



AA INTERMEDIATE CO LIMITED

INTERIM REPORT

FOR THE SIX MONTHS ENDED 31 JULY 2026

Interim management report

General overview

Strong performance in our business has delivered growth in our key financial metrics, including a 6% improvement in Adjusted EBIT. Positive cash generation has helped strengthen our balance sheet, reducing net debt and improved our senior leverage ratio.

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 2026. 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

Positive momentum across the Group reflected in a strong H1

- Revenue increased by 5% to £619m (H1 26: £590m) with growth across all three divisions.
- Total customer holdings¹ have increased by 0.3m to 16.7m (FY 26: 16.4m), maintaining our position as the UK’s largest driving services provider.
- Adjusted EBITDA rose by 6% to £225m (H1 26: £212m) and Operating Profit increased by 7% to £123m (H1 26: £115m).
- Senior leverage reduced to 5.0x (FY26: 5.2x) and we successfully issued £400m of Class A14 Notes at a fixed rate of 5.95% with the proceeds used to redeem in full the £400m 8.45% Class A11 Notes following the half year end.
- Customer growth has been supported by strong performance in key operating and service metrics reflecting our Trustpilot rating of 4.8 for breakdown cover (FY26: 4.8).
- Investment in technology and AI resulting in positive customer outcomes with material growth in online chat volumes, remote fix and Chat & Voice Bot containment.

Delivering strong performance in core roadside

- Customer growth, coupled with strong income per customer, delivered a 3% increase in revenue to £478m (H1 26: £466m).
- Roadside paid personal holdings increased by 21k (1%) to 3,353k (FY 26: 3,332k), and business holdings increased by 0.2m (2%) to 11.3m (FY 26: 11.1m).
- Adjusted EBITDA grew 3% to £218m (H1 26: £211m), despite challenging weather conditions during the period – a demonstration of our resilient operating model.
- Continued to deliver exceptional customer service, including outstanding repair rates, demonstrated through our strong NPS scores.

Accelerating growth in insurance

- Revenue growth of 23% to £58m (H1 26: £47m) reflecting volume growth and higher market premiums.
- Exceeded 2m policies with policies in force growing by 6% to 2,054k (FY26: 1,936k), realising enhanced capability of the new platform.
- Adjusted EBITDA rose by 40% to £14m (H1 26: £10m) driven by strong policy volumes, platform and AI investment, and improving retention.

Accelerating SMR momentum in our driving services portfolio

- Momentum across our Driving Services business, delivering growth in revenue of 8% to £83m (H1 26: £77m) and Adjusted EBITDA remains in line with prior period at £13m.
- Revenue growth driven by our SMR (Service, Maintenance and Repair) business following investment in mobile mechanics and positive performance in Financial Services following the launch of NatWest Boxed in FY26.
- Total SMR jobs² increased by 39% to 79k (H1 26: 57k) and Accident Assist total claims increased by 14% to 42k (H1 26: 37k).

¹ Includes Roadside B2C and B2B holdings and brokered motor and home insurance policies in force.

² Excludes B2B inspections.

Interim management report (continued)

Highlights (continued)

	Six months ended July 2026 (H1 27)	Six months ended July 2025 (H1 26)
Revenue¹ (£m)		
Roadside business division	478	466
Insurance business division	58	47
Driving services business division	83	77
Total Revenue	619	590
Adjusted EBITDA^{1,2} (£m)		
Roadside business division	218	211
Insurance business division	14	10
Driving services business division	13	13
Central costs	(20)	(22)
Total Adjusted EBITDA	225	212
Adjusted EBIT² (£m)	134	127
Operating profit (£m)	123	115
Operating free cash flow before working capital³ (£m)	144	137
	31 July 2026	31 January 2026
Balance sheet		
Cash and cash equivalents ⁴ (£m)	570	123
Net debt (£m)	(1,970)	(2,029)
Membership		
Paid personal holdings (B2C) (000s)	3,353	3,332
Business holdings (B2B) (ms)	11.3	11.1
Insurance policies (000s)	2,054	1,936
Number of patrols⁵	2,819	2,753

¹ The Group has revised its reporting segments during the period. Comparatives have been restated. See page 3 for details.

² Defined on page 4.

³ Net cash flow pre working capital, other non-cash items, tax, pensions, cash flows from fixed asset disposals, other investing activities, net interest paid, acquisition of subsidiaries, adjusting operating items, refinancing transactions and dividends paid.

⁴ 31 July 2026 includes £398m of net proceeds from the issuance of Class A14 Notes on 30 July 2026 held in the mandatory prepayment account. This was used towards the redemption in full of the £400m Class A11 Notes on 6 August 2026.

⁵ Includes roadside assistance and recovery patrols and mobile mechanics.

Interim management report (continued)

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.

Financial performance

During the period the Group revised the presentation of its segments.

The Group now reports three segments – Roadside, Insurance and Driving Services. The Group's central costs are not allocated to the reporting segments. These segments are consistent with the way in which information is presented to the chief operating decision maker.

The three reportable trading segments are as follows:

- *Roadside business division:* This segment is the largest part of the AA business. The AA provides a nationwide service to consumer members and business customers. The AA sends patrols out to motorists stranded at the side of the road, repairing their vehicles where possible and getting them back on their way quickly and safely.
- *Insurance business division:* This segment includes the insurance brokerage activities of The AA, primarily in arranging motor and home insurance for customers.
- *Driving services business division:* This segment includes Mobile Mechanics and service maintenance and repair (SMR) services, Accident Assist, the AA and BSM driving schools, Driveteck which provides driver training and educative programmes, AA Cars which sells used vehicles, Financial Services which offers intermediary services for customers to obtain finance products through third parties, Keycare which offers policies covering lost and stolen keys and AA Media, a publisher which rates hotels, restaurants and attractions across the UK. .

In addition, Reported EBITDA was removed as a KPI as management ceased measuring business performance on this basis, with profitability measurement focused on Adjusted EBITDA and a new metric of Adjusted EBIT.

