

Focusrite plc

Results

for the period ended
31 August 2023

28 November 2023



Agenda



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Focusrite plc

Tim Carroll

Chief Executive Officer

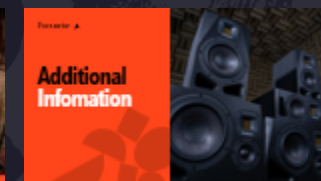
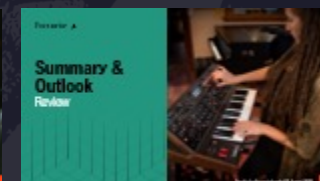
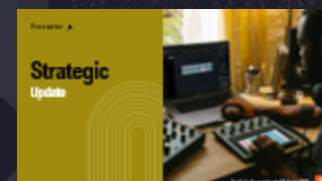
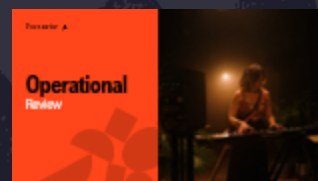
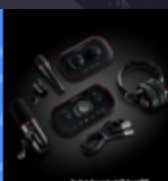
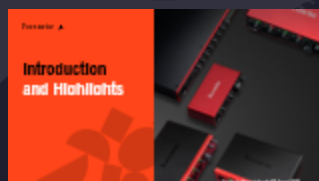


Sally McKone

Chief Financial Officer



Section Quick links



Focusrite plc

Introduction and Highlights



Results for the period ended 31 August 2023

A global music and audio products group

Focusrite plc

Content Creation

77%
of revenue



- **Focusrite:** audio recording equipment
- **Focusrite Pro:** audio recording & broadcasting equipment for commercial operations
- **Novation:** hardware and software for creating and playing electronic music
- **Ampify:** software and content for creating music
- **ADAM Audio:** studio monitors, acquired July 2019
- **Sequential:** high end synthesizers, acquired April 2021
- **Oberheim:** high end synthesizers, acquired May 2022
- **Sonnnox:** software audio tools, acquired December 2022

Audio Reproduction

23%
of revenue



- **Martin Audio:** live and installed sound, acquired December 2019
- **Optimal Audio:** commercial audio, launched April 2021
- **Linea Research:** high end amplifiers, acquired March 2022

Review of the year ended 31 August 2023

A challenging year facing headwinds of inflation and destocking

- Portfolio diversity supporting sales. -2.9%¹ vs FY22 (-9.5%² OCC), but more than double last pre-COVID year of FY19
- Gross margin up 2.2% points to 47.5%. Freight and component costs have normalised, only partially offset by promotional increases
- Adjusted EBITDA³ £38.6m down 7.4%

Content Creation sales decrease of 9.7% vs FY22 (-15.3% OCC²), partially offset by strong Audio Reproduction growth of 30.1% (19.6% OCC²).

32 new products launched during FY23

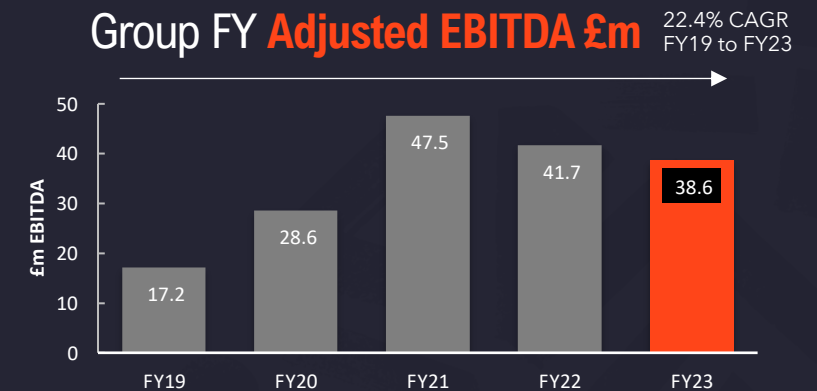
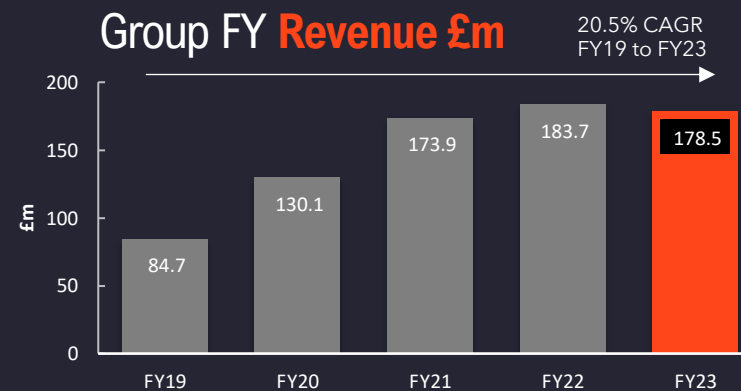
Reshaped Group to provide future scalability - reshaping into regional sales and marketing teams

Sonnox acquired in December 2022, strengthening the Group's software offering

1 Calculated as the percentage difference in the reported numbers in £ thousands.

2 The organic constant currency (OCC) growth rate is calculated by comparing FY23 revenue to FY22 revenue adjusted for exchange rates and the impact of acquisitions.

3 Comprising earnings adjusted for interest, taxation, depreciation, amortisation, goodwill impairment and non-underlying items



Focusrite plc

Financial Review



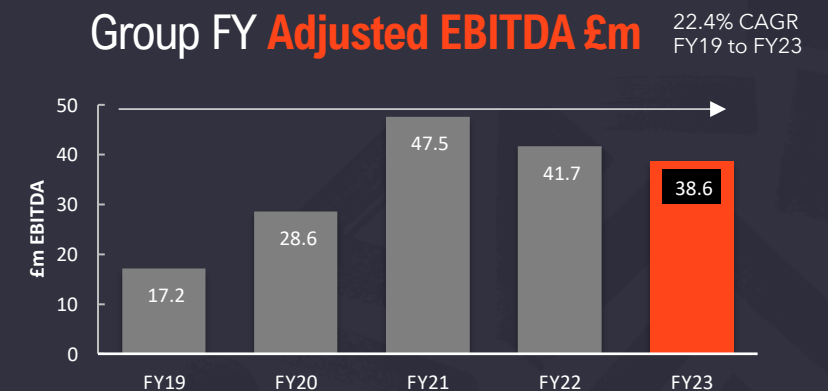
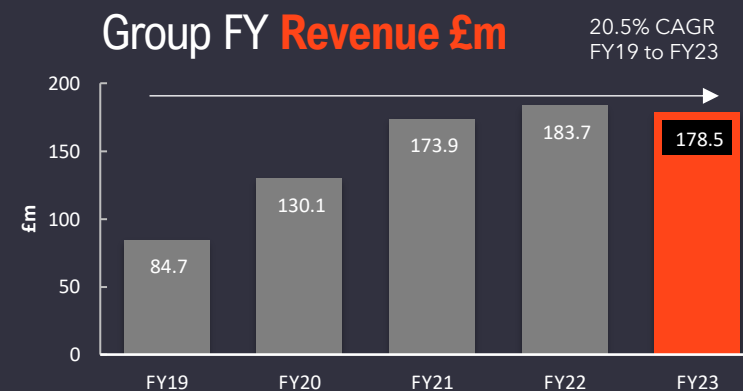
Financial Highlights

- **Revenue** impacted by a challenging global market down 2.9% reported (-9.5% organic constant currency)
- **Gross margin** at 47.5% is 2.2% points higher than FY22 as freight normalises and component costs stabilise
- **Adjusted EBITDA¹** down to £38.6m from £41.7m in FY22 reflecting lower sales and ongoing investment in the broader Group
- **Adjusted free cash flow²** £12.2m (FY22: -£3.4m): 6.8% of revenue (FY22: -1.4%) as working capital stabilises from FY22 normalisation
- **Adjusted diluted EPS** 38.4p (down 23% from FY22 49.9p)
- **Reported diluted EPS** 30.3p (down 28% from FY22 42.1p)
- **Net debt³** of £1.3m (FY22: net debt £0.3m)
- **Final dividend** of 4.5 pence, up 8.4% from 4.15 pence in 2022

¹ EBITDA earnings adjusted for interest, taxation, depreciation, amortisation, goodwill impairment and non-underlying items

² Adjusted Free cashflow net cash from operating activities less net cash used in investing and financing activities, excluding dividends paid

³ Net debt: as cash and cash equivalents, amounts drawn against the RCF including the costs of arranging the



