

# Results

for the period ended  
31 August 2024

27 November 2024

Focusrite plc



# Agenda



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Focusrite plc

**Tim Carroll**

Chief Executive Officer

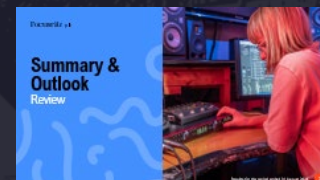
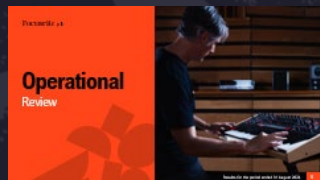
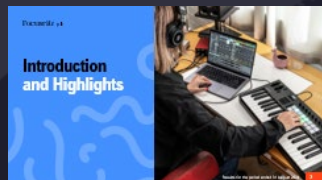


**Sally McKone**

Chief Financial Officer

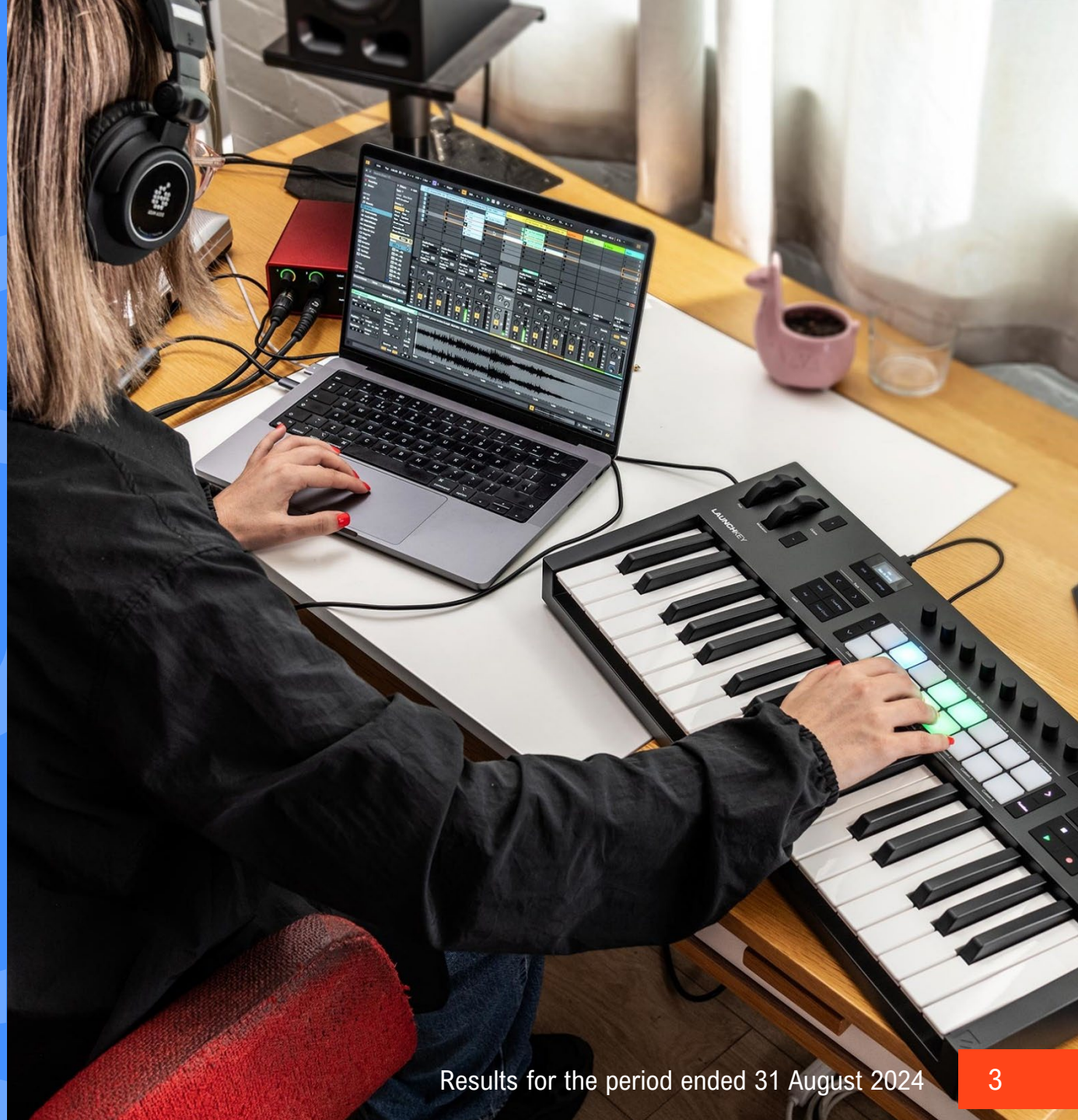


## Section Quick links



Focusrite plc

# Introduction and Highlights



## Content Creation

**70%** of revenue  
FY24 77%



- **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  
FY24 23%



- **Martin Audio:** live and installed sound, acquired December 2019
- **Optimal Audio:** commercial audio, launched April 2021
- **Linea Research:** high end amplifiers, acquired March 2022
- **TiMax and OutBoard:** immersive audio and motorised rigging, acquired December 2023
- **panLab:** spatial audio, acquired June 2024

# Review of the year ended 31 August 2024

## Group Summary

### Diverse solutions delivering resilience in tough markets

- Portfolio diversity supporting sales. -11.2% vs FY23 (-10.0%<sup>1</sup> OCC), with growth in Audio Reproduction offset by ongoing Content Creation reduction
- Gross margin down 3.0% points to 44.5%. Impacted by one off stock write down and higher freight
- Adjusted EBITDA<sup>2</sup> £25.2m down 34.6%

## Content Creation

- Content Creation sales decrease of 19.1% vs FY23 (-17.4% OCC<sup>1</sup>), a weak market and destocking in the US for Scarlett offsetting growth in Novation and ADAM Audio
- Resulted in one off non-cash impairment for Sequential acquired assets

## Audio Reproduction

- Audio Reproduction growth of 14.9% vs FY23 (14.4% OCC<sup>1</sup>), driven by expanded product range with 20 new products
- 2 further acquisitions to increase immersive audio offering

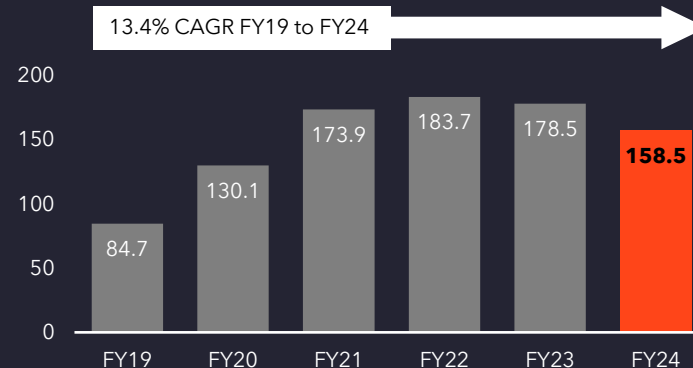
## Strategic update

- Strategy delivery ongoing
- 35 new products including incremental new products in ADAM Audio and Sequential
- Employee engagement improving
- Ongoing route to market refinement in Japan and US

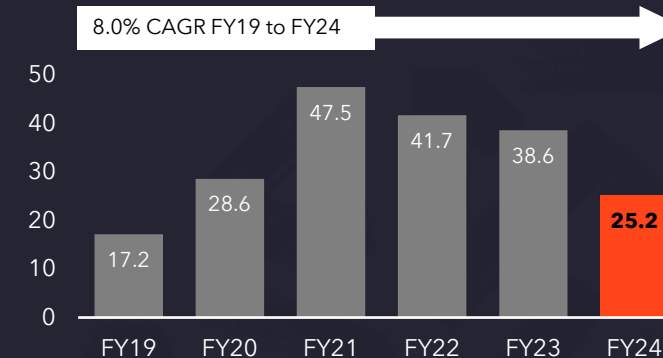
<sup>1</sup> The organic constant currency (OCC) growth rate is calculated by comparing FY24 revenue to FY23 revenue adjusted for exchange rates and the impact of acquisitions.

<sup>2</sup> Comprising operating profit adjusted for interest, taxation, depreciation, amortisation, goodwill impairment and non-underlying items.

