**	65	78
Deferred income	**73**	60	67
Other payables	**33**	34	28
	379	327	346

15 Provisions

	July 2025 £m	July 2024 £m	January 2025 £m
Property leases	**6**	5	7
Onerous contract	**6**	-	6
Self-funded insurance liabilities	**7**	6	7
Other	**4**	2	4
	23	13	24
Within one year	**6**	5	7
After one year	**17**	8	17
	23	13	24

The property leases provision of £6m (H1 25: £5m) relates primarily to dilapidations. These sums are mainly expected to be paid out over the next 5 years; however, it will take 15 years to fully pay out all amounts provided for. The provision has been calculated at a risk-free rate.

Notes to the financial statements (continued)

15 Provisions (continued)

The onerous contract provision relates to a specific B2B contract, for which a provision of £6m was recognised in FY25. The provision will be released over the remaining four years of the contract life.

The self-funded insurance liabilities relates to where the Group provides for the cost of certain claims made against it, for example motor vehicle accident damage and employer liability claims. These sums are mainly expected to be paid out over the next 5 years; however, it can take up to 30 years for employer liability claims to pay out in full.

At 31 July 2025, other provisions included £2m (H1 25: £2m) in relation to warranty for vehicle part replacements and £2m (HY 25: £nil) relating to vehicle end of life provisions.

During the period, total provisions of £6m were utilised (H1 25: £1m) and net additional provisions of £5m were made (H1 25: £2m).

Contingent Liabilities

From time to time the Group is subject to other claims and potential litigation. At the time of these financial statements, the Directors do not consider any such claims and litigation to have anything other than a remote risk of resulting in any material liability to the Group.

16 Borrowings and loans

	July 2025 £m	July 2024 £m	January 2025 £m
Current			
Borrowings (see Note 17)	**48**	-	109
Non-current			
Borrowings (see Note 17)	**1,962**	2,081	1,960
	2,010	2,081	2,069

17 Borrowings

	Expected maturity date	Interest rate	Principal £m	Issue costs £m	Amortised issue costs £m	**Total as at 31 July 2025 £m**	Total as at 31 July 2024 £m	Total as at 31 January 2025 £m
Senior Term Facility 2021	10 March 2026	3.49%	-	-	-	**-**	150	150
Senior Term Facility 2023	10 March 2026	7.17%	-	-	-	**-**	15	15
Senior Term Facility 2025	19 March 2030	6.56%	95	(1)	-	**94**	-	-
US Private Placement	18 March 2030	6.67%	70	-	-	**70**	-	-
Class A8 Notes	31 July 2027	5.50%	325	(3)	2	**324**	324	324
Class A9 Notes	31 July 2028	3.25%	270	(4)	3	**269**	268	268
Class A10 Notes	31 July 2029	7.38%	385	(16)	6	**375**	372	373
Class A11 Notes	31 January 2028	8.45%	400	(4)	2	**398**	397	398
Class 12 Notes	31 July 2031	6.85%	435	(3)	-	**432**	432	432
Class B3 Notes	31 January 2026	6.50%	48	(10)	10	**48**	123	109
		6.54%	2,028	(41)	23	**2,010**	2,081	2,069

Notes to the financial statements (continued)

17 Borrowings (continued)

On 10 February 2025 the Group renewed its £200m Liquidity Facility with an effective date of 5 March 2025. The facility remains undrawn.

On 18 March 2025 the Group entered into a new £95m Senior Term Facility ('STF') and a new £70m fixed rate US Private Placement ('USPP'). The £95m STF commitments were transacted with a swap that exchanges SONIA for a fixed interest rate of 4.06%, thereby fixing the STF borrowings at 6.56% through to 19 March 2030. The USPP was issued at a fixed rate of 6.67%.

On 19 March 2025 the Group successfully refinanced its existing £165m Senior Term Facility using the proceeds from the new STF and USPP. The Group also replaced its £56m Working Capital Facility, due to mature on 10 March 2026. The new Working Capital Facility for £56m was put in place at a margin of 2.50% above SONIA. This facility is available until March 2030. £46m is available for cash drawings and remains undrawn.

On 14 May 2025, the Group redeemed £62m of Class B3 Notes at par using available cash held by the Group.

At 31 July 2025 all other borrowings have fixed interest rates. The weighted average interest rate for all borrowings of 6.54% has been calculated using the effective interest rate and principal values on 31 July 2025.