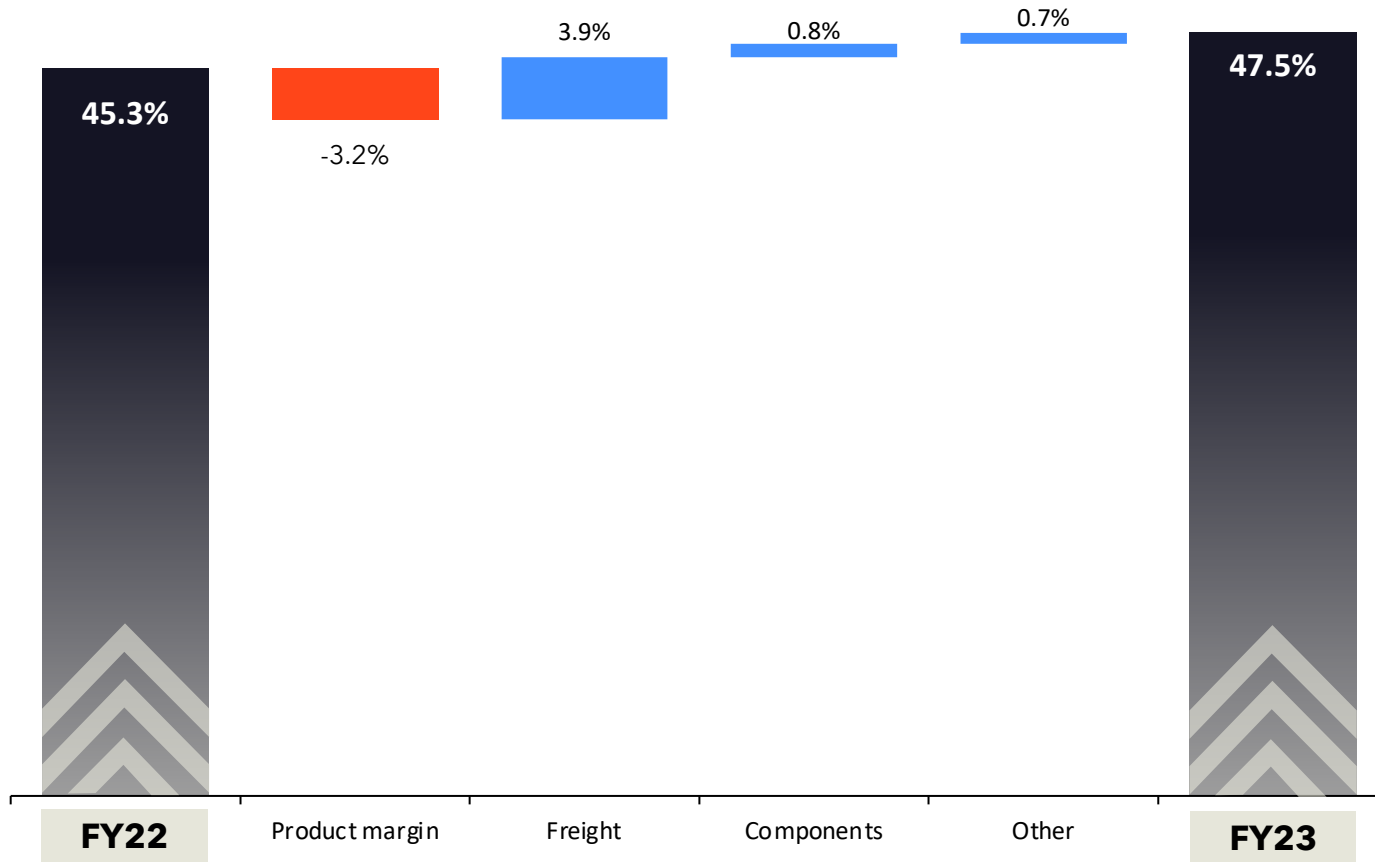
Income Statement

	FY23 £m	FY22 £m
Revenue	178.5	183.7
Cost of sales	(93.7)	(100.5)
Gross profit	84.8	83.3
Operating expenses before non-underlying items	(54.4)	(48.6)
Operating profit before adjusting items	30.4	34.7
Adjusting items	(6.1)	(6.0)
Operating profit	24.3	28.7
Net financing (charge)/credit	(1.6)	1.9
Profit before tax	22.7	30.5
Tax	(4.9)	(5.8)
Profit after tax	17.8	24.8
Operating profit before adjusting items	30.5	34.7
Add back depreciation and amortisation	8.1	7.0
Adjusted EBITDA	38.6	41.7
Adjusted EBITDA as % of sales	21.6%	22.7%

- Revenue -2.9% (organic constant currency -9.5%)
- Gross margin 47.5% (FY22: 45.3%)
 - A net increase of 2.2% points with freight normalisation benefit partially offset by more promotional activity
- Overheads increase of £5.8m, impacted by acquisitions (£1.2m), investment in Audio Reproduction to support growth (£0.6m), inflation (£1.4m), increased depreciation (£1.1m) and development of central functions.
- Adjusted EBITDA -7.4% to £38.6m. 21.6% of sales, slightly lower than FY22, but remaining higher than pre pandemic levels
- One-off fx gain in FY22 (£2.3m) due to dollar strength has not repeated
- Tax of £4.9m with an underlying tax rate of 21.8% reflecting UK tax rate increase to 25% from 19% in April this year.

Gross margin increasing

FY22 to FY23 margin bridge

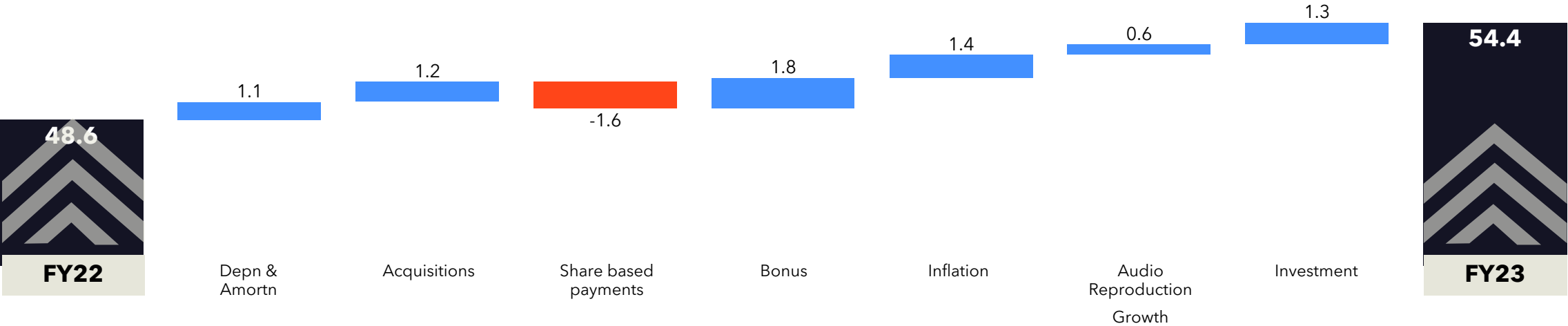


- Overall increase of 2.2% points vs prior year
- Freight costs have decreased by 3.9% of sales, resetting to pre COVID levels, minimal air freight now utilised
- Increased promotional activity with deeper discounts for longer has led to a reduction in product margin, with price increases in place to largely offset cost increases
- Component spot buys have not repeated leading to a further 0.8% point benefit
- FY24 will see lower levels of promotions but with new products being mildly dilutive gross margin is expected to be stable

Overheads bridge

- Increased overhead base due to acquisitions, inflation and investment in a more complex Group
- Linea annualisation £0.8m and addition of Sonnox £0.4m adding to cost base
- Share based payments are a credit of £0.3m in the year (FY22: £1.3m cost), expected to return to this level in FY24.
- Inflationary costs relate mainly to employee costs
- Investment in
 - Audio Reproduction to support growth
 - Group to improve security and collaboration - £0.4m one off due to office moves

FY22 to FY23 overheads bridge



Balance sheet

	FY23 £m	FY22 £m
Intangible assets	83.4	76.6
Tangible assets	12.5	10.9
Total non current assets	95.9	87.5
Inventories	55.3	48.3
Debtors and other investments	32.9	28.9
Total current assets	88.2	77.2
Current liabilities	(45.4)	(41.1)
Net current assets	42.8	36.1
Net debt	(1.3)	(0.3)
Total assets less current liabilities	137.4	123.3
Non current liabilities	(18.9)	(18.0)
Net assets	118.5	105.3
Working capital	42.8	36.1
Working capital as % sales	24.0%	19.8%

- Intangible fixed assets
 - Acquisitions: £7.2m increase from Sonnox
 - Investment: £8.6m of R&D and £1.7m of licences
- Tangible assets increase of £1.6m due to office refurbishments in three main sites
- Working capital 24.0% of revenue: at historic average
 - Stock holdings include cross over of Scarlett generations to support sales of both ranges
- Net debt of £1.3m, comprising cash of £26.8m and year end draw-down of £28.2m with arrangement fee of £0.1m on RCF
- Non current liabilities made up of deferred tax, lease liabilities and ongoing payments for Oberheim brand, purchased in FY22

Cash Flow

	FY23 £m	FY22 £m
EBITDA	38.6	41.7
Adjusting and non-cash items	(2.0)	0.2
Movement in working capital	(7.6)	(26.8)
Operating cash flow	29.0	15.0
Interest paid	(1.7)	(0.3)
Tax paid	(1.9)	(3.4)
Net cash from operating activities	25.4	11.3
Investing (exc acquisitions)	(14.4)	(12.5)
Payment of lease liabilities	(1.4)	(1.2)
FX movement	0.9	(1.9)
Free cash flow	10.5	(4.3)
Acquisitions	(7.2)	(10.9)
Bank loan	15.2	13.2
Dividends	(3.6)	(3.2)
Net change in cash	15.0	(5.2)
Opening cash	12.8	17.3
Foreign exchange movement	(1.0)	0.7
Closing net cash	26.8	12.8
Free cashflow	10.5	(4.3)
Adjusting items	1.7	0.9
Adjusted free cashflow	12.2	(3.4)
Free cashflow as a % of sales	5.9%	-2.3%
Adjusted free cashflow as a % of sales	6.8%	-1.8%

- Adjusted Free cash flow as a % of sales 6.8% of revenue
 - Long term average 10-12%
 - Impact of Scarlett stock and debtors phasing at period ends
- Investing £14.4m
 - Capitalised R&D £9.2m: investing for future product roadmap and expected to continue at this level
 - Technology Licences £1.7m, Office moves and refurbis £2.2m
- Net debt¹ of £1.3m
 - HSBC/Bank facility renewed to September 2027 and extended to £50m with a £50m uncommitted accordion
- Final dividend of 4.5p – total dividend 6.6p (10% increase)
 - Adjusted diluted EPS dividend cover of 5.8x

1 Net debt: net cash from operating activities less net cash used in investing and financing activities, excluding dividends paid

Focusrite plc

Environment, Social and Governance Review



A significant increase in the quantity and quality of our disclosures.



Includes an in depth and extended look at:

- Product Lifecycle Assessments
- Circular Economy
- Our plan towards Net Zero
- Climate-related Risks and Opportunities
- Greening Music Tech - The working group we formed on Environmental Sustainability in our industry



Focusrite plc

Operational Review



Focusrite plc

CONTENT CREATION

Content Creation Growth by Brand

Focusrite:

New product launches delivered a return to growth in H2 from a H1 decline of 35% impacted by destocking preparing for a late '23 major product launch.

Novation:

Also improving from H1, with an ongoing softer market and younger customers hit by cost of living issues

ADAM Audio:

A strong H1 from the introduction of the new A series range and ongoing strength of the entry level T series range

Sequential and Oberheim:

Synths suffered from 25% market decline with high end synths particularly badly hit, new products helped to mitigate

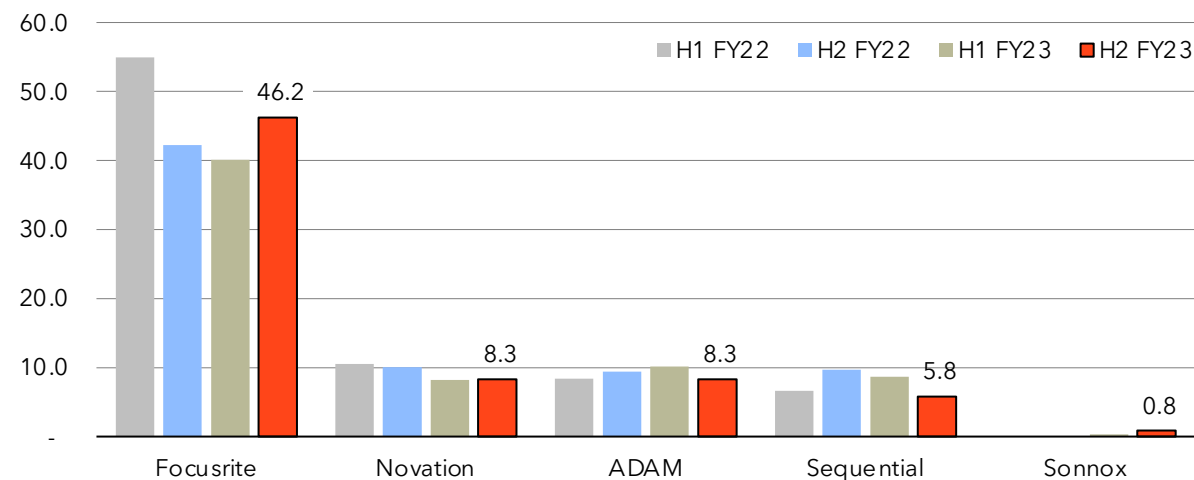
Sonnox:

In line with expectations and collaborative working already in place

	FY23 £m	FY22 £m	Reported growth	OCC ¹ growth
Focusrite (inc Pro)	86.3	97.2	-11.2%	-16.2%
Novation (inc Ampify)	16.6	20.6	-19.5%	-23.5%
ADAM	18.5	17.8	3.9%	-1.1%
Sequential (inc Oberheim)	14.5	16.2	-10.5%	-15.2%
Sonnox	1.1	-	n/a	n/a
Content Creation	137.0	151.8	-9.7%	-15.3%

¹ OCC (organic constant currency growth). This is calculated by comparing FY23 revenue to FY22 revenue adjusted for FY23 exchange rates and the impact of acquisitions.

