

2024 Group Tax Memorandum

CFO statement

The Admiral Group Tax Strategy is quite simple: we want to be responsible taxpayers, who pay the right amount of tax, in the right place, at the right time. This is consistent with Admiral's core values to always strive to do the right thing and to care deeply about the impact we make on the world, whether that be in a social or an economic way. We want to pay and collect the right amount of tax to demonstrate our commitment to helping build a better society for all. This is also in line with our Group Purpose Framework which says that we want to make a difference through a positive impact on society. Collecting and paying the right taxes will help us to achieve this goal.

I am pleased to share with you our Tax Strategy which sets out our approach to Tax and provides information on the tax contributions we make.

Geraint Jones CFO

"Our purpose is to help people to look after their future. Always striving for better together. The Tax Strategy and our commitment to being responsible taxpayers fits naturally with this purpose."



Our Tax Strategy

Admiral's tax strategy is based on the core principles of responsibility, fairness, honest interactions and careful management of tax risks. We are committed to managing our tax affairs with these basic principles in mind.

Our approach to Tax planning and risk

The Group's approach to tax is consistent with its approach to risk in general and that is a cautious, low risk attitude. All business transactions within the Group are carried out based on sound commercial reasons and arrangements are not entered into for purely tax related reasons, where the whole or main purpose is the avoidance of tax.

Having said that, the Group also has a fiduciary duty to its shareholders, to protect their interests and maximise the return on their investments. As such, we will take advantage of and utilise legitimate tax reliefs and concessions which are permitted within the applicable laws and regulations of the territories in which we operate. Sometimes, tax legislation can be open to interpretation and when this is the case we always try to act within the spirit of the tax law and only use the legislation in the way we believe it was intended to be used. Where necessary, we will seek the help of external tax advisors to supplement our in-house capacity and expertise.

Dealing with the Tax Authorities

Admiral prides itself on great customer service and one of the ways we achieve this is through clear and easy communication with the customer. This is also true of our relationship with HMRC in the UK and the various overseas tax authorities that we deal with. We aim to have open, honest and clear dialogue with all of them and to adopt a collaborative approach to working with them. In the UK, we have regular communication with our Customer Relationship Manager (CRM), as a point of contact for all UK taxes.

We value transparency and will always discuss any new transactions or arrangements with the relevant bodies as and when they arise, where deemed material or uncertain. We respond to queries from HMRC and other tax authorities on a timely basis. If any inadvertent error is identified internally, we will disclose and rectify as soon as practicable. Together we aim to be transparent therefore on past, current and future tax risks which we believe helps to build a good relationship, based on trust.

"When thinking about tax we consider all of our stakeholders, from tax authorities and governments to our shareholders and our communities."

Tax Risk Management

As a large organisation, it is key that we identify, manage and record all risks that the Group faces in order to protect the business. The Group maintains an Enterprise Risk Management Framework (ERMF) which includes a set of risk management policies which are used to identify, measure and record all enterprise risks across the Group including Tax risk.

The key tax risks are assessed and documented in line with the ERMF and appropriate controls are put in place to mitigate the key tax risks identified from this process.

The Tax Strategy forms part of the Tax Policy and all entities, in every country in which we operate are expected to comply with the Tax Policy. Local teams are encouraged to liaise closely with the Group tax team and to discuss with them any new legislation in their country or any unusual business transactions. They are also required to provide an annual certification of compliance with the Tax Policy and to notify the Tax team of any failures or non-compliance.

The primary responsibility for Risk Management lies with the Group Board, who are supported by the Group Risk Committee. The day to day responsibility for Tax Risk Management lies with the Chief Financial Officer, who is supported by the Tax team and other Senior Finance professionals around the Group.

Roles and Responsibilities for tax risk management are defined using the 3 lines of defence model

