**Focusrite plc ("Focusrite" or "the Group")**
**Results for the six months ended 28 February 2025**

**Full year expectations unchanged despite volatile trading environment**

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 interim results for the six months ended 28 February 2025 with the Group returning to revenue growth and confident of meeting full year expectations.

Commenting on the results and outlook, Tim Carroll CEO said:

*"After several years of volatility across our Content Creation sales channels, we are now seeing a return to more normal inventory levels, accompanied by sustained demand for our leading brands. The Group has returned to growth, with a 9.9% increase in revenue from Content Creation. This has been driven by more consistent and predictable channel orders, successful new product launches across most of our brands, and some sales rephasing in the US to mitigate the impact of tariffs. The refresh of our flagship Scarlett range in Focusrite is now complete, with customer registrations remaining steady compared to the prior year, outperforming a declining wider market and signalling continued brand strength. Incremental new product introductions in both ADAM and Sequential have further contributed to the overall revenue growth.*

*As previously highlighted, Audio Reproduction has normalised following 18 months of unusually high post-lockdown demand, with H1 revenues down 5.8% year-on-year. However, the pipeline for this division remains strong, reflecting the success of our expanded portfolio and broader market reach.*

*Macroeconomic uncertainties persist—particularly in our key US market— and we have responded swiftly to help mitigate these risks including inventory phasing, selective price increases and relocating manufacturing for certain product ranges. We remain vigilant with regard to any further challenges in the US business environment. With new product launches planned for the next six months, as previously indicated we expect a greater weighting of sales in this period and will continue to focus on maximising gross margins. Given the current 90 day pause and tariff exemption window for certain products, we believe our expectations for the first 12 months of the current financial period remain realistic."*

**Key financial metrics**

| | **HY25** | **HY24** |
|---|---|---|
| | | |
| Revenue (£ million) | 80.9 | 76.9 |
| Gross margin % | 43.9% | 45.8% |
| Adjusted[1] EBITDA[2] (£ million) | 10.4 | 12.1 |
| Operating profit (£ million) | 3.1 | 4.7 |
| Adjusted[1] operating profit (£ million) | 5.8 | 7.5 |
| Basic earnings per share (p) | 3.1 | 4.2 |
| Adjusted[1] diluted earnings per share (p) | 6.6 | 7.7 |
| Interim dividend per share (p) | 2.1 | 2.1 |
| Net debt[3] (£ million) | (17.9) | (27.3) |

**Financial and Operating Highlights**

- Revenue up 5.2% to £80.9 million (HY24: £76.9 million), or 7.2% on an organic constant currency[4] (OCC) basis, driven by strong growth in Content Creation, partially offset by a decline in Audio Reproduction.
- Content Creation revenue increased 9.9% (12.8% OCC[4]) to £59.4 million (HY24: £54.1 million), reflecting successful new product launches across key brands. Adjusting for US tariff-related sales rephasing underlying OCC growth was 6.5%.
- Audio Reproduction revenue declined by 5.8% (5.9% OCC[4]) to £21.5 million (HY24: £22.8 million), against a particularly strong prior year comparator especially in APAC following post-COVID demand surges.

- Gross margin decreased to 43.9% (HY24: 45.8%), impacted by higher freight costs and less favourable product and regional sales mix, including lower royalty sales in China.
- Adjusted[1] EBITDA[2] of £10.4 million, down from £12.1 million in HY24, reflecting lower gross margin and increased costs, including normalised variable remuneration and inflationary pressures.
- Operating profit reduced to £3.1 million (HY24: £4.7 million), in line with EBITDA movements, with amortisation flat year-on-year.
- Interim dividend maintained at 2.1 pence, unchanged from HY24, reflecting confidence in the Group's long-term outlook.
- US tariff risks mitigated in part through H1 inventory build in the US and pricing action already in place. Further actions underway to take advantage of the Group's manufacturing locations and partners based outside of China.

[1] Adjusted for amortisation of acquired intangible assets and other adjusting items as detailed in note 4 to the Interim Statement.

[2] Comprising earnings adjusted for interest, taxation, depreciation and amortisation.

[3] Net debt/cash defined as cash and cash equivalents, overdrafts and amounts drawn against the RCF including the costs of arranging the RCF.

[4] Organic constant currency growth. This is calculated by comparing HY25 revenue to HY24 revenue adjusted for HY25 exchange rates and the impact of acquisitions.

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**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 thirteen established brands: Focusrite, Focusrite Pro, Novation, Ampify, ADAM Audio, Martin Audio, Optimal Audio, Linea Research, Sequential, Oberheim, Sonnox, OutBoard and TiMax.

