

29 November 2023

**Halfords Group plc**  
**Interim Results: Financial Year 2024**

**Strong H1 performance driven by substantial revenue and profit growth through increased market share, optimisation of our Autocentres business, and delivery of targeted cost savings.**

Halfords Group plc ("Halfords" or the "Group"), the UK's leading provider of Motoring and Cycling services and products, today announces its interim results for the 26 weeks to 29 September 2023 ("the period").

**Group Financial Summary**

£m	FY24 H1	FY23* H1	FY24 vs FY23	% Change
<b>Revenue</b>	<b>873.5</b>	<b>767.1</b>	<b>106.4</b>	<b>13.9%</b>
<i>Retail</i>	516.6	500.5	16.1	3.2%
<i>Autocentres</i>	356.9	266.6	90.3	33.9%
<b>Gross Margin</b>	<b>47.8%</b>	<b>49.9%</b>	<b>(210bps)</b>	
<i>Retail</i>	45.8%	49.1%	<i>(330bps)</i>	
<i>Autocentres</i>	50.6%	51.2%	<i>(60bps)</i>	
<b>Underlying EBITDA</b>	<b>90.9</b>	<b>81.4</b>	<b>9.5</b>	<b>11.7%</b>
<b>Underlying Profit Before Tax ("PBT")</b>	<b>21.3</b>	<b>18.4</b>	<b>2.9</b>	<b>15.8%</b>
<b>Profit Before Tax</b>	<b>19.3</b>	<b>18.7</b>	<b>0.6</b>	<b>3.3%</b>
<b>Underlying Basic Earnings per Share</b>	7.6p	6.7p	0.9p	13.4%

\*H1 FY23 PBT restated to reflect adjustments relating to FX accounting and Cost of Goods Sold. As a result PBT for H1 FY23 has reduced by £10.6m from £29.3m to £18.7m, this has also affected EPS as disclosed in note 20. For further detail see page 11 of Chief Financial Officer's report.

See page 20 for glossary of alternative performance measures.

**Overview**

- Strong revenue growth, up 13.9%, with like-for-like ('LFL') sales growth of 8.3% achieved despite challenging macro environment.
- Market share gains in all categories, ahead or in line with expectations.
- Varying performance across underlying markets:
  - Needs-based categories, such as retail motoring and motoring services, in strong growth and in line with expectations.
  - Discretionary markets such as Cycling, challenging and below expectations due to well documented consumer environment.
- Continued strong growth of over 37% in B2B, now representing nearly a third of Group revenue.
- Autocentres delivering strong sales growth and profitability (with total sales up 33.9%, LFL up 18.0% and EBIT of £10.9m, up +£14.1m) as acquired businesses are optimised and garage utilisation improves.
- Gross margin % declined 210bps\*, the majority of which is the impact of weaker Sterling hedges versus the US Dollar in Retail.

- Significant cost-saving programme on track to deliver £30m in the current year; savings being delivered earlier than expected.
- Avayler (SaaS business): Landmark investment and 15-year commercial contract entered into with Bridgestone. \*\*
- Underlying Profit before tax (PBT) of £21.3m, up 15.8%\*.

\*H1 FY23 PBT restated to reflect adjustments relating to FX accounting and Cost of Goods Sold. For further detail see page 11 of Chief Financial Officer's report.

\*\*Commercial agreement with Bridgestone closed post the period end, on 1 November 2023.

## **Current trading and Outlook**

Our B2B businesses and needs-based categories are continuing to show very strong growth. However, trading patterns have been volatile across the first half of the year, and in the last couple of months we have seen some market softening in our discretionary big-ticket categories, which has been reflected in slower LFL sales growth.

We continue to expect FY24 profit delivery to be second half weighted as inflationary headwinds annualise, coupled with the delivery of the balance of FY24 targeted cost and efficiency savings of £30m. It does, however, remain challenging to predict whether the recent trends in discretionary categories will continue. Assuming trading conditions on average reflect what we have seen in the year to date, we believe FY24 Underlying PBT will now fall within a narrower range of £48m to £53m.

We continue to believe that our strategic investments provide a strong platform for growth, validated by our market share gains in this period. Looking beyond FY24, assuming markets recover in line with projections, we remain confident in our mid-term target of £90m-£110m Underlying PBT, as outlined at the Capital Markets Day in April 2023.

### **Graham Stapleton, Chief Executive Officer:**

*"Despite the challenging and volatile trading environment and slower than expected recovery in some of our markets, we have made a good start to the year, with substantial sales and profit growth, and increased market share across the business. At the same time, we supported our customers through the ongoing cost of living crisis by delivering great value – when they need it most.*

*In the face of continuing economic uncertainty, we remain fully focused on optimising every element of the business, and I'm particularly pleased with the very strong performance of Autocentres, where we are delivering significantly improved returns. In light of this, we are accelerating capital investment in the garage services operating model and customer experience in ten towns in the balance of this financial year.*

*It goes without saying that we simply could not deliver this performance without the hard work and dedication of our fantastic colleagues across the business. I am immensely grateful for their continued support through these very challenging times."*

## Enquiries

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## Results presentation

A live webcast followed by a live Q&A call for analysts and investors will be held today, starting at 09:00am UK time. Attendance is by invitation only. A copy of the transcript of the call will be available at [www.halfordscompany.com](http://www.halfordscompany.com) in due course. For further information please contact Powerscourt using the details above.

## Next trading statement

On 25 January 2024 we will report our Q3 Trading Update for the period ending 29 December 2023.

## Summary detail

### Group revenue summary (fig.1)

	Year on Year Growth	
	Total	LFL
<b>Halfords Group</b>	<b>13.9%</b>	<b>8.3%</b>
<b>Autocentres</b>	<b>33.9%</b>	<b>18.0%</b>
<b>Retail</b>	<b>3.2%</b>	<b>4.1%</b>
Motoring	7.9%	8.2%
Cycling	(3.1%)	(2.8%)

### Market Volume and Share (fig.2)

Market Volume and Share	Retail Motoring	Cycling	Consumer Tyres	Motoring Servicing
<b>Market Volume</b>				
Growth forecast in FY24 <sup>1</sup>	+0.5%	-1.0%	+2.6%	Broadly flat
Market Volume Movement Sept. H1 FY24 vs FY23 <sup>1</sup>	<b>+0.9%</b>	<b>-5.8%</b>	<b>-0.2%</b>	<b>+3.5%</b>
<b>Market Share (volume)</b>				
Share expectation in FY24 <sup>3</sup>	+0.6ppts	+0.7ppts	+0.2ppts	+0.2ppts
Sept. share movement H1 FY24 vs FY23 <sup>2</sup>	<b>+3.8ppts</b>	<b>+1.8%</b>	<b>+0.4ppts</b>	<b>+0.2ppts</b>

<sup>1</sup>Sources: Market Volume data: Retail Motoring, GFK; Cycling, Bicycling Association; Consumer Tyres, GFK; Motor Servicing – MOT data from DVSA: for 6 months to end September 2023. Growth forecast provided by these third-party data providers.

<sup>2</sup>Sources: Market share data: Retail Motoring, GFK; Cycling, Bicycling Association; Consumer Tyres, GFK; Motor Servicing – MOT data from DVLA: for 6 months to end September 2023.

<sup>3</sup>Halfords internal market share targets.

## Notes to Editors

[www.halfords.com](http://www.halfords.com)

[www.tredz.co.uk](http://www.tredz.co.uk)

[www.halfordscompany.com](http://www.halfordscompany.com)

Halfords is the UK's leading provider of motoring and cycling services and products. Customers shop at 386 Halfords stores, 3 Performance Cycling stores (trading as Tredz and Giant), 645 garages (trading as Halfords Autocentres, McConechy's, Universal, National Tyres and Lodge Tyre) and have access to 266 mobile service vans (trading as Halfords Mobile Expert, Tyres on the Drive and National) and 554 Commercial vans. Customers can also shop at halfords.com and tredz.co.uk for pick up at their local store or direct home delivery, as well as booking garage services online also at halfords.com.

### Cautionary statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Halfords Group plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Halfords Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

## Chief Executive's Statement

The first half of FY24 has been a period of further strategic progress and resilient financial performance, despite the ongoing volatile economic backdrop. We continue to focus on what we can control: growing our market share across all product categories in the period; optimising our strategic investments in our more resilient, needs-based, Service and B2B businesses; and delivering cost and efficiency savings of £16.6m in the period. Our market share performance demonstrates our ability to attract new customers to Halfords, but we also continue to work hard to keep existing customers within the Group, by deepening relationships through greater value and understanding of their needs through our loyalty club. Despite significant headwinds from inflation, unseasonal weather conditions and slower than expected market growth, we have delivered £21.3m Underlying profit before tax (PBT).

I am particularly proud of the progress we have made in the following areas in the first half of the year:

1. Our strong sales performance despite the slower than expected market growth in both the Cycling and Tyre markets: we have grown market share across all categories and are ahead of our year-one strategic targets in Motoring Retail, Cycling and Tyres, helping to drive Group total sales growth of 13.9% and LFL revenue growth of +8.3%. New market leading initiatives such as our 60-minute 'Click & Collect' service for car parts and innovative 'Buy now, pay later' financing options support this strong performance, while our Motoring Loyalty Club goes from strength to strength, now with almost 3m members.
2. The strategic investment we have made in recent years is returning, with our Autocentres business delivering an uplift in Underlying EBIT of £14.1m in the first half to £10.9m, surpassing EBIT for the whole of FY23. Our focus on improving utilisation in our garages, together with new initiatives such as dynamic pricing on MOT and Tyre services, is delivering both incremental revenue and higher returns.
3. Our strategically important Services business continues to grow and now accounts for almost 50% of revenue, whilst B2B accounts for 30%. Our enlarged Commercial Fleet Services business has delivered significant growth in the period following the acquisition of Lodge Tyre last year, winning new contracts and delivering revenue and cost synergies ahead of expectations.
4. Operationally we have delivered cost and efficiency savings of £16.6m in the first half, faster than we had previously anticipated – and we are comfortably on track to deliver the target of £30m for the full year. We have also made good progress in both the retention and recruitment of colleagues within our Autocentres business. Colleague turnover has improved every single month this year and is currently at the lowest level for 19 months.

I am also delighted that Avayler, our SaaS business which helps customers drive operational efficiency within their garages services, has secured a significant 15-year commercial agreement with Bridgestone, a leading global mobility company. The length and scale of this contract is a significant endorsement for the Avayler platform, with Bridgestone also making a strategic investment, taking a 5% equity stake, as announced on 1 November, demonstrating their confidence in the future growth prospects of Avayler. This contract adds significant scale to our existing business and underpins our growth projections as outlined at the Capital Markets Day, earlier this year.

Our strategic transformation over the past few years has created a more resilient, needs-based, consumer and B2B services-focused business, with a greater emphasis on motoring, helping to deliver our robust financial performance despite the headwinds described above. The importance of this strategy is all the more clear given the continuing volatile macro-economic conditions in both the UK and global economies coupled with continuing low levels of consumer confidence.

## Group revenue

Our H1 revenue performance demonstrates our growing resilience, delivering strong LFL and total revenue growth across the Group. Group LFL revenues were up 8.3% year-on-year, despite challenging markets, weak consumer confidence and unfavourable weather conditions during the summer. We saw particularly strong performances in our more resilient, needs-based categories and Service and B2B businesses whilst consumers were less willing to spend on more discretionary, higher ticket products. Pleasingly, we have grown market share across all categories and are ahead of our year-one targets, with the strongest performance in Motoring products where we have grown market share by 3.8ppts year-on-year, well ahead of our target.

### Autocentres

Our Autocentres business performed very strongly over the period, despite a weaker than anticipated Tyre market, with strong like-for-like revenue growth of 18.0%. This has driven strong growth in demand for both services (+12.3%) and tyres (+29.0%) versus a market decline of 0.2ppts in the Tyre market.

In our consumer garages business, revenue growth has been driven by a number of factors including: Our Motoring Loyalty Club, with around 40% of our MOT work now coming from club members; attractive promotional offers on leading tyre brands; and the launch of our innovative 'Buy now pay later' finance option which provides greater choice to the customer, enabling them to spread the cost of maintaining their cars during the cost-of-living crisis. We also continue to focus on improving utilisation rates in our garages, delivering strong growth, up over 7% year-on-year in the last few months, where we are optimising capacity across our garage network.