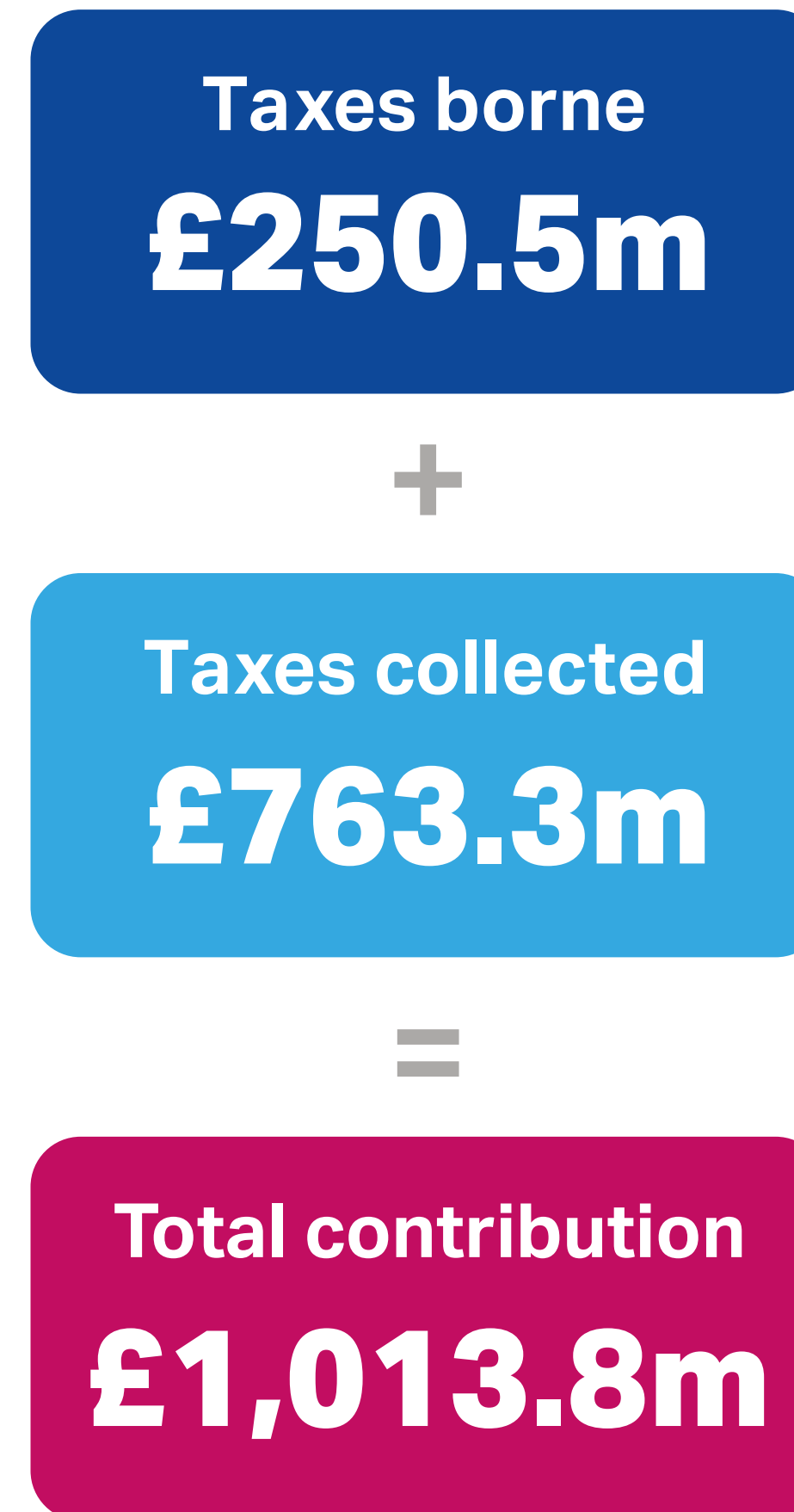


The Tax Contribution we make

Admiral is a multinational organisation, with more than 15,000 employees across the world. We therefore pay taxes and contribute to the economies of a number of different countries. As the biggest part of our business is the insurance market in the UK, it naturally falls that we pay more taxes in the UK. In a survey of the tax contribution made by the 100 largest companies in the UK, we ranked 31 in respect of the total tax contribution that we made in 2024.

The tax contribution we make is not just the tax we pay on the profits we make. It can be split into two categories; taxes borne by Admiral as a taxpayer and taxes collected from our customers, employees and suppliers on behalf of the various tax authorities.

In 2024, our total tax contribution was £1,013.8m* (2023: £857.0m).

