

**THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares in Halfords Group plc you should pass this document to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. If you sell or have sold part only of your holding of shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this document should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

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## **Halfords Group plc**

(incorporated in England and Wales with registered number 04457314)

### **Notice of Annual General Meeting**

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**Notice of the Annual General Meeting of Halfords Group plc to be held at Halfords Group plc, Support Centre, Icknield Street Drive, Washford West, Redditch, B98 0DE on Tuesday 15 September 2020 at 11:30 am is set out on pages 7 to 8 of this document (the “Notice”).**

Whether or not you intend to attend the Annual General Meeting in person, you are strongly encouraged to vote on all resolutions by appointing the Chairman of the meeting as your proxy in advance of the meeting. This is even more important given the current circumstances and impact of coronavirus (COVID-19) as explained below. You may appoint a proxy either by lodging your proxy vote online at [www.signalshares.com](http://www.signalshares.com) or by requesting a hard copy Form of Proxy from Link Asset Services (“**Link**”) on 0371 664 0300 (if you are outside the United Kingdom, please call +44(0) 371 664 0300. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate) and lines are open between 9:00 am – 5:30 pm Monday to Friday excluding public holidays in England and Wales; or, for Shareholders who hold their shares in CREST, appointing a proxy electronically by transmitting a CREST Proxy Instruction to Link, in each case so that the proxy instruction is received by Link no later than **11:30 am on Friday 11 September 2020**. Appointing a proxy will not prevent you from attending the 2020 Annual General Meeting and voting in person, should you wish to do so, although please note the precautions referred to below in light of the coronavirus pandemic. If you appoint the Chairman of the meeting as your proxy, this will ensure your votes are cast in accordance with your wishes regardless of whether you or anyone else you appoint as your proxy actually attends the meeting. If you appoint anyone else as a proxy, then depending on the coronavirus situation in the UK at the time of the meeting, that person may not be able to attend the meeting and may not be able to vote on your behalf.

*Directors:*  
K Williams (Chairman)  
G Stapleton  
D Adams  
J Caseberry  
H Jones  
L Woodhouse

*Registered Office:*  
Icknield Street Drive  
Washford West  
Worcestershire  
B98 0DE

3 August 2020

**To Shareholders and, for information only, to the holders of options under the Company's share option schemes**

Dear Shareholder

**2020 ANNUAL GENERAL MEETING**

The 2020 Annual General Meeting of Halfords Group plc (the "Company") is to be held at Halfords Group plc, Support Centre, Icknield Street Drive, Washford West, Redditch, B98 0DE on Tuesday 15 September 2020 at 11:30 am. The formal Notice convening the meeting is set out on pages 7 to 8 of this document.

This circular provides you with explanatory notes for each of the resolutions in the Notice and explains the action you should take. Resolutions 14, 15, 16 and 17 will be proposed as special resolutions with the remainder being proposed as ordinary resolutions.

**Coronavirus (COVID-19)**

The Annual General Meeting is an important event in the Company's corporate calendar and provides an opportunity to engage with shareholders and for shareholders to pass the necessary resolutions for the conduct of the business and affairs of the Company. We very much hope that the coronavirus (COVID-19) situation and the UK Government's current restrictions and guidance on public gatherings will have eased sufficiently by the time of the Annual General Meeting that it will be possible for shareholders to attend in person, subject to any appropriate social distancing requirements.

We have been closely monitoring the evolving coronavirus pandemic and will continue to have regard to developments over the coming weeks ahead of the Annual General Meeting.

The health and well-being of our colleagues, shareholders and the wider community in which the Company operates is, and will continue to be, of paramount importance to us. In light of the possibility that the UK Government's restrictions and guidance on public gatherings may either remain in place until, or be reinstated prior to, the Annual General Meeting, and also depending on the coronavirus situation at the relevant time and the potential risks of aiding the spread of the virus, the Directors may have little choice but to conclude in the coming weeks that it is prudent or necessary to hold this year's Annual General Meeting as a "closed meeting" in accordance with applicable law and regulation. If this were to be the case, shareholders would regrettably not be able to attend in person. This decision would only be made where we believe it is the most prudent and responsible course of action to take, taking into account the coronavirus situation in the UK, and the UK Government's restrictions and/or guidance on public gatherings, at the relevant time.

In any event, persons who have been in contact with anyone who has symptoms of coronavirus or who have symptoms themselves are kindly requested not to attend the Annual General Meeting in person, and we may need to adopt appropriate measures to exclude such persons from the meeting.

In order to reduce the risk of aiding the spread of the virus, this year's Annual General Meeting will adopt a more streamlined format and there will be no opportunity for mingling with the Directors either before or after the meeting, nor will refreshments be provided.