As a result of these changes the prior period comparatives have been restated. See Note 22 for a reconciliation of the changes.

	Six months ended July 2026 £m	Six months ended July 2025 (restated) ¹ £m
Revenue		
Roadside business division	478	466
Insurance business division	58	47
Driving services business division	83	77
Total	619	590

¹ See Note 22 for a reconciliation of restated comparatives.

Interim management report (continued)

Financial performance (continued)

	Six months ended July 2026 £m	Six months ended July 2025 (restated) ¹ £m
Adjusted EBITDA		
Roadside business division	218	211
Insurance business division	14	10
Driving services business division	13	13
Central costs	(20)	(22)
Total	225	212

¹ See Note 22 for a reconciliation of restated comparatives.

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.

Adjusted EBIT is defined as Adjusted EBITDA excluding the adjustments for amortisation and depreciation and pension adjustments.

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

Reconciliation of Adjusted EBITDA to profit before tax:

	Six months ended July 2026 £m	Six months ended July 2025 £m
Adjusted EBITDA	225	212
Amortisation of insurance acquisition cash flows	(22)	(20)
Amortisation and depreciation	(66)	(62)
Pension adjustment	(3)	(3)
Adjusted EBIT	134	127
Share-based payments	(3)	(5)
Adjusting operating items	(7)	(6)
Fulfilment finance costs (included within operating profit)	(1)	(1)
Operating profit	123	115
Net finance costs	(91)	(69)
Profit before tax	32	46

Interim management report (continued)

Cash flow

	Six months ended July 2026 £m	Six months ended July 2025 £m
Adjusted EBITDA	225	212
Amortisation of insurance acquisition cashflows	(22)	(20)
Capital expenditure	(33)	(31)
Payment of lease capital	(26)	(24)
Operating free cash flow before working capital	144	137
Change in working capital	2	19
Operating free cash flow	146	156
Tax paid	(6)	(12)
Pension cash flows	(10)	(15)
Net cash flows from fixed asset disposals	(1)	1
Other investing activities	(1)	(1)
Net interest paid	(72)	(67)
Cash flows from adjusting operating items	(7)	(5)
Free cash flow	49	57
Net refinancing transactions	398	(59)
Net increase/(decrease) in cash and cash equivalents	447	(2)

Capital expenditure

Cash capital expenditure of £33m in H1 (H1 26: £31m) includes development of new digital customer propositions, investment in Roadside operations and investment in the transformation of our SMR business.

Financing position

The table below sets out the current funding position as at 31 July 2026:

	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 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 A13 Notes	31 July 2032	5.50	375
Class A14 Notes	31 July 2030	5.95	400
Total loan notes			2,430

Interim management report (continued)

Financing position (continued)

- The Senior Leverage ratio was 5.0x as at 31 July 2026 (5.2x as at 31 January 2026)
- Class A FCF:DSCR ratio was 2.4x as at 31 July 2026 (2.6x as at 31 January 2026)
- In February 2026, the Group completed the annual renewal of its £200m Liquidity Facility with an effective date of 4 March 2026 and an expiry date of 3 March 2027.
- On 30 July 2026, the Group issued £400m of Class A14 Notes with a fixed rate of 5.95% and a maturity date of 31 July 2030. The issuance proceeds were used to redeem in full the £400m of Class A11 Notes through an optional redemption on 6 August 2026.
- The Group has fully hedged all its exposure to variable interest rates and substantially all of its forecast diesel usage for the years ending 31 January 2027 and 31 January 2028.

Net debt and covenants

	As at 31 July 2026 £m	As at 31 July 2025 £m	As at 31 January 2026 £m
Senior Term Facility	95	95	95
USPP	70	70	70
Class A notes	2,265	1,815	1,865
Less: cash and cash equivalents	(570)	(115)	(123)
Net Senior Secured Debt ¹	<u>1,860</u>	<u>1,865</u>	<u>1,907</u>
Class B notes	-	48	-
Lease obligations for covenant reporting ²	80	85	90
Net Whole Business Securitisation (WBS) debt ³	<u>1,940</u>	<u>1,998</u>	<u>1,997</u>
IFRS 16 lease adjustment for lease obligations ⁴	30	30	32
Net Debt	<u>1,970</u>	<u>2,028</u>	<u>2,029</u>
Reconciliation to covenants			
Lease obligations for covenant reporting ²	80	85	90
IFRS 16 lease adjustment for WBS for lease obligations ⁴	30	30	32
Total lease liabilities as reported in the statement of financial position	<u>110</u>	<u>115</u>	<u>122</u>
Debt Covenant EBITDA for the last 12 months ⁵	375	360	365

	Covenant			
Senior Leverage ratio ⁶		5.0x	5.2x	5.2x
Class A free cash flow: debt service ⁷	>1.35x	2.4x	2.8x	2.6x

Ratios for all periods calculated on an unrounded basis and are measured at the interim and year-end reporting dates.

Interim management report (continued)

Net debt and covenants (continued)

¹ Principal amounts of the Senior Term Facility, US Private Placement 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 Senior Secured Debt¹ to AA Intermediate Co Limited group debt covenant EBITDA⁵.

⁷ Ratio of free cash flow to proforma debt service relating to the Senior Term Facility and Class A Notes.

Class A free cash flow to debt service was 2.4 times as at 31 July 2026, 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

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 2026 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 9 to 14 of the AA Intermediate Co Limited 2026 Annual Report and Financial Statements, which can be found on the website <https://www.theaacorporate.com/investors>.