Half year sales



Content Creation

Regional Revenue Performance

North America:

Maintained our market share in a declining market. Market data shows six quarters of ongoing decline due to macro issues

EMEA:

Restructured team has delivered in a challenging market, working with Amazon to deliver a 9% increase in this channel

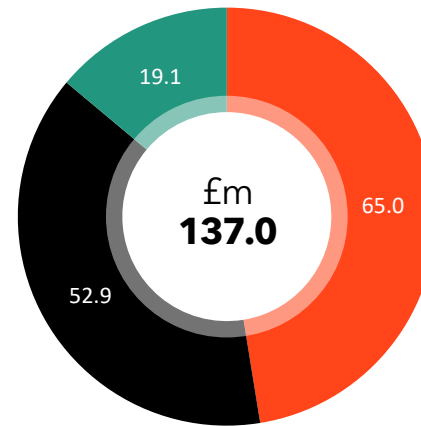
Rest of World:

An ongoing challenging market, driven by China with elongated lock downs and inflation

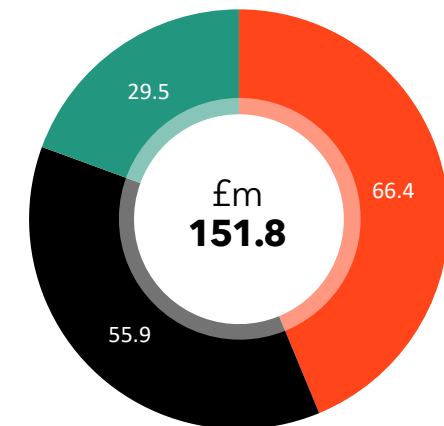
	FY23 £m	FY22 £m	Reported growth	OCC ¹ growth
North America	65.0	66.4	-2.2%	-8.2%
EMEA	52.9	55.9	-5.4%	-8.6%
Rest of World	19.1	29.5	-35.3%	-42.7%
Content Creation	137.0	151.8	-9.7%	-15.3%

¹ OCC (organic constant currency growth). This is calculated by comparing FY23 revenue to FY22 revenue adjusted for FY23 exchange rates and the impact of acquisitions.

Content Creation FY23



Content Creation FY22



○ North America ○ EMEA ○ Rest of the World



Content Creation

Maintaining a Market Leading Position

We have **outperformed** our category across multiple distributors



Thomann

(large EU online retailer)

Regularly 5 of top 10 audio interfaces and monitors - in top 5 sitewide

1 Focusrite Scarlett 2i2 3rd Gen ★★★★★ 2066

2 Focusrite Scarlett Solo 3rd Gen ★★★★★ 1973

3 Universal Audio Apollo Twin X Duo Heritage Ed. ★★★★★ 150

4 Rode Rodecaster Pro II ★★★★★ 47

5 Focusrite Scarlett 18i20 3rd Gen ★★★★★ 340

1 Adam T7V ★★★★★ 532

2 KRK Rokit RP5 G4 ★★★★★ 514

3 Adam T5V ★★★★★ 475



Sweetwater

(large US online retailer)

4 of 5 most popular audio interfaces and 2 of 6 most popular studio monitors

Most Popular

Arturia AudioFuse 16RiG USB Audio Interface

Focusrite Scarlett 2i2 4th Gen USB Audio Interface

NEW Focusrite Scarlett 4i4 4th Gen USB Audio Interface

Most Popular

JBL 305P MkII 5-inch Powered Studio Monitor \$50.00 Off!

KRK ROKIT 5 G4 5-inch Powered Studio Monitor \$29.01 Off!

KRK ROKIT 5 G4 5-inch Powered Studio Monitor Pair

DAM Audio T7V 7-inch Powered Studio Monitor \$50.00 Off!

JBL 305P MkII 5-inch Powered Studio Monitor Pair

ADAM Audio A7V 7-inch Powered Studio Monitor



Amazon

46k ratings

Best seller categories

Best Seller ★★★★★

"Arguably the best audio interface ever made!"

"Bought this audio interface although the 3rd gen was available at cheaper rate. The build quality is solid with metal body. It has two input lines. XLR for mic and instrument line for direct guitar recording. I mainly bought it to record both acoustic and electric guitar. This interface serves my purpose very well. Focusrite Scarlett interfaces are well known for their dynamic range which puts it well about others. I'm very happy to own it."

Amazon's Choice 4.7 ★★★★★

★★★★★ Superlative sound, hard to believe how good ADAM Audio T5V's are! Reviewed in the United Kingdom on 25 November 2023

★★★★★ UNBELIEVABLE SOUND QUALITY !!!!

★★★★★ Nothing better for the money

- Our products are consistently shown in the top 5 most popular products in our category across main resellers
- Industry leading Trustpilot reviews and NPS scores (FY23 NPS: 70)

Content Creation

Scarlett 4th Gen Receiving Rave Reviews

Focusrite plc

"The new Scarletts are slicker audio interfaces with better specs and more options. We're inevitably drawn towards the great new features on the 2i2 and 4i4. Nevertheless, all three are worthy upgrades and highly recommended"



"While the new Scarletts will be instantly familiar to anyone acquainted with the third or previous generations, they better them in nearly every respect"
"Focusrite's designers have once again managed to improve their best-selling interfaces in ways that will bring real benefits to almost all users."



MusicRadar Verdict ★★★★★

"The new Scarlett 4i4 delivers a top-notch sound, has sufficient I/O for many different projects, is easy to use and looks smarter than ever - it's hard to think of an interface better-suited to a small studio or portable setup."



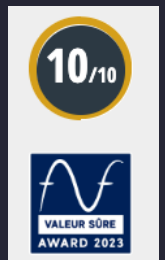
"The new 4th Gen Focusrite Scarlett audio interfaces will be landing on my "best of" list this year, and I would bet they will almost certainly be on yours too"



"The new Scarlett 4th Gen range of interfaces is a step-change improvement in audio quality and usability. This upgrade isn't an upgrade for the sake of it"



"Gen 4 is not just a facelift, it constitutes a real step forward for the brand"



Content Creation Strong Period of Innovation

15

New Products

Across a wide range of use cases & customer personas



20

Product Updates

to existing products



Content Creation Acquisition: Sonnox

Sonnox

- Industry renowned developer of software tools for audio professionals
- Acquired for £7.2m consideration (net of cash acquired of £1.9m) in December 2022
- Earnings enhancing in current year - revenue £1.1m for 8 months since December 2022
- Developer team will remain in Oxford and complements and accelerates Group DSP development



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AUDIO REPRODUCTION

Audio Reproduction

Market growth

Live events and experiences still strong, particularly at premium end

Installed sound benefiting from new technologies eg Immersive sound

17 New product introductions

Martin now has the most complete range across all levels of throw in its history

Result of Group keeping operations running during pandemic when many competitors were shut

Linea integration

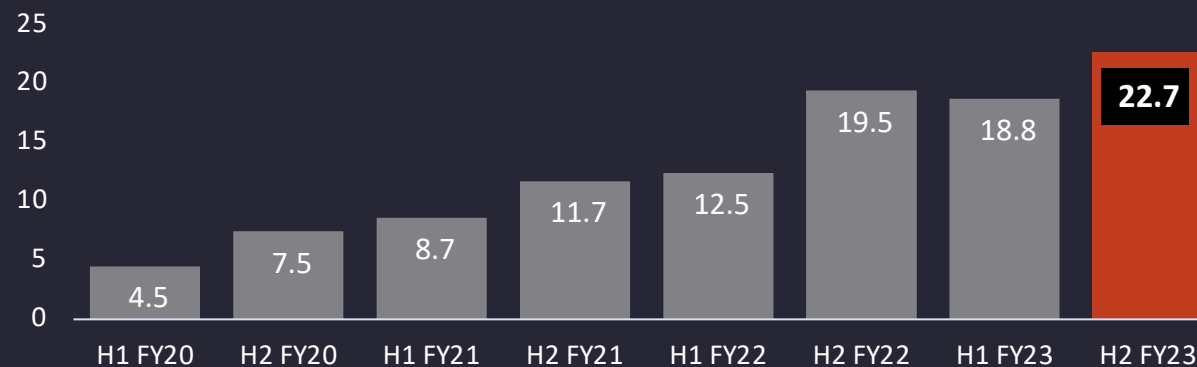
Linea contributing £5.0m revenue, doubling production since acquisition and ahead of expectations. Benefitting from Group investment in new systems and resources

Optimal Audio

Healthy sales pipeline enabled by easing of component supply issues



Audio Reproduction HY Revenue £m



Focusrite plc

Martin, Linea and Optimal

FY23 £m **41.5**

FY22 £m **31.9**

FY23/22
Reported Growth **30.1%**

FY23/22
OCC¹ growth **19.6%**

¹ OCC (organic constant currency growth). This is calculated by comparing FY23 revenue to FY22 revenue adjusted for FY23 exchange rates and the impact of acquisitions.

