27 June 2024

Halfords Group plc
Unaudited Preliminary Results: Financial Year 2024

Strong revenue growth of +7.9%, with underlying profit before tax of £36.1m[1]

Good strategic progress; market share gains helping to offset significant external headwinds

Strategically important Services business now represents more than half of Group revenue

Halfords Group plc ("Halfords" or the "Group"), the UK's leading provider of Motoring and Cycling services and products, today announces its unaudited preliminary results for the 52 weeks ended 29 March 2024 (the "Period").

FY24 Overview

Our focus in FY24 has been to deliver on the areas that are within our control. We have made good progress both strategically and in further optimising the business to create a solid foundation for future growth. Business performance has, however, been impacted by continuing declines in the Consumer Tyres and Cycling markets, and in consumer demand for big ticket purchases.

Successfully delivered on the areas within our control:

- Share gains in all four of our core markets, outperforming our expectations.
- Strong Group revenue growth of +7.9% and +5.0% on a Like-for-Like ("LFL") basis.
- A very strong performance in Autocentres and the success of our Better Buying programme helped to offset FX headwinds and increased promotional activity driven by Cycling market consolidation, resulting in gross margin of 48.5%, down 40bps.
- Delivered cost savings of over £35m, ahead of original target of £30m, bringing cumulative cost savings to c. £70m in the last three years.
- Balance sheet strong and liquidity well managed. Retail inventory down £24m versus last year. Net debt, excluding leases, of £8.2m. RCF extended to April 2028.
- Underlying profit before tax ("PBT") from continuing operations was down 7.9% to £43.1m. Including discontinued operations, underlying PBT was down 18.3% to £36.1m, which was in line with revised market guidance.
- Final dividend of 5 pence per share proposed, which would result in a full year dividend of 8 pence per share.

Good strategic progress:

- Grew strongly in the strategically important areas of Services and B2B, which are more resilient and improve overall quality of earnings. Autocentres Group revenue was up +17.6% and +10.7% LFL, whilst underlying EBIT from total operations (Continuing and Discontinued) was £13.8m, £10.7m higher than FY23.
- The Motoring Loyalty Club grew to 3.4m members by the year-end, doubling in one year. The club also beat its targets for customer retention and premium membership.
- Avayler, our SaaS business, signed a 15-year commercial agreement with Bridgestone alongside a 5% equity investment.
- Major restructuring of our tyre supply chain, which will result in cost savings of c.£5m per annum, an improved customer proposition and the opportunity to significantly improve working capital efficiency.
- Integrated the acquired Lodge business, creating UK's largest commercial fleet tyre provider and winning significant nationwide contracts.

Headwinds outside of our control worse than anticipated:

- Market volumes in Cycling and Consumer Tyres, as measured by the Bicycle Association and GfK respectively, declined year-on-year, worse than industry expectations. These markets remain depressed versus pre-Covid, with bike volumes down c. 30% and tyres c. 14%.
- The Cycling Market consolidated at a faster rate than expected, leading to much higher levels of promotional activity, which put significant short-term pressure on gross margin.
- Customers cut their spend on big-ticket, discretionary products (e.g. Bikes and Touring) even further and we now expect volumes to decline in the cycling and consumer tyres markets in FY25.
- Elevated cost inflation continued to be a significant headwind, increasing the cost base by approximately £37m in FY24 and bringing cumulative cost inflation to c. £120m in the last three years.

Whilst these headwinds have inevitably impacted the Group's financial performance in the short-term, our strong and growing market positions provide us with significant opportunities for profitable growth. For example, the consolidation of the Cycling Market had a severe impact on Halfords in FY24, but as the clear market leader we expect to emerge in an even stronger position once market conditions normalise. In addition, a recovery in the Consumer Tyres market closer to Pre-Covid levels would provide significant opportunity for revenue growth. The Group's ability to capitalise on these opportunities is underpinned by its strong balance sheet.

1. PBT from 'Total Operations', which is comparable to previous market guidance. Further explanation is provided in the Group Financial Summary.

Graham Stapleton, Chief Executive Officer of Halfords, commented:

"This has been a year of strong strategic and operational progress for Halfords, and we are pleased to have delivered a resilient financial performance against challenging core markets. We have continued to invest in our strategically important Services business, which for the first time now represents over half of our total revenues.

Our Autocentres business was the star performer yet again. This was delivered despite a challenging tyre market, where drivers continue to delay the replacement of unsafe tyres. In a recent survey of 6,000 tyres at Gatwick, Manchester and Edinburgh airports, we found that one in four vehicles had tyres that were dangerously worn or damaged.

We are determined to improve tyre safety in the UK, and we are equally committed to supporting our customers through the cost-of-living crisis, by delivering great value when they need it most. None of this would be possible without the hard work and commitment of our highly skilled colleagues and I am very grateful for their ongoing support.

While the short-term outlook remains challenging, we continue to build a unique, digitally-enabled, omni-channel business, which is well positioned for profitable growth".

Current Trading and FY25 Outlook

Trading since the start of FY25 has continued to be soft, impacted by low consumer confidence around big ticket, discretionary purchases, and poor spring weather, which has reduced store footfall and affected sales of both cycling and staycation products. Whilst we continue to expect market share gains in the year ahead, based on what we are currently seeing we now expect market volumes to decline in FY25 in cycling and consumer tyres, and to remain broadly flat in motoring servicing and retail motoring products.

Inflation remains a material headwind, particularly driven by the 10% increase in the national minimum wage. More recently we have seen very significant increases in sea freight rates, with spot rates more than doubling since the start of our financial year. Whilst we continue to successfully secure rates well below market spot rates, we now forecast freight costs to be £4-7m higher than we anticipated at the start of the year.

Against this backdrop, we continue to focus on optimising the platform we have built, and controlling what we can. As such, we plan for proportionately fewer resources to be allocated to strategic transformation, as set out in more detail at the end of the Strategic and Operational review.

We do not expect these headwinds to persist in the long term. Consumer price inflation is easing and our core markets are expected to improve in the mid-term. We remain confident that the financial targets announced at the April 2023 CMD are achievable assuming markets ultimately recover as forecast, albeit this will take longer than we envisaged last year.

We remain very confident in the Group's strategy, as we build a stronger and more resilient platform for the future and continue to take market share.

Group Financial Summary

Results from Continuing Operations:

£m	FY24	FY23	*Change %*
Revenue	**1,696.5**	**1,572.7**	***+7.9%***
Autocentres	699.4	594.8	*+17.6%*
Retail	997.1	977.9	*+2.0%*
Gross Margin %	**48.5%**	**48.9%**	***-40 bps***
Autocentres	50.2%	48.4%	*+180 bps*
Retail	47.3%	49.2%	*-190 bps*
Underlying Profit Before Tax	**43.1**	**46.8**	***-7.9%***
Profit Before Tax	**38.8**	**39.0**	***-0.5%***
Underlying Basic Earnings per Share	15.1p	17.6p	*-14.2%*

During FY24, we committed to close our tyre supply chain operation, outsourcing the activity to a third-party, Bond International. As such and in accordance with financial reporting standards, these operations (Viking and BDL) have been classified as 'Discontinued' in our accounts for both the FY24 reported period and the FY23 comparator. The Income Statement further below has been presented to show Continuing Operations as the primary view, in accordance with IFRS 5.

However, the total result of the Group is a more accurate comparison to previous market guidance. It is also more reflective of ongoing profit because it includes the ongoing cost of running the tyre supply chain, which in future will be outsourced. We have, therefore, presented in the table below the total results of the business, including the Discontinued Operations. Further details of the restructuring are provided in the Chief Executive's statement.

Results from Total Operations (Continuing and Discontinued):

£m	FY24	FY23	*Change %*
Revenue	**1,712.8**	**1,591.8**	***+7.6%***
Autocentres	715.7	613.9	*+16.6%*
Retail	997.1	977.9	*+2.0%*
Gross Margin %	**48.2%**	**48.7%**	***-50bps***
Autocentres	49.4%	48.0%	*+140bps*
Retail	47.3%	49.2%	*-190bps*
Underlying Profit Before Tax ("PBT")	**36.1**	**44.2**	***-18.3%***
Profit Before Tax	**19.9**	**36.2**	***-45.0%***
Underlying Basic Earnings per Share	12.7p	16.1p	*-21.1%*

Group Revenue Summary

	Year-on-Year Growth	
Continuing operations:	**Total**	**LFL**
Halfords Group	+7.9%	+5.0%
Autocentres	+17.6%	+10.7%
Retail	+2.0%	+2.2%
Motoring	+4.6%	+4.9%
Cycling	-3.0%	-2.8%

Market Volume and Share

Market Volume and Share – FY24	**Autocentres**		**Retail**	
	Consumer Tyres	**Motoring Servicing**	**Retail Motoring**	**Cycling**
Market Volume				
Growth forecast YoY	+2.6%	Broadly flat	+0.5%	-1.0%
Actual growth YoY	**-1.3%**	**+0.9%**	**+0.9%**	**-4.0%**
Market Share (volume-based)				
Share movement forecast in FY24	+0.2ppts	+0.2ppts	+0.6ppts	+0.7ppts
Actual Share movement in FY24	**+0.4ppts**	**+0.2ppts**	**+1.3ppts**	**+1.3ppts**

Next company update

Given the material shift in the business model towards Services, B2B and Motoring, an update on trading after the summer and festive periods is less relevant for the Group than it once was. We will therefore cease our 20-week and Q3 trading updates held in September and January, and replace these with business updates in mid-October and mid-April shortly after our half year and full year period ends.

Enquiries

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Results presentation

A live webcast followed by a Q&A call for analysts and investors will be held today, starting at 11:30am UK time. Attendance is by invitation only. A recording of the presentation will be available at www.halfordscompany.com in due course. For further details please contact Powerscourt on the details above.

Notes to Editors

www.halfords.com www.avayler.com www.tredz.co.uk www.halfordscompany.com

Halfords is the UK's leading provider of motoring and cycling services and products. Customers shop at 385 Halfords stores, 2 Performance Cycling stores (trading as Tredz), 639 garages (trading as Halfords Autocentres, McConechy's, Universal, National Tyres and Lodge Tyre) and have access to 273 mobile service vans (trading as Halfords Mobile Expert, Tyres on the Drive and National) and 495 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 at halfords.com. Through its subsidiary Avayler, Halfords also sells the Group's bespoke, internally developed software as a SaaS solution to major clients in the US and Europe.

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

Revenue and Markets performance

Faced with very tough markets, we remained focused on the areas within our control, taking significant market share (volume-based) to record overall revenue growth of +7.9%, of which LFL growth was +5.0%. Volumes in FY24 in two of our core markets – Cycling and Consumer Tyres (c. 32% of Group revenue in FY24) - were worse than independent forecasts anticipated one year ago. Customer confidence has remained weak, driven in part by rising interest rates that are high relative to recent history. These factors have impacted demand for both discretionary big-ticket items such as Bikes and Touring, and less discretionary big-ticket products, such as car tyres. Unfavourable weather conditions impacted key periods during the year, with high rainfall in the summer and winter seasons reducing demand for Cycling, Car Cleaning and Touring products. The poor weather also impacted overall footfall into stores, whilst the lack of cold snaps in the winter months impacted sales of blades, batteries and winter products.

