Strictly embargoed until 07:00: 27 April 2021.

Focusrite plc ("Focusrite" or "the Group")
Half year results for the period ended 28 February 2021

Focusrite plc, the global music and audio products company supplying hardware and software used by professional and amateur musicians and the entertainment industry, today announces its half year results for the six months ended 28 February 2021.

Key financial metrics

	HY21	HY20
Revenue (£ million)	95.3	49.9
Adjusted EBITDA[2] (£ million)	29.3	9.1
Adjusted[3] operating profit (£ million)	26.3	6.4
Adjusted[3] diluted earnings per share (p)	36.3	9.3
Interim dividend per share (p)	1.5	1.3
Net cash (debt) (£ million)	19.1	(19.9)
Statutory results		
Operating profit (£ million)	24.2	3.0
Basic earnings per share (p)	33.2	3.6

Highlights

- Group revenue up by 90.9% to £95.3 million (64.3% organic constant currency growth[1]) (HY20: £49.9 million)
- Gross margin improved to 48.0% (HY20: 46.1%)
- Adjusted EBITDA[2] up by 219.9% to £29.3 million (HY20: £9.1 million)
- Net cash of £19.1 million (FY20: net cash £3.3 million, HY20: net debt of £19.9 million)
- Consumer demand remained at record levels across the Focusrite, Novation and ADAM Audio ranges
    - Focusrite operating company revenue up by 93.1% to £74.0 million (HY20: £38.4 million)
    - ADAM Audio revenue up by 78.7% to £12.6 million (HY20: £7.0 million)
    - Martin Audio profitable despite reduced demand due to COVID-19 restrictions and Optimal Audio, launched 20 April 2021
- Interim dividend of 1.5 pence, up 15% from 1.3 pence announced in July 2020
- Sequential LLC, California based synthesiser company acquired 26 April 2021 for $24 million consideration.

Commenting on the results and the outlook for the Group, Tim Carroll, Chief Executive Officer, said:

"The Group has performed exceptionally well throughout the first half of the financial year 2020/2021, with each brand taking on the challenges and opportunities created by the pandemic as well as delivering on our mission of 'Removing Barriers to Creativity'. Our teams have continued to persevere, adapt, and succeed in challenging situations, and I salute every employee for their efforts.

For the first half of the financial year, Focusrite, Novation and ADAM Audio products continued to see high demand *for home-based amateur and professional audio recording solutions. This resulted in revenue for the period being slightly ahead of our revised expectations as announced on 19 February 2021. As previously discussed, we believe the base has materially grown, with more people utilising these solutions for music creation, podcasting, social media broadcasts and other streaming workflows. The digitisation of almost every facet of modern life continues unabated, and audio is no exception.*

We continue to see challenges, most notably component supply issues that are impacting many industries. However, we believe our strong relationships with our contract manufacturers and component suppliers will enable us, over time, to navigate successfully through this. We expect demand to remain higher than pre-COVID-19 levels for our ADAM Audio and Focusrite businesses, but recognise the uncertainty that the end of lockdown will bring. While demand for Martin Audio products continues to be constrained by the shutdown of live events, we are now seeing the pipeline increase for both installed and tour sound business.

As always, we remain appropriately cautious given the unique global circumstances, but also optimistic about the future prospects for the Group."

[1] The organic constant currency growth rate is calculated by comparing HY21 revenue to HY20 revenue adjusted for exchange rates and the impact of acquisitions (more detail in Foreign Exchange and Hedging section of the Financial Review).

[2] Comprising earnings adjusted for interest, taxation, depreciation, amortisation and non-underlying items. This is shown on the face of the income statement.

[3] Adjusted for non-underlying items which comprise costs relating to the acquisition of Sequential LLC (£0.3m) and amortisation of acquired intangibles (£1.8m).

Enquiries:

Focusrite plc:

Tim Carroll (CEO)	+44 1494 462246
Sally McKone (CFO)	+44 1494 462246

Panmure Gordon (Nominated Adviser and Broker)

Freddy Crossley (Corporate Finance)	+44 20 7886 2500
Erik Anderson (Corporate Broking)	+44 20 7886 2500

Belvedere Communications

John West	+44 20 3687 2753
Llew Angus	+44 20 3687 2754

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Notes to Editors

Focusrite plc is a global audio products group that develops and markets proprietary hardware and software products. Used by audio professionals and musicians, its solutions facilitate the high-quality production of recorded and live sound. The Focusrite Group trades under six established brands: Focusrite, Focusrite Pro, Novation, Ampify, ADAM Audio and Martin Audio, with a seventh, Optimal Audio, recently launched on 20 April 2021.

With a high-quality reputation and a rich heritage spanning decades, its brands are category leaders in the music-making and audio recording industries. Focusrite and Focusrite Pro offer audio interfaces and other products for recording musicians, producers and professional audio facilities. Novation and Ampify products are used in the creation of electronic music, from synthesisers and grooveboxes to industry-shaping controllers and inspirational music-making apps. ADAM Audio studio monitors have earned a worldwide reputation based on technological innovation in the field of studio loudspeaker technology. Martin Audio designs and manufactures performance-ready systems across the spectrum of sound reinforcement applications.

The Focusrite Group has offices in four continents and a global customer base with a distribution network covering approximately 160 territories.

Focusrite plc is traded on the AIM market, London Stock Exchange.

Business and operating review

Overview

We are pleased to report our financial results and summary of operations for the first six months ending 28 February 2021. Overall, the Group has performed exceptionally well. Revenue, EBITDA and cash have all grown considerably: Net Promoter Scores ('NPS'), an important performance indicator, have remained strong at 73 (HY20: 72); gross margin has increased; new product introductions have performed well; and demand for many of the Group's products has remained at unprecedented levels.

At our core is a passionate group of employees all rallied around a common mission of '*Removing Barriers to Creativity*'. Our customer base continues to grow and now encompasses a wide range of customers from the beginner/enthusiast through to professionals and enterprise facilities. At all levels, our customers depend on our solutions to provide the highest quality audio possible in an environment where technology aids the process instead of getting in the way.

COVID-19

As with many businesses, COVID-19 has impacted many parts of our Group, including routes to market and manufacturing capabilities.

Over the last six months we have been working closely with our people to support them to work from home, both from a practical and wellbeing point of view. We have been operating with a skeleton staff in our offices and supporting this via onsite testing where possible. We recognise how difficult this has been and thank all our people across the entire Group for their flexibility and dedication throughout this period.

As regions come out of lockdown and more bricks and mortar stores begin to re-open, we are seeing a balance return between these types of resellers and those which are more e-commerce focused. Even with heightened demand, the Group has worked to ensure an adequate flow of product to all channels so that our solutions are always available to the end user, no matter what their purchasing preference. For Martin Audio, higher emphasis has been put on installed sound, the area of business least impacted by COVID-19 and the first to begin to return to normal.

The Group has fared well with manufacturing capacity benefiting from our strong relationships with our contract manufacturers, and further utilisation of a second plant in Malaysia for our Scarlett products, which have been one of the most sought out lines during the pandemic. Martin Audio and ADAM Audio, which both have in-house production for certain products, implemented strict workplace rules to ensure the safety and wellbeing of all staff. These measures have proved effective and resulted in minimal stock out issues due to production.

Component shortages remain an industry-wide issue. Pleasingly, the Group has managed to keep a consistent inflow of material by using the combined strength of all of our brands and our good-standing with our contract manufacturers and chip suppliers. However, we do believe this global issue will continue to affect supply for some time.

Operating review

Our Group is comprised of six powerful brands across three main businesses: Focusrite, Focusrite Pro, Novation and Ampify, which make up the Focusrite Audio Engineering ('FAEL') business unit, ADAM Audio and Martin Audio. We intend for Optimal Audio, following its recent launch on 20 April 2021, to be included in future under the Martin

Audio brand.