Enquiries

Investors

Tim Allen

investorrelations@theaa.com

+44 7356 156811

Media (Teneo)

aa@teneo.com

+44 20 7260 2700

Consolidated income statement

	Note	Six months ended July 2026 £m	Six months ended July 2025 £m
Insurance revenue	10	282	279
Non-insurance revenue		337	311
Total revenue	2	619	590
Insurance service expenses	10	(111)	(103)
Non-insurance operating expenses		(385)	(372)
Operating profit		123	115
Finance income	4	3	3
Finance cost	5	(94)	(72)
Profit before tax		32	46
Tax expense	6	(8)	(14)
Profit for the period		24	32

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

Consolidated statement of comprehensive income

	Six months ended July 2026 £m	Six months ended July 2025 £m
Profit for the period	24	32
Other comprehensive income on items that may be reclassified to the income statement in subsequent years		
Changes in fair value of cash flow hedges	5	(2)
Reclassification from cash flow hedge reserve	(1)	(6)
Tax effect of effective portion of changes in fair value of cash flow hedges	(1)	2
	3	(6)
Other comprehensive income on items that will not be reclassified to the income statement in subsequent years		
Remeasurement gains on defined benefit schemes	22	7
Tax effect	(5)	(2)
	17	5
Total other comprehensive income	20	(1)
Total comprehensive income for the period	44	31

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

Consolidated statement of financial position

	Note	July 2026 £m	July 2025 £m	January 2026 £m
Assets				
Cash and cash equivalents	13	570	115	123
Trade and other receivables within 1 year	11	364	291	336
Amounts owed by other Group undertakings	12	1,210	1,205	1,209
Current tax receivable		4	-	6
Inventories		5	5	5
Trade and other receivables after 1 year	11	-	1	-
Derivative financial instruments after 1 year	17	3	-	-
Deferred tax assets		14	17	19
Investments in joint ventures and associates		2	5	2
Right-of-use assets	9	111	121	126
Property, plant and equipment	8	21	23	23
Goodwill and other intangible assets	7	1,361	1,365	1,363
Total assets		3,665	3,148	3,212
Liabilities				
Trade and other payables	14	(441)	(367)	(402)
Amounts due to other Group undertakings	12	(148)	(119)	(128)
Lease liabilities due within 1 year		(40)	(38)	(40)
Provisions due within 1 year	15	(4)	(6)	(10)
Borrowings and loans due within 1 year	16	(399)	(48)	-
Insurance contract liabilities	10	(92)	(103)	(99)
Lease liabilities due after 1 year		(70)	(77)	(82)
Trade and other payables due after 1 year	14	(12)	(12)	(12)
Derivative financial instruments due after 1 year	17	-	(2)	(2)
Borrowings and loans due after 1 year	16	(2,012)	(1,962)	(2,011)
Provisions due after 1 year	15	(15)	(17)	(16)
Defined benefit pension scheme net liabilities	18	(96)	(104)	(121)
Total liabilities		(3,329)	(2,855)	(2,923)
Net assets		336	293	289
Equity				
Share capital	21	361	361	361
Share premium		158	158	158
Cash flow hedge reserve		5	2	2
Retained earnings		(188)	(228)	(232)
Total equity		336	293	289

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

	Share capital £m	Share premium £m	Cash flow hedge reserve £m	Retained earnings £m	Total £m
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 gains 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
At 1 February 2026	361	158	2	(232)	289
Profit for the period	-	-	-	24	24
Changes in fair value of cash flow hedges	-	-	5	-	5
Reclassification from cash flow hedge reserve	-	-	(1)	-	(1)
Remeasurement gains on defined benefit schemes	-	-	-	22	22
Tax effect	-	-	(1)	(5)	(6)
Total comprehensive income	-	-	3	41	44
Equity-settled share-based payments	-	-	-	3	3
At 31 July 2026	361	158	5	(188)	336

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 2026 £m	Six months ended July 2025 £m
Operating activities			
Profit before tax		32	46
Amortisation, depreciation and impairment	7, 8, 9	66	62
Net finance costs	4, 5	92	70
Difference between pension charge and cash contributions		(7)	(12)
Other adjustments to profit before tax		7	7
Working capital and provisions:			
Increase in trade and other receivables		(29)	(7)
Increase in trade and other payables		43	36
Increase in inventories		-	(1)
(Decrease)/increase in provisions		(9)	(1)
(Decrease)/increase in insurance contract liabilities		(7)	(9)
Total working capital and provisions adjustments		(2)	18
Net cash flows from operating activities before tax		188	191
Tax paid		(6)	(12)
Net cash flows from operating activities		182	179
Investing activities			
Capital expenditure		(33)	(31)
Net cash flows from fixed asset disposals		(1)	1
Investment in joint venture		(1)	(1)
Interest received		3	3
Net cash flows used in investing activities		(32)	(28)
Financing activities			
Proceeds from borrowings		400	165
Issue costs on borrowings		(2)	(2)
Proceeds on settlement of interest rate swap		-	5
Repayment of borrowings		-	(227)
Refinancing transactions		398	(59)
Interest paid on borrowings		(72)	(67)
Payment of lease capital		(26)	(24)
Payment of lease interest		(3)	(3)
Net cash flows used in financing activities		297	(153)
Net increase/(decrease) in cash and cash equivalents¹		447	(2)
Cash and cash equivalents at 31 January		123	117
Impact of IFRS 9 accounting standard amendment	1.2	10	-
Cash and cash equivalents at 1 February		133	117
Cash and cash equivalents at 31 July	13	570	115

¹As the IFRS 9 amendment has been applied prospectively, the net increase in cash and cash equivalents for the 6 months ended 31 July 2026 has been calculated using opening balances which have not been restated.

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 26: inflow of £7m) includes loss on disposal of fixed assets of £3m (H1 26 loss: £1m), impairment of investment in joint ventures of £1m (H1 26: £1m) and a share-based payment charge of £3m (H1 26: £5m).

Notes to the financial statements

1 Basis of preparation and accounting policies

1.1 Basis of preparation

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 2026.

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 2026 were approved by the Board of Directors on 20 April 2026 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.

1.2 Accounting policies

With the exception of the change noted below, 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 2026 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.