Since our Capital Markets Day in April 2023, we have shared detailed market volume and share performance for our four core markets: Retail Motoring, Cycling, Consumer Tyres, and Motoring Servicing. FY24 performance is provided in a table in the front section above, with further information provided below:

All figures are approximate	**Autocentres**		**Retail**	
	Consumer Tyres	**Motoring Servicing**	**Retail Motoring**[2a]	**Cycling**[2b]
Market size (£ value)	£2.2bn	£9.0bn	£4.0bn	£1.1bn
Market volumes vs pre-Covid	-14%	+4%	n/a	-30%
3rd party source	GfK	DVSA (MOT data)	GfK	Bicycle Association

2a. Retail Motoring market growth is based on GfK data, which audits seven categories in which we participate. Market size is based on Kantar's wider survey of the motoring market, which we have more recently begun participating in.

2b. Bike volumes down -30% vs pre-Covid

Autocentres

The Autocentres Group is comprised of three businesses:

1. Consumer Garages and Vans, focused on the provision of tyre fitting and Service, Maintenance and Repair ("SMR") services to consumers and fleets of cars or small commercial vehicles. Operates from 549 garages and 273 vans. Accounts for c. 74% of Autocentres revenue.
2. Commercial Fleet Services ("CFS"), where the acquisitions of Lodge Tyre, Universal and McConechy's has made Halfords the UK's largest truck tyre service provider. Operates from 90 garages and 495 vans. Accounts for c. 25% of Autocentres revenue.
3. Avayler, the Group's bespoke, internally developed software that is sold as a SaaS solution to major clients in the US and Europe. Accounts for c. 1% of Autocentres revenue.

Overall revenue growth in FY24 was once again very strong, up +17.6% year-on-year and +10.7% on a LFL basis. The revenue performance of each of the businesses was as follows:

- Consumer Garages and Vans
    - Consumer Tyres
        - Market volumes fell year-on-year by -1.3%, well behind our expectation of +2.6% growth, as drivers continued to delay essential maintenance for longer than we, and the industry, anticipated.
        - Facing a worse than expected market, we took significant share, up +0.4 points. This was in part driven by an improved customer offer for tyre fitting, introducing a more affordable range and improving convenience through same-day fitting.
    - Motoring Servicing
        - Against a forecast of broadly flat for FY24, the Motoring Servicing market grew by +0.9%, with good growth in H1 offset by a decline in H2, reflecting the ongoing impact of changing MOT seasonality caused by Covid disruption.
        - We increased our market share in the year by +0.2 points, driven by several factors, including: (1) The success of our Motoring Loyalty Club, with membership doubling to 3.4m and approximately 40% of our MOT work now coming from club members; (2) the launches of our innovative 'Buy Now Pay Later' finance offer and dynamic pricing for MOT bookings, providing customers with greater choice and more affordable options; and (3) Improved utilisation rates in our garages, which was up +9.4 percentage points year-on-year, leading to better capacity planning across the garage network.
- Commercial Fleet Services
    - Revenue grew by 47%, in part benefiting from the annualisation of the Lodge Tyre acquisition in October 2022.
    - LFL growth in the year was +5.3%. With near national coverage, we are attracting new customers with nationwide requirements who can access an unparalleled network of 495 commercial vans and 90 commercial garages. Further detail on our progress is provided in the Strategic and Operational review below.
- Avayler
    - Revenue more than tripled[3] from the prior year, up to £6.6m in FY24.
    - Signed agreements with four new clients, including a 15-year commercial agreement with Bridgestone.

Retail

Retail comprises Retail Motoring (62% of Retail revenue) and Cycling (38% of Retail revenue):

- Retail Motoring:
    - A resilient revenue performance, with LFL revenue growth of +4.9%, significantly better than market volume growth of +0.9%. Performance across the year was mixed, with strong growth of +8.2% in the first half followed by lower growth of +1.7% in H2, in large part due to very unfavourable weather in the winter months, as described above.
    - Market share increased by +1.3 points, ahead of our target of +0.6 points. The ongoing expansion of our Car Parts proposition, strategic price investment in key categories, and continued product innovation in areas such as Car Seats and Dashcams, all contributed to offsetting weak demand for big-ticket discretionary categories such as technology and touring.

- Cycling:
    - LFL revenue declined by -2.8% versus FY23. The Cycling market performed significantly worse than the industry expected, with volumes declining by -4.0% in the year, far behind our own forecast of -1.0%. Low customer confidence in the ongoing cost-of-living crisis has further impacted demand for big-ticket, discretionary items such as bikes. Another year of decline leaves bike market volumes c. 30% below pre-Covid levels.
    - The market has become more challenging and competitive as it continues to consolidate quickly. Promotional participation increased by 33% year-on-year in H2, and more customers are purchasing on credit, leading to significant pressure on gross margins. The high-profile failure of Wiggle demonstrates a much broader challenge for Cycling businesses in the UK.
    - In very challenging market conditions, we were pleased to increase our share by +1.3 points, well ahead of our target of +0.7 points and further cementing our leadership of the UK Cycling market. This strong performance was driven by good progress in three key areas:
        - Cycle2Work ("C2W"): revenue up +8.3% year-on-year, supported by the development of our new B2B platform for small and medium sized businesses.
        - Tredz: our online, high-performance cycling business delivered LFL sales growth of +11.1%, growing share and improving brand awareness in a fast-consolidating industry. We launched a new website in the year, improving the customer journey and our online conversion rate, whilst our Trustpilot score of 4.7 (as at the period-end) remains ahead of our main competitors.
        - Product innovation: we continued to innovate across our Cycling range. For example, the new Boardman SLR 8.9 road bike combined best-in-class specification with a market-leading price point.
    - Looking ahead, as the clear market leader, we expect to emerge in an even stronger position once market conditions normalise.

Gross margin

- Gross margin % was 48.5%, -40 bps lower than last year. A very strong performance in Autocentres was offset by a decline in Retail.
- Autocentres gross margin of 50.2% was 180 basis points higher than FY23. The success of our Better Buying programme and several pricing initiatives more than offset the dilutive impact of the Lodge acquisition.
- Retail gross margin was -190 bps lower than FY23, driven by foreign exchange headwinds in relation to the weakening of Sterling hedges versus the US dollar, and the dilutive impact of increased Cycling promotional activity in response to market consolidation. This was partly offset by very strong results from our Better Buying programme.

Strategic and Operational review

Our focus in FY24 has been to deliver on the areas that are within our control, recognising that our core markets remain very challenging. We have made good progress both strategically and in further optimising the business, creating a solid foundation for future growth. We have built a unique, digital-enabled, omni-channel platform that will enable us to drive strong profitable growth once markets recover.

Growing Services and B2B

We continued to invest in our Services and B2B businesses, which now represent 51% and 29% of Group revenues respectively. These businesses provide the Group with greater resilience against weak consumer confidence and are capable of generating higher and more sustainable financial returns. The Autocentres Group, which is comprised of the three businesses described further above, accounts for approximately 83% of Services revenue and c. 55% of B2B.

Autocentres Group revenue growth was +17.6%, including +10.7% on a LFL basis, whilst underlying EBIT, including losses from Discontinued Operations, was £13.8m, representing significant growth on the prior year profit of £3.1m. All three Autocentres businesses contributed to this strong performance:

Consumer Garages and Vans – improved utilisation and pricing initiatives driving significant profit growth:

This material growth in Autocentres profitability reflected the delivery of several initiatives in our Consumer Garages and Vans business, including improved utilisation of colleagues and garage capacity, the launch of dynamic pricing for MOT and Tyre bookings, and an improved customer proposition for same-day tyre fitting.

Commercial Fleet Services ("CFS") – leveraging our market-leading offer and national presence

The October 2022 acquisition of Lodge Tyre complemented our existing commercial fleet services businesses, Universal and McConechy's, establishing Halfords as the UK's largest provider of commercial tyre services. The scale and national presence of this business is a key differentiating factor that attracts the UK's largest commercial fleet operators.

Revenue growth in FY24 was +47% in total and +5.3% on a LFL basis, driven in part by the award of new fleet contracts. The business was awarded a five-year contract with Yodel, who operate one of the largest commercial vehicle fleets in the UK, with over 1,700 vehicles, adding to existing contracts with DHL, DPD, Evri and Kuehne and Nagel. We also provide services for several local councils and other public entities, including contract wins in FY24 with Dudley, Coventry, Liverpool and Cheshire West councils.

We are continuing to leverage the integration of our combined CFS business, with revenue and cost synergies tracking ahead of expectations.

Avayler – significant contract wins and an investment stake

Our SaaS business 'Avayler' 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 growth projections set out at our CMD in April 2023.

In addition to the contract win, Bridgestone has taken a 5% equity stake in return for a $3m investment. This is a significant endorsement for the Avayler software platform and demonstrates its considerable growth opportunity.

In the fourth quarter, we signed agreements with three new customers, all based in the USA. Our partnerships with Triple A ("AAA"), ZipTire, and Point S further enhance our market position with key players in North America. We are building momentum and have a strong pipeline in place for further customer acquisition targets.

From an operational perspective, during the year we separated Avayler to operate as a standalone business, distinct from the Halfords Group. This will enable Avayler to attract talent and develop a culture appropriate for a young but fast-growing, global software business, whilst also ensuring that we can accurately measure the progress it is making and the returns it generates.

Avayler Revenue more than tripled[3], to £6.6m in FY24, with an operating loss, as forecast, of £1.3m, as we continue to invest in technology and operations to support existing customers and future growth. In line with our CMD targets, we expect significant revenue and profit growth in the mid-term.

3. Includes recognition of intercompany revenues earned from sales to Halfords Group companies

Profitably growing market share

Motoring Loyalty Club grew to 3.4m members

Our Motoring Loyalty club was launched in March 2022, providing members with financial and non-financial benefits in return for closer engagement with Halfords and, in the case of Premium membership, a paid subscription.

The benefits of the Club continue to resonate strongly with customers, with membership doubling to 3.4 million by the year-end. In addition to providing customers with attractive benefits, the Club also creates significant value for Halfords:

- Members visit twice as frequently as non-members and spend more per visit.
- Lower customer acquisition cost: Cross-shop[4] for Loyalty members was 16% in FY24, an increase of one percentage point on the prior year and four times higher than for non-members. Furthermore, c. 40% of MOTs in our Autocentres came through the Club, whilst 45% of members joining the Club in FY24 are new to the Halfords Group. With the Club successfully driving customers into the Autocentres business, we expect our marketing spend on MOTs to reduce by 35% in FY25.
- The data we obtain provides an opportunity to monetise its value.
- The Club provides a roadmap to future subscription offers across the Group. At the end of FY24, 8.0% of members were signed up to the paid, premium membership offer, an increase of 0.6% from the prior year and within the range of our mid-term target of 8-10%.

4. Cross shop is defined as the proportion of customers who have transacted with both Retail and Autocentres in the period.