	Six months to 28 February 2021 £'000	Six months to 29 February 2020 £'000	Year to 31 August 2020 £'000
Revenue from external customers			
Focusrite	**58,325**	25,574	76,178
Focusrite Pro	**2,675**	1,884	3,492
Novation (including Ampify)	**13,043**	9,935	19,383
ADAM Audio	**12,582**	7,041	17,381
Martin Audio	**8,651**	4,526[4]	12,014
Distribution	**10**	966	1,693
Total	**95,286**	49,926	130,141

[4] Revenue from date of acquisition

Focusrite Audio Engineering Ltd ('FAEL')

The FAEL product range, which consists of Focusrite, Focusrite Pro, Novation and Ampify, have all had a strong first half of the financial year. The Focusrite Scarlett and Clarett audio interfaces showed strong year-on-year growth at 111% and 47% respectively. These products are core to home recording and audio streaming, which have experienced large increases in demand since global lockdowns occurred. However, as discussed previously, the increased level of demand has continued past the end of regional lockdowns, indicating a general rise in awareness and demand for these solutions and a global trend towards digitisation across virtually all forms of work and entertainment.

Focusrite Pro, which in the first half of last year was impacted by pre-COVID-19 delays on some new product introductions, rebounded well and finished the first half 42% up year-on-year. This is a very pleasing result as many of the verticals for these solutions are in the live/tour and installed sound segments which are still shut in many places around the world. The team had a number of new product launches and focused on helping enterprise customers continue to create content for music, video, TV and film releases during the pandemic. The pipeline for our Pro products continues to grow and we are optimistic about the potential of this segment as more production opens back up and enterprise institutions begin to invest in capital expenditures.

Novation continues the pattern of strong growth, finishing the first half showing a 31% increase year-on-year. A number of new product launches, especially those that were launched late last year, were the big contributing factors to the range's success. As with our Scarlett interfaces, all new Novation products have the same tailored customer onboarding journey that quickly assesses the individual needs and current skill levels of a new customer to help them make music quickly. We believe that our approach here remains highly differentiated and a key reason why so many customers choose a Novation solution against our competition.

Ampify has continued to develop, refine, improve and add to the features on our first cross platform music creation solution: Ampify Studio. Along with the content label, Ampify Sounds, this platform is becoming the first immersion into music-making for many of our Novation and Focusrite customers. Bundled for free with any hardware offering, Ampify has also introduced a premium subscription model that offers more features and access to the entire Ampify sound label for royalty free use in productions. Whilst still relatively new, the Group has seen promising growth in line with expectations in our subscription user base and monthly recurring revenue since inception.

In August 2020, the Group ceased distributing KRK monitors in the UK, favouring instead the Group's own ADAM

Audio Studio monitors. Therefore, revenue from the Distribution channel is declining to nil.

ADAM Audio GmbH

ADAM Audio, based in Berlin, is a globally recognised brand with a passionate team focused on delivering world-class monitoring solutions (speakers) for audio content creators. ADAM Audio's portfolio of reference monitors encompasses the T-Series, A-Series and S-Series. Throughout the past year, the T-Series has been the go-to monitor for startup home studios, allowing these product lines to grow by 142% over the previous year. The A-Series, used in both high-end home studios and professional facilities alike, and the enterprise level S-Series, showcased in some of the most prestigious audio production facilities in the world, both achieved significant growth over the last year. The product portfolio is rounded out with an extensive line of subwoofers which contributed to the overall segment growth of 79% over the prior year.

Martin Audio Ltd

The Martin Audio brand is comprised of a large and growing portfolio for the live/tour sound and installed market. Hospitality and live events have mostly not been possible during the pandemic across much of the world, however as the pandemic rolls on the company has managed costs well and delivered profits in line with expectations. As different geographies have adapted to the pandemic, so has Martin Audio. Martin Audio's Point Source products for smaller applications are selling well globally and particularly in the APAC region where some countries have been able to reduce lockdown restrictions more quickly. We have also seen success in long-term capital purchases in several installation sectors, including cruise ships. The team continues to launch products by investing in research and development (R&D), including the new China exclusive P.I. series and the ground-breaking TORUS system and Display 3 software solution, an acoustical prediction program allowing users to see the sound coverage in 3D.

Research and development

R&D remains a cornerstone of our Group's strategy. In this period, the Group launched 20 new products to market and a host of software and hardware upgrades across many of the product groups.

Regional review

	Six months to 28 February 2021 £'000	Six months to 29 February 2020 £'000	Year to 31 August 2020 £'000
North America	**41,845**	18,094	50,861
Europe, Middle East and Africa ('EMEA')	**36,945**	23,115	56,459
Rest of World ('ROW')	**16,496**	8,717	22,821
Total	**95,286**	49,926	130,141

North America

North America has become the largest region for the Group at 44% of total revenue in the period. Our North American operations continue to grow, and we have invested in sales, marketing, logistics and customer service to support the business.

Both FAEL and ADAM Audio products are sold through a similar sales channel, and Martin Audio's North America business is transacted through a mix of live/tour sound rental companies, system integrators and direct to end-users. FAEL revenue in North America was up 148% for the first half compared with the first half of FY20. ADAM Audio's performance was up 86% year-on-year. Martin Audio's North America business was up 34% on the prior year due to the short comparative period, however from a full six-month view this represents a significant reduction due to COVID-19.

EMEA

EMEA represented 39% of the Group's revenue for the first half of FY21. For FAEL, the region was up 57% year-on-year. This growth was primarily driven by the increased demand for its products with the benefit of a more established distributor base following changes in Italy and Scandinavia in the first half of FY20. ADAM Audio's EMEA business was up 72%, driven by increased demand in line with FAEL. For Martin Audio, the Group had a full six months of revenue compared to just two months for the prior year, resulting in a 67% increase over the first half of the prior year. On a like-for-like basis, Martin Audio revenue contracted 44% due to the negative COVID-19 impact. For now, demand for the Group's products has remained strong, with increased levels of sales of FAEL and ADAM Audio solutions and we are beginning to see signs of recovery for Martin Audio in the installed sound market.

ROW

ROW comprises all other regions outside of EMEA and North America, principally made up of Asia Pacific ('APAC') and Latin America ('LATAM').

The Group's APAC region performed strongly in the first half of the financial year, resulting in an 89% increase over the prior year. For FAEL, Asia was up 62% compared with HY20. Strong demand for FAEL products as well as a very weak January and February in 2020 due to COVID-19 contributed to this result. ADAM Audio was up 25%, mainly attributed to the same drivers as FAEL. Martin Audio had a satisfactory performance in APAC, where we saw the installed sound market show a healthy recovery.

LATAM had a very impressive first half, finishing 91% up over the prior year. This was comprised of a 106% increase for FAEL and essentially the start of representation in the market for ADAM Audio, where revenue went from virtually zero in the prior half to just over £0.7 million this half. The team representing FAEL and ADAM Audio, located in Mexico and Brazil, has done an excellent job of focusing on localised support and sales and marketing tools for the various countries. We continue to invest more resources in this market as we believe there is more opportunity to reach the vast population, where music is an important part of the region's various cultures.

Financial Review

Overview

The Group has seen ongoing strong demand for its products, resulting in 91% growth in revenue, 220% growth in adjusted EBITDA and 294% growth in adjusted diluted earnings per share.

Income statement

	HY21 £m Adjusted	**HY21 £m Non-underlying**	**HY21 £m Reported**	HY20 £m Adjusted	HY20 £m Non-underlying	HY20 £m Reported
Revenue	**95.3**	**-**	**95.3**	49.9	-	49.9
Cost of sales	**(49.6)**	**-**	**(49.6)**	(26.9)	-	(26.9)
Gross profit	**45.7**	**-**	**45.7**	23.0	-	23.0
Administrative expenses	**(19.4)**	**(2.1)**	**(21.5)**	(16.6)	(3.4)	(20.0)
Operating profit	**26.3**	**(2.1)**	**24.2**	6.4	(3.4)	3.0
Net finance income	**(0.6)**	**-**	**(0.6)**	(0.3)	-	(0.3)
Profit before tax	**25.7**	**(2.1)**	**23.6**	6.1	(3.4)	2.7
Income tax expense	**(4.3)**	**-**	**(4.3)**	(0.7)	-	(0.7)
Profit for the period	**21.4**	**(2.1)**	**19.3**	5.4	(3.4)	2.0

	HY21	**HY21**	**HY21**	HY20	HY20	HY20

	£m Adjusted	£m Non-underlying	£m Reported	£m Adjusted	£m Non-underlying	£m Reported
Operating profit	**26.3**	**(2.1)**[5]	**24.2**	6.4	(3.4) [5]	3.0
Add – amortisation of intangible assets	**2.0**	**1.8**	**3.8**	2.0	1.2	3.2
Add – depreciation of tangible assets	**1.0**	**-**	**1.0**	0.7	-	0.7
EBITDA	**29.3**	**(0.3)**	**29.0**	9.1	(2.2)	6.9

[5] Non-underlying items comprise costs relating to the acquisition of Sequential LLC (£0.3m) and amortisation of acquired intangibles (£1.8m), see note 4 of the interim statements.