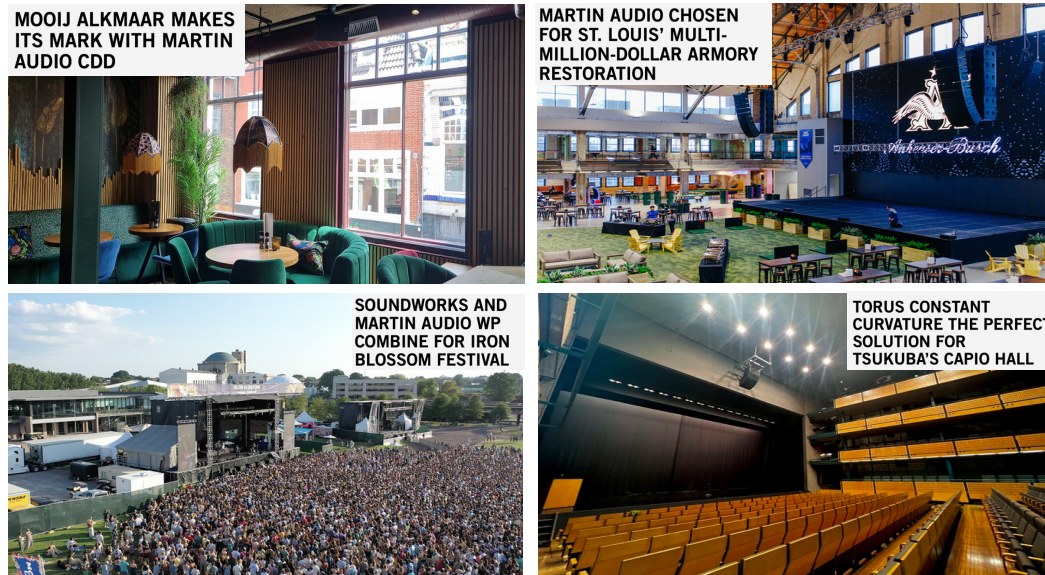
Audio Reproduction

Regional Revenue Performance

All regions:

Experienced solid growth vs FY22 as live events came back in full force

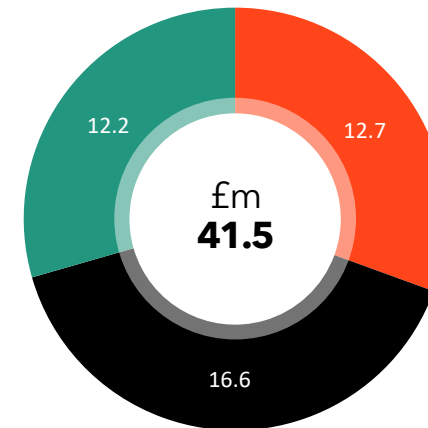
- Rental companies and permanent installations re-tooled/updated for a robust year of shows
- Many new permanent installations debuted: Clubs, Houses of Worship, Corporate, Theatres, Sound Stages.



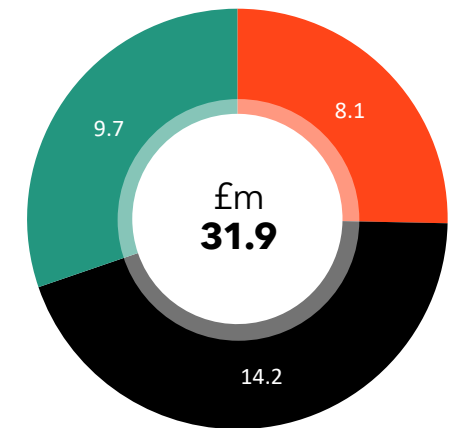
Audio Reproduction	FY23 £m	FY22 £m	FY23 Reported growth %	FY22 OCC growth %
North America	12.7	8.1	56.9%	31.9%
EMEA	16.6	14.2	17.1%	9.6%
Rest of World	12.2	9.7	26.6%	23.1%
Group Revenue	41.5	31.9	30.1%	19.6%

¹ OCC (organic constant currency growth). This is calculated by comparing FY22 revenue to FY21 revenue adjusted for FY22 exchange rates and the impact of acquisitions.

Audio Reproduction FY23



Audio Reproduction FY22



○ North America ○ EMEA ○ Rest of the World

Audio Reproduction

LIVE is back to its best

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Festivals Returning Globally

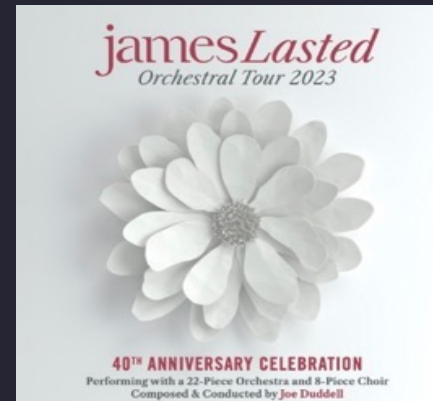
- Glastonbury, Hyde Park, All Points East, PennFest, Shambala and Carfest returned this year, all featuring Martin Audio. Demand for major festivals remains strong
- International festivals are also accelerating in their return for a bumper summer

Localised Tours in Abundance

- Localised tours across the globe are back, albeit international tours through Europe remain challenging with Brexit
- Martin Audio has already featured on tours this year with Mickey Flanagan, James and WuTang Clang, Australian Pink Floyd and Sigour Ros

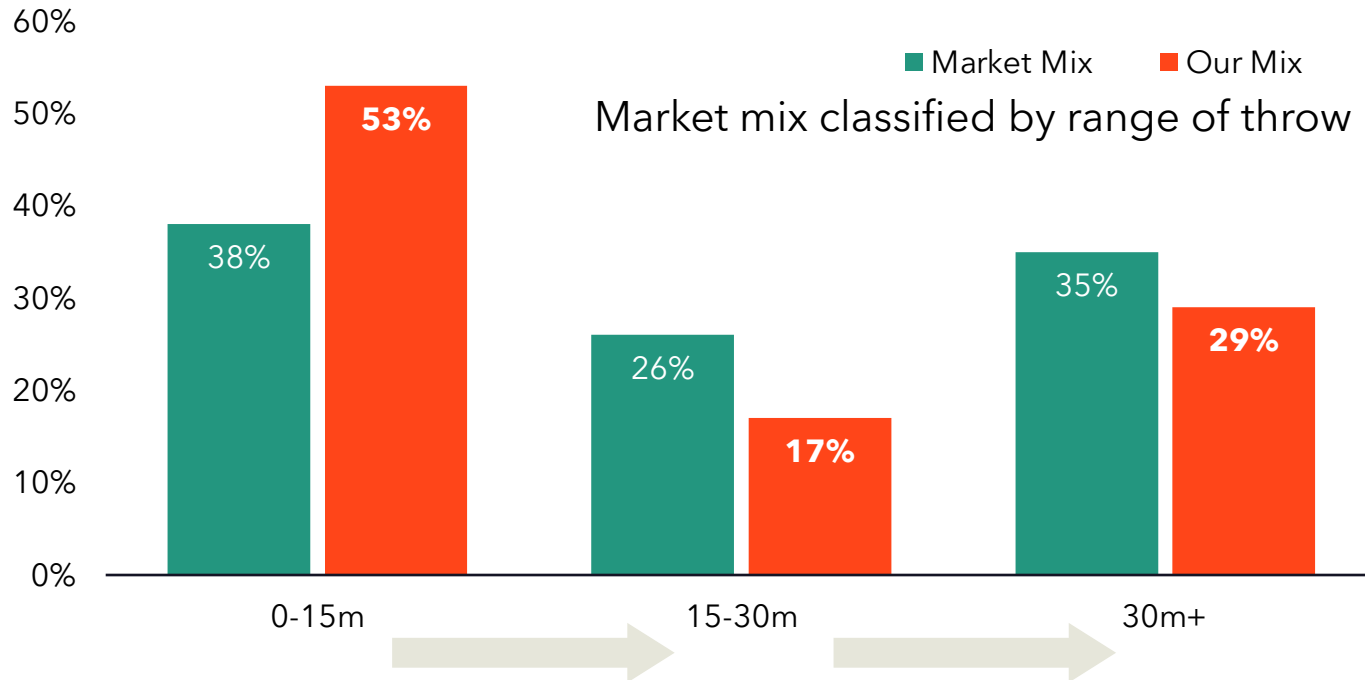
Rental Companies - including New Partners - Buying Strongly

- Surge in Live events coupled with secured supply and Martin's competitive leadtimes, has seen strong orders for our live sound line-up, with further new products to come



Audio Reproduction

Delivering New Products to Support a Growing Market

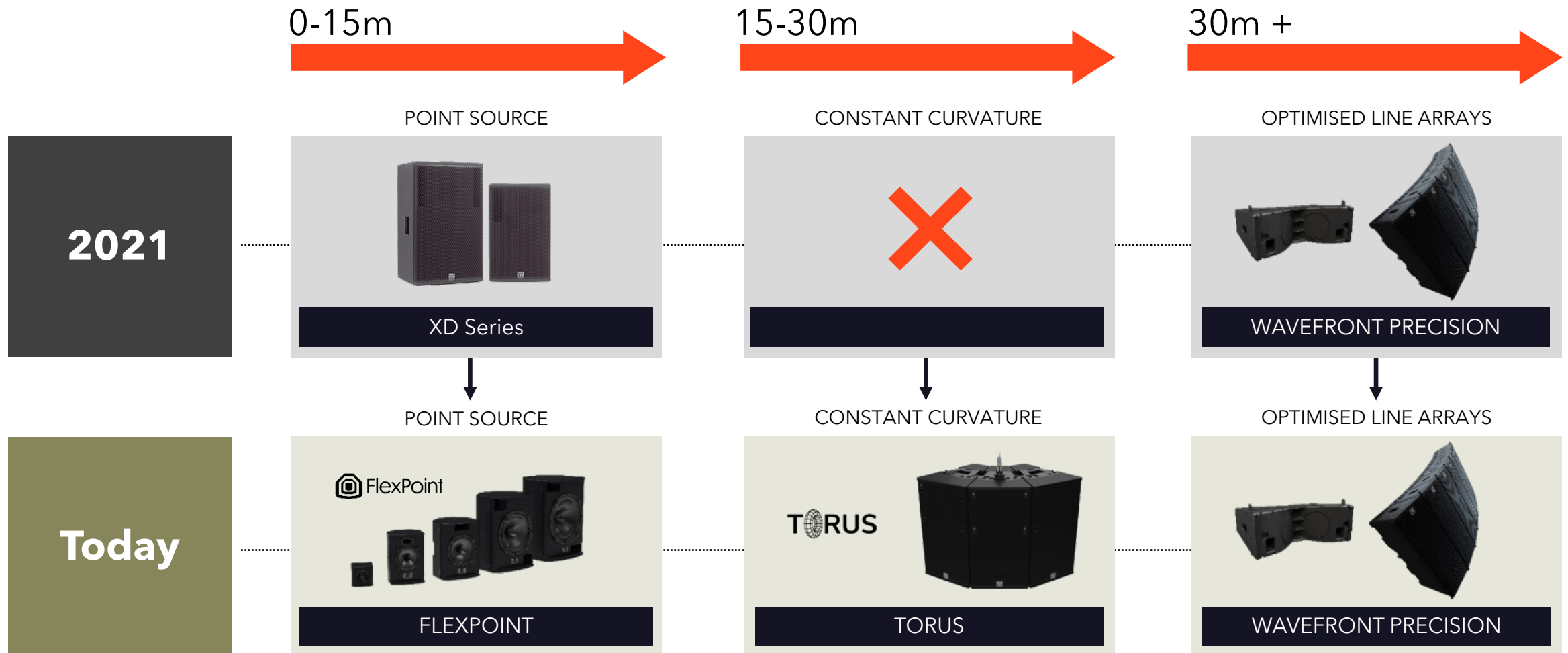


Modest market share in fragmented market

Allows market share gain through new products and technologies. Remains the core focus for growth