Growing our market-leading extended Car Parts proposition

We extended our motoring offer with a major launch of a new specialist Car Parts proposition, providing customers with access to thousands of car parts in our stores and online. Our entry into the £1bn specialist car parts market has driven a more than doubling of revenue in the Parts category, with customers responding positively to our competitive pricing; a step change in convenience with a new click and collect in 60 minutes offer; and adding the 4th 'B', Brakes, to our 3Bs (Bulbs, Batteries, Blades) proposition.

Continuing to optimise the platform

Restructuring our tyre supply chain

We entered into an agreement with specialist tyre distributor Bond International ("Bond"), who will take responsibility for the tyre supply chain operation in the Autocentres business. This involves a significant restructuring of our tyre supply chain, closing the existing operation, and will result in significant benefits for customers and shareholders.

Costs will reduce by approximately £5m per annum from FY25 onwards, reflecting the operational efficiencies that Bond can provide as a specialist, market-leading tyre distributor. Furthermore, customers will benefit from better stock availability in garages, with contracted service levels with Bond in place. The agreement will also drive better operational processes in our garages and van hubs, helping to save cost, reduce inventory holding, and improve controls. Over time, the partnership will unlock greater buying synergies and provide an opportunity to significantly improve working capital efficiency.

This restructuring resulted in the closure of tyre wholesale and distribution operations (Viking and BDL) that formed part of the Axle Group acquisition in December 2021. The transition of these operations to Bond has enabled Halfords to retain the margin benefits of direct sourcing that came with having a wholly owned supply chain, but at considerably lower cost. The Bond arrangement also enables a new same day tyre proposition, bookable online, across all Halfords and National branded garages, which the Viking and BDL operations would not have been able to fulfil without considerable scaling and capital investment. As such the transition of the tyre supply chain to Bond is expected to enhance returns.

Cost and balance sheet efficiency

We continued to successfully manage our costs, delivering over £35m of savings in FY24, ahead of our £30m target. Over half of these savings were due to the success of our Better Buying programme, which has materially reduced our cost of goods on an ongoing basis through strategic supplier partnerships, value engineering, own-brand growth, and group buying synergies. The cumulative cost savings delivered in the last three years is c. £70m, demonstrating the Group's ongoing focus on efficiency and its ability to continue reducing the cost base.

Despite weaker sales than we had forecast at the start of the year, inventory in the Retail business reduced by £24m, a year-on-year reduction of 11%. The balance sheet remains very strong, with net debt excluding leases of £8.2m and a leverage ratio (including leases) just below our target range.

Sustainability

We continue to make good progress on our ESG programme. Notable highlights include our ever-growing momentum within packaging. We removed 5.5 million items of plastic packaging and swapped 2 million items of non-recyclable plastic to recyclable, whilst we also launched new recycling initiatives in our Retail stores. We continued to strengthen the governance of our supply base, updating our Global sourcing policy and launching a new sustainability tool in partnership with EcoVadis, the global leader of business sustainability ratings.

Our Scope 1 and 2 emissions are now 24% below our FY20 baseline in absolute terms but, relative to Group revenue, are 49% below FY20. We also made significant progress in calculating accurate data for our Scope 3 emissions, working alongside industry experts, The Carbon Trust. This provides Halfords with a strong foundation on which to start building our Net Zero roadmap in FY25.

Further details of our ESG Strategy, the progress we have made, and our focus areas for the mid-term can be read in our Annual Report and Accounts located on the corporate website, www.halfordscompany.com.

FY25 Areas of Focus

As detailed above, we have been faced with significant headwinds outside of our control, many of which have been more difficult than we anticipated just one year ago. We are planning for these headwinds to continue through FY25 but critically, we do not expect them to last in the long-term. Our priorities in FY25 reflect this situation and as such, we will focus on further optimising the platform, with proportionately fewer resources allocated to the strategic transformation of the business and proportionately more resources allocated towards opportunities that promise good returns in the short and mid-term. Notwithstanding this, it is critical that we continue to make some investments for the long-term health of the Group, including continued investments in both Fusion and Avayler.

This shift in focus is likely to mean lower market share gains and overall revenue growth in FY25, with proportionately more focus on operating margin % and overall returns on capital.

Optimise the platform

- Leverage unique platform to improve the consumer garage operating model: building on significant progress in FY24, we believe there is considerable scope to further expand profit margins in our consumer garages. In FY25 we will focus on embedding the transition of the tyre supply chain operation to Bond International and leveraging this to improve our processes and ways of working in garages and van hubs. We will also be step-changing leadership capability to further drive a high performing culture.

- Cost and efficiency: targeting over £30m of incremental year-on-year savings in cost of goods and operating costs.

- Invest in colleagues: we will increase our investment in people by expanding our apprentices programme and investing in leadership capability. This to ensure we develop talented and engaged colleagues and leaders, whilst creating rewarding careers for all.

Strategic investments for mid- to long-term growth

- Roll-out out the motoring services elements of our Fusion concept to garages and retail car parks in 25 towns (£5m of capex), with the potential to do more in FY25 if results continue to be compelling. We are confident in generating strong financial returns following successful trials in Colchester and Halifax, where we have seen a near doubling of revenue and an even greater increase in EBITDA in the garages in those towns. Over time, we believe there are up to 150 towns in the UK that could benefit from the Fusion concept.

- Avayler will focus on delivering its software platform to existing customers, including Bridgestone, whilst developing a pipeline of global opportunities to support expansion in FY26.

Dividend and capital allocation

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

We ended the period with net debt, excluding leases, of £8.2m (FY23: Net Debt £1.8m). The Net Debt: EBITDA ratio (including lease debt) was 1.7x (FY23: 1.9x), slightly below our target range of 1.8x pre-M&A or up to 2.3x post.

We have extended our committed £180m Revolving Credit Facility (including £20m overdraft) to April 2028, with an additional one-year extension option that would take it to April 2029.

In line with the mid-term plan communicated at our Capital Markets Day in April 2023, we intend to increase capital expenditure in FY25 to a range of £50-60m, assuming trading continues as expected. Approximately half of this will support ongoing maintenance of the business, c. 35% allocated to optimising projects with strong in-year returns, and approximately 15% invested in strategic initiatives such as Avayler and Project Fusion.

Balancing our capital allocation priorities with the importance of the ordinary dividend to many of our investors, we have proposed a final dividend of 5 pence per share, which would result in a full year dividend of 8 pence. This would be a 20% reduction versus the prior year, reflecting lower profits and the application of our dividend policy described above. The final dividend would be paid on 13 September 2024 with the corresponding ex-dividend date of 8 August 2024 and the record date of 9 August 2024.

Graham Stapleton
Chief Executive Officer, Halfords Group plc
26 June 2024

Chief Financial Officer's Report

Halfords Group plc ("the Group" or "Group")
Reportable Segments

The Group has two reportable segments, Retail and Autocentres, which are the Group's strategic business units. 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. The operations of the Autocentres reporting segment comprise vehicle servicing and repair performed from garages and vans, along with the development and provision of Avayler Software-as-a-Service products to both internal and external customers.

The "FY24" accounting period represents trading for the 52 weeks to 29 March 2024 ("the financial period"). The comparator period, "FY23", represents trading for the 52 weeks to 31 March 2023. All numbers shown reflect continuing operations and are on a post-IFRS 16 basis and before non-underlying items, unless otherwise stated.

Group Financial Results

	FY24 (52 weeks) £m	FY23* (52 weeks) £m	FY24 versus FY23 change
Group Revenue	1,696.5	1,572.7	7.9%
Group Gross Profit	822.6	768.7	7.0%
Underlying EBIT	56.2	58.9	-4.6%
Underlying EBITDA	181.3	186.7	-2.9%
Net Finance Expense	(13.1)	(12.1)	8.3%
Underlying Profit Before Tax	**43.1**	**46.8**	**-7.9%**
Net Non-Underlying Items	(4.3)	(7.8)	-44.9%
Profit Before Tax	**38.8**	**39.0**	**-0.5%**
Income tax expense	(9.8)	(8.1)	
Loss after tax from discontinued operations	(12.1)	(2.8)	
Total Profit for the period (continuing and discontinued)	**16.9**	**28.1**	**-39.9%**
Underlying Basic Earnings per Share (continuing and discontinued)	**12.2p**	**16.1p**	**-23.6%**

*Restated, see Note 12 in the financial statements

During FY24, we closed our tyre supply chain operation, outsourcing the activity to a third-party, Bond International. The closed operations (Viking and BDL) have been classified as 'Discontinued' in our accounts for both the FY24 reported period and the FY23 comparator, however, the total (Continuing and Discontinued) result of the Group is a more accurate comparison to previous market guidance. It is also more reflective of ongoing profit because it includes the ongoing cost of running the tyre supply chain, which in future will be outsourced to Bond International. We have, therefore, also presented the total Underlying Profit Before Tax ("PBT") in this report where relevant. A reconciliation of Underlying PBT, from Continuing Operations to the total result, is provided in the below table, with further disclosure in the APM note.

£m	**FY24**	**FY23**	***Change %***
Underlying PBT from Continuing Operations	**43.1**	46.8	***-7.9%***
Underlying loss before tax from Discontinued Operations	(7.0)	(2.6)	
Underlying PBT – Total Result (comparable to previous market guidance)	**36.1**	44.2	***-18.3%***

FY24 underlying profit before tax ("PBT"), from continuing operations, was £43.1m, a reduction of -£3.7m or -7.9% vs. the prior period. On a total basis, including all operations, underlying PBT was £36.1m.

Group revenue from continuing operations of £1,696.5 was +7.9% ahead of last year and +5.0% on a like-for-like ("LFL") basis. Growth was driven by price inflation and volume market share gains, with the externally measured overall Cycling and Consumer Tyres markets declining in volume terms year-on-year, as measured by the Bicycle Association and GfK respectively. The Cycling and Consumer Tyres markets remain significantly depressed versus pre-Covid levels, with bike volumes down c. 30% and tyres down c. 14%. Total Revenue comprised Retail revenue of £997.1m and Autocentres revenue of £699.4m. Retail revenues grew +2.0% (+£17.5m) versus FY23, a resilient performance in challenging markets. Motoring LFL of +4.9% was much stronger than Cycling LFL of -2.8%, reflecting a stronger performance in needs-based categories. Autocentre revenue was up +10.7% on a LFL basis, driven by market share gains in both Motoring Servicing and Consumer Tyres. The annualisation of the Lodge acquisition brought total Autocentres revenue growth to +17.6% in FY24. The Chief Executive's Statement contains detailed commentary on the trading and market performance in the year.

The Group gross margin %, from continuing operations, was 48.5%, 40 basis points ("bps") lower than last year. A very strong performance in Autocentres, up 180 bps, was offset by a 190 bps decline in Retail. Further explanations in each segment are provided below.

Total operating costs from continuing operations were £766.4m, of which Retail comprised £430.4m, Autocentres £330.3m and unallocated costs £5.7m. Unallocated costs represent amortisation charges in respect of intangible assets acquired through business combinations. Group operating costs increased by +8.0% in the year, slightly more than total revenue growth of +7.9%, and as a result, operating costs as a percentage of revenue increased from 45.1% to 45.2%. Of the +8.0% year-on-year increase, +1.7% was due to the annualisation of the Lodge Tyres acquisition, which completed in October 2022. The remaining increase of 6.3% was driven by significant inflation in energy and labour costs, and, to a lesser extent, investment to support the growth of the business.

