

GEAR4MUSIC

CONSUMER DISCRETIONARY

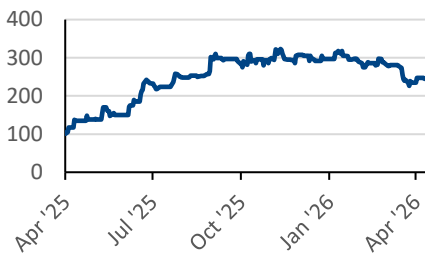
21 April 2026

G4M.L

243p

Market Cap: £50.9m

SHARE PRICE (p)



12m high/low

323p/118p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£(5.0)m (at 31/03/26)
Enterprise value	£55.9m
Index/market	AIM
Next news	Prelims, June
Shares in issue (m)	21.0
Executive Chair	Andrew Wass
CEO	Gareth Bevan
CFO	Chris Scott

COMPANY DESCRIPTION

Gear4music is a leading international online retailer of musical instruments and equipment.

www.gear4musicplc.com

GEAR4MUSIC IS A RESEARCH CLIENT OF
PROGRESSIVE

ANALYSTS

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Strength on many fronts bodes well for future

Strong Q4 trading has seen G4M deliver FY26E sales growth of 30% for the 12 months to 31 March, together with a further £0.4m uplift in FY26E profit expectations at both EBITDA and PBT levels to (not less than) £18.1m and £9.7m, respectively. Year-end net debt has reduced to £5.0m (from £6.4m) despite a £3.6m prepayment of fit-out costs for the new warehouse, which is progressing on schedule and to budget. G4M has successfully launched its new AI-based stock forecasting and purchasing platform. Importantly, G4M has continued to trade strongly into April despite the tougher comparatives.

- FY26 trading – strength on many fronts.** G4M achieved Q4 sales growth of 26%, with full-year FY26E sales growth of 30% delivering group sales of £190.7m. Q4 sales growth of 22% in the UK and 32% in Europe and Rest of the World resulted in full-year sales growth of 26% and 36%, respectively. The strong top-line performance was magnified by a 140bps increase in gross margin to 28.4%. We estimate that Q4 gross margin expanded by some 180bps to 28.1%. The resultant EBITDA, after disciplined cost management, of (at least) £18.1m (vs £10.0m) equates to an increase of at least 81%, with adjusted PBT increasing sixfold to at least £9.7m (vs £1.6m). These compare with previous consensus FY26E estimates of EBITDA at £17.7m and PBT at £9.3m.
- Infrastructure progress – warehouse and technical.** Investment to underpin future growth can be seen in both the new warehouse plans in the UK and ongoing development of the group's IT infrastructure. G4M has successfully launched its new inventory forecasting and purchasing platform, which has been developed over the last two years. This is Artificial Intelligence (AI) based and should deliver both operational and financial benefits. The new warehouse lease was completed on 1 April and fit-out works are already underway, progressing on schedule and to budget. The expected FY27 fit-out cost is slated at £10.2m, as previously reported, with deposits of £3.6m made towards these costs in Q4 FY26. As described above, this reduced the reported improvement in year-end net debt, which nevertheless fell for a fourth consecutive year.
- Revised FY26E expectations – no change to outer year numbers.** Our FY26E forecasts have been increased to align with G4M's new guidance. Despite a strong start to the new FY27E financial year against tougher trading comparatives, our outer year forecasts are unchanged, mirroring the board making no changes to FY27 guidance at this early stage.

FYE MAR (£M)	2024	2025	2026E	2027E	2028E
Revenue	144.4	146.7	190.7	200.4	214.1
Adj EBITDA	9.9	10.0	18.1	16.0	17.5
Fully Adj PBT	1.1	1.6	9.7	6.0	6.1
Fully Adj EPS (p)	5.2	3.8	33.0	20.4	20.9
EV/Sales (x)	0.4x	0.4x	0.3x	0.3x	0.3x
EV/EBITDA (x)	5.6x	5.6x	3.1x	3.5x	3.2x
PER (x)	47.0x	64.4x	7.3x	11.9x	11.6x

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Successful year lays strong foundations for the future

FY26 has been a very successful and encouraging year for G4M. The strength of trading is obvious from the figures the group has delivered, with group turnover surpassing that of the Covid-driven annus mirabilis FY21 for the first time. Gross, EBITDA, Operating, EBIT and PBT margin levels all delivered significant improvements over FY25. The further reduction in net debt to £5.0m equates to 0.3x FY26 EBITDA compared to 0.6x FY25 EBITDA. The improved performance partly reflects a more consolidated, orderly and disciplined trading and pricing environment following the financial distress and market exit of a number of competitors. It also reflects G4M's clear focus on executing its well-defined strategy.

