

Focusrite plc

Results

for the period ended
29 February 2024



Agenda



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Focusrite plc

Tim Carroll

Chief Executive Officer

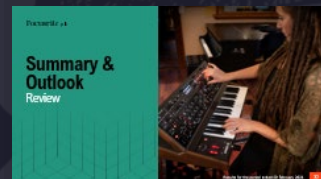
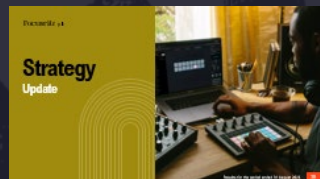
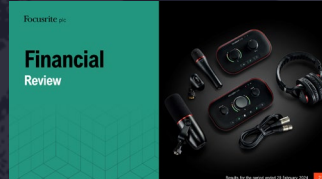
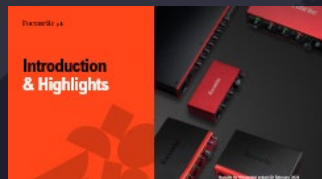


Sally McKone

Chief Financial Officer



Section Quick links



Focusrite plc

Introduction & Highlights



Results for the period ended 29 February 2024

A global music and audio products group

Focusrite plc

Content Creation

70%
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
- **Sonnox:** software audio tools, acquired December 2022

Audio Reproduction

30%
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
- **OutBoard and TiMax:** immersive sound technology, acquired December 2023

Review of the period ended 29 February 2024

Focusrite plc

Overview

A challenging half year facing macro-economic headwinds and channel destocking

- Portfolio diversity supporting sales. -10.9%¹ vs HY23 (-8.4%² OCC), but almost double last pre-COVID year of HY19
- Adjusted EBITDA³ £12.1m down 33%
- 11 new products launched during HY24

Content Creation

- Content Creation sales decrease of 19.8% vs HY23 (-17.3% OCC)
Industry data shows relative product categories down 15-25%
- End user registrations for principal Scarlett range in line with HY23 and 50% above pre-COVID levels
- New product introductions planned across H2 to support revenue in face of ongoing challenging markets

Audio Reproduction

- Audio Reproduction growth of 21.4% (23.6% OCC²).
- Strong sales pipeline for H2
- OutBoard and Timax acquired in December 2023, 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 FY24 revenue to FY23 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

Operational Review



Focusrite plc

CONTENT CREATION

Content Creation Growth by Brand

Focusrite:

H1 focus on selling remaining stock of 3rd gen Scarletts in a soft market, impacting initial sell through and re-orders for 4th Gen. Registrations on par with last year and still 50% ahead of pre-pandemic FY19.

Novation:

Portfolio caters primarily to age groups most impacted by cost-of-living increases but performing in line with industry averages. New products planned for H2.

ADAM Audio:

A strong H1 result due to increased market share in lower priced T Series category and one-off move to US distributor. New products planned for H2.

Sequential and Oberheim:

High-end synths still impacted by macro- economic issues but lower priced products returning to normal run rates. New products planned for H2.

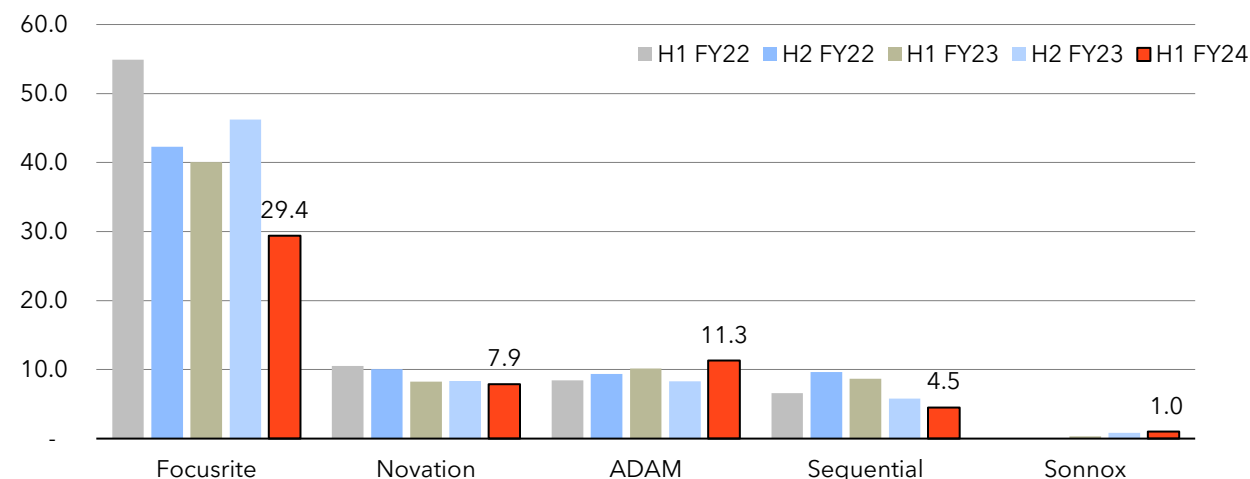
Sonnox:

In line with expectations, benefiting from Group synergies and collaborative cross brand developments in progress

	HY24 £m	HY23 £m	Reported growth	OCC ¹ growth	FY23
Focusrite (inc Pro)	29.4	40.1	-26.8%	-23.6%	86.3
Novation (inc Ampify)	7.9	8.2	-4.6%	-0.0%	16.6
ADAM	11.3	10.2	11.2%	15.3%	18.5
Sequential (inc Oberheim)	4.5	8.6	-47.7%	-44.4%	14.5
Sonnox	1.0	0.3	242.2%	0.0%	1.1
Content Creation	54.1	67.4	-19.8%	-17.3%	137.0

¹ OCC (organic constant currency growth). This is calculated by comparing FY24 revenue to FY23 revenue adjusted for FY24 exchange rates and the impact of acquisitions.

Half year sales



Content Creation

Regional Revenue Performance

Globally: A very tough market for all home recording/consumer electronics categories driven by industry wide channel overstock and macro-economic issues

North America: Student loan repayments and elevated consumer credit balances adding further impact

EMEA: Numerous retail store closures across UK and Germany. Distribution channel starting to normalise post-holiday season from high inventory across all categories

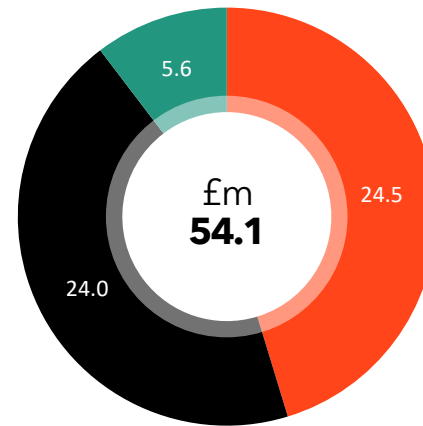
Rest of World: An ongoing challenging market, driven by China with elongated lock downs, inflation and decline in consumer confidence



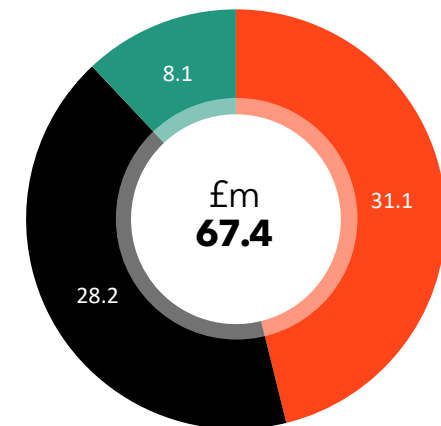
	HY24 £m	HY23 £m	Reported growth	OCC ¹ growth	FY23 £m
North America	24.5	31.1	-21.2%	-17.1%	65.0
EMEA	24.0	28.2	-14.9%	-14.7%	52.9
Rest of World	5.6	8.1	-31.6%	-27.6%	19.1
Content Creation	54.1	67.4	-19.8%	-17.3%	137.0

¹ OCC (organic constant currency growth). This is calculated by comparing FY24 revenue to FY23 revenue adjusted for FY24 exchange rates and the impact of acquisitions.

Content Creation **HY24**



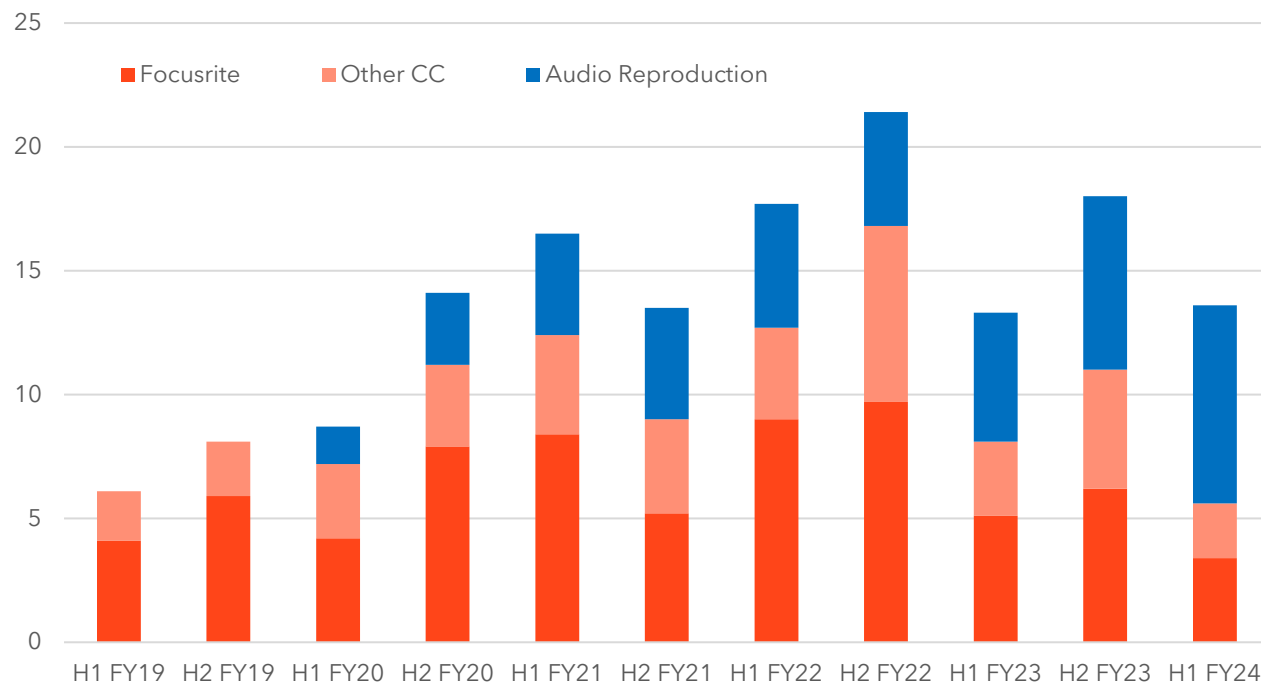
Content Creation **HY23**



○ North America ○ EMEA ○ Rest of the World

Content Creation ROW impacted by China macro concerns

Rest of World sales by Group brands



Weakness in China consumer spending widely reported and impacting industry peers

- Rest of World region is made up of APAC (80%) and Latin America (20%)
- The Group trades across APAC and distributes directly in Australia. China makes up >30% of revenue for APAC
- China has seen ongoing weakness for Content Creation with the ending of COVID restrictions.
- Audio Reproduction continues to see strong growth, for both live and installed sound products