Group Underlying EBIT from continuing operations decreased by -4.6% to £56.2m, whilst net finance expense of £13.1m was 8.3% higher than FY23, reflecting higher interest rates and debt levels. Underlying Profit Before Tax from continuing operations decreased -7.9% vs FY23.

Non-underlying items from Continuing Operations totalled a £4.3m debit in the year, further details of which are provided below. FY23 non-underlying items totalled a net debit of £7.8m, comprised of restructuring costs, acquisition costs and the costs associated with property closures. After non-underlying items, Group Profit Before Tax from Continuing Operations was £38.8m, -0.5% lower than last year. Non-underlying items on discontinued operations are detailed below.

Autocentres

Continuing Operations:	**FY24 (52 weeks) £m**	**FY23* (52 weeks) £m**	***FY24 versus FY23 Change %***
Revenue	699.4	594.8	*+17.6%*
Gross Profit*	351.1	288.0	*+21.9%*
Gross Margin %	50.2%	48.4%	*+180 bps*
Operating Costs*	(330.3)	(282.3)	*+17.0%*
Underlying EBIT	20.8	5.7	*+264.7%*
Non-underlying items	(2.8)	(7.1)	
EBIT	18.0	(1.4)	
Underlying EBITDA	60.4	44.8	*+34.9%*

*Restated, see Note 12 in the financial statements. FY23 has also been restated for comparability following a change in categorisations of supplier income in FY24 the impact on FY23 is a decrease in Gross profit of £4.7m and a corresponding reduction in operating costs. There is no impact on the overall Group results from this adjustment.

Reconciliation of Underlying EBIT:

£m	**FY24**	**FY23**	***Change %***
Underlying EBIT from Continuing Operations	20.8	5.7	*+264.7%*
Underlying operating loss from Discontinued Operations	(7.0)	(2.6)	
Underlying EBIT – Total Result (Continuing plus Discontinued operations)	**13.8**	**3.1**	***+345.2%***

Overall revenue growth in FY24 was once again very strong, up +17.6% year-on-year and +10.7% on a LFL basis. Total sales growth was further supported by the annualisation of the Lodge acquisition that was completed in October 2022.

LFL growth was strong in all three Autocentres businesses: Consumer Garages and Vans, Commercial Fleet Services ("CFS"), and Avayler. In Consumer Garages, we took share in both the Tyres and Servicing markets. CFS revenues grew +5.3% on a LFL basis, leveraging its scale and national presence to win new contracts. For Avayler, revenue increased to £6.6m in FY24, including the recognition of intercompany sales to other Halfords Group companies. The business signed agreements with four new customers in the period, including a 15-year commercial agreement with Bridgestone.

Autocentres gross margin of 50.2% was 180 basis points higher than FY23. The success of our Better Buying programme and several pricing initiatives more than offset the dilutive impact of the Lodge Tyres acquisition.

Operating costs were £330.3m, +£48.0m (+17.0%) higher than FY23. Of this increase, +4.2% was due to the annualisation of the Lodge Tyres acquisition, with the remaining increase due to the impacts of inflation on staff and store operations costs. The total increase in operating costs was lower than total revenue growth, resulting in operating costs as a percentage of revenue decreasing from 47.5% to 47.2%, with cost savings partly offsetting inflation.

Autocentres underlying EBIT (Continuing Operations) was £20.8m, a significant increase on £5.7m in FY23. Including Discontinued Operations, FY24 EBIT was £13.8m, again a significant increase on FY23 of £3.1m. This excellent performance reflected the delivery of several initiatives in our Consumer Garages and Vans business, including improved utilisation of colleagues, the launch of dynamic pricing for MOT and tyre bookings, and an improved customer proposition for same-day tyre fitting.

Retail

	FY24 (52 weeks) £m	**FY23* (52 weeks) £m**	***FY24 versus FY23 Change %***
Revenue	997.1	977.9	*+2.0%*
Gross Profit	471.5	480.7	*(1.9%)*
Gross Margin %	47.3%	49.2%	*(190 bps)*
Operating Costs	(430.4)	(422.1)	*2.0%*
Underlying EBIT	41.1	58.6	*(29.8%)*
Non-underlying items	(1.5)	(0.7)	
EBIT	39.6	57.9	*(31.6%)*
Underlying EBITDA	120.9	141.9	*(14.8%)*

*Restated, see Note 12 in the financial statements. FY23 has also been restated for comparability following a change in categorisations of supplier income in FY24 the impact on FY23 is an increase in Gross profit of £4.7m and a corresponding increase in operating costs. There is no impact on the overall Group results from this adjustment.

Revenue of £997.1m was up +2.0% on the prior year and +2.2% on a LFL basis. Like-for-like revenues and total sales revenue mix for the Retail business are split by category below:

	FY24 LFL vs FY23 (%)	**FY24 Total sales mix (%)**	FY23 Total sales mix (%)
Motoring	+4.9%	**64.6**	63.0
Cycling	(2.8%)	**35.4**	37.0
Total	**+2.2%**	**100.0**	100.0

Retail Motoring saw a resilient revenue performance, with LFL revenue growth of +4.9%, significantly better than market volume growth of +0.9%. Performance was stronger in H1 at +8.2% LFL, with slower growth of +1.7% in H2 driven by milder and wetter weather conditions year-on-year. In an ongoing cost-of-living crisis, needs based spend categories performed better, with 3Bs and parts growing strongly but more discretionary categories such as technology and touring suffering from weaker demand.

LFL revenue decline in Cycling was -2.8%. As reported by the Bicycle Association, volumes in the market fell -4% year-on-year, with bike volumes now c.30% below pre-covid levels.

The Motoring sales mix increased to 64.6% during the year, underlining the importance of the Group's strategy.

Gross margin was (190 bps) lower than FY23, driven by foreign exchange headwinds in relation to the weakening of Pound Sterling hedges versus the US dollar, and the dilutive impact of increased Cycling promotional activity in response to market consolidation. This was partly offset by very strong results from our Better Buying programme.

Retail operating costs before non-underlying items were £430.4m, +2.0% higher than the prior year. Significant cost inflation, notably in energy costs and salary expenses relating to rises in the national minimum wage, were partly offset by cost savings and lower incentive payments.

Underlying EBIT of £41.1m was (29.8%) lower than FY23, reflecting declining market volumes and related margin pressure, FX headwinds, and significant cost inflation.

Portfolio Management

The total number of fixed stores *or garages within the Group stood at 1,026, with a further 196 HME vans, 9 Cycling Vans, 495 Commercial vans and 68 vans supporting mobile tyre fitting in National and Lodge as at 29 March 2024. The portfolio comprised 387 stores (end of FY23: 395), 90 commercial garages (end of FY23: 90) and 549 consumer garages (end of FY23: 552).*

The following table outlines the changes in the portfolio over the year:

	Stores	***Garages***	***Vans***
Relocations	-	1	–
Leases renegotiated	43	63	–
Refreshed	-	-	–
Openings/Acquisitions	-	4	20
Closed	8	7	8

In Retail, eight stores closed during the year. When analysing the anticipated sales transfer to other channels and neighbouring stores, it was considered more profitable to the Group to close these stores and reduce the overall cost base.

The number of lease expiries, or breaks under option, increases significantly within the next five years. Retail will see more than three quarters of stores experience optionality within five years, allowing for a high degree of flexibility within the estate. The average remaining lease length in Retail is 2.9 years.

Within Autocentres, four garages were opened or acquired and seven garages were closed, taking the total number of Autocentre garages to 549 as at 29 March 2024 (end of 2023: 552).

With the exception of nine long-leasehold and three freehold properties in Autocentres, the Group's locations are occupied under short-term leases, the majority of which are on standard lease terms, typically with a five to 15 year term at inception and with an average lease length of under six years.

Net Non-Underlying items

The following table outlines the components of the non-underlying items recognised in the 52 weeks ended 29 March 2024:

Non-underlying operating expenses relating to continuing operations	**FY24 £m**	**FY23 £m**
Organisational restructure costs (a)	7.7	6.1
Acquisition and investment related fees (b)	1.0	1.9
Closure costs (c)	(4.4)	(0.2)
Non-underlying items before tax relating to continuing operations	**4.3**	7.8
Tax on non-underlying items (d)	(0.5)	(1.1)
Non-underlying items after tax relating to continuing operations	**3.8**	6.7
Non-underlying items after tax relating to discontinued operations	**6.9**	0.2
Total Non-underlying items	**10.7**	6.9

a. During the period organisational restructure costs of £7.7m were incurred. Costs in relation to these activities comprise:
    - £2.0m (2023: £1.6m) linked to the on-going warehouse management system replacement programme. This project is expected to conclude in FY25.
    - £1.9m (2023: £2.9m) of redundancy costs) primarily within the support centre.
    - £1.9m relating to professional fees incurred on a one off strategic review of procurement and related activities undertaken to drive future cost efficiency. The strategic review is now complete and no further costs will be incurred;
    - £1.1m of Professional fees incurred in relation to restructuring the Avayler operation. The restructuring is now complete and no further costs are anticipated;
    - £0.5m (2023: £1.2m) due to the new system and financial dual running costs incurred in relation to the integration of National Tyres; and
    - £0.3m (2023: £0.4m) relating to master data management systems upgrade. This project and associated costs is expected to conclude in FY25.
b. Acquisition and investment related costs of £1.0m (2023: £1.9m) incurred in the period primarily comprise professional fees and acquisition costs in relation to the acquisitions of National Tyres and the Lodge Tyre Company, where no further costs will be incurred in relation to these acquisitions.
c. During periods ended 3 April 2020 and 2 April 2021 the Group completed a strategic review of the profitability of its physical estate and subsequently closed a number of stores and garages. Assets were impaired and costs associated with ongoing onerous commitments under lease agreements and other costs associated with the property exits were provided for. In the current period, £4.4m (2023: £0.2m) was credited to the income statement within non-underlying items following lease disposals and subsequent review of provisions required. In future periods, further lease disposals may be negotiated. 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.
d. The tax charge of £0.5m represents a tax rate of 15.8% applied to non-underlying items. The prior period represents a tax credit at 13.8% applied to non-underlying items.

Discontinued Operations

On 25 January 2024 the Group announced its intention to enter into a strategic partnership with specialist tyre distributor Bond International and to close its existing tyre operation. As a consequence, on 22 February 2024, the Group sold Birkenshaw Distributors Limited ("BDL") and the wholesale customers of Stepgrades Motor Accessories Ltd ("Viking") to R & R C Bond (Holdings) Limited ("Bond"). On 22 March 2024, the remaining principal operations of Viking ceased.

The events noted above result in Viking and BDL being treated as a discontinued operation in the period. The results of the business have been shown separately from the continuing business for all periods and presented on the face of the income statement and within other disclosures in the financial statements as a discontinued operation.

Viking and BDL combined for a £7.0m pre-tax loss on discontinued operations in the period (before non-underlying items). Non-underlying items relating to discontinued operations amounted to £9.4m, comprising of £11.9m of organisation restructuring costs and £2.5m of gains on disposal.