We are grateful to you, our shareholders, for your understanding and continued support in these challenging and unprecedented times

We are, however, committed to ensuring that shareholders can exercise their rights to vote and ask questions at the upcoming Annual General Meeting. In particular, your attention is drawn to the proxy voting methods set out on page 9 of this document and the ability to submit questions remotely in advance of the Annual General Meeting as mentioned below. We strongly encourage you to vote on all resolutions by appointing the Chairman of the meeting as your proxy in advance of the Annual General Meeting utilising one of the methods detailed below. Please appoint a proxy as early as possible, even if you would typically intend to attend the meeting in person, as the situation may change and it may not be possible or appropriate for you to do so. If you appoint the Chairman of the meeting as your proxy, this will ensure your votes are cast in accordance with your wishes and avoids the need for another person to attend as a proxy in your place, which may not be possible should it become necessary to hold the Annual General Meeting as a "closed meeting".

You will be able to submit questions to the Directors in advance of the Annual General Meeting via email to the Company Secretary, Tim O’Gorman at [tim.ogorman@halfords.co.uk](mailto:tim.ogorman@halfords.co.uk). Written answers to all questions received will be sent directly to shareholders by email and answers to frequently asked questions will be published on the Company’s website ahead of the meetings.

We very much hope that we will be able to hold our 2020 Annual General Meeting in the usual way but we will continue to monitor the coronavirus situation and have regard to developments over the coming weeks ahead of the meeting. You should continue to monitor the Company’s website and announcements for any updates in relation to the Annual General Meeting arrangements that may need to be provided and continue to act in accordance with the guidance issued by the UK Government and relevant health authorities.

## **Explanatory Notes to the Resolutions**

### **Resolution 1 – Financial Statements**

The Directors are required to present to the 2020 Annual General Meeting the Company’s audited annual financial statements and related reports of the Directors and auditors for the period ended 3 April 2020.

### **Resolution 2 – To Approve the Directors’ Remuneration Report**

The Directors are required to prepare an annual report detailing the remuneration of the Directors and a statement by the Chair of the Remuneration Committee (together, the “**Annual Report on Remuneration**”) and to seek the shareholders’ approval in respect of the contents of the Annual Report on Remuneration on an annual basis. Therefore, resolution 2 seeks shareholder approval in respect of the contents of the Annual Report on Remuneration, which is set out on pages 132 to 140 of the Company’s 2020 Annual Report (excluding the Company’s Directors’ Remuneration Policy set out on pages 123 to 131 of the Company’s 2020 Annual Report, in relation to which approval is being sought from shareholders separately under resolution 3). The Company’s auditor, BDO LLP, has audited those parts of the Annual Report on Remuneration capable of being audited and its report may be found on pages 144 to 151 of the Company’s 2020 Annual Report. The vote on resolution 2 is advisory only and any entitlement of a Director to remuneration is not made conditional on this ordinary resolution being passed.

### **Resolution 3 – To Approve the Directors’ Remuneration Policy**

Pages 123 to 131 of the Company’s 2020 Annual Report set out the Directors’ Remuneration Policy (the “**Remuneration Policy**”). The Remuneration Policy is forward looking and is subject to a binding shareholder vote by ordinary resolution at least every three years, or earlier if changes are proposed. The Company is asking shareholders to approve the new Remuneration Policy at the 2020 Annual General Meeting as the previous Remuneration Policy was approved at the Company’s annual general meeting in 2017. The Remuneration Policy has been reviewed and updated to maintain appropriate focus on our strategic objectives and to ensure that pay outcomes remain closely aligned with performance. The changes are set out in the Annual Report on Remuneration.

### **Resolutions 4 to 9 – Re-Election of Directors**

The Directors are committed to measures that promote good corporate governance. In accordance with the 2018 UK Corporate Governance Code (the “**Code**”) and the Company’s Articles of Association, each of the Directors will be submitting themselves for re-election by the shareholders at the 2020 Annual General Meeting, and each subsequent annual general meeting of the Company until further notice. Consequently, resolutions 4 to 9 will be proposed in order to allow each of the Directors to retire from office at the conclusion of the 2020 Annual General Meeting and, being eligible, and in accordance with the Company’s Articles of Association and the Code, offer themselves for re-election by the shareholders.

Biographical details of all of the Directors who are proposed for re-election are set out on pages 82 to 83 of the Company’s 2020 Annual Report and are also available for viewing on the Company’s website [www.halfordscompany.com](http://www.halfordscompany.com). Brief summaries are set out below.

In accordance with the Code, the Board undertook a rigorous review as to whether it considered each of the Non-Executive Directors being proposed for re-election, being David Adams, Helen Jones and Jill Caseberry, to be independent, as each will have served on the Board for nine years, six years and two years respectively in September 2020. Based on this rigorous review, the Board was satisfied that Helen Jones and Jill Caseberry maintained the necessary levels of independence in addition to the Code’s independence criteria. In light of the Code, and for the reasons set out above, the Board has determined that each of Helen Jones and Jill Caseberry continues to remain independent in character and judgement, there are no relationships or circumstances likely to affect (or appear to affect) their judgment, and they continue to be effective and demonstrate a strong commitment to their roles and, therefore, the Board recommends that each of them be re-elected as a Non-Executive Director.