Yamaha¹

".. Sell-in affected by dealer inventory adjustments...and difficulties in China"

¹Analyst and Investor Briefing on Third Quarter of FY2024.3 (7/2/24)

Roland²

"Sales are expected to decline due to severe conditions in China and the Digital Piano market"

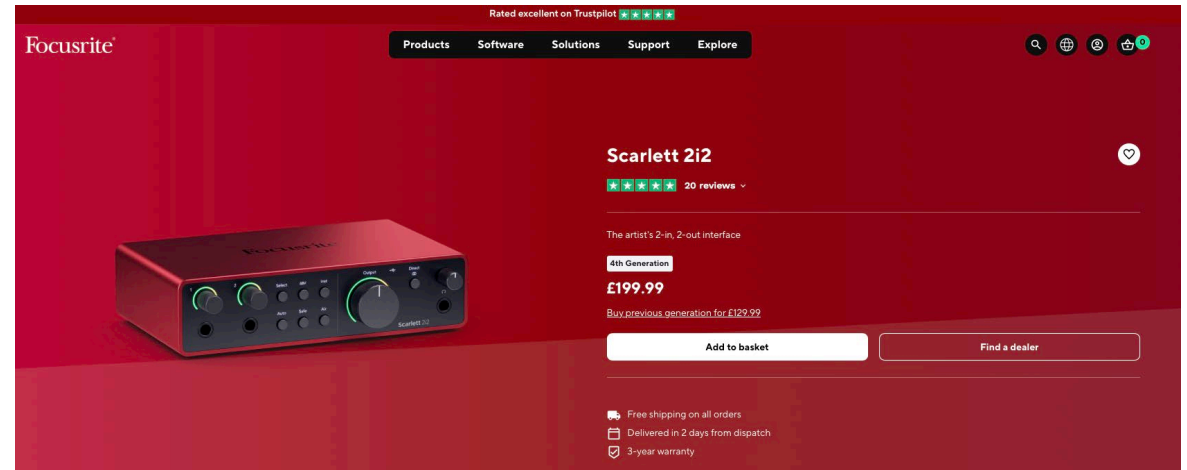
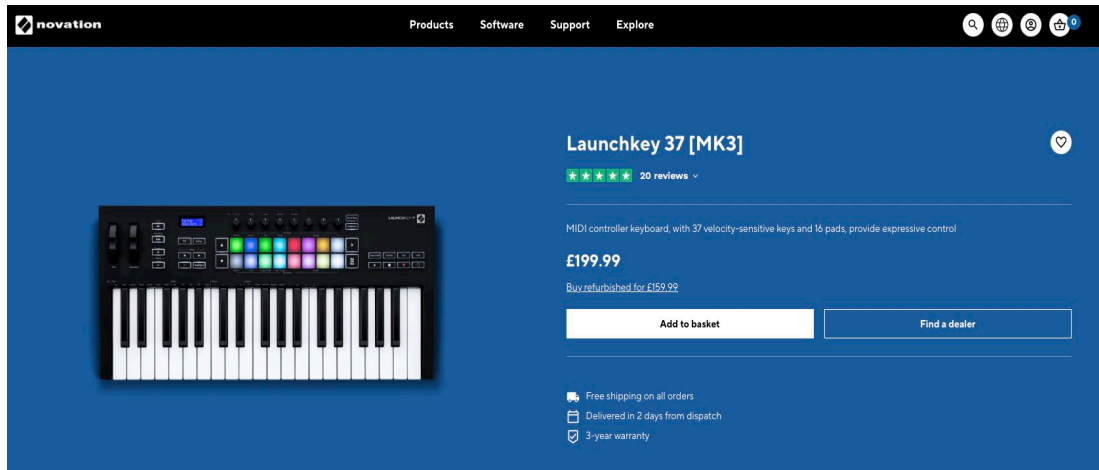
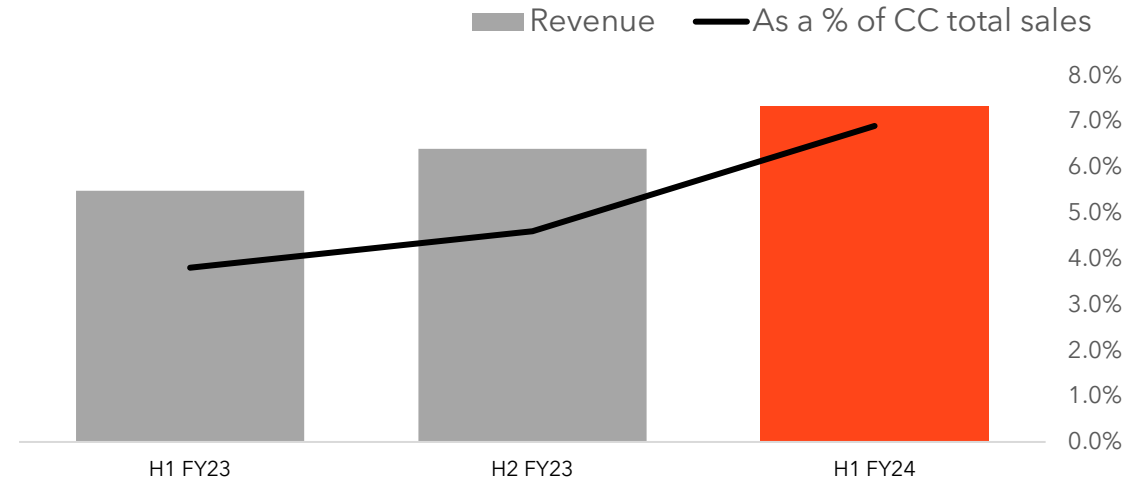
²Financial Results Highlights FY 12/2023 (14/2/24)

Content Creation

Direct to Customer channel

- **Focusrite.com & Novationmusic.com**
- Scalable upgraded eCommerce shopfront for the Focusrite and Novation brands launched in July 23
- Strong growth across EMEA and Americas
- Plans to extend to further Content Creation brands

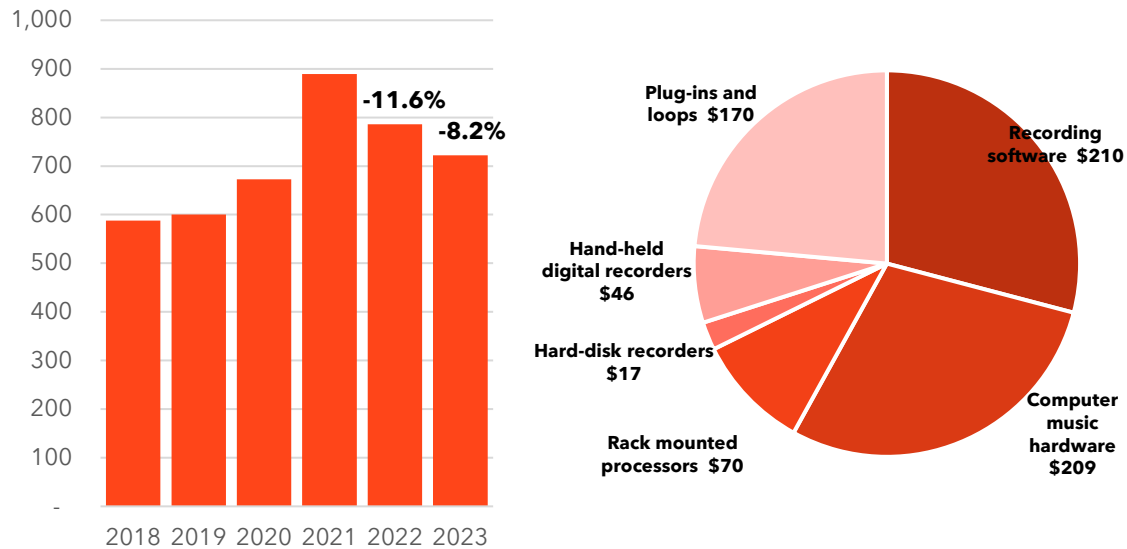
eCommerce sales and share



Market in second year of post COVID decline

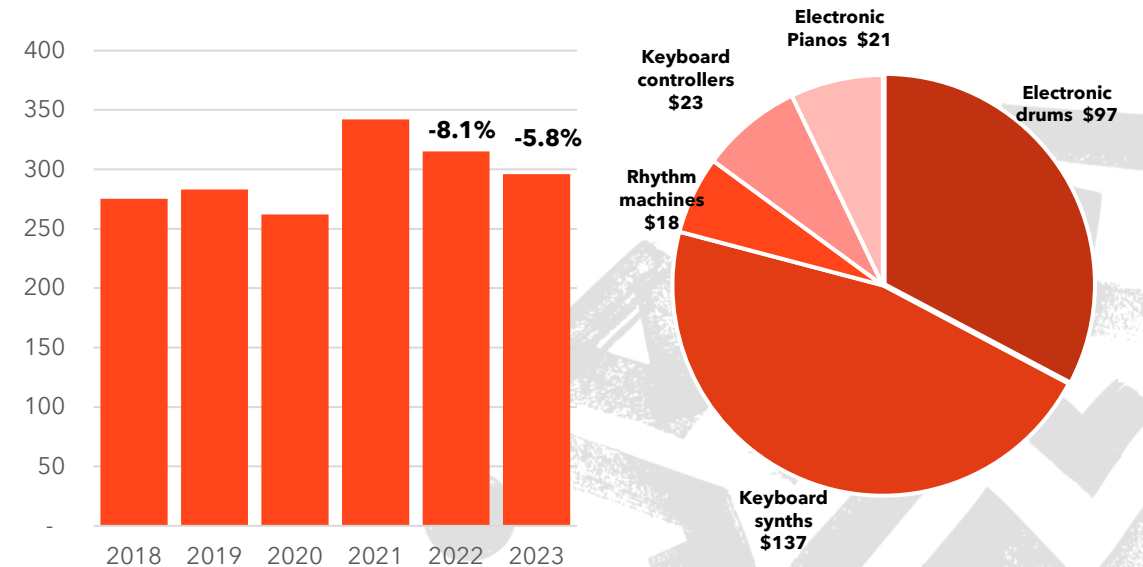
- US market data is the only widely available source for our industry (US Music Trades census)
 - US Sales down 8.2% in 2023 for Recording products (-11.6% 2022)
 - US sales down 5.8% in 2023 for Electronic Musical Instruments (-8.1% 2022)
- Overall industry imports of musical instruments and audio gear to the United States fell 23.6% for 2023 as the pandemic era demand surge cooled. Chinese suppliers felt the brunt of the downturn with total imports from China off by 40%.

