



amplifying

A young woman with long blonde hair is playing a black electric guitar. She is wearing a white t-shirt and dark pants. The background shows a room with a large speaker and a guitar stand. The word "amplifying" is overlaid on the image in large, white, sans-serif letters.

A close-up, profile shot of a young person with dark, curly hair singing into a black microphone. The person is wearing a dark denim jacket over a white shirt. The background is blurred, showing bright stage lights.

our purpose

As a dynamic e-commerce business, we are well positioned and well capitalised to take maximum advantage of opportunities within the £5.0bn European market.

Who we are

We are the largest UK-based retailer of musical instruments, music equipment and Audio-Visual ('AV') equipment. We have a track record of strong growth and delivering our strategic objectives.



FOR MORE ABOUT GEAR4MUSIC
GO TO: WWW.GEAR4MUSICPLC.COM

Highlights

Building on the strategic and financial progress of FY24, the Group prioritised a return to top-line growth while maintaining prudent financial management. These efforts have resulted in increased revenue, enhanced profitability, and a third consecutive year of net debt reduction.

As communicated at the beginning of the financial year, following the successful execution of our cost reduction initiatives, enhanced operational efficiencies, and meaningful improvements in working capital management in FY24, in FY25 it was important that the Group refocused its strategic priorities back to the delivery of sustainable, profitable growth through the execution of our clearly defined Growth Plan.

In FY25 the Group achieved year-on-year revenue growth, maintained gross margin stability, and upheld rigorous cost discipline. These efforts contributed to an increase in reported EBITDA and a £1.0m year-on-year improvement in Profit Before Tax. Additionally, we recorded a further reduction in net bank debt, resulting in a leverage ratio of 0.6x FY25 EBITDA (FY24: 0.8x), marking a further strengthening of the Group's financial position. Combined with the extension of our £30m Revolving Credit Facility, the Group possesses the financial stability and flexibility to accelerate growth initiatives while continuing to enhance profits and profitability.

WEBSITES USERS (M)

24.9m

+5%

2025	24.9
2024	23.7
2023	26.5

CONVERSION RATE (%)

4.0%

+11BPS

2025	4.0
2024	3.9
2023	4.0

TOTAL REVENUES (£M)

£146.7m

+2%

2025	146.7
2024	144.4
2023	152.0

UK REVENUES (£M)

£90.2m

+8%

2025	90.2
2024	83.1
2023	82.1

EBITDA (£M)

£10.0m

+7%

2025	10.0
2024	9.4
2023	7.4

PROFIT BEFORE TAX (£M)

£1.6m

+£1.0m

2025	1.6
2024	0.6
2023	(0.4)

Strategic Report

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At a glance

Gear4music is an online retailer of musical instruments and music equipment, and Audio-Visual ('AV') equipment, including HiFi speakers and home cinema systems. Gear4music operates 21 websites in 15 languages and 9 currencies.



About Us

Gear4music is the largest retailer of musical instruments and music equipment in the UK. Launched in 2003 by Executive Chair Andrew Wass, revenue has grown six-fold from £24m in FY15 to £147m in FY25.

The Group operates from a Head Office in York, Distribution Centres in York, Bacup, Sweden, Germany, Ireland & Spain, and showrooms in York, Bacup, Sweden & Germany.

Gear4music sells own-brand musical instruments and music equipment alongside well-known premium brands including Yamaha, Roland and Fender, to customers ranging from beginners to musical enthusiasts and professionals. The Group has been selling into Europe since 2012 and the Rest of the World since 2017.

Gear4music continues to invest in developing its own bespoke e-commerce platform, with multilingual, multicurrency and fully responsive design websites localised to 19 countries, to rapidly expand the customer database, and build an increasing overseas presence.

The Group retails 63,300 'Stock-Keeping-Units' ('SKUs') across all major musical instrument and equipment categories, sourced from 1,122 manufacturers.

Revenue by Category

	% OF PRODUCT SALES		
	FY25	FY24	FY23
Guitars & Bass	28%	29%	29%
Keyboards & Pianos	15%	15%	16%
PA, DJ & Lighting	22%	23%	23%
Recording & Computers	11%	11%	11%
Drums & Percussion	11%	11%	11%
Woodwind, Brass, Strings	6%	6%	6%
Home Audio & Visual	6%	5%	4%
Other	1%		
	100%	100%	100%

Note to table: Categories totalling 5% or less of product revenue are included in 'other'.

FY25 revenue by category was broadly flat on FY24, with continued growth in 'Home Audio & Visual'.

GROUP RETAILS

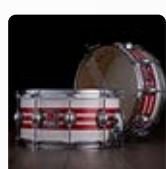
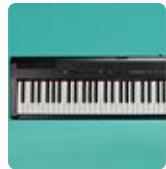
63,300

'Stock-Keeping-Units' ('SKUs')

specialising



Our Brands



Gear4music
All



Archer
String Instruments:
Violins, Cellos, Violas
& Double Bass



SubZero
Guitars, Amps,
Mixers, Speakers &
Audio electronics



WHD
Drum Kits



Rosedale
Woodwind Instruments:
Clarinets, Flutes, Oboes
& Piccolos



Coppergate
Brass Instruments:
Trumpets, Trombones,
Tubas & French Horns



playLITE
Lightweight instruments



Hartwood
Guitars and accessories



Eden
Bass amplification



Premier
Drum kits and accessories



Premier NXT GEN
Value focused drum brand



G4M
Premium brand featuring
a wide range of products
across all categories
targeting intermediate and
professional musicians



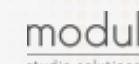
VISION
Affordable and ergonomic
musical instruments for
the beginner market



AVCOM
Our Audio-Visual brand
covering all main AV
categories including
Hi-Fi, Home Cinema
and Accessories



VOXLINK
Wireless system solutions
including compact and
full size in ear monitors
and microphones for
instruments, voice
and cameras



modul studio solutions
Modular furniture
designed with a focus on
ergonomics, functionality
and aesthetics

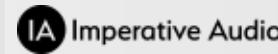
New Brands



STUDIOSPARES
Industry trusted equipment for beginners
to professionals including handmade,
UK manufactured cables to solution-focused
studio accessories



Lambden Audio
Professional grade audio solutions for the
recording and live musician. Delivering industry-
focused studio monitors, microphones and
outboard gear



Imperative Audio
Creating robust and reliable solutions for the
recording and performance environment. The
range includes thoughtfully designed acoustic
treatments kits through to portable vocal booths



TROJAN PRO
Specialising in high quality, reliable stands,
flight cases and accessories for the live and
recording professional. The range focuses
on durable, long lasting and purpose-built
hardware solutions for the demands of
stage and studio

Our history



1995

Executive Chair and founder Andrew Wass was a sound recording engineer in 1995 when he identified an opportunity to supply small recording studios and educational establishments with personal computer based digital recording solutions.



2003

Andrew began to research the potential to retail own-brand beginner level musical instruments, with the intention of opening up the market by selling at lower prices than traditional music shops. After visiting several international exhibitions in the USA and China, Andrew placed a bulk order for guitars and listed them for sale on

the then new gear4music.com website. The website generated £0.7m of revenue in its first full year of trading.



2012

A private equity investor invested in the Group providing the funding to further develop the e-commerce platform.



2013

The Group relocated to its current UK-distribution centre in York adding significant distribution and storage capacity, and shortly after opened a 9,000 square foot showroom.



2015

The Group listed on the Alternative Investment Market (AIM) of the London Stock Exchange raising £4.4m of growth capital.



2016

The Group opened a Swedish distribution centre and followed this up in 2017 with the opening of a second European distribution centre in Germany.

developing



2017

The Group acquired a software development business which brought software development in-house, and later that year acquired a 50,000 square foot freehold office property in York and relocated the Head Office team to the new headquarters.

2018

In response to continued Scandinavian growth, the Group relocated and expanded its Swedish distribution centre to add further capacity to meet demand over coming years.

2021

The Group:

- acquired 'Eden', a Bass guitar amplification brand previously owned by Marshall Amplification;
- acquired 'Premier', a Drums and Percussion brand with a rich musical heritage dating back to 1922;

• opened new distribution centres in Ireland and Spain to improve the Group's European delivery proposition into adjacent markets; and

• acquired AV Distribution Ltd and the 'AV.com' domain marking Gear4music's entry into what Management believes to be a £400m UK audio video market that is currently dominated by high-street based retailers, and significantly increases addressable market size.

2023

The Group launched its second-hand platform marking its entry into the circular economy. The Group developed its own proprietary trade-in system that simplifies the process for consumers of selling their equipment, providing instant trade-in prices across thousands of products.

2024

The Group acquired the brands, IP and other assets of Studiospares Europe Limited for £150,000, further expanding our own-brand portfolio.

2025

Since the financial year-end the Group:

- in April 2025 acquired certain intangible assets and stock from the Administrators of the GAK Group (The Guitar, Amp & Keyboard Limited); and
- in June 2025 acquired certain intangible assets and stock from the Administrators of the PMT Group (Jamm Co 2019 Limited and subsidiaries).

expanding

Chair's statement



“

In FY25 it was important that the Group refocused its strategic priorities back to the delivery of sustainable, profitable growth. This objective is being pursued through the execution of our clearly defined Growth Plan and is bearing fruit.

ANDREW WASS
EXECUTIVE CHAIR

Strategic and Financial Overview

As communicated at the beginning of the financial year, following the successful execution of our cost reduction initiatives, enhanced operational efficiencies, and meaningful improvements in working capital management in FY24.

In FY25 it was important that the Group refocused its strategic priorities back to the delivery of sustainable, profitable growth. This objective is being pursued through the execution of our clearly defined Growth Plan and is bearing fruit.



REVENUES

£146.7m

+2%

EBITDA

£10.0m

+7%

creating

Operational and Commercial progress

I am pleased to announce that the Group has delivered improved financial and operational performance amidst what continues to be a challenging macro-economic environment. This reflects the resilience of our business model and the disciplined execution of our strategic initiatives.

Building on the strategic and financial progress of FY24, the Group prioritised a return to top-line growth while maintaining prudent financial management. These efforts have resulted in increased revenue, enhanced profitability, and a third consecutive year of net debt reduction.

To further support our long-term strategic ambitions, we successfully extended our committed £30m Revolving Credit Facility (RCF) to at least June 2027. This facility is secured by £81.4m of assets, including £7.4m in freehold property, thereby ensuring a strong liquidity position and enabling the Group to respond swiftly to growth opportunities as they emerge.

Environmental, Social and Governance

The Group remains committed to generating a positive and lasting impact on society, the environment, and our workforce. Recognising interest from a broad spectrum of stakeholders in our ESG performance, we are pleased to have published our second Climate Report, covering the financial year ended 31 March 2025.

This year's report reflects an improvement in the depth and transparency of our disclosures, and we intend to continue enhancing our ESG reporting in future periods. This ongoing development will further support our ability to evaluate and mitigate environmental impact wherever feasible and align with evolving stakeholder expectations.

Board Changes

Following the Board changes announced last year and implemented in July 2024, I wish to formally express the Board's gratitude to Ken Ford and Dean Murray for their nine years of exemplary service. Their stewardship has been instrumental in scaling the Group from FY15 revenue of £24.2m to £146.7m in FY25.

I am also pleased to report that their successors, Neil Catto, appointed as Senior Independent Director, and Sharon Daly, appointed as Non-Executive Director, have smoothly integrated into the Board. With their expertise and perspectives Neil and Sharon are already meaningfully contributing to our strategic development and enhancing our governance capability and Board oversight.

Additionally, the transition of Gareth Bevan into the role of Chief Executive Officer has been executed seamlessly, ensuring leadership continuity across the organisation.

In my capacity as Executive Chair, I remain actively engaged in the formulation of strategic direction and the oversight of our long-term growth agenda, while continuing to provide guidance and support to our senior leadership and broader stakeholder base.

Outlook

The Board remains confident in the Group's ability to achieve its long-term strategic goals, underpinned by our leading customer proposition, scalable operational infrastructure, and robust balance sheet. Our focus remains on driving profitable growth and reinforcing our market leadership position across the UK and Europe.

During FY25, we laid strong foundations for the execution of our refreshed Growth Strategy, which included the development of new own-brand products, expansion of our second-hand product offering, the enhancement of our marketing capabilities, and continued investment in our proprietary e-commerce platform.

These strategic investments, coupled with ongoing developments within the competitive landscape, position the Group well to maintain recent positive momentum and drive accelerated commercial and financial performance in FY26 and beyond.

ANDREW WASS
EXECUTIVE CHAIR
23 JUNE 2025



amplifying

Investment case

Competitive Advantages and Barriers to Entry

Gear4music is well positioned to capitalise on the opportunities available within its markets, due to barriers to entry and our unique competitive advantages:



investing

- We are an agile, predominantly online retailer, with a well-recognised brand
- We are the UK's largest and Europe's second largest retailer of musical instruments and music equipment
- Our bespoke e-commerce platform provides a high degree of operational flexibility and scalability which the Directors believe cannot easily be replicated
- A strong own-brand offering has been developed over 22 years, and has established a reputation for 'good' and 'better' quality products at affordable prices, whilst providing enhanced margin opportunities
- We have developed long-term relationships with the major branded musical instrument and music equipment manufacturers, placing us in a strong position during a period of retailer consolidation
- We have proven and scalable distribution capabilities
- The Directors and senior management have an intimate knowledge of the musical instrument and music equipment market.

KEY STRENGTH

1. Track record of success – long-term revenue and market share growth

REASONS

- UK revenues more than trebled since FY16, from £26.0m to £90.2m in FY25
- European revenues increased nearly sixfold since FY16, from £9.5m to £54.7m in FY25, validating European strategy and improving localised proposition
- Email database of 2.02m registered users, with 0.85m active customers.

REGISTERED USERS
ON EMAIL DATA BASE

2.02m

KEY STRENGTH

2. Bespoke and proprietary e-commerce platform delivers competitive advantage

REASONS

- End-to-end solution encompassing all aspects of trading operations
- 33 in-house software developers providing cost effective development
- Currently supports 21 websites, 15 languages and 9 currencies
- Capacity to handle significantly increased volumes and website traffic
- Ability to rapidly respond to changing customer behaviours and expectations
- Capability to expand into new territories and markets
- Additional functionality in continuous development.

WEBSITE USERS

24.9m

KEY STRENGTH

3. Specialist knowledge facilitates strong relationships with customers and suppliers

REASONS

- Strong, committed and experienced management team
- Employees with in-depth specialist knowledge
- Expertise means Gear4music is trusted by major musical instrument and music equipment brands
- Offers a wide range of choice to customers and provides specialist advice during and after the sales process.



KEY STRENGTH

4. Well-developed product ranges

REASONS

- Over 63,300 products from 1,122 brands
- Reputation for quality and value for money
- Over 5,550 own-brand SKUs, developed over a 22-year period
- Enhanced margin opportunities as volumes increase.



KEY STRENGTH

5. Efficient logistics systems

REASONS

- Operates from six modern facilities with a combined 370,000 square foot footprint
- The most appropriate courier delivery services are automatically selected from more than 39,500 permutations depending on the weight, size, value and destination of the goods being purchased.

COMBINED FOOTPRINT
OF SIX MODERN FACILITIES

370,000 sq ft

Chief Executive's statement



“

The Group achieved year-on-year revenue growth, maintained gross margin stability, and upheld rigorous cost discipline.

Our Profitable Growth Strategy has evolved to adapt to changing market dynamics, and strategically pivot to capitalise on emerging opportunities.

GARETH BEVAN
CHIEF EXECUTIVE OFFICER

Business review

I am pleased to report a resilient performance in FY25, having delivered financial and strategic progress despite ongoing macroeconomic pressures and a subdued consumer spending environment, a temporary setback in H1 due to issues with an outsourced AI-based marketing system that has since been resolved, and aggressive discounting from underperforming competitors prior to their market exit. These achievements are underpinned by the exceptional commitment and contribution of our entire team, to whom I extend my sincere appreciation.

In the face of these challenges, the Group achieved year-on-year revenue growth, maintained gross margin stability, and upheld rigorous cost discipline. These efforts contributed to an increase in reported EBITDA and a £1.0m year-on-year improvement in Profit Before Tax. Additionally, we recorded a further reduction in net bank debt, resulting in a leverage ratio of 0.6x FY25 EBITDA (FY24: 0.8x), marking a further strengthening of the Group's financial position. Combined with the extension of our £30m Revolving Credit Facility, the Group possesses the financial stability and flexibility to accelerate growth initiatives while continuing to enhance profits and profitability.

Strategy

Our Profitable Growth Strategy has evolved to adapt to changing market dynamics, and strategically pivot to capitalise on emerging opportunities. Our growth strategy focuses around four pillars:

1. Continuous development of our platform through targeted AI initiatives
2. Enhancing our product offering
3. Diversifying our channels to market
4. Expanding our capabilities to enhance customer experience

Continuous development of our platform through targeted AI initiatives

This will boost productivity and elevate the customer experience through unique solutions in our market, such as our innovative second-hand system, which we expect to significantly increase our market share.

We delivered a series of substantial upgrades to our e-commerce platform throughout the year. These included important infrastructure enhancements, increased efficiency in some warehouse processes, and the initial deployment of a customer-facing AI-chatbot. Looking ahead, the Group expects to launch its proprietary AI-driven purchasing platform during Q3 FY26.

enhancing

Enhancing our product offering

This includes scaling up our second-hand and digital download propositions, developing and launching a greater number of best-in-class own-brand products, and exploring additional strategic brand partnerships. These initiatives are designed to ensure value for money while simultaneously strengthening our market share. Additionally, we will continue to evaluate opportunities to acquire legacy brands as they arise, such as Studiospares and sub-brands acquired in the year, and GAK and S&T Audio/PMT brands acquired post year-end.

Further expansion of our in-house product design and development capabilities enabled the successful launch of a record 702 new own-brand products. This strategic initiative supports our focus on differentiated offerings and margin expansion, further consolidating our market and value proposition.

Our second-hand trading platform has been enhanced during the year through a broadened SKU range across varied product conditions. This has resulted in revenue growth of 161%, reaching £3.0m for FY25, and we see significant headroom for further expansion within this high-margin category.

Diversifying our channels to market

We will integrate with new European marketplaces and develop affiliate programmes, leveraging influencers to expand our reach. Where appropriate, these efforts will be driven and informed by AI to maximise their effectiveness.

Expanding our capabilities to enhance customer experience

Seeking and reacting to growth opportunities, we will invest into our operational infrastructure to maximise efficiency and ensure an exceptional customer experience at every touchpoint.

Outlook

In FY25 in light of continued pressure on discretionary consumer spending and the impact of aggressive discounting by financially distressed competitors in both the UK and Europe, the Group maintained a prudent balance between revenue growth ambitions and disciplined cost and working capital management.

There is now clear evidence of market consolidation and rationalisation with a number of weaker competitors ceasing operations in FY26 to date and this is creating opportunities for us, as seen by our purchases of the GAK and S&T Audio/PMT brands. This trend may signal a more favourable competitive landscape ahead. Accordingly, the Board remains confident in the Group's ability to deliver further profitable growth in FY26 and beyond, supported by strong operational foundations, a robust capital structure, and the disciplined execution of our strategic roadmap.

GARETH BEVEN
CHIEF EXECUTIVE OFFICER
23 June 2025

Financial KPIs

	FY25	FY24	Change on FY24
Revenue*	£146.7m	£144.4m	+2%
UK Revenue*	£90.2m	£83.1m	+8%
International Revenue*	£56.5m	£61.3m	-8%
Gross margin	27.0%	27.3%	-30bps
Gross profit	£39.7m	£39.4m	+6%
Total Admin expenses including redundancy costs*	£37.3m	£37.6m	-1%
European Admin expenses*	£4.7m	£4.9m	-4%
Reported EBITDA	£10.0m	£9.4m	+7%
Adjusted EBITDA**	£10.0m	£9.9m	+1%
Profit before tax	£1.6m	£0.6m	+£1.0m
Adjusted profit before tax	£1.6m	£1.1m	+£0.5m
Net debt***	(£6.4m)	(£7.3m)	+£0.9m

* See Note 2 of the Financial Statements.

** Defined as Reported EBITDA less one-off redundancy costs. See Note 1.20 to the Financial Statements.

*** See Notes 16 and 17 of the Financial Statements.

Commercial KPIs

	FY25	FY24	Change on FY24
Website users	24.9m	23.7m	+5%
Conversion rate	4.04%	3.93%	+11bps
Average order value	£147	£153	-4%
Active customers	846,000	799,000	+6%
Products listed	63,300	63,000	-

See page 25 for Commercial KPI definitions.

Market overview

Market Overview – Musical Instruments and Equipment

In 2024 Music Trades estimated the global market for new music products in 2023 to be \$18.1bn of which an estimated 35% (\$6.4bn) was online (2021: 32%). The European market was estimated to be growing at 1.2% per annum with the overall global market declining at 2.9% albeit sales levels still higher than pre-pandemic levels.

In 2024 Music Trades also estimated that the 'Top 50 global online retailers' were growing at 0.9% per annum with Gear4music ranked the sixth largest global online retailer and the second largest in Europe.



The top 10 European retail markets for musical instruments and music equipment (including the UK) are worth an estimated £5.0bn and are undergoing a shift towards online retail.

Top European Markets

Country	Estimated Market Size (£m)*
Germany	1,410
France	1,018
UK	888
Italy	683
Netherlands	238
Austria	214
Spain	195
Switzerland	166
Sweden	127
Norway	97
Total Size	5,036

* Management estimate.

The Board maintains its view that the dynamics of the UK competitive landscape continue to present a consolidation opportunity, a view that has been substantiated by developments since the end of the financial year:

- In April 2025 Gear4music acquired stock and certain intangible assets from the Administrators of GAK.co.uk Ltd and The Guitar, Amp & Keyboard Centre Ltd (together, 'GAK'). In their financial statements for the year ended 30 September 2023 GAK reported turnover of £21.4m; and
- In June 2025 Gear4music acquired stock and certain intangible assets from the Administrators of Jamm Co 2019 Ltd and its subsidiaries including S&T Audio Limited trading as 'PMT Play Music Today', an omni-channel musical instruments retailer based in the UK. Music Trades estimated that S&T Audio Limited was the UK's fourth largest retailer of musical instruments and music equipment with a reported turnover of £43.0m in its financial statements for the year ended 30 April 2024.

Market Overview

AV.com addressable market

Management estimates the addressable European market size to be £2.7bn.

Our Business

Overview

Gear4music is about making quality music gear more accessible and affordable for all musicians. Our mission is to become the best musical instrument and equipment retailer in Europe, and we believe we can achieve this by leveraging technology to deliver an industry-leading customer experience, providing the products our customers want delivered to them quickly and efficiently.

Our specialist market knowledge helped us to become the largest retailer of musical instruments and equipment in the UK, and we continue to make good progress in Europe. A bespoke e-commerce platform allows us to efficiently operate 21 websites (listed on page 13), in 15 languages and 9 currencies, and as we develop this platform further, widen our product ranges and increase our marketing reach and brand recognition, we strongly believe we can continue to grow our share of the £5.0bn European market and expand our reach beyond this.

diversifying

Websites

Website	Country	Currency	Languages
www.gear4music.com	UK	Pound Sterling	English
www.gear4music.ie	Ireland	Euro	English
www.gear4music.fr	France	Euro	French, English
www.gear4music.es	Spain	Euro	Spanish, English
www.gear4music.pt	Portugal	Euro	Portuguese, English
www.gear4music.de	Germany	Euro	German, English
www.gear4music.be	Belgium	Euro	Dutch, French, German, English
www.gear4music.nl	Netherlands	Euro	Dutch, English
www.gear4music.dk	Denmark	Danish Krone	Danish, English
www.gear4music.no	Norway	Norwegian Krone	Norwegian, English
www.gear4music.se	Sweden	Swedish Krona	Swedish, English
www.gear4music.fi	Finland	Euro	Finnish, English
www.gear4music.it	Italy	Euro	Italian, English
www.gear4music.ch	Switzerland	Swiss Franc	German, French, Italian, English
www.gear4music.at	Austria	Euro	German, English
www.gear4music.pl	Poland	New Zloty	Polish, English
www.gear4music.cz	Czech Republic	Czech Crown	Czech, English
www.gear4music.si	Slovenia	Euro	Slovenian, English
www.gear4music.sk	Slovakia	Euro	Slovak, English
www.gear4music.com/us	USA	US Dollar	English, Spanish
www.AV.com	UK, Germany	Pound Sterling & Euro	English, German

WEBSITE USERS

24.9m

+5%

European Distribution Capacity Overview

Significant expansion capacity



UK Hubs, York & Bacup

- Hub in Bacup acquired with AV Distribution Ltd
- Total UK inventory capacity: £25m, sales capacity: £125m
- Serves UK and ROTW

Irish Hub, Dublin

- Inventory capacity: £2.5m, sales capacity: £15m
- Serves Ireland & Northern Ireland

Central European Hub, Mülheim

- Extended inventory capacity: £9m, sales capacity: £35m
- Serves Germany & Europe

Northern European Hub, Stockholm

- Inventory capacity: £8m, sales capacity: £60m
- Serves Scandinavia & Europe

Southern European Hub, Barcelona

- Inventory capacity: £7m, sales capacity: £40m
- Serves Spain & Southern Europe

Business model

HOW WE WORK



We believe a successful... ...e-commerce business requires a unique combination of talented staff, excellent products, efficient systems, robust physical operations and reliable delivery partners.



Staff

We have a strong, committed and experienced management team, working alongside passionate staff with in-depth knowledge of their specialist area of focus.

Products

Our own-brand product ranges have taken over 22 years to develop, working with some of the best manufacturers from around the world to ensure we build on our reputation for great quality at affordable prices. In addition, we have built strong relationships with the industry's biggest brand names, including Yamaha, Roland, Fender and many more.

Premises

In FY25 the Group operated from 370,000 square feet of operational space – 160,000 square feet across two sites in the UK, 77,000 square feet in Sweden, 72,000 square feet in Germany, 46,000 square feet in Spain and 15,000 square feet in Ireland.

Our 50,000 square feet freehold Head office provides back-office facilities sufficient to support the business into the long-term.

Systems

Our bespoke and proprietary e-commerce platform is an end-to-end solution covering all aspects of retail operations, including website content, inventory management, multi-currency pricing, logistics and dispatch, CRM, automated marketing, purchasing, customer receipts and management reporting.

We believe this platform is a cornerstone of our business and source of competitive advantage, delivering reliability, scalability and unique functionality, and we have an in-house team of dedicated programmers constantly improving our systems with new features and functionality.

Delivery

Reliable delivery with competitive pricing is fundamental to our proposition and success. Our e-commerce platform is configured to select the most cost-effective delivery options from 30 different delivery service providers, to provide our customers with a class-leading range of delivery options.

