17 November 2026

Gear4music (Holdings) plc
Interim results for the six months ended 30 September 2026

Gear4music (Holdings) plc, ("Gear4music" or "the Group") (LSE: G4M), the largest UK based online retailer of musical instruments and music equipment, today announces its unaudited financial results for the six months ended 30 September 2026 ("the Period").

£m	**6-months ended 30 Sept 2026 ('FY27 H1')**	6-months ended 30 Sept 2025 ('FY26 H1')	**Change on FY26 H1**
UK revenue	**51.0**	49.6	**+3%**
European & Rest of World revenue	**34.4**	31.1	**+11%**
Total revenue	**85.4**	80.7	**+6%**
Gross profit	**23.6**	22.7	**+4%**
Gross margin	**27.7%**	28.2%	**-50bps**
EBITDA	**5.7**	6.9	**-1.2m**
Operating profit	**2.1**	3.4	**-1.3m**
Profit before tax	**1.0**	2.7	**-1.7m**

FY27 H1 Financial Highlights:

- Continued revenue growth across markets and brands against very strong prior-year comparatives, alongside ongoing investment in our growth strategy
- Gross margin of 27.7% (FY26 H1: 28.2%; FY25 H1: 26.7%) reflects continued pricing and product margin discipline
- Gross profit includes a £0.3m benefit (FY26 H1: £1.1m) from sales of stock acquired following the insolvencies of two UK competitors in 2025, as previously reported
- EBITDA of £5.7m (FY26 H1: £6.9m; FY25 H1: £2.9m), includes previously reported setup costs associated with the new automated UK distribution centre
- Net bank debt of £24.3m (30 September 2025: £16.0m), up £8.3m year on year, reflecting investment in the new automated UK distribution centre and seasonal inventory build ahead of peak trading

Trading Outlook:

- FY27 Q3 revenue to date down 13% year on year, but 19% ahead of the equivalent period in FY25
- Lower paid-search traffic driving weaker trading, partly reflecting more prominent AI-generated results
- Expanding advertising within AI search and improving website visibility expected to support recovery over time
- FY27 EBITDA now expected to be approximately £11.5m, significantly below current consensus market expectations*
- Phase one of the new automated UK distribution centre operational ahead of peak trading

- The Board remains confident in the Group's long-term prospects, supported by continued investment in marketing, technology and logistics to drive profitable growth

Commenting on the results, Andrew Wass, Executive Chair said:
"Building on the significant progress achieved in FY26, we delivered further revenue and gross profit growth in the first half of FY27 despite the challenges facing discretionary consumer spending.

Trading in FY27 Q3 to date has been affected by lower paid-search traffic, which we believe reflects changes in the presentation of search results and evolving customer search habits as AI becomes more prominent. Q3 revenue is down 13% year on year, but remains 19% ahead of the equivalent period in FY25 following the substantial growth achieved last year.

The expansion of advertising within AI-powered search services is creating additional opportunities to reach customers, and we are making good progress in increasing the visibility of our websites across these platforms, positioning us to benefit as search behaviours continue to evolve.

Other-brand sales have also been affected by sterling's rapid appreciation against the euro, which has increased short-term pricing pressure from European retailers.

Reflecting trading in the financial third quarter to date, the Board now expects full-year FY27 EBITDA of approximately £11.5m.

The first phase of our new automated UK warehouse is now operational, and we are well prepared for the important peak trading period. We remain confident in the Group's long-term prospects and will continue to invest in marketing, technology and logistics to support profitable growth.

We will provide a further trading update on 19 January 2027, following the Christmas trading period."

** Gear4music believes that current consensus market expectations prior to the release of this update for the year ending 31 March 2027 were revenues of £200.2 million, EBITDA of £16.0 million and profit before tax of £6.0 million.*

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"). Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

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About Gear4music (Holdings) plc

Gear4music is the largest retailer of musical instruments and music equipment in the UK, delivering to 190 countries across Europe and the Rest of the World.

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.

Operating from a Head Office in York, the Group has Distribution Centres in York, Bacup, Sweden, Germany, Ireland & Spain, and showrooms in York, Bacup, Sweden & Germany.

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

Business Review

The Group reports its results for the six months to 30 September 2026 ('FY27 H1' or 'the Period'), and updates on the Strategic, Commercial and Financial progress made in the Period.

Growth Strategy

In FY24 and FY25 we laid the foundations for growth through investment in people, processes, and structures, and in FY26 this culminated in a transformational period for the Group and a material step-up in revenue, profits and balance sheet strength. Results in that period were boosted by two UK-based competitors exiting the market and our acquisition and subsequent sell through of their inventory.

In FY27 we have sought to consolidate these market share gains and continued to invest to support profitable growth into the medium and long-term.

New UK Distribution Centre

Further to last year's rapid growth and our continued ambition we committed to open a new automated distribution centre in the UK and are pleased to announce phase one of this project has been delivered on budget and ahead of the FY27 peak trading period. We are shipping from the site and are confident it will support the Group through the peak season and in an increasingly meaningful way through 2027 and beyond.

This new distribution centre supports the Group's wider strategic expansion and will free up space in the current York site to enhance Showrooms, Second-hand sales, and Returns operations, and to consolidate operations from our Bacup site.