Recording products sales and product categories \$m¹



¹ Source: US Music Trades 2023 census retail sales data

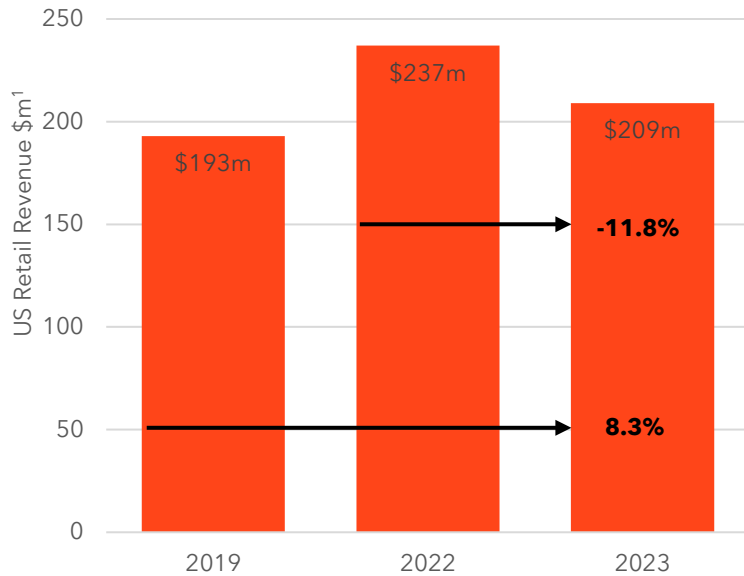
Electronic Musical Instruments sales and product categories \$m¹



Underlying demand remains strong

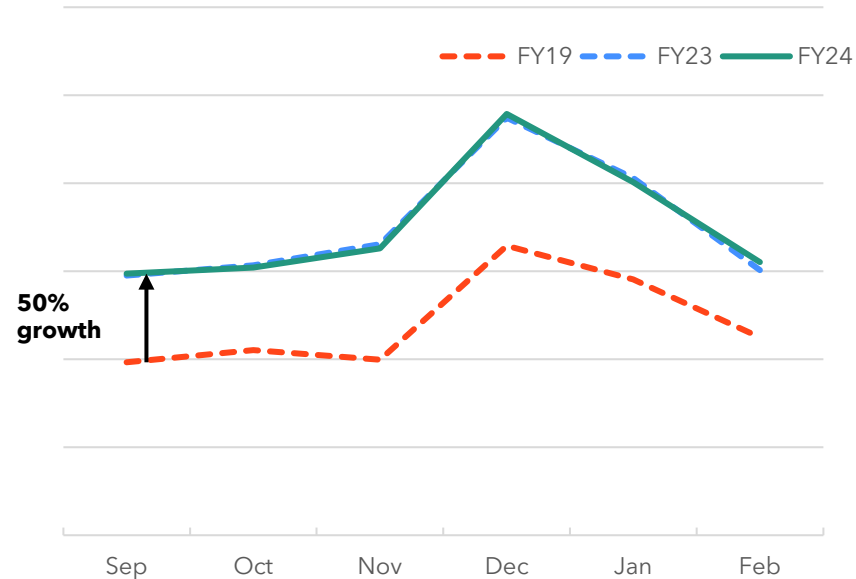
End user registrations holding steady on prior year and up 50% over FY19

US sales of computer music hardware



¹ Source: Music Trades 2023 census computer music hardware retail sales data

Scarlett product registrations by month



- Despite ongoing weakness in the market, end user demand for our key Scarlett product has remained strong
- End user registrations for HY24 are flat compared to HY23 and up 50% compared to FY19
- This compares to US sales of computer music hardware which are down 11.8% in 2023 and up only 8.3% compared to 2019

Content Creation











Maintaining a Market Leading Position








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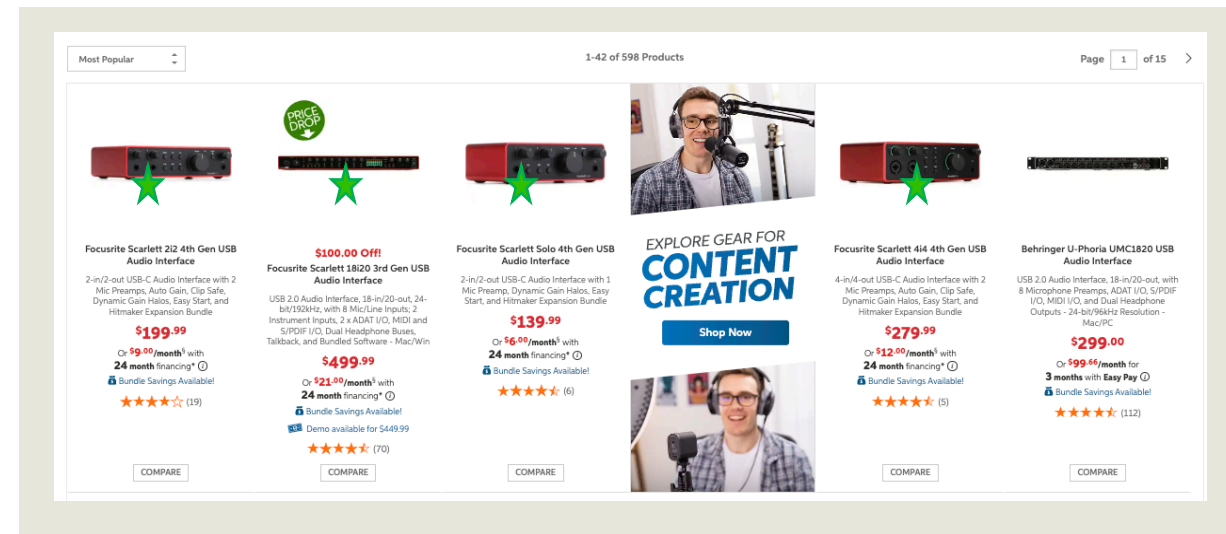
We have **outperformed** our category across multiple top channel partners

th•mann

Sweetwater

1		Focusrite Scarlett 2i2 3rd Gen ★★★★★ 2199	★	£129
2		Focusrite Scarlett 2i2 4th Generation ★★★★★ 41	★	£169
3		Universal Audio Apollo Twin X Duo Heritage Ed. ★★★★★ 169		£868
4		RME Fireface UCX II ★★★★★ 23		£1,199
5		RME Fireface UFX III ★★★★★ 7		£2,333
6		Focusrite Scarlett 2i2 Studio 3rd Gen ★★★★★ 389	★	£159
7		Focusrite Scarlett Solo 4th Gen ★★★★★ 32	★	£119
8		Focusrite Scarlett Solo 3rd Gen ★★★★★ 2041	★	£77
9		Rode Rodecaster Duo ★★★★★ 8		£425
10		Focusrite Scarlett 4i4 4th Generation ★★★★★ 13	★	£239

1		Yamaha HS 5 ★★★★★ 628		£155
2		ADAM Audio TV7 ★★★★★ 567	★	£166
3		Genelec 8030 CP ★★★★★ 92		£499
4		ADAM Audio T5V ★★★★★ 508	★	£145
5		Genelec 8010 AP ★★★★★ 202		£259
6		Yamaha HS 7 ★★★★★ 1445		£195
7		ADAM Audio A7V ★★★★★ 38	★	£559



- 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





Maintaining a Market Leading Position

Focusrite plc

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



46k ratings
Best seller categories

<p>Best Seller</p> 			
<p>Focusrite Scarlett 2i2 3rd Gen USB Audio Interface for Recording, Songwriting, Streaming and Podcasting — High-Fidelity, Studio Quality Recording,...</p> <p>4.7 ★★★★★ ~ 42,069 ratings 400+ bought in past month</p> <p>£114⁹⁹ RRP: £179.99 Instalment options available</p> <p>✓prime Same-Day & Overnight FREE delivery Tomorrow by 13:00</p> <p>Add to basket</p>	<p>Focusrite Scarlett 2i2 Studio 3rd Gen USB Audio Interface Bundle for the Songwriter with Condenser Microphone and Headphones for...</p> <p>4.7 ★★★★★ ~ 5,716 ratings 100+ bought in past month</p> <p>£179⁹⁹ RRP: £279.99 Instalment options available</p> <p>✓prime Same-Day & Overnight FREE delivery Tomorrow by 13:00</p> <p>Add to basket</p>	<p>Focusrite Scarlett 2i2 4th Gen USB Audio Interface for Recording, Songwriting, Streaming and Podcasting — High-Fidelity, Studio Quality Recording,...</p> <p>4.5 ★★★★★ ~ 656 ratings 100+ bought in past month</p> <p>£172⁰⁰ RRP: £199.99 Instalment options available</p> <p>✓prime One-Day FREE delivery Tomorrow</p> <p>Add to basket</p>	<p>Focusrite Scarlett 8i6 3rd Gen USB Audio Interface Recording, Songwriting, & Streaming — High-Fidelity, Studio Quality Recording, With Transparen...</p> <p>4.7 ★★★★★ ~ 2,541 ratings</p> <p>£199⁹⁹ Was: £229.00 Instalment options available</p> <p>✓prime One-Day FREE delivery Tomorrow</p> <p>Add to basket</p> <p>More buying choices</p>

Christopher B. C.