On the commercial side, we have seen particularly strong growth in our enlarged and market-leading Commercial Fleet Services business which grew sales by over 150%, in part benefiting from the acquisition of Lodge Tyre in October 2022. With near national coverage, we are attracting new customers with nationwide requirements who are able to access a network of 554 commercial vans and 100 commercial garages.

### Retail Motoring

Retail saw a resilient performance in Motoring, with LFL sales up 8.2% year-on-year, against market growth of 0.9%. We saw strong growth across needs-based categories including maintenance, parts, bulbs, blades and batteries (3Bs), offset by lower demand for discretionary categories.

We increased market share in our measured\* categories with overall share up 3.8ppts year-on-year, well ahead of our year-one target of +0.6ppts. This performance was underpinned by strategic price investment that has seen strong volume growth, partially offsetting lower sales of more discretionary, higher ticket items such as technology and touring.

\*As measured by GFK volume share

### Retail Cycling

Our Cycling business has also performed ahead of the market with LFL sales down 2.8% versus a 5.8% decline in the market (well below market assumption of -1.0%). Our volume market share grew +1.8ppts, ahead of our year-one target of +0.7ppts.

Given the more discretionary nature of this category coupled with the unfavourable weather conditions over the summer, Cycling continues to underperform our other product categories. However, our B2B Cycle2Work ('C2W') business has proven to be very resilient, with sales up 15.0% year-on-year. This strong performance is due in part to the development of our new B2B platform that targets the SME market, increasing our B2B customer participation and improving the overall performance of C2W. We have also

seen further growth in our customer base and grown market share, and we remain the UK's largest Cycle to Work Provider.

Encouragingly, Tredz, our predominantly online, high-performance cycling business, has delivered double digit LFL sales growth, growing market share at a time of significant consolidation within the Cycling market. During the period we have launched a new website enhancing the customer experience and improving our online conversion rate. It is also pleasing to see our strong customer support and delivery experience recognised with a Trustpilot score of 4.6, ahead of our main competitors, whilst brand awareness has increased by 30% in H1.

## **Strategic review**

### **Growing our Service and B2B businesses:**

#### **Avayler growth and investment stake**

Our SaaS business "Avayler", has secured a landmark commercial agreement with Bridgestone, to roll out Avayler software products across their US operations - potentially over 2,000 garages. The 15-year commercial agreement adds significant scale to our existing SaaS business in the US, growing the recurring revenue stream and underpinning our business growth projections set out at our Capital Markets Day in April 2023. Across their combined operations, our three Avayler partners in the US operate from around 100,000 locations, whilst Mobivia operates from around 2,000 garages across Europe.

In addition to this contract win, Avayler has also received a significant endorsement for its software platform, with Bridgestone taking a 5% equity stake for a \$3m (£2.5m) investment, as announced on 1 November. This investment is prior to any annual recurring revenue from Bridgestone and demonstrates the significant growth potential for the platform.

With our fourth major contract secured, momentum is building and we have a strong pipeline of further customer acquisition targets in place.

#### **Leveraging growth in our Commercial Fleet Services ('CFS') business**

In October 2022, we made a further strategic investment with the acquisition of Lodge Tyre, both supporting our strategic priority to grow Motoring and B2B services and complementing our existing commercial fleet services business, establishing Halfords as the UK's commercial tyre services market leader.

Our enlarged CFS business is generating positive interest from fleet customers, with national coverage a major factor behind the recent award of a 5-year contract with Yodel, who operate one of the largest commercial vehicles fleets in the UK, with over 1,700 vehicles.

Together with our tyre manufacturer partners, we have a strong pipeline of target fleet tyre service customers and are already working with the likes of DHL, DPD, Evri and Kuehne & Nagel. We also provide services for many local councils, with recent contract wins including Dudley, Coventry, Liverpool and Cheshire West councils, together with West Midlands Fire Service, Shropshire Fire and Rescue and the Ministry of Defence.

We are continuing to leverage the integration of our combined CFS business (Lodge, Universal and McConechy's), with revenue and cost synergies running ahead of expectations.

## **Growing market share:**

### **Motoring Loyalty Club**

Our Halfords Motoring Loyalty Club, the first of its kind in the UK, has now been running for over 18 months and we are delighted with the performance to date. We comfortably exceeded our targets for the first year of operation, and we have continued to see further strong growth in the first half. Encouragingly, having entered its second year, our Motoring Loyalty club is seeing renewal rates on membership ahead of expectations.

We now have 2.9 million members (up 1.2 million year-to-date), with over 200,000 of those being subscription members, representing our highest mix of 'premium' members since launch. 40% of new members this year are completely new to Halfords, demonstrating our ability to attract new customers. Significantly, 81% of members have not previously used Halfords for their MOTs while 72% have not visited one of our garages for other servicing requirements, which should support further growth in these areas in the second half of this year and beyond.

As a result of the club, a growing proportion of our MOT work is from club members, accounting for c.40% of Autocentre MOTs in H1, with members cross shopping more than 5x the rate of non-members.

This month we have also launched new capability within our retail stores, enabling customers to sign up for the 'Premium' subscription membership in-store at the till, where previously they could only do so online. Already we are seeing a significant pick up in the 'premium' mix, with store colleagues able to support customers through the sign-up process.

We remain very excited about the opportunities that this customer proposition brings us and see it as a key platform for future growth, with further investment planned in the second half of the year.

### **Growing our market leading extended car parts proposition**

Earlier in the year we entered the £1billion wider specialist car parts market, with the aim of providing customers with access to thousands of car parts, with next day delivery to home or store. We have further enhanced the customer proposition with the launch of our 60-minute 'Click & Collect' service in July providing both greater convenience and service for our customers, with the service already available in over 70% of stores.

Alongside our innovative Motoring Loyalty Club, our extended ranges are attracting new customers to Halfords, with 24% of car parts customers new to our Retail business whilst Motoring Loyalty Club members are accounting for 30% of revenue for car parts.

## **Operating review**

H1 FY24 has proved to be yet another challenging operating environment. With interest rates at a 15-year high and an ongoing cost-of-living crisis, consumer confidence remains low, and this is translating into slower than expected recovery in some of our markets, particularly in the more discretionary high-ticket product categories. As a business, we continue to concentrate our efforts on what we can control, with a laser focus on costs whilst actively managing inflationary headwinds. At the same time, we have also invested in price to drive market share and implement dynamic pricing in our services business.

Group gross margin % declined 210 bps\* in H1 FY24, driven primarily by the impact of weaker Sterling hedges versus the US Dollar, product cost inflation in the Retail business and the dilutive impact of lower margin tyres becoming a greater proportion of revenue following the acquisition of Lodge Tyre in October



2022. These impacts were partly mitigated in absolute terms by our goods-for-resale better buying programme and targeted price increases.

\*H1 FY23 PBT restated to reflect adjustments relating to FX accounting and an understatement of Cost of Goods Sold. For further detail see page 11 of Chief Financial Officer's report.

Group operating costs have been well managed in the period, rising by only 8.6% versus the 13.9% increase in Group revenue. This performance largely reflects the successful delivery of our cost and efficiency programme which is comfortably on track to deliver £30m of savings in FY24, with £16.6m delivered in H1. Highlights include: procurement savings through retendering of contracts, renegotiating improved rates on freight and energy, the benefit of better buying driving product cost reductions, and property related savings through rental reductions on lease renewals and store closures. These savings are helping to mitigate the expected £30m of inflationary headwinds for FY24, with £20.1m impacting H1. Looking ahead, we are reviewing further structural opportunities to improve our Autocentres supply chain, which could deliver additional efficiencies.

We are also focused on improving utilisation within our garage businesses, making good progress in the first half. Notably, we have seen the utilisation rate improve in every single month year-to-date. The implementation of dynamic pricing is also driving improvements, with online customers looking for value incentivised to book services at garages where we have greater availability.

We are making good progress in terms of labour retention and recruitment in our Autocentres business. We continue to recruit new technicians and have recently launched new initiatives to support colleagues through their induction period, which should result in further improvements in retention over the second half of the year. On the recruitment side, we have increased the recruiting resource, enabling us to both speed up the recruitment process and increase the number of job offers each week, and we are also working with new agencies to ensure a strong pipeline of candidates. Looking forward we are also planning to substantially expand our Apprenticeship programme.

## **Capital structure and dividend**

Our capital allocation priorities remain unchanged:

1. Maintaining a prudent balance sheet
2. Investment for growth
3. M&A, focused on Autocentres
4. Dividend covered by 1.5x-2.5x Underlying profit after tax
5. Surplus cash returned to shareholders

As noted below, we ended the period with net debt of £47.0m (H1 FY23: Net Cash £32.3m) (pre IFRS 16 lease debt); with a Net Debt: EBITDA ratio (post IFRS 16) of 2.0x (H1 FY23: 1.9x) which is within our target range of 1.8x pre-M&A or 2.3x post.

As set out at our Capital Markets Day in April 2023, average capital expenditure is expected to be in the range of £50-60m p.a. in the mid-term, assuming no material acquisitions. This represents approximately 3% of revenues. We expect FY24 capex to be at the lower end of this range.

We understand the importance of the ordinary dividend to many of our investors. We have declared an FY24 interim dividend of 3p (2023: Interim dividend 3p) per share to be paid on 19 January 2024 with the corresponding ex-dividend date of 14 December 2023 and the record date of 15 December 2023.

## **Summary**

We've had a good first half of the year, delivering both strong revenue and profit performance despite poor summer weather coupled with both the Cycling and Tyre markets underperforming. We've seen particularly strong performances in our more resilient, needs-based categories and Service and B2B businesses whilst consumers were less willing to spend on more discretionary, higher ticket products.

We've continued to focus on what we can control: growing market share; delivering cost and efficiency savings; and optimising our strategic investments, with a significant uplift in both revenue and profit in our Autocentres business.

Avayler has won a significant contract with Bridgestone, which not only adds material scale to the Avayler platform but also represents a major endorsement for this business.

Whilst the market backdrop remains volatile and challenging to predict, we are well positioned to take advantage when markets recover, and I believe we have many exciting opportunities ahead.

## **Graham Stapleton**

Chief Executive Officer, Halfords Group plc

28 November 2023

## Chief Financial Officer's Report

### Halfords Group plc ("the Group" or "Group")

#### Reportable Segments

Halfords Group operates through two reportable business segments:

- Retail, operating in both the UK and Republic of Ireland; and
- Autocentres, operating primarily in the UK.

All references to Retail represent the consolidation of the Halfords ("Halfords Retail") and Performance Cycling Limited (together, "Tredz and Wheelies") trading entities. All references to Autocentres represent the consolidation of the Halfords Autocentres, McConechy's, The Universal Tyre Company (Deptford) Limited ("Universal"), Axle Group Holdings Ltd ("National Tyre"), Avayler Holdings Limited and LTC Trading Holdings ("Lodge Tyre") trading entities. All references to Group represent the consolidation of the Retail and Autocentres segments.

The "H1 FY24" reporting period represents trading for the 26 weeks to 29 September 2023 ("the period"). The comparative period "H1 FY23" represents trading for the 26 weeks to 30 September 2022 ("the prior period").

All numbers shown are on a post IFRS16 basis, unless otherwise stated.

#### Group Financial Results

	H1 FY24	H1 FY23*	Change
	£m	£m	24 vs 23
Group Revenue	873.5	767.1	13.9%
Group Gross Profit	417.3	382.5	9.1%
Gross Margin	47.8%	49.9%	(210bps)
Group EBIT	27.6	23.8	16.0%
Underlying EBITDA	90.9	81.4	11.7%
Finance Costs	(6.3)	(5.4)	16.7%
<b>Underlying Profit Before Tax</b>	<b>21.3</b>	<b>18.4</b>	<b>15.8%</b>
Net non-underlying items	(2.0)	0.3	N/A
<b>Profit Before Tax</b>	<b>19.3</b>	<b>18.7</b>	<b>3.2%</b>
Basic Earnings per Share, before non-underlying items	7.6p	6.7p	13.4%

\*H1 FY23 results restated. See below

See page 20 for glossary of alternative performance measures.