Across FY26 and FY27 to date we have invested £10.6m in fitout, plant and machinery and increased the project scope to provide flexibility on the timing of the follow-on Phase two. The new site increases and enhances the Group's operational capacity to support efficient growth as the business expands.

Marketing

Our marketing approach to date has relied on a highly efficient and effective approach to paid-search marketing, with 78% of our total marketing spend still being directly with Google (FY26 H1: 82%).

Our performance in FY27 H2 to date has been affected by lower paid-search traffic, which we believe reflects changes in customer search behaviour associated with the increasing adoption of Google's AI-powered search services. Google has announced an expansion of advertising within AI Mode, which may support an improvement in paid-search traffic.

We continue to make progress in improving our visibility across AI-powered search platforms and are confident that these initiatives will support a return to website traffic growth.

Product offer – Own-brand progress

Our Own-brand team continues to drive product development, efficient purchasing and inventory coverage across our distribution centres, enabling us to increase own-brand revenue into the medium term. In the Period we increased own-brand SKU count to 6,040 delivering 22.5% of total product sales from 8.6% of total SKUs.

Product highlights include launches of several new ranges under our G4M, AVCOM, Studiospares, Premier, Hartwood, and Modul brands.

Current trading and outlook

Whilst we are well-prepared ahead of the seasonal peak trading period with good stock availability and capacity across our sites, we note a drop-off in website traffic in FY27 H2 to date directly related to a drop-in traffic from paid-search sources. We continue to increase and improve our profile on Large Language Models ('LLMs') and understand Google is taking action to support an improvement, but over-laying macro-economic uncertainties weighing on consumers in the UK and across Europe, the Board now expects full-year performance to be significantly below current market expectations, with FY27 EBITDA of approximately £11.5m.

We remain confident in the enduring consumer demand for our products and are continuing to invest in our platform and our people to make sure we are well-placed to benefit once the environment improves.

The Group plans to issue a Christmas trading update on 19 January 2027.

Commercial Review

	FY27 H1	FY26 H1	**Change on FY26 H1**
Revenue	**£85.4m**	£80.7m	**+6%**
Total sessions*	**21.7m**	21.8m	**-1%**
Mobile sessions*	**13.6m**	13.8m	**-2%**
Conversion rate – sessions*	**2.25%**	2.16%	**+9bps**
Average order value	**£164**	£163	**+1%**
Active customers **	**916,000**	817,000	**+12%**
Proportion of repeat customers ***	**40.9%**	39.2%	**+170bps**
Email subscriber database	**2.83m**	2.13m	**+33%**
Trustpilot rating	**4.6/5**	4.6/5	**-**

* Sessions definition in both periods updated to focus on 'users local to domain' to reduce the increasing impact of bots
** Active customers are those that have purchased products within the last 12 months
*** Repeat customers are those that have made a purchase in the 6m Period and have historically made at least one purchase

UK revenue in the Period was 3% ahead of a strong comparative last year where we benefited from an improved competitive landscape following two competitors exiting the market, and boosted by our acquisition of their stock at favourable prices. On a two-year basis UK revenue was £12.3m (32%) ahead of FY25 H1. We estimate our share of the UK market for new musical instruments and equipment to have increased to 13.0% from 11.4% in FY26 H1 and 9.7% in FY25 H1.

International revenue in the Period was 11% ahead of FY26 H1 and 49% ahead of FY25 H1 reflecting an improving customer proposition in terms of breadth and depth of stock purchased and held locally. We estimate our share of the European market to have increased to 1.9% representing a significant opportunity for further growth.

'Average Order Value' ('AOV') increased 1% to £164 building on a 7% increase last year, reflecting proportionally more high value branded sales offsetting a higher proportion of own-brand sales.

Website Performance

We continue to see increasing volumes of nil-value traffic to our sites, and in response rebased our website-metric KPIs to focus on sessions from the country local to the domain. The revised figures show a stronger correlation to in-house data and the trends we see across our platforms.

Website sessions in the Period decreased by 1% from 21.8m to 21.7m comprising:

- a 10% increase in European sessions being offset by a 7% decrease in UK traffic;
- mobile sessions decreased by 2% to 13.6m, representing 62% of total sessions (FY26 H1: 63%); and
- organic and direct traffic share in the Period increased from 28% last year to 31% of total sessions.

Session conversion rates improved from 2.16% last year to 2.25%, with a 21bps improvement in the UK and a 12bps reduction in Europe. Mobile conversion increased from 1.68% to 1.75%.

As artificial intelligence continues to reshape consumer behaviour, investing in brand visibility within search engine AI overviews and large language models ('LLM's) is increasingly important. Our marketing and technology teams have been working on our LLM visibility plan for the past year, in particular, content, social media, communities, and affiliates. We use an external platform to track and report on LLM visibility and are achieving meaningful visibility across commercial AI searches, with measurable traffic and revenue growth. Our focus is on increasing how frequently we are recommended, improving the quality of those recommendations, and ultimately translating that visibility into sales.

Our own-brand influencer marketing initiative goes from strength to strength and is delivering results. Our approach includes a focus on Europe, with the aim of producing more localised and engaging content for our European audience.