G4M continues to invest for the future, developing both its physical and IT platform infrastructures. The new UK warehouse is currently being fitted out and will eradicate short-term peak capacity pressures. Developments also continue apace on the technical front, which will support future growth initiatives and operational efficiency. Some of the most recent launches include:

- New inventory forecasting and purchasing system, which is AI based
- Digital promotions centre to facilitate more targeted customer incentives
- Website AI chatbot for product information and advice

G4M is now lapping tougher trading comparatives since growth accelerated in mid-March 2025. Notwithstanding this, G4M has reported strong revenue growth continuing into April 2026, and while very early days of the new financial year, the group is off to an encouraging start, delivering strong growth across its UK and European markets.

Further trading details

As shown in previous years, the following table presents further details of G4M's trading not only for FY26 but also over recent years, in terms of revenues and gross margin, both on a full-year basis and for Q4. Details of the trading performance in H1, Q3 and 9M trading periods can be found in our [January note](#).

Trading update details and prior-year comparisons – full-year and Q4 figures

Sales (£m)	FY26	FY25	FY24	FY23	FY22	FY21	FY20	Q4 FY26	Q4 FY25	Q4 FY24	Q4 FY23	Q4 FY22	Q4 FY21	Q4 FY20
UK	114.1	90.2	83.1	82.0	82.6	78.7	61.8	26.7	21.8	20.4	20.5	19.9	19.0	16.1
International	76.6	56.5	61.3	70.0	65.0	78.8	58.5	18.7	14.2	15.0	15.7	15.8	16.1	14.5
Total	190.7	146.7	144.4	152.0	147.6	157.5	120.3	45.4	36.0	35.4	36.2	35.7	35.1	30.6
Change on prior year period (%)	FY26	FY25	FY24	FY23	FY22	FY21	FY20	Q4 FY26	Q4 FY25	Q4 FY24	Q4 FY23	Q4 FY22	Q4 FY21	Q4 FY20
UK	26%	9%	1%	-1%	5%	27%	n.a.	22%	7%	0%	3%	5%	18%	n.a.
International	36%	-8%	-12%	8%	-18%	35%	n.a.	32%	-5%	-4%	-1%	-2%	11%	n.a.
Total	30%	2%	-5%	3%	-6%	31%	n.a.	26%	2%	-2%	1%	2%	15%	n.a.
Change over FY20 period (%)	FY26	FY25	FY24	FY23	FY22	FY21	FY20	Q4 FY26	Q4 FY25	Q4 FY24	Q4 FY23	Q4 FY22	Q4 FY21	Q4 FY20
UK	85%	46%	34%	33%	34%	27%	n.a.	66%	35%	27%	27%	24%	18%	n.a.
International	31%	-3%	5%	20%	11%	35%	n.a.	29%	-2%	3%	8%	9%	11%	n.a.
Total	59%	22%	20%	26%	23%	31%	n.a.	48%	18%	16%	18%	17%	15%	n.a.
Gross margin (%)	FY26	FY25	FY24	FY23	FY22	FY21	FY20	Q4 FY26	Q4 FY25	Q4 FY24	Q4 FY23	Q4 FY22	Q4 FY21	Q4 FY20
	28.4%	27.0%	27.3%	25.7%	27.8%	29.5%	25.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: G4M, Progressive Equity Research

FY26 turnover has surpassed by £33m the level reached in the previous peak year of FY21, which was driven by substantial demand in the Covid lockdown periods. It is also some £70m (+58.5%) higher than in FY20 when G4M traded under normalised trading conditions.

Forecast revisions

The table below summarises our new forecasts in more detail, along with our calculation of the three-year compound growth rate (CAGR) pertaining to key elements. This shows the positive effects of operational gearing on the different measures of profitability as one moves down the profit and loss account.