With regard to David Adams, as detailed in the 2020 Annual Report, the Board recognised that David reached the end of his nine year tenure in March 2020. However, given the exceptional circumstances created by the COVID-19 pandemic, David agreed to stay until the end of 2020 calendar year to ensure continuity for the Board through the pandemic crisis. Whilst David will continue to act as a Non-Executive Director, he will cease to act as Senior Independent Director at the conclusion of the 2020 Annual General Meeting when Helen Jones will assume this role. The Board recognizes that, as it has assessed that David will no longer be regarded as independent for the purposes of the Code because of his extended tenure, this has created a technical breach of the Code’s recommendation that the majority of the board be independent non-executive directors. However, the Board believes that this short-term situation is justified in these unprecedented and challenging circumstances and that the Company will benefit significantly from David’s continued service on the Board.

As Chairman, Keith Williams’ performance during the past year has been reviewed by the Non-Executive Directors led by the Senior Independent Director, David Adams.

Keith Williams joined the Company in July 2018 as Chairman and Chair of the Nomination Committee. Keith is interim Executive Chair of Royal Mail Group and the independent Chair of the Government supported Rail Review. 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 treasury, cash management, customer service and digital.

David Adams joined the Company as a Non-Executive Director in March 2011 and became Senior Independent Director in March 2014. David is a Non-Executive Director and Chair of the Audit Committee at Thinksmart Ltd, Chairman of Park Cameras Limited and is a Trustee of Walk the Walk, a breast cancer charity. David has had a long career in the retail and consumer goods industries and brings deep and relevant knowledge and experience to his role.

Helen Jones joined the Company as a Non-Executive Director in March 2014 and became Chair of the Environmental, Social and Governance Committee in December 2015. Helen is a Non-Executive Director and Chair of the Remuneration Committee and Audit Committee of Fuller, Smith & Turner plc, a Non-Executive Director of Premier Foods plc and a member of the Supervisory Board of Ben and Jerry's. Helen Brings valuable and relevant operations, marketing and branding experience in consumer-focused businesses.

Jill Caseberry joined the Company in March 2019 as a Non-Executive Director and Chair of the Remuneration Committee. Jill is currently a Non-Executive Director, Remuneration Committee Chair and member of the Audit and Nomination Committees of Bellway plc, a Non-Executive Director and Remuneration Committee member of C&C plc, and a Non-Executive Director and member of the Remuneration, Audit and Nomination Committees of St Austell Brewery. Jill brings extensive leadership experience from senior sales and marketing roles in consumer goods businesses.

Graham Stapleton joined the Company as Chief Executive Officer in January 2018, he is an outstanding business leader and brings extensive PLC board skills and experience.

Loraine Woodhouse joined the Company as Chief Financial Officer in November 2018, she has extensive experience across all finance disciplines and has worked within many different sectors latterly focusing specifically on consumer service businesses.

The Board is satisfied that each of the Directors proposed for re-election has the appropriate balance of skills, experience, independence and knowledge of the Company to enable him or her to discharge the duties and responsibilities of a director effectively and that each of their contribution is, and continues to be, important to the Company's long-term sustainable success. Accordingly, the Board unanimously recommends the re-election of each of the Directors.

### **Resolutions 10 and 11 – Reappointment and Remuneration of Auditor**

An auditor must be appointed at each general meeting at which the Company's accounts are presented to shareholders to hold office, from the end of that meeting until the end of the next annual general meeting. BDO LLP has advised the Company of its willingness to stand for re-appointment as the auditor of the Company until the conclusion of the next general meeting of the Company at which accounts are laid.

The remuneration of the auditor must be fixed by the Company in a general meeting or in such manner as the Company may determine in a general meeting. Therefore, resolution 11 authorises the Audit Committee (for and on behalf of the board of Directors) to determine the remuneration of the auditor.

### **Resolution 12 – Authority to Make Political Donations**

This ordinary resolution seeks shareholder approval to renew and replace the authority granted to the Company and its subsidiaries by shareholders at the Company's 2019 Annual General Meeting to make political donations, which expires at the conclusion of the 2020 Annual General Meeting. This resolution concerns Part 14 of the Companies Act 2006 (the "Act"), which provides that political donations made by a company to political parties, to other political organisations and to independent election candidates or political expenditure incurred by a company must be authorised in advance by shareholders.

It is not the policy of the Company to make political donations and the Directors have no intention of changing that policy. However, as a result of the wide definitions in the Act, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and so fall within the restrictions of the Act.

This resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Act and is intended to authorise normal donations and expenditure, which would not normally be considered to result in the making of political donations or political expenditure being incurred. If passed, resolution 12 would allow the Company and its subsidiaries to make donations to political parties, other political organisations and independent election candidates and to incur political expenditure (as defined in the Act) up to an aggregate limit of £150,000 during the period up to twelve months after the passing of resolution 12, in order to avoid inadvertent infringement of the Act. However, the authority will not be used to make political donations within the normal meaning of that expression. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's Annual Report for the next year, as required by the Act.

### **Resolution 13 – Authority to Allot Securities**

This ordinary resolution seeks shareholder approval to renew the general authority previously given to the Directors at the Company's 2019 Annual General Meeting to allot securities (such as ordinary shares in the Company), which expires at the conclusion of the 2020 Annual General Meeting. The Investment Association's Share Capital Management Guidelines on directors' authority to allot shares state that its members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two thirds of the Company's issued share capital. Those Guidelines provide that any routine authority to allot shares representing in excess of one third of the Company's issued share capital should only be used to allot shares pursuant to a fully pre-emptive rights issue.