Net Finance Expense

The net finance expense (before non-underlying items) for the 52 weeks ended 29 March 2024 was £13.1m (FY23: £12.1m) reflecting an increase in bank interest due to rate increases and an increase in the overall debt position.

Taxation

The taxation charge on profit for the 52 weeks ended 29 March 2024 was £10.3m (2023: £8.2m), including a £0.5m credit (2023: £1.1m credit) in respect of tax on non-underlying items. The effective tax rate of 26.2% (2023: 20.7%) is higher than the UK corporation tax rate principally due to the impact of prior period adjustments arising from a review which led to RDEC and Super Deduction claims on the Group's software expenditure for the periods ending 1 April 2022 and 31 March 2023, offset by non-deductible depreciation in the period.

Earnings Per Share ("EPS")

Underlying Basic EPS was 12.2 pence and after non-underlying items 7.8 pence (FY23*: 16.1 pence and 12.9 pence after non-underlying items), a –23.6% and -39.5% movement on the prior year. Basic weighted-average shares in issue during the year were 217.4m (FY23: 217.4m).

Dividend ("DPS")

Following the payment of an interim dividend of 3.0p per share on 19 January 2024, the Board is proposing an FY24 final dividend of 5.0p per share (FY23: 7.0p per share) which will absorb an estimated £11.0m (2023: £15.3m) of shareholders' funds. It will be paid on 13 September 2024 to shareholders who are on the register of members on 9 August 2024.

Capital Expenditure

Capital investment beyond maintenance expenditure prioritises projects which align to the Group's strategy and deliver attractive returns that exceed the cost of capital.

Capital investment, excluding right of use assets, in the 52 weeks ended 29 March 2024 totalled £43.7m (FY23: £48.1m) comprising £22.8m in Retail and £20.9m in Autocentres. Within Retail, £9.3m (FY23: £3.6m) was invested in stores and £13.5m in technology systems, which included the continued development of the Group's web platforms and further investment in our data capability.

The capital expenditure in Autocentres principally related to £10.6m on the replacement of garage equipment and vehicles, and £10.3m on software development primarily on our Avayler platform and further development of our digital garage workflow system.

Inventories

Group inventory held as at the year-end was £237.5m (FY23: £256.2m). Retail inventory decreased to £178.8m (FY23: £202.8m) as a result of strong stock management.

Autocentres' inventory increased to £58.7m (FY23: £53.4m) to support the increased sales volumes in this segment.

Cashflow and Borrowings

Adjusted Operating Cash Flow was £185.6m (FY23: £164.4m), reflecting a working capital inflow of £14.4m, driven by the reduction in inventory levels in the year. After acquisitions, taxation, capital expenditure and net finance costs, Free Cash Flow of £29.4m (FY23: £2.7m) was generated in the year. Group net debt was £315.3m (FY23: £348.7m).

Jo Hartley
Chief Financial Officer
26 June 2024

Glossary of Alternative Performance Measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"), previously termed as 'Non-GAAP measures'. APMs should be considered in addition to IFRS measurements. 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 management to measure the Group's performance.

The key APMs that the Group focuses on are as follows:

1. Like-for-like ("LFL") sales represent revenues from stores, centres and websites that have been trading for at least a period (but excluding prior year sales of stores and centres closed during the period) at constant foreign exchange rates.

2. Underlying EBIT are results from operating activities before non-underlying items. Underlying EBITDA further removes Depreciation and Amortisation.

	FY24 £m	FY23* £m
Underlying EBIT*	56.2	58.9
Depreciation & amortisation	127.7	121.3
Underlying EBITDA*	**183.9**	180.2

*FY23 restated, see Note 12 of the financial statements for details.

3. Underlying Profit Before Tax is Profit before income tax and non-underlying items from continuing operations as shown in the Group Consolidated Income Statement.

	FY24 £m	FY23* £m
Underlying profit before tax from continuing operations	43.1	46.8
Underlying profit before tax from discontinued operations	(7.0)	(2.6)
Underlying profit before tax	**36.1**	44.2

*FY23 restated, see Note 12 of the financial statements for details.

4. Underlying Earnings Per Share is Profit after income tax before non-underlying items as shown in the Group Consolidated Income Statement, divided by the number of shares in issue.

5. Net Debt is current and non-current borrowings, including lease debt, less cash and cash equivalents, both in-hand and at bank, as shown in the Consolidated Statement of Financial Position.

	FY24 £m	FY23 £m
Cash & cash equivalents	13.3	32.2
Borrowings – current	(80.9)	(77.6)
Borrowings – non-current	(247.7)	(303.3)
Net Cash/(Debt)	**(315.3)**	(348.7)

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 net cash from operating activities, plus impairment of plant, property and equipment and right of use assets, foreign exchange movements and income tax; as reconciled below.

	FY24 £m	FY23* £m
Net cash from operating activities – continuing operations	**177.9**	150.6
Add back:		
Impairment of property, plant and equipment and right of use asset	**(2.8)**	1.1
Foreign exchange movement	**(1.2)**	8.0
Income tax paid	**11.7**	4.7
Adjusted Operating Cash Flow*	**185.6**	164.4

*FY23 restated, see Note 12 of the financial statements for details.

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

	FY24 **£m**	FY23* £m
Adjusted Operating Cash Flow	**185.6**	164.4
Capital expenditure	**(45.6)**	(54.5)
Net finance costs	**(3.2)**	(4.4)
Taxation	**(11.7)**	(4.7)
Supplier financing	**(4.1)**	(0.8)
Exchange movements	**1.2**	(8.0)
Lease payments	**(92.8)**	(89.3)
Free Cash Flow*	**29.4**	2.7

*FY23 restated, see Note 12 of the financial statements for details.

Halfords Group plc

Consolidated Income Statement

For the 52 weeks to 29 March 2024 (unaudited)

For the period		**52 weeks to 29 March 2024**			52 weeks to 31 March 2023*		
		Before Non-underlying items	**Non-underlying items (note 4)**	**Total**	Before Non-underlying items*	Non-underlying items (note 4)	Total
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Revenue		**1,696.5**	**-**	**1,696.5**	1,572.7	-	1,572.7
Cost of sales		**(873.9)**	**-**	**(873.9)**	(804.0)	-	(804.0)
Gross profit		**822.6**	**-**	**822.6**	768.7	-	768.7
Operating expenses	2	**(766.4)**	**(4.3)**	**(770.7)**	(709.8)	(7.8)	(717.6)
Results from operating activities	3	**56.2**	**(4.3)**	**51.9**	58.9	(7.8)	51.1
Finance costs	5	**(13.1)**	**-**	**(13.1)**	(12.1)	-	(12.1)
Profit before income tax		**43.1**	**(4.3)**	**38.8**	46.8	(7.8)	39.0
Income tax expense	6	**(10.3)**	**0.5**	**(9.8)**	(9.2)	1.1	(8.1)
Profit / (loss) after tax from continuing operations		**32.8**	**(3.8)**	**29.0**	37.6	(6.7)	30.9
Loss after tax from discontinued operations	9	**(5.2)**	**(6.9)**	**(12.1)**	(2.6)	(0.2)	(2.8)
Total profit for the year (continued and discontinued)		**27.6**	**(10.7)**	**16.9**	35.0	(6.9)	28.1
Attributable to:							
Equity shareholders		**27.6**	**(10.7)**	**16.9**	35.0	(6.9)	28.1
Non-controlling interest		-	-	-	-	-	-
Earnings per share							
Basic (continuing)	8	**15.1p**		**13.3p**	17.6p		13.0p
Diluted (continuing)	8	**14.5p**		**12.7p**	16.8p		12.4p
Basic (continuing and discontinued)	8	**12.7p**		**7.8p**	16.1p		12.9p
Diluted (continuing and discontinued)	8	**12.2p**		**7.4p**	15.4p		12.4p

* Restated, please refer to note 12 for further information.

The notes on pages 26 to 36 form part of these condensed consolidated financial statements.

Halfords Group plc

Consolidated Statement of Comprehensive Income

For the 52 weeks to 29 March 2024 (unaudited)

	52 weeks to 29 March 2024	52 weeks to 31 March 2023*
	£m	£m
Profit for the period from continuing operations	**29.0**	30.9
Other comprehensive income		
Cash flow hedges:		
Fair value changes in the period	**(1.3)**	2.7
Income tax on other comprehensive income	**(0.4)**	1.1
Other comprehensive (loss) / income for the period, net of income tax	**(1.7)**	3.8
Total comprehensive income from continuing operations	**27.3**	34.7
Loss for the period from discontinued operations	**(12.1)**	(2.8)
Other comprehensive income		
Other comprehensive income for the period, net of income tax	**-**	-
Total comprehensive loss from discontinued operations	**(12.1)**	(2.8)
Total comprehensive income	**15.2**	31.9
Attributable to:		
Equity shareholders	15.2	31.9
Non-controlling interest	-	-

All items within the Consolidated Statement of Comprehensive Income are classified as items that are or may be recycled to the Income Statement.

* Restated, please refer to note 12 for further information.

The notes on pages 26 to 36 form part of these condensed consolidated financial statements.

Halfords Group plc

Consolidated Statement of Financial Position

For the 52 weeks to 29 March 2024 (unaudited)

	Notes	**29 March 2024 £m**	31 March 2023* £m
Assets			
Non-current assets			
Intangible assets		**483.9**	482.0
Property, plant and equipment		**89.5**	97.8
Right-of-use assets	11	**278.3**	312.6
Trade and other receivables		**2.3**	-
Deferred tax asset		**5.1**	10.9
Total non-current assets		**859.1**	903.3
Current assets			
Inventories		**237.5**	256.2
Trade and other receivables		**161.0**	144.6
Current tax asset		**8.4**	-
Derivative financial instruments		**0.2**	1.1
Cash and cash equivalents	10	**13.3**	41.9
Total current assets		**420.4**	443.8
Total assets		**1,279.5**	1,347.1
Liabilities			
Current liabilities			
Borrowings	10	**(1.8)**	(9.7)
Lease liabilities	11	**(79.1)**	(77.6)
Derivative financial instruments		**(1.5)**	(3.7)
Trade and other payables		**(368.4)**	(362.3)
Current tax liabilities		**-**	(3.6)
Provisions		**(12.4)**	(11.2)
Total current liabilities		**(463.2)**	(468.1)
Net current (liabilities)		**(42.8)**	(24.3)
Non-current liabilities			
Borrowings		**(19.6)**	(34.0)
Lease liabilities		**(228.1)**	(269.3)
Derivative financial instruments		**(0.1)**	(0.5)
Trade and other payables		**(3.6)**	(3.5)
Provisions		**(11.1)**	(14.8)
Total non-current liabilities		**(262.5)**	(322.1)
Total liabilities		**(725.7)**	(790.2)
Net assets		**553.8**	556.9
Shareholders' equity			
Share capital		**2.2**	2.2
Share premium		**212.4**	212.4
Investment in own shares		**(1.0)**	(1.9)
Other reserves		**-**	(1.1)
Retained earnings		**340.2**	345.3
Total equity attributable to equity holders of the Company		**553.8**	556.9
Non-controlling interest		**-**	-
Total equity		**553.8**	556.9

* Restated, please refer to note 12 for further information.

The notes on pages 26 to 36 form part of these condensed consolidated financial statements.

