

**RAC BIDCO LIMITED**  
**UNAUDITED INTERIM REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2025**

# **RAC BIDCO LIMITED**

## **UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS**

| <b>Contents</b>  | <b>Page</b> |
|--|-------------|
| Interim Management Report                                | 1           |
| Directors' Responsibility Statement                      | 5           |
| Cautionary Statement                                     | 5           |
| Condensed Consolidated Income Statement                  | 6           |
| Condensed Consolidated Statement of Comprehensive Income | 7           |
| Condensed Consolidated Statement of Financial Position   | 8           |
| Condensed Consolidated Statement of Changes in Equity    | 9           |
| Condensed Consolidated Statement of Cash Flows           | 10          |
| Accounting policies                                      | 11          |
| Notes to the Condensed Consolidated Financial Statements |             |
| 1 Operating segments                                     | 12          |
| 2 Finance expenses                                       | 14          |
| 3 Finance income   | 14          |
| 4 Exceptional items                                      | 14          |
| 5 Tax  | 14          |
| 6 Goodwill and intangible assets                         | 15          |
| 7 Contract costs   | 16          |
| 8 Property, plant and equipment                          | 17          |
| 9 Right of use assets                                    | 18          |
| 10 Group information                                     | 19          |
| 11 Derivative financial instruments                      | 20          |
| 12 Trade and other receivables                           | 20          |
| 13 Cash and cash equivalents                             | 20          |
| 14 Provisions  | 21          |
| 15 Trade and other payables                              | 21          |
| 16 Insurance contract liabilities                        | 22          |
| 17 Borrowings  | 24          |
| 18 Ordinary share capital                                | 25          |
| 19 Fair value of financial assets and liabilities        | 26          |
| 20 Related party transactions                            | 26          |
| 21 Alternative performance measures                      | 27          |

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2025

#### Highlights:

RAC Bidco Limited ("the Group") reports its results for the six months ended 30 June 2025 ("the period"):

- Membership reaches 15.0 million (H1 2024: 14.1 million), growing by 0.5 million in the last six months
- Revenue up 8% to £411 million (H1 2024: £382 million) with growth across all three complementary offerings
- EBITDA up 12% to £152 million (H1 2024: £136 million) continuing our track record of uninterrupted growth
- EBITDA margin up 140 bps to 37.0% (H1 2024: 35.6%) driven by strong operating leverage
- Operating cash flow £159 million (H1 2024: £130 million) resulting in cash conversion of 105% (H1 2024: 96%)
- Refinanced two facilities, decreasing gross debt by £165 million and reducing leverage<sup>1</sup> to 4.6x (H1 2024: 5.4x)
- Continued progress towards our vision to be the **UK's number one for driving services**

#### Key performance indicators:

|   | Six months ended<br>30 June |      |
|---|-----------------------------|------|
|   | 2025                        | 2024 |
| Total Group members - (million)                         | 15.0                        | 14.1 |
| - Membership Services members - Consumer (million)      | 2.8                         | 2.7  |
| - Membership Services members - Business (million)      | 11.5                        | 10.7 |
| - Insurance members (million)                           | 0.7                         | 0.7  |
| Revenue (£m)  | 411                         | 382  |
| EBITDA (£m) <sup>1</sup>                                | 152                         | 136  |
| EBITDA margin (%) <sup>1</sup>                          | 37.0                        | 35.6 |
| Operating profit (£m)                                   | 109                         | 101  |
| Net cash flows generated from operating activities (£m) | 159                         | 130  |
| Cash conversion (%) <sup>1</sup>                        | 105                         | 96   |

<sup>1</sup> Alternative Performance Measures are defined in note 21

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Business performance

RAC delivered another strong performance in the period. Revenue grew by 8% to £411 million (H1 2024: £382 million), supported by growing our membership to 15.0 million (H1 2024: 14.1 million). EBITDA grew by 12% to £152 million (H1 2024: £136 million), continuing our track record of uninterrupted growth into a 14<sup>th</sup> consecutive year. EBITDA margin increased by 140bps to 37.0% (H1 2024: 35.6%) reflecting improved operating leverage from the digital investment made over the last few years. Cash flow conversion increased to 105% (H1 2024: 96%).

Our three complementary offerings of Breakdown, Insurance and **Service Maintenance & Repair ("SMR")** continue to provide members with Complete Peace of Mind, as reflected in our **"Excellent"** Trustpilot ratings. Colleague engagement also continues to improve, with our Glassdoor score rising to 4.5 out of 5 (H1 2024: 4.2), and we thank our colleagues for their ongoing commitment, and for the outstanding service they provide to our members.

Positioned right at the heart of an increasingly complex motoring ecosystem, our vision remains **to become the UK's** number one for driving services, underpinned by our three strategic pillars:

1. **DRIVE** continued growth in our core businesses of Breakdown and Insurance
2. **EXPAND** our total addressable market into SMR
3. **ACCELERATE** growth by leveraging our unique data assets and myRAC digital member platform

Together with a proven track record of executional delivery, these are the drivers of continued value creation for our members and partners.

#### *Drive continued growth in our core businesses*

Our core businesses continued to grow, supported by positive market trends in both Breakdown and Insurance. We remain focused on innovation, investment and differentiation, increasingly trialling innovative AI technologies across the Group, harnessing our data to drive better outcomes across sales, retention and service.

We added over 40,000 Consumer Breakdown members in the last six months, growing membership to 2.8 million (H1 2024: 2.7 million). Rolling twelve-month churn was flat at 16.0% compared to FY 2024 but reduced in H1 2025 compared to H2 2024. We continue to broaden our range of products to provide a more complete and personalised offering, including introducing a new premium breakdown package, with a greater proportion of members choosing our higher-tier products. We are increasingly cross-selling additional products and services, with the attachment rate for our expanding range of Breakdown Extras rising to 0.34 (H1 2024: 0.24).

Our Business Breakdown membership grew by almost 500,000 in the last six months to 11.5 million (H1 2024: 10.7 million). We were delighted to renew our relationship with our largest corporate partner, Motability, for a new ten-year term. Motability are **the UK's** largest fleet operator, and we are transitioning from delivering a breakdown-only offering to a full incident management solution, including SMR and intelligent vehicle triage. We also welcomed Octopus Energy, who have a significant presence in the EV market, and MAN as new partners.

We responded to 1.2 million breakdowns in the period (H1 2024: 1.2 million) leveraging operational efficiencies to continually improve our service while fully offsetting inflationary cost increases. These efficiencies included launching a new AI voice bot, which captures claims data more promptly, accurately and consistently, delivering better member outcomes and cost savings. We also fixed more vehicles remotely than ever, reducing wait times and enabling us to prioritise members in greatest need. Our continued investment in the latest tooling and technology included new vehicle diagnostic equipment, ensuring we remain aligned with the latest OEM developments.

