Gear4music (Holdings) plc
Annual Report and Accounts **2026**

performing

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 and equipment. We have a track record of strong growth and delivering our strategic objectives.

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

our purpose

Highlights

Building on the success of FY26 and to ensure we continue to deliver a market-leading customer proposition, we announced plans to open a new semi-automated distribution centre near York. This new facility is on track to be operational in Autumn 2026 ahead of seasonal peak trading. The facility will free up space in our current York site to enhance Showrooms, Second-hand and Returns operations, and enables us to consolidate operations from our Bacup site.

Our primary objective for FY26 was to return the business to strong, sustainable revenue growth whilst retaining the profitability improvements made over the last two years. Throughout the year we remained focused on the disciplined execution of our clearly defined Growth Strategy. The significant strategic and financial progress delivered in FY26 provides strong evidence that our strategy is gaining momentum, driving improved performance and delivering tangible results for the Group, as well as providing the platform to capitalise on the long-term growth opportunities.

Total revenues (£m)

£190.7m

+30%

EBITDA (£m)

£18.4m

+84%

UK revenues (£m)

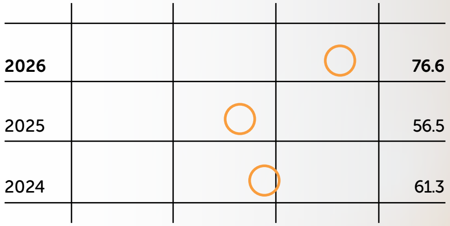
£114.1m

+26%

International revenues (£m)

£76.6m

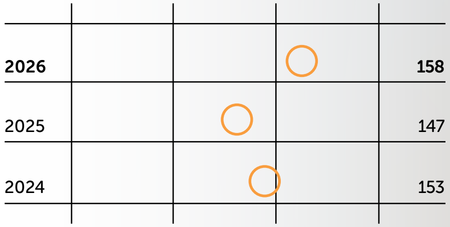
+36%



Average order value

£158

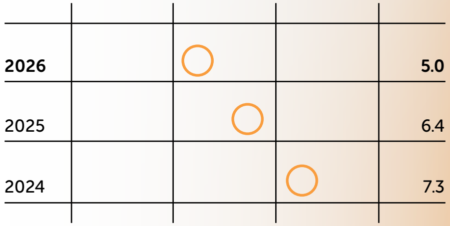
+7%



Net debt (£m)

£5.0m

-22%



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 eight-fold from £24m in FY15 to £191m in FY26.

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 proprietary 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 lists 66,600 'Stock-Keeping-Units' ('SKUs') across all major musical instrument and equipment categories, sourced from 1,123 manufacturers.

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Revenue by Category

	% OF PRODUCT SALES		
	FY26	FY25	FY24
Guitar & Bass	**30%**	28%	29%
Keyboards & Pianos	**14%**	15%	15%
PA, DJ & Lighting	**22%**	22%	23%
Recording & Computers	**11%**	11%	11%
Drums & Percussion	**11%**	11%	11%
Woodwind, Brass, Strings	**6%**	6%	6%
Home Audio & Visual	**5%**	6%	5%
Other	**1%**	1%	
	100%	100%	100%

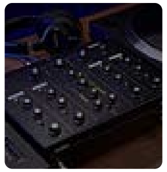
FY26 revenue by category saw a proportional increase in Guitar & Bass offsetting a decrease in 'Keyboard & Pianos' and 'Home Audio & Visual.'

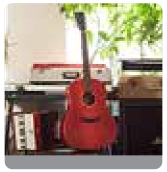
Group Retails

66,600

SKUs

specialising





Our Brands

	Description	**Product categories**
Gear4music	The flagship brand – accessible gear for everyone starting their musical journey.	All categories
SZ SubZero	Tech-forward pro audio gear that punches above its weight class	Guitars, Amps, Mixers, Speakers & Audio electronics
G4M	Premium gear for serious musicians and creators	All categories
Hartwood	Vintage-inspired aesthetics paired with modern playability	Guitars and accessories
Premier	Iconic British drums since 1922 – heritage meets modern innovation	Drum kits and accessories
Premier NXT GEN	Education focused Premier sub-brand. Focusing on orchestral, education and marching	Drum kits and accessories
EDEN Bass Amplification	Legendary bass amplification since 1976	Bass amplification
AVCOM	Warm, curated Hi-Fi audio for home listener	Hi-Fi, Home Cinema, and accessories
FISUAL	Premium speaker cables and AV accessories designed for Hi-Fi and home cinema set-ups	Cables and AV accessories
STUDIOSPARES	Professional grade studio and live sound accessories – trusted since 1983	Studio and live-sound accessories
TROJAN PRO	Rugged equipment protection built for the road	Stands, flight cases and accessories

	Description	**Product categories**
Lambden Audio	Reliable PA and live sound solutions	Studio monitors, microphones and outboard gear
Imperative Acoustics	Transforming any space into a professional recording environment	Acoustic treatment kits through to portable vocal booths

Gear4music sub-brands:

VISION	Affordable and ergonomic musical instruments for the beginner market
modul	Modular furniture designed with a focus on ergonomics, functionality and aesthetics
VOXLINK	Wireless system solutions including compact and full size in ear monitors and microphones for instruments, voice and cameras

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.

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.

progressing

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.

2023

The Group launched its second-hand platform marking its entry into the circular economy. The Group developed its own trade-in system that simplifies the process for consumers of selling their equipment, providing instant trade-in prices across thousands of products – see page 33.

2024

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

2025

The Group:

- acquired certain intangible assets including websites, trademarks, and commercial data and purchased stock with a cost value of £1.6m, from the Administrators of the GAK Group (The Guitar, Amp & Keyboard Centre Limited) for total consideration of £0.5m; and
- acquired certain intangible assets including websites, trademarks, and commercial data and purchased stock with a cost value of £2.0m, from the Administrators of the PMT Group (Jamm Co 2019 Limited and subsidiaries) for total consideration of £0.9m.

2026

On 1 April 2026 the Group signed a 15-year lease on a 132,000 sq. ft. warehouse near York, to provide additional capacity and efficiency to support future UK growth. This facility is expected to be operational in Autumn 2026.

Chair's statement

> In FY26 we made significant progress with the core activities underpinning our Growth Strategy including development of new own-brand products, the enhancement of our marketing capabilities, and continued investment in our proprietary e-commerce platform.
>
> **ANDREW WASS**
> EXECUTIVE CHAIR

Strategic and Financial Overview

Our primary objective for FY26 was to return the business to strong, sustainable revenue growth whilst retaining the profitability improvements made over the last two years.

Throughout the year we remained focused on the disciplined execution of our clearly defined Growth Strategy. The significant strategic and financial progress delivered in FY26 provides strong evidence that our strategy is gaining momentum, driving improved performance and delivering tangible results for the Group, as well as providing the platform to capitalise on the long-term growth opportunities.

The outstanding efforts of our team combined with improved market conditions have delivered strong financial outcomes with a significant increases in revenue, profitability, and a fourth consecutive year of net debt reduction.

Revenues (+30%)

£190.7m

EBITDA (+84%)

£18.4m

performing

Operational and Commercial progress

I am delighted with the step-up in commercial, operational and financial performance reported through the year. This reflects well on the resilience of our business model and the disciplined execution of our strategic initiatives. We also believe that we are well placed to take advantage of further market opportunities in the UK and Europe as markets consolidate further.

Building on the success of FY26 and to ensure we continue to deliver a market-leading customer proposition, we announced plans to open a new semi-automated distribution centre near York. This new facility is on track to be operational in Autumn 2026 ahead of seasonal peak trading. The facility will free up space in our current York site to enhance Showrooms, Second-hand and Returns operations, and enables us to consolidate operations from our Bacup site.

We are investing an estimated £10.2m into the phase one automation and fitout in FY27, increasing our UK distribution capacity by approximately 2.5 times to support continued growth. Once established, the facility is also expected to deliver increasing operational efficiencies and opportunities for margin enhancement as the business expands.

To support our growth ambitions, we have secured a committed £45m 'Revolving Credit Facility' ('RCF') through to August 2029 from our long-term banking partner HSBC. This facility secures an excellent liquidity position, reinforced by the strength of our balance sheet and enables the Group to respond swiftly to opportunities as and when they arise.

Environmental, Social and Governance

The Group remains committed to generating a positive and lasting impact on society, the environment, and our team. Recognising interest from a broad spectrum of stakeholders in our ESG performance, we are pleased to publish our third Climate Report, included in our FY26 Annual Report.

This year's report reflects the same level of depth and transparency of our disclosures achieved last year, and we aim 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.

Outlook

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

In FY26 we made significant progress with the core activities underpinning our Growth Strategy including development of new own-brand products, the enhancement of our marketing capabilities, and continued investment in our proprietary e-commerce platform. These cumulative strategic investments, coupled with the improved competitive landscape, position the Group well to maintain positive momentum through FY27 and beyond.

ANDREW WASS
EXECUTIVE CHAIR
22 JUNE 2026

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:

- 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 23 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 with plans to increase
- 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 quadrupled since FY16, from £26.0m to £114.1m in FY26
- European revenues increased nearly eightfold since FY16, from £9.5m to £74.7m in FY26, validating European strategy and improving localised proposition
- Email database of 2.22m registered users, with 1.03m active customers

Registered users on email database

2.22m

Key Strength

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

Reasons

- End-to-end solution encompassing all aspects of trading operations
- 41 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 sessions

82.4m

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

- List 66,600 products from 1,123 manufacturers
- Reputation for quality and value for money
- List 5,870 own-brand SKUs, developed over a 23-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 feet footprint
- The most appropriate courier delivery services are automatically selected from more than 36,800 permutations depending on the weight, size, value and destination of the goods being purchased

Combined footprint of six modern facilities (sq ft)

370,000

Chief Executive’s statement

The Group has delivered transformational growth in revenue, supported by a strong gross margin and cost discipline, contributing to an £8.4m increase in EBITDA to £18.4m and an £8.7m improvement in Profit Before Tax to £10.3m. Our Profitable Growth Strategy, launched in 2024, continues to evolve and adapt to changing market dynamics, and pivot to capitalise on emerging opportunities.

GARETH BEVAN
CHIEF EXECUTIVE OFFICER

Business review

I am pleased to report tangible strategic progress and very strong performance across a wide range of metrics in FY26, especially as this has been delivered against a backdrop of ongoing macroeconomic uncertainty weighing on consumer confidence. All these achievements would not be possible without the exceptional commitment and contribution of our entire team, to whom I extend my sincere appreciation.

The financial year saw consolidation in the UK with two well established competitors in ‘Guitar, Amp & Keyboard’ (‘GAK’) and ‘Play Music Today’ (‘PMT’) and a number of smaller local operators ceasing trading and exiting the market. This simultaneously created an estimated £70m market share opportunity and improved market conditions as price aggressors left the market.

The European market also saw improved market conditions following the bankruptcy of a leading operator in March 2025 although it was later rescued by its founder. It was especially pleasing to see strong growth across our European markets demonstrating the effectiveness of our strategy and the wide appeal of our proposition to customers.

Strong and consistent revenue growth across the year highlighted that we had reached maximum capacity in the UK. To fulfil our growth ambitions we announced plans to add a semi-automated operation to our UK footprint and are on-track to have Phase One operational in FY27 Q3.

Website sessions increased 32% reflecting heightened demand for our proposition in the current market and ‘Average order value’ (‘AOV’) increased 7% to £158, reversing a 4% decrease last year. This reflected proportionally more high value other branded product sales, and less pricing pressures on some SKUs in certain territories as compared to last year.

Financial overview

The Group has delivered transformational growth in revenue, supported by a strong gross margin and cost discipline, contributing to an £8.4m increase in EBITDA to £18.4m and an £8.7m improvement in Profit Before Tax to £10.3m. In addition, despite having prepaid £3.1m in relation to contract works and capital expenditure at our new UK warehouse, we recorded a fourth consecutive annual reduction in net bank debt down to £5.0m as covered in further detail in the CFO review.

Strategic Progress

Our Profitable Growth Strategy, launched in 2024, continues to evolve and adapt to changing market dynamics, and pivot to capitalise on emerging opportunities. Our growth strategy is built around four pillars:

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

advancing

Continuous development of our platform through targeted AI initiatives

This boosts productivity and elevates the customer experience through the offering of solutions that are unique in our market.

We delivered a series of substantial upgrades to our e-commerce platform throughout the year, including our proprietary AI based inventory forecasting and purchasing platform, our digital promotions centre, integrations with a new CRM/CEP system and a website AI chatbot.

Expanding our capabilities to enhance customer experience

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

In response to strong revenue growth and an estimated £70m market share opportunity in the UK following the exit of several competitors, we are investing in additional UK operational capacity. Phase One of the project is expected to be operational in Autumn 2026 and will provide the capacity and operational efficiencies required, coming on stream ahead of our seasonal peak trading period and supporting our future growth in the UK market. As previously reported, total fit-out costs associated with the facility are expected to be £10.2m in FY27.

In June 2026 we launched an in-house courier operation to offer a differentiated white-glove delivery and installation service, to drive growth in premium product sales by enhancing the customer experience and build on recent gains in AOV.

Enhancing our product offering

This includes developing and launching a greater number of best-in-class own-brand products, scaling up our second-hand and digital download propositions, and exploring additional strategic brand partnerships. These initiatives are designed to ensure value for money and strengthening our market share. We evaluate opportunities to acquire legacy brands as they arise.

Continued expansion of our in-house product design and development capabilities enabled the successful launch of a record 771 new own-brand products. This strategic initiative supports our focus on differentiated offerings and margin expansion, further consolidating our market and value proposition.

Diversifying our channels to market

As 'Artificial-Intelligence' ('AI') reshapes consumer behaviour and the digital search landscape, enhancing visibility within AI-generated search results including search engine AI overviews and large language models ('LLMs'), is becoming increasingly important. In response, we are investing in initiatives that strengthen our presence across these emerging discovery channels and support long-term customer acquisition.

We continue to focus on channel diversification to reduce dependence on 'Pay-per-click' ('PPC') and drive more sustainable and cost-effective customer acquisition. We leverage influencers to expand our reach, develop affiliate programs, and integrate with new European marketplaces. Where appropriate, these efforts are supported with AI to maximise their effectiveness.

SEE PAGE 25 FOR COMMERCIAL KPI DEFINITIONS

Outlook

While discretionary consumer spending remains under pressure, a positive start to FY27 relative to strong prior-year comparatives, provide the Board with a high degree of confidence in the Group's growth prospects for FY27 and beyond. This confidence is supported by enhanced operational foundations, a strong balance sheet and ready access to capital, and the continued disciplined delivery of the Group's strategic roadmap.

Financial KPIs

	FY26	FY25	Change on FY25
Revenue*	**£190.7m**	£146.7m	+30%
UK Revenue*	**£114.1m**	£90.2m	+26%
International Revenue*	**£76.6m**	£56.5m	+36%
Gross margin	**28.4%**	27.0%	+140bps
Gross profit	**£54.2m**	£39.7m	+37%
Total Admin expenses*	**£43.7m**	£37.3m	+17%
European Admin expenses*	**£5.4m**	£4.7m	+15%
EBITDA	**£18.4m**	£10.0m	+84%
Profit before tax	**£10.3m**	£1.6m	+£8.7m
Net bank debt**	**(£5.0m)**	(£6.4m)	+£1.4m

* See Note 2 of the Financial Statements.
** See Notes 15 and 16 of the Financial Statements.

Commercial KPIs

	FY26	FY25	Change on FY25
Website sessions***	**82.4m**	62.2m	+32%
Session conversion rate***	**1.39%**	1.51%	-12bps
Average order value	**£158**	£147	+7%
Active customers	**1,029,000**	846,000	+22%
Products listed	**66,600**	63,300	+5%

*** Website KPIs transitioned from user-based to session-based metrics. Session-based data provides a more reliable measure of website activity given the effects of cookie consent requirements and guest checkout usage.

GARETH BEVEN
CHIEF EXECUTIVE OFFICER
22 June 2026

Market overview

Market Overview – Musical Instruments and Equipment

In 2025 Music Trades estimated that the 'Top 50 global online retailers' were growing at 1.6% per annum with Gear4music ranked the sixth largest global online retailer and the second largest in Europe.

In 2025 Music Trades estimated the global market for new music products in 2024 to be $17.8bn, of which an estimated 36% was online. The European market was estimated to be flat with the overall global market declining at 1.6% albeit sales levels still higher than pre-pandemic levels.

The top ten 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	1,397
France	1,035
UK	873
Italy	661
Netherlands	243
Austria	205
Spain	204
Switzerland	166
Sweden	127
Norway	96
Total Size	**5,007**

* Management estimate.

The UK market experienced a period of consolidation in FY26 with the insolvencies of PMT, GAK, Music Matter and Kenny's Music. These exits are estimated to have released approximately £70m of annual UK revenue, creating a significant market share opportunity for the remaining participants.

- 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.

The Board believes the that the dynamics of the European competitive landscape also present a consolidation opportunity.

Market Overview – AV.com addressable market

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

Our Business

Overview

Our vision is to make quality music gear more accessible and inspire and enhance the performance and enjoyment of music.

Our mission is to make it easy for people to discover, access and buy the equipment they need to create and enjoy music, utilising technology and product expertise to empower customers.