Adoption of new accounting standards

During the year the Group has adopted *Annual Improvements to IFRS Accounting Standards – Amendments to IFRS 9 Financial Instruments*. Under the revised policy, cash receipts are recognised as cash and cash equivalents, and the related receivable is derecognised, only when the cash has been received in the Group's bank accounts. Amounts that have been notified, initiated or otherwise confirmed by the payer, but which have not yet been received in the Group's bank account at the reporting date, remain recognised as receivables.

Similarly, cash payments are now recognised as cash outflows, and the related financial liability is derecognised, only when the payment process is complete and the obligation has been discharged. The Group has elected not to utilise the electronic payment exception in the standard and payments initiated before the reporting date but not completed by that date remain recognised as both cash and the related liability.

This change reflects the amendments to IFRS 9, which clarify that a financial asset is derecognised when the contractual rights to the cash flows expire and that, unless the specific is applied, a financial liability is derecognised on settlement when the liability is extinguished.

Impact of adoption

The Group has applied the amendments prospectively from 1 February 2026 and has not restated comparative information. On initial application, cash and cash equivalents increased by £10m; trade and other receivables increased by £12m, and trade and other payables increased by £22m. There was no impact on profit before tax or retained earnings.

The impact on the statement of cash flows is presented as an adjustment to opening cash and cash equivalents, with current-year cash flows reflecting the period in which the related cash receipts and payments settled.

1.3 Critical accounting estimates and judgements

With the exception of the change noted below, 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 2026.

Changes in accounting estimates

During the period, the Group reassessed the useful economic lives of a number of its software intangible assets. As a result, the estimated useful life of a major operating platform was revised from 5 years to 10 years, reflecting continued expected use. The change has been accounted for prospectively from 1 February 2026.

During the period, the Group revised its estimate for the unwind of insurance acquisition cash flows from up to five to up to six years. See Note 10 for details.

Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

1.4 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 £182m (H1 26: £179m, 2026: £322m). The significant customer loyalty demonstrated by high renewal rates and lengthy customer tenure underpins this. In addition to £172m (H1 26: £115m, 2026: £123m) of unrestricted cash balances at the reporting date, the Group has agreed undrawn credit facilities of £46m (H1 26: £46m, 2026: £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. In February 2026, the Group renewed its £200m Liquidity Facility. The facility is only available to fund shortfalls in interest payments on debt facilities which cannot otherwise be paid by the Group and remains undrawn at the reporting date.

On 30 July 2026, the Group issued £400m of Class A14 Notes with a fixed rate of 5.95% and a maturity date of 31 July 2030. The issuance was used to refinance the £400m of Class A11 Notes through an optional redemption on 6 August 2026.

The Group has no other debt maturing until the £270m of Class A9 Notes on 31 July 2028.

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.

2 Segmental information

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

During the period the Group revised the presentation of its segments.

The Group now reports three segments – Roadside, Insurance and Driving Services. The Group's central costs are not allocated to the reporting segments. These segments are consistent with the way in which information is presented to the chief operating decision maker.

The three reportable trading segments are as follows:

- *Roadside business division:* The AA provides a nationwide service to consumer members and business customers, sending patrols out to motorists stranded at the side of the road, repairing their vehicles where possible and getting them back on their way quickly and safely.
- *Insurance business division:* This segment includes the insurance brokerage activities of The AA, primarily in arranging motor and home insurance for customers.
- *Driving services business division:* This segment includes Mobile Mechanics and service maintenance and repair (SMR) services, Accident Assist, the AA and BSM driving schools, Drivetech, AA Cars, Financial Services, Keycare and AA Media.

Notes to the financial statements (continued)

2 Segmental information (continued)

In addition, Reported EBITDA was removed as a KPI as management ceased measuring business performance on this basis.

As a result of these changes the prior period comparatives have been restated. See Note 22 for a reconciliation of the changes.

	Six months ended July 2026 £m	Six months ended July 2025 (restated) ¹ £m
Revenue		
Roadside business division	478	466
Insurance business division	58	47
Driving services business division	83	77
Total revenue	619	590

¹ See Note 22 for a reconciliation of restated comparatives.

Reconciliation of insurance and non-insurance revenue by segment

	Six months ended July 2026 £m	Six months ended July 2025 (restated) ¹ £m
Roadside business division		
Insurance revenue	282	279
Non-insurance revenue	196	187
Total Roadside business division	478	466
Insurance business division		
Non-insurance revenue	58	47
Total Insurance business division	58	47
Driving Services business division		
Non-insurance revenue	83	77
Total Driving services business division	83	77
Total revenue		
Total insurance revenue	282	279
Total non-insurance revenue	337	311
Total revenue	619	590

¹ See Note 22 for a reconciliation of restated comparatives.

Notes to the financial statements (continued)

2 Segmental information (continued)

Reconciliation of Adjusted EBITDA to Operating profit

Six months ended July 2026	Roadside £m	Insurance £m	Driving services £m	Central costs £m	Group £m
Adjusted EBITDA	218	14	13	(20)	225
Amortisation of insurance acquisition cash flows					(22)
Amortisation and depreciation					(66)
Pension adjustments					(3)
Share-based payments					(3)
Fulfilment finance costs					(1)
Operating profit before adjusting items					130
Adjusting operating items					(7)
Operating profit					123

Six months ended July 2025	Roadside £m	Insurance £m	Driving services £m	Central costs £m	Group £m
Adjusted EBITDA (restated)¹	211	10	13	(22)	212
Amortisation of insurance acquisition cash flows					(20)
Amortisation and depreciation					(62)
Pension adjustments					(3)
Share-based payments					(5)
Fulfilment finance costs					(1)
Operating profit before adjusting items					121
Adjusting operating items					(6)
Operating profit					115

¹ See Note 22 for a reconciliation of restated comparatives.

Segment performance is primarily evaluated using the Group's key performance measures of revenue and Adjusted EBITDA.

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.

Items below Adjusted EBITDA 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.

