Halfords Group plc
Annual Report and Accounts
for the period ended 3 April 2026

KEEPING THE NATION MOVING

KEEPING THE NATION MOVING

Building on a 130-year heritage as a motoring and cycling retailer, the Halfords of today is the UK's only national motoring platform, spanning retail, garages, mobile services, digital capability and a significant B2B business.

Our unrivalled scale and capability give us a powerful advantage, with more than 12,500 helpful and knowledgeable colleagues keeping more than 20 million customers on the road each year.

Over the better part of a decade the Group has evolved: we have expanded our services capability and grown our B2B proposition to create a stronger and more resilient business for the future. Our priority now is unlocking the full potential of the platform we've created: starting with the Optimise phase of our Fit for the Future strategy, we will deliver improved profitability and shareholder returns through renewed customer focus and greater operational discipline.

But underneath all this change, we are guided by an updated corporate purpose which reflects what has been in our DNA for more than a century: **we keep the nation moving with trusted experts who love to help.**

Henry Birch
Chief Executive Officer

INSIDE THIS REPORT

A UNIQUE COMBINATION
OF REASONS TO INVEST IN THE BUSINESS

Read more pages 4-5

A STRATEGY
THAT'S FIT FOR THE FUTURE

Read more pages 18-22

Group overview

Strategic report

Governance

Q&A
WITH OUR CEO

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Financial statements

Shareholder information

Our integrated report
This is our twelfth integrated report and is designed to provide a concise overview of how we generate value for all stakeholders. By following an integrated reporting model, we aim to show how our competitive advantage is sustainable in the short, medium, and long term. Whilst this report focuses on value generation for our shareholders, it also demonstrates how we interact with all stakeholders.

Corporate website
Catch up with our latest news and learn more about Halfords on our corporate website:
www.halfordscompany.com

Latest results
See the latest investor presentation on our corporate website:
www.halfordscompany.com

Online Annual Report
Read our Annual Report online:
www.halfordscompany.com/investors/annual-report/

STRATEGIC ROADMAP

Our updated purpose reflects the unique benefit that Halfords brings to the nation at large, as well as the valued role our colleagues play in helping customers to go about their daily lives.

Our purpose

We keep the nation moving
with trusted experts who love to help.

Scan or click to read more about our purpose
www.halfordscompany.com/about-us/our-purpose-led-framework/

Our vision

To be the **nation's first choice** for motoring and cycling.

Our strategy: Fit for the Future

Read more pages 18-22

OPTIMISE	EVOLVE	SCALE
Building near-term value through disciplined and focused execution.	Driving structural efficiency and enabling future growth.	Expanding reach and taking advantage of operating leverage.
~0 – 24 months	**~12 – 36 months**	**~36+ months**

Our culture

Halfords is building a people-centred, inclusive and performance-driven culture, where clear expectations, strong leadership and colleague engagement fuel sustainable value for customers and shareholders.

Read more page 70

Our values

- One Halfords family
- Wow our customers
- Be better every day
- Pride in expertise

Our approach to ESG

Focused on the areas where Halfords can make a real difference and create lasting value for our planet, customers and people.

Read more pages 34-43

GROUP HIGHLIGHTS

FY26 is a 53-week period ended 3 April 2026. The comparative period is 52 weeks to 28 March 2025. To aid comparability, the headline results, associated commentary, and percentage changes are presented on a 52-week basis, as Alternative Performance Measures*, unless otherwise stated.

Revenue (like-for-like growth)

+4.8%

FY26	£1,733m
FY25	£1,654m
FY24	£1,641m

Underlying profit before tax**

+4.1%

FY26	£45.4m
FY25	£43.6m
FY24	£41.8m

Dividend per share

+0.2p

FY26	9.0p
FY25	8.8p
FY24	8.0p

Reported profit / (loss) before tax

+£73.6m

FY26 (53 weeks)	£43.6m
FY25	(£30.0m)
FY24	£38.8m

Group Net Promoter Score

+0.8 points

FY26	68.3 points
FY25	67.5 points
FY24	65.6 points

Scope 1 and 2 emissions (% vs FY20 baseline)

-18%

FY26	40,926 tonnes
FY25	33,932 tonnes
FY20	50,180 tonnes

Our year in review

With a new management team in place and having set out a new strategy, our progress in the "Optimise" phase has been strong and has contributed to FY26 profit coming in at the upper end of the range expected by the market. Underlying profit before tax grew by more than 4% despite inflationary headwinds, with gross margin reaching the highest level in a decade. This performance supported an increase of 0.2p in the final dividend in line with our capital allocation priorities.

We believe our approach is effective in creating value for all stakeholders. Our service and advice-led proposition continues to resonate with customers, reflected in a further improvement in our Net Promoter Score to 68.3 and membership of more than 6 million in the Halfords Motoring Club. This performance is a testament to the professionalism and commitment of our 12,500 colleagues. We are also investing in the next generation of trusted experts through our growing apprenticeship programme, with 167 new technician apprentices joining the business this year. Alongside this, we have made strong progress against our ESG goals. Our Scope 1 and 2 emissions have risen this year, but we have prioritised initiatives that drive absolute reductions in our emissions, improve our energy security and have favourable payback periods and we are confident that we will meet our near-term target.

* The Alternative Performance Measures are defined and explained in the Alternative Performance Measures section on pages 183-186 along with a reconciliation to statutory measures. Further detail setting out the background to the Alternative Performance Measures is given in the Group accounting policies on pages 136-144 of the financial statements. The definition of non-underlying items is included in Note 5 of the Consolidated Financial Statements on pages 148-149.

** In the current period the Group revised its policy in relation to non-underlying items relating to the amortisation of intangibles acquired as part of business combinations and has restated comparative financial information (including for FY24) to reflect this change. Amortisation of intangibles acquired as part of business combinations is now treated as a non-underlying item and the change therefore increases underlying profit before tax by this amount.

INVESTMENT CASE

A new management team and updated strategy are driving improved returns for shareholders, unlocking the value of our broad-based market leadership and differentiated service-led proposition.

Trusted brand

With market leading positions across Motoring and Cycling, we combine product authority with a service advantage that sets us apart in a competitive landscape.

Our strong brand, national scale and customer reach provide a platform for sustained growth, enabling us to build on our core strengths while selectively extending into adjacent markets over the longer term.

130
year brand heritage

Why it matters
Sustainable, long-term growth opportunity

Attractive markets

We operate in structurally attractive markets and have grown our exposure to needs-based products and services over time, reducing our exposure to volatility in consumer demand.

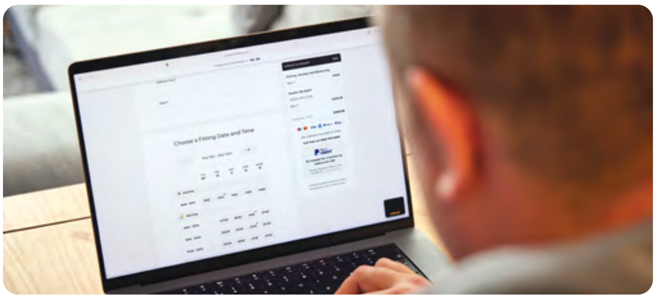
In cycling, we are the clear market leader. The market has consolidated during a period of weak demand and excess inventory post-pandemic, which has strengthened our position as volumes recover. Our in-house design capability, established own-brands and presence across the price spectrum including via the Tredz business mean that we can win in growing categories such as e-bikes.

Read more on pages 14-15

The motoring market is highly fragmented and dominated by independent service providers, with a significant opportunity for a recognisable brand with a differentiated customer proposition to grow share. Our store-based fitting services and Halfords Mobile Expert vans are unique in their ability to meet growing demand from "do-it-for-me" customers who demand convenience, and in the long term we see a clear opportunity to be the leader in electric vehicle servicing.

More than
50%
of all bikes sold in the UK are from Halfords

Why it matters
More resilient income streams



Unrivalled scale

With around 1,650 fixed and mobile locations nationwide, our unrivalled physical footprint supports convenient, local service delivery and unique showroom capability for our products.

This physical advantage is complemented by an effective digital platform that enables customers to research, book and buy seamlessly across channels, underpinning a truly omnichannel proposition.

85%
of UK households within 15 minutes of a Halfords

Why it matters
Leading the market both on and offline driving conversion and growth

Underpinned by our strategy

Read more about our new strategy pages 18-22

Structural and financial resilience

Our capital allocation framework prioritises a strong balance sheet, which has served the business well during recent periods of market turbulence and high inflation.

Read more in the CFO's statement pages 26-29

The business is consistently cash generative and pays a regular dividend which is covered between 1.5x and 2.5x by underlying profit after tax.

In recent years the proportion of revenue derived from service-related activity has risen to more than half of the Group total, while B2B revenues, which tend to be contracted and hence more stable, are almost one-third.

£19.1m

of reported net cash closing FY26

Why it matters

Balance sheet resilience and regular returns to shareholders

Service, advice and expertise

Our 12,500 skilled colleagues are central to our differentiated proposition, combining technical capability with trusted advice that helps customers keep moving safely.

We deliver this expertise at scale through our nationwide network of stores and garages, with many services available on demand. Appointments can also be booked in advance online, including for our Halfords Mobile Expert vans which offer customers the ultimate convenience at their home or workplace.

Colleagues spend more than

10m

hours annually providing service and advice to our customers

Why it matters

Margin-rich revenue streams and competitive advantage

Data and technology opportunity

We hold owner details for around 12 million vehicles and have more than 6 million Halfords Motoring Club members. By strengthening our digital journeys and making it easier to research, book and buy, we can grow lifetime value across our customer base.

Technology, including AI, will help us to get the most out of the rich customer and vehicle data we already hold. Personalisation and smarter next-best-action tools will improve marketing effectiveness and conversion, while predictive insights will support proactive servicing and better workshop capacity management. In parallel, richer analytics can sharpen ranging, pricing and promotion decisions, improving availability and relevance locally and online.

12m

vehicle records, equivalent to one-third of the UK car parc

Why it matters

Improved productivity, lifetime value and sustainable future growth

OUR GROUP AT A GLANCE

The Halfords customer proposition is completely unique in the UK and Ireland, bringing together motoring and cycling products and services at a truly national scale.

The nation's choice

A single provider for all motoring needs

In Motoring, customers can access advice from our knowledgeable colleagues alongside a wide range of vehicle checks and fitting services which are not available anywhere else, on demand in our 370 retail stores. Where more complex servicing needs are identified, customers can be booked into one of 496 local Halfords garages for a low-effort solution from a trusted national brand.

Out front in cycling

In cycling we are the clear market leader, with a breadth of offer that spans all customer needs – from our trusted, great value own-brands such as Apollo and Carrera, through the award winning Boardman range, to a comprehensive selection of branded performance bikes and accessories available via Tredz.

Powering journeys

12,500
colleagues

20m
customers

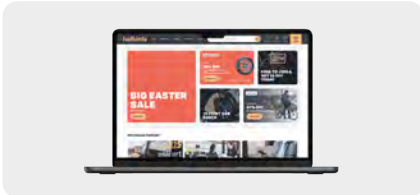
6.5m
Halfords Motoring Club members

250
Halfords Mobile Expert vans

550
Commercial Fleet Services vans

Retail stores

370 Halfords Retail and two Tredz stores offer a wide range of motoring and cycling products and on-demand services. In FY26, 5.5 million service events took place in our retail store car parks.

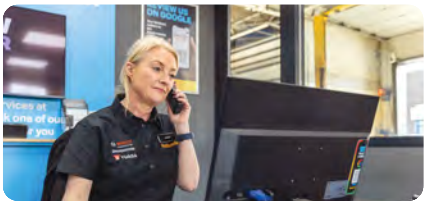


Integrated web platform

A modern, scalable digital platform that connects products, services and customer data to deliver seamless journeys, improve conversion and drive long-term customer value.

Consumer garages

We operate a national network of 496 consumer garages providing customers with MOTs, servicing, repair and tyres. 103 of these are Fusion sites, with increased capacity and a new operating model typically doubling garage-level profit.



Customer contact centre

A connected, multi-channel support service combining expert colleagues and digital capability to deliver fast, informed and effective customer resolution.

Halfords Mobile Expert

Our c.250 mobile vans provide customers with the ultimate convenience, performing tyre and now servicing jobs at a location of their choosing. Around a third of these mobile vans now have the latest battery powered servicing equipment helping us to reduce our running costs and emissions.

Distribution centre network

Frequent deliveries from our three national distribution centres ensure stock availability in our stores. These distribution centres also fulfil home delivery orders via third-party carriage partnerships.

Commercial Fleet Services

CFS is the largest and only truly national commercial truck tyre services provider, delivering tyre management and 24-hour breakdown services via its network of 92 depots and c.550 mobile vans.

Avayler

Our proprietary garage management technology-to-garage software solution, with key business customers in North America and Australia.

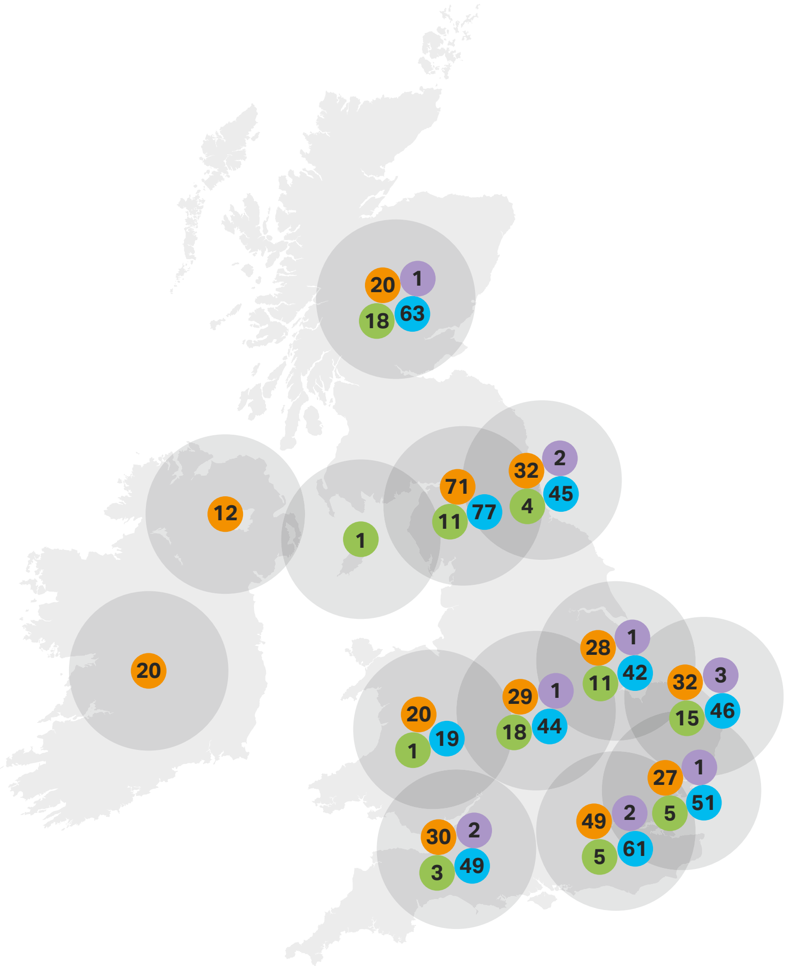
Our national footprint

370 retail stores

496 consumer garages

21 mobile hubs

92 commercial depots



Our business today

From a traditional motoring and cycling retailer a decade ago, we have evolved into a consumer and B2B services-focused business with a greater emphasis on motoring.

Motoring

Our goal is to become the definitive destination for all motoring needs. By creating a seamless journey across online, garage, mobile and in-store touchpoints, we are building an ecosystem that supports drivers through every stage of vehicle ownership.

Services

Our Autocentres segment has grown significantly, resulting in a larger proportion of revenue derived from services. However, around 80% of service events take place in our retail car parks, and the checks and fitting services we provide in store represent a critical differentiator versus other retailers.

B2B

Our B2B operations, encompassing fleet services, CFS, Cycle2Work, Trade Card and Avayler, broaden our addressable market and deliver a growing base of recurring, contracted revenues that are more resilient to fluctuations in consumer demand.

FY26 reported revenue:

£1,801.7m

79% Motoring | 21% Cycling

52% Services | 48% Product

30% B2B | 70% Consumer

A proposition that delivers for customers

Keeping the nation moving...

>85%

of the UK population is within 15 minutes of a Halfords, with services available on demand or at a convenient alternative location via Halfords Mobile Expert.

...with trusted experts...

>10m

colleague hours deployed every year providing service and advice to customers.

...who love to help

68.3

is a market leading Net Promoter Score, demonstrating how much customers value their interactions with our people.

CHAIR'S STATEMENT

"The Halfords of today is far more service orientated, responding to the demands of the modern consumer in its retail stores as well as its Autocentres business."

Keith Williams
Chair

Sector-wide transformation

As I approach the end of my tenure as Chair, it feels like an appropriate moment to reflect on how far Halfords has come in recent years and to look ahead to the opportunities that remain.

When I took on the role in 2018, the shift reshaping retail was already clear: rapid technological change was facilitating a sector-wide shift towards an omnichannel model blending the convenience of online with an increasingly experiential in-store proposition and growing customer expectation that things would be done for them.

The sector has had to adapt at pace while contending with persistent inflation across almost every cost line, from raw materials to labour costs. For a business with a 130-year heritage and a large workforce, implementing the scale of change required is a complex task, touching almost every element of what we do.

Adapting to change

However, a business does not exist for 130 years by accident, and Halfords once again rose to the challenge. As a result the Halfords of today is far more service orientated, responding to the demands of the modern consumer in its retail stores as well as its Autocentres business. Initiatives such as Halfords Motoring Club have brought us closer to the customers we serve, and the insights we have developed, combined with a strong focus on delivery, are helping us to improve the customer experience.

Successive management teams and boards can be proud of how the business has responded and of the progress made. Above all, that progress is down to colleagues in our stores, garages, mobile vans, logistics facilities and Support Centre who have embraced change and continued to serve customers with expertise and care.

Poised for recovery

Having weathered the challenging external environment of the last few years, in FY26 Halfords has regained momentum. The benefits of the self-help undertaken within the business are increasingly evident across both the Retail and Autocentres operations, and Halfords is well positioned in the event of a consumer recovery with a resilient model and clear strategic direction.

Looking ahead to FY27, there is much to be positive about. The Group's brand, store and garage footprint and increasingly capable omnichannel proposition give us a strong platform to meet customers wherever they choose to engage. As the balance between product and service continues to evolve, our opportunity is to make it simpler for customers to keep moving on two wheels or four, with knowledgeable colleagues enabled by data-driven insight and developing technology.

Statement on Section 172 of the Companies Act 2006

The Directors have had regard to their duties under Section 172 of the Companies Act 2006 throughout the year. The Board considers the long-term consequences of its decisions and the interests of the Group's key stakeholders in promoting the long-term success of the Company. The Board reviews stakeholder engagement mechanisms regularly and ensures that stakeholder perspectives are understood and taken into account in Board discussions and decision-making.

Further details of stakeholder engagement, sustainability matters, risk management and the Board's governance and decision-making framework are set out on pages 30-31, 34-43 and 53 of this Annual Report.

Capital allocation and dividend

Under Henry's leadership, we have built a strong Executive Team to lead Halfords through the next phase of its journey, enabled by a robust and well-managed balance sheet which remains our number one priority within the capital allocation framework communicated in November. Within that framework, M&A has been deprioritised in the first three years of the plan while our dividend policy remains unchanged, allowing for a payment of a dividend covered 1.5x to 2.5x by underlying profit after tax. Reflecting FY26 performance and our confidence in the outlook, the Board recommends a final dividend of 6p per share, bringing the full-year dividend to 9p per share.

Looking to the future

The pace of change in our markets will not slow. Customers will continue to expect convenience, advice and friendly service, moving seamlessly between digital and physical channels. Our task is to continue optimising our differentiated asset base and building the capabilities that allow us to deliver great service at scale, whatever the external environment.

We remain mindful of pressure on household budgets, the risk of renewed inflation or supply disruption, and uncertainty from global geopolitical developments and will continue to manage our business responsibly while refining our customer proposition and supporting our colleagues.

I am confident Halfords has the right strategy and leadership to succeed: a more balanced, service-led model; a stronger, increasingly data-informed relationship with customers; and a talented team in all parts of the business. While there is always more to do, the progress made in recent years means we enter FY27 from a position of strength. On behalf of the Board, I thank all our stakeholders for their continued support as we build long-term, sustainable value.

Keith Williams
Chair

24 June 2026

KEEPING THE NATION MOVING

EQUIPPING EVERY ADVENTURE

Cycling is a vital part of our business and a category where we demonstrate clear market leadership.

We sell more than half of all bikes in the UK and are the only specialist cycling retailer with the ability to showroom our market leading own-brands, including Apollo, Carrera and Boardman, nationwide.

Under the leadership of a newly created Cycling Director role spanning Halfords and Tredz, our Cycling business is a brilliant example of our category management approach in action, moving beyond a traditional product-led buying model to a customer-led, end-to-end approach incorporating deliberate range design and effective trading plans.

Our proven ability to bring new cycling products to market quickly and consistently will be integral to our success in the growing e-bike market, where we see significant opportunity to grow share and deliver sustainable returns with quality products designed in house, prioritising reliability and performance across the price spectrum.

>50%

of all bikes sold in the UK are bought from Halfords

CHIEF EXECUTIVE OFFICER'S STATEMENT

These results show that our Optimise initiatives are gaining traction, with disciplined execution beginning to translate into improved financial outcomes."

Henry Birch
Chief Executive Officer

I am very pleased with our performance in FY26. In November last year we set out our "Fit for the Future" strategy with a clear plan for delivery and even at this early stage are showing good progress on each of the delivery metrics we set out: like-for-like ("LfL") sales growth for the year was 4.8%, operating margin was stable despite substantial inflationary headwinds, underlying profit before tax ("PBT") increased by c.4%[1], and return on capital employed ("ROCE") improved by 160bps to reach 14.2%[2]. These results show that our Optimise initiatives are starting to gain traction, with disciplined execution beginning to translate into improved financial outcomes.

Target outcome	FY26 result[1]	Status
LfL sales growth	4.8%	✓
Underlying operating margin expansion	3.2% Flat year on year ("YoY")	–
Progression in underlying PBT	£45.4m +4.1% YoY	✓
ROCE growing to exceed cost of capital	14.2%[2] +160bps YoY	✓

We have delivered this progress within the guardrails of our updated capital allocation framework, which prioritises balance sheet strength and organic investment alongside shareholder returns, with payment of a dividend that is 1.5 to 2.5 times covered by underlying profit after tax. We ended the year with net cash on our balance sheet, deployed capital expenditure within the £55m to £65m target range communicated and continued to manage our costs well in a period of elevated labour inflation. Our prudent balance sheet has served us well in the past, and recent geopolitical instability reinforces why this remains the right approach.

None of this would be possible without the commitment, skill and professionalism of colleagues across the business, from technicians in our garages and specialists in our stores to the teams building our digital, data and category capabilities. I want to thank them not only for the service they provide to our customers every day, but also for the ownership they show in doing the right thing for customers and for the energy they have brought to this next phase of Halfords' evolution.

Driving utilisation in garages

Autocentres delivered another strong year, with LfL sales ex-Avayler up 5.8% and ex-Avayler 52-week operating profit up £4.0m to £22.3m, an increase of more than 20% from the prior year. The largest component of this reporting segment is our consumer garages business, which delivered faster growth than Autocentres overall with c.8% LfL sales growth alongside a meaningful improvement in profitability. This reflected growth in service, maintenance and repair ("SMR") which more than compensated for ongoing weakness in the tyres market, albeit some signs of stabilisation in that market were seen towards the end of the year.

These financial outcomes in part reflect the continued rollout of our Fusion model, which has now reached 103 locations and continues to deliver the strong returns we saw in earlier phases of the programme, with contribution doubling on average once a site reaches maturity. Through a phased rollout, we have been able to take our learnings and iterate our approach to continue to achieve positive results as the programme has scaled. With a further c.35 sites to be completed this year, our attention has turned to what comes next. Our experience with the Fusion programme has taught us a great deal about how best to drive utilisation, matching technician hours to service demand at the local level, alongside what physical investments provide the strongest returns and greatest uplift in customer experience. We plan to apply the strongest elements of Fusion more broadly across our estate in future years, generating attractive returns but at a lower cost per garage.

Improving utilisation is our uppermost priority for the Autocentres business. In FY26, we introduced a wide-ranging programme of operational excellence initiatives which, by the fourth quarter, had delivered a YoY reduction in labour cost as a percentage of sales, our key utilisation metric. This is all the more impressive given the wage inflation and National Insurance increases the business has faced: for context, labour cost as a percentage of sales in the first quarter, before we acted, had increased significantly YoY. Better utilisation supports stronger customer service as well as higher operating margin and remains a clear focus as we apply the evolved model more broadly across the estate.

KEEPING THE NATION MOVING

FUSION MOTORING SERVICES

Fusion is our flagship motoring services model, creating a seamless customer journey from the retail store car park to the local garage enabled by technology and a dedicated in-store Automotive Services Manager. With investment to increase the physical capacity of the garage and improve the customer and colleague experience, alongside a change of operating model with distinct customer-facing and workshop roles, Fusion typically doubles site-level profitability and has now been rolled out to 103 locations.

Central to this programme is a focus on getting the right skills, in the right locations, at the right time. In FY26 we evolved our labour model, redeploying colleague hours from low to high utilisation garages and hence improving sales per colleague hour while also reducing reliance on more expensive agency labour. At the same time, we have reduced and simplified the KPIs we use in our garages, giving local teams greater clarity and helping them focus more directly on customer service, operational delivery and doing the right thing for customers. Our lifetime Google review score now sits at 4.5, up from 3.9 two years ago with the number of customer reviews having trebled YoY. In parallel, we are seeing improved colleague retention and consequently lower talent acquisition and training costs as well as developing stronger and more experienced teams within our garages.

We have also continued to strengthen our technician pipeline through a market leading apprenticeship programme, building the right skills mix for the long term. We currently have c.270 apprentices across our Level 2 Autocare and Level 3 Light Vehicle Maintenance programmes, having taken on 167 new apprentices in FY26. We plan to grow this further in FY27 with a target of 250 new apprentices, including those trained in hybrid and electric vehicle maintenance.

As well as investing in training and skills, we have also introduced more modern tools and equipment into our garage network to ensure customers get the best possible service when they visit us. We now have specialist EV servicing equipment in the majority of our Autocentres, increasing our ability to service fleet customers with much higher EV penetration than the wider UK car parc. Beyond this we have introduced equipment which will enable faster growth in margin-rich service add-ons such as wheel alignment, resulting in higher productivity, additional revenue and improved customer outcomes while yielding an attractive return on capital. The equipment is currently in around 50 of our garages and the returns seen to date have encouraged us to roll this out to a further 50 centres in FY27.

What gives us real confidence, however, is that there is still so much further to go. With further improvements to our labour model, the longer-term benefit of our commitment to the next generation of technicians, and investment in new vehicle technologies, the opportunity for further profitable growth in our Autocentres business is significant. FY27 will benefit from the continued rollout of the equipment described above, as well as the introduction of tablets in our garages that will support more thorough vehicle inspections and build trust and ultimately higher conversion among our customers by offering photographic evidence and support for additional work identified and recommended. Finally, our Halfords Mobile Expert ("HME") vans already offer the ultimate convenience to customers by undertaking tyres work at a location of their choosing, and we have recently launched a range of new servicing options via HME in selected regions. We are monitoring this trial closely and are optimistic about the potential to drive improved returns in the HME business should we choose to scale HME servicing nationwide.

Momentum in retail

Despite a subdued consumer environment, our Retail business delivered an impressive set of results. LfL sales were up 4.1%, with Motoring growing by 2.9% and Cycling by 6.4%. Much of this is the result of a real focus on better execution of the retail basics in the "Optimise" phase of our strategy: simplifying processes, rationalising ranges and optimising pricing and promotion, with some recovery in the cycling market further supporting sales growth.

In the second half of FY26, we have laid the foundations for a more deliberate category management approach which treats key categories as end-to-end businesses with clearer intent, more deliberate range design and greater trading agility, ultimately improving sales density in stores. At the same time, we are building capability in category management, pricing and data-led decision making, supported by machine learning to improve feedback loops as we test pricing and promotional strategies which delivered incremental gross margin in FY26.

In Motoring, a good example of our approach in action is in the workshop category, where we have reduced the tail of entry-level lines and are improving customer journeys to make it easier to surface the most appropriate products based on specific need, often resulting in higher-margin sales. Here we have introduced a targeted "test and learn" approach with the intention of quickly identifying initiatives that can move the needle across the whole of the retail business while disregarding those that fail to generate adequate returns. Initially these tests have been online, and we are now using our learnings to develop in-store trials across layout, merchandising, messaging and colleague training. Performance of these trials will be measured closely to inform the pace and scale of further rollout, and we will update further on our progress at our interim results announcement in November.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Cycling remains a core part of the Halfords proposition and an area of genuine expertise across the value chain, from product design and category curation to in-store advice and aftersales support: we sell more than half of all bikes in the UK and operate across the price spectrum with a predominantly own-brand offer which includes Apollo and Carrera, the market leading brands by volume and value respectively.

We continued to see healthy growth in the second half of FY26, albeit not at the same level as the exceptionally strong 9.0% LfL growth delivered in the first half. Pleasingly, this recovery has been supported by volume growth as well as an increase in average selling price, with Tredz, our online premium cycling business, leading the growth. Our approach to category management is also being applied here, overseen by a newly created Cycling Director role spanning both Halfords and Tredz, and we are already realising synergies from this more joined up approach having recently launched click and collect for Tredz orders through selected Halfords stores.

A particular highlight in Cycling has been e-bikes, which is both a fast-growing segment of the market and also a segment where our share has historically been lower. We see a clear opportunity for a business with Halfords' reputation for reliability and performance to grow our position in this higher price point area of the market, particularly in the context of safety concerns linked to an unregulated online market including the sale of illegal conversion kits. Looking ahead to FY27, we are expanding our range of e-bikes significantly, including via an all-new Carrera range of mountain and hybrid e-bikes which include high-quality integrated batteries, components from trusted brands and robust aftersales care. We also have recently offered our support to the Bicycle Association's "E-bike Positive" accreditation scheme, providing consumers with the reassurance that any e-bike purchased from Halfords meets stringent quality and safety standards.

Unlocking the power of the Group

Halfords is unique in the market: we combine products and services, motoring and cycling, consumers and businesses, and an integrated on and offline experience. We support millions of customers across the UK and Ireland by taking the hassle out of car and bike ownership through expert advice, trusted brands and convenient services delivered through a nationwide network of stores, garages and mobile vans. What differentiates us is not just the breadth of our offer, but the way we combine digital convenience with expert human support, trusted advice and a culture that empowers colleagues to solve problems for customers. However, customer awareness and understanding have not kept pace with change in the Halfords business model over the last decade. As such, there is a strong rationale for investment in brand marketing and following a successful trial in selected regions in October, we increased our investment in above the line advertising in the final quarter of FY26.

While brand marketing has longer paybacks and its impact compounds over time, early results from our activity in this space have been positive with peaks in new customer volumes during media activity windows and improvements in short-term brand perception and consideration metrics. We will continue to take a phased approach to investment in the Halfords brand in FY27 with a view to driving customer numbers and transaction volumes in the longer term.

At the same time, we have upgraded and modernised our digital platform. This has delivered a step-change in digital experience, improving site speed by up to 50% and resolving a large number of friction points across the customer journey. In practice, this means fewer clicks, a cleaner and more intuitive interface and a more consistent experience across devices, with further improvements to be delivered in the year ahead. We have also materially upgraded search functionality on our site, resulting in a c.50% increase in search conversion due to faster, more accurate and personalised search results, and invested in our customer service platform, resulting in more frequent use of live chat to quickly and successfully resolve queries at a reduced cost-to-serve.

Finally, Halfords Motoring Club continues to be an important tool that builds loyalty and lifetime value among our customers. We continued to grow membership during FY26, including of our valuable Premium cohort which reached 420,000 members who generate c.£22m of annual subscription revenue. These members exhibit a number of attractive behaviours including higher spend, frequency of visits and rate of cross-shop, and we are considering how we could further develop the Premium proposition to make it even more attractive to our customers.

These changes, alongside improved accessibility and a greater focus on local content and visibility, ensure that we are well positioned for an AI future. A platform which is optimised in this way will enable us to react quickly in a constantly evolving technological landscape and gives us a strong foundation from which we can test and learn as we build capability and readiness for a world in which AI-driven shopping becomes the norm.

Outlook

The actions taken in FY26 have created significant momentum in the business into FY27 and trading in April, May and June has continued to be strong. As yet we have seen no major impact on customer behaviour from the situation in the Middle East, but we remain cognisant that inflationary pressures may yet filter through to consumer sentiment and spending power later in the year.

Based on recent trading we expect FY27 underlying PBT to be towards the top end of the consensus range[3] with performance weighted towards the first half of the year.

I am confident that our Optimise strategy will continue to bear fruit through the remainder of this year and beyond, buoyed by further initiatives planned during the year: a ramp up of our category management programme in Retail, further optimisation in our Autocentres business and our planned brand and technology investments across the whole Group. As we progress through the year, we will begin to prepare for the Evolve phase of our strategy, where we will make selective investments in projects that will deliver structural efficiencies and facilitate future profitable growth.

Our next update will be in October, when we will update on our trading performance in the first half of FY27.

Henry Birch
Chief Executive Officer

24 June 2026

1 FY26 is a 53-week period ended 3 April 2026. The comparative period is 52 weeks to 28 March 2025. To aid comparability, all FY26 numbers are presented on a 52-week basis unless otherwise stated.

2 ROCE is defined as underlying operating profit divided by average capital employed, being net assets less goodwill and adding back net debt. Average capital employed is determined based on the average of the capital employed at the period end date and the preceding period end date. FY26 ROCE is calculated using 52-week underlying operating profit divided by 53-week average net assets.

3 In the current period, the Group changed its non-underlying items policy to include amortisation of intangible assets acquired as part of business combinations. This update is intended to simplify the Group's profit measures and provide greater clarity over the underlying trading performance of the Group. Treatment of amortisation of acquired intangibles as non-underlying causes FY27 consensus underlying PBT to move from £45.3m (range of £42.0m to £48.6m) to £49.0m (range of £45.7m to £52.3m). Consensus for FY28 will move up by a similar amount.

Q&A WITH OUR CEO

THE ROAD AHEAD

"

Halfords is a widely recognised national brand with a 130-year heritage, but many customers aren't up to speed with the breadth of our offer – and therein lies the opportunity."

Henry Birch
Chief Executive Officer

Q

Halfords today is a very different business to a decade ago. Can you explain briefly what's changed and how the focus on services has played out in terms of value creation?

Over the last decade and under previous management, Halfords has evolved from a product-led retailer into a services-led platform spanning Motoring and Cycling. That shift matters because services are typically more repeat and needs-based, which supports a higher-quality earnings profile. Today, Motoring accounts for around 80% of revenue, service-related sales represent more than half of Group sales, and our B2B activity is approaching one-third of the business.

I recognise that this strategic shift hasn't necessarily supported earnings in the way investors might have expected, and in part that's because of significant inflationary headwinds and market challenges impacting the business in recent years. But there are also things we could have done better. In particular, we haven't integrated the acquisitions we've made well enough and have found ourselves spread too thinly, chasing too many priorities. These are things we're addressing through the Fit for the Future plan we outlined in November, and I'm pleased to see consistent delivery and associated financial outcomes coming through in our numbers.

Q

How does your new strategy differ from the previous approach and why do you think it will deliver better returns than the business has achieved in the past?

When I joined the business a year ago, I had many conversations with investors and other stakeholders and the message was clear: the services-led strategy pursued by my predecessor was absolutely the right one. So the question is one of execution and focus.

As a result, I didn't want to come out with a radical strategic overhaul: my task instead is to drive sharper prioritisation, stronger operational grip and clearer accountability to achieve more consistent outcomes. Our Fit for the Future plan is rooted in both a clear understanding of our customer and our sources of competitive advantage, and we have a newly strengthened management team in place with the skills, energy and experience to see it through.

Q

What do you view as Halfords' main competitive advantage, and how do you plan to take advantage of that?

It all comes back to our unique service proposition. Halfords is a widely recognised national brand with a 130-year heritage, but many customers aren't up to speed with the breadth of our offer – and therein lies the opportunity.

While the services element in our Garages business is obvious, our fitting services and vehicle checks are available on demand at 370 store locations, and our Halfords Mobile Expert vans offer the ultimate convenience by carrying out tyres and now servicing work at a location of the customer's choosing.

Ultimately, the way we win and keep customers is by building trust – and that is underpinned by their interactions with our colleagues. We have recently updated our corporate purpose to reflect this – "we keep the nation moving with trusted experts who love to help".

Garages in particular are an inherently low-trust industry, and we're doing everything we can to change those perceptions at Halfords. Key to building that trust is transparency – which is why we are investing in tablets across our garage network so that all recommendations for additional work can be supported with photographic evidence to help inform the customer's decision.

While we know there is more to do, we are seeing clear progress in our customer service metrics, including an improvement in the lifetime average Google score for our garages to 4.5 from 3.9 two years ago. It's positive experiences across every touchpoint that drive lifetime value and ultimately ensure sustainable profit growth and shareholder returns.

Scan or click to watch video of the full interviews
www.halfordscompany.com/investors/investment-case/

MARKET REVIEW

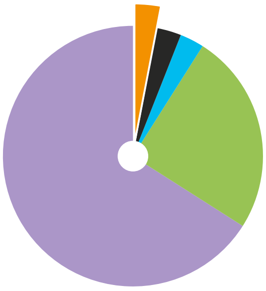
Motoring and cycling are large, fragmented and markets with scope for recovery and significant opportunity to grow share.

Well positioned in attractive markets

Motoring services

Total market size (£m):

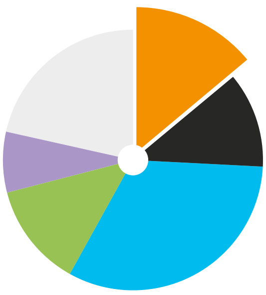
17bn



Motoring products

Total market size (£m):

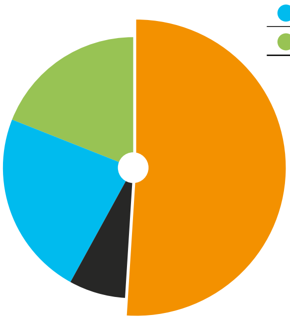
4bn



Cycling

Total market size (£m):

1bn



Source: Halfords internal estimates

Key market trends

Electrification and transition to EV

Most cars on the road still have internal combustion engines, but the transition to electric is accelerating. EVs still need tyres, servicing and maintenance, creating growing demand for Halfords' expanding capability.

Ageing car parc and the shift to value

With the average UK car now over ten years old, more work is moving from dealer networks to value-driven aftermarket providers like Halfords.

Our response

- Investing in EV and hybrid capability across our garage network, including technician training and specialist equipment
- Expanding EV-related product and service ranges, ensuring customers can access support across the full vehicle lifecycle
- Leveraging our national footprint to provide convenient, trusted servicing for both EV and ICE vehicles
- Taking a balanced approach to EV adoption, recognising that while growing, EVs remain a minority of the UK car parc within the near-term horizon
- Increasing focus on service, maintenance and repair, reflecting the structural shift towards older vehicles in the UK car parc
- Prioritising delivery of consistent, high-quality service to support customers in extending vehicle life
- Strengthening value-led propositions across products and services to support customers through cost pressures
- Driving improved utilisation and operational efficiency across our garage network
- Maintaining disciplined pricing and promotional strategies to balance affordability and margin

Future opportunities

- Ensuring our proposition reflects the significant overlap in maintenance needs across all vehicle types
- Scaling EV servicing capability in line with parc growth, supported by our national network
- Developing additional EV-specific services, particularly in diagnostics and lifecycle management
- Leveraging our trusted brand to support customers through the transition to electric motoring
- Building partnerships across fleets, insurers and OEM ecosystems as EV adoption increases
- Using customer and vehicle data to anticipate and respond to evolving EV
- Growing share in a structurally expanding aftermarket servicing segment
- Increasing customer lifetime value through repeat servicing and ongoing maintenance relationships
- Using data to support more proactive and preventative maintenance journeys
- Strengthening our position as a trusted alternative to dealer networks for ageing vehicles
- Delivering improved profit conversion through consistent operational execution

Convenience and "do-it-for-me"

Customers increasingly want trusted, hassle-free solutions that fit around their busy lives. Our national reach, digital tools and mobile service offer make us uniquely capable of meeting this need.

Needs-based, resilient markets

Halfords operates in predominantly essential, needs-based markets. While consumer confidence may fluctuate, motoring and mobility remain everyday necessities, providing stable and resilient demand.

Digital enablement

Technology and AI are reshaping how customers engage with our business. Our digital platform provides the foundation to deliver smarter, more personalised and connected service experiences.

Our response

Convenience and "do-it-for-me"

- Accelerating the rollout of Fusion, bringing together retail, garages and mobile services into a single, integrated customer journey
- Expanding mobile service capability to deliver convenient, at-home solutions
- Improving digital booking journeys to make access to services faster and more intuitive
- Strengthening connections across channels to create a more seamless, end-to-end experience
- Leveraging our integrated model to reduce friction and deliver practical, "do-it-for-me" solutions

Needs-based, resilient markets

- Focusing on needs-based categories, particularly motoring services, which are driven by essential customer demand
- Continuing to grow our services-led model, now representing over half of Group revenue
- Expanding B2B and fleet channels, providing more stable and predictable revenue streams
- Maintaining strong cost discipline in response to inflationary pressures and market headwinds
- Leveraging our trusted brand and national scale to remain a first-choice provider in essential categories

Digital enablement

- Investing in digital capability to improve the core customer journey, particularly search, navigation and booking
- Enhancing integration between digital, stores, garages and mobile services to create a connected experience
- Growing Halfords Motoring Club to deepen customer relationships and engagement
- Improving data integration to support better availability, personalisation and decision-making
- Focusing on fixing the fundamentals of the platform to support reliable, consistent execution

Future opportunities

Convenience and "do-it-for-me"

- Scaling a fully integrated service model across stores, garages and mobile vans
- Meeting growing demand for convenience as more customers choose "do-it-for-me" solutions
- Increasing customer retention through simpler, more predictable service experiences
- Driving higher utilisation of existing capacity through improved customer journeys
- Continuing to differentiate through a unique, nationwide, service-led proposition

Needs-based, resilient markets

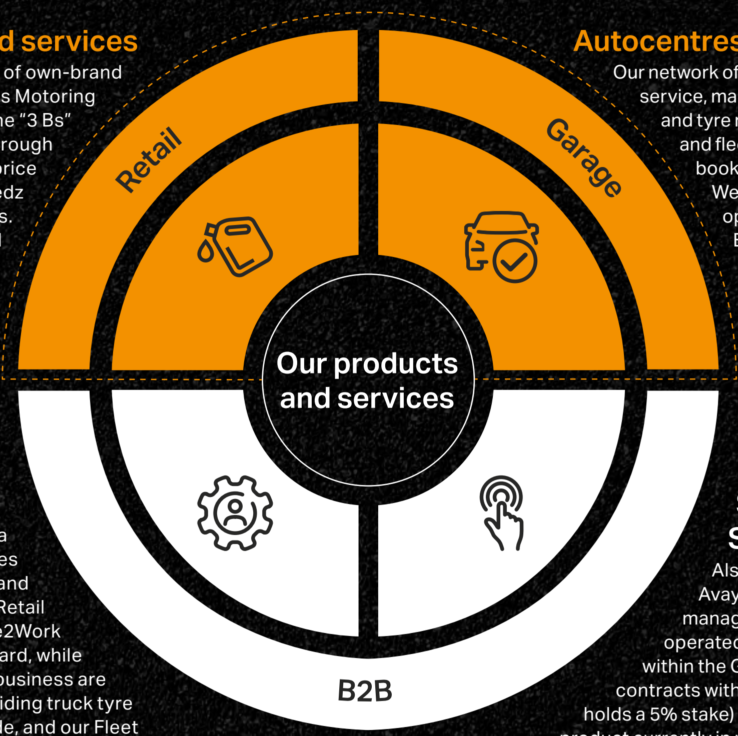
- Increasing exposure to resilient revenue streams through services, B2B and repeat customer relationships
- Expanding into adjacent motoring categories where Halfords has clear permission to play
- Leveraging scale to capture share in highly fragmented markets
- Building a more predictable earnings profile through recurring and repeat revenue
- Strengthening returns through improved utilisation and operational consistency

Digital enablement

- Developing more personalised and proactive customer journeys, supported by improved data and CRM capability
- Increasing digital conversion and attachment through a more seamless experience
- Leveraging data to anticipate customer needs and drive repeat engagement
- Supporting entry into adjacent markets through a stronger digital and data platform
- Building a scalable, connected digital layer that underpins long-term growth

BUSINESS MODEL

What we do



Retail products and services

We offer a comprehensive range of own-brand and third-party products across Motoring and Cycling, ranging from the "3 Bs" (bulbs, blades and batteries) through to car parts and bikes at every price point, including through the Tredz performance cycling business. What really differentiates our retail business is our "WeFit" service offer, including on-demand fitting of products bought in store as well as a comprehensive range of vehicle checks.

Autocentres

Our network of almost 500 garages provides service, maintenance and repair ("SMR") and tyre replacement for consumers and fleet customers nationwide, bookable via a single online platform. We also have c.250 mobile vans operating as Halfords Mobile Expert, which can perform tyre jobs and some basic services at a location of the customer's choosing including their driveway or workplace. We have recently launched more complex servicing capability on vans operating in selected locations.

Solutions for business

Our B2B division comprises a number of different businesses which are reported in our Retail and Autocentres segments. On the Retail side are the market leading Cycle2Work scheme and popular Trade Card, while on the Autocentres side of the business are Commercial Fleet Services, providing truck tyre husbandry services nationwide, and our Fleet business, where passenger and light commercial vehicles are maintained under contract through our consumer garage network.

Software as a Service ("SaaS")

Also within our B2B division is Avayler, our proprietary garage management platform which is operated as a standalone business within the Group. Avayler holds important contracts with Bridgestone in the USA (which holds a 5% stake) and MyCar in Australia, with the product currently in pilot phase prior to a potential future rollout across client garage networks.

Underpinned by disciplined capital allocation

1. Maintain a prudent balance sheet with a leverage ratio excluding lease debt not exceeding 0.8x.

2. Invest for growth with a focus on generating returns above the cost of capital.

3. Pay a dividend 1.5x to 2.5x covered by underlying profit after tax.

4. M&A in priority areas in the Scale phase.

Read more about the phases of our strategy pages 18-22

5. Surplus cash returned to shareholders.

What makes us different

Omnichannel capability

We operate an effective omnichannel model, with a nationwide physical estate and a rapidly developing digital platform. This combination gives customers seamless access to products and services online and in store, with click and collect a popular fulfilment option for purchases made online.

Service advantage

While product is a core part of our offer, our true differentiation lies in the services we provide across all touchpoints. Beyond our garages and mobile operations, more than 80% of service events are delivered in our retail car parks, giving customers convenient access to expert support that is difficult to replicate elsewhere.

People powered

At the core of our purpose, we are trusted experts who love to help. Our skilled, friendly colleagues power our services proposition in all areas of the business and keep our customers coming back year after year – whether fixing their car in their hour of need or advising on the right bike for their child's birthday present.

Built to endure

Our diversified revenues, scaled physical footprint, vast data assets and powerful brand mean Halfords is here for the long haul, set to capitalise on structural market growth trends and with the agile business model and financial resilience needed to win in the future.

Read more about our investment case on pages 4-5

An integrated customer journey

We have 20 million customers but our rates of cross-shop between our business units remain relatively low. A number of initiatives have been introduced in recent years to drive lifetime value through stronger linkages between Retail and Garages, unlocking the significant latent value in our unique combination of assets.

A customer visits their local retail store to purchase a new set of wiper blades. They decide to have these fitted while they wait.

The customer is advised that with Premium Motoring Club they will receive a discount on their purchase and can also take advantage of a free vehicle check at the same time as their blades are fitted. Their Premium Motoring Club membership fee includes the cost of their upcoming MOT at a local Halfords garage. This seems like great value, so they sign up.

The store's Automotive Services Manager fits the customer's new blades and performs the free check, which identifies that two of their tyres are close to the legal tread depth limit. They offer to book the customer into the local garage the next day to have the tyres replaced.

The garage receives the booking and can see that the customer is a Premium Motoring Club member referred from the store. They place an order for the correct tyres to be delivered the following morning.

The customer arrives at the garage with their vehicle and has their tyres replaced proactively, without having failed their MOT. Colleagues in the garage advise that wheel alignment will prolong the life of their new tyres and recommend other services the customer might wish to consider supported by photo evidence from their inspection.

The customer leaves, happy with the service and advice they have received. They leave a 5-star Google review based on their experience and will return to Halfords for their MOT, having been reminded by email when this is due.

Value created

Customers	Colleagues	Shareholders	Suppliers and partners	Communities and the planet
4.5* lifetime average Google score for our Autocentres	**>18,500** training days administered in FY26	**£45.4m** of 52-week underlying profit before tax in FY26	**370** stores nationwide in which to showcase their product	**170k** bikes donated to charitable causes since 2013

OUR STRATEGY

Launching our Fit for the Future strategy

Our updated strategy reflects a simple but important shift in emphasis: from building the platform to executing it with consistency and focus.

Halfords is entering its next phase with a clear and disciplined strategy focused on unlocking the full value of the platform we have built. In recent years, we have expanded our capabilities across Retail, Garages, mobile services and B2B, creating a uniquely integrated model.

We are concentrating on improving operational performance, strengthening our foundations and, ultimately, scaling proven capabilities. This approach ensures that near-term value creation and longer-term growth are delivered in a balanced and sustainable way.

Key learnings

Our strategy is grounded in a clear assessment of recent performance and the opportunities ahead. Guiding our approach are a number of reflections on our past:

The benefits of a services-led approach have not been fully realised

The shift to services is the right strategy, but there is more to do to deliver the improved returns that shareholders expect.

Integration of acquired businesses has been inconsistent

Acquisitions have built scale and capability but have not been fully integrated. Further M&A is not a priority in the short term.

Effective prioritisation will improve execution

Insufficient prioritisation has spread us too thinly and hindered effective delivery. Greater focus and simplification are essential to drive real progress.

Our data advantage is underused

We have a powerful data asset. Using it more dynamically, in real-time decisions, personalisation and prediction, will unlock material value.

Customers should see an integrated Halfords proposition

Many customers do not understand the breadth of our business and cross-shop remains too low. Reducing friction and clearly articulating our offer will strengthen outcomes.

More disciplined deployment of capital

We must deliver stronger, more visible returns on the capital we deploy and hold ourselves to account for doing so.

Fit for the Future

~0 to 24 months

OPTIMISE

Read more pages 20-21

Building near-term value with disciplined and focused execution

~12 to 36 months

EVOLVE

Read more page 22

Driving structural efficiency and enabling future growth

~36 months +

SCALE

Read more page 22

Expanding reach, taking advantage of operating leverage

Enabled by our team

A refreshed and experienced leadership team focused on disciplined execution and long-term value creation.

Delivering our Fit for the Future strategy requires clear leadership, sharper priorities and stronger accountability across the Group. During the year, we strengthened the Executive Team with new leadership across key areas of the business, bringing additional experience in Retail, Garages, technology & data.

Together, the team is focused on building a stronger performance culture, simplifying activity and improving delivery cadence. This means fewer priorities, clearer ownership and greater focus on the initiatives that create value for customers, colleagues and shareholders.

> **None of this would be possible without the commitment, skill and professionalism of colleagues across our operations and support teams."**
>
> **Henry Birch**
> Chief Executive Officer

1. **Jess Frame**
   Managing Director – Retail
2. **Adam Pay**
   Managing Director – Garages
3. **Sarah Haywood**
   Chief Information Officer
4. **Henry Birch**
   Chief Executive Officer
5. **Jo Hartley**
   Chief Financial Officer
6. **Paul O'Hara**
   Chief People and Property Officer
7. **Chris McShane**
   MD Business to Business and CEO and President of Avayler
8. **Karen Bellairs**
   Chief Customer Officer

Scan or click to read more about our team
www.halfordscompany.com/about-us/our-executive-team/

OUR STRATEGY CONTINUED

OPTIMISE

Building near-term value through disciplined and focused execution.

Objectives

- **Improve returns** from the platform already built across Retail, Autocentres and B2B, enabled by digital, loyalty and the Halfords brand.
- **Drive stronger garage profitability** by increasing utilisation, matching labour supply and demand, and supporting our customers through higher-value service, maintenance and repair work.
- **Strengthen Retail execution** through better category management, range design and customer journeys, both online and in stores.
- **Grow customer lifetime value** by increasing frequency, retention and cross-shop across Halfords' products, services and channels.
- **Use data and insight more effectively** to support pricing, promotions, personalisation, service reminders and better trading decisions.
- **Maintain capital discipline** by prioritising a strong balance sheet and investment in initiatives driving clear returns.

Progress made

- **Optimise is gaining traction,** with progress delivered against the strategy's key financial metrics, including sales growth, improved profitability and increasing ROCE.
- **Autocentres delivered operating margin expansion** through revenue growth in customer garages, particularly in higher margin service, maintenance and repair work, progress on the Fusion programme, and better utilisation as a result of a focus on operational excellence across our estate.
- **Foundations were laid for our category management approach in Retail**, restructuring the team, bringing in additional capability and relaunching our first four categories. Our pricing and promotion strategies became more data-driven, with machine learning tools improving feedback loops and supporting margin delivery.
- **Investment in our brand and digital platform** will help us to unlock the value of our Group, more effectively bringing together our unique portfolio of physical and digital assets to drive improved returns.

Priorities for the next 12 months

- **Complete the Fusion programme** and apply the learnings to improve performance across the wider garage estate.
- **Further improve garage utilisation** through a more flexible labour model, better skills deployment and stronger site-level operating routines.
- **Invest in garage capability,** including technician apprenticeships, EV servicing capability, modern equipment and tablet-enabled vehicle inspections.
- **Scale our category management approach,** expanding learnings across more categories and refining our approach to range, layout, merchandising, customer messaging and colleague training based on our ongoing trials.
- **Build on Cycling momentum,** including Tredz synergies, click and collect, e-bike growth and stronger category leadership.
- **Continue phased brand and digital investment** to improve customer awareness of the full Halfords proposition, drive customer numbers over time and prepare for further AI integration.

FY26 outcomes

103	**420k**	**14.2%**
Fusion locations delivered	Premium Motoring Club members	return on capital employed

Retail

Category management
Grow revenue and profit from higher sales density in stores.

Key opportunities:
- Improve pricing and promotional effectiveness.
- Relaunch categories to enhance customer relevance and capture growth opportunities.
- Identify opportunities to expand our own-brand offer.
- Expand premium Cycling ranges and leverage Tredz capabilities.

Service and advice
Improve penetration and profit from increased margin-rich services.

Key opportunities:
- Drive customer awareness of full range of services.
- Optimise margin across our service offering.
- Increase appointment availability and capacity to support growth.
- Improve retention and skills development of services colleagues.

E-commerce
Grow revenue from capturing higher online market share.

Key opportunities:
- Transform digital product and service journeys.
- Improve site speed and search functionality.
- Create richer digital content and product pages.

Garages

Complete Fusion
Grow profit by driving higher garage-level contribution.

Key opportunities:
- Complete conversion of remaining identified sites.
- Transfer learnings for the rest of the estate, e.g. technician recruitment.

Operational excellence
Grow profit by reducing cost-to-serve.

Key opportunities:
- Improve utilisation through changing labour models.
- Reduce cost-to-serve through improved equipment and skills mix.
- Improve processes to increase capacity from existing resource.

Resourcing and skills mix
Grow capacity with higher colleague retention.

Key opportunities:
- Enable flexible contracting to reduce fixed cost base during low-demand periods.
- Develop colleague engagement initiatives to reduce turnover.
- Expand apprenticeships.

Group

Brand awareness
Drive transaction volumes by increasing brand consideration.

Key opportunities:
- Scale social media and content plan.
- Emphasise service-first approach for "do-it-for-me" customers.
- Increase weighting to marketing spend.

Loyalty and lifetime value
Increase customer lifetime value with higher retention and cross-shop.

Key opportunities:
- Grow uptake of Premium membership.
- Improve rates of cross-shop between Retail and Autocentres.
- Use member data to drive further uplifts in spend and frequency through enhanced data and digital capabilities.

OPERATIONAL EXCELLENCE: GARAGES

Our garages are one of the clearest examples of Optimise in action. During FY26, we increased our focus on utilisation, labour deployment and service attachment, helping our teams drive improved returns from our existing estate.

By combining stronger leadership, better processes and a sharper skills mix, we are building a more consistent and profitable garage operating model, while improving the experience for customers and colleagues.

Improved utilisation

through better resource planning

OUR STRATEGY CONTINUED

EVOLVE

Driving structural efficiency and enabling future growth.

Structural efficiency

Timescale: ~12 – 36 months

We have already implemented highly effective, tactical programmes to reduce our costs. We now have a significant opportunity to drive structural efficiencies in our model.

Initiatives such as:

Upgraded supply chain

- Improve warehouse and distribution efficiency.
- Automate key processes.
- Review location strategy.
- Increase resilience and flexibility.

Re-engineered ERP

- Build lean and smart central processes.
- Unlock enhanced data-driven decision.
- Implement AI and automation to reduce costs.
- Improve inventory management.
- Simplify and optimise our technology.
- Enable a fully integrated ecosystem.

Data and technology

Timescale: ~12 – 36 months

Our data potential is vast. With targeted investment in our technology, we can harness this data to elevate the customer experience across the Group while driving greater efficiency in our stores and garages.

Initiatives such as:

Upgraded point of sale and other systems

- Upgrade garage management system to later versions of Avayler.
- Update retail point of sale hardware and software.

Enhanced customer data capabilities

- Implement new leading data tools and analytics.
- Introduce unique predictive vehicle analytics for effective car maintenance.
- Drive full personalisation across key customer-facing channels.
- Expand AI adoption.

SCALE

Expanding reach, taking advantage of operating leverage.

Garages

Timescale: ~36+ months

Expand our physical garage footprint to ensure comprehensive geographical coverage.

- Following the successful completion of the “Optimise” and “Evolve” phases, we will have a highly efficient motoring services platform ready for further expansion.

Retail

Timescale: ~36+ months

Grow our addressable market and appeal through improved digital channels and a one-stop shop.

- We have the opportunity to grow in both existing and new markets through our unique digital and data assets. We can broaden our offer through a one-stop shop addressing all of the customer’s motoring needs achieved with a capex-light growth option executed via strategic partnerships.

OUR KEY PERFORMANCE INDICATORS

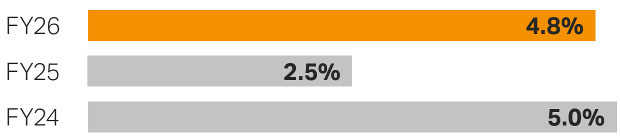
FY26 is a 53-week period ended 3 April 2026. The comparative period is 52 weeks to 28 March 2025. To aid comparability, the KPIs below are presented on a 52-week basis unless otherwise stated.

In the current period the Group revised its policy in relation to non-underlying items relating to amortisation of intangibles acquired as part of business combinations. The amortisation charge associated with these assets has been removed from underlying operating profit and comparative financial information has been restated accordingly. Refer to Note 27 of the financial statements for details.

Shareholder KPIs

Like-for-like sales growth

4.8%



Definition
Revenue from continuing operations that have been trading as part of the Group for at least a year (but excluding prior-year sales of stores and Autocentres opened and closed during the period and sales during refurbishment periods) at constant foreign exchange rates.

Reason
Like-for-like sales is a widely used indicator of a retailer's trading performance and is a comparable measure of our year-on-year sales performance.

FY26 performance
The Group delivered good like-for-like sales growth in FY26 relative to other listed retailers, with notably strong performances in Cycling and servicing work in our consumer garages.

Gross margin

52.8%

Definition
Reported gross profit as a percentage of revenue.

Reason
This measure of profitability provides stakeholders with a view of the trading margin of the Group.

FY26 performance
Gross margin percent in FY26 reached its highest level since FY16 with gains in both segments supported by buying improvements, pricing and promotional effectiveness and foreign exchange benefits.

Underlying profit before tax ("PBT")

£45.4m

Definition
Profit before income tax and non-underlying items from total operations.

Reason
This measurement of profitability provides stakeholders with a view of underlying trends and performance, and the delivery of the Group strategy.

FY26 performance
Underlying PBT increased by 4.1% in FY26 following a change in accounting treatment and restatement of the FY25 comparative, resulting in a PBT percent of sales of 2.6%. In the absence of this change, the increase would have been 8.1% as LfL sales growth combined with strong gross margin performance and good cost control, to more than offset the impact of elevated inflation and selective investment in operating costs.

Link to remuneration
Bonus

Return on capital employed ("ROCE")

14.2%

Definition
Underlying operating profit divided by average capital employed, being net assets less goodwill and adding back net debt. FY26 ROCE is calculated using 52-week underlying operating profit divided by 53-week average net assets.

Reason
ROCE provides an indication of the Group's track record of investing in projects that will drive growth in underlying profit, alongside its ability to deliver those projects effectively to realise attractive returns for shareholders.

FY26 performance
We delivered a ROCE of 14.2% in FY26, reflecting a 1.6 percentage point improvement from FY25 and exceeding our pre-tax cost of capital (which is 10.6%). Delivering a ROCE sustainably higher than our cost of capital is a key objective of our strategy.

OUR KEY PERFORMANCE INDICATORS CONTINUED

Shareholder KPIs

Underlying basic earnings per share ("EPS")

15.7p

Definition
Profit after income tax and before non-underlying items on a total operations basis, divided by the number of shares in issue.

Reason
Basic EPS is a measure of underlying profit generation relative to the shares in issue and, as such, measures delivery against our strategic objectives.

FY26 performance
Underlying EPS grew in line with underlying PBT in the period.

Link to remuneration
Performance Share Plan

Dividend per share

9.0p

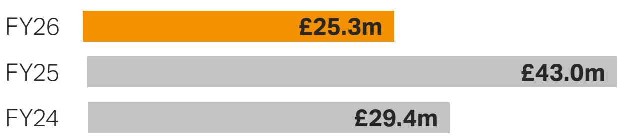
Definition
Cash returned to shareholders as a return on their investment in Halfords, presented on a pence per share basis.

Reason
Dividends are an important element of total shareholder return. Our dividend policy is to pay an ordinary dividend that is covered 1.5x to 2.5x by underlying profit after tax.

FY26 performance
The dividend increased by 0.2p reflecting underlying profitability in the period and consistent with our dividend policy which states that the dividend will be covered 1.5x to 2.5x by underlying profit after tax.

Free cash flow

£25.3m



Definition
Net cash from operating activities less capital expenditure, net finance costs, supplier financing and lease payments.

Reason
Free cash flow is an important alternative to profit in understanding the performance of the business and specifically its ability to generate cash from its activities.

FY26 performance
Free cash flow of £25.3m is a strong result driven by disciplined working capital and cash management alongside underlying business profitability. The reduction compared to the prior year relates in part to payment of the reinstated FY25 performance-related colleague bonus after the year end.

Net debt to underlying EBITDA

(0.1)x

Definition
The ratio of net debt to underlying EBITDA (excluding lease debt) on a total operations basis.