#### Prior Period Adjustments to PBT in H1 FY23

The results for the 26 weeks to 30 September 2022 have been restated to reflect adjustments which decrease the stated profit before tax by £10.6m and result in certain reclassifications within the statement of financial position and statement of cash flows. The adjustments have no cash impact.

A £5.4m charge has been reflected relating to the correction of the accounting treatment of cash flow hedges under IFRS 9 and the valuation of inventory under IAS 21 at the HY23 Balance sheet date. As this adjustment fully reverses in the second half of FY23, there is no impact on FY23 reported results.

A further £5.2m increase to cost of sales and the correction to balances on the balance sheet has arisen from a) the correction of accounting for a new tyre wholesale and distribution arrangement and (b) the correction of errors identified in the goods received not invoiced ("GRNI") reconciliation process at 30 September 2022. This adjustment has no cash effect but impacts Inventories, Trade and other receivables, and Trade and other payables within the Statement of Financial Position. There was a smaller charge in relation to this of £2.1m in the second half of FY23, and therefore the impact on FY23 results was a reduction to profit before tax of £7.3m.

We are confident these adjustments fully correct the results for the 26 weeks to 30 September 2022 and that the appropriate process and controls remediations have been put in place such that we do not expect any further adjustments going forward. We also note that these movements have no impact on our FY24 guidance or the mid-term targeted growth projections, as set out at our Capital Markets Day in April 2023.

The impact of the above adjustments on the FY23 interim results are shown in the table below:

	<b>H1 FY23</b>			<b>H1 FY23</b>
	<b>As</b>			
	<b>originally</b>	<b>Supplier</b>	<b>Foreign</b>	<b>Restated</b>
	<b>reported</b>	<b>arrangements</b>	<b>exchange</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Revenue	765.7	1.4	-	767.1
<i>Retail</i>	500.5	-	-	500.5
<i>Autocentres</i>	265.2	1.4	-	266.6
Gross Profit	393.1	(5.2)	(5.4)	382.5
<i>Retail</i>	251.3	-	(5.4)	245.9
<i>Autocentres</i>	141.8	(5.2)	-	136.6
Gross Margin	51.3%			49.9%
<i>Retail</i>	50.2%			49.1%
<i>Autocentres</i>	53.5%			51.2%
<b>EBIT before non-underlying items</b>	<b>34.4</b>	<b>(5.2)</b>	<b>(5.4)</b>	<b>23.8</b>
<b>Underlying Profit Before Tax</b>	<b>29.0</b>	<b>(5.2)</b>	<b>(5.4)</b>	<b>18.4</b>
<b>Profit after tax</b>	<b>23.1</b>	<b>(4.2)</b>	<b>(4.2)</b>	<b>14.7</b>
Cash flow hedges:				
Fair value changes in the period	9.0	-	1.1	10.1
Income tax on Other comprehensive income	(0.9)	-	(0.2)	(1.1)
<b>Other comprehensive income</b>	<b>8.1</b>	<b>-</b>	<b>0.9</b>	<b>9.0</b>
<b>Total comprehensive income</b>	<b>31.2</b>	<b>(4.2)</b>	<b>(3.3)</b>	<b>23.7</b>

## Group Financial Results

Group revenue in H1 FY24, at £873.5m, is up +13.9% year-on-year, and up 8.3% on a LFL basis. This comprised Retail revenue of £516.6m and Autocentres revenue of £356.9m. Group gross profit at £417.3m (H1 FY23: £382.5m) represented 47.8% of Group revenue (H1 FY23: 49.9%). The growth in gross profit of £34.8m, +9.1%, was driven by Autocentres performance. This is a result of strong growth in the LFL business and the acquisition of Lodge, which completed in October 2022.

Gross margin % has decreased, -210bps vs FY23, with Retail -330bps and Autocentres -60bps. The decline in Retail gross margin primarily reflects foreign exchange headwinds in relation to the weakening of Sterling hedges versus the US dollar, plus investment in price within our Retail Motoring business. Autocentres has seen gross margin decline in H1 as a result of the acquisition of Lodge Tyre in October 2022 which has increased the mix of revenue towards lower margin tyres.

Total operating costs before non-underlying items were 8.6% higher than H1 FY23 at £389.7m of which Retail comprised £217.3m (H1 FY23: £216.5m), Autocentres £169.5m (H1 FY23: £139.8m) and unallocated costs £2.9m (H1 FY23: £2.4m). Underlying costs of the business were well controlled given the inflationary environment with operating costs as a percentage of sales falling by -220bps year-on-year. This included the annualisation of Lodge Tyre which was acquired in October 2022 adding approximately £14m of costs through H1.

Unallocated costs of £2.9m (H1 FY23: £2.4m) represent amortisation charges in respect of intangible assets acquired through business combinations, which arise on consolidation of the Group. The increase in the current period from H1 FY23 is due to the impact of the acquisition of Lodge Tyre in October 2022.

The overall EBIT performance of the Group increased by £3.8m vs H1 FY23, driven by the strong performance in Autocentres. Group Underlying EBITDA increased 11.7% from H1 FY23 to £90.9m (H1 FY23: £81.4), whilst finance costs were £6.3m (H1 FY23: £5.4m).

Underlying Profit Before Tax for the period was up 15.8% in H1 FY23 at £21.3m (H1 FY23: £18.4m). The non-underlying charge of £2.0m in the period (H1 FY23: credit £0.3m) relates principally to adjustments to store and autocentre closure cost provisions and organisational restructure costs, offset by the release of provisions for closure costs in prior years. After non-underlying items, Group Profit Before Tax was £19.3m (H1 FY23: £18.7m).

## Retail

	H1 FY24	H1 FY23*	Change
	£m	£m	24 vs 23
Revenue	516.6	500.5	3.2%
Gross Profit	236.8	245.9	(3.7%)
Gross Margin	45.8%	49.1%	(330bps)
Operating Costs	(217.3)	(216.5)	0.4%
<b>EBIT before non-underlying items</b>	<b>19.6</b>	<b>29.4</b>	<b>(33.3%)</b>
Non-underlying items	(1.1)	1.7	N/A
<b>EBIT</b>	<b>18.5</b>	<b>31.1</b>	<b>(40.5%)</b>
<b>Underlying EBITDA</b>	<b>59.8</b>	<b>69.3</b>	<b>(13.7%)</b>

\*H1 FY23 results restated. See note 20 in the Condensed Consolidated Interim Financial Statements

Revenue for the Retail business of £516.6m reflected, on a constant-currency basis, a one-year like-for-like (LFL) sales increase of 4.1%.

Please refer to the Retail Operational Review in the Chief Executive's Statement for further commentary on the trading performance in the period. Like-for-like revenues and total sales revenue mix for the Retail business are split by category below:

	<b>H1 FY24 vs FY23 LFL (%)</b>	<b>H1 FY24 Total sales mix (%)</b>	<b>H1 FY23 Total sales mix (%)</b>
Motoring	8.2	62.8	60.2
Cycling	(2.8)	37.2	39.8
<b>Retail</b>	<b>4.1</b>		

Gross profit for the Retail business at £236.8m (H1 FY23: £245.9m) represented 45.8% of sales. The 330 bps year-on-year decrease in gross margin % is largely driven by inflationary cost pressures, particularly the impact of hedged foreign exchange rates, which is detailed below. Continued investment in price and promotion to provide value for customers also suppressed margin in the period, partially offset by the benefits of our better buying program.

The table below shows the average exchange rate reflected in cost of sales. The Group hedges its US dollar cashflows 12 -18 months in advance and therefore the average exchange rate reflected in cost of sales in the period reflects the prevailing hedged rates at this time.

	<b>H1 FY24</b>	<b>H1 FY23</b>
Average GBP: USD rate reflected in cost of sales	1.26	1.33

A £0.1m charge (H1 FY23: £4.5m credit) has been recognised in the period relating to derivative financial instruments that do not qualify for hedge accounting under the rules of IFRS 9 in the context of the Group's policy to hedge its inventory purchases. The charge has been recognised at fair value through the income statement. A £1.2m credit (H1 FY23\*: £10.1m) has also been recognised through Other Comprehensive Income relating to the increase in fair value of derivative financial instruments for which hedge accounting has been applied.

Retail operating costs before non-underlying items were broadly flat, increasing by just 0.3% against H1 FY23 to £217.3m (H1 FY23: £216.5m). This reflects tight cost control across all areas and the delivery of cost and efficiency savings, most notably in marketing, and has driven a reduction in the cost to sales ratio of 120 bps.

\*H1 FY23 results restated. See note 20 in the Condensed Consolidated Interim Financial Statements

## Autocentres

	H1 FY24	H1 FY23*	Change
	£m	£m	24 vs 23
Revenue	356.9	266.6	33.9%
Gross Profit	180.5	136.6	32.1%
Gross Margin	50.6%	51.2%	(60bps)
Operating Costs	(169.5)	(139.8)	21.2%
<b>EBIT before non-underlying items</b>	<b>10.9</b>	<b>(3.2)</b>	N/A
Non-underlying items	(0.9)	(1.4)	N/A
<b>EBIT</b>	<b>10.0</b>	<b>(4.6)</b>	N/A
<b>Underlying EBITDA</b>	<b>31.1</b>	<b>12.5</b>	149.2%

\*H1 FY23 results restated. See note 20 in the Condensed Consolidated Interim Financial Statements

Autocentres generated total revenues of £356.9m (H1 FY23: £266.6m), an increase of 33.9%, with a LFL increase of 18.0%.

The increase in total revenue from FY23 was driven by the acquisition of Lodge Tyre, but the underlying Autocentre business also performed strongly on a like-for-like basis with growth in all categories, particularly servicing, maintenance and repairs and tyres.

Gross profit at £180.5m (H1 FY23: £136.6m) represented a gross margin of 50.6%, a decrease from the 51.2% gross margin in H1 FY23, reflecting the impact of lower margin tyres becoming a greater proportion of revenue following the acquisition of Lodge Tyre in October 2022, which made up c15% of sales in H1.

Autocentre Underlying EBIT of £10.9m was £14.1m higher versus H1 FY23. Autocentres operating costs increased by £29.7m (+21.2%) primarily driven by the acquired Lodge business, totalling c.£14m, with the remaining variance driven by an increase in wages and salaries due to increased headcount, primarily in technicians and costs to support the growth in the business. The cost to sales ratio improved by 490 bps to 47.5%, showing the benefit of leveraging the fixed cost base.

## Portfolio Management

The Retail store portfolio as at 29 September 2023 comprised 392 stores (end of H1 FY23: 397; end of FY23: 393). No new Retail stores were opened and one was closed during the period.

The Autocentres portfolio as at 29 September 2023 comprised 589 locations (304 Halfords Autocentres, 41 McConechy's, 230 National Garages & 14 HME hubs). At the end of H1 FY23 there were 593 locations and at the end of FY23, 643.

As at 29 September 2023 there are a total of 746 vans in operation, 198 of which are Halfords Mobile Expert, 118 McConechy's, 90 Universal, 272 Lodge and 68 National. At the end of H1 FY23 there were 482 vans across the Group, with 746 at the end of FY23 following the acquisition of Lodge Tyre.

The following table outlines the changes in the Retail and Autocentres store portfolio over the 26-week period:

	<b>Retail</b>	<b>Autocentres</b>
<b>Relocations</b>	-	2
<b>Leases re-negotiated</b>	20	23
<b>Openings</b>	-	5
<b>Closed</b>	1	2

### **Net Non-Underlying items**

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

	<b>H1 FY24</b>	<b>H1 FY23</b>
	<b>£m</b>	<b>£m</b>
Organisational restructure costs	1.9	0.5
Closure costs	(1.2)	(2.8)
Acquisition and investment related fees	0.3	1.6
Replacement of warehouse management system	0.7	0.4
Other	0.3	-
<b>Net non-underlying items charge/(credit)</b>	<b>2.0</b>	<b>(0.3)</b>

In the period organisational restructure costs of £1.9m were incurred relating to the integration of the central functions of the National Tyres business and other restructuring activities. £1.0m of this related to redundancy costs, along with £0.9m of other costs relating to restructuring activity.