Notes to the financial statements (continued)

3 Adjusting operating items

	Six months ended July 2026 £m	Six months ended July 2025 £m
Adjusting operating items	7	6

In the current period, adjusting operating items comprised £2m of investments in research projects and £1m of strategic review projects, £1m impairment of investments in joint ventures and £3m of losses on disposal of non-current assets.

In the prior 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.

4 Finance income

	Six months ended July 2026 £m	Six months ended July 2025 £m
Interest income on bank deposits	3	3
Total ongoing cash finance income	3	3
Total finance income	3	3

5 Finance costs

	Six months ended July 2026 £m	Six months ended July 2025 £m
Interest on external borrowings	67	69
Reclassification from cash flow hedge reserve to the consolidated income statement	-	(7)
Finance charges payable on lease liabilities	3	3
Total ongoing cash finance costs	70	65
Ongoing amortisation of debt issue fees	3	3
Net finance expense on defined benefit pension schemes	3	3
Total ongoing non-cash finance costs	6	6
Debt management and early repayment fees	18	1
Total adjusting cash finance costs	18	1
Finance costs	94	72
Fulfilment interest costs (included in insurance service expenses)	1	1
Total finance costs	95	73

During the period, the Group issued £400m of Class A14 Notes. The issue of the Class A14 Notes was not a modification of any existing debt and the associated issue fees were capitalised. See Note 16 for details.

Notes to the financial statements (continued)

6 Tax

The major components of the income tax expense are:

	Six months ended July 2026 £m	Six months ended July 2025 £m
Consolidated income statement		
Current income tax		
Current income tax charge	9	17
	9	17
Deferred tax		
Relating to origination and reversal of temporary differences – current year	(1)	(3)
	(1)	(3)
Tax charge in the income statement	8	14

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 H1 27 the rate is in line with the standard rate as a result of the impact of corporate interest restriction and other disallowables being equally offset by a larger credit in respect of prior periods posted to current tax. This credit relates to the partial reversal of the excess provision for uncertain tax position, provided for at the end of FY26. This release follows the conclusion of discussions with HMRC.

In H1 26, the effective rate is higher than the standard rate of tax. This resulted 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 2025 to 31 January 2026. The Group has not recognised a current tax expense related to the top-up tax (H1 26: £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.

Notes to the financial statements (continued)

7 Goodwill and other intangible assets

	Goodwill £m	Customer relationships £m	Software £m	Total £m
Cost				
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
At 1 February 2026	1,206	18	496	1,720
Additions	-	-	30	30
Disposals	-	-	(12)	(12)
At 31 July 2026	1,206	18	514	1,738
Amortisation and impairment				
At 1 February 2025	33	7	287	327
Charge for the period	-	1	30	31
Disposals	-	-	(24)	(24)
At 31 July 2025	33	8	293	334
At 1 February 2026	33	8	316	357
Charge for the period	-	1	29	30
Disposals	-	-	(10)	(10)
At 31 July 2026	33	9	335	377
Net book value				
At 31 July 2026	1,173	9	179	1,361
At 31 July 2025	1,173	10	182	1,365
At 31 January 2026	1,173	10	180	1,363

Notes to the financial statements (continued)

8 Property, plant and equipment

	Plant & equipment £m
Cost	
At 1 February 2025	63
Additions	1
Disposals	(7)
At 31 July 2025	57
At 1 February 2026	57
Additions	3
Disposals	(1)
At 31 July 2026	59
Depreciation and impairment	
At 1 February 2025	34
Charge for the period	7
Disposals	(7)
At 31 July 2025	34
At 1 February 2026	34
Charge for the period	5
Disposals	(1)
At 31 July 2026	38
Net book value	
At 31 July 2026	21
At 31 July 2025	23
At 31 January 2026	23

Notes to the financial statements (continued)

9 Right-of-use assets

	Property £m	Vehicles & equipment £m	Total £m
Cost			
At 1 February 2025	42	158	200
Additions	-	34	34
Disposals	-	(15)	(15)
At 31 July 2025	42	177	219
At 1 February 2026	46	180	226
Additions	-	17	17
Disposals	-	(10)	(10)
At 31 July 2026	46	187	233
Accumulated Depreciation and impairment			
At 1 February 2025	15	72	87
Charge for the period	2	22	24
Disposals	-	(13)	(13)
At 31 July 2025	17	81	98
At 1 February 2026	18	82	100
Charge for the period	2	29	31
Disposals	-	(9)	(9)
At 31 July 2026	20	102	122
Net book value			
At 31 July 2026	26	85	111
At 31 July 2025	25	96	121
At 31 January 2026	28	98	126

Notes to the financial statements (continued)

10 Insurance contracts

Net carrying amounts of insurance contracts

Liabilities for remaining coverage as at	31 July 2026 £m	31 July 2025 £m	31 January 2026 £m
Insurance contracts	(149)	(152)	(152)
Asset for insurance acquisition cashflows	57	49	53
Total insurance contract liabilities	(92)	(103)	(99)

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

	Total £m
Balance at 31 January 2026	53
Amounts incurred during the period	21
Amount derecognised and included in the measurement of insurance contracts	(17)
Balance at 31 July 2026	57
Balance at 1 February 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

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 2026	(150)	(2)	-	(152)
Insurance revenue	282	-	-	282
Insurance service expenses				
Incurred claims and other insurance service expenses	-	1	(89)	(88)
Amortisation of insurance acquisition cash flows	(22)	-	-	(22)
Losses on onerous contracts	-	(1)	-	(1)
Total insurance service expenses	(22)	-	(89)	(111)
Total changes in the consolidated income statement	260	-	(89)	171
Premiums received	(277)	-	-	(277)
Insurance acquisition cash flows paid	3	-	-	3
Transferred from insurance acquisition cash flows asset	17	-	-	17
Claims and other insurance service expenses paid	-	-	89	89
Total cash flows	(257)	-	89	(168)
Net closing insurance contract balances at 31 July 2026	(147)	(2)	-	(149)

Notes to the financial statements (continued)

10 Insurance contracts (continued)

	Liabilities for remaining coverage		Liability for incurred claims	Total
	Inurred 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)