Reason
This ratio measures the Group's financial leverage versus the maximum level of 0.8x communicated alongside the Group strategy update in November 2025.

FY26 performance
Strong cash generation in the period resulted in a net cash position at year end, reflecting the Group's prioritisation of a strong and resilient balance sheet in line with its stated capital allocation policy.

Strategic KPIs

Service-related sales

£917m

FY26	£917m
FY25	£889m
FY24	£858m

Definition
Service-related sales reflect income derived from fitting or repair services alongside the associated product sold within the same transaction.

Reason
Services are a strategically important growth and profit driver for the Group, providing an important source of differentiation versus competitors.

FY26 performance
Consistent with our strategy, the Group drove a further increase in service-related sales in FY26, with service-related sales representing 52% of total revenue.

Link to remuneration
Performance Share Plan

Customer Net Promoter Score

68.3

FY26	68.3
FY25	67.5
FY24	65.6

Definition
A measure of customer sentiment based on surveys across multiple channels, consistent with industry-wide measures.

Reason
Customer NPS is a key measure of how our strategy is delivering for customers and is important for future growth.

FY26 performance
Group NPS is strong within the retail peer group and improved by 0.8 points in the period, reflecting notably strong performances in stores, online and in customer services.

Link to remuneration
Bonus

Accident Severity Rate ("ASR")

114

FY26	114
FY25	131
FY24	160

Definition
ASR is a widely used health and safety metric and measures how many workdays are lost due to injuries for every 1 million hours worked.

Reason
Protecting colleagues is of critical importance, and embedding a health and safety culture across our whole business is critical to achieving this. ASR has been selected as a key performance indicator due to its simplicity and understandability for stakeholders.

FY26 performance
A decline in ASR from 160 two years ago to 114 in FY26 reflects improved risk control, leadership engagement and a stronger safety culture. For further information on approach to health and safety see pages 44 and 45.

Halfords is building a people-centred, inclusive and performance-driven culture where clear expectations, strong leadership and colleague engagement fuel sustainable value for customers and shareholders. Consequently, we are transitioning towards an always-on listening approach which will allow us to develop and improve our engagement strategy.

CHIEF FINANCIAL OFFICER'S STATEMENT

Underlying profit before tax of £45.4m increased by 4.1% compared to the prior period despite significant inflationary headwinds which impacted the business from the start of FY26."

Jo Hartley
Chief Financial Officer

Group financial results

FY26 is a 53-week period ended 3 April 2026. The comparative period is the 52-week period ended 28 March 2025. To aid comparability the "headline" results, associated commentary and percentage changes are presented on a 52-week basis and are stated post-IFRS 16 unless otherwise indicated. Information for the 53-week period ended 3 April 2026 is referred to as the "reported" result and a reconciliation is shown on page 27.

	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 (restated[1]) £m	Change (%)
Revenue	**1,764.5**	1,715.2	4.8%[2]
Gross profit	**932.3**	869.1	7.3%
Gross margin	**52.8%**	50.7%	210bps
Net operating costs	**(875.9)**	(814.4)	7.6%
Underlying operating profit	**56.4**	54.7	3.1%
Finance costs	**(11.0)**	(11.1)	(1.2%)
Underlying profit before tax	**45.4**	43.6	4.1%
Non-underlying items before tax	**(6.4)**	(73.6)	(£67.1m)
Profit before tax	**39.0**	(30.0)	£69.0m
Underlying basic earnings per share	**15.7**	15.6p	3.2%

FY26 underlying profit before tax ("PBT") of £45.4m increased by £1.8m or 4.1% compared to the prior period (FY25: £43.6m). Excluding the change in treatment of amortisation of intangibles acquired in business combinations, which is now considered a non-underlying item as detailed below, FY26 underlying PBT would have been £41.5m, an increase of 8.1% year on year ("YoY") (FY25: £38.4m). This strong performance came despite significant inflationary headwinds including those arising from changes to National Insurance rates and thresholds and the increase in the National Living Wage which impacted Halfords from the start of the financial year. FY26 reported PBT (i.e. 53-week basis and including non-underlying items) was £43.6m (FY25: loss of £30.0m).

Group revenue of £1,764.5m increased by 2.9% YoY, or 4.8% on a like-for-like ("LfL") basis, with the difference between these two metrics predominantly reflecting the garage closures announced alongside our FY25 results. Reported revenue for the 53-week period was £1,801.7m (FY25: £1,715.2m), reflecting an increase of £86.5m or 4.8% YoY. Further commentary on performance in week 53 of FY26 is provided below.

Group gross margin was 52.8%, 210 basis points ("bps") higher than the prior period and reaching its highest level in the last decade. This very strong performance reflected the continued success of our Better Buying programme, improvements in pricing and promotional effectiveness, and an FX tailwind as movements in the US dollar rate over the last 18 months benefited the hedged rate coming through in cost of goods sold. Changes to our contractual arrangements with suppliers also resulted in a 30bps YoY increase in Group gross margin with a corresponding increase in operating expenses.

Group operating costs of £875.9m grew 7.6% YoY (FY25: £814.4m), with the increase largely driven by labour cost inflation as detailed above. As anticipated, we also saw increasing costs from suppliers of managed services impacting contract pricing, partly offset by a cost reduction programme in goods not for resale alongside improved utilisation in our garage operations. We also made selective investments into the Fusion programme, colleague capability, brand marketing and our digital offer.

Non-underlying items resulted in a charge before tax of £6.4m during the period (FY25: £73.6m charge). The FY26 charge reflects the one-off costs associated with the implementation of a new Warehouse Management System in our Coventry distribution centre in the first half of the year alongside amortisation of acquired intangibles now treated as non-underlying following the change in accounting policy detailed below. These were partly offset by credits relating to reversal of property provisions taken in relation to store and garage closure programmes in previous reporting periods.

The Group's underlying profitability and effective working capital management resulted in free cash flow for the year of £25.3m (FY25: £43.0m) and a 52-week net cash position on our balance sheet of £11.2m. Week 53 generated sales of £37.2m and added £4.6m to PBT due to the phasing of trading performance during the Easter holiday period. The impact of this profitable additional week of trading offset by cash payments out of the business at calendar month-end resulted in £19.1m of net cash on the balance sheet on 3 April 2026. Net cash used in investing activities was £58.1m, within the annual cash investment envelope communicated as part of the strategy update alongside our interim results.

Like-for-like sales growth

4.8%

Free cash flow

£25.3m

(52-week basis)

Reconciliation of 52-week "headline" P&L to 53-week "reported" P&L

	FY26 reported results £m	Exclude week 53 £m	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 (restated[1]) £m	Change (52 weeks vs 52 weeks)
Revenue	**1,801.7**	(37.2)	1,764.5	1,715.2	4.8%[2]
Cost of sales	**(848.8)**	16.6	(832.2)	(846.1)	(1.6%)
Gross profit	**952.9**	(20.6)	932.3	869.1	7.3%
Underlying operating expenses	**(892.1)**	15.8	(876.3)	(815.1)	7.5%
Other income	**0.4**	–	0.4	0.7	(42.9%)
Underlying operating profit	**61.2**	(4.8)	56.4	54.7	3.1%
Net finance expense	**(11.2)**	0.2	(11.0)	(11.1)	(1.2%)
Underlying profit before tax	**50.0**	(4.6)	45.4	43.6	4.1%
Underlying tax expense	**(12.7)**	1.2	(11.5)	(9.7)	18.9%
Underlying profit after tax	**37.3**	(3.4)	33.9	33.8	0.2%
Non-underlying items after tax	**(4.7)**	–	(4.7)	(67.7)	£63.0m
Profit/(loss) for the period	**32.6**	(3.4)	29.2	(33.9)	£63.1m

STRATEGIC REPORT

Reporting segments

Retail

	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 £m	Change (%)	Sales mix (%)
Revenue	**1,039.3**	1,004.9	4.1%[2]	
– Motoring	**660.4**	648.6	2.9%[2]	63.5%
– Cycling	**378.9**	356.3	6.4%[2]	36.5%
Gross profit	**529.0**	495.7	6.7%	
Gross margin	**50.9%**	49.3%	160bps	
Operating costs	**(491.5)**	(456.7)	7.6%	
Underlying operating profit	**37.5**	39.0	(3.8%)	
Non-underlying items	**(4.4)**	(54.9)	£50.5m	
Operating profit/(loss)	**33.1**	(15.9)	£49.0m	

In Retail, our services and advice-led proposition resonated well with customers and resulted in LfL sales growth of 4.1% YoY, with total revenue reaching £1,039.3m. Motoring and Cycling both performed well: while Cycling delivered the higher LfL at 6.4%, Motoring saw a step up in performance in the second half to deliver a 2.9% LfL for the full year. Sales growth at Tredz, our performance cycling business, was a particular highlight at 9.0% LfL.

Refinement of our pricing and promotions approach, continued gains from our Better Buying programme and an improvement in the FX rate through cost of goods sold enabled us to deliver 160bps of YoY Retail gross margin expansion to reach 50.9%.

Underlying operating profit in Retail fell by £1.5m to £37.5m (FY25: £39.0m) as strong sales growth and further gross margin expansion helped offset material inflationary headwinds and investment as noted above.

Autocentres (inc. Avayler)

	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 (restated[1]) £m	Change (%)
Revenue	**725.2**	710.3	5.8%[2]
Gross profit	**403.3**	373.4	7.8%
Gross margin	**55.6%**	52.6%	300bps
Operating costs	**(384.4)**	(357.7)	7.5%
Underlying operating profit	**18.9**	15.7	20.1%
Non-underlying items	**(1.7)**	(18.7)	£17.0m
Operating profit/(loss)	**17.2**	(3.0)	£20.2m

The Autocentres segment delivered FY26 LfL sales growth of 5.8% alongside 300bps of gross margin expansion, resulting in underlying operating profit of £18.9m in the year, an increase of 20.1% YoY (FY25: £15.7m).

CHIEF FINANCIAL OFFICER'S STATEMENT CONTINUED

The Group operates a Software as a Service ("SaaS") business, Avayler, which is reported within the Autocentres segment but now operates as a standalone business. It generated revenue of £2.1m in FY26 (FY25: £2.7m) but incurred an operating loss of £3.4m (FY25: £2.6m). The more detailed commentary which follows describes performance in the Autocentres segment excluding Avayler, as in previous reporting.

LfL sales growth for Autocentres ex-Avayler was 5.8%, with segmental revenue on this basis reaching £723.1m (FY25: £707.6m). As noted above, total revenue growth on a 52-week basis was lower than this due the closure of a number of underperforming garages announced alongside our FY25 results. The impact of these closures was a £1.0m uplift in segmental operating profit in FY26. The growth delivered in FY26 was predominantly driven by the consumer garages business, which benefited from a particularly strong performance in service, maintenance and repair work ("SMR") buoyed by the Fusion programme. We saw early signs of stabilisation in the tyre market as the year progressed and continue to focus on growing our share in this fragmented market.

Segmental gross margin ex-Avayler increased by 250bps to 55.6% as we mixed into SMR and grew attachment rates of add-on services in tyres. While the Autocentres segment was also impacted by increasing labour costs, a focus on operational efficiency as part of the 'Optimise' phase of our strategy resulted in a 21.8% increase in underlying operating profit to £22.3m (FY25: £18.3m). This implies an Autocentres ex-Avayler FY26 underlying operating margin of 3.1%, an increase of 50bps YoY.

Non-underlying items

The following table outlines the components of the non-underlying items recognised in the period:

	FY26 £m	FY25 (restated[1]) £m
Organisational restructure costs	**3.2**	1.5
Closure costs	**(0.7)**	14.9
Cloud migration costs	**–**	2.9
Impairment of non-current assets	**–**	49.1
Amortisation of intangible assets acquired in business combinations	**3.9**	5.2
Total non-underlying items before tax	**6.4**	73.6
Tax on non-underlying items	**(1.7)**	(5.9)
Net non-underlying items charge	**4.7**	67.7

In the current period, the Group changed its non-underlying items policy to include amortisation of intangible assets acquired as part of business combinations. This update is intended to simplify the Group's profit measures and provide greater clarity over the underlying trading performance of the Group. The amortisation charge associated with these assets of £3.9m (FY25: £5.2m) has been removed from underlying operating profit as the associated assets would not have been capitalised in the ordinary course of business. The change has been applied retrospectively, resulting in the restatement of comparative financial information. Meanwhile, revenue and profit from these acquisitions are included in the Group's underlying results.

FY26 organisational restructure costs of £3.2m (FY25: £1.5m) relate to additional costs incurred during implementation of a new Warehouse Management System in our Coventry distribution centre in the first half of the year. The system has now been successfully implemented in our third and final distribution centre.

Closure costs in FY26 constitute a credit of £0.7m (FY25: £14.9m) as impairments recognised in the prior year were reversed and negotiations for early termination of leases on some of the underperforming garages closed last year concluded.

In FY25 impairment charges of £49.1m were recorded, which predominantly related to retail segment goodwill. No additional impairment charges for goodwill were identified in the current period.

Portfolio management

The Group's property portfolio remains flexible. Except for nine long leasehold and three freehold properties in Autocentres, the Group's locations are occupied under leases with a 5 to 15-year term at inception.

The Retail store portfolio as at 3 April 2026 comprised 370 stores (FY25: 373 stores). We closed three stores during the period as we took our usual, rigorous approach to evaluating leases as they come up for renewal. The average remaining lease length on our Retail store estate is 2.3 years, with 337 leases, equivalent to more than 90% of our portfolio, expiring within five years.

The Autocentres portfolio as at 3 April 2026 comprised 588 locations (496 consumer garages and 92 commercial locations) (FY25: 632 locations including 542 consumer garages and 90 commercial locations). 43 underperforming garages were included in the programme of closures announced alongside our FY25 results announcement. The average remaining lease length on our Autocentres is around four years and we undertake detailed analysis on all our garages when leases come up for renewal.

There was no significant change to the size of the Group's van fleet in the year, although a number of vans were upgraded or replaced in the normal course of business. As at 3 April 2026 there were c.800 vans in operation, c.250 of which were Halfords Mobile Expert or National branded and c.550 which form part of our Commercial Fleet Services business.

Net finance expense

Our net finance expense fell by £0.1m YoY to £11.0m (FY25: £11.1m) due to an improvement in our average cash position through the year.

Taxation
The taxation charge for the period was £11.0m (FY25: £3.8m), including a £1.7m credit (restated FY25: £5.9m) in respect of tax on non-underlying items. The Group's effective tax rate of 25.2% (FY25: (12.8)%) is broadly in line with the UK corporation tax rate of 25%.

Earnings Per Share ("EPS")
In reflection of the Group's improved profitability in the period, underlying basic EPS for the 52 weeks to 27 March 2026 was 15.7p (FY25: 15.6p) and reported basic EPS was 15.2p (FY25: (15.4)p). The average number of basic weighted average shares in issue during the period was 216.1m (FY25: 217.9m).

Dividend
Following the payment of an interim dividend of 3.0p per share on 16 January 2026 (FY25: 3.0 pence), the Board is recommending an FY26 final dividend of 6.0p per share (FY25: 5.8p). Payment of this dividend will represent an estimated return to shareholders of £13.0m (FY25: £12.6m). This is consistent with our stated policy which requires our dividend to be 1.5x to 2.5x covered by underlying profit after tax. It will be paid on 15 September 2026 to shareholders who are on the register of members on 14 August 2026.

Capital expenditure
Capital expenditure in the 53-week period to 3 April totalled £56.1m (FY25: £52.7m), within the annual cash investment envelope of £55m to £65m communicated alongside our Fit for the Future strategy in November.

Retail capital expenditure was £19.7m (FY25: £25.5m), of which £10.5m (FY25: £11.6m) related to IT infrastructure and e-commerce, including modernisation of the Group's website. £9.2m (FY25: £13.9m) as invested in physical store infrastructure, including to improve wireless network connectivity.

Autocentres capital expenditure was £36.4m (FY25: £27.2m) of which £28.2m was expenditure on property and garage equipment (FY25: £19.9m). £12.6m of this related to the ongoing rollout of the Fusion programme, with 103 sites now trading. A further £8.0m (FY25: £7.3m) related to IT software expenditure relating to garage workflow systems (Avayler and PACE).

Inventory
Group inventory at the period end was £230.8m (FY25: £225.2m). The £5.6m increase in inventory YoY reflects a previously signalled increase in Cycling stock ahead of the FY27 Spring/Summer season. £174.9m of this inventory relates to the Retail business (FY25: £170.3m), an increase of £4.6m YoY, while Autocentres inventory was relatively stable at £55.9m (FY25: £54.9m).

Cash flow and borrowings
Reported operating cash flow for the 53-week period was £186.3m (FY25: £194.7m). After taxation, capital expenditure, net finance costs, foreign exchange movements, supplier financing, lease payments and non-underlying items, a free cash inflow of £25.3m (FY25: £43.0m) was generated for the 52-week period to 27 March 2026. The reduction in free cash flow of £17.7m from FY25 is due in part to the payment of performance-related incentives for FY25 in early FY26, with no prior year equivalent.

Group net debt, including IFRS 16 lease debt, was £236.7m at 27 March 2026 (FY25: £261.3m) consisting of £11.4m of cash and cash equivalents (FY25: £19.1m), £nil in relation to the Group's revolving credit facility (FY25: £8.8m), £0.2m of other borrowings (FY25: £0.2m) and £247.9m of lease liabilities (FY25: £271.4m). The £24.6m decrease in the Group's net debt from FY25 to 27 March 2026 results from a £23.5m reduction in lease liabilities, a £7.7m cash outflow, payments of dividends of £19.1m (FY25: £17.4m) and net repayment of the Group's revolving credit facility and other borrowings of £8.8m. Group net cash at 27 March 2026 excluding leases increased by £1.1m to £11.2m (FY25: net cash of £10.1m).

Group Total Net Debt at 3 April 2026 was £228.7m. A reconciliation of net debt from 3 April 2026 to 27 March 2026 is included in the APM glossary on page 186.

The Group's borrowing facility is a committed £180m revolving credit facility, of which £20.0m is designated as an overdraft facility. On 11 August 2025 a one-year extension option was exercised taking the expiry date to 16 April 2029.

Jo Hartley
Chief Financial Officer

24 June 2026

1 In the current period, the Group changed its non-underlying items policy to include amortisation of intangible assets acquired as part of business combinations. This update is intended to simplify the Group's profit measures and provide greater clarity over the underlying trading performance of the Group. The change has been applied retrospectively, resulting in the restatement of comparative financial information. Refer to Note 27 of the financial statements for details.

2 Revenue growth is stated on a like-for-like basis.

OUR ENGAGEMENT WITH STAKEHOLDERS

Effective stakeholder engagement is critical for robust business decision-making and long-term value creation.

We regularly consult customers, colleagues, investors, suppliers and communities to understand what matters to them and consider their views in decisions both at Board level and within the organisation.

Customers

2

Why it's important to engage

Understanding our customers' needs and behaviours allows us to deliver relevant products and services, retain customers and attract new ones. Our customers are at the heart of what we do, and their engagement is critical to our ability to create value.

What matters to them?

- A great product or service for a fair price
- Expert advice and support when they need it
- Ability to access our services at a time and place that suits their needs

How we engage

- Regular communications through digital channels (e.g. email and social media), including targeted engagement through our Motoring Club
- Net Promoter Score ("NPS") surveys and encouragement of Google reviews across stores and garages, providing continuous, measurable customer feedback
- Customer listening groups and insight programmes to better understand evolving needs and behaviours
- The Halfords blog and owned content channels, providing advice and guidance on topics such as motoring costs, cycling, electric mobility and vehicle maintenance
- National and regional PR activity to engage customers on key issues affecting drivers and cyclists, helping to build awareness, trust and relevance

Outcomes of engagement

- Brand awareness and consideration, supported by consistent media presence and customer engagement campaigns
- Stronger customer advocacy, reflected in NPS performance and repeat usage across our retail and services offer
- Continued growth of the Halfords Motoring Club, including increased engagement with paid membership tiers
- Improved understanding of customer priorities, informing proposition development and supporting more relevant products and services

Colleagues

1 4 7

Why it's important to engage

Our colleagues are fundamental to delivering our purpose to keep the nation moving with trusted experts who love to help, providing an exceptional experience for customers every day. Their skills, expertise and commitment underpin the strength of our services and advice-led proposition and play a critical role in the successful delivery of our strategy. Engaging effectively with colleagues helps us build a strong, inclusive culture, support wellbeing and ensure our people are aligned to the Group's long-term priorities.

What matters to them?

- Opportunities to develop skills, build expertise and progress long-term careers within the Group
- Access to the right tools, technology and support to deliver high-quality service for customers
- Fair and competitive pay and benefits
- A positive, inclusive working environment where safety comes first and physical and mental wellbeing are supported at all levels
- Clear leadership, a compelling vision and confidence in the Group's strategy and direction

How we engage

- A structured and regular programme of Group-wide colleague communications, including Town Hall events, senior leadership briefings and regional conferences, alongside more targeted team huddles, ensuring every colleague understands our strategic direction and their role in delivering it
- An always-on approach to engagement including pulse surveys and ongoing listening activity, giving colleagues the opportunity to share their views and influence decision-making
- A continued focus on colleague wellbeing and health and safety, including our corporate charity partnerships with Cyclists Fighting Cancer and BEN, supporting physical and mental wellbeing for colleagues and the communities we serve

Outcomes of engagement

- Colleagues who are clear on the Group's purpose and strategy and understand how their role contributes to keeping the nation moving
- High levels of engagement, pride and advocacy, supporting a strong performance-driven culture
- Improved capability, confidence and readiness across the workforce to deliver operational excellence and support ongoing transformation

Link to principal risks

1. Technology transformation capability and capacity
2. Customer proposition and relevance
3. Macroeconomic volatility
4. Regulatory and compliance
5. Cybersecurity
6. Disruption to end-to-end supply chain
7. Health and safety

Read more pages 54-58

Suppliers

3 6

Why it's important to engage

Effective supplier engagement underpins the security, resilience and longevity of our supply chain. Our business expects suppliers to consistently meet our high standards to enable us to deliver market leading products and services to our customers.

What matters to them?

- A trusted distributor with a strong presence in the UK and Ireland
- Fair and transparent payment terms and pricing
- Responsible sourcing practices and clear performance expectations

How we engage

- Our Far East sourcing office and UK-based teams work closely across the supplier base to build transparent, long-term relationships grounded in mutual opportunity
- In FY26, we hosted a conference for Retail colleagues and suppliers including product demonstrations and networking opportunities for both groups
- We engage directly with key suppliers to develop a shared understanding of sustainability goals and broader business priorities, fostering relationships based on joint ownership and effective risk management
- We invest in tools and capability to capture, analyse and monitor supplier data, supporting our wider ESG strategy across emissions reduction, human rights, supply chain ethics and sustainable procurement
- We collaborate with third-party logistics partners to enhance delivery reliability, inventory management and customer service performance

Outcomes of engagement

- A more sustainable and resilient supply chain, supporting operational efficiency and control
- Strong, well-managed supplier relationships based around shared opportunities and objectives
- Improved data sharing and increased supply chain transparency

Investors

3 4

Why it's important to engage

As a publicly listed company, we need to provide fair, balanced and understandable information to the market to build trust and confidence in the business and allow informed investment decisions to be made.

What matters to them?

- A clear strategy, credible leadership and a track record of effective delivery
- Opportunities for value creation opportunities and sustainable long-term growth
- ESG practices that support our strategic and commercial ambitions, reduce risk, and align with evolving regulatory and societal expectations

How we engage

- Our Annual Report and Accounts
- Our Annual General Meeting
- Communications through our regular reporting calendar, including trading updates, results announcements and analyst presentations
- Shareholder meetings and investor conferences
- Our corporate website
- Out of cycle investor education events
- Twice annual retail investor webcasts
- A dedicated mailbox where any shareholder can contact the team and receive a response

Outcomes of engagement

- A stable, supportive and engaged shareholder base
- A compelling investment case which is well understood by the market
- Well-managed consensus and reduced share price volatility

Communities

2

Why it's important to engage

Engaging with our communities is fundamental to how we operate. It builds trust, strengthens brand loyalty and supports the long term sustainability of our business. We are committed to making a positive and lasting impact in the communities we serve.

What matters to them?

- An active contribution to local and interest-based communities including creation of high-quality employment
- Sustainable, inclusive and responsible ways of working
- Meaningful charitable support

How we engage

- Bike donation partnership with Re-Cycle
- Diversity initiatives including membership of the Automotive 30% Club and outreach to female students via events at technical colleges across the UK
- Drake Hall prison partnership, delivering a cycle servicing training academy for female prisoners to develop practical skills
- Sponsorship of Redditch Football Club with contribution to their community partnerships
- Support for local causes organised by individual stores and garages

Outcomes of engagement

- More than 30 prisoners trained as cycle technicians improving future employment prospects
- Improving gender balance both at Halfords and in the automotive sector as a whole
- More than 170,000 bikes donated since our scheme launched in 2013
- Stronger connections with local communities through support of local causes

SECTION 172(1) STATEMENT

As referenced in the Corporate Governance Report on page 71, this section describes how the Directors consider the varied interests of each stakeholder when making decisions, working to promote and protect the Company's long-term success. This responsibility is set out in Section 172(1)(a) to (f) of the Companies Act 2006 (the "Act").

This statement describes how the Directors consider (amongst other matters) the interests of all stakeholders, including:

- The likely consequences of decisions in the long-term.
- The interests of the Company's workforce.
- The need to foster relationships with suppliers, customers and others.
- The impact of operations on the community.
- The high standards of business conduct.
- The need to act fairly between members of the Company.

Board information

Keeping the Board informed

- Leadership and management receive training on Directors' duties to ensure awareness of the Board's responsibilities.
- All Board minutes include an explanation of Section 172(1) factors and relevant information relating to them.
- Our Board continually engages with stakeholders.

Strategic considerations

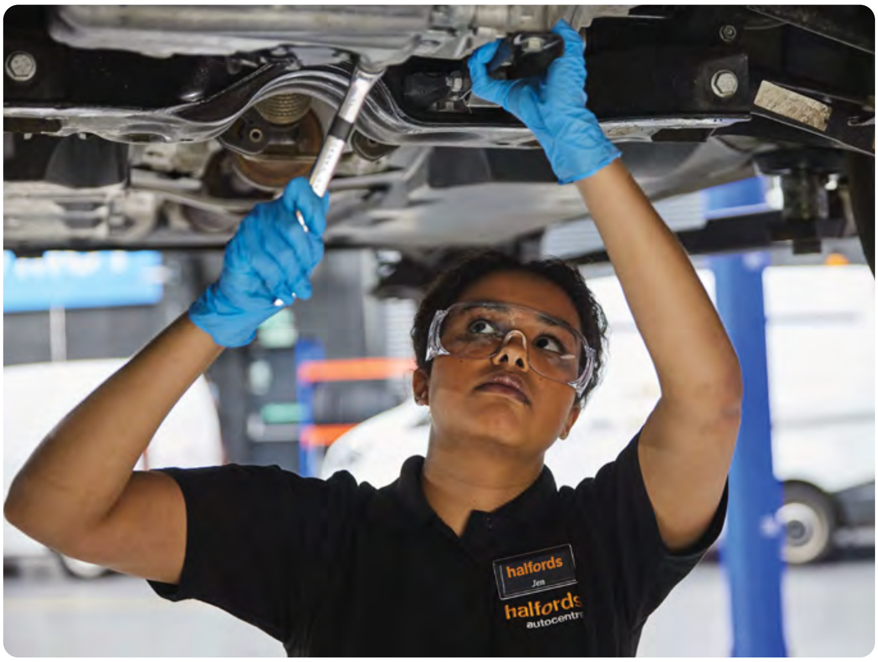
Section 172(1) and the Company's strategy

- Section 172(1) factors considered in the Board's discussions on strategy.
- Chair ensures decision-making is sufficiently informed by Section 172(1) factors.

Board decision-making

Outcomes of considering Section 172(1)

- Outcomes of decisions assessed and further engagement and dialogue.
- Actions taken as a result of Board engagement.
- Actions align with our culture.



KEEPING THE NATION MOVING

PROVIDING OUR COMMUNITIES WITH EMPLOYABILITY PROGRAMMES

Our partnerships with organisations such as First Step Trust ("FST") and GTG Training reflect our commitment to creating accessible, inclusive pathways into employment particularly within the automotive sector.

As a leading UK motoring and cycling retailer and service provider, Halfords has increasingly focused on addressing industry skills shortages while also widening participation for individuals who might otherwise face barriers to work.

The collaboration with FST is rooted in a shared goal of supporting individuals who experience challenges such as mental health conditions, low confidence, or limited formal qualifications. FST specialises in providing safe, supportive learning environments where individuals can build practical skills through real-world work experiences. With support from Halfords, this partnership has evolved to include innovative training approaches using virtual reality, AI, and video-based learning tools, helping participants overcome barriers such as low literacy or anxiety around traditional classroom settings. Crucially, this model focuses not just on skills acquisition, but on building confidence and demonstrating competence in a way that enables individuals to transition into meaningful employment.

Similarly, our partnership with GTG Training focuses on employability from a technical and vocational perspective, particularly for those seeking entry into automotive and mechanical careers. The structured employability programmes are designed to provide participants with hands-on experience in workshop environments, helping them develop core mechanical aptitude and industry awareness. These programmes often include exposure to real tools, equipment, and working conditions, giving learners a practical understanding of the sector and helping them identify potential career pathways.

Section 172(1) consideration

Communities – These partnerships demonstrate how Halfords supports local communities by combining social impact with business needs. By working with organisations that specialise in inclusive training and employability, Halfords is helping to create more diverse, skilled, and resilient teams that better reflect the communities they serve.

KEEPING THE NATION MOVING

STRATEGY UPDATE

In November 2025, our new CEO Henry Birch updated the market on his vision for the Halfords business, making clear the business's strengths but also acknowledging things that need to improve. This diagnosis is what has shaped our Fit for the Future strategy which comprises three phases: Optimise, Evolve and Scale (see pages 18 to 22 for more detail on our plan).

The strategy was communicated in a short capital markets presentation for analysts alongside our interim results announcement, led by Henry alongside Jo Hartley (CFO), accompanied by Jess Frame (Retail MD) and Adam Pay (Autocentres MD) for Q&A. This was followed by a webcast for retail investors, giving this group an opportunity to pose questions directly to management, and a management roadshow in which we met 16 current and potential investors in one-to-one meetings.

Section 172(1) consideration

The strategy and related programme of engagement received widespread positive feedback from shareholders and creates a framework for ongoing communication of progress against the plans we have set out.

ESG INTRODUCTION

"Our ESG strategy is helping to drive stronger returns as we progress through the "Optimise" phase of our Fit for the Future plan. With market leading positions and a resilient business model, we are well placed to capitalise on the long-term shift towards more sustainable mobility."

Tanvi Gokhale
Chair of the ESG Committee

Since refreshing our Environmental, Social, and Governance ("ESG") strategy last year, we have made excellent progress towards our goals. I am delighted to introduce this year's report which reflects how ESG is increasingly being embedded in our culture and shaping decision-making across the business.

I am feeling particularly positive about our ability to maintain this momentum as our ESG goals complement the "Optimise", "Evolve" and "Scale" phases of our new corporate strategy.

It is evident how the delivery of our ESG strategy is helping to optimise our business by delivering efficiency and margin gains.

We have been strengthening resilience and evolving our approach to products and services, operations, supply chain and colleagues, supporting our development as a business that can perform consistently through both economic and environmental change.

It is also clear how ESG fundamentally aligns with our core growth opportunities. Scaling our business builds on the long-term shift to more sustainable mobility and we are well positioned to capitalise on this transition through our national garage and mobile services and market leadership in cycling.

As I look ahead, I am excited by the opportunities we have to continue embedding ESG across every part of our business and creating lasting value for our planet, customers and people.

Tanvi Gokhale
Chair of the ESG Committee

Our ESG goals

PLANET

Achieve net zero carbon emissions, build our resilience to climate change and minimise environmental impacts across our value chain.

Read more on pages 35-37

PROPOSITION

Provide products and services that support our customers' transition to more sustainable motoring and cycling.

Read more on pages 38-39

PEOPLE

Build a more inclusive and diverse culture that welcomes all customers and where colleagues thrive. Support charitable organisations and local communities to make motoring more sustainable and get people cycling.

Read more on pages 40-43

PLANET

Our planet goal

Achieve net zero carbon emissions, build our resilience to climate change and minimise environmental impacts across our value chain.

Our strategic objectives are:

Net zero	• Reduce absolute Scope 1 and Scope 2 GHG emissions 42% by FY2030 from a FY2020 base year. • Reduce absolute Scope 3 GHG emissions from purchased goods and services, capital goods and upstream transportation and distribution 25% by FY2030 from a FY2020 base year. • Achieve net zero emissions across our value chain by 2050.
Packaging	• Embed own-brand packaging requirements to minimise environmental impact and increase recyclability labelling.
Climate resilience	• Consider climate-related physical risks in strategic business decisions.
Responsible sourcing	• Strengthen our responsible sourcing practices by enhancing ESG considerations across purchased goods and services globally.

Reducing emissions to achieve net zero

As a market leader in Motoring, reducing our emissions is closely linked to how we evolve and scale our business. By increasing the proportion of service-related sales, we shift value creation towards lower-emission activities such as repair, maintenance and extending vehicle lifespans.

In Cycling, reducing our emissions reinforces our position as a market leader in one of the most sustainable forms of transport. While cycling already has a low environmental footprint, we still have opportunities to influence emission reductions in product design, supply chains and through customer adoption.

Our Scope 1 and 2 emissions this year are 18% lower than our FY20 baseline. This is an increase on the 32% reduction achieved in FY25 and has been mostly driven by our current electricity contract being a non-renewable supply. Our approach is to prioritise initiatives that achieve absolute reductions in our emissions, improve our energy security and have favourable payback periods.

We have continued to take major steps to decarbonise our fleet by introducing 60 more mobile tyre-fitting vehicles with battery powered servicing equipment driving significant fuel and emission savings. We have benefited from an array of energy efficiency improvements in our garages including LED lighting delivered through our Fusion upgrade programme.

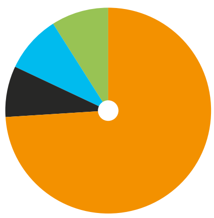
Looking ahead, we will continue to execute on the decarbonisation opportunities we have identified to drive cost out of our business and meet our FY30 target.

To understand our Scope 1 and 2 emission reduction performance in more detail, see page 36

Scope 3 represents the vast majority our emission footprint and therefore offers us the greatest opportunity to make meaningful reductions. This year, we have introduced product carbon footprint capabilities within the business and are beginning to collect data to calculate product-specific emissions. This is a critical step forwards as it enables data-informed collaboration with our suppliers over which products, materials and processes we should prioritise as part of our decarbonisation programme. We are preparing for the impact of carbon taxation on a small amount of our sales and product carbon foot printing will help us reduce this tax liability.

Our FY26 Scope 3 footprint shows that our emissions have increased by 3% compared to our FY20 baseline year. Whilst we have seen a 58% increase in revenue over the same timeframe, we recognise that significant work is needed to ensure we meet our FY30 target and continue efforts to decouple business growth and emissions. Our focus is to build a deeper understanding of our emissions-intensive products so that we can work more effectively with our suppliers to deliver meaningful decarbonisation opportunities.

FY26 Scope 3 footprint



Purchased goods and services	74%
Upstream transport and distribution	8%
Use of sold products (direct)	9%
Other	9%

ESG CONTINUED

Our statutory emissions and energy data

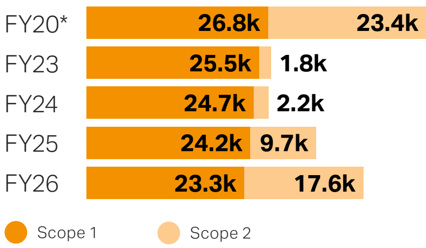
The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 introduced changes to require quoted companies to report their annual statutory emissions and an intensity ratio in their Directors' Report. The 2018 Regulations bring in additional disclosure requirements to disclose annual energy use, GHG emissions and related information.

We calculate our GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We use the relevant Department for Energy Security & Net Zero emission factors to calculate our statutory emissions.

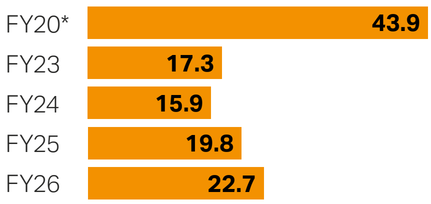
Our "statutory emissions" mean our Scope 1 and 2 emissions, and we use the market-based methodology to account for any purchased renewable electricity.

The location-based method is provided for disclosure only.

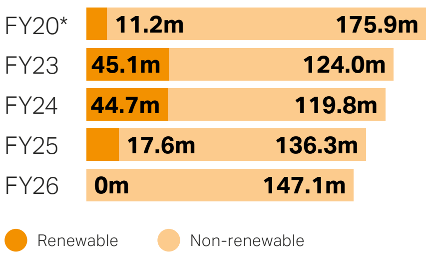
Total statutory emissions
tCO_2e



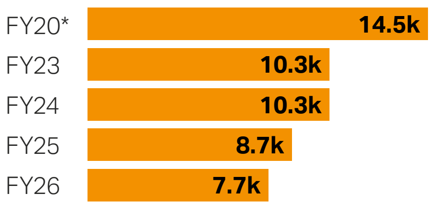
Statutory GHG emissions
tCO_2e per £m revenue



Energy source
kWh



Total measured Scope 2 GHG emissions
tCO_2e location-based



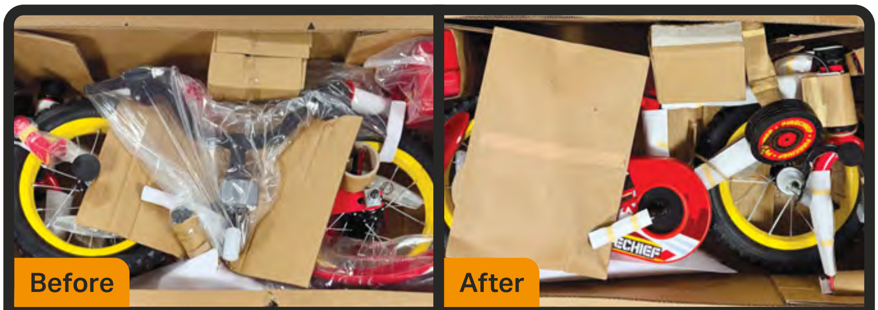
* FY20 (baseline year).

Minimising the impacts of our packaging

With our growing own-brand portfolio, reducing packaging impact is a key area we can directly influence. As packaging taxation becomes increasingly significant for UK businesses, our proactive approach is enabling us to effectively manage these headwinds supporting margin resilience. We have also delivered on packaging projects that are increasing our productivity and improving customer experience. More detail is included in the case study on the right.

This year, we have used responsibly sourced card in 82% of our own-brand product sales which is an increase from the 60% achieved in the previous year. We have also eliminated a further 1.2 million individual plastic components. These actions have led to the removal of more than 20 tonnes of virgin plastic from our packaging.

Looking ahead, we want to deliver more packaging reduction projects that have additional commercial benefits, increase the recyclability of materials and use of responsibly sourced cardboard and significantly reduce both total plastic use and virgin plastic content.



KEEPING THE NATION MOVING

CREATING FASTER BIKE ASSEMBLY IN STORES THROUGH REDUCED PACKAGING

More sustainable design is helping to optimise our business by increasing efficiency for colleagues and customers.

Teams from across our business have worked together to significantly reduce packaging – particularly plastic – and make our bikes quicker and easier to build. The first redesigned kids bike models feature 83% less plastic packaging, improved assembly creating an average build time reduction of 28%, and tool-free accessory fitting.

83%
less plastic packaging

28%
average time saving per bike assembly

Climate resilience throughout our value chain

Improving our understanding of our climate risks and opportunities has been a significant focus area for us this year. We offer some products and services that are intrinsically linked via demand to weather conditions and manage an extensive property portfolio and diverse global supply chains, both of which are exposed to a range of climate-related risks and opportunities.

We have undertaken climate risk modelling this year covering our property portfolio and all our "Tier 1" own-brand factories which has provided us with a greater understanding of the climate risks we are currently and potentially exposed to. Alongside this, we have started to better integrate forward-looking climate scenario analysis in the assessment of potential property leases.

As we updated our retail strategy, we considered projections for changes in UK weather driven by climate change and ensured that our growth ambitions reflected both the risks and opportunities that climate change presents to our business.

More detail on how we are responding to these risks and opportunities is available in our climate-related financial disclosures located on
pages 46 to 52

Buying better through responsible sourcing

Halfords has a strong reputation as a responsible retailer and sourcing our goods and services responsibly is integral to our business model.

We have expanded our own-brand factory auditing programme significantly this year with all our "Tier 1" factories where manufacturing or final assembly of our products takes place having now undergone a third-party risk assessment. This has more than doubled the number of factories receiving this third-party assessment compared to last year.

Engagement in our EcoVadis sustainability ratings programme has grown once again and we are seeing and supporting consistent performance improvements from many of our key suppliers. Overall, 61% of suppliers increased their scores compared to their previous submissions. For suppliers that were beneath the industry benchmark, we are pleased to have supported 76% of them to improve their scores with 53% moving above the industry average.

In FY27, we will be strengthening our factory audit programme by tailoring audit frequency and scope to the risk profiles of our factory network. We will continue to engage closely with our suppliers to support and drive measurable improvements in their sustainability ratings.

61%

of suppliers increased their EcoVadis score in FY26

Climate risk modelling completed for

100%

of own-brand "Tier 1" factories

PROPOSITION

Our proposition goal

Provide products and services that support our customers' transition to more sustainable motoring and cycling.

Our strategic objectives are:

More sustainable mobility	• Become the industry leader in the electric vehicle aftermarket and e-bike repair and sales. • Maximise every opportunity to improve the vehicle efficiency of the ageing UK car parc.
Circular solutions as standard	• Leverage circular economy principles to enable our customers to minimise waste and save money.

Offering solutions for more sustainable mobility

We are committed to keeping the nation moving while accelerating the transition to more sustainable mobility through a responsible and innovative approach.

In our garages we have seen an increase in EV servicing across both Retail and Fleet customers compared to last year. This has been supported by the increased capacity we have built through the continued expansion of our Fusion garage network and will also grow further through the introduction of EV servicing capabilities across some of our Halfords Mobile Expert routes.

Investing in our trusted experts so they can thrive in an increasingly electric car parc is essential and this year, we have successfully supported over 350 colleagues in achieving their Hybrid Level 3 qualifications. Additionally, we have continued our T4 Technician Development Programme which enables a further 16 colleagues to offer expert repair, diagnostic and calibration across the latest EVs.

We have also made significant strides in helping our customers to increase the efficiency and longevity of their vehicles. We have invested further in tyre pressure monitoring equipment and training along with our more advanced wheel alignment services which has provided positive results for customers, as detailed in the following case study.

Our cycling business has performed strongly this year, and we see particularly compelling opportunities to drive growth within the e-bike market. We have continued to promote the responsible use of e-bikes and have supported the London Fire Brigade #ChargeSafe campaign aimed at raising awareness of battery fire risk, providing advice on how to charge safely and how to purchase these products from reputable sellers.

350+

colleagues supported in achieving their Hybrid Level 3 qualifications

Over 1 million

wiper blades now recycled since scheme launch

Making circular solutions standard

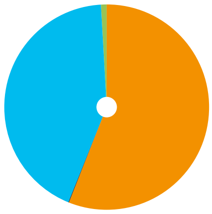
Across our network, we manage millions of repairs each year, supporting longevity and long-term value in the Motoring and Cycling sectors. Our wide-ranging repair capabilities create opportunities to strengthen our service-led proposition, meet expectations for responsible business practices and turn circularity into a meaningful commercial growth lever.

Wiper blade recycling continues to be well utilised with over one million blades now recycled since we launched the scheme in 2023. We have seen significant uptake for inner tubes recycling with around 225,000 tubes recycled, a 40% increase compared to last year.

Our FY26 waste volumes decreased by 3% to 46,579 tonnes compared to last year. Our recycling rate has remained at 56% and we have maintained under 0.1% use of landfill.

Looking forward, we are close to launching bulb recycling which will be a significant achievement as it will mean our high-volume "3Bs" (bulbs, blades and batteries) will all have specific recycling routes established. This will continue to demonstrate our industry leadership in recycling and the value and convenience we can offer to our customers.

FY26 Group waste data



Recycled	56%
Landfill	0.1%
Incinerated with energy recovery	43%
Incinerated without energy recovery	0.9%

KEEPING THE NATION MOVING

INVESTING IN OUR EQUIPMENT AND PEOPLE TO DELIVER FUEL EFFICIENCY FOR OUR CUSTOMERS

These investments show how value for our customers and sustainability benefits can be achieved together.

Our garage teams have been delivering enhancements to our tyre pressure monitoring and wheel alignment services which has generated strong financial results, savings for our customers and environmental benefits.

Correctly aligned wheels reduce rolling resistance, helping to improve fuel efficiency by up to 7% and cut associated carbon emissions, while also extending tyre life.

Suitably inflated tyres are not only safer but can also create a fuel saving of 3% for an average driver, saving our customers money as well as reducing their vehicle emissions.

Up to

7%

customer fuel saving from wheel alignment

3%

average customer fuel saving from correct tyre pressures

PEOPLE

Our people goal

Build a more inclusive and diverse culture that welcomes all customers and where colleagues thrive. Support charitable organisations and local communities to make motoring more sustainable and get more people cycling.

Our strategic objectives are:

Inclusive and responsible culture	• Build a more diverse organisation that reflects our customers and communities. • Embrace a diverse workforce, enhance our understanding of diverse communities, and promote a sense of inclusion and belonging. • Promote a culture that supports our colleagues to be happy and healthy through a proactive and holistic approach to wellbeing at Halfords.
Charity and society	• Empower colleagues across Halfords to support our motoring and cycling charities. • Use our influence to advocate for policies that promote active travel and green mobility.

50%
female Executive Team

29%
representation of women in leadership

2%
growth in female management pool compared to FY25

Building a diverse organisation fit for the future

We are proud to serve a broad and diverse customer base and reflecting this diversity within our organisation strengthens how we operate. By fostering an inclusive culture and building a diverse workforce, we are better equipped to understand our customers, support our colleagues and create an environment where everyone can thrive.

We remain focused on our Automotive 30% Club commitment to increase the representation of women in leadership roles to 30% by 2030 within the automotive industry and are proud that at Halfords, we had 50% female Executive Team, 29% representation of women in leadership roles and 18% in managerial roles at the end of this financial year.

Our female leadership representation has increased by 4%, and our female management pool has grown by 2% compared to last year. We've also seen continued growth in ethnic diversity across both our management and colleague populations.

Our most recent gender pay gap reporting shows an increase in the median gender pay gap from 2.6% in FY25 to 7.7% this year; however, it remains significantly below the national median of approximately 12.8%.

The gap is mainly a consequence of the higher proportion of men in technical positions within our garage businesses, where market pay rates are generally higher. This pattern reflects the wider under-representation of women in the automotive industry, particularly in technical and engineering fields.

We remain committed through the Automotive 30% Club to addressing this imbalance and currently 7% of our automotive apprentices are women. We hold regular listening sessions with colleagues to identify further improvements that can be made to attract and retain women and/or ethnically diverse colleagues.

Further development to our Employee Value Proposition ("EVP") remains the key driver for greater inclusion and this means focusing on what makes Halfords a great place to work and ensuring we have effective partners to establish talent from diverse candidate pools. The co-creation of the EVP using real insights from existing colleagues means FY27 presents an opportunity to test, trial and deliver new ways of working with more inclusive outcomes.

Cultivating belonging and inclusivity

As we continue to build a more diverse workforce, it is equally important that we foster a culture where every colleague feels valued, included and empowered. This ensures our people can contribute fully, strengthening both our organisation and the service we deliver to our customers. Our four Colleague Network Groups have been working effectively to improve equality, diversity and inclusion within our business.

Women of Halfords has been instrumental in the creation of our Women's Health Policy and support pack which aims to be a practical guide for colleagues experiencing women's health-related needs, and for managers who want to offer the right support. Introducing Women's Health Champions across the Group and a consultation rhythm for continuous improvement at key life stages are the focus areas for the year ahead.

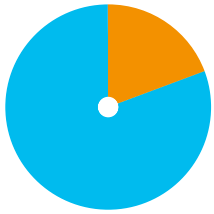
Pride (LGBTQIA+) landed the "Together we go further" campaign where every physical location has a permanent inclusion window sticker that reminds our colleagues and customers they are always welcome. The group is now working on an educational hub on our intranet to ensure that associated resources are easy to access for anyone across our business.

Neurodiversity and Disability improved the disability parking process in our Support Centre to account for both blue badge holders and temporary needs. It organised our Neurodiversity Celebration Week and social media campaign which provided exceptional insight from colleagues and resonated with many people across our business and wider network. The group's priorities for the year ahead are to create a broader accessibility programme that focuses on management upskilling and launch an evolved Reasonable Adjustment Policy.

Embrace (Race, Ethnicity, Religion or Belief) launched a Halfords-first inclusion calendar which was shared across the whole business. With the option to personalise the calendar, it encouraged our colleagues to discuss dates important to them to recognise or celebrate them as a team. Embrace plans to introduce a Religious Leave Policy and to consult closely with the People team to help attract more ethnically diverse people to join our organisation.

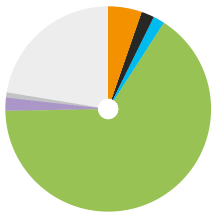
FY26 Group diversity and inclusion data

Gender



Female	2,389 colleagues 19.3%
Male	10,022 colleagues 80.6%
Not disclosed	18 colleagues 0.1%

Ethnicity



Asian or Asian British	5.3%
Black/Black African/Black Caribbean/Black other	2%
Mixed or multiple ethnic heritage	1.8%
White/Caucasian/White other	65.6%
Any other ethnic group	2.1%
Prefer not to say	0.8%
Not disclosed	22.4%

> **"What really stands out at Halfords is the people and culture. Whether you're in stores, garages or the Support Centre, everyone pulls together as one Halfords family with the customer at the heart of everything we do. The flexibility of the role has also allowed me to balance a rewarding career with life as a mum to two young daughters."**
>
> **Kimberley**
> Finance Transformation Programme Manager

Supporting our colleagues' health and happiness

With c.15% of our colleagues actively seeking ways to support their wellbeing throughout the year, creating a positive working environment is fundamental to our performance, supporting high levels of engagement, productivity and job satisfaction.

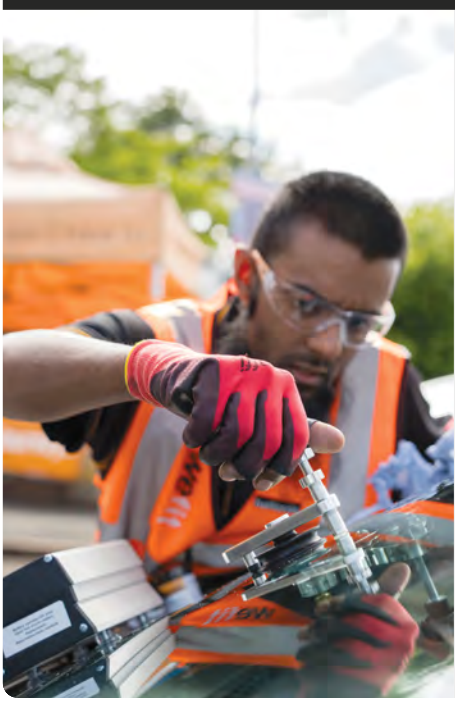
This year, we have improved our Mental Health First Aider ("MHFA") service by upskilling more MHFAs in our Garages and CFS businesses, introduced quarterly engagement sessions for all MHFAs and collated call log data to allow our central team to create action plans and report on common themes.

We introduced the Amicable partnership which is a divorce and separation specialist service that provides free consultations and discounted services for any Halfords colleague. This partnership uniquely offers financial, legal and emotional support at an affordable price which has been a well received by colleagues for an under-served wellbeing topic area.

Looking ahead, we are creating a cross-functional working group tasked with streamlining access and improving visibility of useful information to enhance colleague experiences in both proactive and reactive circumstances.

"I chose Halfords because I wanted to be part of an industry that's constantly evolving, driven by innovation and advanced technology, while working with supportive, inclusive people who genuinely value growth and development. The training, career progression and positive workplace culture have shown me that automotive is so much more dynamic and rewarding than many people expect."

Jasmine
Centre Manager



"I love that Halfords has helped me grow within the Company, progressing from a Store Colleague to Assistant Manager, and now as a Product Technologist. I enjoy meeting new people and working for Halfords has given me the opportunity to connect with colleagues from a wide range of cultures and backgrounds."

Mo
Product Technologist

Championing the causes that matter most to Halfords

Last year, we said we were going to refine our approach to charity. We have recently reviewed and consolidated our charitable efforts with two new charity partners pertinent to our leading role in the motoring and cycling sectors.

Our lead Group charity partner moving forward will be BEN, which is a national charity that provides mental, physical and financial support to anyone who works or has worked in the automotive industry. We see this partnership as a real opportunity to directly support enabling greater access to wellbeing services across the whole automotive sector and to incorporate best practice into how we support our colleagues.

We have also developed a partnership with Cyclists Fighting Cancer which helps young people living with cancer across the UK regain their physical fitness, improve mental wellness and reduce social isolation. We provide donated bikes collected at selected stores which are refurbished and re-sold at accessible prices to fund the purchase of new and specialist bikes for the children they support.

Alongside our new approach to charity, we have continued to advocate for more sustainable mobility and active travel opportunities across society. We responded to the Government consultation for the Electric Vehicle Excise Duty ("eVED") and have encouraged greater flexibility in how eVED data is monitored to improve consumer choice and convenience and not create barriers for the adoption of electric vehicles.

We were proud to support the Children's Walking, Wheeling and Cycling Summit hosted by the Walk Wheel Cycle Trust, which gave children a voice to discuss the challenges they face regarding active travel. The workshops provided the space for children and decision-makers in the active travel sector to develop a set of practical recommendations to consider as part of a review of the UK's cycling and walking investment strategy.

KEEPING THE NATION MOVING

INVESTING IN THE LONG-TERM RENEWAL OF THE AUTOMOTIVE WORKFORCE

Our new training academy will enhance our automotive apprenticeship programme which supports around 300 apprentices across England, Scotland and Wales.

The Dunstable centre has been developed to expand high-quality training capacity, particularly for London and the South East, and to strengthen the link between technical learning and practical workplace experience.

As our sector evolves, the role of the technician is becoming ever more skilled and technical, particularly with the growth of electric vehicles, advanced diagnostics and digitally enabled servicing. This shift is helping to create new opportunities for a diverse group of young people to challenge outdated perceptions of careers in the automotive sector.

HEALTH AND SAFETY

Health, safety and wellbeing are fundamental to Halfords' success, guiding every aspect of our operations through a proactive, safety-first culture.

Safety-first culture

At Halfords, we place the health, safety and wellbeing of colleagues, customers, contractors and the public at the forefront of everything we do. This commitment shapes how we operate and underpins our performance as a business. We embed a safety-first mindset at every level, with adherence to our Health & Safety Policy forming a core condition of employment. Clear expectations guide colleagues to carry out their roles safely and responsibly, while fostering a culture of care and respect.

Risk management

Some areas of our operations involve higher-risk activities. Tragically, two colleagues in our Commercial Fleet Services business lost their lives in FY25, and we are fully co-operating with the Health and Safety Executive in light of these incidents. To operate in the safest possible way, our initial aim is to completely eliminate the risk at its source. Where that is not possible we adopt industry leading standards and high levels of controls to mitigate the risk as far as is practicable.

We robustly manage and control these activities through comprehensive training for colleagues and production of robust risk assessments which enable the early identification of issues that may need to be addressed. We continuously monitor our activities so that we can iterate our operating practices and improve colleague training.

We track performance using data-driven insights and collaborate with stakeholders to develop improved working methods. Our event management protocols are embedded across all sites, ensuring effective responses to health, safety and wellbeing situations.

Safety leadership

Leadership accountability is central to our safety culture. Senior leaders take visible ownership of safety outcomes, set clear expectations and model the right behaviours. Safety is reinforced as a non-negotiable priority through decision-making, resource allocation and daily interactions, creating shared responsibility across the organisation.

Leaders engage directly with frontline teams through regular safety visits to sites, helping them understand risks, address concerns and remove barriers to safe working. This visible safety leadership builds trust and ensures safety expectations remain grounded in operational reality.

Safety strategy

Our Health & Safety strategy focuses on strengthening culture and embedding safety into everyday decision-making. We aim to move from awareness to ownership by reinforcing leadership accountability, increasing visible safety leadership and encouraging open reporting of incidents and concerns.

Behaviour-based initiatives such as "Stay Alert, Don't Get Hurt", "3 to Protect Me" and "5 to Stay Alive" support this approach, promoting shared responsibility and safer behaviours.

Alongside cultural development, we prioritise compliance, competency and performance. This includes strengthening governance, improving risk assessments and ensuring competence in safety critical roles. Performance is monitored using leading and lagging indicators such as Positive Attitude Towards Health and Safety, Event Frequency Rate and Accident Severity Rate, supported by a new Group-wide Health & Safety Portal. These efforts support our goal of providing a safe working environment and achieving zero major accidents.

Health and safety governance

Informing Reporting

The Board

Ultimately accountable for achieving safety excellence including matters relating to our goals and targets, policies, procedures, performance, disclosures and risks.

Health and Safety Steering Group

Receives regular updates on policies and procedures, plans, performance and appropriate actions required to ensure any potential risks are minimised and mitigated to both a sufficient and acceptable level.

Operational Boards

Ensures that health and safety goals and targets are effectively communicated, and sufficient resources are made available to support with performance improvements.

Driving safety excellence

In FY26, we continued to deliver a comprehensive health and safety training programme combining on the job learning, digital tools and face-to-face instruction. This ensures training is practical, relevant and aligned to operational risks. Leadership development includes safety modules to reinforce accountability at all levels.

Our focus on capability building has resulted in a training compliance rate above 90%. Through training, behavioural safety practices and data-driven insights, we continue to strengthen our ability to identify and manage risk.

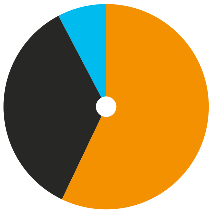
Safety communication

We maintain a consistent approach to health and safety communication, ensuring key messages are understood across the organisation. Safety alerts and good practice bulletins share learning from incidents and positive interventions.

Supported by leadership engagement, regular briefings and accessible digital platforms, this approach reinforces expectations and encourages open reporting, helping colleagues feel informed and empowered to work safely.

Safety statistics

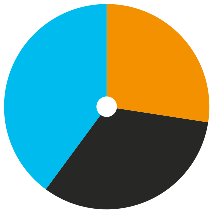
Safety concerns reported



FY26	4,680
FY25	2,887
FY24	631

Safety concern reporting has increased significantly over the past three years, reflecting growing confidence in speaking up and trust that concerns will be addressed. This improvement enhances our ability to identify trends, address root causes and implement preventative measures.

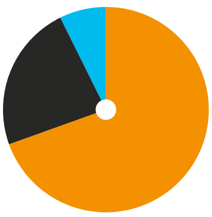
Accident severity rate



FY26	114
FY25	131
FY24	160

Accident severity rate measures how many workdays are lost due to injuries for every 1 million hours worked. We have reduced the rate from 160 in FY24 to 114 in FY26, reflecting improved risk control, leadership engagement and a stronger safety culture.

Visible safety leadership



FY26	2,517 hours
FY25	839 hours
FY24	265 hours

Leadership visibility has increased significantly, with leaders actively engaging in safety walkarounds and frontline conversations. In FY26, 729 sites received a visit, with over 6,000 safety conversations recorded.

Customer safety

We are committed to providing safe, reliable and high-quality products. All products are designed and manufactured with consumer safety in mind and comply with relevant standards.

We monitor customer feedback and work with regulators and standards bodies to maintain and improve product safety. Clear safety information is provided to customers to support safe use. This commitment enables us to build trust and meet high safety expectations.

CLIMATE-RELATED FINANCIAL DISCLOSURES

We have continued identifying, assessing and managing our climate-related risks and opportunities through our ESG governance, strategy, risk management, and metrics and targets. We have aligned our disclosures with the requirements of UK Listing Rule 6.6.6R (8) and the reporting requirements under Sections 414CA and 414CB of the Companies Act 2006. The disclosures listed below meet these regulatory requirements.

With the UK Sustainability Disclosure Standards recently receiving endorsement by the UK Government, we will dedicate the necessary resources to ensure that our sustainability-related financial disclosures meet their requirements and support decision-making within our business.

Governance

Recommendation

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosure

A) Describe the board's oversight of climate-related risks and opportunities.

Summary

- The Board holds overall accountability for directing our corporate strategy, which is supported by the goals and objectives set in our ESG strategy and addresses our climate-related risks and opportunities.
- Oversight of the ESG strategy has been delegated to the Board-established ESG Committee. The Committee comprises of three Non-Executive Directors and is regularly attended by our Chief Executive Officer, Chief Financial Officer and other members of the Executive Team.
- This year, the ESG Committee met twice. In the first meeting, the Committee approved the final articulation of our ESG strategy, new ESG governance arrangements and the internal launch plans for the strategy.
- In the second meeting, the Committee reviewed progress made against the targets set out in the ESG strategy, received training on emission reduction opportunities and our targets across Scope 1, 2 and 3 and reflected on data collected covering customer attitudes towards sustainability and how this is influencing our ESG strategy.

Reference

Further information on how our ESG strategy supports our corporate strategy aims can be found in our ESG introduction on page 34 and within the wider ESG section on pages 35 to 43.

Recommended disclosure

B) Describe management's role in assessing and managing climate-related risks and opportunities.

Summary

- Our ESG governance structure is designed to ensure that climate-related risks and opportunities are evaluated and managed at the appropriate level and area of our business. The Board has delegated responsibility for climate-related matters to each of the following Committees:

Informing
Reporting

The Board
Ultimately accountable for all ESG matters including strategy, goals and targets, policies, procedures, performance, disclosures, risks and opportunities.

ESG Committee
Oversight of our ESG strategy is held by the Board-established ESG Committee.

Executive Board
Provides senior leadership accountability for our ESG strategy by addressing barriers to delivery, making strategic decisions where required and ensuring alignment between our ESG goals and broader business strategy.

ESG Steering Group
Provides Director-level responsibility for the delivery of our ESG strategy. This covers the goals and strategic objectives, including those related to our climate risks and opportunities.

Audit Committee
Review the effectiveness of our risk management and our climate-related financial disclosures.

Risk Committee
Ensures that our climate-related risks are effectively managed within our Group risk management framework and internal controls.

Strategy

Recommendation

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Recommended disclosure

A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Summary

- We continue to use the following timeframes when considering our climate-related risks and opportunities: short term – 0-5 financial years; medium term – 6-10 financial years; and long term – 10 financial years and beyond. Our short-term period aligns with our five-year financial plan and time horizon for our ESG strategy. Our medium and long-term time periods align with our emission reduction targets.
- In alignment with our Group risk rating methodology, we are disclosing the climate-related risks and opportunities which we believe could impact over 6% of our revenue across the short, medium or long term. These climate-related risks and opportunities are explained in the tables starting on page 48.

Recommended disclosure

B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Summary

- All of our significant climate-related risks and opportunities are addressed by our ESG strategy, recognised as part of the Group's wider corporate strategy and suitably prioritised within our business units.
- As part of our five-year financial planning process we include, where relevant, the impact of climate-related risks and opportunities.
- Detailed information on how we incorporate climate-related risks and opportunities into our strategic planning and the actions we are taking in reaction to this starts on page 48.

