

GEAR4MUSIC

CONSUMER DISCRETIONARY

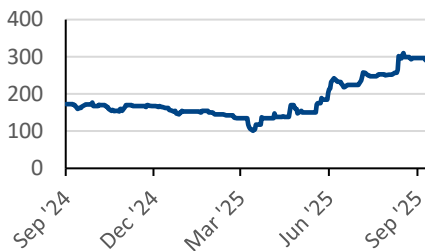
14 October 2025

G4M.L

282p

Market Cap: £59.2m

SHARE PRICE (p)



12m high/low

310p/101p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£(6.4)m (at 31/03/25)
Enterprise value	£65.6m
Index/market	AIM
Next news	Interims, 18 November
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

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Strengthening revenue momentum leads to further upgrade

Continued strong revenue momentum across Q2 has seen G4M deliver impressive revenue growth of 31% for the six months to 30 September. While the peak Christmas trading period has yet to begin, the board has consequently raised its full-year expectations once again, following the upgrades delivered previously in June and September. FY26E EBITDA is now expected to be 'not less than £13.7m', representing an upgrade of 14% to the current consensus estimate of £12.0m.

- H1 trading details – strength across the board.** G4M's earlier-than-expected update shows the upward trend in revenue momentum, with (the previously undisclosed) Q1 revenue growth of 27% increasing to 34% in Q2, underlining the traction previously referenced in the FY25 prelims. Revenue growth of 31% was reported by both the UK and Europe & Rest of the World regions, to £49.6m and £31.1m, respectively. This revenue growth has been complemented by gross margin expansion of 130bps to 28.0%, with gross profit expected to be at least £22.6m, an increase of 37% (H1 FY25: £16.5m). EBITDA in H1 is therefore expected to be 'not less than £6.5m', more than double (+125%) last year's figure of £2.9m.
- Performance drivers – three key areas.** Much of the growth delivered can be attributed to the group's refreshed growth strategy. G4M highlights three specific factors that have underpinned its performance, namely more favourable market conditions, enhanced marketing efficiencies and improved inventory availability. The latter reflects ongoing inventory investment, including opportunistic acquisitions at favourable rates, which will have contributed to the reported gross margin expansion.
- Increased forecasts – prudent view for H2 prospects.** The group has increased its full-year FY26E expectations to EBITDA of 'not less than £13.7m'. This is a 14% increase to both our and previous consensus estimates of £12.0m. In turn, this represents a 37% increase over the £10.0m EBITDA delivered in FY25. Our new FY26E forecasts, summarised below and overleaf, reflect company guidance. We also note that the quantum of the EBITDA increase over FY25, ie £3.7m, is only marginally above the H1 EBITDA increase of £3.6m, implying a prudently conservative view of trading over the peak Christmas trading period. In the absence of further details on operational and underlying performance at this stage, we only show forecasts for FY26E at this stage, awaiting further insight when the interim results are published on 18 November.

FYE MAR (£M)	2023	2024	2025	2026E
Revenue	152.0	144.4	146.7	168.7
Adj EBITDA	7.4	9.9	10.0	13.7
Fully Adj PBT	-0.4	1.1	1.6	5.3
Fully Adj EPS (p)	-3.1	5.2	3.8	18.1
EV/Sales (x)	0.4x	0.5x	0.4x	0.4x
EV/EBITDA (x)	8.9x	6.6x	6.5x	4.8x
PER (x)	N/A	54.7x	74.8x	15.6x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

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

Financial Summary: Gear4music

Year end: March (£m unless shown)

