

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("UK MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION WILL BE CONSIDERED TO BE IN THE PUBLIC DOMAIN.

15 April 2025

**Halfords Group plc
Trading update for the 52 weeks to 28 March 2025 ("FY25")**

**A strong finish to FY25: expected profit around top of range; outstanding performance at new Fusion locations; Halfords Motoring Club exceeds 5m members
Appointment of Henry Birch as CEO as Graham Stapleton leaves Halfords after seven years**

FY25 performance

- Positive group like-for-like ("LfL") sales +2.3% vs. strong prior year comparatives (FY24: +5.0%).
- Following 160bps of gross margin expansion in H1, H2 saw gross margin gains accelerate as a result of pricing optimisation and Better Buying, as well as a favourable hedged FX rate in cost of goods sold.
- Outperformed £30m cost saving target, mitigating more than £30m of inflation in the year.
- Underlying Group profit before tax around the upper end of the £32m to £37m range previously guided.
- The Group has two reporting segments: Autocentres (c.40% of Group revenue) and Retail (c.60%, across Motoring and Cycling). Motoring across both segments represents c.80% of total sales.
 - Autocentres (ex-Avayler) delivered LfL sales +3.7% against a strong comparative (FY24 +10.7%), with strong growth in strategically important Services, Maintenance and Repair ("SMR") work more than compensating for continued weakness in the consumer tyres market.
 - Retail LfL sales turned positive in H2, improving in both Motoring and Cycling to deliver FY25 LfL sales +1.7%.
- Strong cash generation through business profitability and continued working capital discipline to close the year with net cash.
- Fusion rollout on track, bringing together our Motoring Services offer across local stores and garages to deliver significant increases in sales and profitability (averaging up to 50% sales uplift and set to double contribution across the converted locations).
- Halfords Motoring Club exceeded 5m members who are now responsible for almost half of MOTs in our garages and represent nearly 15% of the UK car parc. c.370k of these are Premium Club members generating c.£18m of annualised subscription revenues.

Outlook

- We have previously communicated that the changes to the Minimum Wage and National Insurance thresholds and rates introduced by the Autumn Budget will result in c.£23m of incremental direct labour cost in FY26. We also expect increased costs to be passed through in contracts for managed services.
- We have undertaken a comprehensive review of the business to identify potential mitigations for the additional cost expected from FY26, which has generated opportunities in pricing strategy, further buying and cost efficiencies, proactive portfolio management and acceleration of strategic initiatives.
- We expect to be able to mitigate the entirety of the direct inflationary impact of the Autumn Budget in FY26. However, retail sales remain volatile and the consumer outlook is uncertain.
- Halfords does not export or import goods to or from the US and as such has no direct exposure to newly introduced tariffs. However, the indirect impact on our supply chain, including on product costs, freight rates and shipping times remains to be seen, as does the impact on consumer spending. We will continue to adapt our plans and respond tactically to the evolving environment as the year progresses.
- In total (and including those locations delivered to date) c.150 garages have been identified as suitable for conversion into Fusion sites. Given the exceptionally strong returns we have witnessed from the programme to date, we plan to move quickly to convert at least half of those remaining in FY26.
- We will provide further detail on our priorities for FY26 alongside our FY25 results announcement taking place in June.

Directorate change

- As communicated in a separate announcement today, Graham Stapleton is leaving Halfords and will be succeeded as CEO by Henry Birch, who joins the business this week.

Graham Stapleton said:

"This is a performance to be proud of, mitigating more than £30m of inflation in what continued to be a very challenging trading environment in FY25. I want to thank every single Halfords colleague for their hard work in achieving a significantly stronger result than we anticipated at the start of the financial year."

After seven years leading the transformation of Halfords from a cycling and motoring retailer to an omnichannel motoring services super-specialist, most recently brought to life through the Fusion programme, it is time for me to hand over the reins for the next phase of the business's evolution. I wish Henry and the team all the best."

The person responsible for releasing this announcement is Tim O'Gorman, Company Secretary.

For further information:**Investors**

Holly Cassell, Director of Investor Relations & ESG

investor.relations@halfords.co.uk

Media

Rob Greening / Jane Glover, Sodali & Co.

halfords@sodali.com

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 373 Halfords stores, two Performance Cycling stores (trading as Tredz), 542 garages (trading as Halfords Autocentres, McConechy's, Universal, National Tyres and Lodge Tyre) and have access to 280 mobile service vans (trading as Halfords Mobile Expert and National) and 504 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, Europe and Australia.

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.