In order to show the Group net borrowings, the notes and the issue costs have been offset. Issue costs are shown net of any premium on the issue of borrowings. Interest rate swaps are recognised in the statement of financial position at fair value at the period end.

All of the Class A Notes are secured by first ranking security in respect of the undertakings and assets of AA Intermediate Co Limited and its subsidiaries. The Class A facility security over the AA Intermediate Co Limited group's assets ranks ahead of the Class B3 Notes. The Class B3 Notes have first ranking security over the assets of the immediate parent undertaking of the AA Intermediate Co Limited group, AA Mid Co Limited. AA Mid Co Limited can only pay a dividend when certain Net Debt to Trading EBITDA and cash flow criteria are met.

Any voluntary early repayments of the Class A Notes would incur a make-whole payment of all interest due to the expected maturity date, although most classes of notes can be settled without penalty within a period before the expected maturity date. For the Class A8 Notes, Class A9 Notes, Class A10 Notes and Class A12 Notes this period is 6 months. For the Class A11 Notes this period is 3 months. As of 31 January 2025 there is no premium to pay on redemption of the B3 Notes.

All of the Group notes are listed on the Irish Stock Exchange.

In order to comply with the requirements of the Class A Notes, the Group is required to maintain the Class A free cash flow to Class A total debt service charges in excess of 1.35x. The actual Class A free cash flow to Class A total debt service charges as at 31 July 2025 was 2.8x (H1 25: 2.7x).

The Class A Notes only permit the release of cash providing the Senior Leverage ratio after payment is less than 5.5x and providing there is sufficient excess cash flow to cover the payment. The actual Senior Leverage ratio as at 31 July 2025 was 5.2x (H1 25: 5.5x). The Class B3 Notes impose additional restrictions on certain payments and dividend flows.

On 1 April 2025, the Group entered into a financing arrangement with Basing TopCo Limited, an indirect parent of the Group. Under this arrangement the Group may borrow up to £60m for the sole purpose of redeeming Class B3 Notes, to the extent any remaining outstanding on the 31 January 2026 maturity date. At the date of signing of these financial statements no amounts have been drawn.

Notes to the financial statements (continued)

18 Derivative financial instruments

	July 2025 £m	July 2024 £m	January 2025 £m
Non-current assets			
Interest rate swap derivatives	**-**	9	6
Total	**-**	9	6
Non-current liabilities			
Forward fuel contracts	**(1)**	(1)	(1)
Interest rate swap derivatives	**(1)**	-	-
Total	**(2)**	(1)	(1)

The forward fuel contracts asset is shown on a net basis as the asset is settled on a net basis. On a gross basis, the asset is £nil (H1 25: £nil) and the liability is £1m (H1 25: £1m).

In the current year, the interest rate swap derivatives held for the £165m Senior Term Facility were settled on the redemption of the facility on 18 March 2025 for a gain of £5m. On 18 March 2025 the Group entered into a new £95m Senior Term Facility. The new commitments were transacted with a swap that exchanges SONIA for a fixed interest rate of 4.06%. See Note 17 for details.

19 Defined benefit pension scheme liabilities

The Group operates two funded defined benefit pension schemes: the AA UK Pension Scheme (AAUK) and the AA Ireland Pension Scheme (AAI). The assets of the schemes are held separately from those of the Group in independently administered funds. Full disclosure of governance and valuations can be seen in the AA Intermediate Co Limited 2025 Annual Report and Financial Statements on pages 69-76. The amounts recognised in the statement of financial position are as follows:

	As at 31 July 2025			
	AAUK £m	**AAI £m**	**AAPMP £m**	**Total £m**
Present value of the defined benefit obligation in respect of pension and healthcare plans	**(1,444)**	**(32)**	**(17)**	**(1,493)**
Fair value of plan assets	**1,351**	**38**	**-**	**1,389**
(Deficit)/surplus	**(93)**	**6**	**(17)**	**(104)**

	As at 31 July 2024			
	AAUK £m	AAI £m	AAPMP £m	Total £m
Present value of the defined benefit obligation in respect of pension and healthcare plans	(1,590)	(34)	(19)	(1,643)
Fair value of plan assets	1,460	40	-	1,500
(Deficit)/surplus	(130)	6	(19)	(143)