Customer Metrics

We have moved to a new CRM platform that provides a single customer view to enhance customer retention and lifetime value through data-driven personalisation and targeted communications. Customer retention continues to improve with 41% of our customers in the Period (FY26 H1: 39%) having made at least one previous purchase from us. Our level of repeat custom continues to be lower than in some other e-commerce sectors, reflecting the nature of the Group's product range and higher average order value, and re-affirms the importance of the Group being profitable from the first customer transaction.

As a result of the data migration we have also added 0.7 million to our email subscriber base, increasing the figure to 2.8 million.

The Group served 410,000 customers in the Period (+4% on FY26 H1) and 'Active customers', being those that have purchased products within the last 12 months, increased by 12%.

We continue to invest in our customer proposition and service teams, resulting in an excellent overall customer experience, reflected in Gear4music.com's Trustpilot score of 4.6/5 and 'Excellent' rating from over 143,000 reviews.

Product and Supply Chain

	FY27 H1	FY26 H1	**Change on FY26 H1**
Other brand product sales	**£63.4m**	£60.3m	**+5%**
Own-brand product sales	**£18.4m**	£17.2m	**+7%**
Product margin	**31.4%**	32.1%	**-70bps**
Products listed	**70,100**	65,700	**+7%**
Brands listed	**1,150**	1,142	**+1%**

Achieving strong gross margins is important to the profitability of the Group and remains a key business objective. FY27 H1 gross margin of 27.7% was 50bps behind last year and a 100bps improvement on FY25 H1 reflecting:

- A 70bps decrease in product margin comprising:
    - a 170bps improvement in own-brand margin to 50.8%, on top of last year's 180bps increase;
    - a 150bps deterioration in branded margin to 25.8% reversing the 140bps improvement last year that included £1.1m gross profit on £1.9m of sales of branded deal-stock; and
    - a positive sales mix effect with a higher weighting of own-brand sales (22.5% v FY26 H1: 22.2%).
- A 20bps decrease in net shipping costs further to a 30bps decrease last year, reflecting sustained higher AOV and improved carrier deals.

The number of SKUs we list increased by 900 (1.4%) between 30 September 2025 and 31 March 2026 and has since increased 5.3% to 70,100 at 30 September 2026. We continue to de-list less profitable, slow-moving SKUs.

Own-brand

We continue to invest in brand and range development to enable us to create wider appeal and an innovative product offering. We are looking to expand the team in FY27 H2.

The number of own-brand SKUs increased from 5,710 at 30 September 2025 to 6,040 (+6%) at 30 September 2026, with own-brand revenue accounting for 22.5% of total product sales (FY26 H1: 22.2%) from just 8.6% of total SKUs (FY26 H1: 8.7%), reflecting the significant efforts of our in-house team in developing a range of high-quality instruments and equipment at affordable prices.

Software Development

We continue to leverage a combination of in-house capability with 43 developers (30 September 2025: 40), and the outsourcing of certain activities to external contractors (FY27 H1 spend: £0.2m; FY26 H1: £0.4m).

FY27 H1 involved rollout of important infrastructure improvements and a focus on cyber-security and resilience, including the onboarding and optimisation of additional security software. This builds on mitigations including 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 major project spanning FY27 H1 related to the integration with a third-party Warehouse Management System and adapting to deliver all technical aspects of our new, automated warehouse.

In FY27 we are benefiting from a full-year of FY26 launched products bedding in, including:

- AI-based inventory forecasting and purchasing platform;
- digital promotions creating the ability to create, manage and report on a variety of promotions;
- integration with CRM platform to better understand and communicate with our customers;
- integrated with marketplace aggregator to create a scalable marketplace operation; and
- website AI-chatbot providing product information and advice.

The Group capitalised £1.7m (FY26 H1: £1.7m) in relation to its e-commerce platform in the Period.

Financial Review

	FY27 H1	FY26 H1	**Change on FY26 H1**
Revenue	**£85.4m**	£80.7m	**+6%**
Gross profit	**£23.6m**	£22.7m	**+4%**
Gross margin	**27.7%**	28.2%	**-50bps**
EBITDA	**£5.7m**	£6.9m	**-16%**
Operating profit	**£2.1m**	£3.4m	**-39%**
Marketing costs	**£5.9m**	£5.1m	**+14%**
Marketing costs as % of revenue	**6.9%**	6.4%	**+50bps**
Total Labour costs	**£8.4m**	£7.4m	**+13%**
Total Labour costs as % of revenue	**9.8%**	9.2%	**+60bps**

Revenue

Revenue of £85.4m was £4.7m (6%) ahead of FY26 H1, but slowed as the Period progressed from 13% in Q1 to -1% in Q2.

UK revenue growth moderated from 31% in FY26 H1 to 3%, as we retained market share gains taking our share of a flat UK market to an estimated 13.0% (FY26 H1: 11.4%). UK capacity will be bolstered through this year's peak trading period by our new automated distribution centre near York.

International revenue of £34.4m was £3.3m (11%) ahead of last year and £11.4m (49%) ahead of FY25 H1 reflecting improved trading conditions. International revenue accounted for 40% of the Group total revenue compared to 39% in FY26 H1.