OUR SERVICE



We believe that achieving... ...a very high degree of customer satisfaction is fundamental to sustained long term growth, and we are committed to continually improving the service experienced by our customers.



We leverage our technology and empower our specialist staff to ensure key touch points deliver a market leading experience, and monitor our progress carefully using independent sources such as Trustpilot.

Specialist staff

In FY25 we employed 451 people across five countries, and many have first-hand musical instrument and equipment knowledge, playing in bands and producing their own music. Ongoing product training is routinely undertaken to ensure staff have relevant and up to date knowledge to enable them to advise customers.

Multilingual support for overseas customers in non-English speaking countries continues to be a key investment focus, and a pre-requisite for many of the Group's dealership agreements when selling outside the UK.

AVERAGE NUMBER OF EMPLOYEES

451
ACROSS FIVE COUNTRIES

OUR CUSTOMERS



Customer overview

Gear4music's customer base is primarily made up of private individuals (over 96%), from beginners and parents buying musical instruments and music equipment for their children, through to professional musicians. The Group supplies schools and other educational establishments and a small number of trade accounts.



On 31 March 2025 we had 2.02m people registered to receive our email communications, up 10% from 1.83m at 31 March 2024.

Active customers of 0.85m (being customers who have purchased from Gear4music during the previous 12 months), are up 6% on FY24 (0.80m). The Group acquired a further 0.72m new customers in the period (FY24: 0.67m), and 0.17m customers returned to place at least one follow-up order (FY24: 0.16m).

Average order value of £147 was 4% down on FY24 (£153) reflecting proportionally lower sales of higher value items, and competitive pressures in the market that appear to have eased in FY26 to date.

2.02m
PEOPLE SUBSCRIBED
ON OUR EMAIL DATABASE

Customer engagement

Effective communication with our customers is central to understanding their needs and wants and developing our customer proposition. We monitor and respond to TrustPilot reviews and look to learn from things that didn't meet the customer's expectation.

We invest significant resource in generating high quality engaging content, in terms of product descriptions, and studio quality photographic and video content.

Improving customer experience is a key objective when designing and implementing software development projects.



OUR PRODUCTS



Product range

At the year-end we listed 63,300 products from 1,122 manufacturers.

Branded products

Gear4music has developed long-term partnerships with many well-recognised brands within the music products industry, who rely on the specialist product knowledge of Gear4music's staff, the high standard of customer service that Gear4music provides, and the high standard of presentation both online and at the Gear4music showrooms.

Own-brand Products

Ongoing development of Gear4music's own-brand product range has been a focus since Gear4music.com was launched in 2003 and now covers a wide and varied range with over 5,550 products listed.

In 2021 Gear4music acquired the Eden and Premier brands respectively, and we continue to explore opportunities to acquire legacy brands.

In 2024 Gear4music acquired the brands of Studiospares Europe Limited including 'Studiospares', 'Lambden Audio', 'Imperative Audio' and 'Trojan Pro'.



SEE STRATEGY IN ACTION
ON PAGE 20



5,550
OWN-BRAND
PRODUCTS LISTED

Growth strategy

Gear4music's Evolved Profitable Growth Strategy is built around four pillars of growth:

Continuous development of our platform through targeted AI initiatives

- Develop Purchasing and Promotional tools
- Embed AI across the business
- Diversify through development tools and third-party applications
- Expand Second-hand and Digital download functionality.

Enhancing our Product Offering

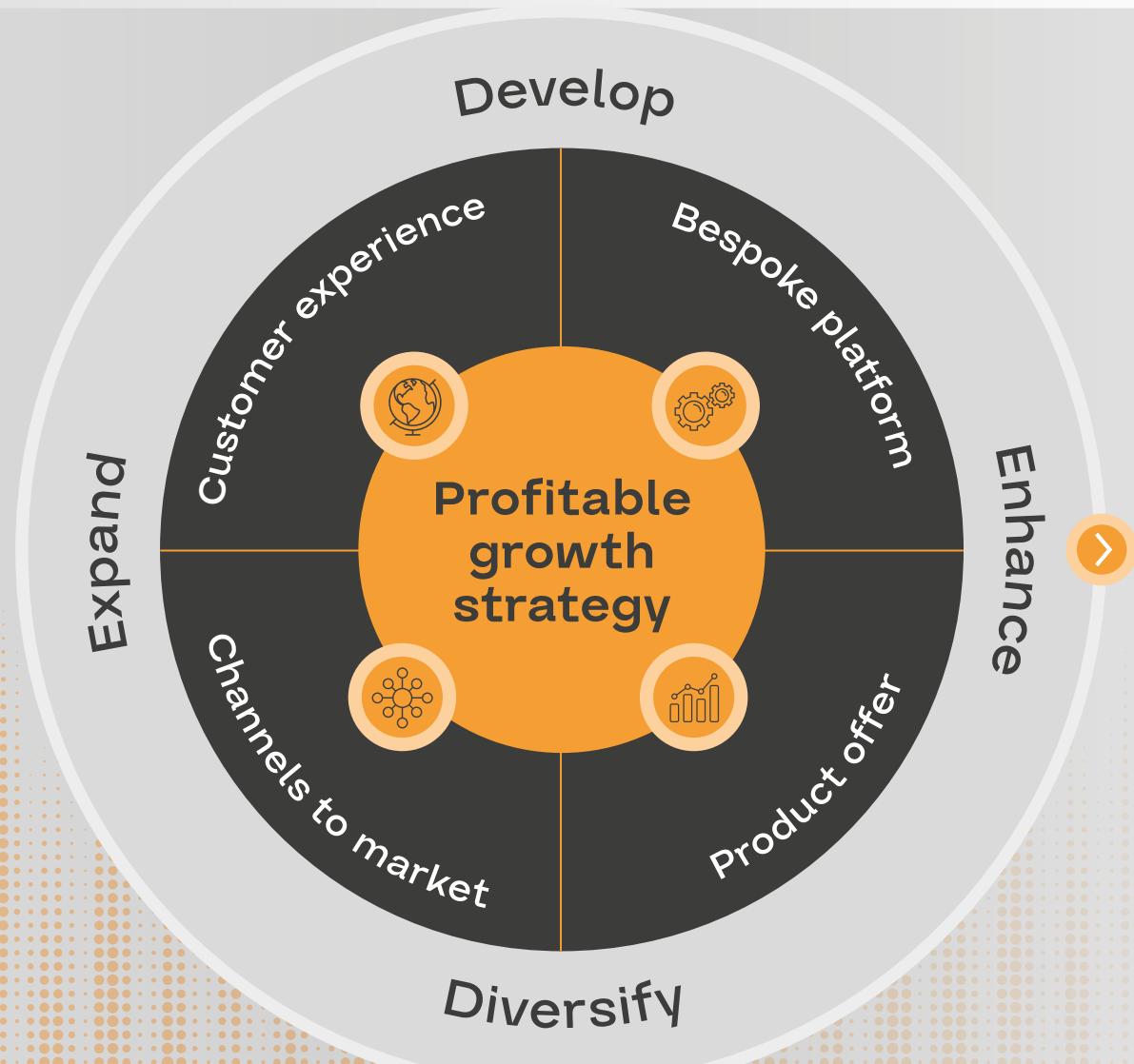
- Develop second-hand product sales
- Enhance Own-brand product development
- Explore targeted Brand acquisitions
- Expand strategic brand partnerships.

Diversifying our Channels to Market

- Develop European marketplace integrations
- Unlock growth through enhanced CRM
- Diversify marketing channels to reduce PPC dependence
- Scale influencers, affiliate and social channels.

Expanding our capabilities to enhance customer experience

- Develop Operational automation
- Enhance website experience
- Diversify sales verticals
- Expand Distribution capacity.



Develop



Enhance



Diversify



Expand



Bespoke platform

Purchasing & promotions tools

- On track for Q3 FY26 delivery of new Forecasting & Purchasing system, being our largest development project to date
- Enhanced Promotions system scheduled for rollout during FY26 to deliver a unique proposition



Product offer

Second-hand product sales

- 161% growth to £3.0m Revenues in Year 2 with strong 38% product margins, capitalising on growing customer demand for value and sustainability
- £10m+ Medium-term revenue opportunity at projected 40%+ margin



SEE ENVIRONMENTAL, SOCIAL AND GOVERNANCE ON PAGE 31



Channels to market

European marketplace integrations

- Accelerate own-brand growth in Europe through integrations with leading third-party marketplaces
- For example, recently launched on Bol.com, with further platforms in the pipeline



Customer experience

Operational Automation

- Drive efficiency by redesigning key operational processes with a focus on automation
- Explore warehouse & fulfilment technologies to improve workflows and increase scalability

Website experience

- Continuously enhance UX through iterative improvements, including AI-powered features such as chatbots and intelligent search
- Optimise customer interactions by automating key touchpoints and communications

Embed AI across the business to enhance scalable advantage

- AI-first approach to enhance operational efficiency and elevate the user experience
- Expand AI integration beyond current use in content creation, marketing and customer service

Own-brand product development

- £35m revenue in FY25 at >45% product margins, underscoring strong profitability
- Medium-term potential to exceed £60m+ revenue driven by accelerated investment in the product development team



SEE STRATEGY IN ACTION ON PAGES 20 AND 22

Development tools & 3rd party applications

- Focus internal development resources on high-value, differentiating enhancements
- Leverage specialist third-party applications to minimise in-house development costs and accelerate delivery

Second hand & digital download functionality

- Proprietary second-hand platform gaining strong traction in a global market worth \$8bn*
- Opportunity to expand digital software downloads, inspired by category specialists generating £20m+ in annual revenue

Targeted brand acquisitions

- Studiospares, GAK, and S&T Audio brands acquired in 2024–25 to strengthen category leadership
- Ongoing focus on acquiring complementary brands to drive growth, margin and customer loyalty

Strategic brand partnerships

- Rationalise SKU ranges to streamline operations and prioritise higher-margin products
- Deepen collaboration with key brand partners to unlock margin and promotional opportunities

Diversify marketing channels to reduce PPC dependence

- PPC represented 88% of total ad spend in FY25, representing a concentration risk
- Strategic focus on channel diversification to drive more sustainable and cost-effective customer acquisition

Scale Influencer, Affiliate & Social Channels

- Influencer partnerships delivering strong ROI, with plans in place to scale activity across key platforms
- UK affiliate programme performing well; refreshed European affiliate expansion underway

Sales Verticals

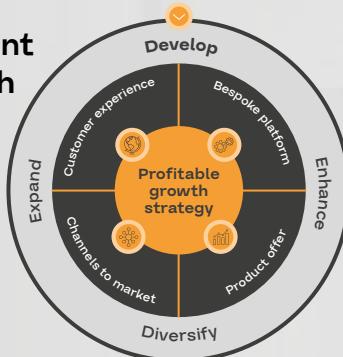
- AV.com well positioned for further growth following strategic proposition redevelopment
- Adapt retail offering to effectively serve a broader customer base amid ongoing market consolidation

Distribution capacity

- Evolving scalable infrastructure to ensure seamless delivery and service as volumes increase
- Enhancing customer experience through targeted operational efficiency improvements

Growth strategy in action

Continuous development of our platform through targeted AI initiatives



Overview

Our websites are driven by our bespoke and proprietary e-commerce platform, designed to maximise opportunities and deliver competitive advantage in our niche market. It has the capacity to handle significantly increased volumes, and the capability to expand into new markets.

Having in-house software development resource helps deliver cost-effective investment in platform development and enables us to respond quickly to changing customer behaviours and expectations, by rapidly developing new features and functionality.

We continue to develop our proprietary e-commerce platform to drive website traffic, optimise conversion rates and maximise operational efficiencies. We have delivered some exciting new developments in FY25 and have more planned for FY26.

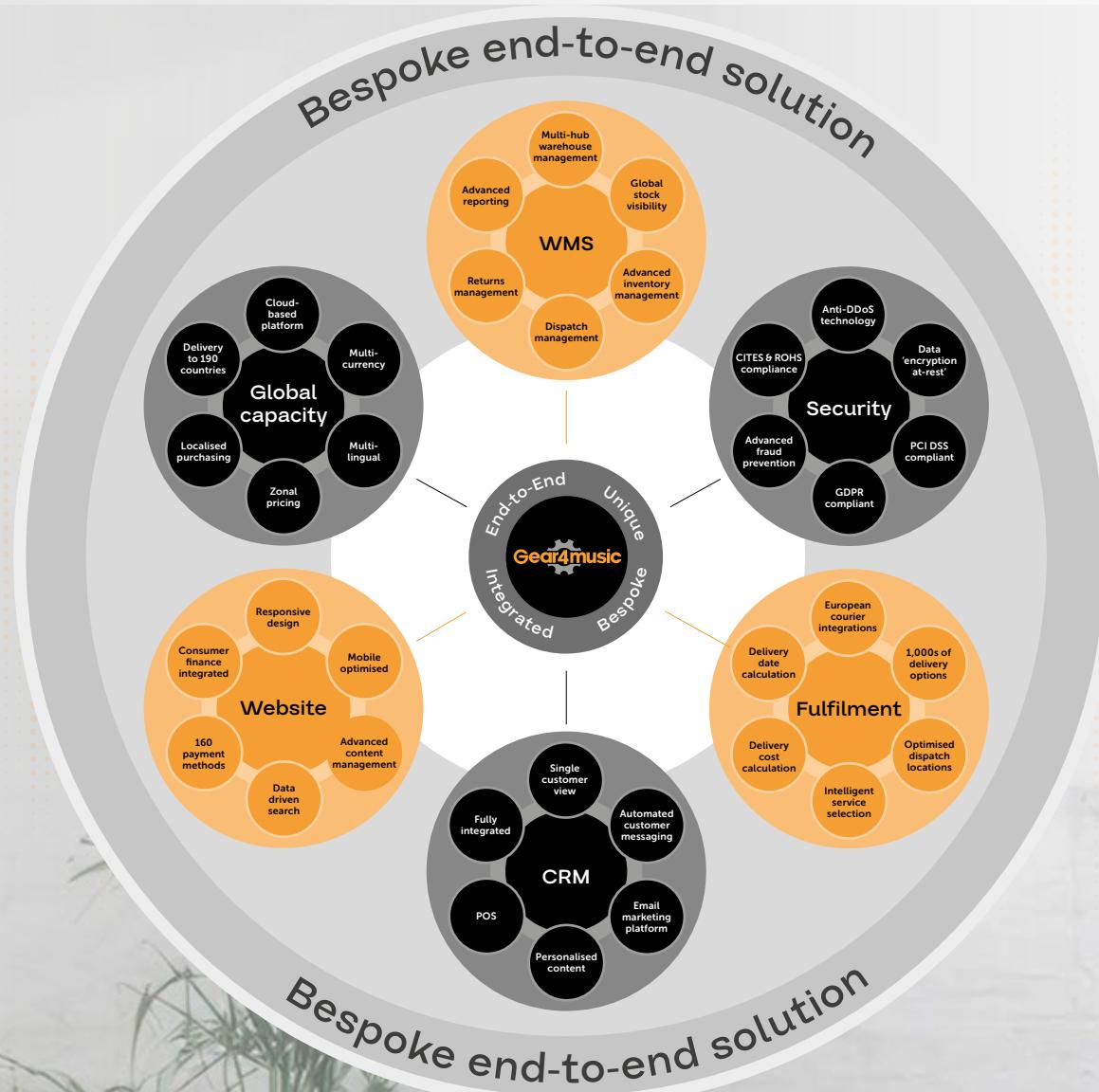


Progress

With over 24 million website users in the year, conversion rates of 4.0%, 846,000 active customers, and 168,000 repeat customers, our e-commerce strategy continues to prove effective.

Our bespoke e-commerce platform continues to offer a point of differentiation in the market and remains the primary focus of our development efforts. We launched a Company-wide drive to increasingly adopt AI into everyday working practices including our software development process, and created a specific role to ensure our data is 'AI-ready'.

We have implemented a new Leadership structure combining long-serving Gear4music knowledge with leading e-comm industry experience. At 31 March 2025 we had 33 team members with plans to support business growth by recruiting additional roles across engineering, quality and analysis, and in FY25 working with external developers to provide additional specialist resource to accelerate the key Purchasing Platform project on a variable cost basis.



Progress continued

Where commercially and functionally appropriate, we continue to work with selected third-parties to integrate 'off the shelf' solutions to complement our platform, with recent examples including a Marketplace Aggregator and CRM Provider.

Alongside continuing rollout of important infrastructure improvements and increased focus on cyber-security and resilience, project launches in FY25 have included:

- expansion of Second-hand Platform Operations enabling broader range and condition of items that can be traded with us;
- increased automation of goods-in processing via a bespoke app saving time and increasing accuracy in warehouse operations; and
- launched V1 of our Chatbot allowing customers to self-serve on a variety of topics from tracking their order to arranging a return.

At 31 March 2025 work was ongoing on a number of exciting developments for FY26 including:

- integration with a new CRM and analytics platform to help us better understand and communicate with our customers in more effective ways;
- integration with a Marketplace Integrator to build our presence in European marketplaces; and
- launch of our bespoke AI-driven Purchasing Platform.

developing



Growth strategy in action continued

Enhancing our Product Offering

Overview

We continue to refine our product ranges with a focus on margin-enhancing opportunities and leverage our international buying teams to widen our procurement options. Further development of our highly successful own-brand ranges remains a priority, dealing directly with factories and manufacturers.

Margin-enhancing initiatives such as second-hand will be prioritised.



Progress

At 31 March 2025 we have 63,300 products listed, broadly flat on last year as low margin, slower-moving SKUs are delisted once sold through and adding only higher-margin SKUs.

Progress – Own-brands

Own-brand products accounted for 9% (FY24: 9%) of our SKU count and 24% of total revenue (FY24: 26%).

In FY25 we launched 702 new SKUs – the most ever released in a single year and have many more in the pipeline for release in FY26.

Progress – Second-hand

Following the launch of our second-hand platform in March 2023 and subsequent European and AV.com rollout, we have scaled our second-hand proposition enabling a broader range and condition of items that can be traded with us, and sales increased from £1.1m in FY24 to £3.0m in FY25.

We have a roadmap of future features that gives us confidence we can continue to scale this business.



Diversifying our Channels to Market

Overview

We use our bespoke technology, rich content and digital marketing initiatives to extend our reach into new and existing territories and markets and build customer trust by delivering a first-rate customer experience.

We will continue to invest in international marketing, extending our reach and penetration into existing and new international territories. New website content is constantly being added, including broadcast quality product demonstration videos created in Gear4music's in-house studio facilities.

We will also look to develop new channels to market to reduce our reliance on PPC, using influencers, affiliates and social media, and integrating with marketplaces across Europe.



Progress

Gear4music.com enjoys a Trust Pilot Rating of 4.6 from 136,000 reviews, and AV.com rates 4.8 from 3,000 reviews reflecting our 'customer first' approach, the incredible efforts our team makes, and the attention to detail that is required to build customer trust and loyalty. We will continue to learn from our customers and use our technical resources to design the new solutions required to satisfy an evolving market.

Paid-marketing activities are data driven and highly return on investment focused, and investment continues to target higher-margin product groups. Marketing efficiency measured as marketing cost as a % of sales increased 10bps on FY24 from 7.0% to 7.1%.

We continue to develop our social media presence and have 80,000 followers on Facebook, 47,500 on Instagram, and 10,700 on TikTok. Our YouTube channel has 105,000 subscribers and has had over 85 million views since its launch in 2007.

At 31 March 2025 integration work was ongoing with a Marketplace Integrator to build our presence in European marketplaces from FY26 Q1.

Expanding our capabilities to enhance customer experience

Overview

We continue to improve our customer proposition and will achieve this by further developing and localising our websites to drive traffic and improve conversion, enhancing our multilingual customer service proposition, expanding our buying teams, and refining our delivery options to increase speed and convenience.

We regularly assess our Group-wide operational configuration and are prepared to invest in additional capacity and automation where there is a demand-driven opportunity to support strategic growth.



Progress

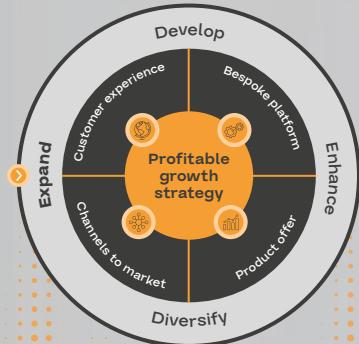
The enduring strength of our proposition in the UK is reflected in consistently strong sales results to date, and the recent failure of two significant UK-based competitors with combined turnover of over £50m represents a significant opportunity. We are assessing the most effective strategies to capitalise on these developments.

With international sales of £56.5m in what is an \$18bn market outside of the UK, international expansion continues to represent a significant opportunity and a focus for the Group. Localising our websites and customer experience is at the core of our growth strategy, and during the year we have invested in marketing and our multilingual customer service function, and improved our local delivery and payment options.

In FY22 we added distribution centres in Ireland and Spain and since then our focus has been on enhancing operational efficiency to leverage our European infrastructure. We have well-established showrooms in Sweden and Germany to physically showcase our products, build our brand in the area, and create local buying opportunities.

Growth strategy in action continued

Product margins



Own-brand product development

G4M

Further development of our highly successful own-brand ranges remains a priority, dealing directly with factories and manufacturers.

A highly specialised purchasing team, combined with our European distribution capability and bespoke e-commerce platform makes our business unique.

In FY25 we launched 702 new SKUs – the most ever released in a single year and have many more in the pipeline for release in FY26.

expanding

NEW SKUs

5,300

OWN-BRAND REVENUE

£35.7m



New brands included the acquisition of the Studiospares, Lambden Audio, Imperative Audio, and Trojan Pro brands, and the launch of our Premier NXT Gen brand – see page 3 for more information.

New product ranges included:

Keynote

Keynote

A range of Scandinavian design influenced pianos.

Sonori

SONORI
DIGITAL PIANOS

A premium range of pianos.

Gear4music Life
Gear4music
Life

A range of sustainably packaged instruments and accessories to support mindfulness, sound therapy and creative exploration.

A woman with glasses and a ponytail, wearing a green sweater and blue jeans, is singing into a microphone while playing a black keyboard. She is sitting on a black stool. The background shows a room with a lamp and a guitar amp. The word 'harmonising' is overlaid in large white letters.

harmonising

Key Performance Indicators

We measure ourselves against a number of KPIs that reflect the key trading trends and are linked to our strategic pillars of growth.



Financial

REVENUE (£m)

£146.7m

+2%

2025		○	146.7
2024		○	144.4
2023		○	152.0
2022		○	147.6
2021		○	157.5

GROSS MARGIN (%)

27.0%

-30bps

2025		○	27.0
2024		○	27.3
2023		○	25.7
2022		○	27.9
2021		○	29.4

NET (DEBT)/CASH (£M)

£(6.4)m

+£0.9m

2025		○	(6.4)
2024		○	(7.3)
2023		○	(14.5)
2022	○		(24.2)
2021		○	2.7

performing

Commercial

MARKETING RETURN
Marketing costs as % of total revenue (%)

7.1%
+10bps

2025	7.1
2024	7.0
2023	7.0
2022	7.3
2021	5.9

UNIQUE USERS (£M)

£24.9m
+5%

2025	24.9
2024	23.7
2023	26.5
2022	28.8
2021	36.0

CONVERSION (%)

4.04%
+11bps

2025	4.04
2024	3.93
2023	3.95
2022	4.06
2021	3.69

Customer

CUSTOMER EXPERIENCE
Trustpilot rank

4.6
-0.1

2025	4.6
2024	4.7
2023	4.7
2022	4.8
2021	4.8

Definitions:

Unique Users: a distinct person who visits a G4M site during a given period.

Conversion: total number of online orders divided by the total number of unique users.

Average Order Value ('AOV'): total revenue (gross of credit notes) divided by the total number of orders.

Repeat customers: customers in the period who have placed more than one order.

AVERAGE ORDER VALUE ('AOV') (£)

£147
-4%

2025	147
2024	153
2023	150
2022	125
2021	116

SKUs LISTED

63,300

2025	63,300
2024	63,000
2023	64,200
2022	62,400
2021	57,900

NUMBER OF REPEAT CUSTOMERS

168,300
+4%

2025	168,300
2024	162,600
2023	171,600
2022	174,200
2021	205,700

Financial review



“

The strategic and financial progress achieved during FY25 positions the Group well as it enters FY26. With the competitive landscape evolving and moving in our favour, the Group is well-placed to accelerate the execution of its refreshed growth strategy and continues delivering enhanced value for shareholders and stakeholders alike.

CHRIS SCOTT
CHIEF FINANCIAL OFFICER

Overview

Heading into the financial year, the Board reaffirmed its focus on delivering a return to profitable growth, building on the operational and financial progress achieved in FY24. Against this backdrop, the Group is pleased to report that it has delivered revenue growth, sustained stable gross margins, and maintained a disciplined approach to cost control throughout FY25. These combined efforts resulted in a year-on-year increase in reported EBITDA and a £1.0m improvement in Profit Before Tax compared to the prior financial year.

Further strengthening the Group's balance sheet, net bank debt was reduced to £6.4m as at 31 March 2025. This reduction has resulted in a year-end leverage ratio of 0.6x FY25 EBITDA, compared to 0.8x in FY24, reinforcing the Group's robust financial position and capacity to support future growth initiatives.



GROSS MARGIN

27.0%

-30bps

EBITDA

£10.0m

+7%

progressing

Group Revenue

	FY25 £m	FY24 £m	Change on FY24 %
UK revenue	90.2	83.1	+8%
European revenue	54.7	59.2	-8%
Rest of the World revenue	1.8	2.1	-13%
Revenue	146.7	144.4	+2%

Revenue increased £2.3m (2%) on FY24 with a 1% decrease in H1 more than offset by a 4% increase in H2.

UK revenue of £90.2m was £7.1m (8%) ahead of last year reflecting the enduring strength of brand and proposition in our most mature market, and new initiatives being launched in the UK first. This takes our estimated UK market share to 10.1% (FY24: 9.5%).

REVENUE

£146.7m

+2%

European revenues of £54.7m were £4.5m (8%) behind FY24, reflecting a challenging market, with certain underperforming competitors resorting to aggressive discounting whilst we maintained our pricing levels in-line with our strategy, and continuing weak consumer confidence.

Revenues from sales outside of Europe accounted for 1.2% of total revenue (FY24: 1.4%).

Revenue by Product Category

	FY25 £m	FY24 £m	Change on FY24 %
Other-brand product revenue	104.7	100.4	+4%
Own-brand product revenue	35.7	37.6	-5%
Carriage income	5.7	5.8	-1%
Other	0.6	0.6	-
Revenue	146.7	144.4	+2%

Other brand revenue of £104.7m was £4.3m ahead of last year (4%) reversing a £5.8m (5%) decrease in FY24, reflecting opportunities for particular brands in certain territories.