	As at 31 January 2025			
	AAUK £m	AAI £m	AAPMP £m	Total £m
Present value of the defined benefit obligation in respect of pension and healthcare plans	(1,504)	(33)	(14)	(1,551)
Fair value of plan assets	1,393	38	-	1,431
(Deficit)/surplus	(111)	5	(14)	(120)

Notes to the financial statements (continued)

19 Defined benefit pension scheme liabilities (continued)

The AAUK pension scheme was in deficit as at 31 July 2025. The movement since 31 January 2025 was mainly due to deficit reduction contributions paid by the Company, a decrease in the defined benefit obligation due to an improvement in financial conditions, partially offset by falls in hedging assets designed to move in line with movements in liabilities.

In February 2023, the actuarial triennial review for the AAUK pension scheme was completed as at 31 March 2022. This resulted in a significant reduction to the technical provisions deficit of around 60% from £131m as at 31 March 2019 to £53m. The Asset-Backed Funding mechanism, which provides a long-term deficit reduction plan, and additional contribution schedule remain in place from the 2019 valuation. Under the asset-back funding scheme, the Group makes an annual deficit reduction contribution of £16m increasing annually with inflation, until October 2038 or until the AAUK scheme funding deficit is removed if earlier, secured on the Group's brands. Under the additional contribution schedule (i.e., contributions in excess of the Asset-Backed Funding mechanism) the Group paid £12m per annum until July 2025. The trustee meets its own costs of running the AAUK scheme.

The next triennial actuarial valuation for the AA UK Pension Scheme will be carried out as at 31 March 2025 (the "2025 Valuation"). The AA and the AAUK Pension Trustee have until 30 June 2026 to agree the 2025 Valuation and any recovery plan to pay off any funding deficit identified. The 2025 Valuation could vary from the 2022 Valuation meaning the payments required into the AAUK Pension Scheme under any recovery plan could increase or decrease from those agreed for the 2022 Valuation.

Markets still have the potential to be volatile following the reporting date. The Group is exposed to various risks in connection with the funding of the pension commitments under the AAUK Pension Scheme (our principal defined benefit plan), the AA Ireland Pension Scheme and the post-retirement medical scheme, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Whilst the ongoing volatility from accrual costs has been removed, future volatility of deficit costs does remain.

The assets of the AAUK Pension Scheme are invested in various investment vehicles which are susceptible to market volatility, interest rate risk and other market risks, any of which could result in decreased asset value and a significant increase in the net pension obligations.

Using an inflation assumption of 3.0% and a discount rate assumption of 5.4%, the present value of the future deficit reduction contributions has been calculated. These contributions remain due until such a time as another recovery plan is put in place, whether or not an IAS 19 surplus position is shown. The Group notes that, in the event a surplus is shown, it would have an unconditional right to a refund of the surplus assuming the gradual settlement of AAUK scheme liabilities over time until all members have left the scheme.

The actuarial triennial review as at 31 December 2022 for the AAI pension scheme was completed during September 2023. This showed a funding surplus of £1m, an improvement from a £4m deficit as at 31 December 2019. The Group previously made deficit reduction contributions under a deficit reduction agreement which ended in December 2023. After this date deficit contributions have ceased as agreed with the AAI scheme trustees as part of the 31 December 2022 valuation.

In total, the Group paid £15m (H1 25: £14m) in deficit reduction employer contributions to its defined benefit plans (AAUK and AAI) in the period ending 31 July 2025.

In July 2024, the Group completed a full accounting valuation of the AAPMP with a valuation date of 31 January 2024. This updated the previous full accounting valuation of the AAPMP that was performed as at 31 January 2021 and was projected forward to relevant reporting dates.

The 31 January 2024 full accounting valuation of the AAPMP revealed a reduction in reported deficit as a result of the actual level of medical premium inflation experienced being lower than that assumed over the period between full valuations and the impact of the latest longevity expectations.

The Group recognised a charge in the consolidated income statement of £14m in respect of defined contribution pension scheme costs in the period (H1 25: £13m).