	2023	2024	2025	2026E
PROFIT & LOSS				
Revenue	152.0	144.4	146.7	168.7
Adj EBITDA	7.4	9.9	10.0	13.7
Adj EBIT	1.3	3.3	3.2	6.6
Reported PBT	(0.4)	0.6	1.6	5.3
Fully Adj PBT	(0.4)	1.1	1.6	5.3
NOPAT	2.0	3.1	1.7	5.0
Reported EPS (p)	(3.1)	3.0	3.8	18.1
Fully Adj EPS (p)	(3.1)	5.2	3.8	18.1
Dividend per share (p)	0.0	0.0	0.0	0.0
CASH FLOW & BALANCE SHEET				
Operating cash flow	20.2	13.5	8.9	12.3
Free Cash flow	11.6	8.2	2.5	5.2
FCF per share (p)	55.4	39.1	12.0	24.9
Acquisitions	(0.4)	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0
Net cash flow	9.6	7.2	0.9	3.7
Overdrafts / borrowings	(19.0)	(12.0)	(12.0)	(10.0)
Cash & equivalents	4.5	4.7	5.6	7.3
Net (Debt)/Cash	(14.5)	(7.3)	(6.4)	(2.7)
NAV AND RETURNS				
Net asset value	37.2	38.4	39.3	41.7
NAV/share (p)	177.5	182.9	187.4	199.0
Net Tangible Asset Value	15.2	16.3	17.7	20.9
NTAV/share (p)	72.4	77.8	84.4	99.6
Average equity	37.6	37.8	38.8	41.2
Post-tax ROE (%)	(1.1%)	2.8%	4.0%	12.9%
METRICS				
Revenue growth	3.0%	(5.0%)	1.6%	15.0%
Adj EBITDA growth	(34.3%)	34.3%	1.5%	36.9%
Adj EBIT growth	(78.8%)	152.5%	(0.4%)	104.0%
Adj PBT growth	(108.1%)	(363.1%)	45.8%	241.3%
Adj EPS growth	(117.9%)	(266.3%)	(26.9%)	380.6%
Dividend growth	N/A	N/A	N/A	N/A
Adj EBIT margins	0.8%	2.3%	2.2%	3.9%
VALUATION				
EV/Sales (x)	0.4	0.5	0.4	0.4
EV/EBITDA (x)	8.9	6.6	6.5	4.8
EV/NOPAT (x)	32.2	21.3	38.0	13.2
PER (x)	N/A	54.7	74.8	15.6
Dividend yield	N/A	N/A	N/A	N/A
FCF yield	19.6%	13.9%	4.3%	8.8%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

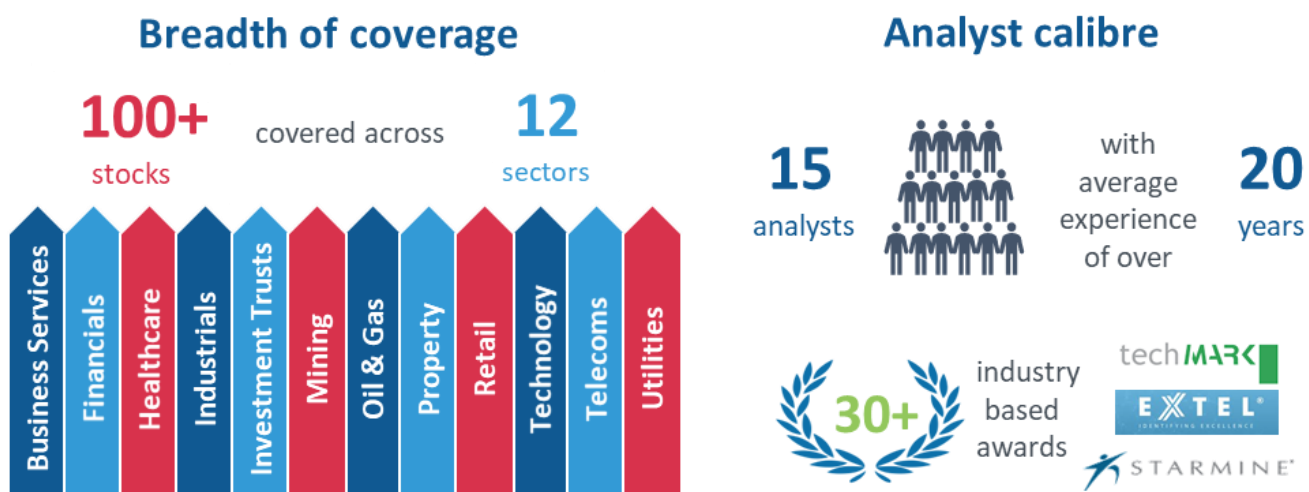
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