Own-brand revenue of £35.7m was £1.9m (5%) down on FY24, impacted by a slow start to the year as teething problems with an outsourced AI-based marketing system led to an under-allocation of spend on higher margin categories including own-brand. Nevertheless own-brand still accounted for 24.3% of total revenue (FY24: 26.0%) from 8.8% (FY24: 8.5%) of SKUs. It is our ambition to grow our own-brand business and to support this we have further invested in our own-brand team.

Carriage income totalled £5.7m representing a small decrease of £0.1m (1%) compared to the prior year. This equated to 3.9% of total sales, down slightly from 4.0% in the previous year, reflecting a lower level of cost recharging in a highly competitive market environment.

Other revenue comprises paid for extended warranty income, and commissions earned on facilitating point-of-sale credit for retail customers. The proportion of revenue coming from these sources was 0.4% of total revenue in FY25 and FY24.

growing

Financial review continued

Gross profit

	FY25	FY24	Change on FY24
Product revenue (£m)	140.4	138.0	2.4
Product profit (£m)	43.8	43.2	0.6
Product margin	31.2%	31.3%	-10bps
Carriage costs (£m)	9.7	9.4	0.3
Carriage costs as % of revenue	6.6%	6.5%	+10bps
Gross profit (£m)	39.7	39.4	0.3
Gross margin	27.0%	27.3%	-30bps

A 2% increase in revenue resulted in gross profit ahead of last year despite a 30bps fall in gross margin.

Product margin was broadly maintained demonstrating ongoing pricing discipline, and supported by an improvement in own-brand margin and increased contribution from higher-margin categories such as second-hand products. These gains offset the impact of a lower proportion of own-brand revenue, which accounted for 24.3% of total revenue compared to 26.0% in FY24.

Administrative expenses and Operating profit

Operating profit of £3.2m is £0.4m ahead of FY24 reflecting a revenue increase and a tightly controlled cost base.

EBITDA of £10.0m was £0.6m ahead of FY24 EBITDA and £0.1m ahead of FY24 Adjusted EBITDA (adjusted for £0.5m of one-off redundancy costs).

	FY25 £m	FY24 £m	Change on FY24 £m
UK Administrative expenses	(32.6)	(32.7)	0.1
European Administrative expenses	(4.7)	(4.9)	0.2
Administrative expenses	(37.3)	(37.6)	0.3
Other income	0.9	0.9	–
Operating profit	3.2	2.8	0.4
Depreciation and amortisation	6.8	6.6	0.2
EBITDA	10.0	9.4	0.6
Exceptional item – Redundancy costs	–	0.5	(0.5)
Adjusted EBITDA	10.0	9.9	0.1
Adjusted EBITDA margin	6.8%	6.9%	-10bps

Administrative expenses increased 1% (£0.2m) on underlying FY24 (excluding one-off redundancy costs), broadly in-line with the 2% increase in revenue.

Combined marketing and labour costs of £23.9m (FY24: £23.6m) accounted for 64% of administrative expenses in both FY25 and FY24:

- Marketing expenditure increased 3% in FY25 to £10.4m (FY24: £10.1m) equating to 7.1% of revenue (FY24 7.0%), reflecting the aforementioned H1 problems with an outsourced AI-based marketing system leading to cost-allocation inefficiencies and over-spend. Marketing as a proportion of revenue was 7.3% in H1 and 6.9% in H2; and
- Labour costs increased 1% year-on-year to £13.6m (FY24: 13.5m) reflecting a 7% decrease in average headcount offset by an 8% increase in average cost per head. Labour costs accounted for 9.3% of revenue (FY24: 9.4%).

Other expenses and net profit

Financial expenses of £1.7m (FY24: £2.2m) include £1.1m of bank interest (FY24: £1.5m) reflecting a lower average net debt position and lower interest rates, £0.4m of IFRS 16 lease interest (FY24: £0.4m), and a £0.2m net foreign exchange loss (FY24: £0.2m loss).

The Group reports a profit before tax of £1.6m (FY24: £0.6m) that after tax translates into basic earnings per share of 4.0p and diluted earnings per share of 3.8p (FY24: 3.1p basic and 3.0p diluted loss per share).

The FY25 tax charge of £0.7m reflects increased profits generated in the year, a £0.2m deferred tax charge, and a £0.3m charge arising following adjustments to the Corporate Income Tax position of the Group's overseas subsidiaries per their latest local statutory audits.

Cash flow

Net bank debt decreased from £7.3m at the start of the year to £6.4m, representing 0.6x FY25 EBITDA (£10.0m), and secured by two freehold properties with a combined carrying value of £7.4m.

	FY25 £m	FY24 £m	Change on FY24 £m
Opening cash	4.7	4.5	0.2
Profit for the year	0.8	0.7	0.1
Movement in working capital	(1.8)	4.7	(6.5)
Depreciation and amortisation	6.8	6.6	0.2
Financial expense	1.6	2.1	(0.5)
Tax and Other operating adjustments	0.9	0.5	0.4
Net cash from operating activities:	8.3	14.6	(6.3)
Net cash used in investing activities:	(3.9)	(3.9)	–
Net cash used in financing activities:	(3.5)	(10.5)	7.0
Increase in cash in the year	0.9	0.2	(0.7)
Closing cash	5.6	4.7	0.9

In June 2025 the Group extended its RCF at £30m for a further year to June 2027 with its bankers, HSBC, providing the headroom to invest in opportunities as and when they arise.

Net cash outflow in investing activities is flat on the previous year at £3.9m including £3.6m of capitalised software development costs (FY24: £3.7m) and £0.3m property, plant and equipment additions (FY24: £0.2m). Depreciation and amortisation of £6.8m (FY24: £6.6m) is added back in 'net cash from operating activities'.

Balance sheet

	31 March 2025 £m	31 March 2024 £m	Change on 31 March 2024 £m
Property, plant and equipment	10.1	10.9	(0.8)
Right-of-use assets	6.5	8.1	(1.6)
Software platform	12.3	12.8	(0.5)
Other intangible assets	9.3	9.2	0.1
Total non-current assets	38.2	41.0	(2.8)
Inventory	34.2	25.6	8.6
Cash	5.6	4.7	0.9
Other current assets	3.4	3.9	(0.5)
Total current assets	43.2	34.2	9.0
Trade payables	(12.1)	(6.9)	(5.2)
Lease liabilities	(1.9)	(1.8)	(0.1)
Other current liabilities	(7.8)	(6.6)	(1.2)
Total current liabilities	(21.8)	(15.3)	(6.5)
Loans and Borrowings	(12.0)	(12.0)	–
Lease liabilities	(5.9)	(7.6)	1.7
Other non-current liabilities	(2.4)	(1.9)	(0.5)
Total non-current liabilities	(20.3)	(21.5)	1.2
Net assets	39.3	38.4	0.9

Net cash outflow from financing activities of £3.5m (FY24: £10.5m outflow) represents net nil movement on the RCF (FY24: paid down by £7.0m), £1.7m payment of lease liabilities (FY24: £1.4m), and £1.8m interest paid (FY24: £2.1m).

Capital expenditure on property, plant and equipment totalled £0.3m across all sites (FY24: £0.2m).

The Group capitalised £3.6m of software development costs during the year (FY24: £3.7m), relating to the ongoing enhancement

of our proprietary e-commerce platform. Related amortisation of £4.1m (FY24: £3.7m) resulted in a year-end net book value of £12.3m (FY24: £12.8m).

Other intangible assets include £5.3m goodwill and £3.0m domain names.

Inventory of £34.2m is £8.6m (33%) higher than at 31 March 2024 reflecting an increased Own-brand range and breadth across all DCs, and investment in branded-products as and when the opportunity arose.

The Group carried net bank debt of £6.4m at the year-end (31 March 2024 net bank debt: £7.3m).

Dividends

The Board is confident in the prospects for the business and recognises the importance of generating and retaining cash reserves to support future growth, and as such the Board does not consider it appropriate to declare a dividend at this time but will continue to review this position on an annual basis.

The Strategic Report on pages 1 to 51 was approved by the Board on 23 June 2025 and signed on its behalf:

CHRIS SCOTT
CHIEF FINANCIAL OFFICER
23 June 2025

INVENTORY

£34.2m

+£8.6m

NET DEBT

£6.4m

-£0.9m

Environmental, social and governance

Overview

We understand the importance that sustainable business practices have on our physical and social environments, and the role they will play in successfully growing over the longer term, and acknowledge there is increasing interest from a wide range of stakeholders in the various impacts that the business has.

We present our second Climate report on page 38. We will continue to develop and refine our framework and activities in the year ending 31 March 2026.

As an e-commerce retailer of musical instruments, music equipment and AV-products, we believe that the areas in which we can make the biggest differences are:



Climate change

reducing the impact G4M has on the environment



Our products

retailing safe and high-quality products, produced in ethical supply chains



Waste management

reducing levels of waste and increased, improved recycling

Gear4music's ESG Agenda

Environmental pillar		Social pillar		Governance pillar
Climate change	Pollution and waste	Our products	Our people	Corporate behaviour
Carbon emissions	Packaging material and waste	Product safety and quality	Health and safety	Board diversity and structure
Product footprint	Electronic waste	Supply chain labour standards	Diversity and inclusion	Executive pay
			Wellbeing	Ethics and transparency
			Charities and community	Anti-corruption policies
We recognise our responsibility to reduce our environmental impact, and can achieve this through technology, continuous improvements in operational efficiency, and doing things in new ways.		We are committed to retailing high-quality musical instruments, equipment and AV products, and adopting and improving practices that ensure there is no slavery or human trafficking in our supply chain.	We recognise the success of our business is founded on the hard work of a team of talented and motivated individuals, and are committed to making Gear4music a great place to work.	We are committed to conducting our business with integrity.

respecting

Environmental matters

We recognise our responsibility to reduce our environmental impact, and can achieve this through technology, continuous improvements in operational efficiency, and doing things in new ways.

Climate Change

We target reduced energy consumption and seek out renewable energy options when contracts are up for renewal and it is commercially viable to do so.

We routinely make energy-efficiency conscious decisions across our properties – for example using LED lighting across our properties and installing solar panels at our York distribution centre in FY24 and at our York Head Office in FY25.

In FY24 we moved to paperless statutory reporting and AGM voting.

Our carbon intensity is reported in the Directors report on page 62, showing that in FY25 Scope 1 emissions fell by 7% and Scope 2 emissions by 13%.

 **OUR CLIMATE REPORT IS REPORTED ON PAGES 38 TO 41**

Waste Management

We work to minimise the impact of our activities on the environment:

Packaging – We review and seek to improve packaging efficiency and reduced waste, and increase use of near 100% recycled materials.

Waste – We separate and sell all our waste cardboard for recycling and actively seek ways to recycle more of our waste packaging materials such as plastic stretch wrap.

The durable nature of our products makes them prime for recycling, and the launch and rapid growth of our second-hand offering evidences our commitment to the circular economy across our product categories.

We have a specialist repair team and look to re-sell repaired own brand products where

appropriate, and re-use spare parts from items which cannot be restored to full working order.

We promote safe and responsible recycling of end-of-life products.

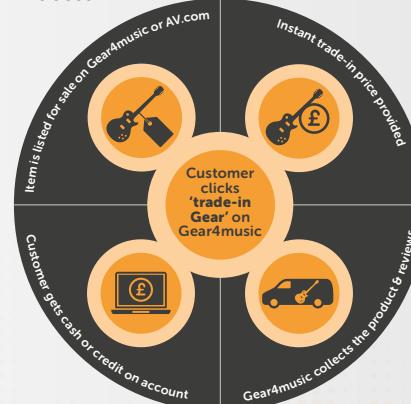
Second-hand platform

The durable nature of our products makes them prime for reuse, and the launch of our proprietary second-hand trade-in system marks our entry into and commitment to the circular economy across our product categories.

Overview

- Proprietary Second-Hand trade-in system launched March 2023
- European roll-out August 2023; AV.com launched February 2024
- Unique positioning within the market, designed to simplify equipment trade-in
- At 10 June 2025 we had 22,900 products available for trade-in (2 April 2024: 17,200)

Process



Customer Advantages

- Quick and simple process
 - No photography required
 - No postage or delivery payment required
 - No buyer communications
- Payment and delivery risks eliminated
- Increased value for credit on account
- Convenient way to recycle old equipment.

Gear4music Advantages

- Access to a wide range of equipment to sell
- Significant proportion of customers choose credit on account
- Leads to additional customer sales
- Better resale margins than 'other' brands
- More interesting website content
 - Increased search traffic
 - SEO benefits

Results

- FY25 sales increased 161% on FY24 to £3.0m at 38% product margin (FY24 sales: £1.1m at 37% product margin)
- Processed over 17,200 (FY24: 9,600) trade-in requests
- 39% (FY24: 48%) of customers chose credit on account
- In February 2025 expanded accepted condition from 'Excellent' and 'Good' conditions to add 'Very Good' and 'Fair'.

Our Products

We have invested in the necessary equipment and resources to carry out rigorous compliance testing in our dedicated facility, including testing for substances that can be harmful to the environment or people and are banned under Restriction of Hazardous Substances Directive 2002/95/EC ('RoHS') Regulations. We operate a strict supplier code of conduct that all of our own-brand suppliers are signed up to, detailing our rigorous expectations and requirements in relation to:

- a. Labour
 - i. Child Labour
 - ii. Hours, Wages & Benefits
 - iii. Humane Treatment
 - iv. Slavery and Human-Trafficking
 - v. Discrimination
 - vi. Freedom of Association
- b. Health & Safety
- c. Environmental
- d. Anti-Corruption

Modern Slavery

We are committed to adopting and improving practices that ensure there is no slavery and human trafficking in our supply chains or any other part of our business. The products we sell are manufactured in many different countries, and we aim to ensure that these values are upheld across our supply chain.

To achieve this, we are committed to identifying and assessing areas of our business where there could be potential risks of modern slavery, be that directly or indirectly within our supply chain. We seek to develop and implement effective systems and controls to review and monitor compliance with our policy.

We sell many well-known other-branded products and in the year ended 31 March 2025 third party brands accounted for 75% of our product sales (FY24: 73%). We purchase these products predominantly from European-based suppliers, many of whom are part of larger global organisations. These organisations acknowledge and generally publish their commitment to anti-slavery practices.

Our own-branded products are sourced from manufacturers in several countries around the globe and are often manufactured to our specification and design. As of 31 March 2025, we had active relationships with 93 manufacturers, predominantly in the Far East.

We conduct independent inspections of third-party facilities involved in the manufacture of our products. During these inspections we carry out extensive checks and produce written 'factory inspection' reports that are shared with the managers and/or owners of the facilities, and include formal recommendations to be actioned where appropriate. We will stop using any factories that fail to meet the standards that we set. In FY25 we visited and inspected 22 factories (FY24: 28). Responses to our factory inspections to date have been positive.

Environmental, social and governance continued

Our people

We strongly believe in growing our talent by recruiting only the best people, identifying individual strengths, and providing development opportunities with the scope for career progression as a result.

Our diverse workforce is a great part of life at Gear4music: different cultures, knowledge and skills makes it a fantastic place to work, and many of our employees are musicians in their spare time.

developing



“

We are proud of our passionate staff with in-depth knowledge of their specialist area of focus.



A business for musicians run by musicians

We are proud of our passionate staff with in-depth knowledge of their specialist area of focus.

We offer generous staff discounts on musical products and equipment, and estimate the majority of our team have made a relevant purchase.

Recruitment and Retention

We need to attract talent into our business to support our growth plans and offer competitive salaries and a range of benefits to help attract and retain great people (<https://www.gear4music.com/careers/why-gear>), and our retention levels are good.

As at 31 March 2025, 18 employees are participating in Group share option plans in recognition of their contribution to the continuing success of the business.

Mental Health

Gear4music is signed up to the Charter for Employers Positive about Mental Health meaning we are committed to creating a supportive and open culture where colleagues feel able to talk about mental health confidently, and aspire to appropriately support the mental wellbeing of all staff – we are proud to be a 'Mindful Employer'.

We have 30 certified Mental Health First Aiders ('MHFA's) across our business providing all Managers across our sites with tools, resources and knowledge to support their people better. Our MHFAs meet up on a quarterly basis to review the support we are providing across the business and suggest new ideas and initiatives.

Our Employee Assistance Programme remains a highly utilised support tool, providing all employees with access to online resources, 24/7 helpline and counselling services. We continue to support our employee's wellbeing with our Mental Health and Wellbeing Policies.

Equality, Diversity & Inclusion

We remain committed to fostering an inclusive, diverse, and equitable workplace. Throughout the year, we have continued to share our Company Equality, Diversity & Inclusion Policy with all employees, incorporating a dedicated video as part of new starter inductions and regular refresher sessions. Our efforts focus on promoting inclusivity, celebrating diversity, ensuring equality, and encouraging acceptance – creating a workplace where everyone feels welcome, respected and valued.

Learning and Development

The launch of a Learning & Development hub in FY24 was designed to support opportunities for everyone across our business. E-learning courses are bitesize so can be fit in around workloads and people can pick and choose courses which may be most beneficial to them. Content available includes people skills, compliance, health & safety, management development and IT skills as examples. By making these courses available to everyone this will support a culture of continuous learning, development and support.

Gear4music Community

Our Gear4music Community Group, in close collaboration with the HR Function, continues to play a pivotal role in fostering a positive and inclusive workplace culture. The team drives initiatives that support fundraising, promotes wellbeing, and strengthens social connections across the organisation. These efforts align closely with our broader ESG.

Activities and Initiatives:

- **Macmillan Bake Sales**

Our annual bake sales in support of Macmillan Cancer Support remain a firm favourite among colleagues. Demonstrating the generosity of our team, all baked goods and time were donated voluntarily. Gear4music was proud to match and double all contributions, amplifying the impact for this vital cause.

- **Time to Talk Day**

To mark this national mental health awareness day, Gear4music delivered a range of supportive initiatives including intranet articles, workplace posters, and free online training focused on mental wellbeing. A paid break accompanied by biscuits helped create a relaxed environment to encourage open dialogue and reduce stigma around mental health.

- **Christmas Jumper Day**

In December, team spirit shone bright as colleagues donned festive knitwear to raise funds for *Save the Children*, helping to support vulnerable children across the UK. This fun initiative brought festive cheer while contributing to an important mission.

- **Neurodiversity Awareness Week**

Educational content was shared throughout the business to deepen understanding and foster greater inclusivity for neurodiverse individuals. Celebrity-led awareness efforts helped increase visibility and engagement across teams.

Environmental, social and governance continued

• Menopause in the Workplace

In recognition of *World Menopause Day*, we launched a dedicated campaign that included curated resources, free training videos, and reaffirmed our commitment through the *Menopause Workplace Pledge*. These efforts ensured colleagues had access to valuable support and information.

• Red Nose Day

Our 2025 *Comic Relief* fundraiser marked a milestone – delivering our largest amount raised to date! Through multiple bake sales across our sites, our colleagues once again demonstrated their creativity and community spirit.

• Silent Auction for Jessie's Fund

This year saw the debut of Gear4music's *Silent Auction*, featuring a selection of music and electronics gear for staff to bid on. All proceeds were donated to *Jessie's Fund*, a charity dedicated to helping children through music therapy.

• Charity in the Community

We continue to celebrate and support employees who dedicate personal time to charitable causes. Stories shared within our internal channels highlighted inspiring efforts such as the *Three Peaks Challenge*, *York 10k*, and *Kitchen for Everyone*, encouraging others to get involved.

• Company Social Events

We've hosted a vibrant mix of social activities throughout the year – from pub quizzes and open mic nights to board game evenings and bingo. Larger annual gatherings like the *Summer BBQ* and *Christmas Party* offer colleagues an opportunity to connect informally and strengthen cross-departmental relationships and communication.

With more events planned for the remainder of the year, the Gear4music Community Group in partnership with the HR Function plays an important role in supporting employees across the business in conjunction with the Company ESG Strategy.

Gender Pay Gap report

As of April 2025, our mean gender pay gap was 12.5% (2024: 17.6%).

- Women's hourly rate is 12.5% lower (mean) and 1.1% lower (median)
- Women's bonus pay is 57.1% lower (mean) and 20.0% lower (median)
- 3.9% of men and 1.1% of women received bonus pay
- Top salary quartile has 79.5% men and 20.5% women
- Upper middle salary quartile has 72.6% men and 27.4% women
- Lower middle salary quartile has 64.9% men and 35.1% women
- Lower salary quartile has 81.1% men and 18.9% women.

The mean reflects the fact that the top three highest paid employees are male; the median reflects that there are proportionally more females in the upper middle quartile.



Charitable partnerships



Music for All



Music for All is dedicated to changing lives across the UK by improving access to music making.

They are a passionate, focused and ambitious UK charity helping disadvantaged music makers experience the joys and far-reaching benefits of making music. Established 28 years ago, Music for All has a track record in providing support through cash grants, donations of instruments and equipment to individuals, community groups and educational establishments, and providing free 'Learn to Play' experiences for thousands of people. Music for All is dedicated to helping people of all ages and social backgrounds get involved in the amazing world of music making. They know making music changes lives and ensure their values run through every aspect of their work.

In December 2024 their annual report referenced ... "a year of significant growth and impact. We invested £120,000 in our communities, supporting some 12,000 individuals – an increase of 52% on the previous year. These figures only represent a portion of our positive impact. Take a look at the Annual report (available at <http://musicforall.org.uk/>) to discover inspiring stories from just a handful of the people we supported in making music, and to celebrate the efforts of our dedicated fundraising heroes."

“

Music for All is proud to continue our partnership with Gear4music, helping to break down barriers to music-making by providing instruments and equipment to disadvantaged individuals and communities across the UK.

ROSS MORRIS
CHARITY ADMINISTRATOR

giving back

Environmental, social and governance continued

Charitable partnerships continued



Jessie's Fund

We are pleased to be able to share an update with you all at Gear4music about how your regular, unrestricted donations have allowed us to continue our work helping children with a range of life-limiting illness and complex needs to communicate through music. We are incredibly grateful for your ongoing support.

Jessie's Fund began by enabling children's hospices to develop music therapy provision, and these relationships continue with organisations throughout the UK. We recently supported Alexander Devine Hospice Service with a grant to support their music therapy service.

One child who has benefited from music therapy there is Michael:

"Michael receives music therapy at home. He spends most of his day in his specialist cot; his vision is limited, and he relies heavily on sound. His engagement in the sessions was enthusiastic. He listened intently and during the greeting song would begin slowly to 'wake up' his body, beginning to vocalise with the music and then take the lead by initiating vocal sounds. By the end of the session Michael's body would be awake all the way to his toes where (in his mother's words) he would "sing" along and move his legs, which he only does when he's overjoyed. As a medically vulnerable child, born during the Covid-19 pandemic, Michael has had very limited opportunities to develop new relationships or have new and varied experiences. Music therapy sessions offered Michael a different and interactive way to enjoy music, express himself and move his body, both independently and with his carer." Alongside the impact we have on specific children at the hospice, we are very proud that:



“

Jessie's Fund is recognised by many of our families as an organisation that supports music therapy at the hospice. Both families and staff frequently access the resources on the Jessie's Fund website and report them to be really useful.

giving back

Jessie's Fund ran a collaborative creative music project across three schools in Merseyside, as part of a programme of Eurovision activities run by SKY music hub in the Summer of 2023.

Two of our experienced musicians ran songwriting workshops with classes of children with a range of special educational needs, including Autism and Severe Learning Disabilities. Two of the schools had worked with us before, and one was a new setting to us. All the staff involved had training sessions with our musicians, so they felt confident to continue to use music and songwriting tools to help their student's communication development after the project. One school is also keen to move onto a one-year development project to help them embed a whole school culture of music. The project culminated in a sharing performance at the Shakespeare North Playhouse, attended by parents. The students showed great confidence in their performance as well as pride in their work, sharing songs about topics from broken ice cream machines to otters and teamwork. When asked about what the project had meant to him, one student shared:

“

I have learnt to use my imagination and put it into practice. The class have teamed up to work together, to share trust with each other and to express our own opinions. We have collaborated our individual opinions and built them up. It's like a Lego house. Everybody's opinion is like a Lego block and when you stack them altogether it turns into a joint success. Music is powerful. It allows you to have a 'déjà vu' moment when you listen to a song, it can take you back into your memories, and it is spectacular.

We have seen another increase in requests this year for our grant funding for individual music therapy, which allows children who do not have access to music therapy through their school or other settings to be able to have a block of sessions in the community.

The cost-of-living crisis continues to disproportionately impact families with children with additional needs, meaning the costs of these sessions remain out of reach for many families. However, the impact of these sessions can be astounding:



”

Thank you to Jessie's Fund for funding music therapy sessions for Jodie. She has shown so much progress over the last six months going from a non-verbal child to singing words and now speaking to them. Music has been such a lifeline to her in terms of expressing herself and making meaningful connections with her mother who participates with her in the sessions.

REBECCA ELLIS
EXECUTIVE DIRECTOR, JESSIE'S FUND

It is through the reliable support of organisations such as Gear4music that we are able to continue to offer this vital funding to families, and we remain very appreciative.

In 2025 we celebrated our 30th anniversary and shared and celebrated our achievements over the last 30 years, as well as growing and developing our work to ensure we reach as many children and young people with additional needs in the UK who would benefit from therapeutic and creative music-making as we can.

Environmental, social and governance continued

Climate report

The future success of our business will be subject to our ability to effectively manage climate-related risks, as it would with all other risks that we face. In FY24 we welcomed the new mandatory climate-related financial disclosures (CFD) which align with the Task Force on Climate-related Financial Disclosures ('TCFD') framework and the importance of adopting its recommendations.

This is our second year publishing a Climate report and the first year we have included Climate Related Risks and Opportunities. We will expand our disclosures across the recommendation areas as our strategy develops. We recognise the increasing threat that climate change poses, and the impact that the production and selling of products has on the environment. We recognise the importance of managing our impact through our value chain and of building decarbonisation into our decision making.

Risk management, sustainability and responding to climate change are important components of our business today. We continue to monitor market disclosures with a view to ensuring that our own disclosures achieve the objective of being consistent and comparable over time.

Governance

We have embedded the oversight and management of climate-related risks and opportunities throughout our governance framework.

Climate risk is a key component of our ESG strategy, for which the Plc Board has overall accountability. Execution of this strategy is delegated to the Operational Board.

The impact of climate change risk on our business and our impact on the world around is reviewed by the ESG Committee. Our ESG Committee met nine times in the financial year, making proposals and reporting on progress to our Operational Board. The ESG Committee is chaired by our Operations Director, and to ensure that ESG is integrated across our business, the Committee comprises managers from all areas of the business who are able to credibly input into decision-making, and implement agreed outcomes.