During FY20 and FY21 the group completed a strategic review of the profitability of the physical estate and subsequently closed a number of stores and garages. Assets were impaired and costs associated with the ongoing onerous commitments under the lease agreements and other costs associated with the property exits were provided for accordingly. In the current period, a credit of £1.2m (HY23: £2.8m) relates to the release of some of these provisions as the group continues to negotiate lease disposals and review provisions held. These will continue to unwind as property exits are negotiated with landlords and tenants. This may result in further amounts being released to the income statement due to the significant estimation uncertainty over the timing of exits and the final negotiated settlements.

Acquisition and investment related costs of £0.3m (HY23: £1.6m) in the period comprise professional fees and acquisition costs incurred in relation to the acquisitions of National Tyres and the Lodge Tyre Company.

Costs relating to the replacement of the Warehouse Management system were incurred during the current period and in FY23.



## **Finance Cost**

The finance cost for the period was higher year-on-year at £6.3m (H1 FY23: £5.4m), as a result of an increase in the level of bank interest, reflecting the current economic conditions and higher interest rate environment. Finance costs pre IFRS 16 have increased compared to the prior year to £2.0m (H1 FY23: £1.3m).

## **Taxation**

The taxation charge on profit for the period was £4.7m (H1 FY23: £4.0m), including a £0.1m credit (H1 FY23: £0.2m charge) in respect of non-underlying items. The effective tax rate of 24.6% (H1 FY23: 20.7%) differs from the UK corporation tax rate (25%) principally due to adjustments in relation to prior periods and the impact of lower overseas tax rates in comparison to the increased UK statutory rate of 25%.

The full year FY24 effective tax rate is expected to be around 24.8% which is lower than the statutory rate due in part to adjustments relating to prior periods and the impact of lower overseas tax rates.

## **Earnings Per Share ("EPS")**

Underlying Basic EPS was 7.6 pence (H1 FY23: 6.7p) and after non-underlying items 6.7 pence (H1 FY23: 6.8 pence after non-underlying items). Basic weighted-average shares in issue during the period were 217.5m (H1 FY23: 217.2m). The increase in the basic weighted-average shares in issue during the period from H1 FY23 is due to the reduction in the weighted-average number of shares held by the Employee Benefit Trust.

## **Dividend**

The Board have declared an interim dividend of 3p per share in respect of the period to 29 September 2023 (H1 FY22: 3p). The interim dividend will be paid on 19 January 2024 to shareholders who are on the register of members, with an ex-dividend date of 14 December 2023 and a record date of 15 December 2023.

## **Capital Expenditure**

Capital expenditure in the period totalled £18.7m (H1 FY23: £20.0m).

Retail capital expenditure was £7.6m, of which £5.0m related to IT infrastructure and e commerce, mainly focused on the development of our Loyalty offering and the continued development of the Group's websites. £1.9m was invested in stores, with the majority of the remaining balance related to software investment in Tredz & Wheelies.

Autocentres capital expenditure was £11.1m of which £5.2m related to IT software expenditure on the development of Avayler and PACE, the Garage Workflow System. Expenditure on property in the period was £2.3m, with £1.4m on new vehicles and £2.2m related to asset replacement.

H1 FY23 capital expenditure was £20m. Of this, £14.1m was spent in Retail, with £6.5m related to various business system improvements, £1.0m invested in store maintenance, £2.2m spent on IT systems and £1m invested within Tredz & Wheelies relating to software. The remaining £5.9m was spent in Autocentres, with £1.6m spent on IT software, £2.5m on asset replacement and £1m on support centre costs. Within the H1 FY23 spend, £1.7m was attributable to the integration of National Tyres.

## **Inventories**

Group inventory held at the period end was £262.9m (H1 FY23: £248.0m). The FY23 year-end balance was £256.2m and as such the H1 FY24 stock balance represents a £6.7m increase on the year end position. This has been driven by product inflation and investment in Autocentres to support growth.

Retail inventory decreased to £188.8m (H1 FY23: £193.7m, FY23: £204.7m). This reduction demonstrates good progress in our plans to reduce our overall stock levels in retail by the end of the financial year. Tredz and Wheelies stock value was £13.3m (H1 FY23: £13.2m, FY23: £12.6m).

Autocentres' inventory was £60.9m (H1 FY23: £41.1m, FY23 £53.1m). The increase of £19.8m since last year is driven by the acquisition of Lodge Tyres (£9.3m) and investment to support the strong revenue growth.

## **Cashflow and Borrowings**

Adjusted Operating Cash Flow during the period, was £64.3m (H1 FY23: £74.7m). After acquisitions, taxation, capital expenditure, net finance costs, and lease payments, Free Cash outflow of £19.2m (H1 FY23: £0.1m outflow) was generated in the period. The decrease in Free Cash Flow of £19.1m from H1 FY23 is primarily due to the working capital movements from H1 FY23.

Group net debt, including IFRS 16 lease debt, was £372.3m at the balance sheet date (H1 FY23: £336.0m, YE FY23 348.7m) consisting of £16.2m of cash, £(10.9)m bank overdrafts, £(49.4)m the Group's revolving credit facility, £(2.9m) of other borrowings and £(325.3)m of Lease Liabilities. The increase in the Group's net debt from FY23 year-end of £23.6m relates to a decrease of £21.6m in Lease Liabilities, £26.9m cash outflow, £0.6m of other non-cash movements, and a £17.7m drawdown on the Group's revolving credit facility and other borrowings.

## **Principal Risks and Uncertainties**

The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving Halfords' strategic corporate objectives. In the Annual Report & Accounts the Board sets out what it considers to be the principal commercial and financial risks to achieving the Group's objectives. The main areas of potential risk and uncertainty in the financial year are described in the Strategic Report on page 76 of the Halfords Group plc Annual Report and Accounts for the period ending 31 March 2023 and all are considered relevant to the H1 FY24 reporting. These include:

- Business Strategy
  - Capability and capacity to effect change
  - Stakeholder support and confidence in strategy
  - Value proposition
  - Brand appeal and market share
  - Climate change & electrification
- Financial
  - Sustainable business model
- Compliance
  - Regulatory and compliance
  - Service quality
  - Cyber security
- Operational
  - Colleague engagement/culture
  - Skills shortage
  - IT infrastructure failure
  - Disruption to end to end supply chain

### **Jo Hartley**

Chief Financial Officer

28 November 2023

## Glossary of Alternative Performance Measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). APMs should be considered in addition to IFRS measurements, of which some are shown on Page 1. The Directors believe that these APMs assist in providing useful information on the underlying performance of the Group, enhance the comparability of information between reporting periods, and are used internally by the Directors to measure the Group's performance, not necessarily comparable to other entities APMs.

The key APMs that the Group uses are as follows:

1. Like-for-like ("LFL") sales represent revenues from stores, centres and websites that have been trading for at least a year (but excluding prior year sales of stores and centres closed during the year) at constant foreign exchange rates.
2. Underlying EBIT equates to results from operating activities before non-underlying items, as shown in the Group Income Statement. Underlying EBITDA further removes depreciation and amortisation.
3. Underlying Profit Before Tax is profit before income tax and non-underlying items as shown in the Group Income Statement.
4. Underlying Earnings Per Share is profit after income tax before non-underlying items as shown in the Group Income Statement, divided 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 and has been adjusted for the issue/purchase of shares during the period.
5. Net Debt is current and non-current borrowings less cash and cash equivalents, both in-hand and at bank, as shown in the Consolidated statement of financial position, as reconciled below:

	H1 FY24	H1 FY23*
	£m	£m
Cash and cash equivalents	16.2	78.0
Borrowings – current	(13.8)	(11.5)
Borrowings – non-current	(49.4)	(34.2)
Lease liabilities – current	(71.9)	(75.2)
Lease liabilities – non-current	(253.4)	(293.1)
<b>Net Debt</b>	<b>(372.3)</b>	<b>(336.0)</b>

\*Restated see note 20 for further details

6. Net Debt to Underlying EBITDA ratio is represented by the ratio of Net Debt to Underlying EBITDA (both of which are defined above).
7. Adjusted Operating Cash Flow is defined as EBITDA plus share-based payment transactions and loss on disposal of property, plant and equipment, less working capital movements and movements in provisions, as reconciled below:

	H1 FY24	H1 FY23*
	£m	£m
Underlying EBIT	27.6	23.8
Depreciation and Amortisation	63.3	57.6
Underlying EBITDA	90.9	81.4
Non-underlying operating (expenses)/ income	(2.0)	0.3
<b>EBITDA</b>	<b>88.9</b>	<b>81.7</b>
Share-based payment transactions	2.5	0.4
(Gain)/Loss on disposal of property, plant & equipment	(0.6)	0.5
Working capital movements	(24.9)	(5.6)
Provisions movement	(1.6)	(2.3)
<b>Adjusted Operating Cash Flow</b>	<b>64.3</b>	<b>74.7</b>

\*Restated see note 20 for further details

8. Free Cash Flow is defined as Adjusted Operating Cash Flow (as defined above) less capital expenditure, net finance costs, taxation, exchange movements, and capital lease payments; as reconciled below:

	H1 FY24	H1 FY23*
	£m	£m
Adjusted Operating Cash Flow	64.3	74.7
Capital expenditure	(22.4)	(25.5)
Net finance costs	(5.8)	(5.0)
Taxation	(14.5)	(5.9)
Exchange movements	(1.8)	(4.2)
Supplier financing	2.2	4.7
Payment of Capital element of Leases	(41.2)	(38.9)
<b>Free Cash Flow</b>	<b>(19.2)</b>	<b>(0.1)</b>

\*Restated see note 20 for further details

## Halfords Group plc

### Condensed consolidated income statement

For the 26 weeks to 29 September 2023

	Notes	26 weeks to 29 September 2023 Unaudited £m	26 weeks to 30 September 2022 Restated* Unaudited £m	52 weeks to 31 March 2023 Restated* £m
<b>Revenue</b>	7	<b>873.5</b>	767.1	1,591.8
Cost of sales		<b>(456.2)</b>	(384.6)	(816.6)
<b>Gross profit</b>		<b>417.3</b>	382.5	775.2
Operating expenses		<b>(389.7)</b>	(358.7)	(718.9)
Operating profit before non-underlying items		<b>27.6</b>	23.8	56.3
Net non-underlying operating (expense) / income	8	<b>(2.0)</b>	0.3	(8.0)
<b>Results from operating activities</b>		<b>25.6</b>	24.1	48.3
Finance costs	9	<b>(6.3)</b>	(5.4)	(12.1)
Profit before tax and non-underlying items		<b>21.3</b>	18.4	44.2
Net non-underlying operating (expense) / income	8	<b>(2.0)</b>	0.3	(8.0)
<b>Profit before tax</b>		<b>19.3</b>	18.7	36.2
Tax on underlying items	10	<b>(4.8)</b>	(3.8)	(9.2)
Tax on non-underlying items	8	<b>0.1</b>	(0.2)	1.1
<b>Profit for the period attributable to equity shareholders</b>		<b>14.6</b>	14.7	28.1
<b>Earnings per share</b>				
Basic earnings per share	13	<b>6.7p</b>	6.8p	12.9p
Diluted earnings per share	13	<b>6.4p</b>	6.6p	12.4p
Basic underlying earnings per share	13	<b>7.6p</b>	6.7p	16.1p
Diluted underlying earnings per share	13	<b>7.3p</b>	6.5p	15.4p

\* Please refer to Note 20 for further details

## Condensed consolidated statement of comprehensive income

For the 26 weeks to 29 September 2023

	<b>26 weeks to 29 September 2023</b>	26 weeks to 30 September 2022 Restated* Unaudited	52 weeks to 31 March 2023 Restated*
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
<b>Profit for the period</b>	<b>14.6</b>	14.7	28.1
<b>Other comprehensive income</b>			
Cash Flow hedges: fair value changes in the period	<b>1.2</b>	10.1	2.7
Income tax on other comprehensive income	<b>(0.7)</b>	(1.1)	1.1
<b>Other comprehensive income for the period, net of tax</b>	<b>0.5</b>	9.0	3.8
<b>Total comprehensive income for the period attributable to equity shareholders</b>	<b>15.1</b>	23.7	31.9

\* Please refer to Note 20 for further details

All items within the Condensed consolidated statement of comprehensive income are classified as items that are or may be recycled to the consolidated income statement.

