

# Admiral Group plc

## Interim Parent Company Financial Statements

### Interim Parent Company Income Statement (unaudited)

|                                  | 28 February<br>2022<br>£m | Year ended<br>31 December<br>2021<br>£m |
|----------------------------------|---------------------------|-----------------------------------------|
| Administrative expenses          | (3.0)                     | (19.7)                                  |
| <b>Operating loss</b>            | <b>(3.0)</b>              | <b>(19.7)</b>                           |
| Investment and interest income   | 150.6                     | 630.4                                   |
| Impairment expense               | —                         | (16.0)                                  |
| Gain on disposal of subsidiaries | —                         | 445.2                                   |
| Interest payable                 | (2.0)                     | (11.3)                                  |
| <b>Profit before tax</b>         | <b>145.6</b>              | <b>1,028.6</b>                          |
| Taxation credit                  | 1.6                       | 3.3                                     |
| <b>Profit after tax</b>          | <b>147.2</b>              | <b>1,031.9</b>                          |

### Interim Parent Company Statement of Comprehensive Income (unaudited)

|                                                                 | 28 February<br>2022<br>£m | Year ended<br>31 December<br>2021<br>£m |
|-----------------------------------------------------------------|---------------------------|-----------------------------------------|
| <b>Profit for the period</b>                                    | <b>147.2</b>              | <b>1,031.9</b>                          |
| <b>Other comprehensive income</b>                               |                           |                                         |
| <b>Items that are or may be reclassified to profit or loss</b>  |                           |                                         |
| Movements in fair value reserve                                 | (4.0)                     | (10.1)                                  |
| Deferred tax charge on movement in investment valuation reserve | 0.7                       | 0.8                                     |
| Other comprehensive income for the period, net of income tax    | (3.3)                     | (9.3)                                   |
| <b>Total comprehensive income for the period</b>                | <b>143.9</b>              | <b>1,022.6</b>                          |



## Interim Parent Company Statement of Financial Position (unaudited)

|                                              |      | As at                     |                           |
|----------------------------------------------|------|---------------------------|---------------------------|
|                                              |      | 28 February<br>2022<br>£m | 31 December<br>2021<br>£m |
|                                              | Note |                           |                           |
| <b>ASSETS</b>                                |      |                           |                           |
| Investments in group undertakings            | 2    | 315.1                     | 315.1                     |
| Intangible assets                            |      | 0.4                       | 0.4                       |
| Financial investments                        | 4    | 549.4                     | 557.0                     |
| Corporation tax asset                        |      | 5.1                       | 3.5                       |
| Trade and other receivables                  | 4, 5 | 186.9                     | 187.1                     |
| Cash and cash equivalents                    | 4    | 10.5                      | 11.2                      |
| <b>Total assets</b>                          |      | <b>1,067.4</b>            | <b>1,074.3</b>            |
| <b>EQUITY</b>                                |      |                           |                           |
| Share capital                                | 7    | 0.3                       | 0.3                       |
| Share premium account                        |      | 13.1                      | 13.1                      |
| Fair value reserve                           |      | 10.8                      | 14.1                      |
| Retained earnings                            |      | 594.5                     | 447.3                     |
| <b>Total equity</b>                          |      | <b>618.7</b>              | <b>474.8</b>              |
| <b>LIABILITIES</b>                           |      |                           |                           |
| Subordinated and other financial liabilities | 4    | 220.7                     | 224.3                     |
| Deferred tax                                 |      | 3.6                       | 4.3                       |
| Trade and other payables                     | 4, 6 | 224.4                     | 370.9                     |
| <b>Total liabilities</b>                     |      | <b>448.7</b>              | <b>599.5</b>              |
| <b>Total equity and total liabilities</b>    |      | <b>1,067.4</b>            | <b>1,074.3</b>            |

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 2 March 2022 and were signed on its behalf by:



**Geraint Jones**

**Chief Financial Officer**

Admiral Group plc

Company Number: 03849958

## Interim Parent Company Statement of Changes in Equity (unaudited)

|                                                  | Share capital<br>£m | Share<br>premium<br>account<br>£m | Fair value<br>Reserve<br>£m | Retained<br>profit and<br>loss<br>£m | Total equity<br>£m |
|--------------------------------------------------|---------------------|-----------------------------------|-----------------------------|--------------------------------------|--------------------|
| At 1 January 2021                                | 0.3                 | 13.1                              | 23.4                        | 73.0                                 | 109.8              |
| Profit for the period                            | —                   | —                                 | —                           | 1,031.9                              | 1,031.9            |
| <b>Other comprehensive income</b>                |                     |                                   |                             |                                      |                    |
| Movement in fair value reserve                   | —                   | —                                 | (10.1)                      | —                                    | (10.1)             |
| Deferred tax on movement fair value reserve      | —                   | —                                 | 0.8                         | —                                    | 0.8                |
| <b>Total comprehensive income for the period</b> | —                   | —                                 | (9.3)                       | 1,031.9                              | 1,022.6            |
| <b>Transactions with equity holders</b>          |                     |                                   |                             |                                      |                    |
| Dividends                                        | —                   | —                                 | —                           | (720.9)                              | (720.9)            |
| Issues of share capital                          | —                   | —                                 | —                           | —                                    | —                  |
| Share scheme credit                              | —                   | —                                 | —                           | 63.1                                 | 63.1               |
| Deferred tax on share scheme credit              | —                   | —                                 | —                           | 0.2                                  | 0.2                |
| <b>Total transactions with equity holders</b>    | —                   | —                                 | —                           | (657.6)                              | (657.6)            |
| <b>As at 31 December 2021</b>                    | <b>0.3</b>          | <b>13.1</b>                       | <b>14.1</b>                 | <b>447.3</b>                         | <b>474.8</b>       |
| At 1 January 2022                                | 0.3                 | 13.1                              | 14.1                        | 447.3                                | 474.8              |
| Profit for the period                            | —                   | —                                 | —                           | 147.2                                | 147.2              |
| <b>Other comprehensive income</b>                |                     |                                   |                             |                                      |                    |
| Movement in fair value reserve                   | —                   | —                                 | (4.0)                       | —                                    | (4.0)              |
| Deferred tax on movement in fair value reserve   | —                   | —                                 | 0.7                         | —                                    | 0.7                |
| <b>Total comprehensive income for the period</b> | —                   | —                                 | (3.3)                       | 147.2                                | 143.9              |
| <b>Transactions with equity holders</b>          |                     |                                   |                             |                                      |                    |
| Dividends                                        | —                   | —                                 | —                           | —                                    | —                  |
| Issues of share capital                          | —                   | —                                 | —                           | —                                    | —                  |
| Share scheme credit                              | —                   | —                                 | —                           | —                                    | —                  |
| Deferred tax on share scheme credit              | —                   | —                                 | —                           | —                                    | —                  |
| <b>Total transactions with equity holders</b>    | —                   | —                                 | —                           | —                                    | —                  |
| <b>As at 28 February 2022</b>                    | <b>0.3</b>          | <b>13.1</b>                       | <b>10.8</b>                 | <b>594.5</b>                         | <b>618.7</b>       |

## Notes to the Parent Company Financial Statements

For the period ended 28 February 2022.

### 1. Accounting policies

#### 1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). The financial statements are prepared on the historical cost basis except for the revaluation of financial assets classified as fair value through the profit or loss.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

#### 1.2 Changes to accounting policies

There were no significant changes to accounting policies in the period.