Recommended disclosure

C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Summary

- We have carried out quantitative and qualitative scenario analysis using multiple warming pathways and time horizons covering climate-related risks and opportunities which we believe could influence over 6% of our revenue across the short, medium or long term.
- We used modelling from the Network for Greening the Financial System including its "Current Policies", "Delayed Transition" and "Nationally Determined Contributions" scenarios to support our transition risk and opportunity assessments.
- For physical risks, we used the Shared Socioeconomic Pathways (SSP2 and SSP5) to model chronic and acute physical risks across our portfolio and "Tier 1" own-brand factories. SSP2 – 4.5 (commonly referred to as "Middle of the Road") projects an orderly transition to a low-carbon economy and sees global average temperature rises equating to approximately 2 – 3°C by the end of the century. Conversely, SSP5 – 8.5 (referred to as "Taking the Highway") anticipates a disorderly transition and global average temperature rises of 4°C+ over the same time span.

Reference

For more information on the climate scenario pathways used, see: https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-climate-scenarios-central-banks-and-supervisors-phase-v and https://tempest-risk.com/climate-scenarios.

The definitions for risk exposure across the various climate-related physical risks assessed are available at https://tempest-risk.com/risk-categorisation.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

The percentage of the Group's revenue associated with climate-related risks and opportunities

Key: Minor <6% Moderate 6–12.5% Major >12.5%

Policy and legal – carbon taxation

Aluminium and steel products are within the scope of the European Union's Carbon Border Adjustment Mechanism ("EU CBAM") and as such taxation began to apply to some of our products in FY26. Products imported into the Republic of Ireland, and hence subject to the charge, represented less than 0.1% of our Group revenue this year.

We are aware that the EU is considering a CBAM scope expansion which could take effect in FY28 or FY29 to include more categories of goods with a high average proportion of steel or aluminium. We have modelled these potential impacts at a high level, adding into scope entire "chapters" of goods such as "Chapter 87 – Vehicles". This modelling indicates that less than 2.5% of our current Group revenue could be in scope. In practice, we believe that this likely overstates the impact of future changes on the basis that the current EU CBAM breaks "chapters" down into products that are in and out of scope and hence would lessen our exposure.

The UK CBAM is expected to come into immediate effect at the start of calendar year 2027. We have modelled potential exposure and believe that products accounting for less than 3% of our current Group revenue would likely be in scope.

In the short term combining the current EU CBAM, possible EU CBAM expansion and introduction of UK CBAM suggests that products contributing to around 5% of our current Group revenue could be in scope.

In the medium term to long term there are too many unknown variables to attempt to quantify the potential revenue in scope, but it is likely that even under a 2 – 3°C warming scenario carbon taxation will become more prevalent. As such, we have incorporated a potential increase in current Group revenue associated with carbon taxation over these time horizons.

How we are responding

As part of our financial planning we have modelled the potential impacts of the EU CBAM, possible EU CBAM expansion and UK CBAM in the short term to estimate current revenue in scope and our potential tax liability. With this information, we have been able to identify the highest contributing products to our current and potential CBAM liability. We are using this insight to ensure that our newly introduced product carbon footprint capabilities are being used to collect data to calculate product-specific emissions which can reduce our carbon tax. We will not only be collecting more accurate data for these products but also collaborating with suppliers to take steps towards decarbonising these products as part of our broader efforts to meet our Scope 3 targets.

Potential velocity under a 2°C – 3°C pathway

Current state (Minor) | FY27 – FY31 (short term) (Minor) | FY32 – FY36 (medium term) (Moderate) | FY36+ (long term) (Major)

Technology and market – transition from internal combustion engine ("ICE") vehicles to electric vehicles ("EVs")

With the UK Government's ban on the sale of new petrol and diesel vehicles from 2030, electric vehicle products and services are areas where we have growth opportunities, but the transition could also create risks for our business.

We could see a reduction in demand for some Motoring services based on the different requirements for EVs compared to ICE vehicles. We could also see a change in the mix of products that we sell, with a reduction in some maintenance-related product categories.

The impact of a lower servicing requirement per vehicle could mean that we can increase the volume of vehicles we service and maintain with the same number of labour hours. The specialist skills required to service and maintain new vehicle technologies such as advanced driver assistance systems could also result in higher prices for this activity. The UK Government is currently consulting on the mandated fitting of 18 safety technologies which could contribute to this change.

Reduced sales in some categories could be offset by growth in others including EV accessories such as charging cables, as well as suspension systems, brakes and tyres due to the heavier degradation and hence more frequent replacement need associated with EVs.

Under a 2 – 3°C warming pathway, modelling indicates that in the short term, uptake of EVs will be slower and more fragmented compared to 1.5°C scenarios we have previously modelled, and this is consistent with our own experience where our current sales exposure to EVs means that the short-term risk is categorised as minor. Across the medium to long term, the impact has been as assessed as moderate as it is still expected that policy will tighten, driving an acceleration in EV adoption. However, with the average age of vehicle in the UK car parc now at c.10 years and the majority of vehicles serviced by Halfords being more than five years old, our business will continue to be mixed technology for many years yet.

How we are responding

As a market leader in motoring with almost 500 garages and 370 stores across the UK and Ireland, we have the capability to scale our electric vehicle offering at a pace commensurate with growth in demand for these products and services. This year, we have expanded our EV training programmes, more than doubling the number of colleagues with a Hybrid Level 3 qualification to over 350. We have also continued our T4 Technician Development Programme, with 16 more colleagues now able to offer expert repair, diagnostic and calibration services across the latest ranges of electric vehicles. Our apprenticeship scheme plays a significant role in preparing our business for the long term, including making sure we have the right skills in the business as the car parc evolves. We took on 167 new apprentice technicians in FY26, an increase of 11% on the previous year.

We continue to expand our EV service offering through our Fusion garage upgrades to accommodate growing demand, particularly in our fleet business where EV penetration is higher than in the wider car parc. We monitor market and customer data carefully to ensure the range of EV products available in our retail stores is aligned to demand.

Potential velocity under a 2°C – 3°C pathway

Current state (Minor) | FY27 – FY31 (short-term) (Minor) | FY32 – FY36 (medium-term) (Moderate) | FY36+ (long-term) (Major)

The percentage of the Group's revenue associated with climate-related risks and opportunities

Key: Minor <6% Moderate 6–12.5% Major >12.5%

Market – changing consumer needs or behaviours due to climate change driving warmer, wetter winters and drier, hotter summers in the UK and Ireland

Under a 2-3°C warming pathway, it is expected that climate change will drive more frequent hotter, drier summers and milder, wetter winters across the UK and Ireland. Demand for some of the products and services we offer is intrinsically linked to weather conditions and this poses both risks and opportunities to our business.

Warmer winters could subdue demand for important categories such as car batteries as cold weather increases failure rates. Winter ranges in general could see lower demand as customers have less need for products such as de-icer and winter tyres. In contrast, it is possible that sales of wiper blades and screen wash could increase due to higher rainfall.

In the summer, the opportunities are greater. Hotter, drier summers could extend the traditional cycling season and result in growth for this category. The same is true of our camping and touring ranges where extended periods of warm weather encourage customer spending. One product category that could be at risk from hot, dry weather is car cleaning, as product sales suffer during hosepipe bans which are common in these conditions.

Under this warming pathway, we believe that lower customer demand is possible, creating a moderate exposure for our current Group revenue, but that customer demand may be higher for products accounting for over 20% of our current Group revenue. Our retail strategy is designed to drive growth in the latter categories as well as those which are weather agnostic. We expect over the medium to long term that the proportion of our Group revenue at risk from lower demand due to climate change will reduce while the reverse is true for products where demand is expected to grow.

How we are responding

Our retail strategy is focused on driving growth and innovation in product categories that are not weather dependent or will benefit from climate change. We also recognise that the impact of climate change is highly likely to be non-linear and may be more gradual, with a corresponding impact on demand. This is one of the reasons why we are building more agility into our sourcing approach so that we can adapt quickly and meet customer demand effectively as conditions change.

Potential velocity under a 2°C – 3°C pathway for revenue with climate opportunities

Current state | FY27 – FY31 (short term) | FY32 – FY36 (medium term) | FY36+ (long term)

Potential velocity under a 2°C – 3°C pathway for revenue with climate risks

Current state | FY27 – FY31 (short term) | FY32 – FY36 (medium term) | FY36+ (long term)

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

The percentage of the Group's revenue associated with climate-related risks and opportunities

Key: Minor <6% Moderate 6–12.5% Major >12.5%

Physical climate risk – increased severity of extreme weather events and more pronounced chronic climate risks affecting our UK and Irish operations

Halfords has a large physical footprint across the UK and Ireland through its stores, garages, fleet hubs and distribution centres. If climate change increases the frequency and severity of extreme weather, we could experience trading disruption and revenue loss through site closures, safety risks for our colleagues, challenges in accessing inventory and higher insurance premiums.

We have assessed our potential exposure to chronic and acute physical climate risks across our whole portfolio considering various warming scenarios and time horizons.

We have no sites that are considered "high"[1] risk in today's climate. Over both warming pathways modelled, the proportion of Group revenue at "high" risk increases over time and is more pronounced in the 4°C+ scenario. River and coastal flooding is the most significant driver of risk, but we also see surface water flooding contributing to the increase in Group revenue which would be deemed "high" risk.

1 The definitions of exposure used to describe the physical climate risks in this modelling can be viewed at https://tempest-risk.com/risk-categorisation.

How we are responding

Managing these risks effectively requires a combination of network resilience, forward-looking analysis, and operational flexibility. Our extensive footprint across the UK and Ireland provides inherent resilience as our customers are rarely far from an alternative location, allowing us to maintain service continuity even where individual sites are disrupted by extreme weather.

We are increasingly embedding climate considerations into our decision-making. This includes the use of climate modelling when assessing new leases, helping us to avoid or mitigate exposure to high-risk locations over time.

Operationally, we are strengthening our business continuity planning and insurance arrangements. These are designed to enable us to respond quickly and effectively to acute disruptions, protect colleagues, minimise downtime and limit financial impacts.

We are continuing to strengthen the resilience of our operating model. Our growing online offering enables us to continue serving customers even if physical access to stores is temporarily constrained.

Finally, the flexibility inherent in our property portfolio, which are almost exclusively comprised of short leases, allowing us to adapt our estate over time including enabling a shift away from high-risk locations as climate risks evolve, if required.

Potential velocity under a 2°C – 3°C pathway

Current state FY27 – FY31 (short term) FY32 – FY36 (medium term) FY36+ (long term)

Potential velocity under a 4°C+ pathway

Current state FY27 – FY31 (short term) FY32 – FY36 (medium term) FY36+ (long term)

Physical climate risk – increased severity of extreme weather events and more pronounced chronic climate risks affecting our global supply chain

As a retailer with an extensive range of own-brand products, our supply chain is truly global with sourcing teams covering the UK, Asia (including a sourcing office in Hong Kong) and nearshore regions. If climate change increases the frequency and severity of extreme weather, we could experience supply challenges due to disruption of transport networks or within factories themselves.

We have assessed our exposure to chronic and acute physical climate risks across all of our "Tier 1" own-brand factories which is where manufacturing or final assembly of these products takes place, considering various warming scenarios and time horizons.

None of our "Tier 1" own-brand factories are considered "high" risk in today's climate. Over both warming pathways modelled, current Group revenue at "high" risk increases over time and is more pronounced in the 4°C+ scenario. River and coastal flooding is the biggest driver of risk, but we also see cyclones risk beginning to impact a greater number of our factories in the long term.

How we are responding

We are strengthening the climate resilience of our global supply chain through enhanced risk insight and targeted mitigation actions.

We have developed a detailed understanding of our exposure to physical climate risk across our "Tier 1" own-brand factory base and combined this with product sales data to identify factories that are both highly exposed to climate risk and underpin a significant proportion of our revenue, providing a clear view of where disruption could have the greatest impact.

We are using this insight to inform our broader sourcing strategy. For factories identified as having both high climate risk and high revenue dependency, we are prioritising resilience-building measures. These include establishing dual or alternative sourcing arrangements to reduce reliance on single factories, as well as working with suppliers to support adaptation actions where appropriate.

By embedding climate risk considerations into our sourcing decisions and supplier engagement approach, we aim to reduce vulnerability to disruption while maintaining continuity of supply across our product ranges.

Potential velocity under a 2°C – 3°C pathway

Current state FY27 – FY31 (short term) FY32 – FY36 (medium term) FY36+ (long term)

Potential velocity under a 4°C+ pathway

Current state FY27 – FY31 (short term) FY32 – FY36 (medium term) FY36+ (long term)

Risk management

Recommendation
Disclose how the organisation identifies, assesses and manages climate-related risks.

Recommended disclosure
A) Describe the organisation's processes for identifying and assessing climate-related risks.

Summary
- Climate-related risks and opportunities have been identified and assessed in detail through the development of our ESG strategy as well as transition and physical climate scenario analysis.
- Our ESG Steering Group regularly assesses the progress of our ESG strategy, including tracking deliverables and targets pertaining to our climate-related risks and opportunities. The Executive Team and ESG Committee also scrutinise our progress.
- Our Risk Committee considers climate and wider ESG risks as part of its overall review of our principal risks.

Reference
We explain how we identify and manage our risks in the Principal Risks section on pages 54 and 55.

Our ESG strategy is explained further on pages 34 to 43.

Recommended disclosure
B) Describe the organisation's processes for managing climate-related risks.

Summary
- Our ESG strategy is underpinned by detailed roadmaps containing objectives and targets which address all the climate-related risks and opportunities described in our strategy disclosures.
- The ESG Steering Group is responsible for the delivery of the ESG strategy, our Executive Team provides senior leadership challenge and support, while oversight is provided by our Board-appointed ESG Committee.
- As part of our Group risk management framework, Operational Boards also consider climate change risks within their risk registers and how they apply risk management processes across their business functions.

Reference
See our Group risk management framework on pages 54 and 55.

Recommended disclosure
C) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Summary
- We continue to integrate specific elements of climate and other ESG risks into the management of our other relevant principal risks. These principal risks are: customer proposition and relevance, disruption to end-to-end supply chain, and regulatory and compliance.
- We use Group risk management likelihood and impact criteria to support identification and assessment of climate-related risks. For example, we have aligned quantification of revenue impact and associated magnitude of climate-related risks and opportunities with the likelihood and impact criteria used in our broader risk management approach.

Reference
Read the Principal Risks section on pages 54 to 58 to see how climate risk is being addressed across our principal risks.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Metrics and targets

Recommendation

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosure

A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Summary

- We have disclosed the cross-industry TCFD metrics used to manage our climate-related risks and opportunities. These metrics cover:
  - Scope 1, 2 and 3 GHG emissions (pages 35 and 36);
  - Energy use (page 36);
  - Percentage of current Group revenue exposed to climate-related physical risks (pages 49 and 50);
  - Percentage of current Group revenue exposed to climate-related transition risks (page 48); and
  - Percentage of current Group revenue exposed to climate-related opportunities (pages 48 and 49).
- As part of our ESG strategy we have also established metrics reported on internally to benchmark progress against our climate-related risks and opportunities including:
  - Growth metrics around EV products and services;
  - Proportion of product carbon footprints completed;
  - Proportion of suppliers with climate change risk incorporated into their supplier risk assessment; and
  - Proportion of property leases and key Halfords sites that have climate change risk assessments in place.

Recommended disclosure

B) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks.

Summary

We have calculated our Scope 1 and 2 emissions for FY26:

- Scope 1: 23,332 tCO_2e.
- Scope 2 (market-based): 17,594 tCO_2e.
- Scope 2 (location-based): 7,679 tCO_2e.

Our Scope 3 emissions for FY26 are:

- Scope 3: 736,816 tCO_2e.

Reference

A more detailed breakdown of our FY26 Scope 3 emissions is located on page 35.

Recommended disclosure

C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Summary

- As part of our ESG strategy we have set objectives which cover the climate-related risks and opportunities we have disclosed.
- Our science-based targets are as follows:
  - Reduce absolute Scope 1 and Scope 2 GHG emissions by 42% by FY30 versus an FY20 base year.
  - Reduce absolute Scope 3 GHG emissions from "Purchased Goods and Services", "Capital Goods" and "Upstream Transportation and Distribution" by 25% by FY30 from a FY20 base year.
- We have also committed to achieving net zero greenhouse gas emissions across all Scopes by FY50.

Reference

- We share our progress against strategic objectives in the ESG section located on pages 35 to 39.
- We detail our performance against our emission reduction targets on pages 34 and 35.

RISK MANAGEMENT

Risk management is intrinsic to the delivery of our strategy and purpose, which is to keep the nation moving with trusted experts who love to help.

Our approach to risk supports informed decision making by identifying, assessing, and responding effectively to threats and opportunities. The Board oversees the management of risk and the identification of principal risks and sets and monitors the appetite for risk in the pursuit of the Group's strategic objectives.

Risk management framework

The Audit Committee, on behalf of the Board, has responsibility for maintaining oversight of the Group's framework for risk management. The framework comprises the process for the identification, measurement, response, and continual monitoring and reporting of risk, informed by a 'top-down' and 'bottom-up' governance approach following the three lines model. Applying the risk management framework provides a clear perspective for the evaluation of risks and opportunities and emerging risks across all our operations.

Risk management governance

Board

- Sets and annually reviews the risk appetite for the Group.
- Reviews recommendations from the Audit Committee and Executive Committee on risk governance and internal controls.

Audit Committee

- On behalf of the Board, has responsibility for maintaining oversight of the Group's framework for risk management.
- Assists the Board in achieving its obligations under the UK Corporate Governance Code (the "Code") in risk management and internal control.

Executive Committee

- Manages the risk management process.
- Responsible for application of risk management.
- Leads and directs achievement of business objectives in line with policies, procedures, and risk appetite.
- Makes recommendations to the Board on the Group's risk appetite, principal risks, controls and mitigations and emerging risks.

Operational Boards

- Responsible for applying risk management process.
- Provides timely risk management updates to the Executive Board.
- Applies risk management process (identify, assess, respond and report) across their business functions.
- Maintains risk registers with continuous improvement of mitigation plans and controls.

Internal Audit and Risk

- Independent and objective assurance of risk management process.
- Completion of annual risk based internal audit plan.

PRINCIPAL RISKS

Our risk management framework ensures we remain aligned with our strategic objectives, business model and long-term shareholder interests.

Appetite

Risk appetite is an expression of the level of risk that the Group is willing to take to achieve its strategic objectives aligned with its culture. The Board has determined a risk appetite, reviewed annually, that articulates the appropriate level of risk that should be taken in pursuit of the Group's strategic objectives without threatening its business model or the long-term interests of shareholders. Where there has been an increase in a risk that takes it outside appetite, the risk management governance process will be applied to assess what response is necessary and whether additional mitigating actions are required to bring the risk within the appetite determined by the Board.

A dashboard of key risk indicators for each principal risk is reviewed by the Executive Board quarterly. The measures highlight the trend for principal risks against appetite levels and whether an adjustment to the risk response is needed to stay within appetite and on course to achieve our strategic priorities.

Report and monitor

Functional and programme risk registers are monitored, and movements escalated. The Executive Board holds a quarterly Risk Committee to consider risk trends, performance against risk appetite and emerging risks. Performance of the Group's risk framework is considered by the Audit Committee and principal risks are reviewed twice annually.

Identify

A Group-wide approach is applied across all levels, from Board and Executive strategic oversight through to transformation initiatives and operational functions. There is regular review of recorded risks for changes and the capture of new risks at the inception of new projects or processes.

Respond

Risks are reviewed against appetite and appropriate action is determined. A risk can be mitigated through the existing control environment, or adjustments might be required to improve control effectiveness. In certain cases, a risk may be accepted in accordance with appetite guidance.

Measure

Risks are reviewed for movements in impact and likelihood with standardised scoring applied to track against risk appetite. The impact of a risk event is measured against its Financial, Operational, Compliance or Strategic significance.

Principal risks

The Board is responsible for the identification, assessment and management of the principal and emerging risks facing the Group and for ensuring that appropriate mitigating actions and controls are in place. These risks are those that could have a material impact on the Group's operations, business model, future performance, solvency or liquidity.

The Group operates in a dynamic consumer and automotive services environment, and its risk profile reflects a combination of external factors – such as macroeconomic conditions, consumer demand, supply chain resilience and regulatory change – and operational considerations, including store execution, service quality, colleague capability and digital performance.

Principal risks are reviewed regularly by the Board and the Audit and Risk Committees as part of an ongoing process embedded across the Group. This is supported by a structured risk management framework as part of which the Board considers changes in the external environment, the Group's strategic priorities and risk appetite when determining the principal risks disclosed.

During the year, the Group has continued to strengthen its risk management and internal control framework, with a focus on identifying the material controls that mitigate the Group's principal risks. A structured approach has been taken as part of this programme, with input from subject matter experts and the Executive Management Team, to confirm the key risk drivers associated with each principal risk and the controls in place to mitigate them. The work to evidence the effectiveness of these controls will continue into FY27 and will support compliance with the requirements of Provision 29 of the UK Corporate Governance Code.

The Board receives regular reporting on principal and emerging risks, including insight into trading performance, customer demand, operational delivery and control effectiveness across stores, garages and digital channels. This is complemented by assurance from Internal Audit and other second line functions, providing the Board with a balanced and timely view of the Group's risk profile.

There have been no material changes to the principal risks during the year. Culture, colleague engagement and skills are no longer reported as a standalone principal risk; however, these factors remain embedded across relevant risks, reflecting their importance to operational delivery and customer experience.

The principal risks and uncertainties set out on the following pages are those considered most significant to the Group at the date of this report. While not exhaustive, they represent those risks which the Board believes require the greatest focus to protect and support the delivery of the Group's strategy. These risks, and the effectiveness of mitigating actions, are also considered as part of the Board's assessment of the Group's long-term viability over a three to five-year horizon, as set out in the Viability Statement.

Emerging risks

The Board and Executive Board regularly assess emerging risks, with a focus on technological change, customer behaviour and external market developments.

The following emerging risks have been identified:

Artificial intelligence and agentic commerce

Generative AI presents both opportunity and risk. It can improve automation, productivity and personalisation. However, its risks include misinformation, privacy breaches, bias and security exposure. The growth of AI-driven discovery and agentic commerce is changing how customers search, compare, and purchase with increasing reliance on digital intermediaries. This may reduce direct customer interaction if the Group does not maintain competitive digital and data capabilities.

Geopolitical instability

Geopolitical developments may impact sourcing, logistics and cost of goods through disruption to global supply chains.

STRATEGIC REPORT

Key to risk direction

Risk increasing | Risk decreasing | No risk movement | N New

Technology transformation capability and capacity — Risk direction

The successful delivery of business transformation depends on having the right capabilities and infrastructure in place. Modernisation of IT infrastructure remains a critical component of the transformation strategy and a key enabler for accelerating transformational change. Governance-backed prioritisation will help ensure project delivery is executed in parallel with funded remediation of technical debt together with targeted strengthening of capacity and capability in technology and transformation to help mitigate execution and resilience risk.

Mitigation

- A Transformation and Change team, supported by experienced programme and project managers, manages delivery of key business initiatives. This structure ensures alignment with both near-term goals and longer-term transformation objectives.
- A workforce capability and capacity management framework has been developed to ensure that the right projects based on the benefits offered are identified and supported to conclusion.
- Technology-led improvements are central to transformation, with automation of standardised processes advancing in line with the IT roadmap. These initiatives aim to improve operational efficiency, scalability, and consistency across the Group.
- The Group invests in modern technology infrastructure and tools that enable better data insights, agile delivery and streamlined integration across platforms, all of which are foundational to delivering sustainable transformation.

PRINCIPAL RISKS CONTINUED

Key to risk direction

Risk increasing | Risk decreasing | No risk movement | N New

Macroeconomic volatility — Risk direction

The Group's financial performance may be negatively impacted by macroeconomic volatility, including inflation, fluctuating energy prices, foreign exchange instability, and evolving regulatory and tax requirements. Given the Group's substantial fixed cost base, the combination of deteriorating UK consumer confidence and continuing cost inflation is increasing the risk that prolonged financial strain could challenge the sustainability of the business model and its ability to meet external financial commitments.

Mitigation

- Management reviews consumer demand trends and behaviours, including price-elasticity analysis, to inform pricing decisions that balance customer affordability with margin protection, particularly in price-sensitive categories.
- An approved treasury policy manages the Group's liquidity requirements, supported by a US dollar hedging programme that monitors and manages exposure to foreign exchange fluctuations.
- A commodity hedging strategy mitigates volatility in energy prices, providing time to implement alternative actions to manage any margin erosion.
- Critical suppliers are reviewed and areas of risk are identified, with mitigations defined and implemented where required.

Regulatory and compliance — Risk direction

There is a risk that failure to meet legal and regulatory obligations across any part of the Group's activities could adversely impact stakeholders, result in financial penalties, and damage the Group's reputation, placing strain on the business. The inherent risk is increasing due to the new UK Corporate Governance and DMCCA legislation compliance rules which are coming into effect in addition to the impact of the Economic Crime and Corporate Transparency Act which came into effect across 2024 to 2026.

Mitigation

- Legal and regulatory developments are monitored across all regions in which the Group operates, with compliance supported by a suite of policies and procedures promoting ethical conduct, integrity, and adherence to obligations.
- Management focuses on ensuring an appropriate level of insurance coverage to protect the organisation in a cost-effective manner.
- Management enforces a compliance culture by setting expectations and communicating the tone from the top across the organisation.
- Mandatory compliance training is delivered to all colleagues, including refreshers covering key areas such as data protection, anti-money laundering ("AML"), and Financial Conduct Authority ("FCA") requirements.
- A Code of Conduct governs relationships with suppliers, ensuring compliance with ethical standards, environmental management, labour practices, and human rights. Monitoring and audits are conducted to assess adherence.
- Experts oversee high-risk compliance areas, including data protection and FCA regulation, reporting directly to governance committees composed of cross-functional stakeholders. These committees assess and evaluate the Group's compliance activities against regulatory standards and best practices.
- Horizon scanning processes identify emerging regulations, assess business impact and ensure adjustments to operational practices.
- Whistleblowing process that offers a confidential mechanism for reporting suspected or actual wrongdoing, supporting transparency, accountability, and timely intervention.

Cybersecurity — Risk direction

Failing to sufficiently prevent, detect, and respond to cyber incidents and attacks may result in disruption of service, compromise of sensitive data, financial penalties from regulatory authorities, financial loss, and reputational damage. There has been a focus on cybersecurity during the year to strengthen Halfords' position, but at the same time external threats continue to strengthen. Deep fake and AI generated attacks are on the rise, especially towards executives with access to sensitive data and financials. In addition, the global security situation remains challenging with state sponsored attackers trying to destabilise business and critical infrastructure.

Mitigation

- An interactive "test and train" programme has been launched to support teams in understanding and reporting phishing emails and other threats building on the cybersecurity education and awareness programme.
- The Governance, Risk, and Compliance ("GRC") function has been enhanced, providing improved visibility, alerting, and reporting to support a proactive, real-time approach to cybersecurity and early risk identification.
- A 24/7 Security Operations Centre ("SOC"), delivers real-time threat monitoring and analysis as well as supporting critical first-line security functions, including vulnerability management, email filtering, and website protection.
- The Audit Committee receives updates from senior technology leaders on the cybersecurity framework, ensuring oversight and alignment with the Group's broader strategic objectives.
- A major incident response process enables root cause analysis and prompt application of remedial actions to reduce recurrence and minimise disruption.
- Secure by design principles are embedded in all new systems, with ongoing expansion to include third-party and supply chain security. This includes assessment of supplier-related risks, identification of single points of failure, and mitigation of potential vulnerabilities.

Health and safety

Risk direction

Due to the nature of our operations, we could endanger the health and safety of colleagues and customers. Improvements have been delivered in governance, reporting practices and engagement and empowerment of the workforce. Roadside and task specific activities within our mobile fleet remain our highest level of risk and focus.

Mitigation

- Targeted investment in the Health and Safety team's capacity and capability. Recruitment, upskilling, and the rollout of enhanced training, especially for frontline colleagues, support a more complex operational risk profile.
- A safety-first culture is maintained through the Group Health and Safety Policy, which sets expectations and accountability. Risks are managed via hazard elimination, structured risk assessments, and a hierarchy of controls. All sites operate under event management protocols, supported by internal KPIs such as Accident Severity Rate ("ASR"), Event Frequency Rate ("EFR") and regular visible safety leadership visits.
- Independent investigation of incidents, with outcomes shared across the Group and industry to drive continuous improvement and prevent harm.

Customer proposition and relevance

Risk direction

The risk is increasing due to external factors affecting fuel prices and consumer income, with customers placing greater emphasis on value, convenience and quality of service. Ongoing advances in digital capability, including AI, and the continued growth of online channels are raising customer expectations and increasing competitive intensity. As a result, there is a risk that the Group's capability to evolve and consistently deliver its customer proposition at pace – across pricing, brand engagement, digital experience and service execution – may fall short of changing customer expectations, impacting relevance, retention and market share. In addition, variability in service execution across channels may impact customer trust and long-term engagement. Cost-of-living pressures and shifting customer behaviours require continued investment in customer insight, digital capability and brand engagement.

Mitigation

- Media investment planning, alongside brand health monitoring and performance oversight, supports the retention of a customer proposition which retains market share.
- A structured review process is in place to assess customer experience and proposition effectiveness. This draws on customer feedback collected through operational channels and CRM systems, alongside ongoing monitoring of market trends. Together, these inputs enable the Group to identify and understand the key drivers of customer loyalty and churn, supporting actions to enhance customer trust and strengthen brand reputation.
- Customer trust and reputation are managed through the systematic analysis of complaints, with a dedicated process for high-priority failures to ensure root causes are addressed effectively.
- Financial services such as the Cycle2Work scheme and pre-pedalled bike offerings promote affordability and accessibility, broadening appeal across income groups.
- Service quality is maintained through role-specific colleague training, structured quality assessments and regional oversight across the garage network. The PACE platform ensures workflow consistency, while technician performance is tracked.

PRINCIPAL RISKS CONTINUED

Key to risk direction

Risk increasing | Risk decreasing | No risk movement | N New

Disruption to end-to-end supply chain

Risk direction

The risk is assessed as increasing, reflecting the potential impact should conflict in the Middle East persist. More broadly, the Group is exposed to risks that could impact the availability and cost of products, raw materials and services. This includes heightened risks of supplier failure, geopolitical instability in sourcing regions, inflationary pressures, currency volatility and changing trade regulations. More broadly, the Group is exposed to risks that could cause disruption to international sea and road freight networks; shifting tariffs, and regulatory compliance challenges which may further impact the flow of goods. Ageing distribution infrastructure, rising labour costs and third-party contract failures could also pose risks to supply chain efficiency. Additionally, climate-related risks, such as extreme weather events, threaten manufacturing, logistics and operational continuity. Such disruptions may result in increased costs, reduced product availability, and negative impacts on sales, margins and stakeholder confidence.

Mitigation

- Sourcing operations are supported by dedicated teams across the UK, Asia and nearshore regions, who manage strategic supplier relationships and enhance supply chain resilience through dual sourcing and product engineering. This is complemented by supplier contingency planning and the maintenance of appropriate safety stock levels within the UK.
- ESG considerations are fully integrated into sourcing practices, reinforcing sustainable and responsible procurement.
- In-house expertise underpins global trading capability, with Authorised Economic Operator ("AEO") accreditation and robust import/export processes in place. Distribution Centres operate with strict security protocols to safeguard operations and minimise disruption.
- Third-party logistics ("3PL") partnerships provide scalability and industry expertise. Engagement with multiple shipping lines improves flexibility and reduces dependency risk.

VIABILITY STATEMENT

In accordance with the Corporate Governance Code, the Directors have assessed the viability of the Company over a three-year period to March 2029. This period aligns with the Group's strategic planning horizon and is considered appropriate given the pace of change in the retail and services sector. This period is consistent with the approach taken last year.

The Directors have assessed the prospects of the Group by reference to its current financial position, its recent and historical financial performance, its business model and strategy, and the principal risks and mitigating factors described on pages 55 to 58. The Board regularly reviews financial headroom and cash flow projections to ensure that the business retains sufficient liquidity to meet its liabilities in full as they fall due. The Group is, as results demonstrate, financially strong, cash generative and generates underlying profits each year, which was true throughout the period ended 3 April 2026 and is expected to continue.

While all principal risks could impact performance, the Directors identified the following as most relevant to its modelling within the viability assessment:

- Customer proposition and relevance;
- Macroeconomic viability; and
- Disruption and end-to-end supply chain.

In assessing viability, the Board considered the position presented in its approved budget and three-year plan. The process adopted to prepare the financial model for assessing the viability of the Group involved collaborative input from several functions across the business to model a severe but plausible downside scenario.

The Board also gave considerations to the impact of the recent conflict in the Middle East, along with the impact this may have on consumer confidence and consumer spending. The Board assessed the impact of a slow down in consumer behaviour over a nine month period on the viability of the Group during the viability assessment period as part of a plausible but severe downside scenario, along with the impact of mitigation actions including reductions in variable labour costs and discretionary expenditure.

Under this downside scenario, the Group maintains adequate liquidity and covenant headroom throughout the assessment period. Additional mitigating actions would be available if required, including further deferral of discretionary spend, reducing shareholder distributions and pausing strategic investment.

A reverse stress test was also performed to identify the level of revenue decline required to breach covenant conditions; this analysis indicated that a reduction of approximately 13% after mitigations would be required. The Directors consider such a scenario to be unlikely.

The Group has a £180m committed revolving credit facility which expires on 16 April 2029. The Directors have assumed that the Group would be in a position to access debt capital markets and meet its financing needs upon expiry of the revolving credit facility in 2029.

Viability statement

Based on this assessment, considering the scenarios outlined above and the Group's principal risks, the Directors confirm that they have a reasonable expectation that the Group will continue to meet its liabilities as they fall due over the three-year period.

Going concern

In preparing the financial statements for the period ended 3 April 2026, the Directors have assessed the Group's ability to continue as a going concern.

The Group remains cash generative and has a £180m committed revolving credit facility ("RCF") which expires on 16 April 2029. The covenants attached to the revolving credit facility are disclosed in Note 16 to the financial statements.

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts for the 12-month period from the date of approval of these financial statements. The assessment included reviewing financial forecasts and projections for the relevant period, together with sensitivity analysis.

Consistent with the assessment of long-term viability, both a reverse stress test and a severe but remote downside scenario – reflecting significant demand or supply constraints associated with recent geopolitical conflict in the Middle East – were performed to assess the impact on going concern. These assessments did not identify any material uncertainty in relation to the going concern assumption.

Based on this assessment, the Directors have a reasonable expectation that the Group and Company will continue to operate and meet their liabilities as they fall due over the going concern period, maintain sufficient liquidity, and comply with covenant requirements. Accordingly, no material uncertainties related to going concern have been identified, and the financial statements have been prepared on a going concern basis.

Approval of the Strategic Report

The Strategic Report on pages 8 to 59 was approved by the Board and signed on its behalf by:

Henry Birch
Chief Executive Officer

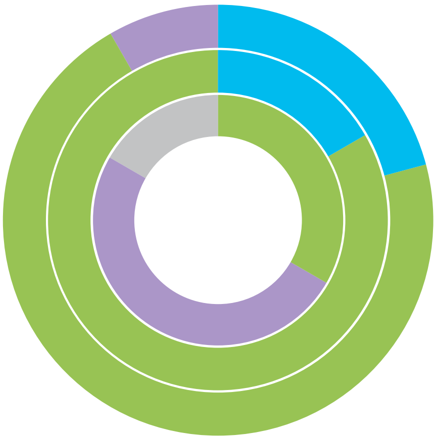
24 June 2026

GOVERNANCE AT A GLANCE

Key

Board | Executive Management ("EM") | Senior Management Team ("SMT")

Age

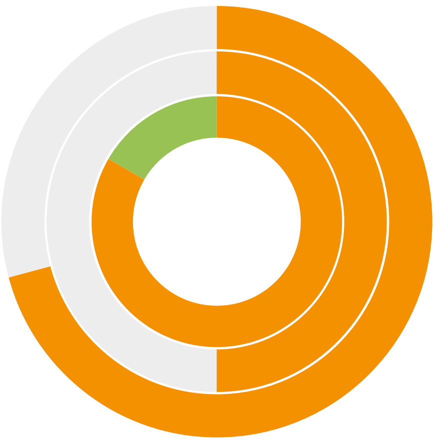


	Board	EM	SMT
Under 18	0	0	0
18–24	0	0	0
25–34	0	0	0
35–44	0	1	5
45–54	2	5	17
55–64	3	0	2
65 and over	1	0	0
Not specified/prefer not to say	0	0	0

Gender

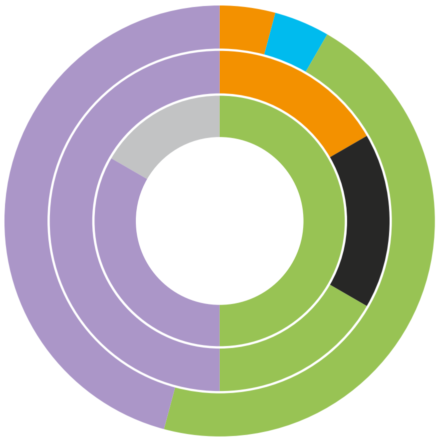
	Board	EM	SMT
Female	3	3	9
Male	3	3	15
Non-binary	0	0	0
Not specified/prefer not to say	0	0	0

Ethnic background



	Board	EM	SMT
White British or other white (including minority-white groups)	5	3	17
Mixed/multiple ethnic groups	0	0	0
Asian/Asian British	1	0	0
Black/African/Caribbean/Black British	0	0	0
Other ethnic group, including Arab	0	0	0
Not specified/prefer not to say	0	3	7

Educational background

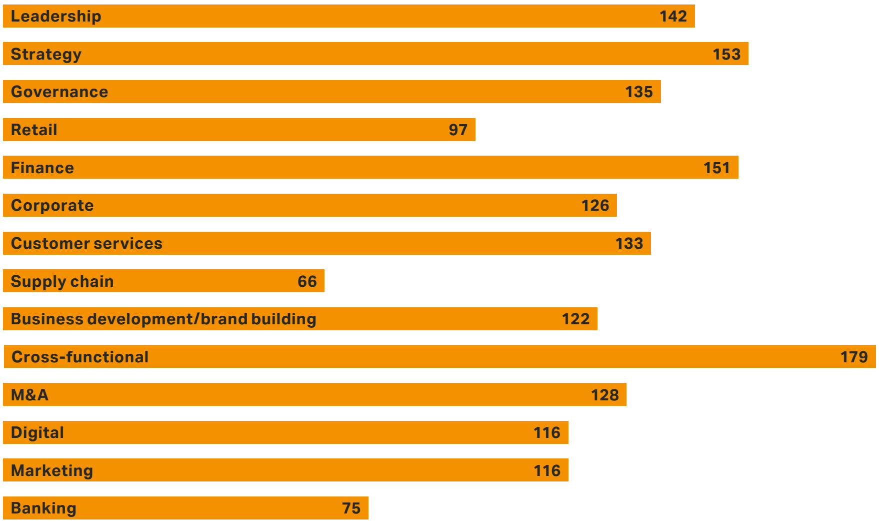


	Board	EM	SMT
Level 3 or below (GCSE, A-Level or equivalent)	0	1	1
Level 4 (HNC, CertHE, higher apprenticeship or equivalent)	0	1	0
Level 5 (HND, DipHE or equivalent)	0	0	1
Level 6 (university degree or equivalent)	3	1	11
Level 7 (Master's degree, postgraduate certificate or equivalent)	2	3	11
Level 8 (doctorate)	1	0	0
Not specified/prefer not to say	0	0	0

Note: Executive Management is defined as the most senior executive body below the Board including the Company Secretary but excluding administrative and support staff. Senior Management Team is defined as the Company's Executive Committee or equivalent and those senior managers reporting directly to them.

Board skills and experience
(total years)

Number of Directors



Leadership:
6

The ability to guide, direct or influence people.

Strategy:
6

The art of developing or carrying out a carefully devised plan of action to achieve a goal.

Governance:
6

Position of authority or control.

Retail:
6

The selling of goods directly to customers, e.g. in shops.

Finance:
5

Corporate:
6

IPOs, schemes of arrangement, flotation, restructure, reorganisation, listing/de-listing.

Customer services:
6

The provision of service to customers before, during and after a purchase.

Supply chain:
5

Involvement in a system of organisations, people, activities, information and resources involved in moving a product or service from supplier to customer.

Business development/ brand building:
5

Developing and implementing growth opportunities within and between organisations.

Cross-functional:
6

Experience in finance, marketing, operations, and human resources departments. Typically, working with suppliers, key customers, or consultants.

M&A:
6

Digital:
5

Experience in processing, storing, transmitting, representing, or displaying data.

Marketing:
4

Promotion of the value of a product, service or brand to customers for the purpose of promoting or selling that product, service or brand.

Banking:
3

GOVERNANCE

Promoting the long-term sustainable success of the Group

Addressing opportunities and risks to the future success of the business

The Board's primary role is to ensure the long-term success of the Group, by delivering sustainable value for all its stakeholders. The Board has responsibility for setting the Group's strategy and monitoring its execution, for ensuring the implementation of a robust risk management framework, and for overseeing financial and operational performance. These responsibilities are supported by the Group's culture and values, which are designed to drive the right behaviours and by a strong corporate governance framework.

The sustainability of our business model

We communicated an updated strategy to the market and to colleagues alongside our interim results announcement in November 2025. This strategy reflects a new articulation of our corporate purpose, "to keep the nation moving with trusted experts who love to help", which emphasises the critical role Halfords plays in society and the importance of our colleagues in delivering it. Details of our strategy and business model are provided on pages 16 to 22.

How the Board contributes to the delivery of Halfords' strategy

Through formal Board meetings and regular engagement with the Executive Team, the Board continues to oversee the implementation of the strategy to ensure it remains fit for purpose.

Board training sessions

September 2025
Economic Crime and Corporate Transparency Act 2023 ("ECCTA") training on Companies House changes and fraud prevention

November 2025
Remuneration landscape update from Deloitte

February 2026
Current audit landscape from BDO

ESG training on net zero across Scope 1, 2 and 3

BOARD OF DIRECTORS

N

Keith Williams
Chair

Current role
Chair of the Nomination Committee since 24 July 2018.

Additional roles held
Keith is Chair of Serco Group plc. Keith is also a qualified chartered accountant.

Past roles
Keith was formerly a Non-Executive Director of Serco Group plc; Non-Executive Chair of International Distribution Services Plc (previously Royal Mail Group); Chair of the Nomination Committee and a member of the Remuneration Committee of International Distribution Services Plc; a Non-Executive Director and Deputy Chairman of John Lewis; a Non-Executive Director of Aviva plc; and Chief Executive Officer and then Executive Chairman of British Airways, having previously been at Boots, Reckitt and Colman and Apple computer inc. Keith was also the independent Chair of the Government supported Rail Review.

Key strengths
Keith brings extensive leadership and plc board experience. He is a highly regarded business leader with a proven record in retail and deep experience in relevant areas such as customer service and digital.

Henry Birch
Chief Executive Officer

Current role
Henry was appointed Chief Executive Officer ("CEO") on 16 April 2025.

Additional roles held
Henry is a Non-Executive Director at Vue International Group

Past roles
Previously, Henry was the Chief Executive of the Very Group, the multi-category retailer, and prior to that was CEO of Rank Group Plc and William Hill online.

Key strengths
Henry has considerable consumer and retail experience both online and multi-site with a strong record of growth and transformation across different sectors and in leading successful teams.

Jo Hartley
Chief Financial Officer

Current role
Chief Financial Officer ("CFO") since 16 June 2022.

Additional roles held
None.

Past roles
Prior to joining Halfords, Jo was the Group CFO for Virgin Active for over six years. Before that, Jo worked at Tesco plc in a number of finance roles in the UK and internationally, having qualified as a chartered accountant at Deloitte UK.

Key strengths
Jo has extensive experience across all finance functions gained within consumer-facing businesses.

Committee membership
A Audit Committee | E ESG Committee | EV Employee Voice Director | N Nomination Committee | R Remuneration Committee | Chair

The Company Chair is not a member of the Audit Committee, the Remuneration Committee or the ESG Committee, but he does attend these Committee meetings. Other members of the Executive Team and professional advisors attended Board meetings by invitation as appropriate throughout the year.

At each Board meeting, the Chief Executive Officer delivers a high-level update on the Group, and the Board considers specific reports, reviews business and financial performance, as well as key initiatives, risks and governance. In addition, throughout the year, the Executive Team and other colleagues delivered presentations to the Board on proposed initiatives and progress on projects.

A E N R

Jill Caseberry

Senior Independent Director

Current role

Non-Executive Director and Remuneration Chair since 1 March 2019 and Senior Independent Director since 6 September 2023.

Additional roles held

Jill is currently a Non-Executive Director and member of the Audit and Remuneration Committees of C&C Group plc; Senior Independent Director, Remuneration Committee Chair and member of the Audit and Nomination Committees of St. Austell Brewery; and a Non-Executive Director and Chair of the Remuneration Committee and a member of the Audit, Nomination and ESG Committees of Bellway plc.

Past roles

Previously, Jill was Non-Executive Director, Remuneration Committee Chair and a member of the Audit and Nomination Committees of Northgate Plc; and Chair of the Remuneration Committee and a member of the Nomination Committee of Bakkavor Group plc. During her executive career Jill gained extensive sales, marketing and general management experience across a number of blue chip companies, including Mars, PepsiCo and Premier Foods. She also founded a soft drink company and established a sales and marketing consultancy. She also was previously the Designated Workforce Engagement Non-Executive Director of Bakkavor Group Plc.

Key strengths

Jill brings extensive leadership experience from senior sales and marketing roles in consumer goods businesses.

A E N R

Tom Singer

Independent Non-Executive Director

Current role

Non-Executive Director since 16 September 2020, and Chair of the Audit Committee since 1 January 2021.

Additional roles held

Tom is a Non-Executive Director and Audit Committee Chair of Mukuru and a Non-Executive Director and Audit Committee Chair of Vue International Group.

Past roles

Tom was the Senior Independent Director and Chair of the Audit and Remuneration Committees at DP Eurasia NV; Chair of the Audit Committee at Liberty Living; and a Non-Executive Director and Chair of the Audit Committee at Mediclinic International plc. Previously, he served as CFO of InterContinental Hotels Group plc, Group Finance Director of British United Provident Association ("BUPA"), CFO and Chief Operating Officer of William Hill plc and Finance Director of Moss Bros plc, having started his career in professional services and spending a total of 12 years at Price Waterhouse and McKinsey.

Key strengths

Tom brings extensive experience of strategy development, corporate governance and numerous finance disciplines.

A E EV N R

Tanvi Gokhale

Independent Non-Executive Director

Current role

Non-Executive Director since 20 June 2023 and Chair of the ESG Committee and Employee Voice Director since 6 September 2023.

Additional roles held

Tanvi currently serves as Managing Director, Customer, Experience & Engagement in the Retail Bank of NatWest Group Plc and is a Trustee of English Heritage.

Past roles

Previously, Tanvi held senior strategic and operational roles at Lloyds Banking Group, most recently as MD Segmentation and Propositions. Prior to this, Tanvi spent her early career in strategy consulting at Booz & Co (now Strategy&). Until March 2023, she also served as Chair of the Investment Committee at English Heritage.

Key strengths

Tanvi brings extensive experience in retail strategy and financial services to the Board.

EXECUTIVE TEAM

1. Jess Frame
Managing Director – Retail

Current role
Managing Director – Retail.

Past roles
Jess joins us from Boston Consulting Group ("BCG") where she led the office in the UK and served retail and consumer clients in FTSE 100 and Europe. She brings with her a wealth of experience across retail and services industries, having previously held roles at Tesco plc as a Marketing Director and Managing Director of its NutriCentre business, and also as CEO of PE-backed chain The Vet.

2. Adam Pay
Managing Director – Autocentres and Mobile Network

Current role
Managing Director – Autocentres and Mobile Network.

Past roles
Adam brings extensive industry experience – ranging from his early technical career to leadership roles across the sector. Most recently Adam has been Managing Director of mcar Tyre and Auto Australia.

3. Chris McShane
MD Business to Business and CEO and President of Avayler

Current role
MD Business to Business and CEO and President of Avayler.

Past roles
Chris has worked in retail, services, and technology for over 20 years. Prior to joining Halfords, Chris held senior commercial roles at Boots plc and Dixons plc, including Group Buying and Strategy Director and Group Commercial Director at Dixons Carphone plc. During his time at Halfords, Chris has been Global Sourcing Director, Managing Director of Halfords Mobile Experts, and Strategy and Transformation Director. Chris founded and is President and CEO of Avayler, Halfords' Automotive aftermarkets industry-leading garage management point of sale SaaS business.

4. Karen Bellairs
Chief Customer Officer

Current role
Chief Customer Officer.

Past roles
Karen held marketing and trading roles at BAA Stansted, Dixons Stores Group and Powerhouse Retail before joining the Halfords Commercial team in 2003. Having led the Cycling business through record growth, she became Marketing Director in 2014 and was appointed to the Executive Team in 2017 as Chief Customer Officer to align the Digital and Marketing strategies. Over the past six years, Karen has successfully taken additional leadership and executive responsibility alongside her Group Customer role. These roles have included Retail Commercial Director in 2019 incorporating general management of our Tredz business, Chief Commercial Officer for the Group in 2022 and most recently Managing Director of Garages & Mobile in 2024.

5. Paul O'Hara
Chief People and Property Officer

Current role
Chief People and Property Officer.

Past roles
Paul joined in 2016 as Property Director and was promoted to the Executive Team in 2018. In 2022 Paul became our Chief People and Property Officer retaining responsibility for our property portfolio and strategy as well as being responsible for setting our strategy in reward, colleague experience, talent, capability and culture. Prior to Halfords, Paul spent 20 years at Tesco and Sainsbury's in a variety of senior roles across operations, marketing and formats.

6. Sarah Haywood
Chief Information Officer

Current role
Chief Information Officer.

Past roles
Sarah brings over 25 years of IT leadership experience within the fast-moving consumer goods sector, having held positions at Mondelēz International, Kraft Foods, and Cadbury Schweppes. Most recently, as Global CIO of the Carlsberg Group, she successfully transformed Carlsberg's technology infrastructure, developing digital platforms to support innovative business models and enhance connections with employees, customers and consumers globally.

GOVERNANCE IN ACTION

FOCUS ON HEALTH AND SAFETY

Adam Pay
Managing Director – Garages and Mobile

Better for customers, better for colleagues

By creating safer workplaces and consistently supporting colleagues with the right tools, training, and clearly defined processes, we not only reduce risk but also enhance the overall customer experience. When individuals feel safe, equipped, and confident in their working environment, they are more engaged, more focused, and better able to perform at their best. This fosters a culture where people take pride in their work, collaborate effectively, and proactively contribute to continuous improvement. Well-equipped and well-supported teams are therefore able to operate more efficiently, making better use of time and resources while maintaining high safety and quality standards. As a result, customers experience a more seamless and professional service, with greater confidence in both the competence of our people and the integrity of our operations. Ultimately, the link between colleague experience and customer outcomes is clear—when our teams are empowered, supported, and working within safe, well-managed environments, they are able to deliver more consistent and stronger results. This strengthens customer trust, enhances our reputation for quality and reliability, and reinforces our position as a business that values both its people and its customers in equal measure.

The right equipment

Providing our colleagues with the right equipment is fundamental to maintaining a safe working environment. Throughout the year, we continued to prioritise investment across our workshop tooling, specialist equipment, diagnostic technology, and mobile fleet capability. This has including upgrading existing assets, introducing more advanced diagnostic solutions, and ensuring that both fixed-site and mobile technicians are equipped with tools that reflect the demands of modern vehicle systems and repair standards. Ensuring our technicians have access to safe, reliable, and fit-for-purpose equipment enables our teams to work more efficiently and with greater confidence. Ultimately, continued investment in equipment is an investment in our people. By equipping colleagues with the right tools to do their jobs safely and effectively, we create an environment where safety, quality, and productivity go hand in hand, supporting both day-to-day operations and the long-term strength of the business.

Outcomes

Our continued focus on health and safety has played a pivotal role in strengthening and embedding a positive safety culture across our garages and mobile operations. Through investment, training, and disciplined execution, we have improved compliance, reduced operational risk, and reinforced accountability at every level of the business. The impact of this approach extends beyond risk reduction. It has created a safer, more supportive working environment for our colleagues, helping to improve morale, wellbeing, and retention. At the same time, it has enhanced the reliability and quality of our service delivery, contributing to a better and more consistent experience for our customers. By minimising disruption and maintaining high operational standards, we strengthen trust and long-term relationships. Looking ahead, our focus on injury prevention and risk reduction continues to evolve. We are increasingly leveraging data and insights to identify trends, prioritise interventions, and anticipate emerging risks. This forward-looking approach enables us to move from reactive management to predictive and preventative safety practices, further strengthening our resilience. Ultimately, our commitment to health and safety is a key enabler of sustainable business performance. By protecting our people, securing our operations, and maintaining high standards of governance, we are building a more resilient organisation that is well positioned for growth. This not only delivers better outcomes for our colleagues and customers, but also provides confidence to our stakeholders and shareholders that we are managing risk responsibly while creating long-term value.

CORPORATE GOVERNANCE REPORT

"Our aim is to build a more inclusive and diverse culture."

Keith Williams
Chair

Governance highlights

Chair succession Read more page 79.	The Board undertook a thorough, balanced, and transparent recruitment process to appoint the successor to Keith Williams who will step down from the Board at the AGM in September. This rigorous process provided the Board with confidence that the successful appointee possesses the experience, governance expertise and leadership capabilities required to support the Company's future development.
Board external evaluation Read more pages 76 and 77.	In accordance with the rules of good governance, an external evaluation of the Board was completed this year. This was carried out by Oyster Law Limited, who also undertook the previous external evaluation. This provided continuity, a consistency of approach, and an opportunity to review the developments since the last external evaluation.
Provision 29 Read more pages 84 to 89.	The Risk and Internal Controls function has been upweighted during the year to ensure support the Board in making the attestations required to meet the requirements of Provision 29.

Keeping the nation moving with trusted experts who love to help.

Purpose, culture and engaging with the workforce

Our aim is to build a more inclusive and diverse culture that welcomes all customers and where colleagues thrive. More details can be found on pages 18 to 22.

Annual General Meeting ("AGM")

Once again, we look forward to being able to welcome shareholders to the AGM to be held at our Support Centre. Further details of the AGM arrangements can be found on page 77 of this report.

Cyber security and AI

During the year, the Board has been monitoring and developing cyber security and business continuity plans. The Board has also supported the Executive and management team in undertaking a thorough review of the AI capabilities and the likely requirements going forward.

Board changes

During the period, as announced on 27 November 2025, I will be stepping down from the role as Chair at the AGM on Thursday 10 September 2026. Jock Lennox will be joining the Board on 1 September 2026 and subject to election at the AGM will become Chair immediately thereafter.

Keith Williams
Chair

24 June 2026

Corporate Governance Statement

The Board confirms that, throughout the period ended 3 April 2026 and, as at the date of this report, the Company has applied the principles of, and complied with, the provisions of the 2024 UK Corporate Governance Code ("Code").

This report, together with the other statutory disclosures and reports from the Audit, Nomination and Remuneration Committees, provides details of how the Company has applied the principles of good governance as set out in the Code during the period under review. A copy of the Code is available on the Financial Reporting Council's website at **www.frc.org.uk**.

The Company has complied with the relevant requirements under the Disclosure Guidance and Transparency Rules, the UK Listing Rules, the Directors' Remuneration Reporting regulations and narrative reporting requirements.

Promoting our purpose, culture and long-term success
Board leadership and Company purpose

Description:	Read more:
Promoting our purpose, culture and long-term success	
Board leadership and Company purpose	
The Company is led by an effective Board, which promotes the long-term success of the Company and engages with its shareholders and stakeholders. The Board has established the Company's purpose, values and strategy and is satisfied that these, and its culture, are aligned.	Read more on our strategy on pages 18 to 22.
The Board has ensured that the workforce is able to raise any matters of concern, and that all policies and practices are consistent with the Company's values.	Read more on risk management on page 53.
The Board has established an effective governance and risk framework.	Read more on our culture on page 70.
Ensuring a clear division of responsibilities	
Division of responsibilities	
The Chair leads the Board, which includes an appropriate combination of Executive Directors and Non-Executive Directors.	Read more on Board composition on page 72.
The Non-Executive Directors provide constructive challenge, strategic guidance and advice and have sufficient time to meet their Board responsibilities.	Read more on division of responsibilities on pages 72 to 75.
There is a clear division of responsibilities between the running of the Board and the running of the business, and the Board has identified certain "reserved matters" that only it can approve. Other matters, responsibilities and authorities have been delegated as appropriate, and there are relevant policies and processes in place for the Board to function effectively and efficiently.	Read more on risk management on page 53 and on division of responsibilities on pages 72 to 75.
Delivering effectiveness through a balanced Board	
Composition, succession and evaluation	
A comprehensive and tailored induction programme is in place for new Directors joining the Board. The induction programme facilitates their understanding of the Group and the key drivers of the Group's performance.	Read more on Board appointments on page 117.
A rigorous, effective and transparent appointment process is in place, which, together with the effective succession plans, promotes diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths.	Read more on Board performance on pages 76 and 76.
Enabling reporting integrity and an effective control environment	
Audit risk and internal control	
The Board has established formal and transparent policies and procedures to ensure the independence and effectiveness of both internal and external audit functions. The Board satisfies itself on the integrity of financial and narrative statements. The Board presents a fair, balanced and understandable assessment of the Group's position and prospects.	Read more on the Audit Committee on pages 84 to 89.
The Board has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks of the Group.	Read more on risk management and internal control on pages 53 to 58.
Ensuring alignment with the successful delivery of our long-term strategy	
Remuneration	
The Company has designed the remuneration policies and practices to support strategy and promote long-term sustainable success. The Executive remuneration is aligned to the interests of our shareholders and to the Company's purpose and values and is clearly linked to the successful delivery of our long-term strategy. There is a formal and transparent procedure for developing the Executive Remuneration Policy and determining Director and Senior Management remuneration. Directors are able to exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance and wider circumstances.	Read more on Directors' remuneration on pages 90 to 114.

CORPORATE GOVERNANCE REPORT
CONTINUED

Board leadership and Company purpose

Board priorities for FY26: main areas

Strategy

- Discussed and approved the revision of the Company's strategy for publication in November 2025.
- Received updates on FY26 key strategic initiatives and opportunities.
- Discussed and reviewed the integration of acquired businesses to optimise the operating model.
- Reviewed and approved a new ESG strategy.

Link to stakeholder
A B C D E F G H

Link to strategy
1 2 3

Governance

- Received regular updates from the Chairs of the Remuneration, Audit, Nomination and ESG Committees.
- Reviewed and approved the FY25 Annual Report and Accounts.
- Reviewed and approved the Directors' Conflicts of Interests Register, Group policies, the Group Risk Register and the roles of the Chair, the Chief Executive Officer and the Senior Independent Director.
- Received regular health and safety updates, corporate governance updates and project investment reviews.
- Continue the process to ensure that the composition of the Board remains compliant with the Hampton-Alexander Review.

Link to stakeholder
A B C D E F G

Link to strategy
1 2 3

Board matters

- Reviewed the succession plans for the Board.
- Reviewed the Board and Committees' programme and forthcoming meeting schedule.
- Reviewed the outcome of the internal FY25 Board performance review.
- Discussed and agreed the scope of the external FY26 Board performance review.

Link to stakeholder
A B F

Link to strategy
1 2 3

Financial and risk management

- Reviewed monthly business and trading performance.
- Reviewed and approved the preliminary and interim announcements, the trading updates and pre-close announcements.
- Reviewed and approved the interim dividend and recommended payment of the final dividend.
- Reviewed updates on banking arrangements, liquidity, cash control, treasury matters and currency hedging.
- Reviewed and approved the Group Going Concern and Viability Statement.
- Reviewed and agreed the Company's program of work in preparation for Provision 29 reporting.

Link to stakeholder
A B F

Link to strategy
1 2 3

Commercial matters

- Received updates on the process for, and approval of, the annual renewal of the Group's insurance policies.
- Reviewed and approved a number of large commercial contracts and spend.

Link to stakeholder
A B C E F G

Link to strategy
1 2 3

Shareholder and stakeholder relations

- Reviewed results of the Colleague Engagement Survey.
- Discussed and approved colleague health and wellbeing programmes.
- Reminded the Directors of their obligations under Section 172 of the Companies Act 2006.
- Reviewed monthly investor relations reports and annual shareholder body reports.
- Reviewed and approved the 2025 Notice of the Annual General Meeting and the arrangements for the 2025 Annual General Meeting.

Link to stakeholder
A B C E F G

Link to strategy
1 2 3

Key to stakeholders

A Colleagues
B Investors
C Communities
D Media
E Customers
F Suppliers
G Environment
H Government

Key to strategy links

1 Optimise
2 Evolve
3 Scale

Board priorities for FY27: main areas

Strategy	Governance	Board matters
• Review the annual strategy refresh and associated financial business plan. • Monitor and review the integration of acquired businesses to optimise the operating model.	• Receive regular updates from the Chairs of the Remuneration, Audit, Nomination and ESG Committees. • Review and approve the FY26 Annual Report and Accounts. • Review and approve the Directors' Conflicts of Interests Register, Group policies, the Group Risk Register and the roles of the Chair, the CEO and the Senior Independent Director. • Receive regular health and safety updates, corporate governance updates, project investment reviews and review of the external audit. • Continue the process to ensure that the composition of the Board remains compliant with the Hampton-Alexander Review.	• Review succession plans for the Board and the Senior Management Team. • Review the Board and Committees' programme and forthcoming meeting schedule. • Discuss the outcome of the FY26 external Board performance review and agree the scope for the provision of the internal FY27 Board performance review. • Review the Board programme of operational visits.
Link to stakeholder A B C D E F G H Link to strategy 1 2 3	Link to stakeholder A B C E F G Link to strategy 1 2 3	Link to stakeholder A B F Link to strategy 1 2 3

Financial and risk management	Commercial matters	Shareholder and stakeholder relations
• Review monthly business and trading performance. • Review and approve preliminary and interim announcements and any trading updates. • Review and approve the dividend policy and any dividend payments. • Review and approve capital expenditure spending. • Review and approve the FY27 updated forecast, the FY27 budget, the five-year plan, banking arrangements, the financing arrangements and the foreign currency hedging strategy. • Review Risk Register, Internal Audit reports and progress controls assurance testing in readiness for Provision 29.	• Review commercial matters brought to the Board for attention and potential approval.	• Receive investor meeting updates from the Chair, Senior Independent Director, Chief Executive Officer and Chief Financial Officer. • Review colleague engagement and the progress on the health and wellbeing programme. • Continue the focus on ESG matters. • Reminder to Directors of their obligations under Section 172 of the Companies Act 2006. • Review monthly investor relations reports and annual shareholder body reports. • Review and approve the 2026 Notice of the Annual General Meeting.
Link to stakeholder A B F Link to strategy 1 2 3	Link to stakeholder A B C E F G Link to strategy 1 2 3	Link to stakeholder A B C E F G Link to strategy 1 2 3

CORPORATE GOVERNANCE REPORT
CONTINUED

Board leadership and Company purpose

Halfords' culture is shifting to be more people centred, inclusive and performance focused.

