

ASX Announcement Bapcor Limited (ASX: BAP)

20 October 2025

Business update and FY26 guidance

Bapcor today provides an update on business activities and trading performance for 1Q26 and provides guidance for the first half of FY26 and for the FY26 full year.

Business update

Management continues the execution of the strategy announced in April 2025. Operational reviews have been a feature of Q1 FY26, with the following key actions being undertaken.

- Pricing reviews on key Burson categories to increase competitiveness.
- Ranging reviews in Trade and JAS (auto electrical) to ensure the right stock is in the right location.
- Utilisation of promotions to engage with new and lapsed customers, with a focus on key accounts.
- Implementing a Retail specific demand and merchandise planning team.
- Training for sales team members, particularly new staff.
- Utilising NPS feedback to drive customer focus.
- Recruitment of staff to key positions, with a focus on filling open customer facing roles.
- Optimising the store network, including new stores, closures and refurbishments.

Additionally, investment in brand and product marketing activities in 1H26 of \$3M are being made to improve brand awareness and sales in the Retail Segment and the JAS businesses. Investment has also increased versus the prior corresponding period in technology by ~\$6M. We are investing ~\$7M in 1H26 to support surety of supply whilst we embed the rationalisation of the Networks segment footprint.

Cost savings initiatives have also been launched, including:

- Optimisation of supply chain structures and associated costs.
- Simplification of support office structures, in line with our operating model going forward.
- Re-prioritising people and technology spend to prioritise customer-facing activities.
- Changes to the New Zealand distribution footprint to optimise sites and distribution costs.

This total program is expected to generate ~\$20M (pre-tax) in savings to 2H26 earnings, with implementation costs of ~\$4M (pre-tax) expected to be incurred in 1H26.

An in-depth review of the tools and equipment business within the Trade segment is underway and has identified unsatisfactory operational practices requiring immediate attention. Changes in management have been made and an externally supported review is underway. First half earnings will be negatively impacted by ~\$12M (pre-tax) relating to non-recurring margin impacts as well as stocktake variances and stock adjustments. These adjustments, whilst individually small, have had a significant, in aggregate impact, on 1H26 and will be reflected in first half earnings for the Trade segment. The underlying tools and equipment business is fundamentally sound.

Angus McKay, Executive Chair and Chief Executive Officer said: *"Our roots have been built on acquiring businesses, not integrating them. Some of the practices that have been accepted inside the wider business do not meet acceptable operational standards nor the required financial / commercial expectations. Over the past 15 months, we have methodically progressed the complex work of addressing our structure and capability to re-focus on restoring customer confidence and performance. I acknowledge the continued discovery of historic poor operational practices is frustrating, however we are committed to facing into the issues and correcting them. The turnaround of the business is more challenging and taking longer than expected but will result in a stronger, more sustainable company. We remain committed to achieving the 5-year indicative scorecard contained within our strategy."*

1Q26 trading performance

First quarter trading performance was below expectation.

	1Q26	1Q25	\$ variance	% variance
Sales revenue ¹	\$497.7M	\$511.5M	(\$13.8M)	(2.7%)

- **The Trade segment** revenue declined compared to 1Q25 by ~0.9%, with overall market share declining slightly. There was a modest decline in parts revenue, due to more competitive market conditions and customer-specific discounting. Tools and equipment sales were adversely impacted by our implementation of tighter credit management, reductions in discounting activity and the impact of the operational review. Pleasingly, Trade segment Q1 FY26 revenue has increased compared to Q4 FY25, with growth in parts and a decline in tools and equipment. Also of note, the Trade results for 1H25 included non-recurring favourable provision releases of \$4M.
- **The Networks segment** (previously called Specialist Wholesale) grew earnings, reflecting the benefits of the FY25 warehouse rationalisation program. The Wholesale and Commercial Vehicle Group (CVG) businesses are improving their competitiveness, retaining the FY25 cost benefits of the consolidation activity and importantly, regaining lost customers impacted in FY25. However, revenue and earnings in the JAS business continues to be impacted by the FY25 consolidation activities. Improvement is evident but the rate of progress, given the substantial change, is slow.
- **The Retail segment** continues to be impacted by the challenging retail environment, especially in the Autobarn business, with lower spending on discretionary categories and increased competitor activity. The overall rate of sales decline has slowed, and the change in promotional mix and supplier funding has benefited the business. Gross margin is improving but has been reinvested in brand and promotional activities.
- **In the New Zealand segment**, macro-economic conditions in New Zealand deteriorated further in 1Q26 and margins are being adversely impacted as customers shift to lower margin products and priced based competition increases. The reductions in the New Zealand cash rate are welcomed but consistent with our previous commentary we are not expecting them to materially change the prevailing trading conditions.

The current performance of the New Zealand segment indicates a potential impairment to the intangible assets. The performance of the New Zealand business will continue to be monitored for the remainder of 1H26 and any impairment confirmed as part of the 1H26 results release.

The gross benefits gained from the cost out initiatives implemented in FY25 have been delivered but are currently being more than offset by inflationary pressures across the business.

1H26 Guidance

Bapcor expects Statutory Net Profit after Tax (NPAT) for 1H26 to be in the range of \$3-7M excluding any potential impairments associated with the New Zealand segment. Underlying NPAT for 1H26, before one-off / non-recurring items, is expected to be in the range of \$14-18M.

The following one-off / non-recurring items of ~\$16M pre-tax, or ~\$11M post-tax, are anticipated in 1H26 and included in the expected ranges quoted above:

- The estimated impact of ~\$12M pre-tax from the aforementioned margin impact and inventory adjustments in the tools and equipment business within the Trade segment.
- Restructuring costs of ~\$4M pre-tax associated with the savings initiatives.

¹ Sales revenue is unaudited and excludes revenue from businesses sold or held for sale.

FY26 Guidance

Statutory NPAT for FY26 is expected to be in the range of \$40-50M excluding the potential 1H26 impairment associated with the New Zealand segment. Underlying NPAT for FY26, before the anticipated 1H26 one-off / non-recurring items, is expected to be in the range of \$51-61M.

NPAT in 2H26 is expected to significantly improve from 1H26 due to:

- Operational improvement with a focus on driving sales growth.
- The benefits of the pricing realignment measures underway.
- Realisation of the benefits from the previously mentioned savings initiatives, expected to generate \$20M pre-tax savings in 2H26.
- Non-recurrence of the \$16M pre-tax 1H26 one-off items.

Capital expenditure for the full year is expected to be in the range of \$32-38M and will be largely focused on targeted branch expansions and technology investments. Some technology investments are also being expensed as incurred due to their nature.

NPAT and cashflow forecasts demonstrate Bapcor will remain within debt covenants with access to sufficient debt facilities to fund ongoing operations. Undrawn committed debt facilities at 30 September 2025 were \$331.6M (30 June 2025: \$342.6M).

A briefing for analysts and investors will be held today at 9.30am (AEDT). To attend the teleconference please register at <https://s1.c-conf.com/diamondpass/10050985-6rf901.html>

Bapcor's Annual General Meeting will be held this Thursday, 23 October, 1.30 pm (AEDT). Please refer to the Notice of Meeting provided to the ASX on 24 September 2025 for further information.

– Ends –

Issued by: Bapcor Limited ("Bapcor" or "the Company"), ASX:BAP, www.bapcor.com.au

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