#### 1.3 Disclosure exemptions applied under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- FRS 101.8 (d): the requirement of IFRS 7 *Financial Instruments: Disclosure* to make disclosures about financial instruments
- FRS 101.8 (f): the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - paragraph 118(3) of IAS 38 *Intangible Assets*
- FRS 101.8 (g): the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 *Presentation of Financial Statements* to produce a cash flow statement, a third balance sheet and to make an explicit and unreserved statement of compliance with IFRSs
- FRS 101.8 (h): the requirements of IAS 7 *Statements of Cash Flows* to produce a cash flow statement
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to include a list of new IFRSs that have been issued but that have yet to be applied
- FRS 101.8 (k): the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to transaction is wholly owned by such a member

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **1.4 Going concern**

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts and regulatory capital surpluses.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### **1.5 Key source of estimation uncertainty**

In applying the Group's accounting policies as described below, management consider there to be a key source of estimation uncertainty within the impairment testing of the Company's investment in group undertakings. Management has applied judgement in determining whether the carrying value of the investment, or asset may be supported by the recoverable amount calculation based on the 'value in use' of the asset (the net present value of future cash-flows arising from the asset).

In calculating the net present value of future cash-flows, Management has made assumptions over the timing and amount of underlying profit projections of the relevant undertakings, long term growth rates in those projections and the discount rate applied to these projections that is appropriate to reflect the market's view of the risk of the relevant investment.

#### **1.6 Shares in Group undertakings**

Shares in Group undertakings are valued at cost less any provision for impairment in value.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the company's investments in subsidiaries. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

#### **1.7 Employee share schemes**

The Company operates a number of share schemes for employees of the Group's subsidiaries. For equity settled schemes, the fair value of the employee services received in exchange for the grant of free shares under the schemes is recognised as an increase in equity in the Company. A corresponding intercompany charge is made to the subsidiaries whose employees receive the free shares. For further detail, see note 9 in the consolidated financial statements.

#### **1.8 Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

### **1.9 Financial assets and liabilities**

Under IFRS 9, classification of and subsequent measurement of financial assets depend on:

- The Group's business model for managing the asset; and
- The cashflow characteristics of the asset.

Based on these factors, the Company classifies its financial assets into one of the three categories below:

- Amortised cost: assets held for collection of contractual cash flows where the cash flows represent solely payments of principal and interest, that are not designated as FVPL.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI

In line with the above:

- Fixed term deposits are measured at amortised cost with interest income is recognised in the Income Statement.
- Gilts are measured at FVOCI. Unrealised changes in the fair value of these assets are recognised in Other Comprehensive Income (OCI).
- Investments measured at FVPL are primarily money market funds. Interest income is recognised in the Income statement.

Cash and cash equivalents include cash in hand and deposits held at call with banks. All cash and cash equivalents are measured at amortised cost.

The Company's financial liabilities comprise subordinated notes which are held at amortised cost using the effective interest method.

### **1.10 Intangible Assets**

Purchased software licences are classified as an intangible asset and stated in the balance sheet at a cost less accumulates amortisation. Software is amortised from the point at which the asset is operational and is amortised over the licence period.

## 2. Investments in Group undertakings

|                                         | £m                 |
|-----------------------------------------|--------------------|
| Investments in subsidiary undertakings: |                    |
| At 1 January 2021                       | 327.3 <sup>1</sup> |
| Additions                               | 13.0               |
| Disposal                                | (9.2)              |
| Impairment                              | (16.0)             |
| At 31 December 2021                     | 315.1              |
| Additions                               | —                  |
| Impairments                             | —                  |
| As at 28 February 2022                  | 315.1              |

<sup>1</sup>Of this amount, £9.2 million relates to Assets held for sale.

A full list of the Company's subsidiaries is disclosed in the Group's consolidated financial statements.

## 3. Intangible assets

|                       | Domain<br>name<br>£m | Software<br>£m | Total<br>£m |
|-----------------------|----------------------|----------------|-------------|
| <b>Cost</b>           |                      |                |             |
| At 1 January 2022     | —                    | 0.4            | 0.4         |
| Additions             | —                    | —              | —           |
| Disposal              | —                    | —              | —           |
| At 28 February 2022   | —                    | 0.4            | 0.4         |
| <b>Amortisation</b>   |                      |                |             |
| At 1 January 2022     | —                    | —              | —           |
| Charge for the year   | —                    | —              | —           |
| Disposal              | —                    | —              | —           |
| At 28 February 2022   | —                    | —              | —           |
| <b>Net Book Value</b> |                      |                |             |
| At 31 December 2021   | —                    | 0.4            | 0.4         |
| At 28 February 2022   | —                    | 0.4            | 0.4         |