Revenue

Revenue for the Group grew 91% to £95.3 million (HY20: £49.9 million) which, adjusting for acquisitions and constant currency, represents organic growth of 64.3%. Both periods include six months of ADAM Audio which contributed £12.6 million (HY20: £7.0 million), a growth of 79%. Martin Audio contributed £8.7 million (HY20: £4.5 million for two months). As lockdowns have remained in place, we have continued to see stronger demand for the products made by FAEL and ADAM Audio as people have had more time to create music, as companies that rely on an audio component have had to ensure their employees can work and record from home, and as audio is increasingly digitally recorded and reworked. Conversely, the pandemic has slowed demand for Martin Audio Products, with live events being put on hold.

	Half Year ended 29 February 2020						
	Revenue	Exchange	Acquisitions	As adjusted	**HY21 Revenue**	**Revenue Growth (%)**	**Organic Growth (%)**
FAEL	38.4	(0.8)	-	37.6	**74.0**	**92.7 %**	**96.8 %**
ADAM Audio	7.0	-	-	7.0	**12.6**	**80.0 %**	**80.0 %**
Martin Audio	4.5	-	8.9	13.4	**8.7**	**93.3 %**	**(35.1) %**
Total	49.9	(0.8)	8.9	58.0	**95.3**	**90.9%**	**64.3 %**

Exchange rates were mixed in the period. The Euro strengthened slightly to €1.14 (HY20: €1.16) and the USD weakened from $1.28 in HY20 to $1.36 in HY21. The effect of the Dollar movement is to decrease the revenue for HY21 relative to HY20. However, at the profit level the USD effect is mitigated by the purchases of stock in USD from the manufacturers in China and Malaysia and the Euro effect is largely mitigated by the Group's hedging policy (approximately 75% of Euro exposure is hedged in the current financial year and approximately 50% is hedged in the following financial year).

Segment profit

Segment profit is disclosed in more detail in the note to the accounts named, 'Business Segments'. These segments compare the revenue of the products of the relevant brands with the directly attributable costs to create segment profit. With the acquisition of ADAM Audio, the Group ended its distribution of third-party monitors, hence the reduction in revenue for this segment.

Gross profit

In HY21, the gross margin was 48.0% up from 46.1% in HY20, which was an increase from 44.3% in HY19. This is the result of several short and long-term factors. HY21 includes the one-off benefit of a refund of US duty of £0.6 million, following a reassessment of duty codes in 2020. Historically there have been a number of factors at play. One factor is business mix, with the removal of the lower margin distribution business and the growth of the higher margin ADAM Audio business at 58.7% gross margin. Another factor is routes to market, with more products being sold either directly to dealers rather than distributors or directly to the consumer. Focused cost and price management, reducing royalties and tariffs, and management of margin to get the best value out of discounts to the reseller channel are other factors. As discussed in recent trading updates, the Group is mindful of the impact of components shortages on future revenue and gross margin.

Administrative expenses

Administrative expenses consist of sales, marketing, operations, the uncapitalised element of research and development (partially offset by the Research and Development Expenditure Credit regime ('RDEC') tax credit) and central functions such as legal, finance and the Group Board. These expenses were £21.5 million, up from £20.0 million last year. Excluding non-underlying costs of £2.1 million (see non-underlying section), the operating costs were £19.4 million (HY20: £16.6 million). Martin Audio contributed a full six months of costs compared to two months in HY20, an increase of £1.2 million, with effective cost control in place to mitigate the lower revenue. The underlying increase, excluding the annualisation of Martin Audio, of 9% reflects the investment the Group has made in increased customer support, which has been mitigated by reduced marketing costs with many trade shows planned for the period cancelled due to COVID-19. With markets opening up again we expect these costs to resume as we showcase our new product launches.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure, but it is widely recognised in the financial markets as a proxy for the ongoing trading performance of a business. It is also used within the Group as the basis for some of the incentivisation of senior management at both the operating company level and the Group level. EBITDA increased from £9.1 million in HY20 to £29.3 million in HY21, an increase of 220%. The increase of £20.2 million over the prior year is greatly enhanced by the contribution of the high levels of revenue, with the increase in gross margin more than offsetting the slight increase in operating costs.

Depreciation and amortisation

Depreciation is charged on tangible fixed assets on a straight-line basis over the assets' estimated useful lives, normally ranging between two and five years. Amortisation is mainly charged on capitalised development costs, writing-off the development cost over the life of the resultant product. For Focusrite and Novation this is up to three years, up to eight years for ADAM Audio, and up to 11 years for Martin Audio, reflecting the different lifespans of the products.

The amortisation of the acquired intangible assets for both ADAM Audio and Martin Audio totalled £1.8 million during the period (HY20: £1.2 million) and has been disclosed within non-underlying costs.

Within the Group, £2.6 million of development costs were capitalised (HY20: £2.1 million) and the amortisation of capitalised development costs was £1.6 million (HY20: £1.5 million).

Non-underlying items

In HY21 non-underlying costs totalled £2.1 million (HY20 £3.4 million), £0.3 million relating to the diligence costs for the acquisition of Sequential LLC that completed 26 April 2021 and £1.8 million relating to amortisation of acquired intangible assets. In HY20 non-underlying costs included £1.8 million relating to the acquisition of Martin Audio, £1.2 million for amortisation on acquired intangible assets, and £0.4 million due to restructuring.

Foreign exchange and hedging

The exchange rates were as follows:

Exchange rates	**HY21**	HY20	FY20
Average			
USD:GBP	**1.36**	1.28	1.27
EUR:GBP	**1.14**	1.16	1.14

Exchange rates	**HY21**	HY20	FY20
Period end			
USD:GBP	**1.39**	1.28	1.34
EUR:GBP	**1.15**	1.16	1.12

The average USD rate has weakened at $1.36:£1.00 for HY21 (HY20: $1.28). The USD accounts for over half of Group revenue but nearly all of the cost of sales so there is a useful natural hedge.

The Group enters into forward contracts to convert Euro to GBP. The policy adopted by the Group is to hedge approximately 75% of the Euro flows for the current financial year (year ending August 2021) and approximately 50% of the Euro flows for the following financial year (FY22).

In HY21, approximately three-quarters of Euro flows were hedged at €1.10, and the average transaction rate was €1.13, thereby creating a blended exchange rate of approximately €1.11. In HY20, the equivalent hedging contracts were at €1.12, versus the transactional rate of €1.16 and so creating a blended exchange rate of €1.13.

Hedge accounting is used, meaning that the hedging contracts have been matched to income flows and, providing the hedging contracts remain effective, movements in fair value are shown in a hedging reserve in the balance sheet, until the hedge transaction occurs.

Corporation tax

The effective tax rate for the period is 18.2% (HY20: 23.8%). In both years the rate has been impacted by the disallowance of the non-underlying costs for corporation tax. Adjusting for this, the underlying effective rate of 16.7% (HY20: 10.5%). The Group's historic rate of c10% is lower than the UK headline rate of 19%, where most of the Group's profits are taxed, due largely to enhanced tax relief on development costs due to the Small or Medium-sized Enterprise regime ('SME') for the treatment of R&D costs. From the start of this year the Group has moved to the RDEC which is markedly less beneficial. A credit of £0.2 million has been recognised against uncapitalised R&D costs within Administrative expenses, which is taxable. As a result of the change to RDEC, the effective tax rate is expected to be more in line with the UK headline rate, which is due to increase on 1 April 2023 to 25% as outlined by the Chancellor in the recent budget.

Earnings per share ('EPS')

The basic EPS for the half year was 33.2 pence, an over eightfold increase from 3.6 pence in HY20. This increase has largely followed the change in reported profit after tax. The weighted average number of shares used for the calculation has increased compared to the prior year at 58,077,283 shares (HY20: 57,537,000 shares). In December 2020, the Group issued 550,000 new shares for the replenishment of the Employee Benefit Trust. The more comparable measure, excluding non-underlying items and including the dilutive effect of share options, is the adjusted diluted EPS. This increased to 36.3 pence, from 9.3 pence in HY20, an increase of 290%.