### Group FY Revenue £m

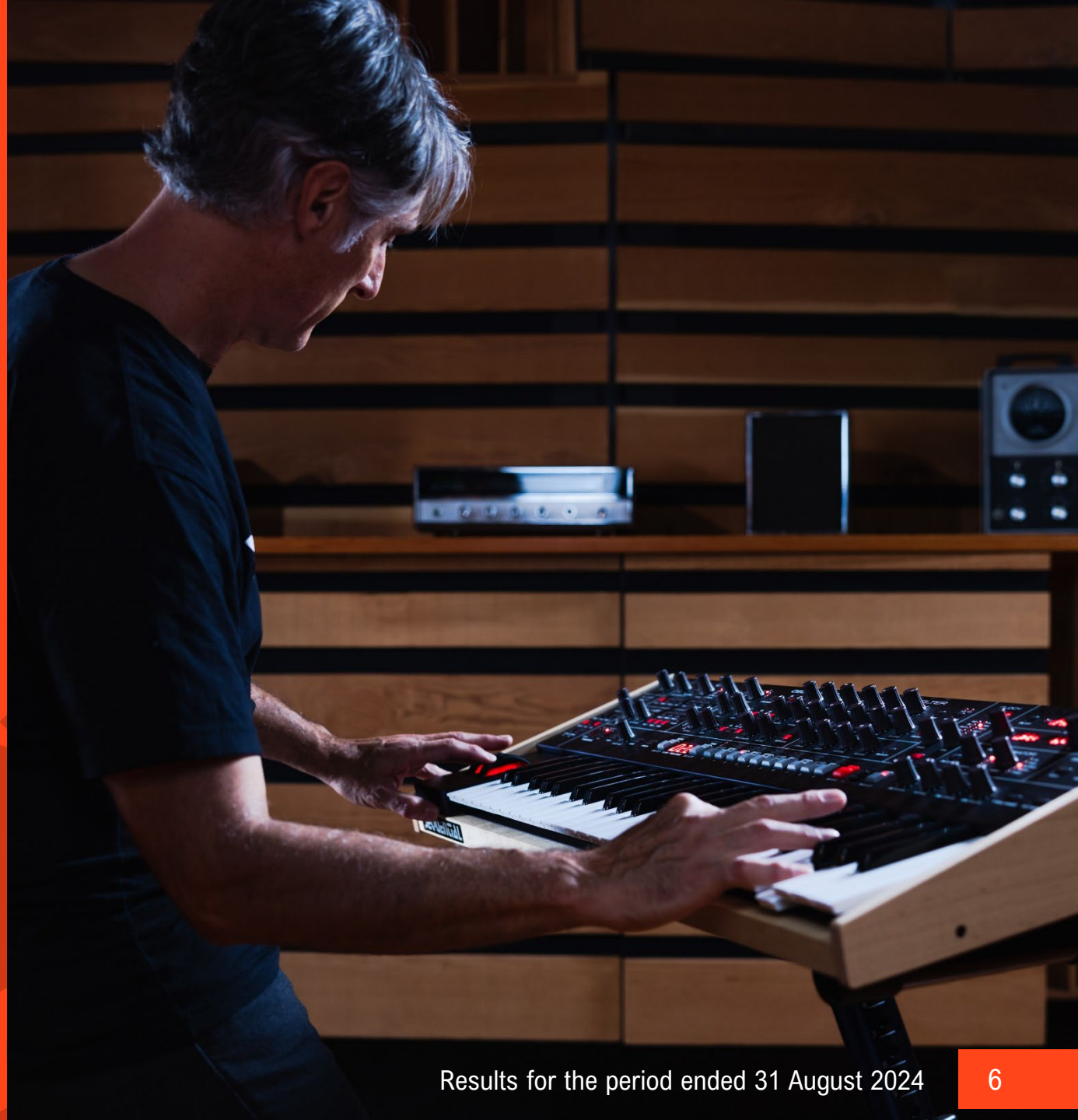


### Group FY Adjusted EBITDA £m



Focusrite plc

# Operational Review



Focusrite plc

# CONTENT CREATION

# Content Creation Growth by brand

## Focusrite:

Overall decline driven by market softness, and destocking in H2, as flagged at the half year, and FY23 comparators including launch of Scarlett Gen 4 high volume products

## Novation:

Sales decline lower than market average, with revitalised marketing campaigns and introduction of Launchkey MK4

## ADAM Audio:

A strong H1 helped by route to market changes and with ongoing strength of the entry level T series range. H2 also included initial load in of new D3V desktop speakers and H200 headphones

## Sequential and Oberheim:

Synthesizers industry wide suffered from significant market decline with high end synthesizers worse, new products helped to mitigate

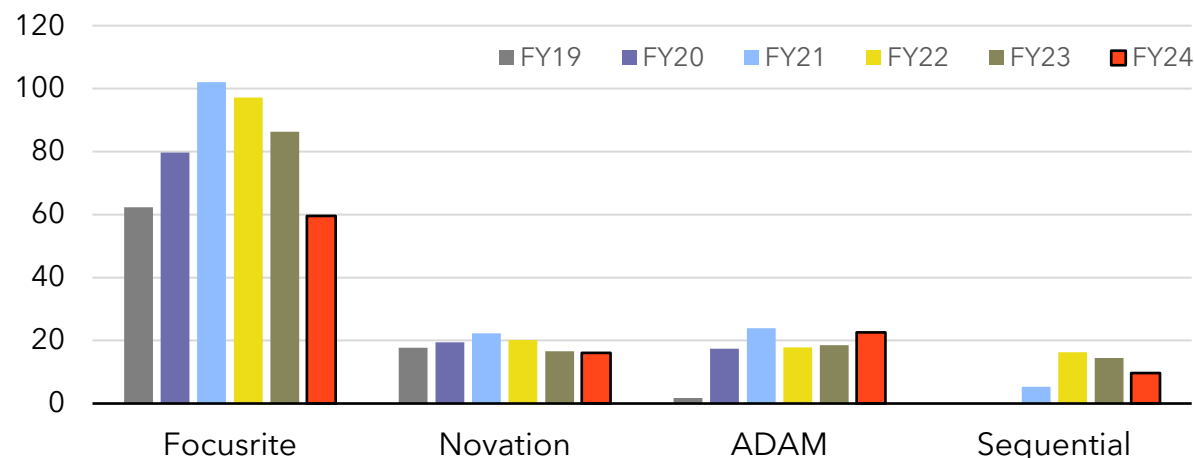
## Sonnox:

In line with expectations and working well with other brands

|                            | FY24<br>£m   | FY23<br>£m   | Reported<br>growth | OCC <sup>1</sup><br>growth |
|----------------------------|--------------|--------------|--------------------|----------------------------|
| Focusrite (inc. Pro)       | 60.3         | 86.3         | -30.2%             | -28.2%                     |
| Novation (inc. Ampify)     | 16.2         | 16.6         | -1.9%              | 0.6%                       |
| ADAM Audio                 | 22.6         | 18.5         | 22.6%              | 25.5%                      |
| Sequential (inc. Oberheim) | 9.7          | 14.5         | -33.0%             | -31.2%                     |
| Sonnox                     | 2.0          | 1.1          | 72.8%              | 8.6%                       |
| <b>Content Creation</b>    | <b>110.8</b> | <b>137.0</b> | <b>-19.1%</b>      | <b>-17.4%</b>              |

<sup>1</sup> 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.

## Sales





# Content Creation

## Regional revenue performance

### North America

Maintained our market share in a declining market, with planned destocking in H2 at our US distributor and key closure of US retail chain

### EMEA

Restructured team has delivered in a challenging market, mitigating against much higher declines noted by key resellers

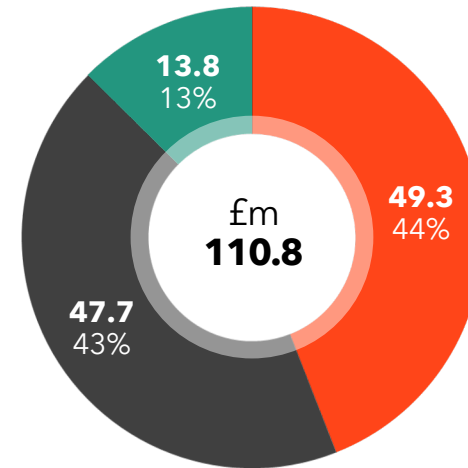
### Rest of World

An ongoing challenging market, driven by China macro issues and inflation with local team now in place in Japan

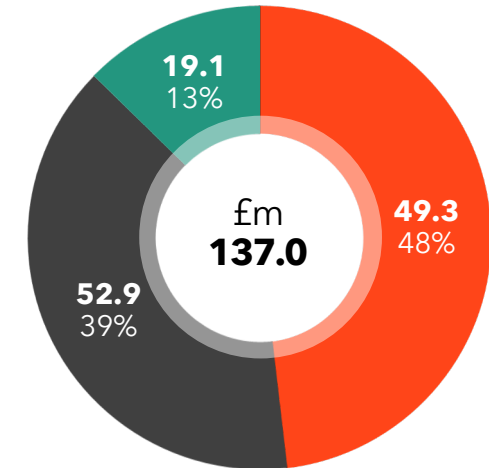
|                         | <b>FY24<br/>£m</b> | FY23<br>£m   | Reported<br>growth | OCC <sup>1</sup><br>growth |
|-------------------------|--------------------|--------------|--------------------|----------------------------|
| North America           | 49.3               | 65.0         | -24.1%             | -21.7%                     |
| EMEA                    | 47.7               | 52.9         | -9.9%              | -9.3%                      |
| Rest of World           | 13.8               | 19.1         | -27.6%             | -26.1%                     |
| <b>Content Creation</b> | <b>110.8</b>       | <b>137.0</b> | <b>-19.1%</b>      | <b>-17.4%</b>              |

<sup>1</sup> 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 FY24



### Content Creation FY23



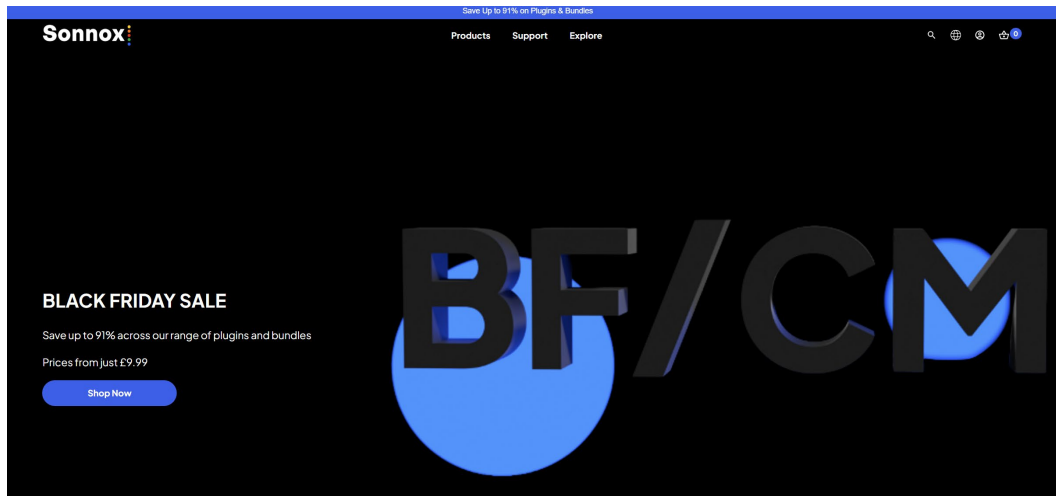
○ North America   ○ EMEA   ○ Rest of the World