Climate change risk was previously included in our risk register but is now reported under Climate related Risks & Opportunities following the Climate report (pages 41-43) and will be evaluated on an annual basis by the Plc and Operational Boards.

Our climate-related risks and opportunities will be reviewed every two years to establish if they are still material and identify any new issues.

The Audit Committee is responsible for providing oversight and governance of the Group's internal controls and risk management, which includes ESG.

Strategy

Climate-related risks and opportunities: We have considered the transitional and physical risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies. In FY25 we have developed and formalised our assessment over different time horizons identifying evolving risks and opportunities (pages 41 to 43).

Physical risks arise out of the physical aspects of climate change, for example extreme weather events or global temperature increase. Market risks refer to changes in demand of certain products and commodities due to climate change. Transition risks are those which arise from the transition to a lower-carbon economy, such as policy changes.

The risks identified are more likely to present themselves in the medium or long term. Having assessed the risks, we believe that there is no material financial risk or threat to our business model in the short term. This risk assessment is under regular review.

managing

We have considered the potential for the financial statements to be impacted by climate change, with a focus on long term assets. The long-term assets that might be considered at risk are property, plant and equipment comprising our head office in York, six warehouses across Europe and plant, machinery and fittings contained therein. These assets are not considered to be at material risk of any physical impacts or transitional risks arising from climate change.

Developments to keep under review included:

- Policy/Regulation:** It is likely that increased policy and regulation will have a significant impact on Gear4music over the longer term. Incoming regulation and requirements such as the Taskforce on Nature-related Financial Disclosures are expected to come into force in the next two to five years.

- Market:** Climate change is expected to impact the supply and demand for certain commodities, products and services.

Gear4music will look to partly mitigate this risk by diversifying sourcing routes and product suppliers, and through growth of its second-hand business. We have begun collecting data from our product and carrier suppliers and started to use this information to identify our biggest risks and opportunities.

Risk Management

The process for identification and assessment of climate-related risks follows the Group's risk management methodology. By considering climate-related risks through the same framework as other business risks, we are able to identify, assess and manage climate-related risks in a way that is aligned to all other risks.

The governance structure provides additional oversight through the ESG Committee. Our risks and uncertainties are on pages 41 to 44.

			31 March 2025	31 March 2024	% Change
Scope 1		Combustion of fuel and operation of facilities	tCO ₂ e	312	336 (7%)
Total emissions – Scope 1			tCO₂e	312	336 (7%)
Scope 2		Electricity, heat, steam and cooling purchased for own use	tCO ₂ e	296	340 (13%)
Total emissions – Scope 2			tCO₂e	296	340 (13%)
Total emissions – Scope 1 & 2			tCO₂e	607	675 (10%)
Scope 3	1	Purchased goods & services	tCO ₂ e	18,249	15,401 18%
Scope 3	2	Capital Goods	tCO ₂ e	257	57 351%
Scope 3	3	Fuel & Energy-Related Activities	tCO ₂ e	149	159 (6%)
Scope 3	4	Upstream Transportation & Distribution	tCO ₂ e	2,581	2,028 27%
Scope 3	5	Waste Generated in Operations	tCO ₂ e	3	7 (58%)
Scope 3	6	Business Travel	tCO ₂ e	121	109 11%
Scope 3	7	Employee Commuting	tCO ₂ e	370	367 1%
Scope 3	9	Downstream Transportation & Distribution	tCO ₂ e	714	854 (16%)
Scope 3	11	Use of Sold Products*	tCO ₂ e	42,786	43,337 (1%)
Scope 3	12	End of Life Treatment of Sold Products	tCO ₂ e	169	181 (7%)
Total emissions – Scope 3			tCO₂e	65,397	62,500 5%
Total emissions – Scope 1, 2 & 3			tCO₂e	66,005	63,176 4%

* FY24 Use of sold products has been restated due to a revised conversion factor being applied in FY24.

Carbon intensity

Carbon intensity per unit of revenue

tCO₂e/Ek 2.223 2.285 (3%)

Carbon intensity per customer order

tCO₂e/order 0.057 0.058 (2%)

Scope 3 Use of Sold Products has been restated in FY24 due to a revised conversion factor being applied. Total CO₂e emissions have increased from 10,688 tCO₂e to 43,337 tCO₂e in FY24.

Metrics and targets

We are committed to minimising our environmental impact by reducing the carbon intensity of our activities and the natural resources we use.

Due to the nature of our business, most of our carbon footprint falls outside of our direct control and is reported under our Scope 3 emissions. Our Scope 3 total emissions disclosure (CO₂e) covers the complete lifecycle of all the products we sell.

This extends from the production of raw materials through to the manufacture, transport, how our customers use them and the eventual end of life treatment of the products we sell.

The emissions have been estimated in line with the GHG Protocol Corporate Accounting and Reporting Standard and are based on a combination of internal data coupled with the best available public sources on CO₂ emissions factors using conservative assumptions.

Our total Scope 3 emissions are reported in the table above, together with our Scope 1 and 2 (location based) emissions:

Environmental, social and governance continued

Methodology

Our emissions report has been prepared in line with HM Government's guidance: Environmental Reporting Guidelines, including streamlined energy and carbon reporting. Our carbon footprint has been calculated in accordance with the internationally recognised corporate accounting and reporting standard, the Greenhouse Gas Protocol, developed by the World Resources Institute ('WRI') and the World Business Council for Sustainable Development ('WBCSD'). It adheres to the best practice of relevance, completeness, consistency, transparency and accuracy.

- Scope 1** – includes all direct emissions from natural gas used to heat our facilities and fuel consumption within our company vehicle assets.
- Scope 2** – includes indirect emissions associated with the generation of electricity to power our facilities.
- Scope 3** – includes other indirect emissions generated along our value chain, consisting mainly of, purchase of goods both for resale and not for resale, transport and distribution of goods and use of sold products.

We have used emission factors from the 2023 and 2024 UK Government's Conversion Factors for Company Reporting combined with industry-specific factors where available.

The carbon emissions are measured in carbon dioxide equivalents or CO₂e which includes the six greenhouse gases: carbon dioxide ('CO₂'), methane ('CH₄'), nitrous oxide ('N₂O'), hydrofluorocarbons ('HFCs'), perfluorocarbons ('PFCs') and sulphur hexafluoride ('SF₆').

We have used a number of approaches in our emissions calculations depending on the availability of data and in accordance with the GHG Protocol. These approaches included:

Hybrid method – uses a combination of supplier-specific activity data (where available) and secondary data to fill the gaps. This method involves:

- collecting allocated Scope 1 and Scope 2 emission data directly from suppliers;
- calculating upstream emissions of goods and services from suppliers' activity data on the amount of materials, fuel, electricity, used, distance transported and waste generated from the production of goods and services and applying appropriate emission factors; and
- using secondary data to calculate upstream emissions wherever supplier-specific data is not available.

Average-data method – estimates emissions for goods and services by collecting data on the mass (e.g., kilograms or pounds), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g., industry average) emission factors (e.g., average emissions per unit of good or service).

Spend-based method – estimates emissions for goods and services by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary (e.g., industry average) emission factors (e.g., average emissions per monetary value of goods).

Supplier-specific method – collects product-level cradle-to-gate GHG inventory data from goods or services suppliers.

Performance in the year ended

31 March 2025

Our Scope 1 & 2 greenhouse gas emissions decreased by 10% in FY25 (FY24: 10% decrease) whilst Scope 3 emissions increased by 5%. Overall, our greenhouse gas emissions increased by 4% year on year.

Scope 1 & 2

Scope 1 emissions decreased by 7% in FY25, primarily due to a milder winter that resulted in reduced natural gas consumption for heating across our facilities.

Scope 2 emissions decreased by 13%, largely driven by the installation of solar panels at our York warehouse in 2023 and at our York head office in August 2024. During FY25, approximately 12% of the electricity used at our UK facilities was generated by these solar panels. This figure is expected to improve further in FY26 as we realise the full-year benefit from the head office installation.

Scope 3

Overall Scope 3 emissions increased by 5% in FY25. However, carbon intensity per £ of revenue decreased by 3%, and carbon intensity per customer order fell by 2%. These improvements in intensity metrics were primarily driven by a lower average order value in FY25 compared to FY24.

The two largest contributors to our combined Scope 1, 2 and 3 emissions, together accounting for 93% of total emissions are:

- Purchased goods, where our ability to influence emissions is limited outside of our own brand offering; and
- Use of sold products, which reflects energy consumption by customers operating electric musical instruments and equipment.

Emissions from purchased goods rose by 18% during the year, primarily due to an increase in government-issued emissions factors, rather than an underlying increase in purchase volume or carbon intensity of procurement.

Commitment to Product Sustainability and Circularity

We are committed to supporting long product lifespans and promoting responsible consumption. Our own brand products are intentionally designed with durability and repairability in mind, prioritising repair over replacement. While this approach may result in higher use-phase emissions over the lifespan of a product, it aligns with our goal to foster a more sustainable, circular economy by reducing waste and the need for premature replacement.

In accordance with the European ErP (Energy-related Products) directives and other applicable legislation, we are continuously enhancing the energy efficiency of our electronic products – particularly in standby or idle modes – to ensure they consume minimal power when not in active use.

Expanding Product Lifespans through Reuse

In 2023 we launched our second-hand offering as part of our ongoing efforts to reduce emissions and support circular economy principles. By encouraging the reuse of pre-owned musical instruments and equipment, we help to extend their lifespan, reduce landfill waste, and minimise the emissions associated with manufacturing and transporting new products.

This initiative reflects our broader ambition to reduce our environmental impact by embedding reuse and recycling throughout our value chain wherever possible.

Greener Delivery and Transport Solutions

We continue to work closely with our courier partners to explore and implement more sustainable delivery solutions. While scalable low-emission delivery options remain limited, it is promising to see logistics providers

increasingly investing in greener technologies and striving to make them commercially viable.

As the market for sustainable transport solutions evolves, we remain committed to working with our logistics providers to reduce emissions across our distribution network.

Sustainable Sound

In April 2025, we launched our Sustainable Sound initiative – as part of the initiative we actively offset carbon emissions by planting a tree for every participating product sold. This supports global reforestation and directly

contributes to reducing our overall carbon footprint. It's part of our broader mission to make music more sustainable and to play a role in building a healthier, more resilient planet.

Climate-related Risks & Opportunities

This year we have included our first climate risk analysis as part of our climate report. Transition and physical risks and opportunities have been identified, and a qualitative assessment has been carried out against a time horizon and financial impact as set out in the key opposite. Based on this assessment, we believe that there is no immediate material financial risk or threat to our business model.

Key: Time Horizon & Impact

Time Horizon	Impact: Likelihood of affecting EBITDA by more than 10%	
Near Term	0–3 years	 Low
Medium Term	3–10 years	 Medium
Long Term	10+ years	 High

Transition Risks

Risk	Description	Mitigation/Opportunity	Time Horizon	Impact
Regulatory Risks Compliance, litigation costs, or pricing of emissions	Governments worldwide are introducing stricter carbon regulations, such as carbon taxes and emission reporting requirements. Several new directives have come into force or are expected in the near future, such as the Corporate Sustainability Reporting Directive ('CSRD'), Extended Producer Responsibility ('EPR'), Corporate Sustainability Due Diligence Directive ('CS3D'). These could result in higher compliance and operational costs. In addition, carbon-related compliance costs for our suppliers, manufacturers, and logistics providers may increase, and if passed on would affect our operational expenses.		Near Term	
			Medium Term	
			Long Term	
Market and Consumer Preferences	Growing consumer awareness of sustainability could lead to demand for eco-friendly musical instruments and equipment. Growing investor awareness of sustainability could lead to prioritisation of investment returns from lower carbon companies. Competitors with robust environmental policies may gain a competitive advantage.	Developing and promoting eco-friendly instruments and accessories made from sustainable materials. Continuing to grow our second-hand offering promoting a circular economy.	Near Term	
			Medium Term	
			Long Term	

Environmental, social and governance continued

Transition Risks continued

Risk	Description	Mitigation/Opportunity	Time Horizon	Impact
Technology and Innovation Risks	The transition to sustainable manufacturing processes and materials (e.g., responsibly sourced wood, recycled metals) within our supply chain may increase costs.	The Group continually reviews logistics opportunities to invest in carbon-neutral logistics and green energy sources to enhance brand reputation and reduce long-term costs where possible.	Near Term	
		The Group could partner with more sustainable musical instrument manufacturers which could attract eco-conscious consumers.	Medium Term	
		The Group continuously reviews operational processes in our own facilities to leverage new technology to reduce our impact on the environment.	Long Term	
Reputational Risks	Negative public perception due to carbon-intensive supply chains, production processes or logistics could harm brand value and cause customers to move to our competitors.		Near Term	
	Failure to adopt sustainable business practices may result in backlash from environmentally conscious consumers or even brand boycotts.		Medium Term	
			Long Term	

Physical Risks

Risk	Description	Mitigation/Opportunity	Time Horizon	Impact
Extreme Weather Events	Increased frequency of storms, hurricanes, floods, and wildfires can disrupt logistics and warehouse operations.	Enhanced Resilience	Near Term	
	Infrastructure damage to key distribution centres could lead to supply chain interruptions and financial losses.		Medium Term	
			Long Term	
Supply Chain Disruptions	Adverse climate events may affect the production and transportation of musical instruments, especially those reliant on specific materials such as wood and metals.	The Group works with a diverse range of suppliers limiting dependency on any single source.	Near Term	
	Energy shortages or blackouts could impact warehouse functionality and e-commerce operations.		Medium Term	
			Long Term	
Rising Energy Costs	Increased energy demand could strain renewable energy availability, affecting long-term operational sustainability.	The Group has invested in solar at locations where it is feasible and continues to monitor feasibility at its other locations as technologies improve and the cost of solar installation decreases.	Near Term	
			Medium Term	
			Long Term	

Risks and uncertainties

The Board recognises that certain risks and uncertainties can have significant rewards for the prospects of the business, and as such require careful identification, evaluation and management.

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The Board takes overall responsibility for risk management, with a focus on evaluating the nature and extent of significant risks, and formulating mitigations around the risks required to be taken in order to deliver the strategic objectives. The Audit Committee has responsibility for overseeing the effectiveness of appropriate risk management processes and internal control systems. More detail of these processes is set-out in the governance section.

This section focuses on the principal risks and uncertainties to our business model that could impact on our achieving our strategic objectives, and our future performance.



identifying
evaluating
managing

Operations

Risk	Description	Mitigation
Macroeconomic and Geopolitical developments	<p>Macroeconomic and geopolitical changes can impact on consumer confidence and demand for discretionary products:</p> <p>Economic headwinds associated with higher inflation appear to have lessened in 2025.</p> <p>Geopolitical tensions have increased with situations in Ukraine and the Middle East. Countries we source products from and/or ship into could experience restrictions or sanctions impacting the movement of products. Global freight movements could be disrupted by geopolitical factors, such as conflict or pandemic, that would limit inbound delivery of products.</p> <p>A significant proportion of the Group's product range is manufactured in China (see 'Supply Chain' below). Impact of US tariffs and China-Taiwan relations continues to be monitored.</p>	<p>The Plc and Operational Boards continue to monitor macroeconomic trends and geopolitical developments and respond appropriately. Gear4music monitors performance and evaluates prospects through the year, and will make any necessary commercial, operational or financial decisions at that time.</p> <p>The logistics team assess and explore alternative shipping routes (rail and air as well as sea) in case of restrictions on certain routes.</p> <p>The Group's own-brand buy-team routinely explores new supply options across different territories to reduce over-dependence on any single country.</p> <p>In the long-term second-hand products have potential to become a meaningful sourcing opportunity.</p>
Climate Risks & Sustainability	<p>See descriptions in 'Climate-Related Risks and Opportunities' section from page 41 in our Climate report.</p>	<p>See 'mitigation/opportunity' in 'Climate-Related Risks and Opportunities' section from page 41 in our Climate report.</p>
UK Outside the EU	<p>Increased time and cost of moving products across the UK-EU border, makes it difficult for Gear4music to viably move products across border to customers and/or between distribution centres. Controls on the freedom of movement of people may impact the availability of European workers in the UK. UK-Irish-European tensions could escalate as Northern Ireland protocols are worked through. Requirements for locally resident Board level management could be introduced which could add cost and complexity to the management structure.</p>	<p>Gear4music has four DCs outside the UK – in Sweden, Germany, Spain and Ireland to reduce cross-border activity and localise our customer proposition. European DCs fulfilled 28% of total sales (FY24: 32%).</p> <p>Competitor activity and offerings are regularly reviewed to remain abreast of market developments and identify risks and opportunities.</p> <p>Fluctuating exchange rates are regularly reviewed, and operational and financial mitigations considered. Buying products and incurring costs in Euros and Krona provides a natural hedge and partly mitigates currency risk.</p> <p>Senior managers are being developed in European locations who may be able to represent the business if required.</p>

Risks and uncertainties continued

Operations continued

Risk	Description	Mitigation
Change Management	<p>Operations and Process – The Group has grown rapidly from revenues of £24m in FY15, to £147m in FY25. Operations and practices adopted at earlier stages of the Group's development may be inappropriate for a business of an increased size, scale and complexity. The Group may need to expand and enhance its infrastructure and technology and improve its operational and financial systems and procedures and controls. The Group will need to expand, train and manage its growing employee base. Growth through acquisition is dependent on identifying appropriate targets, negotiating and delivering transactions, and the successful integration of businesses.</p> <p>Regulatory and Compliance – Operating in geographical markets and/or sectors could expose the Group to a variety of new risks and requirements. The geographic dispersion of the employee base creates exposure to different labour regulations. Political or regulatory change, for instance in national minimum wages, union recognition or collective bargaining agreements, could impact the Group's operating capability and cost of operation.</p> <p>Technological – The pace and breadth of technological advances is increasing, and could lead to obsolescence of current platforms and systems. Innovations in artificial intelligence, blockchain, and mobile commerce, for example, continuously reshape consumer expectations and industry standards. Failing to utilise these technologies could eliminate competitive advantage. Additionally, third party partners, such as Google, will embrace these technologies in different ways, which could present a meaningful risk to how the business operates.</p>	<p>The Plc and Operational Boards actively monitor and respond to developments, so as to maintain systems and practices that are appropriate for the operations and scale of the Group. The Group continues to allocate a high proportion of senior management time and software development resource to improving internal processes and controls, and overall Group resilience. The Group operates a rigorous recruitment process and continues to recruit into key management positions. Prior to any such major developments Management extensively researches the opportunity and routinely take appropriate professional advice. Any future advances will continue to be in a measured, capital and cost-efficient manner.</p> <p>The Group has well-established local subsidiaries in multiple European countries, and recruited local management familiar with local laws and regulations. In Sweden and Germany we have native leaders who have been with the business for some years and have established strong local working relationships. We strive to ensure we offer a high-quality place of work and with multiple distribution centres could re-allocate activity to different locations, for instance consolidation of returns to a single centre. The Group has specialist teams with relevant expertise and experience, and relationships with external advisors to ensure compliance with local regulations.</p> <p>The Group continues to allocate a significant annual budget to software development: £3.6m capitalised in FY25 (FY24: £3.7m). It is important that a proactive approach to technology investment and innovation is taken, including regular assessments of emerging technologies, investing in scalable and adaptable digital infrastructure, and fostering a culture of continuous learning within the in-house development team. Utilisation of third-party technologies should be explored to enable the Group to take advantage of technological advances with lower barriers to entry than self-build. This will allow the Group to mitigate risk, and harness opportunities to enhance service offerings and operational efficiencies. As a pure-play e-commerce business the Group has experience in responding to technical changes which impact the Group's ability to trade effectively.</p>

Operations continued

Risk	Description	Mitigation
IT and Cyber Security Key Risk: cyber security landscape continues to evolve, with more sophisticated threats.	<p>Cyber Security poses a complex and evolving challenge for the Group, as the sophistication and frequency of cyber-attacks continue to rise. The nature of our operations exposes us to vulnerabilities such as data breaches, aggressive bots, ransomware attacks, and phishing schemes, which can compromise customer trust, result in significant financial losses, and damage the Group's brand reputation. Attacks can result in website slowdown or unavailability, loss of data, a failure by the Group to protect the confidential information of its customers from security breaches, delays in transaction processing, or the inability to accept and fulfil customer orders – each of these would fundamentally affect the Group's business.</p> <p>Search marketing and PPC – In FY25 the Group spent £10.4m (FY24: £10.1m) on marketing, of which 88% was PPC-related. The landscape of search marketing, particularly Pay-Per-Click (PPC) advertising, is highly dynamic, with frequent changes driven by search engine algorithms, consumer behaviour and technological innovations. These changes can significantly impact the visibility, effectiveness, and cost-efficiency of PPC campaigns. Alongside the clear risk of high paid media price inflation, emerging trends such as the rise of voice search, the integration of artificial intelligence in ad optimisation, and shifting user preferences towards privacy-focused browsing can all influence the performance of the Group's search marketing.</p>	<p>The Group seeks to mitigate this risk by continual investment in IT infrastructure, regular security assessments, review and adoption of security technologies, training and the adherence to robust incident response protocols. Current mitigations include utilisation of firewall technologies including Cloudflare and an in-house traffic management solution 'Traffic Warden', as well as utilisation of robust third-party technologies for payment processing. The Group has a disaster recovery plan in place which has been designed to minimise the impact of data loss or corruption from hardware failure, human error, hacking or malware. Increased homeworking has been facilitated by multi-factor authentication, and strong virus and threat protection.</p> <p>The Group combines investment in in-house expertise, strong relationships with third parties and continuing advancement in paid media-supporting technology, to deliver a focused strategy of search marketing evolution. The Group has a proven record of embracing change in the search marketing space, with an increasing focus on automation such as the 2024 quality and relevance upgrade. Ongoing projects will ensure marketing remains efficient, drives ROI and continues to be a competitive advantage for the Group.</p>
Warehousing and Distribution Key Risk: 67% of FY25 sales are fulfilled out of our York Distribution Centre.	<p>Distribution Centres – Disruption to a Distribution centre's operation may have an effect on the Group's business. Distribution centres may suffer prolonged power or equipment failures, failures in its information technology systems or networks or damage from fires, floods, or other unforeseen events which may not be covered by or may exceed the Group's insurance coverage.</p> <p>Logistics – The supply of product to customers in a timely manner is critical to the success of the Group. The Group operates its own warehouses, run by senior management that have significant experience in the sector. The Group may experience interruptions to the operation of its logistics partners networks that could prevent the timely or proper delivery of products, which could damage the Group's reputation and deter prospective customers. These risks are amplified during peak trading periods.</p>	<p>The Group operates from six DCs mitigating the risk of over-dependence on any single location. European DCs fulfilled 28% of FY25 sales.</p> <p>The Group, in conjunction with its insurance broker, ensures sufficient and appropriate insurance cover is in place. This includes Business Interruption cover. The Group has a formal Disaster Recovery Plan in place that details actions in specific situations.</p> <p>There are regular reviews of capacity and courier configurations across locations and plans developed to fulfil an increasing number of orders from the existing sites, and identify step-changes for consideration as and when required. The Group operates from six DCs, each with their own local logistics relationships, thereby reducing the dependency on any single site or local network. The Group maintains multiple delivery service providers to reduce the dependency on any single provider, and tracks service level agreements on an ongoing basis. This provides system flexibility to switch providers within a matter of days if required.</p>

Risks and uncertainties continued

Brand and Proposition

Risk	Description	Mitigation
Brand	<p>Developing and maintaining the reputation of the Group's brands is important to the ongoing success of the Group. Brand identity is an important factor in retaining existing and attracting new customers. A failure by the Group to offer high quality products across a range of instruments, manufacturers and price points, excellent customer service and efficient and reliable delivery could damage its reputation and brands and could result in the loss of customer confidence. Unfavourable publicity concerning the Group could damage the Group's brands and its business. In FY25 the Group acquired the Studiospares brands.</p>	<p>Rigorous monitoring of customer feedback helps ensure issues are identified and rectified on a timely basis.</p> <p>Own-brand products are carefully selected and rigorously tested prior to initial order. All returned items and items submitted for trade-in are tested for performance and safety before being offered for resale.</p> <p>Financial PR advisors assist in external communications.</p>
Competition	<p>The UK and European retail markets for musical instruments and music equipment, and AV-products are competitive. Competitors in certain markets may compete aggressively on price for a period of time. Competitors may have financial resources greater than those of the Group. Amazon sells musical instruments and music equipment. Amazon, as a direct competitor, is lower risk given their focus on the lower AOV accessory end of the market and open, generalist products, as they do not have showrooms or specialist customer support. Amazon Marketplace is an enabler for Chinese manufacturers to sell direct into European markets. In FY22 Gear4music launched AV.com increasing its presence and ambition in the Audio-Visual market.</p>	<p>The Group has a track record of successfully competing on a wide range of factors including quality and range of products, price, product availability, product information, convenience, delivery options and service. The Group continues to invest in enhancing its proposition in these areas, such as improved video content, more responsive delivery services and enhanced ranges of quality own-brand products at all price points.</p>

Resources and Relationships

Risk	Description	Mitigation
Supply chain Key Risk: an estimated 97% of own-brand products and 33% of other-branded products are manufactured in China	<p>Third-party brands – The Group's business depends on its ability to source a range of products from well-recognised third-party brands on commercially viable terms. Relationships are generally based on annual contracts that the Group seeks to renew each year. Third-party brand owners may stop supplying the Group on terms acceptable to it, fail to deliver sufficient quantities of products in a timely manner, or terminate their relationship with the Group. Any disruption to the availability or supply of products to the Group or any deterioration to the terms on which products are supplied to the Group could affect its business.</p> <p>As at March 2025 an estimated 33% of Other-branded products listed on Gear4music sites (excluding BOMs) originated from China, down from 38% in FY24.</p> <p>Own-brands – Reliance on sub-contract manufacturers – The Group sub-contracts manufacture of its Own-brand musical instruments and equipment to independent third-party businesses in China. At 31 March 2025 we estimate 97% of Gear4music Own-brand products originate in China.</p> <p>Any disruption to supply or issues such as poor product quality could have an adverse impact on the Group's reputation. The impact of any issues arising with sub-contractors' products is exacerbated by the lead times involved (12-16 weeks). Furthermore, Chinese sub-contract manufacturers are understood to be reliant on upstream supply chain for the majority of their raw materials and component parts.</p>	<p>The Directors do not consider the Group to be significantly reliant on any one or more major brand. The Directors believe that the size of the Group, its purchase volumes and the strength of its relationship with the brand owners, built over a prolonged period in many cases, make it unlikely that any such arrangements would be terminated.</p> <p>The Group has been successfully importing for over 22 years and has relationships with over 90 manufacturers providing resourcing options. The Board believes that the Group has robust take-on and ongoing monitoring procedures covering areas such as quality control and delivery performance for new and existing manufacturers that the Group seeks to adhere to rigidly. The Group are continually exploring additional sub-contract manufacturers in existing and new geographic locations.</p> <p>Whilst we have limited progress sourcing alternative manufacturing from outside of China, a number of our larger suppliers are in the process of setting up production facilities in other countries such Indonesia, Thailand and Vietnam.</p>
Financial risk	<p>The Group relies on bank debt to fund its working capital cycle. A material prolonged deterioration in trading performance could impact on covenants and the availability of banking facilities. A significant and sustained increase in UK interest rates may have an impact on the Group's cash flow. Certain suppliers may obtain credit insurance in respect of Gear4music balances. As a global retailer trading in nine currencies whilst recognising revenues and purchases in GBP as the Group's functional currency, there is a foreign exchange exposure.</p>	<p>The Group has a committed £30m RCF to at least June 2027 with a further +1 year renewal option.</p> <p>Detailed budgeting and rolling reforecasting ensures working capital is managed well within available facilities, and enables prompt response to adverse performance.</p> <p>The Group has a natural currency hedge as more of its costs are incurred in Euros and Swedish Krona, better reflecting the sales income profile by currency. The Finance function reviews the hedging policy at least once a year.</p>
ESG	<p>Failing to deliver on our ESG policy may result in our losing the trust and support of our stakeholders.</p>	<p>The Group is committed to reducing its impact on the environment, making positive improvements in its social commitments, whilst maintaining good corporate governance and behaviour.</p>

Section 172: Duty to promote the success of the Company

The Board of Directors consider, both individually and together, that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s.172 (a-f of the Companies Act) in the decisions taken during the year.