	HY21 **Pence**	HY20 Pence	FY19 Pence
Basic	**33.2**	3.6	7.1
Diluted	**32.7**	3.5	7.0
Adjusted basic	**36.9**	9.4	33.2
Adjusted diluted	**36.3**	9.3	32.8

Balance sheet

	HY21	HY20	FY20

	£m	£m	£m
Non-current assets	**51.2**	63.3	52.3
Current assets			
Inventories	**15.9**	18.6	19.4
Trade and other receivables	**18.2**	19.3	18.0
Cash	**18.8**	12.8	15.0
Current liabilities			
Other current liabilities	**(20.5)**	(15.7)	(26.0)
Non-current liabilities			
Bank loan or overdraft	**0.3**	(32.7)	(11.6)
Other non-current liabilities	**(8.6)**	(10.6)	(10.2)
Net assets	**75.3**	55.0	56.9

Non-current assets

The non-current assets comprise: goodwill; brands, patents and capitalised development costs; property, plant and equipment; and software.

The goodwill totals £7.9 million (HY20: £17.6 million). This comprises Martin Audio's £2.4 million, ADAM Audio's £5.1 million and Novation's £0.4 million. In both Martin Audio and ADAM Audio, the goodwill represented approximately 30% of the acquisition cost.

The brands were initially valued at £14.3 million. This comprises Martin Audio's £6.8 million, which is to be amortised over 20 years, and ADAM Audio's £7.5 million, which is to be amortised over ten years. At 28 February 2021 the brands had carrying value of £12.7 million (HY20: £13.6 million).

The capitalised development costs comprise acquired developments in relation to both completed products and products currently in development, and internally generated development costs for products currently on sale. The amortisation periods range from three years to 11 years depending on the expected life of the products. The shorter amortisation periods are more usual for Focusrite and Novation products and the longer periods for the ADAM Audio monitors and the Martin Audio live speakers. The capitalised development costs have a carrying value of £25.6 million (HY20: £26.8 million).

Based on current trading and management forecasts, no impairments to the carrying value of the intangible assets have been deemed necessary. This will be reassessed at the year-end for evidence of any permanent diminution in value.

Overall, the amortisation of the intangible assets totals £3.8 million (HY20: £3.2 million). This is split between amortisation of intangible assets acquired as part of the acquisition of either ADAM Audio in July 2019 or Martin Audio in December 2019 of £1.8 million (HY20: £1.2 million), and other amortisation of £2.0 million (HY20: £2.0 million). The amortisation of acquired intangible assets has been treated as a non-underlying expense. The ongoing amortisation relates to the capitalised development costs credited to the income statement. The difference between ongoing amortisation and capitalised development costs is £1.2 million (HY20: £0.6 million).

The remaining £5.0 million (HY20: £5.3 million) of non-current assets consist mainly of right of use assets relating to the Group's leased offices and warehouses, tooling equipment for the manufacture of products and other intangible assets such as software and trademarks.

Working capital

Working capital was 7.7% of revenue (HY20: 20.9%). This is in line with year-end levels but is lower than historic norms which are closer to the levels at half year 2020. Inventory has remained low as strong demand has further delayed the replenishment to expected levels and an ongoing focus on cash collection has kept overdue debtors low. Notwithstanding that, Focusrite, in particular, moved from one manufacturing site to two in 2018 and increased production significantly. Demand has continued to outstrip supply with ongoing global constraints for certain key components, meaning that period end stock remains low. Going forward the Group will work towards restoring the stock levels needed to satisfy ongoing demand. As is our practice, creditors continue to be paid on time.

Cash flow

	HY21	HY20	FY20
	£m	£m	£m
Free cash flow[6]	**5.5**	(0.6)	2.4
Add – non-underlying cash outflows[7]	**12.0**	5.0	25.8
Underlying free cash flow	**17.5**	4.4	28.2

[6]Defined as net cash from operating activities less net cash used in investing and financing activities, excluding dividends paid.
[7]Defined as cash payments for non-underlying costs.

The underlying free cash flow in HY21 was £17.5 million, which was 18.4% of revenue. In the comparative period, the free cash flow was £4.4 million which was 8.8% of revenue. Free cash flow as a percentage of revenue is a key performance measure within the Group and forms an important element of the incentivisation metrics for senior management across the Group. Over the last five years underlying free cash flow as a proportion of revenue has averaged 12%. The £12.0 million non-underlying cash flow in HY21 consists of the repayment of the bank loan. In FY20, it related to the acquisition of Martin Audio, and subsequent partial repayment of the bank loan.

Free cash flow is 5.8% of revenue due to the high operating profit margin and the favourable movement in working capital diluted by the impact of phasing of payments to creditors. Going forward, the movement in working capital is expected to be negative as the Group replenishes stock and grows further.

The net cash balance at the period end was £19.1 million (HY20: net debt of £19.9 million and FY20: net cash of £3.3 million). In December 2019, the Group acquired Martin Audio for £35.3 million (net of acquired cash) and also incurred non-underlying costs totalling £2.3 million. As part of the acquisition of Martin Audio, the Group took a £40 million loan facility split evenly between HSBC and NatWest. The facility lasts for five years to December 2024.

Going concern

The Board of Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from this report date. Accordingly, the interim statements have been prepared on a going concern basis.

The COVID-19 virus has caused upheaval worldwide with many businesses experiencing a significant decline in revenue. The Directors have prepared projected cash flow information (base case forecasts) for the period ending 12 months from the date of their approval of this interim statement. On the basis of this cash flow information, the Directors consider that at the end of the 12-month period, the Group will remain in a net cash position following the acquisition of Sequential LLC on 26 April 2021. The Group's revolving credit facility ('RCF') facility of £40.0 million is due for renewal in December 2024. Throughout the period the forecast cash flow information indicates that the Group will comfortably comply with the leverage and interest cover covenants contained within the facility.

Management's view is that a severe yet plausible downside assumption against their base case forecasts is estimated to be a revenue shortfall of 30% for a six-month period commencing April 2021. This model assumes that purchases of stock will, in time, reduce to reflect reduced sales and the Group will respond to the shortfall by taking reasonable steps to reduce overheads within its control. Even at that level, the Group would be expected to remain well within the terms of its loan facility with the leverage covenant (net debt to adjusted EBITDA) in the period not exceeding 0.6 compared to the maximum of 2.5. The Group's net debt position under this severe plausible downside scenario is still expected to improve at the end of the 12-month period.

In their sensitivity analyses, the Directors estimate that if the Group were to experience a shortfall in revenue of greater than 65% for six months, this could result in leverage beyond that permitted by the current facility by September 2021, despite consequential reductions in the purchases of stock and overheads. As an additional measure the Directors could also stop the dividend. However, the Director's view is that this scenario of a revenue shortfall of greater than 65% is not plausible.

In reality, the Group is still experiencing record levels of consumer registrations and customer demand, partially as a result of the COVID-19 restrictions on people's movement and more generally in line with the trend towards the digitisation of audio for work and leisure purposes which will outlast the pandemic, and therefore the high levels of revenue have been maintained since year end. This is evidenced by improvements in the Group's net cash position which has remained strong, increasing from the £19.1 million reported at half year to approximately £27.4 million at 19 April 2021. Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the interim statements and therefore have prepared the interim statements on a going concern basis. See note 1.3 for further detail.

Dividend

The Board has approved an interim dividend of 1.5p (HY20: 1.3p). The Board deferred the declaration of the HY20 interim dividend at the interim results due to the uncertainty at the start of the COVID-19 pandemic. Following strong trading this was subsequently approved and announced in July 2020.

Summary and outlook

"The Group has performed exceptionally well throughout the first half of the financial year 2020/2021, with each brand taking on the challenges and opportunities created by the pandemic as well as delivering on our mission of '*Removing Barriers to Creativity*'. Our teams have continued to persevere, adapt, and succeed in challenging situations, and I salute every employee for their efforts.

For the first half of the year, Focusrite, Novation and ADAM Audio products continued to see high demand for home-based amateur and professional audio recording solutions. This resulted in revenue for the period being slightly ahead of our revised expectations as announced on 19 February 2021. As previously discussed, we believe the customer base has materially grown, with more people utilising these solutions for music creation, podcasting, social media broadcasts and other streaming workflows. The digitisation of almost every facet of modern life continues unabated, and audio is no exception.