Our culture journey

In FY26, we updated our purpose to: "We keep the nation moving with trusted experts who love to help." This evolution places our colleagues at the centre of everything we do. Their skills, capabilities and experience as trusted experts are what set us apart and drive our success.

This deliberate emphasis on being 'trusted experts' provides a clear direction for how we want Halfords' culture to evolve, helping to shape our priorities and focus areas.

While the nature of colleague roles varies across the Group, the core threads of our culture remain consistent: our Values, Leadership Behaviours, Safety First, and Inclusion.

During FY26, we strengthened the role of our central teams and leaders in supporting our operating businesses. This included record participation in "Back to the Floor" initiatives, increased visibility of safety leadership, and more time spent by leaders listening to colleagues across the Group.

Our focus on building a high-performance culture has continued. In FY26, we launched the first module in our Leadership Essentials series, focused on delivering effective feedback. Managers and leaders have described this as one of the most valuable and impactful training experiences to date, supporting them to drive performance more effectively. This programme will continue to expand in FY27.

Overall, Halfords is balancing strong commercial discipline with genuine care for colleagues. Through greater clarity on expectations, consistent leadership behaviours, and enhanced engagement and inclusion, we are creating an environment where colleagues can thrive. This supports our ambition to be a great place to work while enabling the business to grow, adapt and perform.

In FY27, we will focus on six priority themes to further evolve our culture:

Becoming an employer of choice by attracting the skills and capabilities needed for the future

Strengthening our colleague proposition by engaging and retaining colleagues so they can be at their best and serve customers with confidence

Investing in skills and capabilities to deliver our strategic plans

Improving colleague experience by delivering the basics brilliantly

Communicating effectively with all colleagues investing in a communication platform to better connect directly with colleagues across the Group

Investing in management capability continuing to build the capability of our managers as a critical lever in supporting and developing our colleagues

Diversity and inclusion

The Group recognises the importance of diversity and inclusion, including gender and ethnicity, at all levels of the organisation. The Group's Diversity Policy (the "Policy") is reviewed annually and sets out our commitment to eliminating unlawful discrimination and promoting equality of opportunity. The Policy is applied to the Group, including the Board, and it is considered that the background and experience brought to the Board by each individual Director exemplify and personifies the Board's commitment to its Policy.

The Nomination Committee keeps under review the composition and diversity of the Board and the capability and capacity to commit the necessary time to the role in its recommendations to the Board. Whilst the Group does not apply a fixed quota on diversity to decisions regarding recruitment, the Nomination Committee considers the Policy and ensures we have a sufficiently diverse Board in terms of age, gender, ethnicity and educational and professional background and that the Board members work together effectively to achieve its objectives. The intention is always to ensure the appointment of the most suitably qualified candidate to complement the Board and to promote diversity. Those appointed are deemed to be the best able to help lead the Group in its long-term strategy. At Halfords, half of the Board is female, which exceeds the recommended target as published by the Hampton-Alexander Review ("Improving Gender Balance in FTSE Leadership") in November 2017. The Board has always been committed to improving ethnic diversity at Board and senior management level. More information can be found in the Nomination Committee Report on page 80. The Board is well placed by the mixture of skills, experience and knowledge of its Directors, to act in the best interests of the Company and its shareholders. In accordance with UKLR 6.6.6(R)9, as of 19 June 2026, the Group was compliant with all three of the targets on Board diversity prescribed by the UK Listing Rules as set out below:

1. At least 40% of the individuals on its Board of Directors are women;
2. At least one of the senior positions of Chair, CEO, CFO and/or SID on its Board of Directors is held by a woman; and
3. At least one individual on its Board of Directors is from a minority ethnic background.

The 19 June 2026 date is used as the reference date for this information as it is the latest practicable date prior to the publication of the Annual Report and Accounts. The numerical data in the format prescribed by UKLR 6.6.6(R)10 is available on page 60. For the purposes of the description required by DTR 7.2.8, the Group has decided to disclose the numerical data on the diversity of the members of the Board, Executive Management; and Senior Management this is available on page 60.

Stakeholder management

The Board understands the importance of strong relationships with all stakeholders and strongly values their input into its decision-making and planning processes. The Board seeks to ensure that engagement with our stakeholders is effective, either by engaging directly or through oversight of the management team. This includes the monitoring of KPIs, such as Customer Net Promoter Score and Colleague Engagement Index. Furthermore, the Board ensured that stakeholder interests were carefully considered in the Company's recent ESG strategy review, playing a key role in determining our key focus areas for the years ahead.

Directors and their other interests

Details of the Directors' service contracts and emoluments, as well as the interests of the Directors and their immediate families in the share capital of the Company and options to subscribe for Company shares, are shown in the annual Directors' Remuneration Report on pages 90 to 114.

In line with the requirement of the Companies Act 2006, each Director has notified the Company of any situation in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict), and a register of these is maintained by the Company Secretary.

All Directors are aware of the need to consult with the Company Secretary should any possible situational conflict arise, so that prior consideration can be given by the Board as to whether or not such conflict will be approved.

Concerns

The Chair seeks to resolve any concerns raised by the Board, whether these arise in a Board meeting or in another forum. Where raised and unresolved in a Board meeting, the unresolved business can be recorded on behalf of a Director in the minutes of the relevant meeting. A resigning Non-Executive Director would also be able to raise any concerns in a written letter to the Chair, who would bring such concerns to the attention of the Board.

No such concerns have been raised throughout the period.

Stakeholder engagement

Key themes discussed with shareholders in FY26

- Profitability, including the sustainability of recent gross margin progress.
- Cycling and tyres market dynamics, including whether recent strong performance marks the start of a recovery in the cycling market.
- Strategy and execution, including deliverability of the plan communicated in November.
- Operational excellence and Fusion, and their role in driving improved profitability in the Garages business.
- Category management and digital transformation, including how digital initiatives will support future growth in the Retail business.
- Capital allocation, including plans for the dividend and likely de-emphasis on mergers and acquisitions in the longer term.
- The Chair is responsible for ensuring that appropriate channels of communication are established between Directors and shareholders and that Directors are aware of any issues or concerns that major shareholders may have. Regular engagement provides investors with an opportunity to discuss any areas of interest and raise concerns. The Group is eager to make sure that it understands shareholders' views and that it is able to communicate its strategy in the most effective way. The Group engages through regular communications, the Annual General Meeting and other investor relations activities.

Investor relations programme

The Group has a comprehensive investor relations programme through which the Chief Executive Officer, Chief Financial Officer and Investor Relations Director regularly engage with the Company's largest shareholders on a one-to-one basis, to discuss the Company's strategy and performance. All shareholders are able to contact the Company by email via a dedicated investor relations mailbox and receive a response from the Investor Relations team.

Further communication is via published results announcements and accompanying presentations, the Annual Report and Accounts, the corporate website and investor events as follows:

- **Results announcements and presentations** – provide a regular update to shareholders regarding the Company's financial performance and strategic progress. They are typically followed by a management roadshow attended by the Chief Executive Officer, the Chief Financial Officer and the Investor Relations Director;
- **Annual Report and Accounts** – ensure that investors are kept fully informed of the Company's strategic direction and financial performance by way of a clear accessible document providing a complete and transparent view of the Company's activities;
- **The corporate website** – provides investors with timely information on the Group's performance as well as details of Environmental, Social and Governance activities; and
- **Investor events** – from time to time the Company hosts events designed to educate shareholders on specific aspects of its strategy, with any written materials published to the corporate website.

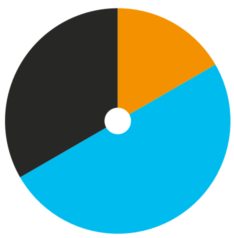
CORPORATE GOVERNANCE REPORT
CONTINUED

Division of responsibilities

Composition
At the date of this report, the Board of Directors comprised six members, namely the Non-Executive Chair, three other Non-Executive Directors and two Executive Directors. The composition of the Board is set out on page 117, and the biographies of each Director, including any other business commitments, are available on pages 62 and 63. The Board believes it has an appropriate balance of Executive and independent Non-Executive Directors, having regard to the size and nature of the business. The Board is responsible for the long-term success of the Company and is committed to ensuring that it provides leadership to the business as a whole, having regard to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the Group's strategy, values and standards.

Details of the Group's business model and strategy can be found on pages 16 to 22.

Board composition



Chair	1
Non-Executive Directors	3
Executive Directors	2

Board changes
During the period, as announced on 15 April 2025, Graham Stapleton stepped down as Chief Executive Officer, and Henry Birch was appointed as his replacement on 16 April 2026. On 27 November 2025, it was announced that Keith Williams will step down as Chair of the Company at the AGM on 10 September 2026. Jock Lennox will be appointed to the Board on 1 September 2026, and will accede as Chair upon successful election at the AGM.

Board independence
The Non-Executive Directors bring wide and varied experience to the Board and its Committees. The Code recommends that at least half of the Board of Directors, excluding the Chair, should comprise Non-Executive Directors, who are determined by the Board to be independent and are free from relationships or circumstances that may affect, or could appear to affect, the Non-Executive Director's judgement. Following a review, the Board considers Jill Caseberry, Tom Singer and Tanvi Gokhale to be independent in character and judgement.

The Chair, Keith Williams, was considered independent upon his appointment. Jock Lennox is also considered independent upon appointment.

Election and re-election
In compliance with the Code and the Company's Articles of Association, as at 19 June 2026, the following Directors will seek re-election at the 2026 AGM on Thursday 10 September 2026: Jill Caseberry, Tom Singer, Tanvi Gokhale, Henry Birch and Jo Hartley. Jock Lennox who will be appointed on 1 September 2026, will stand for election for the first time at the AGM and will accede to the role of Chair following successful election.

Board key responsibilities
The Board is collectively responsible for the long-term success of the Group and is committed to ensuring that it provides leadership to the business as a whole, having regard to the interests and views of its shareholders and other stakeholders. It provides leadership and direction on the Group's culture, values and purpose; sets the strategic direction; agrees the risk framework; and ensures these are managed effectively. The Board is accountable to shareholders for the financial and operational performance of the Group.

Division of responsibilities
The roles of Chair and Chief Executive Officer are separate and clearly defined, with the division of responsibilities set out in writing and agreed by the Board.

The Chair is responsible for effective leadership, operation and governance of the Board and its Committees. The Chair ensures effective communication with shareholders, facilitates the contribution of the Non-Executive Directors and ensures constructive relations between Executive and Non-Executive Directors.

The Chief Executive Officer is responsible for the management of the Group's business and for implementing the Group's strategy.

Together, the Directors act in the best interests of the Company via the Board and its Committees, devoting sufficient time and consideration as necessary to fulfil their duties. Each Director brings different skills, experience and knowledge to the Company, with the Non-Executive Directors additionally bringing independent thought and judgement. This combination seeks to ensure that no individual or group unduly restricts or controls decision-making.

A formal schedule of matters reserved for the Board is in place and is annually reviewed as referred to above.

To discharge these responsibilities effectively, the Board has a system of delegated authorities, which enables the effective day-to-day operation of the business and ensures that significant matters are brought to the attention of management and the Board as appropriate. It is through this system that the Board is able to provide oversight and direction to the Executive Directors, the Executive Team and the wider business.

Matters specifically reserved for the Board include: strategy and management; corporate structure and capital; investor relations; audit, financial reporting and controls; nominations to the Board; Executive remuneration; and certain material contracts.

Director tenure and Board succession

Succession planning for the Board is monitored regularly and, in particular, is considered in detail during the annual review of the Board performance as described on pages 76 and 77. Details of the tenure for all Board members are as per the table below.

Board Committees

The Board's principal Committees are the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance ("ESG") Committee. Each Committee has its own Terms of Reference, which are approved and regularly reviewed by the Board.

On the following pages, each Committee Chair reports how the Committee they chair discharged its responsibilities in FY26 and the material matters that were considered.

Following a Committee meeting, the relevant Committee Chair provides a report to the Board. Whilst not entitled to attend, professional advisors and members of senior management attend when invited to do so, as do those Directors who are not formally members of the relevant Committee. The external Auditor attends Audit Committee meetings by invitation. No person is present at Nomination Committee or Remuneration Committee meetings during discussions pertinent to them. The Company Secretary acts as the secretary to the principal Committees.

Matters which require Board approval between scheduled Board meetings can be approved by a Board Committee, which consists of a minimum of two Directors.

The final wording of market announcements is approved prior to release by a Disclosure Committee, which is made up of a minimum of two Directors. Five Disclosure Committee meetings were held during the period.

The Board may establish other ad hoc Committees of the Board to consider specific issues from time to time.

At Executive level, the day-to-day investment decisions of the Group are approved by an Investment Committee, chaired by the Chief Financial Officer. The Company has a Risk Committee, which reviews and progresses risk matters, and a Treasury Committee, which manages the treasury needs of the Group – both of which are chaired by the Chief Financial Officer; the other members of these Executive Committees are senior members of the Finance and Treasury teams.

Board tenure FY26

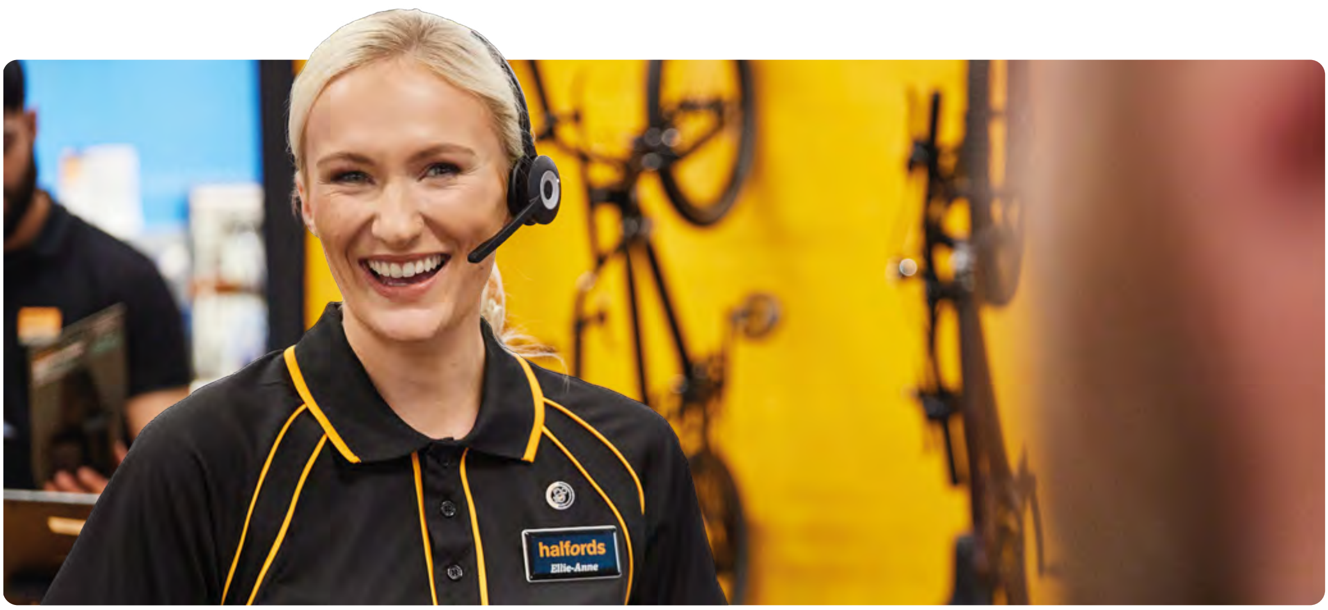
Jill Caseberry 7 years, 3 months and 23 days

Tanvi Gokhale 3 years, 0 months and 4 days

Tom Singer 5 years, 9 months and 8 days

Keith Williams 7 years, 11 months and 0 days

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026



CORPORATE GOVERNANCE REPORT
CONTINUED

Division of responsibilities

Halfords Group plc Board of Directors

Nomination Committee

Key objectives

To ensure that the Board has the balanced skills, knowledge and experience to be effective in discharging its responsibilities and to have oversight of all governance matters.

Main responsibilities

Making appropriate recommendations to maintain the balance of skills and experience of the Board by:

- Considering the size, structure and composition of the Board;
- Considering Board and Executive Team succession plans with a commitment to improving gender and ethnic diversity; and
- Identifying and making recommendations to the Board on potential Board candidates.

Chair:
Keith Williams

Members:
- Jill Caseberry
- Tom Singer
- Tanvi Gokhale

Audit Committee

Key objectives

To provide effective governance over the Group's financial reporting processes. This includes the Internal Audit function and external Auditor. The Committee maintains oversight of the Group's systems of internal controls and risk management activities.

Main responsibilities

- Making recommendations to the Board on the appointment/removal of the external Auditor, and its terms of engagement and fees.
- Reviewing and monitoring the integrity of the Company's financial statements, including its annual and interim reports and preliminary results announcements and any other formal announcement relating to its financial performance, and recommending the same to the Board.
- Assisting the Board in achieving its obligations under the Code in areas of risk management and internal control.
- Focusing on compliance with legal requirements, whistleblowing, accounting standards and the UK Listing Rules.

Chair:
Tom Singer

Members:
- Jill Caseberry
- Tanvi Gokhale

Remuneration Committee

Key objectives

To ensure that a Board policy exists for the remuneration of the Chief Executive Officer, the Chair, Non-Executive Directors, other Executive Directors and members of Executive Management.

Main responsibilities

- Recommending to the Board the total individual remuneration package of Executive Directors and members of Executive Management.
- Approving senior Executive remuneration and oversight of remuneration matters, generally.
- Recommending the design of the Company's share incentive plans to the Board, approving any awards to Executive Directors and other Executive managers under those plans and defining any performance conditions attached to those awards.
- Determining the Chair's fee, following a proposal from the Chief Executive Officer.
- Maintaining an active dialogue with institutional investors and shareholder representatives.

Chair:
Jill Caseberry

Members:
- Tom Singer
- Tanvi Gokhale

ESG Committee

Key objectives

To ensure that the Board has the balanced skills, knowledge and experience to be effective in discharging its responsibilities and to have oversight of all governance matters.

Main responsibilities

- Overseeing the ongoing development of the Company's ESG strategy including the setting of appropriate targets.
- Monitoring progress against key targets and initiatives.

Chair:
Tanvi Gokhale

Members:
- Jill Caseberry
- Tom Singer

Chair

Key responsibilities

- Manages and provides leadership to the Board.
- Builds an effective and complementary Board of Directors.
- Sets the agenda, style and tone of Board discussions.
- Facilitates and encourages active engagement in meetings, promoting effective relationships and open communication.
- Ensures effective communication with shareholders and other stakeholders.
- Ensures the Board has acceptable oversight of ESG strategy, including climate strategy.
- Ensures that the performance of individuals, and of the Board as a whole and of its Committees is evaluated at least once a year, and the results are acted upon.
- Acts as an advisor to the Chief Executive Officer.
- Meets with the Non-Executive Directors without Executive Directors being present.
- Facilitates the effective contribution of Non-Executive Directors.
- Ensures constructive relations between Executive Directors and Non-Executive Directors.

Senior Independent Director

- Provides a sounding board for the Chair.
- Holds meetings with the other Non-Executive Directors without the Chair at least once a year to appraise the Chair's performance.
- Acts as an intermediary for the other Directors.
- Is available to other Directors and shareholders in order to address concerns that cannot be raised through the normal channels.

Non-Executive Directors

Key responsibilities

- Evaluate and appraise the performance of Executive Directors and Senior Management against agreed targets.
- Participate in the development of the Group's strategy.
- Monitor the financial information, risk management and controls processes of the Group to make sure that they are sufficiently robust.
- Meet regularly with senior management.
- Periodically visit Group sites, stores and distribution centres.
- Meet without the Executive Directors present.
- Participate in a training programme, including store visits and updates from management.
- Formulate Executive Director remuneration and succession planning.

Chief Executive Officer

Key objectives

- Responsible for the day-to-day management of the Company.
- Develops the Group's objectives and strategy for Board approval.
- Creates and recommends to the Board an annual budget and financial plan.
- Delivers the annual budget and plan and executes the agreed Group strategy and other objectives.
- Identifies and executes new business opportunities and potential acquisitions or disposals.
- Keeps the Chair informed on all important matters.
- Manages the Group's risks in line with the Board-approved risk profile.

Employee Voice Director

Key responsibilities

- Tanvi Gokhale, as the Employee Voice Director, attends colleague listening groups and ensures their feedback is brought to the attention of the Board to help shape and influence some of the decisions that are taken.

Company Secretary

Key responsibilities

- Works closely with the Chair, Group Chief Executive Officer and Board Committee Chairs in setting the rolling calendar of agenda items for the meetings of the Board and its Committees.
- Ensures accurate, timely and appropriate information flows within the Board, the Committees and between the Directors and Senior Management.
- Provides advice on Board matters, legal and regulatory issues, corporate governance, UK Listing Rules compliance and best practice.

Executive Committee

Key objectives

- Monitors performance against the implementation of the commercial plan and approves investment against strategy.
- Acts as the senior steering group for the Transformation Programme, approving and monitoring significant programme spend and monitoring programme risk.
- Oversees the Group's risk management framework, providing assurance over risk mitigation and scanning the horizon for emerging risk.
- Approves all Group financial investment.

CORPORATE GOVERNANCE REPORT
CONTINUED

Composition, succession and evaluation

Board performance review
A formal Board performance review is conducted on an annual basis. This includes an assessment of the Board, its Committees and individual Directors.

FY25
Internal performance review

FY26
External performance review

FY27
Internal performance review

FY26 Board performance review process

Step one
The external supplier met with the Company Secretary to understand the scope of the review. It also attended a Board meeting to discuss the review proposal with Board members.

Step two
Online surveys issued to Board members.

The external supplier held interviews with each Board member and key Executives.

Step three
The external supplier received and analysed the Board members' feedback with the Board Chair and the Company Secretary.

The Chair produced a note of action points to be addressed, which was circulated to the Board members.

Step four
The Chair of each Board Committee received the report in relation to their relevant Committee, and time was arranged to consider the findings and to agree an action plan.

The actions plans were implemented and monitored accordingly.

The findings identified by the FY25 internal Board evaluation and performance review, and the progress made in FY26, were as follows:

Topic	FY25 outcomes	Progress made in FY26
Board meetings	Board presentations in FY26 to provide the Board with discrete focus on colleagues, customers, suppliers and financial metrics.	Throughout the year, the Board received information and updates in each of these areas. Particular focus was given to the investments needed to support the recruitment, training and retention of colleagues.
Succession on talent	Review the composition of the Board to ensure there is a sufficient number of members, covering the breadth of skills required for a complex, multisite business.	These issues were monitored because with the recruitment of more industry specialists into the Executive Team the skills required at Board level need to be adjusted accordingly in response.
Technical support	Ensure the business has sufficient technical capability especially given the recent cyber issues experienced by other retailers.	The Board has embarked on a comprehensive review of the Group's processes for Business Interruption and its Business Continuity Plan which are continuously assessed and refined.
Provision 29	Ensure the correct capabilities and processes are in place to provide the Board with assurance when making the required attestations under Provision 29.	The Risk and Internal Controls function has been upweighted in the year and actions to ensure compliance with Provision 29 are well progressed.

The findings identified by the FY26 external Board evaluation and performance review were as follows:

Topic	FY26 outcomes
Strategy	Overseeing the further development of the Group's new strategy in regard to the contribution to be made by of each part of the business especially in the 'Scale' phase where, in time, it may be necessary to consider appropriate M&A.
Information and governance	Ensuring that the transformative investment projects, particularly in IT, are managed and monitored carefully.
Risk management	Ensuring readiness for Provision 29 attestation.
Succession planning	Ensuring a smooth change of Chair by delivering appropriate activities including a thorough induction programme.

Risk management and internal control

Halfords complied with the 2024 UK Corporate Governance Code (the "Code") during the period ended 3 April 2026. The Board retains overall responsibility for the Group's risk management framework and the system of internal control. The Audit Committee is delegated by the Board to oversee the effectiveness of these arrangements and to ensure they remain appropriate for the scale and complexity of the Group. In FY26, Halfords continued its commitment to enhancing the risk and control environment by further strengthening its assurance teams, bringing the Risk and Control functions together under a newly appointed Group Head of Risk and Control.

Throughout FY26, the Committee continued to provide rigorous oversight of the Group's approach to identifying, assessing and managing risk. This included monitoring the operation of the risk management framework, reviewing the adequacy of internal controls, and ensuring that principal and emerging risks were evaluated in a consistent and timely manner with a focus on material controls in readiness for the requirement to comply with Provision 29 of the Code from FY27. The Group's principal risks and the actions taken to mitigate them are set out in the Strategic Report on pages 55 to 58.

The Committee regularly reviews the principal and emerging risks facing the business and assesses the mitigating controls in place, working closely with senior management. The Group Risk Committee provides structured reporting to the Committee, including updates on the development of the risk management framework, enhancements to risk governance, and insight into regulatory and compliance-related risks. The Committee has neither identified nor been advised of any failings or weaknesses that it has determined to be material or significant, after considering mitigating actions or controls. The management of the risk and review of the internal control environment is a continual process supported by all colleagues. The Committee supports the development of risk maturity and a strong control culture.

Annual General Meeting ("AGM")

We aim to encourage our shareholders to receive communications by electronic means, helping to make the Company more environmentally friendly. The information available on the Company's website includes current and historical copies of the Annual Report and Accounts, full and half-year financial statements, market announcements, corporate governance information, the Terms of Reference for the Audit, Nomination, Remuneration and ESG Committees and the Matters Reserved for the Board.

The AGM gives all shareholders the opportunity to communicate directly with the Board and their participation is welcomed. It is the Company's practice to propose separate resolutions on each substantial issue at the AGM. The Chair will advise shareholders on the proxy voting details at the meeting.

We look forward to seeing shareholders at our AGM on Thursday 10 September 2026.

Tim O'Gorman
Company Secretary

24 June 2026

NOMINATION COMMITTEE REPORT

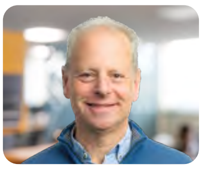
The Committee monitors and develops Board and Executive succession plans."

Keith Williams
Chair of the Nomination Committee

Committee composition

During the year the Committee comprised:


Keith Williams (C)


Tom Singer


Jill Caseberry


Tanvi Gokhale

Nomination Committee meetings held:

2

Chair's letter

The Nomination Committee's objective is to ensure that the Board comprises individuals with the necessary skills, knowledge, experience and diversity to ensure that the Board is effective in discharging its responsibilities. The Committee also ensures that the composition and structure of the Board and its Committees are kept under constant review and nominates candidates for appointment as Directors to the Board. The Committee monitors and develops Board and Executive succession plans.

During the year, the Committee undertook an external annual Board performance evaluation conducted by Oyster Law Limited, the Company does not have any other connections with Oyster Law Limited. The details of the evaluation can be found on page 76 in the Corporate Governance Report.

On 27 November 2025, we announced that I will be stepping down as Chair at the AGM on Thursday 10 September 2026. Jock Lennox will be appointed on 1 September 2026 and will stand for election at the AGM on 10 September 2026, and if successfully elected will accede as Chair. Odgers were appointed as advisor to the Committee in the search for external candidates for this role and this process was led by Jill Caseberry as Senior Independent Director together with the Committee.

Odgers have assisted the Company previously in the recruitment of senior roles and continue to do so. Halfords benefits greatly from their expertise and support.

Looking ahead, the key priorities for the Committee are:

- To successfully induct the new Company Chair to the Board;
- To ensure that the good relationships between the Non-Executive, the Executive Directors, and the management team below Board level, are both maintained and developed so that the business is able to respond successfully to all future changes; and
- To oversee the smooth integration of new joiners especially with the longer serving members of the executive team.

By order of the Board

Keith Williams
Chair of the Nomination Committee

24 June 2026

GOVERNANCE IN ACTION

CHAIR RECRUITMENT PROCESS

Keith Williams, the current Chair, who is now into his eighth year of dedicated service to the Company, will as was previously communicated, step down from the Board in accordance with good governance practice at the AGM in September. The Board would like to express its sincere gratitude to Keith for his commitment, leadership and significant contribution to the Company over this period.

To appoint a successor, the Board undertook a thorough, balanced and transparent recruitment process. A structured approach was adopted to ensure a robust assessment of candidates' skills, experience, leadership qualities and alignment with the Company's values and strategic objectives.

The process included four rounds of interviews involving a range of stakeholders, enabling candidates to be assessed from multiple perspectives. Comprehensive due diligence was also carried out, including detailed review and verification of curriculum vitae, professional background checks, and the obtaining of independent references.

This rigorous process ensured that all candidates were considered fairly and consistently, providing the Board with confidence that the successful appointee possesses the experience, governance expertise and leadership capability required to support the Company's future development.

4

interviews held during the succession process

NOMINATION COMMITTEE REPORT
CONTINUED

Main responsibilities of the Committee

- Review the size, structure and composition of the Board and its Committees.
- Ensure plans are in place for orderly succession to the Board and senior management positions.
- Lead the process for appointments by identifying and making recommendations on potential candidates to join the Board.

Activities during the year

Two scheduled Committee meetings were held during the year and three additional unscheduled meetings were held; one to discuss the CEO succession; one to discuss succession planning including the appointment of an additional NED; and one to discuss the appointment of a Retail Managing Director. The activities reviewed during the year were:

- Carried out an annual review of the Committee's Terms of Reference;
- Reviewed the roles on the Executive Committee;
- Reviewed the internal FY25 Board performance review;
- Agreed to an external FY26 Board performance review and the appointment of an external agency;
- Reviewed the composition of the Board and its Committees;
- Recommended the election or re-election of the Board Directors at the 2026 Annual General Meeting; and
- Succession planning.

Director training

All Directors have the opportunity for ongoing development and support via:

	Keith Williams	Henry Birch	Jo Hartley	Jill Caseberry	Tom Singer	Tanvi Gokhale
A programme of visits to the Support Centre, distribution centres, stores and Autocentres	✓	✓	✓	✓	✓	✓
Reviews with the Chair to identify any training and development needs	✓	✓	✓	✓	✓	✓
Access to the Company Secretary for advice on governance, regulatory and legislative changes affecting the business or their duties as Directors	✓	✓	✓	✓	✓	✓
Access to independent professional advice at the Company's expense	✓	✓	✓	✓	✓	✓
Membership of the Deloitte Academy, a training and guidance resource for Boards and Directors	✓	✓	✓	✓	✓	✓

✓ Director attended the session

Diversity and inclusion

The Group's Diversity Policy ("Diversity Policy") sets out Halfords' commitment to eliminate discrimination and to encourage diversity and inclusion across the Board of Directors and amongst all colleagues. The Diversity Policy applies to all activities, including its role as an employer and as a provider of services, ensuring that no colleague, potential colleague, customer, visitor or contractor will receive less favourable treatment on the grounds of gender, race, ethnic origin, disability, age, nationality, national origin, sexual orientation, gender reassignment, marital or civil partnership status, pregnancy or maternity, religion, beliefs and social class.

The Company does not currently publish specific diversity targets for the majority of diversity factors, but, in practice, it has created a more balanced and diverse Board and Senior Management Team. Half of the Board comprises of women: 50% of the Executive Team is female and 37.5% of their direct reports are women.

In accordance with the 2024 Parker Review update, the Group set itself a target of 7% for ethnic diversity in its senior management, defined by the Parker Review as "Company's Executive Committee or equivalent and those senior managers reporting directly to them", to be achieved by 2027. At the end of FY26, 0% of senior management was ethically diverse; this is unchanged from FY25 and will, therefore, be an area of focus for FY27. The Group remains committed to growing diversity through fair development, promotion and recruitment practices and will continue to report on progress against this target in subsequent Annual Report and Accounts. Full details of the current diversity of the Group can be found on page 60.

FY26 key activities

- Identify and progress appointment of a new Chair; and
- Progression of succession and talent development plans for Executive Directors and within the Senior Leadership Team.

Areas of focus in FY27

- To induct successfully the new Company Chair to the Board; and
- To ensure that the good relationships between the Non-Executive, the Executive Directors, and the management team below Board level, are both maintained and developed so that the business is able to respond successfully to all future challenges.

Disclosures required by UKLR 6.6.6(R)9 and UKLR 6.6.6(R)10

As of 19 June 2026, the Group was compliant with all three of the targets on Board diversity prescribed by the UK Listing Rules as set out below:

1. at least 40% of the individuals on its board of directors are women;
2. at least one of the senior positions on its board of directors is held by a woman; and
3. at least one individual on its board of directors is from a minority ethnic background.

The 19 June 2026 date is used as the reference date for this information as it is the latest practicable date prior to the publication of the 2026 Annual Report and Accounts.

a. Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
Men	3	50%	2	3	50%
Women	3	50%	2	3	50%
Other/prefer not to say	–	–	–	–	–

b. Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	5	83%	4	6	100%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	17%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Note: Approach to collating diversity data: All diversity information is based on voluntary self-declaration. Executive Management is defined as the most senior Executive body below the Board including the Company Secretary but excluding administrative and support staff.

Board succession

The Halfords Board considers succession planning each year in respect of both Director roles and the Senior Management Team. Senior Executives have well-developed skills and experience to fulfil their roles, and their skills are constantly updated as new challenges arise. A key factor in making better decisions is that the business has a diverse range of Directors, Executives and colleagues. Diversity and gender are monitored each year to ensure Halfords is able to identify any improvements and benefits and we are compliant with the Parker Review.

Looking ahead

Looking ahead, continuing to develop and review the internal succession plan for the Executive Directors will be a key priority, together with undertaking a review of the size, composition and succession to the Board.

Keith Williams
Chair of the Nomination Committee

24 June 2026

ESG COMMITTEE REPORT

"

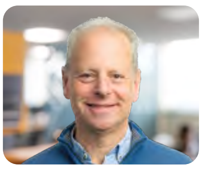
Since refreshing our Environmental, Social, and Governance strategy last year, we have made excellent progress towards our goals. I am delighted to see how ESG is increasingly being embedded in our culture and shaping decision-making across the business."

Tanvi Gokhale
Chair of the ESG Committee

Committee composition

During the year the Committee comprised:

Tanvi Gokhale (C)



Tom Singer

Jill Caseberry

ESG Committee meetings held:

2

Chair's letter

This year, we focused on ensuring that our ESG strategy developed last year was launched effectively and that the revised governance structure we put in place successfully drove progress towards the goals and objectives across our strategy.

I am pleased to share that in both these areas we have been successful. The Committee met in September and one of our priorities was ensuring we had a robust and engaging launch plan for the ESG strategy for our colleagues. Building understanding and enthusiasm across the organisation is essential as colleagues need to feel connected to the strategy and their role in delivering it. The feedback received was excellent and the Committee ensured that suitable two-way communication channels were developed so that our colleagues could suggest ideas and identify opportunities that contribute towards our goals.

In our second meeting in February, the Committee received a positive update on our strategy progress, and it was clear to see how our ESG governance was working effectively. Last year we spoke about refining our approach to charity and seeing how our ESG Steering Group and Executive Team had worked together to consolidate our efforts into two fantastic new charity partners was a great example of our ESG governance being able to take strategic intent and deliver clear, coordinated action.

Committee membership and responsibilities

The Committee oversees the governance of our ESG strategy and is chaired by me, Tanvi Gokhale. The Company Chair, Keith Williams, and the Chief Executive Officer, Henry Birch, whilst not members of the Committee, attend the meetings upon the invitation of the Committee Chair. There were two Committee meetings held during the year and after each one, I reported to the Board on the key issues that we covered. I have also held informal discussions between Committee members and ESG business leaders regularly throughout the year.

The primary responsibilities of the Committee include:

- **Providing oversight of and guidance for the continued development of our ESG strategy**
- **Reviewing our progress against the ESG strategy goals and strategic objectives**
- **Ensuring the Group continues to meet stakeholder expectations, as appropriate**
- **Ensuring all ESG-related policies are regularly reviewed and updated and remain in compliance with relevant national and international regulations**

Looking ahead

In FY27, our focus remains firmly on continuing to deliver against the goals and objectives in our ESG strategy. A few exciting areas to highlight include rolling out our product carbon footprint capabilities into our supplier decarbonisation programme, launching bulb recycling across our stores, and developing our Employee Value Proposition as a key driver for testing, trialling and delivering new ways of working with more inclusive outcomes.

Tanvi Gokhale
Chair of the ESG Committee

24 June 2026

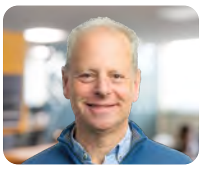
AUDIT COMMITTEE REPORT

Providing oversight and challenge on financial reporting, internal control and risk management including readiness for changes in the UK Corporate Governance Code."

Tom Singer
Chair of the Audit Committee

Committee membership

During the year the Committee comprised:



Tom Singer (C)

Tanvi Gokhale

Jill Caseberry

Audit Committee meetings held:

5

Chair's letter

I am pleased to present the report of the Audit Committee for the 53 weeks ended 3 April 2026. This report describes how the Committee carried out its responsibilities relating to audit, risk and internal control during the period.

The Committee reviews financial reporting judgements and oversees risk and the effectiveness of the system of internal control through engagement with Executive Management, our Finance, Risk and Internal Audit teams, and the external Auditor, BDO LLP. This work helps ensure that:

- Our risk and internal control processes remain robust and continue to adapt;
- Our financial reporting remains clear;
- Our critical accounting judgements and key sources of estimation uncertainty are appropriate; and
- The effectiveness of the Internal Audit function and the external audit is assessed.

Outside the standing agenda items, the Committee focused on the following programmes and will continue to monitor these during FY27:

- The progress made by management with respect to preparations for compliance with Provision 29 of the 2024 UK Corporate Governance Code (the "Code"); and
- Progress of the Finance Transformation programme, and the early-stage assessment of the Enterprise Resource Planning (the "ERP") project.

In respect of risk management, the Committee monitored progress towards compliance with Provision 29 of the Code, which is effective for FY27. The Head of Risk and Control provided regular updates on progress against the plan, with key milestones agreed by the Committee throughout the year.

The Committee also continued to receive updates on the Group's Finance Transformation initiative, a multi-year programme of efficiency improvements across people and processes, in addition to the current and future core IT systems and IT control environment. The programme identified opportunities to deliver a more efficient and effective control environment, which management is working to implement during FY27.

The Audit Committee received regular updates on the cybersecurity framework, ensuring effective oversight and alignment with the Group's broader strategic objectives, and had oversight of the Group's Financial Conduct Authority ("FCA") compliance programme.

In addition to reviewing the key accounting judgements of the Group, the Committee oversaw the development of controls and governance relating to sustainability reporting, working closely with management to ensure disclosures remain aligned to the Group's business plan.

Finally, the Committee reviewed the Group's principal risks, ensuring that robust risk mitigation was in effect during the period and that emerging risks were identified and flagged appropriately.

The challenging macroeconomic environment, including the ongoing conflict in the Middle East, continues to create headwinds for UK consumer-facing businesses. This backdrop further underlines the importance of a robust risk management process and strong financial controls, which remained key areas of focus for the Committee in FY26.

I would like to thank the members of the Committee, the management team and our external Auditor for the open discussions that take place at our meetings and their contributions and support during the period.

Tom Singer
Chair of the Audit Committee

24 June 2026

AUDIT COMMITTEE REPORT CONTINUED

Membership and remit of the Audit Committee

Members of the Committee are set out on page 74. In addition to Committee members, the Chair of the Board, Chief Executive Officer, Chief Financial Officer, Group Finance Director, Head of Internal Audit, Company Secretary and representatives from our external Auditor attended each of the Committee meetings. Other Executives and senior managers attended when appropriate for specific agenda items. We held five meetings during the financial year; after each meeting the Chair reported to the Board on the matters discussed and made recommendations as appropriate.

During the period, the members of the Committee were considered to be independent Non-Executive Directors.

Tom Singer is a Non-Executive Director and Chair of the Audit Committee of Mukuru and a Non-Executive Director and Chair of the Audit Committee of Vue International Group. Tom was also Senior Independent Director and Chair of the Audit and Remuneration Committees at DP Eurasia NV and a Non-Executive Director of Mediclinic International plc. Previously, Tom served as CFO of InterContinental Hotels Group plc and Group Finance Director of British United Provident Association ("BUPA") and, as such, is considered by the Board to have recent and relevant financial experience to chair the Committee. The other independent Non-Executive Directors also have significant experience in financial matters through their other business activities.

The Committee is considered to have competence relevant to the sector in which the Group operates. The effectiveness of the Committee is reviewed at least annually through discussions at the Board and Committee and through a formal Board performance evaluation process.

Committee attendance can be found in the Directors' biographies on pages 62 and 63.

Principal responsibilities

Assess integrity of financial reporting

- Review the interim and final financial statements of the Group and assess whether appropriate accounting policies have been adopted, and whether management has made appropriate estimates and judgements.
- Assess the appropriateness of disclosures in the Annual Report and Accounts and ensure that it is fair, balanced and understandable.
- Receive updates on new accounting standards and regulations affecting public companies, and evaluative management's preparedness and application of these.
- Review the going concern and long-term viability statements.
- Consider management's analysis of significant accounting matters, including impairment of goodwill in the Retail and Autocentres businesses, impairment of the investment held in Halfords Group plc (Company only), the assessment of impairment of right-of-use assets and fixtures, fittings and equipment, identification and presentation of non-underlying items and inventory provisioning.

Risk and control environment

- Assist the Board in achieving its obligations under the UK Corporate Governance Code in areas of risk management and internal control (including Provision 29), focusing particularly on compliance with legal requirements, accounting standards and the UK Listing Rules.
- Review the risk management framework and the principal risks and mitigation strategies, including the investigation of fraudulent activity.
- Approve the annual review and updates to the risk assurance map, setting out the assurance provided by each of the three lines of defence over the effective management of the Group's principal risks.

Internal audit

- Review reports from Internal Audit related to the internal control framework, which provides insight and visibility of the effectiveness of internal financial and non-financial controls.
- Agree Internal Audit's programme of work during the year and review progress against the plan.

External audit

- Make recommendations to the Board on the reappointment of the external Auditor, considering effectiveness, independence, non-audit work undertaken (against a formal policy) and remuneration.

Governance

- Approve a formal Whistleblowing policy whereby colleagues may, in confidence, disclose issues of concern about possible malpractice or wrongdoings by any of the Group's businesses or any of its employees without fear of reprisal, including arrangements to investigate and respond to any issues raised.
- Approve the Group's systems and controls for the prevention of bribery and corruption, including the receipt of any reports on non-compliance.
- Approve the Group's Tax policy and published tax strategy.
- Approve the Group's Treasury policy, including foreign currency and interest rate exposure.
- The Committee reviewed its Terms of Reference and its composition during the period. The Terms of Reference for the committees are available on the Group's corporate website.

Matters considered in relation to the financial statements

The issues considered by the Committee to be the most significant in relation to the financial statements are set out below. Following discussion and challenge, the Committee concurred with Management's judgement in all areas.

Area of focus	The Committee's response
Impairment of goodwill	
Management is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount of goodwill is determined based on value in use calculations for each of the two groups of CGUs, being Retail and Autocentres. See Note 10 to the financial statements for details of the calculations and assumptions. The review concluded that no impairment charge was required in the current period.	• The Committee reviewed papers presented by management setting out the results of the work performed, the methodology used to determine recoverable amount, the assumptions made and the conclusions reached. • After reviewing these papers and obtaining further explanation where necessary, the Committee concluded that management's position was reasonable and included acceptable judgements.
Impairment of the investment held by Halfords Group plc (Company only)	
At the balance sheet date, the parent company held a £796.4m (2025: £794.2m) cost of investment in subsidiaries. Management performed an impairment assessment based on a value in use calculation using the same inputs as in the goodwill impairment test. See Note C4 to the financial statements for details of the calculations and assumptions. Management concluded that no impairment of the investment was required.	• The Committee reviewed papers presented by management setting out the impairment assessment, including the methodology, key assumptions and conclusions. • The Committee considered and challenged the key assumptions (including sensitivity to changes in those assumptions) and sought further explanation where necessary. • Following this review, the Committee concluded that management's position was reasonable and the judgements applied were appropriate.
Impairment of the right-of-use assets ("RoUA") and property, plant and equipment ("PPE")	
The Group holds RoUA of £226.8m and PPE of £103.8m that are allocated to CGUs which are grouped for the purpose of the goodwill impairment test. The Group is required to test the assets at each individual CGU for impairment at the balance sheet date. See Note 12 to the financial statements for details of the calculations and assumptions. The review identified an impairment charge for RoUA of £2.0m and £0.4m for PPE.	• The Committee approved management's policy for RoUA impairment. • The Committee reviewed and challenged management's papers detailing the impairment methodology and results of the impairment test. • The Committee concluded that management's position was reasonable and included acceptable judgements.
Identification and presentation of non-underlying items	
Management has identified certain items of income and expense in the period that are not related to underlying business performance. These items, which are disclosed in Note 5 to the financial statements, have been separately presented in the Group income statement. The Group's accounting policy on the identification of non-underlying items is disclosed on page 138.	• The Committee approved management's policy in respect of non-underlying items during the year. • The Committee gave consideration to the presentation of the financial statements and, in particular, the use of alternative performance measures and the presentation of non-underlying items in accordance with the Group accounting policy. • The Committee considered the simplification of profit measures which resulted in a change in accounting policy for non-underlying items to include the amortisation of assets acquired on business combinations. The appropriateness and transparency of this change were considered by the Committee. • The Committee reviewed management's judgements and approved the change in accounting policy relating to amortisation of assets acquired on business combination and classification for the FY26 financial statements.
Inventory provisioning in Retail	
With the business holding a wide range of inventory and changing consumer demands, some lines will not be sold or will be sold at below the carrying value. Provisions are made to reflect this. Given the inherent difficulties of forecasting market trends, there is a risk that inventory provisions made will be inappropriate or incomplete. The total provision for inventory of £10.6m is disclosed in Note 13 of the consolidated financial statements.	• The Committee reviewed management's papers supporting the proposed level of inventory provisioning, including the provisioning methodology, key inputs and the results of range reviews undertaken during the year. • The Committee considered the accuracy of the provisioning model, the completeness of range reviews and how the outcomes were reflected in the provision, and concluded that the accounting treatment and valuation of inventory were appropriate.
Going concern and long-term viability	
Management prepared an assessment of going concern and longer-term viability which considered the Group's position as presented in the approved budget and five-year plan. Further details on the Group's going concern assessments can be found in the Group accounting policies on page 136, and the Group's Viability Statement can be found on page 59. In the context of the current challenging environment as a result of the ongoing cost-of-living crisis and continued inflationary pressures on the business, a severe but plausible downside scenario was applied to the plan. This included assumptions relating to a sustained drop in consumer confidence due to the ongoing conflict in the Middle East and the associated impact on consumer spending.	The Committee: • Reviewed management's analysis, which included forecasts, scenarios and sensitivities; • Assessed the Group's available facilities, headroom and banking covenants using the Group's business plan; • Considered the going concern requirements of the Code to ensure compliance; • Continued to monitor market conditions to ensure any appropriate adjustments are reflected; and • Concurred with management's conclusion, and recommended to the Board, that the Company and the Group continue to be a going concern and that the financial statements should be prepared on a going concern basis. The Committee also reviewed management's viability assessment and agreed that it was appropriate.

AUDIT COMMITTEE REPORT CONTINUED

Interactions with the Financial Reporting Council (Corporate Reporting Review)

During the year, the Financial Reporting Council ("FRC") wrote to the Company in relation to a limited scope review of the Group's Annual Report and Accounts to 28 March 2025. The Committee was asked for further information about the recognition of revenue for the Cycle2Work scheme, and the basis on which revenue was recognised as agent or principal for sales supplied through independent bike dealers. The Committee reviewed the correspondence with the FRC, along with management's response.

The FRC were satisfied with the Company's response and closed the matter, which did not require adjustment to the financial statements. However, the accounting policy disclosures were enhanced in this area and the Committee reviewed these within the FY26 financial statements. The FRC's review provides no assurance that the report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Halfords' preparedness for UK Corporate Governance Code changes

The Committee spent time considering Halfords' material controls and Provision 29 readiness. The 2024 UK Corporate Governance Code (the "Code") introduced a new provision (Provision 29) requiring boards to monitor their companies' risk management and internal control frameworks and, at least annually, to conduct reviews of their effectiveness.

In FY26, Halfords continued its commitment to enhancing the risk and control environment by further strengthening its assurance teams, bringing the Risk and Control functions together under a newly appointed Group Head of Risk and Control. The Risk and Control team is working alongside the Finance Transformation initiative, with the ambition to deliver system, process and technology enhancements that will optimise financial processes and controls.

The Committee has considered and approved the principal risks and material controls for Halfords and is satisfied that these are correctly identified and material to the business. The Committee has approved the assurance mapping and the proposed plan for addressing the requirements necessary for FY27. The Committee recognises the importance of continuous improvement in the effectiveness of systems and processes and is intensely focused on ensuring that Halfords delivers the required improvements to its internal financial controls as well as addressing the Code changes to be reported on as part of FY27 financial year end disclosures.

External Auditor

BDO UK LLP ("BDO") presents its audit plan, risk assessment, and audit findings to the Committee, identifying its consideration of the key audit risks for the period and the scope of its work. These reports are discussed throughout the audit cycle.

Effectiveness of external audit

The effectiveness of the external audit is considered throughout the period through, amongst other factors: assessment of the degree of the audit firm's challenge of key estimates and judgements made by the business; feedback from any external or internal quality reviews on the audit; and the quality of communication with the Committee. Committee members also have the opportunity after each meeting to meet with the lead audit partner without management present. This provides the space for open discussion and enables the Committee to assess whether the external Auditor appropriately challenged management's analysis.

The Committee reviewed the external audit planning document prepared by BDO.

Following this, the Committee concluded that:

- The overall audit approach, materiality threshold and areas of audit focus were appropriate to the business; and
- The audit team possessed the necessary quality, expertise and experience to provide an independent and objective audit.

Approach to appointment or reappointment

Halfords confirms that it was in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the financial period ended 3 April 2026.

BDO was appointed as external Auditor to the Group in 2019 following a formal tender process. The Committee considers that the relationship with the Auditor is working well and is satisfied with its independence, objectivity and effectiveness and has not considered it necessary to require BDO to retender for external audit work this period. The Committee recommends to the Board, for approval by shareholders at the Annual General Meeting on 10 September 2026, the reappointment of BDO as external Auditor.

The Committee monitors, and will continue to comply with, best practice and external guidance with respect to the frequency of audit tenders.

Approach to safeguarding objectivity and independence if non-audit services are provided

The Committee established a policy to ensure that any non-audit services delivered by the external Auditor will not jeopardise objectivity and independence. The policy is consistent with the Ethical Standards for Auditors.

The policy specifies:

"The external Auditor can be used to provide non-audit services subject to any non-audit engagement proposal provided by the external Auditor being formally approved by the Audit Committee before contractual arrangements are entered into, except for activities set out in a list of prohibited activities. Other than for these, for each separate service proposed to be provided by the external Auditor, the Chief Financial Officer will prepare a note either to be tabled and minuted at an Audit Committee meeting or to be circulated via email to the Audit Committee members and the Chief Executive Officer giving a description of the work to be undertaken, the reasons why the external Auditor is involved in the proposal and how objectivity and independence have been, and are seen to be, safeguarded.

In addition, the fees for any proposal for non-audit services will not exceed 70% of the three-year average statutory audit fees when taken into consideration with total fees for non-audit services already committed in the financial year.

Consent is required from the Audit Committee Chair, on behalf of the Audit Committee, before the external Auditor can be engaged for non-audit services."

In addition, the external Auditor follows its own ethical guidelines and continually reviews its audit team to ensure that its independence is not compromised. An analysis of the fees earned by the external Auditor is disclosed in Note 3 to the consolidated financial statements on page 147.

Role and effectiveness of Internal Audit

Internal Audit follows an annual risk-based programme of audits to review the effectiveness of the control environment. The Committee reviews the annual audit programme for coverage and may revise it according to changing business circumstances or requirements. The Committee ensures that there are sufficient resources to undertake the audit programme.

The Head of Internal Audit attends each Committee meeting, providing a summary of audit findings and an update on progress against the plan. The Committee also reviews the status of the implementation of audit recommendations ranked by age and level of risk to the business. All Internal Audit reports are shared upon completion with the external Auditor. Internal audits are financial and non-financial and, during the period, included taxation, payroll, financial controls and inventory controls in Garages.

The Head of Internal Audit reports to the Group Finance Director and holds quarterly meetings with the CFO. Direct and regular communication with the Audit Committee Chair is maintained outside of Committee meetings.

The Committee is satisfied that the Internal Audit team has the quality, experience and expertise appropriate for the business.

Alongside the Internal Audit programme, the team also continued to drive the Group's risk management framework.

Whistleblowing

A Whistleblowing policy and procedure (the "Policy") enables colleagues to report concerns on matters affecting the Group or their employment, without fear of recrimination. Posters publicising whistleblowing channels are distributed to all stores, Autocentres, distribution centres and the Support Centre.

The Policy was reviewed and approved by the Committee, and the Company Secretary provided the Committee with a regular summary of whistleblowing contacts and resolutions throughout the period.

Anti-Bribery and Corruption policy

The Group's Anti-Bribery and Corruption policy statement reinforces that the Halfords Board is committed to conducting its business affairs in a way that ensures it does not engage in or facilitate any form of corruption. It is Halfords' policy to prohibit all forms of corruption amongst its colleagues, suppliers and any associated parties acting on its behalf. The Group has a detailed Anti-Bribery and Corruption policy and maintains a Gifts and Hospitality Register. Anti-bribery expectations are set out in standard purchasing terms and conditions. Face-to face and online training has been provided to colleagues to raise awareness of anti-bribery and corruption legislation.

The Committee requested that anti-bribery and corruption safeguards are periodically reviewed by Internal Audit.

Changes in legislation

The Committee reviewed management's proposals to be ready for the Economic Crime and Corporate Transparency Act, including the Group's assessment of the framework in place to ensure that the Failure to Prevent Fraud requirements are met.

Internal control and risk management

The Board is responsible for the Group's risk management processes and the system of internal control. The Committee had responsibility for maintaining oversight of the Group's framework for risk management.

An Executive Risk Committee reports to the Committee on the risk management framework, providing insight on principal and emerging risks, risk appetite and ongoing updates on regulatory and compliance risk.

At each meeting during the period, the Committee received a presentation on the Group's control framework in preparation for changes to the UK's governance and reporting.

Further details of the Group's internal control and risk management framework are set out on pages 54 to 58.

Tom Singer
Chair of the Audit Committee

24 June 2026

REMUNERATION COMMITTEE REPORT

Our results for FY26 represent the successful first steps in delivering our strategy."

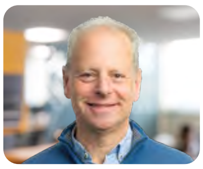
Jill Caseberry
Chair of the Remuneration Committee

Committee membership

During the year the Committee comprised:

Jill Caseberry (C)

Tanvi Gokhale



Tom Singer

Remuneration Committee meetings held:

3

Chair's letter

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Report for the financial period ended 3 April 2026.

This report consists of four sections:

- The Chair's statement providing a summary of our revised Directors' Remuneration Policy, outcomes for FY26 and our proposed approach for FY27;
- Remuneration at a glance;
- The Company's proposed Directors' Remuneration Policy (the "Policy") for approval at the 2026 Annual General Meeting; and
- The annual Directors' Remuneration Report summarising the remuneration outcomes for FY26 and explaining how we intend to apply the proposed Remuneration Policy in FY27.

Performance in the year

Our results for FY26 represent the successful first steps in delivering against the strategy set out to shareholders in November 2025. This continued progress builds on the strong results delivered in FY25 and is a result of successful implementation of initiatives under the Optimise phase of the strategy. Optimise seeks to build near-term value through disciplined and focused execution while earning the right to deploy capital in pursuit of long-term structural efficiencies in the Evolve phase which will follow.

The result of this focus has delivered bottom line growth and an underlying profit before tax increase of 8% to £41.5m year on year, excluding the impact of the change in accounting treatment detailed in note 27 to the financial statements. In addition, progress has been made against our strategic priorities, including improving health and safety standards as highlighted in the FY25 Annual Report.

Looking forward to FY27, the management is focused on delivering the optimise initiatives outlined in the strategy presented in November 2025 and in continuing to deliver profit growth, building on the foundations laid in FY26.

Remuneration outcomes in respect of the year

The annual bonus for FY26 was based 80% on financial measures (60% underlying Group profit before tax, 10% free cash flow and 10% cost as a percentage of sales) and 20% on non-financial metrics (5% customer NPS, 5% health and safety and 10% personal strategic objectives). As the bonus metrics were set before the accounting policy change was made, the outcomes have been measured against targets excluding the impact of the reclassification of amortisation on acquired intangibles to non underlying items.

Reflecting the strong business performance, the target for underlying PBT was exceeded, resulting in 82% of maximum payable for this measure. The Group continued to deliver material cost savings despite headwinds, resulting in the maximum payable for the cost measure. Free cash flow also exceeded the maximum, resulting in 100% being payable for both measures.

For the non-financial measures, the leadership focus on reducing our health and safety risk, reduced our risk index score by 20%, in line with the target set, and the Group continued to improve customer service, delivering a Customer NPS score of 68.3, up 80 bps versus FY25, exceeding the maximum target set. Against the personal strategic objectives, the Committee has determined to pay 85% of maximum for the Chief Executive Officer and 85% of maximum for the Chief Financial Officer. More information on the assessment of the personal strategic objectives can be found on page 106.

Therefore, the annual bonus payable for Executive Directors for FY26 is 86.4% of the maximum opportunity.

The 2023 Performance Share Plan ("PSP") was based on underlying EPS performance (40% of the award), Group services-related sales (20% of the award) and Relative TSR (40% of the award). Whilst the threshold for vesting was not achieved for the underlying EPS and relative TSR measures, following the continued growth of our services proposition, including the ongoing success of our Fusion concept rollout, the threshold performance for Group services-related sales was exceeded. This results in 17.1% of the maximum award vesting.

The Committee reviewed the overall outcomes of both the annual bonus and PSP in the context of broader business performance, including consideration of windfall gains. Having satisfied itself that the formulaic outcomes were appropriate and consistent with the underlying performance of the business, the Committee determined that no discretion should be applied.

2026 Remuneration Policy

The current Directors' Remuneration Policy was last approved by shareholders in September 2023 and is therefore due for renewal at the 2026 AGM. As part of this renewal process, the Remuneration Committee has undertaken a comprehensive review to assess whether the Policy remains fit for purpose and continues to support the delivery of the Company's ongoing and updated strategic direction.

The Committee considered input from current shareholder/proxy guidance, management and our independent advisors, as well as considering best practice. Following this review, the Committee has determined that the existing Policy is broadly fit for purpose and no major changes to the policy structure are required. This decision reflects:

- The Company set out its "Fit for the Future" strategy in November 2025. The strategy is designed to deliver like-for-like sales growth, operating margin expansion, progression in underlying profit before tax, and growing return on capital employed. The Committee's view is that the current performance-based structure remains the right approach to incentivise and reward the successful delivery of these strategic priorities.
- Confirmation that our overall remuneration structure and quantum levels align with typical market practice for companies of comparable size and complexity and are sufficient to retain and motivate the Executive Directors.
- The Policy already incorporates governance features that fully align with best practice, including malus and clawback provisions, post-vesting holding periods, and shareholding requirements.

The core incentive elements and opportunities will therefore be retained for FY27 and beyond, with the maximum bonus opportunity of 150% of base salary and the Performance Share Plan maximum opportunity of 200% of base salary.

However, to ensure the package is best structured to incentivise management, to deliver our strategy and to create value for shareholders and to ensure it evolves in line with market developments, the Committee is proposing to move to a fixed number of shares approach for the granting of PSP awards for the life of the Policy. Given the launch of our "Fit for the Future" strategy with its clear focus on delivering growth and value creation, the Committee believes this is an opportune time to introduce this change to strengthen the alignment between Executive reward and shareholder experience.

The fixed number of shares to be awarded has been determined based on the current Policy maximum of 200% of salary and the three-month average share price to the end of the FY26 financial year of £1.428. This gives a fixed number of share of 929,000 shares for the CEO and 599,000 shares for the CFO (rounded up to the nearest 500 shares). The Committee considers this approach to be fair and reasonable, and consistent with the intent of the fixed shares structure to align executives with the shareholder experience and to reward them for the execution of the strategy.

This mechanism increases alignment with shareholders as the grant value of participant PSP awards will move with the share price. Executive Directors will benefit if the share price increases and the grant will exceed the headline face value, but the grant value will reduce below the headline face value if the share price falls. This provides full alignment with the investor experience throughout the journey of executing our three-phase transformation strategy and directly ties Executive reward to the successful implementation of our strategy and the delivery of the growth we are targeting.

It is proposed that the same number of shares will be awarded through the Policy period to FY29, at which point the Committee will review its continued application as part of the next Policy renewal.

The Committee is also proposing to introduce the flexibility to reduce annual bonus deferral for Executive Directors who have met their shareholding requirement from the current level of one-third of the bonus to 15% of the bonus.

This change aligns with broader market trends and ensures the Policy remains competitive. The Committee considers that once an Executive Director has achieved the required shareholding level, they are appropriately aligned with the shareholder experience, through a combination of a meaningful shareholding in Halfords and requirements to retain a relevant portion post-employment.

This flexibility is underpinned by robust malus and clawback provisions, which apply across all incentive plans and provide continued protection of shareholder interests.

Application of the proposed Policy for FY27

The annual bonus scorecard has been simplified this year to ensure that it incentivises the delivery of the key outputs of our "Fit for the Future" strategy. The overall scorecard has been reduced from six measures to four, with the weighting for financial measures retained at 80%. The financial element of the bonus will be based 60% on adjusted PBT and 20% on free cash flow (increased from 10% last year). Cost reduction has been removed as a standalone measure as this is considered to be sufficiently captured in profit. Individual strategic measures will be weighted at 15%, with a 5% weighting on health and safety. The same four measures cascade through the business, aligning all eligible colleagues with Group delivery.

REMUNERATION COMMITTEE REPORT
CONTINUED

For the Performance Share Plan, the Committee proposes to replace the service-related sales measure (20% of the award) with return on capital employed ("ROCE"), with no changes to the weighting of performance measures.

As set out in our Strategic Update published in November 2025, a key learning from the past five years is that whilst we have successfully transformed into a services-led business, we need to drive stronger and more visible returns on capital deployed. Our refreshed strategy explicitly targets ROCE sustainably exceeding cost of capital as a core value creation metric, alongside operating margin expansion and underlying PBT progression.

Introducing ROCE as a PSP measure now reflects the critical importance of capital efficiency. Shareholders have emphasised the importance of growing returns, and incorporating ROCE ensures Executive incentives are directly aligned with delivering appropriate returns on this significant capital deployment from the outset of the investment cycle.

ROCE also provides a comprehensive measure of how effectively management deploys capital across all our business units to generate profits, making it particularly relevant as we execute our three-phase transformation strategy and its inclusion within the PSP ensures closer alignment within our incentive structure to the new strategic direction.

We have decided to harmonise all pay reviews to April, aligning the varied approach currently taken across the business. As a result, the review for Executive Directors will now move from an October to an April review date, with salary increases now applying from the first day of the financial year in line with market practice. This will enable a more strategic approach to applying our pay strategy and allow investment of the pay budget to reflect talent requirements and the retention of key roles.