By striving for these things we believe we can be 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 opposite), 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.

evolving

European distribution footprint

Websites

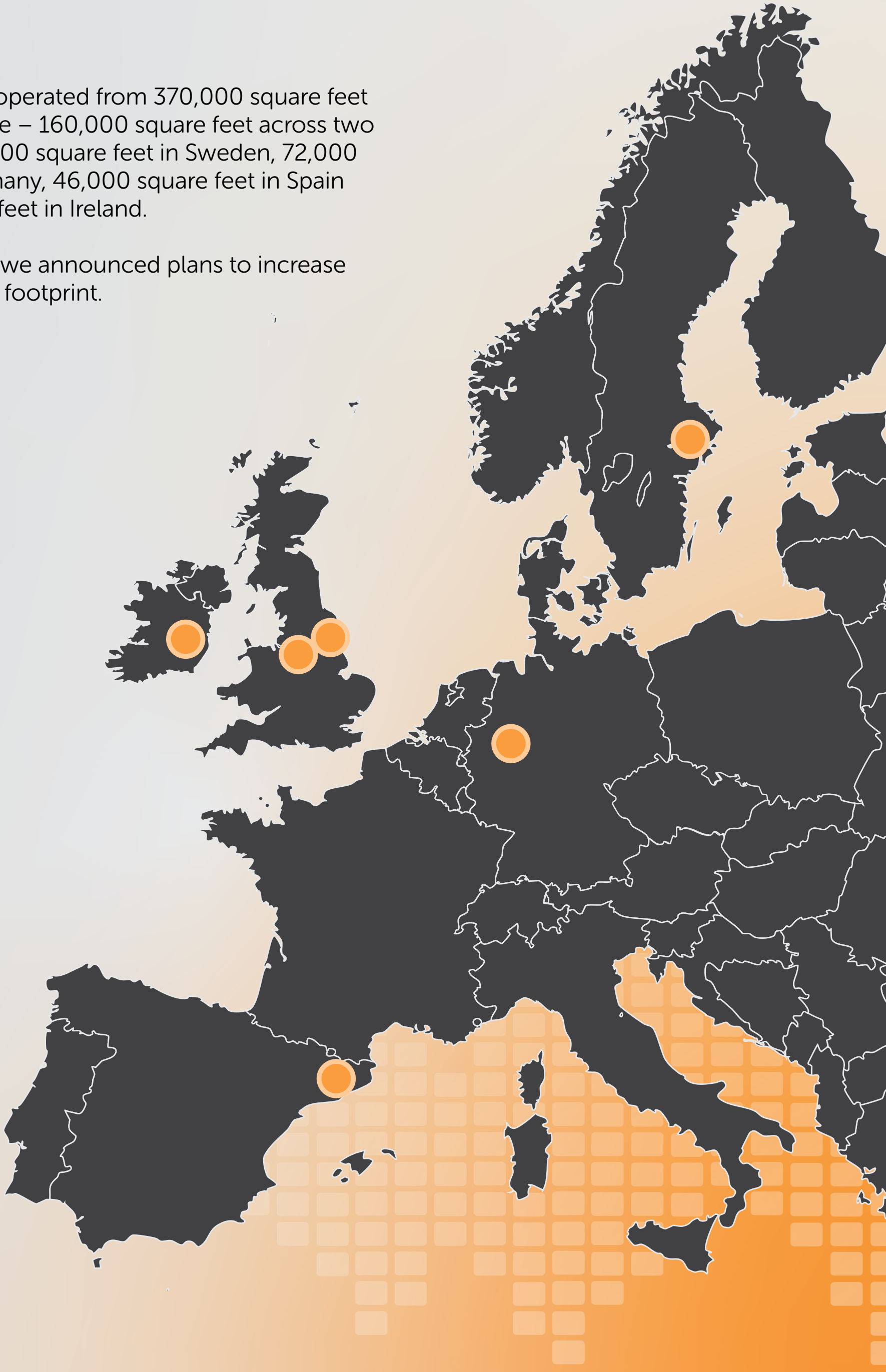
Website	Country	Currency	Languages
www.gear4music.com	UK	Pound Sterling	English
www.gear4music.ie	Ireland	Euro	English
www.gear4music.fr	France	Euro	French, English
www.gear4music.es	Spain	Euro	Spanish, English
www.gear4music.pt	Portugal	Euro	Portuguese, English
www.gear4music.de	Germany	Euro	German, 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 sessions (+32%)

82.4m

In FY26 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.

In November 2025 we announced plans to increase our UK-distribution footprint.



Business model

HOW WE WORK

We believe a successful…

…e-commerce business requires a unique combination of a talented team, excellent products, efficient systems, robust physical operations and reliable delivery partners.

Team

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

We strive to embed our values in our everyday actions to help us achieve our vision:

- We are **collaborative** and work as a strong team together;
- We are **ambitious** and continuously striving for growth; and
- We are **creative** and passionate about making music accessible to all.

Products

Our own-brand product ranges have taken over 23 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 FY26 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.

In November 2025 we announced plans to increase our UK-distribution footprint and on 1 April 2026 signed a 15-year lease on a 132,000 square foot unit near York.

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 38 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 touchpoints deliver a market leading experience and monitor our progress carefully using independent sources such as Trustpilot.

Specialist staff

In FY26 we employed 492 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 across five countries

492

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 2026 we had 2.22m people registered to receive our email communications, up 10% from 2.02m at 31 March 2025.

Active customers of 1.03m (being customers who have purchased from Gear4music during the previous 12 months), are up 22% on FY25 (0.85m). The Group acquired a further 0.88m new customers in the period (FY25: 0.72m), and 0.20m customers returned to place at least one follow-up order (FY25: 0.17m).

Average order value of £158 was 7% up on FY25 (£147) reflecting proportionally higher sales of higher value items, and competitive pressures in the market easing in FY26.

Number of subscribers on our email database

2.22m

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 66,600 products from 1,123 manufacturers.

SEE STRATEGY IN ACTION ON PAGE 22

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
On-going 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 5,870 products listed.

In 2021 Gear4music acquired the Eden and Premier brands, and in 2024 the brands of Studiospares Europe Limited including 'Studiospares', 'Lambden Audio', 'Imperative Audio' and 'Trojan Pro'. We continue to explore opportunities to acquire legacy brands.

Own-brand products

5,870

Growth strategy

Gear4music's 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

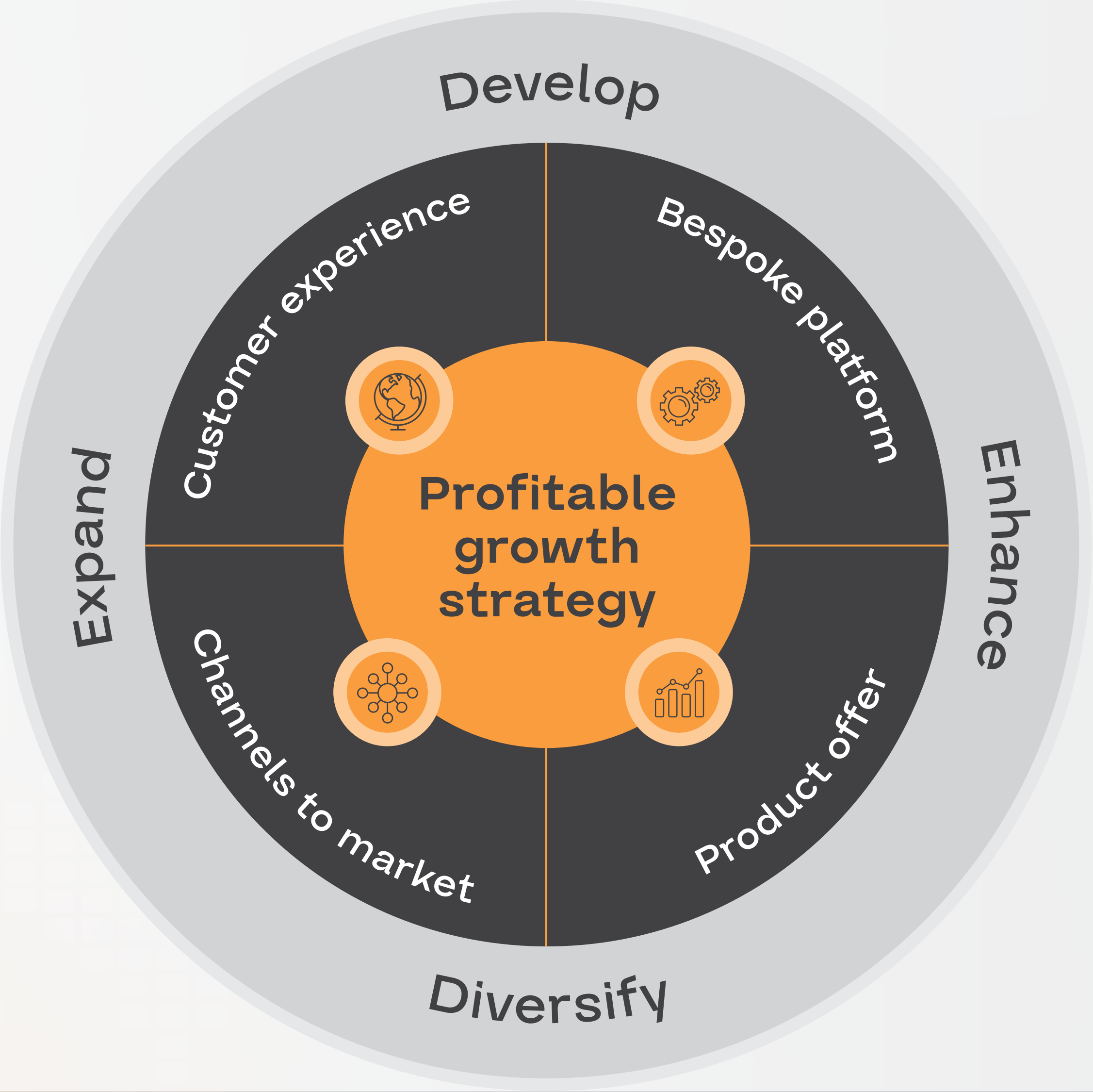
- Develop second-hand product sales
- Enhance Own-brand product development
- Explore targeted Brand acquisitions
- Expand strategic brand partnerships

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

- In-house courier service
- Enhance website experience
- Diversify sales verticals
- Expand Distribution capacity



	Bespoke platform	Product offer	Channels to market	Customer experience
Develop	**Purchasing & promotions tools** • New Forecasting & Purchasing system, being our largest development project to date, delivered Q4 FY26 • Enhanced Promotions system rolled out during FY26 to deliver a unique proposition	**Second-hand product sales** • **20%** growth to **£3.6m** Revenues in Year 3 with strong 40% product margins, capitalising on growing customer demand for value and sustainability • **£10m+** Medium-term revenue opportunity at 40%+ margin SEE ENVIRONMENTAL, SOCIAL AND GOVERNANCE ON PAGE 33	**European marketplace integrations** • Accelerate own-brand growth in Europe through integrations with leading third-party marketplaces • Recently launched on Bol.com, Fnac & Allegro with further platforms in the pipeline	**Operational Automation** • Establish an in-house courier operation to deliver a differentiated white-glove delivery and installation service. • Drive growth in premium product sales by enhancing the customer experience, building on recent gains in average order value
Enhance	**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** • **£44m** revenue in FY26 at >50% product margins, underscoring strong profitability • Medium-term potential to exceed **£70m+** revenue driven by accelerated investment in the product development team SEE PAGES 19 AND 22	**Unlock Growth through enhanced CRM** • New CRM platform launched H2 FY26 targeting improved customer retention and repeat revenue • Upgraded reporting and data systems to boost marketing efficiency and support faster multi-channel growth	**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
Diversify	**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	**Targeted brand acquisitions** • Studiospares, GAK, and S&T Audio brands acquired in FY25 & FY26 to strengthen category coverage • Ongoing focus on acquiring complementary brands to drive growth, margin and customer loyalty	**Diversify marketing channels to reduce PPC dependence** • PPC represented 84% (FY25: 88%) of total ad spend in FY26 representing concentration risk • Strategic focus on channel diversification to drive more sustainable and cost-effective customer acquisition	**Sales Verticals** • AV.com positioned for further growth following strategic proposition redevelopment • Adapt retail offering to effectively serve a broader customer base amid ongoing market consolidation
Expand	**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	**Strategic brand partnerships** • Prioritise higher-margin products & optimise SKU ranges to streamline operations • Deepen collaboration with key brand partners to unlock margin and promotional opportunities	**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	**Distribution capacity** • New UK-DC on-track for Phase 1 launch Autumn 2026 • Evolving scalable infrastructure to ensure seamless delivery and service as volumes increase • Enhancing customer experience through targeted operational efficiency improvements

* Source: Music Trades.

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 seamlessly 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 platform to drive website traffic, optimise conversion rates and maximise operational efficiencies. We have delivered some exciting new developments in FY26 and have many more planned for FY27.

Progress

With over 82m user sessions in the year, session conversion rates of 1.4%, 1.0m active customers, and 0.2m repeat customers, our e-commerce strategy continues to prove effective.

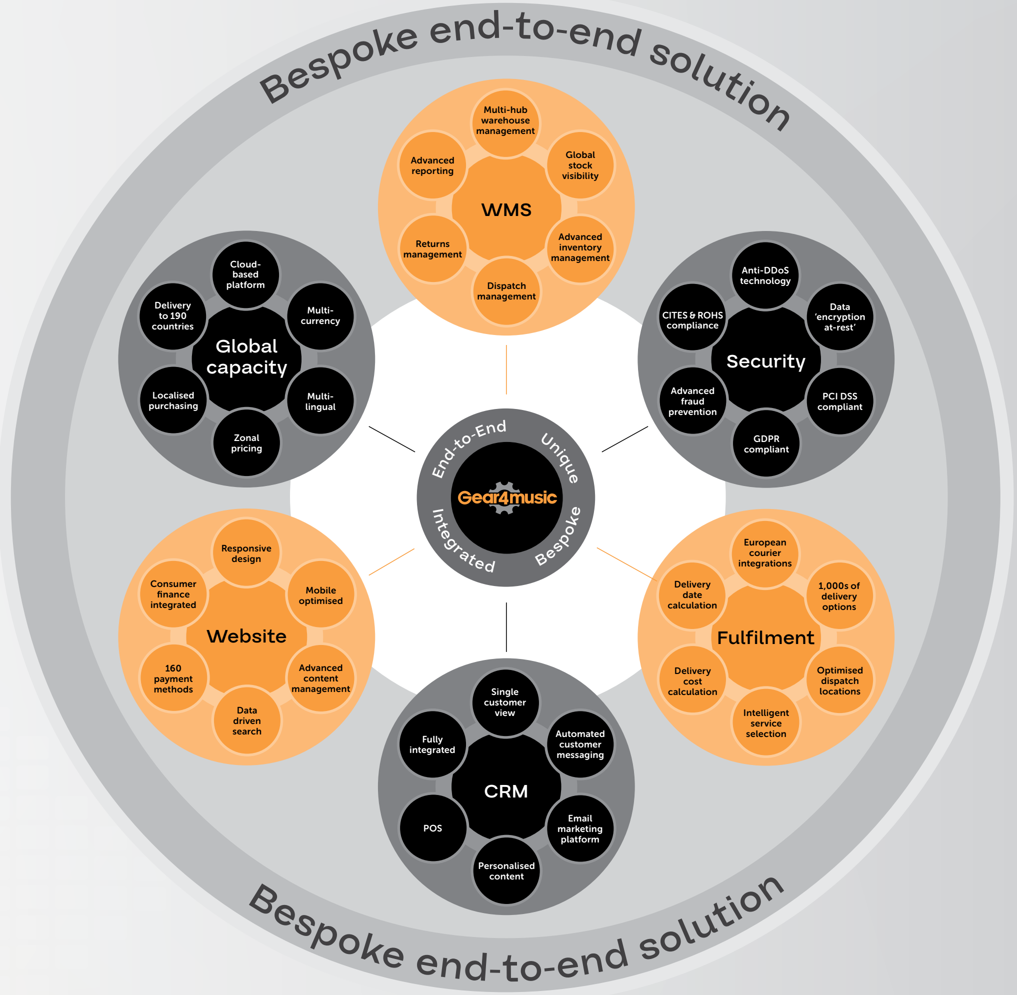
Our bespoke e-commerce platform continues to offer a major point of differentiation in the market and remains the primary focus of our development efforts. We have made progress in our Company-wide drive to embed AI across everyday business operations including our software development process, and established a dedicated role to ensure our data assets are structured and optimised to support AI-driven initiatives.

At 31 March 2026 we had 41 colleagues in our Development team with plans to support business growth by recruiting additional roles across engineering and analysis. Where the business case warrants it, we work with external developers to provide additional specialist resource to accelerate specific projects on a variable cost basis. Where commercially and functionally appropriate, we will also work with selected third parties to integrate 'off the shelf' solutions to complement our platform, with a recent example being a CRM provider.

Alongside continuous rollout of important infrastructure improvements and a focus on cyber-security and resilience, project launches in FY26 included:

- AI-based inventory forecasting and purchasing platform – our largest ever single project;
- digital promotions creating the ability to create, manage and report on a variety of promotions;
- integration with CRM and analytics platform to help us better understand and communicate with our customers in more effective ways;
- integrated with marketplace aggregator to create a scalable marketplace operation; and
- website AI-chatbot providing product information and advice.

Post year-end work has been ongoing in relation to the integration with a third-party Warehouse Management System and adapting to deliver all technical aspects of the new, automated warehouse.



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

Margin-enhancing initiatives are prioritised.

Progress

At 31 March 2026 we listed 66,600 products, a net 5% increase in 12-months. We continue to delist low margin, slower-moving SKUs once sold through and prioritise adding higher-margin SKUs.

Progress – Own-brands

We continue to invest in our own-brand team with headcount increasing from 25 to 27 since the start of the financial year to support product development, efficient purchasing and inventory management across our distribution centres, to increase own-brand revenue into the medium term.

We continue to invest in product development and in FY26 launched 771 new SKUs – the most ever released in a single year taking own-brand SKU count to 5,870 with more in the pipeline for release through FY27.

Our outsourced consolidation infrastructure in China enables us to increase SKU coverage across our distribution centres whilst minimising the working capital investment. This also helped maintain strong product margins.

Own-brand products accounted for 9% (FY25: 9%) of our SKU count and 23% of total revenue (FY25: 24%).

In FY26 we improved and expanded our own-brand offering including:

Hartwood – broadened acoustic, electric and bass guitar offering and increased influencer roster.

Keynote – expanded home piano range with a more ergonomic look and feel; added junior models.

Gear4music Life – launched a range of sustainably packaged instruments and accessories to support mindfulness, sound therapy and creative exploration. Supported by Sustainable Sound tree planting initiative.

Premier – added 60 new SKUs to the range including hardware, snares, drum kits, gig bags and accessories.

Cosmos – introduced a wide range of lights and effects machines suitable for parties and small venues.

AVCOM – launched a range of hero products to support existing range of accessories.

VISION – continued expansion of the VISION range including additional VISIONAMP, VISIONPAD, and VISIONSTRING Mini.

Studiospares – all related brands re-launched following range overhaul.

Progress – Second-hand

Following the launch of our second-hand platform in 2023 and subsequent European and AV.com rollout, we scaled our second-hand proposition enabling a broader range and condition of items that can be traded-in, and sales increased from £1.1m in FY24 to £3.0m in FY25, and £3.6m in FY26.