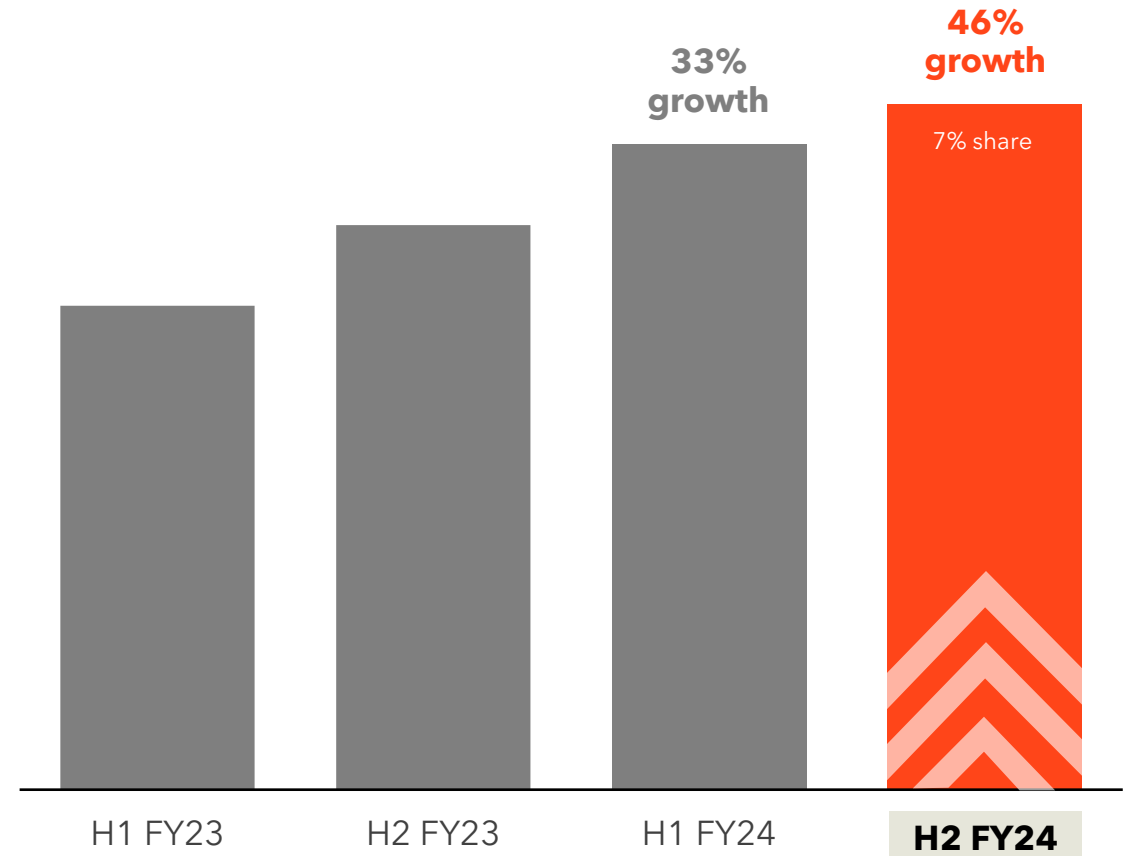
# Content Creation

## Direct to customer channel

- **focusrite.com & novationmusic.com**
- Further growth through refreshed D2C channel
- Focusrite and Novation operating well with plans to extend functionality
- Sonnox live on 22 October [sonnox.com](https://sonnox.com)
- ADAM Audio live on 12 November [shop.adam-audio.com](https://shop.adam-audio.com)



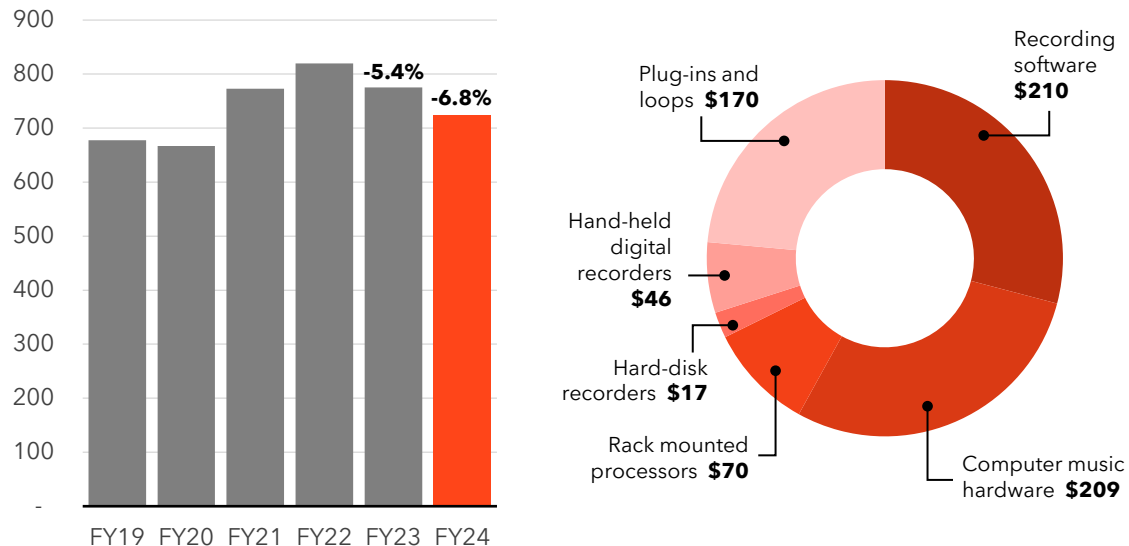
eCommerce revenue: 7% of Content Creation sales



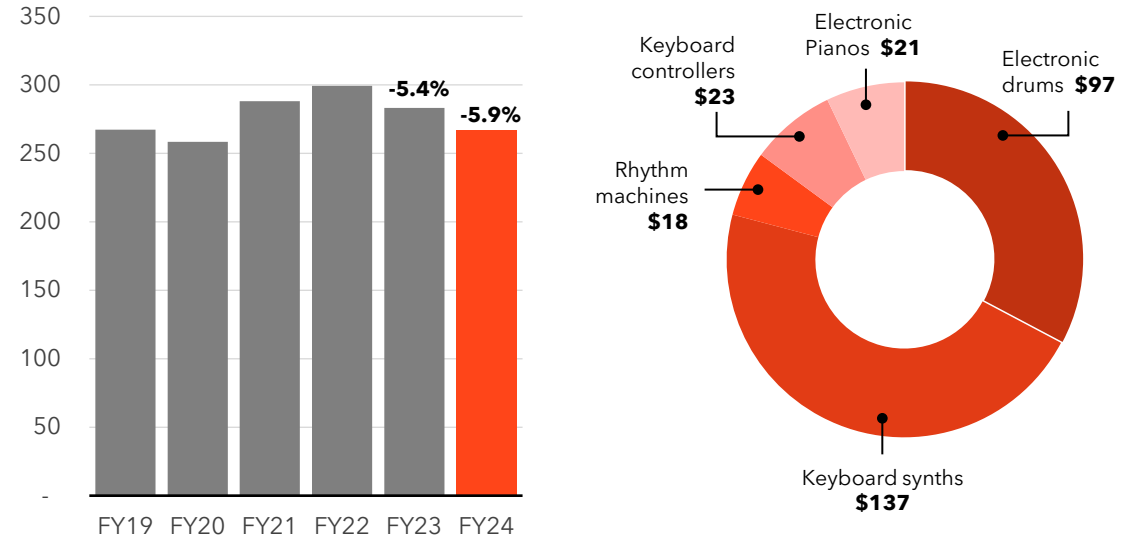
## Continuing market softness

- US market data is the only widely available source for our industry (US Music Trades census)
  - US Sales down 6.8% in FY24 for Recording products (-5.4% FY23)
  - US sales down 5.4% in FY24 for Electronic Musical Instruments (-5.9% FY23)
- Overall market demand is down, impacted by destocking across the channels as bricks and mortar retailers suffer - Sam Ash chain in the US closed in May 2024

### Recording products sales and product categories \$m<sup>1</sup>



### Electronic Musical Instruments sales and product categories \$m<sup>1</sup>



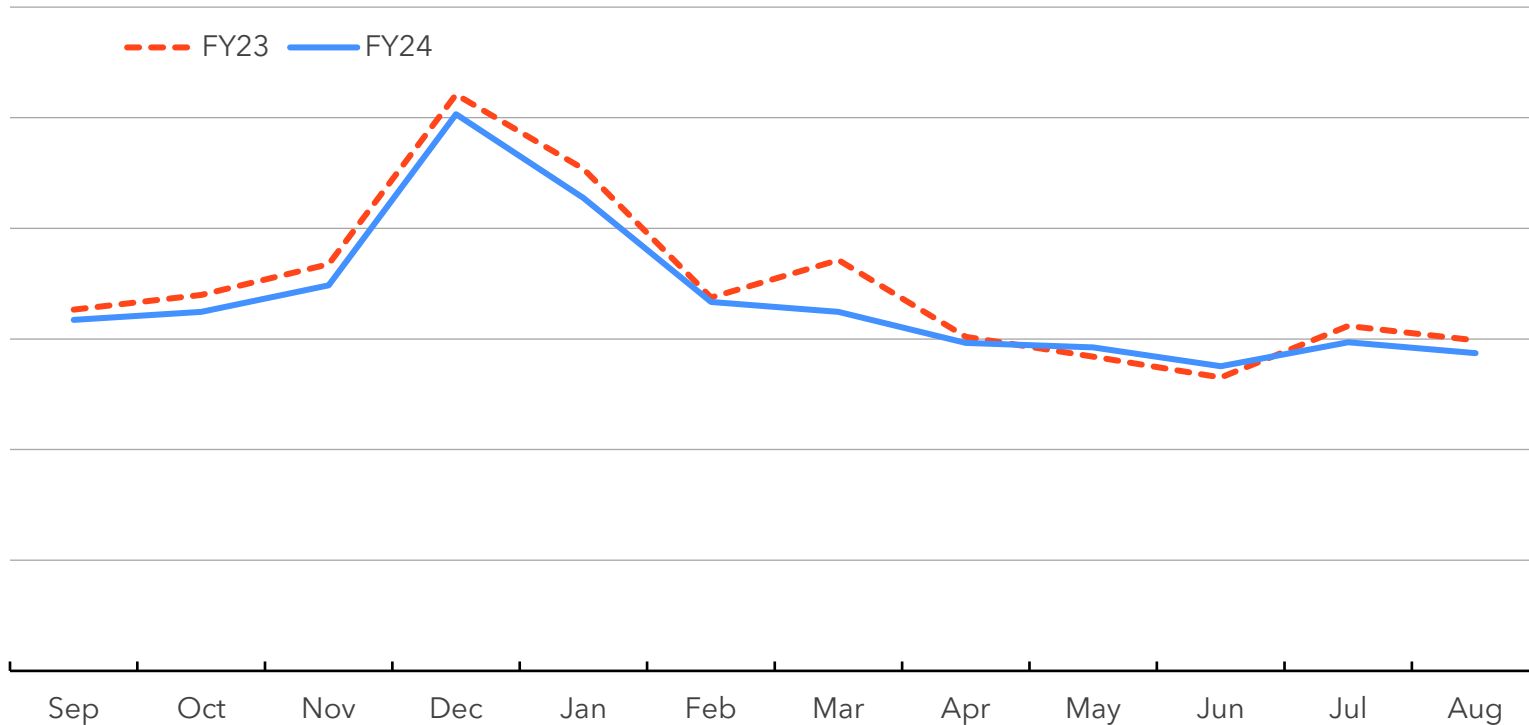
<sup>1</sup> Source: US Music Trades quarterly retail sales data adjusted for eCommerce sales

# Content Creation

## Underlying demand remains strong

End user registrations holding steady on prior year

### 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 FY24 are broadly in line with the prior year
- Maintaining a lower price point Gen 3 entry level Scarlett has ensured that Focusrite has taken market share from lower cost competitors