Paragraph (a) of resolution 13 would, if passed, give the Directors the authority to allot unissued shares up to a maximum nominal amount of £663,722 representing a maximum number of 66,372,211 ordinary shares of 1 pence each, or approximately one third of the Company's issued ordinary share capital as at 7 July 2020 (which is the latest practicable date for which numbers can be confirmed prior to the date of this circular). Paragraph (b) of resolution 13 proposes that, consistent with the Investment Association guidelines concerning directors' powers to allot share capital in the context of a rights issue referred to above, a further authority be given to the Directors to allot equity securities in connection with a rights issue to holders of equity securities (which would include ordinary shareholders), up to a maximum nominal amount of £663,722 representing a maximum number of 66,372,211 ordinary shares of 1 pence each or approximately one third of the Company's issued ordinary share capital as at 7 July 2020, being the latest practicable date before publication of this Notice.

The authorities sought in paragraphs (a) and (b) of resolution 13 will, if approved, expire at the conclusion of the annual general meeting of the Company to be held in 2021, or, if earlier, on 30 September 2021. The Directors have no present intention of exercising these authorities, except in relation to the Company's share incentive schemes. As at 7 July 2020, being the latest practicable date before publication of this Notice, the Company held no treasury shares in the Company. The Directors intend to seek renewal of this authority at future annual general meetings.

#### **Resolution 14 – Disapplication of Statutory Pre-Emption Rights**

This special resolution, if passed, would renew the authority given to the Directors at the Company's 2019 Annual General Meeting to allot, pursuant to the authority given by resolution 13, equity securities (such as ordinary shares) for cash, or sell treasury shares for cash, without first offering them to existing shareholders pursuant to statutory pre-emption rights. The authority would be limited to allotments of equity securities:

- to ordinary shareholders in proportion to their existing shareholdings;
- to holders of other equity securities as required by the rights attaching to those securities or as the Directors consider necessary; and
- for cash up to a maximum amount of £99,558 representing a maximum number of 9,955,832 ordinary shares, or approximately 5 per cent. of the issued ordinary share capital of the Company as at 7 July 2020, being the latest practicable date before publication of this Notice.

The Directors will have due regard to institutional guidelines in relation to any exercise of this authority, including the Pre-Emption Group's Statement of Principles (as updated in March 2015), in particular the requirement for advance consultation and explanation before making any non pre-emptive cash issue pursuant to this resolution that exceeds 7.5 per cent. of the Company's issued ordinary share capital (excluding any treasury shares) in any rolling three-year period.

The authority sought and the limits set by resolution 14 would also disapply the application of section 561 of the Act from a sale of treasury shares to the extent specified in that resolution.

This authority will, if approved, expire at the conclusion of the annual general meeting of the Company to be held in 2021, or, if earlier, on 30 September 2021. The Directors are seeking this authority in accordance with best practice and have no present intention of exercising this authority but believe it is in the interests of shareholders for the Directors to have this flexibility to allot shares for cash and to sell treasury shares for cash in those limited circumstances. The Directors intend to seek renewal of this authority at future annual general meetings.

#### **Resolution 15 – Authority to Purchase Own Shares**

This special resolution, if passed, would authorise the Company to make market purchases of its own ordinary shares. If resolution 15 is approved, the Directors may utilise the authority to continue to make market purchases of the Company's shares through the London Stock Exchange. The maximum number of shares which may be purchased if resolution 15 is approved is 19,911,663 representing approximately 10 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at 7 July 2020, being the latest practicable date before publication of this Notice. The authority will, if approved, expire at the conclusion of the annual general meeting of the Company to be held in 2021, or, if earlier, on 30 September 2021.

The minimum price that could be paid for an ordinary share would be 1 pence and the maximum price would be equal to the higher of;

(i) 105 per cent. of the average of the middle market quotation for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out, in each case excluding expenses. Any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of the shareholders at the time. If the shares purchased were held as treasury shares, they would carry no voting rights and no entitlement to any dividend for as long as they were held as treasury shares. If the shares purchased were cancelled, then the shares in issue would thereby be reduced.

No market purchases were made during the period ended 3 April 2020. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account other investment opportunities, market conditions, appropriate gearing levels and the overall financial position of the Company. The Directors will only exercise this authority if, after careful consideration, they believe that to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally. The Directors are making no recommendation as to whether shareholders should sell their shares in the Company.

The Directors also intend to seek the renewal of this authority at future annual general meetings. As at 7 July 2020, being the latest practicable date before publication of this Notice, options over a total of 9,378,259 ordinary shares were outstanding and not exercised. That number of ordinary shares represents 4.7 per cent. of the Company's issued ordinary share capital as at 7 July 2020, being the latest practicable date before publication of this Notice. It would represent 5.9 per cent. of the issued ordinary share capital if the authority to purchase the Company's own shares granted at the Company's 2019 Annual General Meeting and the authority proposed to be granted under resolution 15 were both exercised in full and assuming no further ordinary shares are issued. As at 7 July 2020, being the latest practicable date before publication of this Notice, the Company held no treasury shares in the Company and no warrants over ordinary shares in the capital of the Company existed.