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	4-5 years £m	Over 5 years £m	Total £m
31 July 2026	22	14	10	6	4	1	57
31 July 2025	23	13	8	4	1	-	49
31 January 2026	24	14	9	5	1	-	53

11 Trade and other receivables

	July 2026 £m	July 2025 £m	January 2026 £m
After one year			
Other receivables	-	1	1
Within one year			
Trade receivables	290	232	261
Prepayments	34	28	33
Contract assets	36	28	34
Other receivables	4	3	8
	364	291	336

Notes to the financial statements (continued)

12 Amounts owed by / due to other group undertakings

	July 2026 £m	July 2025 £m	January 2026 £m
Amounts owed by other Group undertakings	1,210	1,205	1,209
Amounts due to other Group undertakings	(148)	(119)	(128)

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 2026 £m	July 2025 £m	January 2026 £m
Cash at bank and in hand – available	172	115	123
Cash at bank and in hand – restricted	398	-	-
	570	115	123

14 Trade and other payables

	July 2026 £m	July 2025 £m	January 2026 £m
After one year			
Deferred income	12	12	12
Within one year			
Trade payables	218	172	189
Other taxes and social security costs	31	29	34
Accruals	77	72	84
Deferred income	62	61	62
Other payables	53	33	33
	441	367	402

15 Provisions

	July 2026 £m	July 2025 £m	January 2026 £m
Property leases	6	6	6
Onerous contract	-	6	5
Self-funded insurance liabilities	7	7	7
Other	6	4	8
	19	23	26
Within one year	4	6	10
After one year	15	17	16
	19	23	26

Notes to the financial statements (continued)

15 Provisions (continued)

The property leases provision primarily relates to asset retirement obligations. 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.

The onerous contract provision in the prior period related to a specific B2B contract, for which a provision of £6m was recognised in FY25. The provision has been released in full in the current period.

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.

Other provisions includes a £3m provision (H1 26: £2m, 2026: £2m) in relation to a warranty for vehicle part replacements and £3m (H1 26: £2m, 2026: £2m) relating to vehicle end of life provisions. During the current period, the £4m provision for the CMA investigation in relation to the display of AA Driving School and BSM booking fees was utilised and settled in full.

From time to time the Group is subject to 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 2026 £m	July 2025 £m	January 2026 £m
Current			
Borrowings	399	48	-
Non-current			
Borrowings	2,012	1,962	2,011
	2,411	2,010	2,011

	Expected maturity date	Interest rate	Principal £m	Issue costs £m	Amortised issue costs £m	Total as at 31 July 2026 £m	Total as at 31 July 2025 £m	Total as at 31 January 2026 £m
Senior Term Facility 2025	19 March 2030	6.56%	95	(1)	-	94	94	94
US Private Placement	18 March 2030	6.67%	70	-	-	70	70	70
Class A8 Notes	31 July 2027	5.50%	-	-	-	-	324	-
Class A9 Notes	31 July 2028	3.25%	270	(4)	3	269	269	269
Class A10 Notes	31 July 2029	7.38%	385	(16)	7	376	375	376
Class A11 Notes	31 January 2028	8.45%	400	(4)	3	399	398	398
Class A12 Notes	31 July 2031	6.85%	435	(3)	2	434	432	433
Class A13 Notes	31 July 2032	5.50%	375	(4)	1	372	-	371
Class A14 Notes	31 July 2030	5.95%	400	(3)	-	397	-	-
Class B3 Notes	31 January 2026	6.50%	-	-	-	-	48	-
		6.42%	2,430	(35)	16	2,411	2,010	2,011

Notes to the financial statements (continued)

16 Borrowings and loans (continued)

On 4 February 2026, the Group renewed its £200m Liquidity Facility with an effective date of 4 March 2026 and an expiry date of 3 March 2027. The facility remains undrawn.

On 30 July 2026, the Group issued £400m of Class A14 Notes with a fixed rate of 5.95% and a maturity date of 31 July 2030. The issuance was used to refinance the £400m of Class A11 Notes through an optional redemption on 6 August 2026 (see Note 23 for details).

At 31 July 2026, all borrowings other than the Senior Term Facility and Working Capital Facility have fixed interest rates, although the Group has effectively fixed the interest rate on the Senior Term Facility by entering into an interest rate swap.

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 year 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.

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 A9 Notes, Class A10 Notes, Class A12 Notes and Class A13 Notes this period is 6 months. For the Class A11 Notes and Class A14 Notes this period is 3 months.

All of the Group loan notes are listed on the Irish Stock Exchange plc, trading as Euronext Dublin.

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 debt service ratio in excess of 1.35x. Below this ratio the Group is restricted from making payments against other debt types or from moving cash out of the AA Intermediate Co Limited group via dividend. A default event would not occur unless the ratio fell below 1.10x, at which point the Class A Notes would become immediately due and payable. Measurement of the ratio occurs half yearly, in-line with the Group's interim and year-end reporting dates. The actual Class A free cash flow to debt service ratio as at 31 July 2026 was 2.4x (2026: 2.6x) and management are satisfied that the risk of a default event occurring is remote.

The Class A Notes only permit the release of cash from the AA Intermediate Co Limited group of companies 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 2026 was 5.0x (2026: 5.2x).

On 30 July 2026, S&P Global Ratings reaffirmed the credit rating of the Group's Class A Notes at BBB.

17 Derivative financial instruments

	July 2026 £m	July 2025 £m	January 2026 £m
Non-current assets			
Interest rate swap derivatives	1	-	-
Forward fuel contracts	2	-	-
Total	3	-	-
Non-current liabilities			
Forward fuel contracts	-	(1)	(1)
Interest rate swap derivatives	-	(1)	(1)
Total	-	(2)	(2)

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 £2m (H1 26: £nil) and the liability is £nil (H1 26: £1m).

Notes to the financial statements (continued)

18 Defined benefit pension scheme net 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 2026 Annual Report and Financial Statements on pages 66 to 75.