As a result, no increase was made in October 2025 with a 2% increase implemented for the Chief Executive Officer and 2% for the Chief Financial Officer effective from 1 April 2026. All impacted employees were provided with a one-off payment to compensate them for the delay in the pay review date. The CFO therefore received at payment of £4,190, calculated on the same basis as for other employees. The CEO was appointed on 15 April 2025 and therefore was not eligible for this payment.

Concluding remarks

The Committee is committed to an open dialogue with shareholders and institutional investor bodies on remuneration matters and has taken into consideration their feedback when proposing our revised Directors' Remuneration Policy, including the high level of support historically for its Annual Reports on Remuneration and previous renewals of the Remuneration Policy.

The Committee is also aware of the importance of considering broader stakeholder experiences in the year, including our colleagues. The key objectives and outcomes of the Directors' Remuneration Policy are reflected across the Company through our broader remuneration practices to ensure a consistent experience where suitable.

I look forward to your support for the FY26 Annual Directors' Remuneration Report and for the 2026 Directors' Remuneration Policy at the Annual General Meeting.

Jill Caseberry
Chair of the Remuneration Committee

24 June 2026

Remuneration at a glance

At Halfords, the reward principles and framework are consistent across all colleague populations, although remuneration levels vary to reflect market practices, salary and benefits benchmarks.

	Colleagues	Managers	Senior managers	Executive Team
Salary	✓	✓	✓	✓
Pension	✓	✓	✓	✓
Paid holiday	✓	✓	✓	✓
Bonus and incentives	✓	✓	✓	✓
Death in service	✓	✓	✓	✓
Car allowance or car	Job need	Job need	✓	✓
Private medical	N	N	✓	✓

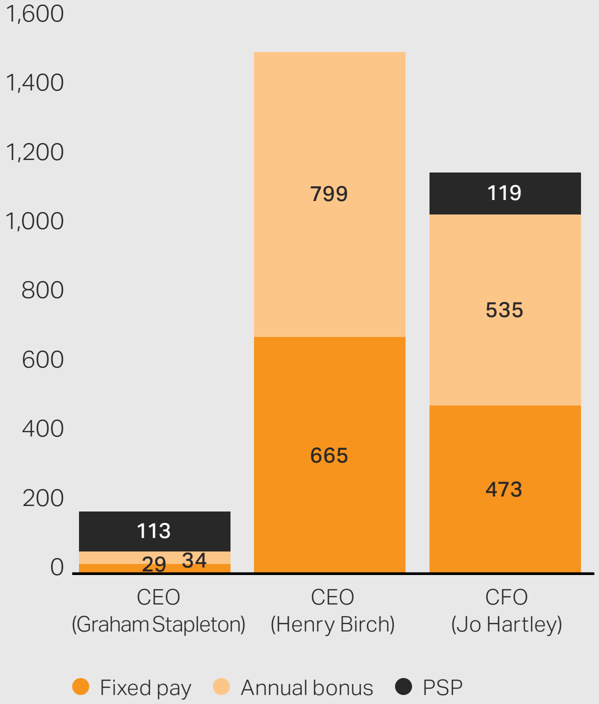
Why is reward structured differently at senior levels?

Executive Director reward is structured to deliver sustainable long-term shareholder value in a way that is consistent with our culture and values. As a consequence, a high proportion of Executive reward is directly linked to long-term performance, resulting in "variable pay", which only pays out when the Company meets the targets set. The Executive Directors participate in two variable reward plans as follows (further details can be found on pages 94 to 98):

Annual bonus	Targets are assessed over the financial year based on performance against financial and strategic measures (one-third of any payment is deferred into a Deferred Bonus Plan for three years after payment.
Performance Share Plan ("PSP")	Targets are assessed over three financial years. Vested awards are subject to a two-year holding period.

Single total figure of remuneration for Executive Directors for the period ended 3 April 2026

FY26 Executive Directors' remuneration (£'000)



Aligning pay with performance

See pages 105 to 106 for further details.

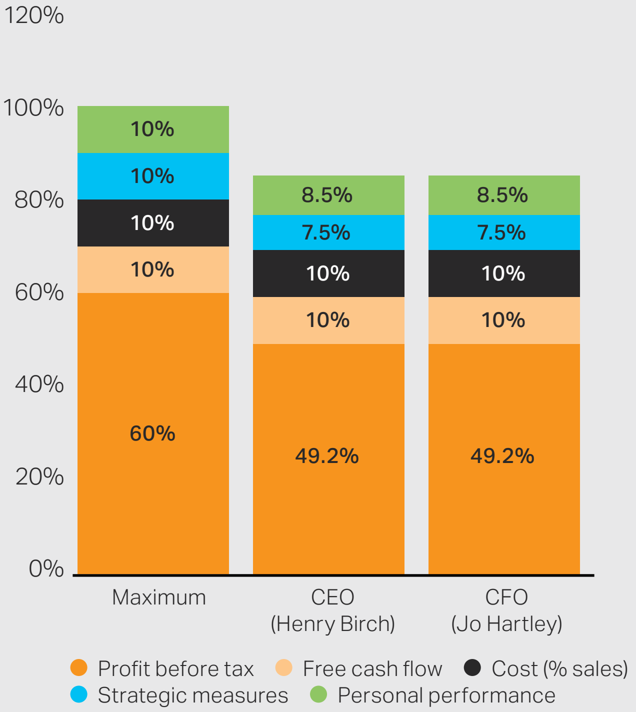
Key performance indicator (weighting)	Result*	Outturn
FY26 annual bonus		
Profit before tax (60%)	£41.5m	82%
Free cash flow (10%)	£25.3m	100%
Cost (% sales) (10%)	50%	100%
Customer NPS (5%)	68.3	100%
Health and safety risk (5%)	-20%	50%
Individual performance:		
CEO		85%
CFO		85%
2023 PSP		
Relative TSR	Below median	nil
Underlying basic EPS	14.7p	nil
Group services-related revenue	£927m	17.1%

* Results are on a 52 week basis and before the impact of the accounting policy change, reflecting the basis on which targets were set.

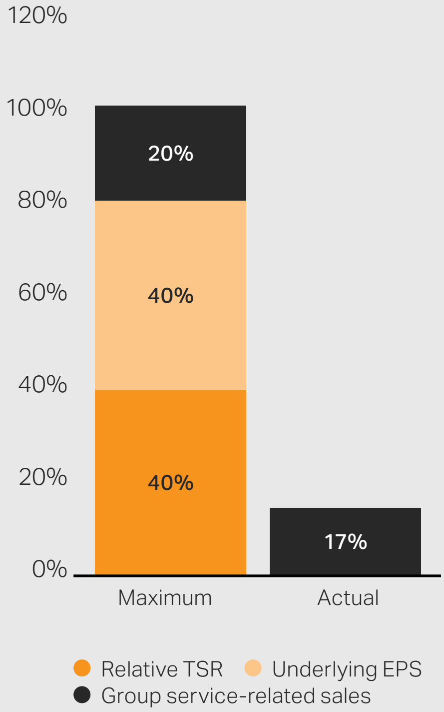
Annual bonus and long-term incentive plan outcomes

The charts below show the results of the performance targets for the annual bonus and PSP. Further information on the outcomes for the annual bonus is shown on page 105 and for the PSP on page 106.

FY26 annual bonus



2023 PSP



REMUNERATION COMMITTEE REPORT

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Aligning our performance measures to our strategy

Our "Fit for the Future" strategy is designed to deliver like-for-like sales growth, operating margin expansion, progression in underlying profit before tax, and growing return on capital employed. Our performance-based structure remains the right approach to incentivise and reward the successful delivery of these strategic priorities. The table below provides a summary of our alignment:

FY27	Alignment to strategy	Alignment to our stakeholders' interests
Annual bonus		
Underlying Group PBT	PBT is our KPI to assess the profitability of our business and provides stakeholders with the information on trends and performance before the effect of non-underlying items.	Financial, shareholders
Free cash flow	Strong cash flow enables investment in our plan and returns to shareholders, whilst aligning with broader aims to maintain a strong balance sheet.	Financial, shareholders
Health and safety	Creating a safety-first environment for our colleagues and customers.	Colleagues, customers, financial
Strategic objectives	The delivery of key strategic priorities by the Executive Directors in FY27 is critical in delivering our long-term strategy.	Financial, customers, shareholders
Performance Share Plan		
Relative TSR	Aligns management with the wider shareholder experience and reinforces our ongoing focus in shareholder value creation.	Financial, shareholders
EPS	EPS is a measure of our investment thesis and indicates whether we are achieving our aim to manage revenues and margins, and invest in long-term growth.	Financial, shareholders
Return on capital employed	ROCE measures how effectively management deploys capital across all our business units to generate profits.	Financial, shareholders

Directors' Remuneration Policy

The following sections set out the Directors' Remuneration Policy (the "Policy") that the Company intends to apply, subject to shareholder approval, from the date of the AGM on 10 September 2026. It is intended that this Policy will apply until the 2029 AGM, unless the Company seeks shareholder approval for a revised Policy which comes into force before this date.

Strategic context

The Company sets out its "Fit for the Future" strategy in November 2025, focused on three key phases: Optimise (building near-term value through disciplined and focused execution), Evolve (driving structural efficiency and enabling future growth), and Scale (expanding reach and taking advantage of operating leverage). The strategy is designed to deliver like-for-like sales growth, operating margin expansion, progression in underlying profit before tax, and growing return on capital employed.

Policy review and changes

In the context of the strategy the Committee undertook a review of the Policy and it was concluded that the current performance-based structure remains the right approach to incentivise and reward the successful delivery of these strategic priorities. No major changes to the Policy have therefore been made.

The principal change is the introduction of a fixed number of shares approach for PSP grants for the life of the Policy. In light of the launch of our "Fit for the Future" strategy, the Committee believes this is an opportune time to strengthen alignment between Executive reward and the shareholder experience. Executive Directors will receive a fixed number of shares each year, rather than awards aligned to a percentage of salary. The initial number of shares will be determined based on the current Policy maximum of 200% of salary, calculated using the three-month average share price to the end of the FY26 financial year of £1.428. This gives a fixed number of 929,000 shares for the Chief Executive Officer and 599,000 shares for the Chief Financial Officer (rounded up to the nearest 500 shares). As grant values will move with the share price, this directly ties Executive reward to the successful execution of our strategy. The same number of shares will be awarded throughout the Policy period to FY29 at which point the Committee will review its continued application as part of the next policy renewal.

The Committee is also proposing to introduce flexibility in relation to annual bonus deferral for Executive Directors who have met their shareholding requirement. This change ensures that management remain aligned with shareholder interests through a meaningful shareholding whilst aligning with evolving market practice.

In determining the new Policy, the Committee followed a robust process which included discussions on the content of the Policy at Remuneration Committee meetings during the year. The Committee considered input from current shareholder/proxy guidance, management and our independent advisors, as well as considering best practice. The Committee also consulted with shareholders to get their feedback on the Policy.

Minor changes have also been made to aid operation and increase clarity whilst, more broadly, an update to the salary review date has been implemented to better align timings across the organisation.

Directors' Remuneration Policy table

The following table sets out the key components of Executive Director remuneration:

Base salary	
Purpose and link to strategy	Base salary is payable in cash. It is set at an appropriate level to attract and retain management of a high calibre with the skills and experience required to deliver a sustainable business model and drive shareholder returns.
Operation	Base salaries are normally reviewed annually with increases effective from 1 April for Executive Directors but may be reviewed at other times if the Committee considers this appropriate. In determining base salary levels and any salary increase, consideration is usually given to: • The individual's experience and performance; • Scope of the role; • Salary levels at other companies of a similar size and complexity and at other relevant retailers; • The pay levels and increases for other employees in the Group; and • Other factors that are considered relevant by the Committee.
Opportunity	Whilst there is no maximum salary level, increases will generally be in line with or below increases awarded to other colleagues in the Group. Larger increases may be made to take into account: • Changes in an individual's role or responsibility; • Individual development and performance; • Material changes in scope of the role; • Significant change in the size or scope of the business; • Changes in market practice; or • Other exceptional circumstances.
Performance measures	The personal performance of the Executive will be taken into consideration when determining salary increases.

GOVERNANCE

REMUNERATION COMMITTEE REPORT
CONTINUED

Benefits	
Purpose and link to strategy	To enable the Company to offer market-competitive remuneration through the provision of benefits to support the recruitment and retention of Executives.
Operation	The Committee's Policy is to set benefits at an appropriate level, taking into account the individual's circumstances and market practice. Standard benefits for Executive Directors may include but are not limited to the option of a car or a cash allowance, fuel, medical insurance, health insurance and life assurance. Executive Directors are also eligible to participate in any benefits offered by the Company on terms consistent with those offered to the wider employee population. The Committee may determine that additional benefits may be provided based on individual circumstances when it is considered appropriate. The Company reimburses reasonable business expenses and may pay any tax incurred in relation to these. In the event that an Executive Director is required to relocate to perform their role then additional one-off or ongoing benefits may be provided such as relocation expenses, travel allowance, a housing allowance and education expenses. Executive Directors are also eligible to participate in any all-employee share plans operated by the Company on the same basis as other employees.
Opportunity	Whilst there is no maximum benefit value, the overall level of benefits will depend on the cost of providing individual items and the individual's circumstances. The maximum participation levels for all-employee share plans are the same as any applicable to other employees and any relevant plan limits.
Performance measures	No performance measures apply.

Pension	
Purpose and link to strategy	To enable the Company to offer market-competitive remuneration through the provision of retirement benefits to support the recruitment and retention of Executives.
Operation	Executive Directors are eligible for defined employer contribution funding to the Group pension plan, payments into a personal fund, a cash allowance in lieu of pension or a combination of the above. The Committee may determine that alternative arrangements apply, including for new hires, considering cost, market practice and opportunity limits.
Opportunity	Pension contributions or cash allowances are aligned with the maximum employer contribution available to the majority of the UK workforce, currently 3% of salary.
Performance measures	No performance measures apply.

Annual bonus	
Purpose and link to strategy	To incentivise Executive Directors to achieve annual financial targets and performance against key strategic objectives. Deferral of bonus under the Deferred Bonus Plan ("DBP") further incentivises Executive Directors to manage risk and align their long-term interests with those of shareholders.
Operation	The annual bonus is normally based on performance over one financial year. The Committee may, at its discretion, adjust annual bonus payments, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set or in any other circumstances which the Committee considers relevant. When making this judgement the Committee may take into account such factors as the Committee considers relevant. Where an Executive has not yet met their shareholding guideline, normally, two-thirds of the total bonus is paid in cash with the remaining one-third of the bonus deferred as shares or options, with dividends or dividend equivalents being paid during the deferral period. Where the Executive Director has met their shareholding requirement, normally, 85% of the total bonus is paid in cash with the remaining 15% of the bonus deferred as shares or options, unless the Committee determines otherwise. In exceptional circumstances, the Committee may also determine that a different portion of the bonus will be paid in shares or that the bonus may be paid in cash. Deferred awards normally vest three years from award, although the Committee has discretion to determine a different vesting period. Deferred awards have no additional performance condition. Malus and clawback provisions apply. Bonuses are non-pensionable.
Opportunity	The maximum annual bonus opportunity is 150% of base salary.
Performance measures	The annual bonus measures may be based on financial, strategic, operational or ESG measures. Measures are selected each year by the Committee to ensure continued focus on the Company's strategy. Normally, at least 50% of the bonus will be based on financial measures. Performance measures are set annually to ensure they are appropriately stretching for the delivery of threshold, target and maximum performance. No bonus will be paid for below threshold performance: typically up to 20% of the bonus may be paid for delivery of threshold performance, typically around 50% of the bonus will be paid for achieving "target" levels of performance and 100% of bonus will be paid for achieving a stretching performance target. Performance targets are set by the Remuneration Committee with reference to prior-year performance, the Group's business plan and external expectations of performance. Targets are considered to be commercially sensitive and will be disclosed retrospectively following completion of the relevant financial year.

REMUNERATION COMMITTEE REPORT
CONTINUED

Performance Share Plan	
Purpose and link to strategy	To incentivise Executive Directors to deliver the Company strategy over the longer term and create a sustainable business, maximising returns to shareholders.
Operation	Annual awards of shares with vesting normally based on performance over a three-year period or such other period as the Committee determines. The Committee may, at its discretion, adjust PSP vesting outcomes, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set or in any other circumstances which the Committee considers relevant. When making this judgement the Committee may take into account such factors as the Committee considers relevant. A post-vesting retention period will apply to awards granted under the PSP. Shares that vest will not normally be released to Executive Directors (and nil cost options will not normally become exercisable) for a further two-year period as per the plan rules. Malus and clawback provisions apply.
Opportunity	PSP awards will be delivered as a fixed number of shares for the duration of the Policy. The fixed number of shares has been set at 929,000 and 599,000 for the Chief Executive Officer and Chief Financial Officer, respectively. The same fixed number of shares will then be awarded in each subsequent year of the Policy period although the Committee retains the discretion to reduce the number of shares awarded in exceptional circumstances.
Performance measures	PSP awards may be based on financial, operational/strategic, ESG or share price-related performance measures, with the specific measures and weightings for each award cycle determined by the Committee to ensure continued alignment with the Company's evolving strategy. Normally up to 25% of the award may vest for entry-level performance. Targets for the measures will normally be set ahead of each annual grant by reference to the latest strategic plan, long-term financial goals and market expectations.

Share Ownership Guidelines	
Purpose and link to strategy	Align the interests of Executive Directors and shareholders and encourage long-term shareholding and commitment to the Company both in and post-employment.
Operation	Executive Directors are expected to build and retain a shareholding with a value equal to at least 200% of their annual base salary. Unless the Committee determines otherwise, Executive Directors are normally expected to retain 75% of any post-tax shares that vest under any performance share incentive plans until this shareholding is reached." Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years following stepping down as an Executive Director. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.
Opportunity	Executive Directors are expected to build and retain a shareholding with a value equal to at least 200% of their annual base salary.
Performance measures	No performance measures apply.

Approved payments
The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' Remuneration Policy in force at the time they were agreed or where otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

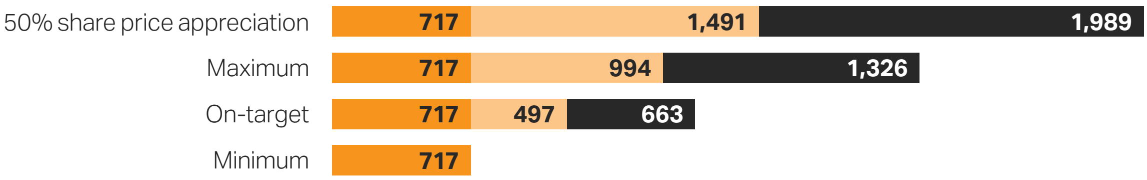
Remuneration outcomes in different performance scenarios

The charts below illustrate the value of remuneration for each Executive Director in the first year of operation of the Policy.

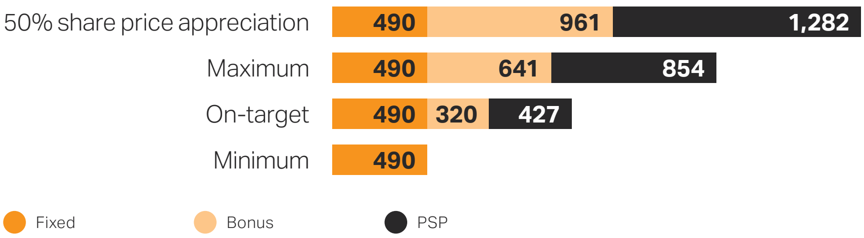
The values are based on FY26 levels for base pay, estimated pension and benefits, and FY27 award levels for annual incentive and long-term incentives. The charts assume the following scenarios and exclude dividends:

Minimum	Fixed pay comprising of basic salary, pension and benefits.
On-target	Minimum fixed play plus the on-target performance (50% of maximum) for annual incentive and Performance Shares.
Maximum	Minimum fixed pay plus full opportunity (100% of maximum) for annual incentives and shares.
Maximum plus 50% share price appreciation	In addition to the maximum scenario, a 50% gain in share price over the relevant vesting period in respect of Performance Shares and Deferred Shares.

Chief Executive Officer (£'000)



Chief Financial Officer (£'000)



Information supporting the Policy

Area	Details
Malus and clawback	Malus and clawback provisions apply to cash bonus payments for a period of three years from the date of payment and to deferred share awards for a period of three years from the date of award. Malus and clawback provisions apply to PSP awards up to the second anniversary of the vesting date. The Committee considers this period is appropriate as it could reasonably be expected that issues would come to light during this timeframe. These periods also reflect typical market practice. The circumstances in which malus and clawback provisions may apply include: a material misstatement of the Company's results; or misconduct by the Executive Director; or where there is a material failure of risk management; or corporate failure; or serious reputational damage; or if the Committee considers there are other circumstances which mean that the malus and/or clawback provisions should apply.
Share plan operation	Awards under the Company's DBP and PSP: • May be granted as conditional share awards or nil cost options or in such other form that the Committee determines has the same economic effect; • The Committee has discretion over the timing of grant of awards, subject to the plan rules and applicable dealing restrictions; • May have any performance conditions applicable to them amended by the Committee if an event occurs which causes the Committee to consider that the existing performance condition should be amended to ensure that the objective criteria against which performance will be measured will be a fairer measure of such performance or that the amended performance condition will afford a more effective incentive to the Executive Director; • May incorporate the right to receive additional shares to the value of dividends which would have been paid on the shares under an award that vests up to the time such shares are delivered. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis; • May in respect of the PSP, be settled in cash or with the grant of a vested option at the Committee's discretion. For Executive Directors, this provision will only be used in exceptional circumstances such as where, for regulatory reasons, it is not possible to settle awards in shares; and • May be adjusted in the event of any alteration of the Company's share capital by way of a capitalisation or rights issue, sub-division, consolidation or reduction, the payment of a special dividend, a demerger or any other variation of the share capital of the Company.

REMUNERATION COMMITTEE REPORT
CONTINUED

Area	Details
Remuneration arrangements elsewhere in the Group	Policies and practices applying to other employees are broadly the same as those applying to Executive Directors, although value and participation by location and grade will vary. A consistent approach to annual base salary reviews is applied across the Group, considering the role, statutory minimums, level of experience, performance and relevant market data. Employees may participate in an annual bonus plan dependent on financial, business and/or individual performance. Other employees may participate in performance-based incentives with metrics relevant for that business. Senior executives below Board level also benefit from participation in the PSP and Restricted Share Plan ("RSP"). Senior managers and other key management individuals are invited to join the Restricted Share Plan. All colleagues are eligible to join the Halfords Sharesave Plan. Pension arrangements vary by business unit and grade.
Shareholders and other stakeholder considerations	The Committee seeks to maintain an active dialogue with investors. During 2026 the Committee sought feedback from its largest shareholders and representative bodies regarding the Directors' Remuneration Policy, so that shareholders could enter into further consultations with the Committee Chair and express their views in advance of the Committee making any final proposals. The responses helped inform and shape the Committee's thinking in formulating the Remuneration Policy proposals. The Committee is grateful to shareholders for their time and continues to appreciate all feedback. The Committee generally considers pay and employment conditions elsewhere in the Group when considering pay for Executive Directors and senior management. The Committee does not consult directly with colleagues regarding Executive Directors' remuneration. However, at regular intervals, the Company conducts a survey of the views of colleagues regular listening groups across the Group in respect of their experience of working at Halfords covering a wide range of subjects. A summary of the output of these are shared with the Committee. The Committee is also mindful of any changes to the pay and benefit conditions for employees more generally when considering the policy for Directors' pay. When determining incentive outcomes for Directors, including if discretion should be applied, the Committee will also consider workforce pay and broader incentive outcomes. In addition, the Committee may take into account remuneration comparison measurements when setting and reviewing Executive Director remuneration, including external market data and internal pay considerations, to ensure the policy remains appropriate in the context of the wider Group and market.

Approach to recruitment

When determining the remuneration package for a newly appointed Executive Director, the Committee seeks to ensure that the package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.

Item	Policy
General	New Executive Directors will normally receive a base salary, benefits and pension contributions in line with the table above and would also be eligible to join the bonus and share incentive plans up to the limits set out in the Policy. In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate, taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Remuneration Report for the relevant year. In respect of recruitment, the maximum variable remuneration which may be awarded (excluding any buy-out awards referred to below) comprises an annual bonus opportunity of up to 150% of salary and a PSP award of up to 200% of salary or, alternatively, the fixed number of shares applicable to the relevant role as set out in the Policy table. The Committee retains discretion to determine the appropriate quantum of each element within the above limits, having regard to the circumstances of the appointment and the individual's start date within the performance year.
"Buy-out" of forfeited awards	Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors, including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such "buy-out", the guiding principle would be that awards would generally be on a "like-for-like" basis unless this is considered by the Committee not to be practical or appropriate. To facilitate any buy-out awards, in the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.
Relocation	Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).
Internal promotion	In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards.

Executive Directors' service agreements

Term and notice periods

The Company's policy in relation to contractual terms on termination, and any payments made, is that they should be fair to the individual, the Company and shareholders. Failure should not be rewarded and the departing Executive Director's duty to mitigate any loss he or she suffers should be recognised. The notice period for Executive Directors is six months on either side. The Committee's policy is that the notice period will be no more than 12 months.

	Date of service agreement	Notice period
Henry Birch	16 April 2025	6 months
Jo Hartley	19 April 2022	6 months

Inspection of agreements

The Executive Directors' service agreements are available for inspection by shareholders at the Company's registered office.

Policy on payment for loss of office

No compensation would be payable if a service contract were to be terminated by notice from an Executive Director or for lawful termination by the Company other than as set out below. The Company may terminate service agreements in accordance with the appropriate notice periods.

Item	Policy
Basic pay, pension and benefits	In the event of termination for any reason (other than for a reason justifying summary termination in accordance with the terms of the service agreement) the Company may (but is not obliged to) pay to the Executive Director, in lieu of notice, a sum equal to the Executive Director's then salary, benefits and pension contributions, which he or she would have received during the contractual notice period, the sum of which shall normally be payable in monthly instalments (but may be paid in a fixed amount at the discretion of the Committee), consistent with the termination principles outlined in the Executive Directors' service agreements section.
Annual Bonus – cash awards	Executive Directors who are considered to be good leavers may, if the Committee determines, receive a bonus for the financial year in which they leave employment. Such bonus will normally be calculated on a pro rata basis by reference to their period of service in the financial period in which their employment is terminated and performance against targets. Any annual bonus would normally continue to be delivered in cash and shares as outlined in the Policy table, but the Committee may determine that the bonus would be delivered wholly in cash.
Deferred Bonus Plan	If the Executive Director is determined as a "good leaver" by the Committee, outstanding awards will normally vest at the normal vesting date. However, the Committee may determine that awards should vest on an earlier date, including on the date of termination of employment. Awards in the form of nil cost options may be exercised in accordance with the rules. For leavers in all other circumstances, awards will lapse on leaving.
Performance Share Plan	If the Executive Director is determined as a "good leaver" by the Committee, awards will normally vest at the end of the performance period and be released at the end of the retention period, unless the Committee determines that an earlier Release Date is appropriate. The Committee will determine the level of vesting, having due regard to the extent to which the performance conditions have been met and, unless the Committee determines otherwise, awards will be pro-rated to reflect the proportion of the performance period that had elapsed at leaving. Alternatively, the Committee may determine that awards should vest and be released at the time of leaving on the basis set out above. Any post-vesting holding periods would normally continue to apply, unless the Committee decided otherwise. Awards in the form of nil cost options may be exercised in accordance with the rules. For leavers in all other circumstances, unvested awards lapse on leaving. Awards for which the performance condition has been met at the time of leaving but which were subject to a retention period will continue to be released at the end of the retention period. Awards in the form of nil cost options may be exercised in accordance with the rules.
Other payments	The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

"good leavers" include death, injury, ill health, disability, redundancy, retirement, sale of the individual's employing business or company out of the Group or to a company which is not associated with the Company or in any other circumstances the Committee determines.

REMUNERATION COMMITTEE REPORT
CONTINUED

Change of control

The service agreements of Executive Directors do not provide for any enhanced payments in the event of a change of control of the Company. The following terms may apply:

Annual bonus	In the event of a change of control of the Company, Executive Directors may receive a bonus for the financial year in which the change of control occurs as determined by the Committee. Any bonus may also be paid entirely in cash with no deferral.
DBP awards	DBP awards may vest on a change of control, reconstruction, winding up or demerger of the Company. Alternatively, awards under the DBP may be rolled over into equivalent awards in a different company.
PSP awards	In the event of a change of control of the Company, PSP awards may vest and be released (pro-rated for time elapsed in the performance period unless the Committee determines otherwise) to the extent that the Committee determines the performance condition should be deemed satisfied having regard to the Company's progress towards that condition. The Committee may allow awards to vest on the same basis in the event of a voluntary winding up or reconstruction of the Company or a demerger except that in the event of a demerger the Committee may determine the extent to which awards shall be time pro-rated. Alternatively, awards under both the PSP may be rolled over into equivalent awards in a different company.

Directors' Remuneration Policy for Non-Executive Directors

Non-Executive Director Fees

Purpose and link to strategy	To attract and retain high-calibre individuals to service as Non-Executive Directors.
Operation	Fee levels are set to reflect the time, commitment and experience of the Chair of the Company and the Non-Executive Directors, taking into account fee levels at other companies of a similar size and complexity. The fees of Non-Executive Directors shall be reviewed at appropriate intervals to ensure that they are in line with market conditions and any changes to fees will be approved by the Board as a whole following a recommendation from the Chief Executive Officer. Fees for the Chair of the Company shall be reviewed at appropriate intervals to ensure that they are in line with market conditions and any changes to said fees will be approved by the Remuneration Committee. The fees are normally paid in cash. Fees may be delivered in shares or share awards if this is considered appropriate. The Company Chair is paid a single fee. The Non-Executive Directors are paid a base fee plus additional fees for the chairing of a Board Committee. An additional fee is also paid to the Senior Independent Director and the Employee Voice Director. Further additional fees may be paid to reflect additional time, commitments, or Committee or Board responsibilities if this is considered appropriate. The Company Chair and Non-Executive Directors are not entitled to participate in any of the Group's incentive plans or pension plans. The Company reimburses reasonable business expenses incurred in the performance of their duties and may settle any tax liabilities arising in relation to such expenses. Other benefits may be provided in the future if considered appropriate.
Opportunity	Overall fees paid to Non-Executive Directors will remain within the limit stated in the Company's Articles of Association.
Performance measures	No performance measures apply.

Appointment

None of the Non-Executive Directors has an employment contract with the Company. However, each has entered into a letter of appointment with the Company confirming their appointment for a period of three years, unless terminated by either party giving the other not less than three months' notice or by the Company on payment of fees in lieu of notice.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the Policy table for Non-Executive Directors above.

Terms and conditions for the Chair of the Company and Non-Executive Directors

The Company Chair and Non-Executive Directors serve the Company on the basis of renewable letters of appointment which can be terminated by written notice by either party. The Company Chair's appointment is subject to three months' notice and the other Non-Executive Directors are also subject to three months' notice. No compensation is awarded on termination. Letters of appointment are available for inspection at the AGM and the Company's registered office. Their appointments are subject to the provisions of the Companies Act 1985 and 2006 and the Company's Articles of Association, and, in particular, the need for re-election. Continuation of an individual Non-Executive Director's appointment is also contingent on that Non-Executive Director's satisfactory performance, which is evaluated annually by the Company Chair. The Company Chair is evaluated by the Senior Independent Director.

Inspection of contracts

The Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered offices.

Termination of Non-Executive Directors' letters of appointment

No compensation would be payable to a Non-Executive Director if his or her engagement were terminated as a result of him or her retiring by rotation at an Annual General Meeting, not being elected or re-elected at an Annual General Meeting or otherwise ceasing to hold office under the provisions of the Articles of Association of the Company. There are no provisions for compensation being payable upon early termination of the appointment of a Non-Executive Director.

Dialogue with shareholders

The views of our shareholders are very important to the Committee and it is our policy to consult with our largest shareholders in advance of making any material changes to the executive remuneration arrangements. The Remuneration Committee considered the guidelines issued by bodies representing institutional shareholders and feedback from shareholders on the Group's remuneration policies and practices. Details of votes cast for and against the resolution to approve the prior year's Directors' Remuneration Report and any matters discussed with shareholders during the year are referred to in the Annual Report on Remuneration.

Dialogue with colleagues

The Committee generally considers pay and employment conditions elsewhere in the Group when considering pay for Executive Directors and senior management. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other colleagues in the Group. The Committee does not consult directly with colleagues regarding Executive Directors' remuneration. The Company also conducts regular listening groups across the Group; these are chaired by senior executives or Director-level colleagues and cover a wide range of subjects, including communication, pay, benefits and ESG issues. The Committee is also mindful of any changes to the pay and benefit conditions for employees more generally when considering the policy for Directors' pay. When determining incentive outcomes for Directors, including if discretion should be applied, the Committee will also consider workforce pay.

GOVERNANCE

REMUNERATION COMMITTEE REPORT
CONTINUED

Structure and content of the Remuneration Report

This Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). This Remuneration Report meets the requirements of the UK Listing Rules and the Disclosure Guidance and Transparency Rules.

The information set out below represents auditable disclosures referred to in the Independent Auditor's Report on pages 121 to 129, as specified by the UK Listing Authority and the Regulations.

Committee composition

During the year, the Committee consisted of:

- Jill Caseberry (Chair);
- Tom Singer; and
- Tanvi Gokhale.

Three scheduled Committee meetings were held during the year and were attended by all relevant members at the time of the meeting.

After each Committee meeting, the Remuneration Committee Chair reported to the Board on the key issues that had been discussed.

A number of informal discussions were also held with the Committee members throughout the year when the need arose.

Activities during the year

During the year, the Policy operated as intended. The Committee undertook the following activities:

- Reviewed and approved the Directors' Remuneration Report published in the FY25 Annual Report and Accounts;
- Developed, discussed and reviewed the Remuneration Policy for shareholder approval at the 2026 Annual General Meeting;
- Discussed and approved incentive outcomes for FY25;
- Reviewed and approved organisational design changes;
- Approved grants under the Company's share schemes;
- Considered the approach to implementing the Remuneration Policy for FY26, including setting Executive Director and Chair salaries/fees. Non-Executive Director fees are determined by the Chair and the Executive Directors;
- Reviewed considering and setting the approach to performance measures for the FY26 annual bonus and performance share plans;
- Reviewed the mechanics and assets of the Employee Benefit Trust and hedging arrangements;
- Discussed and approved remuneration arrangements for the Executive Management team below the Board;
- Reviewed the Committee's Terms of Reference;
- Reviewed remuneration arrangements for the wider workforce and took these into account when considering Executive pay;
- Received a market update on the Executive pay landscape and on the internal Reward landscape;
- Received an update on the gender pay report;
- Reviewed and approved changes to the Ireland Pension Plan and the Company Car Policy; and
- Reviewed and approved the appointment of remuneration advisors and set the appropriate fee.

Advisors and other attendees

During the year, the Committee was supported by the Chief People and Property Officer and the Reward Director together with the Company Secretary (who acts as secretary to the Committee). The Chief Executive Officer and Chief Financial Officer also attend Committee meetings on occasion, at the request of the Committee; they are not present when their own remuneration is discussed. In carrying out its responsibilities, the Committee is authorised to obtain the advice of external independent remuneration consultants and is solely responsible for their appointment, retention and termination. During the year, the Committee has taken advice from Deloitte LLP ("Deloitte"), which advised on remuneration reporting, share option evaluations and other remuneration matters. Deloitte also provided unrelated advice on debt advisory work, tax services, financial reporting and legal support during the year. The total fees paid to Deloitte in respect of remuneration advice were £75,925 charged on a time and materials basis.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to the Remuneration Consultants Group Code of Conduct when providing services. The Committee considers Deloitte's advice independent and impartial and is also satisfied that the Deloitte engagement team that advises the Remuneration Committee does not have connections with the Company or its Directors that might impair its independence. The Committee considered the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Shareholder dialogue

The voting outcome from the 2025 AGM held on 3 September 2025 showed strong support for the FY25 Directors' Remuneration Report. Furthermore, the voting outcome from the 2023 AGM showed strong support for the revised Directors' Remuneration Policy (the "Policy"). The following table sets out the votes cast at the 2023 AGM in respect of the Policy and at the 2025 AGM in respect of the FY25 Directors' Remuneration Report.

	% of votes for	% of votes against
FY25 Directors' Remuneration Report*	99.38%	0.62%
FY23 Remuneration Policy**	99.23%	0.77%

* 12,401 votes (0.009% of votes) were withheld in relation to this resolution.

** 40,189 votes (0.02% of votes) were withheld in relation to this resolution.

We continue to be mindful of the views of our shareholders and other stakeholders and encourage discussion with shareholders on any issue related to Executive remuneration.

In the event of a substantial vote against a resolution in relation to Directors' remuneration, we would seek to understand the reasons for any such vote to determine appropriate actions and detail any such actions in response to it in the Directors' Remuneration Report.

Annual Report on Remuneration

How the Remuneration Policy was Implemented in FY26 – Executive Directors

Single remuneration figure (audited)

	Base salary (£)	Benefits (£)	Pension (£)	Total fixed (£)	Bonus (£)	PSP (£)	Total variable (£)	Total "single figure" (£)
2025/26								
Henry Birch[1]	625,379	20,418	18,742	664,539	799,070[2]	–	799,070	1,463,609
Jo Hartley	419,055	41,398	12,572	473,025	535,433[3]	119,055[4]	654,498	1,127,523
Graham Stapleton[5]	26,467	1,253	794	28,514	33,818[6]	113,086[4]	146,904	175,418
2024/25								
Henry Birch[1]	–	–	–	–	–	–	–	–
Jo Hartley	412,953	27,299	12,211	452,463	485,632[7]	85,607[9]	551,852	1,023,702
Graham Stapleton[5]	625,951	25,234	18,509	669,694	736,118[8]	151,384[9]	853,224	1,557,196

1 Henry Birch was appointed Chief Executive Officer on 16 April 2025.

2 One-third of the pro-rated bonus payable for Henry Birch was deferred into shares for a period of three years.

3 One-third of the bonus payable for Jo Hartley was deferred into shares for a period of three years.

4 For 2025/26, the 2023/24 PSP has been valued based on the average share price during the three-month period to 3 April 2026 of £1.428 and a vesting outcome of 17.1% as referenced on page 106. The share price used to determine the level of award was £1.91; therefore, no portion of the value disclosed is attributable to share price appreciation over the performance period. No discretion has been exercised in relation to share price changes.

5 Graham Stapleton stepped down as Chief Executive Officer on 15 April 2025.

6 Graham Stapleton's pro-rated bonus was paid full in cash.

7 One-third of the bonus paid for Jo Hartley was deferred into shares for a period of three years.

8 Graham Stapleton's bonus was paid full in cash.

9 For 2024/25, the 2022 PSP value has been restated to reflect the share price at the date of vesting on 3 July 2023 of £1.678 compared to the average three-month share price to 28 March 2025 of £1.298 used in the FY25 Remuneration Report. Given the PSP was granted at a share price of £1.671 and vested at £1.678, no material proportion was attributable to share price growth and no discretion was applied.

Benefits

Benefits include payments made in relation to a car cash allowance and fuel and private health insurance. For Henry Birch, the car allowance came to £13,936; for Jo Hartley it was £11,200; and for Graham Stapleton, the car allowance plus fuel came to £604. Jo Hartley also received a taxable travel allowance of £25,343.

Pension

Pension payments represent contributions made either to defined contribution pension schemes or as a cash allowance. Henry Birch upon appointment, plus Jo Hartley and Graham Stapleton (as the former Chief Executive Officer), all received an allowance of 3% of base salary to ensure alignment with the employer pension contribution available to the majority of the workforce.

FY26 annual bonus

The annual bonuses for FY26 for the Executive Directors were as follows:

Measures	Weighting	Threshold (15%)	Target (50%)	Maximum (100%)	FY26 achievement	FY26 outturn
Underlying PBT* (£m)	60%	£33.3m	£38.3m	£43.3m	£41.5m	49.2%
Free cash flow (£m)	10%	£8.0m	£13.0m	£18.0m	£25.3m	10%
Cost (% of sales)	10%	51.7%	51.2%	50.7%	50%	10%
Group health and safety risk index	5%	10% reduction	20% reduction	25% reduction	19.9%	2.5%
Group NPS	5%	67.5	67.7	67.9	68.3%	5%
Individual strategic objectives	10%					
Henry Birch					85%	8.5%
Jo Hartley					85%	8.5%
Graham Stapleton					85%	8.5%
Total						
Henry Birch						**85.2%**
Jo Hartley						**85.2%**
Graham Stapleton						**85.2%**

* Results are on a 52 week basis and before the impact of the accounting policy change, reflecting the basis on which targets were set.

Following the change to the Group's profit definition, for consistency performance outcomes for the annual bonus and targets in-flight PSP awards have been calculated on the basis of the prior methodology such performance is being assessed on a like-for-like basis against which the targets were set.

GOVERNANCE

REMUNERATION COMMITTEE REPORT
CONTINUED

The Committee took into account a number of factors including overall stakeholder experience, performance against financial metrics, payouts for colleagues and the Company's health and safety record and determined that no discretion to the outcome would be applied. Both Henry and Graham will receive pro-rated amounts.

For Henry Birch and Jo Hartley, one-third of the total bonus payable will be deferred for three years into shares through an equivalent award under the Deferred Bonus Plan. For Graham Stapleton, as per the terms of his departure, the total pro-rated bonus payable will be paid in cash. All bonuses remain subject to malus and clawback conditions.

The achievement of individual strategic objectives for each Executive Director is summarised below:

Executive Director	**Achievements in year**
Henry Birch	Since taking the role of Chief Executive Officer early in the financial year, Henry has established strong working relationships with the Chair, Board and external stakeholders, as well as our investor community. Henry has shown strong and visible leadership throughout FY26, delivering strong financial performance against material inflationary headwinds. The Committee considered Henry's performance against his objectives over the financial year and determined his performance to be strong. Key achievements include: • Financial highlights – margin and cost; • Updated strategy, outlining the key pillars to the long-term success of the Group; • Significant improvement in colleague safety through visible safety leadership; and • Development of a strong Executive Team to deliver future success.
Achievement (% of maximum for this measure)	**85%**

Executive Director	**Achievements in year**
Jo Hartley	The Committee considered Jo's performance against her objectives over the financial year and determined her performance to be strong. Key achievements include: • Successfully onboarded and supported the new Chief Executive Officer, ensuring continuity of performance and alignment on strategic priorities; • Strengthened the Finance function, enhancing capability, bench strength and support to the wider business; • Delivered strong financial discipline, with tight cost control and improved cash generation supporting resilience and investment capacity; • Led the development of a clear and credible five-year plan, balancing disciplined capital allocation with targeted investment to drive sustainable returns; and • Strengthened the Group's control environment and governance framework, progressing readiness for Provision 29, while playing a key role in shaping and advancing the Group's strategic and transformation agenda.
Achievement (% of maximum for this measure)	**85%**

Executive Director	**Achievements in year**
Graham Stapleton	Considering the 14 days of the FY26 financial year Graham was employed, his contribution to the budget, business plan and handover, it is proposed this measure be paid at a level equivalent to the average colleague outcome of 85%.
Achievement (% of maximum for this measure)	**85%**

Performance outcomes for 2023 PSP awards

Metric	Weighting	Threshold targets (25% vesting)	Maximum targets (100% vesting)	Performance	% total award vesting
Underlying EPS	40%	26.6p	35.5p	14.7p	nil
Relative total shareholder return	40%	Median	Upper quartile	Below median	nil
Service-related sales	20%	£851.4m	£946.0m	£927.9m	17.1%

The 2023 PSP awards were granted based on a £1.91 share price; as such, the Committee determined that no adjustment would be made when considering any windfall gains.

Share awards granted during the year (audited)

Performance Share Plan

During the period, the following awards were granted to the Executive Directors under the Performance Share Plan ("PSP") as follows:

	Date of award	Type of award	Number of shares[1]	Maximum face value of award[2]	Threshold vesting (% of award)	Performance period
Henry Birch	4 Dec 2025	Nil cost option (0p exercise price)	924,608	£1,299,999	25%	29 Mar 2025 to 31 Mar 2028
Jo Hartley	4 Dec 2025	Nil cost option (0p exercise price)	596,096	£838,111	25%	29 Mar 2025 to 31 Mar 2028

1 Awards based on 200% of salary.

2 Based on the average mid-market price on three preceding days of the awards of £1.406 on 4 December 2025.

Performance conditions

The performance conditions and targets for PSP awards granted during FY26 are as follows:

		Underlying EPS growth – CAGR (40% of the award)	Relative TSR (40% of the award)	Group services-related sales (total of sales for FY26 to FY28) (20% of the award)
Award (200%)	100% vesting	21.4p or higher	Upper quartile	Above £1,032m
	Straight-line vesting	Between 14.9p and 21.4p	Between market median and upper quartile	Between £934m and £1,032m
	25% vesting	14.9p	Market median	£934m
	0% vesting	Below 14.9p	Below market median	Below £934m

The award shares that vest will become exercisable in 2028. The shares that vest will be subject to a two-year holding period.

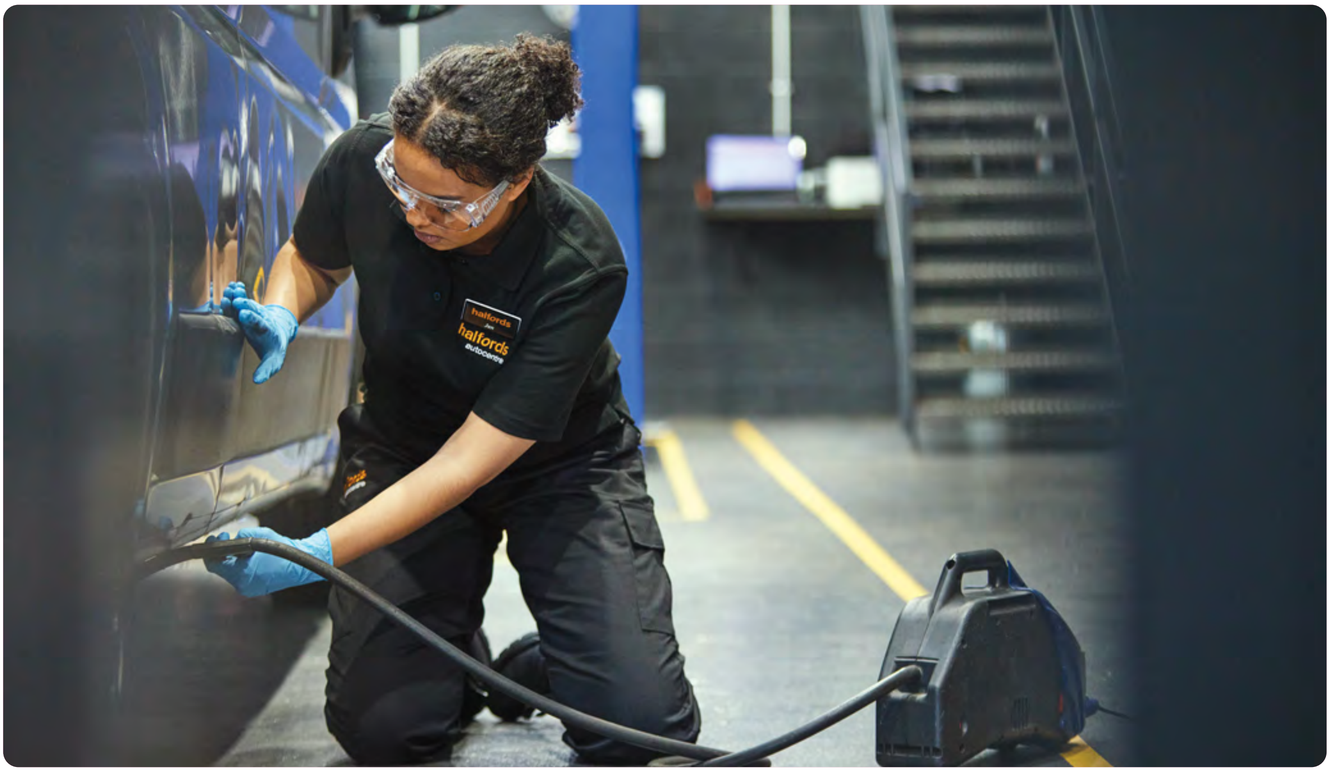
Deferred Bonus Plan

During the period, the following award was granted to Jo Hartley under the Deferred Bonus Plan ("DBP"):

	Date of award	Number of shares[1]	Maximum face value of award[2]	Vesting
Jo Hartley	30 June 2025	104,436	£161,877	30 June 2028

1 One-third of the FY25 bonus was deferred into shares for a period of three years. These awards are not subject to further performance conditions.

2 Based on the average mid-market price on the date of the award of £1.550 on 30 June 2025.



REMUNERATION COMMITTEE REPORT
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Outstanding share awards (audited)
Performance Share Plan ("PSP")
The following summarises outstanding awards under the PSP:

	Award date	Grant price[1] (£)	Awards held 29 Mar 2025	Awarded during the period	Dividend reinvestment[2]	Forfeited during the period	Lapsed during the period	Exercised during the period	Awards held 3 Apr 2026	Performance period years to	Holding period to
Henry Birch[3]	4 Dec 2025[4]	1.406	–	924,608	19,056	–	–	–	943,664	31 Mar 2028	31 Mar 2030
Jo Hartley	21 Oct 2022[5]	1.671	401,394	–	3,257	350,380	–	–	54,271	28 Mar 2025	28 Mar 2027
	12 Dec 2023[6]	1.91	458,275	–	29,274	–	–	–	487,549	3 Apr 2026	3 Apr 2028
	3 Dec 2024[7]	1.48	579,130	–	36,994	–	–	–	616,124	30 Mar 2027	30 Mar 2029
	4 Dec 2025[8]	1.406	–	596,096	12,285	–	–	–	608,381	31 Mar 2028	31 Mar 2030
Graham Stapleton[9]	16 Oct 2020[10]	2.425	276,059	–	–	–	–	276,059	–	31 Mar 2023	31 Mar 2025
	21 Oct 2022[11]	1.671	709,840	–	–	619,623	–	–	90,217	28 Mar 2025	28 Mar 2027
	12 Dec 2023[12]	1.91	694,652	–	–	231,550	–	–	463,102	3 Apr 2026	3 Apr 2028
	3 Dec 2024[13]	1.48	877,842	–	–	585,228	–	–	292,614	30 Mar 2027	2 Apr 2029

1 The grant price is calculated by taking the mid-market average across the three preceding days prior to the grant date.

2 The interim and final dividends have been reinvested in shares at prices between £1.368 and £1.456.

3 Henry Birch was appointed as Chief Executive Officer on 16 April 2025.

4 The FY26 award granted on 4 December 2025 is subject to: 40% underlying EPS growth (25% vesting at 14.9p in FY28. 100% vesting at 21.4p in FY28); 40% to Relative TSR (25% vesting achieving below market median. 100% vesting achieving upper quartile); and 20% to Group services-related sales (25% vesting for £934.0m, 100% vesting for £1,032.0m).

5 The FY23 award granted on 21 October 2022 vested at 12.71% in April 2025, a two-year deferral period was attached to the award. The deferral was applied as a gross holding retention period which means the award cannot be exercised until the second anniversary of vesting (April 2027). The award will continue to attract dividend reinvestment shares during the deferral period.

6 The FY24 award granted on 12 December 2023 is subject: to 40% underlying EPS growth (25% vesting at 26.6p in FY26. 100% vesting at 35.5p in FY26); 40% to Relative TSR (25% vesting achieving below market median. 100% vesting achieving upper quartile); and 20% to Group services-related sales (25% vesting for £851.4m, 100% vesting for £946.0m).

7 The FY25 award granted on 3 December 2024 is subject: to 40% underlying EPS growth (25% vesting at 13.0p in FY27. 100% vesting at 22.4p in FY27); 40% to Relative TSR (25% vesting achieving below market median. 100% vesting achieving upper quartile); and 20% to Group services-related sales (25% vesting for £924.0m, 100% vesting for £1,021.0m).

8 The FY26 award granted on 4 December 2025 is subject to: 40% underlying EPS growth (25% vesting at 14.9p in FY28. 100% vesting at 21.4p in FY28); 40% to Relative TSR (25% vesting achieving below market median. 100% vesting achieving upper quartile); and 20% to Group services-related sales (25% vesting for £934.0m, 100% vesting for £1,032.0m).

9 Graham Stapleton stepped down as Chief Executive Officer on 15 April 2025.

10 The FY21 award granted on 16 October 2020 vested at 50% in April 2023, a two-year deferral period was attached to the award. The deferral was applied as a gross holding retention period which meant the award could not be exercised until the second anniversary of vesting (April 2025). The award continued to attract dividend reinvestment shares during the deferral period. The award was exercised on 15 April 2025.

11 The FY23 award granted on 21 October 2022 vested at 12.71% in April 2025, a two-year deferral period was attached to the award. The deferral was applied as a gross holding retention period which means the award cannot be exercised until the second anniversary of vesting (April 2027). Mr Stapleton stepped down from the Board on 15 April 2025 prior to the vesting of the award and was, therefore, entitled to the full number of shares. As a good leaver under the rules of the Performance Share Plan his award does not continue to attract dividend reinvestment shares during the deferral period.

12 The FY24 award granted on 12 December 2023 is subject to: 40% underlying EPS growth (25% vesting at 26.6p in FY26. 100% vesting at 35.5p in FY26); 40% to Relative TSR (25% vesting achieving below market median. 100% vesting achieving upper quartile); and 20% to Group services-related sales (25% vesting for £851.4m, 100% vesting for £946.0m). Mr Stapleton stepped down from the Board on 15 April 2025 and as a good leaver under the rules of the Performance Share Plan his award was pro-rated accordingly. The remaining balance of the award does not continue to attract dividend reinvestment shares during the deferral period.

13 The FY25 award granted on 3 December 2024 is subject to: 40% underlying EPS growth (25% vesting at 13.0p in FY27. 100% vesting at 22.4p in FY27); 40% to Relative TSR (25% vesting achieving below market median. 100% vesting achieving upper quartile); and 20% to Group services-related sales (25% vesting for £924.0m, 100% vesting for £1,021.0m). Mr Stapleton stepped down from the Board on 15 April 2025 and as a good leaver under the rules of the Performance Share Plan his award was pro-rated accordingly. The remaining balance of the award does not continue to attract dividend reinvestment shares during the deferral period.

Deferred Bonus Plan ("DBP")

	Award date	Grant price[1] (£)	Awards held 29 Mar 2025	Awarded during the period	Dividend reinvestment[2]	Forfeited during the period	Lapsed during the period	Exercised during the period	Awards held 3 Apr 2026	Vesting
Jo Hartley	30 June 2025	1.55	–	104,436	6,670	–	–	–	111,106	30 June 2028
Graham Stapleton	30 June 2022[3]	1.429	186,312	–	–	–	–	186,312	–	N/A

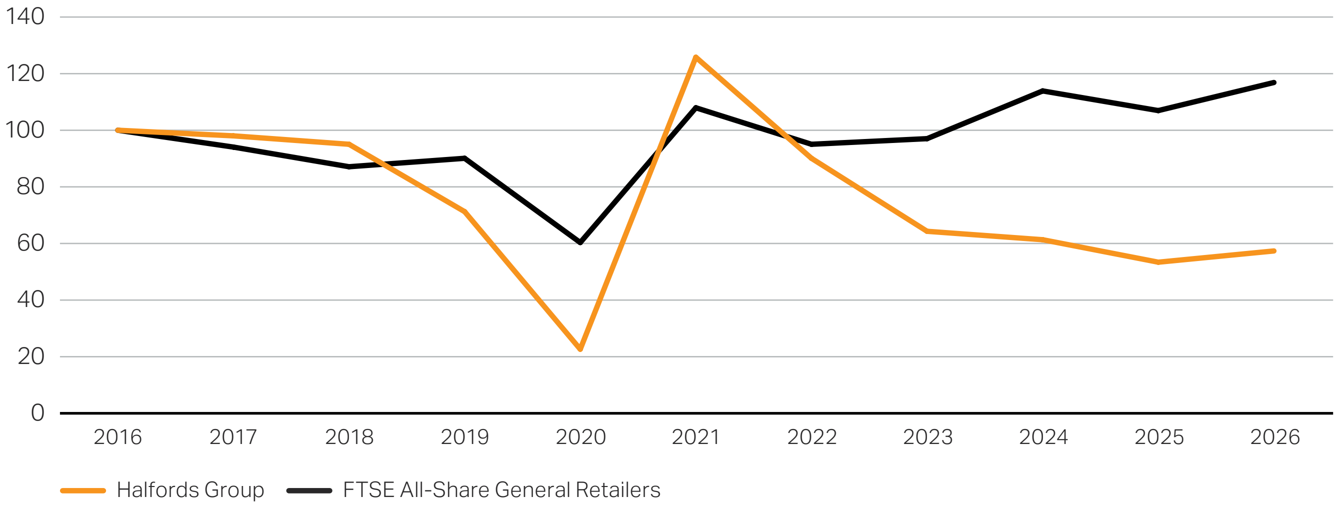
1 The grant price is calculated by using the mid-market quotation on the date of grant.

2 The interim and final dividends have been reinvested in shares at prices between £1.368 and £1.14556.

3 Graham exercised the 2021 DBP on 12 July 2024.

CEO pay compared to performance

The following graph shows the ten-year TSR performance of the Company since April 2016, against the FTSE All-Share General Retailers Index which was chosen because it represents a broad equity market index of which the Company is a constituent.



The following table summarises the CEO single figure for the past ten years and outlines the proportion of annual bonus paid as a percentage of the maximum opportunity and the proportion of PSP awards vesting as a percentage of the maximum opportunity. The annual bonus is shown based on the year to which performance related and the PSP is shown for the last year of the performance period.

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
CEO single figure (£'000)										
Henry Birch[1]	–	–	–	–	–	–	–	–	–	1,463
Graham Stapleton[2]	–	1,818	670	678	2,699	2,752	1,189	650	1,557	608
Jonny Mason[3]	–	236	–	–	–	–	–	–	–	–
Jill McDonald[4]	741	295	–	–	–	–	–	–	–	–
Annual bonus (% of maximum)										
Henry Birch	–	–	–	–	–	–	–	–	–	85.2%
Graham Stapleton	–	–	–	–	92.5%	79.4%	–	–	78.4%	85.2%
Jonny Mason	–	–	–	–	–	–	–	–	–	–
Jill McDonald	–	–	–	–	–	–	–	–	–	–
PSP vesting (% of maximum)										
Henry Birch	–	–	–	–	–	–	–	–	–	–
Graham Stapleton	–	–	–	–	84.9%	100%	50%	–	12.7%	17.1%
Jonny Mason	–	–	–	–	–	–	–	–	–	–
Jill McDonald	–	–	–	–	–	–	–	–	–	–

1 Henry Birch was appointed Chief Executive Officer on 16 April 2025.

2 Graham Stapleton was appointed in January 2018 and stepped down as Chief Executive Officer on 15 April 2025.

3 Jonny Mason was appointed as interim Chief Executive Officer for the period from September 2017 to the date of Graham Stapleton joining in January 2018, and the figures represent pro-rated amounts of his bonus and overall remuneration for FY18.

4 Jill McDonald was appointed in May 2015 and resigned as CEO in September 2017.

Shareholding guidelines (audited)

The Committee believes that it is important that Executive Directors' interests are aligned with those of the shareholders. Executive Directors are encouraged to acquire and retain shares with a value equal to 200% of their annual base salary. Executive Directors are expected to retain 75% of any post-tax shares that vest under any share incentive plans until this shareholding guideline is met.

	Henry Birch	Jo Hartley
Shareholding guideline	200%	200%
Shareholding as at 3 April 2026	71,500	131,863[1]
Current value (based on share price on 3 April 2026)	£94,094	£173,497
Current % of salary	14.5%	41.4%

1 The shareholding figure includes 17.1% vested shares from the 2023 Performance Share Plan award (on a net of tax basis), which are currently being held in a two-year deferral period in the Employee Benefit Trust ("EBT"). The figure also includes the shares held in the EBT in relation to the Deferred Bonus Plan grant made in 2025 (on a net of tax basis).

These figures include those of their spouse or civil partner and infant children, or stepchildren, as required by Section 822 of the Companies Act 2006.

There has been no change in the beneficial interest of Henry Birch and Jo Hartley between 3 April 2026 and 24 June 2026.

REMUNERATION COMMITTEE REPORT
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Under the post-employment shareholding guideline, Executive Directors are expected to retain their shareholding guideline (200% of salary) for a period of two years post stepping down as an Executive Director. This post-employment shareholding guideline applies to any performance incentive shares that vested from 1 April 2020.

Executive Directors' appointments

Director	Date of service agreement	Notice period
Henry Birch	16 April 2025	6 months
Jo Hartley	19 April 2022	6 months

Outside appointments

Halfords recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such Non-Executive Director duties can broaden experience and knowledge, which can benefit Halfords. Subject to approval by the Board, Executive Directors are allowed to accept Non-Executive Director appointments and retain the fees received, provided that these appointments are not likely to lead to conflicts of interest.

Remuneration arrangements in respect of Graham Stapleton leaving

Graham Stapleton stepped down as Chief Executive Officer and as a Director of Halfords Group plc on 15 April 2025.

- Graham received a payment in lieu of notice totalling £340,929, comprising of six months' salary, pension allowance, private medical insurance, permanent health insurance, car allowance, and fuel payments. This was paid in six monthly instalments (subject to mitigation).
- Graham received an annual bonus in respect of the 2025 financial year as detailed in the FY25 Annual Report and Accounts. He also received an annual bonus, pro-rated to date of departure, paid in cash, in respect of the 2026 financial year as shown on page 105.
- As per the approved good leaver policy, the 2022 DBP vested on departure.
- Graham was treated as a good leaver in respect of his outstanding awards under the LTIP and treatment of the awards was in accordance with the relevant plan rules (including malus and clawback provisions). His LTIP awards granted in 2022 vested on the original vesting date, and his LTIP awards granted in 2023 and 2024 will vest on the original vesting dates subject to the achievement of the applicable performance conditions as determined by the Remuneration Committee following completion of the relevant performance periods. His 2023 and 2024 PSP awards will also be subject to time pro-rating based on the relevant performance periods. Graham did not receive a PSP award for FY26.
- Graham received a contribution of £17,500 (plus VAT) in respect of his legal fees. Graham also received a payment of £75,000 towards outplacement support.
- Graham is required to comply with the post-employment shareholding requirements outlined in the Policy until 15 April 2027.

Loss of office payments (audited)

No additional loss of office payment was made to a Director during the period.

Payments to former Directors (audited)

No additional payments were made to former Directors during the period.

How the Remuneration Policy was implemented in FY26 – Non-Executive Directors

Non-Executive Director single figure comparison (audited)

During the year, it was agreed that the fees for the Non-Executive Directors and the Chair would be moved to 1 April 2026, in line with the pay review for the remainder of the business. Therefore, the fees during the year remained the same as in FY25.

Director	Role	Board fees (£)	Senior Independent Director fee (£)	Committee Chair/ Employee Voice Director fees (£)	Taxable benefits[1] (£)	Total "single figure"[2] 2026 (£)	Total "single figure"[2] 2025 (£)
Keith Williams[3]	Company Chair	216,110	–	–	–	216,110	212,693
Jill Caseberry[4]	Senior Independent Director, Remuneration Committee Chair	58,410	10,000	10,000	309	78,719	83,937
Tom Singer	Audit Committee Chair	58,410	–	10,000	282	68,692	67,560
Tanvi Gokhale	ESG Committee Chair and Employee Voice Director	58,410	–	10,000	501	68,911	67,863

1 Includes hotel and travel costs incurred when attending Halfords' meetings and Board visits.

2 The Chair and Non-Executive Directors are not entitled to participate in any of the Group's incentive plans or pension plans so all pay is fixed.