Notes to the financial statements (continued)

19 Defined benefit pension scheme liabilities (continued)

Fair value of plan assets

The table below shows the AAUK scheme assets split between those that have a quoted market price and those that are unquoted. The fair value of the AAUK scheme assets was as follows:

	As at 31 July 2025		As at 31 July 2024		As at 31 January 2025	
	Assets with a quoted market price £m	**Assets without a quoted market price £m**	Assets with a quoted market price £m	Assets without a quoted market price £m	Assets with a quoted market price £m	Assets without a quoted market price £m
Equities	**-**	**168**	-	145	-	186
Bonds/gilts	**60**	**545**	61	615	58	565
Property	**-**	**87**	-	118	-	84
Hedge funds	**-**	**15**	-	13	-	15
Private equity	**-**	**137**	-	134	-	140
Cash/net current assets	**8**	**12**	25	7	7	13
Annuity policies	**-**	**319**	-	342	-	325
Total AAUK scheme assets	**68**	**1,283**	86	1,374	65	1,328

Approximately £4m of unquoted assets allocated to private equity and £4m of unquoted assets allocated to property have been measured at amortised cost rather than fair value.

All assets of the AAUK scheme are held in unquoted pooled investment vehicles which invest in mixtures of quoted and unquoted funds. The above table displays the quoted and unquoted splits of the underlying investments.

Notes to the financial statements (continued)

19 Defined benefit pension scheme liabilities (continued)

Pension plan assumptions

The principal actuarial assumptions were as follows:

%	AAUK			AAI			AAPMP		
	Jul 2025 %	Jul 2024 %	Jan 2025 %	**Jul 2025 %**	Jul 2024 %	Jan 2025 %	**Jul 2025 %**	Jul 2024 %	Jan 2025 %
Pensioner discount rate - UK	**5.4**	4.9	5.3	**3.5**	3.4	3.2	**5.4**	4.9	5.3
Non-pensioner discount rate	**5.8**	5.1	5.5	**4.0**	3.5	3.6	**5.4**	4.9	5.3
Pensioner RPI	**3.0**	3.2	3.3	**-**	-	-	**3.0**	3.2	3.3
Non-pensioner RPI	**3.0**	3.1	3.1	**-**	-	-	**3.0**	3.2	3.3
Pensioner CPI	**2.4**	2.6	2.7	**2.0**	2.1	2.1	**2.4**	2.6	2.7
Non-pensioner CPI	**2.4**	2.4	2.5	**2.0**	2.1	2.1	**2.4**	2.6	2.7
Rate of increase of pensions in payment (final salary sections) - pensioner	**2.9**	3.1	3.1	**-**	-	-	**-**	-	-
Rate of increase of pensions in payment (final salary sections) – non-pensioner	**2.9**	3.0	3.0	**-**	-	-	**-**	-	-
Rate of increase of pensions in payment (CARE section) - pensioner	**1.8**	1.8	1.9	**-**	-	-	**-**	-	-
Rate of increase of pensions in payment (CARE section) – non-pensioner	**1.8**	1.8	1.8	**-**	-	-	**-**	-	-
Pension increase for deferred benefits	**2.4**	2.4	2.5	**2.0**	2.1	2.1	**-**	-	-
Medical premium inflation rate	**-**	-	-	**-**	-	-	**7.0**	7.2	7.3

Mortality assumptions are set using standard tables based on scheme-specific experience where available and an allowance for future improvements. For July 2025, the assumptions used for the AAUK Scheme were in line with the SAPS (S3) series mortality tables with scheme-specific adjustments (July 2024: SAPS (S3) series with scheme-specific adjustments). Future improvements were set in line with the CMI_2024 core projections with a 1.00% long-term rate of improvement and a half-life of 0.5 years.

AAPMP assumptions for July 2025 were in line with the SAPS (S4) series mortality tables for males and SAPS Light (S4_L) series mortality tables for females (July 2024: SAPS (S3) series with scheme-specific adjustments). Future improvements were set in line with the CMI_2024 core projections with a 1.00% long-term rate of improvement and a half-life of 0.5 years.

The AAI scheme mortality assumptions are set using standard tables with scheme-specific adjustments.

The AA schemes' overall assumptions are that a male retiring in normal health currently aged 60 will live on average for a further 25 years (July 2024: 24 years) and a female retiring in normal health currently aged 60 will live on average for a further 27 years (July 2024: 27 years).

Sensitivity analysis

Please refer to the AA Intermediate Co Limited 2025 Annual Report and Financial Statements pages 76-77 for further detail on sensitivity analysis, which has not moved materially.