### **Resolution 16 – Notice of Meetings other than Annual General Meetings**

This special resolution, if passed, would allow the Company to continue to call general meetings on 14 clear days' notice pursuant to the Act, which provides that the notice period for general meetings of the Company must be 21 clear days unless shareholders approve a shorter period (which cannot be less than 14 clear days). This approval was given at the Company's 2019 Annual General Meeting and the Company would like to continue to have the flexibility to convene general meetings (other than annual general meetings) on 14 clear days' notice. The Directors do not intend to use this authority as a matter of routine, but only when time-sensitive matters are to be discussed and where they consider it to be merited in the interests of shareholders as a whole and will have regard to other best practice recommendations as regards its use. If approved, the authority will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed in order to renew this power. The Company will need to meet the requirements for electronic voting under the Act in order to call a general meeting on 14 days' notice. Annual general meetings must continue to be held on at least 21 clear days' notice.

### **Resolution 17 – Articles of Association**

This special resolution, if passed, would approve the adoption of new articles of association of the Company (the "New Articles") in place of the Company's existing articles of association which were adopted in 2010 (the "2010 Articles"), with effect from the conclusion of the 2020 Annual General Meeting. The changes being introduced in the New Articles are summarised in the Appendix to this document and are primarily to reflect certain changes in company legislation and developments in market practice since the 2010 Articles were adopted.

A copy of the New Articles, and a copy of the current 2010 Articles, are available for inspection as described in note 7 on page 9, including being made available on the Company's website [www.halfordscompany.com](http://www.halfordscompany.com).

### **Action to be taken by Shareholders**

Your vote is important to us and, whether or not you intend to attend the 2020 Annual General Meeting, we strongly encourage shareholders to vote on all resolutions by appointing the Chairman of the meeting as your proxy in advance utilising one of the methods detailed below as soon as possible and, in any event, by no later than 11.30 am on Friday 11 September 2020. If you appoint the Chairman of the meeting as your proxy, this will ensure your votes are cast in accordance with your wishes regardless of whether you or anyone else you appoint as your proxy actually attends the meeting. Appointing a proxy will not prevent you from attending the 2020 Annual General Meeting and voting in person, should you wish to do so, although please note the precautions referred to above in light of the coronavirus pandemic. If you appoint anyone else as a proxy, then depending on the coronavirus situation in the UK at the time of the meeting, that person may not be able to attend the meeting and may not be able to vote on your behalf.

As was the case last year, you will not receive a hard copy Form of Proxy for the 2020 Annual General Meeting. Instead, you can vote electronically using the link [www.signalshares.com](http://www.signalshares.com). You will need to log into your Signal Shares account, or register if you have not previously done so, to register you will need your investor code, which is detailed on your share certificate or is available from the Company's Registrars, Link.

As an alternative to voting online, you can request a hard copy Form of Proxy from Link by telephone on 0371 664 0300 (if you are outside the United Kingdom, please call +44(0) 371 664 0300. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 9:00 am – 5:30 pm Monday to Friday excluding public holidays in England and Wales. To be valid, Forms of Proxy must be validly completed and received by the Company's Registrar at their address (Link Asset Services, PXS1 34 Beckenham Road, Beckenham, Kent BR3 4ZF) by no later than 11:30 am on Friday 11 September 2020.

Voting by proxy prior to the 2020 Annual General Meeting, whether online, requesting and completing a hard copy Form of Proxy, or the transmission of a CREST Proxy Instruction, will not preclude you from attending, speaking and voting at the meeting in person if you are able, and wish, to do so. If you do this and there is a poll vote, we will ignore your proxy votes.

You will also be able to submit questions to the Directors in advance of the 2020 Annual General Meeting via email to the Company Secretary, Tim O'Gorman at [tim.ogorman@halfords.co.uk](mailto:tim.ogorman@halfords.co.uk). Written answers to all questions received will be sent directly to shareholders by email and answers to frequently asked questions will be published on the Company's website ahead of the meetings.

### **Recommendation**

The Directors consider that each of the resolutions set out in the Notice of the 2020 Annual General Meeting on pages 7 to 8 inclusive of this document is in the best interests of the Company and the shareholders as a whole and the Directors recommend that you vote in favour of them, as each of the Directors intends to do in respect of his or her own beneficial holding of shares in the Company.

Yours faithfully,

**Keith Williams Chairman**

3 August 2020

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2020 Annual General Meeting of the Company will be held at Halfords Group plc, Support Centre, Icknield Street Drive, Washford West, Redditch, B98 0DE on Tuesday 15 September 2020 at 11:30 am to consider the following resolutions, which in the case of resolutions 14, 15, 16 and 17 will be proposed as special resolutions with the remainder being proposed as ordinary resolutions:

1. To receive the audited annual financial statements for the period ended 3 April 2020 and the reports of the Directors and auditors thereon.
2. To approve the Directors' Annual Report on Remuneration (excluding the Directors' Remuneration Policy), for the period ended 3 April 2020 as set out on pages 132 to 140 of the Company's 2020 Annual Report.
3. To approve the Directors' Remuneration Policy set out on pages 123 to 131 of the Company's 2020 Annual Report, such Remuneration Policy to take effect from the end of the 2020 Annual General Meeting.
4. To re-elect Keith Williams as a Director.
5. To re-elect David Adams as a Director.
6. To re-elect Helen Jones as a Director.
7. To re-elect Jill Caseberry as a Director.
8. To re-elect Graham Stapleton as a Director.
9. To re-elect Loraine Woodhouse as a Director.
10. To re-appoint BDO LLP as auditor of the Company to hold office from the conclusion of the 2020 Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
11. To authorise the Audit Committee for and on behalf of the board of Directors to determine the remuneration to be paid to the auditor of the Company.

