



23 June 2026

Gear4music (Holdings) plc
Audited results for the year ended 31 March 2026

“Significant revenue growth, and EBITDA and PBT ahead of recently upgraded market expectations with a confident outlook”

Gear4music (Holdings) plc, (“Gear4music” or “the Group”) (LSE: G4M), the largest UK based online retailer of musical instruments and music equipment, today announces its financial results for the year ended 31 March 2026.

FY26 Highlights*:

£m	Year ended 31 March 2026 ("FY26")	Year ended 31 March 2025 ("FY25")	Change on FY25
Revenue	190.7	146.7	+30%
Gross profit	54.2	39.7	+37%
Gross margin	28.4%	27.0%	+140bps
EBITDA	18.4	10.0	+84%
PBT	10.3	1.6	+£8.7m

- Revenue growth of 26% in Q4 FY26, continuing the strong growth delivered throughout the year
- EBITDA of £18.4m, ahead of previous market expectations (April 2026: £18.1m) and up £8.4m year-on-year (FY25: £10.0m; FY24: £9.4m)
- EBITDA margin of 9.7%, up 290bps year-on-year (FY25: 6.8%; FY24: 6.9%)
- Profit Before Tax of £10.3m, also ahead of market expectations, is £8.7m ahead of FY25 (FY25: £1.6m; FY24: £0.6m)
- Net debt reduced for a fourth consecutive year, down to £5.0m at the year-end (FY25: £6.4m; FY24: £7.3m) having prepaid £3.1m in relation to the new UK warehouse

Trading Outlook and Strategy:

- Multiple growth-focused technology and systems upgrades launched during Q4 FY26 and Q1 FY27 are performing well and set to yield benefits in FY27
- Warehouse fit out progressing well and on schedule to be operational ahead of FY27 peak

- New £45m committed Revolving Credit Facility secured through to August 2029, supporting planned capital investment and providing significant liquidity headroom to respond to strategic opportunities as they arise
- Double digit percentage revenue growth FY27 year-to-date against tough prior year comparatives
- FY27 trading to date in line with board expectations and on track to deliver FY27 consensus market expectations*

** Prior to this update, Gear4music believes that consensus market expectations were: (i) for the year ended 31 March 2026, revenues of £190.7 million, EBITDA of £18.1 million and profit before tax of £9.7 million; and (ii) for the year ending 31 March 2027, revenues of £200.2 million, EBITDA of £16.0 million and profit before tax of £6.0 million.*

Commenting on the results, Andrew Wass, Executive Chair said:

“We are delighted to report that FY26 delivered significant strategic, commercial and financial progress, with strong revenue growth of 30% contributing to an excellent full-year financial performance. Improved gross margins combined with disciplined cost control have driven an 84% increase in EBITDA and a significant improvement in profit before tax, an increase of £8.7m compared with the previous year.

Due to strong revenue growth, in FY26 we announced plans to open a new automated distribution centre near York, providing additional capacity to support future growth. I am pleased to report that the project remains on budget and on schedule to become operational ahead of our peak trading period later this year.

Despite paying £3.1m in deposits relating to the new warehouse project, net debt reduced for the fourth consecutive year. In addition, the Group has secured a committed £45m Revolving Credit Facility through to August 2029, providing a strong liquidity position and enabling the business to respond quickly to strategic opportunities as they arise.

During Q4 FY26, we delivered several growth-focused technology initiatives, including the launch of an AI-based inventory forecasting and purchasing platform, a new CRM platform and digital promotions centre, and an AI-powered website chatbot.

To support the strong growth of high-end product sales in FY26, we also recently launched a white-glove in-house courier service, enabling us to deliver, set up and install premium products that we were previously unable to supply, further enhancing our customer proposition and overall customer experience.

Whilst it remains early in the financial year, double-digit revenue growth in FY27 to date gives us confidence that the business will build on the substantial progress achieved in FY26. Trading in FY27 to date is in line with the board’s expectations despite more challenging year-on-year comparatives. We are on track to deliver FY27 consensus market expectations and the Group is well positioned to take advantage of further growth opportunities in both the UK and Europe.”

- Ends -

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About Gear4music (Holdings) plc

Operating from a Head Office in York, Distribution Centres in York, Bacup, Sweden, Germany, Ireland & Spain, and showrooms in York, Bacup, Sweden & Germany, the Group sells own-brand musical instruments and music equipment alongside premium third-party brands including Yamaha, Roland and Fender, to customers ranging from beginners to musical enthusiasts and professionals, in the UK, Europe and the Rest of the World.