# Content Creation

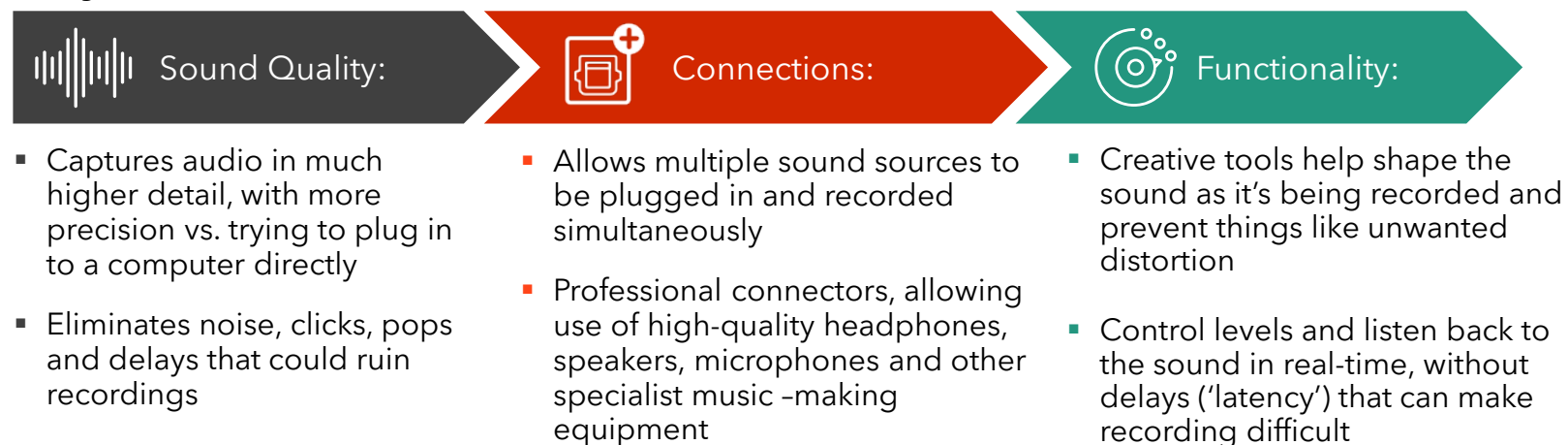
## An introduction to audio interfaces

### What audio interfaces do

- Think of an audio interface as a digital video camera, but for sound instead of images
- A bridge to a computer, it enables recording and editing of these sounds - in the same way you would store and edit digital photos or videos on a computer



### Why audio interfaces matter



### Why Scarlett wins

#### Four decades of pro studio heritage

Originated from studio consoles designed by Rupert Neve for George Martin

#### Superior audio quality

Low levels of background noise and minimal sound distortion. Easier to record quiet instruments with high levels of mic pre gain

#### Easier to set correct recording level

Improved indicators and levels set automatically with 'Auto Gain'. 'Clip Safe' DSP prevents lost recordings due to high volume

#### Ease of use

Superlative onboarding experience, tailored to users' needs with 'Hitmaker Expansion' package of software, catering for all areas of music creation

#### Highly reliable

Backed up with award-winning 24/7 support and a three-year warranty

#### Sustainable Materials

Using recycled aluminum and compostable packaging to halve our carbon footprint per product. Resonates with our end users

# Content Creation

## The evolution of Scarlett

### Gen 1: Breaking new ground

- The first affordable, high-quality audio interface
- Support for Mac and PC
- Ideal for home studios

### Gen 3: User-focused innovation

- Easy Start tool, 3-year warranty and 24/7 support
- Comprehensive software bundles
- Accessibility and sustainability enhancements

### Gen 4: High I/O (Input/Output)

- The most advanced yet
- Multiple sources in and out up to 18/20



### Gen 2: Enhanced performance

- Improved sound quality
- Faster - negligible audio delays (low latency)
- More robust design with low failure rate

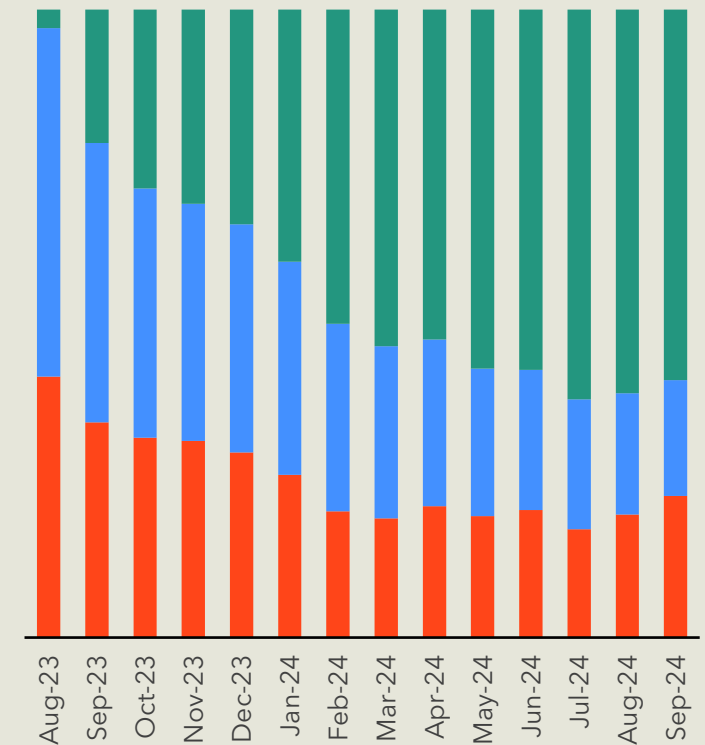
### Gen 4: Low I/O Truly professional sound and DSP

- Same sound quality as RedNet, our flagship commercial range
- DSP features built in to remove barriers for customers
- Enhanced Air mode for more sonic options and customer headphone amp



### Scarlett product registrations by generation

■ Gen 3 Solo ■ Gen 3 Other ■ Gen 4



# 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<br>★★★★★ 2423      | ★ |
| 2 |  | Focusrite Scarlett Solo 3rd Gen<br>★★★★★ 2142     | ★ |
| 3 |  | Focusrite Scarlett 18i20 3rd Gen<br>★★★★★ 411     | ★ |
| 4 |  | Focusrite Scarlett 2i2 4th Generation<br>★★★★★ 80 | ★ |
| 5 |  | Rode Rodecaster Pro II<br>★★★★★ 72                |   |
| 6 |  | Focusrite Scarlett Solo 4th Gen<br>★★★★★ 71       | ★ |

|   |  |                         |   |
|---|--|-------------------------|---|
| 1 |  | ADAM Audio TV<br>★★★★★  | ★ |
| 2 |  | Yamaha H5 S<br>★★★★★    |   |
| 3 |  | ADAM Audio T5V<br>★★★★★ | ★ |



### Sweetwater

(large US online retailer)

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

The screenshot shows a grid of audio products. The Focusrite Scarlett 2i2 3rd Gen is prominently featured in the top row, marked with a red star. Other products like the Scarlett Solo 3rd Gen and Scarlett 18i20 3rd Gen are also visible. The interface includes product images, names, prices, and star ratings.



### Amazon

46k ratings

Best seller categories

The screenshot shows the Amazon product page for the Focusrite Scarlett 2i2 3rd Gen. It features a 'Best Seller' badge, a 5-star rating, and a quote: "Arguably the best audio interface ever made!". Below the product image, there is a customer review from user 'JH' with a 5-star rating and the text: "Elegant, simple, quality". The review mentions the product was used on an M2 Mac and praised its ease of use and sound quality.

- 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 (FY24 NPS: 70)

Focusrite plc

# AUDIO REPRODUCTION

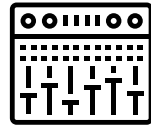


# Audio Reproduction



## Live events

Live events and experiences strong at premium end but with market softening for smaller events and many festival cancellations



## 20 new product introductions

Across the brands, 20 new products were introduced bolstering opportunities across more applications, particularly for installations

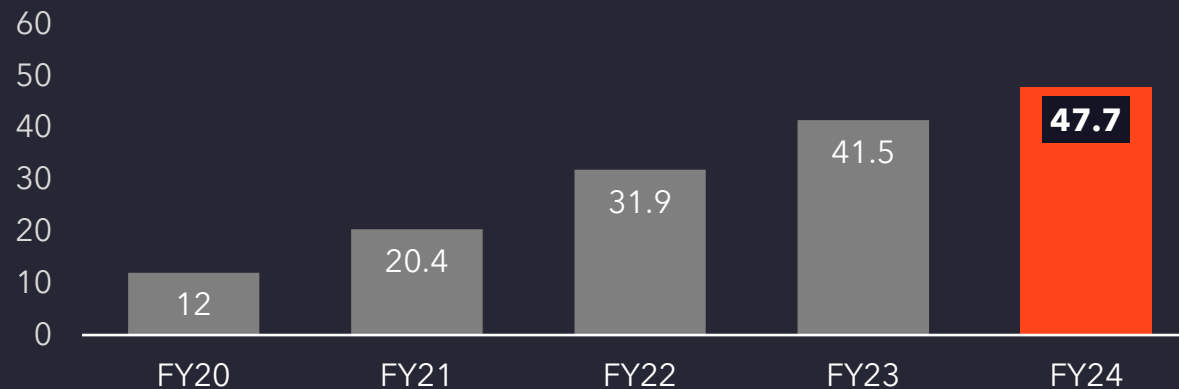


## Immersive audio

New acquisitions have expanded our offering in this growing market with both software and hardware solutions for every type of user and scale of production



## Audio Reproduction FY Revenue £m



Focusrite plc

**Martin Audio, Linea Research, Optimal Audio, TiMax, OutBoard and panLab**

FY24 £m   
**47.7**

FY23 £m   
**41.5**

FY24/23   
Reported Growth  
**14.9%**

FY24/23   
OCC<sup>1</sup> growth  
**14.4%**

<sup>1</sup> 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.