The notes on pages 27 to 40 are an integral part of these condensed consolidated interim financial statements.

## Condensed consolidated statement of financial position

As at 29 September 2023

	Notes	As at 29 September 2023  Unaudited £m	As at 30 September 2022  Restated* Unaudited £m	As at 31 March 2023  Restated* £m
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	14	481.6	444.7	482.0
Property, plant and equipment	14	92.8	97.9	97.8
Right-of-use assets	14	294.5	329.8	312.6
Derivative financial instruments		0.3	0.7	-
Deferred tax asset		9.0	13.1	10.9
<b>Total non-current assets</b>		<b>878.2</b>	886.2	903.3
<b>Current assets</b>				
Inventories		262.9	248.0	256.2
Trade and other receivables		162.5	118.2	144.6
Derivative financial instruments		1.4	15.7	1.1
Current tax assets		7.5	1.8	-
Cash and cash equivalents	15	16.2	78.0	41.9
<b>Total current assets</b>		<b>450.5</b>	461.7	443.8
<b>Total assets</b>		<b>1,328.7</b>	1,347.9	1,347.1
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	15	(13.8)	(11.5)	(9.7)
Lease liabilities		(71.9)	(75.2)	(77.6)
Derivative financial instruments		(1.3)	(0.1)	(3.7)
Trade and other payables		(360.0)	(350.8)	(362.3)
Current tax liabilities		-	-	(3.6)
Provisions		(13.4)	(20.3)	(11.2)
<b>Total current liabilities</b>		<b>(460.4)</b>	(457.9)	(468.1)
<b>Net current (liabilities)\assets</b>		<b>(9.9)</b>	3.8	(24.3)
<b>Non-current liabilities</b>				
Borrowings	15	(49.4)	(34.2)	(34.0)
Lease liabilities		(253.4)	(293.1)	(269.3)
Derivative financial instruments		-	(0.1)	(0.5)
Trade and other payables		(3.9)	(3.7)	(3.5)
Provisions		(11.0)	(4.3)	(14.8)
<b>Total non-current liabilities</b>		<b>(317.7)</b>	(335.4)	(322.1)
<b>Total liabilities</b>		<b>(778.1)</b>	(793.3)	(790.2)
<b>Net assets</b>		<b>550.6</b>	554.6	556.9
<b>Shareholders' equity</b>				
Share capital	16	2.2	2.2	2.2
Share premium	16	212.4	212.4	212.4
Investment in own shares		(22.9)	(13.1)	(12.7)
Other reserves		0.9	5.5	(1.1)
Retained earnings		358.0	347.6	356.1
<b>Total equity attributable to equity holders of the Company</b>		<b>550.6</b>	554.6	556.9

\* Please refer to Note 20 for further details

## Condensed consolidated statement of changes in equity

**For the 26 weeks to 29 September 2023 (Unaudited)**

Attributable to the equity holders of the Company

	Other reserves						Total equity
	Share capital	Share premium account	Investment in own shares	Capital redemption reserve	Hedging reserve	Retained earnings	
	£m	£m	£m	£m	£m	£m	
<b>Balance at 31 March 2023</b>	<b>2.2</b>	<b>212.4</b>	<b>(12.7)</b>	<b>0.3</b>	<b>(1.4)</b>	<b>356.1</b>	<b>556.9</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	14.6	14.6
<b>Other comprehensive income</b>							
Cash flow hedges:							
Fair value changes in the period	-	-	-	-	1.2	-	1.2
Income tax on other comprehensive income	-	-	-	-	(0.7)	-	(0.7)
<b>Total other comprehensive income for the period net of tax</b>	-	-	-	-	0.5	-	0.5
<b>Total comprehensive income for the period</b>	-	-	-	-	0.5	14.6	15.1
<b>Hedging gains and losses and costs of hedging transferred to the cost of inventory</b>	-	-	-	-	1.5	-	1.5
<b>Transactions with owners</b>							
Acquisition of Treasury shares	-	-	(10.3)	-	-	-	(10.3)
Share options exercised	-	-	0.1	-	-	-	0.1
Share-based payment transactions	-	-	-	-	-	2.5	2.5
Income tax on share-based payment transactions	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	(15.2)	(15.2)
<b>Total transactions with owners</b>	-	-	(10.2)	-	-	(12.7)	(22.9)
<b>Balance at 29 Sept 2023</b>	<b>2.2</b>	<b>212.4</b>	<b>(22.9)</b>	<b>0.3</b>	<b>0.6</b>	<b>358.0</b>	<b>550.6</b>



## Condensed consolidated statement of changes in equity (continued)

For the 26 weeks to 30 September 2022 (Unaudited)

Restated\*

### Attributable to the equity holders of the Company

	Other reserves						Total equity
	Share capital	Share premium account	Investment in own shares	Capital redemption reserve	Hedging reserve*	Retained earnings*	
	£m	£m	£m	£m	£m	£m	
Balance at 1 April 2022	2.2	212.4	(11.6)	0.3	1.7	346.0	551.0
<hr/>							
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	14.7	14.7
Other comprehensive income							
Cash flow hedges:							
Fair value changes in the period	-	-	-	-	10.1	-	10.1
Income tax on other comprehensive income	-	-	-	-	(1.1)	-	(1.1)
Total other comprehensive income for the period net of tax	-	-	-	-	9.0	-	9.0
Total comprehensive income for the period	-	-	-	-	9.0	14.7	23.7
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	-	(5.5)	-	(5.5)
Transactions with owners							
Acquisition of Treasury shares		-	(1.5)	-	-	-	(1.5)
Share options exercised	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	0.4	0.4
Income tax on share-based payment transactions	-	-	-	-	-	(0.5)	(0.5)
Dividends to equity holders	-	-	-	-	-	(13.0)	(13.0)
Total transactions with owners	-	-	(1.5)	-	-	(13.1)	(14.6)
Balance at 30 Sept 2022	2.2	212.4	(13.1)	0.3	5.2	347.6	554.6

\* Please refer to Note 20 for further details

## Condensed consolidated statement of cash flows

For the 26 weeks to 29 September 2023

	26 weeks to 29 September 2023	26 weeks to 30 September 2022	52 weeks to 31 March 2023
	Unaudited	Restated* Unaudited	Restated*
Notes	£m	£m	£m
<b>Cash Flows from operating activities</b>			
Profit after tax for the period before non-underlying items	16.5	14.6	35.0
Non-underlying items	8 (1.9)	0.1	(6.9)
<b>Profit after tax for the period</b>	<b>14.6</b>	<b>14.7</b>	<b>28.1</b>
Depreciation – property, plant and equipment	13.6	10.2	28.1
Impairment – property, plant and equipment	-	0.6	1.2
Amortisation of right-of-use assets	39.5	37.4	75.2
Amortisation – intangible assets	10.2	9.4	17.9
Net finance costs	6.3	5.4	12.1
Loss on disposal of property, plant and equipment and intangibles	0.2	1.2	1.7
Gain on disposal of leases	(0.8)	(0.7)	(0.4)
Equity-settled share-based payment transactions	2.5	0.4	2.4
Exchange movement	(1.8)	(4.2)	(8.0)
Income tax expense	4.7	4.0	8.1
Increase in inventories	(7.1)	(22.2)	(12.7)
Increase in trade and other receivables	(20.1)	(26.7)	(32.2)
Increase in trade and other payables	2.3	43.3	39.3
Decrease in provisions	(1.6)	(2.3)	(1.3)
Corporation tax paid	(14.5)	(5.9)	(4.7)
<b>Net cash from operating activities</b>	<b>48.0</b>	<b>64.6</b>	<b>154.8</b>
<b>Cash Flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	-	-	(32.6)
Purchase of intangible assets	(8.4)	(10.9)	(25.4)
Purchase of property, plant and equipment	(14.0)	(14.6)	(29.0)
<b>Net cash used in investing activities</b>	<b>(22.4)</b>	<b>(25.5)</b>	<b>(87.0)</b>
<b>Cash Flows from financing activities</b>			
Repurchase of treasury shares	(10.3)	(1.5)	(1.5)
Proceeds from share options exercised	0.1	-	0.4
Finance costs paid	(1.5)	(0.7)	(2.5)
Proceeds from borrowings	375.7	35.0	337.0
Repayments of borrowings	(358.0)	-	(302.0)
Repayment of loan	-	-	(1.7)
Transaction costs from borrowings	-	-	(1.8)
Interest paid on lease liabilities	(4.3)	(4.3)	(8.8)
Payment of capital element of leases	(41.2)	(38.9)	(80.5)
Payments relating to supplier financing	(25.0)	(2.8)	(23.5)
Receipts relating to supplier financing	27.2	7.5	22.7
Dividends paid	12 (15.2)	(13.0)	(19.5)
<b>Net cash used in financing activities</b>	<b>(52.5)</b>	<b>(18.7)</b>	<b>(81.7)</b>
Net (decrease)/increase in cash and bank overdrafts	15 (26.9)	20.4	(13.9)
Cash and cash equivalents at the beginning of the period	15 32.2	46.1	46.1
<b>Cash and cash equivalents at the end of the period</b>	<b>15 5.3</b>	<b>66.5</b>	<b>32.2</b>

\* Please refer to Note 20 for further details

Bank overdrafts are included within Cash and cash equivalents above, see note 15 for further details.

The notes on pages 27 to 40 are an integral part of these condensed consolidated interim financial statements.

## Notes to the condensed consolidated interim financial statements

For the 26 weeks to 29 September 2023

### 1. General information

The condensed consolidated interim financial statements of Halfords Group plc (the "Company") comprise the Company together with its subsidiary undertakings (the "Group").

The Company is a public limited company incorporated, domiciled and registered in England and Wales. Its registered office is Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE.

The Company is listed on the London Stock Exchange.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 November 2023.

### 2. Statement of compliance

These condensed consolidated interim financial statements for the 26 weeks to 29 September 2023 have been prepared in accordance with IAS 34 'Interim financial reporting' as adopted for use in the UK. They do not include all the information required for full annual financial statements and should be read in conjunction with the Annual Report and Accounts for the period ended 31 March 2023, which have been prepared in accordance with UK adopted international accounting standards.

The comparative figures for the financial period ended 31 March 2023 are not the Group's statutory accounts for that financial period. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### 3. Risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain the same as those stated on pages 76 to 81 of the Annual Report and Accounts for the period ended 31 March 2023, which are available at website [www.halfordscompany.com](http://www.halfordscompany.com). These are also detailed in the Chief Financial Officer's Statement on page 72.

### 4. Material accounting policies

#### Going Concern

The directors have reviewed the current financial performance, liquidity and forecasts of the business. Further details of the assessment are provided on pages 82 to 83 of the Annual Report and Accounts for the period ended 31 March 2023, which are available at [www.halfordscompany.com](http://www.halfordscompany.com). The directors have updated the financial forecasts to reflect the actual performance of the business during the period covered by these interim condensed consolidated financial statements and a more challenging economic environment in the UK. Stress tests have been performed on these forecasts and no issues have been raised.

Having reviewed current performance and forecasts, the Directors consider that the Group has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the condensed consolidated interim financial statements. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group has adequate resources to continue in operational existence and are compliant with all covenants for a period of at least 12 months from the date of approval of these condensed consolidated interim financial statements.

#### Accounting Policies

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed consolidated interim financial statements have been prepared by applying the accounting policies and presentation that were applied in the preparation of the Annual Report and Accounts for the period ended 31 March 2023, which are published on the Halfords Group website, [www.halfordscompany.com](http://www.halfordscompany.com).

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's Annual Report and Accounts for the period ended 31 March 2023. There has also been no change in the accounting policies requiring disclosure within the Group's financial statements upon application of the amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies* in the current period.

### 5. Estimates and judgements

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the 52-week period ended 31 March 2023 and the 26 weeks ended 30 September 2022.

## 6. Operating segments

The Group has two reportable segments, Retail and Autocentres, which are the Group's strategic business units. Autocentres became a reporting segment of the Group as a result of the acquisition of Nationwide Autocentres on 17 February 2010. 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 platforms. The operations of the Autocentres reporting segment comprise car servicing and repair performed from Autocentres, commercial vehicles, mobile customer vans through Halfords Mobile Expert and software as a service provisions.