Our second-hand business is currently constrained by available space in the UK. Going forward as our new UK-DC comes online, we have ringfenced additional space within our existing York distribution centre as it becomes available in 2027. Combined with a roadmap of future features and operational improvements, this gives us high confidence that we can continue to scale the business effectively over the long term.

Growth strategy in action continued

Diversifying our Channels to Market

Overview

We leverage our proprietary technology platform, extensive content assets, and digital marketing expertise to capitalise on emerging opportunities within an evolving marketing landscape. This includes the growth of LLM powered search, increased automation in advertising delivery and optimisation, and rising consumer expectations around data privacy and consent management.

We invest in international marketing, extending our reach and penetration into existing and new international territories. New high quality engaging content is constantly being added, including studio quality photographic and video content. We have started on the journey to build a more significant presence on certain European marketplaces.

We look to develop new channels to market to reduce our reliance on PPC, using influencers, social media, affiliates and email.

We build customer trust by delivering a first-rate customer experience.

Progress

We have responded to Google Analytics, reporting challenges (due to opt out of cookie consent leading to a higher proportion of modelled data) by refocusing on trends in session rather than user data. We have moved to a new customer data platform that will provide a single customer view and higher quality, more reliable insights.

Paid marketing activities including PPC are data driven and with a high return on investment focus, and investment continues to target higher-margin product groups. Marketing efficiency measured as marketing cost as a % of sales improved 50bps on FY25 from 7.1% to 6.6%.

We report progress developing new channels – in FY27, 84% of our marketing spend was on PPC, down from 88% in FY25:

- We continue to develop our social media presence and have increased our followers on Facebook by 8% to 86,000, by 30% on Instagram to 61,700, and by 51% on TikTok to 16,100. Our YouTube channel has 113,000 subscribers and has had over 94 million views since its launch in 2007
- Our own-brand influencer marketing initiative has been significantly upscaled in FY26 and is delivering strong results. Our approach includes a focus on Europe, with the aim of producing more localised and engaging content for our European audience. Key performance highlights for FY26 include:

Content Published:	1,602pcs	(+315% YoY)
Total Views:	58.8m	(+765% YoY)
Total Engagements:	3.88m	(+900% YoY)
Engagement %:	6.6%	(+89bps YoY)

- Our email subscriber database increased by 0.2m to 2.2m and we are in the final stages of migrating to a new Customer Engagement Platform, designed to enhance customer retention and lifetime value through data-driven personalisation and targeted communications.
- We have integrated with a Marketplace Integrator to build a presence in European marketplaces and while it is still early days we report sales of £0.2m in the year.

At 31 March 2026 Gear4music.com enjoyed an 'Excellent' Trustpilot Rating of 4.5 from 141,000 reviews and post year-end this has improved to 4.6, reflecting our 'customer first' approach, the incredible efforts our team make, and the attention to detail that is required to build customer trust and loyalty. AV.com rates 4.8 from 4,000 reviews. We will continue to learn from our customers and use our technical resource to design the new solutions required to satisfy an evolving market.

Expanding our capabilities to enhance customer experience

Overview

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

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

Progress

The enduring strength of our proposition in the UK continues to be reflected in consistently strong sales to date, and the failure of several UK based competitors in FY26 with combined revenues of approximately £70m, represents an opportunity that G4M is well placed to capitalise on.

As a consequence of sustained strong revenue growth in the UK, our current warehouse operated near maximum capacity during the FY26 peak seasonal trading period. In response, we developed a plan to open a new, additional Yorkshire-based warehouse with a high degree of automation efficiency that can be scaled as demand requires to ultimately provide capacity x2.5-times higher than the current facility.

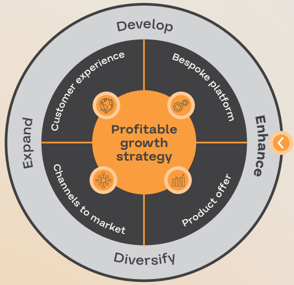
With international sales of £76.6m in what is an $17bn market outside of the UK, international expansion continues to represent a significant opportunity and a focus for the Group. Localising our websites and customer experience is at the core of our international growth strategy; during the year, we invested in marketing and our multilingual customer service function and improved our local delivery and payment options.

We have distribution centres in Sweden, Germany, Ireland and Spain and have focused 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.

In June 2026 we launched an in-house courier operation to offer a differentiated white-glove delivery and installation service, to drive growth in premium product sales by enhancing the customer experience and build on recent gains in AOV.

Growth strategy in action continued

Product development



Own-brand product enhancement

G4M
In FY26 we made significant progress with the core activities underpinning our Growth Strategy including development of new own-brand products.

This includes developing and launching a greater number of best-in-class own-brand products, scaling up our second-hand and digital download propositions, and exploring additional strategic brand partnerships.

Continued expansion of our in-house product design and development capabilities enabled the successful launch of a record 771 new own-brand products.

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

Own-brand product ranges included:

Hartwood

Broadened acoustic, electric and bass guitar offering and increased influencer roster.

Gear4music Life

Launched a range of sustainably packaged instruments and accessories to support mindfulness, sound therapy and creative exploration. Supported by Sustainable Sound tree planting initiative.

Premier NXTGEN

Added 60 new SKUs to the range including hardware, snares, drum kits, gig bags and accessories.

AVCOM

Launched a range of hero products to support existing range of accessories

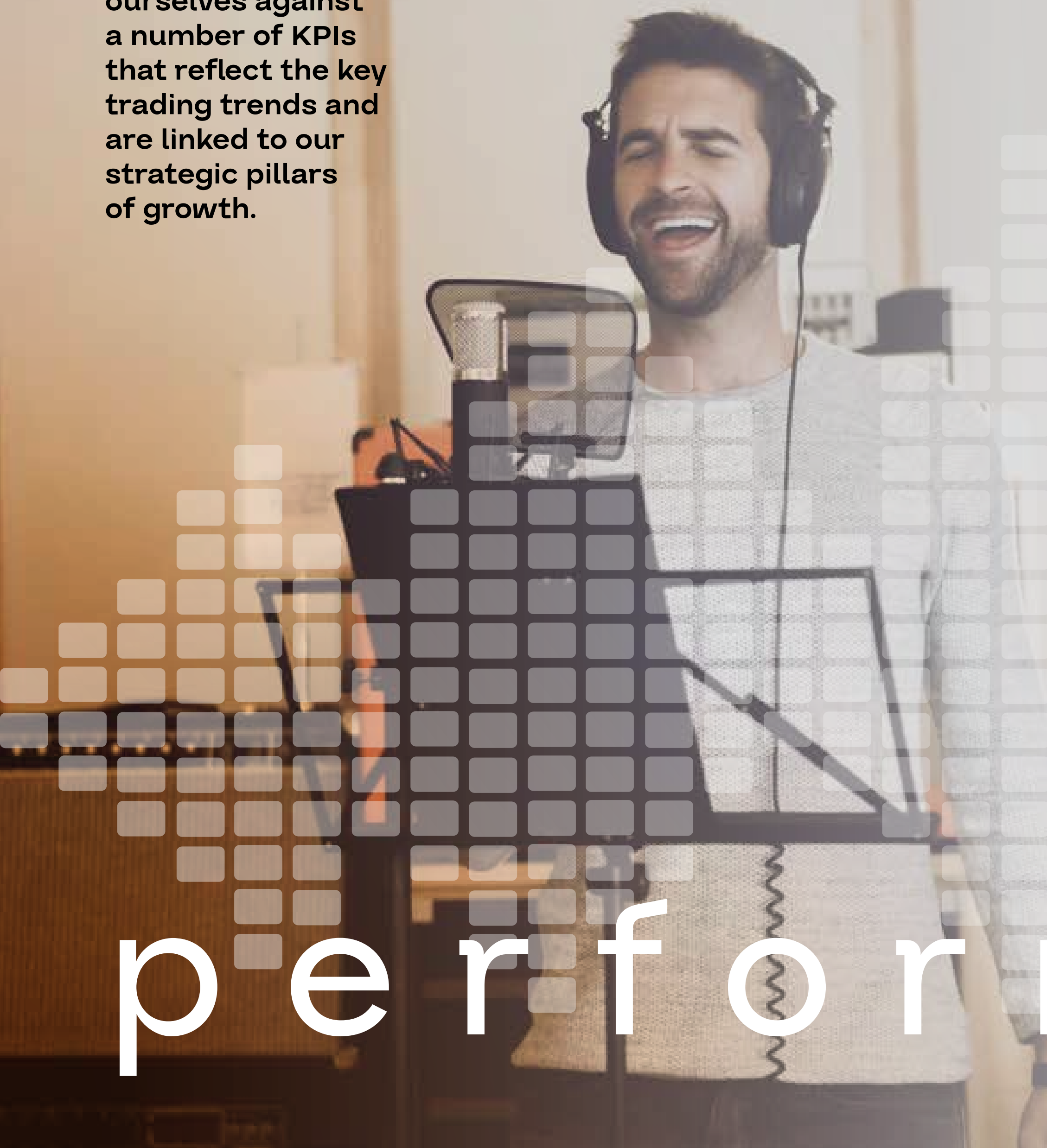
New SKUs
771

Own-brand sales (+24%)
£44.4m

enhancing

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.

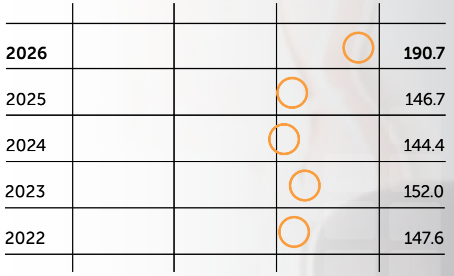


Financial

REVENUE (£m)

£190.7m

+30%



GROSS MARGIN (%)

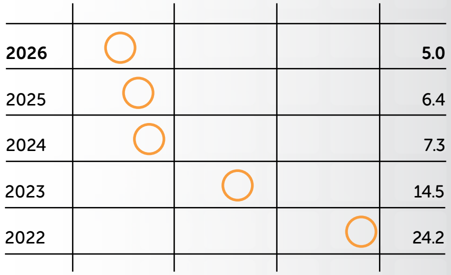
28.4%

+140bps

NET DEBT (£m)

£5.0m

-£1.4m



Commercial

MARKETING RETURN

Marketing costs as % of total revenue (%)

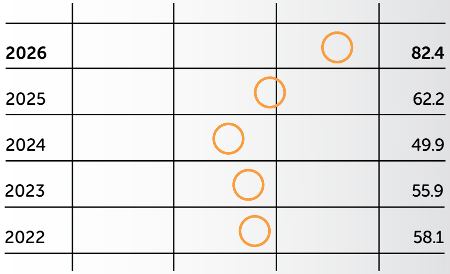
6.6%

-50bps

WEBSITE SESSIONS (m)

82.4m

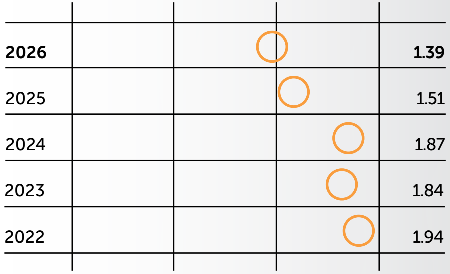
+32%



SESSION CONVERSION RATE (%)

1.39%

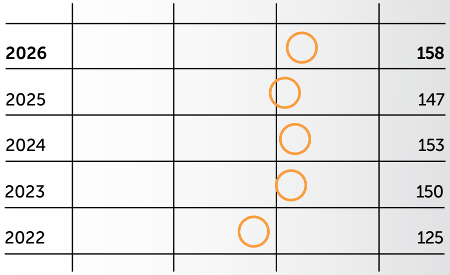
-12bps



AVERAGE ORDER VALUE ('AOV') (£)

£158

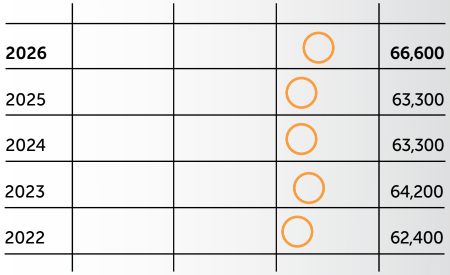
+7%



SKUs LISTED

66,600

+5%



Customer

CUSTOMER EXPERIENCE

Trustpilot rank

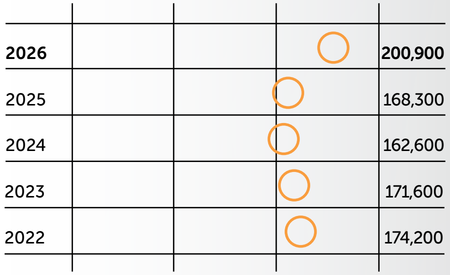
4.5

-0.1

NUMBER OF REPEAT CUSTOMERS

200,900

+19%



Definitions

Website sessions: a visit to a G4M site ending after 30 minutes of inactivity.

Session Conversion rate: total number of online transactions divided by the total number of sessions.

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.

Financial review

> **The Group reports a particularly strong FY26 financial performance, delivering significant revenue growth, improved gross margins, and maintaining a disciplined approach to cost management. Collectively these factors contributed to year-on-year improvements of £8.4m (84%) in EBITDA to £18.4m and £8.7m in Profit Before Tax to £10.3m.**

CHRIS SCOTT
CHIEF FINANCIAL OFFICER

Overview

Since FY26 Q1, the Group has benefited from the exit of two established competitors in the UK, bringing a related improvement in broader market conditions. In addition, a major European competitor ceased trading during Spring 2026 after entering bankruptcy proceedings and subsequently restructured its operations.

The Group reports a particularly strong FY26 financial performance, delivering significant revenue growth, improved gross margins, and maintaining a disciplined approach to cost management. Collectively these factors contributed to year-on-year improvements of £8.4m (84%) in EBITDA to £18.4m and £8.7m in Profit Before Tax to £10.3m.

The Group's strong trading performance further strengthened its balance sheet. Notwithstanding an £8.6m increase in inventory to support continued revenue growth, together with £3.1m of prepayments relating to fit-out works, and plant and machinery at our new UK distribution centre, net bank debt reduced for a fourth consecutive year to £5.0m as at 31 March 2026. As a result, the Group's leverage ratio at 31 March 2026 improved to 0.3x FY26 EBITDA (FY25: 0.6x) further reinforcing the Group's robust financial position.

Gross Margin (+140 bps)

28.4%

EBITDA (+84%)

£18.4m

amplifying

Revenue

	FY26 £m	FY25 £m	Change on FY25 %
UK revenue	**114.1**	90.2	+26%
European revenue	**74.7**	54.7	+37%
Rest of the World revenue	**1.9**	1.8	+6%
Revenue	**190.7**	146.7	+30%

Revenue growth was consistently strong through the year with quarterly growth of 27%, 34%, 32% and 26% sequentially from Q1 to Q4. This equated to growth of 31% in H1 and 29% in H2.

UK revenue of £114.1m was £23.9m (26%) ahead of last year which itself was £7.1m (8%) ahead of FY24 reflecting the enduring strength of brand and proposition in our most mature market, with the Group taking further market share. This takes our estimated UK market share to 13.1% (FY25: 10.1%).

Revenue (+30%)

£190.7m

European growth has lagged the UK in recent years, reflecting challenging markets and competitive environment where certain underperforming competitors resorted to aggressive discounting. Consistent with our long-term strategy, we maintained pricing discipline throughout this period. Against this historical backdrop, FY26 revenue growth of 37% in Europe was particularly encouraging, supported by an improvement in market conditions and strengthening of the Group's position.

Revenues from sales outside of Europe accounted for 1.0% of total revenue (FY25: 1.2%).

Revenue by Product Category

	FY26 £m	FY25 £m	Change on FY25 %
Other-brand product revenue	**138.3**	104.7	+32%
Own-brand product revenue	**44.4**	35.7	+24%
Carriage income	**7.1**	5.7	+25%
Other	**0.9**	0.6	+50%
Revenue	**190.7**	146.7	+30%

Other brand revenue of £138.3m was £33.6m (32%) ahead of last year reflecting improved market conditions and opportunities for particular brands in certain territories.

Own-brand revenue increased by 24% (+£8.7m) during the year, reflecting the continued strengthening of our product range and customer proposition. Own-brand products accounted for 23.3% of total revenue (FY25: 24.3%) despite representing just 8.8% of total SKUs listed (FY25: 8.8%). Growing our own-brand business remains a strategic priority for the Group and to support this ambition, we have again invested in our own-brand team, enhancing our capabilities in product development, sourcing and brand management.

Carriage income increased to £7.1m during the year and represented 3.7% of total revenue (FY25: 3.9%). The reduction as a percentage reflects lower average carrier costs and a 7% increase in AOV to £158.

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 0.5% of total revenue in FY26 and 0.4% in FY25.

Financial review continued

Gross profit

	FY26	FY25	Change on FY25
Product revenue (£m)	**182.7**	140.4	+30%
Product profit (£m)	**58.5**	43.8	+34%
Product margin	**32.0%**	31.2%	+80bps
Carriage costs (£m)	**12.3**	9.7	+27%
Carriage costs as % of revenue	**6.4%**	6.6%	-20bps
Gross profit (£m)	**54.2**	39.7	+37%
Gross margin	**28.4%**	27.0%	+140bps

The combination of 30% revenue growth and a 140bps improvement in gross margin resulted in gross profit being £14.5m (36%) ahead of last year.

Product margin improved 80bps to 32.0% reflecting a disciplined approach to pricing and an improvement in market conditions following the exit of a number of aggressive price-led competitors. In addition, own-brand margins benefited from the expansion of new product ranges positioned at attractive price points and supported by favourable margin structures.

A 20bps decrease in carriage costs reflects customers selecting cheaper delivery options and a 7% increase in AOV.

The Group benefits from buying scale relative to its UK competitors, and its ability to source other branded products in Swedish Krona and Euros and receive product directly into its European distribution centres is a point of differentiation. The Group purchases its own-brand products in US Dollars and product margin can be impacted by exchange rate fluctuations.

Deal stock

In FY26 H1, the Group acquired inventory from the Administrators and suppliers of GAK and PMT for £2.2m. Sales of this inventory generated revenue of £3.6m at a 54% gross margin.

The incremental benefit of these transactions is difficult to quantify as the Group already stocked and sold the majority of the product lines, albeit typically at lower product margins. However, to illustrate the maximum potential impact, if the full revenue and profit contribution from these transactions is excluded the Group would still have delivered 28% revenue growth, and a 27.9% gross margin representing an improvement of 90 basis points on FY25.