3 Keith Williams did not claim any taxable benefits during the year.

4 Due to a payroll error, a portion of fees for Jill Caseberry relating to her appointment as Senior Independent Director from 6 September 2023 was paid in FY25. This amounted to £5,714.

Non-Executive Director shareholding (audited)

Director	2026	2025
Keith Williams	**180,000**	180,000
Jill Caseberry	**20,283**	20,283
Tom Singer	**30,000**	30,000
Tanvi Gokhale	**–**	–

These figures include those of their spouses, civil partners and infant children, or stepchildren, as required by Section 822 of the Companies Act 2006. There was no change in these beneficial interests between 29 March 2026 and 25 June 2026.

Non-Executive Directors do not have a shareholding guideline, but they are encouraged to buy shares in the Company.

Non-Executive Directors' appointments

None of the Non-Executive Directors has an employment contract with the Company. However, each had entered into a letter of appointment with the Company confirming their appointment for a period of three years, unless terminated by either party giving the other not less than three months' notice or by the Company on payment of fees in lieu of notice.

Director	Appointed	Date of current appointment	Expiry date	Unexpired term at the date of this report
Jill Caseberry	01 Mar 2019	01 Mar 2025	28 Feb 2028	22 months
Tom Singer	16 Sep 2020	16 Sep 2023	15 Sep 2026	3 months
Keith Williams	24 Jul 2018	24 Jul 2024	23 Jul 2027	13 months
Tanvi Gokhale	20 Jun 2023	20 Jun 2026	19 Jun 2029	36 months

Their appointments are subject to the provisions of the Companies Act 2006 and the Company's Articles of Association and, in particular, the need for re-election. The continuation of an individual Non-Executive Director's appointment is also contingent on that Non-Executive Director's satisfactory performance, which is evaluated annually. The Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office.

How the Remuneration Policy will be implemented for FY27 – Executive Directors

Salary

The salary for the Executive Directors, Henry Birch and Jo Hartley, remained unchanged during FY26 following the decision to move the salary review to 1 April 2026, to be in line with the wider workforce.

Following the review in April, the salaries for the Executive Directors increased by 2%, below the 3.9% increase applied to the general workforce, and are as follows:

CEO – Henry Birch	£663,000
CFO – Jo Hartley	£427,437

Salaries will next be reviewed with effect from 1 April 2027.

Pension

Henry Birch, and Jo Hartley will receive cash pension allowances of 3% of salary, which is in line with the Company contribution rate available for the wider workforce.

Annual bonus

The normal maximum annual bonus for Executive Directors is 150% of base salary with two-thirds paid in cash and one-third paid in Halfords' shares deferred for three years.

Performance measures for FY27 annual bonus	
Financial measures • Group profit before tax: 60% • Free cash flow: 20%	80%
Non-Financial measures • Health and safety: 5% • Personal strategic objectives: 15%	20%

Targets have not been disclosed at the current time as they are considered to be commercially sensitive. The Committee intends to disclose targets in next year's Directors' Remuneration Report.

REMUNERATION COMMITTEE REPORT
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Performance Share Plan ("PSP")
The normal PSP award for Executive Directors is 200% of base salary.

The Committee is mindful of shareholder guidance that award levels should be adjusted where the share price has fallen significantly compared to prior years. Based on the current share price, the Committee is of the view that no adjustment is required; however, the Committee will take this into account when determining award levels in September.

Our normal practice is to grant awards in the autumn.

FY27 PSP awards are due to be granted later in the year. These awards will continue to vest based on relative TSR versus a comparator group of businesses taken from the FTSE All-Share General Retailers Index (40% weighting), on EPS performance for FY29 (40% weighting), and on Group return on capital employed for FY29 (20% weighting). 25% of the TSR element will vest for median performance with 100% vesting for upper quartile TSR performance. Targets for the EPS and Group services-related revenue measures will be determined and disclosed by the Committee in the FY27 Directors' Remuneration Report.

How the Remuneration Policy will be implemented for FY27 – Non-Executive Directors' fees
The fees of Non-Executive Directors are reviewed regularly. Any changes to these fees will be approved by the Board as a whole following a recommendation from the Chief Executive Officer and the Remuneration Committee.

In line with the changes to the pay review date for the Group, no changes were made to Non-Executive Director fees in October 2025. For FY27, Chair and base fee will increase by 2%. Additional fees remain unchanged.

Fees for Non-Executive Directors are as follows:

	FY27	FY26
Chair	**£220,432**	£216,110
Base fee	**£59,578**	£58,411
Additional fees		
Senior Independent Director	**£10,000**	£10,000
Committee Chair (Audit and Remuneration)	**£10,000**	£10,000
Employee Voice Director	**£5,000**	£5,000
Committee Chair (ESG)	**£5,000**	£5,000

Change in remuneration of Directors compared to Group colleagues
The table below sets out the increase in total remuneration of the Directors and that of all colleagues in FY26 compared with the prior financial years.

Executive Directors

	FY25 to FY26			FY24 to FY25			FY23 to FY24		
	Base salary/ fees % change	**Annual bonus % change**	**Benefits % change**	Base salary/ fees % change	Annual bonus % change	Benefits % change	Base salary/ fees % change	Annual bonus % change	Benefits % change
Executive Directors									
Henry Birch[1]	**100.0%**	**100.0%**	**100.0%**	–	–	–	–	–	–
Graham Stapleton[2]	**-95.7%**	**-95.3%**	**-95.3%**	3.0%	100.0%	1.9%	3.0%	0%	–
Jo Hartley[3]	**1.5%**	**13.8%**	**60%[4]**	3.0%	100.0%	123.3%	3.0%	0%	–
Loraine Woodhouse[4]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	–
Non-Executive Directors									
Keith Williams	**0%**	**–**	**–**	3.0%	–	–	3.0%	–	–
Helen Jones[6]	**0%**	**–**	**–**	3.0%	–	–	N/A	–	–
Jill Caseberry	**0%**	**–**	**–**	3.0%	–	–	3.0%	–	–
Tom Singer	**0%**	**–**	**–**	3.0%	–	–	3.0%	–	–
Tanvi Gokhale[7]	**0%**	**–**	**–**	3.0%	–	–	N/A	–	–
Average pay of all colleagues in the Group	**5.8%**	**-6.4%**	**–**	9.0%	40.7%	–	5.7%	-2.7%	–

	FY22 to FY23			FY21 to FY22			FY20 to FY21		
	Base salary/ fees % change	Annual bonus % change	Benefits % change	Base salary/ fees % change	Annual bonus % change	Benefits % change	Base salary/ fees % change	Annual bonus % change	Benefits % change
Executive Directors									
Henry Birch[1]	–	–	–	–	–	–	–	–	–
Graham Stapleton[2]	4.0%	-13.0%	–	1.8%	100.0%	–	1.8%	–	–
Jo Hartley[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loraine Woodhouse[5]	N/A	-13.0%	–	1.8%	100.0%		1.8%	–	–
Non-Executive Directors									
Keith Williams	4.0%	–	–	1.8%	–	–	0.0%	–	–
Helen Jones[6]	4.0%	–	–	1.8%	–	–	9.5%	–	–
Jill Caseberry	4.0%	–	–	1.8%	–	–	0.0%	–	–
Tom Singer	4.0%	–	–	1.8%	–	–	N/A	N/A	N/A
Tanvi Gokhale[7]	N/A	–	–	N/A	–	–	N/A	N/A	N/A
Average pay of all colleagues in the Group	5.9%	8.6%	–	2.8%	76.3%	–	4.0%	45.4%	–

1 Henry Birch was appointed as Chief Executive Officer on 16 April 2025.

2 Graham Stapleton left the Board on 15 April 2025.

3 Jo Hartley was appointed as Chief Financial Officer on 16 June 2022.

4 The increase in this figure is as a result of Jo Hartley's travel allowance annualisation.

5 Loraine Woodhouse retired from the Board on 1 July 2022.

6 Helen Jones retired from the Board on 6 September 2023.

7 Tanvi Gokhale was appointed as a Non-Executive Director on 20 June 2023.

CEO pay ratio

Halfords is a UK-listed Company with more than 250 employees meaning that the Company is required to disclose, annually, the ratio of its CEO's pay to the median, lower quartile and upper quartile pay of its UK employees. Details of this can be found in the table below.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025/26	**Option B**	**60:1**	**54:1**	**41:1**
2024/25	Option B	73:1	52:1	47:1
2023/24	Option B	29:1	23:1	22:1
2022/23	Option B	61:1	56:1	34:1
2021/22	Option B	167:1	147:1	90:1
2020/21	Option B	143:1	126:1	99:1

Of the three options set out in the legislation for calculating the CEO pay ratio, we have chosen Option B using Gender Pay Gap data. This option was chosen as it represents the most efficient method to determine the respective pay ratios. The colleagues at the three quartiles were identified and their respective single-figure values calculated as of 5 April 2025. To ensure the identified colleagues were representative, the total remuneration for a group of individuals above and below the identified colleague at each quartile was also reviewed. The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression. In order to determine the full-time equivalent salary component for the representative colleagues, the hourly rate was multiplied by full-time hours to calculate the full-time equivalent salary. No component of total remuneration was omitted. The base salary and total remuneration for each representative colleague are outlined below, adjusted to reflect full-time equivalent hours. As has been the case in previous years, the remuneration arrangements for the Executive Directors are more closely linked to performance, and this is reflected in the increase in CEO pay ratio year on year, given both the annual bonus and the PSP did not pay out in the previous year.

Component	P25	P50	P75
Base salary	£24,590	£27,144	£35,393
Total remuneration	£24,590	£27,191	£35,767

REMUNERATION COMMITTEE REPORT
CONTINUED

Workforce engagement in remuneration

Halfords has an established practice of engaging with colleagues across all areas of the business, including holding regular listening groups. Although during FY26, the Committee did not consult directly with colleagues regarding the Executive Directors' remuneration, the scope of this engagement will be expanded where appropriate in the future. The Committee will continue to consider the broader approach to pay and incentive outcomes for the wider employee base when setting pay policy and determining incentive outcomes for the Executive Directors.

Gender Pay Gap Report

Details of the Group's Gender Pay Gap Report for 5 April 2025 are available at:
www.halfordscompany.com/environmental-social-and-governance/our-colleagues/gender-pay-gap/

Relative importance of pay

The Committee is also aware of shareholders' views on remuneration and its relationship to other cash disbursements. The following table shows the relationship between the Company's financial performance, payments made to shareholders and expenditure on payroll.

	53 weeks to 3 April 2026	52 weeks to 28 March 2025
EBITDA (underlying from continuing operations)	**£185.6m**	£180.6m
PBT (underlying from continuing operations)	**£50.0m**	£43.6m[1]
Payments to employees:		
Wages and salaries	**£401.6m**	£374.1m
Executive Directors[2]	**£2.8m**	£2.5m
Dividend paid to shareholders and share buybacks[3]	**£19.1m**	£17.4m

1 The figure of £38.4m reported in the FY25 Annual Report and Accounts has been restated to £43.6m following the change in accounting treatment detailed in note 27 to the financial statements.

2 Based on the single figure calculation, not all of which is included within wages and salary costs.

3 There were no share buybacks during FY25 or FY26. The dividend amount is on a cash paid in FY26 basis.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Halfords Group plc (the "Company") together with its subsidiary undertakings (the "Group") for the period ended 3 April 2026.

Halfords Group plc

Registered number	04457314
Registered office address	Icknield Street Drive, Washford West, Redditch, Worcestershire B98 0DE
Country of incorporation	England and Wales
Type	Public Limited Company

Additional disclosure

The Company, in accordance with Section 414C of the Companies Act 2006, has chosen to provide disclosures and information to the extent necessary to understand the Company's development, performance and position and the impact of its activity, relating to, as a minimum: environmental matters, the Group's employees, social matters, respect for human rights, and anti-corruption and anti-bribery matters. These matters and cross-references to the relevant sections of this Annual Report are shown in the table below:

Topic	Location	Page
Appointment and removal of Directors	Directors' report	117
Anti-bribery and corruption	Audit Committee report Directors' report	84 118
Articles of Association	Directors' report	119
Auditor	Directors' report	119
Audit Committee Report	Audit Committee report	84
Authority to issue or purchase shares	Directors' report	118
Board of Directors	Directors' report	117
Board effectiveness and leadership: role and composition of the Board and Committees; meeting attendance; skills and experience; independence; diversity; induction and development; performance evaluation; Directors and their other interests; and Board Committees	Corporate governance report	66
Branches	Directors' report	119
Charitable donations	Strategic report: ESG Strategic report: Our engagement with stakeholders	43 30
Colleague engagement	Directors' report Strategic report: Our engagement with stakeholders	118 30
Colleagues' involvement; training, diversity and inclusion; and disability	Strategic report: Our engagement with stakeholders	31
Community	Strategic report:	31
Compensation for loss of office	Directors' report	117
Corporate Governance Statement	Corporate governance report	66
Creditor payment policy	Directors' report	119
Culture	Corporate governance report	70
Directors' biographies	Board of Directors	62
Directors' indemnities	Directors' report	118
Directors' interests	Directors' remuneration report	109
Directors' Remuneration Report and Directors' Remuneration Policy	Directors' remuneration report	90
Directors' responsibilities statement	Directors' responsibilities statement	120
Diversity and inclusion	Directors' report Governance at a glance Nomination Committee report Strategic report: ESG	118 66 80 40
Energy and carbon emissions	Strategic report: ESG	35
Financial instruments	Note 20 to the financial statements	161
Future developments of the business	Chief Executive Officer's statement	10
Financial position of the Group, its cash flows, liquidity position and borrowing facilities	Chief Financial Officer's statement	26
Gender	Governance at a glance Nomination Committee report Strategic report: ESG	60 78 40

DIRECTORS' REPORT CONTINUED

Topic	Location	Page
Going concern	Strategic report: Going concern	59
Governance	Corporate governance report	66
Important events since year end	Directors' report	119
Independent Auditor	Independent Auditor's report	121
Internal control and risk management	Corporate governance report	77
Modern slavery statement	Directors' report	119
Nomination Committee report	Nomination Committee report	78
Political donations	Directors' report	119
Powers of the Directors	Directors' report	117
Principal activities	Directors' report	117
Re-election of Directors	Corporate governance report	72
Restrictions on transfer of securities	Directors' report	119
Section 172(1) statement	Strategic report: Chair's statement Strategic report: Section 172(1) statement Corporate governance report	8 32 118
Share capital	Directors' report Note 22 to the financial statements	118 171
Significant shareholders	Directors' report	119
Subsidiary and associated undertakings	Note C4 to the Company financial statements	179
Stakeholders	Strategic report: Our engagement with stakeholders	30
Strategic report	Strategic report	8
Viability statement	Strategic report: Viability statement	59
Voting rights	Directors' report	118

Disclosures required under UK Listing Rule 6.6.1R

The Company, in accordance with UK Listing Rule 6.6.1R, has disclosed the information required to be included in the Annual Report. This information can be found on the following pages of the Annual Report:

Topic	Location	Page
Statement of the amount of interest capitalised	Note 11 to the financial statements	154
Long-term incentive schemes	Remuneration Committee report	90
Waiver of dividends	Directors' report	117

No other disclosures under UK Listing Rule 6.6.1R are required.

Disclosures required under UK Listing Rule 6.6.6R

The Company, in accordance with UK Listing Rule 6.6.6R, has included in the Annual Report and Accounts a number of statements, that contain certain prescribed corporate governance disclosures. This includes diversity-related disclosures and climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures. The information can be found on the following pages of the Annual Report:

Topic	Location	Page
Interests of each Director of the Company	Directors' report	117
Interests disclosed in accordance with DTR5	Directors' report	119
Going concern	Strategic report: Going concern	59
Shareholder authority for purchase of own shares	Directors' report	119
Compliance with the UK Corporate Governance Code	Directors' report Corporate governance report	117 66
Task Force on Climate-related Financial Disclosures ("TCFD")	Strategic report: Climate-related financial disclosure	52
Board diversity	Governance at a glance	60
Numerical data on Board diversity	Nomination Committee report	81
Approach to data collection	Governance at a glance	60

Non-financial and sustainability statement

We comply with the non-financial and sustainability reporting requirements as prescribed by Sections 414CA and 414CB of the Companies Act 2006. The requirements of this disclosure are addressed within this section by means of cross reference in order to avoid duplication and to help stakeholders understand our position on key non-financial matters.

Reporting requirements(s)	Location	Page
Climate-related financial disclosures	Strategic report: Climate-related financial disclosures	52
Environmental	Strategic report: ESG introduction	35
Colleagues	Directors' report Strategic report: Our engagement with stakeholders	118 30
Social matters	Strategic report: ESG introduction	34
Respect for human rights	Directors' report	119
Anti-corruption and anti-bribery	Audit Committee report Directors' report	89 118
Business model	Strategic report: Business model	16
Principal risks in relation to non-financial matters	Strategic report: Principal risks	54
Non-financial KPIs	Strategic report: Our key performance indicators	23

UK Corporate Governance Code

The Company has applied the principles of, and complied with, the provisions of the 2024 UK Corporate Governance Code (the "Code") throughout the period.

The Corporate Governance Report as set out from page 66 forms part of the Directors' Report.

Principal activities

The principal activities of the Group are: the provision and retailing of motoring and cycling services and products; vehicle servicing, maintenance and repairs through garages and mobile vans; and the provision of Software as a Service. The principal activity of the Company is that of a holding company. The Company's registrar is MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Profit and dividends

The Group's results for the period are set out in the Consolidated Income Statement on page 130. The profit before tax was £43.6m (2025: a loss of (£30.0)m) and the profit after tax amounted to £32.6m (2025: a loss of £(33.8)m). The Board proposed that a final dividend of 6p per ordinary share be paid on Tuesday 15 September 2026 to shareholders whose names are on the register of members at the close of business Friday 14 August 2026. An interim dividend payment of 3p per ordinary share was paid on 16 January 2026.

Computershare Trustees (Jersey) Limited, trustee of the Halfords Employees' Share Trust, has waived its entitlement to dividends.

Performance monitoring

The delivery of the Group's strategic objectives is monitored by the Board through key performance indicators ("KPIs") and periodic reviews of various aspects of the Group's operations.

The Group considers that the KPIs listed on pages 23 to 25 are appropriate measures to assess the delivery of the Group's strategy.

Directors

The following were Directors of the Company during the period:

- Keith Williams;
- Henry Birch (appointed 16 April 2025);
- Jo Hartley;
- Jill Caseberry;
- Tom Singer;
- Tanvi Gokhale; and
- Graham Stapleton (resigned 15 April 2025).

The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company. A summary of these documents is also included in the annual Directors' Remuneration Report on pages 90 to 114.

Appointment and removal of a Director

A Director may be appointed by an ordinary resolution of shareholders in a general meeting following a recommendation by the Nomination Committee in accordance with its Terms of Reference, as approved by the Board or by a member (or members) entitled to vote at such a meeting. Alternatively, a Director may be appointed following retirement by rotation if the Director chooses to seek re-election at a general meeting. In addition, the Directors may appoint a Director to fill a vacancy or act as an additional Director, provided that the individual retires at the next Annual General Meeting and, if they are to continue, they offer themselves for election. A Director may be removed by the Company in circumstances set out in the Company's Articles of Association or by a special resolution of the Company.

Powers of the Directors

Subject to the Articles, the Companies Act and any directions given by the Company by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board who may exercise all the powers of the Company. Specific powers relating to the allotment and issuance of ordinary shares, and the ability of the Company to purchase its own securities, are also included within the Articles, and such authorities are submitted for approval by the shareholders at the Annual General Meeting each year. The authorities conferred on the Directors at the 2025 Annual General Meeting ("AGM"), held on 3 September 2025, will expire on the date of the 2026 AGM.

Directors' interests

The Directors' interests in, and options over, ordinary shares in the Company are shown in the Directors' Remuneration Report on pages 90 to 114.

Since the end of the financial year and the date of this report, there have been no changes to such interests.

In line with the requirements of the Companies Act, Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company unless that conflict is first authorised by the Board.

The Company has procedures in place for managing conflicts of interest. The Company's Articles of Association contain provisions to allow the Directors to authorise potential conflicts of interest, so that, if approved, a Director will not be in breach of their duty under company law. In line with the requirements of the Companies Act 2006, each Director has notified the Company of any situation in which they have, or could have, a direct or indirect interest that conflicts, or

DIRECTORS' REPORT CONTINUED

possibly may conflict, with the interests of the Company (a situational conflict). Directors have a continuing duty to update any changes to their conflicts of interest and the register is updated accordingly.

The Directors are also aware of their duties under Section 172 of the Companies Act 2006 and so, in making their decisions, they consider the long-term impact on the business as well as taking into consideration the interests of stakeholders such as colleagues, suppliers, customers and the wider communities in which we operate. More information on this can be found on pages 32 to 33.

Directors' indemnities

Directors' and Officers' insurance has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. The Directors of the Company and the Company's subsidiaries also have the benefit of third-party indemnity provisions, as defined by Section 236 of the Companies Act 2006, pursuant to the Company's Articles of Association.

Colleague engagement

Engagement with, and feedback from, our colleagues across the business is vital to the Group. The Group has an established framework of colleague communications providing regular information on business performance and other important and relevant matters. For more information see the ESG section on pages 34 to 43.

Employment policies

The Group encourages diversity and inclusion and, as an equal opportunities employer, is committed to providing equal opportunities for all colleagues and applicants during recruitment and selection, training and career development and promotion.

This commitment to equality of opportunity applies regardless of anyone's physical ability, sexual orientation or gender identity, pregnancy and maternity, race, religious beliefs, age, nationality or ethnic origin. This is underpinned by our Group's policies, which ensure full and fair consideration to employment applications from people from diverse backgrounds, including those with disabilities wherever suitable opportunities exist, having regard to their particular aptitudes and abilities. Should a colleague become disabled, efforts are made to ensure their continued employment with the Group, with appropriate training as necessary.

Further details of our Diversity Policy are included in the Nomination Committee report on page 80.

The Group takes a zero-tolerance approach to matters of discrimination, harassment and bullying in all aspects of its business operations. Appropriate policies and procedures are in place for reporting and dealing with such matters.

Colleague training and development

The Group strives to meet its business objectives by motivating and encouraging all colleagues to be responsive to the needs of its customers and to continually improve operational performance. To achieve this, we deliver a range of blended training and development programmes, across the Group. We regard the training and development of our colleagues as being particularly important for our business and also for the communities in which we operate.

For many years, we have held strong relationships with a number of apprenticeship partners, which allow us to offer personal and professional growth. In addition, the Group runs targeted Leadership Development programmes and operational succession programmes to further build capability in skills identified to both ensure that colleagues are successful in their chosen roles, as well as to help colleagues identify and develop skills that will support them to be our future leaders.

Failure to prevent fraud

The Board is committed to preventing fraud that could benefit Halfords or our clients. We have assessed our risks across Retail, Autocentres, Mobile Expert, B2B, Avayler, and other subsidiary companies and we are continually implementing and improving reasonable, risk-based procedures consistent with the UK Home Office Guidance. We expect all colleagues and associated persons to comply and we will investigate and act on any breach, including disciplinary action, disengagement from third parties, and reporting to authorities. Responsibility for implementation sits with our Executive Sponsor, Jo Hartley, who reports regularly to the Audit Committee.

Whistleblowing

The Group's whistleblowing policy and procedure (the "Whistleblowing Policy") enables colleagues to report concerns on matters affecting the Group or their employment, without fear of recrimination. As part of our commitment to ensuring a culture of honesty and integrity, Halfords partners with AAB People to offer externally operated reporting channels, including a web-based channel. Posters publicising whistleblowing channels are distributed to all stores, Autocentres, distribution centres, Commercial Fleet and mobile hubs, and the Support Centre.

Whistleblowing is a Board responsibility; the Whistleblowing Policy was reviewed and approved by the Audit Committee upon delegation from the Board. The Audit Committee receives regular summaries of whistleblowing contacts, progress and resolutions.

Anti-bribery and corruption

The Group has an Anti-Bribery and Corruption policy which sets out anti-bribery expectations to our colleagues and maintains a Gifts and Hospitality Register.

The setting of anti-bribery standards is a Board responsibility and the Anti-Bribery and Corruption policy was approved by the Audit Committee upon delegation from the Board. The Audit Committee receives details of gifts and hospitality both received by and offered by colleagues from around the Group at its meetings.

Research and development

Information relating to research and development carried out by the Group in relation to products and services can be found in the Strategic Report.

Share capital and shareholder voting rights

Details of the Company's share capital and of the rights attached to the Company's ordinary shares are set out in Note 21 on page 169. All ordinary shares, including those acquired through Company share schemes and plans, rank equally with no special rights.

All members who hold ordinary shares are entitled to attend, vote and speak at the general meetings of the Company, appoint proxies, receive any dividends, exercise voting rights and transfer shares without restriction. On a show of hands at a general meeting, every member present in person, and every duly appointed proxy, shall have one vote for every share held and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. The Company is not aware of any arrangements that may restrict the transfer of shares or voting rights.

Significant shareholders

As at 3 April 2026, the Company had been notified under the Disclosure Guidance and Transparency Rules ("DTR5") of the following notifiable interests representing 3% or more of the Company's issued share capital. The information provided below was correct at the date of notification. These holdings are likely to have changed since the Company was notified.

Fund Manager	Shares	% at 3 April 2026
Fidelity International	21,892,873	**10.00**
Aberforth Partners	18,933,221	**8.65**
Gresham House Asset Management	17,873,262	**8.16**
Jupiter Asset Management	10,272,032	**4.69**
Janus Henderson Investors	9,894,818	**4.52**
Schroder Investment Management	7,445,921	**3.40**
Artemis Investment Management	7,154,185	**3.27**
Dimensional Fund Advisors	6,943,437	**3.17**

As at 19 June 2026, the notifiable interests have not crossed reporting thresholds under DTR5, except for Gresham House Asset Management which now holds 12,165,401 shares representing 5.56% of voting rights.

Authority to purchase shares

At the 2025 Annual General Meeting, shareholders approved a special resolution authorising the Company to purchase a maximum of 21,892,874 shares, representing not greater than 10% of the Company's issued share capital at 18 June 2025, such authority expiring at the conclusion of the Annual General Meeting to be held in 2026 or, if earlier, on 30 September 2026.

Transactions with related parties

During the period, the Company did not enter into any material transactions with any related parties.

Articles of Association

In accordance with the Companies Act 2006, the Articles of Association may only be amended by a special resolution of the Company's shareholders in a general meeting.

Political donations

The Group made no political donations and incurred no political expenditure during the period (FY25: £nil). It remains the Company's policy not to make political donations or to incur political expenditure. However, we recognise that the application of the relevant provisions of the Companies Act 2006 is potentially very broad in nature and, as last year, the Board is seeking shareholder authority to ensure that the Group does not inadvertently breach these provisions as a result of the breadth of its business activities. However, the Board has no intention of using this shareholder authority.

Credit facilities, change of control and share schemes

The Company's committed revolving credit facilities require the Company, in the event of a change of control, to notify the Facility Agent and, if required by the majority lenders, these facilities may be cancelled. The Company does not have agreements with any Director or colleague that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share schemes and Deferred Bonus Plan may cause options and awards granted to Directors and colleagues under such schemes and plans to vest on a takeover.

Details of employee share plans are provided in Note 22 on pages 169 to 171.

Modern Slavery Statement

In order to support its estate of Retail stores, garages, mobile vans and online operations, the Group sources products from a large number of suppliers both within the UK and overseas. In particular, the international suppliers – managed largely by the Halfords Global Sourcing ("HGS") team based in Hong Kong, Taiwan and Shanghai – are bound contractually by the Group's policies on modern slavery and human trafficking, as detailed within the Global Sourcing Code (the "Sourcing Code").

The Company continues to be committed to ensuring due diligence processes remain robust. Our Sourcing Code supports the Company's commitment to respect human rights and uphold international standards, including the United Nations ("UN") Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. The Company partners with EcoVadis, a platform that rates the environmental, social and governance performance of suppliers. The output of this data will support due diligence processes – and will assess good supplier performance as well as where corrective action, remediation or additional audits may be required.

In line with the requirements of the Modern Slavery Act, all colleagues are trained on the issue of modern slavery, with a mandatory e-learning module. This supports colleagues with their understanding and what they should do if they suspect modern slavery taking place.

During the period, no concerns were raised regarding any of the Group's suppliers. It is recognised that whilst no incidents were raised (through contractual mechanisms), this does not mean issues do not potentially exist. The Company, therefore, remains committed to further enhancing its approach and understanding and enhancing its due diligence process.

The Group's Board of Directors reviews its Modern Slavery Statement on an annual basis. It was last approved on 25 September 2025.

Creditor payment policy

The Group does not follow any formal Code of Practice on payment. Instead, it agrees terms and conditions for transactions when orders for goods or services are placed, and includes relevant terms in contracts, as appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by suppliers. The number of trade creditor days outstanding as at 3 April 2026 for the Group was 78 days (2025: 74 days). The Company is a holding company and has no trade creditors.

Branches

The Company and its subsidiaries, where relevant, have established overseas branches in the countries in which they operate.

Auditor

The Company's and the Group's external Auditor is BDO LLP. A resolution proposing the reappointment of BDO LLP will be set out in the Notice of the 2026 Annual General Meeting and will be put to shareholders at the meeting.

Disclosure of Information to the Auditor

In accordance with Section 418(2) of the Companies Act 2006, each Director in office at the date and approval of the Directors' Report confirms that:

i. In so far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; and

ii. The Directors have taken all reasonable steps to ascertain any relevant audit information and to ensure that the Company's Auditor is aware of such information.

Important events since year-end

There were no important events post year-end.

Annual General Meeting ("AGM")

The AGM will be held at the Halfords Group plc Support Centre, Icknield Street Drive, Washford West, Redditch B98 0DE on Thursday 10 September 2026. The Notice of the AGM and explanatory notes regarding the ordinary and special business to be put to the meeting will be set out in a separate circular to shareholders.

By order of the Board

Tim O'Gorman
Group Company Secretary

24 June 2026

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK-adopted international accounting standards and applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.
- The Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by order of the Board

Keith Williams
Chair

24 June 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 03 April 2026 and of the Group's profit and the Group's cash flows for the 53 weeks then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Halfords Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 53 weeks ended *03 April 2026* which comprise of the following:

Group	Parent Company
Consolidated income statement and Consolidated statement of comprehensive income	Company Balance Sheet
Consolidated statement of financial position	Company Statement of changes in Shareholders' equity
Consolidated statement of changes in Shareholders' equity	Notes 1 to 15 to the company financial statements
Consolidated statement of cash flows	
Notes 1 to 28 to the consolidated financial statements	
Material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006 and *Financial Reporting Standard 101 Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- **Assessment of assumptions within the projected cash flows:** We evaluated the reasonableness of the assumptions and future plans modelled within the Board-approved going concern forecasts, covering a period of at least twelve months from the date of approval of these financial statements. This included consideration of strategic initiatives and the ongoing uncertainty arising from macro-economic conditions, including consumer demand, foreign exchange rates, energy prices and interest rates. We also considered the impact of geopolitical developments, including the Middle East conflict, on energy costs, supply chains and inflationary pressures. Our procedures included comparing forecast performance to FY26 actual results, assessing the reasonableness of key assumptions, including inflationary adjustments, and evaluating their consistency with supplier pricing and relevant external data.
- **Arithmetical accuracy:** we assessed the arithmetical accuracy of management's going concern model.
- **Financing:** we confirmed the Group has financing facilities in place throughout the period of the going concern assessment period as modelled in its forecasts. We also recomputed the calculations supporting covenant compliance and headroom throughout the going concern period with reference to the revolving credit facility agreement.
- **Sensitivity analysis:** we evaluated the sensitivities of the Group's cash flow forecasts with reference to the headroom and financial covenants in place in respect of the the existing financing facilities. The analysis considered reasonably possible adverse effects that could arise as well as a stress test to consider the level of future revenue reduction the Group could support before breaching covenants. We recomputed the Directors prepared sensitivities applied to the forecasts and further considered these by applying additional sensitivity testing.
- **Reverse stress test:** we assessed management's reverse stress test and were satisfied it was a scenario that, in our view, was not plausible.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

CONTINUED

Conclusions relating to going concern continued

- **Post year end trading performance:** we carried out a comparison of the post year end trading results to the forecasts so as to evaluate the accuracy and achievability of the forecasts prepared.
- **Disclosures:** we evaluated the adequacy of the disclosures in relation to the risks posed and scenarios the Directors have considered in performing their going concern assessment and the requirements of the accounting framework.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Company's ability to continue as a going concern.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2026	2025
Key audit matters	1. Goodwill impairment testing for the Retail and Autocentres Segments	✓	✓
	2. Carrying value of the Parent Company's Investment in subsidiaries	✓	✓
Materiality	Group financial statements as a whole £8.0m (2025: £7.0m) based on 0.45% (2025: 0.425%) of Group's revenue.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

We have concluded that the Group consists of 16 components, which include subsidiaries, and other business units. These components are structured to align with the Group's operational and reporting framework, reflecting its operations across multiple locations. Our assessment of the Group's components considered the legal structure of the entities. Where components have been merged, they are classified according to their trading or non-trading status, or dormancy. This ensures that the identification of components aligns with the operational structure of the Group.

As part of our Group audit, we identified components in scope based on their size and risk profile. Full scope audit procedures were performed on Halfords Group plc, Halfords Limited (Retail), Halfords Autocentres Limited, and National Tyre Service Limited. Specific audit procedures were performed on Halfords Commercial Fleet Services Limited and Performance Cycling Limited. Risk assessment procedures were performed on the remaining components, including Avayler Holdings Limited, Avayler Trading Limited, McConechy's Tyre Service Limited, Universal Tyre Company (Deptford) Limited, Fit4Fleet Limited, Giant Wales Limited, ULM Services Limited and Halfords IP Management Limited, as well as non-trading, holding and dormant companies.

The components were selected based on their contribution to the Group's financial results and position, together with identified risk factors, to ensure sufficient appropriate audit evidence was obtained at the Group level.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls
- procedures on one or more classes of transactions, account balances or disclosures
- specific audit procedures

Procedures performed at the component level

We performed procedures to respond to group risks of material misstatement at the component level that included the following.

Component	Component Name	Entity	Group Audit Scope
1	**Parent Company**	Halfords Group plc	Procedures on the entire financial information of the component.
2	**Retail – Trading**	Halfords Limited	Procedures on the entire financial information of the component.
3	**HAC – Trading**	Halfords Autocentres Limited	Procedures on the entire financial information of the component.
4	**National – Trading**	National Tyre Service Limited	Procedures on the entire financial information of the component.
5	**Lodge – Trading**	Halfords Commercial Fleet Services Limited (formerly The Lodge Tyre Company Limited)	Specific audit procedures.
6	**PCL – Trading**	Performance Cycling Limited	Specific audit procedures.
7	**Avayler Group**	Avayler Holdings Limited Avayler Trading limited Avayler (Australia) Pty Limited	Risk assessment procedures.
8	**McConechy's – Trading**	McConechy's Tyre Service Limited	Risk assessment procedures.
9	**Universal – Trading**	Universal Tyre Company (Deptford) Limited	Risk assessment procedures.
10	**Fit4Fleet – Trading**	Fit4Fleet Limited	Risk assessment procedures.
11	**ULM – Trading**	ULM Services Limited	Risk assessment procedures.
12	**Giant – Trading**	Giant (Wales) Limited	Risk assessment procedures.
13	**Halfords IP Management – Trading**	Halfords IP Management Limited	Risk assessment procedures.
14	**Non-Trading – Holding Companies**	7 entities included in this component	Risk assessment procedures.
15	**Non-Trading Companies**	6 entities included in this component	Risk assessment procedures.
16	**Dormant Companies**	14 entities included in this component	Risk assessment procedures.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the group's activities and business lines in relation to Goodwill, Right of use assets and liabilities, Share Capital and Reserves, Taxation, Share based payments, Consolidation and Related Party Balances/Transactions, and Going Concern. We therefore designed and performed procedures centrally in these areas.

The group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Disaggregation

The financial information relating to group risk of material misstatements is disaggregated across the group. We performed procedures at the component level in relation to these risks in order to obtain comfort over the group balances. We also included an element of unpredictability when selecting components for testing.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the group engagement team. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the group audit relevant to the components based on our assessment of the group risks of material misstatement. We issued our group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, working directly within the same electronic workspace, reviewing component auditor documentation and evaluating the appropriateness of the audit procedures performed and the results thereof.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

CONTINUED

How climate change affected the scope of our audit

The Group has determined that the most significant future impact from climate change on its operations will be from physical climate risks, including increased exposure of its property portfolio and global supply chains to extreme weather events, which may disrupt operations, logistics and product availability, along with transition risks arising from the shift to a lower-carbon economy. Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board, Audit Committee meeting, ESG committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the ESG Introduction on page 34 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

The management disclosures on pages 46 to 52 form part of the Strategic Report, relating to climate-related financial disclosures. Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit responded to the risk
Goodwill impairment testing for the Retail and Autocentres Segments (The accounting policies and critical judgements and estimates applied are disclosed within the Group's accounting policies. The goodwill balances of £355.7m (FY25: £355.7m) are included in Note 10)	Retail and Autocentres segments are significant and subject to annual impairment testing. In assessing the carrying value of goodwill the Group has to estimate the recoverable amount of its Retail and Autocentres segments. This requires the forecasting and discounting of future cashflows for inclusion within a value in use model. The value in use model includes a high degree of management judgement and estimation uncertainty. The goodwill impairment review, together with the related disclosures, has therefore been raised as a key audit matter.	Our audit procedures included: • Assessing the judgements and methodology applied by the Group in the goodwill impairment testing model against the relevant accounting standards and considering the requirements of IAS 36 (Impairment) and IFRS 8 (Operating Segments). • Challenging management's assessment of cash generating units (CGUs) and the level at which goodwill was tested for impairment by taking into account the level at which management report internally. • Assessing the reasonableness of the Group's budgets and forecasts by considering the historical accuracy of previous forecasts. • Confirming that the cashflows modelled are either agreed or bridged to the Board approved budgets and cashflow forecasts used to support the Group's going concern and viability assessment. • With the assistance of our internal valuation experts, assessing the reasonableness of the Group's discount rate applied, by corroborating the relevant inputs into the calculation to external sources and calculating a bottom-up weighted average cost of capital and comparing it with the rate used by management. • Challenging management to understand the most significant assumptions in the cashflow forecasts and corroborating these to source documentation, previous performance and information available externally where appropriate. • Considering the sensitivity analysis performed by the Group, which included the assessment of reasonably possible adverse effects arising from the Middle East conflict such as potential disruption to operations and supply chains, increased costs, and decrease in revenue from weaker consumer demand. • We also performed our own sensitivity analysis applying different scenarios targeted at, discount rates, cost mitigation actions and growth rates. • We also challenged Management on whether the Group's disclosures provide sufficient details on the key assumptions within the impairment models and sources of estimation uncertainty, including any required sensitivity disclosures.

Key audit matters continued

Key audit matter		How the scope of our audit responded to the risk
Goodwill impairment testing for the Retail and Autocentres Segments continued		Key observations: Based on the procedures performed, we found that the assumptions, judgements and estimates applied by management in the Group's impairment assessments to be reasonable and together with the reported disclosures on sensitivities, are sufficiently supported by available evidence. In areas where accounting standards do not provide explicit guidance, management has applied generally accepted methodologies, including in relation to the profiling of cash flows. We concur with management's conclusion that no impairment of goodwill in either the Retail and the Autocentres segment is required in the current period. We also found that the disclosures in the financial statements appropriately describe the key assumptions, judgements and sources of estimation uncertainty and are sufficient in the context of the Group's impairment assessment.
Carrying value of the Parent Company's investment in subsidiaries (The accounting policy applied is disclosed within the Parent Company accounting policies. The investment Balances of £796.4m (FY25: £794.2m) are disclosed in Note C4 to the Parent Company Financial statements)	The Parent Company's investment in subsidiaries represents its investment in the underlying trading businesses of the Group. The recoverability of the investment is dependent on the future cash flows of these subsidiaries, and a material impairment to this balance would be recognised through distributable reserves and could therefore have implications for future dividends. The directors have prepared a value in use assessment to support the carrying value and have concluded that no impairment is required in the current year. Due to the materiality of this balance and the level of judgement involved, particularly in relation to key assumptions such as future cash flows, the discount rate and long-term growth rates, the investment in the Parent Company financial statements was identified as a key audit matter for our audit of the Parent Company.	Our audit procedures included: • Comparing the carrying value of the investment to the net present value of future cash flows. • Obtaining the directors' assessment of the carrying values and confirming whether this was in line with the value in use calculations performed for goodwill impairment testing for the Retail and Autocentres CGUs. • Challenging management to understand the most significant assumptions in the cashflow forecasts and corroborating these to source documentation, previous performance and information available externally where appropriate. • Assessing the cashflow models prepared to support the value in use calculation by testing the appropriateness of key inputs into the calculations. • Considering the sensitivity analysis performed by the Group, which included the assessment of reasonably possible adverse effects arising from the Middle East conflict such as potential disruption to operations and supply chains, increased costs, and decrease in revenue from weaker consumer demand. • We also performed our own sensitivity analysis applying different scenarios targeted at, discount rates, cost mitigation actions and growth rates. • We also challenged Management on whether the Group's disclosures provide sufficient details on the key assumptions within the cash flow models and sources of estimation uncertainty, including any required sensitivity disclosures. Key observations: Based on the procedures performed, we found management's conclusion that no impairment is required in respect of the investment held by the Parent Company to be appropriate and, together with the reported disclosures on sensitivities, are sufficiently supported by available evidence. We also found that the disclosures in the financial statements appropriately describe the key assumptions, judgements and sources of estimation uncertainty and are sufficient in the context of the Group's impairment assessment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

CONTINUED

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2026 £m	2025 £m	**2026 £m**	2025 £m
Materiality	**£8.0 m**	£7.0 m	**£6.4m**	£5.6m
Basis for determining materiality	**0.45% of Group revenue**	0.425% of Group revenue	**Determined with reference to 1% of total assets (Capped at 80% of Group materiality)**	Determined with reference to 1% of total assets (Capped at 80% of Group materiality)
Rationale for the benchmark applied	**We consider revenue to be the most appropriate benchmark due to the significant growth the group has experienced in the past few years through various acquisitions.**		**We consider an asset-based measure to best reflect the nature of the Parent Company which acts as a holding company for the Group's investments in subsidiary undertakings. Materiality has been capped at a percentage of Group materiality given the assessment of the component's aggregation risk.**	
Performance materiality	**£6.0m**	£4.9m	**£4.8m**	£3.9m
Basis for determining performance materiality and Rationale for the percentage applied for performance materiality	Performance materiality was set at 75% of materiality (prior year: 70%). In setting this level, we considered a number of factors, including the expected aggregate value of known and likely misstatements based on past experience, together with our assessment of the control environment and the risk of material misstatement.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 15% and 80% (2025: 16% and 80%) of Group performance materiality dependent on a number of factors including size of the component and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £920,000 to £4,800,000 (2025: £770,000 to £3,920,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £200,000 (2025: £210,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled 'Annual report and Accounts' other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules sourcebook requires us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 59; • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on page 59; and • The Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities set out on page 59.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 120; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 55 to 58; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 77; and • The section describing the work of the audit committee set out on pages 84 to 89.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

CONTINUED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance as well as legal counsel and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be Companies Act 2006, the Financial Conduct Authority regulations, including UK listing rules, the principles of the UK Corporate Governance Code, UK adopted International accounting standards and UK GAAP for the Parent Company.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation as well as tax legislation covering corporate tax, employment tax, VAT and duty.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Obtaining and reviewing the confirmation from external legal counsel with regards to all ongoing litigations and their assessment thereof.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance as well as the Audit Committee and internal audit and legal counsel regarding any known or suspected instances of fraud;
- Review of management's response to any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud;
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Involvement of internal forensic specialists on the design of planned audit procedures in response to fraud risk;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Fraud continued

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue overstatement arising through inappropriate and unexpected manual journals to revenue and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year through obtaining an understanding of the rationale of the journal and agreeing to supporting documentation, focusing on journal entries containing characteristics of audit interest, year end consolidation journals, journal entries posted to revenue, those with unusual account combinations and journals posted by unexpected users;
- we have challenged significant accounting estimates and judgements made by management in the assessment of goodwill impairment and the carrying value of the Parent Company's investment in subsidiaries as set out in the Key Audit Matters section of the report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditors, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 31 July 2019 to audit the financial statements for the period ended 03 April 2020 and subsequent financial periods.

Our total uninterrupted period of engagement is 7 years, covering the periods ended 03 April 2020 to 03 April 2026.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R – 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Sophia Michael
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, ***UK***

24 June 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

For the period		53 weeks to 3 April 2026			52 weeks to 28 March 2025 (restated)[1]		
	Notes	Underlying £m	Non-underlying items (Note 5) £m	Total £m	Underlying (restated)[1] £m	Non-underlying items (Note 5) (restated)[1] £m	Total £m
Revenue		**1,801.7**	**–**	**1,801.7**	1,715.2	–	1,715.2
Cost of sales		**(848.8)**	**–**	**(848.8)**	(846.1)	–	(846.1)
Gross profit		**952.9**	**–**	**952.9**	869.1	–	869.1
Operating expenses	2	**(892.1)**	**(6.1)**	**(898.2)**	(815.1)	(73.6)	(888.7)
Other income		**0.4**	**–**	**0.4**	0.7	–	0.7
Operating profit/(loss)	3	**61.2**	**(6.1)**	**55.1**	54.7	(73.6)	(18.9)
Net finance expense	6	**(11.2)**	**(0.3)**	**(11.5)**	(11.1)	–	(11.1)
Profit/(loss) before income tax		**50.0**	**(6.4)**	**43.6**	43.6	(73.6)	(30.0)
Income tax (expense)/credit	7	**(12.7)**	**1.7**	**(11.0)**	(9.7)	5.9	(3.8)
Total profit/(loss) for the period		**37.3**	**(4.7)**	**32.6**	33.9	(67.7)	(33.8)
Attributable to:							
Equity shareholders		**37.6**	**(4.7)**	**32.9**	34.1	(67.7)	(33.6)
Non-controlling interest		**(0.3)**	**–**	**(0.3)**	(0.2)	–	(0.2)
Earnings per share							
Basic	9	**17.4p**		**15.2p**	15.6p		(15.4)p
Diluted	9	**16.7p**		**14.6p**	15.0p		(15.4)p

1 Refer to Note 27 for further details.

The notes on pages 145 to 173 form part of these consolidated financial statements. All results are from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**53 weeks to 3 April 2026 £m**	52 weeks to 28 March 2025 £m
Profit/(loss) for the period		**32.6**	(33.8)
Other comprehensive income/(loss)			
Cash flow hedges:			
Fair value changes in the period		**(2.4)**	0.1
Income tax on other comprehensive income	7	**0.6**	(0.2)
Other comprehensive loss for the period, net of income tax		**(1.8)**	(0.1)
Total comprehensive income/(loss)		**30.8**	(33.9)
Total comprehensive income/(loss)		**30.8**	(33.9)
Attributable to:			
Equity shareholders		**31.1**	(33.7)
Non-controlling interest		**(0.3)**	(0.2)

All items within other comprehensive income are classified as items that are, or may be, recycled to the income statement.

The notes on pages 145 to 173 form part of these consolidated financial statements. All results are from continuing operations.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	3 April 2026 £m	28 March 2025 £m
Assets			
Non-current assets			
Goodwill	10	**355.7**	355.7
Intangible assets	10	**69.8**	77.0
Property, plant and equipment	11	**103.8**	91.7
Right-of-use assets	12	**226.8**	242.3
Derivative financial instruments	20	**1.0**	0.3
Trade and other receivables	14	**1.4**	2.5
Deferred tax asset	19	**2.1**	7.3
Total non-current assets		**760.6**	776.8
Current assets			
Inventories	13	**230.8**	225.2
Trade and other receivables	14	**156.2**	153.7
Derivative financial instruments	20	**1.3**	0.6
Cash and cash equivalents	15	**19.3**	19.1
Total current assets		**407.6**	398.6
Total assets		**1,168.2**	1,175.4
Liabilities			
Current liabilities			
Borrowings	16	**(0.2)**	(0.2)
Lease liabilities	12	**(69.9)**	(78.6)
Derivative financial instruments and options	20	**(0.2)**	(0.8)
Trade and other payables	17	**(372.1)**	(357.1)
Current tax liabilities		**(2.7)**	(3.2)
Provisions	18	**(13.9)**	(15.4)
Total current liabilities		**(459.0)**	(455.3)
Net current liabilities		**(51.4)**	(56.7)
Non-current liabilities			
Borrowings	16	**–**	(8.8)
Lease liabilities	12	**(177.9)**	(192.8)
Derivative financial instruments and options	20	**(1.5)**	(3.9)
Trade and other payables	17	**(4.3)**	(3.4)
Provisions	18	**(12.0)**	(10.9)
Total non-current liabilities		**(195.7)**	(219.8)
Total liabilities		**(654.7)**	(675.1)
Net assets		**513.5**	500.3
Equity			
Share capital	21	**2.2**	2.2
Share premium	21	**212.4**	212.4
Investment in own shares	21	**(5.9)**	(1.6)
Other reserves	21	**1.8**	0.7
Retained earnings		**303.1**	286.4
Total equity attributable to equity holders of the Company		**513.6**	500.1
Non-controlling interest		**(0.1)**	0.2
Total equity		**513.5**	500.3

The notes on pages 145 to 173 form part of these consolidated financial statements.

The consolidated financial statements on pages 130 to 173 were approved by the Board of Directors on 24 June 2026 and were signed on its behalf by:

Jo Hartley
Chief Financial Officer

Company Number: 04457314

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Attributable to the equity holders of the Company								
					Other reserves					
	Note	Share capital £m	Share premium account £m	Investment in own shares £m	Capital redemption reserve £m	Hedging reserve £m	Retained earnings £m	Total shareholders' equity £m	Non-controlling interest £m	**Total equity £m**
Opening balance at 30 March 2024		2.2	212.4	(1.0)	0.3	(0.3)	340.2	553.8	–	**553.8**
Total comprehensive loss for the period										
Loss for the period		–	–	–	–	–	(33.6)	(33.6)	(0.2)	**(33.8)**
Other comprehensive income/(loss)										
Cash flow hedges:										
Fair value changes in the period		–	–	–	–	0.1	–	0.1	–	**0.1**
Income tax on other comprehensive income		–	–	–	–	(0.2)	–	(0.2)	–	**(0.2)**
Total other comprehensive loss for the period net of tax		–	–	–	–	(0.1)	–	(0.1)	–	**(0.1)**
Total comprehensive loss for the period		–	–	–	–	(0.1)	(33.6)	(33.7)	(0.2)	**(33.9)**
Hedging gain and costs of hedging transferred to the cost of inventory		–	–	–	–	0.8	–	0.8	–	**0.8**
Recognition of option to repurchase minority interest	20	–	–	–	–	–	(3.9)	(3.9)	–	**(3.9)**
Transactions with owners										
Purchase of own shares	21		–	(3.6)	–	–	–	(3.6)	–	**(3.6)**
Share options exercised	21	–	–	3.0	–	–	(2.4)	0.6	–	**0.6**
Share based payment transactions	22	–	–	–	–	–	3.9	3.9	–	**3.9**
Adjustment to NCI		–	–	–	–	–	(0.4)	(0.4)	0.4	**–**
Dividends to equity holders	8	–	–	–	–	–	(17.4)	(17.4)	–	**(17.4)**
Total transactions with owners		–	–	(0.6)	–	–	(16.3)	(16.9)	0.4	**(16.5)**
Closing balance at 28 March 2025		2.2	212.4	(1.6)	0.3	0.4	286.4	500.1	0.2	**500.3**
Opening balance at 29 March 2025		2.2	212.4	(1.6)	0.3	0.4	286.4	500.1	0.2	**500.3**
Total comprehensive income for the period										
Profit for the period		–	–	–	–	–	32.9	32.9	(0.3)	**32.6**
Other comprehensive (loss)/income										
Cash flow hedges:										
Fair value changes in the period		–	–	–	–	(2.4)	–	(2.4)	–	**(2.4)**
Income tax on other comprehensive income		–	–	–	–	0.6	–	0.6	–	**0.6**
Total other comprehensive loss for the period net of tax		–	–	–	–	(1.8)	–	(1.8)	–	**(1.8)**
Total comprehensive (loss)/ income for the period		–	–	–	–	(1.8)	32.9	31.1	(0.3)	**30.8**
Hedging gain and costs of hedging transferred to the cost of inventory		–	–	–	–	3.9	–	3.9	–	**3.9**
Income tax on hedging gain and costs transferred to inventory		–	–	–	–	(1.0)	–	(1.0)	–	**(1.0)**
Transactions with owners										
Remeasurement of NCI option	20	–	–	–	–	–	2.5	2.5	–	**2.5**
Purchase of own shares	21	–	–	(8.6)	–	–	–	(8.6)	–	**(8.6)**
Share options exercised	21	–	–	4.3	–	–	(2.5)	1.8	–	**1.8**
Share based payment transactions	22	–	–	–	–	–	2.9	2.9	–	**2.9**
Dividends to equity holders	8	–	–	–	–	–	(19.1)	(19.1)	–	**(19.1)**
Total transactions with owners		–	–	(4.3)	–	–	(16.2)	(20.5)	–	**(20.5)**
Closing balance at 3 April 2026		**2.2**	**212.4**	**(5.9)**	**0.3**	**1.5**	**303.1**	**513.6**	**(0.1)**	**513.5**

The notes on pages 145 to 173 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 (restated)[1] £m
Cash flows from operating activities		
Underlying profit after tax	**37.3**	33.9
Non-underlying items	**(4.7)**	(67.7)
Profit/(loss) after tax for the period	**32.6**	(33.8)
Depreciation of property, plant and equipment	**24.0**	28.8
Net impairment of property, plant and equipment	**0.4**	2.0
Amortisation of right-of-use assets	**79.1**	79.5
Net impairment of right-of-use assets (Note 3)	**0.5**	7.9
Amortisation of intangible assets	**25.6**	22.8
Impairment of Intangible assets	**–**	47.9
Net finance expense	**11.5**	11.1
Loss on disposal of property, plant and equipment	**0.6**	0.3
(Gain)/loss on disposal of leases	**(2.2)**	0.2
Equity-settled share based payment transactions	**2.9**	3.9
Foreign exchange movement	**0.7**	3.5
Income tax expense	**11.0**	3.8
(Increase)/decrease in inventories	**(6.2)**	8.8
(Increase)/decrease in trade and other receivables	**(1.0)**	8.8
Increase/(decrease) in trade and other payables	**13.8**	(9.1)
(Decrease)/increase in provisions	**(0.4)**	2.8
Cash generated from operating activities	**192.9**	189.2
Income tax (paid)/received	**(6.6)**	5.5
Net cash from operating activities	**186.3**	194.7
Cash flows from investing activities		
Disposal of subsidiary, deferred consideration received	**0.6**	–
Acquisition of subsidiary, deferred consideration paid	**–**	(4.0)
Purchase of intangible assets	**(18.6)**	(21.3)
Purchase of property, plant and equipment	**(40.1)**	(31.9)
Net cash used in investing activities	**(58.1)**	(57.2)
Cash flows from financing activities		
Purchase of own shares	**(6.0)**	(3.6)
Proceeds from share options exercised	**1.8**	0.6
Finance income received	**0.8**	0.4
Finance costs paid	**(0.2)**	–
RCF drawdowns	**75.0**	568.0
RCF repayments	**(85.0)**	(578.0)
Repayment of other borrowings	**–**	(1.4)
RCF commitment fees	**(1.4)**	(1.3)
RCF facility costs	**(0.4)**	(1.4)
Interest paid on lease liabilities	**(9.8)**	(9.4)
Payment of capital element of leases	**(83.8)**	(87.1)
Payments relating to supplier financing	**(119.1)**	(91.0)
Receipts relating to supplier financing	**119.2**	89.9
Dividends paid	**(19.1)**	(17.4)
Net cash used in financing activities	**(128.0)**	(131.7)
Net increase in cash and cash equivalents	**0.2**	5.8
Cash and cash equivalents at the beginning of the period	**19.1**	13.3
Cash and cash equivalents at the end of the period	**19.3**	19.1

The notes on pages 145 to 173 form part of these consolidated financial statements.

1 Refer to Note 27 for further details on restatement of profit after tax from continuing operations before non-underlying items, and non-underlying items attributable to continuing operations.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of movements in the Group's net debt in the period

	At 29 March 2025 £m	Cash flow £m	Other non-cash changes £m	**At 3 April 2026 £m**
Cash and cash equivalents (Consolidated Statement of Cash Flows)	19.1	0.2	–	**19.3**
Debt due in less than one year	(0.2)	–	–	**(0.2)**
Debt due after one year	(8.8)	10.0	(1.2)	**–**
Total net cash/(debt) excluding leases	10.1	10.2	(1.2)	**19.1**
Current lease liabilities	(78.6)	93.6	(84.9)	**(69.9)**
Non-current lease liabilities	(192.8)	–	14.9	**(177.9)**
Total leases	(271.4)	93.6	(70.0)	**(247.8)**
Total net debt	(261.3)	103.8	(71.2)	**(228.7)**

	At 29 March 2024 £m	Cash flow £m	Other non-cash changes £m	At 28 March 2025 £m
Cash and cash equivalents (Consolidated Statement of Cash Flows)	13.3	5.8	–	19.1
Debt due in less than one year	(1.8)	1.4	0.2	(0.2)
Debt due after one year	(19.6)	11.4	(0.6)	(8.8)
Total net (debt)/cash excluding leases	(8.1)	18.6	(0.4)	10.1
Current lease liabilities	(79.1)	96.5	(96.0)	(78.6)
Non-current lease liabilities	(228.1)	–	35.3	(192.8)
Total leases	(307.2)	96.5	(60.7)	(271.4)
Total net debt	(315.3)	115.1	(61.1)	(261.3)

Other non-cash changes include additions of new leases, modifications to leases, amortisation of debt costs, foreign exchange movements, and changes in classifications between amounts due within and after one year.

Cash and cash equivalents at the period end consist of £19.3m (2025: £19.1m) of liquid assets.

ACCOUNTING POLICIES

General information
Halfords Group plc is a public limited company, which is listed on the London Stock Exchange, incorporated in England and Wales, and domiciled in the UK. The address of the registered office is Icknield Street Drive, Washford West, Redditch, Worcestershire B98 0DE.

The consolidated financial statements of the Company as at, and for the period ended, 3 April 2026 comprise the Company and its subsidiary undertakings.

Statement of compliance
The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international accounting standards.

Basis of preparation
The consolidated financial statements of Halfords Group plc and its subsidiary undertakings (together the "Group") are prepared on a going concern basis for the reasons set out below, and under the historical cost convention, except where adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments (IFRS 9 "Financial instruments"), acquisition of business combinations (IFRS 3 "Business combinations"), share based payments (IFRS 2 "Share based payment") and leases (IFRS 16 "Leases").

The financial statements are presented in millions of pounds sterling, rounded to the nearest £0.1m.

The accounts of the Group are prepared for the period up to the Friday closest to 31 March each year. Consequently, the financial statements for the current period cover the 53 weeks to 3 April 2026, whilst the comparative period covered the 52 weeks to 28 March 2025.

The material accounting policies for the Group are set out below and have been applied consistently except where indicated.

Going concern
In preparing the financial statements for the period ended 3 April 2026, the Directors have assessed the Group's ability to continue as a going concern.

The Group remains cash generative and has a £180m committed revolving credit facility ("RCF") which expires on 16 April 2029. The covenants attached to the revolving credit facility are disclosed in Note 16 to the financial statements.

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts for the 12-month period from the date of approval of these financial statements. The assessment included reviewing financial forecasts and projections for the relevant period, together with sensitivity analysis.

A reverse stress test was performed to determine the required reduction in revenue that would lead to a covenant breach. This analysis incorporated mitigating actions within management's control, including reductions in variable and discretionary costs. The assessment indicates that revenue could fall by approximately 13% compared with current forecasts before the interest cover covenant would be breached. The Directors consider the likelihood of such a decline to be remote. The Directors also considered a severe but remote downside scenario reflecting a significant demand or supply shock associated with geopolitical conflict in the Middle East. This scenario assumes a reduction in sales over a nine-month period, together with cost pressures (including fuel and freight), partially mitigated by management actions such as cost reductions, deferral of capital expenditure and suspension of shareholder distributions. Under this scenario, the Group would make limited drawings on the RCF and would retain adequate liquidity and covenant headroom throughout the assessment period.

Based on this assessment, the Directors have a reasonable expectation that the Group and Company will continue to operate and meet their liabilities as they fall due over the going concern period, maintain sufficient liquidity, and comply with covenant requirements. Accordingly, no material uncertainties related to going concern have been identified, and the financial statements have been prepared on a going concern basis.

Basis of consolidation
Subsidiary undertakings
A subsidiary investment is an entity controlled by Halfords. Control is achieved when Halfords is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power, directly or indirectly, over the investee.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case an appropriate adjustment would be made.

The financial statements of all subsidiary undertakings are prepared to the same reporting date as the Company. All subsidiary undertakings have been consolidated.

The subsidiary undertakings of the Company at 3 April 2026 are detailed in Note 4 to the Company financial statements on pages 177 to 179.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred.

The identifiable assets, liabilities and contingent liabilities of the acquired entity that meet the conditions for recognition under IFRS 3 "Business combinations" are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and is, initially, measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of these elements exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Revenue recognition
The Group recognises revenue when it has satisfied its performance obligations to external customers and the customer has obtained control of the goods or services being transferred.

The revenue recognised is measured at the transaction price received and is recognised net of value added tax, discounts and commission charged by third parties for providing credit to customers.

The Group operations comprise the retailing of automotive, leisure and cycling products, vehicle servicing and repair operations and the provision of Software as a Service. The table below summarises the revenue recognition policies for different categories of products and services offered by the Group.

For most revenue streams, there is a low level of judgement applied in determining the transaction price or the timing of transfer of control.