### **Authority to Make Political Donations**

12. That the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect, for the purposes of section 366 of the Companies Act 2006 (the "Act") be authorised to:
  - a) make political donations to political parties or independent election candidates (as such terms are defined in sections 363 and 364 of the Act), not exceeding £50,000 in aggregate;
  - b) make political donations to political organisations other than political parties (as such terms are defined in sections 363 and 364 of the Act), not exceeding £50,000 in aggregate; and
  - c) incur political expenditure (as such term is defined in section 365 of the Act), not exceeding £50,000 in aggregate,

during the period beginning with the date of the passing of this resolution and ending on the earlier of the conclusion of the Company's next annual general meeting or close of business on 30 September 2021, unless previously removed, varied or revoked by the Company in a general meeting, provided that the maximum amounts referred to in (a), (b) and (c) above may comprise sums in different currencies, which shall be converted at such rate as the Directors may in their absolute discretion determine to be appropriate.

### **Authority to Allot Securities**

13. That, in substitution for all existing authorities, the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares (as defined in section 540 of the Act) in the Company or grant rights to subscribe for or to convert any security into shares in the Company:
  - a) up to an aggregate nominal amount of £663,722; and
  - b) comprising equity securities (as defined in section 560(1) of the Act) up to a further aggregate nominal amount of £663,722 in connection with an offer by way of a rights issue,

such authorities to apply until the earlier of the conclusion of the Company's next annual general meeting or close of business on 30 September 2021 (unless previously renewed, revoked or varied by the Company in general meeting) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired. References in this resolution 13 to the nominal amount of rights to subscribe for or to convert any security into shares (including where such rights are referred to as equity securities as defined in section 560(1) of the Act) are to the nominal amount of shares that may be allotted pursuant to the rights.

For the purposes of this resolution 13 "rights issue" means an offer to:

- i. ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- ii. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, including an offer to which the Directors may impose any limits or restrictions or make any other arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

## **Disapplication of Statutory Pre-emption Rights**

14. That, in substitution for all existing authorities and subject to the passing of resolution 13, the Directors be generally authorised pursuant to section 570 of the Act to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority granted by resolution 13 and/or pursuant to section 573 of the Act to sell ordinary shares held by the Company as treasury shares for cash, in each case free of the restriction in section 561 of the Act, such authority to be limited:

- a) to the allotment of equity securities and/or sale of treasury shares for cash in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted by paragraph (b) of resolution 13, by way of a rights issue only):
  - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - ii. to holders of other equity securities (as defined in section 560(1) of the Act), as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions or make any other arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- b) to the allotment of equity securities pursuant to the authority granted by paragraph (a) of resolution 13 and/or sale of treasury shares for cash (in each case otherwise than in the circumstances set out in paragraph (a) of this resolution 14) up to a nominal amount of £99,558 (calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights),

such authority to apply until the earlier of the conclusion of the Company's next annual general meeting or close of business on 30 September 2021 (unless previously renewed, revoked or varied by the Company in general meeting) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired.

For the purpose of this resolution 14, "rights issue" has the same meaning as in resolution 13 above.

## **Authority to Purchase Own Shares**

15. That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own ordinary shares of 1 pence each in the capital of the Company on such terms and in such manner as the Directors may, from time to time, determine, provided that:

- a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 19,911,663 (representing less than 10 per cent. of the issued ordinary share capital);
- b) the minimum price (excluding expenses) which may be paid for an ordinary share is 1 pence;
- c) the maximum price (excluding expenses) which may be paid for an ordinary share shall not be more than the higher of:
  - i. 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
  - ii. the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out; and
- d) the authority hereby conferred shall expire at the end of the Company's next annual general meeting after this resolution is passed (or, if earlier, at the close of business on 30 September 2021), but a contract of purchase may be made before such expiry which will or may be executed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract as if the authority had not expired.

## **Authority to call general meetings on 14 days' notice**

16. That the Directors be authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice, provided that this authority expires at the conclusion of the next annual general meeting of the Company after this resolution is passed.

## **Articles of Association**

17. That, with effect from conclusion of the 2020 Annual General Meeting, the Articles of Association produced to the meeting, and initialled by the Chairman of the meeting for the purpose of identification, be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Registered Office:  
Icknield Street Drive  
Washford  
West Redditch  
Worcestershire  
B98 0DE

By Order of the Board

Tim O'Gorman  
Company Secretary  
3 August 2020

## Important notes for Shareholders

The following notes explain your general rights as a shareholder and your rights to attend and vote at the 2020 Annual General Meeting or to appoint someone else to vote on your behalf.