#### 4. Financial assets and liabilities

The Company's financial instruments can be analysed as follows:

|                                                | 28 February<br>2022<br>£m | 31 December<br>2021<br>£m |
|------------------------------------------------|---------------------------|---------------------------|
| <b>Investments classified as FVOCI</b>         |                           |                           |
| Gilts                                          | 163.4                     | 166.4                     |
| Debt securities                                | 241.4                     | 242.0                     |
|                                                | 404.8                     | 408.4                     |
| <b>Investments classified at FVTPL</b>         |                           |                           |
| Money market and other similar funds           | 144.6                     | 148.6                     |
|                                                | 144.6                     | 148.6                     |
| <b>Total financial investments</b>             | <b>549.4</b>              | <b>557.0</b>              |
| <b>Financial assets held at amortised cost</b> |                           |                           |
| Trade and other receivables (Note 4)           | 186.9                     | 187.1                     |
| Cash and cash equivalents                      | 10.5                      | 11.2                      |
| <b>Total financial assets</b>                  | <b>746.8</b>              | <b>755.3</b>              |
| <b>Financial liabilities</b>                   |                           |                           |
| Subordinated notes                             | 200.7                     | 204.3                     |
| Other borrowings                               | 20.0                      | 20.0                      |
| Trade and other payables (Note 5)              | 224.4                     | 370.9                     |
| <b>Total financial liabilities</b>             | <b>445.1</b>              | <b>595.2</b>              |

The amortised cost carrying amount of deposits and receivables is a reasonable approximation of fair value.

## 5. Trade and other receivables

|                                          | 28 February<br>2022<br>£m | 31 December<br>2021<br>£m |
|------------------------------------------|---------------------------|---------------------------|
| Trade and other receivables              | 1.6                       | 1.6                       |
| Amounts owed by subsidiary undertakings  | 185.3                     | 185.5                     |
| <b>Total trade and other receivables</b> | <b>186.9</b>              | <b>187.1</b>              |

## 6. Trade and other payables

|                                         | 28 February<br>2022<br>£m | 31 December<br>2021<br>£m |
|-----------------------------------------|---------------------------|---------------------------|
| Trade and other payables                | 9.6                       | 9.5                       |
| Amounts owed to subsidiary undertakings | 214.8                     | 361.4                     |
| <b>Total trade and other payables</b>   | <b>224.4</b>              | <b>370.9</b>              |

## 7. Share capital

|                                          | 28 February<br>2022<br>£m | 31 December<br>2021<br>£m |
|------------------------------------------|---------------------------|---------------------------|
| <b>Authorised</b>                        |                           |                           |
| 500,000,000 ordinary shares of 0.1 pence | 0.5                       | 0.5                       |
| <b>Issued, called up and fully paid</b>  |                           |                           |
| 299,692,063 ordinary shares of 0.1 pence | 0.3                       | 0.3                       |
|                                          | <b>0.3</b>                | <b>0.3</b>                |

Dividends were declared and paid as follows:

|                                                                           | 28 February<br>2022<br>£m | 31 December<br>2021<br>£m |
|---------------------------------------------------------------------------|---------------------------|---------------------------|
| March 2021 (86.0 pence per share, approved April 2021 and paid June 2021) | —                         | 250.8                     |
| August 2021 (161.0 pence per share, paid October 2020)                    | —                         | 470.1                     |
| <b>Total dividends</b>                                                    | <b>—</b>                  | <b>720.9</b>              |

The dividend proposed in March 2021 represents the final dividend paid in respect of the 2020 financial year. The dividend proposed and declared in August 2021 is an interim distribution in respect of 2021.

A final dividend of 118.0 pence per share (£346.5 million) has been proposed in respect of the 2021 financial year.