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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.

28 January 2025

Halfords Group plc

Upgrade to FY25 profit expectation based on recent trading and continued strategic progress

Recent Trading

- Like-for-like ('LfL') sales growth was positive in Q3 (H1: flat) in both Retail and Autocentres.
 - Retail traded well over the peak trading period as our product and promotional proposition resonated well with customers, notably in Cycling, where Christmas gifting contributed to LfL sales growth of 13.1% in December.
 - Autocentres saw strong performance in the more profitable and strategically important Services, Maintenance and Repair ('SMR') market. LfL SMR sales growth in consumer garages reached 10.3% in Q3, supported by our Fusion Motoring Services rollout and offsetting continued weakness in the consumer tyres market.
- Current trading has benefitted from the colder weather in more recent weeks with Motoring Product delivering LfL sales growth in January of 5.5%.
- Hedged FX rate in cost of goods sold expected to be better than previously anticipated in FY25.
- Freight headwind now expected below the previously guided £4m-£7m range.
- Costs continue to be well-managed and on-track to exceed the £30m full-year target previously indicated.

FY25 Outlook

In the interim results announcement published in November we noted ongoing market volatility through the first half of FY25 and indicated that we expected this to continue through the second half of the year. In recent months we have seen an improvement in trading alongside continued progress on a number of key initiatives, including our pricing and promotion strategies and cost reduction measures. Cumulatively, these factors lead us to expect FY25 underlying profit before tax of £32m to £37m.

FY26 and Beyond

Despite the recent positive performance, there remains considerable uncertainty regarding the outlook for the UK consumer in light of measures introduced by the Autumn Budget, which take effect from April and hence are in force for the entirety of FY26. While the impact of changes to the minimum wage and national insurance contributions are relatively easy to quantify, adding c.£23m to our direct labour costs in FY26 alone as announced in November, their effects on the demand environment and health of the broader economy are harder to predict. We also continue to expect to see inflation passed through on managed services. We continue to work on possible mitigations for the additional costs we face and will share our plans alongside our FY25 results.

Next Update

Our next update will be an FY25 trading statement in April.

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

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 377 Halfords stores, 2 Performance Cycling stores (trading as Tredz), 636 consumer and commercial garages (trading as Halfords Autocentres, McConechy's, Universal, National Tyres and Lodge Tyre) and have access to 268 mobile service vans (trading as Halfords Mobile Expert and National) and 502 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 service ("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.

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