Gross Margin

As outlined in the 'Commercial Review' gross margin of 27.7% was 50bps behind last year reflecting a 70bps decrease in product margin net of a 20bps decrease in net delivery costs.

Own brand product margin improved by 170bps to 50.8%, having increased by 180bps in FY26 H1.

Branded-margin reduced to 25.8% which was more in-line with past periods (FY25 H1: 25.9%). In the Period we report £0.7m revenue (FY26 H1: £1.9m) and £0.3m gross profit (FY26 H1: £1.1m) on the sale of deal stock out of the administration of two UK-based competitors. If sales of deal stock are excluded, branded margin would be 25.5% in FY27 H1 (26.3% in FY26 H1). At 30 September 2026 we had £0.6m (30 September 2025: £1.4m) related stock remaining.

Operating Profit and Administrative Expenses

Operating profit of £2.1m was £1.3m lower than FY26 H1 and a £2.5m improvement on the loss reported in FY25 H1, and is the net of a £0.9m increase in gross profit and a £2.2m increase in Admin expenses.

Admin expenses of £22.1m represent an 11% increase on FY26 H1 relative to a 6% increase in revenue, equating to 25.9% as a percentage of sales compared to 24.6% in FY26 H1 and 28.1% in FY25 H1.

Marketing and labour costs continue to be the major components of the overhead base, accounting for a combined 64% of Admin expenses in the Period (FY26 H1: 63%):

- Marketing spend of £5.9m (FY26 H1: £5.1m) equated to 6.9% of sales (FY26 H1: 6.4%) and is still heavily PPC-focused, accounting for 82% of total marketing cost (FY26 H1: 86%) targeting a pre-defined and measurable return on investment; and
- Labour costs increased £1.0m (13%) on FY26 H1 to £8.4m, reflecting an 11% increase in average headcount to 485, and a 2% increase in average cost per head.

Other Administrative expenses

European distribution centre local expenses increased £0.2m (9%) on FY26 H1 to £2.7m, driven in full by a £0.2m increase in local labour costs.

Depreciation and amortisation in the Period totalled £3.7m (FY26 H1: £3.5m) including amortisation of £2.1m (FY26 H1: £2.1m) relating to our e-commerce platform, and £1.2m depreciation of 'Right of Use' assets (FY26 H1: £0.8m) reflecting the addition of the new UK-distribution centre from 1 April 2026.

EBITDA

FY27 H1 EBITDA of £5.7m is £1.2m (16%) lower than last year and £2.8m (97%) higher than FY25 H1, and equates to an EBITDA margin of 6.7% compared to 8.5% last year and 4.7% in FY25 H1.

Adjusting EBITDA to remove the sales and gross profit impact of the sale of deal stock in full in both periods results in an FY27 H1 adjusted EBITDA of £5.4m compared to £5.8m last year, equating to adjusted EBITDA margins of 6.4% and 7.3% respectively.

Financial Expenses and Net Profit

Net financial expenses of £1.1m include £0.6m net bank interest (FY26 H1: £0.5m), and £0.5m interest on lease liabilities reflecting the new 15-year lease on a new UK distribution centre (FY26 H1: £0.2m).

A relatively low tax charge of £0.2m (FY26 H1: £0.7m) reflects the impact of significant capital allowances claimed on current-year capital expenditure in the new distribution centre.

We report a retained profit in the Period of £0.8m compared to £2.0m in FY26 H1, equating to a basic profit per share of 3.7p (FY26 H1: 9.6p).

Cash Flow and Balance Sheet

Net bank debt at 30 September 2026 of £24.3m was £8.3m higher than last year (30 September 2025: £16.0m) reflecting £10.6m investment in fitout, plant and machinery at our new distribution centre, and a £3.1m (8%) increase in stock-on-hand to £44.4m (30 September 2025: £41.3m).

This is a low point in the annual cash cycle as we invest in stock ahead of peak seasonal trading. Nevertheless, this equates to just x1.4 times 12-month rolling EBITDA to 30 September 2026 (£17.3m), and we own freehold properties with a net book value of £6.7m.

This represents significant headroom of £20.7m within the Group's £45m RCF, and a significant reduction is expected by 31 March 2027 in the normal course, as seasonal increases in stock unwind and convert into cash.

	FY27 H1 £m	FY26 H1 £m	**Change on FY26 H1 £m**
Opening cash at 1 April	**8.0**	5.6	**2.4**
Net cash used in Operating Activities	**(6.7)**	(6.3)	**(0.4)**
Net cash used in Investing Activities	**(11.3)**	(1.8)	**(9.5)**
Net cash from Financing Activities	**21.7**	6.6	**15.1**
Closing cash	**11.7**	4.0	**7.7**
Net bank debt	**(24.3)**	(16.0)	**(8.3)**

Reported inventory of £55.4m (30 September 2025: £50.0m) includes £10.0m of inbound stock-in-transit (30 September 2025: £8.7m) as we pull-forward intake to provide certainty and reduce pressure during peak to focus on fulfilling orders. This is 11% higher than last year relative to a 6% increase in revenue.

Trade and other payables of £24.9m were £0.5m (2%) lower than last year and include £1.8m of customer prepayments (30 September 2025: £1.4m).