We continue to see challenges, most notably component supply issues that are impacting many industries. However, we believe our strong relationships with our contract manufacturers and component suppliers will enable us, over time, to navigate successfully through this. We expect demand to remain higher than pre-COVID-

19 levels for our ADAM Audio and Focusrite businesses, but recognise the uncertainty that the end of lockdown will bring. While demand for Martin Audio products continues to be constrained by the shutdown of live events, we are now seeing the pipeline increase for both installed and tour sound business.

As always, we remain appropriately cautious given the unique global circumstances, but also optimistic about the future prospects for the Group."

Tim Carroll
Chief Executive Officer
27 April 2021

Sally McKone
Chief Financial Officer
27 April 2021

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year although they are not expected to cause the Group's actual results to differ materially from the expected results.

The Directors do not consider that the principal risks and uncertainties have changed materially since the publication of the Annual Report for the year ended 31 August 2020, save as set out below.

The principal risks and how the Group seeks to mitigate these risks is set out on pages 26 - 30 inclusive of the Annual Report and Accounts 2020.

COVID-19
The past 12 months have been defined by the impact of COVID-19 and whilst the threat of general disruption to operations, including from government restrictions, the impact on the supply chain and people availability remains, and the Group has responded to the continuing uncertainty.

Demand has remained strong as government lockdown measures have resulted in a unique set of circumstances when consumers remained at home with little outlet and audio equipment became an increasingly essential part of everyday life. As a result, we experienced a strong increase in demand and delivered record volumes to customers.

The Group's management team continue to monitor the circumstances, with a focus on the health and wellbeing of our people and ensuring our systems are secure, robust and can support sustained remote working. Similarly, our manufacturing partners have taken measures to ensure their workforce welfare with cleaning, social distancing and testing protocols in place.

Product supply
The Group's home audio products continue to be in high demand across all major markets. This demand presents its own challenges: supply chain risks arise for the Group in particular from the availability of raw materials and components. The market is suffering from a restricted capacity caused by supplier failure and excessive demand on suppliers globally across the electronics supply chain, including automotive and other consumer electronic goods.

In order to manage this uncertainty of supply, work is ongoing with the Group's suppliers to source and buy materials and components to meet our production schedules and with its distributors and resellers to manage the supply of products to the market.

Emerging risks: Climate
Future risks continue to be a discussion as we try to predict what the music industry may look like in the short and long term. As an equipment manufacturer with a worldwide reach, we are aware that our very existence contributes to factors affecting climate change. During the first six months ending 28 February 2021, our Green Team has been building on existing commitments to improve product longevity and supplier sustainability expectations as outlined in our Annual Report and Accounts. The Group is in talks with external sustainability advisers as we define our response to climate change and the actions we can take to preserve the environment.

FORWARD-LOOKING STATEMENTS

Certain statements in this half year report are forward looking. Although the Directors believe that their expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Condensed Consolidated Income Statement

For the six months ended 28 February 2021

	Note	**Six months to 28 February 2021 (unaudited) £'000**	Six months to 29 February 2020 (unaudited) £'000	Year to 31 August 2020 (audited) £'000
Revenue	**2**	**95,286**	49,926	130,141
Cost of sales		**(49,594)**	(26,920)	(70,248)
Gross profit		**45,692**	23,006	59,893
Administrative expenses		**(21,615)**	(19,342)	(51,485)
Impairment gain/(loss)on trade and other receivables		**74**	(649)	(474)
Adjusted EBITDA (non-GAAP measure)		**29,236**	9,139	28,565
Depreciation and amortisation		**(2,946)**	(2,757)	(5,530)
Non-underlying items for Adjusted EBITDA:				
Impairment of goodwill on acquisition		**-**	-	(10,200)
Amortisation of acquired intangible assets		**(1,869)**	(1,144)	(3,013)
Non-underlying items	4	**(270)**	(2,223)	(1,888)
Operating profit		**24,151**	3,015	7,934
Finance income		**-**	28	36
Finance costs		**(589)**	(353)	(945)
Profit before tax		**23,562**	2,690	7,025
Income tax expense	5	**(4,296)**	(639)	(2,934)
Profit for the period from continuing operations		**19,266**	2,051	4,091
Earnings per share				
From continuing operations				
Basic (pence per share)	7	**33.2**	3.6	7.1
Diluted (pence per share)	7	**32.7**	3.5	7.0

Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 28 February 2021

	Six months to 28 February 2021 (unaudited) £'000	Six months to 29 February 2020 (unaudited) £'000	Year to 31 August 2020 (audited) £'000
Profit for the period	**19,266**	2,051	4,091
Items that may be reclassified subsequently to the income statement			
Exchange differences on translation of foreign operations	**(265)**	88	105
Gain on forward foreign exchange contracts designated and effective as a hedging instrument	**626**	1,069	459
Tax on hedging instrument	**(151)**	(203)	(87)
Total comprehensive income for the period	**19,476**	3,005	4,568
Profit attributable to:			
Equity holders of the Company	**19,476**	3,005	4,568
	19,476	3,005	4,568

Condensed Consolidated Statement of Financial Position

	Note	**28 February 2021 (unaudited) £'000**	29 February 2020 (unaudited) £'000	31 August 2020 (audited) £'000
Assets				
Non-current assets				
Goodwill		**7,882**	17,587	7,882
Other intangible assets	8	**39,500**	41,539	40,374
Property, plant and equipment		**3,833**	4,170	4,082
Total non-current assets	3	**51,215**	63,296	52,338
Current assets				
Inventories		**15,908**	18,589	19,372
Trade and other receivables		**17,326**	18,437	17,744
Derivative financial instruments	9	**846**	881	271
Cash and cash equivalents	9	**18,792**	12,767	14,975
Total current assets		**52,872**	50,674	52,362
Total assets		**104,087**	113,970	104,700
Equity and liabilities				
Capital and reserves				
Share capital		**59**	58	58
Share premium		**115**	115	115
Merger reserve		**14,595**	14,595	14,595
Merger difference reserve		**(13,147)**	(13,147)	(13,147)
Translation reserve		**(68)**	180	197
Hedging reserve		**846**	714	220
EBT reserve		**(1)**	(1)	(1)
Retained earnings		**72,945**	52,474	54,861
Equity attributable to owners of the Company		**75,344**	54,988	56,898
Total equity		**75,344**	54,988	56,898
Current liabilities				
Trade and other payables		**14,938**	13,453	23,417
Other liabilities		**888**	969	1,018
Current tax liabilities		**3,390**	551	452
Provisions		**1,319**	757	1,094
Total current liabilities		**20,535**	15,730	25,981
Non-current liabilities				
Deferred tax		**6,311**	8,147	7,772
Other liabilities		**681**	1,446	889
Provisions		**1,519**	1,019	1,519
Bank loan and arrangement fee	9	**(303)**	32,640	11,641
Total liabilities		**28,743**	58,982	47,802
Total equity and liabilities		**104,087**	113,970	104,700

Condensed Consolidated Statements of Changes in Equity

For the six months ended 28 February 2021	Share capital	Share premium	Merger reserve	Merger difference reserve	Translation reserve	Hedging reserve	EBT reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 September 2020	58	115	14,595	(13,147)	197	220	(1)	54,861	56,898
Profit for the period	-	-	-	-	-	-	-	19,266	19,266
Other comprehensive income for the period	-	-	-	-	(265)	626	-	(151)	210
Total comprehensive income for the period	-	-	-	-	(265)	626	-	19,115	19,476
Transactions with owners of the Company:									
Shares issued to EBT	1	-	-	-	-	-	(1)	-	-
Share-based payment deferred tax deduction in excess of remuneration expense	-	-	-	-	-	-	-	259	259
Share-based payment current tax deduction in excess of remuneration expense	-	-	-	-	-	-	-	447	447
Shares from EBT exercised	-	-	-	-	-	-	1	300	301
Share-based payments	-	-	-	-	-	-	-	305	305
Shares withheld to settle employees' tax obligations associated with share-based payments	-	-	-	-	-	-	-	(720)	(720)
Premium on shares awarded in lieu of bonuses	-	-	-	-	-	-	-	60	60
Dividends paid	-	-	-	-	-	-	-	(1,682)	(1,682)
Balance at 28 February 2021	59	115	14,595	(13,147)	(68)	846	(1)	72,945	75,344