Administrative expenses and Operating profit

Operating profit and EBITDA increased year-on-year by £8.3m and £8.4m respectively, to £11.5m and £18.4m. This significant increase in profits and profitability reflects the Group's ability to convert higher revenues into earnings through increased operational leverage, while maintaining disciplined control of its cost base.

	FY26 £m	FY25 £m	Change on FY25 £m
UK Administrative expenses	**(38.3)**	(32.6)	(5.7)
European Administrative expenses	**(5.4)**	(4.7)	(0.7)
Administrative expenses	**(43.7)**	(37.3)	(6.4)
Other income	**1.0**	0.9	0.1
Operating profit	**11.5**	3.2	8.3
Depreciation and amortisation	**(6.9)**	(6.8)	(0.1)
EBITDA	**18.4**	10.0	8.4
EBITDA margin	**9.7%**	6.8%	+290bps

Administrative expenses increased 17% (£6.4m) on FY25, well below the 30% increase in revenue.

Combined marketing and labour costs of £28.5m (FY25: £23.9m) accounted for 65% of administrative expenses in FY26 (FY25: 64%):

- Marketing costs increased by 21% year-on-year to £12.6m in FY26 (FY25: £10.4m) equating to 6.6% of revenue (FY25: 7.1%), reflecting improved efficiency from bringing PPC management back in-house, an improved team and set-up having resolved last year's issue, and improved market conditions. Marketing as a proportion of revenue was 6.4% in H1 and 6.7% in H2; and
- Labour costs increased 17% year-on-year to £15.9m (FY25: 13.6m) reflecting a 9% increase in average headcount and a 7% increase in average cost per head. Labour costs accounted for 8.3% of revenue (FY25: 9.3%).

Group energy costs continue to be managed through investment in solar and working practices management, and energy costs were £0.4m in both FY26 and FY25. This will increase in FY27 as the new semi-automated warehouse comes online.

Other expenses and Net profit

Net financial expenses of £1.2m (FY25: £1.7m) comprised £1.0m net bank interest (FY25: £1.1m), reflecting lower average net debt and lower interest rates, £0.3m of IFRS 16 lease interest (FY25: £0.4m), and a £0.1m net foreign exchange gain (FY25: £0.2m loss).

The Group reports a profit before tax of £10.3m (FY25: £1.6m) that after tax translates into basic and diluted earnings per share of 34.9p (FY25: 4.0p basic and 3.8p diluted gain per share).

The FY26 tax charge of £3.0m reflects increased profits generated in the year, net of a £0.2m deferred tax credit. Profit for the year was £7.3m (FY25: £0.8m).

Cash flow

Net bank debt decreased for the fourth consecutive year, from £6.4m at the start of the year down to £5.0m representing 0.3x FY26 EBITDA (£18.4m), and secured by two freehold properties with a combined carrying value of £6.7m.

In June 2026, the Group renewed its RCF at £45m for a further three years to August 2029 with its bankers, HSBC, providing the headroom to invest in opportunities including M&A as and when they arise.

Inventory (+£8.6m)

£42.8m

Net debt (-£1.4m)

£5.0m

	FY26 £m	FY25 £m	Change on FY25 £m
Opening cash	**5.6**	4.7	0.9
Profit for the year	**7.3**	0.8	6.5
Movement in working capital	**(10.0)**	(1.8)	(8.2)
Depreciation and amortisation	**6.9**	6.8	0.1
Financial expense	**1.2**	1.6	(0.4)
Tax and Other operating adjustments	**2.9**	0.9	2.0
Net cash from operating activities:	**8.3**	8.3	–
Net cash used in investing activities:	**(3.5)**	(3.9)	0.4
Net cash used in financing activities:	**(2.4)**	(3.5)	1.1
Increase in cash in the year	**2.4**	0.9	1.5
Closing cash	**8.0**	5.6	2.4

'Movement in working capital' primarily reflects an £8.6m increase in inventory investment (25%) over the year, in-line with increased trading activity and partially offset by a £2.5m increase in trade payables. This movement also includes £3.1m of prepayments in relation to contract works and capital expenditure in relation to the Group's new UK warehouse that will unwind in FY27 H1.

Net cash outflow in investing activities was £0.4m lower than the previous year at £3.6m including £3.3m of capitalised software development costs (FY25: £3.6m) and £0.3m property, plant and equipment additions (FY25: £0.3m). Depreciation and amortisation of £6.9m (FY25: £6.8m) is added back in 'net cash from operating activities'.

Net cash outflow from financing activities of £2.4m (FY25: £3.5m outflow) represents £2.1m payment of lease liabilities (FY25: £1.7m) and £1.2m interest paid (FY25: £1.8m), net of a £1.0m increase in borrowings under RCF (FY25: flat).

Financial review continued

Balance sheet

The Group's balance sheet strengthened further during the year, with net assets increasing by £7.0m to £46.3m.

The Group also has significant financial flexibility with its newly confirmed £45m committed RCF.

	31 March 2026 £m	31 March 2025 £m	Change on 31 March 2025 £m
Property, plant and equipment	**9.0**	10.1	(1.1)
Right-of-use assets	**5.2**	6.5	(1.3)
Software platform	**11.5**	12.3	(0.8)
Other intangible assets	**9.2**	9.3	(0.1)
Total non-current assets	**34.9**	38.2	(3.3)
Inventory	**42.8**	34.2	8.6
Cash	**8.0**	5.6	2.4
Other current assets	**7.0**	3.4	3.6
Total current assets	**57.8**	43.2	14.6
Trade payables	**(13.4)**	(12.1)	(1.3)
Lease liabilities	**(1.9)**	(1.9)	–
Corporation tax payable	**(2.7)**	–	(2.7)
Other current liabilities	**(8.8)**	(7.8)	(1.0)
Total current liabilities	**(26.8)**	(21.8)	(5.0)
Loans and Borrowings	**(13.0)**	(12.0)	(1.0)
Lease liabilities	**(4.6)**	(5.9)	1.3
Other non-current liabilities	**(2.1)**	(2.4)	0.3
Total non-current liabilities	**(19.7)**	(20.3)	0.6
Net assets	**46.3**	39.3	7.0

Capital expenditure on property, plant and equipment totalled £0.3m across all sites (FY25: £0.3m). The Group's freehold head office in York was independently valued at 31 March 2026 at £5.6m, resulting in a £0.5m non-cash revaluation reserve charge in the year.

The Group capitalised £3.4m of software development costs during the year (FY25: £3.6m), relating to the ongoing enhancement of our proprietary e-commerce platform. Related amortisation of £4.2m (FY25: £4.1m) resulted in a year-end net book value of £11.5m (FY25: £12.3m).

Other intangible assets £5.3m goodwill, £3.0m domain names, and brands of £0.9m.

Reported inventory of £42.8m was £8.6m (25%) higher than at 31 March 2025, in-line with increased trading activity and reflecting investment in inventory on-hand availability including own-brand range and breadth across all DCs, and investment in branded-products as and when the right opportunities arose.

The Group reports net bank debt of £5.0m at the year-end (31 March 2025: £6.4m).

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 55 was approved by the Board on 22 June 2026 and signed on its behalf:

CHRIS SCOTT
CHIEF FINANCIAL OFFICER

22 June 2026

Environmental, Social and Governance ('ESG')

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. We acknowledge there is interest from a wide range of stakeholders in the various impacts that our business has.

Risk management, sustainability and compliance are core and important components of our values. We have embedded them throughout our operating model to ensure we maintain long-term success and remain competitive over time.

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

Our people
looking after our colleagues and ensuring G4M is a great place to work

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 arrays at both our York sites.

Our carbon intensity is reported in the Directors' report on page 65, showing that in FY26 Scope 1 emissions decreased by 10% and Scope 2 emissions by 10%.

We present our third Climate Report on page 42. We continue to develop and refine our framework and activities in the year ending 31 March 2027.

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; and
- 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 well suited to reuse for recycling. Continued investment in our second-hand offering demonstrates our commitment to supporting the circular economy and extending product lifecycles 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.

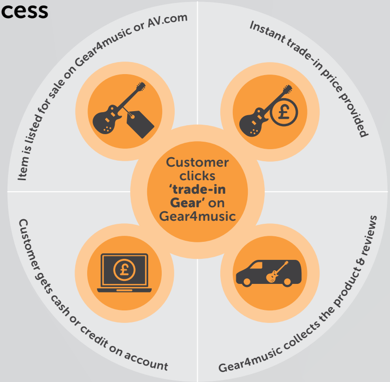
Second-hand platform

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

Overview

- Proprietary Second-Hand trade-in system launched 2023
- AV.com offering launched 2024
- Unique positioning within the market, designed to simplify equipment trade-in
- Accept condition ranges from 'Excellent', 'Very Good', 'Good' and 'Fair'
- At 3 June 2026 we had 27,300 products available for trade-in (10 June 2025: 22,900)

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
- Proportion of customers choose credit on account
  - Leads to additional follow-on sales
  - Better resale margins than 'other' brands
  - More interesting website content
    - Increased search traffic
    - SEO benefits

Results

- FY26 sales increased 20% on FY25 to £3.6m at 40% product margin (FY25 sales: £3.0m at 38% product margin; FY24 sales: £1.1m at 37% product margin)
- Processed over 20,100 (FY25: 17,200) trade-in requests
- 28% (FY25: 39%) of customers chose credit on account

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 2026 third party brands accounted for 76% of our product sales (FY25: 75%). 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 Products

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 2026, we had active relationships with 105 (FY25: 93) manufacturers, predominantly in the Far East.

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 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

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 FY26 we visited and inspected 38 factories (FY25: 22). Responses to our factory inspections to date have been positive.

Environmental, Social and Governance continued

Our people

We 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.

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), and our retention levels are good.

As at 31 March 2026, 21 employees are participating in Group share option plans in recognition of their contribution to the continuing success of the business.

Investment in People Technology

We are implementing a new HR platform designed to enhance employee experience and support continued growth of the Group. By bringing key people processes together within a single system, the platform will improve efficiency, increase automation across the employee lifecycle and provide enhanced workforce data and insights. This investment will strengthen our people infrastructure, support more informed decision-making and provide a scalable foundation to support growth and digital innovation.

Mental Health and Wellbeing

We are signed up to the Charter for Employers Positive about Mental Health and are committed to fostering an open, supportive workplace where colleagues feel comfortable discussing mental health and accessing appropriate support. We are proud to be recognised as a Mindful Employer.

We maintain a network of approximately 30 certified Mental Health First Aiders across the business, providing support and guidance to colleagues and helping to equip managers with the knowledge and resources to promote positive mental wellbeing within their teams.

Our Employee Assistance Programme continues to provide employees with access to a range of confidential support services, including online wellbeing resources, a 24-hour helpline, and counselling services. These provisions are complemented by our Mental Health and Wellbeing policies, which underpin our ongoing commitment to supporting employee wellbeing across the Group.

Equality, Diversity & Inclusion

We are committed to fostering an inclusive, diverse and equitable workplace. We have continued to promote awareness of our Equality, Diversity and Inclusion Policy through employee communications, dedicated induction training for new starters and refresher training throughout the year. Our approach focuses on creating a working environment where all colleagues are treated with dignity and respect, have equal opportunities to succeed, and feel valued for the unique perspectives and experiences they bring to the business. We remain committed to promoting an inclusive culture that supports diversity, encourages belonging and enables all employees to contribute and thrive.

Learning and Development

Our Learning & Development hub is designed to support opportunities for everyone across our business. E-learning courses are bitesize so can 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 supports a culture of continuous learning, development and support.

Gear4music Community

The 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 supports fundraising, promotes wellbeing, and strengthens social connections across the organisation. These efforts align closely with our broader ESG commitments.

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

Environmental, Social and Governance continued

Activities and Initiatives:

- **Annual Bake Sale**
  Our annual bake sale in support of Macmillan Cancer Support and Red Nose Day continued to bring colleagues together while raising funds for important charitable causes. All baked goods and volunteer time were generously donated by employees, and Gear4music matched employee contributions, further increasing the impact of these fundraising activities.
- **Time to Talk Day**
  To mark Time to Talk Day, a national mental health awareness initiative, Gear4music delivered a range of activities designed to promote mental wellbeing and encourage open conversations about mental health. These included intranet communications, workplace awareness materials and access to online wellbeing training. Colleagues were also provided with a paid wellbeing break, creating an opportunity to connect, share experiences and help reduce the stigma associated with mental health.
- **Christmas Jumper Day**
  In December, colleagues participated in Christmas Jumper Day in support of Save the Children, raising funds to help vulnerable children and families. The initiative provided an opportunity for employees to come together, celebrate the festive season and contribute to an important charitable cause.
- **Neurodiversity Awareness Week**
  To support Neurodiversity Awareness Week, educational content was shared across the business to increase understanding of neurodiversity and promote an inclusive working environment. Awareness campaigns and employee communications helped encourage engagement, foster greater understanding and reinforce our commitment to supporting colleagues with diverse needs and experiences.
- **Menopause in the Workplace**
  During World Menopause Month, Gear4music raised awareness of menopause through educational resources, training materials and employee communications. Our continued commitment to the Menopause Workplace Pledge, together with our Menopause Support Policy, reinforces our aim to create a supportive and inclusive workplace where colleagues can access appropriate information, guidance and support.
- **Charity in the Community**
  Gear4music continues to recognise and support colleagues who dedicate their time to charitable and community initiatives. Throughout the year, employees participated in a range of fundraising and awareness activities, including events such as the Three Peaks Challenge and the York 10K, demonstrating the positive contribution our people make within the communities in which we operate.
- **Company Social Events**
  We continue to offer a range of social events throughout the year, including informal gatherings at our on-site social space, The Shed, and larger annual events such as the Summer BBQ and Christmas Party. These activities provide opportunities for colleagues to build relationships, strengthen cross-functional collaboration and contribute to a positive and inclusive workplace culture.

With more events planned, the Gear4music Community Group, in partnership with the HR Function, plays an important role in supporting employees across the business in conjunction with the Group 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 29 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.

Gear4music donation report: February 2026:
We are thrilled to share this update from several grant recipients benefiting from Gear4music's generous support.

Paragon Ensemble Ltd

Based in Scotland, Paragon Ensemble Ltd uses the power of music and the arts to create inclusion and equality and we were able to support the ensemble with two electronic keyboards.

These instruments have made a significant difference to Paragon's inclusive music programme, enabling disabled musicians to create, rehearse and perform their own music with greater confidence, independence and creative freedom. The keyboards have been in constant use across their one-to-one mentoring programme and group workshops, supporting music-making in Glasgow and throughout the rural region of Dumfries and Galloway, including sessions in Stranraer, Dumfries, Annan, New Galloway, Kirkcudbright, Newton Stewart and Sanquhar. Access to reliable, professional instruments in these locations is vital, as participants would otherwise have very limited opportunities to engage in sustained music-making.

The keyboards have directly supported Paragon's aim: enabling disabled young people and adults to develop their own musical voices through composition, improvisation and performance.

One young disabled participant, who uses a wheelchair, shared:

> **I always look forward to my Paragon music sessions because I get to play the new keyboard. It's so easy to play and I love making up my own songs in my mentoring sessions, and then playing with my friends on a Saturday in the City Halls. I can make such a great piano sound.**

Here is the story so far in numbers:

- 35 disabled musicians each received 24 one-to-one mentoring sessions of 1.5 hours, totalling 840 sessions of individual creative support.
- The keyboards have also been used in many group workshops, supporting ensemble playing, collaboration and live performance skills. Over the course of 2024 we ran 150 group workshops in Glasgow and Dumfries and Galloway.

Environmental, Social and Governance continued

Charitable partnerships continued

Wirral Ark Band: Band Together Music Project

Wirral Ark is Wirral's (Merseyside) only independent homelessness charity, and provides housing, support and activities for people experiencing homelessness at eleven centres across Wirral.

Thanks to Gear4music's instrument donation, which included classical guitars, we were able to support their Band Together project with a donation of four guitars. Band Together provides a lifeline to many of their service users, creating a sense of belonging and providing a means of expression for individuals who are often overlooked or marginalised. The guitars have allowed Wirral Ark to expand their music programme, and reach more people with the power of music, instilling a sense of accomplishment and purpose.

The Band Together project is primarily hosted at their Mary Cole House residence, which houses 27 individuals. At the time of applying for support, they had just five regular attendees of their music programme, but the addition of four guitars has allowed them to launch the new Band Together programme with the support of a dedicated group of volunteers who provide music tuition and increased attendance and access dramatically.

A member of staff from Wirral Ark commented that:

> **Residents consistently reported increased confidence, pride in developing a new skill, and a positive boost to their overall wellbeing. The award helped create a warm, creative space within our service and gave residents something meaningful, social, and uplifting to look forward to. We are deeply appreciative of the support, which is having a lasting impact on those who are regularly taking part.**

Dumfries Music Collective: Sonic Youth

Music for All awarded Dumfries Music Collective (DMC) six acoustic guitars donated by Gear4music. Founded in 2012, DMC is an independent, not-for-profit, CIC that provides opportunities for young people across Dumfries and Galloway through workshops, talks and live showcasing. By developing their music offering, they aspire to offer insight and knowledge to their community to further opportunities within the creative industries.

DMC's Sonic Youth initiative is an open-mic opportunity for those under 18, who cannot yet access other local opportunities targeted at 18+. It also creates a space where young people can socialise, network and inspire each other. DMC highlighted that instrument poverty is widespread in Dumfries and Galloway; many of their attendees simply could not develop their creativity due to lack of access to instruments. Their Sonic Youth programme engages approx. 60 young people annually and has now expanded thanks to the addition of these six guitars.

The DMC team said:

> **Music For All's support of our Sonic Youth programme has made a significant impact. Not only have the guitars provided young people with an instrument (who wouldn't normally have access to one) to play on, but take away and practice at home. In this region of Scotland, we are currently witnessing a mass amount of instrument poverty among young people.**

Big Top Musical Adventures

Big Top CIC delivers music workshops in schools and settings for families with additional support needs across Staffordshire. Music for All awarded Big Top CIC with a ukulele bundle donated by Gear4music. Ukuleles are the perfect instrument for Big Top's project, thanks to their accessible nature and for how quickly they can produce a pleasing sound.

The ukuleles have been used across two main areas so far. The first was Big Top Band's provision, a weekly inclusive band programme delivered over 30 weeks. This group included four looked-after children, all with identified SEND, alongside a further seven young people with complex additional needs. The availability of accessible, adaptable instruments allowed the group to develop musically over time, building ensemble skills, confidence, and a shared sense of achievement.