Basis of consolidation continued

Products and services	Nature, timing and satisfaction of performance obligations and significant payment terms
Automotive, leisure and cycling products, car servicing and repair operations	The majority (both value and volume) of the Group's sales are for standalone products and services made direct to customers at standard prices. These sales are made across a number of channels including retail stores, online, and within autocentres including both Business to Consumer markets and the Corporate Fleet Services business within the Business to Business market. In these cases, all performance obligations are satisfied, and revenue recognised, when the product or service is transferred to the customer. In the case of Cycle2Work, a letter of collection ("LOC") is issued when payment is received but the amount will be held on the balance sheet until the product or service has been transferred to the customer, at which point revenue is recognised. Deferred income of unredeemed vouchers is released to profit or loss based on historical redemption rates. An LOC, can also be redeemed by customers through a network of independent bike dealers, which invoice the Group for the value of the LOC, at which point the revenue is recognised, as this is considered to be the point when the product has been transferred to the customer.
Service and repair plans	The Group offers various service and repair plans to customers. The Group recognises revenue on these on a straight-line basis over the period of the plan and any discounts at the point of sale. The performance obligation of the Group, being the level of service and repair offered with the plan, will be the period of the plan and, therefore, revenue should be recognised over this period. The product is paid for on commencement of the plan, and deferred income is held within trade and other payables.
Loyalty scheme	The Group launched its loyalty scheme in March 2022, with paid membership revenue being recognised when the individual benefits associated with club membership are expected to be incurred as and when performance obligations are met. The revenue associated with any unused benefits is recognised at the end of the membership period.
Product warranties	The Group provides certain products, principally by the Motoring and Cycling businesses, that have warranty periods attached. For certain products, the product cannot be sold without a warranty, and the warranty cannot be purchased independently from the underlying product. As such, the warranty does not represent a separate performance obligation and a separate warranty provision is recorded under IAS 37 based on an expected cost approach. For products where a warranty contract can be purchased separately from the sale of an underlying product, the warranty and product are each identified as separable performance obligations. The warranties for such contracts are recognised over time. This is assessed using historical claim information and estimated across the portfolio of existing warranty contracts at the balance sheet date. The deferred income for these arrangements is included in trade and other payables.
Software as a Service ("SaaS")	The Group operates a Software as a Service business, which provides customers with access to a bespoke version of our mobile scheduling and operations software. The model employed consists of an upfront development fee, with ongoing licence fees depending on usage of the software by the customer, with minimum licence fee levels agreed over the term of the contract. The upfront development services cannot be unbundled from the ongoing hosting and service obligations under the contract and, therefore, the upfront development fee and minimum licence fee payable is recognised evenly over the life of the contract, with any licence fees receivable above the minimum level recognised in the period to which they relate.

The Group has a logistics arrangement for the storage and distribution of tyres to the Group's garages to be performed by an external party. Under this arrangement, tyres are sold to the logistics provider, with the Group retaining a right to repurchase the tyres for use by the Group. This results in the Group retaining control and legal title over the tyres stored by the logistics provider. Revenue is only recognised when tyres are sold on an arms length basis to the logistics provider and when the legal title passes.

The Group has separate agreed payment terms for the sale, and repurchase, of tyres to the logistics provider. As the Group has a legal right under the logistics arrangement to offset these amounts, the Group recognises a supplier financing asset or liability based on the net position within other debtors or other creditors. Cash flows associated with this arrangement are akin to supplier finance arrangements and, as such, balances have been presented as payments and receipts relating to supplier financing within the Consolidated Statement of Cash Flows.

Returns

A provision for estimated returns is made based on the value of goods sold during the period that are expected to be returned and refunded after the period end based on past experience.

The sales value of the expected returns is recognised within provisions, with the cost value of goods expected to be returned recognised as a current asset within inventories.

Gift cards

Deferred income in relation to gift card redemptions is estimated based on historical redemption rates to determine the value of vouchers that are highly probable not to be redeemed.

Supplier income

As is common in the retail and automotive industries, the Group receives income from its suppliers based on specific agreements in place. These enable the Group to share the costs and benefits of promotional activity and volume growth, which are explained below. The supplier income received is recognised as a deduction from cost of sales based on the entitlement that has been earned up to the balance sheet date for each relevant supplier agreement. The Group receives other contributions that do not meet the definition of supplier income, including, but not limited to, marketing, advertising and promotion contributions that are offset against the costs included in administrative expenses to which they relate.

ACCOUNTING POLICIES CONTINUED

Supplier income continued

Supplier income arrangements are often not co-terminus with the Group's financial period end. Such income is only recognised when there is reasonable certainty that the conditions for recognition have been met by the Group and the income can be reliably measured based on the terms of the contract. The Group is sometimes required to estimate the amounts due from suppliers at period end. However, as most of the supplier income is confirmed before the period end, the level of estimation and judgement required is limited.

Supplier income is recognised on an accrual basis, based on the entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued supplier income is included in accrued income within trade and other receivables.

Supplier income comprises:

- Rebates – typically, these are based on the volume of purchases of goods for resale. These are earned based on purchase targets over set periods of time. In some cases, rebates will also be received to support promotional pricing.
- Fixed contributions – typically, these are for favourable positioning of products in our store or product recycling contributions.

Supplier income recognised is recorded against cost of sales and inventory, which is adjusted to reflect the lower purchase cost for the goods on which the income has been earned. Depending on the agreement with the supplier, supplier income is either received in cash from the supplier or netted off payments made to suppliers.

Finance income

Finance income comprises interest income on funds invested. Income is recognised, as it accrues in profit or loss, using the effective interest rate method.

Non-underlying items

Non-underlying items are those items that are unusual because of their size, nature (one-off, non-trading costs) or incidence, or relate to significant strategic projects. The Group's management considers that these items should be separately identified within their relevant income statement category to enable a full understanding of the Group's results. In the current period the Group has changed its accounting policy to include amortisation of intangible assets acquired in business combinations within non-underlying items. The impact of this change is disclosed in Note 27.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company, which excludes non-controlling interests, by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in pounds sterling, which is the Group's presentation currency, and are rounded to the nearest £0.1m. Items included in the financial statements of the Group's entities are measured in pounds sterling, which is the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions and balances

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the income statement with the exception of differences on transactions that are subject to effective cash flow hedges, which are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges, which are recognised in other comprehensive income.

The assets and liabilities of foreign operations are translated to sterling at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to sterling at an average exchange rate. Foreign currency differences are recognised in other comprehensive income and a separate component of equity. When a foreign operation is disposed of, the relevant amount in equity is transferred to profit or loss.

Employee benefits

i) Pensions

The Halfords Pension Plan is a contract based plan, where each member has their own individual pension policy, which they monitor independently. The Group pays fixed contributions and has no legal or constructive obligation to pay further amounts. The costs of contributions to the scheme are charged to the income statement in the period that they arise.

ii) Share based payment transactions

The Group operates a number of equity-settled share based compensation plans.

The fair value of share options granted to employees under such schemes is recognised as an expense in the income statement. Fair values are determined by use of an appropriate pricing model and incorporate an assessment of relevant market performance conditions.

The amount to be expensed over the vesting period is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

At each balance sheet date, the Group revises its estimates of the number of share incentives that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity.

Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous periods.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

Taxation continued

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods. In the case of revenue that is received in advance, the tax base of the resulting liability is its carrying amount, less any amount of the revenue that will not be taxable in future periods.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred taxation arises from initial recognition of an asset or liability in a transaction other than a business combination, which, at the time of the transaction, affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred taxation is calculated using rates that are expected to apply when the related deferred asset is realised, or the deferred taxation liability is settled.

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

Dividends

Final dividends are recognised in the Group's financial statements in the period in which the dividends are approved by shareholders. Interim equity dividends are recognised in the period they are paid.

Intangible assets

i) Goodwill

Goodwill is initially recognised as an asset at cost and is reviewed for impairment at least annually. Goodwill is subsequently measured at cost less any accumulated impairment losses. An impairment charge is recognised in the income statement for any amount by which the carrying value of goodwill exceeds its recoverable amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

For acquisitions prior to 3 April 2010, costs directly attributable to business combinations formed part of the consideration payable when calculating goodwill. Adjustments to contingent consideration, and, therefore, the consideration payable and goodwill, are made at each reporting date until the consideration is finally determined.

Acquisitions after this date fall under the provisions of "Revised IFRS 3 "Business combinations" (2008)". For these acquisitions, transaction costs, other than share and debt issue costs, will be expensed as incurred and subsequent adjustments to the fair value of contingent consideration payable will be recognised in profit or loss.

ii) Computer software

Costs that are directly associated with identifiable and unique software products controlled by the Group, and that will generate economic benefits beyond one year, are recognised as intangible assets. These intangible assets are stated at cost less accumulated amortisation and impairment losses. Software is amortised over three to five years, depending on the estimated useful economic life.

Where the Group controls software relating to Software as a Service ("SaaS") arrangements, configuration and customisation costs are capitalised as part of bringing the identified intangible asset into use. Where the Group does not have control of the software costs, these are expensed over the SaaS contract term if the related configuration and customisation costs are not distinct from access to the software.

In all other circumstances, configuration and customisation costs are recognised as an expense as incurred except in the limited instances where these costs result in a separately identifiable intangible asset.

iii) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination are recorded at fair value at the acquisition date.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Brand names and trademarks – 10 years;
- Supplier relationships – 5 to 15 years; and
- Customer relationships – 5 to 15 years.

Amortisation of intangible assets acquired as part of business combinations are recorded within non-underlying items as the associated assets would not have been capitalised in the ordinary course of business.

Property, plant and equipment

Property, plant and equipment is held at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over their useful economic lives as follows:

- Freehold properties are depreciated over 50 years;
- Leasehold premises with lease terms of 50 years or less are depreciated over the remaining period of the lease;
- Leasehold improvements are depreciated over the period of the lease to a maximum of 25 years;
- Motor vehicles are depreciated over 3 years;
- Fixtures, fittings and equipment are depreciated over 4 to 10 years according to the estimated life of the asset;
- Computer equipment is depreciated over 3 years; and
- Land is not depreciated.

Depreciation is expensed to the income statement within operating expenses.

Residual values, remaining useful economic lives, and depreciation periods and methods are reviewed annually and adjusted if appropriate.

Impairment of assets

Tangible and intangible assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Property, plant and equipment are grouped on an individual basis by retail store or autocentre location.

Leases

As lessee

The Group leases various offices, warehouses, retail stores, car servicing garages, equipment and vehicles. Rental contracts are typically made for fixed periods between 3 months and 25 years, but may have break clauses or extension options.

ACCOUNTING POLICIES CONTINUED

Leases continued

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and, instead, accounts for these as a single lease component.

At the commencement date of property leases, the Group determines the lease term to be the full term of the lease normally including the period of any lease extension options, assuming that any option to break the lease is unlikely to be exercised. Leases are regularly reviewed on an individual basis and will be revalued if it becomes likely that a break clause will be exercised.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- Uses a build-up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Group; and
- Makes adjustments specific to the lease, for example location, or type of property.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

For leases acquired as part of a business combination, the lease liability is measured at the present value of the remaining lease payments. The right-of-use asset is measured at the same amount as the lease liability adjusted to reflect favourable or unfavourable terms of the lease when compared to market terms.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease, or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term. The carrying value of lease liabilities is, similarly, revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying value of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The right-of-use assets are considered for impairment at each reporting date; see Note 12.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (<£5,000), plus property leases where occupation continues beyond the end of the lease term, are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise warehousing, IT and telephone equipment.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases continued

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts.

The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes purchase costs, adjusted for rebates and other costs incurred in bringing them to their existing location.

Where inventory is held by third parties but for which Halfords exercises control over the inventory, Halfords recognises the value of that inventory on its balance sheet. Control is determined by Halfords retaining the title to the inventory and restricting its use by the third party.

Supplier financing

Where Halfords operates invoicing arrangements with third-party suppliers, whereby the timing of receipts from a supplier creates a cash flow timing advantage for Halfords, such arrangements are considered akin to a supplier financing arrangement. The cash flows paid and received under the arrangement are separately disclosed as supplier financing in the cash flow statement. The amount due to or from the supplier at the period end date is shown in other payables or other receivables as appropriate. While these arrangements are considered akin to a supplier financing arrangement, they do not meet the definition of such arrangements as set out in IAS 7.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Details of the provisions recognised can be seen in Note 18.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is certain.

A dilapidation provision is recognised when a decision to exit a lease is made and there is a future obligation relating to the maintenance of the leasehold properties. This is the point at which a reliable estimate of the expected cost for dilapidations can be made. The provision is based on management's best estimate of the obligation, which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts. Any difference between amounts expected to be settled and the actual cash outflow is accounted for in the period when such determination is made. Key uncertainties are estimates of amounts due and when the obligation will crystallise.

Provisions for employer and product liability claims are recognised when an incident occurs or when a claim made against the Group is received that could lead to there being an outflow of benefits from the Group. The provision is based on management's best estimate of the settlement assisted by an external third party. The main uncertainty is the likelihood of success of the claimant and hence the settlement value; however, a provision is only recognised when there is considered to be reasonable grounds for the claim.

Cash and cash equivalents

Cash and cash equivalents on the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days, which are subject to an insignificant risk of changes in value.

Halfords Group plc utilises cash pooling arrangements to effectively manage Group liquidity and maximise interest returns across subsidiary entities. Where the Group has a legal right to offset cash and overdraft balances across the cash pool facility, and the counterparty would settle amounts due on a net basis back to the Group, they are presented on a net basis, within cash or bank overdrafts depending on the position at the balance sheet date. For bank accounts that are outside of the cash pooling facility, cash and overdraft positions are presented separately within the Group balance sheet.

In the Consolidated Statement of Cash Flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

Non-controlling interests

For business combinations the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree that is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to the owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – equity instrument; or fair value through profit or loss ("FVTPL"). A financial liability is measured at either amortised cost or FVTPL.

ii) Classification and subsequent measurement

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ACCOUNTING POLICIES CONTINUED

Financial instruments continued

On initial recognition of an equity instrument that is not held for trading, the Group may, irrevocably, elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes all derivative financial assets (Note 20). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise.

Financial assets: business model assessment

The Group assesses the objective of the business model in which financial assets are held at a CGU level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the business unit and the operation of those policies in practice. This includes whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate portfolio, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the business unit is evaluated and reported to Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business unit) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

Financial assets: assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: measurement and gains and losses

Financial assets at FVTPL	These assets are, subsequently, measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss. However, see Note 20 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are, subsequently, measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVTOCI	These assets are, subsequently, measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and never reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. All other financial liabilities are recognised, initially, at their fair value and are, subsequently, measured at amortised cost using the effective interest method.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which, substantially, all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains, substantially, all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net position presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments continued

v) Derivatives

Derivative financial instruments are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products. The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses the derivatives to hedge highly probable forecast transactions and, therefore, the instruments are largely designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and hedging instrument are expected to offset each other.

The effective element of any gain or loss from remeasuring the derivative instrument is recognised in other comprehensive income ("OCI") and accumulated in the hedging reserve. Any element of the remeasurement of the derivative instrument that does not meet the criteria for an effective hedge is recognised immediately in the Group income statement within finance income or cost of sales.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in OCI and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is recognised immediately in profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months or as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

vi) Impairment

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, contract assets and lease receivables measured at amortised cost. These are always measured at an amount equal to lifetime ECL. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. There is limited exposure to ECLs due to the business model.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

Estimates are monetary amounts in the financial statements that are subject to measurement uncertainty and judgements are decisions taken by management on accounting measurements and recognition criteria.

Management considers that their use of estimates and judgements in the application of the Group's accounting policies are inherently linked and so are discussed together below. Significant sources of estimation uncertainty and judgement are identified separately.

The critical accounting judgements taken in the preparation of the consolidated financial statements are summarised below:

Non-underlying items

The Directors believe that the underlying profit and underlying earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee. The profit before tax and non-underlying items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. The Group's definitions of adjusting items are outlined within both the Group accounting policies and the Glossary of alternative performance measures.

Note 5 provides further details on current year non-underlying items and their adherence to Group policy, with Note 27 detailing the change in accounting policy made in the current period.

Determining the lease term

Under IFRS 16, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, which takes into account the risk associated with the length of the lease, which ranges between 1 and 25 years, and the location of the lease.

In determining lease terms, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

ACCOUNTING POLICIES CONTINUED

Critical accounting judgements and key sources of estimation uncertainty continued

For leases of warehouses, retail stores, autocentres and equipment, the following factors are normally the most relevant:

- Review of profitability of each store and garage;
- If there are significant penalties to terminate (or not extend), the Group is, typically, reasonably certain to extend (or not terminate); and
- If any leasehold improvements are expected to have a significant remaining value, the Group is, typically, reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty, for example if a store or garage is identified to be closed as part of a strategic review programme.

The key sources of estimation uncertainty are as follows:

Impairment of goodwill allocated to the Retail and Autocentres segments

The impairment testing process requires management to make significant estimates regarding the future cash flows expected to be generated by CGUs to which goodwill has been allocated. In assessing value in use, net cash flow forecasts are extrapolated using long-term growth rates to determine the basis for an annuity-based terminal value. These net cash flow forecasts reflect assumptions relating to sales and cost growth in addition to other cash flow movements including income tax. Future cash flows, including the terminal value, are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments of goodwill reflect management's best assumptions and estimates, but these items involve inherent uncertainties described above. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods. A detailed discussion of the impairment methodology applied, key assumptions used and related sensitivity analyses by the Group in the context of goodwill is provided in Note 10.

Impairment of PPE and right-of-use assets

The goodwill impairment test allocates goodwill to groups of CGUs, being Retail and Autocentres. The Group is required to test the assets held at each CGU for impairment prior to aggregating the results for the group of CGUs for the goodwill impairment test. This requires estimates to be made to determine the recoverable amount of each individual CGU, which is performed using the discounted cash flow method. The assumptions used in the value in use calculation are consistent with those used in the goodwill impairment test noted above. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods. Note 12 details the assumptions used and related sensitivity analysis for the assessment of right-of-use assets and property, plant and equipment.

Adoption of new standards, interpretations and amendments

In preparing the consolidated financial statements, the Group has adopted the following amendments to standards which have been endorsed by the UK Endorsement Board ("UKEB"):

- The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability (Amendments to IAS 21).

The above amendment to the standards is not considered to have a material effect on these consolidated financial statements.

New standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. With the exception of IFRS 18, these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The impact of IFRS 18 on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements; however, there is no impact on presentation for the Group in the current year given the effective date of adoption is for periods beginning on or after 1 January 2027.

NOTES TO THE FINANCIAL STATEMENTS

1. Operating segments

IFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker has been identified as the Group's Executive Directors. The Group's Executive Directors review the Group's internal reporting in order to assess performance and allocate resources across each operating segment.

The Group's reportable operating segments have therefore been identified as follows:

- Retail – comprising our Retail and Tredz businesses; and
- Autocentres – comprising our Garages, Mobile, Commercial Fleet Services and Avayler businesses.

The strategic business units offer different products and services and are managed separately because they require different operational, technological and marketing strategies.

The operations of the Retail reporting segment comprise the retailing of automotive, leisure and cycling products and services through retail stores and online. The operations of the Autocentres reporting segment comprise vehicle servicing and repair performed from garages and vans, along with the operations of Avayler Software as a Service products to both internal and external Autocentres customers.

The tables below show the performance of the operations in each of the Group's reportable segments. Performance is measured based on segment operating profit, as included in the management reports that are reviewed by the Executive Directors. These internal reports are prepared in accordance with IFRS accounting policies consistent with these Group consolidated financial statements.

All material operations of the reportable segments are carried out in the UK and Republic of Ireland and all material non-current assets are located in the UK. The Group's revenue is driven by the consolidation of individual small value transactions and as a result Group revenue is not reliant on a major customer or Group of customers.

Income statement – 53 weeks to 3 April 2026	**Retail £m**	**Autocentres £m**	**Total £m**
Revenue	**1,062.0**	**739.7**	**1,801.7**
Underlying operating profit	**40.2**	**21.0**	**61.2**
Non-underlying items	**(4.4)**	**(1.7)**	**(6.1)**
Operating profit	**35.8**	**19.3**	**55.1**
Net finance expense			**(11.5)**
Profit before tax			**43.6**
Taxation			**(11.0)**
Profit after tax			**32.6**
Products and services transferred at a point in time	**1,053.5**	**719.8**	**1,773.3**
Products and services transferred over time	**8.5**	**19.9**	**28.4**
Total revenue	**1,062.0**	**739.7**	**1,801.7**

Income statement (restated) – 52 weeks to 28 March 2025	Retail £m	Autocentres £m	Total £m
Revenue	1,004.9	710.3	1,715.2
Underlying operating profit	39.0	15.7	54.7
Non-underlying items	(54.9)	(18.7)	(73.6)
Operating loss	(15.9)	(3.0)	(18.9)
Net finance expense			(11.1)
Loss before tax			(30.0)
Taxation			(3.8)
Loss after tax			(33.8)
Products and services transferred at a point in time*	996.8	693.3	1,690.1
Products and services transferred over time*	8.1	17.0	25.1
Total revenue	1,004.9	710.3	1,715.2

* The prior-year split of products and services transferred at a point in time and over time has been restated to more accurately reflect the classification of revenue based on the Group's accounting policies.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. Operating segments continued

As disclosed in Note 27, in the current period the allocation of amortisation of assets acquired on business combinations has been included within non-underlying items. In the segmental analysis disclosed in the previous period this was included within unallocated expenses, which were not attributed to the Retail or Autocentres segments. In the comparative tables above, the information for FY25 has been restated to reflect this change in accounting policies. The table below shows the results for FY26 had the change in accounting policies not been made, along with comparatives from FY25.

Income statement – 53 weeks to 3 April 2026	**Retail £m**	**Autocentres £m**	**Total £m**
Revenue	**1,062.0**	**739.7**	**1,801.7**
Segment result before non-underlying items	**40.2**	**21.5**	**61.7**
Non-underlying items	**(3.5)**	**1.3**	**(2.2)**
Segment result	**36.7**	**22.8**	**59.5**
Unallocated expenses			**(4.4)**
Operating profit			**55.1**
Net finance expense			**(11.5)**
Profit before tax			**43.6**
Taxation			**(11.0)**
Profit after tax from continuing operations			**32.6**

Income statement – 52 weeks to 28 March 2025	Retail £m	Autocentres £m	Total £m
Revenue	1,004.9	710.3	1,715.2
Segment result before non-underlying items	39.0	15.7	54.7
Non-underlying items	(53.9)	(14.5)	(68.4)
Segment result	(14.9)	1.2	(13.7)
Unallocated expenses			(5.2)
Operating profit			(18.9)
Net finance expense			(11.1)
Profit before tax			(30.0)
Taxation			(3.8)
Profit after tax from continuing operations			(33.8)

Other segment items for the 53 weeks to 3 April 2026	**Retail £m**	**Autocentres £m**	**Total £m**
Intangible asset/PPE additions	**19.7**	**36.4**	**56.1**
Depreciation and impairment expense of PPE (Note 11)	**13.3**	**12.7**	**26.0**
Net impairment of right-of-use asset (Note 12)	**0.2**	**(0.7)**	**(0.5)**
Amortisation of right-of-use asset (Note 12)	**51.1**	**28.0**	**79.1**
Amortisation of intangible assets (Note 10)	**14.4**	**9.6**	**24.0**
Impairment of intangible assets (Note 10)	**–**	**–**	**–**

Segment assets and liabilities are not disclosed because they are not reported to or reviewed by the Group's Executive Directors at a segment level.

Other segment items for the 52 weeks to 28 March 2025	Retail £m	Autocentres £m	Total £m
Intangible asset/PPE additions	25.5	27.2	52.7
Depreciation and impairment expense of PPE (Note 11)	15.5	14.6	30.1
Impairment of right-of-use asset (Note 12)	0.9	7.0	7.9
Amortisation of right-of-use asset (Note 12)	51.9	26.6	78.5
Amortisation of intangible assets* (Note 10)	12.3	7.0	19.3
Impairment of intangible assets (Note 10)	47.9	–	47.9

* Underlying amortisation of intangible assets has been restated from £19.3m to £14.1m, with a corresponding increase in non-underlying amortisation expense from £nil to £5.2m, to account for the change in accounting policy for the amortisation of intangibles acquired in business combinations, referenced above.

There have been no significant transactions between segments in the 53 weeks ended 3 April 2026 (2025: £nil). Such transactions are eliminated upon consolidation.

2. Operating expenses

For continuing operations for the period	**53 weeks to 3 April 2026 £m**	52 weeks to 28 March 2025 (Restated) £m
Underlying administrative expenses*	**250.0**	211.1
Non-underlying administrative expenses (Note 5)*	**6.1**	73.6
Total administrative expenses	**256.1**	284.7
Selling and distribution costs	**642.1**	604.0
Total operating expenses	**898.2**	888.7

* Prior-year figures have been restated to account for the change in accounting policy for the amortisation of intangibles acquired in business combinations, referenced in Note 1. This has resulted in a reduction of underlying administrative expenses of £5.2m, with a corresponding increase in non-underlying administrative expenses.

3. Results from operating activities

From continuing operations for the period	**53 weeks to 3 April 2026 £m**	52 weeks to 28 March 2025 £m
Operating profit is arrived at after charging/(crediting) the following:		
Expenses relating to leases of low-value assets, excluding short-term lease of low-value assets	**–**	0.3
Expenses relating to short-term leases	**9.9**	6.7
Loss on disposal of property, plant and equipment, and intangibles	**0.6**	0.3
(Gain)/loss on disposal of right-of-use assets	**(2.2)**	0.2
Amortisation of intangible assets	**24.0**	22.8
Amortisation of right-of-use assets	**79.1**	79.5
Depreciation of owned property, plant and equipment	**25.6**	28.8
Impairment/(reversal) of:		
– owned property, plant and equipment	**0.4**	2.0
– right-of-use assets[1]	**0.5**	7.9
– intangible assets (goodwill)	**–**	47.9
Trade receivables impairment	**0.6**	0.2
Underlying staff costs (see Note 4)	**454.3**	411.9
Cost of inventories consumed in cost of sales	**813.7**	823.7

1 Impairment of right-of-use assets during the period was £2.0m, with a reversal of £1.5m in the year, resulting in a net £0.5m charge in the period (2025: £7.9m). The total £1.5m (2025: £nil) of impairment reversals in the period have been recorded within non-underlying items, as detailed in Note 5, as they relate to impairments that were originally recorded within non-underlying items.

The total fees payable by the Group to BDO LLP and their associates during the period were £2.3m (2025: £2.5m), in respect of the services detailed below:

For the period	**53 weeks to 3 April 2026 £'000**	52 weeks to 28 March 2025 £'000
Fees payable for the audit of the Company's accounts	**76.8**	73.5
Fees payable to BDO LLP and their associates for other services:		
The audit of the Company's subsidiary undertakings, pursuant to legislation	**1,923.0**	2,215.5
Audit-related assurance services	**261.3**	250.0
Other	**9.0**	–
Total fees	**2,270.1**	2,539.0

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4. Staff costs

For the period	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 £m
The aggregated remuneration of all employees including Directors comprised:		
Wages and salaries	**396.1**	367.4
Redundancies included in non-underlying items	**–**	0.2
Social security costs	**45.7**	33.2
Equity-settled share based payment transactions (Note 22)	**2.9**	3.9
Contributions to defined contribution pension plans (Note 24)	**9.6**	7.4
Total staff costs, excluding capitalised staff costs	**454.3**	412.1
Capitalised staff costs:		
Wages and salaries	**5.5**	6.7
Social security costs	**0.8**	1.0
Contributions to defined contribution pension plans	**0.2**	0.2
Total staff costs	**460.8**	420.0

	Number	Number
Average number of persons employed by the Group, including Directors, during the period:		
Stores/Autocentres	**10,629**	10,643
Central warehousing	**656**	624
Support Centre	**1,543**	1,490
	12,828	12,757

Key management compensation

For the period:	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 £m
Salaries and short-term benefits	**5.8**	4.9
Social security costs	**0.9**	0.8
Pensions	**0.1**	0.1
Share based payment charge	**1.2**	1.3
	8.0	7.1

Key management compensation includes the emoluments of the Board of Directors and the emoluments of the Halfords Limited and Halfords Autocentres management boards.

Full details of Directors' remuneration and interests are set out in the audited tables in the Directors' Remuneration Report on pages 90 to 114 which form part of these financial statements.

5. Non-underlying items

For the period	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 (Restated)[1] £m
Non-underlying items recorded in operating profit:		
Organisational restructure costs (a)	**3.2**	1.5
Closure costs (b)	**(1.0)**	14.9
Cloud migration costs (c)	**–**	2.9
Impairment of non-current assets (d)	**–**	49.1
Amortisation of assets acquired on business combinations (e)	**3.9**	5.2
Total non-underlying operating expenses	**6.1**	73.6
Non-underlying finance costs:		
Closure costs (b)	**0.3**	–
Non-underlying finance costs	**0.3**	–
Total non-underlying items before tax	**6.4**	73.6
Tax on non-underlying items (f)	**(1.7)**	(5.9)
Total non-underlying items	**4.7**	67.7

1 Refer to Note 27 for further details.

5. Non-underlying items continued

a) During the current and prior periods, organisational restructure costs of £3.2m (2025: £1.5m) were incurred linked to the Warehouse Management System replacement programme. In the current period, this is as a result of technological and operational issues associated with the system's implementation in the Coventry distribution centre. The total cumulative cost of the new Warehouse Management System implementation across all the Group's distribution centres was £9.1m. These costs have now concluded. These costs are considered non-underlying items on the basis that they relate to a discrete programme of work, were significant in aggregate, and would not have been incurred but for the strategic decision to replace the Group's existing Warehouse Management System.

b) Closure costs represent costs associated with the closure of a number of stores and garages following strategic reviews of the profitability of the Group's physical estate in the current and prior periods, as well as the closure of the Group's wholesale tyre operations in FY25. In the current period, a net credit of £0.7m (2025: £14.9m charge) was recognised in the income statement, primarily reflecting the reversal of impairments recorded in the prior period and the conclusion of negotiations with landlords to terminate certain lease arrangements early, resulting in a net benefit to the Group. These items are reported as non-underlying items on the basis that they relate to a strategic initiative focused on reviewing our estate and to aid comparability between reporting periods. Costs and credits relating to former trading sites are expected to continue until the remaining lease obligations have been settled or the properties have otherwise been exited. The key charges/(releases) in the period are discussed below:

- £0.5m (2025: £2.2m) relates to ongoing cost as part of the restructuring programmes and closure of the Group's wholesale tyre operations. Current-year costs primarily comprise property-related expenditure that did not meet the recognition criteria for provision in the prior years and is therefore recognised as incurred.
- £2.0m (2025: £4.1m charge) was released to the income statement as the Group continues to negotiate lease disposals, agree sublet arrangements to utilise surplus leased properties, and reassess provisions originally recognised in respect of historical store and garage closures. This also resulted in the release of impairment charges of £1.5m following properties which were impaired in FY25 being sublet in the period. As the original costs were created through non-underlying items, the release of this is appropriate to record within non-underlying items.
- An impairment charge of £0.5m (2025: £8.6m) was recognised following the completion of closures of certain garages in the current period as part of the garage optimisation programme announced in FY25.
- Finance costs of £0.3m relate to lease liabilities associated with sites closed under historical closure programmes.

c) Cloud migration costs in the prior year relate to the migration of servers from co-located datacentres to a cloud-based solution. Costs of £2.9m included expenses associated with managing this transition and the dual running of the existing co-located servers and the new cloud infrastructure. These costs were considered as non-underlying due to their one off nature and to aid comparability of business performance year on year. No further costs associated with this transition are expected.

d) During FY25, the Group performed an impairment review of certain non-current assets. As a result of this review, the Group recognised an impairment expense of £47.9m in relation to goodwill and £1.2m in relation to right-of-use assets within the Retail and Autocentres segments. The impairment charge has been classified as a non-underlying item on the basis it is one-off and significant in nature, and value, to the results of the Group.

e) Amortisation of assets acquired as part of business combinations totalled £3.9m (2025: £5.2m). These items are classified as non-underlying as the associated assets would not have been capitalised in the ordinary course of business. Whilst the cost has been removed, underlying revenue and profit from these acquisitions are included within the Group's underlying results. Amortisation will be recognised over the remaining useful lives of the assets. Annual costs exceeding £0.1m are expected to be incurred until 2036.

f) The tax credit of £1.7m (2025: £5.9m) represents an effective tax rate of 26.6% (2025: 9.3%) applied to non-underlying items, which is higher than the statutory rate due to the impact of non-taxable income. The tax charge for the period includes the impact of the reclassification of acquired businesses.

6. Net finance expense

Recognised in profit or loss for the period	Note	**53 weeks to 3 April 2026 £m**	52 weeks to 28 March 2025 £m
Finance income:			
Bank interest		**0.8**	0.9
Finance costs:			
Bank borrowings		**(0.2)**	(0.5)
Amortisation of issue costs on loans		**(0.6)**	(0.6)
RCF commitment fees		**(1.4)**	(1.3)
Supplier financing expense		**(0.3)**	(0.2)
Interest payable on lease liabilities	12	**(9.5)**	(9.4)
Total underlying finance costs		**(12.0)**	(12.0)
Net finance costs before non-underlying items		**(11.2)**	(11.1)
Interest payable on lease liabilities – non-underlying		**(0.3)**	–
Total net finance costs		**(11.5)**	(11.1)

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7. Income tax expense

For the period	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 £m
Current taxation		
UK corporation tax charge for the period	**8.9**	6.8
Adjustment in respect of prior periods	**(2.7)**	(0.6)
	6.2	6.2
Deferred taxation		
Origination and reversal of temporary differences	**1.8**	(1.4)
Adjustment in respect of prior periods	**3.0**	(1.0)
	4.8	(2.4)
Total tax charge for the period	**11.0**	3.8
Deferred taxation – OCI		
Origination and reversal of temporary differences in OCI	**(0.6)**	0.2
Total tax (credit)/charge to OCI for the period	**(0.6)**	0.2
Deferred taxation – equity		
Origination and reversal of temporary differences in equity	**1.0**	–
Total tax charge to equity for the period	**1.0**	–

The tax charge is reconciled with the standard rate of UK corporation tax as follows:

For the period	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 £m
Profit/(loss) before tax	**43.6**	(30.0)
UK corporation tax at standard rate of 25% (2025: 25%)	**10.9**	(7.5)
Factors affecting the charge for the period:		
Depreciation on expenditure not eligible for tax relief	**0.4**	0.4
Employee share options	**0.1**	0.6
(Non-taxable income)/other disallowable expenses	**(0.2)**	12.3
Adjustment in respect of prior periods	**0.3**	(1.6)
Impact of overseas tax rates	**(0.5)**	(0.4)
Total tax charge for the period	**11.0**	3.8

The opening and closing deferred tax asset at 3 April 2026 has been calculated based on the prevailing UK tax rate of 25%.

The Group's effective tax rate of 25.2% (2025: (12.8)%) is broadly in line with the UK corporation tax rate of 25%. Adjustments increasing the tax rate, including depreciation on capital expenditure not eligible for relief and prior-period adjustments, were largely offset by the impact of overseas tax rates and certain non-taxable income.

The taxation charge for the period was £11.0m (2025: £3.8m), including a £1.7m credit (restated 2025: £5.9m credit) in respect of tax on non-underlying items.

In this period, the Group's contribution to the UK Exchequer from both taxes paid and collected exceeded £311m (2025: £274m) with the main taxes including net VAT of £140.6m (2025: £141.2m), employment taxes of £121.4m (2025: £98.1m) and business rates of £42.9m (2025: £39.7m), along with corporation tax payments of £6.6m (2025: £5.5m net refund).

Impact of Pillar Two

Pillar Two legislation, which introduced a global minimum effective tax rate of 15%, has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation was effective for the Group's financial period beginning 30 March 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief may not apply and the Pillar Two effective tax rate is close to 15%.

The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions based on assessments performed to date and has applied the exception to recognising deferred tax assets and liabilities relating to Pillar Two income taxes.

8. Dividends

For the period	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 £m
Equity – ordinary shares		
Final for the 52 weeks to 28 March 2025 – paid 5.8p per share (52 weeks to 29 March 2024: 5.0p)	**12.6**	10.9
Interim for the 53 weeks to 3 April 2026 – paid 3.0p per share (52 weeks to 28 March 2025: 3.0p)	**6.5**	6.5
	19.1	17.4

In addition, the Directors have recommended a final dividend in respect of the financial period ended 3 April 2026 of 6.0p per share (2025: 5.8p per share), which will absorb an estimated £13.0m (2025: £12.6m) of shareholders' funds. If approved by the Shareholders at the AGM, it will be paid on 15 September 2026 to shareholders who are on the register of members on 14 August 2026.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares excludes shares held by an Employee Benefit Trust (see Note 21) and has been adjusted for the issue/purchase of shares during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the 53 weeks to 3 April 2026.

The Group has also chosen to present an alternative earnings per share measure, with profit adjusted for non-underlying items as it better reflects the Group's underlying performance.

For the period	53 weeks to 3 April 2026 Number of shares m	52 weeks to 28 March 2025 Number of shares m
Weighted average number of shares in issue	**218.9**	218.9
Less: shares held by the Employee Benefit Trust (weighted average)	**(2.8)**	(1.0)
Weighted average number of shares for calculating basic earnings per share	**216.1**	217.9
Weighted average number of dilutive shares	**9.1**	9.5
Total number of shares for calculating diluted earnings per share	**225.2**	227.4

Potentially dilutive shares in the prior year would be anti-dilutive and were therefore not taken into account in the calculation of diluted earnings per share.

Attributable to equity shareholders for the period	53 weeks to 3 April 2026 £m	52 weeks to 28 March 2025 (restated) £m
Earnings/(loss)	**32.9**	(33.6)
Non-underlying items after tax (Note 5)	**4.7**	67.7
Underlying earnings	**37.6**	34.1

For the period	53 weeks to 3 April 2026	52 weeks to 28 March 2025 (restated)
Basic earnings/(loss) per ordinary share	**15.2p**	(15.4)p
Diluted earnings/(loss) per ordinary share	**14.6p**	(15.4)p
Underlying basic earnings per ordinary share	**17.4p**	15.6p
Underlying diluted earnings per ordinary share	**16.7p**	15.0p

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10. Intangible assets

	Arising on acquisition					
	Brand names and trademarks £m	Customer relationships £m	Supplier relationships £m	Computer software £m	Goodwill £m	Total £m
Cost						
At 29 March 2024	13.7	34.9	9.4	155.8	425.3	639.1
Additions	–	–	–	18.9	–	18.9
Reclassification*	(0.6)	0.1	–	1.4	–	0.9
At 28 March 2025	13.1	35.0	9.4	176.1	425.3	658.9
Additions	**–**	**–**	**–**	**18.5**	**–**	**18.5**
Disposals	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
At 3 April 2026	**13.1**	**35.0**	**9.4**	**194.1**	**425.3**	**676.9**
Amortisation						
At 29 March 2024	7.8	17.5	4.4	103.7	21.7	155.1
Charge for the period	0.8	2.1	0.6	19.3	–	22.8
Impairment	–	–	–	–	47.9	47.9
Reclassification*	(0.1)	1.7	0.2	(1.4)	–	0.4
At 28 March 2025	8.5	21.3	5.2	121.6	69.6	226.2
Charge for the period	**0.7**	**1.6**	**0.6**	**21.1**	**–**	**24.0**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**–**	**(0.4)**	**–**	**(0.4)**
Reclassification*	**0.5**	**(0.8)**	**0.3**	**–**	**–**	**–**
Transfer from PPE (Note 11)**	**–**	**–**	**–**	**1.6**	**–**	**1.6**
At 3 April 2026	**9.7**	**22.1**	**6.1**	**143.9**	**69.6**	**251.4**
Net book value at 3 April 2026	**3.4**	**12.9**	**3.3**	**50.2**	**355.7**	**425.5**
Net book value at 28 March 2025	4.6	13.7	4.2	54.5	355.7	432.7

* Reclassifications relate to movements between categories in intangible assets and, in the prior period, a £0.5m net book value reclassification from property, plant and equipment (Note 11).

** In the prior period, £1.6m of amortisation relating to computer software was incorrectly included within tangible asset depreciation. This transfer removes amortisation not attributable to tangible assets and ensures that the closing net book values by asset category are correctly stated.

Assets under construction relating to computer software total £0.6m (2025: £1.5m).

The amortisation charge relating to intangible assets acquired through business combinations amounted to £2.9m (2025: £3.6m). This comprises brand names and trademarks of £0.7m (2025: £0.8m), customer relationships of £1.6m (2025: £2.1m), and supplier relationships of £0.6m (2025: £0.6m). These amortisation charges are recognised within non-underlying items (Note 5) in the income statement.

Included within computer software is the Avayler software platform which has a carrying value of £13.7m (2025: £11.0m) and a remaining amortisation period of 4 years (2025: 4 years).

The table below shows the split of goodwill by CGU across the Group:

	Retail CGU £m	Autocentres CGU £m
Goodwill	**225.4**	**130.3**
Total goodwill and indefinite life intangible assets	**225.4**	**130.3**

Impairment of intangible assets

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount of goodwill is determined based on value in use calculations for each of the two groups of CGUs, being Retail and Autocentres. This is the lowest level within the Group to which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in Note 1. An impairment review was performed at 3 April 2026 by comparing the value in use for each of the Retail and Autocentre businesses to the carrying value of its tangible and indefinite life intangible assets and allocated goodwill.

10. Intangible assets continued

Value in use was determined by discounting the expected future cash flows of each group of CGUs. The key assumptions used in estimating the value in use were:

- The cash flows used for impairment testing are based on the Group's latest budget and forecast cash flows, covering a five-year period, which were reviewed and approved by the Board. The cash flow forecasts were prepared with regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth linked to the strategy of the Group as set out in the Strategic Report section in these financial statements. The cash flows include ongoing capital expenditure required to maintain the Retail and Autocentre businesses but exclude any growth capital initiatives not committed.
- Discount rates that reflect the current market assessment of the time value of money and the risks specific to each asset or CGU. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model, the inputs of which include a country risk free rate, equity risk premium, Group size premium and a risk adjustment (beta).
- The long-term growth rate used to extrapolate cash flows beyond the plan period based on the Group's current view of achievable long-term growth.

The table below details the discount rate and long-term growth rates used in determining value in use:

	Notes	2026	2025
Pre-tax discount rate – Retail	1	**11.1%**	11.2%
Pre-tax discount rate – Autocentres	1	**10.1%**	12.0%
Long-term growth rate – Retail	2	**1.8%**	1.8%
Long-term growth rate – Autocentres	2	**2.8%**	2.8%

Notes:

1 Pre-tax discount rate applied to the cash flow projections.

2 Growth rate used to extrapolate cash flows beyond the five-year plan period.

The long-term growth rate applied to the Autocentres group of cash-generating units is 2.8%. This is higher than UK long-term growth rate from the Bank of England of 1.8% and reflects forecast data for new car registrations, which is expected to increase the size of the market for the Autocentres business, alongside an ageing UK car parc which increases the size of the market for the Group.

The impairment testing resulted in an impairment expense of £nil (2025: £47.9m) for the Retail CGU and £nil (2025: £nil) for Autocentres. Changes to key assumptions used can result in a significant movement in impairment outcome and could impact impairment assessments and charges going forward.

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions, both individually and in combination. This included an increase in the discount rate by 1%, a reduction in the long-term growth rate by 1.0% for Retail and 2.0% for Autocentres and reducing sales rates, offset by cost mitigations, in year five of the five-year plan. Management also performed additional sensitivity analysis to assess the impact of a fall in business performance due to the current conflict in the Middle East, which may impact consumer confidence and therefore trading activity in FY27. Management has assumed a reduction in trading activity over a nine-month period in FY27 and increases in freight and fuel costs, which are partially offset by mitigating actions on variable and discretionary costs and capital expenditure which are within the Group's control. The results of this assessment are included in the sensitivity analysis below.

Management has considered reasonably possible changes in key assumptions that would cause the carrying amounts of goodwill or brands to exceed the value in use for each group of CGUs. Results of this sensitivity analysis are shown below:

	Retail 2026 £m	Autocentres 2026 £m
Original headroom	**146.4**	**86.7**
Headroom using a discount rate increased by 1%	**90.1**	**39.3**
Headroom using a long term growth rate decreased to 0.8% [1]	**103.9**	**21.6**
Headroom using year 5 cash flows decreasing by 10%, offset by cost mitigations	**64.6**	**14.1**
Impairment using a combination of the above sensitivities	**(4.4)**	**(56.8)**
Headroom using alternative business assumptions relating to the Middle East conflict	**133.8**	**77.9**

1 A reduction in the long term growth rate of 2% in the Autocentres CGU and 1% for the Retail CGU has been applied to reflect a reduction of 1% from the UK long-term growth rate of 1.8%.

For headroom to reduce to £nil, the following changes in the discount rate and long term growth rate would be required:

	Retail 2026	Autocentres 2026
Reduction in long-term growth rate	**5.2%**	**3.0%**
Increase in discount rate	**3.3%**	**1.6%**

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11. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 29 March 2024	98.2	312.2	410.4
Additions	10.0	23.8	33.8
Disposals	(1.3)	(4.2)	(5.5)
Reclassification*	(1.6)	1.1	(0.5)
At 28 March 2025	105.3	332.9	438.2
Additions	**16.4**	**21.2**	**37.6**
Disposals	**(2.1)**	**(5.6)**	**(7.7)**
Reclassification*	**(0.4)**	**–**	**(0.4)**
At 3 April 2026	**119.2**	**348.5**	**467.7**
Depreciation			
At 29 March 2024	65.7	255.2	320.9
Depreciation for the period	7.9	20.9	28.8
Impairment charge	1.3	0.7	2.0
Disposals	(1.2)	(4.0)	(5.2)
At 28 March 2025	73.7	272.8	346.5
Depreciation for the period	**6.8**	**18.8**	**25.6**
Impairment charge	**0.1**	**0.3**	**0.4**
Disposals	**(1.7)**	**(5.3)**	**(7.0)**
Transfer to intangibles (Note 10)**	**–**	**(1.6)**	**(1.6)**
At 3 April 2026	**78.9**	**285.0**	**363.9**
Net book value at 3 April 2026	**40.3**	**63.5**	**103.8**
Net book value at 28 March 2025	31.6	60.1	91.7

* Reclassifications relate to £0.4m net book value reclassification to right-of-use assets (Note 12) and, in the prior period, relate to a £0.5m net book value reclassification to intangibles (Note 10).

** In the prior period, £1.6m of amortisation relating to computer software was incorrectly included within tangible asset depreciation. This transfer removes amortisation not attributable to tangible assets and ensures that the closing net book values by asset category are correctly stated.

Assets under construction relating to fixtures, fittings and equipment total £1.4m (2025: £0.4m).

No fixed assets are held as security for external borrowings.

Disclosures in relation to the assessment of impairment of property, plant and equipment are included in Note 12.

12. Leases

All leases where the Group is a lessee are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a term of 12 months or less.

The Group's leases relate to the store and garage premises from which the Group operates with average lease terms of five to ten years.

i) Amounts recognised in Consolidated Statement of Financial Position

Right-of-use assets

	Land and buildings £m	Equipment £m	Total £m
At 29 March 2024	264.6	13.7	278.3
Additions to right-of-use assets	37.8	11.9	49.7
Amortisation charge for the year	(72.1)	(7.4)	(79.5)
Lease modifications	4.5	–	4.5
Reclassification of subleased asset to other receivables (Note 14)	(0.8)	–	(0.8)
Derecognition of right-of-use assets	(2.0)	–	(2.0)
Impairment charge	(7.9)	–	(7.9)
At 28 March 2025	224.1	18.2	242.3
Additions to right-of-use assets	**49.4**	**13.9**	**63.3**
Amortisation charge for the year	**(70.9)**	**(8.2)**	**(79.1)**
Lease modifications	**3.6**	**(0.1)**	**3.5**
Reclassification from property, plant and equipment (Note 11)*	**0.4**	**–**	**0.4**
Reclassification of subleased asset to other receivables (Note 14)*	**(0.3)**	**–**	**(0.3)**
Derecognition of right-of-use assets	**(1.9)**	**(0.9)**	**(2.8)**
Impairment charge	**(2.0)**	**–**	**(2.0)**
Impairment reversal	**1.5**	**–**	**1.5**
At 3 April 2026	**203.9**	**22.9**	**226.8**

* Reclassifications relate to £0.4m net book value reclassification from property, plant and equipment (Note 11) and £0.3m reclassification to other receivables (Note 14).

The £2.8m (2025: £2.0m) derecognition of right-of-use assets relates to the early termination of property leases through serving break notices, enforced relocations and returning vehicles early.

An impairment charge of £2.0m (2025: £7.9m) has been identified following the impairment test performed (see section iv). Of this charge, £0.5m (2025: £7.9m) has been recorded within non-underlying items (see Note 5) as this related to sites identified for closure as part of the store closure programme in 2025.

Impairment reversals were identified of £1.5m (2025: £nil), which arose due to new sublease arrangements being entered into for sites that were impaired as part of the closure programme in 2025. £1.5m (2025: £nil) of the impairment reversal has been recorded in non-underlying items (see Note 5) as it relates to impairment charges recorded in non-underlying items in previous periods.

Lease modifications relate to renegotiations of leases following discussions with landlords.

The amortisation charge relating to favourable fair value uplifts on lease assets recognised on business combinations amounted to £1.0m (2025: £1.0m). This charge is recognised within non-underlying items (Note 5) in the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Leases continued

Lease liabilities

	Land and buildings £m	Equipment £m	Total £m
At 29 March 2024	293.2	14.0	307.2
Additions to lease liabilities	36.9	11.8	48.7
Interest expense	8.3	1.1	9.4
Effect of modification to lease	4.4	–	4.4
Lease payments	(88.2)	(8.3)	(96.5)
Disposals of lease liabilities	(1.7)	–	(1.7)
Foreign exchange movements	(0.1)	–	(0.1)
At 28 March 2025	252.8	18.6	271.4
Additions to lease liabilities	**47.9**	**13.8**	**61.7**
Interest expense	**8.4**	**1.4**	**9.8**
Effect of modification to lease	**3.4**	**(0.1)**	**3.3**
Lease payments	**(84.4)**	**(9.2)**	**(93.6)**
Disposals of lease liabilities	**(4.1)**	**(0.9)**	**(5.0)**
Reclassification	**0.2**	**(0.2)**	**–**
Foreign exchange movements	**0.2**	**–**	**0.2**
At 3 April 2026	**224.4**	**23.4**	**247.8**

The disposals of lease liabilities £5.0m (2025: £1.7m) relate to the early termination of leases through serving break notices, enforced relocations and early surrenders. Considered along with the above derecognition of right-of-use assets, this results in a net income of £0.5m (2025: £0.3m) recognised in underlying results and £1.7m (2025: £1.4m) in non-underlying items within closure costs (see Note 5).

Carrying value of lease liabilities included in the Statement of Financial Position	**3 April 2026 £m**	28 March 2025 £m
Current liabilities	**69.9**	78.6
Non-current liabilities	**177.9**	192.8
Total lease liabilities	**247.8**	271.4

Lease liabilities	**3 April 2026 £m**	28 March 2025 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**79.0**	87.0
Between one and two years	**63.8**	67.6
Between two and three years	**50.3**	50.5
Between three and four years	**32.8**	37.5
Between four and five years	**21.4**	21.5
Between five and six years	**13.6**	15.0
Between six and seven years	**9.6**	12.0
Between seven and eight years	**3.8**	7.9
Between eight and nine years	**3.4**	2.1
Between nine and ten years	**2.4**	1.7
After ten years	**2.3**	3.2
Total contractual cash flows	**282.4**	306.0

12. Leases continued

Sublease receivable

	3 April 2026 £m	28 March 2025 £m
<1 year	**0.3**	0.3
1–2 years	**0.2**	0.2
2–5 years	**0.3**	0.3
6–10 years	**0.3**	–
Total undiscounted lease payments receivable	**1.1**	0.8
Unearned finance income	**(0.1)**	(0.1)
Net investment in the lease	**1.0**	0.7

ii) Amounts recognised in Consolidated Income Statement

	Land and buildings £m	Equipment £m	Total £m
53 weeks ended 3 April 2026			
Amortisation charge on right-of-use assets	**70.9**	**8.2**	**79.1**
Interest on lease liabilities	**8.4**	**1.4**	**9.8**
Expenses relating to short-term leases	**7.6**	**2.3**	**9.9**
Impairment charges	**2.0**	**–**	**2.0**
Reversal of impairment charges	**(1.5)**	**–**	**(1.5)**
Gain on disposal of lease assets and liabilities	**(2.2)**	**(0.1)**	**(2.3)**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**–**	**–**	**–**
52 weeks ended 28 March 2025			
Amortisation charge on right-of-use assets	72.1	7.4	79.5
Interest on lease liabilities	8.3	1.1	9.4
Net impairment charge	7.9	–	7.9
Expenses relating to short-term leases	5.4	1.3	6.7
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	–	0.3	0.3

A gain on disposal of leases of £2.2m (2025: £1.6m) and an impairment of £0.5m (2025: £6.8m) have been recorded in non-underlying Items within closure costs (Note 5).

iii) Amounts recognised in Consolidated Statement of Cash Flows

The total cash outflow for leases in the 53 week period ended 3 April 2026 was £93.6m (2025 (52 week period): £96.5m).

iv) Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each store or garage is a separate CGU as this is the level at which largely independent cash inflows are generated. Each separate CGU comprises the right-of-use asset and associated property, plant and equipment and is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a five-year period, which has regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the Retail and Autocentre businesses but exclude any growth capital initiatives not committed. Cash flows beyond this five-year period are extrapolated using a long-term growth rate based on management's future expectations.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk free rate, equity risk premium, Group size premium and a risk adjustment (beta). Details of the key assumptions are disclosed in Note 10.

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments are included within the Group's budget and five-year plan which have been used to support the impairment reviews, with no material impact on cash flows expected as a result of store refurbishment costs. As a consequence there has been no material impact in the forecast cash flows used for impairment testing.

During the year, the Group has recognised an impairment charge of £0.4m and impairment reversals of £nil in property, plant and equipment and an impairment charge of £2.0m and impairment reversals of £1.5m in right-of-use assets. The impaired stores were impaired to their value in use recoverable amount, which is their carrying value at year end. The stores with impairment reversals were written back to the lower of their value in use recoverable amount and the carrying value if the impairment had not occurred. The impairment charge is recorded in non-underlying items when it relates to a larger restructuring activity being conducted by the Group. £1.1m (2025: £nil) of the impairment charge was included in underlying expenses, with a £0.5m impairment charge and a £1.5m impairment reversal (2025: £7.9m impairment charge and £nil impairment reversal) included in non-underlying items, which is consistent with where the original impairment was recorded.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Leases continued

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the Retail and Autocentre businesses. The table below shows the results of the sensitivity analysis performed:

	Retail 2026 £m	**Autocentres 2026 £m**
Original (impairment)	**0.2**	**1.7**
Increase in impairment charge if the discount rate increased by 1%	**–**	**0.5**
Increase in impairment charge if the long term growth rate decreased to 0.8%	**–**	**0.3**
Increase in impairment charge if the year five cash flows decreased by 10%, offset by cost mitigations	**–**	**1.1**
Increase in impairment charge using alternative business assumptions relating to the Middle East conflict	**0.5**	**0.6**

13. Inventories

	3 April 2026 £m	28 March 2025 £m
Finished goods for resale	**230.8**	225.2

Finished goods inventories include £10.6m (2025: £11.5m) of provisions to carry inventories at net realisable value where such value is lower than cost. During the period £0.9m of inventory provisions including returned goods provisions were released (2025: £0.7m).

Goods bought for resale recognised as a cost of sale amounted to £813.7m (2025: £823.7m).

Other sources of estimation uncertainty – Allowances against the carrying value of inventories

The Group reviews the market value of, and demand for, its inventories on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisation of inventories, the Group is required to make estimates regarding future demand and to compare these with the current or committed inventory. Estimates have also been made relating to the timing and success of product ranges, which would impact estimated demand and selling prices.

14. Trade and other receivables

	3 April 2026 £m	28 March 2025 £m
Falling due within one year:		
Trade receivables	**60.3**	69.5
Less: provision for impairment of receivables	**(1.2)**	(0.6)
Trade receivables – net of provisions	**59.1**	68.9
Other receivables	**36.8**	25.4
Accrued income	**46.2**	45.9
Prepayments	**14.1**	13.5
	156.2	153.7
Falling due after one year:		
Other receivables	**0.3**	1.8
Sublease receivable	**1.1**	0.7
	1.4	2.5

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Information regarding the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 20.

Accrued income at 3 April 2026 includes £38.1m (2025: £33.4m) relating to supplier income.

Other receivables at 3 April 2026 includes £6.1m (2025: £6.7m) relating to a supplier financing arrangement in relation to certain Tyre Logistics Arrangements with external parties.

15. Cash and cash equivalents

	3 April 2026 £m	28 March 2025 £m
Cash at bank and in hand	**12.7**	19.1
Cash equivalents	**6.6**	–
Total cash and cash equivalents	**19.3**	19.1

16. Borrowings

Current	Note	3 April 2026 £m	28 March 2025 £m
Other borrowings		**0.2**	0.2
Lease liabilities	12	**69.9**	78.6
		70.1	78.8
Non-current			
Drawdown on RCF (subject to covenants, see below)		**–**	8.8
Lease liabilities	12	**177.9**	192.8
		177.9	201.6

The Group's borrowing facility is a committed three-year £180m revolving credit facility of which £20.0m is designated as an overdraft facility, which began on 4 December 2020. On 13 August 2025 the facility was extended for a further year to 16 April 2029. The facility carries an interest rate of SONIA plus a margin, which is variable based on the gearing measures as set out in the facility covenant certificate and which is currently 200 basis points. Both utilisation and non-utilisation fees are also applicable, being charged when utilisation rises above a set threshold with non-utilisation fees based on a set percentage of the applicable margin. These charges are based on market rates as are the commitment fees.

The Group's borrowing facility includes covenants that require a consolidated EBITDAR to consolidated total net interest payable ratio above 1.5:1 and consolidated total net borrowings to consolidated EBITDA to not exceed 3.0:1 with testing on or around 31 March and 30 September every year and submission 180 days thereafter. The loan will be repayable on demand if these covenants are not met.

The Group's covenant ratios were as follows:

	3 April 2026 £m	28 March 2025 £m
Consolidated EBITDAR to consolidated total net interest payable	**2.1:1**	2.0:1
Consolidated total net borrowings to consolidated EBITDA	**0.0:1**	0.0:1

The covenant requirements were therefore complied with and, consequently on 3 April 2026 no amount was drawn on the RCF facility (2025: £10.0m was drawn and classified as a non-current liability).

The Group had the following committed borrowing facilities available at each balance sheet date in respect of which all conditions precedent had been met:

	3 April 2026 £m	28 March 2025 £m
Expiring between two and five years	**180.0**	180.0
	180.0	180.0

17. Trade and other payables

	3 April 2026 £m	28 March 2025 £m
Current liabilities		
Trade payables	**215.0**	213.6
Other taxation and social security payable	**41.5**	43.4
Other payables	**4.2**	0.4
Accruals	**78.1**	73.9
Deferred income	**33.3**	25.8
	372.1	357.1
Non-current liabilities		
Deferred income	**3.9**	3.4
Accruals	**0.4**	-
	4.3	3.4

Accruals and deferred income have been presented as separate line items in 2026. In the prior period, these balances were presented as a single combined line item. This change represents a presentation change only and has no impact on current or non-current trade and other payables.

Deferred income at 3 April 2026 includes £8.6m (2025: £7.7m) in relation to product warranties and service and repair plans, of which £4.7m (2025: £4.3m) is within current liabilities and £3.9m (2025: £3.4m) is within non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. Trade and other payables continued

The deferred income balance also includes £7.7m (2025: £5.5m) relating to the Halfords Motoring Club loyalty scheme and £20.9m (2025: £16.0m) of payments made in advance of goods and services being provided to customers.

Items included in deferred income at 28 March 2025 that have been recognised within revenue in the current period total £23.0m (2025: £20.2m).

At 3 April 2026 the Group recognised a financial liability of £2.6m (FY25: £nil) relating to share repurchases, shown above in "Other payables". See "Investment in own shares" section in Note 21 of the Group consolidated financial statements for more details.

18. Provisions

	Property related £m	Other trading £m	Total £m
At 28 March 2025	18.7	7.6	26.3
Charged during the period	4.4	2.2	6.6
Utilised during the period	(5.0)	(0.5)	(5.5)
Released during the period	(1.5)	–	(1.5)
At 3 April 2026	**16.6**	**9.3**	**25.9**
Analysed as:			
Current liabilities	**4.7**	**9.2**	**13.9**
Non-current liabilities	**11.9**	**0.1**	**12.0**
Total provisions at 3 April 2026	**16.6**	**9.3**	**25.9**

	Property related £m	Other trading £m	Total £m
At 29 March 2024	17.9	5.6	23.5
Charged during the period	9.1	2.1	11.2
Utilised during the period	(5.7)	–	(5.7)
Released during the period	(2.6)	(0.1)	(2.7)
At 28 March 2025	18.7	7.6	26.3
Analysed as:			
Current liabilities	7.8	7.6	15.4
Non-current liabilities	10.9	–	10.9
Total provisions at 28 March 2025	18.7	7.6	26.3

Property-related provisions consist of costs of associated wear and tear incurred on leasehold properties, other ongoing onerous commitments associated with property leases (excluding rent), and costs related to the forecast and actual exit of closed stores and garages. Of the £6.6m charged in the period, £0.3m is within garage closure costs in non-underlying items. The property-related provisions will be utilised over the average remaining lease term of the impacted properties of 2.4 years.

Other trading provisions comprise a sales returns provision and an employer/product liability provision.

19. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon in the current and prior reporting periods.

	Property-related items £m	Short-term temporary differences £m	Share based payments £m	Intangible assets £m	Tax losses £m	Total £m
At 29 March 2024	2.7	1.8	1.8	(7.6)	6.4	5.1
(Charge)/credit to the income statement	(0.7)	1.4	(0.3)	1.4	0.6	2.4
Charge to other comprehensive income	–	(0.2)	–	–	–	(0.2)
At 28 March 2025	2.0	3.0	1.5	(6.2)	7.0	7.3
(Charge)/credit to the income statement	(7.5)	–	0.1	0.8	1.8	(4.8)
Credit to other comprehensive income	–	0.6	–	–	–	0.6
Charge to equity	–	(1.0)	–	–	–	(1.0)
At 3 April 2026	**(5.5)**	**2.6**	**1.6**	**(5.4)**	**8.8**	**2.1**
Analysed as:						
Deferred tax assets	**5.9**	**2.6**	**1.6**	**–**	**8.8**	**18.9**
Deferred tax liabilities	**(11.4)**	**–**	**–**	**(5.4)**	**–**	**(16.8)**
Total at 3 April 2026	**(5.5)**	**2.6**	**1.6**	**(5.4)**	**8.8**	**2.1**

Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to do so and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	3 April 2026 £m	28 March 2025 £m
Deferred tax assets	**18.9**	19.4
Deferred tax liabilities	**(16.8)**	(12.1)
	2.1	7.3

Unrecognised deferred tax

No deferred tax asset has been recognised in respect of £26.0m (2025: £33.0m) relating to unused tax losses as it is not considered probable that there will be future taxable profits available for offset. The net impact of this balance is an unrecognised deferred tax asset of £6.5m (2025: £8.3m). These losses may be carried forward indefinitely.

Recoverability of tax losses carried forwards

To assess the recoverability of potential deferred tax assets arising on carry forward tax losses, both the historic profitability of the entity and the forecast financial performance for the next financial year are reviewed. Consideration is given to the reasons behind the historic losses, i.e. whether they arose due to one-off events, or longer-term factors, such as initial organic growth of an acquired entity. Where forecasts reflect a return to profitability, the key drivers are challenged and assessed. If there is sufficient evidence that it is 'more likely than not' that future taxable profits will exist against which unused tax losses may be offset, a deferred tax asset will be recognised.

Included in tax losses and property related items above is £6.0m (FY25: £6.0m) of losses and £5.3m (FY25: £5.3m) of accelerated capital allowances respectively, both recognised on acquisition of the National sub-group in 2021. These assets have been recognised on the basis that the Group's forecasts indicate sufficient future taxable profits will be generated in the relevant entities to support full utilisation and recognition of the associated deferred tax assets. The losses and accelerated capital allowances can be carried forward indefinitely and have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial instruments and options

a) Treasury policy

The Group's treasury department's main responsibilities are to:

- Ensure adequate funding and liquidity for the Group;
- Manage the interest risk of the Group's debt;
- Invest surplus cash;
- Manage the clearing bank operations of the Group; and
- Manage the foreign exchange risk on its non-sterling cash flows.