1. You may appoint one or more persons of your choice to act as your proxy. A proxy may attend the meeting and exercise all or any of your rights to speak and vote at the meeting for you. However, noting the current situation with regard to UK Government guidance and precautions relating to the coronavirus pandemic, we strongly encourage you to vote by appointing the Chairman of the meeting as your proxy in advance of the meeting in accordance with the procedures set out below. You may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company, however, if you appoint the Chairman of the meeting as your proxy, this will ensure your votes are cast in accordance with your wishes regardless of whether you or anyone else you appoint as your proxy actually attends the meeting. If you appoint anyone else as a proxy, then depending on the coronavirus situation in the UK at the time of the meeting, that person may not be able to attend the meeting and may not be able to vote on your behalf. You will not receive a hard copy Form of Proxy in the post. Instead you may nominate a proxy by completing your Form of Proxy online using the link [www.signalshares.com](http://www.signalshares.com) by 11:30 am on Friday 11 September 2020. You will need to log into your Signal Shares account, or register if you have not previously done so, to register you will need your investor code, this is detailed on your share certificate or available from the Company's Registrars, Link.
2. As an alternative to nominating your proxy online you can request a hard copy Form of Proxy from the Company's Registrars, Link, by telephone on 0371 664 0300 (if you are outside the United Kingdom, please call +44(0) 371 664 0300. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 9:00 am – 5:30 pm Monday to Friday excluding public holidays in England and Wales. To be valid, Forms of Proxy must be validly completed and received by the Company's Registrar at their address (Link Asset Services, PXS1 34 Beckenham Road, Beckenham, Kent BR3 4ZF) by no later than 11:30 am on Friday 11 September 2020. Voting by proxy prior to the 2020 Annual General Meeting, whether online, requesting and completing a hard copy Form of Proxy, or the transmission of a CREST Proxy Instruction (as defined below), will not preclude you from attending, speaking and voting at the meeting in person if you are able, and wish, to do so. If you do this and there is a poll vote, we will ignore your proxy votes.
3. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the 2020 Annual General Meeting, the results of the voting at the meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website [www.halfordscompany.com](http://www.halfordscompany.com).
4. If you are not a member of the Company, but have been nominated by a member of the Company (a "relevant member") to enjoy information rights in accordance with section 146 of the Companies Act 2006 (the "Act"), you do not have a right yourself to appoint any proxies. You may, however, have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If you do not have such a right, or have such a right and do not wish to exercise it, you may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.
5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member, provided they do not do so in relation to the same shares.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B of the Act, the Company specifies that only those shareholders registered on the Company's relevant register of members at close of business on Friday 11 September 2020 (or in the case of adjournment as at 48 hours before the time appointed for holding of the meeting) shall be entitled to attend or vote at the 2020 Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant register after close of business on Friday 11 September 2020 will be disregarded in determining the rights of any person to attend or vote at the meeting.
7. Copies of the service contracts and letters of appointment of the Directors, the current 2010 Articles and the New Articles will be available for inspection at the registered office of the Company and at the offices of Clifford Chance LLP at 10 Upper Bank Street, London, E14 5JJ (in each case, to the extent permitted under applicable UK government guidance at the relevant time) during normal business hours on each business day from the date of this document until the date of the 2020 Annual General Meeting and, together with the register of Directors' interests, will be available for inspection at the place of the 2020 Annual General Meeting from 15 minutes prior to its commencement until its conclusion. The 2010 Articles and the New Articles will also be made available on the Company's website [www.halfordscompany.com](http://www.halfordscompany.com). The Directors have the benefit of qualifying third-party indemnity provisions pursuant to the Company's Articles of Association, which are and will be available for inspection as described above.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the 2020 Annual General Meeting to be held on Tuesday 15 September 2020 at 11:30 am and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11:30 am on Friday 11 September 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on a website under section 527 of the Act.
13. Shareholders have the right to ask questions relating to the business of the 2020 Annual General Meeting. Shareholders will be able to submit questions to the Directors in advance of the 2020 Annual General Meeting via email to the Company Secretary, Tim O'Gorman at [tim.ogorman@halfords.co.uk](mailto:tim.ogorman@halfords.co.uk). Written answers to all questions received will be sent directly to shareholders by email and answers to frequently asked questions will be published on the Company's website ahead of the meetings. The Company has an obligation to answer such questions unless they fall within any of the statutory exceptions. No answer will therefore be required to be given if: (i) it is undesirable in the interests of the Company or the good order of the 2020 Annual General Meeting; (ii) to do so would unduly interfere with the preparation for the meeting or involve the disclosure of confidential information; or (iii) the answer has already been given on a website in the form of an answer to a question.
14. As at 7 July 2020, being the last practicable date before publication of this Notice, the Company's issued share capital consisted of 199,116,632 ordinary shares of 1 pence each, with each ordinary share carrying one vote. The Company holds no treasury shares that hold voting rights, therefore, the total voting rights in the Company as at 7 July 2020 was 199,116,632.
15. A copy of this Notice and other information required by section 311A of the Act can be found at [www.halfordscompany.com](http://www.halfordscompany.com).
16. You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any e-mail or attachments and recommends that recipients subject all messages to virus checking procedures prior to use.