Our plan is designed to have a long-term beneficial impact on the Company and its stakeholders, and how it operates in practice is detailed on in our decision making on pages 54 to 56.

Engaging with our stakeholders and acting in a way that promotes the long-term success of the Company, while taking into account the impacts of our business decisions on our stakeholders, are central to our strategic thinking and our statutory duties in accordance with Section 172(1) of the Companies Act 2006 (s.172). The content in this section constitutes our s.172 Statement, as required under the Companies (Miscellaneous Reporting) Regulations 2018.

Our impacts on, and engagement with, our key stakeholder groups are considered within the implementation of our Group strategy. The stakeholder groups are employees, customers, our suppliers, our community, the environment and our shareholders. How we engage with these groups is covered throughout the report.

Our stakeholders are at the heart of our model

Stakeholder	How we engage
Employee engagement	<p>We know that the foundations of a successful business are built on the hard-work of a team of talented and motivated individuals. We strongly believe in growing our talent by recruiting only the best people, identifying individual strengths, and providing development opportunities with the scope for career progression as a result.</p> <p>The wellbeing of our colleagues is of paramount importance, and we continue to invest in our facilities to make our office a great place to work and collaborate. See pages 32 to 34 for the wide range of initiatives we have implemented to support our people.</p> <p>Our intranet allows us to quickly and easily share information about company news including policy updates, new starter welcomes, and internal promotions and changes. Every department has its own dedicated page for resources, helping support cross-departmental working. An organisational chart and structure help our colleagues better understand 'who is who' as the business grows in size.</p>

engaging

Stakeholder	How we engage	Stakeholder	How we engage
Customer engagement	<p>Effective communication with our customers is central to understanding their needs and wants, and developing our customer proposition. We monitor and respond to Trustpilot reviews, and look to learn from things that didn't meet the customer's expectation.</p> <p>We invest significant resource in generating high quality engaging content, in terms of product descriptions, and studio quality photographic and video assets.</p> <p>Improving customer experience is one of the key objectives when designing and implementing software development projects.</p>	Shareholder engagement	<p>The Group seeks to maintain a regular dialogue with both existing and potential investors to ensure that its strategy, business model and performance are clearly understood. Understanding what investors and analysts think and helping these audiences understand our business, is an important part of taking our business forward.</p> <p>The Executive Chair, Chief Executive Officer and Chief Financial Officer regularly meet with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group. The Group's NOMAD and public relations advisor provide written feedback after these presentations and meetings, and this feedback is shared with the Board.</p>
Supplier engagement	<p>We work closely with our suppliers in a transparent way, operating on shared values and high standards, enabling our suppliers to participate in our success as we grow.</p> <p>We pay our suppliers to agreed terms to give them the certainty they require.</p>		<p>The Group invites all shareholders to attend its Annual General Meeting where they can meet and question the Directors, and express ideas or concerns. The Notice of the Meeting is sent to shareholders at least 21 days before the meeting and the chairs of the Board and all committees together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders.</p> <p>Where voting decisions are not in line with the Group's expectations the Board will engage with those shareholders to understand and address any issues.</p>
Community engagement	<p>We have contributed to and worked with a number of charities through the year, and we have three such charitable partner case studies on pages 35 to 37.</p>		<p>The Board receives copies of all articles relating to the Group that are published in the financial press, via its public relations advisors.</p>
The environment	<p>We recognise the importance of sustainable business practices, and our progress is detailed on pages 38 to 41.</p>		<p>The Annual Report and Accounts is published on the Company's investor website and can be accessed by shareholders.</p>

The Strategic Report on pages 1 to 51 was approved by the Board on 23 June 2025 and signed on its behalf:

ANDREW WASS
DIRECTOR
23 June 2025

GARETH BEVAN
DIRECTOR
23 June 2025

CHRIS SCOTT
DIRECTOR
23 June 2025

Board of Directors



Andrew Wass
Executive Chair

Andrew has over 28 years' business management experience, having founded Gear4music Limited (then called Soundpro Limited) in 1995. In 1998 he began selling IT systems for the audio recording market before launching 'Gear4music' in 2003. Since then, Andrew has retained overall responsibility for driving the Group's growth.

Between 1992 and 1998, Andrew set up and ran his own recording studio business, having studied Popular Music and Sound Recording at the University of Salford. Andrew is a keen pianist. Andrew is a Director of GrowTropicals Ltd, Sail International Property Holdings Ltd and Escapade 59 Ltd.



Gareth Bevan
Chief Executive Officer

Gareth joined Gear4music in July 2012. He was previously at DV247, the largest UK-based musical equipment retailer at that time, where he was responsible for purchasing, sales and marketing. He has over 22 years' experience in musical equipment retail.



Chris Scott
Chief Financial Officer

Before joining Gear4music in October 2012, Chris was the Finance Director at Officers Club, overseeing the sale of the business to Blue Inc. Chris joined KPMG LLP in Leeds in 1997, qualified as a Chartered Accountant in 2000 and went on to spend a further nine years in their advisory practice including a year on secondment at Barclays Bank. He holds an Executive Masters in Business Administration.

leading



Neil Catto
Senior Independent
Director

Neil has significant experience of serving on the boards of AIM-listed companies as both executive and non-executive director. Neil was CFO of Boohoo between 2011 and 2022 and is now CFO of Revolution Beauty, having initially joined as a non-executive director in 2023. Neil is also a non-executive director of tinyBuild Inc. He was previously Finance Director of dabs.com plc and has held senior financial positions in BT plc and The Carphone Warehouse Group. Neil qualified as a chartered accountant with EY.

Neil is Audit Committee Chair and a member of the Remuneration Committee.



Harriet Williams
Non-Executive Director

Harriet has spent the last 20 years working in the retail sector for some of the world's leading consumer brands, where she has led e-commerce and omnichannel sales, marketing, strategy and business development initiatives in the UK and internationally.

Between 2015 and 2018, Harriet was Chief Digital Officer at The Body Shop, where she played an integral role in the sale of the business in 2017 by L'Oréal to Natura. Harriet's other previous roles include working at Gucci, Debenhams and strategy consultants Marakon Associates.

Harriet is currently Vice President Global E-commerce at the LEGO Group and Non-Executive Director of Stockmann Group.

Harriet is the Remuneration Committee Chair.



Sharon Daly
Non-Executive Director

Sharon has significant experience of serving on the boards of AIM-listed companies as both executive and non-executive director.

Sharon joined Warpaint London PLC as a Non-Executive Director in January 2024 and is a member of their Audit and Remuneration Committees. Sharon has more than 25 years of business experience, predominantly in marketing, international sales and business development roles. Sharon co-founded Venture Life Group in 2010 and made a significant contribution to the growth of the business from inception, until she left in 2023, including its admission to trading on AIM in 2014. Sharon is also an independent non-executive director at AIM listed Brickability Group Plc, where she is a member of the Audit Committee and Chair of the Remuneration Committee.

Sharon is a member of the Audit and Remuneration Committees.

guiding

Corporate governance report



“

Having served the Group for nine-years, Ken Ford and Dean Murray stepped down from the Board in July 2024 and, following due consultation with our stakeholders, I moved from CEO to Executive Chair and Gareth Bevan moved from CCO to CEO. To underpin this new structure and provide strong, independent challenge and support, Neil Catto and Sharon Daly joined the Board as Senior Independent Director and Non-Executive Director respectively. Both bring significant relevant experience, and skills that complement and improve the capability of the Board.

ANDREW WASS
EXECUTIVE CHAIR

Chair's Introduction

It is the Board's responsibility to ensure that Gear4music is managed for the long-term benefit of all shareholders. A corporate governance framework that is effective whilst dynamic is one of the foundations of a sustainable growth strategy and identifying, evaluating and managing risks and opportunities will underpin long-term value creation.

Quoted Companies Alliance Corporate Governance Code

The Directors apply the Quoted Companies Alliance Corporate Governance Code ('the QCA Code'), a proportionate, principles-based approach constructed around ten broad principles with accompanying guidance, and this section outlines how the Group operates in each of these key areas. The Group's application of the code is detailed on its website at <https://www.gear4musicplc.com/investors/corporate-governance/>.

By following the QCA code, my Board colleagues and I seek to ensure that the Group operates efficiently and effectively and communicates well, to promote confidence and trust in the Group's Board and management. The Board aims to balance the interests and expectations of the Group's many shareholders and stakeholders by observing a transparent set of rules, practices and processes. I believe that by adhering to this clear set of guidelines, the Group is well placed to deliver medium and long-term success.

The Board of Directors and Committees of the Board of Directors

The Board, which is headed by the Chair, comprises six Directors of which three are Executive and three are Non-Executive, providing a broad range of relevant skills and experiences. The Board considers Neil Catto, Harriet Williams, and Sharon Daly to be 'independent' Non-Executives. Directors' profiles are detailed on page 53. The Board met regularly throughout the year with ad hoc meetings held when required.

The Role of the Board

The role of the Board is to provide leadership to the Group and to ensure the obligations of being a public company are adhered to. The Board bears collective responsibility for delivering ongoing success through the development of appropriate strategies that are aligned to the Group's objectives, and deliverable with due consideration of risk and the resources available. The Board is also responsible for ensuring that a framework of effective controls is in place.

The Group is controlled by the Board of Directors. The Board is headed by the Chair, comprises six Directors, of which three are Executive and three are Non-Executive, meeting the QCA Code's guidance that a board should have at least two independent Non-Executive Directors.

It is recognised that the Executive Chair, Andrew Wass, being a major shareholder, risks individual dominance of the Board but the Board's collective view is that the independent NEDs and Committees mitigate this risk.

The Board is satisfied that the six Directors collectively provide a broad range of relevant skills and experiences, and that the composition strikes a good balance between independence and knowledge of the business, to enable it to effectively discharge its duties and responsibilities.

The division of responsibilities between the Chair and the Chief Executive Officer is clearly delineated to ensure effective governance and leadership. The Chair plays an active role in the business, providing strategic oversight and guidance, and working closely with the Chief Executive Officer and the Executive team to support the delivery of the Group's objectives. In addition to leading the Board and setting its agenda, the Chair contributes to the formulation and monitoring of the Group's strategy and performance, ensuring alignment between the Board and executive management. The Chief Executive Officer retains primary responsibility for the day-to-day operational management of the Group, while the Executive team holds collective responsibility for the execution of strategic initiatives and is accountable to the Board for delivering the Group's financial and operational goals.

There are certain matters that are reserved for the Board's consideration and these include, but are not limited to matters of strategy, key commercial developments, risk management, the consideration and approval of budgets, significant capital expenditure and recruitment, acquisitions and disposals, and the approval of financial statements.

The formal Board agenda includes an Executive report detailing the commercial, operational and financial performance of the Group. Further to formal Board meetings, the Board receives weekly key trend information covering all trading aspects of the business.

The Board determines the fees paid to Non-Executive Directors.

The performance of the Board is evaluated informally on an ongoing basis with reference to all aspects of its operation including, but not limited to the appropriateness of its skill level, the way its meetings are conducted and administered (including the content of those meetings), the effectiveness of the various Committees, whether Corporate Governance issues are handled in a satisfactory manner, and whether there is a clear strategy and objectives.

A new Director, on appointment, is briefed on the activities of the Group. Professional induction training is also given as appropriate. The Chair briefs Non-Executive Directors on issues arising at Board meetings if required, and Non-Executive Directors have access to the Chair at any time. Ongoing training is provided as needed. Directors are continually updated on the Group's business and on insurance and on issues covering pensions, social, ethical, environmental and health and safety by means of Board reports.

In the furtherance of his duties or in relation to acts carried out by the Board or the Group, each Director has been informed that he is entitled to seek independent professional advice at the expense of the Group. The Group maintains appropriate cover under a Directors' and Officers' insurance policy in the event of legal action being taken against any Director.

Each Director is appraised through the normal appraisal process. The Chief Executive Officer is appraised by the Chair, the Executive Chair by the 'Senior Independent Director' ('SID'), Executive Board member(s) by the Chief Executive Officer, and the Non-Executive Board members by the Chair. Each Director has access to the services of the Company Secretary if required.

The Non-Executive Directors are considered by the Board to be independent of management and are free to exercise independence of judgement. They receive no other remuneration from the Group other than the Directors' fees and their shareholdings as disclosed.

The Board is supported by three Committees – an Audit Committee, a Remuneration Committee and a Nominations Committee.

Corporate governance report continued

The table below shows the number of Board and Committee meetings held in the period from 1 April 2024 to the date of approval of the Annual Report and Accounts. The table also shows the attendance of each Director:

Re-election

At each Annual General Meeting one third (or whole number less than one third) of the Directors retires by rotation, and in September 2024 this was Andrew Wass and Harriet Williams.

In addition, Directors are subject to re-election at the Annual General Meeting following their appointment and as such Neil Catto and Sharon Daly also retired at the Annual General Meeting.

Stakeholder communications

The Group seeks to maintain a regular dialogue with both existing and potential investors to ensure that its strategy, business model and performance are clearly understood. Understanding what investors and analysts think and helping these audiences understand our business, is an important part of taking our business forward.

Director	Role	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nominations Committee meetings
Andrew Wass	Executive Chair (CEO to 5 July)	10/10			
Neil Catto	SID (appointed 5 July 2024)	5/6	2/2	2/2	
Harriet Williams	NED	10/10		2/2	1/1
Sharon Daly	NED (appointed 5 July 2024)	6/6	2/2	2/2	
Gareth Bevan	CEO (CCO to 5 July 2024)	10/10			
Chris Scott	CFO	10/10	3/3	2/2	
Ken Ford	Non-Executive Chair (resigned 5 July 2024)	4/4	1/1		1/1
Dean Murray	NED (resigned 5 July 2024)	4/4	1/1		1/1

The Executive Chair, Chief Executive Officer and Chief Financial Officer regularly meet with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group. The Group's NOMAD and public relations advisor provide written feedback after these presentations and meetings, and this feedback is shared with the Board.

The Group invites all shareholders to attend its Annual General Meeting where they can meet and question the Directors, and express ideas or concerns. The Notice of the Meeting is sent to shareholders at least 21 days before the meeting and the Chairs of the Board and all Committees together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders.

Where voting decisions are not in line with the Group's expectations the Board will engage with those shareholders to understand and address any issues.

The Board receives copies of all articles relating to the Group that are published in the financial press, via its public relations advisors.

The Annual Report and Accounts is published on the Company's investor website and can be accessed by shareholders.

Internal controls

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group highlights potential financial and non-financial risks which may impact on the business as part of the monthly management reporting procedures. The Board receives these monthly management reports and monitors the position at Board meetings.

An Operational Board comprising the three Executive Directors and seven Senior Managers meets regularly to analyse and discuss operational and commercial matters, and identifies any material matters to escalate to the Plc Board. The Operational Board formally met ten times in the financial year.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks faced by the Group.

The Group's internal financial control and monitoring procedures include:

- clear responsibility on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information;
- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- a comprehensive budgeting process completed once a year that is reviewed and approved by the Plc Board;
- detailed monthly reporting of trading results including detailed profit and loss accounts, balance sheets and cash flows, with supporting variance analysis;
- reporting on any non-compliance with internal financial controls and procedures; and
- review of reports issued by the external auditor.

There is no internal audit department.

The Audit Committee on behalf of the Board reviews reports from the external auditor together with management's response regarding proposed actions. In this manner they have reviewed the effectiveness of the system of internal controls for the period covered by the accounts.

Audit Committee report



NEIL CATTO
CHAIR OF AUDIT COMMITTEE

Overview

The Audit Committee ('Committee') is established by and is responsible to the Board. It has formally delegated duties and responsibilities and has written terms of reference. Its main responsibilities are:

- to monitor and be satisfied with the truth and fairness of the Group's financial statements before submission to the Board for approval, ensuring their compliance with the appropriate accounting standards, the law, and the AIM Rules;
- to monitor and review the effectiveness of the Group's system of internal control;
- to make recommendations to the Board in relation to the appointment of the external auditor and their remuneration, following appointment by the shareholders in general meeting, and to review and be satisfied with the auditor's independence, objectivity and effectiveness on an ongoing basis; and
- to implement the policy relating to any non-audit services performed by the external auditor.

Membership of the Audit Committee

In the period to 5 July 2024 Dean Murray was the Chair of the Committee and the other member was Ken Ford. They were replaced by Neil Catto as the Chair and the other member being Sharon Daly, both of whom are Non-Executive Directors and have wide experience in regulatory and risk issues.

Role and Operation of the Audit Committee

The Committee is authorised by the Board to seek and obtain any information it requires from any officer or employee of the Group, and to obtain external legal or other independent professional advice as is deemed necessary by it.

Meetings of the Committee are held at least twice per year and the auditor is invited to these meetings. The Committee meets early in the financial year to discuss and agree the scope for the forthcoming external audit, and again to review the findings of the external audit in relation to internal control and the financial statements. At this meeting, the Committee carries out a review of the year-end financial statements and of the audit, using as a basis the Report to the Audit Committee prepared by the external auditor and taking into account any significant accounting policies, any changes to them and any significant estimates or judgements. Questions are asked of management of any significant or unusual transactions where the accounting treatment could be open to different interpretations.

The Committee receives reports from management on the effectiveness of the system of internal controls. It also receives from the external auditor a report of matters arising during the course of the audit which the auditor deems to be of significance for the Committee's attention. The statement on internal controls and the management of risk, which is included in the Annual Report, is approved by the Committee.

The 1998 Public Interest Disclosure Act and the 2013 Enterprise and Regulatory Reform Act (together 'the Acts') aims to promote greater openness in the workplace and ensures 'whistle blowers' are protected. The Group maintains a policy in accordance with the Acts which allows employees to raise concerns on a confidential basis if they have reasonable grounds in believing that there is serious malpractice within the Group. The policy is designed to deal with concerns, which must be raised without malice and in good faith, in relation to specific issues which are in the public interest, and which fall outside the scope of other Group policies and procedures. There is a specific complaints procedure laid down and action will be taken in those cases where the complaint is shown to be justified. The individual making the disclosure will be informed of what action is to be taken and a formal written record will be kept of each stage of the procedure.

The external auditor is required to give the Committee information about policies and processes for maintaining their independence and compliance regarding the rotation of audit partners and staff. The Committee considers all relationships between the external auditor and the Group to ensure that they do not compromise the auditors' judgement or independence particularly with the provision of non-audit services.

External auditor and Non-audit services

Fees in relation to services provided by the external auditor, Grant Thornton UK LLP, in FY25 and FY24 were:

	FY25	FY24
Audit fee	157	152
Non-audit fees: Other audit related services	7	6
Total fees	164	158

The Committee is satisfied with the independence and objectivity of the auditors.

NEIL CATTO
SENIOR INDEPENDENT DIRECTOR

23 June 2025

Remuneration Committee report



HARRIET WILLIAMS
CHAIR OF REMUNERATION COMMITTEE

As an AIM listed Company, Gear4music (Holdings) plc is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Membership of the Remuneration Committee

Harriet Williams is Chair of the Committee. In the period to 5 July 2024 the other members were Ken Ford and Dean Murray and they were replaced by Sharon Daly and Neil Catto, both of whom have no personal financial interest in the Group except for fees in relation to their holding of office, with no potential conflict of interests and no day-to-day involvement of the Group.

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

The Remuneration Committee meets at least twice a year.

Remuneration policy

The remuneration policy is designed to attract, retain and motivate high calibre executives to ensure the Group is managed successfully to the benefit of shareholders.

Share ownership is encouraged and all the executives are interested in the share capital.

In setting remuneration levels, the Committee takes into consideration remuneration levels and practices in other companies of a similar size and in similar sectors.

Non-Executive Directors

Remuneration of the Non-Executive Directors is determined by the Executive Directors. Non-Executive Directors are not entitled to pensions beyond the required statutory minimums, annual bonuses or employee benefits, nor are they entitled to participate in share option arrangements relating to the Company's shares.

Each of the Non-Executive Directors has a letter of appointment noting their appointment may be terminated with one month's notice.

Their fees are reviewed annually and set in line with prevailing market conditions and at a level which will attract and retain individuals with the necessary experience and expertise to make a significant contribution to the Group's affairs.

Directors' interests

Details of the Directors' shareholdings are included in the Directors' report on page 61.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of basic salary and private medical insurance. Six Directors are enrolled in the Group workplace pension scheme.

Andrew Wass has a service agreement terminable by the Company with twelve months-notice; Gareth Bevan and Chris Scott have service agreements terminable by the Company with six months-notice.

The remuneration of each of the Directors for the year ended 31 March 2025 is set out below:

	Basic salary £000	Benefits £000	Pensions £000	Total FY25 £000	Total FY24 £000
Executive					
Andrew Wass	205	3	7	215	230
Gareth Bevan	197	2	9	208	192
Chris Scott	188	3	7	198	193
Non-Executive					
Ken Ford	12	–	–	12	44
Dean Murray	11	–	–	11	43
Harriet Williams	44	–	2	46	45
Neil Catto	44	–	1	45	–
Sharon Daly	33	–	1	34	–
Total:	734	8	27	769	747

Life cover policies with a value of £1m and families as beneficiaries are in place in relation to Andrew Wass, Chris Scott and Gareth Bevan.

Directors' share options

Executive	Scheme	1 April 2024	Forfeit and replaced during the year	Granted during the year	31 March 2025	Date granted
Andrew Wass	LTIP (2023)	250,000	–	–	250,000	July 2023
Gareth Bevan	LTIP (2023)	250,000	–	–	250,000	July 2023
Chris Scott	LTIP (2023)	250,000	–	–	250,000	July 2023

HARRIET WILLIAMS
NON-EXECUTIVE DIRECTOR

23 June 2025



Nominations Committee report



KEN FORD
FORMER CHAIR

The Nominations Committee identifies and nominates, for the approval of the Board, candidates to fill board vacancies as and when they arise. The Committee also considers matters of succession planning.

Membership of the Nominations Committee

In FY25 a Nominations Committee was chaired by Ken Ford, supported by Dean Murray and Harriet Williams as members.

Revised Board structure from July 2024

Having served the Group since IPO in 2015, Ken Ford (Non-Executive Chair) and Dean Murray (NED) reached the end of their nine-year tenure and stepped down from the Board in July 2024.

The Board and Nominations Committee diligently evaluated revised Board structures to ensure the best outcomes for all stakeholders and, having consulted with advisors and certain of the Company's major shareholders, the Group concluded and announced the following changes from July 2024:

- Ken Ford to step down as Non-Executive Chair and NED
- Dean Murray to step down as NED
- Andrew Wass to move from CEO to Executive Chair
- Gareth Bevan to move from CCO to CEO
- Neil Catto to join the Board as Senior Independent Director, Audit Committee Chair and member of the Remuneration Committee
- Sharon Daly to join the Board as NED and member of the Audit and Remuneration Committees
- Chris Scott's and Harriet Williams' (CFO and NED respectively) roles and responsibilities remain unchanged.

Neil Catto has significant experience of serving on the boards of AIM-listed companies as both executive and non-executive director. Neil was CFO of Boohoo between 2011 and 2022 and is CFO of Revolution Beauty, having initially joined as a non-executive director in 2023. Neil is also a non-executive director of tinyBuild Inc. He was previously Finance Director of dabs.com plc and has held senior financial positions in BT plc and The Carphone Warehouse Group. Neil qualified as a chartered accountant with EY.

Sharon Daly also has significant experience of serving on the boards of AIM-listed companies as both executive and non-executive director. Sharon joined Warpaint London PLC as a Non-Executive Director in January 2024 and is a member of their Audit and Remuneration Committees. Sharon has more than 25 years of business experience, predominantly in marketing, international sales and business development roles.

Sharon co-founded Venture Life Group in 2010 and made a significant contribution to the growth of the business from inception, until she left in 2023, including its admission to trading on AIM in 2014. Sharon is also an independent non-executive director at AIM listed Brickability Group Plc, where she is a member of the Audit Committee and Chair of the Remuneration Committee.

KEN FORD
FORMER CHAIR

5 July 2024

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2025.

Principal activity

The principal activity of the Group is the retail of musical instruments and equipment, through 20 Gear4music branded websites and AV.com, and showrooms in York, Bacup, Sweden and Germany. It retails own and other branded products.

Overseas branches

Gear4music, through various subsidiaries as detailed on page 88, operates distribution centres in Sweden, Germany, Ireland and Spain.

Items covered in the Strategic Report

This report includes sections on strategy and markets and considers key risks and key performance indicators.

A review of the Group's current operations and future developments is covered in the Chief Executive Officer's report and the Financial Review.

Financial results

Details of the Group's financial results and position are set out in the Consolidated Statement of Profit and Loss and other comprehensive income, other primary statements and notes to the accounts on pages 71 to 100.

Dividends

The Directors do not recommend the payment of a dividend (FY24: nil).

Going concern

After making appropriate enquiries, the Directors have confidence that the Group has adequate resources to continue in operational existence for the foreseeable future, and continue to adopt the going concern basis in preparing the Annual Report and Accounts. This is described in more detail in Note 1.