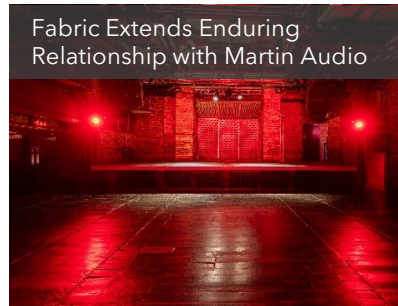
## Regional revenue performance

### Strong growth globally outside of US

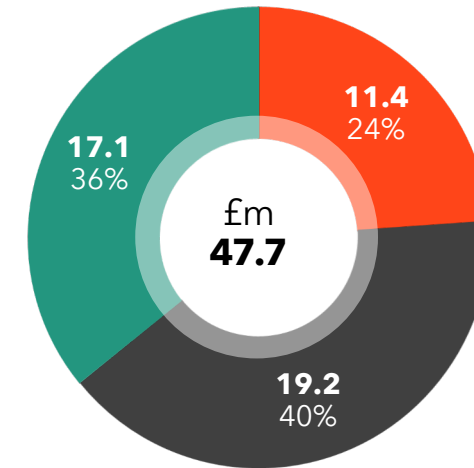
- Asia particularly strong reflecting ongoing bounce back from ending of COVID restrictions
- EMEA continuing its growth across the brands
- Weaker US market due to economic slowdown and the supply chain issues

| Audio Reproduction   | FY24<br>£m  | FY23<br>£m  | FY24<br>Reported<br>growth % | FY23<br>OCC <sup>1</sup><br>growth % |
|----------------------|-------------|-------------|------------------------------|--------------------------------------|
| North America        | 11.4        | 12.7        | -10.1%                       | -6.8%                                |
| EMEA                 | 19.2        | 16.6        | 15.9%                        | 10.8%                                |
| Rest of World        | 17.1        | 12.2        | 39.6%                        | 40.6%                                |
| <b>Group Revenue</b> | <b>47.7</b> | <b>41.5</b> | <b>14.9%</b>                 | <b>14.4%</b>                         |

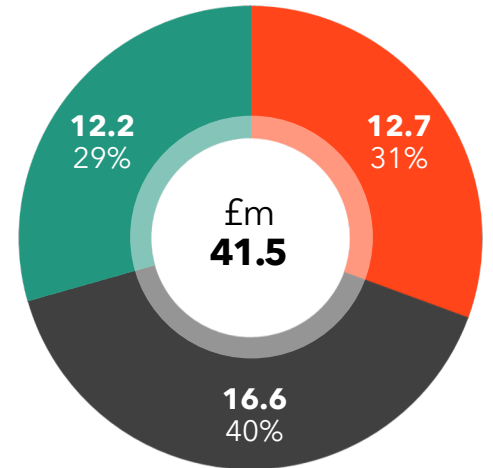
<sup>1</sup> OCC (organic constant currency growth). This is calculated by comparing FY24 revenue to FY23 revenue adjusted for FY24 exchange rates and the impact of acquisitions.



### Audio Reproduction FY24



### Audio Reproduction FY23



○ North America   ○ EMEA   ○ Rest of the World

## 2 new acquisitions delivering immersive audio excellence

### TiMax: Pioneers of immersive audio

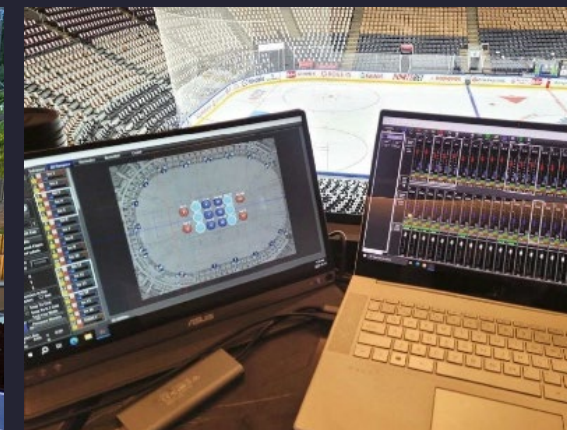
- Pioneering immersive audio for over two decades, TiMax are considered the most experienced and technologically advanced in immersive solutions across performance, presentation and experiential applications

### panLab: For every user and scale of production

- In 2024, Focusrite Group also acquired the panLab suite of immersive software which when combined with their existing portfolio, TiMax can now offer the most comprehensive range of solutions, for every user and scale of production

### Synergies for Group

- While TiMax and panLab will remain loudspeaker agnostic, the synergies with Martin Audio and increasingly also Optimal Audio will provide collective opportunities for growth in the future



## Leveraging product portfolio to grow in a normalising market

### Challenging market conditions

- The post-COVID boom has subsided, and the Audio Reproduction market is now normalising
- Short-term growth expectations are flat as the market adjusts
- Several high-profile tours and festivals have been cancelled, contributing to a tougher landscape

#### NEWS

### MORE THAN 40 UK FESTIVALS CANCELLED FOR 2024

"We are witnessing the steady erosion of one of the UK's most successful and culturally significant industries"

### Mix Live Blog: Pop!

That was the sound of the 'Post-Covid Concert Boom Bubble' bursting.



### Integrated product portfolio

- Our product portfolio is more comprehensive than ever, allowing us to target more use cases
- Integration between brand's products opens new market opportunities
- We are well positioned to increase market penetration in core markets



Focusrite plc

# Financial Review



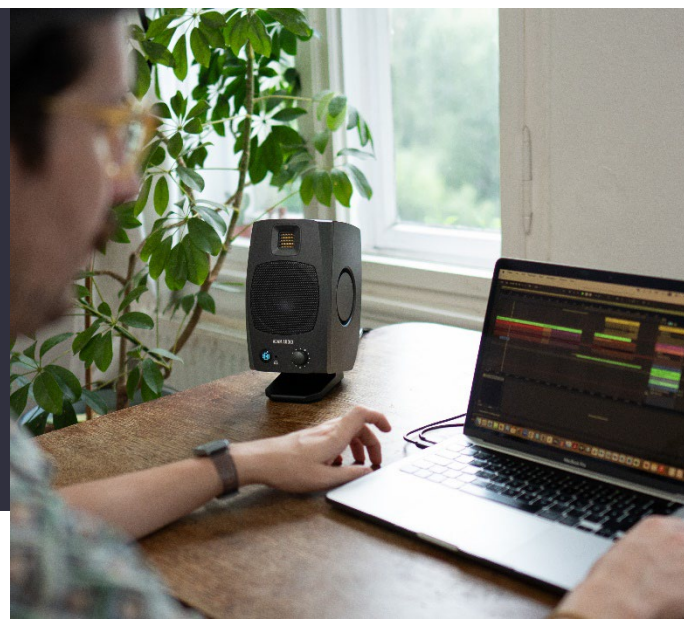
# Financial summary

- **Revenue** impacted by a challenging global market down 11.2% reported (-10.0% organic constant currency)
- **Gross margin** at 44.5% is 3.0% points lower than FY23 impacted by a one of stock clearance and elevated freight rates
- **Adjusted EBITDA<sup>1</sup>** down to £25.2m from £38.6m in FY23 reflecting lower sales and ongoing investment in the broader Group
- **Adjusted free cash flow<sup>2</sup>** -£4.5m (FY23: £12.2m), improved by £16m since HY, with reductions in working capital
- **Adjusted diluted EPS** 18.0p (down 53.1% from FY23 38.4p)
- **Reported diluted EPS** 4.4p (down 85.4% from FY23 30.2p) impacted by a one-off non-cash impairment of acquired intangible assets
- **Net debt<sup>3</sup>** of £12.5m (FY23: net debt £1.3m)
- **Final dividend** of 4.5 pence, maintained at 2023 levels

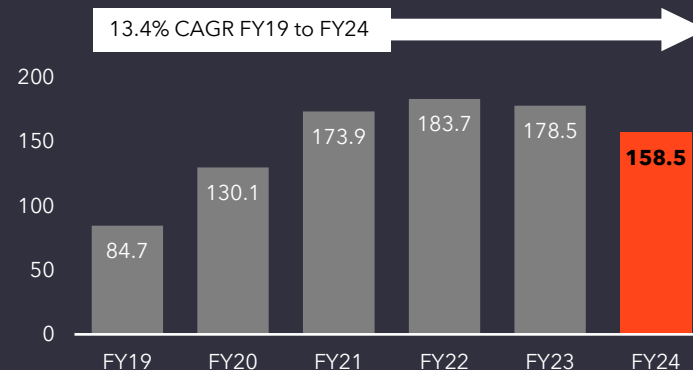
<sup>1</sup> EBITDA earnings adjusted for interest, taxation, depreciation, amortisation, goodwill impairment and non-underlying items.

<sup>2</sup> Adjusted Free cash flow net cash from operating activities less net cash used in investing and financing activities, excluding dividends paid.

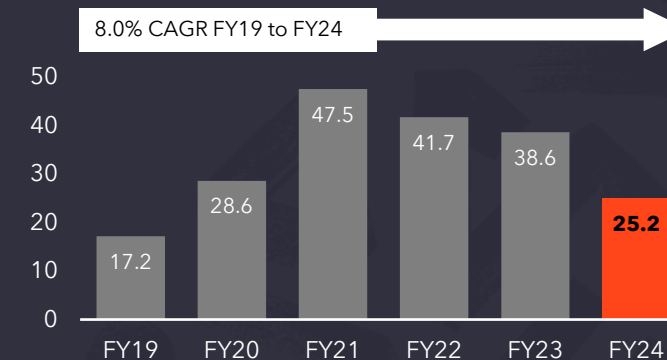
<sup>3</sup> Net debt: as cash and cash equivalents, amounts drawn against the RCF including the costs of arranging the facility