Property, plant and equipment capital expenditure in the Period totalled £9.7m (FY26 H1: £0.1m) including £9.5m in relation to our new distribution centre. This investment is included in 'net cash used in investing activities' of £11.3m.

Capitalised software development costs totalled £1.7m in the Period (FY26 H1: £1.7m) compared to amortisation of £2.1m (FY26 H1: £2.1m) resulting in a £0.4m decrease in net book value.

Dividend Policy

The Board does not recommend the payment of a dividend (FY26 H1: nil). Consistent with its previously stated approach, the Group will revisit its shareholder distribution policy at an appropriate time.

Unaudited consolidated interim statement of profit and loss and other comprehensive income

	Note	**6 months ended 30 September 2026 (unaudited) £000**	6 months ended 30 September 2025 (unaudited) £000	Year ended 31 March 2026 (audited) £000
Revenue	*3*	**85,394**	80,747	190,735
Cost of sales		**(61,781)**	(58,005)	(136,490)
Gross profit		**23,613**	22,742	54,245
Administrative expenses	*3,4*	**(22,101)**	(19,869)	(43,719)
Other income	*4*	**572**	537	1,007
Operating profit		**2,084**	3,410	11,533
Financial expenses	*5*	**(1,173)**	(729)	(1,421)
Financial income	*5*	**49**	40	231
Profit before tax		**960**	2,721	10,343
Taxation	*6*	**(174)**	(709)	(3,028)
Profit for the Period		**786**	2,012	7,315
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment		**-**	-	(483)
Deferred tax movements		**-**	3	123
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations		**19**	(35)	(87)
Total comprehensive profit for the Period		**805**	1,980	6,868
Profit per share attributable to equity shareholders of the company				
Basic profit per share		**3.7p**	9.6p	34.9p
Diluted profit per share		**3.7p**	9.1p	34.9p

Unaudited consolidated interim statement of financial position

	Note	**30 September 2026 (unaudited) £000**	30 September 2025 (unaudited) £000	31 March 2026 (audited) £000
Non-current assets				
Property, plant and equipment	*7*	**18,024**	9,778	8,981
Right-of-use assets	*8*	**14,912**	5,654	5,171
Intangible assets	*9*	**20,427**	21,158	20,767
		53,363	36,590	34,919
Current assets				
Inventories	*10*	**55,377**	50,044	42,776
Trade and other receivables	*11*	**5,561**	5,391	7,010
Corporation tax receivable		**362**	-	-
Cash and cash equivalents		**11,692**	4,045	8,015
		72,992	59,480	57,801
Total assets		**126,355**	96,070	92,720
Current liabilities				
Trade and other payables	*13*	**(24,550)**	(25,131)	(22,187)
Lease liabilities	*14*	**(1,795)**	(1,860)	(1,857)
Corporation tax payable		**-**	(134)	(2,717)
		(26,345)	(27,125)	(26,761)
Non-current liabilities				
Interest bearing loans and borrowings	*12*	**(36,000)**	(20,000)	(13,000)
Other payables	*13*	**(305)**	(253)	(320)
Lease liabilities	*14*	**(14,618)**	(5,095)	(4,571)
Deferred tax liability		**(2,046)**	(2,253)	(1,771)
		(52,969)	(27,601)	(19,662)
Total liabilities		**(79,314)**	(54,726)	(46,423)
Net assets		**47,041**	41,344	46,297
Equity				
Share capital		**2,102**	2,098	2,098
Share premium		**13,324**	13,286	13,286
Foreign currency translation reserve		**72**	105	53
Revaluation reserve		**754**	1,145	754
Retained earnings		**30,789**	24,710	30,106
Total equity		**47,041**	41,344	46,297

Unaudited consolidated interim statement of cash flows

	Note	**6 months ended 30 September 2026 (unaudited) £000**	6 months ended 30 September 2025 (unaudited) £000	Year ended 31 March 2026 (audited) £000
Cash flows from operating activities				
Profit for the Period:		**786**	2,012	7,315
Adjustments for:				
Depreciation and amortisation	*7-9*	**3,662**	3,460	6,893
Financial expense	*5*	**1,124**	688	1,190
Loss on sales of property, plant and equipment		**4**	-	1
Share-based payment charge		**25**	61	126
Tax charge	*6*	**174**	709	3,028
R&D tax credit		**(214)**	(182)	(221)
		5,561	6,748	18,332
Decrease/(increase) in trade and other receivables		**1,448**	(2,244)	(3,868)
Increase in inventories		**(12,601)**	(15,851)	(8,583)
Increase in trade and other payables		**1,712**	5,034	2,455
		(3,880)	(6,313)	8,336
Tax (paid)/received		**(2,785)**	9	(58)
Net cash (used in)/generated from operating activities		**(6,665)**	(6,304)	8,278
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment		**21**	1	-
Acquisition of property, plant and equipment	*7*	**(9,701)**	(138)	(284)
Capitalised development expenditure	*9*	**(1,690)**	(1,693)	(3,295)
Purchase of other intangibles		**-**	-	(20)
Interest received		**49**	40	106
Net cash used in investing activities		**(11,321)**	(1,790)	(3,493)
Cash flows from financing activities				
Proceeds from new borrowings	*12*	**23,000**	9,000	19,000
Repayment of borrowings		**-**	(1,000)	(18,000)
Interest paid	*5*	**(213)**	(402)	(1,242)
Payment of lease liabilities		**(670)**	(854)	(1,759)
Interest paid on leases		**(454)**	(181)	(345)
Net cash generated from/(used in) financing activities		**21,663**	6,563	(2,346)
Net increase/(decrease) in cash and cash equivalents		**3,677**	(1,531)	2,439
Cash at beginning of Period		**8,015**	5,576	5,576
Cash at end of Period		**11,692**	4,045	8,015