In Insurance, our focus on the motor market and expanding our footprint supported a growing motor membership, increasing by 10,000 in the period, and increased our income per policy by 23% by prioritising higher value segments. Additionally, we improved our renewal rates by using our data to increasingly optimise our pricing and offer other RAC products (such as SMR) as a renewal incentive.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Business performance (continued)

#### *Expand our total addressable market into SMR*

SMR continues to grow rapidly and profitably, leveraging our trusted brand and large membership. Revenue grew to £18 million (H1 2024: £8 million), delivered by over 250 Mobile Mechanics (H1 2024: 167) completing 82,000 jobs (H1 2024: 35,000) at an increasing margin. Our three go-to-market channels (all with low/zero acquisition cost) grew strongly:

1. Breakdown referrals: we increased availability of appointment slots and expanded our services to deliver a ~200% increase in SMR jobs providing more members with a permanent repair following a breakdown.
2. Digital: more members (including a growing proportion returning for repeat bookings) are arranging their repair or service via myRAC, supported by service date capture, notifications, promotions, and ongoing user experience enhancements.
3. Fleet Partners: we have a growing pipeline of B2B SMR opportunities. During the period we expanded our relationships with Motability and Cinch to include SMR.

#### *Accelerate growth by leveraging our unique data assets and myRAC digital membership platform*

myRAC is a catalyst for growth, creating loyalty and engagement, which in turn supports reduced costs and increased revenues. We now have 3.4 million (H1 2024: 2.2 million) myRAC users with 0.9 million (H1 2024: 0.6 million) actively engaging each month, and the app is rated 4.7 on the Apple App store.

We launched new features and functionality within myRAC, including enhanced notifications, used car valuations, an improved fuel finder, and the ability to add the RAC membership card to Apple Wallet. myRAC engagement continued to grow, 52% (H1 2024: 50%) of breakdowns and 73% (H1 2024: 66%) of Consumer Breakdown membership administration actions were recorded via myRAC.

### Outlook

We are uniquely positioned to be the **"one-stop shop" for Breakdown, Insurance and SMR**, providing Complete Peace of Mind in a complex motoring ecosystem for our members and partners. Our winning strategy and recurring membership model creates predictable results that support sustainable earnings and cashflow, and this gives us confidence in our outlook for the remainder of 2025 and beyond.

### Financial review

Revenue increased by 8% to £411 million (H1 2024: £382 million) with strong growth across our core businesses of Breakdown and Insurance alongside our continued expansion of SMR. EBITDA increased by £16 million to £152 million (H1 2024: £136 million), driven by revenue growth and improved operating leverage.

Membership Services revenue (which includes SMR) increased by 7% to £372 million (H1 2024: £347 million) and EBITDA by 11% to £157 million (H1 2024: £142 million). Insurance revenue grew by 11% to £39 million (H1 2024: £35 million) and EBITDA increased by 19% to £25 million (H1 2024: £21 million).

Depreciation and amortisation of the Group's assets increased slightly to £37 million (H1 2024: £35 million) due to the increase in sales volumes flowing through to higher amortisation of contract costs.

Operating profit increased by 8% to £109 million (H1 2024: £101 million), slightly below the EBITDA growth of 12% largely as a result of the exceptional items recognised in the period in respect of the sale of certain policy books within the non-motor insurance business. Adjusting for these, operating profit would have increased by 14%.

Net finance expenses were £47 million (H1 2024: £44 million), with a £4 million increase in finance expenses, due to an increase in market rates causing slightly higher interest rates on newly issued debt and an increase in hedging rates with older hedges expiring. This is partially offset by a reduction in the amount of borrowings. Finance income increased by £1 million due to an increase in average cash held during the period. The tax charge was £15 million (H1 2024: £14 million), due to higher profits and an increase in the deferred tax charge.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Financial review (continued)

Net cash flows generated from operating activities were £159 million (H1 2024: £130 million) increasing principally due to proactive working capital management.

Capital investment totalled £37 million (H1 2024: £38 million). £22 million (H1 2024: £20 million) of spend related to customer acquisition costs (across Breakdown and Insurance). The remaining £15 million (H1 2024: £18 million) relates to ongoing investments in our strategic initiatives, digital offerings and improvements to service. Cash conversion was 105% (H1 2024: 96%).

Interest paid was £53 million (H1 2024: £48 million) with the increase due to a £4 million interest payment to HMRC following the historic dispute settled in 2024. The Group repaid £165 million of debt in the period, reducing leverage to 4.6x (H1 2024: 5.4x).

- The £170 million 2021 Senior Term Facility A was repaid with £80 million of own cash funds, a new £50 million US Private Placement and a new £40 million 2025 Senior Term Facility.
- We successfully issued £400 million of Class A4 Notes, which following strong interest, were priced at Gilts+182bps achieving a new issue concession. The proceeds of which, together with £85 million of own cash funds, were used to redeem the remaining £485 million of Class A2 Notes, due to mature in May 2026.

Net current liabilities decreased by £53 million, largely from the repayment of £170 million of the 2021 Senior Term Facility offset by a £106 million decrease in cash and cash equivalents following refinancing activities in the period.

### Dividends

RAC Bidco Limited paid dividends of £nil during period (H1 2024: £nil).

### Regulatory

The Group includes regulated companies that are required to hold sufficient capital to meet acceptable solvency levels based on applicable regulations from both the **Financial Conduct Authority ("FCA")** and Prudential Regulation Authority ("PRA"). The Group has complied with these solvency requirements throughout the period.

The Regulated Entities Boards provide ongoing oversight of adherence to the FCA's Consumer Duty principles, through annual reports and regular updates at each Board meeting. The annual report confirmed compliance with Consumer Duty and following proactive initiatives, demonstrated improvements in a range of customer outcomes experienced by our members. The Group enhanced its Operational Resilience capabilities and demonstrated **compliance with impact tolerance thresholds ahead of the FCA and PRA's March 2025 deadline**.

### Board of directors

The Directors who served in office during the period and subsequently to the date of this report are unchanged as **set out in the Group's Annual Report and Financial Statements for the year ended 31 December 2024**.

### Principal risks and uncertainties

The Group regularly assesses the principal risks and uncertainties which could pose a threat to the delivery of our strategic objectives and takes appropriate steps to manage these risks, with oversight from the Executive and Board Risk & Audit Committees. The principal risks remain unchanged from those shown on pages 41 to 47 of the Annual Report and Financial Statements for the year ended 31 December 2024:

- |   |   |
|---|---|
| • Strategy and business model                             | • Operational resilience                                    |
| • Debt leverage   | • Health and safety   |
| • People  | • Climate change  |
| • Information security and data protection/<br>governance | • Conduct risk/ regulatory & legal<br>compliance and change |
| • Breakdown service delivery                              |   |

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### **Directors'** responsibility statement

We confirm that to the best of our knowledge:

- a) the unaudited Condensed Consolidated Financial Statements contained in this document have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), as adopted by the UK IFRS;
- b) the Interim management report includes a fair review of the information required by IAS 34, namely an indication of important events that have occurred during the first six months and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- c) the Interim management report includes a fair review of the information required by IAS 34, namely disclosure of related-party transactions in the first six months and any changes in the related party transactions described in the last **Group's** Annual Report and Financial Statements.