As a result of this sustained work, participants were able to perform publicly at the Wolfram Hall, in collaboration with Wolverhampton Music Service, an outcome that would not have been possible without appropriate, inclusive instruments.

Alongside this, the ukuleles have been used within a second strand of SEND-focused community and education provision, delivered over 30 weeks. A wide and diverse group of participants were engaged, including:

- Seven families with children with PMLD;
- Specialist SEND school work reaching at least 60 students;
- Wider whole-school delivery reaching approximately 180 pupils, taught repeatedly in class groups of around 30; and
- Inclusive festival-based workshops reaching around 15 EYFS children with SEN, delivered at events including Shrewsbury Folk Festival, Chippenham (Wee Folkies), and Sidmouth Folk Festival (Creative Wellbeing workshops).

Four Courts Connect

Four Courts Connect Music supports children connected to the Four Courts high rise estate in St Leonards-on-Sea to develop a love for music and to support health and wellbeing. Music teachers and young adult facilitators serve as important role models via weekly practice sessions, and relationships are built with parents to guide and maintain practice routines and instrument care.

Music for All awarded Four Courts Connect Music some guitars and after-school participants are very excited to share the fun of their experiences creating composition and developing playing skills made possible through access to guitars. It's boosted confidence and connection with other young people, increased pride in the community and place and connection with other national youth music organisations.

A selection of their participants were delighted to give feedback:

> **I get lines in my fingers from pressing on the strings and it makes me feel like I really am a musician!**

> **We are now able to play with Joe and Sheffa on the guitar and it sounds really good and makes me want to keep practising.**

> **I love my guitar.**

> **I couldn't believe that I was actually playing the Habanera piece. I never thought I'd get it. And I did and that's the best thing I've done in my life.**

> **I am practising with my Mum who has also taken up the guitar to play with me and we are getting really good.**

With gratitude for the continued support from Gear4music to Music for All's grants programme. In 2024/5, your donations supported a total 20 community groups (with hundreds of participants) with instruments which included electric drumkits, ukuleles, guitars, and keyboards. In 2025/6 we have so far awarded eight organisations with guitars, with more to come in the current awards round following assessor scrutinisation across February.

SONALI BANERJEE
GENERAL MANAGER

Environmental, Social and Governance continued

Charitable partnerships continued

Our partnership with 'Music Venue Trust' ('MVT') reflects our commitment to supporting grassroots venues that are vital to the future of the UK music industry.

These spaces play a crucial role in developing emerging artists and sustaining local music communities. We highlighted this through our 2025 Festival Series on YouTube, speaking to musicians from across the UK and showcasing the grassroots venues that played a key role in their stories. This partnership with MVT takes our support a step further, into real, practical action.

Our £25,000 product donation for 2026-27 provides MVT with credit redeemable against music instruments and equipment from Gear4music, which they can allocate to the venues that need it most.

Beyond the donation, we are also proud to be the retail partner for MVT's 'Raise the Standard'. The initiative focuses on upgrading the infrastructure of venues by giving them access to the instruments and equipment they need via Gear4music.

Gear4music will be a presenting partner on a ten-date MVT tour, supporting grassroot venues and the talent pipeline of emerging artists across the UK. The tour will also highlight our partnership and place the brand directly in front of thousands of gig-goers.

We are also a partner on ten episodes of MVT's podcast, 'The Last Safe Space', gaining access to a highly engaged audience of venue owners, musicians, and music industry professionals.

Jessie's Fund

We remain very grateful to Gear4music for your ongoing support of our mission to give seriously ill and disabled children across the UK a voice through music. In particular, your flexibility in putting donations into our Big Give Christmas Challenge always boosts our fundraising campaign, and unlocks vital match funding, meaning we can help even more children and young people.

Your funding through the Big Give has improved the quality and impact of our schools' programme through our annual musicians 'Continuing Professional Development' ('CPD') day and helped create a new online sensory music resource video for settings and families. More generally, the monthly donations from Gear4music has allowed us to grow our work in specialist settings, such as The Parkside School.

Musicians CPD Day

Our best resource at Jessie's Fund is our brilliant musician team, who work on our behalf at settings across the country. Although they work in pairs on projects as part of our delivery model, there are not a lot of opportunities for sharing practice across the wider team with such a geographic spread. This day is a chance for them to come together and share songs, ideas and best practices for using music with children and staff. This year was particularly special, as we welcomed several new musicians to the team. As always, the day also allowed us to learn from our musicians' experiences and use them to shape how Jessie's Fund's programmes develop in the future. This day is often something we struggle to fundraise for through other sources such as trusts and foundations, who often emphasise the need for funding to go on direct delivery. However, this time for our musicians to share and reflect is integral for ensuring that our work remains of the high quality that we are known for.

Feedback from our musicians reflected the value they place on this time:

> **Getting together and playing music and digging deeper (I like getting into the nitty gritty) into what we do and why we do it feels very nourishing and serves as a reminder about the ethos behind Jessie's Fund sessions.**

> **It gave us all a chance to reflect on our roles when playing together as musicians and with young people and think about how we frame and encourage young people's innate musicality – something we are always aiming to do in our work.**

We are already collecting ideas for sessions for our next CPD day in January 2027.

'A celebration of music' interactive music video

During the school closures of 2020 and 2021, Jessie's Fund diverted resources to the creation of online interactive, multi-sensory music sessions specifically designed for children with the most complex needs. These were very well received, and we continue to get positive feedback from schools, hospitals, families and others who are still regularly using these videos as part of their music-making activities. With your donations, we have been able to add to our library with a New Orleans style 'celebration of music' video. This was also the first time we included children, young people and staff from a specialist setting for pupils with Profound and Multiple Learning Disabilities, role-modelling how the video can be used whilst adding to the party atmosphere! We are very grateful to the students and staff at the West SILC Farnley Partnership for their enthusiasm on the filming day. The video will be available for others to use on our YouTube channel by the end of the Summer term.

The Parkside School

In September 2025 we visited The Parkside School, Norwich, for our first project at the setting. We had previously supported them with a small grant for music therapy sessions for individual children. Having seen the impact of these sessions, the school leadership team were keen to build on this through staff development and training. The staff response to the project was wholly positive, with lead teacher lain sharing that "It was amazing to walk around and see pupils respond to the musical cues and engaging in interactions. These pupil did this quicker throughout the week and had musical conversations. These are non-verbal or pre-verbal pupils who were then able to express themselves. It was also so great to see the staff so amazed by the pupils responses and so engaged in learning how to use the principles within their own teaching." He also told us about a new pupil, Daniel:

"We got to see a side to Daniel that we haven't before. He has very limited engagement in adult led activities and becomes dysregulated, he usually follows his own agenda. Within the music sessions he became alive, he was connected with the music, he loved his turns on the instruments and waited for these. When he was playing with you, he was searching for connection." We will be returning to the school in June 2026 to work with a different set of classes and to continue embedding good practice within the secondary age department.

> **Without your session we would not have known how deep his connection with music is, or a way to build our relationships with him.**

Thank you once again to all at Gear4music for your generous donations in 2025-2026, which have given a means of expression through music to children and young people with complex needs when they need it most.

REBECCA ELLIS
EXECUTIVE DIRECTOR
Jessie's Fund

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.

This is our third year publishing a Climate report and the second 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 meets regularly, making proposals and reporting on progress to our Operational Board. The ESG Committee is chaired by our Infrastructure and Strategic Projects Director and comprises managers from all areas of the business who can credibly input into decision-making, and implement agreed outcomes ensuring that ESG is integrated across our business.

Our climate-related risks and opportunities are 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 FY26 we have updated our assessment over different time horizons identifying evolving risks and opportunities (pages 45 to 47).

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.

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 an impact on G4M over the longer term. Further regulation and requirements 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. G4M will look to partly mitigate this risk by diversifying sourcing routes and product suppliers, and through growth of its second-hand business. We collect data from our product and carrier suppliers and 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 can 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 45 to 47.

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 (CO$_2$e) 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.

Emissions are 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 CO$_2$ emissions factors using conservative assumptions.

Our Scope 1, 2 and 3 emissions are reported in the table opposite:

				31 March 2026	31 March 2025	% Change
Scope 1		Combustion of fuel and operation of facilities	**tCO$_2$e**	277	312	(11%)
Total emissions – Scope 1			**tCO$_2$e**	**277**	**312**	**(11%)**
Scope 2		Electricity, heat, steam and cooling purchased for own use	**tCO$_2$e**	266	296	(10%)
Total emissions – Scope 2			**tCO$_2$e**	**266**	**296**	**(10%)**
Total emissions – Scope 1 & 2			**tCO$_2$e**	**543**	**607**	**(11%)**
Scope 3	1	Purchased goods & services	tCO$_2$e	**24,536**	**18,249**	34%
Scope 3	2	Capital Goods	tCO$_2$e	**230**	**257**	(10%)
Scope 3	3	Fuel & Energy-Related Activities	tCO$_2$e	**133**	**149**	(11%)
Scope 3	4	Upstream Transportation & Distribution	tCO$_2$e	**3.153**	**2,581**	22%
Scope 3	5	Waste Generated in Operations	tCO$_2$e	**3**	**3**	10%
Scope 3	6	Business Travel	tCO$_2$e	**157**	**121**	30%
Scope 3	7	Employee Commuting	tCO$_2$e	**375**	**370**	1%
Scope 3	9	Downstream Transportation & Distribution	tCO$_2$e	**807**	**714**	13%
Scope 3	11	Use of Sold Products	tCO$_2$e	**59,717**	**42,786**	40%
Scope 3	12	End of Life Treatment of Sold Products	tCO$_2$e	**239**	**169**	42%
Total emissions – Scope 3			**tCO$_2$e**	**89,350**	**65,397**	**37%**
Total emissions – Scope 1, 2 & 3			**tCO$_2$e**	**89,893**	**66,005**	**36%**

Carbon intensity				
Carbon intensity per unit of revenue	tCO$_2$e/£k	2.122	2.223	(5%)
Carbon intensity per customer order	tCO$_2$e/order	0.064	0.057	12%

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 2025 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 CO_2e which includes the six greenhouse gases: carbon dioxide ('CO_2'), methane ('CH_4'), nitrous oxide ('N_2O'), hydrofluorocarbons ('HFCs'), perfluorocarbons ('PFCs'), and sulphur hexafluoride ('SF_6').

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 2026

Our Scope 1 and 2 greenhouse gas emissions decreased by 11% in FY25 (FY25: 10% decrease) whilst Scope 3 emissions increased by 37% (FY25: 5% increase). Overall, our greenhouse gas emissions increased by 36% year on year.

Scope 1 and 2

Scope 1 emissions decreased by 11% in FY26, primarily due to a milder winter that resulted in reduced natural gas consumption for heating across our facilities.

Scope 2 emissions decreased by 10%, largely driven by a full year of solar panels at our York head office, and milder weather. During FY26, approximately 20% (FY25: 12%) of the electricity used at our UK facilities was generated by these solar panels.

Scope 3

Overall Scope 3 emissions increased by 37% in FY26. However, carbon intensity per £ of revenue decreased by 5%, whilst carbon intensity per customer order increased by 12%. These changes in intensity metrics reflect a higher average order value in FY26 compared to FY25.

The two largest contributors to our combined Scope 1, 2, and 3 emissions, together accounting for 94% 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 34% during the year, primarily due to an increase in purchase volume and improved data and insights on electrical goods.

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

The durable nature of our products makes them prime for reuse, and our proprietary second-hand trade-in system reflects our commitment to the circular economy across our product categories. Our second-hand platform is part of our ongoing efforts to reduce emissions 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.

In overview:

- Second-Hand trade-in system active across UK, EU and AV.com
- Unique positioning within the market, designed to simplify equipment trade-in
- Accepted condition ranges from 'Excellent', 'Very Good', 'Good' and 'Fair'
- In June 26, we had 27,300 products available for trade-in

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 whereby 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.

Initiative supported the planting of 5,502 trees in FY26.

Climate-related Risks and Opportunities

We again include 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 below. Based on this assessment, we believe that there is no immediate material financial risk or threat to our business model.

Key: Time Horizon and 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 climate and sustainability regulations, including carbon pricing, emissions reporting, product stewardship and supply chain due diligence requirements. Regulations such as the Corporate Sustainability Reporting Directive (CSRD), Extended Producer Responsibility (EPR) and Corporate Sustainability Due Diligence Directive (CSDDD) may increase compliance and operational costs. Sustainability requirements placed on suppliers, manufacturers and logistics providers may also increase costs across the value chain. In addition, evolving reporting requirements, particularly relating to Scope 3 emissions and supply chain transparency, may require further investment in systems and processes.	The Group monitors emerging climate-related regulations and continues to develop its sustainability reporting, governance and supplier engagement processes to support regulatory compliance. Early adoption of sustainability initiatives may strengthen stakeholder confidence, improve operational efficiencies and create competitive advantage.	Near Term	↖
			Medium Term	↑
			Long Term	↑

Environmental, Social and Governance continued

Transition Risks continued

Risk	Description	Mitigation/Opportunity	Time Horizon	Impact
Market and Consumer Preferences	Customers, investors and business partners increasingly expect evidence of responsible sourcing, emissions reduction and sustainable business practices. Failure to meet these expectations could affect customer loyalty, sales growth and access to commercial opportunities. Growing investor awareness of sustainability could lead to prioritisation of investment returns from lower carbon companies. Competitors with stronger sustainability credentials may gain a competitive advantage.	The Group continues to develop sustainable product offerings and expand its second-hand, refurbished and trade-in activities, supporting circular economy objectives while creating additional revenue opportunities and meeting customer demand for value and sustainability.	Near Term	↖
			Medium Term	↖
			Long Term	↑
Technology and Innovation Risks	Investment may be required in technology, systems and operational processes to improve supply chain traceability, environmental data quality and the transition to lower-carbon operations.	The Group reviews opportunities to improve operational efficiency through lower-carbon logistics, renewable energy and emerging technologies. The Group also seeks to work with suppliers and manufacturers that support its sustainability objectives.	Near Term	↖
			Medium Term	↖
			Long Term	↑
Reputational Risks	Increased scrutiny of sustainability disclosures and environmental claims could expose the Group to reputational damage if statements are perceived as inaccurate, misleading or insufficiently supported. Negative perceptions of the Group's environmental performance, or environmental and social issues within the supply chain, could adversely affect brand value, customer loyalty and stakeholder trust.	The Group seeks to maintain transparent sustainability disclosures, responsible marketing practices and ongoing stakeholder engagement. Continued development of circular economy initiatives, supplier engagement and emissions reduction activities may strengthen brand reputation and stakeholder confidence.	Near Term	↖
			Medium Term	↖
			Long Term	↑

Physical Risks

Risk	Description	Mitigation/Opportunity	Time Horizon	Impact
Extreme Weather Events	Increased frequency and severity of heatwaves, flooding, storms and other extreme weather events may disrupt logistics networks, supplier operations and warehouse activities. Infrastructure damage to key distribution centres could lead to supply chain interruptions and financial losses.	The Group operates from six different warehouses mitigating the risk of dependency on a single location	Near Term	↖
			Medium Term	↖
			Long Term	↖
Supply Chain Disruptions	Climate-related events may disrupt the production and transportation of musical instruments and affect the availability and cost of key materials, including wood and metals. Energy shortages or blackouts could impact warehouse functionality and e-commerce operations.	The Group works with a diverse range of suppliers limiting dependency on any single source.	Near Term	↖
			Medium Term	↖
			Long Term	↑
Energy Availability and Cost	Energy market volatility, carbon pricing mechanisms and increasing demand for low-carbon energy may increase operating costs and require investment in energy efficiency and renewable energy solutions.	The Group has invested in solar generation where viable and continues to assess opportunities across its operations as technologies improve and installation costs decline.	Near Term	↖
			Medium Term	↑
			Long Term	↑

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 in our decision making on pages 58 to 60.

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.

Stakeholder	How we engage
Employee engagement	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. 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 page 36 for the wide range of initiatives we have implemented to support our people. 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.

Stakeholder	How we engage
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 assets. Improving customer experience is one of the key objectives when designing and implementing software development projects.
Supplier engagement	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. We pay our suppliers to agreed terms to give them the certainty they require.
Community engagement	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 37 to 41.
The environment	We recognise the importance of sustainable business practices, and our progress is detailed on pages 42 to 45.

Stakeholder	How we engage
Shareholder engagement	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. The Executive Chair 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.

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.

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 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.

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Operations

Risk	Description	Mitigation
Macroeconomic and Geopolitical developments	Macroeconomic and geopolitical changes can impact consumer confidence and demand for discretionary products. Economic headwinds associated with higher inflation could be returning. Geopolitical tensions remain in the Middle East and Ukraine. Countries we source products from and/or ship into could experience restrictions or sanctions impacting the movement of goods. Countries we export into could introduce tariffs. Global freight movements could be disrupted by geopolitical factors, such as conflict that would limit inbound delivery of products. A significant proportion of the Group's product range is manufactured in China (see 'Supply Chain' below), and China-Taiwan relations continue to be monitored.	The Plc Board, Operational Board and Management continue to monitor macroeconomic trends and geopolitical developments and respond appropriately. G4M monitors performance and evaluates prospects through the year, and will make any necessary commercial, operational or financial decisions at that time. The Group's Own-brand buy-team routinely explores new supply options across different territories to reduce over-dependence on any single country. The logistics team assess and explore alternative shipping routes in case of restrictions on certain routes. In the long-term second-hand products have potential to become a meaningful sourcing opportunity. FY26 sales into the US accounted for just 0.6% of total sales (FY25: 0.7%).
Climate Risks & Sustainability	See descriptions in 'Climate Related Risks and Opportunities' section from page 45 in our Climate Report.	See 'mitigation/opportunity' in 'Climate Related Risks and Opportunities' section from page 42 in our Climate Report.
UK outside the EU	Increased time and cost of moving products across the UK-EU border, makes it difficult for G4M 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.	G4M 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 31% of orders in FY26 (FY25: 28%). UK carrier options into Europe have improved. Competitor activity and offerings are regularly reviewed to remain abreast of market developments and identify risks and opportunities. 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. There is scope to restructure the Group to create a European retailing entity. Established Senior managers continue to be developed in European locations and can represent the business if required.