Directors

The Directors who served on the Board and on Board-Committees during the year are set out on pages 52 to 53. One-third of the Directors are required to retire at the Annual General Meeting and can offer themselves for re-election.

Information on Directors' remuneration and share option rights is given in the Remuneration Committee report on pages 58 to 59.

Significant shareholders

The Company is informed that on 30 April 2025, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued share capital
Andrew Wass	4,776,993	22.8%
Liontrust Investment Partners LLP	2,878,257	13.7%
FIL Limited	2,041,306	9.7%
Ronit Capital	1,110,000	5.3%
IG Markets Limited	1,109,425	5.3%
River Global	1,097,358	5.2%
AXA Investment Mgrs S A	840,913	4.0%
Octopus Investments	634,018	3.0%

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 1 April 2024 and 31 March 2025 were as follows:

	1 April 2024 Number of shares	31 March 2025 Number of shares	31 March 2025 % of issued share capital
Executive Directors			
Andrew Wass	4,776,993	4,776,993	22.8%
Gareth Bevan	91,585	91,585	0.4%
Chris Scott	80,690	80,690	0.4%
Non-Executive Directors			
Neil Catto	—	—	—
Harriet Williams	—	—	—
Sharon Daly	—	—	—

On 9 April 2025 Sharon Daly purchased 9,341 shares resulting in a shareholding of 0.04%. On 9 and 10 April 2025 Gareth Bevan purchased a total of 12,682 shares taking his shareholding to 104,267 shares (0.5%).

The middle market price of the Company's Ordinary shares on 31 March 2025 was 135.0 pence (31 March 2024: 137.0 pence), and the range in the year was 126.5 pence to 200.0 pence, with an average of 158.6 pence.

Research and development

The Group capitalised £3.6m of software development costs during the year (FY24: £3.7m) and expensed £0.13m of R&D costs (FY24: £0.18m) relating to the in-house e-commerce software platform.

Amortisation of the software platform totalled £4.1m in the year (FY24: £3.7m).

Directors' report continued

Financial instruments

The Group's policy and exposure to financial instruments is set out in note 20.

Qualifying third party indemnity

The Company has provided an indemnity for the benefit of its current Directors which is a qualifying third-party indemnity provision for the purpose of the Companies Act 2006.

Employee involvement

It is the Group's policy to involve employees in its progress, development and performance. Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

See pages 32-34 and page 50 for more information on employee engagement matters.

Donations

During the year ended 31 March 2025 the Group made charitable donations totalling £6,839 (FY24: £8,750).

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

The number of creditor days outstanding at 31 March 2025 was 28 days (31 March 2024: 28 days). This is a weighted average by invoice value, with reference to actual invoice and payment dates.

Greenhouse Gas emissions

The disclosures required under 'Streamlined Energy and Reporting' ('SECR') for the Group and Gear4music Limited are included below, and insight into initiatives to reduce the direct environmental impact of the Group are detailed in our Climate Report on page 38.

	Year ended 31 March 2025	Year ended 31 March 2024
Scope 1 – Combustion of fuel and operation of facilities (kWh)	1,675,751	1,814,698
Scope 2 – Electricity, heat, steam, and cooling purchased for own use (kWh)	1,428,073	1,640,734
Total Scope 1 and 2 energy use (kWh)	3,103,823	3,455,432
Scope 1 and 2 CO ₂ e equivalent (tCO ₂ e)	602	675
Scope 1 and 2 Intensity measurement – tCO ₂ e per customer order	0.00053	0.00062

In the year ended 31 March 2025 Scope 1 emissions fell by 7% and Scope 2 emissions by 13% largely driven by a milder winter resulting in lower gas usage to heat our facilities and the installation of solar panels at our main warehouse in 2023 and at our head office in August 2024. Approximately 12% of the electricity used at our UK facilities was generated by these solar panels and this figure is expected to improve in FY26 as we realise a full-year benefit from the head office installation.

Note: These emissions were calculated using the methodology set out in HM Government's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance' (March 2019), and applies the conversion factors from Defra. This information has been prepared consistent with the guiding principles of the 'Climate Disclosure Standards Board' protocol. This information has not been independently audited. As required, only the impact of the Group's direct activities have been included. All material sources of emissions are reported.

Corporate governance

Details regarding the Group's corporate governance arrangements are detailed in the Governance section included in this Annual Report.

Post Balance Sheet Events

In April 2025 the Group purchased stock and certain intangible assets from Administrators of GAK.co.uk Ltd and The Guitar, Amp & Keyboard Centre Ltd – see page 12 for more information.

In June 2025 the Group purchased stock and certain intangible assets from Administrators of S&T Audio Limited trading as 'PMT Play Music Today' – see page 12 for more information.

Auditor

A resolution for the reappointment of Grant Thornton UK LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board:

CHRIS SCOTT
CHIEF FINANCIAL OFFICER

23 June 2025

Registered office:
Holgate Park Drive,
York,
YO26 4GN

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

ANDREW WASS
CHAIR AND DIRECTOR

GARETH BEVAN
DIRECTOR

CHRIS SCOTT
COMPANY SECRETARY AND DIRECTOR

23 June 2025

Independent auditor's report to the members of Gear4music (Holdings) plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Gear4music (Holdings) plc (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2025, which comprise the Consolidated statement of profit and loss and other comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the notes to the consolidated financial statements including a summary of material accounting policies, the Company balance sheet, the Company statement of changes in equity and notes to the company financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's and the Parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Assessed the design and implementation of the controls relating to the Group's assessment of the going concern basis of preparation;
- Evaluated the key assumptions within the cash-flow forecasts, including the quantum and timing of cash outflows and inflows and determined whether these have been applied appropriately. We have also considered whether the key assumptions are consistent with our understanding of the business, and with the expected wider uncertainties;
- Assessed whether the forecasts used for going concern are consistent with those used in other areas of the audit, including the impairment review;
- Assessed the accuracy of management's past forecasting by comparing management's forecasts for at least the last two financial periods to the actual results for those periods and considered the impact on the cash flow forecast;
- Corroborated the existence of the Group's facilities and related covenant requirements for the period covered by management's forecasts and tested the covenant compliance in the going concern period;
- Compared post year-end results achieved to those forecasted to determine if the business is trading in line with forecast;
- Evaluated management's stress testing and sensitivity analysis to ensure that this appropriately considers the current and potential future impact of wider cost inflations and other external economic factors (e.g. US tariffs) on the Group's financial performance; and
- Assessed the adequacy of the going concern disclosures included within the Annual Report and Accounts.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflation and US politics (e.g. imposing tariffs on imports), we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit



Overview of our audit approach

Overall materiality:

Group: £960,000 which represents approximately 0.65% of the Group's revenue.

Parent company: £439,000 which represents approximately 3% of the Parent company's net assets.

Key audit matters were identified as:

- Existence of internally generated development costs (same as previous year); and
- The revenue cycle includes fraudulent transactions (same as previous year).

Our auditor's report for the year ended 31 March 2024 included one key audit matter that has not been reported as a key audit matter in our current year's report. This relates to Going concern due to the severity of the downturn required to breach headroom or banking covenants.

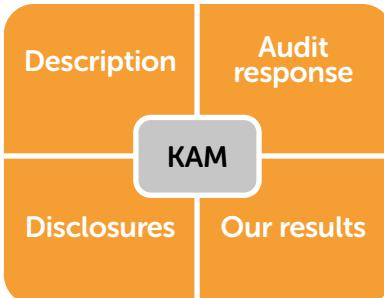
Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements, including testing 99% of Group revenue.

We performed an audit of the financial information of one component using component performance materiality (full-scope audit) and an audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) for the Parent company. We performed analytical procedures at group level (analytical procedures) on the financial information of all the remaining group components and performed tests on material balances where appropriate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



Independent auditor's report to the members of Gear4music (Holdings) plc continued

Key Audit Matter – Group	How our scope addressed the matter – Group	Key Audit Matter – Group	How our scope addressed the matter – Group
<p>Existence of internally generated development costs We identified the capitalisation of internally generated development costs relating to the Group's bespoke e-commerce platform as one of the most significant assessed risks of material misstatement due to error.</p> <p>There are judgements made by management in respect of capitalising internally generated development costs and as such there is a risk that the specific requirements under IAS 38 'Intangible Assets' regarding capitalisation of internally generated intangible assets are not met.</p> <p>We have pinpointed our significant risk to the appropriate capitalisation of software developers' salaries.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Assessed the design and implementation of the controls over the capitalisation of internally generated development costs; Assessed management's capitalisation policy for intangible assets against the requirements of IAS 38, including a sample test of specific internally developed intangible assets; Assessed the appropriateness of management's estimate of the proportion of staff time capitalised; Tested a sample of capitalised costs by assessing whether the expenditure meets the criteria for capitalisation as set out in the standard and challenged management on the accuracy of the costs which are capitalised in the year; and Considered the development projects for any indicators of impairment based on current plans and usage of each element of software. 	<p>The revenue cycle includes fraudulent transactions We identified the possibility that the revenue cycle includes fraudulent transactions as one of the most significant assessed risks of material misstatement due to fraud.</p> <p>Revenue is the most significant item in the Consolidated statement of profit and loss and other comprehensive income (£147m) and impacts several of the Group's key performance indicators set out in the Annual Report and Accounts.</p> <p>Revenue is recognised in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and requires management judgement and estimation where adjustments are made. We determined that the significant risk in revenue relates to entries falling outside the expected transaction flow, as identified using data analytic techniques, and in the year-end adjustments (including adjustments in respect of sales cut-off, warranty income and credit notes).</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Assessed the design and implementation of the controls over the recognition adjustments to revenue; Assessed the relevant accounting policies for consistency and appropriateness with the financial reporting framework, including IFRS 15; Utilised data analytic techniques to identify unusual postings to revenue by interrogating the revenue population; including analysing revenue postings from inception to cash receipt. This was also to identify any unexpected ledger postings, including manual entries, which we have then agreed to supporting documentation; Performed a substantive analytical procedure on the cut-off adjustment by reference to the adjustment recognised in the prior year, and the value of revenue transactions around the year end; Challenged and corroborated the judgements and assumptions used in management's cut-off adjustment calculation, agreed a sample of dispatches made close to the year-end to proof of delivery to confirm that the cut-off is appropriate; Recalculated the warranty income recognised, challenging management on the inputs into the model, including the expected timing of satisfying the related performance obligation and perform a substantive analytical review on the amount of warranty income recognised in the year; Performed substantive analytical procedures on the credit note adjustment with reference to the average value of returns per month and the value of revenue around the year-end; Selected a sample of post year-end credit notes to test the completeness and accuracy of the returns provision at the year-end; Tested the operating effectiveness of controls over the bank reconciliation process to support the data analytics techniques and the relationship between revenue and cash; and Tested a sample of revenue transactions to supporting documentation to verify the occurrence and accuracy of revenue.
<p>Relevant disclosures in the Annual Report</p> <ul style="list-style-type: none"> Financial statements: Note 11, Intangible assets. 	<p>Our results Based on our audit work, we have concluded that the capitalisation of internally generated development costs has been accounted for in accordance with the Group's accounting policies and with IAS 38. We have not identified any reportable misstatements with respect to capitalisation of these costs.</p>	<p>Relevant disclosures in the Annual Report</p> <ul style="list-style-type: none"> Financial statements: Note 2, Segmental reporting. 	<p>Our results Based on our audit work, we have concluded that revenue has been accounted for in accordance with the Group's accounting policies and with IFRS 15. We did not identify any reportable misstatements with respect to revenue recognised in the year to 31 March 2025.</p>

We did not identify any key audit matters relating to the audit of the financial statements of the Parent Company only.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£960,000 (2024: £720,000), which represents approximately 0.65% (2024: 0.5%) of Group revenue.	£439,000 (2024: £432,000), which represents approximately 3% (2024: 3%) of net assets.
Significant judgements made by auditor in determining materiality	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> We determined that revenue was the most appropriate benchmark for the Group due to it being a key performance indicator for the Group's stakeholders and it being less volatile than earnings for the Group; and 0.65% has been applied as a reasonable percentage having considered regulator expectations and other market participants in comparable industries. <p>Materiality for the current year is higher than the level that we determined for the year ended 31 March 2024 (Group revenue; 0.5%) due to an increase in the percentage applied to revenue.</p>	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> Net assets have been determined as the most appropriate benchmark of a company that is primarily a holding company; and 3% of net asset has been used as an appropriate percentage given the non-complex nature of its activities. <p>Materiality for the current year is higher than the level that we determined for the year ended 31 March 2024 as a result of an increase in net assets of the Parent company.</p>

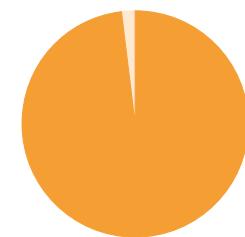
Materiality measure	Group	Parent Company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£720,000 (2024: £540,000), which is 75% (2024: 75%) of financial statement materiality.	£329,000 (2024: £324,000), which is 75% (2024: 75%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	<p>The range of component performance materialities used across the Group was £329,000 to £684,000.</p>	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> The strong control environment based on our assessment of the design and implementation of controls; and The low level and nature of uncorrected misstatements identified in prior year's audit.
		<p>In determining component performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> Extent of disaggregation of financial information across components, including the relative risk and size of a component to the Group.
		<p>For each component in scope for our Group audit, we allocated a performance materiality that is less than our overall Group performance materiality.</p>

Independent auditor's report to the members of Gear4music (Holdings) plc continued

Materiality measure	Group	Parent Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none"> • Directors' remuneration • Identified related party transactions outside of the normal course of business. 	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none"> • Directors' remuneration • Identified related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£48,000 (2024: £36,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£22,000 (2024: £21,600), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

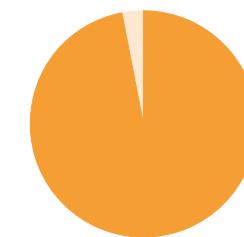
The graph below illustrates how performance materiality and the component materiality interacts with our overall materiality and the threshold for communication to the audit committee.

Overall materiality – Group

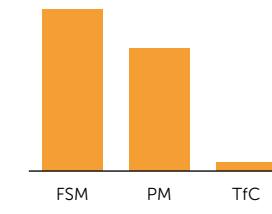
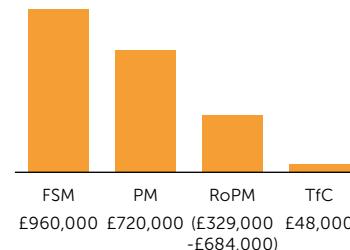


■ Group Revenue, £146.7m
■ FSM £960,000, 0.65%

Overall materiality – Parent



■ Net Assets, £15.1m
■ FSM £439,000, 3%



FSM: Financial statement materiality, PM: Performance materiality, RoPM: Range of performance materiality at 2 components, TfC: Threshold for communication to the audit committee.

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent company's business and in particular matters related to:

Understanding the group, its components, their environments, and its system of internal control including common controls

- We obtained an understanding of the group and its components, their environment, and its system of internal control, including the nature and extent of common controls, and assessed the risks of material misstatement at the group level.

Identifying components at which to perform audit procedures

We determined the components at which to perform further audit procedures, by considering:

- Components in scope for further audit procedures due to individually including a risk of material misstatement to the group financial statements due to the component's nature or circumstances.

- Components in scope for further audit procedures due to the nature and size of assets, liabilities and transactions at the component (being of financial significance to one or more scoped items that it is required to be in scope).
- Components in scope for further audit procedures to obtain sufficient appropriate audit evidence for significant classes of transactions, account balances and disclosures, or for unpredictability.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We performed an audit of the financial information of Gear4music Limited. This entity contributes 99% of total revenue and 85% of total assets. The audit procedures carried out included a combination of test of details and substantive analytical procedures.
- We performed specific-scope audit procedures on the financial information of the Parent company.
- Performing analytical procedures for each of the remaining components, none of which were judged to have a risk of material misstatement to the Group.
- The key audit matters have been addressed through the full-scope audit component and by substantive procedures.

Performance of our audit

- The Group engagement team attended year-end inventory counts at the distribution centres in the UK. Other auditors from Grant Thornton member firms were engaged to attend the overseas counts in Sweden and Germany under the direction of the Group engagement team.
- The Group engagement team undertook all work, and the majority of the work was performed in person at the client site at their head office premises.

Further audit procedures performed on components subject to specific scope and specified procedures may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the group auditor, considered had the potential for the greatest impact on the group financial statements either due to risk, size or coverage.

The components within the scope of further audit procedures accounted for the following percentages of the Group's results, including the key audit matters identified.

Audit approach	No. of components	% coverage revenue	% coverage total assets
Full-scope audit	1 (2024: 1)	99 (2024: 99)	85 (2024: 84)
Specific scope procedures	1 (2024: 1)	– (2024: –)	7 (2024: 8)
Full-scope and specific scope procedures coverage	2 (2024: 2)	99 (2024: 99)	92 (2024: 92)
Analytical procedures	4 (2024: 4)	1 (2024: 1)	8 (2024: 8)
Total	6 (2024: 6)	100	100

Changes in approach from previous period

No changes in approach from previous period.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 63, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Gear4music (Holdings) plc continued

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and Parent company, and the industry in which they operate. We determined that the most significant are applicable law and UK-adopted international accounting standards (for the Group), United Kingdom Generally Accepted Accounting Practice (for the Parent company) and relevant tax regulations.
- We identified the relevant legal and regulatory frameworks and understood how the Parent company and the Group are complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through inspection of Board minutes.
- We enquired of management whether there were any known or suspected instances of non-compliance with laws and regulations or fraud that could have a material impact on the financial statements. We corroborated the results of our enquiries to supporting documentation such as Board minute reviews and papers provided to the Audit Committee.
- To assess the potential risks of material misstatement, we obtained an understanding of:
 - the Group's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
 - the Group's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.
- Audit procedures performed by the engagement team included:
 - evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - journal entry testing, in particular journals posted by senior finance personnel, cost reclassifications above and below the EBITDA line and credits to P&L expenses in the final quarter which are outside of our expectations;
 - material post close and consolidating journal entries; and
 - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and their practical experience through training and participation with audit engagements of a similar nature.
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition and areas of significant management judgement, including those related to the capitalisation of internally generated development costs. This is also reported as a key audit matter in the key audit matter section of our report where the matter and the specific procedures we performed in response to the matter are described in more detail.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MICHAEL LOWE

SENIOR STATUTORY AUDITOR

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

23 June 2025

Consolidated statement of profit and loss and other comprehensive income

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Revenue	2	146,720	144,384
Cost of sales		(107,057)	(104,947)
Gross profit		39,663	39,437
Administrative expenses	3,4,5	(37,335)	(37,609)
Other income	3	910	935
Operating profit before exceptional items		3,238	3,250
Exceptional items	1.3, 1.20	–	(487)
Operating profit		3,238	2,763
Financial expenses	7	(1,791)	(2,223)
Financial income	7	115	44
Profit before tax		1,562	584
Taxation	8	(730)	67
Profit for the year		832	651
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Deferred tax movements	13	5	150
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences – foreign operations		36	177
Total comprehensive income for the year		873	978
Basic profit per share	6	4.0p	3.1p
Diluted profit per share	6	3.8p	3.0p

Consolidated statement of financial position

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Non-current assets			
Property, Plant and Equipment	9	10,134	10,862
Right-of-use assets	10	6,479	8,099
Intangible assets	11	21,606	22,049
		38,219	41,010
Current assets			
Inventories	14	34,193	25,643
Trade and other receivables	15	3,147	3,079
Corporation tax receivable		239	768
Cash and cash equivalents	16	5,576	4,696
		43,155	34,186
Total assets		81,374	75,196
Current liabilities			
Trade and other payables	18	(19,921)	(13,478)
Lease liabilities	19	(1,869)	(1,794)
		(21,790)	(15,272)
Non-current liabilities			
Interest-bearing loans and borrowings	17	(12,000)	(12,000)
Other payables	18	(238)	(91)
Lease liabilities	19	(5,940)	(7,599)
Deferred tax liability	13	(2,103)	(1,868)
		(20,281)	(21,558)
Total liabilities		(42,071)	(36,830)
Net assets		39,303	38,366
Equity			
Share capital	21	2,098	2,098
Share premium	21	13,286	13,286
Foreign currency translation reserve	21	140	103
Revaluation reserve	21	1,145	1,171
Retained earnings	21	22,634	21,708
Total equity		39,303	38,366

The Notes 1 to 24 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 23 June 2025 and were signed on its behalf by:

ANDREW WASS
DIRECTOR

GARETH BEVAN
DIRECTOR

CHRIS SCOTT
DIRECTOR

Company registered number: 07786708

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Foreign currency translation reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2023	2,098	13,286	(74)	1,203	20,721	37,234
Comprehensive loss for the year						
Profit for the year	–	–	–	–	651	651
Other Comprehensive income:						
Foreign currency translation difference	–	–	177	–	–	177
Deferred tax adjustment	–	–	–	–	150	150
Depreciation transfer	–	–	–	(32)	32	–
Total comprehensive income for the year	–	–	177	(32)	833	978
Transactions with owners						
Share-based payments charge	–	–	–	–	154	154
Total transactions with owners	–	–	–	–	154	154
Balance at 31 March 2024	2,098	13,286	103	1,171	21,708	38,366
Comprehensive income for the year						
Profit for the year	–	–	–	–	832	832
Other Comprehensive income:						
Foreign currency translation difference	–	–	37	–	–	37
Deferred tax adjustment	–	–	–	–	5	5
Depreciation transfer	–	–	–	(26)	26	–
Total comprehensive income for the year	–	–	37	(26)	863	874
Transactions with owners						
Share-based payments charge	–	–	–	–	63	63
Total transactions with owners	–	–	–	–	63	63
Balance at 31 March 2025	2,098	13,286	140	1,145	22,634	39,303

Consolidated statement of cash flows

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Cash flows from operating activities			
Profit for the year		832	651
<i>Adjustments for:</i>			
Depreciation and amortisation	3	6,802	6,642
Financial expenses and financial income	7	1,553	2,173
Profit on sale of property, plant and equipment		(5)	(16)
Share-based payment charge		63	184
Taxation expense/(income)	8	340	(456)
(Increase)/decrease in trade and other receivables	15	9,585	9,178
(Increase)/decrease in inventories	14	(69)	355
Increase/(decrease) in trade and other payables	18	(8,550)	8,738
Tax received	8	6,860	(4,383)
		7,826	13,888
Net cash from operating activities		8,255	14,624
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		16	26
Acquisition of property, plant and equipment	9	(349)	(166)
Capitalised development expenditure	11	(3,573)	(3,726)
Business combinations: Deferred consideration	11	(25)	(25)
Purchase of other intangibles	11	(102)	(12)
Interest received	7	115	44
Net cash used in investing activities		(3,918)	(3,859)
Cash flows from financing activities			
Interest paid		(1,774)	(2,106)
Repayment of borrowings	17	–	(7,000)
Payment of lease liabilities	19	(1,692)	(1,401)
Net cash used in financing activities		(3,466)	(10,507)
Net increase in cash and cash equivalents		871	258
Cash at beginning of year		4,696	4,460
Foreign exchange movement		9	(22)
Cash at end of year	16	5,576	4,696

Notes to the consolidated Financial Statements

(forming part of the Financial Statements)

General Information

Gear4music (Holdings) plc is a public limited company, is incorporated and domiciled in the United Kingdom, and is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange.

The Group financial statements consolidate those of the Company and its subsidiaries (collectively referred to as 'the Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The principal activity of the Group is the retail of musical instruments and equipment.

The registered office of Gear4music (Holdings) plc (company number: 07786708), Gear4music Limited (company number: 03113256), and Cagney Limited (dormant subsidiary; company number: 04493300) is Holgate Park Drive, York, YO26 4GN.

At the financial year-end the Group has four trading European subsidiaries: Gear4music Sweden AB, Gear4music GmbH, Gear4music Europe Limited (formerly known as Gear4music Ireland Limited), and Gear4music Spain SL. All four are 100% subsidiaries of Gear4music Limited.

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the AIM rules for Companies, and apply the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards. The Company has elected to prepare its Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (FRS 102); these are presented on pages 101 to 106.

The Group's accounting policies are set out below and have been applied consistently in the consolidated financial statements.

Monetary amounts are expressed in Sterling (GBP) and rounded to the nearest £1,000.

Subjective judgements made by the Directors in the application of these accounting policies that could have significant effect on the financial statements are considered in note 1.20 below.

Accounting period

The financial statements presented cover the years ended 31 March 2025 and 31 March 2024.

Measurement convention

The financial statements have been prepared on the historical cost basis except for land and buildings that are stated at their fair value.

1.2 Adoption of new and revised standards

Various new or revised accounting standards have been issued which are not yet effective.

The following new standards, and amendments to standards, have been adopted by the Group during the year ended 31 March 2025, and the impact was not material:

- Amendments to IFRS 16 – lease liability in a sale and leaseback
- Amendments to IAS 1 – classification of liabilities as current or non-current
- Amendments to IAS 7 and IFRS 7 – supplier finance arrangements
- Amendments to IAS 21 – Lack of exchangeability.

These are considered either not relevant or to have no material impact on the Group.

1.3 Exceptional items

The business classifies certain events as exceptional items due to their size and nature where it feels that separate disclosure would help understand the underlying performance of the business. Restructuring and transformational costs are considered on a case-by-case basis as to whether they meet the exceptional criteria. Other items are considered against the exceptional criteria based on the specific circumstances. In order for an item to be presented as exceptional items, it should typically meet at least one of the following criteria:

- It is unusual in nature or outside the normal course of business and significant in value
- Items directly incurred as a result of either a significant acquisition or a divestment, or arising from a major business change or restructuring programme which of itself has significant impact on the Income Statement.

The presentation is consistent with the way Financial Performance is measured by management and reported to the Board. Further information is disclosed in note 1.20.

1.4 Going concern presumption for the period to 30 June 2026

The Group's business activities and position in the market, and principal risks, uncertainties and mitigations are described in the Strategic Report.

The Group sets an annual budget against which performance is compared, and operates a monthly reporting and rolling forecasting cycle, which the Board uses to ensure that the profitability, cash flow and capital requirements of the business are sufficient to ensure its ongoing viability. Management relies on weekly and monthly financial, commercial and operational reporting to monitor, assess and control performance through the financial year. These reports form the basis upon which the Board satisfies its requirements to update stakeholders with relevant financial performance and prospects.

In June 2025 the Group extended its RCF with HSBC at £30m for a further one-year period to 15 June 2027. This facility provides a good and appropriate level of headroom that has been factored into the Directors going concern assessment.

The Group is focused on continuing to reduce its net debt from a financial year-end peak of £24.2m at 31 March 2022 to £7.3m at 31 March 2024 and £6.4m at 31 March 2025.