By order of the Board



Dave Hobday  
Chief Executive Officer  
28<sup>th</sup> August 2025



Jo Baker  
Chief Financial Officer  
28<sup>th</sup> August 2025

### Cautionary statement

This document contains various **forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance**. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance **and the Group's actual financial condition**, results of operations and cash flows, and the development of the industry in which the Group operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this document. **In addition, even if the Group's financial condition, results of operations and cash flows** and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be provided that they will materialise or prove to be correct. Because these forward-looking statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements. These forward-looking statements speak only as at the date of this document. The Group expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Condensed Consolidated Income Statement

For the six months ended 30 June 2025

|  |          | Six months ended<br>30 June |            |
|--|----------|-----------------------------|------------|
|  | Note     | 2025                        | 2024       |
|  |          | £m                          | £m         |
| Revenue - non-insurance related        |          | 154                         | 171        |
| Revenue - insurance related            |          | 257                         | 211        |
| <b>Revenue</b>                         | <b>1</b> | <b>411</b>                  | <b>382</b> |
| Expenses - non-insurance related       |          | (144)                       | (161)      |
| Insurance service expenses             |          | (158)                       | (120)      |
| <b>Operating profit</b>                |          | <b>109</b>                  | <b>101</b> |
| <b>EBITDA before exceptional items</b> |          | <b>152</b>                  | <b>136</b> |
| Depreciation                           | <b>1</b> | (13)                        | (13)       |
| Amortisation                           | <b>1</b> | (24)                        | (22)       |
| Exceptional items                      | <b>4</b> | (6)                         | -          |
| <b>Operating profit</b>                |          | <b>109</b>                  | <b>101</b> |
| Finance expenses                       | <b>2</b> | (52)                        | (48)       |
| Finance income                         | <b>3</b> | 5                           | 4          |
| <b>Profit before tax</b>               |          | <b>62</b>                   | <b>57</b>  |
| Tax charge                             | <b>5</b> | (15)                        | (14)       |
| <b>Profit for the period</b>           |          | <b>47</b>                   | <b>43</b>  |

The accompanying notes on pages 11 to 27 are an integral part of these Condensed Consolidated Financial Statements.



# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Condensed Consolidated Statement of Comprehensive Income For the six months ended 30 June 2025

|   | Six months ended<br>30 June |            |
|---|-----------------------------|------------|
|   | 2025                        | 2024       |
|   | £m                          | £m         |
| <b>Profit for the period</b>  | <b>47</b>                   | <b>43</b>  |
| Other comprehensive income / (expense):   |                             |            |
| <i>Other comprehensive income / (expense) to be reclassified to profit or loss in subsequent periods:</i> |                             |            |
| Net movement on cash flow hedges  | (4)                         | (1)        |
| Aggregate tax effect  | 1                           | -          |
| <b>Net other comprehensive expense to the reclassified to the profit or loss in subsequent periods</b>    | <b>(3)</b>                  | <b>(1)</b> |
| <b>Total comprehensive income for the period</b>  | <b>44</b>                   | <b>42</b>  |

The accompanying notes on pages 11 to 27 are an integral part of these Condensed Consolidated Financial Statements.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Condensed Consolidated Statement of Financial Position

As at 30 June 2025

|                                  | Note | 30 June 2025   | 31 December 2024 |
|----------------------------------|------|----------------|------------------|
|                                  |      | £m             | £m               |
| <b>ASSETS</b>                    |      |                |                  |
| <b>Non-current assets</b>        |      |                |                  |
| Goodwill and intangible assets   | 6    | 1,684          | 1,679            |
| Contract costs                   | 7    | 48             | 48               |
| Property, plant and equipment    | 8    | 24             | 30               |
| Right of use assets              | 9    | 70             | 74               |
| Other investments                |      | 25             | 24               |
| Deferred tax assets              |      | 12             | 12               |
| Derivative financial instruments | 11   | 3              | 9                |
|                                  |      | <b>1,866</b>   | <b>1,876</b>     |
| <b>Current assets</b>            |      |                |                  |
| Inventories                      |      | 3              | 3                |
| Trade and other receivables      | 12   | 64             | 82               |
| Cash and cash equivalents        | 13   | 46             | 152              |
| Current tax receivable           |      | 2              | -                |
|                                  |      | <b>115</b>     | <b>237</b>       |
| <b>LIABILITIES</b>               |      |                |                  |
| <b>Current liabilities</b>       |      |                |                  |
| Borrowings                       | 17   | (8)            | (180)            |
| Provisions                       | 14   | (4)            | (2)              |
| Trade and other payables         | 15   | (143)          | (169)            |
| Insurance contract liabilities   | 16   | (92)           | (71)             |
|                                  |      | <b>(247)</b>   | <b>(422)</b>     |
| <b>Net current liabilities</b>   |      | <b>(132)</b>   | <b>(185)</b>     |
| <b>Non-current liabilities</b>   |      |                |                  |
| Borrowings                       | 17   | (1,372)        | (1,368)          |
| Employee benefit liability       |      | (3)            | (3)              |
| Trade and other payables         | 15   | (66)           | (71)             |
| Deferred tax liability           |      | (200)          | (200)            |
|                                  |      | <b>(1,641)</b> | <b>(1,642)</b>   |
| <b>Net assets</b>                |      | <b>93</b>      | <b>49</b>        |
| <b>Equity</b>                    |      |                |                  |
| Ordinary share capital           | 18   | 339            | 339              |
| Hedging instruments reserve      |      | 2              | 5                |
| Retained earnings                |      | (248)          | (295)            |
| <b>Total equity</b>              |      | <b>93</b>      | <b>49</b>        |

The accompanying notes on pages 11 to 27 are an integral part of these Condensed Consolidated Financial Statements.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Condensed Consolidated Statement of Changes in Equity For the six months ended 30 June 2025

|                                     | Ordinary share<br>capital | Hedging<br>instruments<br>reserve | Retained<br>earnings | Total equity |
|-------------------------------------|---------------------------|-----------------------------------|----------------------|--------------|
|                                     | £m                        | £m                                | £m                   | £m           |
| <b>Balance as at 1 January 2024</b> | <b>339</b>                | <b>10</b>                         | <b>(399)</b>         | <b>(50)</b>  |
| Profit for the period               | -                         | -                                 | 43                   | 43           |
| Other comprehensive expense         | -                         | (1)                               | -                    | (1)          |
| Total comprehensive income          | -                         | (1)                               | 43                   | 42           |
| <b>Balance as at 30 June 2024</b>   | <b>339</b>                | <b>9</b>                          | <b>(356)</b>         | <b>(8)</b>   |
| <b>Balance as at 1 January 2025</b> | <b>339</b>                | <b>5</b>                          | <b>(295)</b>         | <b>49</b>    |
| Profit for the period               | -                         | -                                 | 47                   | 47           |
| Other comprehensive expense         | -                         | (3)                               | -                    | (3)          |
| Total comprehensive income          | -                         | (3)                               | 47                   | 44           |
| <b>Balance as at 30 June 2025</b>   | <b>339</b>                | <b>2</b>                          | <b>(248)</b>         | <b>93</b>    |

The accompanying notes on pages 11 to 27 are an integral part of these Condensed Consolidated Financial Statements.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Condensed Consolidated Statement of Cash Flows