Unaudited consolidated interim 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 1 April 2026	**2,098**	**13,286**	**53**	**754**	**30,106**	**46,297**
Comprehensive income for the period						
Profit for the period	-	-	-	-	786	**786**
Other Comprehensive income:						
Foreign currency translation difference	-	-	19	-	-	**19**
Total comprehensive income for the period	**-**	**-**	**19**	**-**	**786**	**805**
Transactions with owners						
Issue of shares	4	38	-	-	-	**42**
Share based payments charge	-	-	-	-	(103)	**(103)**
Total transactions with owners	**4**	**38**	**-**	**-**	**(103)**	**(61)**
Balance at 30 September 2026	**2,102**	**13,324**	**72**	**754**	**30,789**	**47,041**
Balance at 1 April 2025	2,098	13,286	140	1,145	22,634	39,303
Comprehensive income for the period						
Profit for the period	-	-	-	-	2,012	2,012
Other Comprehensive income:						
Foreign currency translation difference	-	-	(35)	-	-	(35)
Deferred tax adjustment	-	-	-	-	3	3
Total comprehensive income for the period	-	-	(35)	-	2,015	1,980
Transactions with owners						
Share based payments charge	-	-	-	-	61	61
					61	61
Balance at 30 September 2025	2,098	13,286	105	1,145	24,710	41,344
Balance at 1 April 2025	2,098	13,286	140	1,145	22,634	39,303
Comprehensive income for the period						
Profit for the period	-	-	-	-	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 period	-	-	(87)	(391)	7,346	6,868
Transactions with owners						
Share based payments charge	-	-	-	-	126	126
Total transactions with owners	-	-	-	-	126	126
Balance at 31 March 2026	2,098	13,286	53	754	30,106	46,297

Notes to the Interim Financial Information

General Information

Gear4music (Holdings) plc is a public limited company incorporated and domiciled in the United Kingdom and is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange.

The Group financial information consolidates the financial information of the Company and its subsidiaries (collectively referred to as the "Group"). The Group has 100% owned trading subsidiaries in the UK ('Gear4music Limited'), Sweden ('Gear4music Sweden AB'), Germany ('Gear4music GmbH'), Ireland ('Gear4music Ireland Limited') and Spain ('Gear4music Spain S.L.').

The principal activity of the Group is the retail of musical instruments and equipment.

The registered office of Gear4music (Holdings) plc (company number: 07786708) and Gear4music Limited (company number: 03113256) is Holgate Park Drive, York, YO26 4GN.

1 Accounting policies

Basis of preparation

The consolidated interim financial information, which has been neither audited nor reviewed by the auditor, has been prepared under the historical cost convention, except for land and buildings that are stated at their fair value, and in accordance with the recognition and measurement requirements of UK-adopted International Accounting Standards. The condensed consolidated interim financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006 and does not include all the information and disclosures required for full annual financial statements and is thus not in full compliance with UK-adopted international accounting standards. It should therefore be read in conjunction with the Group's Annual Report for the year ended 31 March 2026, which has been prepared in accordance with UK-adopted International Financial Reporting Standards and is available on the Group's investor website.

The accounting policies used in the financial information are consistent with those used in the Group's consolidated financial statements as at and for the year ended 31 March 2026, as detailed on pages 78 to 83 of the Group's Annual Report and Financial Statements for the year ended 31 March 2026, a copy of which is available on the Group's website, www.gear4musicplc.com.

As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 "Interim financial reporting".

The comparative financial information contained in the condensed consolidated financial information in respect of the year ended 31 March 2026 has been extracted from the 2026 Financial Statements. Those financial statements have been reported on by Grant Thornton UK LLP and delivered to the Registrar of Companies. The report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(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 since the last annual consolidated financial statements as at the year ended 31 March 2026.

Notes to the Interim Financial Information (continued)

Going concern

The Group's business activities and position in the market, and principal risks, uncertainties and mitigations are described in detail in the Strategic Report included on pages 1 to 55 of the Group's 2026 Annual Report and Financial Statements.

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's policy is to ensure that it has sufficient facilities to cover its future funding requirements.

At 30 September 2026 the Group had net debt of £24.3m (30 September 2025: £16.0m) having paid £9.5m in capital expenditure stage payments relating to our new UK distribution centre, and includes £11.7m cash (30 September 2025: £4.0m), with a good and appropriate level of headroom that has also been factored into the Directors' going concern assessment.

There is a diverse supply chain with no key dependencies.

The Directors have considered the Group's prospects based on its current proposition and online offering in the UK and Europe, strategic developments delivered and in progress and concluded that potential profitable growth rates remain strong.