Condensed Consolidated Statements of Changes in Equity (Continued)

For the six months ended 29 February 2020	Share capital £'000	Share premium £'000	Merger reserve £'000	Merger difference reserve £'000	Translation reserve £'000	Hedging reserve £'000	EBT reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 September 2019	58	115	14,595	(13,147)	92	(152)	(1)	51,827	53,387
Profit for the period	-	-	-	-	-	-	-	2,051	2,051
Other comprehensive income for the period	-	-	-	-	88	866	-	-	954
Total comprehensive income for the period	-	-	-	-	88	866	-	2,051	3,005
Transactions with owners of the Company:									
Share-based payment deferred tax deduction in excess of remuneration expense	-	-	-	-	-	-	-	(147)	(147)
Share-based payment current tax deduction in excess of remuneration expense	-	-	-	-	-	-	-	-	-
Shares from EBT exercised	-	-	-	-	-	-	-	233	233
Share-based payments	-	-	-	-	-	-	-	225	225
Shares withheld to settle employees' tax obligations associated with share-based payments	-	-	-	-	-	-	-	(214)	(214)
Premium on shares awarded in lieu of bonuses	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(1,501)	(1,501)
Balance at 29 February 2020	58	115	14,595	(13,147)	180	714	(1)	52,474	54,988

Condensed Consolidated Statements of Changes in Equity (Continued)

For the year ended 31 August 2020	Share capital £'000	Share premium £'000	Merger reserve £'000	Merger difference reserve £'000	Translation reserve £'000	Hedging reserve £'000	EBT reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 September 2019	58	115	14,595	(13,147)	92	(152)	(1)	51,827	53,387
Profit for the period	-	-	-	-	-	-	-	4,091	4,091
Other comprehensive income for the period	-	-	-	-	105	372	-	-	477
Total comprehensive income for the period	-	-	-	-	105	372	-	4,091	4,568
Transactions with owners of the Company:									
Share-based payment deferred tax deduction in excess of remuneration expense	–	–	–	–	–	–	–	162	162
Share-based payment current tax deduction in excess of remuneration expense	–	–	–	–	–	–	–	457	457
Shares from EBT exercised	–	–	–	–	–	–	–	252	252
Share-based payments	–	–	–	–	–	–	–	537	537
Shares withheld to settle employees' tax obligations associated with share-based payments	–	–	–	–	–	–	–	(192)	(192)
Premium on shares awarded in lieu of bonuses	–	–	–	–	–	–	–	(22)	(22)
Dividends paid	–	–	–	–	–	–	–	(2,251)	(2,251)
Balance at 31 August 2020	58	115	14,595	(13,147)	197	220	(1)	54,861	56,898

Consolidated Statement of Cash Flow

For the six months ended 28 February 2021

	Six months to 28 February 2021 £'000	Six months to 29 February 2020 £'000	Year to 31 August 2020 £'000
Cash flows from operating activities			
Profit for the period	**19,266**	2,051	4,091
Adjustments for:			
Income tax expense	**4,296**	639	2,934
Net finance charge	**589**	325	909
Profit on disposal of property, plant and equipment	**-**	(1)	-
Amortisation of intangibles	**3,786**	3,244	6,780
Impairment of goodwill	**-**	-	10,200
Depreciation of property, plant and equipment	**1,029**	644	1,777
Share-based payments	**416**	225	537
Operating cash flow before movements in working capital	**29,382**	7,127	27,228
Decrease in trade and other receivables	**527**	3,535	3,839
Decrease in inventories	**3,465**	2,579	1,914
(Decrease)/increase in trade and other payables	**(8,169)**	(4,222)	7,932
Operating cash flow before interest and tax paid	**25,205**	9,019	40,913
Net interest paid	**(145)**	(155)	(441)
Income tax paid	**(2,819)**	(816)	(3,539)
Net foreign exchange movement	**(700)**	(85)	(322)
Net cash inflow from operating activities	**21,541**	7,963	36,611
Cash flows from investing activities			
Purchases of property, plant and equipment	**(779)**	(2,698)	(3,966)
Development of intangible assets	**(2,911)**	(3,251)	(5,649)
Acquisition of subsidiary, net of cash acquired	**-**	(35,265)	(35,309)
Net cash used in investing activities	**(3,690)**	(41,214)	(44,924)
Cash flows from financing activities			
Issue of equity shares	**1**	1	-
Proceeds from loans and borrowings	**-**	36,000	36,000
Repayments from loans and borrowings	**(12,000)**	(3,000)	(24,000)
Loan arrangement fee	**-**	(360)	(359)
Payment of right of use liabilities	**(338)**	-	(939)
Payment of interest on right of use liabilities	**(15)**	-	(41)
Equity dividends paid	**(1,682)**	(1,501)	(2,251)
Net cash (used)/generated in financing activities	**(14,034)**	31,140	8,410
Net increase in cash and cash equivalents	**3,817**	(2,111)	97
Cash and cash equivalents at beginning of the period	**14,975**	14,878	14,878
Cash and cash equivalents at end of the period	**18,792**	12,767	14,975

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of preparation and significant accounting policies

Focusrite plc (the 'Company') is a company incorporated in the UK. The condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 28 February 2021 comprised the Company and its subsidiaries (together referred to as the 'Group').

The Group is a business engaged in the development, manufacture and marketing of professional audio and electronic music products.

Statement of compliance

The interim financial statements are for the six months ended 28 February 2021 and are presented in pounds Sterling ('GBP'). This is the functional currency of the Group. The statement is presented to the nearest £1,000 ('£'000'). The interim financial report has been prepared in accordance with the recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 that are used for the annual financial statements. The annual financial statements of the Group for the year ended 31 August 2021 will be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

AIM listed companies are not required to comply with IAS 34 'Interim Financial Reporting' and accordingly the Company has taken advantage of this exemption. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 August 2020.

These interim financial statements were authorised for issue by the Company's Board of Directors on 27 April 2021.

The comparative figures for the financial year ended 31 August 2020 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Significant accounting policies

The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 August 2020 which were prepared in accordance with IFRSs as adopted by the EU.

1.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and subsidiaries controlled by the Company drawn up to 28 February 2021.

1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

1.3 Going concern

The Board of Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of the interim financial statements. Accordingly, the interim statements have been prepared on a going concern basis.

The Group meets its day-to-day working capital requirements from cash balances and a revolving credit facility of £40.0 million is due for renewal in December 2024. As further described below, the availability of the revolving credit facility is subject to continued compliance with certain covenants.

The COVID-19 virus has caused upheaval worldwide with many businesses experiencing a significant decline in revenue. The Directors have prepared projected cash flow forecasts for the period ending 12 months from the date of their approval of this financial statement. These forecasts include a severe but plausible downside scenario, which includes potential impacts from the continued uncertainty of COVID-19 (see below).

The base case covers the period to May 2022 and includes demanding but achievable forecast growth. The forecast has been extracted from the Group's three-year plan. Key assumptions include:

- Future growth assumptions consistent with those recently achieved by the business excluding an estimate of the impact of COVID-19 but including the Group's expectation of Martin Audio recovery from the pandemic, and annualisation of Martin Audio results.
- Free cash flow as a percentage of revenue held steady compared to previous years.
- Continued investment in research and development in all areas of the Group.
- Dividends consistent with the Group's dividend policy.
- Additional investment in acquisitions in the forecast period.

Throughout the period the forecast cash flow information indicates that the Group will have sufficient cash reserves and comply with the leverage and interest cover covenants contained within the facility.

The Directors' view is that a severe yet plausible downside assumption against their base case forecasts is estimated to be a revenue shortfall of 30% for a six-month period commencing April 2021. This model assumes that purchases of stock would, in time, reduce to reflect reduced sales, if they occurred, and the Group would respond to a revenue shortfall by taking reasonable steps to reduce overheads within its control. Even at that level, the Group would be expected to remain well within the terms of its loan facility with the leverage covenant (net debt to adjusted EBITDA) in the period not exceeding 0.6x compared to the maximum of 2.5x. The Group's net debt position under this severe plausible downside scenario would still be expected to improve at the end of the 12-month period.

