



6 March 2026

## INVESTOR REPORT

To: Deutsche Trustee Company Limited as Obligor Security Trustee, Issuer Security Trustee and Class A Note Trustee  
Deutsche Bank AG, London as STF Facility Agent and WCF Agent  
RAC Bond Co PLC as Issuer  
Banco Santander S.A. (London Branch) and Barclays Bank PLC London as Borrower Hedge Counterparties  
Standard & Poor's Credit Market Services Europe Limited as Rating Agency

From: RAC Group Limited as Holdco Group Agent

### **General Overview**

RAC Bond Co PLC has today reported the consolidated audited results of RAC Bidco Limited ("Group") for the year ended 31 December 2025.

A summary of the Group's performance for the year ended 31 December 2025 ("FY 2025") is set out below.

### **Highlights**

- Revenue up 7% to £840m with growth across Breakdown, Insurance and Service, Maintenance and Repair (SMR)
- Total annual recurring revenue grew 5% to £715m
- EBITDA up 12% to £329m marking the 14th consecutive year of uninterrupted growth
- EBITDA margin improved 150bps to 39.2%
- EBIT increased 13% to £248m and EBIT margin improved 140bps to 29.5%
- Net cash flows from operating activities of £305m with cash conversion of 99%
- Refinanced two facilities, decreasing gross debt by £165m and reducing leverage to 4.1x
- Delivered significant progress across the Group's three strategic pillars, with continued innovation, investment and differentiation supporting future growth

### **Outlook**

The RAC remains well positioned to be the UK's number one for Driving Services, providing complete peace of mind® for our members and partners. Our "holy trinity" of Breakdown, Insurance and SMR now supports nearly half of UK drivers. Our focus for 2026 and beyond is on sustaining growth, digital innovation, and maintaining high levels of service. Our recurring membership model, strong financial position and committed colleagues underpin our confidence in delivering sustained value for stakeholders.

## **Regulatory and business update**

### **Business Update**

- No changes in RAC Bidco Ltd Group structure in FY2025, with no acquisitions or disposals
- No change in "Permitted Business"
- No changes to the Board of Directors in the period

### **Regulatory/Legislative Update**

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 provides 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 delivered enhancements to its Operational Resilience capability and demonstrated operation within the impact tolerance thresholds throughout 2025.

### **Capital Expenditure**

- Capital Investment totalled £78m during the period (2024: £84m)
- £45m (2024: £45m) of capitalised acquisition intangibles spend is in respect of insurance acquisition cash flows in accordance with IFRS 17 and contract costs, as a result of new business sales.
- £8m (2024: £9m) of spend relates to Property, Plant and Equipment, which includes investment in improvements to the equipment used at the roadside and by our increasing number of SMR mechanics, as well as investment in our premises.
- The remaining £25m (2024: £30m) relates to investment and maintenance projects as we continue to invest in the systems underpinning our business and our enhanced digital capabilities.

### **Financing Position**

Interest rate risk on the floating rate Senior Term Facilities is appropriately hedged in accordance with the Hedging Policy set out in the Common Terms Agreement through an interest rate swap and the hedge remains effective.

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

<b>Facility</b>	<b>£million</b>	<b>Due</b>	<b>Coupon / Interest</b>
Class A3 Notes	250	November 2028/ May 46	8.250%
Class A4 Notes	400	November 2029	5.750%
Class B2 Notes	345	November 2027/ May 46	5.250%
2025 USPP	50	June 2030	6.490%
2021 Senior Term Facility	95	June 2028	2.500% + SONIA
2024 Senior Term Facility	205	January 2029	3.000% + SONIA
2025 Senior Term Facility	40	January 2029	3.000% + SONIA
Drawn debt	<b>1,385</b>		
<b><u>Additional committed facilities:</u></b>			
Working Capital Facility	50	January 2029	3.000% + SONIA
Liquidity Facility	100	Annual renewal	2.250% + SONIA

The Group repaid £165m of debt in the period, repurchasing the remaining £485m of 2026 Class A2 Notes by issuing £400m of Class A4 Notes and replacing the £170m 2021 Senior Term Facility with a new £50m USPP and £40m 2025 Senior Term Facility. Interest paid was £95 million (2024: £91 million).

No other changes were made to the debt instruments.

## Ratios

We confirm that in respect of this investor report dated 6 March 2026, by reference to the most recent Financial Statements that we are obliged to deliver to you in accordance with paragraph 1 (Financial Statements) of Part A (Information Covenants) of Schedule 2 (Holdco Group Covenants) of the Common Terms Agreement:

- (a) the Class A FCF DSCR in respect of the relevant Test Period is equal to 4.36; and
- (b) the amount of Additional Financial Indebtedness raised since the date of the immediately preceding Investor Report was £490m<sup>1</sup>;

(together the *Ratios*).

We confirm that each of the above Ratios has been calculated in respect of the Test Period(s) or as at the Test Dates for which it is required to be calculated under the Common Terms Agreement and is set out below:

### Class A FCF DSCR for the year ended 31 December 2025

Class A FCF has been calculated as:

	£m
EBITDA <sup>2</sup>	307.8
Cash tax paid	(32.8)
Increase in working capital	16.7
Minimum capital maintenance spend	(8.0)
Increase in restricted cash	(0.8)
<b>Class A FCF</b>	<b>282.9</b>

Class A Total Debt Service Charges has been calculated as:

	£m
Accrued interest	68.1
Commitment fees on STF, WCF and LF	1.7
Interest received on cash equivalents	(4.9)
<b>Class A Total Debt Service Charges</b>	<b>64.9</b>

**Ratio Class A FCF DSCR at 31 December 2025** **4.36**

We confirm that:

- (a) no CTA Default or Trigger Event has occurred and is continuing;
- (b) the Borrower is in compliance with the Hedging Policy;

<sup>1</sup> All £490 million of Additional Financial Indebtedness constitutes refinancing Additional Financial Indebtedness being used, alongside held cash, to fully redeem £485 million of Class A2 Notes and £170 million of 2021 Senior Term Facility

<sup>2</sup> EBITDA of £307.8m is stated excluding the uplift in the consolidated operating profits of the Holdco Group for the relevant period arising as a result of the adoption of IFRS 16 'Leases' in the consolidated financial statements.

(c) the amount of Excess Cashflow for the preceding financial year is £122.9m.

	£m
Free cash flow calculated as above	282.9
Cash payments relating to one-off items	(3.8)
Excess capex above minimum maintenance spend	(70.5)
Debt service costs	(83.0)
<b>Total Excess Cashflow</b>	<b>125.7</b>

(d) the amount of Retained Excess Cashflow as at the date of this Investor Report is £153.7m;

(e) we are in compliance with the Obligor Coverage Tests;

(f) below is a list of the Material Companies:

1. RAC Motoring Services (registered number 01424399);
2. RAC Financial Services Limited (registered number 05171817);
3. RAC Brand Enterprises LLP (registered number OC377385)

(g) the statements set out in this Investor Report are accurate in all material respects.

Yours faithfully



.....  
Dave Hobday, Chief Executive Officer  
For and on behalf of  
RAC Group Limited as Holdco Agent



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Jo Baker, Chief Financial Officer