As at 30 June 2025

|  | Note      | Six months ended<br>30 June |              |
|--|-----------|-----------------------------|--------------|
|  |           | 2025                        | 2024         |
|  |           | £m                          | £m           |
| <b>Operating activities</b>  |           |                             |              |
| Profit before tax  |           | 62                          | 57           |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i> |           |                             |              |
| Depreciation   | 1         | 13                          | 13           |
| Amortisation   | 1         | 24                          | 22           |
| Exceptional items  | 4         | 6                           | -            |
| Finance expenses   | 2         | 52                          | 48           |
| Finance income   | 3         | (5)                         | (4)          |
| <i>Working capital adjustments:</i>                                  |           |                             |              |
| Decrease / (increase) in trade and other receivables                 |           | 4                           | (3)          |
| Increase in provisions   |           | 2                           | -            |
| Increase in trade and other payables                                 |           | 16                          | 13           |
| Taxation paid  |           | (15)                        | (16)         |
| <b>Net cash flows generated from operating activities</b>            |           | <b>159</b>                  | <b>130</b>   |
| <b>Investing activities</b>  |           |                             |              |
| Purchase of property, plant and equipment                            | 8         | (2)                         | (4)          |
| Purchase of intangible assets  | 6, 7 & 16 | (35)                        | (34)         |
| Interest received  |           | 3                           | 4            |
| <b>Net cash flows used in investing activities</b>                   |           | <b>(34)</b>                 | <b>(34)</b>  |
| <b>Financing activities</b>  |           |                             |              |
| Repurchase of bonds  | 17        | (485)                       | (115)        |
| Repayment of bank debt   | 17        | (170)                       | (141)        |
| Proceeds from new bonds  | 17        | 400                         | -            |
| Proceeds from new bank debt  | 17        | 90                          | 205          |
| Transaction costs  |           | (3)                         | (3)          |
| Repayment of obligations under leases                                |           | (10)                        | (10)         |
| Interest paid  |           | (53)                        | (48)         |
| <b>Net cashflows used in financing activities</b>                    |           | <b>(231)</b>                | <b>(112)</b> |
| <b>Net decrease in cash and cash equivalents</b>                     |           | <b>(106)</b>                | <b>(16)</b>  |
| Cash and cash equivalents brought forward                            | 13        | 152                         | 116          |
| <b>Cash and cash equivalents carried forward</b>                     |           | <b>46</b>                   | <b>100</b>   |

The accompanying notes on pages 11 to 27 are an integral part of these Condensed Consolidated Financial Statements.

# **RAC BIDCO LIMITED**

## **UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS**

### **Accounting policies**

#### **(a) Basis of preparation**

The accompanying unaudited condensed consolidated financial information for RAC Bidco Limited ("the Company") and its subsidiaries (together "the Group") has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by UK IFRS. It should be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 31 December 2024, which were prepared in accordance with applicable law and International Financial Reporting Standards as adopted by the United Kingdom.

The information for the period ended 30 June 2025 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Financial Statements for the year ended 31 December 2024 were approved by the Board of Directors on 18 March 2025 and have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The significant accounting policies adopted are consistent with those described in the Group's Annual Report and Financial Statements for the year ended 31 December 2024 except for those disclosed below.

#### **IFRS 17 'Insurance Contracts'**

Following the introduction of risk based pricing for first year breakdown policies, the Group is no longer electing to take the Fixed Fee exemption under IFRS 17 'Insurance Contracts'. In accordance with IFRS 17 'Insurance Contracts', this change has been applied prospectively on a contract-by-contract basis and therefore the financial information for the six months ended 30 June 2024 has not been restated in the Income Statement or Statement of Financial Position. The impact of this change is purely presentational, reducing non-insurance related revenue and expenses and increasing insurance related revenue and expenses by equal and opposite amounts and increasing insurance contract liabilities for those insurance related working capital balances therefore reducing the separately disclosed working capital balances on the face of the Statement of Financial Position. There is no impact on earnings nor net assets.

#### **(b) Going concern**

The Directors have assessed the financial position and the future prospects and funding requirements of the Group and compared them to the level of available committed borrowing facilities. Details of borrowing facilities are set out in note 17 of the Interim Report and Financial Statements. The Directors' assessment included a review of the Group's financial forecasts and strategic plans, including banking and financing arrangements for the 12 month period from the date of signing the Interim Report and Financial Statements.

Having undertaken this assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and so determine that it is appropriate for the unaudited interim condensed consolidated financial information to be prepared on a going concern basis.

# **RAC BIDCO LIMITED**

## **UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS**

### **Notes to the Condensed Consolidated Financial Statements**

#### **1 Operating segments**

The Group is primarily UK based and is a driving services subscription business providing a differentiated range of products and services. Management has determined the operating segments based on the management accounts reviewed by the Board of Directors, which are used to assess the performance of the Group. The Board of Directors has been identified by management to reflect the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'. The two operating and reportable segments of the Group are described below.

##### **Membership Services**

Membership Services is the largest operating segment of the Group, offering breakdown cover and related products to individual members, SMEs and Corporate Partners. In addition, this segment includes the other products and services such as service, maintenance and repair, recall and inspections, accident management, branded services, telematics devices, online retail and legal advisory services (including legal expenses insurance).

##### **Insurance**

The Insurance segment predominantly acts as an insurance intermediary with no underwriting risk. A range of insurance products are offered and the majority of the revenue generated from this operating segment is from motor insurance products. The insurance segment is not to be confused with "Revenue – insurance related" as disclosed in the Consolidated Income Statement which relates to revenue within the scope of IFRS 17 'Insurance Contracts'.

##### **Assets and Liabilities**

For the purpose of monitoring segment performance, working capital analysis is presented to and monitored by the Board of Directors at a Group level, to enable a meaningful review of the economic position of the Group as a whole. As such, segmental analysis of assets and liabilities by function is not regularly provided to the Board of Directors and therefore has not been presented within the condensed consolidated financial statements.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 1 Operating segments (continued)

The following is an analysis of RAC Bidco Limited's revenue and results by operating segment. During all periods reported on, there were no inter segment sales and no individual customer contributed 10% or more to the Group's revenue.

|  | Six months ended<br>30 June |            |
|--|-----------------------------|------------|
|  | 2025                        | 2024       |
|  | £m                          | £m         |
| <b>Revenue of products</b>                                   |                             |            |
| Membership Services - transferred at a point in time         | 18                          | 17         |
| <b>Revenue of services</b>                                   |                             |            |
| Membership Services - subscription services*                 | 278                         | 257        |
| Membership Services - other**                                | 76                          | 73         |
| Insurance - transferred at a point in time                   | 39                          | 35         |
| <b>Revenue</b>   | <b>411</b>                  | <b>382</b> |
| <b>Segmental EBITDA before head office costs</b>             |                             |            |
| Membership Services  | 157                         | 142        |
| Insurance  | 25                          | 21         |
| <b>EBITDA before exceptional items and head office costs</b> | <b>182</b>                  | <b>163</b> |
| Head office costs***   | (30)                        | (27)       |
| <b>EBITDA before exceptional items</b>                       | <b>152</b>                  | <b>136</b> |
| Depreciation of owned tangible assets***                     | (5)                         | (5)        |
| Depreciation of right of use assets***                       | (8)                         | (8)        |
| Amortisation of insurance acquisition cash flows***          | (3)                         | (3)        |
| Amortisation of contract costs***                            | (13)                        | (12)       |
| Amortisation of other intangible assets***                   | (8)                         | (7)        |
| Exceptional items***   | (6)                         | -          |
| <b>Operating profit</b>                                      | <b>109</b>                  | <b>101</b> |
| Finance expenses   | (52)                        | (48)       |
| Finance income   | 5                           | 4          |
| <b>Profit before tax</b>                                     | <b>62</b>                   | <b>57</b>  |

\* Included within Membership Services - subscription services is £257 million (2024: £211 million) of revenue categorised as insurance-related within the scope of IFRS 17 'Insurance Contracts'.