Having developed its own e-commerce platform, with multilingual, multicurrency websites delivering to over 190 countries, the Group continues to build its overseas presence.

Chairman's Statement

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 significant increases in revenue, profitability, and a fourth consecutive year of net debt reduction.

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 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

Chief Executive's Statement

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 Information

** See notes 13 and 14 of the Financial Information

Commercial KPIs

	FY26	FY25	Change on FY25
Website users***	82.4m	62.2m	+32%
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.

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 an 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 and 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

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 ('LLM's), is becoming increasingly important. In response, we are investing in initiatives that strengthen its 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.

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.

Gareth Bevan
Chief Executive Officer
22 June 2026

Chief Financial Officer's statement

Overview

The financial progress achieved in FY25 provided the Group with a strong foundation as it entered FY26, positioning the business favourably to accelerate execution of its Growth Strategy and deliver enhanced value for shareholders and stakeholders alike.

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.

Revenue

	FY26	FY25	Change on FY25
	£m	£m	%
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%).

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%).

	FY26	FY25	Change on FY25
	£m	£m	%
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.

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 sales	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 products 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	FY25	Change on FY25
	£m	£m	£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%).

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 IFRS16 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.

	FY26	FY25	Change on FY25
	£m	£m	£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 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).

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	31 March 2025	Change on 31 March 2025
	£m	£m	£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.

Chris Scott

Chief Financial Officer

22 June 2026

Consolidated Statement of Profit and Loss and Other Comprehensive Income

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

The accompanying notes form an integral part of the consolidated financial report.

Consolidated Statement of Financial Position

		Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
	<i>Note</i>		
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
		<hr/>	<hr/>
		34,919	38,219
		<hr/>	<hr/>
Current assets			
Inventories	11	42,776	34,193
Trade and other receivables	12	7,010	3,147
Corporation tax receivable		-	239
Cash and cash equivalents	13	8,015	5,576
		<hr/>	<hr/>
		57,801	43,155
		<hr/>	<hr/>
Total assets		92,720	81,374
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade and other payables	15	(22,187)	(19,921)
Lease liabilities	16	(1,857)	(1,869)
Corporation tax payable		(2,717)	-
		<hr/>	<hr/>
		(26,761)	(21,790)
		<hr/>	<hr/>
Non-current liabilities			
Interest-bearing loans and borrowings	14	(13,000)	(12,000)
Other payables	15	(320)	(238)
Lease liabilities	16	(4,571)	(5,940)
Deferred tax liability		(1,771)	(2,103)
		<hr/>	<hr/>
		(19,662)	(20,281)
		<hr/>	<hr/>
Total liabilities		(46,423)	(42,071)
		<hr/> <hr/>	<hr/> <hr/>
Net assets		46,297	39,303
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital	17	2,098	2,098
Share premium	17	13,286	13,286
Foreign currency translation reserve	17	53	140
Revaluation reserve	17	754	1,145

		Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Retained earnings	<i>Note</i> 17	30,106	22,634
Total equity		46,297	39,303

The notes 1 to 19 form part of the consolidated financial report.

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 consolidated financial report.

Consolidated Statement of Cash Flows

	<i>Note</i>	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Cash flows from operating activities			
Profit for the year		7,315	832
<i>Adjustments for:</i>			
Depreciation and amortisation	3	6,893	6,802
Financial expenses and financial income	7	1,190	1,553
Profit on sale of property, plant and equipment		1	(5)
Share based payment charge		126	63
Taxation expense/(income)	8	3,028	730
		(221)	(390)
		18,332	9,585
(Increase)/decrease in trade and other receivables	15	(3,868)	(69)
(Increase)/decrease in inventories	14	(8,583)	(8,550)
Increase/(decrease) in trade and other payables	18	2,455	6,860
		8,336	7,826
Tax received	8	(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	9	(284)	(349)
Capitalised development expenditure	11	(3,295)	(3,573)
Business combinations: Deferred consideration	11	-	(25)
Purchase of other intangibles	11	(20)	(102)
Interest received	7	106	115
Net cash used in investing activities		(3,493)	(3,918)
Cash flows from financing activities			
Interest paid		(1,242)	(1,774)
Repayment of borrowings	17	19,000	13,000
Payment of lease liabilities	19	(18,000)	(13,000)
		(1,759)	(1,274)
		(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

	<i>Note</i>	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Foreign exchange movement		-	9
Cash at end of year	<i>16</i>	8,015	5,576

The accompanying notes form an integral part of the consolidated financial report.