★★★★★ **Amazing interface! Super happy with my purchase.**

Reviewed in Canada on 29 March 2024

Pattern Name: Single | Style Name: 2i2 | **Verified Purchase**

I had heard of the Scarlett Focusrite Solo and 2i2 Interfaces in the past, but had not purchased them due to being on a smaller budget at the time for my then AudioTechnica AT2020. I ended up settling for a Behringer UMC22 and it did do the job, but having now purchased this for my new Shure SM7B, it is amazing!

Ricky

★★★★★ **Probably the best in it's class.**

Reviewed in the United Kingdom on 21 February 2024

Pattern Name: Single | Style Name: 4i4 | **Verified Purchase**

I have upgraded from a 2nd generation model and I have not been disappointed. I believe my new interface to be very close to the best in its class.

★★★★★ **Scarlet 2i2**

Reviewed in the United Kingdom on 25 February 2024

Pattern Name: Single | Style Name: 2i2 Studio | **Verified Purchase**

Fantastic product. Everything you need to start recording at home, including software. I would definitely recommend.

★★★★★ **Best mic amps in it's class.....**

Reviewed in the United Kingdom on 22 February 2024

Pattern Name: Single | Style Name: 4i4 | **Verified Purchase**

I have used a number of Focusrite devices and have always gotten along fine with them. This little DI is an excellent device which sets up play. Obviously you'll need to set up your DAW, but its painless and runs well using Cubase 13 Artist.

Content Creation Scarlett Transition



> \$500 market

Pro level, multiple inputs and outputs
Gen 3 in the market - Gen 4 launch moved out of FY24



Sub \$500 market

More functionality, multiple inputs and outputs
Gen 4 and Gen 3 smaller units now positioned with clear price difference

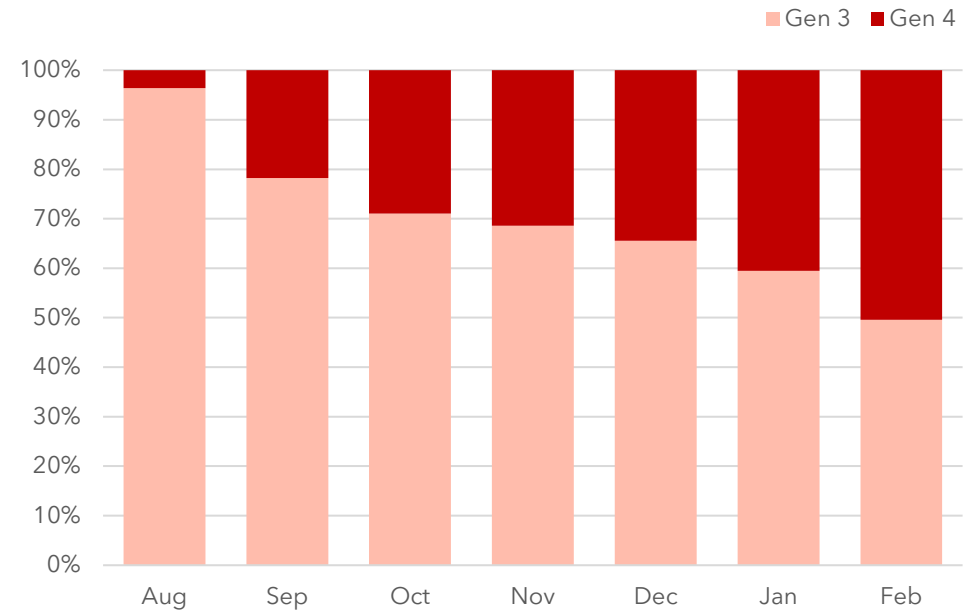


Sub \$99 market

Entry level, limited functionality. 1 input
Scarlett Gen 3 Solo now taking share



Scarlett product registrations by generation



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AUDIO REPRODUCTION

Audio Reproduction

Market growth

Live events and experiences remain strong, particularly at premium end

Installed sound benefiting from new technologies e.g. Immersive sound

New products continue growth

Martin now has the best ever line up of products across all levels of throw in its history

Linea integration

Linea more than doubled production vs FY23

OEM supply also growing and broadening Group's portfolio

Optimal Audio

Strong sales pipeline supporting over 10% revenue growth vs FY23

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Martin, Linea and Optimal

HY24 £m
22.8

HY23 £m
18.8

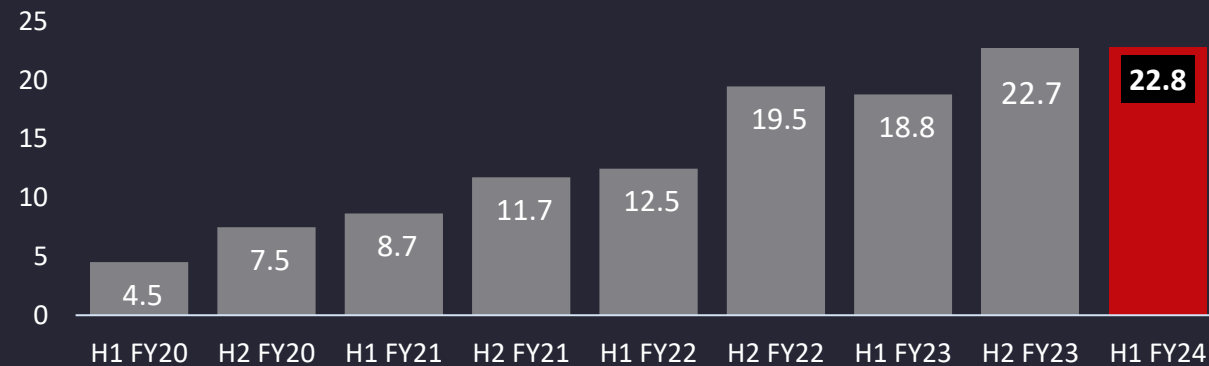
HY24/23
Reported Growth
21.4%

HY24/23
OCC¹ growth
23.6%

¹ OCC (organic constant currency growth). This is calculated by comparing FY24 revenue to FY23 revenue adjusted for FY24 exchange rates and the impact of acquisitions.



Audio Reproduction HY Revenue £m

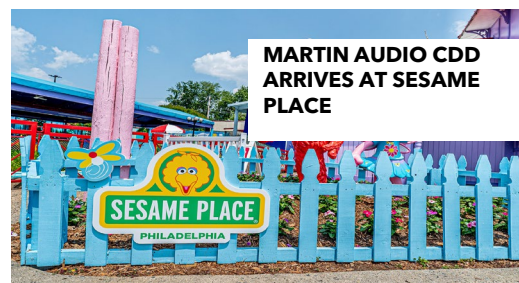
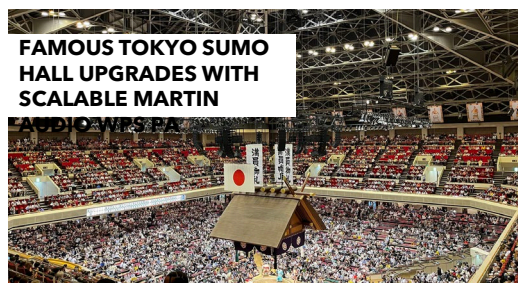


Audio Reproduction

Regional Revenue Performance

EMEA & ROW growth continues especially ROW as COVID restrictions removed. North America has a slower start but is being addressed by increasing product availability.

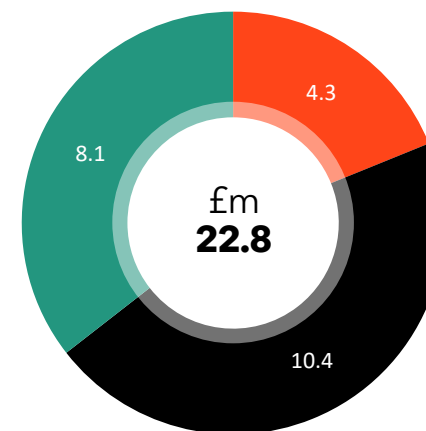
- Rental companies and permanent installations re-tooled/upgraded for a robust year of shows
- Many new permanent installations debuted: Festivals, stadia and Tours



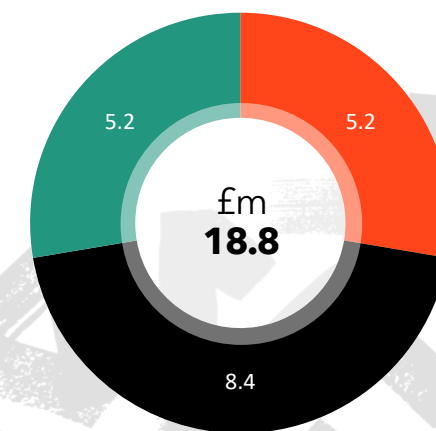
Audio Reproduction	HY24 £m	HY23 £m	HY24/23 Reported growth %	HY24/23 OCC growth %	FY23 £m
North America	4.3	5.2	-17.6%	-12.2%	12.7
EMEA	10.4	8.4	24.1%	20.2%	16.6
Rest of World	8.1	5.2	56.2%	65.3%	12.2
Group Revenue	22.8	18.8	21.4%	23.6%	41.5

¹ OCC (organic constant currency growth). This is calculated by comparing FY24 revenue to FY23 revenue adjusted for FY24 exchange rates and the impact of acquisitions.