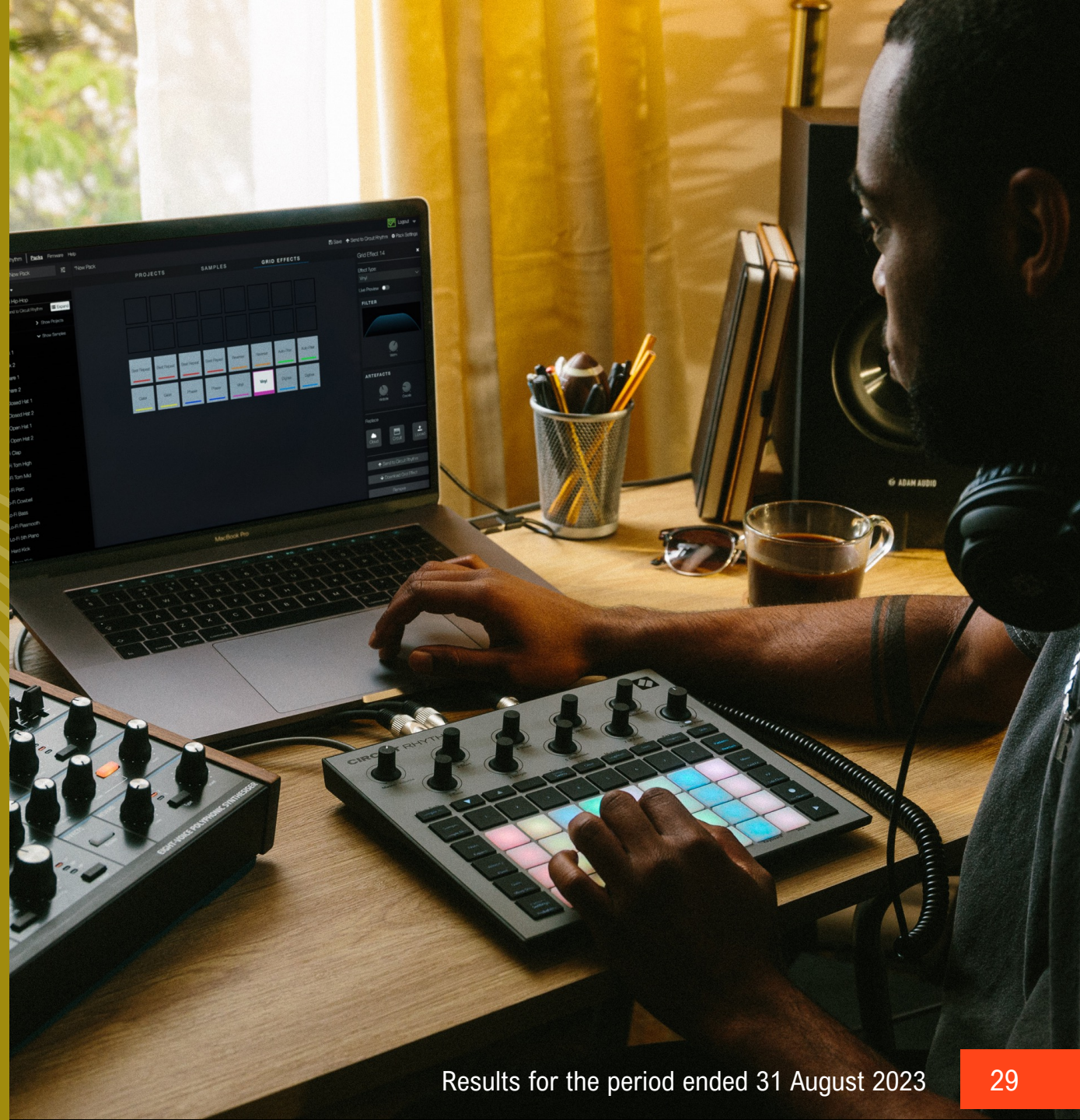
- Strong in smaller installations and point source products. This will be bolstered by Optimal Audio as the brand grows and develops
- Investment this year has been in the mid-range sector: Torus range for 15-30m rolling out to gain share
- Software developments and Linea Research acquisition provide strong platform for growth in larger systems

Audio Reproduction New Product Strategy



Focusrite plc

Strategic Update



Our growth strategy has remained consistent

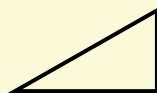
Create a



Great Place to Work

Engagement across our teams to create an inclusive and listening organisation

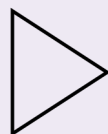
Grow the



Core Customer Base

Investing in R&D to continue to deliver innovative market leading solutions which expand our product range

Expand into

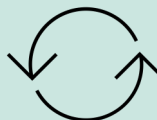


New Markets

Refining our Go-to-Market approach across brands to reach new markets and drive efficiency

Expanding our markets through acquisition

Focus on

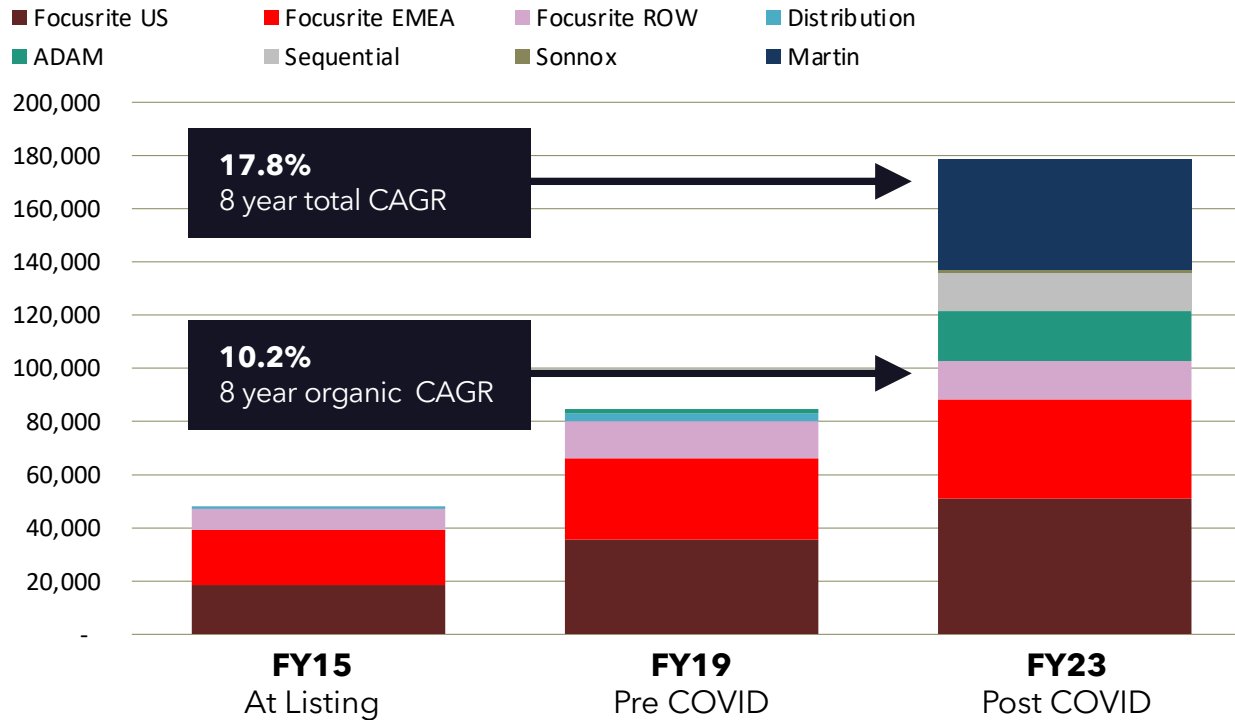


Lifetime Value for Customers

Delivering world class technical support and ease of use for beginners and professionals

Our strategy has delivered growth

Group Growth since 2014 Listing



Revenue	48.0	84.7	178.5
Adj EBITDA	9.3	17.2	38.6
EBITDA %	19.4%	20.3%	21.6%

- FY15 to FY23 17.8% Revenue CAGR through organic growth and acquisitions.
- 10.2% Organic growth CAGR in this period - outperforming the market through new products and taking market share
- FY15 - FY19 CAGR of 15.2% slowed to 6.4% for FY19 to FY23 with a COVID surge followed by slower growth, leaving core Focusrite brands in FY23 28% higher than FY19
- Acquisitions since FY19 adding £74m of revenue in FY23, diversifying and expanding the Group's reach

Organic growth ahead of the market

Focusrite/Novation

Has more than doubled market share in the US between 2015 to 2022 from 10% to 23% through new products and strong channel relationships

In all regions

Growth has outstripped the market, leaving Focusrite in a premier position and with additional growth now through:

- Incremental new products
- More direct routes to market

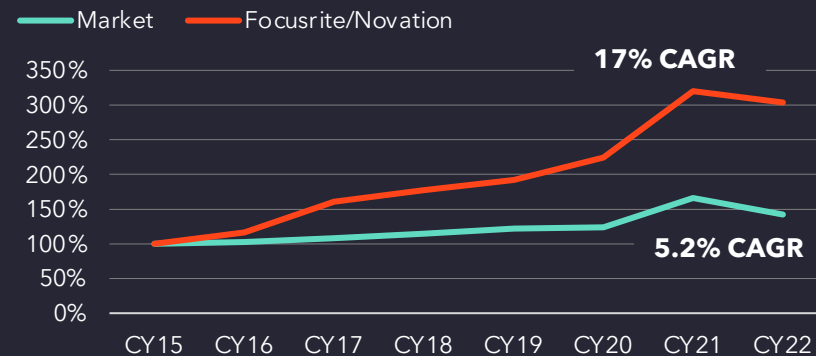
Other brands

Have the potential to mirror this penetration across geographic markets

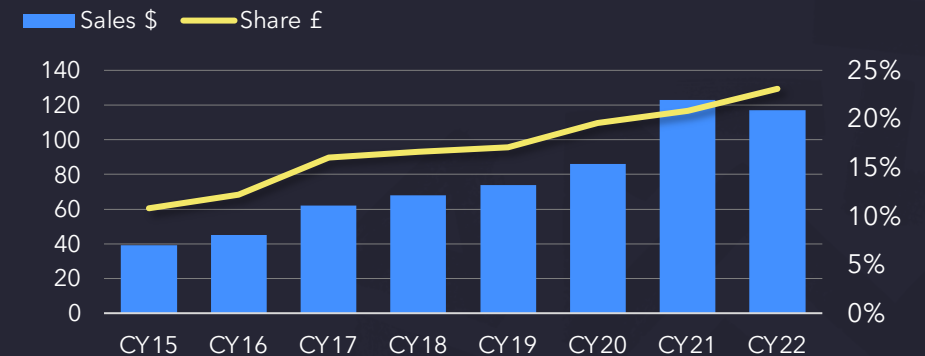


Focusrite/Novation Market 2015 to 2022

US only*, 2015=100%



Focusrite/Novation sales and US share



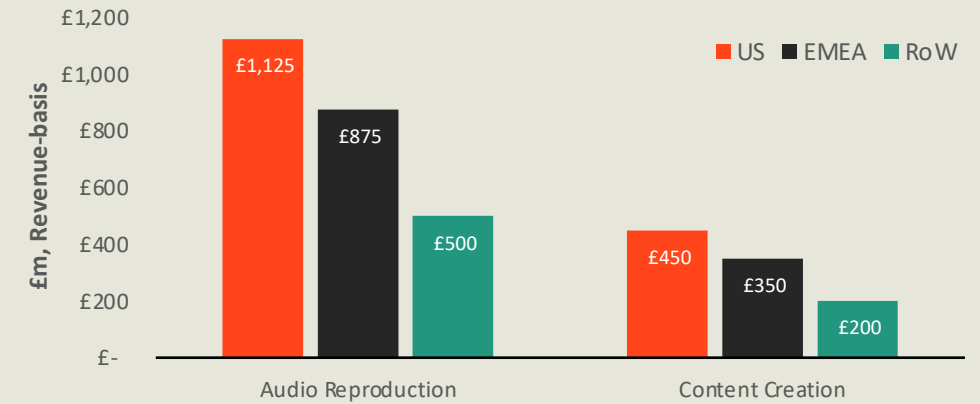
Source: Market information from US Music Trades information and management estimates