The amounts recognised in the statement of financial position are as follows:

	As at 31 July 2026			Total £m
	AAUK £m	AAI £m	AAPMP £m	
Present value of the defined benefit obligation in respect of pension and healthcare plans	(1,399)	(29)	(18)	(1,446)
Fair value of plan assets	1,315	35	-	1,350
(Deficit)/surplus	(84)	6	(18)	(96)

	As at 31 July 2025			Total £m
	AAUK £m	AAI £m	AAPMP £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 January 2026			Total £m
	AAUK £m	AAI £m	AAPMP £m	
Present value of the defined benefit obligation in respect of pension and healthcare plans	(1,479)	(31)	(16)	(1,526)
Fair value of plan assets	1,369	36	-	1,405
(Deficit)/surplus	(110)	5	(16)	(121)

The AAUK pension scheme was in deficit as at 31 July 2026. The movement since 31 January 2026 represents deficit reduction contributions paid by the Group and a decrease in the defined benefit obligation due to an improvement in financial conditions, offset by falls in hedging assets designed to move in line with movements in liabilities and updates to demographic assumptions.

In July 2026, the actuarial triennial review for the AAUK scheme was completed as at 31 March 2025. This resulted in an increase to the technical provisions deficit from £53m as at 31 March 2022 to £108m. The deficit continues to be repaired through the asset-backed funding mechanism and an agreed schedule of additional contributions. Under the asset-backed funding scheme, the Group makes an annual deficit reduction contribution of £18m 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 is committed to pay a one-off lump sum of £4m by 19 August 2026 plus a further £8m per annum from August 2026 until November 2030. The trustee meets its own costs of running the AAUK scheme.

The next triennial actuarial valuation for the AAUK scheme is as at 31 March 2028 (the '2028 Valuation'). The AA and the trustee have until 30 June 2029 to agree the 2028 Valuation and any recovery plan to pay off any funding deficit identified. The 2028 Valuation could vary from the 2025 Valuation meaning the payments required into the AAUK scheme under any recovery plan could increase or decrease from those agreed for the 2025 Valuation.

Notes to the financial statements (continued)

18 Defined benefit pension scheme net liabilities (continued)

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 3.1% and a discount rate assumption of 6.0%, 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 £10m (H1 26: £15m) in deficit reduction employer contributions to its defined benefit plans (AAUK and AAI) in the period ending 31 July 2026.

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 £15m in respect of defined contribution pension scheme costs in the period (H1 26: £14m).

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 2026		As at 31 July 2025		As at 31 January 2026	
	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	-	199	-	168	-	183
Bonds/gilts	48	498	60	545	62	551
Property	-	84	-	87	-	85
Hedge funds	-	33	-	15	-	18
Private equity	-	126	-	137	-	126
Cash/net current assets	10	17	8	12	8	21
Annuity policies	-	300	-	319	-	315
Total AAUK scheme assets	58	1,257	68	1,283	70	1,299

Notes to the financial statements (continued)

18 Defined benefit pension scheme net liabilities (continued)

Approximately £2m (H1 26: £4m) of unquoted assets allocated to private equity and £1m (H1 26: £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.

Pension plan assumptions

The principal actuarial assumptions were as follows:

	AAUK			AAI			AAPMP		
%	Jul 2026 %	Jul 2025 %	Jan 2026 %	Jul 2026 %	Jul 2025 %	Jan 2026 %	Jul 2026 %	Jul 2025 %	Jan 2026 %
Pensioner discount rate - UK	6.0	5.4	5.3	4.1	3.5	3.7	6.0	5.4	5.3
Non-pensioner discount rate	6.4	5.8	5.7	4.6	4.0	4.3	6.0	5.4	5.3
Pensioner RPI	3.1	3.0	3.0	-	-	-	3.1	3.0	3.0
Non-pensioner RPI	3.1	3.0	3.0	-	-	-	3.1	3.0	3.0
Pensioner CPI	2.7	2.4	2.5	2.2	2.0	2.1	2.7	2.4	2.5
Non-pensioner CPI	2.6	2.4	2.4	2.2	2.0	2.1	2.7	2.4	2.5
Rate of increase of pensions in payment (final salary sections) - pensioner	3.0	2.9	2.9	-	-	-	-	-	-
Rate of increase of pensions in payment (final salary sections) – non-pensioner	3.0	2.9	2.9	-	-	-	-	-	-
Rate of increase of pensions in payment (CARE section) - pensioner	1.9	1.8	1.8	-	-	-	-	-	-
Rate of increase of pensions in payment (CARE section) – non-pensioner	1.8	1.8	1.8	-	-	-	-	-	-
Pension increase for deferred benefits	2.6	2.4	2.4	2.2	2.0	2.1	-	-	-
Medical premium inflation rate	-	-	-	-	-	-	7.1	7.0	7.0

Mortality assumptions are set using standard tables based on scheme-specific experience where available and an allowance for future improvements. For July 2026, the assumptions used for the AAUK Scheme were in line with the SAPS (S4) series mortality tables with scheme-specific adjustments (July 2025: SAPS (S3) series with scheme-specific adjustments). Future improvements were set in line with the CMI_2025 core projections with a 1.00% long-term rate of improvement and a half-life of 1 years.

AAPMP assumptions for July 2026 were in line with the SAPS (S4) series mortality tables for males and SAPS Light (S4_L) series mortality tables for females (July 2025: SAPS (S4) series mortality tables for males and SAPS Light (S4_L) series mortality tables for females). Future improvements were set in line with the CMI_2025 core projections with a 1.00% long-term rate of improvement and a half-life of 1 years.

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

The AA schemes' overall assumptions are that a non-pensioner male retiring in normal health currently aged 60 will live on average for a further 25 years (July 2025: 25 years) and a non-pensioner female retiring in normal health currently aged 60 will live on average for a further 28 years (July 2025: 27 years).