Audio Reproduction **HY24**



Audio Reproduction **HY23**



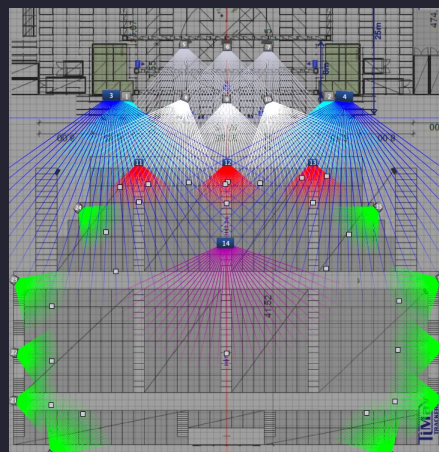
○ North America ○ EMEA ○ Rest of the World

Audio Reproduction

Acquisition: Sheriff Technologies (OutBoard and Timax)



- TiMax are pioneers of the rapidly expanding sector of immersive sound experiences, while OutBoard specialise in entertainment rigging control
- Acquired for £2.3m consideration (net of cash acquired of £0.1m) in December 2023
- Earnings enhancing in current year - revenue £0.3m for 2 months since December 2023
- Founders remain to help build team that can grow and build the brands for the future



Focusrite plc

Financial Review



Financial Overview

- **Revenue** impacted by a challenging global market down 10.9% reported (-8.4% organic constant currency)
- **Gross margin** at 47.5% is 1.3% points lower than HY23 with underlying margins stable and a one-off stock provision impact
- **Adjusted EBITDA¹** down to £12.1m from £18.1m in FY23 reflecting lower sales and the one-off stock provision, costs are stable
- **Adjusted free cash flow²** -£20.8m (HY23: -£2.3m): - due to working capital outflows which are expected to largely reverse in H2
- **Adjusted diluted EPS** 7.7p (down 57% from HY23 18.0p)
- **Reported diluted EPS** 4.1p (down 71% from HY23 14.3p)
- **Net debt³** of £27.3m (HY23: net debt £13.1m)
- **Final dividend** of 2.1 pence, flat compared to HY23

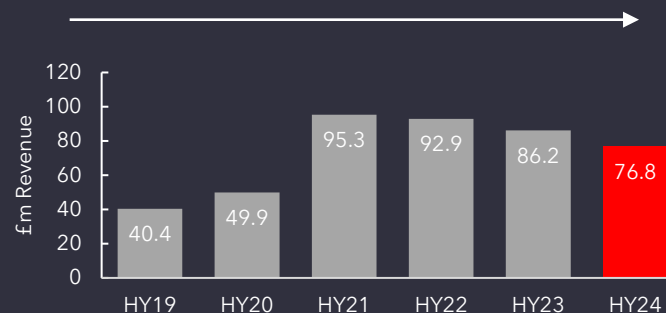
¹ EBITDA earnings adjusted for interest, taxation, depreciation, amortisation, goodwill impairment and non-underlying items

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

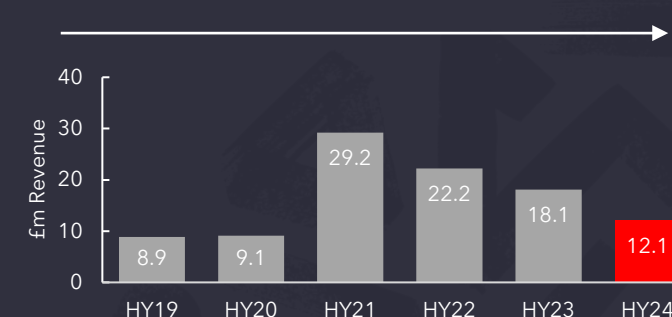
³ Net debt: as cash and cash equivalents, amounts drawn against the RCF including the costs of arranging the Revolving Credit Facility



Group HY **Revenue £m** 13.7% CAGR
HY19 to HY24



Group HY **Adjusted EBITDA £m** 6.4% CAGR
HY19 to HY24



Income Statement

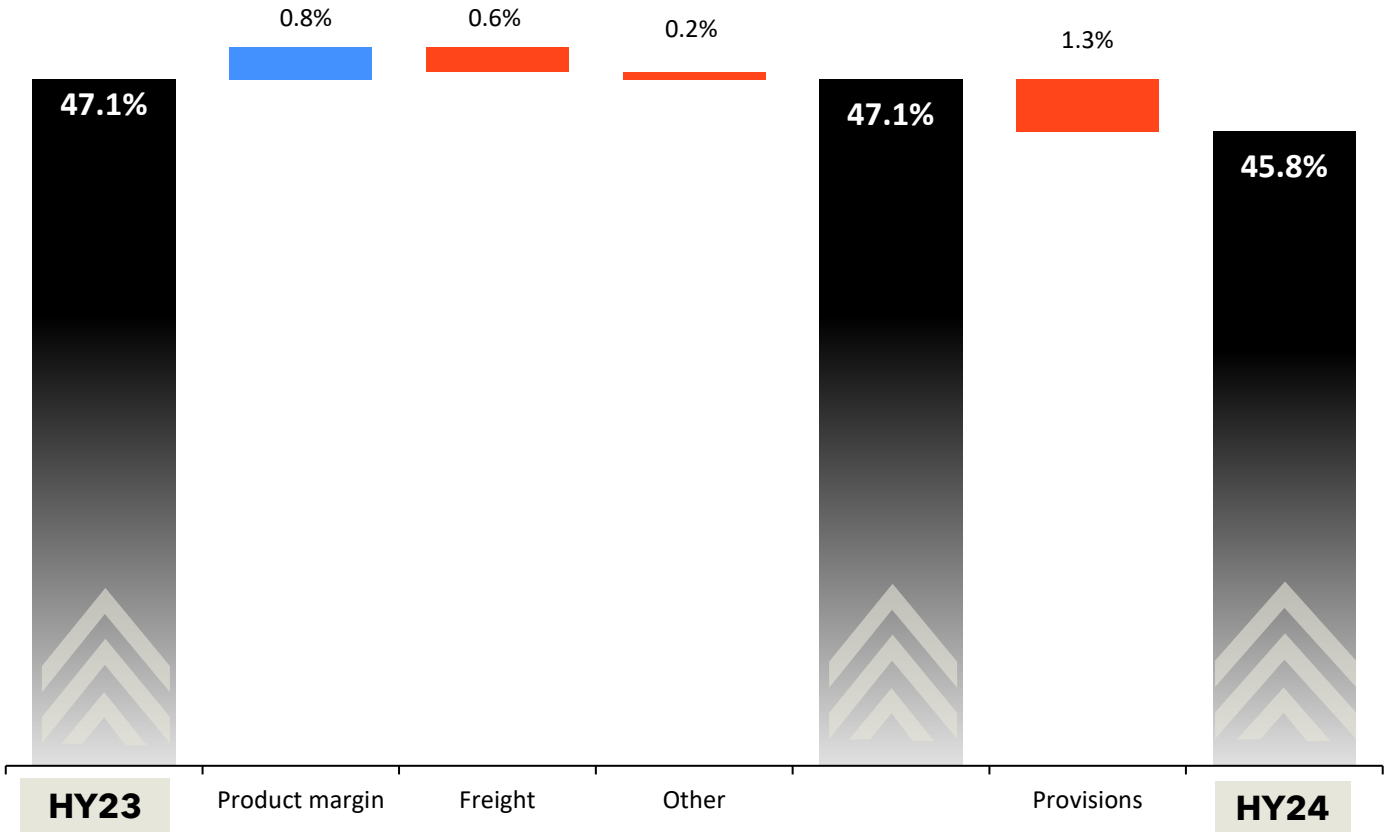
	HY24 £m	HY23 £m	FY23 £m
Revenue	76.9	86.2	178.5
Cost of sales	(41.7)	(45.6)	(93.7)
Gross profit	35.2	40.6	84.8
Administrative overheads	(23.1)	(22.6)	(46.2)
EBITDA¹	12.1	18.1	38.6
Depreciation and amortisation	(4.6)	(3.9)	(8.2)
Operating profit before adjusting items	7.5	14.2	30.4
Adjusting items	(2.8)	(2.7)	(6.1)
Operating profit	4.7	11.5	24.3
Net financing charge	(1.3)	(0.6)	(1.6)
Profit before tax	3.4	10.9	22.7
Tax	(0.9)	(2.4)	(4.9)
Profit after tax	2.5	8.5	17.8
Adjusted EBITDA ¹ as % of sales	15.7%	21.0%	21.6%

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

- Revenue decrease of 10.9% (organic constant currency decrease 8.4%)
- Gross margin 45.8% (HY23: 47.1%)
 - Underlying margins flat with a one-off impact due to stock provisions (Vocaster)
- Overheads increase of £0.5m, impacted by acquisitions (£0.4m) with inflation largely offset by savings
- Amortisation increasing due to accelerated amortisation of Vocaster asset of £0.8m (£0.3m incremental to the FY)
- HY23 adjusting items include one off £1.0m reversal of acquired amortisation
- Finance costs impacted by higher levels of debt and interest rates
- Tax of £0.9m with an underlying tax rate of 27% reflecting UK tax rate of 25% and a one-off prior year adjustment

Stable underlying **Gross margin**

HY23 to HY24 **margin bridge**



- Stable underlying margins with overall decrease of 1.3% due to one-off stock provision
- Product margins (invoiced sales less product costs) have increased by 0.8% points due to overall lower level of promotions compared to HY23
- Freight costs have been impacted by the Red Sea issues and resulting rate increases
- One-off stock provision impact of £1m due to a write down of Vocaster stock to align with a large sale of the bulk of remaining stock