Notes to the financial statements (continued)

19 Defined benefit pension scheme liabilities (continued)

Virgin Media/NtL judgment

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated s37 certificate necessary. In July 2024, the Court of Appeal upheld the June 2023 decision and no further appeal was sought through the Supreme Court. The judgement could impact the AA UK Scheme as it was contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

In June 2025 the Department for Work and Pensions confirmed that the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Further detail on the approach and process for this retrospective confirmation is expected to follow in due course.

Investigations have been carried out by the AAUK scheme Trustee in relation to the deeds amending the scheme in the period affected by the judgement. Based on the results of this investigation, management have concluded that the possibility of additional provisioning being required under IAS 19 is remote. Management and the scheme Trustees will continue to monitor developments in the matter.

20 Related parties

The following tables provide the total values of transactions that have been entered into with associates and joint ventures in the period.

Transactions with associates:

		Six months ended		Year ended
		July 2025	July 2024	January 2025
Associate	Nature of transaction	**£m**	£m	£m
ARC Europe SA	Registration and call handling fees	**1**	1	2

At 31 July 2025, the Group had an outstanding balance payable to ARC Europe SA of £nil (H1 25: £nil) in respect of the above transactions.

Transactions with joint ventures:

		Six months ended		Year ended
		July 2025	July 2024	January 2025
Joint venture	Nature of transaction	**£m**	£m	£m
Drvn Solutions Limited	Goods supplied by Drvn Solutions Limited	**1**	-	-

At 31 July 2025, the Group had an outstanding balance payable to Drvn Solutions Limited of £nil (H1 25: £nil) in respect of the above transactions.

Notes to the financial statements (continued)

21 Fair values

Fair values

Financial instruments held at fair value are valued using quoted market prices or other valuation techniques.

Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and market observable inputs used in valuation techniques include interest rates.

The objective of using valuation techniques is to arrive at a fair value that reflects the price of the financial instrument at each year end at which the asset or liability would have been exchanged by market participants acting at arm's length.

Observable inputs are those that have been seen either from counterparties or from market pricing sources and are publicly available. The use of these depends upon the liquidity of the relevant market. When measuring the fair value of an asset or a liability, the Group uses observable inputs as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation as follows:

Level 1

Quoted market prices in an actively traded market for identical assets or liabilities. These are the most reliable.

Level 2

Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities. These include valuation models used to calculate the present value of expected future cash flows and may be employed either when no active market exists or when there are quoted prices available for similar instruments in active markets. The models incorporate various inputs including interest rate curves and forward rate curves of the underlying instrument.

Level 3

Inputs for assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair values of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level as the lowest input that is significant to the entire measurements.

The fair values are periodically reviewed by the Group Treasury function. The following tables provide the quantitative fair value hierarchy of the Group's fuel and interest rate swaps and loan notes.

The carrying values of all other financial assets and liabilities (including the Senior Term Facility) are approximate to their fair values:

At 31 July 2025:

		Fair value measurement using		
	Carrying value £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Liabilities for which fair values are disclosed				
Forward fuel contracts (Note 18)	**1**	**1**	**-**	**-**
Interest rate swap derivatives (Note 18)	**1**	**1**		
Loan notes (Note 17)	**1,846**	**1,915**	**-**	**-**

Notes to the financial statements (continued)

21 Fair values (continued)

At 31 July 2024:

		Fair value measurement using		
	Carrying value £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Financial assets measured at fair value				
Interest rate swap derivatives (Note 18)	9	9	-	-
Liabilities for which fair values are disclosed				
Forward fuel contracts (Note 18)	1	1	-	-
Loan notes (Note 17)	1,916	1,962	-	-

At 31 January 2025:

		Fair value measurement using		
	Carrying value £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Financial assets measured at fair value				
Interest rate swap derivatives (Note 18)	6	6	-	-
Liabilities for which fair values are disclosed				
Forward fuel contracts (Note 18)	1	1	-	-
Loan notes (Note 17)	1,904	1,960	-	-

22 Share capital

	July 2025 £m	July 2024 £m	January 2025 £m
Allotted, called up and fully paid			
360,893,050 (July 2024: 360,893,050, January 2025: 360,893,050) ordinary shares of £1 each	**361**	361	361
	361	361	361

The voting rights of the holders of all ordinary shares are the same and all ordinary shares rank pari passu on a winding up.

23 Events after the reporting period

There are no events to report.