\*\* Membership Services - other revenue includes revenue from pay on use customers, service, maintenance and repair, accident management and other membership services.

\*\*\* These costs are not internally analysed into separate operating segments.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 2 Finance expenses

|   | Six months ended<br>30 June |           |
|---|-----------------------------|-----------|
|   | 2025                        | 2024      |
|   | £m                          | £m        |
| Interest payable - third parties          | 47                          | 44        |
| Interest payable - lease liabilities      | 3                           | 2         |
| Amortisation of capitalised finance costs | 2                           | 2         |
|   | <b>52</b>                   | <b>48</b> |

Interest payable to third parties relates to finance expenses in respect of third-party borrowings. All finance expenses relate to financial liabilities held at amortised cost.

#### 3 Finance income

|                                       | Six months ended<br>30 June |          |
|---------------------------------------|-----------------------------|----------|
|                                       | 2025                        | 2024     |
|                                       | £m                          | £m       |
| Interest receivable - related parties | 2                           | 2        |
| Interest receivable - third parties   | 3                           | 2        |
|                                       | <b>5</b>                    | <b>4</b> |

#### 4 Exceptional items

|                  | Six months ended<br>30 June |      |
|------------------|-----------------------------|------|
|                  | 2025                        | 2024 |
|                  | £m                          | £m   |
| Loss on disposal | 6                           | -    |

In March 2025, the Group sold certain policy books in respect of its non-motor insurance business. This resulted in a loss on disposal of £6 million, which included the write off of certain equipment and intangible assets and onerous costs related to ongoing third party supplier commitments.

#### 5 Tax

The major components of the tax charge in the Condensed Consolidated Income Statement are as follows:

|              | Six months ended<br>30 June |           |
|--------------|-----------------------------|-----------|
|              | 2025                        | 2024      |
|              | £m                          | £m        |
| Current tax  | 13                          | 14        |
| Deferred tax | 2                           | -         |
|              | <b>15</b>                   | <b>14</b> |

Current tax is charged at 25.0% for the six months ended 30 June 2025 (2024: 25.0%), representing the best estimate of the annual effective tax rate expected for the full year, applied to the pre-tax profits for the six-month period.

Under IAS 12 deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Therefore, deferred tax balances have been reflected at the 25% corporation tax rate they are expected to be realised or settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.



# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 6 Goodwill and intangible assets

|                            | Goodwill   | Brand      | IT development | Total        |
|----------------------------|------------|------------|----------------|--------------|
|                            | £m         | £m         | £m             | £m           |
| <b>Cost</b>                |            |            |                |              |
| At 1 January 2024          | 878        | 864        | 125            | 1,867        |
| Additions                  | -          | -          | 11             | 11           |
| <b>At 30 June 2024</b>     | <b>878</b> | <b>864</b> | <b>136</b>     | <b>1,878</b> |
| At 1 January 2025          | 878        | 864        | 123            | 1,865        |
| Additions                  | -          | -          | 13             | 13           |
| Disposals                  | -          | -          | (1)            | (1)          |
| <b>At 30 June 2025</b>     | <b>878</b> | <b>864</b> | <b>135</b>     | <b>1,877</b> |
| <b>Amortisation</b>        |            |            |                |              |
| At 1 January 2024          | 118        | 27         | 64             | 209          |
| Charge for the period      | -          | -          | 7              | 7            |
| <b>At 30 June 2024</b>     | <b>118</b> | <b>27</b>  | <b>71</b>      | <b>216</b>   |
| At 1 January 2025          | 118        | 27         | 41             | 186          |
| Charge for the period      | -          | -          | 8              | 8            |
| Disposals                  | -          | -          | (1)            | (1)          |
| <b>At 30 June 2025</b>     | <b>118</b> | <b>27</b>  | <b>48</b>      | <b>193</b>   |
| <b>Net book value</b>      |            |            |                |              |
| <b>At 30 June 2025</b>     | <b>760</b> | <b>837</b> | <b>87</b>      | <b>1,684</b> |
| <b>At 31 December 2024</b> | <b>760</b> | <b>837</b> | <b>82</b>      | <b>1,679</b> |

Goodwill and brand are held at cost less impairment losses. All other intangible assets are stated at cost less accumulated amortisation and impairment losses. No impairment losses have been recognised in the period ended 30 June 2025 (2024: £nil).

Included within the additions balance is £2 million (2024: £1 million) of expenditure for which the Group has not yet paid and is included in accruals.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 7 Contract costs

|                            | <u>Contract costs</u> |
|----------------------------|-----------------------|
|                            | <u>£m</u>             |
| <b>Cost or valuation</b>   |                       |
| At 1 January 2024          | 179                   |
| Additions                  | 16                    |
| <b>At 30 June 2024</b>     | <b><u>195</u></b>     |
| At 1 January 2025          | 110                   |
| Additions                  | 15                    |
| Disposals                  | (9)                   |
| <b>At 30 June 2025</b>     | <b><u>116</u></b>     |
| <b>Amortisation</b>        |                       |
| At 1 January 2024          | 132                   |
| Charge for the period      | 12                    |
| <b>At 30 June 2024</b>     | <b><u>144</u></b>     |
| At 1 January 2025          | 62                    |
| Charge for the period      | 13                    |
| Disposals                  | (7)                   |
| <b>At 30 June 2025</b>     | <b><u>68</u></b>      |
| <b>Net book value</b>      |                       |
| <b>At 30 June 2025</b>     | <b><u>48</u></b>      |
| <b>At 31 December 2024</b> | <b><u>48</u></b>      |

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 8 Property, plant and equipment

|                            | Fixtures, fittings<br>and other<br>equipment | Computer<br>equipment | Total     |
|----------------------------|--|-----------------------|-----------|
|                            | £m   | £m                    | £m        |
| <b>Cost</b>                |  |                       |           |
| At 1 January 2024          | 53   | 8                     | 61        |
| Additions                  | 4  | -                     | 4         |
| <b>At 30 June 2024</b>     | <b>57</b>                                    | <b>8</b>              | <b>65</b> |
| At 1 January 2025          | 61   | 9                     | 70        |
| Additions                  | 2  | -                     | 2         |
| Disposals                  | (10)   | -                     | (10)      |
| <b>At 30 June 2025</b>     | <b>53</b>                                    | <b>9</b>              | <b>62</b> |
| <b>Depreciation</b>        |  |                       |           |
| At 1 January 2024          | 28   | 3                     | 31        |
| Charge for the period      | 4  | 1                     | 5         |
| <b>At 30 June 2024</b>     | <b>32</b>                                    | <b>4</b>              | <b>36</b> |
| At 1 January 2025          | 36   | 4                     | 40        |
| Charge for the period      | 4  | 1                     | 5         |
| Disposals                  | (7)  | -                     | (7)       |
| <b>At 30 June 2025</b>     | <b>33</b>                                    | <b>5</b>              | <b>38</b> |
| <b>Net book value</b>      |  |                       |           |
| <b>At 30 June 2025</b>     | <b>20</b>                                    | <b>4</b>              | <b>24</b> |
| <b>At 31 December 2024</b> | <b>25</b>                                    | <b>5</b>              | <b>30</b> |