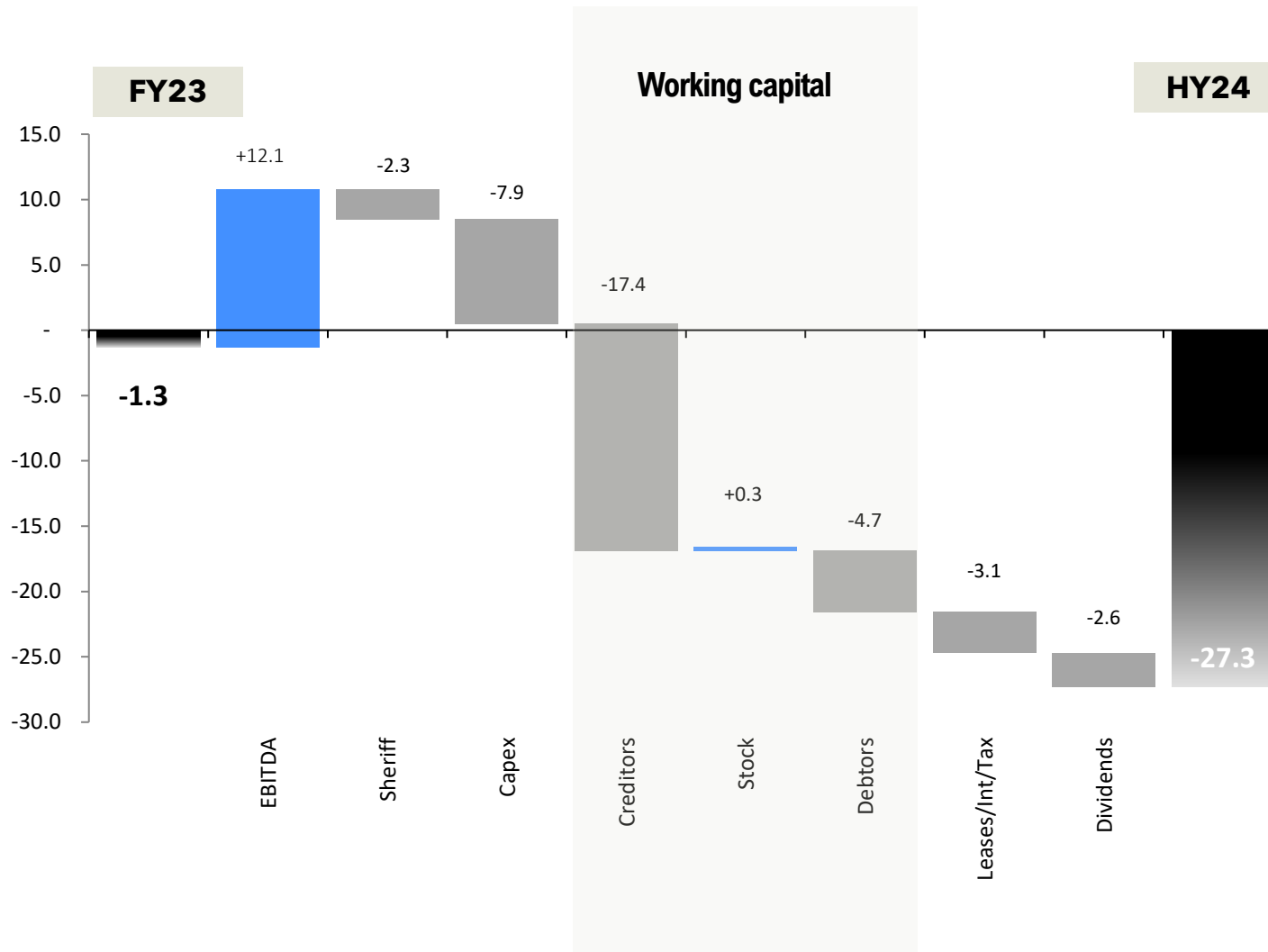
Balance sheet

	HY24 £m	HY23 £m	FY23 £m
Intangible assets	87.5	84.3	83.4
Tangible assets	11.4	10.8	12.5
Total non-current assets	98.9	95.1	95.9
Inventories	55.3	50.7	55.3
Debtors and other investments	37.5	27.5	32.9
Total current assets	92.8	78.2	88.2
Current liabilities	(30.2)	(30.3)	(45.4)
Net current assets	62.6	47.9	42.8
Net debt	(27.3)	(13.2)	(1.3)
Total assets less current liabilities	133.8	129.7	137.4
Non-current liabilities	(15.9)	(19.1)	(18.9)
Net assets	118.3	110.6	118.5
Working capital	62.6	47.9	42.8
Working capital as % sales	37.0%	19.8%	24.0%

- Intangible fixed assets
 - Acquisitions: £2.1m increase from Sheriff
 - Investment: £4.5m of R&D and £2.5m of licences with £3.1m of amortisation
- Tangible assets decrease since FY23 of £1.1m due to depreciation
- Working capital 37.0% of revenue: ahead of historic average of approx. 25% but expected to largely reverse in H2
 - Audio Reproduction stock increase to support growth
 - Higher debtors in Content Creation due to delayed payments as a result of stock levels in the channel
 - Stock levels remain elevated due to ongoing transition from 3rd Gen to 4th Gen
- Net debt of £27.3m, comprising cash of £8.9m and RCF draw-down of £36.8m with arrangement fee of £0.6m
- Non-current liabilities made up of deferred tax, lease liabilities and ongoing payments for Oberheim brand, purchased in FY22

Net debt impacted by working capital

Cashflow Movements £m



- Net debt has reduced in the half year to £27.3m of net debt from £1.3m net debt at the year end
- Biggest impact is due to working capital – with seasonal outflows from creditors, not offset by expected debtors inflows. This is due to stock levels in the US delaying debtor payments. No credit issues or bad debts in the period. This is expected to largely unwind in H2
- Stock has remained flat with planned reductions in Content Creation offset by increases in Audio Reproduction, which are expected to reduce in H2
- Capex includes £2.5m final stage payment for planned IP development
- Acquisition in H1 of £2.3m net of cash acquired

Cash Flow

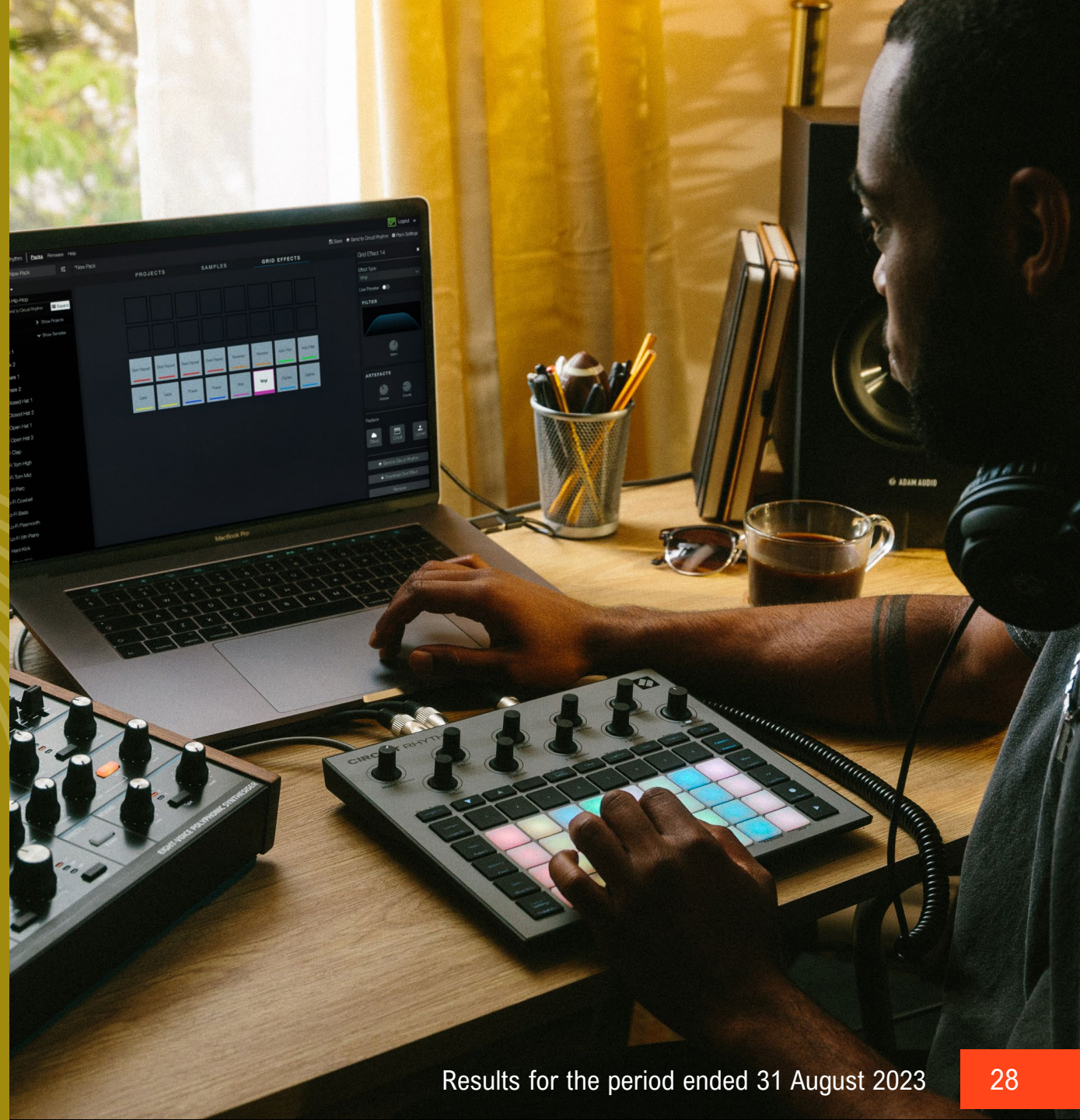
	HY24 £m	HY23 £m	FY23 £m
EBITDA	12.1	18.1	38.6
Adjusting and non-cash items	0.1	(1.8)	(2.0)
Movement in working capital	(21.6)	(10.4)	(7.6)
Operating cash flow	(9.6)	5.8	29.0
Interest paid	(1.3)	(0.6)	(1.7)
Tax paid	(1.4)	(0.9)	(1.9)
Net cash from operating activities	(12.3)	4.2	25.4
Investing (exc acquisitions)	(7.9)	(6.5)	(14.4)
Payment of lease liabilities	(0.6)	(0.4)	(1.4)
FX movement	(0.1)	(0.9)	0.9
Free cash flow	(20.9)	(3.5)	10.5
Acquisitions	(2.3)	(7.2)	(7.2)
Dividends	(2.6)	(2.4)	(3.6)
Net change in cash	(25.8)	(13.1)	(0.2)
Opening (net debt)/cash	(1.3)	(0.1)	(0.1)
Foreign exchange movement	(0.2)	0.1	(1.0)
Closing net debt	(27.3)	(13.2)	(1.3)
Free cashflow	(20.9)	(3.5)	10.5
Adjusting items	0.1	0.9	1.7
Adjusted free cashflow	(20.8)	(3.4)	12.2

- Adjusted Free cash outflow of £20.8m
 - Impact of working capital movements, expected to largely reverse in H2
- Investing £7.9m
 - Capitalised R&D £5.0m: investing for future product roadmap and expected to continue at this level
 - Technology Licences £2.5m relating to ongoing platform development
- Net debt¹ of £27.3m
 - HSBC/Bank facility renewed to September 2027 and extended to £50m with a £50m uncommitted accordion
 - Interest paid increasing due to the higher level of debt
- Interim dividend of 2.1p flat on prior year
 - Adjusted diluted EPS dividend cover of 3.7

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

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Strategy Update



Consistent growth strategy

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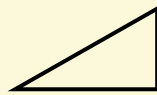
Create a