## Group FY Revenue £m



## Group FY Adjusted EBITDA £m



# Income statement

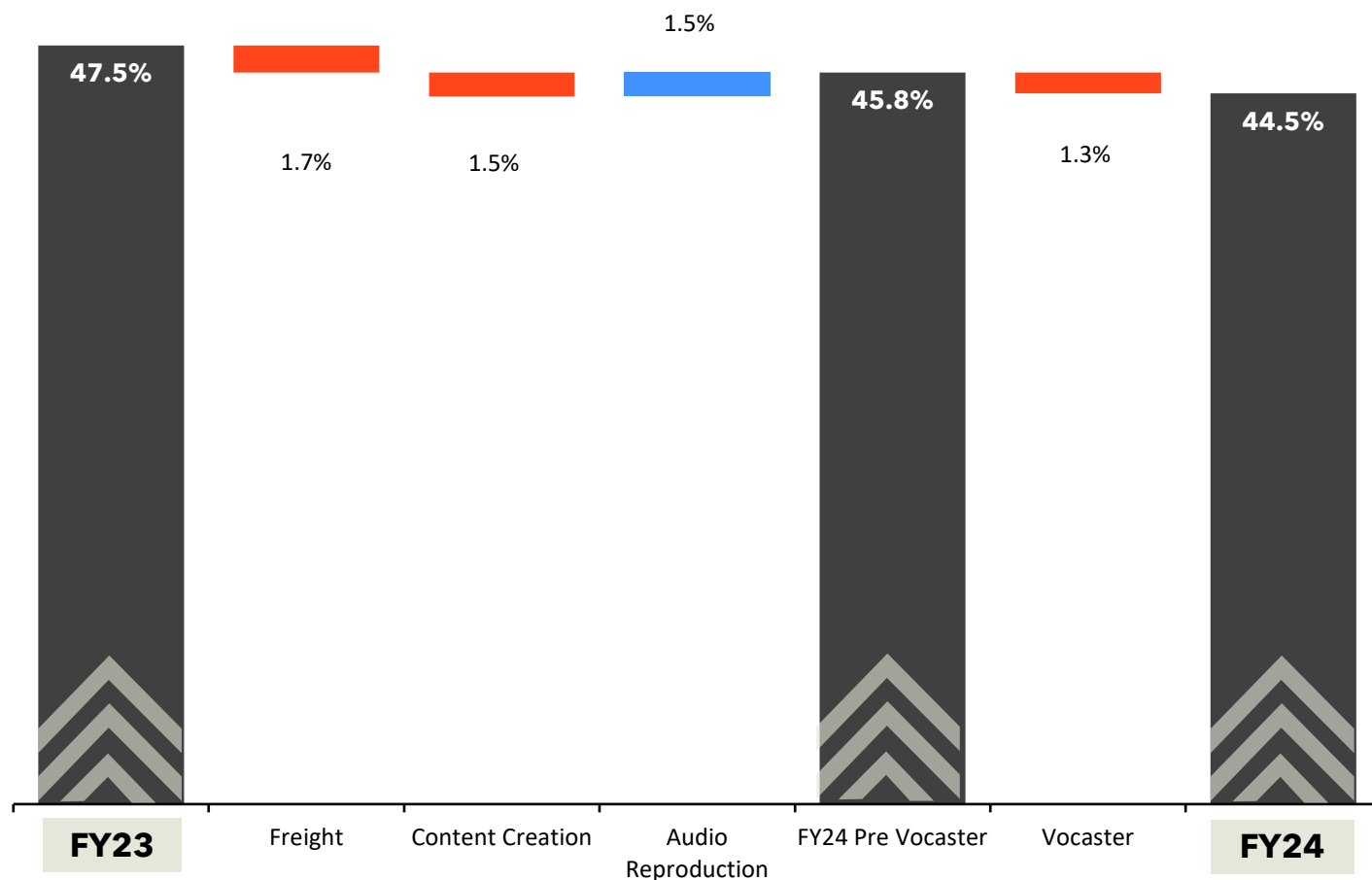
|  | FY24<br>£m    | FY23<br>£m |
|--|---------------|------------|
| <b>Revenue</b>                                       | <b>158.5</b>  | 178.5      |
| Cost of sales  | <b>(88.0)</b> | (93.7)     |
| <b>Gross profit</b>                                  | <b>70.5</b>   | 84.8       |
| Administrative expenses before adjusting items       | <b>(45.3)</b> | (46.2)     |
| Depreciation and amortisation before adjusting items | <b>(8.6)</b>  | (8.2)      |
| <b>Operating profit before adjusting items</b>       | <b>16.6</b>   | 30.4       |
| Adjusting items                                      | <b>(10.9)</b> | (6.1)      |
| <b>Operating profit</b>                              | <b>5.7</b>    | 24.3       |
| Net financing charge                                 | <b>(3.2)</b>  | (1.6)      |
| <b>Profit before tax</b>                             | <b>2.5</b>    | 22.7       |
| Tax  | <b>0.1</b>    | (4.9)      |
| <b>Profit after tax</b>                              | <b>2.6</b>    | 17.8       |
| <b>Adjusted EBITDA<sup>1</sup></b>                   | <b>25.2</b>   | 38.6       |
| Adjusted EBITDA as % of sales                        | <b>15.9%</b>  | 21.6%      |

<sup>1</sup> Defined as Adjusted Operating profit excluding depreciation and amortisation.

- Revenue -11.2% (organic constant currency -10.0%)
- Gross margin 44.5% (FY23: 47.5%)
  - 1.3% point impact from Vocaster stock reduction
  - Elevated freight caused remaining decrease
- Overheads decrease of £0.9m, despite inflation (£1.4m), and further acquisitions (£0.8m) offset by lower headcount and remuneration savings. Remuneration of £2.0m will reset in the next 12 months
- One off non-cash impairment of Sequential acquired intangibles of £5.4m
- Adjusted EBITDA -35.2% to £25.2m with lower sales impacting overall return
- Financing costs increasing due to increased level of debt and higher interest rates
- Tax credit £0.1m with an underlying tax rate of 24% offset by benefits from patent box claims

# Gross margin impacted by stock clearance and freight

## FY23 to FY24 margin bridge



- Overall decrease of 3.0% points vs prior year
- Provision, and then subsequent sell out, of Vocaster stock has had a full year negative 1.3% point impact
- Freight costs have increased by 2.0% of sales across the year due to Red Sea logistic issues and port congestion
- Dilutive impact of new products and ongoing promotions has resulted in a lower Content Creation margin, offset by an increase in Audio Reproduction due to geographic mix
- We expect freight rates to continue at an elevated level in next year, and with underlying divisional margins normalising, resulting in margin broadly flat on FY24, pre Vocaster



# Balance sheet

|  | FY24<br>£m    | FY23<br>£m   |
|--|---------------|--------------|
| Intangible assets                            | 82.9          | 83.4         |
| Tangible assets                              | 11.1          | 12.5         |
| <b>Total non current assets</b>              | <b>94.0</b>   | <b>95.9</b>  |
| Inventories                                  | 49.3          | 55.3         |
| Debtors and other investments                | 37.6          | 32.9         |
| <b>Total current assets</b>                  | <b>86.9</b>   | <b>88.2</b>  |
| Current liabilities                          | (34.8)        | (45.4)       |
| <b>Net current assets</b>                    | <b>52.1</b>   | <b>42.8</b>  |
| <b>Net debt</b>                              | <b>(12.5)</b> | <b>(1.3)</b> |
| <b>Total assets less current liabilities</b> | <b>133.6</b>  | <b>137.4</b> |
| Non current liabilities                      | (17.6)        | (18.9)       |
| <b>Net assets</b>                            | <b>116.0</b>  | <b>118.5</b> |
| <b>Working capital</b>                       | <b>52.1</b>   | <b>42.8</b>  |
| Working capital as % sales                   | 32.8%         | 23.9%        |

- Intangible fixed assets
  - Acquisitions: £2.2m increase from Sheriff and Innovate Audio
  - Investment: £8.8m of R&D and £3.0m of licences
  - Impairment of Sequential £5.4m
- Working capital impacted by sales phasing in Q4
  - Debtors are high due to new product sales at end of Q4
  - Stock has reduced as Gen 3 Scarlett stock reduces
  - Creditors are low due to lower production levels on existing product ranges
- Net debt of £12.5m, comprising cash of £22.0m and year end draw-down on RCF of £35.0m and arrangement fee of £0.5m
- Non current liabilities made up of deferred tax, lease liabilities and ongoing payments for Oberheim brand, with final payment in 2028

# Cash flow

|   | FY24<br>£m   | FY23<br>£m  |
|---|--------------|-------------|
| <b>EBITDA</b>                             | <b>25.2</b>  | <b>38.6</b> |
| Adjusting and non-cash items              | (0.5)        | (2.0)       |
| Movement in working capital               | (8.9)        | (7.6)       |
| <b>Operating cash flow</b>                | <b>15.8</b>  | <b>29.0</b> |
| Interest paid                             | (2.4)        | (1.7)       |
| Tax paid                                  | (1.8)        | (1.9)       |
| <b>Net cash from operating activities</b> | <b>11.6</b>  | <b>25.4</b> |
| Investing (exc. acquisitions)             | (14.2)       | (14.4)      |
| Payment of lease liabilities              | (1.4)        | (1.4)       |
| FX movement                               | (0.6)        | 0.9         |
| <b>Free cash flow</b>                     | <b>(4.6)</b> | <b>10.5</b> |
| Acquisitions                              | (2.5)        | (7.2)       |
| Bank loan                                 | 6.6          | 15.2        |
| Dividends                                 | (3.9)        | (3.6)       |
| <b>Net change in cash</b>                 | <b>(4.4)</b> | <b>15.0</b> |
| Opening cash                              | 26.8         | 12.8        |
| Foreign exchange movement                 | (0.4)        | (1.0)       |
| <b>Closing net cash</b>                   | <b>22.0</b>  | <b>26.8</b> |
| <b>Free cash flow</b>                     | <b>(4.6)</b> | <b>10.5</b> |
| Adjusting items                           | <b>0.1</b>   | 1.7         |
| <b>Adjusted free cash flow</b>            | <b>(4.5)</b> | <b>12.2</b> |
| Free cash flow as a % of EBITDA           | -18.3%       | 27.3%       |
| Adjusted free cash flow as a % of EBITDA  | -17.9%       | 31.6%       |

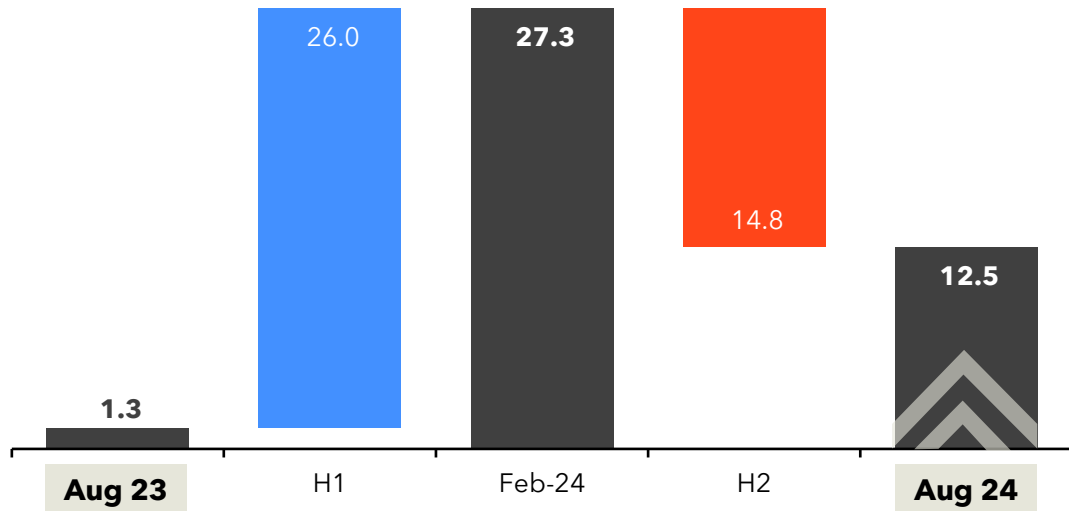
- Adjusted Free cash flow as a % of EBITDA -17.9%
  - Long term average approx. 45% - 50%
  - Impact of Scarlett stock and debtors phasing at period ends
- Investing £14.2m
  - Capitalised R&D £8.8m investing for future product roadmap and expected to continue at this level
  - Technology Licences £3.0m, as external investment in new platform now complete
  - Reduced spend on tangible assets following offices moves last year
- Net debt<sup>1</sup> of £12.5m
  - £50m HSBC/Bank facility extended to September 2028 together with a £50m uncommitted accordion
- Maintained final dividend of 4.5p – total dividend 6.6p: flat on prior year
  - Adjusted diluted EPS dividend cover of 2.7x