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 9 Right of use assets

|                            | Property  | Vehicles  | Total      |
|----------------------------|-----------|-----------|------------|
|                            | £m        | £m        | £m         |
| <b>Cost</b>                |           |           |            |
| At 1 January 2024          | 46        | 60        | 106        |
| Additions                  | -         | 14        | 14         |
| <b>At 30 June 2024</b>     | <b>46</b> | <b>74</b> | <b>120</b> |
| At 1 January 2025          | 46        | 69        | 115        |
| Additions                  | -         | 4         | 4          |
| Disposals                  | -         | (4)       | (4)        |
| <b>At 30 June 2025</b>     | <b>46</b> | <b>69</b> | <b>115</b> |
| <b>Depreciation</b>        |           |           |            |
| At 1 January 2024          | 12        | 26        | 38         |
| Charge for the period      | 1         | 7         | 8          |
| <b>At 30 June 2024</b>     | <b>13</b> | <b>33</b> | <b>46</b>  |
| At 1 January 2025          | 14        | 27        | 41         |
| Charge for the period      | 1         | 7         | 8          |
| Disposals                  | -         | (4)       | (4)        |
| <b>At 30 June 2025</b>     | <b>15</b> | <b>30</b> | <b>45</b>  |
| <b>Net book value</b>      |           |           |            |
| <b>At 30 June 2025</b>     | <b>31</b> | <b>39</b> | <b>70</b>  |
| <b>At 31 December 2024</b> | <b>32</b> | <b>42</b> | <b>74</b>  |

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 10 Group information

##### (a) Information about subsidiaries

The Condensed Consolidated Financial Statements of the Group include the following subsidiaries:

| Company                                  | Type of business                              | Class of share   | Proportion held |
|--|---|------------------|-----------------|
| <b>Directly held:</b>                    |   |                  |                 |
| RAC Limited                              | Holding company                               | Ordinary         | 100%            |
| RAC Bond Co PLC                          | Funding vehicle                               | Ordinary         | 100%            |
| <b>Indirectly held:</b>                  |   |                  |                 |
| RAC Group Limited                        | Holding company                               | Ordinary         | 100%            |
| RAC Motoring Services (Holdings) Limited | Holding company                               | Ordinary         | 100%            |
| RAC Motoring Services                    | Motor breakdown cover                         | Ordinary         | 100%            |
| RACMS (Ireland) Limited                  | Dormant                                       | Ordinary         | 100%            |
| RAC Financial Services Limited           | Insurance intermediary                        | Ordinary         | 100%            |
| RAC Insurance Limited                    | General insurance business                    | Ordinary         | 100%            |
| RAC Brand Enterprises LLP                | Licensing and management of intangible assets | Members' capital | 100%            |
| RAC Cars Limited                         | Online motoring services                      | Ordinary         | 100%            |
| Risk Telematics UK Limited               | Software development                          | Ordinary         | 100%            |

All subsidiaries are registered in England and Wales and operate in the United Kingdom, except RACMS (Ireland) Limited which is registered in Ireland. All subsidiaries, except RACMS (Ireland) Limited, have the same registered office as the Company, being RAC House, Brockhurst Crescent, Walsall, West Midlands, United Kingdom, WS5 4AW. The registered office of RACMS (Ireland) Limited is C/O Cronin & Company, 1 Terenure Place, Terenure, Dublin, Ireland, D6W FN23.

The Condensed Consolidated Financial Statements of the Group also include the financial performance and position of the RAC Employee Benefit Trust ("EBT"). In accordance with the IFRS 10 'Consolidated Financial Statements', the Group is deemed to control the EBT by virtue of RAC Limited, a direct subsidiary of the Company, having power over the EBT.

##### (b) The Parent Company

The immediate controlling entity of RAC Bidco Limited is RAC Midco II Limited. The ultimate controlling entity of RAC Bidco Limited is RAC Group (Holdings) Limited.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 11 Derivative financial instruments

The Group has used interest rate swap agreements in order to hedge the cash flows associated with its variable rate borrowings. The notional value and fair values of these are as follows:

|  | <u>30 June 2025</u> | <u>31 December 2024</u> |
|--|---------------------|-------------------------|
|  | £m                  | £m                      |
| Contract / notional value                          | 340                 | 344                     |
| <b>Total derivative financial instrument asset</b> | <b>3</b>            | <b>9</b>                |

The hedges were effective in the six months ending 30 June 2025 (2024: effective) and therefore the full movement in the fair value of cash flow hedges has been recognised in other comprehensive income (2024: recognised in other comprehensive income).

The hedges are achieved through using interest rate swap contracts to pay fixed and receive SONIA. The interest rate swaps settle on a quarterly basis. As all the Senior Term Facilities and the interest rate swap contracts against which the Senior Term Facilities are hedged contain floating rates linked to SONIA, the Group expects the value of these items to systematically change in opposite directions in response to movements in underlying interest rates. As such, the Group's hedge ratio is expected to remain within Group policy.

On 8 April 2025, the Group entered into a hedge for an amount of £88 million, effective from 30 September 2027 with the fixed element of the hedge set to 3.761% until 31 March 2028.

#### 12 Trade and other receivables

|  | <u>30 June 2025</u> | <u>31 December 2024</u> |
|--|---------------------|-------------------------|
|  | £m                  | £m                      |
| Trade and other receivables                | 8                   | 29                      |
| Prepayments and accrued income             | 26                  | 25                      |
| Amounts due from related parties           | 30                  | 28                      |
| <b>Total</b>                               | <b>64</b>           | <b>82</b>               |
| Expected to be recoverable within one year | 64                  | 82                      |

#### 13 Cash and cash equivalents

|  | <u>30 June 2025</u> | <u>31 December 2024</u> |
|--|---------------------|-------------------------|
|  | £m                  | £m                      |
| <b>Cash and cash equivalents comprise:</b> |                     |                         |
| Unrestricted cash at bank and in hand      | 37                  | 143                     |
| Restricted cash at bank and in hand        | 9                   | 9                       |
| <b>Total</b>                               | <b>46</b>           | <b>152</b>              |

Restricted cash is the amount of cash RAC Insurance Limited is required to hold to meet regulatory Solvency UK requirements.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 14 Provisions

|                            | <b>Total</b> |
|----------------------------|--------------|
|                            | <b>£m</b>    |
| At 1 January 2025          | 2            |
| Additions                  | 3            |
| Utilised during the period | (1)          |
| <b>At 30 June 2025</b>     | <b>4</b>     |

Provisions include amounts payable at the end of vehicle leases to correct modifications made which are expected to be utilised at the end of each vehicle's lease term (usually five years), amounts provided for restructuring costs and amounts provided for onerous costs related to ongoing third party supplier commitments following the disposal of policy books in respect of the non-motor insurance business.