Great Place to Work

Workplace offices becoming engaging hubs for collaboration and teamwork
Benchmarking programme in place to assess technical roles

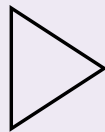
Grow the



Core Customer Base

11 new products in H1 with more planned for H2
Continued investment in our D2C ecomm business

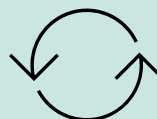
Expand into



New Markets

Continued refinement in Routes to Market: Japan and Brazil
Expanding our markets through acquisition: new technology with the acquisition of Sheriff

Focus on



Lifetime Value for Customers

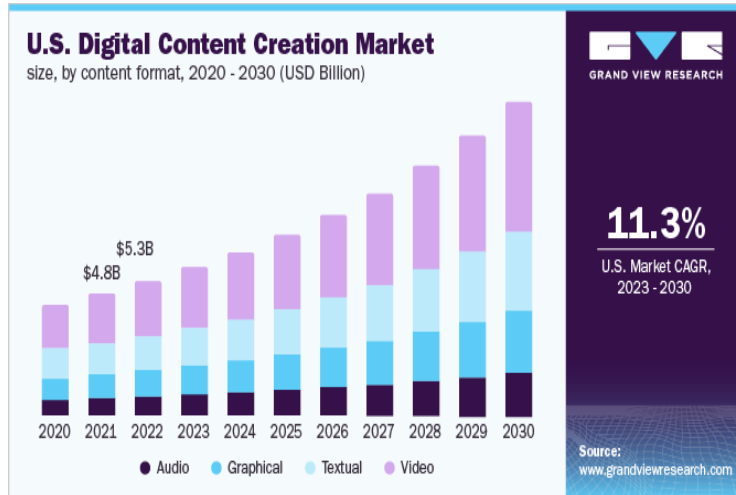
Levelling up service capabilities across regions and brands to improve customer support

Our Content Creation market: Structural Growth potential

Growing Global Content Creation Market

Driven by social media and expansion of streaming services

Video is the largest element, but requires high quality audio, particularly for music creation



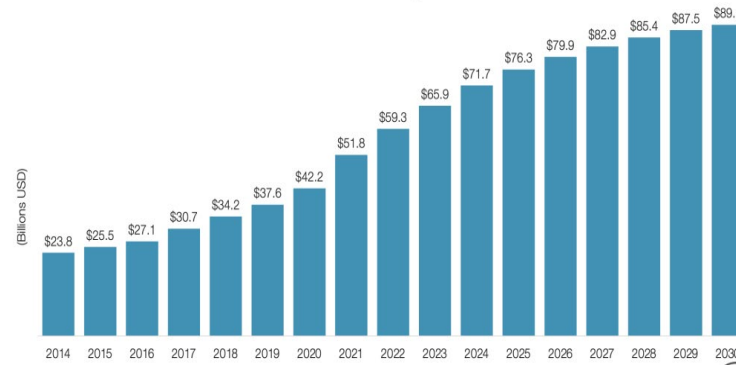
Music Creation

The market for recorded music is growing driven by democratisation of technology and ease of access to global markets

Taylor Swift and Beyonce releases demonstrate the cultural impact

Retail values | The recorded music market is not even midway through a long-term rebound phase

Recorded music revenues, retail values 2014 – 2030, global



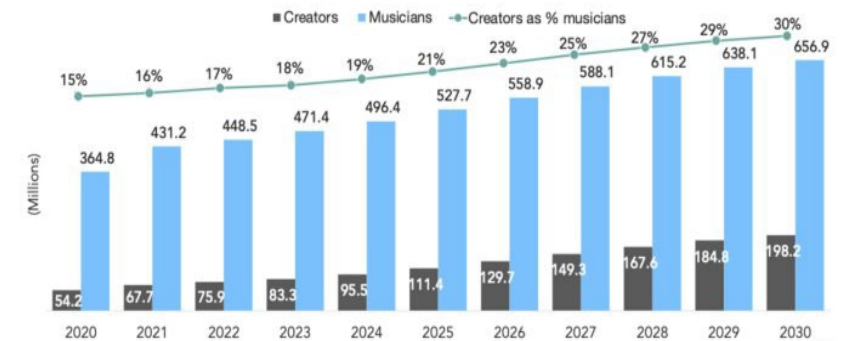
Source: MIDIA Research Music Model (06/22) **4.4% CAGR 2023 to 2030** MIDIA

Growth for Professionals and Hobbyists

Increasing use of technology for both professionals and hobbyists

Music creator growth will come from two funnels: musicians and consumer creators

Installed base of musicians and music creators, global, 2020-2030



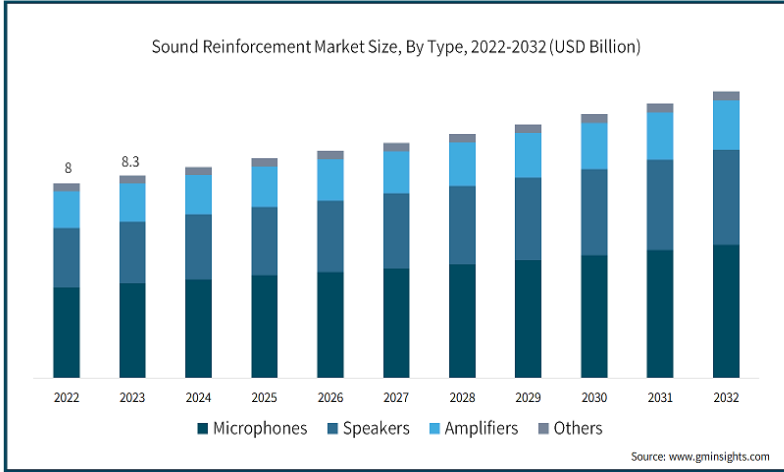
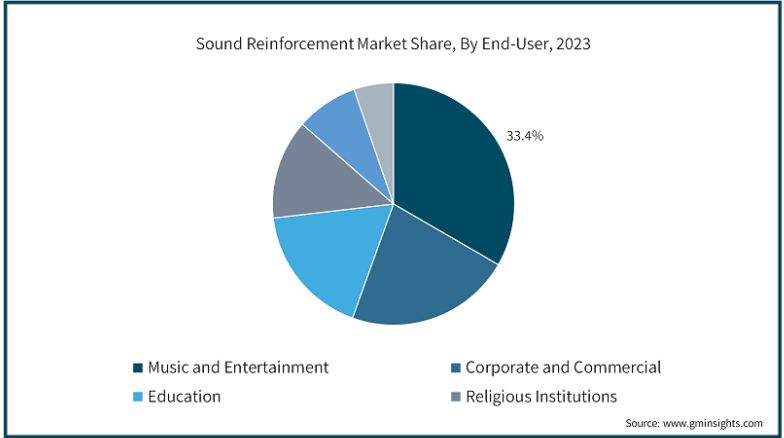
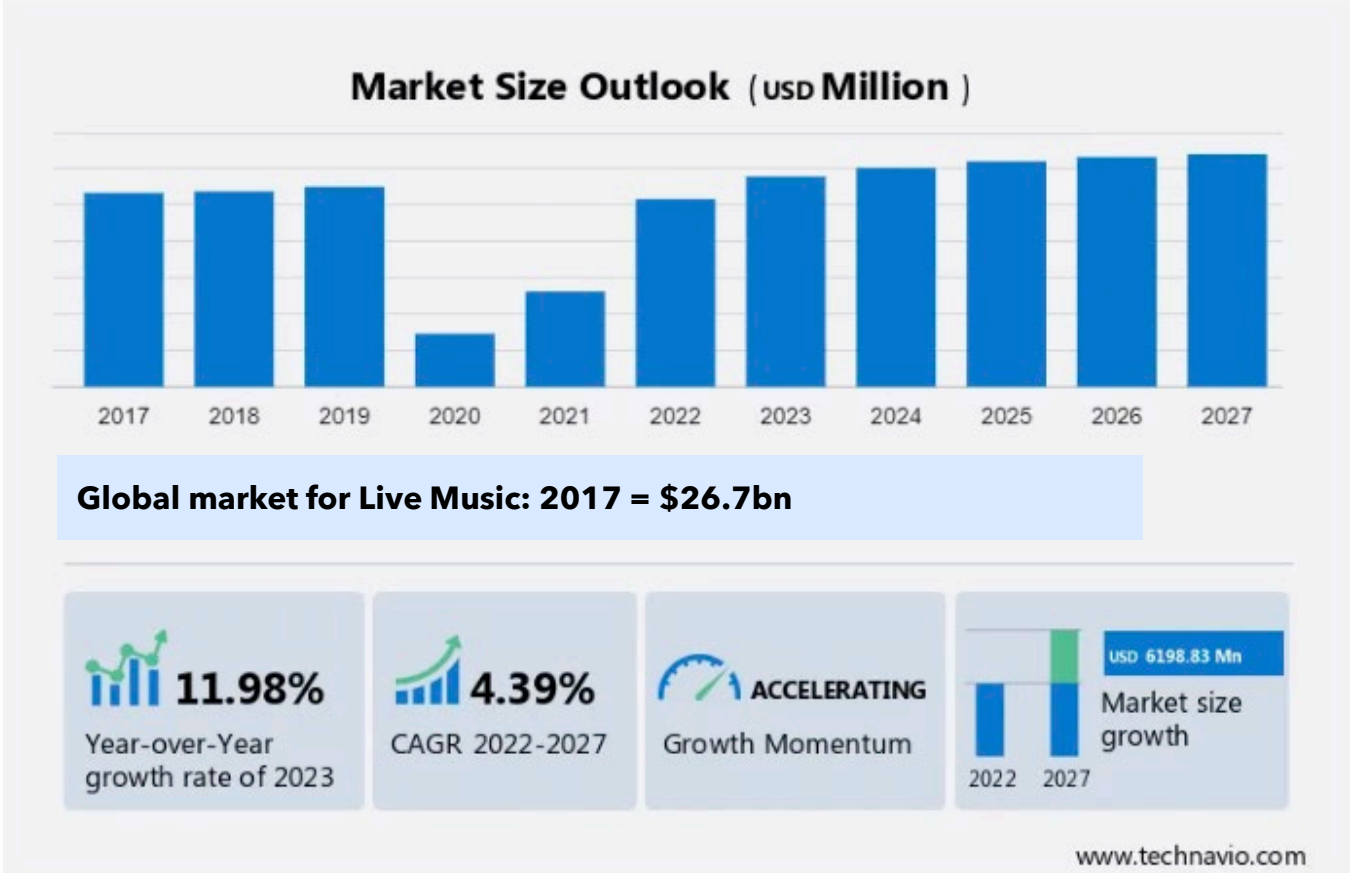
Source: MIDIA Research Music Creator Tools Model 11/23 **4.9% CAGR 2023 to 2030** MIDIA

A range of growth expectations for different content formats c 5% for audio creation

Underpinning market growth expectations our brands will continue to take market share through product innovation and expansion, supported by M&A

Our Audio Reproduction market: Structural Growth potential

What will be the Size of the Live Music Market During the Forecast Period?