Halfords Group plc

Consolidated Statement of Changes in Shareholders' Equity

For the 52 weeks to 29 March 2024 (unaudited)

	Attributable to the equity holders of the Company								
			Other reserves						
	Share capital £m	Share premium account £m	Investment in own shares £m	Capital redemption reserve £m	Hedging reserve £m	Retained earnings* £m	**Total shareholders equity* £m**	Non-controlling interest	**Total equity**
Closing balance at 1 April 2022	2.2	212.4	(11.6)	0.3	1.7	346.0	551.0	-	551.0
Restatement*	-	-	8.3	-	-	(8.3)	-	-	-
Closing balance at 1 April 2022 restated	2.2	212.4	(3.3)	0.3	1.7	337.7	551.0	-	551.0
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	28.1	28.1	-	28.1
Other comprehensive income									
Fair value changes in the period	-	-	-	-	2.7	-	2.7	-	2.7
Income tax on other comprehensive income	-	-	-	-	1.1	-	1.1	-	1.1
Total other comprehensive income for the period net of tax	-	-	-	-	3.8	-	3.8	-	3.8
Total comprehensive income for the period	-	-	-	-	3.8	28.1	31.9	-	31.9
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	-	(6.9)	-	(6.9)	-	(6.9)
Transactions with owners									
Purchase of own shares	-	-	(1.5)	-	-	-	(1.5)	-	(1.5)
Share options exercised*	-	-	2.9	-	-	(2.5)	0.4	-	0.4
Share-based payment transactions	-	-	-	-	-	2.4	2.4	-	2.4
Income tax on share-based payment transactions	-	-	-	-	-	(0.9)	(0.9)	-	(0.9)
Dividends to equity holders	-	-	-	-	-	(19.5)	(19.5)	-	(19.5)
Total transactions with owners	-		1.4	-	-	(20.5)	(19.1)	-	(19.1)
Balance at 31 March 2023*	2.2	212.4	(1.9)	0.3	(1.4)	345.3	556.9	-	556.9

* Restated, please refer to note 12 for further information.

The notes on pages 26 to 36 are an integral part of these condensed consolidated financial statements.

Halfords Group plc

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the 52 weeks to 29 March 2024 (unaudited)

	Attributable to the equity holders of the Company								
			Other reserves						
	Share capital £m	Share premium account £m	Investment in own shares £m	Capital redemption reserve £m	Hedging reserve £m	Retained earnings* £m	**Total shareholders equity* £m**	Non-controlling interest	**Total equity**
Closing balance at 31 March 2023*	2.2	212.4	(1.9)	0.3	(1.4)	345.3	556.9	-	556.9
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	16.9	16.9	-	16.9
Other comprehensive loss									
Cash flow hedges:									
Fair value changes in the period	-	-	-	-	(1.3)	-	(1.3)	-	(1.3)
Income tax on other comprehensive income	-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Total other comprehensive loss for the period net of tax	-	-	-	-	(1.7)	-	(1.7)	-	(1.7)
Total comprehensive income for the period	-	-	-	-	(1.7)	16.9	15.2	-	15.2
Other									
Hedging gains and losses transferred to the cost of inventory	-	-	-	-	2.8	-	2.8	-	2.8
Transactions with owners									
Purchase of own shares	-	-	(10.2)	-	-	-	(10.2)	-	(10.2)
Share options exercised	-	-	11.1	-	-	(6.9)	4.2	-	4,2
Share-based payment transactions	-	-	-	-	-	3.8	3.8	-	3.8
Income tax on share-based payment transactions	-	-	-	-	-	0.4	0.4	-	0.4
Sale of minority interest in subsidiary to Non-controlling interest	-	-	-	-	-	2.4	2.4	-	2.4
Dividends to equity holders	-	-	-	-	-	(21.7)	(21.7)	-	(21.7)
Total transactions with owners	-	-	0.9	-	-	(22.0)	(21.1)	-	(21.1)
Balance at 29 March 2024	2.2	212.4	(1.0)	0.3	(0.3)	340.2	553.8	-	553.8

* Restated, please refer to note 12 for further information.

The notes on pages 26 to 36 are an integral part of these condensed consolidated financial statements.

Halfords Group plc

Consolidated statement of cash flows

For the 52 weeks to 29 March 2024 (unaudited)

	Notes	**52 weeks to 29 March 2024 £m**	52 weeks to 31 March 2023* £m
Cash flows from operating activities			
Profit after tax for the period, before non-underlying items		**32.8**	37.6
Non-underlying items		**(3.8)**	(6.7)
Profit after tax for the period		**29.0**	30.9
Depreciation – property, plant and equipment		**27.1**	28.2
Impairment/(Reversal) – property, plant and equipment		**-**	1.2
Amortisation of right-of-use assets		**78.9**	77.5
Impairment of right-of-use assets		**2.8**	(2.3)
Amortisation – intangible assets		**21.2**	17.9
Finance costs payable		**13.1**	12.1
Loss on disposal of property, plant and equipment and intangibles		**0.8**	1.7
Gain on disposal of leases		**(2.2)**	(0.4)
Equity-settled share-based payment transactions		**3.8**	2.4
Exchange movement		**1.2**	(8.0)
Income tax expense		**9.8**	8.1
(Increase)/Decrease in inventories		**12.7**	(15.9)
Decrease/(increase) in trade and other receivables		**(9.0)**	(31.4)
Increase/(decrease) in trade and other payables		**10.7**	34.5
(Decrease)/increase in provisions		**(10.3)**	(1.2)
Income tax paid		**(11.7)**	(4.7)
Net cash from operating activities - continuing operations		**177.9**	150.6
Net cash from operating activities – discontinued operations		**(10.5)**	4.2
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**(0.6)**	(32.6)
Purchase of intangible assets		**(23.7)**	(25.4)
Purchase of property, plant and equipment		**(21.9)**	(29.1)
Net cash from investing activities - continuing operations		**(46.2)**	(87.1)
Net cash from investing activities – discontinued operations		**(0.3)**	0.1
Cash flows from financing activities			
Repurchase of treasury shares		**(10.2)**	(1.5)
Proceeds from share options exercised		**4.2**	0.4
Finance costs paid		**(2.1)**	(2.6)
RCF drawdowns		**1,348.0**	337.0
RCF repayments		**(1,363.0)**	(302.0)
Proceeds from borrowings		**1.5**	-
Repayments of borrowings		**-**	(1.7)
RCF transaction costs		**(1.1)**	(1.8)
Interest paid on lease liabilities		**(9.0)**	(8.8)
Payment of capital element of leases		**(83.8)**	(80.5)
Payments related to supplier financing		**(70.0)**	(23.5)
Receipts related to supplier financing		**65.9**	22.7
Proceeds from sale of share in subsidiary to Non-controlling Interest		**2.4**	-
Dividends paid		**(21.7)**	(19.5)
Net cash used in financing activities - continuing operations		**(138.9)**	(81.8)
Net cash used in financing activities – discontinued operations		**(0.9)**	0.1
Net (decrease)/increase in cash and bank overdrafts	10	**(18.9)**	(13.9)
Cash and cash equivalents at the beginning of the period		**32.2**	46.1
Cash and cash equivalents at the end of the period	10	**13.3**	32.2

* Restated, please refer to note 12 for further information.

The notes on pages 26 to 36 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the 52 weeks to 29 March 2024 (unaudited)

1. General information and basis of preparation

The unaudited financial information set out below does not constitute the Group's statutory accounts for the periods ended 29 March 2024 or 31 March 2023 but is derived from those unaudited accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies. The auditor has reported on those accounts; their reports were (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.

The financial statements are presented in millions of pounds sterling, rounded to the nearest £0.1m.

The accounts of the Group are prepared for the period up to the Friday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks to 29 March 2024, whilst the comparative period covered the 52 weeks to 31 March 2023.

The consolidated financial statements of Halfords Group plc and its subsidiary undertakings, together "the Group", have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRS IC") Interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared on a going concern basis and under the historical cost convention, except where adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments (IFRS 9 "Financial instruments"), share-based payments (IFRS 2 "Share-based payment" and leases (IFRS 16 "Leases").

Adoption of new and revised standards

The Group has applied the following interpretations and amendments for the first time in these financial statements:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

The application of these new interpretations and amendments did not have a material impact on the financial statements.

New standards and interpretations not yet adopted

All other standards and related adoptions which have been published but not yet adopted are not expected to have a material impact on the consolidated results or financial position of the Group. A full listing will be provided in the statutory accounts.

2. Operating expenses

For the period for continuing operations	**52 weeks to 29 March 2024**	52 weeks to 31 March 2023*
	£m	£m
Selling and distribution costs	**615.9**	578.7
Administrative expenses, before non-underlying items	**150.5**	131.1
Non-underlying administrative expenses (See note 4)	**4.3**	7.8
Administrative expenses	**154.8**	138.9
Operating expenses	**770.7**	717.6

* Restated, please refer to note 12 for further information.

3. Operating profit

For the period for continuing operations	52 weeks to 29 March 2024 £m	52 weeks to 31 March 2023 £m
Operating profit is arrived at after charging/(crediting) the following expenses/(incomes) as categorised by nature:		
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	**0.3**	2.0
Expenses relating to short term leases	**6.4**	4.8
Landlord surrender premiums	**-**	(1.0)
Loss on disposal of property, plant and equipment and intangibles	**0.8**	1.7
Amortisation of intangible assets	**21.2**	17.9
Amortisation of right-of-use assets	**79.7**	77.5
Depreciation of:		
- owned property, plant and equipment	**27.2**	28.1
Impairment of:		
- owned property, plant and equipment	**0.5**	1.2
- right-of-use assets	**2.8**	(2.3)
Trade receivables impairment	**(0.1)**	(0.3)
Staff costs	**355.8**	359.0
Cost of inventories consumed in cost of sales	**648.5**	662.9

4. Non-underlying items

For the period	52 weeks to 29 March 2024 £m	52 weeks to 31 March 2023 £m
Non-underlying operating expenses relating to continuing operations:		
Organisational restructure costs (a)	**7.7**	6.1
Acquisition and investment related fees (b)	**1.0**	1.9
Closure costs (c)	**(4.4)**	(0.2)
Non-underlying items before tax	**4.3**	7.8
Tax on non-underlying items (d)	**(0.5)**	(1.1)
Non-underlying items after tax relating to continuing operations	**3.8**	6.7
Non-underlying items after tax relating to discontinued operations (Note 9)	**6.9**	0.2
Total Non-underlying items	**10.7**	6.9

a. During the period, organisational restructure costs of £7.7m were incurred. Costs in relation to these activities comprise:
    - £2.0m (2023: £1.6m) linked to the ongoing warehouse management system replacement programme This project and associated costs are expected to conclude in FY25;
    - £1.9m (2023: £2.9m) of redundancy costs primarily within the support centre;
    - £1.9m relating to professional fees incurred on a one off strategic review of procurement and related activities undertaken to drive future cost efficiency. The strategic review is now complete, and no further costs will be incurred;
    - £1.1m of professional fees incurred in relation to restructuring the Avayler operation. The restructuring is now complete, and no further costs are anticipated;
    - £0.5m (2023: £1.2m) due to the new system and financial dual running costs incurred in relation to the integration of National Tyres; and
    - £ 0.3m (2023: £0.4m) relating to master data management systems upgrade This project and associated costs are expected to conclude in FY25.

b. Acquisition and investment related costs of £1.0m (2023: £1.9m) incurred in the period primarily comprise professional fees and acquisition costs in relation to the acquisitions of National Tyres and the Lodge Tyre Company, where no further costs will be incurred in relation to these acquisitions.

c. During periods ending 3 April 2020 and 2 April 2021 the Group completed a strategic review of the profitability of its physical estate and subsequently closed a number of stores and garages. Assets were impaired and costs associated with ongoing onerous commitments under lease agreements and other costs associated with the property exits were provided for. In the current period, £4.4m (2023: £0.2m) was credited to the income statement within non-underlying items following lease disposals and subsequent review of provisions required. In future periods, further lease disposals may be negotiated. 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.

d. The tax credit of £0.5m represents a tax rate of 11.6% applied to non-underlying items. The prior period represents a tax credit at 13.8% applied to non-underlying items. The effective tax rate of is lower than the UK corporation tax rate principally due to the impact of credits disallowable for tax.