Separately, the Directors estimate that if the Group were to experience a shortfall in revenue of greater than 65% for six months, debt and leverage could rise to the upper limits allowed by the banking covenants by September 2021. This scenario includes consequential reductions in the purchases of stock and overheads. As an additional measure, the Directors could also cancel the dividend. However, the Directors view is that any scenario of a revenue shortfall of greater than 30% is not plausible.

In reality, the Group is still experiencing record levels of consumer registrations and customer demand, partially as a result of the COVID-19 restrictions on people's movement, and therefore the high levels of revenue have been maintained since year end. This is evidenced by improvements in the Group's cash position which has remained strong, increasing from the £18.8 million reported at half year to approximately £27.4 million at 19 April 2021. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the interim statements and therefore have prepared the financial statements on a going concern basis.

1.4 Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted for the dilutive effect of potential ordinary shares arising from the exercise of granted share options.

1.5 Accounting estimates and judgements

In application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the Directors in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the Group's financial statements for the year ended 31 August 2020.

1.6 Foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). Sterling is the predominant functional currency of the Group and presentation currency for the consolidated financial information.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are

recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in the income statement.

1.7 Hedge accounting

The Group has adopted hedge accounting for qualifying transactions. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities of firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

1.8 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period in which the grant is received.

1.9 Alternative Performance Measures (APMs) and non-underlying items

The Group have applied certain Alternative Performance Measures ('APMs') within these interim results. The APMs presented are used in discussions with the Board, management and investors to aid the understanding of the performance of the Group. The Group refer to 'Adjusted' measures and 'non-underlying' items to better reflect the trading performance of the Group.

Non-underlying items are those items that are unusual because of their size, nature of incidence. The Directors consider that these items should be separately identified within their relevant income statement category to enable full understanding of the Group's results. Items included are one-off acquisition costs and restructuring costs.

The following APMs have been used in these interim results:

- Adjusted EBITDA - Comprising earnings adjusted for interest, taxation, depreciation, amortisation and non-underlying items. This is shown on the face of the income statement.
- Adjusted operating profit – Operating profit adjusted for non-underlying items which comprise costs relating to the acquisition of Sequential LLC (£0.3 million) and amortisation of acquired intangibles (£1.8 million).
- Adjusted earnings per share (EPS) – Earnings per share excluding non-underlying items.
- Free cash flow - defined as net cash from operating activities less net cash used in investing and financing activities, excluding dividends paid.
- Underlying free cash flow – as free cash flow but adding back non-underlying cash flows relating to repayment of RCF drawn down for acquisitions.
- Net debt – comprised of cash and cash equivalents, overdrafts and amounts drawn against the RCF including the costs of arranging the RCF.

2. Revenue

An analysis of the Group's revenue is as follows:

	Six months to February 2021				Six months to February 2020			
	EMEA	**North America**	**Rest of World**	**Total**	EMEA	North America	Rest of World	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Focusrite	**21,787**	**28,578**	**7,960**	**58,325**	11,748	10,077	3,749	25,574
Focusrite Pro	**919**	**1,324**	**432**	**2,675**	607	853	424	1,884
Focusrite segment	**22,706**	**29,902**	**8,392**	**61,000**	12,355	10,930	4,173	27,458
Novation segment	**5,253**	**5,880**	**1,910**	**13,043**	4,521	3,506	1,908	9,935
ADAM Audio	**6,356**	**4,111**	**2,115**	**12,582**	3,700	2,205	1,136	7,041
Martin Audio	**2,620**	**1,952**	**4,079**	**8,651**	1,573	1,453	1,500	4,526
Distribution segment	**10**	**-**	**-**	**10**	966	-	-	966
Total	**36,945**	**41,845**	**16,496**	**95,286**	23,115	18,094	8,717	49,926

	Year to August 2020			
	EMEA	North America	Rest of World	Total
	£'000	£'000	£'000	£'000
Focusrite	32,128	32,782	11,268	76,178
Focusrite Pro	1,071	1,625	796	3,492
Focusrite segment	33,199	34,407	12,064	79,670
Novation segment	8,290	7,013	4,080	19,383

ADAM Audio	8,784	6,352	2,245	17,381
Martin Audio	4,493	3,089	4,432	12,014
Distribution segment	1,693	-	-	1,693
Total	56,459	50,861	22,821	130,141

In August 2020, the Group ceased distributing KRK monitors in the UK, favouring instead the Group's own ADAM Audio Studio monitors. Therefore, revenue from the Distribution channel is declining to nil.

3. Operating segments

Products and services from which reportable segments derive their revenue

Information reported to the Group's Chief Executive Officer (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the main product groups which the Group sells. While the results of Novation and Ampify are reported separately to the Board, they meet the aggregation criteria set out in IFRS 8 'Operating Segments'. The Group's reportable segments under IFRS 8 are therefore as follows:

Focusrite	-	Sales of Focusrite branded products
Focusrite Pro	-	Sales of Focusrite Pro branded products
Novation	-	Sales of Novation and Ampify branded products
ADAM Audio	-	Sale of ADAM Audio products
Martin Audio	-	Sale of Martin Audio products. Only applies after acquisition on 30 December 2019

The revenue and profit generated by each of the Group's operating segments are summarised as follows:

	Six months to 28 February 2021 (unaudited) £'000	Six months to 29 February 2020 (unaudited) restated £'000	Year to 31 August 2020 (audited) £'000
Revenue from external customers			
Focusrite	**58,325**	25,574	76,178
Focusrite Pro	**2,675**	1,884	3,492
Novation	**13,043**	9,935	19,383
ADAM Audio	**12,582**	7,041	17,381
Martin Audio	**8,651**	4,526	12,014
Distribution	**10**	966	1,693
Total	**95,286**	49,926	130,141
Segment profit			
Focusrite	**28,292**	11,781	35,602
Focusrite Pro	**1,332**	1,031	1,916
Novation	**4,726**	4,230	8,458

ADAM Audio	**7,391**	3,856	8,828
Martin Audio	**3,963**	1,943	5,032
Distribution	**(12)**	165	57
	45,692	23,006	59,893
Central distribution costs and administrative expenses	**(19,402)**	(16,624)	(36,858)
Goodwill impairment	**-**	-	(10,200)
Non-underlying items	**(2,139)**	(3,367)	(4,901)
Operating profit	**24,151**	3,015	7,934
Finance income	**-**	28	36
Finance costs	**(589)**	(353)	(945)
Profit before tax	**23,562**	2,690	7,025
Tax	**(4,296)**	(639)	(2,934)
Profit after tax	**19,266**	2,051	4,091

Segment profit represents the profit earned by each segment without allocation of the share of central administration costs, including Directors' salaries, finance income and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance. Segment profit at year end and 28 February 2021 includes all costs of goods sold. The figure for the six months to 29 February 2020 previously only included directly attributable costs of goods sold, and so excluded costs such as duty and freight which were not allocated directly to a particular brand. For the periods including year-end 31 August 2020 onwards, such costs are allocated to the segments to better demonstrate the performance of each brand. Therefore, the period ending 29 February 2020 has been restated to offer a better comparative to the other periods.

Central administration costs comprise principally the employment-related costs and other overheads incurred by the Group. Also included within central administration costs is the charge relating to the share option scheme of £416,000 for the six-month period to 28 February 2021 (six months to 29 February 2020: £225,000; year to 31 August 2020: £537,000).

Segment net assets and other segment information

Management does not make use of segmental data relating to net assets and other balance sheet information for the purposes of monitoring segment performance and allocating resources between segments. Accordingly, other than the analysis of the Group's non-current assets by region shown below, this information is not available for disclosure in the consolidated financial information.

The Group's non-current assets, analysed by region, were as follows:

	28 February 2021 (unaudited) £'000	29 February 2020 (unaudited) £'000	31 August 2020 (audited) £'000
Non-current assets			

North America	**590**	124	760
Europe, Middle East and Africa	**49,278**	61,464	49,611
Rest of World	**1,347**	1,708	1,967
Total non-current assets	**51,215**	63,296	52,338

4. Non-underlying costs

The following non-underlying costs have been charged in the period

	28 February 2021 (unaudited) £'000	29 February 2020 (unaudited) £'000	31 August 2020 (audited) £'000
Non-underlying costs			
Acquisition and due diligence costs	**270**	1,813	1,737
Restructuring	**-**	410	151
Non-underlying costs	**270**	2,223	1,888
Amortisation of acquired intangible assets	**1,869**	1,144	3,013
Impairment of goodwill on acquisition	**-**	-	10,200
Total non-underlying costs for adjusted EBITDA	**2,139**	3,367	15,101

Acquisition and due diligence costs in the six months to 28 February 2021 related to fees accrued for due diligence work associated with the acquisition of Sequential LLC.