Market growth expectations in low to mid single digits

Underpinning market growth expectations our brands will continue to take market share through product innovation and expansion, supported by M&A

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Summary & Outlook Review





Current Trading

Content Creation: current market conditions remain difficult, impacted by channel destocking, with new product introductions to support revenue

Audio Reproduction: performance remains strong

Outlook

Revenue: Revenue remaining at current levels with full year expected to be not less than £155 million

Gross margins: Broadly flat with promotions still in place to generate demand

Overheads: Actions in place to offset inflation, with increases from annualisation of acquisitions

Cashflow: Expected to improve in H2 as working capital reduces, with reduced net debt at year end

Overall profit expectations for the year remain unchanged



A global market with structural growth potential

A global £5.5bn market: driven by the creation and experience of listening to music

World leading brands

13-brand innovative portfolio with sales into 240 territories globally

Maintaining and growing market share in challenging times

5 acquisitions successfully integrated since 2019 with ongoing active search for additional synergistic technologies and brands

Strong Product Innovation

Customer led innovation across hardware and software to deliver premium products in each category

Investment in both longer term innovation projects and ongoing range expansion

Future Focused and Sustainable Practices

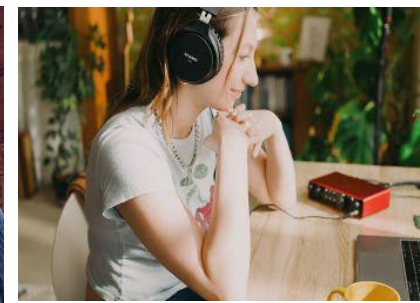
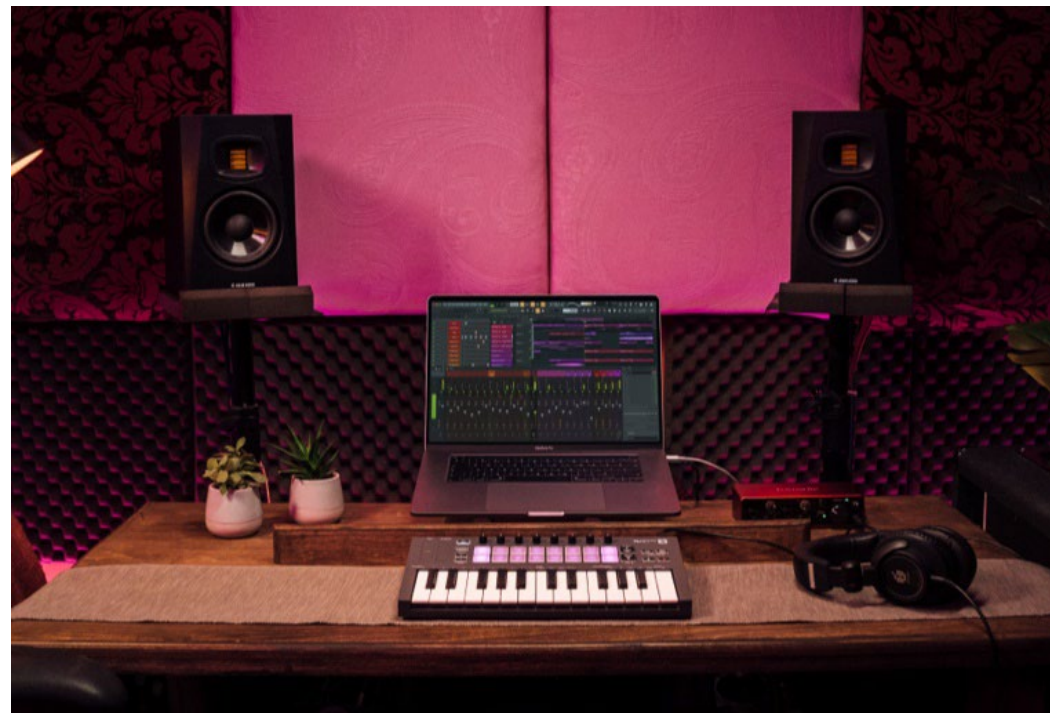
Continued sustainability commitment: now signed up to Science Based Targets Initiative

Inclusion and engagement at the heart of our People strategy

Thank you Q&A

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Additional Information



Our market: Global Market of up to £5.5 billion

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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**

Total Market of £1,750m - £2,000m

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**
LINEA RESEARCH

M **Optimal Audio**
LINEA RESEARCH

M
LINEA RESEARCH

Total Market of £3,000m - £3,500m

Our market: Q1 US Market updates – remain challenging

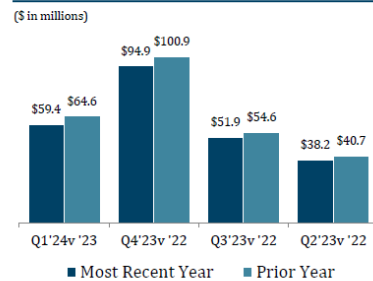
Electronic Music Products – Q1 2024 Retail Sales Report (includes synthesizers, production centers, controllers, and electronic drums)

Q1 sales were 8.1% lower than the previous year

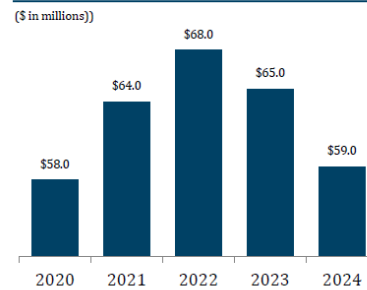
- Q1 24 Total Retail: \$59,382,000
- Q1 23 Total Retail: \$64,616,000
- Q1 22 Total Retail: \$67,520,000
- 24 Q1 sales represent 24% of last 12 months sales.
- 24 Q1 sales have increased 2.2% compared to the same quarter five years ago in 2020.

- Online sales accounted for 68% of sales in the first quarter compared to 66% in the fourth quarter:

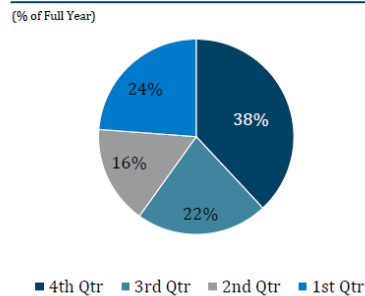
Year Over Year Quarterly Sales Comparisons
(\$ in millions)



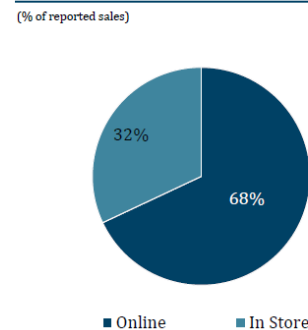
First Quarter Retail Sales: A Five-Year Comparison
(\$ in millions)



Retail Sales Breakout by Quarter
(% of Full Year)



Online Sales vs. In Store Sales
(% of reported sales)



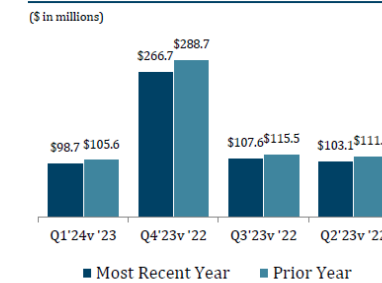
Recording Products – Q1 2024 Retail Sales Report (includes recording/sequencing software, plug-ins, computer music hardware, and hand-held recorders)

Q1 sales were 6.5% lower than the previous year

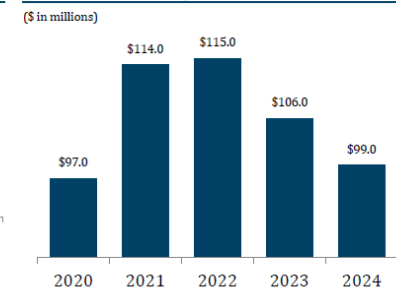
- Q1 24 Total Retail: \$98,720,000
- Q1 23 Total Retail: \$105,583,000
- Q1 22 Total Retail: \$115,140,000
- 24 Q1 sales represent 17% of last 12 months sales.
- 24 Q1 sales have increased 1.8% compared to the same quarter five years ago in 2020.

- Online sales accounted for 67% of sales in the first quarter compared to 65% in the fourth quarter:

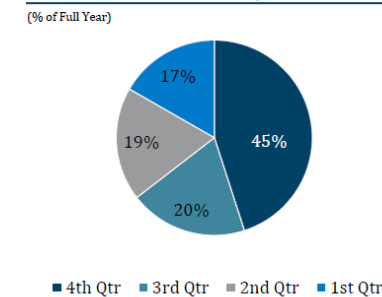
Year Over Year Quarterly Sales Comparisons
(\$ in millions)



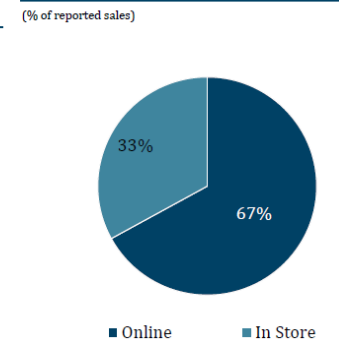
First Quarter Retail Sales: A Five-Year Comparison
(\$ in millions)



Retail Sales Breakout by Quarter
(% of Full Year)



Online Sales vs. In Store Sales
(% of reported sales)



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



Foreign exchange

Exchange Rates	HY24 £m	HY23 £m
Average		
US\$:£	1.25	1.19
€:£	1.16	1.15
Average rate of forward contracts		
€:£	1.12	1.17
Weighted average applicable rate		
US\$:£	1.25	1.19
€:£	1.14	1.16
Year end rate		
US\$:£	1.26	1.21
€:£	1.17	1.14

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

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Removing Barriers to Creativity

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