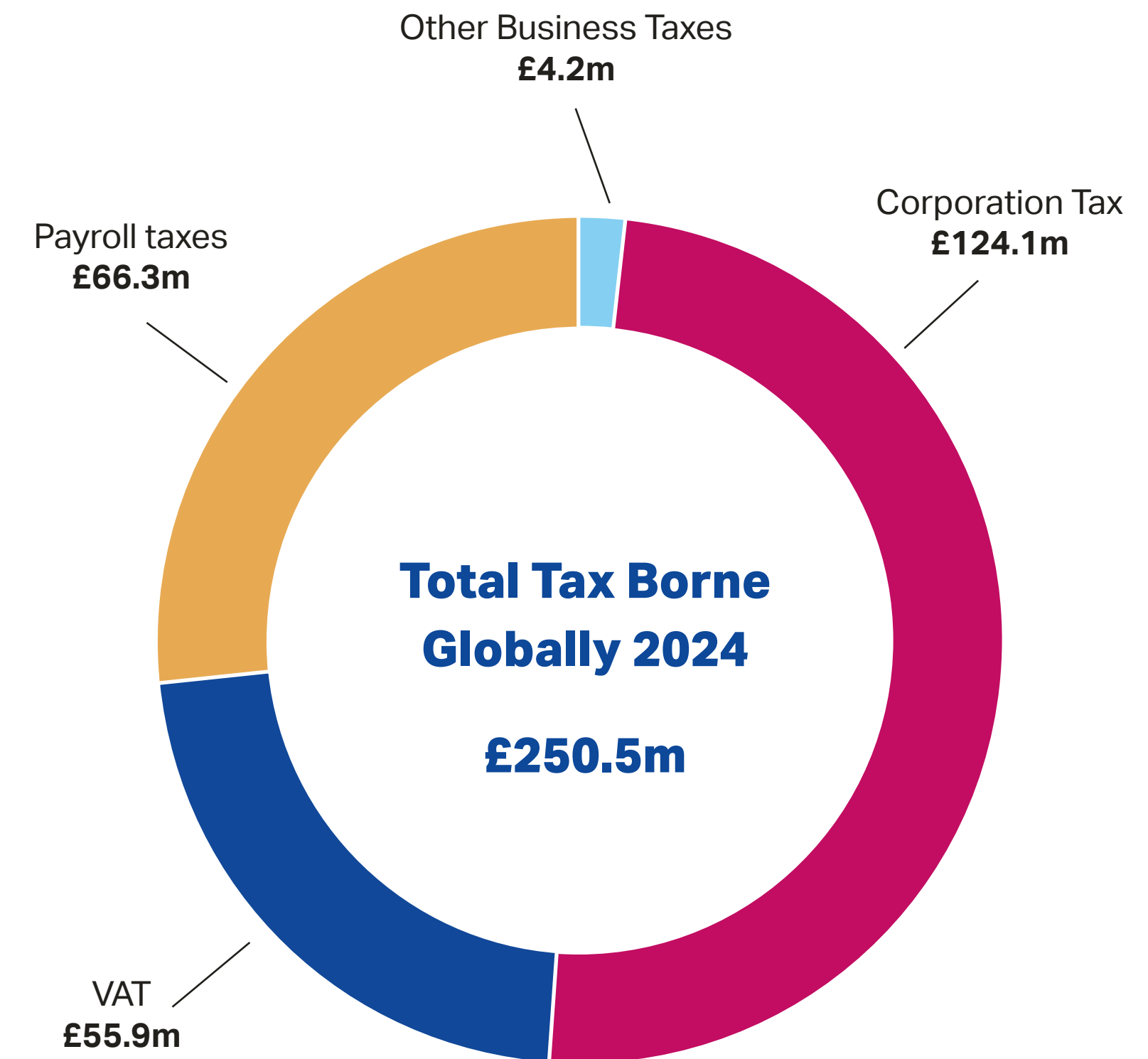


** Please note that tax contribution figures disclosed in this report are unaudited.*

Taxes Borne

The taxes we pay can be categorised under the following headings:

- **Corporate income tax** – this represents the taxes we pay on the profits we generate in each country at the applicable tax rate in that country. The profits generated arise mainly from insurance activities.
- **Payroll taxes** – these are the taxes we pay on the wages paid to our c.15,000 employees. This would primarily be Employer’s National Insurance Contributions in the UK and Social Security costs.
- **Irrecoverable VAT** – the majority of the services we provide to customers are exempt from VAT and this means that we are unable to recover the VAT that we incur on the purchases that we make. This irrecoverable VAT represents a significant cost to the business.
- **Other Business taxes** – this relates mainly to business rates and property taxes.