The changes we have made in our forecasts pertain principally to FY26E, as outlined. We have made practically no changes in our outer year forecasts for FY27E and FY28E at this stage, awaiting further insights into the strength of trading when the group's preliminary results are published in June. Our FY27E net debt forecast has moved to £8.7m from £7.2m previously, while the FY28E figure is unchanged at £9.9m.

G4M – Summary of new forecast highlights FY26E to FY28E (£m unless stated)

	FY25	FY26E	FY27E	FY28E	3-yr CAGR
Revenue	146.7	190.7	200.4	214.1	13.4%
Gross profit	39.7	54.2	55.7	59.5	14.5%
<i>Gross margin (%)</i>	<i>27.0%</i>	<i>28.4%</i>	<i>27.8%</i>	<i>27.8%</i>	
Operating costs (exc DA)	29.6	36.1	39.7	42.1	12.4%
<i>Opex as % of turnover</i>	<i>20.2%</i>	<i>18.9%</i>	<i>19.8%</i>	<i>19.6%</i>	
Reported EBITDA	10.0	18.1	16.0	17.5	20.2%
<i>EBITDA margin (%)</i>	<i>6.8%</i>	<i>9.5%</i>	<i>8.0%</i>	<i>8.2%</i>	
Reported operating profit	3.2	11.0	8.2	8.8	39.8%
<i>Operating margin (%)</i>	<i>2.2%</i>	<i>5.8%</i>	<i>4.1%</i>	<i>4.1%</i>	
Reported pre-tax profit	1.6	9.7	6.0	6.1	57.8%
Diluted EPS	3.8	33.0	20.4	20.9	76.9%
Adjusted pre-tax profit	1.6	9.7	6.0	6.1	57.8%
Adjusted diluted EPS (p)	3.8	33.0	20.4	20.9	76.9%
Net cash/(debt)	(6.4)	(5.0)	(8.7)	(9.9)	

Source: G4M, Progressive Equity Research estimates

Fuller, more detailed forecasts are given in the following tables.

G4M – Profit & loss account and cash flow forecasts, FY23-28E (£m unless otherwise stated)

Profit and loss account						
Year to March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	152.0	144.4	146.7	190.7	200.4	214.1
Cost of sales	(113.0)	(104.9)	(107.1)	(136.5)	(144.7)	(154.6)
Gross profit	39.0	39.4	39.7	54.2	55.7	59.5
Gross margin (GM) (%)	25.7%	27.3%	27.0%	28.4%	27.8%	27.8%
Operating costs	(37.8)	(36.7)	(36.4)	(43.2)	(47.5)	(50.7)
Reported operating profit	1.3	2.8	3.2	11.0	8.2	8.8
Operating profit margin (%)	0.8%	1.9%	2.2%	5.8%	4.1%	4.1%
Depreciation and amortisation	(6.1)	(6.6)	(6.8)	(7.1)	(7.8)	(8.6)
Reported EBITDA	7.4	9.4	10.0	18.1	16.0	17.5
EBITDA margin (%)	4.8%	6.5%	6.8%	9.5%	8.0%	8.2%
Interest charge	(1.7)	(2.2)	(1.7)	(1.3)	(2.2)	(2.7)
Reported PBT	(0.4)	0.6	1.6	9.7	6.0	6.1
Exceptional charges	0.0	(0.5)	0.0	0.0	0.0	0.0
Adjusted EBITDA	7.4	9.9	10.0	18.1	16.0	17.5
Adjusted EBITDA margin (%)	4.8%	6.9%	6.8%	9.5%	8.0%	8.2%
Adjusted operating profit	1.3	3.3	3.2	11.0	8.2	8.8
Adjusted operating margin (%)	0.8%	2.3%	2.2%	5.8%	4.1%	4.1%
Adjusted PBT	(0.4)	1.1	1.6	9.7	6.0	6.1
Adjusted diluted EPS (p)	(3.1)	5.2	3.8	33.0	20.4	20.9
Reported diluted EPS (p)	(3.1)	3.0	3.8	33.0	20.4	20.9
Dividend (p)	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow						
Year to March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating profit (unadjusted)	1.3	2.3	3.2	11.0	8.2	8.8
Depreciation and amortisation	6.1	6.6	6.8	7.1	7.8	8.6
Inventory (increase)/decrease	11.1	8.7	(8.6)	(1.7)	(2.3)	0.7
Debtors (increase)/decrease	0.0	0.4	0.5	(1.4)	(0.2)	(0.4)
Creditors increase/(decrease)	1.9	(4.4)	6.5	(3.8)	2.2	(1.0)
Other	(0.2)	(0.2)	0.4	0.0	0.0	0.0
Operating cash flow	20.2	13.5	8.9	11.1	15.7	16.8
Interest	(1.7)	(2.1)	(1.7)	(1.3)	(2.2)	(2.7)
Tax	(0.5)	0.7	(0.7)	(2.4)	(1.5)	(1.5)
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure	(6.3)	(3.9)	(3.9)	(4.5)	(14.0)	(12.0)
Trading cash flow	11.6	8.2	2.5	2.9	(2.0)	0.6
Acquisition of businesses	(0.4)	(0.0)	0.0	0.0	0.0	0.0
Disposal of businesses	0.0	0.0	0.0	0.0	0.0	0.0
Share issues	0.0	0.0	0.0	0.0	0.0	0.0
Currency effects, other	(1.6)	(0.9)	(1.6)	(1.5)	(1.7)	(1.8)
Net cash inflow/(outflow)	9.6	7.2	0.9	1.4	(3.7)	(1.2)
Net (debt)/cash	(14.5)	(7.3)	(6.4)	(5.0)	(8.7)	(9.9)