Risks and uncertainties continued

Operations continued

Risk	Description	Mitigation
Change Management	**Operations and Process** – The Group has grown rapidly from revenues of £24m in FY15 to £191m in FY26. Operations and practices adopted at earlier stages of the Group's development may be inappropriate for a business of 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 employee base. Growth through acquisition is dependent on identifying appropriate targets, negotiating and delivering transactions, and the successful integration of businesses.	The Operational Board and Senior Management actively monitor and respond to developments, so as to maintain systems and practices that are appropriate for the operations and scale of the Group. Plc Board retains oversight on a prescribed list of key matters. The Group continues to allocate a high proportion of 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 major developments Management extensively researches the opportunity and routinely take appropriate professional advice. Future advances will continue to be in a measured, capital and cost-efficient manner.
	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.	The Group has well-established local subsidiaries in multiple European countries with 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 practices and 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. The Group has specialist teams with relevant expertise and experience, and relationships with external advisors to ensure compliance with local regulations.
	Technological – The pace and breadth of technological advances is increasing and could lead to obsolescence of current platforms and systems. Innovations in artificial intelligence continuously reshapes consumer experience and expectation, 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 and opportunity to how the business operates.	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. The Group continues to allocate a significant annual budget to software development: capitalised £3.4m in FY26 (FY25: £3.6m). 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 and across the wider business. Utilisation of third-party technologies are explored to enable the Group to take advantage of technological advances with lower barriers to entry than self-build. This will enable the Group to mitigate risk, and harness opportunities to enhance service offerings and operational efficiencies. Our Technology Team are driving adoption of AI coding practices, reducing time-to-market for commercial project delivery. Clean code and clear data unlock the full potential of AI across our estate.

Operations continued

Risk	Description	Mitigation
IT and Cyber Security Key Risk: cyber security landscape continues to evolve, with more sophisticated threats.	**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.	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. Secure homeworking is facilitated by multi-factor authentication, and strong virus and threat protection. Our Technology team operate a Cyber Security Community of Practice. Its purpose is to audit, prioritise and tackle digital threats, including 'traditional' cyber-attacks, and more recent AI-driven 'Supply chain' vulnerability exploits. AI-powered application scanning is deployed across our infrastructure and software to highlight potential vulnerabilities.
	Search marketing and PPC – In FY26 the Group spent £12.6m (FY25: £10.4m) on marketing, of which over 80% was Pay-Per-Click ('PPC') related. The search marketing landscape, particularly PPC advertising, continues to evolve rapidly, driven by ongoing changes in search engine algorithms, consumer behaviour, regulatory developments, and technological innovation. These factors can materially affect the visibility, effectiveness, targeting precision, and cost-efficiency of the Group's PPC campaigns. In addition to the ongoing risk of paid media cost inflation, emerging trends such as the growth of AI-driven search experiences, greater automation in ad delivery and optimisation, the increasing adoption of voice and visual search, and heightened consumer focus on data privacy and consent management may influence the performance and return on investment of the Group's search marketing activities. The Group must therefore continually adapt its digital marketing strategies and capabilities to remain competitive and maintain effective customer acquisition.	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. Ongoing projects will ensure marketing remains efficient, drives ROI and continues to be a competitive advantage for the Group. Investment in growing other marketing channels, including social media, email, affiliates and SEO to reduce PPC reliance. Developed AI product discovery strategy, recruited dedicated AI Discover Manager and track AI share of visibility and sentiment using specialised tools.

Risks and uncertainties continued

Operations continued

Risk	Description	Mitigation
Warehousing and Distribution Key Risk: 63% of FY26 sales are fulfilled out of our York Distribution Centre.	**Distribution Centres** – Disruption to a Distribution centres 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. In addition, the Group is approaching capacity limits in certain distribution centres and territories, and the expansion or establishment of new capacity may involve significant project execution risk and require additional financing.	The Group operates from six DCs mitigating the risk of over-dependence on any single location. 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. Position will further improve on opening of new UK distribution centre. Project underway led by external consultants and supported by a robust contractual framework.
	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.	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 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.
Brand and Proposition		
Brand	Developing and maintaining the reputation of the Group's brands is important to the on-going 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.	Rigorous monitoring of customer feedback helps ensure issues are identified and rectified on a timely basis. Own-brand products are carefully selected and rigorously tested prior to initial order. All returned items and products received for trade-in are tested for performance and safety before being offered for resale. Financial PR advisors to assist in external communications.
Competition	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, whilst UK market conditions improved through FY26 following the demise of GAK and PMT. 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.	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 content, more responsive delivery services and enhanced ranges of quality own-brand products at all price points.

Resources and Relationships

Risk	Description	Mitigation
Supply Chain Key Risk: an estimated 88% of own-brand products and 33% of other-branded products are manufactured in China.	**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. As at March 2026 an estimated 33% of other-branded products listed on G4M sites (excluding BOMs) originate from China (FY25: 33%).	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. Same risks apply to competitors that can create opportunities.
	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. 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. As at March 2026 we estimate 88% of G4M own-branded products originate in China (FY25: 97%) and 5% in Taiwan.	The Group has been successfully importing for over 23 years and has relationships with over 100 manufacturers providing re-sourcing 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. Whilst we have made some progress sourcing alternative manufacturing outside of China, a number of our larger suppliers are also setting up production facilities in countries such as Indonesia, Thailand and Vietnam.
Financial risk	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 G4M 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.	The Group has a three-year committed £45m RCF to August 2029 with renewal options. Detailed budgeting and rolling reforecasting ensures working capital is managed well within available facilities and enables prompt response to adverse performance. 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.

The Strategic Report on pages 1 to 55 was approved by the Board on 22 June 2026 and signed on its behalf:

ANDREW WASS
DIRECTOR
22 June 2026

GARETH BEVAN
DIRECTOR
22 June 2026

CHRIS SCOTT
DIRECTOR
22 June 2026

Board of Directors

Andrew Wass

Executive Chair

Andrew has over 29 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 and Company Secretary

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.

guiding

Neil Catto

Senior Independent Non-Executive 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'Oreal 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 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 currently holds Independent Non-Executive roles with three AIM quoted companies: BRCK Group plc, Warpaint London plc and Billington Holdings plc.

She has extensive Remuneration, Audit and Nomination Committee experience and serves on the Audit and Remuneration Committees of all three entities. She also serves on the Nominations Committees and is Remuneration Chair at both BRCK Group Plc and Billington Holdings Plc. Sharon holds a degree in Marketing and an MBA (with distinction).

Sharon is a member of the Audit and Remuneration Committees.

Corporate governance report

> **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.**
>
> **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 pages 56 to 57. 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 on-going 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 their duties or in relation to acts carried out by the Board or the Group, each Director has been informed that they are 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 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 Role of the Board continued

The table below shows the number of Board and Committee meetings held in the period from 1 April 2025 to the date of approval of the Annual Report and Accounts. The table also show the attendance of each Director:

Director	Role	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Andrew Wass	Executive Chair	12/12		
Neil Catto	SID	12/12	2/2	2/2
Harriet Williams	NED	12/12		2/2
Sharon Daly	NED	12/12	2/2	2/2
Gareth Bevan	CEO	12/12		
Chris Scott	CFO	12/12	2/2	2/2

Re-election

At each Annual General Meeting one third (or whole number less than one third) of the Directors retires by rotation. In addition, Directors are subject to re-election at the Annual General Meeting following their appointment.

In September 2025 all six Directors stood for re-election.

Shareholder 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.

The Executive Chair 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

Neil Catto is the Chair of the Committee 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 'whistleblowers' 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 FY26 and FY25 were:

	FY26 £000	FY25 £000
Audit fee	**172**	157
Non-audit fees: Other audit related services	**7**	7
Total fees	**179**	164

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

NEIL CATTO
SENIOR INDEPENDENT DIRECTOR

22 June 2026

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 and the other members are Neil Catto and Sharon Daly. They 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 64.

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 2026 is set out below:

	Basic salary £000	One-off bonus* £000	Benefits £000	Pensions £000	**Total FY26 £000**	Total FY25 £000
Executive						
Andrew Wass	207	18	6	7	**238**	215
Gareth Bevan	207	36	4	10	**257**	208
Chris Scott	197	18	4	7	**226**	198
Non-Executive						
Neil Catto	62	–	–	2	**64**	45
Harriet Williams	49	–	–	2	**51**	46
Sharon Daly	46	–	–	2	**48**	34
Ken Ford (to July 2025)	–	–	–	–	**–**	12
Dean Murray (to July 2025)	–	–	–	–	**–**	11
Total	768	72	14	30	**884**	769

* In July 2025 the Group adopted a new LTIP with the initial subscription cost covered by way of bonus.

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 2025	Forfeit and replaced during the year	Granted during the year	31 March 2026	Date granted
Andrew Wass	LTIP (2023)	250,000	–	–	250,000	July 2023
	LTIP (2025)	–	–	50,000	50,000	July 2025
Gareth Bevan	LTIP (2023)	250,000	–	–	250,000	July 2023
	LTIP (2025)	–	–	100,000	100,000	July 2025
Chris Scott	LTIP (2023)	250,000	–	–	250,000	July 2023
	LTIP (2025)	–	–	50,000	50,000	July 2025

HARRIET WILLIAMS
NON-EXECUTIVE DIRECTOR

22 June 2026

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2026.

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 91, 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 74 to 101.

Dividends

The Directors do not recommend the payment of a dividend (FY25: 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 56 to 57 and pages 61 to 63. 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 62 to 63.

Significant shareholders

The Company is informed that on 30 April 2026, 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	2,327,596	11.1%
FIL Limited	2,056,306	9.8%
River Global	1,181,938	5.6%
Crucible Clarity Fund PLC	1,102,326	5.3%
IG Markets Limited	758,734	3.6%
Octopus Investments	634,018	3.0%

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 1 April 2025 and 31 March 2026 were as follows:

	1 April 2025 Number of shares	31 March 2026 Number of shares	31 March 2026 % of issued share capital
Executive Directors			
Andrew Wass	4,776,993	4,776,993	22.8%
Gareth Bevan	91,585	104,267	0.5%
Chris Scott	80,690	80,690	0.4%
Non-Executive Directors			
Neil Catto	–	–	–
Harriet Williams	–	–	–
Sharon Daly	–	9,341	0.0%

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 2026 was 226.0 pence (31 March 2025: 135.0 pence), and the range in the year was 101.0 pence to 323.0 pence, with an average of 249.4 pence.

Research and development

The Group capitalised £3.4m of software development costs during the year (FY25: £3.6m) and expensed £0.14m of R&D costs (FY25: £0.13m) relating to the in-house e-commerce software platform.

Amortisation of the software platform totalled £4.3m in the year (FY25: £4.1m).

Financial instruments

The Group's policy and exposure to financial instruments is set out in Note 19.

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 34 to 36 for more information on employee engagement matters.

Donations

During the year ended 31 March 2026 the Group made charitable donations totalling £6,348 (FY25: £6,839).

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 2026 was 32 days (31 March 2025: 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 from page 42.

	Year ended 31 March 2026	Year ended 31 March 2025
Scope 1 – Combustion of fuel and operation of facilities (kWh)	**1,507,106**	1,675,751
Scope 2 – Electricity, heat, steam, and cooling purchased for own use (kWh)	**1,282,995**	1,428,073
Total Scope 1 and 2 energy use (kWh)	**2,790,101**	3,103,823
Scope 1 and 2 CO_2e equivalent (tCO_2e)	**543**	602
Scope 1 and 2 Intensity measurement – tCO_2e per customer order	**0.00039**	0.00053

In the year ended 31 March 2026 Scope 1 and Scope 2 emissions both fell by 10% driven by a milder winter resulting in lower gas usage to heat our facilities and solar panels at our main warehouse and head office. Approximately 20% of the electricity used at our UK facilities was generated by these solar panels.

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

On 1 April 2026 the Group entered into a 15-year lease for a 132,000 square foot facility near York. The site is currently being fitted out as a semi-automated distribution centre.

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

22 June 2026

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

22 June 2026

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 2026, 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 material accounting policy information. 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 2026 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, we:

- Obtained management’s going concern assessment, including management’s base case and reverse stress test covering the period to 12 months from signing, and assessed their integrity and suitability as a basis for management to assess going concern;
- Assessed the mathematical accuracy of management’s forecasts;
- 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 also considered whether the 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 finance 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 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 current levels of inflation and interest rates which are impacting many businesses and resulting in higher costs than budgeted or experienced in previous years. These same factors are seeing consumers reduce spend on nonessential items, 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.

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

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:

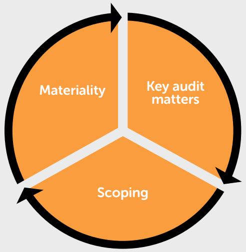
Group: £1,420,000 which represents 0.75% of the Group's revenue.

Parent Company: £445,000 which represents 3% of the Parent Company's net assets.

Key audit matters were identified as:

- Existence of internally generated development costs (same as previous year)

Our auditor's report for the year ended 31 March 2025 included one key audit matter that has not been reported as a key audit matter in our current year's report. Specifically, 'the revenue cycle includes fraudulent transactions', we have not determined this to be a key audit matter for the year ended 31 March 2026 due to the lower level of complexity and judgement in the revenue adjustments in the current year, as well as these not being material to the financial statements.



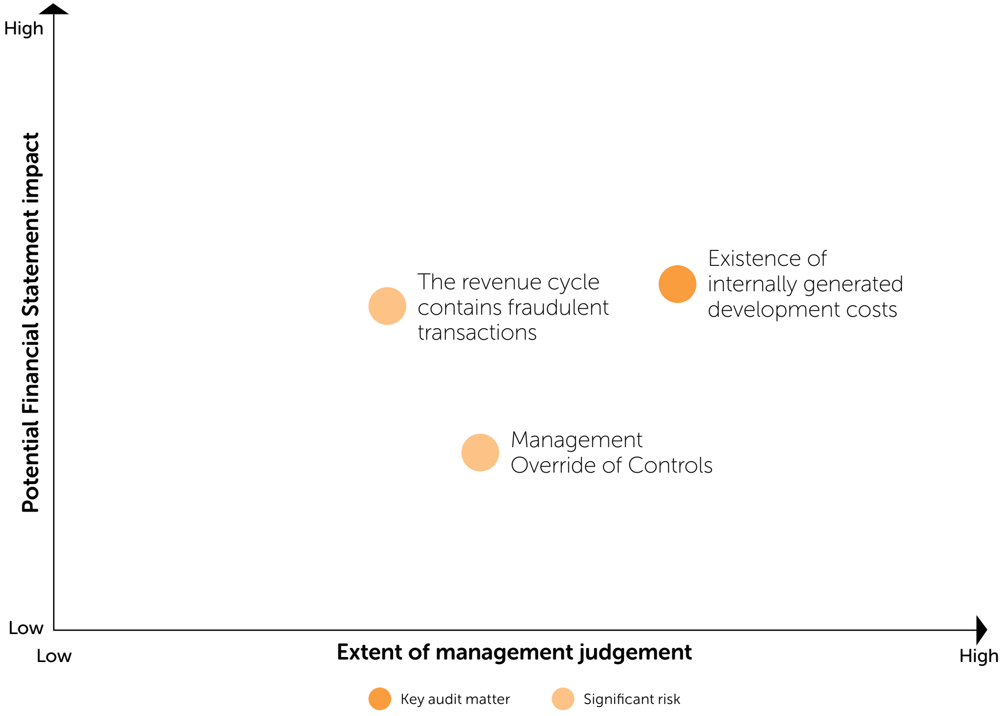
Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements, including testing 99% of Group revenue.

We performed an audit of the entire 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.



Key Audit Matter – Group	How our scope addressed the matter – Group
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. 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. We have pinpointed our significant risk to the appropriate capitalisation of software developers' salaries.	In responding to the key audit matter, we performed the following audit procedures: • Evaluated the design and implementation of relevant processes and controls in place over the capitalisation of internally generated development costs; • Challenged management's capitalisation policy for intangible assets to ensure it is reasonable and in accordance with IAS 38; • For a sample of capitalised costs, assessed whether the nature of the expenditure meets the criteria for capitalisation set out in the standard and challenged management on the quantum of the costs which are capitalised in the year; • Performed a substantive analytical procedure to gain assurance over the total capitalised value with reference to movement in number of employees, the average capitalised salary, and the total capitalised employee costs as per payroll data; • Selected a sample of employees, and test their capitalised value and role to underlying data, including employment contracts and payroll records to confirm the existence and accuracy of amounts capitalised; • Selected a sample of the development projects in the year and assessed the appropriateness to capitalise against the relevant standard; and • Reviewed and challenged the development projects for indicators of impairment based on current plans and usage of each element of software.
Relevant disclosures in the Annual Report • **Financial statements: Note 10	**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.

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:

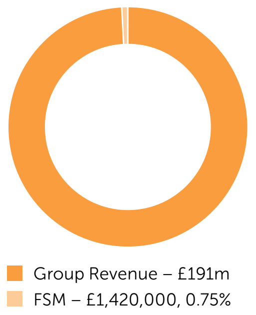
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£1,420,000 (2025: £960,000), which represents approximately 0.75% (2025: 0.65%) of Group revenue.	£445,000 (2025: £439,000), which represents approximately 3% (2025: 3%) of net assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • 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 • 0.75% has been applied as a reasonable percentage having considered regulator expectations and other market participants in comparable industries. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2025 (Group revenue; 0.65%) due to increases in Group revenue and in the percentage applied to revenue.	In determining materiality, we made the following significant judgements: • 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. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2025 as a result of an increase in net assets of the Parent Company.

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

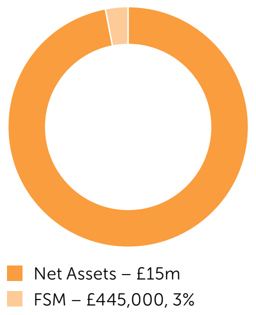
Materiality measure	Group	Parent company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£1,065,000 (2025: £720,000), which is 75% (2025: 75%) of financial statement materiality.	£334,000 (2025: £329,000), which is 75% (2025: 75%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • 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.	In determining performance materiality, we made the following significant judgements: • The strong control environment based on our assessment of the design and implementation of controls; and • Low complexity of the principal activity.
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: • 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: • 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	£71,000 (2025: £48,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£22,300 (2025: £22,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

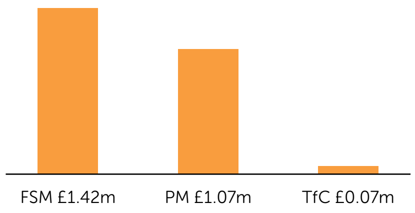
The graph below illustrates how performance interacts with our overall materiality and the threshold for communication to the audit committee.