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

# Cash flow movements

- Outflow in the year of £11.2m due to working capital with reduction in creditors and higher debtors
- H1 outflow of £26m significantly reversed in H2 - stock has reduced and debtors are flat
- Stock reduction due to lower Scarlett Gen 3 stock. Audio Reproduction stock increased to support sales in the US
- US distributor debtor hold back significantly reduced as stock reduced. Further correction to continue in H1 next period
- Creditors increase at year end to support holiday sales - lower level than FY23 which included production for launch of Scarlett Gen 4 launch

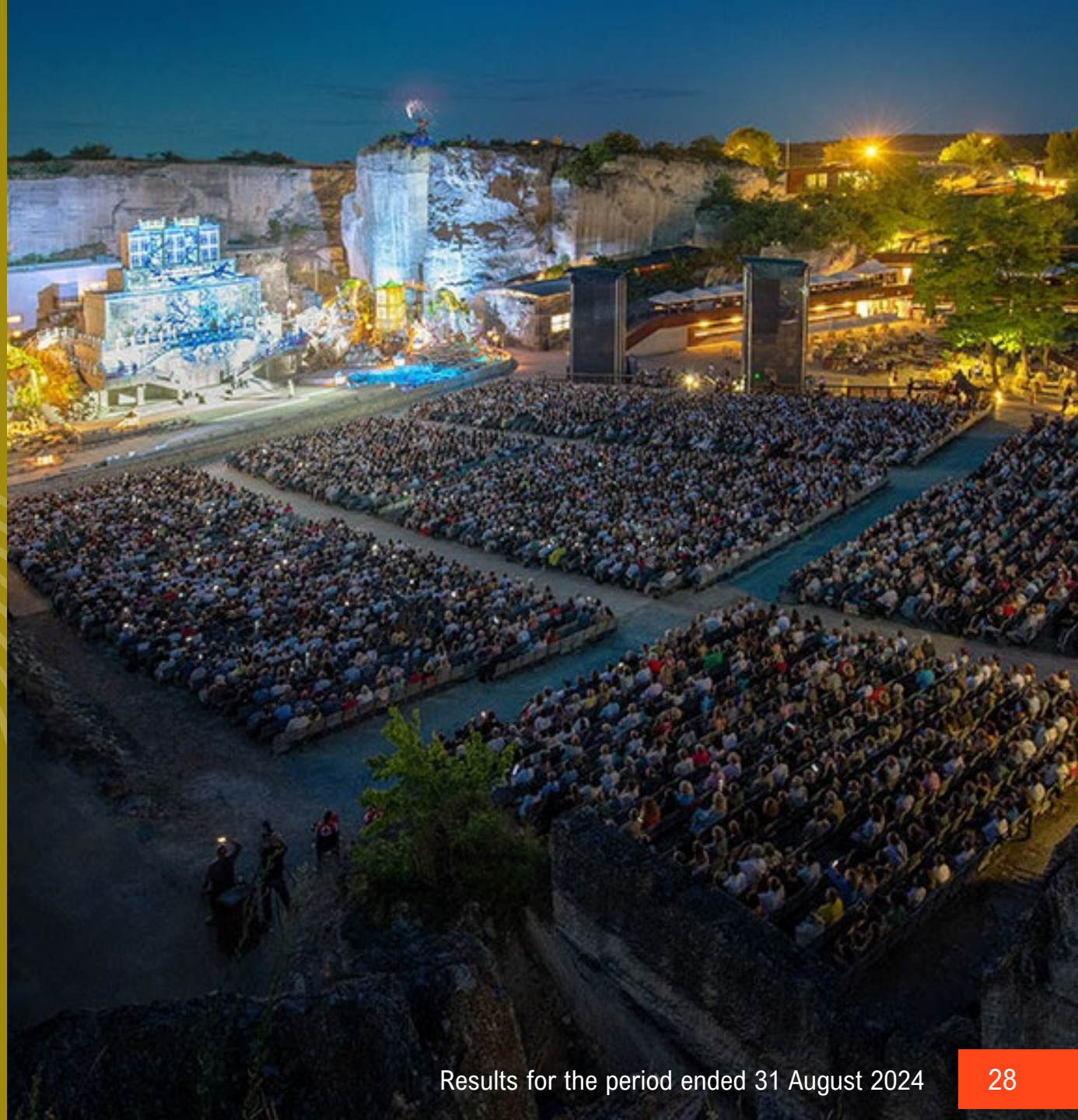
## Movement in net debt



|                               | FY24<br>£m  | HY24<br>£m  | FY23<br>£m  |
|-------------------------------|-------------|-------------|-------------|
| Inventories                   | 49.3        | 55.3        | 55.3        |
| Debtors and other receivables | 37.6        | 37.5        | 32.9        |
| Current liabilities           | (34.8)      | (30.2)      | (45.4)      |
| <b>Total working capital</b>  | <b>52.1</b> | <b>62.6</b> | <b>42.8</b> |
| As a % of sales               | 32.8%       | 37.0%       | 23.9%       |

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# Strategic Update





# Our growth strategy has remained consistent

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Create a

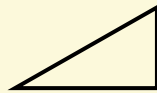


## Great Place to Work

Focus on providing development at all levels across the organisation with improved channels for feedback

Employee engagement score increased from +21 to +33 eNPS

Grow the

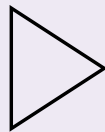


## Core Customer Base

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

35 new products including incremental ranges in ADAM Audio and Sequential

Expand into

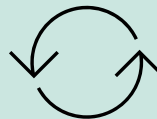


## New Markets

Aligning ADAM Audio and Focusrite routes to market in the US

Adding immersive audio capabilities in Audio Reproduction

Focus on

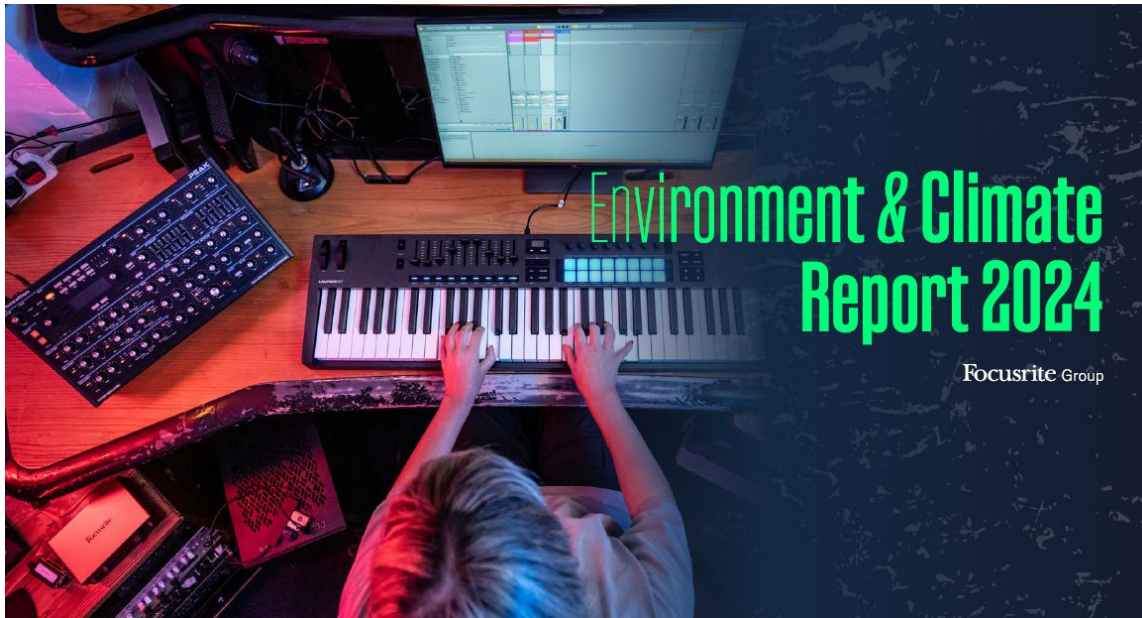


## Lifetime Value for Customers

Refined start up journeys for new Scarlett interfaces

NPS maintained at world class +70 level

Our most comprehensive environmental disclosure to date.

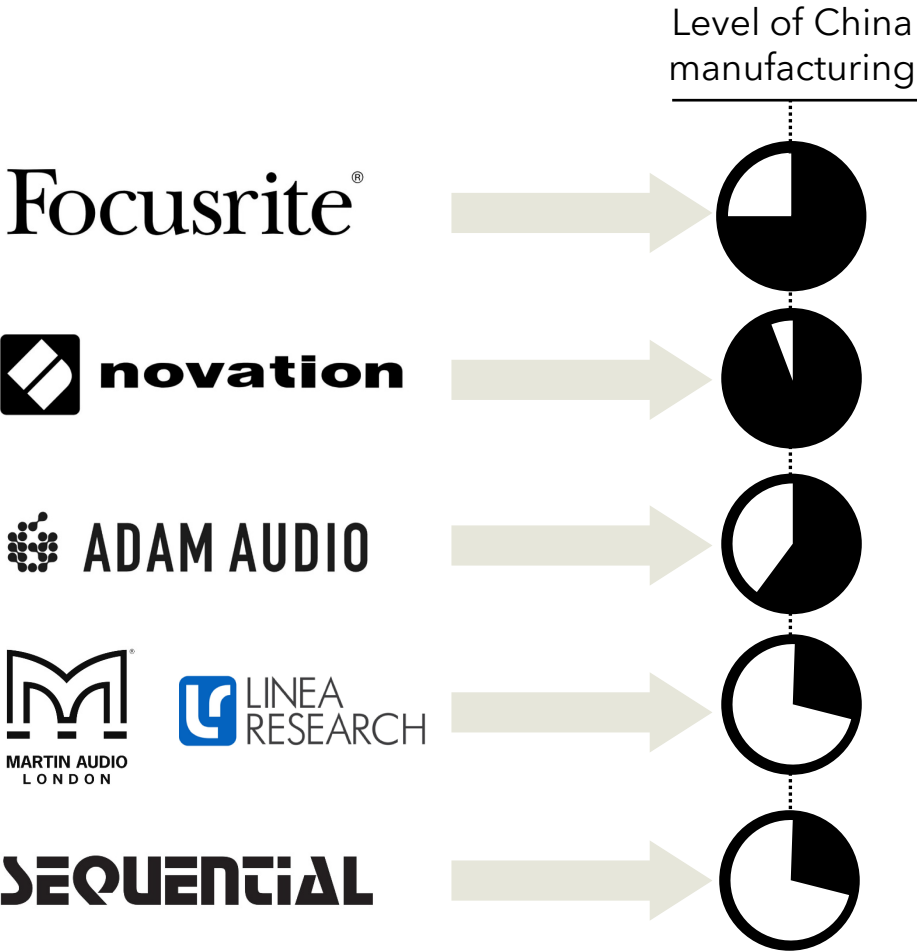


## Key achievements this year include:

- The Group has committed to set Science-based targets for decarbonisation
- Our first Net Zero transition plan
- Completed our first Carbon Disclosure Project questionnaire - public results due in December
- 48 products have been updated to include at least one Sustainability feature