Notes to the consolidated financial report
(forming part of the financial report)

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 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.

Accounting policies

1.1 Basis of preparation

The financial information set out in this announcement does not constitute statutory accounts as defined by section 434 of the Companies Act 2006.

It has been prepared in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards, including IFRIC interpretations issued by the International Accounting Standards Board, and in accordance with the AIM rules and is not therefore in full compliance with IFRS. The principal accounting policies of the Group have remained unchanged from those set out in the Group's 2025 annual report. The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are accounted for at fair value.

The results for the year ended 31 March 2026 have been extracted from the full accounts of the Group for that year which have not yet been delivered to the Registrar of Companies. Grant Thornton UK LLP has reported on those accounts and their report is (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information for the year ended 31 March 2025 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. Grant Thornton UK LLP reported on those accounts and their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group.

The announcement will be published on the Company's website. The maintenance and integrity of the website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting period

The financial report presented covers the years ended 31 March 2026 and 31 March 2025.

Measurement convention

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

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

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 Group's annual report.

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

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 arise. 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.

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.

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
	<hr/>	<hr/>
	190,735	146,720
	<hr/> <hr/>	<hr/> <hr/>

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 & 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
Profit on disposal of property, plant and equipment	1	(5)
R&D expenditure recognised as an expense	139	126
Auditor remuneration – audit of the Group 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
	<hr/>	<hr/>

	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
	<hr/>	<hr/>
	1,007	910
	<hr/> <hr/>	<hr/> <hr/>

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 Nos.	Year ended 31 March 2025 Nos.
Administration	203	164
Selling and Distribution	289	287
	<hr/>	<hr/>
	492	451
	<hr/> <hr/>	<hr/> <hr/>

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)
	<hr/>	<hr/>
	15,902	13,624
	<hr/> <hr/>	<hr/> <hr/>

Directors' remuneration

	Year ended 31 March 2026	Year ended 31 March 2025
Directors' emoluments	884	769

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.

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 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
IFRS16 lease interest	345	418
Net foreign exchange loss	-	179
Unwinding of discount on deferred consideration	-	2
	<hr/>	<hr/>
Total financial expenses	1,421	1,791
	<hr/> <hr/>	<hr/> <hr/>

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Bank interest	106	115
	125	-
	<hr/>	<hr/>
Total financial income	231	115
	<hr/> <hr/>	<hr/> <hr/>

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
	<hr/>	<hr/>
Current tax expense	3,239	490
	<hr/>	<hr/>
Deferred tax expense		
Origination and reversal of temporary differences	(144)	294
Adjustments for prior periods	(67)	(54)
	<hr/>	<hr/>

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% (2024: 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

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

Other intangibles

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

Goodwill

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

In 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

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

In 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
	<hr/> 5,324 <hr/>	<hr/> 5,324 <hr/>

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 % 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 Inventories

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Finished goods	42,776	34,193
	<u> </u>	<u> </u>

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 stock subsequently found to be faulty, that is retained to be used for spare parts on the basis there is no direct NRV value, and a provision based on the expected product loss on dealing with returns stock.

12 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
	<u> </u>	<u> </u>
	7,010	3,147
	<u> </u>	<u> </u>

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 due 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 represent 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.

13 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.

14 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
Bank loans	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 variable 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
<i>Changes from financing cash flows</i>		
Proceeds from loans and borrowings	19,000	13,000
Repayment of borrowings	(18,000)	(13,000)
Total changes from financing cash flows	1,000	-
<i>Other changes</i>		
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 15)	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).

15 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
	<u>22,187</u>	<u>19,921</u>
Non-current		
Accruals and deferred income	320	238
	<u>320</u>	<u>238</u>

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.

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.

16 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

17 Share capital and reserves

	Year ended 31 March 2026 Number	Year ended 31 March 2025 Number
Share capital		
<i>Called up and fully paid:</i>		
Ordinary shares of 10p each	20,976,938	20,976,938

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

Share premium

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

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
	<hr/>	<hr/>
Closing	30,106	22,634
	<hr/> <hr/>	<hr/> <hr/>

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

18 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
	<hr/>	<hr/>
	1,079	949
	<hr/> <hr/>	<hr/> <hr/>

Key management personnel comprise the Chair, CEO, CFO, and NEDs. All transactions with key management personnel have been made on an arms-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 22). 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).

19 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.