Focusrite's path of market penetration can be mirrored by the newer brands

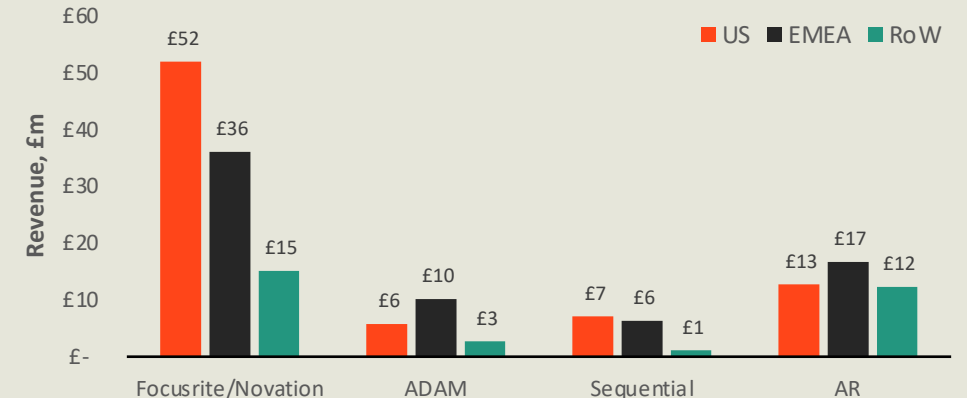
- US is the biggest regional market across all our brands
- Only for Focusrite/Novation is the US the biggest region for revenue across our brands
- This provides the opportunity for the other Content Creation brands to penetrate further into the US - although acknowledging the existing local competition
- Audio Reproduction has a similar opportunity with both the US and EMEA, as much of the current EMEA strength is UK based