Source: G4M, Progressive Equity Research estimates

G4M – Summary of balance sheet forecasts, FY23-28E (£m)

Balance sheet						
Year to March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Tangible fixed assets	19.2	19.0	16.6	16.3	35.2	43.4
Intangible fixed assets	22.0	22.0	21.6	20.8	20.0	19.1
Investments and other	0.0	0.0	0.0	0.0	0.0	0.0
Total fixed assets	41.3	41.0	38.2	37.1	55.1	62.5
Stock	34.4	25.6	34.2	35.9	38.2	37.5
Trade and other debtors	4.5	3.8	3.4	4.8	5.0	5.4
Deferred tax	0.0	0.0	0.0	0.0	0.0	0.0
Cash and short term deposits	4.5	4.7	5.6	5.0	1.3	0.1
Current assets	43.3	34.2	43.2	45.7	44.5	42.9
Total assets	84.6	75.2	81.4	82.8	99.6	105.5
Trade and other payables	(17.6)	(13.5)	(19.9)	(16.1)	(18.3)	(17.3)
Borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	(1.1)	(1.8)	(1.9)	(1.9)	(1.9)	(1.9)
Current liabilities	(18.8)	(15.3)	(21.8)	(18.0)	(20.2)	(19.2)
Borrowings	(19.0)	(12.0)	(12.0)	(10.0)	(10.0)	(10.0)
Other non-current liabilities	(9.6)	(9.6)	(8.3)	(8.4)	(18.4)	(20.8)
Non-current liabilities	(28.6)	(21.6)	(20.3)	(18.4)	(28.4)	(30.8)
Total liabilities	(47.4)	(36.8)	(42.1)	(36.4)	(48.6)	(50.0)
Net assets	37.2	38.4	39.3	46.5	51.1	55.5

Source: G4M, Progressive Equity Research estimates

Financial Summary: Gear4music

Year end: March (£m unless shown)