5. Taxation

The tax charge for the six months to 28 February 2021 is based on the estimated tax rate for the full year in each jurisdiction.

6. Dividends

The following equity dividends have been declared:

	Six months to 28 February 2021 (unaudited)	Six months to 29 February 2020 (unaudited)	Year to 31 August 2020 (audited)
Dividend per qualifying ordinary share	**1.5p**	1.3p	4.2p

During the period, the Company paid a final dividend in respect of the year ended 31 August 2020 of 2.9 pence per share, amounting to £1,682,000.

The Board has approved an interim dividend of 1.5p (HY20: 1.3p). At HY20, the Board deferred the declaration of the interim dividend at the interim results due to the uncertainty at the start of the COVID-19 pandemic. However, following strong trading this was subsequently approved and announced in July 2020 and paid in August 2020.

7. Earnings per share

Reported EPS

The calculation of the basic and diluted EPS is based on the following data:

Earnings	**Six months to 28 February 2021 (unaudited) £'000**	Six months to 29 February 2020 (unaudited) £'000	Year to 31 August 2020 (audited) £'000
Earnings for the purposes of basic and diluted EPS being net profit for the period	**19,266**	2,051	4,091
Non-underlying items	**2,139**	3,367	15,101
Tax on non-underlying items	**-**	-	(26)
Total underlying profit for adjusted EPS calculation	**21,405**	5,418	19,166

Number of shares	**Six months to 28 February 2021 number '000**	Six months to 29 February 2020 number '000	Year to 31 August 2020 number '000
Weighted average number of ordinary shares for the purposes of basic EPS calculation	**58,077**	57,537	57,680
Effect of dilutive potential ordinary shares:			
EMI share option scheme and unapproved share option plan	**890**	733	812
Weighted average number of ordinary shares for the purposes of diluted EPS calculation	**58,967**	58,270	58,492
EPS	**Pence**	Pence	Pence
Basic EPS	**33.2**	3.6	7.1
Diluted EPS	**32.7**	3.5	7.0
Adjusted basic EPS	**36.9**	9.4	33.2
Adjusted diluted EPS	**36.3**	9.3	32.8

At 28 February 2021, the total number of ordinary shares issued and fully paid was 58,661,639. This included 528,916 shares held by the Employee Benefit Trust ('EBT') to satisfy options vesting in future years. The operation of this EBT is funded by the Group so the EBT is required to be consolidated, with the result that the weighted average number of ordinary shares for the purpose of the basic EPS calculation is the net of the weighted average number of shares in issue (58,312,191) less the weighted average number of shares held by the EBT (234,909). It should be noted that the only right relinquished by the Trustees of the EBT is the right to receive dividends. In all other respects, the shares held by the EBT have full voting rights.

The effect of dilutive potential ordinary share issues is calculated in accordance with IAS 33 and arises from the employee share options currently outstanding, adjusted by the profit element as a proportion of the average share price during the period.

8. Other intangible assets

	Intellectual property	Internally generated development costs	Acquired development costs	Licences	Trademark	Computer software	Brands	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 September 2019	536	20,104	4,043	103	422	1,008	7,500	33,716
Additions - products previously under development	44	-	-	63	404	224	-	735
Additions - products developed during the year	-	2,698	-	-	-	81	-	2,779
Additions - from development in progress	-	1,884	-	-	-	-	-	1,884
Additions through business combination	-	-	15,900	-	-	224	6,800	22,924
Disposals	-	(996)	-	-	-	(10)	-	(1,006)
At 31 August 2020	580	23,690	19,943	166	826	1,527	14,300	61,032

	Intellectual property	Internally generated development costs	Acquired development costs	Licences	Trademark	Computer software	Brands	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 September 2020	**580**	**23,690**	**19,943**	**166**	**826**	**1,527**	**14,300**	**61,032**
Additions - products previously under development	**40**	**909**	**-**	**-**	**66**	**238**	**-**	**1,253**
Additions - products developed during the period	**-**	**19**	**-**	**-**	**-**	**-**	**-**	**19**
Additions - from development in progress	**-**	**1,672**	**-**	**-**	**-**	**-**	**-**	**1,672**
Disposals	**-**	**(2,371)**	**-**	**-**	**-**	**(383)**	**-**	**(2,754)**
At 28 February 2021	**620**	**23,919**	**19,943**	**166**	**892**	**1,382**	**14,300**	**61,222**

As at the 28 February 2021, there were £2,808,000 of assets under construction within internally generated development costs (HY20: £1,874,000).

	Intellectual property	Internally generated development costs	Acquired development costs	Licences	Trademark	Computer software	Brands	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Amortisation								
At 1 September 2019	353	13,386	110	95	269	576	95	14,884
Charge for the year	167	3,026	2,042	27	195	260	973	6,690
Eliminated on disposal	-	(906)	-	-	-	(10)	-	(916)
At 1 September 2020	**520**	**15,506**	**2,152**	**122**	**464**	**826**	**1,068**	**20,658**
Charge for the period	**14**	**1,612**	**1,321**	**17**	**139**	**167**	**548**	**3,818**
Eliminated on disposal	**-**	**(2,371)**	**-**	**-**	**-**	**(383)**	**-**	**(2,754)**
At 28 February 2021	**534**	**14,747**	**3,473**	**139**	**603**	**610**	**1,616**	**21,722**

	Intellectual property	Internally generated development costs	Acquired development costs	Licences	Trademark	Computer software	Brands	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Carrying amount								
At 28 February 2021	**86**	**9,172**	**16,470**	**27**	**289**	**772**	**12,684**	**39,500**
At 31 August 2020	60	8,184	17,791	44	362	701	13,232	40,374

9. Financial instruments

The fair value of the Group's derivative financial instruments is calculated using the quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using applicable yield curve for the duration of the instruments for non-optional derivatives, and an option pricing model for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract.

IFRS 13 'Fair Value Measurements' requires the Group's derivative financial instruments to be disclosed at fair value and categorised in three levels according to the inputs used in the calculation of their fair value.

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial instruments held by the Group that are measured at fair value all related to financial assets/(liabilities) measured using a Level 2 valuation method.

The fair value of financial assets and liabilities held by the Group are:

	28 February 2021 (unaudited) £'000	29 February 2020 (unaudited) £'000	31 August 2020 (audited) £'000
Financial assets			
Amortised cost			
Cash and cash equivalents	**18,792**	12,767	14,975
Trade and other receivables	**14,638**	16,306	15,353
Designated cash flow hedge relationships			
Derivative financial assets designated and effective as cash flow hedging instruments	**846**	881	271
	34,276	29,954	30,599
Financial liabilities			
Amortised cost			
Trade and other payables	**7,459**	9,133	14,137
Bank loan and arrangement fee	**(303)**	32,640	11,641
	7,156	41,773	25,778

The £0.3 million recorded against bank loan and arrangement fee is the amount paid to arrange the RCF in December 2020. The cost is being written down over the term of the RCF, which is five years. In previous periods it has been shown net with the loan amount, however as at 28 February 2021 no amount is drawn down against the RCF.

10. Subsequent events

On 26 April 2021 the Group completed the acquisition of 100% of the share capital of Sequential LLC. The total consideration paid was $20 million (c£15 million) on completion, with a potential for a further $4 million if certain performance targets are achieved. This has been funded through a combination of existing cash resources and an £8 million drawdown on the existing revolving credit facility of £40 million with HSBC and NatWest. Following the acquisition of Sequential LLC , the Group will have net cash of approximately £12 million.

Independent Review Report to Focusrite plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 28 February 2021 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Other Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statements of Changes in Equity, Consolidated Statement of Cash Flow and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 28 February 2021 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 that are used for the annual financial statements and the AIM Rules.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors’ responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards as adopted by the EU and the next annual financial statements will be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly report in accordance with the recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 that are used for the annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Michael Froom
for and on behalf of KPMG LLP
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
27 April 2021