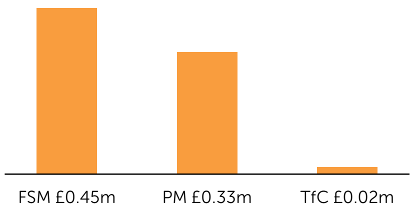
Overall materiality – Group



Overall materiality – Parent







FSM: Financial statement materiality, PM: Performance materiality, 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 entire financial information of Gear4music Limited. This entity contributes 99% of total revenue and 88% 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.
- We performed 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, Sweden and Ireland.

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 (2025: 1)	99 (2025: 99)	88 (2025: 85)
Specific scope procedures	1 (2025: 1)	– (2025: –)	7 (2025: 7)
Analytical procedures	4 (2025: 4)	1 (2025: 1)	5 (2025: 8)
Total	6 (2025: 6)	100	100

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.

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

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 66, 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.

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 Group and the Parent Company 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

22 June 2026

Consolidated statement of profit and loss and other comprehensive income

	Note	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Revenue	2	190,735	146,720
Cost of sales		(136,490)	(107,057)
Gross profit		54,245	39,663
Administrative expenses	2,3,4	(43,719)	(37,335)
Other income	3	1,007	910
Operating profit		11,533	3,238
Financial expenses	6	(1,421)	(1,791)
Financial income	6	231	115
Profit before tax		10,343	1,562
Taxation	7	(3,028)	(730)
Profit for the year		7,315	832
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	8	(483)	–
Deferred tax movements	12	123	5
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(87)	36
Total comprehensive income for the year		6,868	873
Basic profit per share	5	34.9p	4.0p
Diluted profit per share	5	34.9p	3.8p

The accompanying notes form an integral part of the financial statements.

Consolidated statement of financial position

	Note	**Year ended 31 March 2026 £000**	Year ended 31 March 2025 £000
Non-current assets			
Property plant and equipment	8	**8,981**	10,134
Right-of-use assets	9	**5,171**	6,479
Intangible assets	10	**20,767**	21,606
		34,919	38,219
Current assets			
Inventories	13	**42,776**	34,193
Trade and other receivables	14	**7,010**	3,147
Corporation tax receivable		**–**	239
Cash and cash equivalents	15	**8,015**	5,576
		57,801	43,155
Total assets		**92,720**	81,374
Current liabilities			
Trade and other payables	17	**(22,187)**	(19,921)
Lease liabilities	18	**(1,857)**	(1,869)
Corporation tax payable		**(2,717)**	–
		(26,761)	(21,790)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(13,000)**	(12,000)
Other payables	17	**(320)**	(238)
Lease liabilities	18	**(4,571)**	(5,940)
Deferred tax liability	12	**(1,771)**	(2,103)
		(19,662)	(20,281)
Total liabilities		**(46,423)**	(42,071)
Net assets		**46,297**	39,303
Equity			
Share capital	20	**2,098**	2,098
Share premium	20	**13,286**	13,286
Foreign currency translation reserve	20	**53**	140
Revaluation reserve	20	**754**	1,145
Retained earnings	20	**30,106**	22,634
Total equity		**46,297**	39,303

The Notes 1 to 24 form part of these financial statements.

These financial statements were approved by the Board of Directors on 22 June 2026 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 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
Comprehensive income for the year						
Profit for the year	–	–	–	–	7,315	7,315
Other Comprehensive income:						
Foreign currency translation difference	–	–	(87)	–	–	(87)
Revaluation	–	–	–	(483)	–	(483)
Deferred tax adjustment	–	–	–	120	3	123
Depreciation transfer	–	–	–	(28)	28	–
Total comprehensive income for the year	–	–	(87)	(391)	7,346	6,868
Transactions with owners						
Share-based payments charge	–	–	–	–	126	126
					126	126
Balance at 31 March 2026	2,098	13,286	53	754	30,106	46,297

The accompanying notes form an integral part of the financial statements.

Consolidated statement of cash flows

	Note	**Year ended 31 March 2026 £000**	Year ended 31 March 2025 £000
Cash flows from operating activities			
Profit for the year		**7,315**	832
Adjustments for:			
Depreciation and amortisation	3	**6,893**	6,802
Financial expenses and financial income	6	**1,190**	1,553
Loss/(profit) on sale of property, plant and equipment		**1**	(5)
Share-based payment charge		**126**	63
Taxation expense	7	**3,028**	730
R&D tax credit		**(221)**	(390)
		18,332	9,585
Increase in trade and other receivables	14	**(3,868)**	(69)
Increase in inventories	13	**(8,583)**	(8,550)
Increase in trade and other payables	17	**2,455**	6,860
		8,336	7,826
Tax (paid)/received	7	**(58)**	429
Net cash generated from operating activities		**8,278**	8,255
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**–**	16
Acquisition of property, plant and equipment	8	**(284)**	(349)
Capitalised development expenditure	10	**(3,295)**	(3,573)
Business combinations: Deferred consideration	10	**–**	(25)
Purchase of other intangibles	10	**(20)**	(102)
Interest received	6	**106**	115
Net cash used in investing activities		**(3,493)**	(3,918)
Cash flows from financing activities			
Interest paid		**(1,242)**	(1,774)
Proceeds from new borrowings	16	**19,000**	13,000
Repayment of borrowings	16	**(18,000)**	(13,000)
Payment of lease liabilities	18	**(1,759)**	(1,274)
Interest paid on leases	18	**(345)**	(418)
Net cash used in financing activities		**(2,346)**	(3,466)
Net increase in cash and cash equivalents		**2,439**	871
Cash at beginning of year		**5,576**	4,696
Foreign exchange movement		**–**	9
Cash at end of year	15	**8,015**	5,576

The accompanying notes form an integral part of the financial statements.

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 102 to 108.

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 section 1.19 below.

Accounting period

The financial statements presented cover the years ended 31 March 2026 and 31 March 2025.

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 2026, and the impact was not material:

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rate (Lack of exchangeability)

The following new standards, and amendments to standards, were in issue but not yet effective at the date of authorisation of these financial statements and have not been early adopted by the Group:

- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability – Disclosures
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

The Directors are currently assessing the impact of these new standards and amendments on the Group's consolidated financial statements.

1.3 Going concern presumption for the period to 30 June 2027

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 ensures 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.

The Group's policy is to ensure that it has sufficient facilities to cover its future funding requirements. At 31 March 2026 the Group had net bank debt of £5.0m (31 March 2025: £6.4m), with £8.0m in cash (31 March 2025: £5.6m). The Group has reduced its net debt from a financial year-end peak of £24.2m at 31 March 2022 to £5.0m at 31 March 2026.

In June 2026 the Group renewed its RCF with HSBC at £45m for a three-year and two-month period to August 2029, with options to extend, enabling it to make acquisitions and investments as opportunities rise. This facility provides a significant and appropriate level of headroom that has been factored into the Directors going concern assessment.

The Group has conducted a reverse stress test where revenue was assumed to decrease 25% over the period to 30 June 2027 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 nor has insufficient liquidity, re-affirming the assessment of the Group as a going concern.

1.3 Going concern presumption for the period to 30 June 2027 continued

The Directors have considered the Group's position and prospects in the period to 30 June 2027 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.

Having duly considered all of these factors and having reviewed the forecasts for the period to 30 June 2027, 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.

1.4 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.

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

Each entity within the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

1.6 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.

1.7 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.

Notes to the consolidated financial statements continued

(forming part of the financial statements)

1 Accounting policies continued

1.8 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.

Right-of-use assets are depreciated from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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).

1.9 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.

1.10 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.

1.10 Intangible assets continued

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. This assessment is supported by a review of comparable domain name transactions and market evidence during the year.

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

1.11 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. Inventory is neither fashionable nor perishable.

A provision is made in respect of inventories as follows:

- 100% against returns inventory 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 inventory.

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including Trade receivables)

The Group recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost. Loss allowances are measured at an amount equal to lifetime ECLs.

The Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessment and forward-looking information.

In respect to Trade receivables, the amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted where material at the original effective interest rate. Credit losses are measured as the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses and reversals are recognised in 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.

1.13 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.

Notes to the consolidated financial statements continued

(forming part of the financial statements)

1 Accounting policies continued

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.

1.14 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.

1.15 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 1.19.

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 17). The value of inventory for sales returns is included in inventory at the year-end (Note 13).

Other revenue

The Group offers customers extended paid-for warranties on a two-to-ten years basis (2025: 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 contract liability is recognised for consideration received in respect of unsatisfied performance obligations as deferred income in the statement of financial position (Note 17).

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 2026 this income totalled £374,000 (2025: £203,000). No discount is offered on any sales made through these credit providers.

The Group enters into agency arrangements under which it facilitates the sale of goods supplied by a third-party vendor. In this arrangement, the supplier retains control of the goods until transfer to the customer and bears inventory and pricing risk. The Group therefore acts as an agent and recognises revenue for the commission and any agreed cost contributions earned, being consideration for its agency services, rather than the gross value of customer sales. In the year ended 31 March 2026 this income totalled £29,000 (2025: nil).

1.16 Expenses and other income

Rebates

Rebates received from suppliers for the purchase of inventory are netted off against purchases. Rebates are accrued in accordance with rebate agreements and recognised in the period to which they relate. Inventory values are reduced by the amount of rebate receivable in proportion to the value of purchases still in inventory to total purchases. The remainder of the rebate is released to and reduces cost of sales. Any rebates for which a credit note from supplier is not received at the balance sheet date are accrued for and presented in Trade and other receivables.

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.

1.16 Expenses and other income continued

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.

1.17 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.

1.18 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.

1.19 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.

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 2026 this resulted in £1,414,000 of orders-in-transit (31 March 2025: £1,096,000) being deducted from revenue and included in deferred income.
- 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 is an estimate based on historical data for this performance obligation, with a higher incidence in earlier periods.

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 independently valued in 2026 and the Bacup distribution centre value independently reviewed in 2024 (31 March 2026 net book value: £1.14m).

Notes to the consolidated financial statements continued

(forming part of the financial statements)

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 2026 £000	Year ended 31 March 2025 £000
UK	**114,116**	90,230
Europe	**74,720**	54,695
Rest of the World	**1,899**	1,795
	190,735	146,720

Administrative expenses by Geography

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
UK	**38,365**	32,605
Europe	**5,354**	4,730
	43,719	37,335

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 2026: £2.1m; 31 March 2025: £2.9m), Germany (31 March 2026: £1.5m; 31 March 2025: £1.5m), Spain (31 March 2026: £0.4m; 31 March 2025: £0.8m), and Ireland (31 March 2026: £0.4m; 31 March 2025: £0.3m).

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 2026 £000	Year ended 31 March 2025 £000
Other-brand products	**138,349**	104,677
Own-brand products	**44,358**	35,665
Carriage income	**7,116**	5,763
Warranty income	**538**	412
Other	**374**	203
	190,735	146,720

3 Expenses and other income

Included in profit/loss are the following:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Expenses		
Rentals – short-term rentals of plant and machinery	**38**	7
Equity-settled share-based payment charges	**126**	46
Depreciation of property, plant and equipment	**953**	1,065
Depreciation of right-of-use assets	**1,686**	1,620
Amortisation of Intangible assets	**4,254**	4,118
Loss/(profit) on disposal of property, plant and equipment	**1**	(5)
R&D expenditure recognised as an expense	**139**	126
Auditor remuneration – audit of these financial statements	**86**	75
Auditor remuneration – this year's audit of financial statements of subsidiaries	**86**	82
Auditor remuneration – non-audit fees – Other audit related services	**7**	7

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Other income		
RDEC tax credits	**224**	390
Rental income	**474**	289
Other	**309**	231
	1,007	910

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 2026 Number.	Year ended 31 March 2025 Number.
Administration	**203**	164
Selling and Distribution	**289**	287
	492	451

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Wages and salaries	**15,134**	13,472
Social security costs	**2,476**	1,657
Contributions to defined contribution plans	**940**	881
Less: capitalised as development costs	**(2,648)**	(2,386)
	15,902	13,624

Directors' remuneration

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Directors' emoluments	**884**	769

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 £257,000 during the year (2025: £215,000), including company pension contributions of £10,000 (2025: £7,000) that were made to a money purchase scheme on their behalf.

On 3 July 2025 the Group adopted a new 'long-term incentive plan' ('LTIP') involving Gareth Bevan, Andrew Wass and Chris Scott (see Note 21). The initial subscription cost was covered by way of a bonus with Gareth Bevan, Andrew Wass and Chris Scott receiving gross bonuses of £36,000, £18,000 and £18,000 respectively.

There were six Directors (2025: seven) for whom retirement benefits accrued under a money purchase pension scheme.

Directors' remuneration is detailed in the Remuneration report on pages 62 to 63 which forms part of these financial statements.

Notes to the consolidated financial statements continued

(forming part of the financial statements)

5 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 21) into Ordinary shares, and is calculated using the treasury stock method.

	Year ended 31 March 2026	Year ended 31 March 2025
Profit attributable to equity shareholders of the parent (£000)	7,315	832
Basic weighted average number of shares	20,976,938	20,976,938
Dilutive potential Ordinary shares	12,329	969,604
Diluted weighted average number of shares	20,989,267	21,946,542
Basic profit per share	34.9p	4.0p
Diluted profit per share	34.9p	3.8p

6 Financial expenses and financial income

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Bank interest	1,076	1,192
IFRS 16 lease interest	345	418
Net foreign exchange loss	–	179
Unwinding of discount on deferred consideration	–	2
Total financial expenses	1,421	1,791

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Bank interest	106	115
Net foreign exchange gain	125	–
Total financial income	231	115

7 Taxation

Recognised in the income statement

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Current tax expense		
UK Corporation tax	2,904	125
Overseas Corporation tax	47	30
Adjustments for prior periods	288	335
Current tax expense	3,239	490
Deferred tax expense		
Origination and reversal of temporary differences	(144)	294
Adjustments for prior periods	(67)	(54)
Deferred tax (credit)/expense	(211)	240
Total tax expense	3,028	730

The Corporation tax rate applicable to the Company was 25% for the years ended 31 March 2026 and 31 March 2025. The deferred tax assets and liabilities at 31 March 2026 have been calculated based on that rate.

Reconciliation of effective tax rate

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Profit before taxation	10,343	1,562
Current tax at 25% (2025: 25%)		
Tax using the UK corporation tax rate for the relevant period:	2,586	371
Non-deductible expenses	154	61
Share-based payment – permanent difference	36	6
Adjustments relating to prior year – deferred tax	(53)	(54)
Adjustments relating to prior year – current tax	276	334
Impact of overseas tax rate	(14)	(8)
R&D credit	43	20
Total tax charge	3,028	730

8 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 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
Additions	23	142	28	91	–	284
Revaluation	–	–	–	–	(483)	(483)
Disposals	–	(5)	–	(3)	–	(8)
Balance at 31 March 2026	**2,490**	**7,908**	**58**	**1,494**	**7,718**	**19,668**
Depreciation and impairment						
At 1 April 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
Depreciation charge for the year	133	581	1	74	164	953
Disposals	–	(4)	–	(3)	–	(7)
Balance at 31 March 2026	**2,370**	**5,945**	**27**	**1,372**	**973**	**10,687**
Net book value as at 31 March 2026	**120**	**1,963**	**31**	**122**	**6,745**	**8,981**
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

Notes to the consolidated financial statements continued

(forming part of the financial statements)

8 Tangible fixed assets continued

Freehold property valuation – Holgate Park Head Office

At 31 March 2026 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 2026 was confirmed at £5.6m.

This property has been revalued four times since its purchase in 2017. If the property had not been revalued the net book value would have been £4.7m.

Freehold property valuation – Bacup distribution centre

In 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 in August 2021 at £1.3m by an independent chartered surveyor on behalf of HSBC Bank plc for loan security purposes, and in June 2023 by an independent chartered surveyor at £1.3m.

Management reviewed the fair value as at 31 March 2026 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.

9 Right-of-use assets

Leasehold properties

At 31 March 2026 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 2024 and 31 March 2025	15,253
Additions	**200**
Modifications	**178**
Balance at 31 March 2026	**15,631**
Depreciation	
At 1 April 2024	7,154
Depreciation charge for the year	1,620
Balance at 31 March 2025	8,774
Depreciation charge for the year	1,686
Balance at 31 March 2026	**10,460**
Net book value as at 31 March 2026	**5,171**
Net book value as at 31 March 2025	6,479
Net book value as at 31 March 2024	8,099

10 Intangible assets

Software platform additions in the year-ended 31 March 2026 comprised £2,648,000 (2025: £2,386,000) of internally developed additions being 95% of software developer wages and salaries, £622,000 (2025: £1,049,000) of externally developed additions, £102,000 (2025: £117,000) of capitalised interest, and £25,000 (2025: £21,000) of software licences 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 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
Additions	–	3,397	–	20	–	3,417
Balance at 31 March 2026	**5,324**	**35,701**	**1,470**	**3,066**	**149**	**45,710**
Amortisation						
At 1 April 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
Amortisation for the year	–	4,224	–	4	26	4,254
Balance at 31 March 2026	**–**	**24,217**	**563**	**14**	**149**	**24,943**
Net book value as at 31 March 2026	**5,324**	**11,484**	**907**	**3,052**	**–**	**20,767**
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

Notes to the consolidated financial statements continued

(forming part of the financial statements)

10 Intangible assets continued

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 £1.69m.

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 2026 £000	Year ended 31 March 2025 £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 2026 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 2026 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 £28.0m (2025: £30.8m). 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 2028 was used to provide cash flow projections that have been discounted at a pre-tax discount rate of 13.08% (2025: 14.40%). 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 7% in 2027; and 5% in 2028 and 2029 based on growth by geographical market, based on market size and estimate of opportunity, trends, and Management's experience and expectation;
- 2030–31 and into perpetuity revenue growth of 2%;
- Gross margins are forecast to be slightly behind 2026 in the 2027-2028 forecast period; and
- Wage increases are a function of recruitment and review of current staff, with a range of percentage increases.

No impairment loss was identified in the current year (2025: £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.

11 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 and was dissolved on 21 April 2026.