Treasury activities are delegated by the Board to the Chief Financial Officer ("CFO"). The CFO controls policy and performance through the line management structure to the Group Head of Treasury and by reference to the Treasury Committee. The Treasury Committee meets regularly to monitor the performance of the Treasury function.

Financial risks are governed by Board approved policies and procedures, which are reviewed on an annual basis.

The Group's debt management policy is to provide an appropriate level of funding to finance the business plan over the medium term at a competitive cost and ensure flexibility to meet the changing needs of the Group. Details of the Group's current borrowing facilities are contained in Note 16.

b) Accounting classifications and fair value

		Carrying amount		
3 April 2026	**Note**	**Fair value £m**	**Amortised cost £m**	**Total carrying amount £m**
Financial assets measured at fair value				
Forward exchange contracts used for hedging		**2.3**	**–**	**2.3**
		2.3	**–**	**2.3**
Financial assets not measured at fair value				
Trade and other receivables*	14	**–**	**96.2**	**96.2**
Cash and cash equivalents	15	**–**	**19.3**	**19.3**
		–	**115.5**	**115.5**
Financial liabilities measured at fair value				
Forward exchange contracts used for hedging		**(0.2)**	**–**	**(0.2)**
Share repurchase commitment	21	**–**	**(2.7)**	**(2.7)**
		(0.2)	**(2.7)**	**(2.9)**
Financial liabilities not measured at fair value				
Borrowings	16	**–**	**(0.2)**	**(0.2)**
Lease liabilities	16	**–**	**(247.8)**	**(247.8)**
Trade and other payables**	17	**–**	**(293.5)**	**(293.5)**
Option to acquire minority interest in subsidiary***		**–**	**(1.5)**	**(1.5)**
		–	**(543.0)**	**(543.0)**

* Prepayments of £14.1m, accrued income of £46.2m and sublease receivable of £1.1m are not included as financial assets.

** Other taxation and social security payables of £41.5m, other payables of £4.2m, deferred income due within one year of £33.3m and due after more than one year of £3.9m are not included as financial liabilities.

*** Option held by minority interest to require the Group to repurchase shares in Avayler Trading Limited should certain conditions be met.

20. Financial instruments and options continued

28 March 2025	Note	Carrying amount Fair value – hedging instruments £m	Amortised cost £m	Total carrying amount £m
Financial assets measured at fair value				
Forward exchange contracts used for hedging		0.9	–	0.9
		0.9	–	0.9
Financial assets not measured at fair value				
Trade and other receivables*	14	–	96.1	96.1
Cash and cash equivalents	15	–	19.1	19.1
		–	115.2	115.2
Financial liabilities measured at fair value				
Forward exchange contracts used for hedging		(0.8)	–	(0.8)
		(0.8)	–	(0.8)
Financial liabilities not measured at fair value				
Borrowings	16	–	(9.0)	(9.0)
Lease liabilities	16	–	(271.4)	(271.4)
Trade and other payables**	17	–	(293.0)	(293.0)
Option to acquire minority interest in subsidiary***		–	(3.9)	(3.9)
		–	(577.3)	(577.3)

* Prepayments of £13.5m, accrued income of £45.9m and finance sublease receivable of £0.7m are not included as financial assets.

** Other taxation and social security payables of £43.4m, other payables of £0.4m, deferred income due within one year of £20.3m and due after more than one year of £3.4m are not included as financial liabilities.

*** Option held by minority interest to require the Group to repurchase shares in Avayler Trading Limited should certain conditions be met.

Option to acquire minority interest in subsidiary

Put and call options are in place over the remaining non-controlling interest in a subsidiary undertaking, Avayler Trading Limited. The Group recognises put and call options over non-controlling interests in its subsidiary undertakings as liabilities in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put and call option. Upon initial recognition of put and call options, a corresponding entry is made to equity (retained earnings), and for subsequent changes on remeasurement of the liability the corresponding entry is made to equity, reflecting that the change in valuation reflects the change in transaction price with a non-controlling interest in a Group subsidiary.

The repurchase liability is determined using the option formula set out in the option agreement. At each reporting date, the fair value of the option is remeasured. This requires estimates to be made over revenue and net debt for Avayler Trading Limited.

Fair value assumptions

The fair values of each class of financial assets and liabilities are the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short-term deposits and borrowings

The fair value approximates to the carrying amount predominantly because of the short maturity of these instruments.

Long-term borrowings

The fair value of bank loans and other loans approximates to the carrying value reported in the balance sheet as the majority are floating rate where payments are reset to market rates at intervals of less than one year.

Forward currency contracts

The fair value is determined using the mark to market rates at the reporting date and the outright contract rate.

Option to acquire minority interest in subsidiary

The fair value is determined according to a valuation methodology set out in the related option agreement and subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial instruments and options continued

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a Level 2 valuation method, with the exception of the option to acquire minority interest in subsidiary which is measured using a Level 3 valuation method and had a fair value of £1.5m, and the share repurchase commitment which is measured using a Level 1 valuation method and had a fair value of £2.0m.

c) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for establishing the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was £117.8m (2025: £116.5m).

IFRS 9 requires the Company to record an allowance for ECL for all loans and other debt financial assets not held at fair value through the profit and loss ("FVPL").

The ECL 3 stage model is applied as follows:

- Stage 1 – Impairment allowance is calculated on financial assets that have not significantly increased in credit risk since origination, nor are credit impaired, using the probability that a borrower will default within 12 months from the balance sheet date. Interest income is recognised on the gross carrying value of the financial asset.
- Stage 2 – Where a financial asset exhibits a significant increase in credit risk ("SICR") but is not yet considered to be credit impaired, the probability of default considered in the impairment allowance is based upon the lifetime probability of the borrower defaulting. Interest income continues to be recognised on the gross carrying value of the financial asset.
- Stage 3 – Assets considered to be credit impaired resulting from one or more events that have occurred that have resulted in a detrimental impact on the estimated future cash flows of the asset. Stage 3 assets will continue to recognise lifetime expected impairment losses (with a 100% probability of default).

20. Financial instruments and options continued

Significant increases in credit risk

The Group determines whether there has been a significant increase in credit risk by reference to quantitative thresholds, qualitative indicators and the backstop presumption that credit risk has significantly increased if contractual payments are more than 30 days past due.

There is no probationary period applied in respect of accounts that move from stage 2 to stage 1. Transfer criteria have been subject to extensive analysis to ensure that they appropriately reflect the flow of accounts from origination to default so as to maximise the number of accounts that flow through the stages and minimise accounts that jump from stage 1 to stage 3, or that fail to enter stage 3 from stage 2.

Definition of default

The Group's definition of default is used in determining those accounts classified as stage 3 (i.e. credit impaired). The Group has chosen not to rebut the backstop presumption prescribed by IFRS 9 that where an account is 90 days or more past its due date then default has occurred.

The Group has also defined a number of unlikely-to-pay criteria that result in an account being deemed to have defaulted. These include:

- Where operational collections activities have been exhausted on accounts that are less than 90 days past due and the account is subject to recovery processes;
- If any forbearance has been granted on the account (see forbearance definition below);
- Where the customer is subject to insolvency proceedings; and
- Where the customer is deceased.

Where an account no longer meets any of the default criteria, such as by bringing payments back up to date, the Group will continue to consider the account as being in default for the probation period (24 months for loans and cards, and 12 months for AFS cards) from the date when it last met the definition of default.

Write-off

Loans and advances to customers are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

Subsequent recoveries of amounts previously written off result in impairment gains recorded in the income statement.

Modified financial assets

When the contractual cash flows of a financial asset have been renegotiated or modified and the financial asset was not derecognised, its gross carrying amount is recalculated as the present value of the modified contractual cash flows, discounted at the original effective interest rate with a gain or loss recognised in the income statement.

Impairment losses on financial assets recognised in profit or loss were as follows:

£m	**53 weeks to 3 April 2026**	52 weeks to 28 March 2025
Impairment loss on trade and other receivables	**(0.9)**	(0.7)
Impairment loss on cash and cash equivalents	**–**	–
	(0.9)	(0.7)

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial instruments and options continued

Trade receivables

The Group does not have any individually significant customers and so no significant concentration of credit risk.

The majority of the Group's sales are paid in cash at point of sale which further limits the Group's exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month for customers.

Trade receivables expected loss provision	3 April 2026 £m	28 March 2025 £m
Opening loss allowance	**0.6**	0.4
Increase in loss allowance recognised in profit and loss during the year	**0.6**	0.2
Receivables written off during the year as uncollectable	**–**	–
Closing loss allowance	**1.2**	0.6

Cash and cash equivalents

The Group held cash and cash equivalents of £19.3m at 3 April 2026 (2025: £19.1m). The cash and cash equivalents are held with banks and financial institutions which are designated at least "A" by Standard & Poor and Fitch, and "A1" by Moody's. The Group does not consider there to be any impairment loss in respect of these balances (2025: £nil).

Derivatives

The derivatives are entered into only with RCF syndicate banks and are designated at least "BBB-" by Standard & Poor and "Baa3" by Moody's.

iii) Market risk

The Group's exposure to market risk predominantly relates to interest, currency and commodity risk. These are discussed further below. Commodity risk is due to the Group's products being manufactured from metals and other raw materials, subject to price fluctuation. The Group mitigates this risk through negotiating fixed purchase costs or maintaining flexibility over the specification of finished products produced by its supply chain to meet fluctuations.

Foreign currency risk

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	3 April 2026		28 March 2025	
	USD £m	Other £m	USD £m	Other £m
Cash and cash equivalents	**0.3**	**0.6**	1.1	0.8
Trade and other receivables	**0.4**	**–**	0.2	–
Trade and other payables	**(21.9)**	**(2.6)**	(21.1)	(3.3)
	(21.2)	**(2.0)**	(19.8)	(2.5)

The Group has a significant transaction exposure as a result of direct sourced purchases from its suppliers in the Far East and Europe. Most of the trade is denominated in US dollars and the Group enters into foreign exchange contracts in order to manage this risk, as detailed later within this note.

The Group does not hedge either economic exposure or the translation exposure arising from the profits, assets and liabilities of non-sterling businesses whilst they remain immaterial.

During the 53 weeks to 3 April 2026, the foreign exchange management policy was to hedge via foreign currency bank accounts and forward contract purchases on a rolling 24-month basis depending on market rates such that by three months prior to creditor settlement between 90% and 100% of the forecast transaction value has been hedged.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedging item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and Group's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- Changes in the timing of the hedged item.

20. Financial instruments and options continued

At 3 April 2026 the Group held the following instruments to hedge exposures to changes in foreign currency:

2026	**Current: Maturity <12 months £m**	**Non-current: Maturity >12 months £m**
Notional amount (USD contracts) (£m)	**145.4**	**53.1**
Carrying amount assets (£m)	**1.3**	**1.0**
Carrying amount (liabilities) (£m)	**(0.2)**	**–**
Hedge ratio	**1:1**	**1:1**
Average GBP/USD forward contract rate	**1.329**	**1.337**
Description of hedged item	**Highly probable transactional FX exposures**	**Highly probable transactional FX exposures**
Balance on cash flow hedge reserve at 3 April 2026 (£m)	**1.5**	**–**

2025	Current: Maturity <12 months £m	Non-current: Maturity >12 months £m
Notional amount	116.6	25.3
Carrying amount assets	0.6	0.3
Carrying amount (liabilities)	(0.8)	–
Hedge ratio	1:1	1:1
Average GBP/USD forward contract rate	1.291	1.307
Description of hedged item	Highly probable transactional FX exposures	Highly probable transactional FX exposures
Balance on cash flow hedge reserve at 28 March 2025	0.4	–

The table below shows the Group's sensitivity to foreign exchange rates on its US dollar financial instruments, the major currency in which the Group's derivatives are denominated.

	2026 Increase/ (decrease) in equity £m
10% appreciation of sterling against the US dollar	**22.6**
10% depreciation of sterling against the US dollar	**(18.5)**

A strengthening/weakening of sterling, as indicated, against the USD at 3 April 2026 would have increased/(decreased) equity and profit or loss by the amounts shown above. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The movements in equity relate to the fair value movements on the Group's forward contracts that are used to hedge future stock purchases.

Interest rate risk

The Group's policy aims to manage the interest cost of the Group within the constraints of the business plan and its financial covenants. The Group's borrowings are currently subject to floating interest rates and the Group will continue to monitor movements in the swap market.

If interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) were to change by + or - 1% the impact on the results in the income statement and equity would be a decrease/increase of £nil (2025: £nil).

Interest rate movements on deposits, obligations under leases, trade payables, trade receivables, and other financial instruments do not present a material exposure to the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial instruments and options continued

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages capital by operating within a debt ratio, which is calculated as the ratio of net debt to underlying EBITDA. The Group was in a net cash position as at 3 April 2026 (2025: net cash).

Pension liability risk

The Group has no association with any defined benefit pension scheme and therefore carries no deferred, current or future liabilities in respect of such a scheme. The Group operates a number of Group Personal Pension Plans for colleagues.

Liquidity risk

The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Group for the current business plan.

For providers of debt, the Group ensured that such counterparties used for credit transactions held at least an investment grade credit rating at the time of the refinancing (December 2020) and in April 2024 when the Group's borrowing facility was extended to April 2029. At the period end the banks within the banking group maintained a credit rating of BBB- or above, in line with Treasury policy. The counterparty credit risk is reviewed by the Chief Financial Officer regularly as part of the Treasury Committee process. In addition, the Treasury team reviews credit exposure on a daily basis.

The risk is measured through regular review of forecast liquidity by the Head of Treasury to determine whether there are sufficient credit facilities to meet forecast requirements, and through monitoring covenants on a regular basis to ensure there are no breaches, which would lead to an "Event of Default". Calculations are submitted biannually to the Group banking agent. There have been no breaches of covenants during the reported periods.

The contractual maturities of leases liabilities are disclosed in Note 12. All trade and other payables are due within one year.

The following table provides an analysis of the anticipated contractual cash flows for the Group's forward currency contracts categorised in accordance with the receivable/payable status of the period end fair value of the derivatives. Cash flows receivable in foreign currencies are translated using spot rates as at the period end date.

	3 April 2026	
	Receivables £m	**Payables £m**
Fair value of derivatives	**2.3**	**(0.2)**
Contractual cash flows relating to the above:		
Due less than one year	**89.9**	**59.8**
Due between one and two years	**46.4**	**7.2**
Total contractual cash flows	**136.3**	**67.0**

	28 March 2025	
	Receivables £m	Payables £m
Fair value of derivatives	0.9	(0.8)
Contractual cash flows relating to the above:		
Due less than one year	63.8	52.5
Due between one and two years	25.5	–
Total contractual cash flows	89.3	52.5

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

21. Capital and reserves

Ordinary shares of 1p each:	2026 Number of shares	2026 £'000	2025 Number of shares	2025 £'000
Allotted, called up and fully paid	**218,928,736**	**2,189**	218,928,736	2,189

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In total the Company received proceeds of £1.8m (2025: £0.6m) from the exercise of share options. During the period the Company purchased £6.0m (2025: £3.6m) of its own shares.

Investment in own shares

At 3 April 2026 the Company held in Trust 2,346,526 (2025: 1,051,024) of its own shares with a nominal value of £23,465 (2025: £10,510). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 3 April 2026 was £3.1m (2025: £1.4m). In the current period 4,300,000 (2025: 2,471,528) were repurchased and transferred into the Trust, with 3,004,498 (2025: 1,922,642) reissued on exercise of share options.

At 26 March 2026 the Company made a commitment to repurchase 2,000,000 of its own shares to be held in the Employee Benefit Trust ("EBT") to meet future requirements under the employee share scheme. The fair value was calculated at the date the obligation arose and a liability of £2.6m was recorded. At 3 April 2026, the fair value of the obligation was remeasured to £2.7m, with movements in the financial liability recorded within finance costs in the Group income statement.

Other reserves

Capital redemption reserve

The capital redemption reserve arose following the purchase and cancellation by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions in accordance with the Companies Act 2006.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Non-controlling interest

A non-controlling interest arose following the sale of a minority interest in Avayler Trading Limited in FY24. The non-controlling interest balance is measured by the proportion of net assets at the date of the initial sale, with the closing balance also including the total profit attributable to the third party since the date of the share disposal.

22. Share based payments

The Group has five share award plans, all of which are equity-settled schemes. The Group income statement charge recognised in respect of share based payments for the current period is £2.9m (2025: £3.9m).

1. Management Share Plan ("MSP")

In 2017 the Company Share Option Scheme ("CSOS") was replaced by the MSP. Under the MSP scheme, nil cost options are granted which can be exercised on or after the third anniversary of the date on which they are granted, subject to continued employment throughout the vesting period. The option cannot be exercised later than ten years from the date on which it was granted.

The expected volatility is based on historical volatility of a peer group of companies. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK Government bonds.

Options were valued using the Black-Scholes option-pricing models. No performance conditions were included in the fair value calculations.

2. Halfords Sharesave Scheme ("SAYE")

The SAYE is open to all employees with eligible employment service. Options may be exercised under the scheme within six months following the completion of the option holder's three-year saving contract. Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the company or business which employs the option holder is transferred out of the Group, or in the event of a change in control, reconstruction or winding up of the Company.

Options were valued using the Black-Scholes option-pricing models.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. Share based payments continued

3. Performance Share Plan ("PSP")

The introduction of the PSP was approved at the Annual General Meeting in August 2005 awarding the Executive Directors and certain senior management conditional rights to receive shares. Annual schemes have been approved for each period from 2005.

For 2009 awards onwards, the Remuneration Committee has recommended the reinvestment of dividends earned on award shares, such shares to be awarded in proportion to the vesting of the original award shares. The grants awarded under the PSP in 2019, 2020, 2022, 2023 and 2024 earned a final dividend of 5.8p per share and were reinvested at a cost of £1.37 per share. PSP grants awarded in 2019, 2020, 2022, 2023, 2024 and 2025 earned an interim dividend of 3.0p per share and were reinvested at a cost of £1.46 per share.

The performance criteria for the 2019 PSP award was weighted 50% towards Group EPS growth, 25% towards Group revenue growth and 25% towards Group free cash flow. The 2020 PSP award performance criteria was weighted 20% towards Group EPS growth, 30% towards Group free cash flow, 10% towards Group services-related sales and 40% towards total shareholder return. The performance criteria for the 2021 and 2022 awards was weighted 50% towards Group EPS growth, 20% towards Group services-related sales and 30% towards total shareholder return. The 2023, 2024 and 2025 awards are weighted 40% towards Group EPS growth, 20% towards Group services-related sales and 40% towards total shareholder return.

For the 2019 PSP scheme other senior participants' conditions were based on the performance of the individual business units. The awards are weighted 37.5% towards Group EPS growth targets, 12.5% weighted towards Group revenue growth targets and 50% weighted towards EBIT of the individual business unit.

Options were valued using the Black-Scholes option-pricing models. For 2020 onwards scheme options relating to the total shareholder return tranche were valued using the Monte Carlo option-pricing model.

4. Deferred Bonus Plan ("DBP")

Under the Deferred Bonus Plan ("DBP") one-third of the executive's annual bonus is deferred as shares for three periods.

During the 53 weeks ended 3 April 2026, 183,703 shares (last year: nil) have been awarded under the plan in relation to the FY25 annual bonus. As at the period end, 285,170 shares (last year: 270,659) were outstanding under the plan.

5. Restricted Share Plan – Senior Management Plan ("RSP-SMP")

In the current and prior periods, additional RSP-SMP awards were granted to certain senior management excluding the CEO and CFO.

Nil cost options are granted to participants in multiple tranches with different performance period end dates. In the period, awards were granted to two participants on 15 December 2025 with three performance period end dates: 1 January 2027, 1 July 2027 and 1 January 2028. In the prior period, awards were granted to participants on 9 July 2024 with two different performance period end dates: 1 October 2025 and 1 October 2026.

Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model.

The following tables reconcile the number of share options outstanding and the weighted average exercise price ("WAEP") for all share award plans, excluding the Deferred Bonus Plan ("DBP") as this is disclosed separately within the Directors' Remuneration Report.

For the period ended 3 April 2026

	MSP		SAYE		PSP		RSP-SM	
	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)
Outstanding at start of period	3,907	–	6,755	1.26	7,681	–	520	–
Granted	2,218	–	3,070	1.12	3,086	–	173	–
Shares representing dividends reinvested	–	–	–	–	272	–	–	–
Forfeited	–	–	1,196	1.29	2,934	–	–	–
Exercised	559	–	1,443	1.16	518	–	112	–
Lapsed	499	–	753	1.29	–	–	111	–
Outstanding at end of period	5,067	–	6,433	1.21	7,587	–	470	–
Exercisable at end of period	474	–	203	–	833	–	93	–
Exercise price range	–	–	–	1.26–1.53	–	–	–	–
Weighted average market price of options exercised in the period	–	1.44	–	1.43	–	1.51	–	1.42
Weighted average remaining contractual life (periods)	–	8.6	–	2.6	–	8.4	–	8.8

22. Share based payments continued

For the period ended 28 March 2025

	MSP		SAYE		PSP		RSP-SM	
	Number ('000)	WAEP (£) (restated[1])	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)	Number ('000)	WAEP (£) (restated[1])
Outstanding at start of period	2,933	–	6,387	1.36	8,457	–	–	–
Granted	1,843	–	3,228	1.19	2,315	–	592	–
Shares representing dividends reinvested	–	–	–	–	372	–	–	–
Forfeited	–	–	(2,143)	1.43	(752)	–	–	–
Exercised	(277)	–	(226)	1.31	(1,340)	–	–	–
Lapsed	(592)	–	(491)	1.29	(1,371)	–	(72)	–
Outstanding at end of period	3,907	–	6,755	1.26	7,681	–	520	–
Exercisable at end of period	399	–	117	–	–	–	–	–
Exercise price range	–	–	–	1.07–1.16	–	–	–	–
Weighted average market price of options exercised in the period	–	1.47	–	1.53	–	1.50	–	–
Weighted average remaining contractual life (periods)	–	8.6	–	2.3	–	8.3	–	1.0

1. The prior period WAEP disclosures incorrectly included certain nil cost options for MSP and RSP-SM schemes that do not have an exercise price and the disclosure of weighted average market price of options exercised in the period was omitted in error. These disclosures have been restated in the current period to ensure correct and complete disclosure in line with the requirements of IFRS 2.

The following table gives the assumptions applied to the options granted in the respective periods shown:

	53 weeks to 3 April 2026						52 weeks to 28 March 2025				
Grant date	**MSP**	**SAYE**	**PSP**	**RSP-SM 1**	**RSP-SM 2**	**RSP-SM 3**	MSP	SAYE	PSP	RSP-SM 1	RSP-SM 2
Share price at grant date (£)	**1.45**	**1.39**	**1.45**	**1.40**	**1.40**	**1.40**	1.48	1.33	1.48	1.51	1.51
Exercise price (£)	**–**	**1.12**	**–**	**–**	**–**	**–**	–	1.18	–	–	–
Expected volatility	**42.70%**	**45.60%**	**43.00%**	**31.90%**	**39.50%**	**31.90%**	51.25%	50.08%	50.43%	52.39%	50.48%
Option life (periods)	**10**	**3**	**10**	**10**	**10**	**10**	10	3	3	10	10
Expected life (periods)	**3.00**	**3.37**	**2.75**	**1.05**	**2.05**	**1.54**	3.00	3.50	2.75	1.32	2.32
Risk free rate	**–**	**3.77%**	**–**	**–**	**–**	**–**	–	4.14%	–	–	–
Expected dividend yield	**6.06%**	**6.31%**	**–**	**6.30%**	**6.30%**	**6.30%**	5.76%	6.37%	–	6.61%	6.61%
Probability of forfeiture	**33%**	**44%**	**–**	**–**	**–**	**–**	33%	44%	–	–	–
Weighted average fair value of options granted	**1.21**	**0.42**	**1.19**	**1.31**	**1.23**	**1.31**	1.24	0.40	1.18	1.39	1.30

As the MSP, PSP and RSP-SM awards have a nil exercise price the risk free rate of return does not have any effect on the estimated fair value and therefore is excluded from the above table.

23. Commitments

	2026 £m	2025 £m
Capital expenditure: Contracted but not provided	**2.9**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Pensions

Employees are offered membership of the Halfords Pension, which is a contract-based plan where each member has their own individual pension policy, which they monitor independently. The costs of contributions to the scheme are charged to the income statement in the period that they arise. The contributions to the scheme for the period amounted to £9.8m (2025: £7.6m).

In accordance with Government initiatives, Halfords operates an automatic enrolment process with regard to its pension arrangements. Employees who are aged between 22 and state pension age, earn more than £10,000 a year, and work in the UK are automatically enrolled into the Group pension arrangement. Employees retain the right to withdraw from this pension arrangement; however, election of this choice must be made.

25. Related party transactions

The Group's ultimate parent company is Halfords Group plc. A listing of all related undertakings is shown within the financial statements of the Company on pages 174 to 181.

Transactions with key management personnel

The key management personnel of the Group comprise the Executive and Non-Executive Directors and the Halfords Limited and Halfords Autocentres management boards. The details of the remuneration, long-term incentive plans, shareholdings and share option entitlements of individual Directors are included in the Directors' Remuneration Report on pages 90 to 114. Key management compensation is disclosed in Note 4.

Parental Company Guarantee

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the period ended 3 April 2026. Unless otherwise stated, the undertakings listed below have a single class of ordinary share with a nominal value of £1. All undertakings are indirectly owned by the Company unless otherwise stated.

UK registered subsidiaries exempt from audit:

Name	Proportion of shares held (%)	Company number	Registered address
Axle Group Limited	100	4310978	1
Axle Group Holdings Limited	100	SC240346	2
Birkenshaw Tyre Company Limited	100	SC52028	2
Boardman International Limited	100	5885796	1
Fit4Fleet Holdings Limited	100	12828365	1
Giant (Wales) Limited	100	9069974	1
Halfords CFS Holdings Limited	100	14150432	1
Halfords Financial Services Limited	100	1933367	1
Halfords Group Holdings Limited	100	13276365	1
Halfords IP Management Limited	100	10102632	1
McConechy's Tyres Services Holdings Limited	100	SC644806	2
Performance Cycling Holdings Limited	100	10182074	1
Stepgrades Motor Accessories Limited	100	SC53223	2

1 Registered address: Icknield Street Drive, Washford West, Redditch, Worcestershire, England B98 0DE.

2 Registered address: The Ca'D'Oro, 45 Gordon Street, Glasgow, Scotland G1 3PE.

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Directors of the Company control 0.2% of the ordinary shares of the Company (2025: 0.5%). The reduction follows the resignation of Graham Stapleton, former CFO, who individually held 0.4% of the group shares at the point of his resignation on 15 April 2025.

26. Off balance sheet arrangements

The Group has no off balance sheet arrangements to disclose as required by S410A of the Companies Act 2006.

27. Change in accounting policy

For the financial period ended 3 April 2026, the Group has updated its non-underlying items policy to include the amortisation of acquired intangible assets. This update is intended to simplify the Group's reported profit measures and provide greater clarity over the underlying trading performance of the Group. The amortisation charge associated with these assets has been removed as the associated assets would not have been capitalised in the ordinary course of business. Whilst the cost has been removed, underlying revenue and profit from these acquisitions are included within the Group's underlying results.

The change has been applied retrospectively, resulting in the restatement of comparative financial information.

The tables below show the impact of the change in accounting policy on the FY25 financial statements:

Impact on amounts before non-underlying items disclosed in the Group income statement

£m	Previously reported	Adjustment	Restated
Operating expenses	(820.3)	5.2	(815.1)
Operating profit	49.5	5.2	54.7
Profit before income tax	38.4	5.2	43.6
Income tax expense	(8.4)	(1.3)	(9.7)
Total profit for the period	30.0	3.9	33.9

Impact on non-underlying items disclosed in the Group income statement

£m	Previously reported	Adjustment	Restated
Operating expenses	(68.4)	(5.2)	(73.6)
Operating profit	(68.4)	(5.2)	(73.6)
Loss before income tax	(68.4)	(5.2)	(73.6)
Income tax credit	4.6	1.3	5.9
Total loss for the period	(63.8)	(3.9)	(67.7)

Impact on adjusted basic earnings per share

£m	Previously reported	Adjustment	Restated
Adjusted earnings attributable to equity shareholders (£m)	30.2	3.9	34.1
Weighted average number of shares for calculating basic earnings per share (million)	217.9	–	217.9
Adjusted basic earnings per share (pence)	13.8	1.8	15.6

Impact on adjusted diluted earnings per share

£m	Previously reported	Adjustment	Restated
Adjusted earnings attributable to equity shareholders (£m)	30.2	3.9	34.1
Weighted average number of shares for calculating diluted earnings per share (million)	227.4	–	227.4
Adjusted diluted earnings per share (pence)	13.2	1.8	15.0

28. Events occurring after the reporting period

Dividends

The Directors have recommended a final dividend in respect of the financial period ended 3 April 2026 of 6.0p per share (2025: 5.8p per share). If approved by the Shareholders at the AGM, it will be paid on 15 September 2026 to shareholders who are on the register of members on 14 August 2026.

Purchase of own shares

On 26 March 2026 the Company made a commitment to repurchase 2,000,000 of its own shares, to be held in the Employee Benefit Trust ("EBT") to meet future requirements under the employee share scheme. This purchase of 2,000,000 shares was completed in April 2026 at a total cost of £2.7m.

COMPANY BALANCE SHEET

	Notes	3 April 2026 £m	28 March 2025 £m
Fixed assets			
Investments	C4	**796.4**	794.2
Current assets			
Debtors falling due within one year	C5	**2.7**	8.9
Cash at bank and in hand	C6	**2.0**	3.8
Cash equivalents	C6	**6.6**	–
		11.3	12.7
Creditors: amounts falling due within one year	C7	**(175.4)**	(141.7)
Net current liabilities		**(164.1)**	(129.0)
Total assets less current liabilities		**632.3**	665.2
Creditors: amounts falling due after more than one year	C7	**–**	(8.8)
Net assets		**632.3**	656.4
Capital and reserves			
Called up share capital	C9	**2.2**	2.2
Share premium account	C9	**212.4**	212.4
Investment in own shares	C9	**(5.9)**	(1.6)
Capital redemption reserve	C9	**0.3**	0.3
Profit and loss account	C9	**423.3**	443.1
Total shareholders' funds		**632.3**	656.4

The notes on pages 177 to 181 form part of the Company's financial statements.

The Company has elected to prepare its financial statements under FRS 101 and the accounting policies are outlined on page 176.

The Company made a loss before dividends paid for the 53-week period to 3 April 2026 of £0.4m (52-week period to 28 March 2025: £220.5m profit). The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

The financial statements on pages 174 to 181 were approved by the Board of Directors on 24 June 2026 and were signed on its behalf by:

Jo Hartley
Chief Financial Officer

Company number: 04457314

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £m	Share premium £m	Investment in own shares £m	Capital redemption £m	Retained earnings £m	**Total £m**
At 29 March 2024	2.2	212.4	(1.0)	0.3	238.9	**452.8**
Profit for the period	–	–	–	–	220.5	**220.5**
Purchase of own shares	–	–	(3.6)	–	–	**(3.6)**
Share options exercised	–	–	3.0	–	(2.8)	**0.2**
Share based payments	–	–	–	–	3.9	**3.9**
Dividends paid	–	–	–	–	(17.4)	**(17.4)**
At 28 March 2025	2.2	212.4	(1.6)	0.3	443.1	**656.4**
Loss for the period	–	–	–	–	(0.4)	**(0.4)**
Purchase of own shares	–	–	(8.6)	–	–	**(8.6)**
Share options exercised	–	–	4.3	–	(2.5)	**1.8**
Share based payments	–	–	–	–	2.2	**2.2**
Dividends paid	–	–	–	–	(19.1)	**(19.1)**
At 3 April 2026	2.2	212.4	(5.9)	0.3	423.3	**632.3**

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Accounting convention
The accounts of the Company are prepared for the period up to the Friday closest to 31 March each year. Consequently, the financial statements for the current period cover the 53 weeks to 3 April 2026, whilst the comparative period covered the 52 weeks to 28 March 2025. The accounts are prepared under the historical cost convention, except where Financial Reporting Standards require an alternative treatment in accordance with applicable UK accounting standards and, specifically, in accordance with the accounting policies set out below. The principal variation to the historical cost convention relates to share based payments.

Basis of preparation
The Company financial statements of Halfords Group plc are prepared on a going concern basis for the reasons set out in the Viability Statement on page 59, and under the historical cost convention.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100"). The Company financial statements have been prepared in accordance with FRS 101 "Reduced disclosure framework" ("FRS 101"). Therefore, the recognition and measurement requirements of the international accounting standards have been applied, with amendments, where necessary, in order to comply with Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group financial statements.

As permitted by Section 408 of the Companies Act 2006, no profit or loss account is presented for this Company. Additionally, no cash flow statement is presented as permitted by FRS 101.8 (h). The profit for the year is disclosed in Note C1 to the financial statements.

Employee Benefit Trusts ("EBTs") are consolidated on the basis that the parent has control of the shares held by the EBT, thus the assets and liabilities of the EBT are included on the Company Balance Sheet and shares held by the EBT in the Company are presented as a deduction from equity.

Share based payments
The Company operates a number of equity-settled, share based compensation plans that are awarded to employees of the Company's subsidiary undertakings.

In accordance with FRS 101 "Group and treasury share transactions", the fair value of the employee services received under such schemes is recognised as an expense in the subsidiary undertaking's financial statements, which benefit from the employee services. The Company has recognised the fair value of the share based payments as an increase to equity with a corresponding adjustment to investments.

Fair values are determined using appropriate option-pricing models. The total fair value recognised is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount, ultimately, recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

At each balance sheet date, the Company revises its estimates of the number of share incentives that are expected to vest. The impact of the revision of original estimates, if any, is recognised as an adjustment to equity, with a corresponding adjustment to investments over the remaining vesting period.

Investments
Investments in subsidiary undertakings are stated at the original cost of the investments. Provisions are made against cost where, in the opinion of the Directors, the value of the investments has been impaired.

The investments have been tested for impairment using the present value of the expected future cash flows and the carrying value of the investments.

Dividends
Final dividends are recognised in the Company's financial statements in the period in which the dividends are approved by shareholders. Interim equity dividends are recognised in the period they are paid.

Cash pooling
Cash and cash equivalents on the Company Balance Sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days, which are subject to an insignificant risk of changes in value.

The Company utilises cash pooling arrangements to effectively manage liquidity and maximise interest returns. Where the arrangement comprises a pooling structure reflecting a single unit of account with separate memorandum account balances across subsidiaries, the balances are shown gross in the Company Balance Sheet (as the legal owner of this account with the bank), reflecting related intercompany receivables or payables by subsidiaries.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, actual results may ultimately differ from those estimates.

The Directors have made no individual critical accounting judgements that have had a significant impact upon the financial statements, apart from those involving estimations.

The most significant estimates made by the Directors in the Company financial statements relate to the carrying value of the investments held in subsidiary undertakings (see note C4).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1. Profit and loss account

The Company made a loss before dividends paid for the 53-week period to 3 April 2026 of £0.4m (52-week period to 28 March 2025: £220.5m profit).

The profit for the 52-week period to 28 March 2025 was driven by £208.0m of dividend income from the Company's direct subsidiary and a credit from the release of a £35.0m expected credit loss provision (see Note C5) partially offset by an investment impairment expense of £27.3m (see Note C4). The dividend income was settled via a reduction in the creditor balance the Company owed to that subsidiary. The dividend income in the current year reduced to £10.0m, offset by finance costs and interest payable, resulting in a loss of £0.4m for the period.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

C2. Fees payable to the Auditor

Fees payable by the Group to BDO LLP and their associates during the current and prior period are detailed in Note 3 to the Group financial statements.

C3. Staff costs

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests, including those details required by Schedule 5, are set out in the Remuneration Report on pages 90 to 114 which forms part of the audited information.

C4. Investments

	£m
Shares in Group undertaking	
Cost	
As at 28 March 2025	821.5
Additions – share based payments	2.2
Cost at 3 April 2026	**823.7**
Impairment	
As at 28 March 2025	(27.3)
Impairment expense for the period	–
Impairment at 3 April 2026	**(27.3)**
Carrying value at 3 April 2026	**796.4**
Carrying value at 28 March 2025	794.2

The investments represent shares in the subsidiary undertakings as at 3 April 2026 detailed on pages 178 and 179 and the fair value of share based compensation plans that are awarded to employees of the Company's subsidiary undertakings.

Impairment of investments in Group undertakings

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment or impairment reversal. The Company considers the relationship between its market capitalisation and the carrying value of its investments, among other factors, when reviewing for indicators of impairment. As at 3 April 2026, the market capitalisation of the Group was below the carrying value of its investment in Halfords Group plc of £796.4m, indicating a potential impairment, despite strong Group performance.

The recoverable amount of the investment in Halfords Group Holdings Limited has been determined based on a value in use calculation at 3 April 2026 using a discounted cash flow model. Assumptions include:

- The cash flows used for impairment testing are based on the Group's latest budget and forecast cash flows, covering a five-year period, which were reviewed and approved by the Board. The cash flow forecasts were prepared with regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth linked to the strategy of the Group as set out in the Strategic Report section in these financial statements. The cash flows include ongoing capital expenditure required to maintain the Retail and Autocentre businesses but exclude any growth capital initiatives not committed.
- The pre-tax discount rate of 10.6% (2025: 11.4%) was derived from the Group's weighted average cost of capital, the inputs of which include a country risk free rate, equity risk premium, Group size premium and a risk adjustment (beta).
- The long-term growth rate of 2.2% (2025: 2.4%) was based on the weighted average of the long-term growth rates determined for each segment of the Group. The long-term growth rate applied to the Autocentres segment was 2.8%, which is higher than the UK long-term growth rate per the bank of England of 1.8% and reflects forecast data for new car registrations, which increases the size of the market for the Autocentres business.

The outcome of the value in use calculation supports the carrying value of the investment in subsidiary undertakings, with a headroom of £91.2m. The Company has determined that the recoverable amount of its investment in Halfords Group Holdings Limited is £887.6m and as a result no impairment has been recognised.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C4. Investments continued

Sensitivity analysis

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions, both individually and in combination. This included an increase in the discount rate by 1%, a reduction in the long-term growth rate by 1.4% and reducing sales rates in year five of the five-year plan. The results of this analysis are summarised below:

	£m
Original headroom	**91.2**
Impairment using a discount rate increased by 1%	**(14.9)**
Impairment using a long term growth rate decreased by 1.4%[1]	**(19.0)**
Impairment using year 5 cash flows decreased by 10%, offset by cost mitigations	**(62.4)**
Impairment using a combined 1.4%[1] decrease in terminal growth rate and 1% increase in discount rate	**(207.9)**
Headroom using alternative business assumptions relating to the Middle East conflict	**69.6**

1 A 1.4% reduction has been used to take the long-term growth rate to 1% lower than the UK long-term growth rate per the Bank of England of 1.8%.

For headroom to reduce to £nil, an increase in the discount rate of 0.9% or a reduction in the long-term growth rate of 1.2% would be required.

The related undertakings of the Company at 3 April 2026 are as follows:

	Incorporated in	Ordinary shares percentage owned %	Principal activities
Halfords Group Holdings Limited	Great Britain*	100	Intermediate holding company

* Registered in England and Wales. Registered office: Icknield St Dr, Washford Ln, Redditch B98 0DE.

Indirect subsidiary undertaking	Principal activity	% ownership of ordinary equity shares
Subsidiaries registered in England & Wales, with a registered address of: Icknield Street Drive, Redditch, Worcestershire B98 0DE		
Halfords Limited	Retailing of auto parts, accessories, cycles and cycle accessories	100
Halfords Autocentres Limited	Car servicing	100
NW Autocentres Limited	Non-trading	100
Halfords Autocentres Developments Limited	Dormant	100
Stop N' Steer Limited	Dormant	100
Halfords Financial Services Limited (formerly Halfords Vehicle Management Limited)	Non-trading	100
The Universal Tyre Company (Deptford) Limited	Car servicing	100
Boardman Bikes Limited	Non-trading	100
Boardman International Limited	Non-trading	100
Halfords IP Management Limited	Management and registration of intellectual property	100
Performance Cycling Holdings Limited	Intermediate holding company	100
Performance Cycling Limited	Retailing of cycles and cycle accessories	100
Wheelies Direct Limited	Dormant	100
Tredz Limited	Non-trading	100
Giant (Wales) Limited	Retailing of cycles and cycle accessories	100
National Tyre and Autofit Limited	Dormant	100
Tyre and Autofit Limited	Dormant	100
National Tyre Service Limited	Car servicing	100
The Marsham Tyre Company Limited	Non-trading	100
W. Briggs & Co Limited	Non-trading	100
Avayler Holdings Limited	Intermediate holding company	100
Avayler Trading Limited	Software as a Service provider	95
Halfords CFS Holdings Limited (formerly LTC Holdings Limited)	Intermediate holding company	100
Halfords Commercial Fleet Services Limited (formerly The Lodge Tyre Company Limited)	Car servicing	100
Fit4Fleet Holdings Limited	Intermediate holding company	100
Fit4Fleet Limited	Car servicing	100
Axle Group Limited	Intermediate holding company	100

C4. Investments continued

Indirect subsidiary undertaking	Principal activity	% ownership of ordinary equity shares
Subsidiary registered in Scotland, with a registered address of: C/O Harper Macleod LLP, The Ca'D'Oro, 45 Gordon Street, Glasgow G1 3PE, Scotland		
McConechy's Tyres Services Holdings Limited	Intermediate holding company	100
McConechy's Tyre Service Limited	Car servicing	100
Strathclyde Tyre Services Limited	Dormant	100
Axle Group Holdings Limited	Intermediate holding company	100
Viking International Limited	Dormant	100
Stepgrades Motor Accessories Limited	Non-trading	100
Birkenshaw Tyre Company Limited	Investment holding company	100
Constant Price Monitor Limited	Non-trading	100
ULM Services Limited	Car servicing	100
Acorn (Paisley) Limited	Non-trading	100
Subsidiary registered in the Republic of Ireland, with a registered address of: C/O Ogier Leman LLP, Ground Floor, Investment House, 8_34 Percy Place, Dublin, Dublin 4 D04 P5K3, Ireland		
Halfords (Ireland) Limited	Dormant	100
Subsidiary registered in Delaware, USA, with a registered address of: C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808		
Avayler Trading LLC (formerly Halfords Software Services Division LLC)	Software as a Service provider	100
Other equity investment, registered in Northern Ireland, with a registered address of: 22 Derryall Road, Portadown, Craigavon BT62 1PL, Northern Ireland		
Hamilton Internet Services Limited	E-commerce	0.06
Subsidiary registered in Australia, with a registered address of: C/- King & Wood Mallesons, Level 53, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000		
Avayler (Australia) Pty Limited	Software as a Service provider	100

The only subsidiaries to trade during the year were Halfords Limited, Halfords Autocentres Limited, Performance Cycling Limited, Giant (Wales) Limited, McConechy's Tyre Service Limited, The Universal Tyre Company (Deptford) Limited, National Tyre Service Limited, Stepgrades Motor Accessories Limited, Avayler Trading Limited, Avayler Trading LLC, Avayler (Australia) Pty Limited, Constant Price Monitor Limited, Halfords Commercial Fleet Services Limited, Fit4Fleet Limited, ULM Services Limited and Hamilton Internet Services Limited.

C5. Debtors

	2026 £m	2025 £m
Falling due within one year:		
Other debtors[1]	1.1	0.6
Amounts owed by Group undertakings	1.6	8.3
	2.7	8.9

1 Included within other debtors at 3 April 2026 is £1.1m of unamortised issue costs relating to the RCF borrowing facility. At 29 March 2025 these costs were netted off the £10m drawdown on the RCF at the period end, resulting in net borrowings of £8.8m (see Note C8). At 3 April 2026, there were no drawdowns on the RCF and therefore the unamortised issue costs have been disclosed as prepayments within other debtors.

Amounts due from subsidiaries do not incur interest and are repayable on demand. Amounts are expected to be recovered in the normal operating cycle of the Company. There have been no significant increases in credit risk on these balances since initial recognition and the 12-month expected credit losses are considered to be negligible.

C6. Cash and cash equivalents

	2026 £m	2025 £m
Cash equivalents (short-term deposits)	6.6	–
Cash at bank and in hand	2.0	3.8
	8.6	3.8

£1.9m (2025: £0.1m) of the Company's cash at bank and in hand included in the balance sheet is held by the trustee of the Company's Employee Benefit Trust in relation to employee share schemes. Therefore, these funds are restricted and are not available to be circulated on demand.

Cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less from inception and are subject to an insignificant risk of changes in value. In accordance with the Group's policy, all deposits are held with entities with credit ratings of A+ or higher.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C7. Creditors

	2026 £m	2025 £m
Falling due within one year:		
Amounts owed to Group undertakings	**172.5**	141.5
Accruals	**0.2**	0.2
Other creditors	**2.7**	–
	175.4	141.7
Falling due after more than one year:		
RCF drawdown (Note C8)	**–**	8.8
	–	8.8

Amounts owed to Group undertakings are repayable on demand, do not incur interest and have, therefore, been classified as due within one year, although it is not expected that all of this amount will be repaid within 12 months of the balance sheet date.

At 3 April 2026 the Company recognised a financial liability of £2.7m (FY25: £nil) relating to share repurchases. See "Investment in own shares" section in Note C9 for more details.

C8. Borrowings

	2026 £m	2025 £m
Drawdown on RCF	**–**	8.8
	–	8.8

In the prior period, borrowings were stated net of unamortised issue costs of £1.2m. There are no drawdowns on the RCF at 3 April 2026 and therefore unamortised issue costs have been disclosed as prepayments within other debtors at the period end.

Details of the Company's borrowing facilities are disclosed in Note 16 of the Group's financial statements.

C9. Equity share capital

Ordinary shares of 1p each:	2026 Number of shares	2026 £'000	2025 Number of shares	2025 £'000
Allotted, called up and fully paid	**218,928,736**	**2,189**	218,928,736	2,189

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In total the Company received proceeds of £1.8m (2025: £0.6m) from the exercise of share options. During the period the Company purchased £6.0m (2025: £3.6m) of its own shares.

Potential issue of ordinary shares

The Company has a number of employee share option schemes. Further information regarding these schemes can be found in Note 22 of the Group's financial statements.

Investment in own shares

At 3 April 2026 the Company held in Trust 2,346,526 (2025: 1,051,024) of its own shares with a nominal value of £23,465 (2025: £10,510). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 3 April 2026 was £3.1m (2025: £1.4m). In the current period 4,300,000 (2025: 2,471,528) were repurchased and transferred into the Trust, with 3,004,498 (2025: 1,922,642) reissued on exercise of share options.

At 26 March 2026 the Company made a commitment to repurchase 2,000,000 of its own shares to be held in the Employee Benefit Trust ("EBT") to meet future requirements under the employee share scheme. The fair value was calculated at the date the obligation arose and a liability of £2.6m was recorded. At 3 April 2026, the fair value of the obligation was remeasured to £2.7m, with movements in the financial liability recorded within finance costs in the Group income statement.

C10. Share based payments

The share based payment charge for the period was £2.2m (2025: £3.9m), bringing the total investment in share based payments at 3 April 2026 to £48.6m (2025: £46.4m).

C11. Profits available for distribution

Distributable reserves in the Company Balance Sheet total £375.0m at 3 April 2026.

Distributable reserves	£m
As at 28 March 2025	**397.0**
Profit for the period	**(0.4)**
Share options exercised	**(2.5)**
Dividends paid	**(19.1)**
At 3 April 2026	**375.0**

C12. Reserves

The Company settled dividends of £19.1m (2025: £17.4m) in the period, as detailed in Note 8 to the Group's financial statements.

C13. Related party disclosures

Under FRS 101 "Related party disclosures", the Company is exempt from disclosing related party transactions with entities which it wholly owns.

There have been no other related party transactions in the period.

C14. Contingent liabilities

The Company's banking arrangements include the facility for the bank to provide a number of guarantees in respect of liabilities owed by the Group during the course of its trading. In the event of any amount being immediately payable under the guarantee, the bank has the right to recover the sum, in full, from the Group. The total amount of guarantees in place at 3 April 2026 amounted to £nil (2025: £nil).

C15. Off balance sheet arrangements

The Company has no off balance sheet arrangements to disclose as required by S410A of the Companies Act 2006.

FIVE-YEAR RECORD

	52 weeks to 1 April 2022 (restated) £m	52 weeks to 31 March 2023 (restated) £m	52 weeks to 29 March 2024 (restated) £m	52 weeks to 28 March 2025 (restated) £m	**53 weeks to 3 April 2026* (audited) £m**
Revenue	1,382.4	1,572.7	1,696.5	1,715.2	**1,801.7**
Cost of sales	(660.7)	(804.0)	(873.9)	(846.1)	**(848.8)**
Gross profit	721.7	768.7	822.6	869.1	**952.9**
Operating expenses	(617.5)	(704.4)	(760.7)	(815.1)	**(892.1)**
Other income	–	–	–	0.7	**0.4**
Underlying operating profit	104.2	64.3	61.9	54.7	**61.2**
Non-underlying operating expenses	3.7	(13.2)	(10.0)	(73.6)	**(6.1)**
Operating profit/(loss)	107.9	51.1	51.9	(18.9)	**55.1**
Underlying finance costs	(11.3)	(12.1)	(13.1)	(11.1)	**(11.2)**
Underlying profit before tax	92.9	52.2	48.8	43.6	**50.0**
Non-underlying operating expenses	3.7	(13.2)	(10.0)	(73.6)	**(6.1)**
Non-underlying finance costs	–	–	–	–	**(0.3)**
Profit/(loss) before tax	96.6	39.0	38.8	(30.0)	**43.6**
Taxation	(17.8)	(10.2)	(11.7)	(9.7)	**(12.7)**
Taxation on non-underlying items	(1.1)	2.1	1.9	5.9	**1.7**
Profit/(loss) from continuing operations	77.7	30.9	29.0	(33.8)	**32.6**
Loss after tax from discontinued operations	–	(2.8)	(12.1)	–	**–**
Profit/(loss) attributable to equity shareholders	77.7	28.1	16.9	(33.6)	**32.9**
Loss attributable to non-controlling interest	–	–	–	(0.2)	**(0.3)**
Basic earnings per share	39.2p	17.7p	9.7p	(15.4)p	**15.2p**
Basic earnings per share before non-underlying items	36.7p	20.8p	14.7p	15.6p	**17.4p**
Weighted average number of shares	204.7m	217.4m	217.4m	217.9m	**216.1m**

* Comparable 52-week period to 27 March 2026 has been disclosed in Note 27.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). These measures of performance are used in managing the business and are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these alternative performance measures, which are not considered to be substitutes for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These alternative performance measures are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these alternative performance measures are also used for the purpose of setting remuneration targets.

These alternative performance measures should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial statements relating to the Group, which are prepared in accordance with IFRS. The Group believes that these alternative performance measures are useful indicators of its performance. However, they may not be comparable with similarly titled measures reported by other companies due to differences in the way they are calculated.

The key APMs that the Group focuses on are as follows:

1. **Like-for-like ("LfL") sales** represent revenue from continuing operations that have been trading as part of the Group for at least a year (but excluding prior-year sales of stores and Autocentres closed during the period) at constant foreign exchange rates.

   LfL sales is determined using sales made in the unaudited 52-week period ended 28 March 2026 compared to the 52-week prior period ended 28 March 2025 to aid comparability. The impact of this calendar change on FY25 has been analysed in the table within Note 15 below.

   The measure is used widely in the retail industry as an indicator of sales performance and is a comparable measure of our year-on-year performance.
2. **Like-for-like sales growth** is the period-on-period change in like-for-like sales. The measure is used widely in the retail industry as an indicator of sales performance. It excludes the impact of new stores, closed stores and stores with significant footage change. Like-for-like sales growth is calculated on a 52-week basis for both FY25 and FY26.
3. **Underlying operating profit** is the result from operating activities before non-underlying items as shown in the Group Consolidated Income Statement.
4. **Underlying earnings before interest, tax, depreciation and amortisation ("Underlying EBITDA")** further removes depreciation and amortisation from Underlying operating profit.

   In the current period, the Group changed its policy on non-underlying items and accordingly restated comparative information. Please refer to note 11 to the financial statements, below, for further information.

   The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Team.

	Total operations	
	53 weeks ended 3 April 2026 £m	52 weeks ended 28 March 2025 (restated)[1] £m
Profit/(loss) before tax	**43.6**	(30.0)
Non-underlying items (see Note 5 to the financial statements)	**6.4**	73.6
Net underlying finance expense	**11.2**	11.1
Underlying operating profit	**61.2**	54.7
Underlying depreciation and amortisation	**124.4**	125.9
Underlying EBITDA	**185.6**	180.6

5. **Underlying profit before tax** is profit before income tax and non-underlying items as shown in the Group Consolidated Income Statement. Details of the non-underlying items are disclosed in note 4.

   The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Team.

   This is a measure used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used within incentive plans.
6. **Underlying basic earnings per share** is profit after income tax attributable to the owners of the parent before non-underlying items (as shown in the Group Consolidated Income Statement) from total operations, divided by the weighted average number of shares in issue during the financial period. This is a measure used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used. The calculation of Underlying Basic Earnings Per Share is detailed in Note 9 to the financial statements.

   The Group considers this to be an important measure of the Group's underlying profit generation relative to the number of shares in issue and, as such, measures delivery against strategic objectives. It is consistent with how the business performance is reported and assessed by the Board and the Executive Team.
7. **Underlying diluted earnings per share** is profit after income tax attributable to the owners of the parent before non-underlying items (as shown in the Group Consolidated Income Statement), divided by the weighted average number of shares in issue during the financial period adjusted for the effects of any potentially dilutive options. The calculation is disclosed in Note 9 to the financial statements.

   The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Team.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES CONTINUED

8. **Total net debt** is current and non-current borrowings, including lease debt, less cash and cash equivalents, both in hand and at bank, as shown in the Consolidated Statement of Financial Position. The calculation of Net Debt is included in the notes to the Consolidated Statement of Cash Flows within the Group financial statements and is widely used by credit rating agencies.

   Net Debt is a measure of the Group's net indebtedness that provides an indicator of the overall strength of the Consolidated Statement of Financial Position.

	3 April 2026 £m	28 March 2025 £m
Cash and cash equivalents	**19.3**	19.1
Borrowings – current	**(0.2)**	(0.2)
Lease liabilities – current	**(69.9)**	(78.6)
Borrowings – non-current	**–**	(8.8)
Lease liabilities – non-current	**(177.9)**	(192.8)
Total net debt	**(228.7)**	(261.3)

9. **Net debt/(cash) excluding leases** is current and non-current borrowings, excluding lease debt, less cash and cash equivalents, both in hand and at bank, as shown in the Consolidated Statement of Financial Position. The calculation of net debt/(cash) is included in the notes to the Consolidated Statement of Cash Flows within the Group financial statements.

   Net Cash before leases is a measure of the Group's net indebtedness that provides an indicator of the overall strength of the Consolidated Statement of Financial Position and is widely used by credit rating agencies. It is also a single measure that can be used to assess the combined effect of the Group's cash position and its indebtedness. Net cash before leases is considered to be an alternative performance measure as it is not defined in IFRS.

10. **Net debt to underlying EBITDA** ratio is represented by the ratio of total net debt/(cash) excluding leases to underlying EBITDA (both of which are defined above). This ratio can be used to measure the leverage of the Group against performance in the period.

	53 weeks ended 3 April 2026 £m	52 weeks ended 28 March 2025 £m
Total net debt (excluding lease liabilities)	**(19.1)**	(10.1)
Underlying EBITDA	**185.6**	180.6
Net debt to underlying EBITDA	**0.1**	0.1

11. **Free cash flow** is defined as net cash from operating activities less capital expenditure, net finance costs, supplier financing payments and lease payments, as reconciled below:

	53 weeks ended 3 April 2026 £m	52 weeks ended 28 March 2025 £m
Net cash from operating activities	**186.3**	194.7
Less:		
Capital expenditure	**(58.7)**	(53.2)
Net finance costs	**(0.8)**	(0.9)
Supplier financing payments	**0.1**	(1.1)
Lease payments	**(93.6)**	(96.5)
Free cash flow	**33.3**	43.0

   This performance measure is an important alternative to profit in understanding the performance of the business, and specifically its ability to generate cash from its activities.

12. **Effective tax rate** is calculated as the total income tax charge for the Group divided by the profit before tax as shown in the Group Consolidated Income Statement. This measure is an indicator of the ongoing tax rate for the Group.

	53 weeks ended 3 April 2026 £m	52 weeks ended 28 March 2025 (restated) £m
Income tax expense	**11.0**	3.8
Profit/(loss) before tax	**43.6**	(30.0)
Effective tax rate	**25.2%**	(12.7%)

13. **Underlying effective tax rate** is the total income tax charge for the Group excluding the tax impact of non-underlying items divided by the profit before tax and non-underlying items as show in the Group Consolidated Income Statement. This measure is an indicator of the ongoing tax rate for the Group.

	53 weeks ended 3 April 2026 £m	52 weeks ended 28 March 2025 (restated)[1] £m
Underlying income tax expense	**12.7**	9.7
Underlying profit before tax	**50.0**	43.6
Underlying effective tax rate	**25.4%**	22.2%

14. **Capital expenditure** is calculated as the purchase of property, plant and equipment and intangible assets during the year, less proceeds from asset disposals excluding any assets acquired or disposed of as part of a business combination or through an investment in an associate.

15. **Return on capital employed ("ROCE")** is defined as underlying operating profit divided by average capital employed, being net assets less goodwill and adding back net debt. Average capital employed is determined based on the average of the capital employed at the period end date and the preceding period end date.

	53 weeks ended 3 April 2026 £m	52 weeks ended 28 March 2025 £m	52 weeks ended 29 March 2024 £m	52 weeks ended 30 March 2023 £m
Group net assets	**513.5**	500.3	553.8	556.9
Less goodwill	**(355.7)**	(355.7)	(403.6)	(403.6)
Add back total net debt	**228.7**	261.3	315.3	348.7
Capital employed	**386.5**	405.9	465.5	502.6
Average capital employed	**396.2**	435.7	484.1	

	52 weeks ended 27 March 2026 £m	**53 weeks ended 3 April 2026 £m**	52 weeks ended 28 March 2025 £m	52 weeks ended 29 March 2024 £m
Underlying operating profit	**56.4**	**61.2**	54.7	54.9
Average capital employed	**396.2**	**396.2**	435.7	484.1
Return on capital employed	**14.2%**	**15.4%**	12.6%	11.3%

The FY26 (52-week basis) uses the underlying operating profit for the 52 weeks to 27 March 2026 and the average capital employed to 3 April 2026. This measure has been calculated to use an Underlying Operating Profit on a comparable basis with other financial periods due to FY26 being a 53-week period. The reconciliation from FY26 reported results to FY25 52-week basis results is included in Note 15 below.

16. **Summary Consolidated Income Statement on a 52-week basis**
In order to provide comparability with the prior-period results for the 52 weeks ended 28 March 2025, the tables below present a summary of the unaudited Group's Consolidated Income Statement for the 52-week period to 27 March 2026, compared against the 52-week period to 28 March 2025. In determining the week 53 adjustment, revenue and gross profit represent the actual trading performance in that week, with operating costs and net finance expenses allocated on a reasonable basis to reflect an estimate of costs for that week, unless a split was not deemed to sufficiently represent the actual costs incurred during week 53.

	FY26 reported results £m	Exclude week 53 £m	**52 weeks to 27 March 2026 £m**	52 weeks to 28 March 2025 (restated)[1] £m
Revenue	1,801.7	(37.2)	**1,764.5**	1,715.2
Cost of sales	(848.8)	16.6	**(832.2)**	(846.1)
Gross profit	952.9	(20.6)	**932.3**	869.1
Operating expenses before non-underlying items	(892.1)	15.8	**(876.3)**	(815.1)
Other income	0.4	–	**0.4**	0.7
Underlying operating profit	61.2	(4.8)	**56.4**	54.7
Net finance expense	(11.2)	0.2	**(11.0)**	(11.1)
Underlying profit before tax	50.0	(4.6)	**45.4**	43.6
Tax expense before non-underlying items	(12.7)	1.2	**(11.5)**	(9.7)
Underlying profit after tax	37.3	(3.4)	**33.9**	33.8
Non-underlying items	(4.7)	–	**(4.7)**	(67.7)
Profit/(loss) for the period	32.6	(3.4)	**29.2**	(33.9)

SHAREHOLDER INFORMATION

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES CONTINUED

16. Summary Consolidated Income Statement on a 52-week basis continued

The table below shows the reconciliation between results from operating activities and results from operating activities before non-underlying items:

	53 weeks to 3 April 2026 £m	Exclude week 53 £m	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 (restated)[1] £m
Underlying operating profit	**61.2**	(4.8)	**56.4**	54.7
Non-underlying items within operating expenses	**(6.1)**	–	**(6.1)**	(73.6)
Operating profit/(loss)	**55.1**	(4.8)	**50.3**	(18.9)

Segmental information

Retail

	Total £m	Exclude week 53 £m	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 (restated)[1] £m
Revenue	1,062.0	(22.7)	**1,039.3**	1,004.9
Underlying operating profit	40.2	(2.7)	**37.5**	39.0
Non-underlying items	(4.4)	–	**(4.4)**	(54.9)
Operating profit/(loss)	35.8	(2.7)	**33.1**	(15.9)

Autocentres

	Total £m	Exclude week 53 £m	52 weeks to 27 March 2026 £m	52 weeks to 28 March 2025 (restated)[1] £m
Revenue	739.7	(14.5)	**725.2**	710.3
Underlying operating profit	21.0	(2.1)	**18.9**	15.7
Non-underlying items	(1.7)	–	**(1.7)**	(18.7)
Operating profit/(loss)	19.3	(2.1)	**17.2**	(3.0)

1 In the current period the Group revised its policy in relation to non-underlying items relating to amortisation of intangibles acquired as part of business combinations and has restated comparative financial information to reflect this change. Refer to Note 27 of the financial statements for details.

17. Total net debt at 27 March 2026

The table below details net debt at 27 March 2026, being the end of the comparable 52 week period:

	27 March 2026 £m
Cash and cash equivalents	**11.4**
Borrowings – current	**(0.2)**
Lease liabilities – current	**(70.0)**
Borrowings – non-current	**–**
Lease liabilities – non-current	**(177.9)**
Total net debt	**(236.7)**

The reconciliation of total net debt between 3 April 2026 and 27 March 2026 is as follows:

	£m
Total net debt at 3 April 2026	**(228.7)**
Operating cash flows	**(8.0)**
Financing cash flows	**–**
Net debt at 27 March 2026	**(236.7)**

18. Free cash flow on a 53-week basis

The table below shows the reconciliation between the week 52 and week 53 free cash flow:

	£m
Free cash flow for the 52 weeks ending 27 March 2026	**25.3**
Free cash flow in week 53	**8.0**
Free cash flow for the 53 weeks ending 3 April 2026	**33.3**

COMPANY INFORMATION

Financial calendar

Friday 14 August 2026	Final Dividend Record Date
Thursday 10 September 2026	Annual General Meeting
Tuesday 15 September 2026	Final Dividend Payment Date

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