The Chief Operating Decision Maker is the Executive Directors. Internal management reports for each of the segments are reviewed by the Executive Directors on a monthly basis. Key measures used to evaluate performance are Revenue and Operating Profit. Management believe that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions.

The following summary describes the operations in each of the Group's reportable segments. Performance is measured based on segment operating profit, as included in the management reports reviewed by the Executive Directors. The segmental reporting disclosures are prepared in accordance with IFRS accounting policies.

All material operations of the reportable segments are carried out in the UK and all material non-current assets are 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. All revenue is from external customers.

	<b>26 weeks to 29 September 2023 Total Unaudited £m</b>		
<b>Income statement</b>	<b>Retail £m</b>	<b>Autocentres £m</b>	
<b>Revenue</b>	<b>516.6</b>	<b>356.9</b>	<b>873.5</b>
Segment result before non-underlying items	19.6	10.9	30.5
Non-underlying items	(1.1)	(0.9)	(2.0)
<b>Segment result</b>	<b>18.5</b>	<b>10.0</b>	<b>28.5</b>
Unallocated expenses <sup>1</sup>			(2.9)
<b>Operating profit</b>			<b>25.6</b>
Net financing expense			(6.3)
<b>Profit before tax</b>			<b>19.3</b>
Taxation			(4.7)
<b>Profit after tax</b>			<b>14.6</b>

	26 weeks to 30 September 2022 Total Restated* Unaudited £m		
<b>Income statement</b>	<b>Retail Restated* £m</b>	<b>Autocentres Restated* £m</b>	
<b>Revenue</b>	<b>500.5</b>	<b>266.6</b>	<b>767.1</b>
Segment result before non-underlying items	29.4	(3.2)	26.2
Non-underlying items	1.7	(1.4)	0.3
<b>Segment result</b>	<b>31.1</b>	<b>(4.6)</b>	<b>26.5</b>
Unallocated expenses <sup>1</sup>			(2.4)
<b>Operating profit</b>			<b>24.1</b>
Net financing expense			(5.4)
<b>Profit before tax</b>			<b>18.7</b>
Taxation			(4.0)
<b>Profit after tax</b>			<b>14.7</b>

\* Please refer to Note 20 for further details

	Retail	Autocentres Restated*	52 weeks to 31 March 2023 Total Restated*
	£m	£m	£m
<b>Income statement</b>			
<b>Revenue</b>	977.9	613.9	1,591.8
Segment result before non-underlying items	58.6	3.1	61.7
Non-underlying items	(0.7)	(7.3)	(8.0)
<b>Segment result</b>	57.9	(4.2)	53.7
Unallocated expenses <sup>1</sup>			(5.4)
<b>Operating profit</b>			48.3
Net financing expense			(12.1)
<b>Profit before tax</b>			36.2
Taxation			(8.1)
<b>Profit after tax</b>			28.1

<sup>1</sup> Unallocated expenses have been disclosed to reflect the format of the internal management reports reviewed by the Chief Operating Decision maker and include an amortisation charge of £2.9m in respect of assets acquired through business combinations (H1 2023: £2.4m, FY 2023: £5.4m).

\* Please refer to Note 20 for further details

	Retail	Autocentres	26 weeks to 29 September 2023 Total Unaudited
	£m	£m	£m
<b>Other segment items:</b>			
Capital expenditure	18.9	18.8	37.7
Depreciation and impairment expense	7.4	5.9	13.3
Impairment of right-of-use asset	-	-	-
Amortisation of right-of-use asset	26.4	12.5	38.9
Amortisation expense	6.4	1.8	8.2

	Retail	Autocentres	26 weeks to 30 September 2022 Total Unaudited
	£m	£m	£m
<b>Other segment items:</b>			
Capital expenditure	14.1	5.9	20.0
Depreciation expense	8.0	2.8	10.8
Amortisation of right-of-use asset	26.7	11.2	37.9
Impairment of right-of-use asset	(0.8)	0.3	(0.5)
Amortisation expense	6.0	1.4	7.4

	Retail	Autocentres	52 weeks to 31 March 2023 Total
	£m	£m	£m
<b>Other segment items:</b>			
Capital expenditure	26.6	21.5	48.1
Depreciation and impairment expense	17.2	12.1	29.3
Impairment of right-of-use asset	(2.3)	-	(2.3)
Amortisation of right-of-use asset	53.0	24.5	77.5
Amortisation expense	15.5	2.4	17.9

There have been no significant transactions between segments in the 26 weeks ended 29 September 2023 (2022: £nil).

## 7. Revenue

### A. Revenue streams and location

The Group's operations and main revenue streams are those described in the Annual Reports and Accounts for the period ended 31 March 2023. The Group's revenue is derived from transactions with customers.

The Revenue split by the Group's operating segments is shown in Note 6.

All significant revenue is recognised in the United Kingdom and Republic of Ireland.

### B. Seasonality of operations

At the Group level, revenue is not materially seasonal, however, there is some underlying seasonality in certain categories. For example, sales of adult cycles tend to peak in the spring and summer months whilst sales of children's cycles peak in the festive season. Conversely, MOT activity is weighted towards the second half of the year whilst motoring products also tend to exhibit stronger demand in the winter months. Motoring products and services typically generate higher profits than cycling, as a result the Group's profit is expected to be weighted towards the second half.

## 8. Non-underlying items

	<b>26 weeks to 29 September 2023</b>	26 weeks to 30 September 2022	52 weeks to 31 March 2023
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
<b>Non-underlying operating expenses:</b>			
Organisational restructure costs (a)	<b>1.9</b>	0.5	6.3
Closure costs (b)	<b>(1.2)</b>	(2.8)	(0.2)
Acquisition costs (c)	<b>0.3</b>	1.6	1.9
Replacement of warehouse management system (d)	<b>0.7</b>	0.4	-
Other	<b>0.3</b>	-	-
<b>Non-underlying items before tax</b>	<b>2.0</b>	(0.3)	8.0
Tax on non-underlying items (e)	<b>(0.1)</b>	0.2	(1.1)
<b>Non-underlying items after tax</b>	<b>1.9</b>	(0.1)	6.9

Non-underlying items are those items that are unusual because of their size, nature (one-off, non-trading costs) or incidence. 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 FY23, the group undertook a restructure of the support centre. The second phase of this restructure continued in H1 of FY24 including the integration of support roles and financial systems relating to the National Tyres business, restructuring costs associated with the separation of Avayler as a legal entity, and costs relating to a revision to procurement processes. The costs in relation to the restructuring are: redundancy costs £1.0m (FY23: 6.3m), finance system integration costs £0.2m (FY23: 1.2m), procurement processes £0.4m (FY23: nil) and Avayler separation £0.3m (FY23: nil).
- Closure costs represents costs associated with the closure of a number of stores and garages following a strategic review of the profitability of the physical estate. The provision mostly relates to the impairment of right-of-use assets, tangible assets and property costs. Following a review in the current period, £1.2m (FY23: £0.2m) was deemed to be no longer required and was released to the income statement.
- Fees incurred in relation to the acquisition of Lodge Tyre Company £0.3m (FY23: £1.9m).
- During the current and prior period, management incurred costs as a result of the replacement of the Warehouse Management System.
- The tax charge in H1 FY24 represents a tax rate of 2.3% applied to non-underlying items (H1 FY23: 62.9%).

## 9. Finance Costs

	<b>26 weeks to 29 September 2023 Unaudited £m</b>	26 weeks to 30 September 2022 Unaudited £m	52 weeks to 31 March 2023 £m
<b>Finance costs:</b>			
Bank borrowings	<b>(0.8)</b>	-	(1.4)
Amortisation of issue costs on loans	<b>(0.6)</b>	(0.4)	(0.8)
Commitment and guarantee fees	<b>(0.6)</b>	(0.7)	(1.1)
Interest payable on lease liabilities	<b>(4.3)</b>	(4.3)	(8.8)
<b>Finance costs</b>	<b>(6.3)</b>	(5.4)	(12.1)

## 10. Income tax expense

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year, applied to the pre-tax income of the interim period.

The taxation charge on profit for the financial period was £4.7m (H1 FY23: £4.0m), including a £0.1m credit (H1 FY23: £0.2m charge) in respect of non-underlying items. The effective tax rate of 24.6% (H1 FY23: 20.7%) differs from the UK corporation tax rate (25%) principally due to adjustments in prior periods and the impact of lower overseas tax rates in comparison to the increased UK statutory rate of 25%.

The corporation tax rate increased from 19% to 25%, effective from 1 April 2023. The deferred tax asset in the period has been calculated based on the headline rate of 25%.

For further detail on the tax effect prior period adjustments, please refer to Note 20.

## 11. Financial Instruments and Related Disclosures

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Fair Value – hedging instruments £m</b>	<b>Amortised cost £m</b>	<b>Other financial liabilities £m</b>	<b>Total carrying amount £m</b>
<b>29 September 2023 Unaudited</b>				
<b>Financial assets measured at fair value</b>				
Derivative financial instruments used for hedging	1.6	-	-	1.6
	<b>1.6</b>	-	-	<b>1.6</b>
<b>Financial assets not measured at fair value</b>				
Trade and other receivables*	-	102.8	-	102.8
Cash and cash equivalents	-	16.2	-	16.2
	-	<b>119.0</b>	-	<b>119.0</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments used for hedging	(1.4)	-	-	(1.4)
	<b>(1.4)</b>	-	-	<b>(1.4)</b>
<b>Financial liabilities not measured at fair value</b>				
Borrowings	-	-	(63.2)	(63.2)
Lease liabilities	-	-	(325.3)	(325.3)
Trade and other payables**	-	-	(316.5)	(316.5)
	-	-	<b>(705.0)</b>	<b>(705.0)</b>

\*Prepayments of £12.1m and accrued income of £47.6m are not included as a financial asset.

\*\* Other taxation and social security payables of £20.8m, deferred income of £10.3m and other payables of £16.3m are not included as a financial liability.

	Fair Value – hedging instruments £m	Amortised cost £m	Other financial liabilities £m	Total carrying amount £m
30 September 2022 Unaudited Restated*				
Financial assets measured at fair value				
Derivative financial instruments used for hedging	16.4	-	-	16.4
	16.4	-	-	16.4
Financial assets not measured at fair value				
Trade and other receivables**	-	91.2	-	91.2
Cash and cash equivalents	-	78.0	-	78.0
	-	169.2	-	169.2
Financial liabilities measured at fair value				
Derivative financial instruments used for hedging	(0.2)	-	-	(0.2)
	(0.2)	-	-	(0.2)
Financial liabilities not measured at fair value				
Borrowings	-	-	(45.7)	(45.7)
Lease liabilities	-	-	(368.4)	(368.4)
Trade and other payables***	-	-	(302.3)	(302.3)
	-	-	(716.4)	(716.4)

\* Please refer to Note 20 for further details

\*\* Prepayments and accrued income of £27m are not deducted as a financial asset.

\*\*\* Other taxation and social security payables of £21.3m, deferred income £9.2m and other payables of £21.7m are not included as a financial liability.

	Fair Value – hedging instruments £m	Amortised cost £m	Other financial liabilities £m	Total carrying amount £m
31 March 2023 Restated*				
Financial assets measured at fair value				
Derivative financial instruments used for hedging	1.1	-	-	1.1
	1.1	-	-	1.1
Financial assets not measured at fair value				
Trade and other receivables**	-	94.7	-	94.7
Cash and cash equivalents	-	41.9	-	41.9
	-	136.6	-	136.6
Financial liabilities measured at fair value				
Derivative financial instruments used for hedging	(4.2)	-	-	(4.2)
	(4.2)	-	-	(4.2)
Financial liabilities not measured at fair value				
Borrowings	-	-	(43.7)	(43.7)
Lease liabilities	-	-	(346.9)	(346.9)
Trade and other payables***	-	-	(225.4)	(225.4)
	-	-	(616.0)	(616.0)

\* Please refer to Note 20 for further details

\*\* Prepayments of £16.7m and accrued income of £33.2m are not included as a financial asset.

\*\*\* Other taxation and social security payables of £34.1m, deferred income and accruals of £79.3m and other payables of £16.2m are not included as a financial liability.