# China based manufacturing: tariff risks



### Mitigating actions already taken

- Managed inventory build up in the US across all brands to offset immediate impact
- Production already in Malaysia for high volume Content Creation products
- Manufacturing established and increased on site in UK (Martin Audio/Linea Research) and Germany (ADAM Audio) and with US 3<sup>rd</sup> party (Sequential)
- Pricing actions being reviewed: likely to impact the whole market

## Content Creation



- Market growth - low single digit over the medium term, flat in next period
- 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, flat in next period
- Gaining share across regions
- Growth through new products and acquisitions



Ongoing Acquisition Pipeline

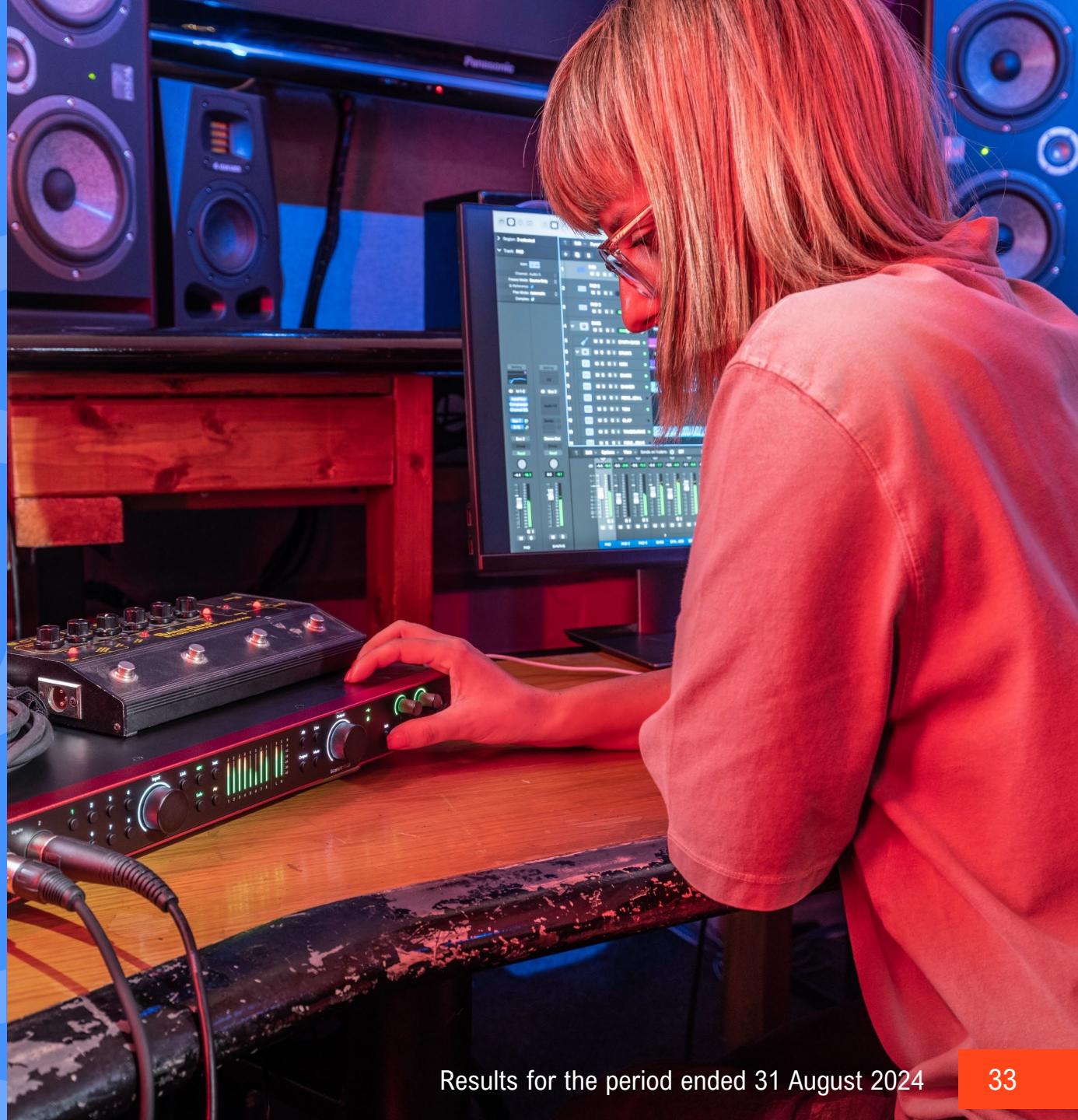
## Overall growth assumptions

- Mid to high single digit organic growth for the Group over the medium term
- Markets broadly flat in next year
- Potential for growth in new products and market share gains in newer brands
- Further potential for acquisitions



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# Summary & Outlook Review





## Current Trading

**Content Creation:** market is stabilising, but greater uncertainty with recent US election results and potential tariff impacts

**Audio Reproduction:** market normalising, but the expanded product range should enable us to continue to take market share



## Outlook

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

**Gross margins:** Margin broadly flat on the prior year after adjusting for one off Vocaster and assuming elevated freight rates continue

**Overheads:** Impacted by inflation, normalisation of remuneration costs and annualisation of acquisitions

**Cash flow:** Further reduction of the debt position, working capital benefits offset by ongoing investment



**Overall profit expectations for the year remain unchanged**



## □ **Maintaining market leadership in a tough market**

Scarlett Gen 4 full range introduced

## □ **Routes to market driving growth**

ADAM Audio and Novation brands growing with revitalised regional marketing and aligned routes to market

## □ **Expanded Audio Reproduction**

2 acquisitions successfully integrated and delivering growth

## □ **Continued investment in innovation**

35 new products across 13 brands with plans for further incremental new products

## □ **Building a great place to work**

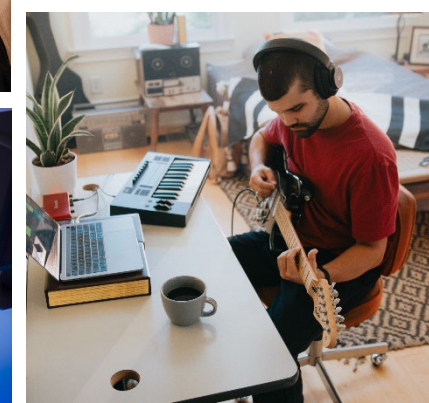
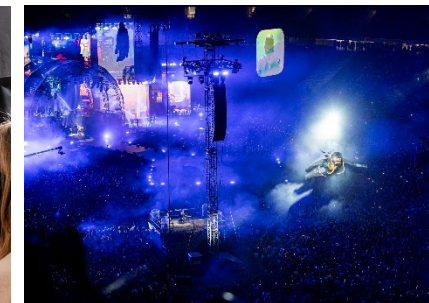
Engagement score increasing from 21 to 33

# Thank you Q&A

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27 November 2024

[focusriteplc.com](https://focusriteplc.com)



# Additional Information



# Year end change

Feb 25

Aug 25

Feb 26

## 6 months

Publication of unaudited interim results for the six months ended 28 February 2025 - by 31 May 2025

## 12 months

Publication of unaudited interim results for the 12 months ended 31 August 2025 - by 30 November 2025

## 18 months

Publication of audited accounts for the 18 month period ended 28 February 2026 - around end of June 2026

### Accounting reference date moving from August to February

- Better align to industry cycles, especially around the key holiday season sales
- Next audited results for the 18 months to February 2026.
- The Group will provide appropriate pro forma information to aid analyst modelling.

# Our market



|                                |                                |   |
|--------------------------------|--------------------------------|---|
| <p>Casual Content Creators</p> | <p>Serious Music Producers</p> | <p>Audio Professionals &amp; Facilities</p> |
| <p>£600-700m</p>               | <p>£600-700m</p>               | <p>£550-600m</p>                            |

|                                      |                               |                             |
|--------------------------------------|-------------------------------|-----------------------------|
| <p>Intimate Gigs and Hospitality</p> | <p>Auditoria and Theatres</p> | <p>Arenas and Festivals</p> |
| <p>£1,100-1,300m</p>                 | <p>£800-900m</p>              | <p>£1,100-1,300m</p>        |



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**



Point source portable and on-wall speakers.



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



Large-scale line arrays.



# Environment and climate change

- 2<sup>nd</sup> year of compliance with UK Climate Related Disclosures (TCFD)
  - 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. These have been further refined during the year as part of our work on Science Based Targets and FY23 has been restated as a result.
- Gross emission are down 9% from FY23, 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 Indianapolis, USA (150km<sup>2</sup>).

|  | <b>FY24</b><br><b>tCO<sub>2</sub>e</b> | FY23<br>tCO <sub>2</sub> e |
|--|--|----------------------------|
| Scope 1 & 2  |  |                            |
| <ul style="list-style-type: none"> <li> <span style="color: #c00000;">■</span> Net                             </li> <li> <span style="color: #c00000;">■</span> Gross                             </li> </ul> | 0<br>287                               | 0<br>434                   |
| Scope 3  | 83,800                                 | 92,304                     |
| tCO <sub>2</sub> e per £m Revenue  | 531                                    | 519                        |
| tCO <sub>2</sub> e per Product Sold  | 0.084                                  | 0.078                      |





| Exchange Rates       | FY24<br>£m | FY23<br>£m |
|----------------------|------------|------------|
| <b>Average</b>       |            |            |
| US\$:£               | 1.26       | 1.21       |
| €:£                  | 1.18       | 1.15       |
| <b>Year end rate</b> |            |            |
| US\$:£               | 1.31       | 1.27       |
| €:£                  | 1.19       | 1.17       |

## 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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# Enriching lives through music

Focusrite plc

27 November 2024

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