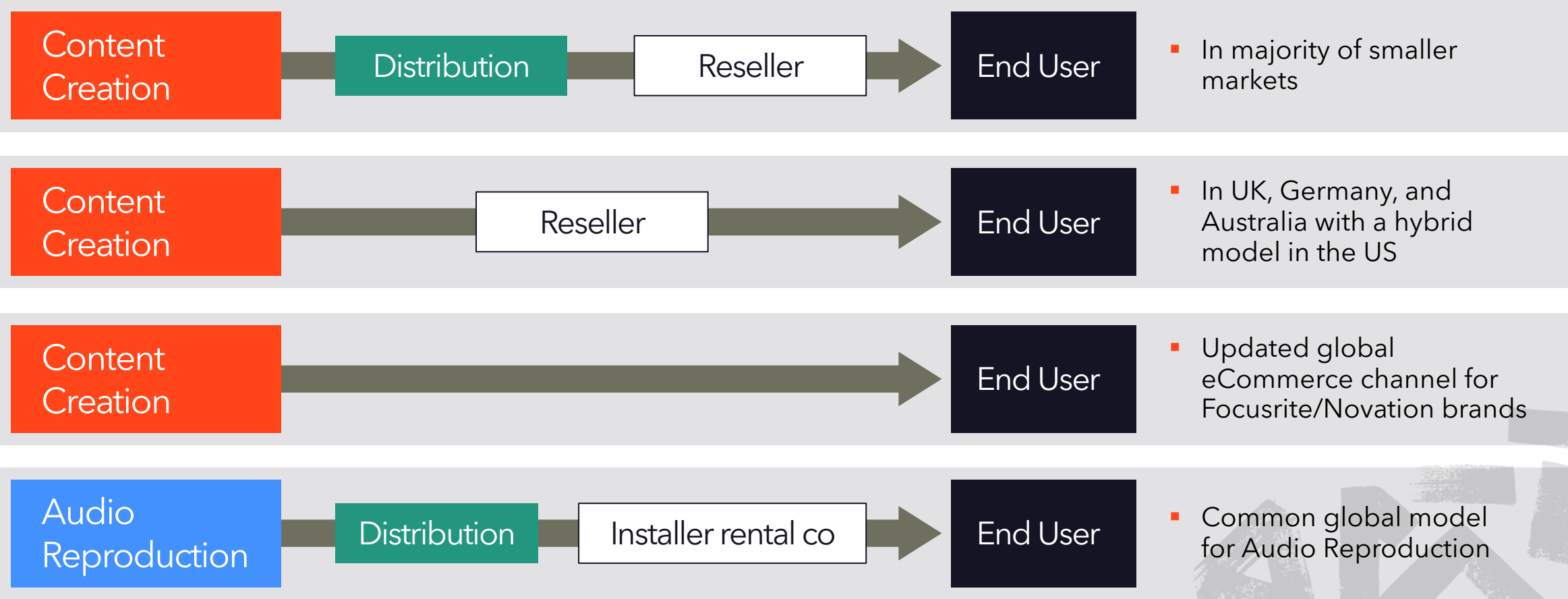
Market size assumptions



FY23 regional split by brand

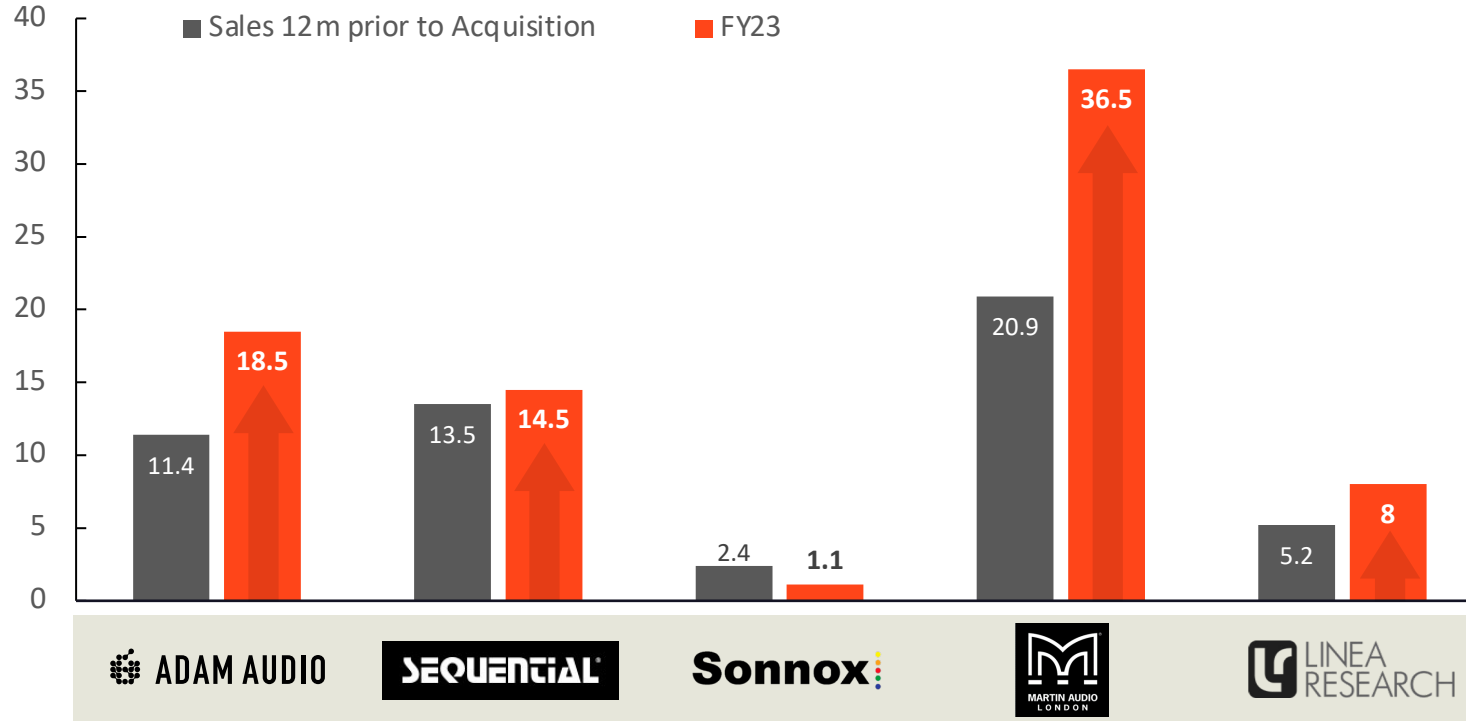


Constantly refining routes to market



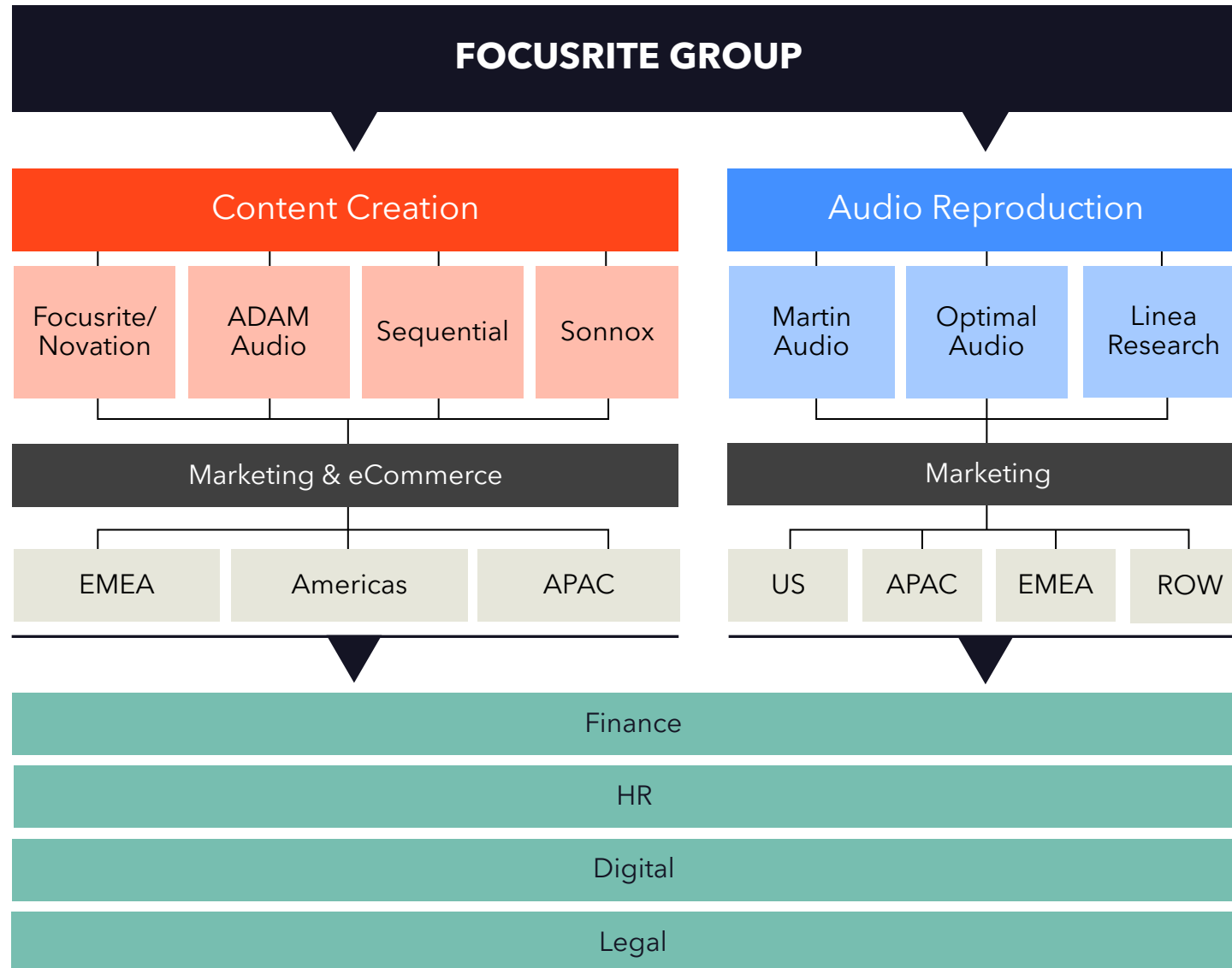
A successful history of acquisitions

Acquisitions: Revenue Pre and Post Acquisition



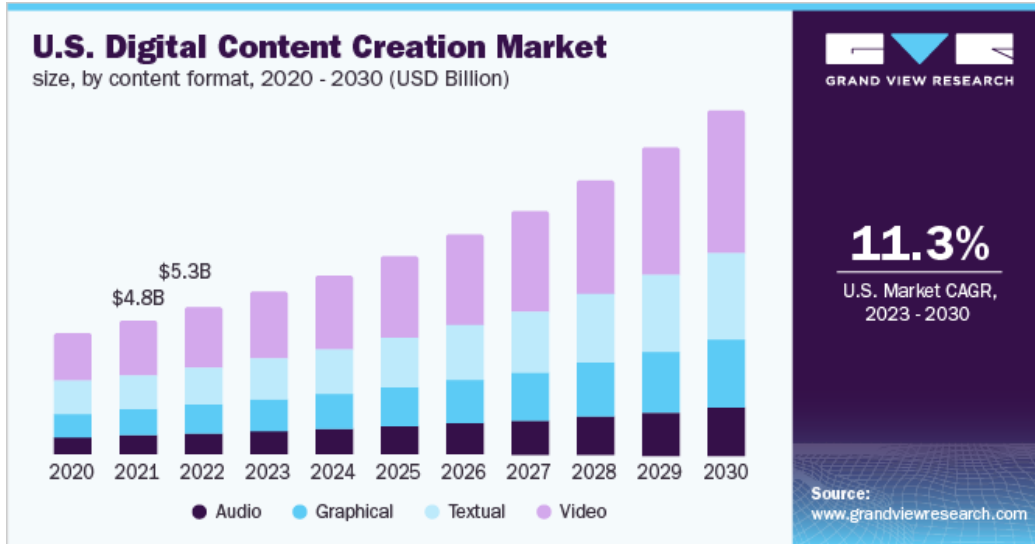
- All acquisitions have continued to grow since joining the Group
- Brands maintain their own identity and connection to customers, focusing on innovation and product development, leveraging from the Group's existing sales and marketing channels and infrastructure
- Management teams at acquisition have been retained and form part of the overall Group leadership

With more to come from a **scalable Group structure**

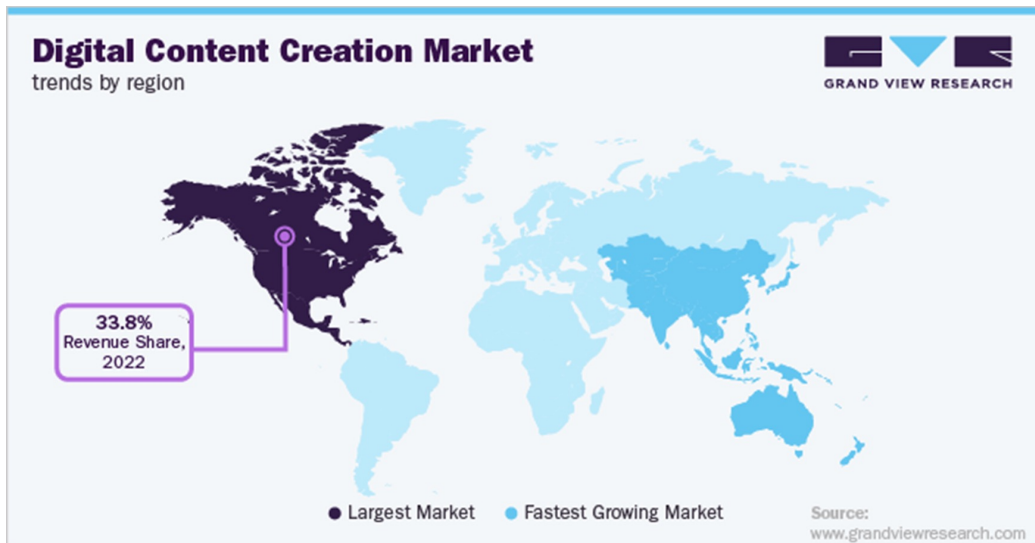


- A Group structure able to support multiple brands in both divisions
- Aligned to support different Go to Market approaches: direct and distribution in CC and a project sell in AR
- Both supported through common Group functions

The global market for **Content Creation** is growing



- Content Creation is growing, fuelled by people's demand for music, podcasting and streaming
- The US is the largest single region at over 33% of the world's revenue, and the only region with reliable market data
- Opportunities exist in other regions as our users regardless of location have a global stage
- Although we expect this growth over the medium term, FY24 brings its own challenges of war, ongoing inflation and elections in the UK and US. So, we expect growth to be subdued if not flat next year

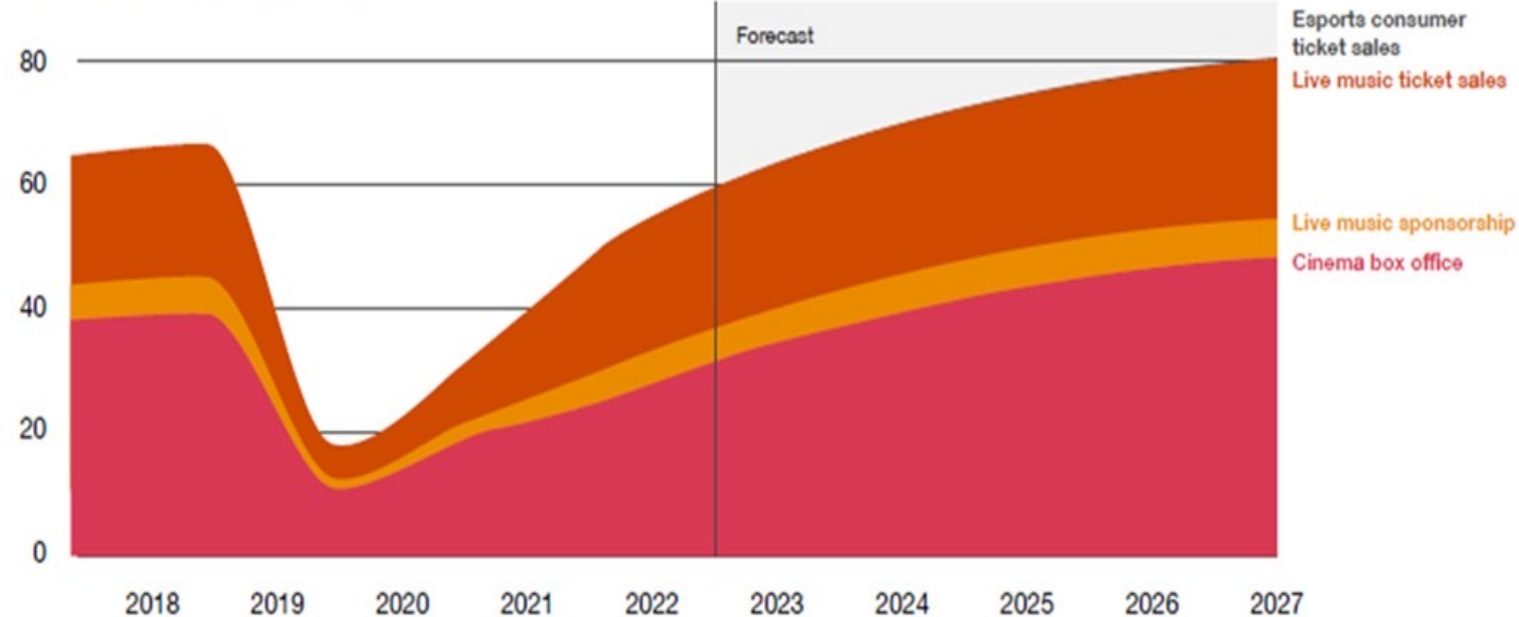


The demand for experiences supports Audio Reproduction growth

Going out is in again

Consumers are eager to return to in-person events of all kinds.

Global live event revenue (US\$ billion)



Note: 2022 is the latest available data. 2023–2027 values are forecasts. Chart does not include smaller advertising subsectors.
Source: PwC's Global Entertainment & Media Outlook 2023–2027, Omdia

- Audio Reproduction's market ranges from the large major festival experiences of Glastonbury and Coachella to the installed sound at a local Church, bar, gym or restaurant
- Post COVID there has been a strong bounce back with underlying growth across all these sectors forecast to continue

Future growth strategy

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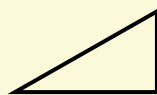
Create a



Great Place to Work

Workplace offices becoming engaging hubs for collaboration and teamwork
Clearer career paths with programmes to support development

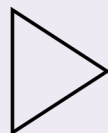
Grow the



Core Customer Base

Planned product introductions across all brands, maintaining market positions and expanding into adjacencies
Ongoing investment in R&D

Expand into



New Markets

Strengthening demand generation capabilities in key markets
Expanding our markets through acquisition

Focus on



Lifetime Value for Customers

Levelling up service capabilities across regions and brands to improve customer support

Future growth expectations

Content Creation



- Market growth - low single digit over the medium term, flat in FY24
- Focusrite brands maintain market share with other brands gaining share across regions
- Growth through new products and routes to market

Audio Reproduction



- Market growth - low single digit over the medium term, and FY24
- Gaining share across regions
- Growth through new products



Ongoing Acquisition Pipeline

Overall Growth targets

- Mid to high single digit for the Group over the medium term
- Lower in FY24
- Stronger growth in Audio Reproduction and newer Content Creation brands
- Potential for acquisitions

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Summary & Outlook Review





□ Current Trading

Content Creation: current market conditions remain difficult, impacted by some channel destocking, but underlying demand, evidenced by registrations remains strong

Audio Reproduction: performance remains strong

□ Outlook

Revenue : An ongoing challenging market in Content Creation with Audio Reproduction growth slowing. Overall low single digit growth.