### Measurement of fair values

The fair values of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables and lease obligations, short-term deposits and borrowings	The fair value approximates to the carrying amount 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 statement of financial position 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 market forward rates at the reporting date and the outright contract rate.



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. There have been no changes to classifications in the current or prior period.

### 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 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. All trade receivables are based in the United Kingdom.

The Group has taken into account the historic credit losses incurred on trade receivables and adjusted it for forward looking estimates. The movement in the allowance for impairment in respect of trade receivables during the period was £0.4m (2023: £0.3m).

## 12. Dividends

The Directors paid a final dividend of 7 pence per share on 15 September 2023 in respect of the financial period ended 31 March 2023 (FY22: 6p per share).

The Directors have declared an interim dividend for the 26 weeks to 29 September 2023 of 3 pence per share (2023: 3p per share). The interim dividend will be paid on 19 January 2024 to shareholders who are on the register of members, with an ex-dividend date of 14 December 2023 and a record date of 15 December 2023.

## 13. Earnings Per Share

Basic earnings per share is calculated by dividing the earnings 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 the Employee Benefit Trust and has been adjusted for the issue/repurchase 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 26 weeks to 29 September 2023.

	<b>26 weeks to 29 September 2023 Unaudited Number m</b>	26 weeks to 30 September 2022 Unaudited Number m	52 weeks to 31 March 2023 Number m
Weighted average number of shares in issue	<b>218.9</b>	218.9	218.9
Less: shares held by the Employee Benefit Trust	<b>(1.4)</b>	(1.7)	(1.5)
Weighted average number of shares for calculating basic earnings per share	<b>217.5</b>	217.2	217.4
Weighted average number of dilutive share options	<b>9.4</b>	7.0	10.0
Weighted number of shares for calculating diluted earnings per share	<b>226.9</b>	224.2	227.4

	<b>26 weeks to 29 September 2023</b>	26 weeks to 30 September 2022	52 weeks to 31 March 2023
	<b>Unaudited</b>	Restated* Unaudited	Restated*
	<b>£m</b>	£m	£m
Earnings attributable to equity shareholders	<b>14.6</b>	14.7	28.1
Non-underlying items:			
Operating expenses	<b>2.0</b>	(0.3)	8.0
Tax income on non-underlying items	<b>(0.1)</b>	0.2	(1.1)
<b>Underlying earnings before non-underlying items</b>	<b>16.5</b>	14.6	35.0
Basic earnings per share	<b>6.7p</b>	6.8p	12.9p
Diluted earnings per share	<b>6.4p</b>	6.6p	12.4p
Basic underlying earnings per share	<b>7.6p</b>	6.7p	16.1p
Diluted underlying earnings per share	<b>7.3p</b>	6.5p	15.4p

\* Please refer to Note 20 for further details

The alternative measure of earnings per share is provided as it reflects the Group's underlying performance by excluding the effect of non-underlying items.

#### 14. Capital Expenditure – Tangible, Intangible & Right-of-Use Assets

	<b>Tangible and Intangible Assets Unaudited</b>	<b>Right-of-use assets Unaudited</b>
	<b>£m</b>	<b>£m</b>
Net book value at 31 March 2023	<b>579.8</b>	<b>312.6</b>
Additions	<b>18.6</b>	<b>19.0</b>
Disposals	<b>(0.2)</b>	<b>(1.2)</b>
Effect of modification of lease	-	<b>3.6</b>
Depreciation, amortisation and impairment	<b>(23.8)</b>	<b>(39.5)</b>
<b>Net book value at 29 September 2023</b>	<b>574.4</b>	<b>294.5</b>
	Tangible and Intangible Assets Unaudited	Right-of-use assets Unaudited
	£m	£m
Net book value at 1 April 2022	544.1	350.2
Additions	20.0	14.8
Disposals	(1.3)	-
Effect of modification of lease	-	2.2
Depreciation, amortisation and impairment	(20.2)	(37.4)
<b>Net book value at 30 September 2022</b>	<b>542.6</b>	<b>329.8</b>

## 15. Analysis of Movements in the Group's Net Debt in the Period

	At 31 March 2023	Cash Flow Unaudited	Other non- cash changes Unaudited	At 29 September 2023 Unaudited
	£m	£m	£m	£m
Cash and cash equivalents	41.9	(25.7)	-	16.2
Bank Overdrafts	(9.7)	(1.2)	-	(10.9)
Cash and cash equivalents (condensed consolidated statement of cash flows)	32.2	(26.9)	-	5.3
Debt due in less than one year	-	(2.7)	(0.2)	(2.9)
Debt due after one year	(34.0)	(15.0)	(0.4)	(49.4)
Total net debt excluding leases	(1.8)	(44.6)	(0.6)	(47.0)
Current lease liabilities	(77.6)	45.5	(39.8)	(71.9)
Non-current lease liabilities	(269.3)	-	15.9	(253.4)
Total lease liabilities	(346.9)	45.5	(23.9)	(325.3)
<b>Total net debt</b>	<b>(348.7)</b>	<b>0.9</b>	<b>(24.5)</b>	<b>(372.3)</b>

Non-cash changes comprise finance costs in relation to the amortisation of capitalised debt issue costs of £0.6m (H1 FY23: £0.8m), and movements in leases.

Cash and cash equivalents at the period end consist of £15.0m (H1 FY23: £75.1m) of liquid assets, £1.2m (H1 FY23: £2.9m) of cash held in Trust and £10.9m (H1 FY23: £11.5m) of bank overdrafts.

Cashflow movements in debt relate to the drawdown of funds from the Groups' revolving credit facility and payments in relation to lease liabilities.

	At 1 April 2022	Cash Flow Unaudited Restated*	Other non- cash changes Unaudited Restated*	At 30 September 2022 Unaudited Restated*
	£m	£m	£m	£m
Cash and cash equivalents	46.3	31.7	-	78.0
Bank Overdrafts	(0.2)	(11.3)	-	(11.5)
Cash and cash equivalents (condensed consolidated statement of cash flows)	46.1	20.4	-	66.5
Debt due in less than one year*	-	-	-	-
Debt due after one year*	-	(35.0)	0.8	(34.2)
Total net debt excluding leases	46.1	(14.6)	0.8	32.3
Current lease liabilities	(74.5)	43.2	(43.9)	(75.2)
Non-current lease liabilities	(316.5)	-	23.4	(293.1)
Total lease liabilities	(391.0)	43.2	(20.5)	(368.3)
<b>Total net debt</b>	<b>(344.9)</b>	<b>28.6</b>	<b>(19.7)</b>	<b>(336.0)</b>

\* Please refer to Note 20 for further details

Non-cash changes comprise finance costs in relation to the amortisation of capitalised debt issue costs of £0.8m (H1 FY22: £0.4m), and movements in leases.

Cash and cash equivalents at the period end consist of £75.1m (H1 FY22: £86.0m) of liquid assets, £2.9m (H1 FY22: £5.1m) of cash held in Trust and £11.5m (H1 FY22: £0.1m) of bank overdrafts.

Cashflow movements in debt relate to the drawdown of funds from the Groups' revolving credit facility to fund the acquisition of LTC Trading Holdings Limited.

The above tables exclude amounts relating to a supplier financing arrangement which commenced during the period ended 31 March 2023. At 1 April 2022 the balance due was nil, at 30 September 2022 £4.7m was due to the third party, at 31 March 2023 £0.7m was receivable from the third party, and at 29 September 2023 £2.2m was receivable from the third party. There were no non-cash changes in relation to these amounts.

## 16. Share Capital

	Number of shares	Share capital	Share premium account
	m	£m	£m
As at 31 March 2023 and 29 September 2023	218.9	2.2	212.4

During the 26 weeks to 29 September 2023 and 30 September 2022, there were no movements in company share capital.

## 17. Contingent liability

The Group'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 29 September 2023 amounted to nil (2023: £0.4m).

Where right of set off is included within the Group's banking arrangements, credit balances may be offset against the indebtedness of other Group companies.

## 18. Related Party Transactions

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 128 to 152 of the Group Annual Report and Accounts for the period ended 31 March 2023.

During the period no share options (H1 FY23: none) were granted to directors in relation to the Performance Share Plan ("PSP") and no share options (H1 FY23: none) were granted in relation to the Deferred Bonus Plan ("DBP").

## 19. Post Balance Sheet Events

On 1 November 2023, a 5% minority stake of Avayler Trading Limited ("Avayler") was sold by Avayler Holdings Limited to Bridgestone Americas, Inc. ("Bridgestone") for consideration of \$3m. As part of the share purchase agreement Bridgestone have the right to compel Avayler Holdings Limited to repurchase Bridgestone's shares in Avayler should certain conditions be met.

Alongside the sale a commercial agreement was entered for Bridgestone to become an ongoing client of Avayler. This agreement is for an initial term of 15 years with certain break rights included.

## 20. Prior Period Adjustments

The results for the 26 weeks to 30 September 2022 have been restated to reflect adjustments which reduce the previously reported profit before tax by £10.6m (profit after tax by £8.4m) and results in certain reclassifications within the condensed consolidated statement of financial position and condensed consolidated statement of cash flows. The adjustments have no cash impact.

### 1. Foreign exchange and hedge accounting for inventory purchased in US dollars

A £5.4m increase to cost of sales and a decrease to inventory has been adjusted relating to the correction of errors in the accounting treatment of cash flow hedges under IFRS 9 and the valuation of inventory under IAS 21 at the HY23 Balance sheet date. As this adjustment fully reverses in the second half of FY23, there is no impact on FY23 full year reported profits.

- Inventory purchased in US dollars was translated incorrectly for the 26 weeks to 30 September 2022. To correct for this error in the financial statements Inventory has been reduced by £3.2m within the Condensed consolidated statement of financial position as at 30 September 2022, with a corresponding increase in Cost of sales of the same amount within the Condensed consolidated income statement for the 26 weeks to 30 September 2022.
- The timing and treatment of the hedge accounting basis adjustment to the Inventory valuation for the 26 weeks to 30 September 2022 was incorrect. To correct for this error in the Condensed consolidated statement of financial position at 30 September 2022 Inventory has been reduced by £3.6m and the Cash Flow hedge reserve by £1.4m. The Condensed consolidated income statement for the 26 weeks to 30 September 2022 has been corrected by increasing Cost of sales for the period by £2.2m.

### 2. Classification of revolving credit facility

The condensed consolidated statement of financial position as at 30 September 2022 has been restated to reflect a reclassification of the revolving credit facility. This follows a further review of the agreement by the directors during H2 2023 which confirmed that there is an unconditional right to defer settlement of the liability for over 12 months. As a result £34.2m has been reclassified from current liabilities to non-current liabilities as at 30 September 2022. This adjustment has no impact on reported profit before tax, net assets or the condensed consolidated cash flow statement. The consolidated statement of financial position as at 31 March 2023 was correctly reported.

### 3. Supplier arrangements and period end cut-off

A £5.2m increase to cost of sales and correction to balances within the Statement of Financial Position has been adjusted relating to: (a) the correction of accounting for a new tyre wholesale and distribution arrangement and (b) the correction of errors identified in the goods received not invoiced ("GRNI") reconciliation process at 30 September 2022.