Notes to the financial statements (continued)

18 Defined benefit pension scheme net liabilities (continued)

Sensitivity analysis

Please refer to the AA Intermediate Co Limited 2026 Annual Report and Financial Statements pages 73 to 74 for further detail on sensitivity analysis, which has not moved materially.

Virgin Media/NtL judgment

In August 2024, the Court of Appeal upheld a High Court decision that past amendments made to a contracted-out scheme sponsored by Virgin Media Limited were invalid because the scheme's actuary did not provide the associated confirmation necessary under Section 37 of the Pension Schemes Act 1993. This could impact the AA UK Pension Scheme as it was contracted-out on a salary-related basis and made amendments that could potentially be caught between April 1997 and April 2016.

Following the judgment, the Government announced in June 2025 its intention to legislate to address the resulting uncertainty. This has now been enacted through the Pension Schemes Act 2026, which came into force on 29 April 2026. The Act introduces a statutory mechanism allowing trustees to obtain retrospective actuarial confirmation that historical amendments would have met the required statutory standards where confirmations are missing or absent for changes that needed one (except in limited circumstances).

Once the retrospective confirmation is given, the amendment is treated as having always been valid and hence no additional liability arises. Industry guidance from the Pensions Regulator and the Financial Reporting Council has also been issued to support trustees and actuaries in applying this process. Actuaries have flexibility regarding the evidence and information they may take into account when providing such confirmations and there is no time limit in obtaining these retrospective confirmations.

Based on initial investigations carried out by the AA UK Pension Trustee in relation to the deeds amending the scheme in the period affected by the judgment and the ability now to obtain retrospective confirmation should it be required, no additional liabilities are expected to arise for the AA UK Pension Scheme in respect of this. However, while the Pension Schemes Act 2026 provisions are clearly intended to remove financial exposures from deeds be found to be defective solely because of a missing actuarial confirmation, there is no guarantee that the Trustee's assessment of the relevant deeds or the applicability of the new statutory remedy is correct, in which case the AA UK Pension Scheme may be subject to potentially significant further liabilities.

19 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:

Associate	Nature of transaction	Six months ended		Year ended
		July 2026	July 2025	January 2026
		£m	£m	£m
ARC Europe SA	Services supplied to ARC Europe SA	4	-	-
ARC Europe SA	Registration and call handling fees	(1)	(1)	(2)

At 31 July 2026, the Group had an outstanding balance payable to ARC Europe SA of £nil (H1 26: £nil, 2026: £nil) in respect of the above transactions.

Notes to the financial statements (continued)

19 Related parties (continued)

Transactions with joint ventures:

		Six months ended		Year ended
		July 2026	July 2025	January 2026
Joint venture	Nature of transaction	£m	£m	£m
Drvn Solutions Limited	Services supplied by Drvn Solutions Limited	-	(1)	(3)

At 31 July 2026, the Group had an outstanding balance payable to Drvn Solutions Limited of £nil (H1 26: £nil, 2026: £nil) in respect of the above transactions.

20 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.

Notes to the financial statements (continued)

20 Fair values (continued)

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

At 31 July 2026:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Carrying value £m	(Level 1) £m	(Level 2) £m	(Level 3) £m
Financial assets measured at fair value				
Forward fuel contracts (Note 17)	2	2	-	-
Interest rate swap derivatives (Note 17)	1	1	-	-
Liabilities for which fair values are disclosed				
Loan notes (Note 16)	(2,247)	(2,295)	-	-

At 31 July 2025:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Carrying value £m	(Level 1) £m	(Level 2) £m	(Level 3) £m
Liabilities for which fair values are disclosed				
Interest rate swap derivatives (Note 17)	(1)	(1)	-	-
Forward fuel contracts (Note 17)	(1)	(1)	-	-
Loan notes (Note 16)	(1,846)	(1,915)	-	-

At 31 January 2026:

		Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Carrying value £m	(Level 1) £m	(Level 2) £m	(Level 3) £m
Liabilities for which fair values are disclosed				
Interest rate swap derivatives (Note 17)	(1)	(1)	-	-
Forward fuel contracts (Note 17)	(1)	(1)	-	-
Loan notes (Note 16)	(1,847)	(1,931)	-	-

Notes to the financial statements (continued)

21 Share capital

	July 2026 £m	July 2025 £m	January 2026 £m
Allotted, called up and fully paid			
360,893,050 (July 2025: 360,893,050, January 2026: 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.

22 Segmental restatements

The following tables show the impact on the segmental comparative information for the six months ended 31 July 2025 from the changes to the segmental reporting outlined in Note 2:

Revenue	Previously reported £m	Reallocations £m	Restated £m
Roadside business division	527	(61)	466
Insurance business division	63	(16)	47
Driving services business division	-	77	77
Total	590	-	590

Reconciliation of insurance and non- insurance revenue by segment	Previously reported £m	Reallocations £m	Restated £m
Roadside business division			
Insurance revenue	279	-	279
Non-insurance revenue	248	(61)	187
Total Roadside business division	527	(61)	466
Insurance business division			
Non-insurance revenue	63	(16)	47
Total Insurance business division	63	(16)	47
Driving Services business division			
Non-insurance revenue	-	77	77
Total Driving services business division	-	77	77
Total revenue			
Total insurance revenue	279	-	279
Total non-insurance revenue	311	-	311
Total revenue	590	-	590

Notes to the financial statements (continued)

22 Segmental restatements (continued)

Adjusted EBITDA	Previously reported £m	Reallocations £m	Restated £m
Roadside business division	207	4	211
Insurance business division	5	5	10
Driving Services business division	-	13	13
Central costs	-	(22)	(22)
Total	212		212

23 Events after the reporting period

Debt redemption

On 6 August 2026, the £398m of net proceeds received from the issuance of Class A14 Notes in July 2026 and £2m of available cash were used to redeem in full the £400m of Class A11 Notes. In addition to the £400m principal redemption payment, the business paid a makewhole fee of £18m in accordance with the terms of the Class A11 Notes.