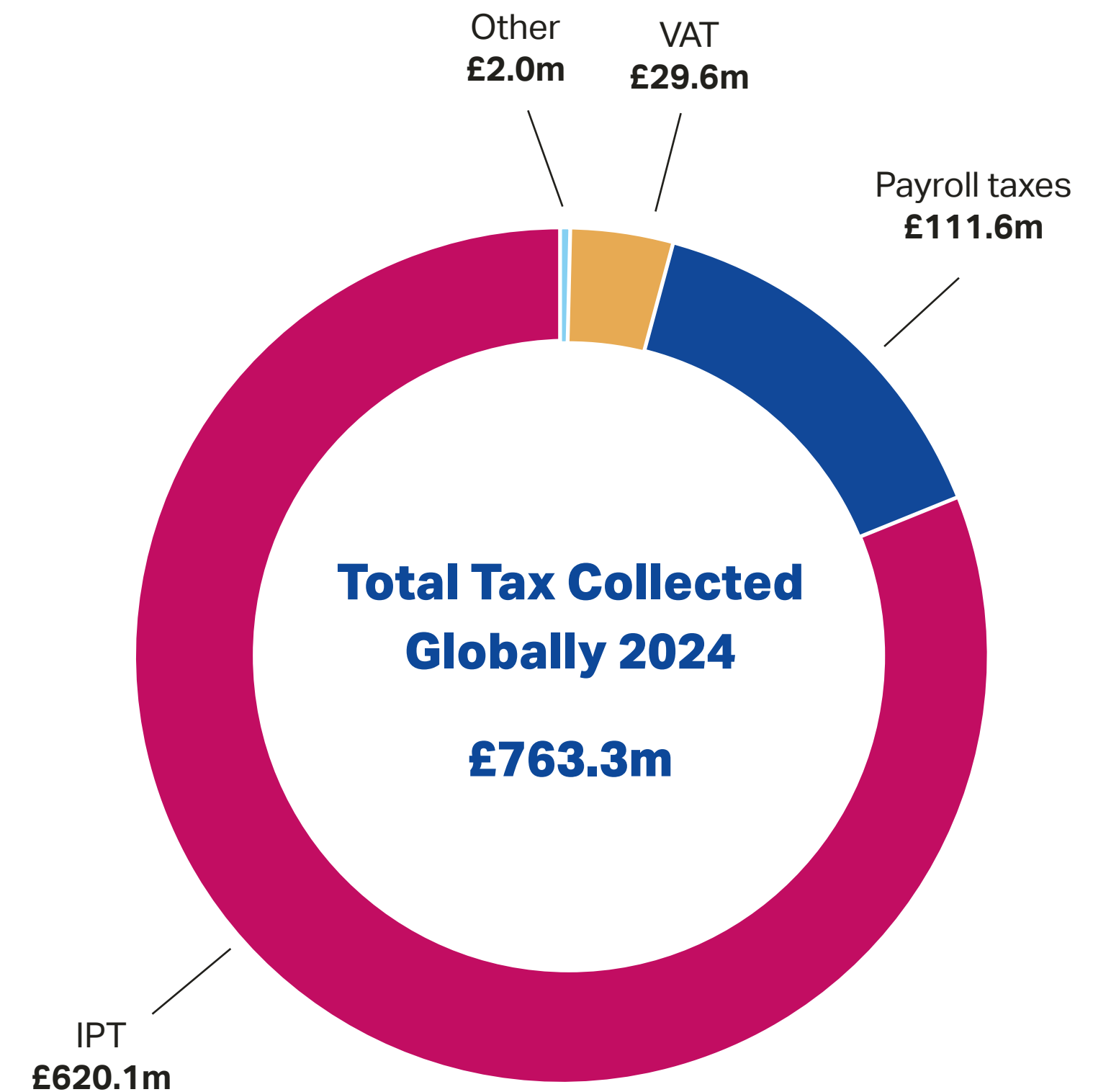


Taxes Collected

We also collect taxes on behalf of Governments in the countries in which we operate. These taxes are generated by our operations, but they are not a liability of Admiral. We collect these taxes from customers or employees and pay them over to the relevant Tax Authorities on their behalf.

The main taxes that we collect can be split into the following categories:

- **Insurance Premium Tax (IPT)** – IPT is a tax on general insurance premiums and is charged on all of the insurance policies that we sell. It is a tax which is borne by the customer.
- **VAT** – some of the products that we sell attract VAT and we collect and pay this over to HMRC. This is a cost for the customer.
- **Payroll taxes** – these are the taxes we deduct from wages before paying our employees. In the UK this would be income tax and national insurance contributions.



