



22 October 2024

**Gear4music (Holdings) plc  
Half Year Trading Update**

*Good progress in executing our Growth strategy announced in June, with full-year outlook in-line with consensus market expectations*

Gear4music (Holdings) plc ("Gear4music" or "the Group"), the largest UK based online retailer of musical instruments and music equipment, today announces a trading update for the six months to 30 September 2024.

<b>£m</b>	<b>6m to 30 Sept 2024 (FY25 H1)</b>	6m to 30 Sept 2023 (FY24 H1)	<b>% Change on FY24 H1</b>
<b>UK revenues</b>	<b>38.0</b>	36.5	<b>+4%</b>
<b>European and Rest of the World revenues</b>	<b>23.7</b>	26.1	<b>-9%</b>
<b>Total revenues</b>	<b>61.7</b>	62.6	<b>-1%</b>

**FY25 H1 Financial Highlights:**

- Returned to revenue growth in FY25 Q2 (Q1: -4%, Q2: +1%) following the launch of our updated Growth Strategy in June 2024
- Gross margin expected to be 26.7%, a small decrease on FY24 H1 (27.1%) and an improvement on FY23 H1 (26.3%)
- Gross profit expected to be £16.5m (FY24 H1: £17.0m)
- EBITDA expected to be £2.9m (FY24 H1 reported EBITDA £2.4m, FY24 adjusted EBITDA £2.9m\*)
- Net debt further reduced by £3.6m to £14.5m at 30 September 2024 (FY24 H1: £18.1m, FY23 H1: £21.8m), reflecting the normal seasonal build of inventory ahead of peak trading
- Reported Loss Before Tax expected to improve by £0.7m to £1.2m compared with FY24 H1\*

**Commercial and Operational highlights**

- Acquired the brand, IP and other assets of Studiospares Europe Limited for £150,000, further expanding our own-brand portfolio
- Significant traction of the second-hand sales platform in FY25 H1, which is expected to continue into H2 and beyond

- Early-stage challenges with the implementation of a new outsourced AI-based marketing system, which impacted own-brand revenues, European revenues, and overall marketing efficiency, have now been resolved
- New experienced Marketing Director appointed, and started in September 2024

### **Trading Outlook:**

- Stronger growth achieved during October FY25 trading to date
- Well-positioned and prepared for the upcoming peak seasonal trading period
- Full-year outlook remains in-line with consensus market expectations\*\*

### **Gear4music's Executive Chair, Andrew Wass, said:**

"We are pleased to report good progress in executing the Growth strategy we announced in June, with a return to growth in FY25 Q2 and further growth momentum during October trading to date. We are also pleased to have further reduced our Net Debt, and improved our overall profitability compared with the same period last year.

This performance comes despite initial challenges with the rollout of a new AI-based marketing system during H1, which temporarily increased marketing costs and impacted the sales mix between our own-brand and other-brand products and our European sales. These issues have now been resolved, and our marketing investments have stabilised. I am also pleased to report the recent appointment of a new experienced Marketing Director.

Additionally, we recently acquired the brand and certain assets of Studiospares, a business established in 1983 with a strong reputation for high-quality studio equipment and accessories. We are excited to integrate Studiospares's brand offering into our existing own-brand portfolio, which will support our long-term objective of product margin growth.

Our second-hand sales platform gained significant traction during FY25 H1, and we anticipate continued growth in this area as we build upon our unique offering.

As we enter our peak trading season, which has historically been a key driver of our profits and revenues, the Board is confident that our full-year outlook remains in-line with consensus market expectations."

The Group will report Interim results for the six months ended 30 September 2024 on 19 November 2024.

*\* In FY24 H1, adjusted EBITDA and LBT excluded £0.5m one-off redundancy costs.*

*\*\* Gear4music believes that current consensus market expectations for the year ending 31 March 2025 are revenue of £154.7 million, EBITDA of £11.7 million and profit before tax of £2.8 million.*

**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 Fender, Yamaha and Roland, 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.