## APPENDIX

### SUMMARY OF CHANGES REFLECTED IN THE PROPOSED NEW ARTICLES OF ASSOCIATION OF THE COMPANY

It is proposed that new articles of association of the Company ("New Articles") be adopted with effect from conclusion of the Annual General Meeting principally to reflect changes in company legislation and developments in market practice since the Company's articles of association were last amended in 2010 (the "2010 Articles"). A copy of the New Articles and a copy of the 2010 Articles will be available for inspection by shareholders, as set out in note 7 on page 9 of this Notice.

The principal changes to the 2010 Articles included in the proposed New Articles are summarised below. Other changes which are of a minor, technical or clarificatory nature have not been summarised. The numbering of provisions in the New Articles does not always correspond to the 2010 Articles. References to articles in the summary below are references to the proposed New Articles unless otherwise stated.

1. **Directors' Written Resolutions (Articles 24 and 25)**

These provisions seek to expand on and clarify the procedure for proposing and adopting Directors' written resolutions, reflecting the statutory requirements of the Companies' Act 2006 ("Companies Act"). In particular, the procedure for Directors to vote on written resolutions has been extended to enable Directors to indicate their agreement to such resolution (for example by way of email) without the requirement for a physical signature.

2. **Directors' discretion to make further rules (Article 26)**

In order to provide additional flexibility to adapt to new technology going forward, the New Articles explicitly provide the Directors with the power to make any rule they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors, subject always to the terms of the New Articles.

3. **Termination of Director's appointment and Alternate Directorship (Articles 30 and 39)**

In accordance with Provision B.7.1 of the UK Corporate Governance Code, the New Articles expressly provide that any new Director appointed to replace a Director who has been removed, will automatically be due to retire at the same time as the Director whom he/she has been replaced. This is consistent with article 67 of the 2010 Articles and article 29 of the New Articles, which require all Directors to be subject to annual re-election at each year's annual general meeting.

4. **Termination of Alternate Directorship (Article 39)**

In order to provide further clarity, the New Articles expressly set out the circumstances in which an alternate Director's appointment may be terminated, including by notice from their appointor and on the termination of his or her appointor's appointment.

5. **Notice of General Meetings (Article 41)**

The New Articles provide that, in accordance with section 146 of the Companies Act, which enables registered members to nominate that beneficial owners enjoy information rights, such beneficial owners must also receive notice of a general meeting.

6. **Hybrid Meetings (Article 44)**

The New Articles include a new article which allows the Company to hold 'hybrid' general meetings (including annual general meetings) in such a way that enables members to attend and participate in the business of the meeting by either attending a physical location or by attending by electronic means. This provides the Company with greater flexibility to align with technological advances, changes in investor sentiment and evolving best practice. In line with the views expressed by the Investment Association and Shareholder Services, the changes will not permit the Company to hold general meetings solely by electronic means, so a physical meeting will still be required. Moving forwards, the Company will have regard to the views and stance of shareholders and institutional and governance bodies at the time, when making a decision as to whether to hold a 'hybrid' meeting at the relevant time. Nothing in the New Articles prevents the Company from holding solely physical general meetings. Certain consequential changes to facilitate the provision for hybrid meetings have also been made throughout the New Articles.

7. **Quorum for General Meetings (Article 47)**

In accordance with section 318 the Companies Act, the New Articles provide that where only one qualifying person is present at a meeting, that person will constitute a quorum if he or she is present at the meeting as the duly authorised representative of two or more corporations, or as the proxy of two or more persons, each of which is a member entitled to vote on the business to be transacted at the meeting. This is intended to ensure maximum flexibility in terms of ensuring that a quorum can be achieved at a shareholder meeting.

8. **Appointment of Proxies (Articles 60 and 62)**

The New Articles have been updated to reflect the process for appointment of proxies under the Companies Act, in order to provide greater clarity. New provisions have also been included providing that a notice of a general meeting must specify the address at which the Company or its agents will receive proxy notices, as well as providing that persons entitled to attend, speak or vote at a general meeting can still do so even though a valid proxy notice has been received by the Company. This largely reflects in the New Articles what has become established best practice.

9. **Means of communication and service of notices (Article 111)**

In line with current market practice, the New Articles clarify the rules relating to service of documents by the Company, in particular where postal services in the UK are unavailable. Article 131.1 of the 2010 Articles has been deleted to reflect that the New Articles no longer require a member or entitled person to have a postal address within the United Kingdom in order to receive notices and other documents.

10. **Accounts (Article 119)**

The Companies Act and the Companies (Receipt of Accounts and Reports) Regulations 2013 allow the Company to send a copy of its strategic report with supplementary material instead of its full accounts to a member who has elected or tacitly agreed to receive these documents, provided that the Company is not prohibited from doing so in its articles. This Article has been amended to reflect the requirement for the strategic report in the Company's accounts and to make it clear there is no such prohibition in the New Articles.