5. Finance costs

Recognised in profit or loss for the period	**52 weeks to 29 March 2024**	52 weeks to 31 March 2023
	£m	£m
Finance costs:		
Bank borrowings	**(2.2)**	(1.4)
Amortisation of issue costs on loans	**(0.8)**	(0.8)
Commitment and guarantee fees	**(1.1)**	(1.1)
Interest payable on lease liabilities	**(9.0)**	(8.8)
Net Finance costs	**(13.1)**	(12.1)

6. Taxation

For the period	**52 weeks to 29 March 2024**	52 weeks to 31 March 2023
	£m	£m
Amounts recognised through Income Statement		
Current taxation		
UK corporation tax charge for the period	**5.6**	6.9
Adjustment in respect of prior periods	**(5.5)**	1.0
	0.1	7.9
Deferred taxation		
Origination and reversal of temporary differences	**0.9**	1.2
Effect of changes in tax rates	**-**	0.3
Adjustment in respect of prior periods	**4.5**	(1.3)
	5.4	0.2
Total tax charge for the period	**5.5**	8.1
Income tax attributable to:		
Profit from continuing operations	**9.8**	8.1
Profit from discontinued operations	**(4.3)**	-
	5.5	8.1
Amounts recognised through Other Comprehensive Income		
Deferred taxation		
Origination and reversal of temporary differences in Other Comprehensive Income	**0.4**	(1.1)
Total tax charge / (credit) to Other Comprehensive Income for the period	**0.4**	(1.1)
Amounts recognised directly in Equity		
Current taxation		
UK corporation tax credit for the period	**(0.4)**	-
	(0.4)	-
Deferred taxation		
Origination and reversal of temporary differences in equity	**-**	0.9
	-	0.9
Total tax (credit)/charge to equity for the period	**(0.4)**	0.9

The tax charge is reconciled with the standard rate of UK corporation tax as follows:

For the period	**52 weeks to 29 March 2024**	52 weeks to 31 March 2023
	£m	£m
Profit before tax from continuing operations	**38.8**	39.0
Loss before tax from discontinued operations including gain on disposal	**(16.4)**	(2.8)
Profit before tax	**22.4**	36.2
UK Corporation Tax at standard rate of 25% (FY23: 19%)	**5.6**	6.9
Factors affecting the charge for the period:		
Depreciation on expenditure not eligible for tax relief	**0.7**	0.6
Impact of super deduction capital allowances uplift	**-**	(0.7)
Employee share options	**0.4**	0.8
Other disallowable expenses	**0.6**	0.8
Adjustment in respect of prior periods	**(1.1)**	(0.3)
Deferred tax not recognised	**(0.2)**	-
Impact of overseas tax rates	**(0.5)**	(0.3)
Impact of change in tax rate on deferred tax balance	**-**	0.3
Total tax charge for the period	**5.5**	8.1

An increase to the main rate of corporation tax to 25% was substantively enacted on 24 May 2021 and took effect from 1 April 2023. This has increased the Company's current tax charge accordingly in comparison to the prior year rate of 19%. The opening and closing deferred tax asset at 29 March 2024 has been calculated based on the rate of 25%.

The effective tax rate of 24.6% (2023: 20.7%) is lower than the UK corporation tax rate principally due to the impact of prior period adjustments arising from a review which led to a Research & Development expenditure claim (RDEC) and Super Deduction claims on the Group's software expenditure for the periods ending 1 April 2022 and 31 March 2023, offset by non-deductible depreciation in the period. The tax charge for the period was £5.5m (2023: £8.1m), including a £3.0m credit (2023: £1.1m credit) in respect of tax on non-underlying items.

In this period, the Group's contribution to the UK Exchequer from both taxes paid and collected exceeded £273m (2023: £261m) with the main taxes including corporation tax £11.0m (2023: £4.9m), net VAT £126.3m (2023: £114.8m), employment taxes of £89.0m (2023: £94.2m) and business rates £37.0m (2023: £39.2m).

Impact of future tax changes
Pillar Two legislation, which introduced a global minimum effective tax rate of 15%, has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation will be effective for the Group's financial period beginning 30 March 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief may not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

7. Dividends

For the period	**52 weeks to 29 March 2024**	52 weeks to 31 March 2023
	£m	£m
Equity – ordinary shares		
Final for the 52 weeks to 31 March 2023 – paid 7.0p per share (52 weeks to 1 April 2022: 6p)	**15.2**	13.0
Interim for the 52 weeks to 29 March 2024 – paid 3.0p per share (52 weeks to 31 March 2023: 3p)	**6.5**	6.5
	21.7	19.5

In addition, the directors are proposing a final dividend in respect of the financial period ended 29 March 2024 of 5.0p per share (2023: 7.0p per share), which will absorb an estimated £11.0m (2023: £15.3m) of shareholders' funds. It will be paid on 13 September to shareholders who are on the register of members on 9 August 2024.

8. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares excludes shares held by an Employee Benefit Trust and has been adjusted for the issue/purchase of shares during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the 52 weeks to 29 March 2024.

The Group has also chosen to present an alternative earnings per share measure, underlying earnings per share, with profit adjusted for non-underlying items because it better reflects the Group's underlying performance.

For the period	**52 weeks to 29 March 2024 Number of shares**	52 weeks to 31 March 2023 Number of shares
	m	m
Weighted average number of shares in issue	**218.9**	218.9
Less: shares held by the Employee Benefit Trust (weighted average)	**(1.5)**	(1.5)
Weighted average number of shares for calculating basic earnings per share	**217.4**	217.4
Weighted average number of dilutive shares	**8.5**	10.0
Total number of shares for calculating diluted earnings per share	**225.9**	227.4

For the period	**52 weeks to 29 March 2024 £m**	52 weeks to 31 March 2023* £m
Earnings from continuing operations	**29.0**	30.9
Non-underlying items after tax relating to continuing operations (Note 4)	**3.8**	6.7
Earnings from continuing operations before non-underlying items	**32.8**	37.6
Earnings from discontinued operations	**(12.1)**	(2.8)
Non-underlying items after tax relating to discontinued operations (Note 10)	**6.9**	0.2
Earnings from discontinued operations before non-underlying items	**(5.2)**	(2.6)
Total earnings	**16.9**	28.1
Total Non-underlying items after tax	**10.7**	6.9
Total earnings before non-underlying items	**27.6**	35.0

For the period	**52 weeks to 29 March 2024**	52 weeks to 31 March 2023*
Basic earnings per ordinary share from continuing operations	**13.3p**	13.0p
Diluted earnings per ordinary share from continuing operations	**12.7p**	12.4p
Basic earnings per ordinary share from continuing operations before non-underlying items	**15.1p**	17.6p
Diluted earnings per ordinary share from continuing operations before non-underlying items	**14.5p**	16.8p
Basic earnings per ordinary share	**7.8p**	12.9p
Diluted earnings per ordinary share	**7.4p**	12.4p
Basic earnings per ordinary share before non-underlying items	**12.7p**	16.1p
Diluted earnings per ordinary share before non-underlying items	**12.2p**	15.4p

* Restated, please refer to note 12 for further information.

9. Discontinued operations

On 25 January 2024 the Group announced its intention to enter into a strategic partnership with specialist tyre distributor Bond International and to close its existing tyre operation. As a consequence, on 22 February 2024, the Group sold Birkenshaw Distributors Limited ("BDL") and the wholesale customers of Stepgrades Motor Accessories Ltd ("Viking") to R & R C Bond (Holdings) Limited ("Bond"). On 22 March 2024, the remaining principal operations of Viking ceased.

The events noted above result in in Viking and BDL being treated as a discontinued operation in the period. The results of the business have been shown separately from the continuing business for all periods and presented on the face of the income statement as a discontinued operation. This is also reflected in the statement of comprehensive income. Earnings per share (EPS) has been split between continuing and discontinued operations. The cash flows of the discontinued operation have also been disclosed in the consolidated statement of cash flows.

The summary income statement for the businesses treated as a discontinued operation for the periods up to 29 March 2024 and 31 March 2023 are as follows:

	52 Weeks to 29 March 2024			**52 weeks to 31 March 2023**		
Discontinued Operations	**Before Non-underlying items £m**	**Non-underlying items £m**	**Total £m**	**Before Non-underlying items £m**	**Non-underlying items £m**	**Total £m**
Revenue	**16.3**		**16.3**	**19.1**		**19.1**
Cost of sales	(13.6)		(13.6)	(12.6)		(12.6)
Gross profit	**2.7**	**-**	**2.7**	**6.5**	**-**	**6.5**
Operating expenses	(9.7)	(11.9)	(21.6)	(9.1)	(0.2)	(9.3)
Loss from operating activities	**(7.0)**	**(11.9)**	**(18.9)**	**(2.6)**	**(0.2)**	**(2.8)**
Net finance expense	**-**		-			
Loss before income tax	**(7.0)**	**(11.9)**	**(18.9)**	**(2.6)**	**(0.2)**	**(2.8)**
Income tax expenses	1.8	2.5	4.3	-		-
Loss after tax	**(5.2)**	**(9.4)**	**(14.6)**	**(2.6)**	**(0.2)**	**(2.8)**
Gain on disposal		2.5	2.5			
Loss after tax from discontinued operations	**(5.2)**	**(6.9)**	**(12.1)**	**(2.6)**	**(0.2)**	**(2.8)**

The events noted for Viking and BDL are a major re-organisation of a key line of business. The costs and gains on disposal of various Viking and BDL assets associated with these events meet the definition of non-underlying items as per group accounting policy. The breakdown of these are as follows:

For the period	**52 weeks to 29 March 2024 £m**	52 weeks to 31 March 2023 £m
Non-underlying operating expenses:		
Organisational Restructure Costs (a)	11.9	0.2
Gain on disposal of assets (b)	(2.5)	-
Non-underlying items before tax	**9.4**	**0.2**
Tax on non-underlying items (c)	(2.5)	-
Non-underlying items after tax	**6.9**	**0.2**

a) Organisational restructuring costs of £11.9m were incurred relating to the disposals of the share capital of BDL and the wholesale customers of Viking, and the subsequent closure of the remaining Viking operation. Costs in relation to these activities comprise: redundancy costs £2.6m, property related restructuring provisions £3.9m, right-of-use and other asset impairment £4.1m, Viking dual running costs £0.5m and legal fees to support the transaction of £0.8m. In the prior period, £0.2m relates to financial dual running costs incurred in the integration of National Tyre.

b) Deferred consideration of £ 2.9m, of which £0.6m is to be receivable in the next period, was recognised on the contract date for the disposal of £0.4m of assets, giving rise to a £2.5m gain on disposal.