#### 15 Trade and other payables

|  | <b>30 June 2025</b> | <b>31 December 2024</b> |
|--|---------------------|-------------------------|
|  | <b>£m</b>           | <b>£m</b>               |
| Trade payables and accruals                  | 64                  | 66                      |
| Deferred income                              | 6                   | 20                      |
| Other payables                               | 139                 | 154                     |
| <b>Total</b>                                 | <b>209</b>          | <b>240</b>              |
| Expected to be payable within one year       | 143                 | 169                     |
| Expected to be payable in more than one year | 66                  | 71                      |
|  | <b>209</b>          | <b>240</b>              |

All payables other than deferred income are financial liabilities and are carried at amortised cost which is considered to be a reasonable approximation of the relevant fair value.

Deferred income is carried at the cost of consideration for which the Group has not yet satisfied its performance obligations under IFRS 15 'Revenue from Contracts with Customers'.

Included within other payables is £82 million (2024: £85 million) in relation to lease liabilities recognised as a result of IFRS 16 'Leases'. The contractual maturity dates of lease liabilities are:

|               | <b>30 June 2025</b> | <b>31 December 2024</b> |
|---------------|---------------------|-------------------------|
|               | <b>£m</b>           | <b>£m</b>               |
| Within 1 year | 15                  | 16                      |
| 1 to 5 years  | 30                  | 25                      |
| Over 5 years  | 37                  | 44                      |
|               | <b>82</b>           | <b>85</b>               |

# **RAC BIDCO LIMITED**

## **UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS**

### **Notes to the Condensed Consolidated Financial Statements (continued)**

#### **16 Insurance contract liabilities**

The Group principally issues non-life insurance contracts for breakdown assistance and legal expenses. The most significant risks arise from pricing and inflation risk. The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts and the ability to reprice at regular intervals. The Group is primarily UK based with a small number of contracts issued within Europe. The Group is not exposed to currency risk on its insurance contract liabilities as all reserves are in sterling.

The liability for incurred claims is not exposed to significant sensitivities due to the immediate nature or very soon after (within 60 days) nature of the settlement of claims for breakdown assistance and therefore there are no material outstanding claims at the Condensed Consolidated Statement of Financial Position date. For the legal expenses portfolio, while the settlement period will be greater, the liability is not considered material and there are no known risks which would have a significant impact on the valuation of the liability. The impact of a change in the discount rate is therefore not considered to be material.

For the reasons noted above, there are no material incurred claims outstanding in respect of either the breakdown assistance or legal expenses portfolios and therefore no claims development tables have been presented.



# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 16 Insurance contract liabilities (continued)

|   | Liability for<br>remaining<br>coverage | Liability for<br>incurred<br>claims | Insurance<br>acquisition<br>cash flows | Total       |
|---|--|-------------------------------------|--|-------------|
|   | £m                                     | £m                                  | £m                                     | £m          |
| <b>As at 1 January 2024</b>                               | <b>83</b>                              | <b>7</b>                            | <b>(21)</b>                            | <b>69</b>   |
| Insurance service revenue                                 | (211)                                  | -                                   | -                                      | (211)       |
| Insurance service expenses                                |  |                                     |  |             |
| - incurred claims and other insurance<br>service expenses | -                                      | 117                                 | -                                      | 117         |
| - amortisation of acquisition cash flows                  | -                                      | -                                   | 3                                      | 3           |
| <b>Insurance service result</b>                           | <b>(211)</b>                           | <b>117</b>                          | <b>3</b>                               | <b>(91)</b> |
| Premiums received   | 215                                    | -                                   | -                                      | 215         |
| Claims costs paid   | -                                      | (117)                               | -                                      | (117)       |
| Insurance acquisition cash flows                          | -                                      | -                                   | (4)                                    | (4)         |
| <b>Total cash flows</b>                                   | <b>215</b>                             | <b>(117)</b>                        | <b>(4)</b>                             | <b>94</b>   |
| <b>As at 30 June 2024</b>                                 | <b>87</b>                              | <b>7</b>                            | <b>(22)</b>                            | <b>72</b>   |
| <b>As at 1 January 2025</b>                               | <b>91</b>                              | <b>5</b>                            | <b>(25)</b>                            | <b>71</b>   |
| Insurance service revenue                                 | (257)                                  | -                                   | -                                      | (257)       |
| Insurance service expenses                                |  |                                     |  |             |
| - incurred claims and other insurance<br>service expenses | -                                      | 155                                 | -                                      | 155         |
| - amortisation of acquisition cash flows                  | -                                      | -                                   | 3                                      | 3           |
| <b>Insurance service result</b>                           | <b>(257)</b>                           | <b>155</b>                          | <b>3</b>                               | <b>(99)</b> |
| Premiums received   | 275                                    | -                                   | -                                      | 275         |
| Claims costs paid   | -                                      | (148)                               | -                                      | (148)       |
| Insurance acquisition cash flows                          | -                                      | -                                   | (7)                                    | (7)         |
| <b>Total cash flows</b>                                   | <b>275</b>                             | <b>(148)</b>                        | <b>(7)</b>                             | <b>120</b>  |
| <b>As at 30 June 2025</b>                                 | <b>109</b>                             | <b>12</b>                           | <b>(29)</b>                            | <b>92</b>   |

The asset in respect of insurance acquisition cash flows is expected to be amortised to the income statement for a period of greater than 1 year.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 17 Borrowings

##### (a) Analysis of borrowings

|  | Bonds                      |                            |                            |                            | Bank Debt                                |  |  |  |                    |              |
|--|----------------------------|----------------------------|----------------------------|----------------------------|--|--|--|--|--------------------|--------------|
|  | Class<br>A2<br>Notes<br>£m | Class<br>A3<br>Notes<br>£m | Class<br>A4<br>Notes<br>£m | Class<br>B2<br>Notes<br>£m | 2021<br>Senior<br>Term<br>Facility<br>£m | 2021<br>Senior<br>Term<br>Facility<br>£m | 2024<br>Senior<br>Term<br>Facility<br>£m | 2025<br>Senior<br>Term<br>Facility<br>£m | 2025<br>USPP<br>£m | Total<br>£m  |
| Interest rate                                | 4.87%                      | 8.25%                      | 5.75%                      | 5.25%                      | SONIA<br>+ 1.80%                         | SONIA<br>+ 2.50%                         | SONIA<br>+ 3.00%                         | SONIA<br>+ 3.00%                         | 6.49%              |              |
| <b>At 30 June 2025</b>                       |                            |                            |                            |                            |  |  |  |  |                    |              |
| Fair value                                   | -                          | 315                        | 505                        | 386                        | -  | 114                                      | 255                                      | 49                                       | 64                 | <b>1,688</b> |
| Amounts falling due<br>within one year       | -                          | 3                          | 2                          | 3                          | -  | -  | -  | -  | -                  | <b>8</b>     |
| Amounts falling due in<br>more than one year | -                          | 246                        | 397                        | 342                        | -  | 94                                       | 203                                      | 40                                       | 50                 | <b>1,372</b> |
| Book value                                   | -                          | <b>249</b>                 | <b>399</b>                 | <b>345</b>                 | -  | <b>94</b>                                | <b>203</b>                               | <b>40</b>                                | <b>50</b>          | <b>1,380</b> |
| Principal outstanding*                       | -                          | 250                        | 400                        | 345                        | -  | 95                                       | 205                                      | 40                                       | 50                 | <b>1,385</b> |
| <b>At 31 December 2024</b>                   |                            |                            |                            |                            |  |  |  |  |                    |              |
| Fair value                                   | 517                        | 325                        | -                          | 395                        | 176                                      | 119                                      | 266                                      | -  | -                  | <b>1,798</b> |
| Amounts falling due<br>within one year       | 4                          | 3                          | -                          | 3                          | 170                                      | -  | -  | -  | -                  | <b>180</b>   |
| Amounts falling due in<br>more than one year | 484                        | 246                        | -                          | 341                        | -  | 94                                       | 203                                      | -  | -                  | <b>1,368</b> |
| Book value                                   | <b>488</b>                 | <b>249</b>                 | -                          | <b>344</b>                 | <b>170</b>                               | <b>94</b>                                | <b>203</b>                               | -  | -                  | <b>1,548</b> |
| Principal outstanding*                       | 485                        | 250                        | -                          | 345                        | 170                                      | 95                                       | 205                                      | -  | -                  | <b>1,550</b> |

\* Principal outstanding is the book value of borrowings excluding capitalised finance costs and accrued interest.