Having duly considered all these factors and having reviewed the forecasts for the period to 31 December 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 Principal risks and uncertainties

The Board considers the principal risks and uncertainties which could impact the Group over the remaining six months of the financial year to 31 March 2027 to be unchanged from those set out in the group's Annual Report and Financial Statements for the year ended 31 March 2026, and can be summarised as:

- IT and Cyber Security
- Warehousing and Distribution
- Competition
- Supply chain
- Change management – Operational, Regulatory and Technological
- Macroeconomic and geopolitical factors
- Brand and proposition
- Financial risk
- Climate risk and sustainability

These are set out in detail on pages 50 to 55 of the Group's Annual Report and Financial Statements for the year ended 31 March 2026, a copy of which is available on the Group's Plc website, www.gear4musicplc.com.

Notes to the Interim Financial Information (continued)

3 Segmental analysis

Revenue by Geography:

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
UK	**50,965**	49,642	114,116
Europe and Rest of the World	**34,429**	31,105	76,619
	85,394	80,747	190,735

Administrative expenses by Geography:

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
UK	**19,367**	17,367	38,365
Europe and Rest of the World	**2,734**	2,502	5,354
	22,101	19,869	43,719

Revenue by Category:

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
Other-brand products	**63,397**	60,347	138,349
Own-brand products	**18,397**	17,182	44,358
Carriage income	**3,184**	2,840	7,116
Warranty income	**219**	229	538
Other	**197**	149	374
	85,394	80,747	190,735

Notes to the Interim Financial Information (continued)

4 Expenses and other income

Included in profit/loss are the following:

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
Depreciation of property, plant and equipment	**410**	493	953
Depreciation of right-of-use assets	**1,175**	825	1,686
Amortisation of intangible assets	**2,078**	2,141	4,254
Loss on disposal of property, plant and equipment	**4**	-	1
R&D expenditure recognised as an expense	**78**	65	139

Other income

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
RDEC tax credits	**214**	182	224
Rental income	**143**	201	474
Other	**215**	154	309
Total other income	**572**	537	1,007

Rental income relates to our freehold Head Office in York and last year included the sublet of part of our Spanish distribution centre. 'Other' includes income from on-site café at our Head Office in York, grants and marketing support.

Notes to the Interim Financial Information (continued)

5 Financial expenses & Financial Income

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
Bank interest	**631**	584	1,076
IFRS16 lease interest	**454**	181	345
Net foreign exchange loss/(gain)	**88**	(36)	-
Total financial expenses	**1,173**	729	1,421

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
Interest Received	**49**	40	231
Total financial income	**49**	40	231

Notes to the Interim Financial Information (continued)

6 Taxation

	6 months ended 30 September 2026 £000	6 months ended 30 September 2025 £000	Year ended 31 March 2026 £000
Current tax (credit)/expense	**(101)**	556	3,239
Deferred tax expense/(credit)	**275**	153	(211)
Total tax expense	**174**	709	3,028

Deferred tax balances have been provided at 25%.

Notes to the Interim Financial Information (continued)

7 Property, plant and equipment

	Freehold property £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Assets under Construction £000	Total £000
Cost							
Balance at 1 October 2025	**8,201**	**2,478**	**7,858**	**30**	**1,443**	**-**	**20,010**
Additions	-	12	54	28	54	-	148
Revaluation	(483)	-	-	-	-	-	(483)
Disposals	-	-	(4)	-	(1)	-	(5)
Balance at 31 March 2026	7,718	2,490	7,908	58	1,495	-	19,670
Additions	-	-	86	75	73	9,243	9,477
Disposals	-	-	(71)	-	-	-	(71)
Balance at 30 September 2026	**7,718**	**2,491**	**7,922**	**133**	**1,568**	**9,243**	**29,075**
Depreciation							
Balance at 1 October 2025	891	2,322	5,652	26	1,340	-	10,231
Charge for the Period	82	48	296	1	33	-	460
Disposals	-	-	(3)	-	(1)	-	(4)
Balance at 31 March 2026	973	2,370	5,945	27	1,372	-	10,687
Charge for the Period	82	30	259	11	28	-	410
Disposals	-	-	(47)	-	-	-	(47)
Balance at 30 September 2026	**1,055**	**2,400**	**6,157**	**38**	**1,400**	**-**	**11,051**
Net book value as at 30 September 2026	**6,663**	**91**	**1,765**	**95**	**168**	**9,243**	**18,024**
Net book value as at 31 March 2026	6,745	120	1,963	31	122	-	8,982
Net book value as at 30 September 2025	7,310	156	2,206	4	103	-	9,779

Notes to the Interim Financial Information (continued)

8 Right-of-use Assets

Leasehold properties

On 1 April 2026 the Group signed a 15-year lease on a new 132,000 sq. ft. unit at Sherburn 42, Sherburn-in-Elmet, Leeds which resulted in a lease liability of £9.9m and corresponding right-of-use asset of £10.2m.

At 30 September 2026 the Group had six leased properties: Distribution centres and showrooms in York, Sweden and Germany, and Distribution centres in Sherburn-in-Elmet (UK), Ireland and Spain.