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

1 Accounting policies continued

1.4 Going concern continued

The Group has conducted a reverse stress test where revenue was assumed to decrease 30% over the period to 30 June 2026 below a reasonable base case, and the Group was able to rely on cost reduction and working capital mitigations to continue to trade. The Group has therefore concluded that there is no plausible scenario where the Group breaches its covenants, re-affirming the assessment of the Group as a going concern.

The Directors have considered the Group's position and prospects in the period to 30 June 2026 based on its offering in the UK and Europe and concluded that potential growth rates remain strong. There is a diverse supply chain with no key dependencies.

The Group's policy is to ensure that it has sufficient facilities to cover its future funding requirements. At 31 March 2025 the Group had net debt of £6.4m (31 March 2024: £7.3m), with £5.6m cash (31 March 2024: £4.7m cash).

Having duly considered all of these factors and having reviewed the forecasts for the period to 30 June 2026, the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future, and as such continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1.6 Foreign currency

International transactions that are denominated in foreign currencies are recorded in the respective foreign currencies, and translated into the functional currency of the Group, Sterling, at the exchange rate ruling at the date of the transaction. Translational accounting gains and losses are recognised in the income statement in the period they arise.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Functional currency

The consolidated financial statements are presented in Sterling which is the Group's functional currency.

1.7 Classification of financial instruments issued by the Group

In accordance with IFRS 9, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in this financial information for called up share capital and share premium account exclude amounts in relation to those shares.

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses. The Directors have concluded that any such credit losses are immaterial.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

1.9 Property, plant and equipment

Freehold land and Buildings are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

All other classes of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on either a straight-line basis or a reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

• Plant and equipment	4–5 years' straight line
• Fixtures and fittings	20–25% on reducing balance
• Motor vehicles	25% on reducing balance
• Computer equipment	3–5 years' straight line
• Freehold land and buildings	50-years' straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Assets held under lease are depreciated over their expected useful lives on the same basis as owned assets.

Revaluation of Land and Buildings

Revaluations are frequently made with reference to independent, third-party professional inspection of the site. Independent valuations will be sought on a regular basis such that the carrying value does not materially differ from its fair value.

Surpluses which arise from the revaluation exercise are included within other comprehensive income (in the revaluation reserve) unless they are reversing a revaluation adjustment which has been recognised in the income statement previously; in which case an amount equal to a maximum of that recognised in the income statement previously is recognised in income.

Where the revaluation exercise gives rise to a deficit, this is reflected directly within the income statement, unless it is reversing a previous revaluation surplus against the same asset; in which case an amount equal to the maximum of the revaluation surplus is recognised within other comprehensive income (in the revaluation reserve).

1.10 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition are expensed as incurred.

1.11 Intangible assets

Software platform

Computer software development costs that generate economic benefits beyond one year and meet the development asset recognition criteria as laid out in IAS 38 'Intangible Assets', are capitalised as Intangible assets.

These costs include the payroll costs of employees directly associated with the development of the software platform, capitalised attributable borrowing costs, and other direct external material and service costs. Costs are capitalised only where there is an identifiable development that will bring future economic benefit. All other website and maintenance costs are expensed in the statement of comprehensive income.

Capitalised software development costs are amortised over their estimated useful lives and charged to administrative expenses in the statement of comprehensive income.

Other intangible assets

Expenditure on internally generated Goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

An intangible asset is regarded as having an indefinite useful life when, based on all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The AV.com domain is deemed to have an indefinite useful life as, based on all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Otherwise, amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

• Brand and Other Intangible assets	10 years
• Software Platform	3–8 years

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

1 Accounting policies continued

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value ('NRV'). Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. Stock is neither fashionable nor perishable.

A provision is made in respect of inventories as follows:

- 100% against returns stock found to be faulty that is retained to be used for spare parts on the basis there is no direct NRV value; and
- a provision for the expected product loss on dealing with returns stock.

1.13 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For Goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ('CGUs'). Subject to an operating segment ceiling test, for the purposes of Goodwill impairment testing, CGUs to which Goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which Goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss would be recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. No impairments have been recognised in the periods presented.

1.14 Employee benefits

Defined contribution plans

A defined contribution pension plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using the Black-Scholes model or a Monte-Carlo simulation model, taking into account the terms and conditions upon which the options were granted. LTIP awards are accounted for on a graded vesting basis.

For share-based payments with non-market-based vesting conditions, the amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

1.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.16 Revenue

Product sales and carriage income

To determine whether to recognise revenue, the Group follows a five-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

Revenue from the sale of goods and carriage income are recognised when the customer receives the goods ordered at which point title and risk passes to third parties and revenue can be reliably measured. Judgement is exercised when determining the amount of revenue to be deferred, and this is considered further in note 1.20.

Product sales and delivery receipts

Revenue is measured at the fair value of the consideration received, including freight charges, non-recoverable import charges, duty where applicable, excluding discounts, rebates, VAT and other sales taxes or duty. Returns are dealt with on receipt of the product into the warehouse which triggers an automatic credit, and an estimate for returns is provided for at the year-end. This balance is held within accruals and deferred income (note 18). The value of inventory for sales returns is included in inventory at the year-end (note 14).

Other revenue

The Group offers customers extended paid-for warranties on a two-to-ten years basis (2024: two-to-ten-years), depending on the product. Warranty income is recognised 'over time' under IFRS 15, by assuming an inputs method that measures progress by reference to costs incurred towards satisfying that performance obligation as compared to the total expected costs. A contact liability is recognised for consideration received in respect of unsatisfied performance obligations as deferred income in the statement of financial position (note 18).

The Group offers retail point of sale credit on orders over £250, through agreements with external credit providers. The Group does not retain any credit risk and commissions are recognised within revenue on recognition of the credit sale. In the year ended 31 March 2025 this income totalled £203,000 (2024: £153,000). No discount is offered on any sales made through these credit providers.

1.17 Expenses and other income

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Government and other forms of grant

Government and other grants from third parties are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction in the costs incurred, on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised on a systematic basis over the UEL of the related asset.

Financing income and expenses

Financing expenses comprise interest payable and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Other income

Other income comprises rental income on our freehold property, Research and Development Expenditure credits, and marketing support.

1.18 Taxation

Tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A temporary difference on the initial recognition of goodwill is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.19 Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group's Chief Operating Decision Maker has been identified as the Executive Directors. The Group has determined there is one operating segment.

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

1.20 Accounting estimates and judgements

The preparation of consolidated financial information in conformity with UK-adopted International Accounting Standards, requires Management to make judgements, estimates and assumptions concerning the future, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements are based on historical experience and Management's best knowledge at the time and the actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities are discussed below:

Judgements

- In determining the number of reportable Cash Generating Units ('CGUs') Management considers the internal reporting information and management structures with the Group, and has deemed the Group to have a single CGU on the basis that all cash inflows are derived from the same platform interface and so considered interdependent.
- Direct software development costs are capitalised as intangible assets. Judgement is applied in assessing the flow of future economic benefit, and in identifying which costs are capitalised and which are written off as an expense. Alternative judgement could result in certain costs being expensed or capitalised.
- The Directors have determined that cash-in-transit received from electronic transfer balances, which the Group has received notification of transfer being made pre-year end, are appropriate to be included in cash and cash equivalents. The value of these balances is included in note 16.
- The Group exercises judgement in assessing whether items should be classified as exceptional. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance. Exceptional costs in last year's financial statements of £487,000 related to redundancy costs incurred during the restructure of various Head Office teams, principally Software Development. These costs were paid in full in FY24.

Estimates

Revenue

- An adjustment to revenue is calculated based on the expected delivery date for items delivered around the year end. This estimate is based on historical delivery dates with reference to courier statistics around the year end. At 31 March 2025 this resulted in £1,096,000 of orders-in-transit (31 March 2024: £139,000) being deducted from revenue and included in deferred income, reflecting an early Easter in FY24 and reduced shipment volumes over the Bank Holiday period.
- Warranty income is recognised 'over time' under IFRS 15, by assuming an inputs method that measures progress by reference to costs incurred towards satisfying that performance obligation as compared to the total expected costs. The proportion of costs compared to total expected costs in an estimate based on historical data for this performance obligation.

Land and Buildings

- Freehold Land and buildings are stated at a revalued amount with reference to the most recent valuation performed by an independent professional valuer with recent experience in the location and category of property valued. The valuer uses observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset.
- Valuations are performed where there is indication of a material difference in value or every three years with the York Head Office valued in 2023 (31 March 2025 net book value: £6.22m) and the Bacup distribution centre value independently reviewed in 2024 (31 March 2025 net book value: £1.17m).

2 Segmental reporting

The Group's revenue and profit was derived from its principal activity which is the sale of musical instruments and equipment.

In accordance with IFRS 8 'Operating segments', the Group has made the following considerations to arrive at the disclosure made in these financial statements. IFRS 8 requires consideration of the 'Chief Operating Decision Maker ('CODM') within the Group, which in the Group's case is the Executive Board. Operating segments have been identified based on the internal reporting information and management structures with the Group. Based on this information it has been noted that the CODM reviews the business as one segment and receives internal information on this basis. Therefore, it has been concluded that there is only one reportable segment.

Revenue by Geography

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
UK	90,230	83,109
Europe	54,695	59,222
Rest of the World	1,795	2,053
	146,720	144,384

Administrative expenses by Geography

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
UK	32,605	32,669
Europe	4,730	4,940
	37,335	37,609

In the year ended 31 March 2024 UK Administrative expenses of £32.7m include £487,000 of exceptional redundancy costs.

The majority of Group assets are held in the UK except for local right of use assets and property, plant and equipment, and cash in Sweden (31 March 2025: £2.9m; 31 March 2024: £3.2m), Germany (31 March 2025: £1.5m; 31 March 2024: £2.2m), Spain (31 March 2025: £0.8m; 31 March 2024: £1.2m), and Ireland (31 March 2025: £0.3m; 31 March 2024: £0.6m).

Revenue by Product category

All revenue is recognised on a point-in-time basis except for warranty income which is spread over time.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Other-brand products	104,677	100,404
Own-brand products	35,665	37,607
Carriage income	5,763	5,809
Warranty income	412	411
Other	203	153
	146,720	144,384

3 Expenses and other income

Included in profit/loss are the following:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Expenses		
Rentals – short-term rentals of plant & machinery	7	10
Equity-settled share-based payment charges	46	184
Depreciation of property, plant and equipment	1,065	1,227
Depreciation of right-of-use assets	1,620	1,677
Amortisation of Intangible assets	4,118	3,739
Profit on disposal of property, plant and equipment	(5)	(16)
R&D expenditure recognised as an expense	126	183
Auditor remuneration – audit of these financial statements	75	72
Auditor remuneration – this year's audit of financial statements of subsidiaries	82	80
Auditor remuneration – non-audit fees – Other audit related services	7	6

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Other income		
RDEC tax credits	390	389
Rental income	289	244
Other	231	302
	910	935

Rental income relates to our freehold Head-office in York. 'Other' includes income from on-site café at York Head-office, and marketing support.

4 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Year ended 31 March 2025 Number	Year ended 31 March 2024 Number
Administration		
Selling and Distribution	164	198
	287	286
	451	484

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

5 Staff costs

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Wages and salaries	13,472	14,319
Social security costs	1,657	1,681
Contributions to defined contribution plans	881	994
Less: capitalised as development costs	(2,386)	(3,473)
	13,624	13,521

In the year ended 31 March 2024, wages and salaries, social security costs, and staff pension costs of £487,000 relating to redundancy costs were reported as 'exceptional costs' and not included in the figures above.

Directors' remuneration

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Directors' emoluments	769	747

The three Executive Directors are paid through Gear4music Limited, and the Non-Executive Directors are paid through Gear4music (Holdings) plc. The remuneration of all Directors is included above.

The aggregate remuneration of the highest paid Director was £215,000 during the year (2024: £230,000), including company pension contributions of £7,000 (2024: £8,000) that were made to a money purchase scheme on their behalf.

There were seven Directors (2024: five) for whom retirement benefits accrued under a money purchase pension scheme.

Directors' remuneration is detailed in the Remuneration report on pages 58 to 59 which forms part of these financial statements.

6 Earnings per share

Diluted profit per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of Ordinary shares outstanding during the period plus the weighted average number of Ordinary shares that would be issued on the conversion of CSOP and LTIP dilutive potential ordinary shares (see note 22) into Ordinary shares.

	Year ended 31 March 2025	Year ended 31 March 2024
Profit attributable to equity shareholders of the Parent (£000)	832	651
Basic weighted average number of shares	20,976,938	20,976,938
Dilutive potential Ordinary shares	969,604	1,102,450
Diluted weighted average number of shares	21,946,542	22,079,388
Basic profit per share	4.0p	3.1p
Diluted profit per share	3.8p	3.0p

7 Financial expenses and financial income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Bank interest	1,192	1,545
IFRS 16 lease interest	418	490
Net foreign exchange loss	179	185
Unwinding of discount on deferred consideration	2	3
Total financial expenses	1,791	2,223

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Bank interest	115	44
Total financial income	115	44

8 Taxation

Recognised in the income statement

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Current tax expense		
UK Corporation tax	125	–
Overseas Corporation tax	30	32
Adjustments for prior periods	334	(82)
Current tax expense/(credit)	490	(50)
Deferred tax expense		
Origination and reversal of temporary differences	294	215
Adjustments for prior periods	(54)	(232)
Deferred tax expense/(credit)	240	(17)
Total tax expense/(credit)	730	(67)

The corporation tax rate applicable to the Company was 25% for the years ended 31 March 2025 and 31 March 2024. The deferred tax assets and liabilities at 31 March 2025 have been calculated based on that rate.

Reconciliation of effective tax rate

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Profit before taxation	1,562	584
Current tax at 25% (2024: 25%)	371	146
Tax using the UK corporation tax rate for the relevant period:	61	94
Non-deductible expenses	6	–
Share-based payment – permanent difference	(54)	(232)
Adjustments relating to prior year – deferred tax	334	(82)
Adjustments relating to prior year – current tax	(8)	(4)
Impact of overseas tax rate	20	11
R&D credit		
Total tax charge/(credit)	730	(67)

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

9 Tangible fixed assets

Property, Plant and Equipment

	Plant and equipment £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Computer equipment £'000	Land and Buildings £'000	Total £'000
Cost or Valuation						
At 1 April 2023	2,438	7,392	39	1,421	8,201	19,491
Additions	–	157	–	8	–	165
Disposals	–	–	(9)	(33)	–	(42)
Balance at 31 March 2024	2,438	7,549	30	1,396	8,201	19,614
Additions	78	226	–	44	–	348
Disposals	(49)	(4)	–	(34)	–	(87)
Balance at 31 March 2025	2,467	7,771	30	1,406	8,201	19,875
Depreciation and impairment						
At 1 April 2023	1,867	4,072	33	1,105	480	7,557
Depreciation charge for the year	235	682	1	144	165	1,227
Disposals	–	–	(9)	(23)	–	(32)
Balance at 31 March 2024	2,102	4,754	25	1,226	645	8,752
Depreciation charge for the year	185	616	1	99	164	1,065
Disposals	(50)	(2)	–	(24)	–	(76)
Balance at 31 March 2025	2,237	5,368	26	1,301	809	9,741
Net book value as at 31 March 2025	230	2,403	4	105	7,392	10,134
Net book value as at 31 March 2024	336	2,795	5	170	7,556	10,862
Net book value as at 31 March 2023	571	3,320	6	316	7,721	11,934

Freehold property valuation – Holgate Park Head Office

At 31 March 2023 the freehold office premises at Holgate Park were revalued at market value using information provided by an independent chartered surveyor. The valuation was carried out in accordance with the provisions of RICS Appraisal and Valuation Standards ('The Red Book'). The appraisal was carried out using level 3 inputs observable inputs including prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property in question, including plot size, location, encumbrances and current use. Market value at 31 March 2023 was confirmed at £6.5m.

Management have reviewed the fair value at 31 March 2025 and concluded that this would not be materially different. If the property had not been revalued the net book value would have been £4.7m.

Freehold property valuation – Bacup distribution centre

In December 2021 the Group acquired a 25,145 sq. ft freehold warehouse property in Bacup, Lancashire as part of the acquisition of AV Distribution Ltd. The property was valued on 10 August 2021 at £1.26m by an independent chartered surveyor on behalf of HSBC Bank plc for loan security purposes.

In consultation with independent chartered surveyors, Management reviewed the fair value as at 31 March 2025 and concluded that this would not be materially different.

Security

The Group's bank borrowings are secured by fixed and floating charges over the Group's assets.

10 Right-of-use assets**Leasehold properties**

At 31 March 2025 the Group has five leased properties comprising Distribution Centres and Showrooms in York, Sweden and Germany, and Distribution Centres in Ireland and Spain. The associated right-of-use assets are as follows:

	Short leasehold properties £000
Cost	
At 1 April 2023	12,765
Modifications	2,666
Net exchange differences	(178)
Balance at 31 March 2024	15,253
Modifications	–
Net exchange differences	–
Disposals	–
Balance at 31 March 2025	15,253
Depreciation	
At 1 April 2023	5,477
Depreciation charge for the year	1,677
Balance at 31 March 2024	7,154
Depreciation charge for the year	1,620
Balance at 31 March 2025	8,774
Net book value as at 31 March 2025	6,479
Net book value as at 31 March 2024	8,099
Net book value as at 31 March 2023	7,288

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11 Intangible assets

Software platform additions in the year-ended 31 March 2025 comprised £2,386,000 (2024: £3,473,000) of internally developed additions being 95% of software developer wages and salaries, £1,049,000 (2024: £78,000) of externally developed additions, £117,000 (2024: £149,000) of capitalised interest, and £21,000 (2024: £26,000) of software licenses for tools used in development.

The amortisation charge is recognised in Administrative expenses within the profit and loss account.

	Goodwill £000	Software platform £000	Brand £000	Domains £000	Other Intangibles £000	Total £000
Cost						
At 1 April 2023	5,324	25,005	1,372	3,031	149	34,881
Additions	–	3,726	–	12	–	3,738
Balance at 31 March 2024	5,324	28,731	1,372	3,043	149	38,619
Additions	–	3,573	98	4	–	3,675
Balance at 31 March 2025	5,324	32,304	1,470	3,047	149	42,294
Amortisation						
At 1 April 2023	–	12,217	563	3	49	12,832
Amortisation for the year	–	3,699	–	3	37	3,739
Balance at 31 March 2024	–	15,916	563	6	85	16,570
Amortisation for the year	–	4,076	–	4	38	4,118
Balance at 31 March 2025	–	19,992	563	10	123	20,688
Net book value as at 31 March 2025	5,324	12,312	907	3,037	26	21,606
Net book value as at 31 March 2024	5,324	12,814	809	3,037	64	22,049
Net book value as at 31 March 2023	5,324	12,788	809	3,028	100	22,049

Other intangibles

Other intangibles comprise customer relationships, trademarks, and domain names acquired on acquisition of AV Distribution Ltd.

Goodwill

On 19 March 2012 goodwill arose on the acquisition of the entire share capital of Gear4music Limited (formerly known as Red Submarine Limited).

On 1 January 2017 goodwill arose on the acquisition of a software development business from Venditan Limited, which effectively brought development of the Group's proprietary software platform in-house.

On 21 June 2021 goodwill arose on the acquisition of the business and assets of Premier Music International Limited and High House 123 Limited Liability Partnership for £1.685m.

On 1 December 2021 goodwill arose on the acquisition of the share capital of AV Distribution Ltd, an online retailer of Home Cinema and HiFi equipment, for total consideration of £6.05m (on a cash-free, debt-free basis).

Goodwill balances are denominated in Sterling:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Gear4music Limited	417	417
Software development business	1,431	1,431
Premier business	960	960
AV Distribution Ltd	2,516	2,516
	5,324	5,324

Impairment testing

In accordance with IAS 36 Impairment of Assets, the Group reviews the carrying value of its intangible assets. A detailed review was undertaken at 31 March 2025 to assess whether the carrying value of assets was supported by the net present value in use calculations based on cash flow projections from formally approved budgets and longer-term forecasts.

Intangible assets include the proprietary software platform, the Gear4music and Premier brand names, the AV.com domain, goodwill and 'other intangibles'. Goodwill and the AV.com domain have an indefinite useful life.

A Cash Generating Unit ('CGU') is defined as the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The Group has considered its operational and commercial configuration at 31 March 2025 and concluded it has a single CGU to which all intangibles are allocated. The carrying value of the CGU includes these intangibles, the right-of-use assets, and all other PPE was £30.8m (2024: £33.7m). An impairment review has been performed on this CGU. The recoverable amount of this CGU has been determined based on value-in-use calculations. In assessing value in use, a two-year forecast to 31 March 2027 was used to provide cash flow projections that have been discounted at a pre-tax discount rate of 14.40% (2024: 13.58%). The cash flow projections are subject to key assumptions in respect of revenue growth, gross margin performance, overhead expenditure, and capital expenditure. Management has reviewed and approved the assumptions inherent in the model:

- Annual forecast revenue growth of 8% in 2026; 4% in 2027 and 2% from 2028 based on growth by geographical market, based on market size and estimate of opportunity, trends, and Management's experience and expectation;
- 2029-30 and into perpetuity revenue growth of 2%;
- Gross margins are forecast to improve in the 2026-2027 forecast period; and
- Wage increases are a function of recruitment and review of current staff, with a range of % increases.

No impairment loss was identified in the current year (2024: £nil). The valuation indicates significant headroom and a number of reasonable revenues, profitability and capital expenditure-based sensitivities were put through the model, and the results did not result in an impairment.

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(forming part of the Financial Statements)

12 Investments in subsidiaries

The Company has the following investments in subsidiaries which are included in the consolidated results of the Group:

Subsidiaries	Registered office address	Registered number	Class of shares held	Ownership
Gear4music Limited	Holgate Park Drive, York, YO26 4GN	03113256	Ordinary	100%
Cagney Limited	Holgate Park Drive, York, YO26 4GN	04493300	Ordinary	100% via G4M Ltd
Gear4music Sweden AB	Metallvägen 45a, 195 72 Rosersberg, Stockholm County, Sweden	559070-4762	Ordinary	100% via G4M Ltd
Gear4music GmbH	Lahnstraße 27, 45478 Mülheim an der Ruhr, Germany	HRB 29067	Ordinary	100% via G4M Ltd
Gear4music Europe Limited (formerly known as Gear4music Ireland Limited)	Block 7 Jamestown Business Park, Finglas, Co. Dublin, D11 X59D, Ireland	693113	Ordinary	100% via G4M Ltd
Gear4music Spain SL	Carrer Número 21 del Parc Logístic, nº 12-14 08040 Barcelona, Spain	21097476	Ordinary	100% via G4M Ltd

Investments in share capital are £4,550 in Sweden, £21,660 in Germany, £85 in Ireland and £2,539 in Spain.

All Group companies have 31 March financial year-ends.

Cagney Limited is a dormant company.

13 Deferred tax assets and liabilities

Movement in deferred tax during the year

	At 1 April 2024 £000	Recognised in other comprehensive income £000	Recognised in profit or loss £000	Recognised in balance sheet £000	At 31 March 2025 £000
Property, plant and equipment	(2,429)	5	59	–	(2,365)
Deferred tax on ROU asset	(330)	–	103	(593)	(820)
Deferred tax on ROU liability	510	–	(31)	593	1,072
Short-term timing differences	366	–	(366)	–	–
Share-based payments	15	–	(5)	–	10
	(1,868)	5	(240)	–	(2,103)

Movement in deferred tax during the prior year

	At 1 April 2023 £000	Recognised in other comprehensive income £000	Recognised in profit or loss £000	At 31 March 2024 £000
Property, plant and equipment	(2,609)	6	174	(2,429)
Deferred tax on ROU asset	–	(444)	114	(330)
Deferred tax on ROU liability	–	600	(90)	510
Short-term timing differences	557	–	(191)	366
Share-based payments	5	–	10	15
	(2,047)	162	17	(1,868)

A deferred tax asset is not recognised with respect to certain historic losses in Gear4music (Holdings) plc (consistent basis to prior years) as it is not expected to result in future benefit. Losses of £760,000 are carried forward at 31 March 2025, equating to an unrecognised asset of £190,000.

14 Inventories

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Finished goods	34,193	25,643

The cost of inventories recognised as an expense and included in cost of sales in the year amounted to £97.6m (2024: £95.8m).

Management has included a provision of £81,000 (31 March 2024: £52,000), representing a 100% provision against returns stock subsequently found to be faulty, that is retained to be used for spare parts on the basis there is no direct NRV value, and a provision based on the expected product loss on dealing with returns stock.

15 Trade and other receivables

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Trade receivables	1,100	1,125
Social security and other taxes	406	538
Prepayments	1,641	1,416
	3,147	3,079

Corporation tax asset of £239,000 (31 March 2024: £768,000) has been disclosed separately on the face of balance sheet in both years, in accordance with IAS 1.54(n).

Credit risk and impairment

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of trade receivables represents the maximum credit exposure. The Group does not take collateral in respect of trade receivables.

Trade receivables comprise balances dues from schools and colleges, and funds lodged with payment providers. The value of the Expected Credit Loss ('ECL') is immaterial.

Customer receivables

The Group faces low credit risk as customers typically pay for their orders in full on shipment of the product, with the only exception being a small number of education accounts with schools and colleges that have 30-day terms (2.9% of 2025 revenues; 2.7% of 2024 revenues).

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15 Trade and other receivables continued

Funds lodged with payment providers

Funds lodged with Amazon, Digital River, Klarna and V12 Retail Finance totalled £549,000 on 31 March 2025 (31 March 2024: £508,000) and are included in Trade receivables. Credit risk in relation to cash held with financial institutions is considered very low risk, given the credit rating of these organisations.

16 Cash and cash equivalents

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Cash and cash equivalents	5,576	4,696

Cash-in-transit to the Group at 31 March 2025 was £697,000 (31 March 2024: £434,000) and is included above, representing uncleared lodgements where money providers have notified transfers pre-year-end.

17 Interest-bearing loans and borrowings

This note contains information about the Group's interest-bearing loans and borrowings which are carried at amortised cost.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Non-current and Total liabilities		
Bank loans	12,000	12,000
	12,000	12,000

Revolving Credit Facility

At 31 March 2025 bank loans were drawn loans under the Group's £30m Revolving Credit Facility ('RCF') with HSBC. This facility expires in June 2027 and is secured by a debenture over the Group's assets.

Loans incur interest at variables rates linked to SONIA, with a margin non-utilisation fee.