##### (b) Bonds

The Group's bonds comprise four tranches: Class A2 Notes, Class A3 Notes, Class A4 Notes and Class B2 Notes. £600 million of Class A2 notes were issued at a coupon of 4.870%, and had an initial period to 6 May 2026, after which interest will be charged at 5.370% per annum. On 21 March 2024, £115 million of Class A2 Notes were repurchased. On 4 June 2025, the remaining £485 million of Class A2 Notes were also repurchased. £250 million of Class A3 Notes were issued at a coupon of 8.250%, and have an initial period to 6 November 2028, after which interest will be charged at 8.750% per annum. £400 million of Class A4 Notes were issued on 20 May 2025 at a coupon of 5.750%, and have an initial period to 6 November 2029, after which interest will be charged at 6.250% per annum. £345 million of Class B2 Notes were issued on 4 November 2021 at a coupon of 5.250%, and have an initial period to 4 November 2027 after which interest will be charged at 4.750% per annum. Interest is payable on the bonds semi-annually on 6 May and 6 November.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 17 Borrowings (continued)

##### (c) Bank debt

On 30 June 2021, the Group entered into a 2021 Senior Term Facility for an amount of £265 million. On 30 July 2021, the Group drew down upon this facility, of which £170 million has a floating rate of 1.80% plus SONIA and matured on 30 June 2025 and £95 million has a floating rate of 2.50% plus SONIA and matures on 30 June 2028. On 2 June 2025, the £170 million facility was repaid in full.

In January 2024, the Group entered into a 2024 Senior Term facility for an amount of £205 million. On 7 March 2024, the Group drew down upon this facility with a floating rate of 3.00% plus SONIA which matures on 29 January 2029.

In May 2025, the Group entered into a 2025 Senior Term facility and a 2025 US Private Placement for the amounts of £40 million and £50 million respectively. On 2 June 2025, the Group drew down upon the Senior Term Facility with a floating rate of 3.00% plus SONIA which matures on 29 January 2029 and the US Private Placement with a fixed rate of 6.49% which matures on 2 June 2030.

The Group has also entered into agreements for a Working Capital Facility of £50 million and a Liquidity Facility of £90 million. The Working Capital Facility is subject to interest of SONIA plus 3.00% (prior to 29 January 2024: SONIA + 2.50%) and matures on 29 January 2029. The Liquidity Facility was uplifted to £100 million on 26 April 2024 in-line with the terms of the Whole Business Securitisation agreement and is subject to annual review.

Interest rate risk arising under the Senior Term Facilities is hedged using interest rate swaps exchanging variable rate interest for fixed rate interest.

##### (d) Security, covenants and fees

The Class A Notes, Class B2 Notes, US Private Placement and Senior Term Facilities are secured by way of first ranking security in respect of the undertakings and assets of RAC Bidco Limited and its subsidiaries, excluding RAC Insurance Limited and RACMS (Ireland) Limited.

Fees relating to the Class A Notes, Class B2 Notes, US Private Placement and Senior Term Facilities have been capitalised and are being amortised over the lives of the borrowings to which they relate, in accordance with IFRS 9 'Financial Instruments'.

The Senior Term Facilities, Class A3 Notes, Class A4 Notes and US Private Placement (together "Class A Debt") are subject to one financial covenant, being the ratio of free cash flow to Class A Debt service charges. The Class B2 Notes ("Class B Debt") are also subject to one financial covenant, being the ratio of free cash flow to the aggregate of Class A Debt service charges and Class B Debt service charges. The Group has complied with these financial covenants throughout the periods since issue of the Class A Debt and Class B Debt.

#### 18 Ordinary share capital

Details of RAC Bidco Limited's ordinary share capital are as follows:

|   | <u>30 June 2025</u> | <u>31 December 2024</u> |
|---|---------------------|-------------------------|
|   | £m                  | £m                      |
| <b>Allocated, called-up and fully paid:</b>                                 |                     |                         |
| 339,131,773 ordinary shares of £1.00 each (2024: 339,131,773 of £1.00 each) | 339                 | 339                     |
|   | <u>339</u>          | <u>339</u>              |

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 19 Fair value of financial assets and liabilities

The financial information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 1) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 3) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|                                 | <b>Fair Value<br/>Hierarchy</b> | <b>30 June 2025</b> | <b>31 December 2024</b> |
|---------------------------------|---------------------------------|---------------------|-------------------------|
|                                 |                                 | <b>£m</b>           | <b>£m</b>               |
| Cash flow hedge asset (note 11) | Level 2                         | 3                   | 9                       |

Valuations are performed by an external valuer in accordance with Group accounting policies.

The interest rate swap has been valued using market observable inputs of interest rate curves built using cash rates, swap rates and forward rates.

#### 20 Related party transactions

The Group had the following transactions with related parties in the period:

| <b>Amounts due to related parties</b>   | <b>30 June 2025</b> | <b>31 December 2024</b> |
|---|---------------------|-------------------------|
|   | <b>£m</b>           | <b>£m</b>               |
| Other group companies - current account | (15)                | (15)                    |

In the six month period ended 30 June 2025, RAC Bidco Limited paid no dividends (2024: £nil) to RAC Midco II Limited, its immediate parent company.

# RAC BIDCO LIMITED

## UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

### Notes to the Condensed Consolidated Financial Statements (continued)

#### 21 Alternative performance measures

Certain alternative performance measures ("APMs") have been included within the Interim Report and Financial Statements. These APMs are used by the management internally to monitor and manage the underlying business performance of the Group.

The table below details the definition of each APM.

| APM                              | Definition   |
|----------------------------------|--|
| EBITDA before exceptional items  | EBITDA is statutory operating profit before depreciation, amortisation and exceptional items.  |
| EBITDA margin                    | EBITDA as a percentage of total revenue.   |
| Exceptional items                | Exceptional items are those which management consider to be material by size and/or nature. Events which give rise to a classification of items as exceptional include costs associated with corporate transactions and restructuring. |
| Cash conversion                  | Net cash flows from operating activities as a percentage of EBITDA before exceptional items.   |
| Customer acquisition intangibles | Amounts relating to contract costs and insurance acquisition cash flows as per notes 7 and 16 respectively.  |
| Net debt                         | Gross value of borrowings, including interest and capitalised finance costs, plus lease liabilities less cash and cash equivalents.  |
| Leverage                         | Ratio of net debt as a multiple of EBITDA before exceptional items.  |