PROFIT & LOSS	2024	2025	2026E	2027E	2028E
Revenue	144.4	146.7	190.7	200.4	214.1
Adj EBITDA	9.9	10.0	18.1	16.0	17.5
Adj EBIT	3.3	3.2	11.0	8.2	8.8
Reported PBT	0.6	1.6	9.7	6.0	6.1
Fully Adj PBT	1.1	1.6	9.7	6.0	6.1
NOPAT	3.1	1.7	8.2	6.2	8.8
Reported EPS (p)	3.0	3.8	33.0	20.4	20.9
Fully Adj EPS (p)	5.2	3.8	33.0	20.4	20.9
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
CASH FLOW & BALANCE SHEET	2024	2025	2026E	2027E	2028E
Operating cash flow	13.5	8.9	11.1	15.7	16.8
Free Cash flow	8.2	2.5	2.9	(2.0)	0.6
FCF per share (p)	39.1	12.0	14.0	(9.5)	2.8
Acquisitions	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Net cash flow	7.2	0.9	1.4	(3.7)	(1.2)
Overdrafts / borrowings	(12.0)	(12.0)	(10.0)	(10.0)	(10.0)
Cash & equivalents	4.7	5.6	5.0	1.3	0.1
Net (Debt)/Cash	(7.3)	(6.4)	(5.0)	(8.7)	(9.9)
NAV AND RETURNS	2024	2025	2026E	2027E	2028E
Net asset value	38.4	39.3	46.5	51.1	55.5
NAV/share (p)	182.9	187.4	221.5	243.5	264.7
Net Tangible Asset Value	16.3	17.7	25.6	31.1	36.4
NTAV/share (p)	77.8	84.4	122.1	148.3	173.5
Average equity	37.8	38.8	42.8	48.7	53.3
Post-tax ROE (%)	2.8%	4.0%	22.7%	12.3%	11.5%
METRICS	2024	2025	2026E	2027E	2028E
Revenue growth	(5.0%)	1.6%	30.0%	5.1%	6.8%
Adj EBITDA growth	34.3%	1.5%	80.2%	(11.6%)	9.2%
Adj EBIT growth	152.5%	(0.4%)	239.4%	(25.2%)	7.6%
Adj PBT growth	(363.1%)	45.8%	521.9%	(38.1%)	2.1%
Adj EPS growth	(266.3%)	(26.9%)	775.7%	(38.1%)	2.1%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margins	2.3%	2.2%	5.8%	4.1%	4.1%
VALUATION	2024	2025	2026E	2027E	2028E
EV/Sales (x)	0.4	0.4	0.3	0.3	0.3
EV/EBITDA (x)	5.6	5.6	3.1	3.5	3.2
EV/NOPAT (x)	18.1	32.4	6.8	9.1	6.3
PER (x)	47.0	64.4	7.3	11.9	11.6
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	16.1%	5.0%	5.8%	(3.9%)	1.2%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

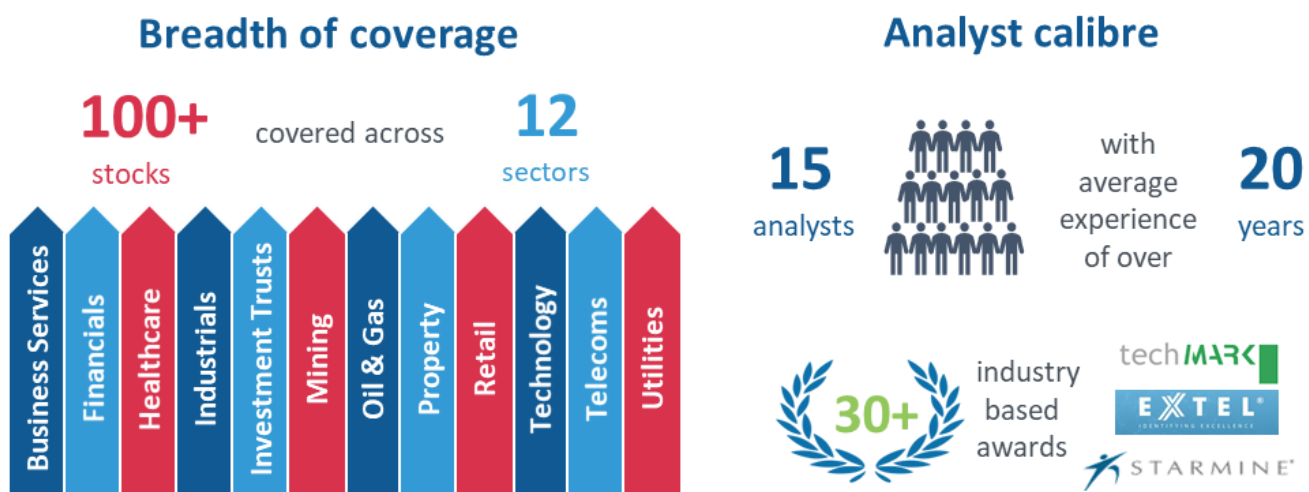
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