- a. On 1 April 2022, Halfords entered into a new arrangement with a third-party logistics provider for wholesale tyre purchasing and distribution services. Under this arrangement Halfords purchases tyres in bulk from manufacturers which are delivered to warehouses owned by the third-party logistics provider prior to being distributed to Halfords' Autocentres. This is a complex arrangement and whilst the previous accounting correctly recognised the inventory on the balance sheet, to reflect that title remains with Halfords, the previous accounting did not recognise the correct entries and disclosures on the statement of financial position to reflect that the invoicing mechanism with the third party is akin to a supplier financing arrangement. To correct for the error within the Condensed consolidated statement of financial position as at 30 September 2022, Inventories have been decreased by £0.5m, Trade and other receivables by £11.5m, and Trade and other payables by £12.0m. In addition, the gross supplier financing receipts of £2.8m and payments of £7.5m are now disclosed as financing in the statement of cash flows and a net receivable of £4.7m under the supplier financing arrangement is disclosed in the net debt note. This adjustment does not have an impact on reported profits. The arrangement was correctly accounted for at 31 March 2023 and was not in place at 1 April 2022. As part of the arrangement, title of £1.4m of inventory was transferred from Halfords to the third-party distributor during the period, resulting in the recognition of a sale of £1.4m and a corresponding entry to cost of sales.
- b. The arrangement in point (a) above, together with the scale of growth in the autocentres business and increased intercompany transactions between the enlarged Group, created significant reconciliation complexity during FY23. As a result of this increased complexity, errors were identified in the GRNI reconciliations at 30 September 2022 and 31 March 2023. Halfords has performed a full investigation and as a result, under-accruals to GRNI have been identified. To correct for the error to the Condensed consolidated statement of financial position as at 30 September 2022, Trade and other payables have been increased by £12.4m and Trade and other receivables by £7.2m. Cost of sales has been increased by £5.2m within the Condensed consolidated income statement for the 26 weeks to 30 September 2022. The Tax charge for the period has also been reduced by £1.0m as a result of this adjustment. A further correction is required to the Condensed consolidated statement of financial position as at 31 March 2023, with Trade and other payables increased by £7.3m. In addition to the £5.2m increase to cost of sales in the 26 weeks to 30 September 2022, an additional £2.1m increase to cost of sales has been processed for the period 1 October 2022 to 31 March 2023. The Tax charge for the year ended 31 March 2023 has been reduced by a total of £1.4m as a result of this adjustment.

### 4. Classification of Merchant and Consumer Finance Fees

During the preparation of the FY24 interim results, inconsistencies were identified in the classification of merchant fees across the group within the FY23 Financial Statements. As a result, merchant fees of £2.8m were incorrectly included within Operating expenses instead of Cost of sales.

In addition, further inconsistencies were identified in the measurement of revenue when financing companies provide consumer credit to Halford's customers. Revenue and Cost of sales were overstated by £1.7m within the FY23 Financial Statements, being the difference between retail selling prices and the amounts received from the financing companies.

To correct for these errors in the Condensed Consolidated Income Statement for the 52 weeks to 31 March 2023, Revenue has been reduced by £1.7m, Cost of Sales has been increased by £1.1m and Operating expenses have been reduced by £2.8m. There has been no impact on profit after tax nor on net assets.

The total impact of the above prior period adjustments on the interim results for the 26 weeks to 30 September 2022 are as follows:

<b>Consolidated Income Statement</b>	<b>26 weeks to 30 September 2022 As originally reported</b>	<b>1. Foreign exchange</b>	<b>3. Supplier arrangements</b>	<b>26 weeks to 30 September 2022 Restated</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Revenue	765.7	-	1.4	767.1
Cost of Sales	(372.6)	(5.4)	(6.6)	(384.6)
<b>Gross Profit</b>	<b>393.1</b>	<b>(5.4)</b>	<b>(5.2)</b>	<b>382.5</b>
<b>Profit Before Tax</b>	<b>29.3</b>	<b>(5.4)</b>	<b>(5.2)</b>	<b>18.7</b>
Tax on underlying items	(6.0)	1.2	1.0	(3.8)
<b>Profit for the period attributable to equity shareholders</b>	<b>23.1</b>	<b>(4.2)</b>	<b>(4.2)</b>	<b>14.7</b>

	26 weeks to 30 September 2022 As originally reported	1. Foreign exchange	3. Supplier arrangements	26 weeks to 30 September 2022 Restated
<b>Consolidated Statement of Comprehensive Income</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Profit for the period</b>	<b>23.1</b>	<b>(4.2)</b>	<b>(4.2)</b>	<b>14.7</b>
Cash flow hedges:				
Fair value changes in the period	9.0	1.1	-	10.1
Income tax on Other comprehensive income	(0.9)	(0.2)	-	(1.1)
<b>Other comprehensive income for the period</b>	<b>8.1</b>	<b>0.9</b>	<b>-</b>	<b>9.0</b>
<b>Total comprehensive income for the period</b>	<b>31.2</b>	<b>(3.3)</b>	<b>(4.2)</b>	<b>23.7</b>

	As at 30 September 2022 As originally reported	1. Foreign exchange	2. RCF	3. Supplier arrangements	As at 30 September 2022 Restated
<b>Consolidated Statement of Financial Position</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Deferred tax asset	13.2	(0.1)	-	-	13.1
<b>Total non-current assets</b>	<b>886.3</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>886.2</b>
Inventories	255.3	(6.8)	-	(0.5)	248.0
Trade and other receivables	122.4	-	-	(4.2)	118.2
Current tax asset	-	0.8	-	1.0	1.8
<b>Total current assets</b>	<b>471.4</b>	<b>(6.0)</b>	<b>-</b>	<b>(3.7)</b>	<b>461.7</b>
<b>Total assets</b>	<b>1,357.7</b>	<b>(6.1)</b>	<b>-</b>	<b>(3.7)</b>	<b>1,347.9</b>
Borrowings	(45.7)	-	34.2	-	(11.5)
Trade and other payables	(350.3)	-	-	(0.5)	(350.8)
Current tax liabilities	(0.3)	0.3	-	-	-
<b>Total current liabilities</b>	<b>(491.9)</b>	<b>0.3</b>	<b>34.2</b>	<b>(0.5)</b>	<b>(457.9)</b>
<b>Net current (liabilities)/assets</b>	<b>(20.5)</b>	<b>(5.7)</b>	<b>34.2</b>	<b>(4.2)</b>	<b>3.8</b>
Borrowings	-	-	(34.2)	-	(34.2)
<b>Total liabilities</b>	<b>(793.1)</b>	<b>0.3</b>	<b>-</b>	<b>(0.5)</b>	<b>(793.3)</b>
<b>Net Assets</b>	<b>564.6</b>	<b>(5.8)</b>	<b>-</b>	<b>(4.2)</b>	<b>554.6</b>
Other reserves	7.1	(1.6)	-	-	5.5
Retained earnings	356.0	(4.2)	-	(4.2)	347.6
<b>Total Equity</b>	<b>564.6</b>	<b>(5.8)</b>	<b>-</b>	<b>(4.2)</b>	<b>554.6</b>

	26 weeks to 30 September 2022 As originally reported	1. Foreign exchange	3. Supplier arrangements	26 weeks to 30 September 2022 Restated
	£m	£m	£m	£m
<b>Consolidated Statement of Changes in Equity</b>				
<b>Profit for the period</b>	<b>23.1</b>	(4.2)	(4.2)	14.7
Cash flow hedges:				
Fair value changes in the period	9.0	1.1	-	10.1
Income tax on Other comprehensive income	(0.9)	(0.2)	-	(1.1)
<b>Total other comprehensive income for the period net of tax</b>	<b>8.1</b>	<b>0.9</b>	<b>-</b>	<b>9.0</b>
<b>Total comprehensive income for the period</b>	<b>31.2</b>	<b>(3.3)</b>	<b>(4.2)</b>	<b>23.7</b>
Hedging gains and losses and costs of hedging transferred to the cost of inventory	(3.0)	(2.5)		(5.5)
<b>Balance at 30 September 2022</b>	<b>564.6</b>	<b>(5.8)</b>	<b>(4.2)</b>	<b>554.6</b>

	26 weeks to 30 September 2022 As originally reported	1. Foreign exchange	3. Supplier arrangements	26 weeks to 30 September 2022 Restated
	£m	£m	£m	£m
<b>Consolidated Statement of Cash Flows</b>				
<b>Profit after tax for the period</b>	<b>23.1</b>	<b>(4.2)</b>	<b>(4.2)</b>	<b>14.7</b>
Exchange Movement	(9.6)	5.4	-	(4.2)
Income Tax Expense	6.2	(1.2)	(1.0)	4.0
Increase in inventories	(22.7)	-	0.5	(22.2)
Increase in trade and other receivables	(30.9)	-	4.2	(26.7)
Increase in trade and other payables	47.5	-	(4.2)	43.3
<b>Net cash from operating activities</b>	<b>69.3</b>	<b>-</b>	<b>(4.7)</b>	<b>64.6</b>
Payments relating to supplier financing	-	-	(2.8)	(2.8)
Receipts relating to supplier financing	-	-	7.5	7.5
<b>Net cash from financing activities</b>	<b>(23.4)</b>	<b>-</b>	<b>4.7</b>	<b>(18.7)</b>

	26 weeks to 30 September 2022 As originally reported	26 weeks to 30 September 2022 Restated
<b>Earnings Per Share</b>		
Basic earnings per ordinary share	10.6p	6.8p
Diluted earnings per ordinary share	10.3p	6.6p
Basic earnings per ordinary share before non-underlying items	10.6p	6.7p
Diluted earnings per ordinary share before non-underlying items	10.3p	6.5p

The total impact of the above prior period adjustments on the results for the 52 weeks to 31 March 2023 are as follows:

	52 weeks to 31 March 2023 As originally reported £m	3. Supplier arrangements £m	4. Merchant Fees £m	52 weeks to 31 March 2023 Restated £m
<b>Consolidated Income Statement</b>				
Revenue	1,593.5	-	(1.7)	1,591.8
Cost of Sales	(808.2)	(7.3)	(1.1)	(816.6)
<b>Gross Profit</b>	<b>785.3</b>	<b>(7.3)</b>	<b>(2.8)</b>	<b>775.2</b>
Operating expenses	(721.7)	-	2.8	(718.9)
<b>Profit Before Tax</b>	<b>43.5</b>	<b>(7.3)</b>	-	<b>36.2</b>
Tax on underlying items	(10.6)	1.4	-	(9.2)
<b>Profit for the period attributable to equity shareholders</b>	<b>34.0</b>	<b>(5.9)</b>	-	<b>28.1</b>

	52 weeks to 31 March 2023 As originally reported £m	3. Supplier arrangements £m	4. Merchant Fees £m	52 weeks to 31 March 2023 Restated £m
<b>Consolidated Statement of Financial Position</b>				
Trade and other payables	(355.0)	(7.3)	-	(362.3)
Current tax liabilities	(5.0)	1.4	-	(3.6)
<b>Total current liabilities</b>	<b>(462.2)</b>	<b>(5.9)</b>	-	<b>(468.1)</b>
<b>Net current liabilities</b>	<b>(18.4)</b>	<b>(5.9)</b>	-	<b>(24.3)</b>
<b>Total liabilities</b>	<b>(784.3)</b>	<b>(5.9)</b>	-	<b>(790.2)</b>
<b>Net Assets</b>	<b>562.8</b>	<b>(5.9)</b>	-	<b>556.9</b>
Retained earnings	362.0	(5.9)	-	356.1
<b>Total Equity</b>	<b>562.8</b>	<b>(5.9)</b>	-	<b>556.9</b>

	52 weeks to 31 March 2023 As originally reported £m	3. Supplier arrangements £m	4. Merchant Fees £m	52 weeks to 31 March 2023 Restated £m
<b>Consolidated Statement of Cash Flows</b>				
<b>Profit after tax for the period</b>	<b>34.0</b>	<b>(5.9)</b>	-	<b>28.1</b>
Income Tax Expense	9.5	(1.4)	-	8.1
Increase in trade and other payables	32.0	7.3	-	39.3
<b>Net cash from operating activities</b>	<b>154.8</b>	-	-	<b>154.8</b>

	52 weeks to 31 March 2023 As originally reported	52 weeks to 31 March 2023 Restated
<b>Earnings Per Share</b>		
Basic earnings per ordinary share	15.6p	12.9p
Diluted earnings per ordinary share	15.0p	12.4p
Basic earnings per ordinary share before non-underlying items	18.8p	16.1p
Diluted earnings per ordinary share before non-underlying items	18.0p	15.4p



## Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:
  - a. DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b. DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

**Jo Hartley, Chief Financial Officer**

**28 November 2023**

## Independent review report to Halfords Group plc

For the 26 weeks to 29 September 2023

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements in the half-yearly financial report for the 26 weeks ended 29 September 2023 are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed consolidated financial statements in the half-yearly financial report for the 26 weeks ended 29 September 2023 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cashflows and the related notes.

### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed consolidated financial statements included in this half-yearly financial report have been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

### Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed consolidated financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

### Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP  
Chartered Accountants  
London, UK  
28 November 2023

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