As at 30 September 2026 the associated right of use assets are as follows:

	Land and Buildings
	£000
Cost	
Balance at 1 October 2025	15,253
Additions	200
Modifications	178
Balance at 31 March 2026	15,631
Additions	10,916
Balance at 30 September 2026	**26,547**
Depreciation	
Balance at 1 October 2025	9,599
Charge for the Period	861
Balance at 31 March 2026	10,460
Charge for the Period	1,175
Balance at 30 September 2026	**11,635**
Net book value as at 30 September 2026	**14,912**
Net book value as at 31 March 2026	5,171
Net book value as at 30 September 2025	5,654

Notes to the Interim Financial Information (continued)

9 Intangible assets

	Goodwill £000	Software platform £000	Brand £000	Domain names £000	Other Intangibles £000	Total £000
Cost						
Balance at 1 October 2025	5,324	33,997	1,470	3,047	149	43,987
Additions	-	1,704	-	19	-	1,723
Balance at 31 March 2026	5,324	35,701	1,470	3,066	149	45,710
Additions	-	1,738	-	-	-	1,738
Balance at 30 September 2026	**5,324**	**37,438**	**1,470**	**3,066**	**149**	**47,447**
Amortisation						
Balance at 1 October 2025	-	22,111	563	14	141	22,829
Amortisation for the Period	-	2,105	-	-	9	2,114
Balance at 31 March 2026	-	24,216	563	14	149	24,944
Amortisation for the Period	-	2,076	-	2	-	2,078
Balance at 30 September 2026	**-**	**26,292**	**563**	**16**	**149**	**27,021**
Net book value at 30 September 2026	**5,324**	**11,147**	**907**	**3,050**	**-**	**20,427**
Net book value at 31 March 2026	5,324	11,485	907	3,052	-	20,767
Net book value at 30 September 2025	5,324	11,886	907	3,033	8	21,158

10 Inventories

	30 September 2026 £000	30 September 2025 £000	31 March 2026 £000
Finished goods	**55,377**	50,044	42,776

The cost of inventories recognised as an expense and included in cost of sales in the period ended 30 September 2026 amounted to £56.1m (FY26 H1: £53.1m).

Inventories include £10.0m of predominantly Own-brand stock-in-transit (30 September 2025: £8.7m) from Far East manufacturers.

Notes to the Interim Financial Information (continued)

11 Trade and other receivables

	30 September 2026 £000	30 September 2025 £000	31 March 2026 £000
Trade receivables	**2,186**	1,650	1,634
Prepayments	**3,375**	3,741	5,376
	5,561	5,391	7,010

Trade receivables include cash lodged with payment providers, Amazon and the Group's consumer finance partners, and UK and International education and trade accounts where standard credit terms are 30-days.

12 Interest bearing loans and borrowings

	30 September 2026 £000	30 September 2025 £000	31 March 2026 £000
Non-current liabilities			
Bank loans	**36,000**	20,000	13,000
	36,000	20,000	13,000
Current liabilities			
Bank loans	**-**	-	-
	-	-	-
Total liabilities			
Bank loans	**36,000**	20,000	13,000
	36,000	20,000	13,000

Revolving Credit Facility

In June 2026 the Group renewed its RCF with HSBC at £45m for a three-year and two-month period to August 2029. This is secured by a debenture over the Group's assets.

Loans incur interest at variables rates linked to SONIA, with a margin non-utilisation fee.

Notes to the Interim Financial Information (continued)

13 Trade and other payables

	30 September 2026 £000	30 September 2025 £000	31 March 2026 £000
Current			
Trade payables	**17,183**	16,336	13,441
Accruals and deferred income	**5,436**	6,057	5,727
Other creditors including tax and social security	**1,931**	2,738	3,019
	24,550	25,131	22,187
Non-current			
Accruals and deferred income	**305**	253	320

Accruals at 30 September 2026 include:

- £1,770,000 (30 September 2025: £1,363,000) relating to customer prepayments; and
- £64,000 (30 September 2025: £64,000) 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.

14 Lease liabilities

The Group has six property leases. 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.

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

	30 September 2026 £000	30 September 2025 £000	31 March 2026 £000
Current	**1,795**	1,860	1,857
Non-current	**14,618**	5,095	4,571
	16,413	6,955	6,428

Notes to the Interim Financial Information (continued)

15 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. Relevant events in the Period include:

Exercised options – CSOP (2023)

On 29 July 2026, 38,892 ordinary shares were issued pursuant to the exercise of options by 15 non-director employees under the Company's 2023 CSOP Scheme, taking the total number of Ordinary Shares in issue to 21,015,830.

Lapsed options – LTIP (2023)

On 27 July 2026 and further to the performance conditions specified in the scheme not being met, options over a total of 177,600 ordinary shares lapsed, including options of 50,000, to each of Gareth Bevan, Andrew Wass and Chris Scott.

Granted options – CSOP (2026)

On 12 June 2026 options over a total of 4,167 Ordinary shares were granted to one non-Director employee under the Company's CSOP scheme.

16 Related party transactions

In July 2026 the Remuneration Committee considered and approved bonus payments to the Executive Directors, as permitted in Executive Directors contracts. Gareth Bevan, Andrew Wass received gross bonuses of £36,505 and Chris Scott received £34,672.

There were no other significant related party transactions during the six months to 30 September 2026 (30 September 2025: none).