Gross margins: Flat with lower promotional activity offset by dilutive new products

Overheads: Impacted by inflation and the non-repeat of the share-based payments credit

Cashflow: Returning to historic levels as working capital has now normalised

□ Overall profit expectations for the year remain unchanged



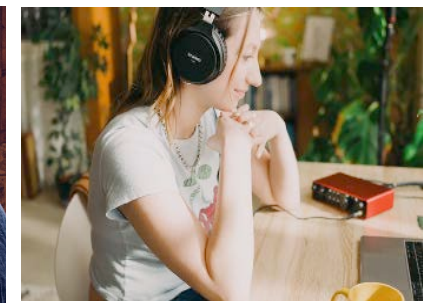
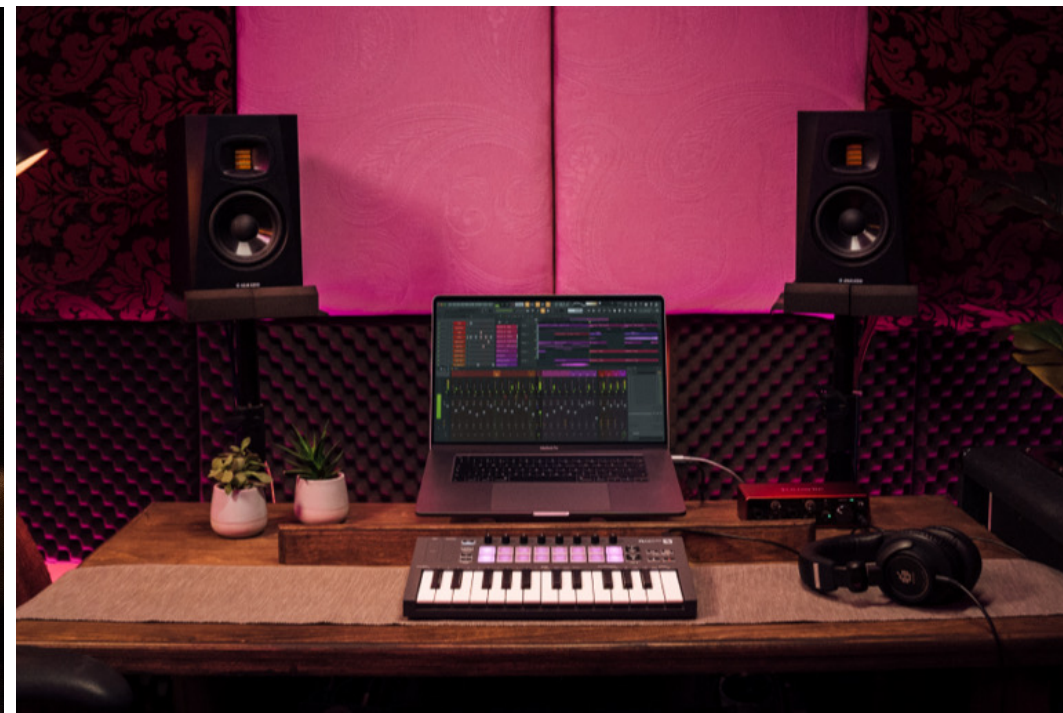
- **Strong delivery of**
New products across all brands, with flagship next generation Scarlett launched in August
- **Successful integration of**
Linea Research and Oberheim, with further acquisition of Sonnox
- **Continued investment in**
People and systems to deliver on our strategy to be a Great Place to Work
- **Aligned regional sales teams**
Providing scale and leverage across all our brands
- **Focus on execution of proven strategy**
Solid foundation now in place

Thank you Q&A

Focusrite plc

28 November 2023

focusriteplc.com



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Additional Information



Our market

Casual Content Creators	Serious Music Producers	Audio Professionals & Facilities
£600–700m	£600–700m	£550–600m



Audio interfaces, audio software, keyboard and pad controllers, monitor speakers.



Audio interfaces, audio software, keyboard and pad controllers, monitor speakers, synthesizers, grooveboxes.



Audio interfaces, audio software, keyboard and pad controllers, monitor speakers, synthesizers, grooveboxes.

Focusrite' **AMPIFY** **Sonnox**
novation **ADAM AUDIO**

Focusrite' **Sonnox**
novation **ADAM AUDIO**
Oberheim **SEQUENTIAL**

Focusrite' Focusrite' **PRO** **Sonnox**
novation **ADAM AUDIO**
Oberheim **SEQUENTIAL**

Intimate Gigs and Hospitality	Auditoria and Theatres	Arenas and Festivals
£1,100–1,300m	£800–900m	£1,100–1,300m



Point source portable and on-wall speakers.



Micro or mini line arrays as well as constant curvature arrays.



Large-scale line arrays.

M **Optimal Audio**
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Our market

Electronic Music Products – Q3 2023 Retail Sales Report (includes synthesizers, production centers, controllers, and electronic drums)

Q3 sales were 4.9% lower than the previous year

- Q3 23 Total Retail: \$51,893,000
- Q3 22 Total Retail: \$54,567,000
- YTD 23 (Jan-Sept.) Total Retail: \$154,683,000 -4.3%
- YTD 22 (Jan-Sept.) Total Retail: \$162,740,000

• 23 Q3 sales have increased 3.7% compared to the same quarter five years ago in 2019.

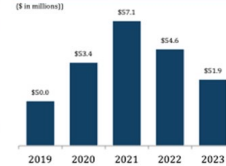
• 23 Q3 sales represent 25% of last 12 months sales.

• Online sales accounted for 64% of sales in the third quarter compared to 65% in the second quarter.

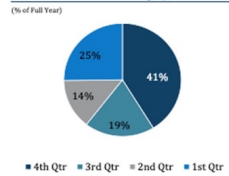
Year Over Year Quarterly Sales Comparisons



Third Quarter Retail Sales: A Five-Year Comparison



Retail Sales Breakout by Quarter



Online Sales vs. In Store Sales



Music Trades

15

Recording Products – Q3 2023 Retail Sales Report (includes recording/sequencing software, plug-ins, computer music hardware, and hand-held recorders)

Q3 sales were 6.9% lower than the previous year

- Q3 23 Total Retail: \$107,568,000
- Q3 22 Total Retail: \$115,541,000
- YTD 23 (Jan-Sept.) Total Retail: \$316,293,251 -8.3%
- YTD 22 (Jan-Sept.) Total Retail: \$342,185,000

• 23 Q3 sales have increased 2.4% compared to the same quarter five years ago in 2019.

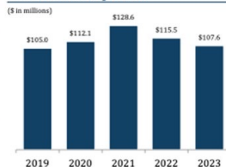
• 23 Q3 sales represent 18% of last 12 months sales.

• Online sales accounted for 64% of sales in the third quarter compared to 65% in the second quarter.

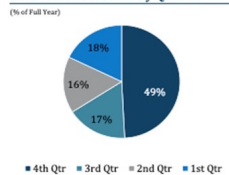
Year Over Year Quarterly Sales Comparisons



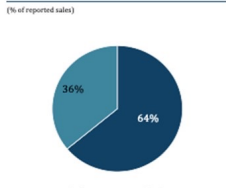
Third Quarter Retail Sales: A Five-Year Comparison



Retail Sales Breakout by Quarter



Online Sales vs. In Store Sales



Music Trades

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Industry Sales Decline 2.6% In 3rd Quarter

Sixth consecutive quarterly sales decline comes with dealer concerns that a host of economic headwinds will further impact sales

The global musical instruments market size will grow from \$13.25 billion in 2022 to \$13.57 billion in 2023 at a compound annual growth rate (CAGR) of 2.4%. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. The market size of global musical instruments is expected to grow to \$14.92 billion in 2027 at a CAGR of 2.4%.

What will be the Size of the Musical Instrument Market During the Forecast Period?



Environment and Climate Change

- The UK's Taskforce on Climate-Related Financial Disclosures is mandatory this year.
 - We are compliant and have assessed climate change as low risk in the short term (up to 2030).
- We now calculate our GHG Emissions footprint using Product Lifecycle Assessments, giving us the highest level of detail available to understand our footprint.
- Gross emission are down 1.4% from FY22, but our emissions intensity is up, due to a different mix of products being sold as live sound rebounds.
 - We continue to use more recycled materials in our products and this will lower our intensity over time. As will increased renewable energy across our Supply Chain.
- Despite this, our GreenHouse Gas emissions remain small, equivalent to a forest approximately the size of Osaka, Japan (230km²).

	FY23 tCO₂e	FY22 tCO ₂ e
Scope 1 & 2		
<ul style="list-style-type: none"> ■ Net ■ Gross 	0 431	0 427
Scope 3	113,979	115,652
tCO ₂ e per £m Revenue	639	629
tCO ₂ e per Product Sold	0.066	0.059



Social: engaging with all our communities

The Focusrite/Novation team at the Summer Event 2023

Our focus is employee led initiatives within our communities and to enable more people to create music



Donated over 7,000 Novation Launchpads and Launchpad Mini MK2s to local schools.



6th year of partnership with Music Crossroads scholarship



Sponsorship of Accessibility Zone and Women In Audio at ADC developers conference



Foreign exchange

Exchange Rates	FY23 £m	FY22 £m
Average		
US\$:£	1.21	1.31
€:£	1.15	1.18
Average rate of forward contracts		
€:£	1.16	1.13
Weighted average applicable rate		
US\$:£	1.31	1.31
€:£	1.16	1.14
Year end rate		
US\$:£	1.27	1.16
€:£	1.17	1.16

Natural hedge for USD

- US and ROW revenue.
- Total c50% of revenue but almost all cost of sales so minor net profit inflow

Euro hedged

- c75% of major Euro flows hedged for year
- 50% for the following year

Restated Adjusted EPS

	Restated FY20 £'000	Restated FY21 £'000	Restated FY22 £'000
Reported profit after tax	4,091	28,279	24,776
Adjusting items	15,101	5,641	6,011
Tax on adjusting items	(749)	(1,588)	(1,376)
Adjusted profit after tax	18,443	32,332	29,411
Weighted shares (number)	57,679,719	57,993,028	58,294,306
Diluted weighted shares (number)	58,843,783	58,718,168	58,917,444
Adjusted basic EPS	32.0	55.8	50.5
Adjusted diluted EPS	31.3	55.1	49.9
Previously reported			
Adjusted basic EPS	33.2	58.2	52.5
Adjusted diluted EPS	32.8	57.5	52.0

- Tax on adjusted items has been restated to include the deferred tax credit due to the amortisation of acquired intangibles, which had not previously been considered as adjusting
- These measures have been restated for FY22, FY21 and FY20

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Focusrite plc

28 November 2023

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