Notes to the consolidated financial statements continued

(forming part of the financial statements)

12 Deferred tax assets and liabilities

Movement in deferred tax during the year:

	At 1 April 2025 £000	Recognised in other comprehensive income £000	Recognised in profit or loss £000	Recognised in balance sheet £000	At 31 March 2026 £000
Property, plant and equipment	(2,365)	121	209	–	(2,035)
Deferred tax on ROU asset	(820)	–	103	–	(717)
Deferred tax on ROU liability	1,072	–	(106)	–	966
Share-based payments	10	–	5	–	15
	(2,103)	121	211	–	(1,771)

Movement in deferred tax during the prior 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)

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 2026, equating to an unrecognised asset of £190,000.

13 Inventories

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Finished goods	42,776	34,193

The cost of inventories recognised as an expense and included in cost of sales in the year amounted to £124.3m (2025: £97.6m).

Management has included a provision of £121,000 (31 March 2025: £81,000), representing a 100% provision against returns inventory 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 inventory.

14 Trade and other receivables

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Trade receivables	1,634	1,100
Social security and other taxes	574	406
Prepayments	4,802	1,641
	7,010	3,147

Prepayments include £3.1m (31 March 2025: nil) of prepaid costs in relation to fitting out and plant and machinery at our new UK-distribution centre.

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 (3.0% of 2026 revenues; 2.9% of 2025 revenues).

Funds lodged with payment providers

Funds lodged with payment providers represents amounts collected by third-party payment platforms including Amazon, Digital River, Klarna and V12 Retail Finance, that are subject to contractual settlement cycles and have not yet been remitted to the Group at the reporting date. On 31 March 2026 these totalled £654,000 (31 March 2025: £549,000) 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.

15 Cash and cash equivalents

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Cash and cash equivalents	**8,015**	5,576

Cash-in-transit to the Group at 31 March 2026 was £815,000 (31 March 2025: £697,000) and is included above, representing uncleared lodgements where money providers have notified transfers pre-year-end.

16 Interest-bearing loans and borrowings

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

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Non-current and Total liabilities		
Bank loans	**13,000**	12,000
	13,000	12,000

Revolving Credit Facility

At 31 March 2026 bank loans were drawn loans under the Group's £30m Revolving Credit Facility ('RCF') with HSBC.

In June 2026 the Group renewed its RCF with HSBC at £45m for a three-year and two-month period to August 2029.

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 2026 £000	Year ended 31 March 2025 £000
Opening balance	**12,000**	12,000
Changes from financing cash flows		
Proceeds from loans and borrowings	**19,000**	13,000
Repayment of borrowings	**(18,000)**	(13,000)
Total changes from financing cash flows	**1,000**	–
Other changes		
Interest expense (Note 6)	**1,076**	1,192
Interest expense capitalised into intangible assets (Note 10)	**102**	117
Interest paid	**(1,242)**	(1,356)
Movement in interest accrual (included in accruals and deferred income – Note 17)	**64**	45
Fair value movement on loans	**–**	2
Total other changes	**–**	–
Closing balance	**13,000**	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 2026 the Group had guarantees of £647,000 in place (31 March 2025: £711,000) and letters of credit of £1,000 (31 March 2025: £30,000).

Notes to the consolidated financial statements continued

(forming part of the financial statements)

17 Trade and other payables

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Current		
Trade payables	13,441	12,112
Accruals and deferred income	5,727	4,802
Other taxation and social security	3,019	3,007
	22,187	19,921
Non-current		
Accruals and deferred income	320	238

Year-end accruals and deferred income included:

- £1,676,000 (31 March 2025: £1,425,000) relating to customer prepayments that are realised in the following financial year; and
- £83,000 (31 March 2025: £50,000) relating to the estimated cash bonuses accrued relating to the CSOP schemes (see Note 21).

The Directors consider the carrying amount of other 'trade and other payables' to approximate their fair value. The interest expense of £nil (2025: £2,000) in relation to the unwinding of the discount is disclosed in Note 6.

18 Lease liabilities

Short-term leases and leases of low value of £nil (31 March 2025: £7,000) are included in administrative expenses.

The Group has a lease for a motor vehicle, and five properties (31 March 2025: five). 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 84-months	30-months	–	–	–
Motor vehicles	1	9-months	9-months	–	1	–

Future minimum lease payments due at 31 March 2026 were as follows:

	Within 1 year £000	1–5 years £000	More than 5 years £000
Lease payments	2,140	4,378	874
Finance charge	(283)	(647)	(34)
Net present value	**1,857**	**3,731**	**840**

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

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

	31 March 2026 £000	31 March 2025 £000
Current	1,857	1,869
Non-current	4,571	5,940
Total	6,428	7,809

19 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 below.

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 renewed to August 2029. 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 2026 the Group had £8.0m of cash and bank balances (31 March 2025: £5.6m), and net debt excluding lease liabilities of £5.0m (31 March 2024 net debt: £6.4m).

				Contractual cash flows			
	Effective interest rate	Carrying amount Year ended 31 March 2026 £000	Face value Year ended 31 March 2026 £000	Within 1 year £000	1-2 years £000	2-5 years £000	Over 5 years £000
Bank borrowings	3.85%	13,000	13,501	–	13,501	–	–
Trade payables	–	13,441	13,441	13,441	–	–	–
Accruals	–	4,051	4,051	4,051			
		30,492	30,993	17,492	13,501	–	–

				Contractual cash flows			
	Effective interest rate	Carrying amount Year ended 31 March 2025 £000	Face value Year ended 31 March 2025 £000	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	–	3,377	3,377	3,377			
		27,489	28,016	15,489	–	12,527	–

Notes to the consolidated financial statements continued

(forming part of the financial statements)

19 Financial instruments continued

(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 very 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 (3.0% of 2026 revenues; 2.9% of 2025 revenues).

Funds lodged with Amazon, Digital River, Klarna and V12 Retail Finance totalled £654,000 on 31 March 2026 (31 March 2025: £549,000) 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.

(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 2026, the Group had cash reserves of £8.0m 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.

Profile

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

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Variable rate instruments		
Cash	**(8,015)**	(2,676)
Bank loans	**13,000**	12,000
	4,985	9,324
Fixed rate instruments		
Cash	**–**	(2,900)
Total net financial liabilities	**4,985**	6,424

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 2026 £000	Year ended 31 March 2025 £000
	Impact on Closing Equity/Profit and Loss	Impact on Closing Equity/Profit and Loss
Increase of 100 basis points	**(130)**	(120)
Increase of 50 basis points	**(65)**	(60)
Decrease of 50 basis points	**65**	60
Decrease of 100 basis points	**130**	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 2026, 40% (2025: 38%) of total revenues were in non-Sterling currencies, of which 42% (2025: 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 inventory 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 inventory intake prices of the Group, directly on own-branded products and indirectly on other-branded products as whilst the majority of inventory had been purchased in Sterling, the branded manufacturers faced similar price inflation. The Group looks to mitigate such events by renegotiating orders and investing in larger volumes to leverage increasing purchasing economies of scale.

Risk management framework continued

d) Foreign Exchange Risk continued

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Trade and Other Receivables		
Sterling	1,256	640
Euro	124	122
US Dollar	3	4
Other European currencies	251	334
	1,634	1,100
Cash and Cash Equivalents		
Sterling	5,600	3,548
Euro	1,165	1,029
US Dollar	13	19
Other European currencies	1,237	980
	8,015	5,576
Trade Payables		
Sterling	9,696	7,988
Euro	1,062	1,002
US Dollar	1,958	2,417
Other European currencies	725	705
	13,441	12,112
Local sales tax		
Sterling	1,021	1,337
Euro	105	133
Other European currencies	835	729
	1,961	2,199

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 2026 and 31 March 2025:

	31 March 2026		31 March 2025	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Trade and other receivables	7,010	7,010	3,386	3,386
Cash and cash equivalents	8,015	8,015	5,576	5,576
Bank loans	(13,000)	(13,000)	(12,000)	(12,000)
Trade and certain other payables	(20,511)	(20,511)	(19,921)	(19,921)
	(18,486)	(18,486)	(22,959)	(22,959)

Notes to the consolidated financial statements continued

(forming part of the financial statements)

19 Financial instruments continued

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.

20 Share capital and reserves

Share capital

	Year ended 31 March 2026 Number	Year ended 31 March 2025 Number
Called up and fully paid:		
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 2026 £000	Year ended 31 March 2025 £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 2026 £000	Year ended 31 March 2025 £000
Opening	**140**	103
Translation (loss)/gain	**(87)**	37
Closing	**53**	140

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 2026 £000	Year ended 31 March 2025 £000
Opening	**1,145**	1,171
Revaluation	**(483)**	–
Deferred tax	**120**	–
Depreciation transfer	**(28)**	(26)
Closing	**754**	1,145

The revaluation reserve represents the unrealised gain generated on revaluation of the freehold office property in York on 28 February 2018, 31 March 2020, 31 March 2023 and 31 March 2026. It represents the excess of the fair value over historic net book value.

Retained earnings

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Opening	**22,634**	21,708
Share-based payment charge	**126**	63
Deferred tax	**3**	5
Depreciation transfer	**28**	26
Profit for the year	**7,315**	832
Closing	**30,106**	22,634

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

21 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 2026	Number of options 2026	Weighted average exercise price 2025	Number of options 2025
Outstanding at the beginning of the year	–	969,604	–	1,102,450
Forfeit during the year	–	(4,167)	–	(156,977)
Exercised during the year	–	–	–	–
Granted during the year	–	211,340	–	35,767
Lapsed during the year	–	(2,778)	–	(11,636)
Outstanding at the end of the year	–	1,173,999	–	969,604
Exercisable at the end of the year	–	–	–	–

Developments in the current year

In the year ending 31 March 2026:

- **LTIP (2025**) – options granted

  On 3 July 2025 the Group adopted a new long term incentive plan ('LTIP') with share awards made to the three Executive Directors of Gear4music (Holdings) plc.

  Under the LTIP, Gear4music Limited, a wholly owned subsidiary of the Gear4music (Holdings) plc issued 200,000 'F' Ordinary shares of one pence each, which are non-voting, non-dividend, restricted shares to the relevant individuals. The initial subscription cost was paid by way of a cash bonus.

  These F Shares vest subject to achieving a £5 share price target in July 2028, at which point they can be exchanged on a one-for-one basis for new Ordinary shares in Gear4music (Holdings) plc.

- **CSOP (2022)** – options forfeit

  On 31 July 2025 options over 2,778 shares were forfeit by one non-Director employee.

- **CSOP (2025)** – options granted

  On 1 August 2025 options over 11,340 shares were granted to four non-Director employees.

In the previous ending 31 March 2025:

- **CSOP (2021)** – options forfeit

  In August 2024 options over 6,997 shares were forfeit by 25 non-Director employees.

- **CSOP (2024)** – options granted

  On 2 August 2024 options over 35,767 shares were granted to three non-Director employees.

At 31 March 2026 there were three incentive schemes in place:

- a CSOP Employees scheme;
- an LTIP relevant to five senior employees (31 March 2025: five) including Andrew Wass, Gareth Bevan and Chris Scott; and
- an LTIP relevant to the three Executive Directors of Gear4music (Holdings) plc comprising 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 remeasured 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 2026 the total number of shares under option under the CSOP scheme was 85,999 (31 March 2025: 81,604). Assuming that the CSOP awards vest in full, the maximum implied dilution equal 0.4% of the Company's then issued share capital (31 March 2025: 0.4%).

Notes to the consolidated financial statements continued

(forming part of the financial statements)

21 Share-based payments continued

LTIPs

At 31 March 2026 there are two LTIPs in place.

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.

Assuming that the awards across both schemes vest in full, the maximum implied dilution over the life of both LTIPs would equal 5.2% (31 March 2025: 4.2%) of the Company's then issued share capital.

LTIP (2023)

In July 2023 the Group adopted a replacement 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.

LTIP (2025)

On 3 July 2025 the Group adopted a new LTIP with share awards made to the three Executive Directors of Gear4music (Holdings) plc.

Under the LTIP, Gear4music Limited, a wholly owned subsidiary of the Gear4music (Holdings) plc issued 200,000 'F' Ordinary shares of one pence each, which are non-voting, non-dividend, restricted shares to the relevant individuals. The initial subscription cost was paid by way of a cash bonus.

These F Shares vest subject to achieving a £5 share price target in July 2028, at which point they can be exchanged on a one-for-one basis for new Ordinary shares in Gear4music (Holdings) plc.

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
Employee CSOP Award 2023 – Equity settled award to 22 employees granted by Parent on 9 May 2023	Equity	56,203 granted 38,892 at 31 March 2026	Continued employment	6 July 2026
LTIP 2023 – 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 March 2026	100% linked to share price All subject to continued employment	From July 2026 to July 2030
Employee CSOP Award 2024 – Equity settled award to three employees granted by Parent on 2 August 2024	Equity	35,767 granted and at 31 March 2026	Continued employment	2 August 2027
LTIP 2025 – Equity settled award to the three Executive Directors of Gear4music (Holdings) plc, on 3 July 2025	Equity	200,000 granted and at 31 March 2026	100% linked to share price All subject to continued employment	July 2028
Employee CSOP Award 2025 – Equity settled award to four employees granted by Parent on 1 August 2025	Equity	11,340 granted and at 31 March 2026	Continued employment	1 August 2028

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 2.24 years (31 March 2025: 3.20 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 (years)	Dividend yield (%)	Risk free rate of interest (%)	Fair value (pence)
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 August 2024	137.0	0.0	61.0%	3	0%	3.65%	**137.0**
3 July 2025	234.0	0.0	46.0%	3	0%	3.82%	**65.0**
1 August 2025	257.0	0.0	45.4%	3	0%	3.79%	**257.0**

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options).

22 Related parties

Transactions with key management personnel

The compensation of key management personnel is as follows:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Short-term employee benefits	**992**	852
Share-based payment	**87**	97
	1,079	949

Key management personnel comprise the Chair, CEO, CFO, and NEDs. All transactions with key management personnel have been made on an arm's-length basis.

On 3 July 2025 the Group adopted a new 'long-term incentive plan' ('LTIP') involving Gareth Bevan, Andrew Wass and Chris Scott (see Note 21). The initial subscription cost was covered by way of a bonus with Gareth Bevan, Andrew Wass and Chris Scott receiving gross bonuses of £36,000, £18,000 and £18,000 respectively.

In 2026 six Directors accrued retirement benefits under a money purchase scheme (2025: seven).

23 Reconciliation of liabilities arising from financing activities

	Long-term borrowings £000	**Lease Liabilities £000**	**Total £000**
1 April 2025	**12,000**	**7,809**	**19,809**
Cash flows			
Repayment	**(18,000)**	**(1,381)**	**(19,381)**
Proceeds	**19,000**	**–**	**19,000**
31 March 2026	**13,000**	**6,428**	**19,428**

	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

24 Capital commitments

On 1 April 2026 the Group signed an agreement to lease SH131 at Sherburn 42 which would result in a lease liability after the balance sheet date of approximately £9.9m and corresponding asset of approximately £10.2m once the 15-year lease is signed. Related capital expenditure of £10.2m is expected to be incurred in FY27 of which £9.5m is committed.

Company balance sheet

		2026		2025	
	Notes	£000	£000	£000	£000
Fixed assets					
Investments	4		7,026		6,532
Current assets					
Cash in hand and at bank	6	36		26	
Debtors (including £8.33m (2025: £8.55m) due after more than one year)	5	8,354		8,592	
		8,390		8,618	
Creditors: amounts falling due within one year	7	(121)		(42)	
Net current assets			8,269		8,576
Total assets less current liabilities			15,295		15,108
Net assets			15,295		15,108
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		(89)		(276)
Shareholders' funds			15,295		15,108

The Company reported a profit for the financial year ended 31 March 2026 of £61,000 (2025: £282,000).

The Notes 1 to 8 form part of these financial statements.

These financial statements were approved by the Board of Directors on 22 June 2026 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 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
Profit for the year	–	–	61	61
Share-based payments charge	–	–	126	126
Total changes in equity	–	–	187	187
Balance at 31 March 2026	2,098	13,286	(89)	15,295

The accompanying notes form an integral part of the financial statements.

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 2026 and 31 March 2025.

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 78 and 79.

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.

1.5 Basic financial instruments continued

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.

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.

Notes to the company financial statements continued

(forming part of the financial statements)

1 Accounting policies continued

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 2026 £000	Year ended 31 March 2025 £000
Auditor remuneration – audit of financial statements	**86**	75

3 Directors' remuneration

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Directors' remuneration	**840**	734
Short-term employee benefits	**14**	8
Company contributions to money purchase pension schemes	**30**	27
	884	769

The three Executive Directors are paid through Gear4music Limited, and the three 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 £257,000 during the year (2025: £215,000), including Company pension contributions of £10,000 (2025: £7,000) that were made to a money purchase scheme on their behalf.

On 3 July 2025 the Group adopted a new 'long-term incentive plan' ('LTIP') involving Gareth Bevan, Andrew Wass and Chris Scott. The initial subscription cost was covered by way of a bonus with Gareth Bevan, Andrew Wass and Chris Scott receiving gross bonuses of £36,000, £18,000 and £18,000 respectively.

There were six Directors (2025: seven) for whom retirement benefits accrued under a money purchase pension scheme.

4 Fixed asset investments

	Subsidiary undertakings £000
Cost	
At 1 April 2025	6,532
Capital contribution	494
At 31 March 2026	**7,026**

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 Logístic, nº 12–14 08040 Barcelona, Spain	21097476	Ordinary	100% via G4M Ltd

Cagney Limited is a dormant company and was dissolved on 21 April 2026.

Notes to the company financial statements continued

(forming part of the financial statements)

5 Debtors

Due within one year:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Other debtors	27	40

Due after more than one year:

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Amounts owed by Group undertakings	8,327	8,552

The loan to Group undertakings is repayable in 12-months and one day from the year-end. Interest is at nil% coupon rate but is present valued with interest accruing at the effective interest rate at 5.95%.

As at 31 March 2026, receivables from subsidiary undertakings were unimpaired and considered by management to be fully recoverable.

6 Cash and cash equivalents

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Cash and cash equivalents per balance sheet	36	26

7 Creditors: amounts falling due within one year

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Trade creditors	56	3
Accruals	65	39
	121	42

8 Share capital and reserves

Share capital

	Year ended 31 March 2026 Number	Year ended 31 March 2025 Number
Called up and fully paid:		
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 2026 £000	Year ended 31 March 2025 £000
Opening and closing	13,286	13,286

Retained earnings

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Opening	(276)	(621)
Share-based payment charge	126	63
Profit for the year	61	282
Closing	(89)	(276)

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