There are no other items of comprehensive income relating to discontinued operation for the period ending 29 March 2024 (2023: Nil).

10. Analysis of movements in Group's net debt in the period

	At 31 March 2023	Cash flow	Other non-cash changes	**At 29 March 2024**
	£m	£m	£m	**£m**
Cash and cash equivalents at bank and in hand (Consolidated Statement of Financial Position)	41.9	(28.6)	-	**13.3**
Bank overdrafts	(9.7)	9.7	-	**-**
Cash and cash equivalents at bank and in hand (Consolidated Statement of Cashflows)	32.2	(18.9)	-	**13.3**
Debt due in less than one year	-	(1.4)	(0.4)	**(1.8)**
Debt due after one year	(34.0)	15.0	(0.6)	**(19.6)**
Total net debt excluding leases	(1.8)	(5.3)	(1.0)	**(8.1)**
Current lease liabilities	(77.6)	92.8	(94.3)	**(79.1)**
Non-current lease liabilities	(269.3)	-	41.2	**(228.1)**
Total lease liabilities	(346.9)	92.8	(53.1)	**(307.2)**
Total net debt	(348.7)	87.5	(54.1)	**(315.3)**

Other non-cash changes include additions of new leases, modifications to leases, foreign exchange movements, and changes in classifications between amounts due within and after 1 year.

Cash and cash equivalents at the period end consist of £13.3m (2023: £41.9m) of liquid assets offset by £nil (2023: £9.7m) of bank overdrafts.

£0.9m of the Group's cash and cash equivalents balance is held in the Halfords Here to Help Fund and Employee Benefit Trust. These funds are not available to utilise within the Group on demand.

The Group had the following committed borrowing facilities available at each balance sheet date in respect of which all conditions precedent had been met:

	As at 29 March 2024	As at 31 March 2023
Expiring within 1 year	**-**	-
Expiring between 1 and 2 years	**-**	-
Expiring between 2 and 5 years	**180.0**	180.0

The committed facility of £180.0m (2023: £180.0m) relates to the Group's revolving credit facility, of which £20.0m is designated as an overdraft facility. This facility incurred commitment fees at market rates.

11. Leases

All leases where the Group is a lessee are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

The Group's leases relate to the store and garage premises from which the Group operates with typical lease terms of 5-10 years. Lease rentals are typically fixed for 3-5 years with negotiated rent reviews.

i. Amounts recognised in the consolidated statement of financial position

Right-of-Use Assets

	Land and buildings £m	**Equipment £m**	**Total £m**
At 1 April 2022	345.6	4.6	350.2
Additions on acquisition of subsidiary	5.8	0.5	6.3
Additions to right-of-use assets	23.6	7.4	31.0
Amortisation charge for the year	(72.8)	(4.7)	(77.5)
Effect of modification of lease	1.0	-	1.0
Derecognition of right-of-use assets	(0.7)	-	(0.7)
Impairment reversal	2.3	-	2.3
At 31 March 2023	**304.8**	**7.8**	**312.6**

	Land and buildings £m	Equipment £m	Total £m
At 31 March 2023	304.8	7.8	312.6
Additions on acquisition of subsidiary	-	-	-
Additions to right-of-use assets	31.7	11.6	43.3
Amortisation charge for the year	(74.0)	(5.7)	(79.7)
Effect of modification of lease	10.5	-	10.5
Derecognition of right-of-use assets	(5.6)	-	(5.6)
Impairment charge	(2.8)	-	(2.8)
At 29 March 2024	**264.6**	**13.7**	**278.3**

The impairment charge of £2.8m primarily relates to leases held as part of the Viking and BDL disposals and so are included in discontinued operations.

Lease Liabilities

	Land and buildings £m	Equipment £m	Total £m
At 1 April 2022	385.1	5.9	391.0
Additions on acquisition of subsidiary	5.8	0.5	6.3
Additions to lease liabilities	22.3	7.4	29.7
Interest expense	8.5	0.3	8.8
Effect of modification to lease	1.0	-	1.0
Lease payments	(84.6)	(4.7)	(89.3)
Disposals to lease liabilities	(1.1)	-	(1.1)
Foreign exchange movements	0.5	-	0.5
At 31 March 2023	**337.5**	**9.4**	**346.9**
At 31 March 2023	337.5	9.4	346.9
Additions on acquisition of subsidiary	-	-	-
Additions to lease liabilities	31.8	10.5	42.3
Interest expense	8.5	0.5	9.0
Effect of modification to lease	11.1	(0.5)	10.6
Lease payments	(87.7)	(5.9)	(93.6)
Disposals to lease liabilities	(7.8)	-	(7.8)
Foreign exchange movements	(0.2)	-	(0.2)
At 29 March 2024	**293.2**	**14.0**	**307.2**

The derecognition of right of use assets and disposals of lease liabilities relates to ongoing store and garage closure programmes where Leases have been exited before their original exit date.

Modification of leases relate to renegotiations of leases following discussions with landlords.

Carrying value of lease liabilities included in the statement of financial position	29 March 2024 £m	31 March 2023 £m
Current liabilities	**79.1**	77.6
Non-current liabilities	**228.1**	269.3

Lease liabilities	29 March 2024 £m	31 March 2023 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**87.5**	85.0
Between one and two years	**78.8**	80.9
Between two and three years	**56.8**	67.1
Between three and four years	**40.7**	45.2
Between four and five years	**27.3**	30.3
Between five and six years	**16.9**	20.3
Between six and seven years	**13.7**	14.0
Between seven and eight years	**10.7**	11.8
Between eight and nine years	**6.9**	9.3
Between nine and ten years	**1.2**	6.0
After ten years	**2.8**	3.6
Total contractual cash flows	**343.4**	373.5

ii. Amounts recognised in the consolidated income statement

	Land and buildings £m	Equipment £m	Total £m
52 weeks ended 29 March 2024			
Amortisation charge on right-of-use assets	74.0	5.7	79.7
Interest on lease liabilities	8.5	0.5	9.0
Expenses relating to short-term leases	5.1	1.3	6.4
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	0.3	0.3
52 weeks ended 31 March 2024			
Amortisation charge on right-of-use assets	72.8	4.7	77.5
Interest on lease liabilities	8.5	0.3	8.8
Expenses relating to short-term leases	4.8	-	4.8
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	2.0	2.0

iii. Amounts recognised in the consolidated statement of cash flows

The total cash outflow for leases for the period ended 29 March 2024 was £93.6m (2023: £89.3m).

12. Prior Period Misstatement

Supplier arrangements and period end cut-off
On 1 April 2022, Halfords entered into a new arrangement with a third-party logistics provider for wholesale tyre purchasing and distribution services. This arrangement, together with the scale of growth in the Autocentres business and increased intercompany transactions between the enlarged Group, created significant reconciliation complexity during the period ended 31 March 2023. As a result of this increased complexity, errors were identified in the GRNI reconciliations at 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 Consolidated Statement of Financial Position as at 31 March 2023, Trade and other payables have been increased by £7.3m, with a corresponding increase in Cost of sales. The Tax charge for the period ended 31 March 2023 has been reduced by a total of £1.4m as a result of this adjustment.

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 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 or net assets.

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

Consolidated Income Statement	52 weeks to 31 March 2023 Originally reported £m	Supplier Arrangements £m	Merchant and consumer finance fees £m	Discontinued operations (note 10) £m	52 weeks to 31 March 2023 Restated £m
Revenue	1,539.5	-	(1.7)	(19.1)	1,572.7
Cost of sales	(808.2)	(7.3)	(1.1)	12.6	(804.0)
Gross profit	**785.3**	**(7.3)**	**(2.8)**	**(6.5)**	**768.7**
Operating expenses	(729.7)	-	2.8	9.3	(717.6)
Results from operating activities	**55.6**	**(7.3)**	**-**	**2.8**	**51.1**
Net finance expense	(12.1)	-	-	-	(12.1)
Profit before tax from continuing operations	**43.5**	**(7.3)**	**-**	**2.8**	**39.0**
Tax on underlying items	(9.5)	1.4	-	-	(8.1)
Profit / (loss) after tax from continuing operations	**34.0**	**(5.9)**	**-**	**2.8**	**30.9**
Loss after tax from discontinued activities	-	-	-	(2.8)	(2.8)
Profit for the period attributable to equity shareholders	**34.0**	**(5.9)**	**-**	**-**	**28.1**

Consolidated Statement of Financial Position	52 weeks to 31 March 2023 Originally reported £m	Supplier Arrangements £m	52 weeks to 31 March 2023 Restated £m
Trade and other payables	(355.0)	(7.3)	(362.3)
Current tax liabilities	(5.0)	1.4	(3.6)
Total current liabilities	**(462.2)**	**(5.9)**	**(468.1)**
Net current liabilities	**(18.4)**	**(5.9)**	**(24.3)**
Total liabilities	**(784.3)**	**(5.9)**	**(790.2)**
Net assets	**562.8**	**(5.9)**	**556.9**
Retained earnings	362.0	(5.9)	356.1
Total equity	**562.8**	**(5.9)**	**556.9**

Consolidated Statement of Cash Flows	52 weeks to 31 March 2023 Originally reported £m	1. Supplier Arrangements £m	52 weeks to 31 March 2023 Restated £m
Profit after tax for the period	**34.0**	**(5.9)**	**28.1**
Income tax expense	9.5	(1.4)	8.1
Increase in trade and other payables	32.0	7.3	39.3
Net cash from operating activities	**154.8**	**-**	**154.8**

Earnings Per Share	52 weeks to 31 March 2023 Originally reported	52 weeks to 31 March 2023 Restated
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

Investment in own shares
During the preparation of the financial statements for the 52 week period ended 29 March 2024 the Group identified an error relating to the transfer of the cost of shares in excess of their exercise price on the exercise of share options by employees under the Group's share based payment arrangements (See Note 24 for further details).

To correct for this error in these financial statements the following adjustments have been made:

- The cumulative impact on periods ending on or before 1 April 2022 has been recognised within the opening balances in the consolidated statement of changes in equity as at 1 April 2022, resulting in a decrease in Investment in own shares of £8.3m with a corresponding decreased in Retained earnings.
- Share options exercised within the consolidated statement of changes in equity for the 52 week period ending 31 March 2023 have been restated resulting in a £2.5m decrease in the amount attributable to investment in own shares and a corresponding decrease in Retained earnings.

As a result of the above adjustments the closing balances as at 31 March 2023 in the consolidated statement of changes in equity and consolidated statement of financial position have been restated resulting in a £10.8m decrease in Investment in own shares and a corresponding decrease in Retained earnings.