Changes in interest-bearing loans and borrowings

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening balance	12,000	19,000
Changes from financing cash flows		
Proceeds from loans and borrowings	–	–
Repayment of borrowings	–	(7,000)
Total changes from financing cash flows	–	(7,000)
Other changes		
Interest expense (note 7)	1,192	1,545
Interest expense capitalised into intangible assets (note 11)	117	149
Interest paid	(1,356)	(1,667)
Movement in interest accrual (included in accruals and deferred income – note 18)	45	(30)
Fair value movement on loans	2	3
Total other changes	–	–
Closing balance	12,000	12,000

Other bank facilities

Gear4music has a number of guarantees in relation to VAT, and issues letter of credits to its suppliers. At 31 March 2025 the Group had guarantees of £711,000 in place (31 March 2024: £724,000) and letters of credit of £30,000 (31 March 2024: £57,000).

18 Trade and other payables

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Current		
Trade payables	12,112	6,895
Accruals and deferred income	4,802	3,585
Deferred consideration	–	23
Other taxation and social security	3,007	2,975
	19,921	13,478
Non-current		
Accruals and deferred income	238	91
	238	91

Year-end accruals and deferred income included:

- £1,425,000 (31 March 2024: £1,353,000) relating to customer prepayments; and
- £50,000 (31 March 2024: £90,000) relating to the estimated cash bonuses accrued relating to the CSOP schemes (see note 22).

The Directors consider the carrying amount of other 'trade and other payables' to approximate their fair value. The interest expense of £2,000 (2024: £2,000) in relation to the unwinding of the discount is disclosed in note 7.

19 Lease liabilities

Short-term leases and leases of low value of £7,000 (31 March 2024: £10,000) are included in administrative expenses.

The Group has a lease for a motor vehicle, and five properties (31 March 2024: six). Each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with termination options
Property	5	16 to 96-months	40-months	–	–	–
Motor vehicles	1	8-months	8-months	–	1	–

Future minimum lease payments due at 31 March 2025 were as follows:

	Within 1 year £000	1–5 years £000	More than 5 years £000
Lease payments	2,156	4,594	2,084
Finance charge	(287)	(549)	(188)
Net present value	1,869	4,045	1,896

Future minimum lease payments due at 31 March 2024 were as follows:

	Within 1 year £000	1–5 years £000	More than 5 years £000
Lease payments	2,138	7,011	1,923
Finance charge	(394)	(1,124)	(161)
Net present value	1,744	5,887	1,762

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19 Lease liabilities continued

Lease liabilities are presented in the statement of financial position as follows:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Current	1,869	1,794
Non-current	5,940	7,599
	7,809	9,393

In July 2023 the Group concluded a rent review in relation to its York distribution centre resulting in a lease modification.

20 Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's policies on the management of liquidity, credit, interest rate and foreign currency risks are set out on pages 92 to 95.

The main purpose of the Group's financial instruments which comprise of term loans, hire purchase, leases, cash and liquid resources and various items arising directly from its operations, such as trade receivables and trade payables, is to finance the Group's operations.

Risk management framework

Regular reviews of strategic risks are performed by the Board.

Exposure to foreign currency exchange rates is considered during the budgeting and forecasting processes, and throughout the year.

General commercial risk is considered at an annual insurance review in conjunction with an independent broker, and the appropriate insurance policies put in place.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy is to ensure that it has sufficient and appropriately structured facilities to cover its future funding requirements. Flexibility is available through a committed Revolving Credit Facility with HSBC that has been extended to 15 June 2027. The carrying amounts are the amounts due if settled at the period end date. The contractual undiscounted cash flows include estimated interest payments over the life of these facilities.

At 31 March 2025 the Group had £5.6m of cash and bank balances (31 March 2024: £4.7m), and net debt excluding lease liabilities of £6.4m (31 March 2024 net debt: £7.3m).

	Effective interest rate %	Carrying amount Year ended 31 March 2025 £000	Face value Year ended 31 March 2025 £000	Contractual cash flows			
				Within 1 year £000	1–2 years £000	2–5 years £000	Over 5 years £000
Bank borrowings	4.39	12,000	12,527	–	–	12,527	–
Trade payables	–	12,112	12,112	12,112	–	–	–
Accruals	–	4,802	4,802	4,802	–	–	–
		28,914	29,441	16,914	–	12,527	–

	Effective interest rate %	Carrying amount Year ended 31 March 2024 £000	Face value Year ended 31 March 2024 £000	Contractual cash flows			
				Within 1 year £000	1–2 years £000	2–5 years £000	Over 5 years £000
Bank borrowings	5.53	12,000	12,664	–	–	12,664	–
Trade payables	–	5,650	5,650	5,650	–	–	–
Accruals	–	3,585	3,585	3,585	–	–	–
		21,235	21,899	9,235	–	12,664	–

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group faces low credit risk as customers typically pay for their orders in full on shipment of the product. There are a small number of education accounts with schools and colleges that have 30-day terms (2.9% of 2025 revenues; 2.7% of 2024 revenues).

Funds lodged with Amazon, Digital River, Klarna and V12 Retail Finance totalled £549,000 on 31 March 2025 (31 March 2024: £508,000) and are included in Trade receivables. Credit risk in relation to cash held with financial institutions is considered low risk, given the credit rating of these organisations.

(c) Interest rate risk

The Group's bank borrowings incur interest at variables rates linked to SONIA, with a margin non-utilisation fee, which exposes the Group to interest rate risk. Loans are with UK-based institutions and denominated in Sterling.

At 31 March 2025, the Group had cash reserves of £5.6m and could utilise these funds to part settle debts and mitigate any associated interest risk.

The Group's policy, with regard to interest rate risk, is to monitor actual and anticipated changes in base rates, and if deemed appropriate seek out alternative financing proposals to ensure retaining a competitive rate.

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20 Financial instruments continued

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Variable rate instruments		
Cash	(2,676)	(2,696)
Bank loans	12,000	12,000
	9,324	9,304
Fixed rate instruments		
Cash	(2,900)	(2,000)
Total net financial liabilities	6,424	7,304

Sensitivity analysis

The calculations below assume that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular foreign currency rates, remains constant and considers the effect of financial instruments with variable interest rates.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
	Impact on Closing Equity/Profit and Loss	Impact on Closing Equity/Profit and Loss
Increase of 100 basis points	(120)	(120)
Increase of 50 basis points	(60)	(60)
Decrease of 50 basis points	60	60
Decrease of 100 basis points	120	120

d) Foreign Exchange Risk

All borrowings are denominated in Sterling.

The Group's trading subsidiary Gear4music Limited sells into Europe and the Rest of the World in nine currencies including Sterling, Euros and US Dollars. In the year ended 31 March 2025, 38% (2024: 42%) of total revenues were in non-Sterling currencies, of which 42% (2024: 42%) were in Euros. Where costs (including local tax liabilities) are incurred in these respective currencies, currency balances are retained and payments made in these currencies, thereby mitigating any associated currency loss. The Group's operations in Germany, Ireland and Spain incur liabilities denominated in and Euros, and the Swedish operation in Swedish Krona (see note 2), further extending the natural hedge. Surplus foreign currency holdings are reviewed on a weekly basis and balances in excess of known liabilities are converted into Sterling, restricting the period between the transaction and the point of conversion, thereby reducing the transactional risk.

The Group purchases own-branded instruments and equipment from the Far East, transacting in US Dollars. The lead time from committed order to receipt of stock is typically 12–16 weeks, during which time the Group bears currency risk. The Group has the trading platform ability and sufficient price flexibility to be able to pass on some adverse currency variances should it choose, and the Group generates enhanced margins on these products such that a proportion of these losses could be absorbed. The Group do not currently enter into forward contracts but reviews the situation and would consider committing to such a position should it make commercial sense to do so.

The strength of the US Dollar impacts on stock intake prices of the Group, directly on own-branded products and indirectly on other-branded products as, while the majority of stock had been purchased in Sterling, the branded manufacturers faced similar price inflation. The Group looks to mitigate such events by re-negotiating orders and investing in larger volumes to leverage increasing purchasing economies of scale.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Trade and other receivables		
Sterling	640	622
Euro	122	215
US Dollar	4	(14)
Other European currencies	334	262
	1,100	1,125
Cash and cash equivalents		
Sterling	3,548	3,040
Euro	1,029	1,095
US Dollar	19	41
Other European currencies	980	520
	5,576	4,696
Trade payables		
Sterling	7,988	5,353
Euro	1,002	562
US Dollar	2,417	555
Other European currencies	705	425
	12,112	6,895
Local sales tax		
Sterling	1,337	1,141
Euro	133	117
Other European currencies	729	803
	2,199	2,061

The Group's cash and cash equivalents are not sensitive to foreign exchange variations as currencies held are held to the extent that they are required to settle a liability in that currency, or they are converted into Sterling.

Non-Sterling trade receivables include cash lodged with payment providers that is promptly settled. International trade debtors represent an immaterial amount such that the Group is not sensitive to associated foreign exchange variations.

Euro funds are retained to settle Euro denominated payables. US Dollar denominated trade payables are not currently bought forward against but only represent a small exposure that can be otherwise managed, and the Group sells in US Dollars.

e) Debt and Capital Management

The Group's objective when managing capital, which is deemed to be share capital, is to maximise the return on net invested capital while maintaining its ongoing ability to operate and guarantee adequate returns for shareholders and benefits for other stakeholders, within a sustainable financial structure.

The Group monitors its gearing ratio on a regular basis and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

There were no changes in the Group's approach to capital management during the period. The Group does not have any externally imposed capital requirements. The funding requirements of the Group are met by cash generation from trading, the utilisation of external borrowings, and the cash raised on placing of Ordinary shares.

Fair values and carrying values of financial instruments

A comparison by category of the book values and fair values of the financial assets and liabilities of the Group at 31 March 2025 and 31 March 2024:

	31 March 2025		31 March 2024	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Trade and other receivables	3,386	3,386	3,847	3,847
Cash and cash equivalents	5,576	5,576	4,696	4,696
Bank loans	(12,000)	(12,000)	(12,000)	(12,000)
Trade and other payables	(19,921)	(19,921)	(13,456)	(13,456)
Deferred consideration	–	–	(25)	(23)
	(22,959)	(22,959)	(16,936)	(16,938)

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other payables and receivables

The fair values of these items are considered to be their carrying value as the impact of discounting future cash flows has been assessed as not material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. The fair value of short-term deposits is considered to be the carrying value as the balances are held in floating rate accounts where the interest rate is reset to market rates.

Long-term and short-term borrowings

Bank loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Derivative financial instruments

The Group does not routinely enter into Forward exchange contracts. The Fair Value of any material forward exchange contracts held would be calculated by Management based on external valuations received from the Group's bankers.

Fair value hierarchy

The table below analyses financial instruments into a fair value hierarchy based on the valuation techniques used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £000	Level 2 £000	Level 3 £000
31 March 2025	–	–	–
Deferred consideration	–	(23)	–
31 March 2024	–	–	–
Deferred consideration	–	(23)	–

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20 Financial instruments continued

Reconciliation of Level 2 fair value:

	At 1 April 2024 £000	Interest £000	Payment £000	At 31 March 2025 £000
Deferred consideration	(23)	(2)	25	–

21 Share capital and reserves

Share capital

	Year ended 31 March 2025 Number	Year ended 31 March 2024 Number
<i>Authorised, called up and fully paid:</i>		
Ordinary shares of 10p each	20,976,938	20,976,938

The Company has one class of Ordinary share and each share carries one vote and ranks equally with the other Ordinary shares in all respects including as to dividends and other distributions.

Share premium

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening and closing	13,286	13,286

Proceeds received in addition to the nominal value of the shares issued have been included in share premium, less registration and other regulatory fees and net of related tax benefits.

Foreign currency translation reserve

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening	103	(74)
Translation gain	37	177
Closing	140	103

The foreign currency translation reserve comprises exchange differences relating to the translation of the net assets of the Group's foreign subsidiaries from their functional currency into the Parent's functional currency.

Revaluation reserve

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening	1,171	1,203
Depreciation transfer	(26)	(32)
Closing	1,145	1,171

The revaluation reserve represents the unrealised gain generated on revaluation of the freehold office property in York on 28 February 2018, 31 March 2020 and 31 March 2023. It represents the excess of the fair value over historic net book value.

Retained earnings

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening	21,708	20,721
Share-based payment charge	63	154
Deferred tax	5	150
Depreciation transfer	26	32
Profit for the year	832	651
Closing	22,634	21,708

Retained earnings represents the cumulative net profits recognised in the consolidated income statement.

22 Share-based payments

The Group operates share option plans for qualifying employees of the Group. Options in the plans are settled in equity in the Company and are subject to vesting conditions. The exercise price for each option is equal to the nominal value of the share.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2025	Number of options 2025	Weighted average exercise price 2024	Number of options 2024
Outstanding at the beginning of the year	–	1,102,450	–	549,269
Forfeited during the year	–	(156,977)	–	(532,752)
Exercised during the year	–	–	–	–
Granted during the year	–	35,767	–	1,094,023
Lapsed during the year	–	(11,636)	–	(8,090)
Outstanding at the end of the year	–	969,604	–	1,102,450
Exercisable at the end of the year	–	–	–	–

Developments in the current year

In the year ending 31 March 2025:

- **CSOP (2021)** – options forfeited

In August 2024 options over 6,997 shares were forfeited by 25 non-Director employees.

- **CSOP (2024)** – options awarded

On 2 August 2024 options over 35,767 shares were granted to three non-Director employees.

In the previous year ending 31 March 2024:

- **CSOP (2023)** – options awarded

On 9 May 2023 options over 56,023 shares were granted to 22 non-Director employees.

- **CSOP (2020)** – options forfeited

On 20 September 2023 options over 2,352 shares were forfeited by four non-Director employees.

- **LTIP (2018) and LTIP (2021)** – options replaced by LTIP (2023)

On 21 July 2023 the Group adopted a replacement long term incentive plan to ensure that the key people to lead the business into the future are appropriately incentivised in a manner that aligns with the interests of the Group's shareholders. The new LTIP replaced the two existing LTIPs established in 2018 (and subsequently re-based in 2020) and in 2021 in full, with all awards made under those LTIPs replaced and cancelled.

Under the new LTIP, Gear4music Limited, ('G4M Ltd'), a wholly owned subsidiary of Gear4music (Holdings) plc issued 1,038,000 'E' Ordinary shares of one-pence each ('E-Shares'), which are non-voting, non-dividend, restricted shares to the relevant individuals. These E Shares vest subject to achieving certain share price targets between 2026 and 2030, at which point the E Shares can be exchanged on a one-for-one basis for new Ordinary shares in Gear4music (Holdings) plc.

At 31 March 2025 there were two incentive schemes in place:

- a CSOP Employees scheme; and
- an LTIP relevant to five senior employees (31 March 2024: six) including Andrew Wass, Gareth Bevan and Chris Scott.

All equity-settled share options have an exercise price equal to the nominal value of the shares (10p) that the Company will subsidise by way of a bonus provided there are sufficient distributable reserves and, subject to certain conditions, will vest on a specified anniversary of the date of grant.

The fair value of the cash-settled liability is re-measured at each balance sheet date and settlement date.

CSOP

The Board has responsibility for matters relating to Employee members of the Plan and may grant share options over shares to eligible employees. Eligible employees will generally have been employed by the Group for more than three years at the time of award but could be a shorter period at the discretion of the Board. The Board has discretion to select participants from eligible employees of the Group.

Employee awards under the CSOP plan awards are only subject to service conditions.

Subject to continued employment, awards will normally be deemed to have been exercised at the end of the relevant three-year vesting period.

Awards will be satisfied by the issue of new shares. The Company will grant a cash bonus to option holders in the month of exercise, the net value of which will be equivalent to the income tax, employee national insurance and the exercise price arising in relation to the awards.

At 31 March 2025 the total number of shares under option under the CSOP scheme was 81,604 (31 March 2024: 64,450).

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

LTIP (2023)

In July 2023 the Group adopted a replacement long term incentive plan ('LTIP') with share awards made to key members of the management team, replacing two prior LTIPs established in 2018 (and subsequently re-based in 2020) and in 2021 in full, with all awards made under those LTIPs replaced and cancelled.

Under this LTIP, Gear4music Limited, a wholly owned subsidiary of Gear4music (Holdings) plc issued 1,038,000 'E' Ordinary shares of one-pence each ('E-Shares'), which are non-voting, non-dividend, restricted shares to the relevant individuals.

In 2025 one member of the scheme resigned resulting in the redemption of 150,000 E-shares at their £0.01 nominal value per share, leaving 888,000 shares under option.

These E-Shares vest subject to achieving certain share price targets between 2026 and 2030, at which point the E-Shares can be exchanged on a one-for-one basis for new Ordinary shares in Gear4music (Holdings) plc. The weighted average vesting period over the life of the new LTIP is five years from the date of grant.

Award vesting date:	Financial year ending	Amended hurdle price	Maximum number of shares vesting
27 July 2026	31 March 2026	£3.00	177,600
26 July 2027	31 March 2027	£5.00	177,600
24 July 2028	31 March 2028	£7.00	177,600
30 July 2029	31 March 2029	£10.00	177,600
29 July 2030	31 March 2030	£13.00	177,600
TOTAL:			888,000

The share price hurdle being the average closing mid-price in the 30-day period following announcement of preliminary results.

Assuming that the awards vest in full, the maximum implied dilution over the five-year life of the LTIP would equal 4.2% of the Company's then issued share capital.

The Remuneration Committee has responsibility for matters relating to members of the Plan. The Executive Directors of Gear4music Limited at the time of setting up the Plan are the participants in the Plan.

The terms and conditions of specific awards are as follows:

Grant date/employees entitled	Method of settlement accounting	Number of Instruments	Vesting conditions	Contractual life of options
<i>Employee CSOP Award 2022</i> – Equity settled award to two employees granted by Parent on 3 August 2022	Equity	8,498 granted 2,778 at 31 Mar 2025	Continued employment	3 August 2025
<i>Employee CSOP Award 2023</i> – Equity settled award to 22 employees granted by Parent on 9 May 2023	Equity	56,203 granted 43,059 at 31 Mar 2025	Continued employment	6 July 2026
<i>LTIP 2023</i> – Equity settled award to the six members of the Group's Senior Management team, on 21 July 2023	Equity	1,038,000 granted 888,000 at 31 Mar 2025	100% linked to share price All subject to continued employment.	From July 2026 to July 2030
<i>Employee CSOP Award 2024</i> – Equity settled award to three employees granted by Parent on 2 August 2024	Equity	35,767 granted and at 31 Mar 2025	Continued employment	2 August 2027

The options outstanding at the year-end are matched by a bonus accrual making them nil net cost to the recipient, and have a weighted average contractual life of 3.20 years (31 March 2024: 4.19 years).

The fair values of employee share option awards under the CSOP were calculated using a Black-Scholes model and awards under the LTIP on a Monte-Carlo simulation model, based on the assumptions detailed below:

Date of grant	Share price on date of grant (pence)	Exercise price (pence)	Volatility (%)	Vesting period (yrs.)	Dividend yield (%)	Risk free rate of interest (%)	Fair value (pence)
3 Aug 2022	180.0	0.0	44.3%	3	0%	1.74%	180.0
9 May 2023	108.0	0.0	58.4%	3	0%	3.82%	108.0
21 July 2023	100.5	0.0	43.0%	3-7	0%	4.96%	9.0
2 Aug 2024	137.0	0.0	61.0%	3	0%	3.65%	137.0

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options).

Notes to the consolidated Financial Statements continued

(forming part of the Financial Statements)

23 Related parties

Transactions with key management personnel

The compensation of key management personnel is as follows:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Key management emoluments including social security costs	734	715
Short-term employee benefits	8	7
Company contributions to money purchase pension plans	27	25
Employers National Insurance	83	83
	852	830

Key management personnel comprise the Chair, CEO, CFO and NEDs. All transactions with key management personnel have been made on an arms-length basis.

In 2025 seven Directors accrued retirement benefits under a money purchase scheme (2024: five).

Compensation includes share-based payments of £97,000 (2024: £97,000) in relation to the LTIP.

24 Reconciliation of liabilities arising from financing activities

	Long -term borrowings £000	Lease Liabilities £000	Total £000
1 April 2024	12,000	9,393	21,393
Cash flows:			
Repayment	(13,000)	(1,584)	(14,584)
Proceeds	13,000	–	13,000
31 March 2025	12,000	7,809	19,809

	Long -term borrowings £000	Lease Liabilities £000	Total £000
1 April 2023	19,000	8,600	27,600
Cash flows:			
Repayment	(15,000)	(1,350)	(16,350)
Proceeds	8,000	–	8,000
Non-cash:			
Modification	–	2,143	2,143
31 March 2024	12,000	9,393	21,393

Company balance sheet

	Notes	Year ended 31 March 2025		Year ended 31 March 2024	
		£000	£000	£000	£000
Fixed assets					
Investments	4		6,532		5,976
Current assets					
Cash in hand and at bank	6	26		33	
Debtors (including £8.55m (2024: £8.81m) due after more than one year)	5	8,592		8,846	
		8,618		8,879	
Creditors: amounts falling due within one year	7	(42)		(92)	
Net current assets			8,576		8,787
Total assets less current liabilities			15,108		14,763
Net assets			15,108		14,763
Capital and reserves					
Called up share capital	8		2,098		2,098
Share premium account	8		13,286		13,286
Profit and loss account	8		(276)		(621)
Shareholders' funds			15,108		14,763

The Company reported a profit for the financial year ended 31 March 2025 of £282,000 (2024: £96,000).

The notes 1 to 8 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 23 June 2025 and were signed on its behalf by:

ANDREW WASS
DIRECTOR

GARETH BEVAN
DIRECTOR

CHRIS SCOTT
DIRECTOR

Company registered number: 07786708

Company statement of changes in equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 31 March 2023	2,098	13,286	(871)	14,513
Profit for the year	–	–	96	96
Share-based payments charge	–	–	154	154
Total changes in equity	–	–	250	250
Balance at 31 March 2024	2,098	13,286	(621)	14,763
Profit for the year	–	–	282	282
Share-based payments charge	–	–	63	63
Total changes in equity	–	–	345	345
Balance at 31 March 2025	2,098	13,286	(276)	15,108

Notes to the Company Financial Statements

(forming part of the Financial Statements)

1 Accounting policies

The Company's principal activity is to act as the holding company for the Group, whose principal activity is as a retailer of musical instruments and equipment.

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') as issued in March 2018. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share-Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 *Other Financial Instrument* Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposed to continue to adopt the reduced disclosure framework FRS 102 in future periods.

Accounting period

The financial statements presented cover the years ended 31 March 2025 and 31 March 2024.

Measurement convention

The financial statements have been prepared on the historical cost basis.

Functional currency

The financial statements are presented in Sterling which is the Company's functional currency.

1.2 Going concern

These financial statements are prepared on a going concern basis as explained on pages 75 to 76.

1.3 Investment in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairments.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in this financial information for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Basic financial instruments comprise investments other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Inter-company loans

Amounts owed by Group undertakings are initially recognised at fair value. Subsequently, they are measured at amortised cost using the effective interest rate method less provision for impairment. If the arrangement constitutes a financing transaction, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Notes to the Company Financial Statements continued

1 Accounting policies continued

1.6 Impairment

Financial assets (including debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows. The effect of discounting is not material. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('the cash-generating unit').

An impairment loss would be recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. No impairments have been recognised in the periods presented.

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.8 Employee benefits

Defined contribution plans

A defined contribution pension plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using the Black Scholes model or a Monte-Carlo simulation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Share-based payment costs which are borne by the Parent Company on behalf of employees employed by the subsidiary entity are recharged through the inter-company.

1.9 Financial income and expenses

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit and loss on the date the Company's right to receive payment is established.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the timing difference can be utilised.

2 Expenses

Included in profit/loss are the following:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Auditor remuneration – audit of financial statements	75	72

3 Directors' remuneration

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Directors' remuneration	734	715
Short-term employee benefits	8	7
Company contributions to money purchase pension schemes	27	25
	769	747

The three Executive Directors are paid through Gear4music Limited, and the Non-Executive Directors are paid through Gear4music (Holdings) plc. The remuneration of all Directors is included above.

The aggregate remuneration of the highest paid Director was £215,000 during the year (2024: £230,000), including Company pension contributions of £7,000 (2024: £8,000) that were made to a money purchase scheme on their behalf.

There were seven Directors (2024: 5) for whom retirement benefits accrued under a money purchase pension scheme.

4 Fixed asset investments

	Subsidiary undertakings £000
Cost	
At 1 April 2024	5,976
Capital contribution	556
At 31 March 2025	6,532

Capital contribution represents interest charged and waived and treated as a capital contribution.

The Company has the following investments in subsidiaries:

Subsidiaries	Registered office address	Registered number	Class of shares held	Ownership
Gear4music Limited	Holgate Park Drive, York, YO26 4GN	03113256	Ordinary	100%
Cagney Limited	Holgate Park Drive, York, YO26 4GN	04493300	Ordinary	100% via G4M Ltd
Gear4music Sweden AB	Metallvägen 45a, 195 72 Rosersberg, Stockholm County, Sweden	559070-4762	Ordinary	100% via G4M Ltd
Gear4music GmbH	Lahnstraße 27, 45478 Mülheim an der Ruhr, Germany	HRB 29067	Ordinary	100% via G4M Ltd
Gear4music Europe Limited (formerly known as Gear4music Ireland Limited)	Block 7 Jamestown Business Park, Finglas, Co. Dublin, D11 X59D, Ireland	693113	Ordinary	100% via G4M Ltd
Gear4music Spain SL	Carrer Número 21 del Parc Logistic, nº 12-14 08040 Barcelona, Spain	21097476	Ordinary	100% via G4M Ltd

Cagney Limited is a dormant company.

Notes to the Company Financial Statements continued

5 Debtors

Due within one year:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Other debtors	40	36
	40	36

Due after more than one year:

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Amounts owed by Group undertakings	8,552	8,810
	8,552	8,810

The loan to Group undertakings is repayable in 12 months and one day from the year end. Interest charged at 5.95% has been waived and treated as a capital contribution.

As at 31 March 2025, receivables from subsidiary undertakings were unimpaired and considered by Management to be fully recoverable.

6 Cash and cash equivalents

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Cash and cash equivalents	26	33

7 Creditors: amounts falling due within one year

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Trade creditors	3	10
Accruals	39	82
	42	92

8 Share capital and reserves

Share capital

	Year ended 31 March 2025 Number	Year ended 31 March 2024 Number
<i>Called up and fully paid:</i> Ordinary shares of 10p each	20,976,938	20,976,938

The Company has one class of Ordinary share and each share carries one vote and ranks equally with the other Ordinary shares in all respects including as to dividends and other distributions.

Share premium

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening and closing	13,286	13,286

Retained earnings

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Opening	(621)	(871)
Share-based payment charge	63	154
Profit for the year	282	96
Closing	(276)	(621)



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