Why is the corporate tax we pay different to the tax we accrue in the Group financial statements?

The tax charge in the accounts is usually different to the corporation tax actually paid each year due to a number of factors.

1. The tax charge accrued in the accounts is an estimate of the final tax liability. The final tax returns are not filed with the tax authorities until after the accounts have been prepared and signed and as such there will be some differences between the amounts estimated and the final tax liability. These differences are accounted for in the following year. Additional liabilities in respect of prior years can also result from settlement of tax disputes.
2. Sometimes the way an income or expense is treated in the tax return is different to the way it has been accounted for. For example, we do not get tax relief for some of the shares we award to our employees until those share awards vest three years later. This difference in the timing of the tax relief compared to the expense in the accounts is called deferred tax. In this case it represents a future tax deduction which we will be able to claim.
3. Large organisations typically pay taxes in instalments during the year and they are usually based on an estimate of the tax that will be due. Therefore, there is usually a difference between the amount paid and the tax actually due. These differences are adjusted for in future periods.
4. In some cases, taxes are not actually required for payment until a following year. The largest difference in payments due versus those accrued this year related to Gibraltar corporate tax and new Pillar Two taxes (see page 10), not payable until 2025 or 2026 respectively.

The chart below shows the differences between the tax accrued in the accounts compared to that paid out.

	£m
Total tax charge per 2024 Financial statements	176.3
Add overpayments brought forward and used in current year	(1.8)
Remove deferred tax movement	(19.8)
Add overpayments to be used against future years tax liabilities	12.6
Add taxes paid which were accrued in prior period	3.1
Remove taxes not yet payable in line with local tax legislation	(46.3)
Corporate income taxes paid in 2024	124.1

Tax Disclosures in the Financial Statements

Information about the corporation tax due is disclosed in Note 10 to the financial statements. The total tax charge for the 2024 period was £176.3m, which equated to an effective tax rate of 21%.

This is lower than the UK corporation tax rate of 25% for the year. The main driver for the effective rate being lower than the UK rate this year is due to the impact of different overseas tax rates in the jurisdictions that we operate.

The tax disclosure in the financial statements includes a reconciliation of the expected tax charge at the UK tax rate of 25% to our actual tax expense. An explanation of these reconciling items is provided on the following page.

Total tax charge per income statement for year ended 31 December 2024

Current tax	£m
Corporation tax on profits for the year	139.3
Under/(over)-provision relating to prior periods	1.8
Pillar Two income taxes	15.4
Current tax charge	156.5
Deferred tax	
Current period deferred taxation movement	16.4
Under/(over)-provision relating to prior periods	3.4
Total tax charge per consolidated income statement	176.3
Factors affecting the total tax charge are:	
Profit before tax	839.2
Corporation tax thereon at effective UK corporation tax rate of 25% (2023: 23.5%)	209.8
Expenses and provisions not deductible for tax purposes	4.1
Non-taxable income	(21.3)
Adjustments relating to prior periods	5.2
Impact of Pillar Two income taxes	15.4
Impact of different overseas tax rates	(45.5)
Unrecognised deferred tax	8.6
Total tax charge for the period as above	176.3

Factors affecting the tax charge:

- Non-deductible expenses represent costs for which tax relief is not allowed. An example would be impairments, or costs relating to acquisitions or disposals.
- Adjustments relating to prior periods represent any differences arising between the estimated tax charge and the final agreed tax return.
- Some types of income are not taxable in some tax jurisdictions, e.g., investment income in Gibraltar. This therefore represents a reconciling item.
- We operate in different countries, each with their own tax rate. There will always therefore be a reconciling item relating to the difference between the UK and overseas tax rates.
- Pillar Two income taxes relate to new rules to introduce a new global minimum effective tax rate of 15% for each country we operate in. The new rules take effect from 1 January 2024, resulting in additional tax payable.
- Some of our entities are loss making and where the recoverability of those tax losses is in doubt, we do not provide for a deferred tax asset in relation to those losses.

**This Tax Strategy is fully adopted and approved
annually by the Admiral Group Board.**

The publication of this Strategy is regarded as being
compliant with the UK requirements of paragraph 16(2) of
Schedule 19 the Finance Act 2016 in respect of the year
ended 31 December 2024.