With a high-quality reputation and a rich heritage spanning decades, its brands are category leaders in the music-making and audio reproduction 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 synthesizers 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. Linea Research designs, develops, manufactures and sells market innovative professional audio equipment globally. Sequential designs and manufactures high end analogue synthesizers under the Sequential and Oberheim brands. Sonnox is a leading designer of innovative, high-quality, award-winning audio processing software plug-ins for professional audio engineers. TiMax specialises in innovative immersive audio and show control technologies. OutBoard manufactures and sells industry standard rigging control products for live events, together with enterprise-level safety test, preparation and quality management for global rental companies and venues.

The Group has offices in four continents and a global customer base with a distribution network covering approximately 240 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 for the six months ended 28 February 2025. Overall, the Group's performance was in line with our expectations, reflecting the strength of our brands and the resilience of our strategy in the face of continued global economic uncertainty and industry-wide headwinds.

Our Content Creation brands delivered a 9.9% increase in revenue over the prior year, marking a return to growth after a prolonged period of channel correction and softer market demand, achieving growth across all major brands even after adjusting for the impact of earlier sales to mitigate tariff impacts. Stocking levels across all major sales channels have now normalised and we are encouraged by multiple data points[1], channel feedback, and internal registration metrics —that show we have grown market share in several key categories. This is a significant achievement in what remains a highly competitive and price-sensitive environment.

As anticipated, the Audio Reproduction market has begun to normalise and as a result our Audio Reproduction division saw a 5.8% decline in revenue when compared to a very high prior year first half of post pandemic business. However, the breadth of our enhanced portfolio across Martin, Optimal, Linea and our more recent acquisitions of TiMax and Panlab continues to support a strong pipeline of business.

Total Group revenue for HY25 increased by 5.2% compared to HY24. On an organic constant currency (OCC) basis, the Content Creation division grew by 12.8% (6.5% after adjusting for US tariff-related sales rephasing), while the Audio Reproduction division saw a 5.9% decrease, resulting in a 7.2% increase on an OCC basis overall for Group revenue. This is despite an increasingly aggressive promotional market backdrop by competitors and rising input costs across both divisions. This demonstrates the strength of our brand to attract customers despite both inflation and aggressive competition.

Group gross margin for the period was 43.9% (HY25: 45.8%), as a consequence of elevated freight rates and a shift in product mix, particularly in Audio Reproduction.

Since the period end the international trading landscape has been severely impacted by fluctuating US tariffs on goods sold into the US. Approximately 12% of the Group's revenue is from products made in China and sold into the US. Of these products, one fifth fall into the announced potentially temporary tariff exemption for computers and accessories. Remaining products for the US market are sourced from Malaysia, Germany, UK and the US.

Anticipating the risk of additional tariffs, the Group took action in the first six months of the period to build stock in our US channel for Content Creation and to hold more stock in our own US warehouse for Audio Reproduction. In addition, we have moved swiftly to increase prices in Content Creation from 1 May, and are closely monitoring the situation within the Audio Reproduction market. The majority of our products for the US market are manufactured outside of China and we are relocating further product ranges where appropriate. Whilst we believe we are well positioned for the next six months to mitigate current risks, we have contingency plans in place to address potential further escalation. Nonetheless the situation remains dynamic and uncertain.

[1] *See Music Trades Annual Census 2024 and sales rankings on key reseller websites (Thomann and Sweetwater)*

**Operating review**

Our Group's portfolio has grown substantially in recent years and now consists of thirteen leading brands, which are categorised into two divisions, Content Creation and Audio Reproduction.

Content Creation consists of:

- Focusrite Novation: Focusrite, Focusrite Pro, Novation and Ampify
- ADAM Audio
- Sequential: Sequential and Oberheim
- Sonnox

Audio Reproduction consists of:

- Martin Audio: Martin Audio, Optimal Audio and Panlab
- Linea Research: Linea Power amplification
- Sheriff Technologies: OutBoard and TiMax brands

| Revenue from external customers | Six months to 28 February 2025 £'000 | Six months to 29 February 2024 £'000 | Reported Growth % | OCC Growth[1] % | Year to 31 August 2024 £'000 |
|---|---|---|---|---|---|
| Focusrite | 30,872 | 29,360 | 5.2% | 8.0% | 60,278 |
| Novation | 8,672 | 7,859 | 10.4% | 13.2% | 16,257 |
| Focusrite Novation | 39,544 | 37,219 | 6.2% | 9.1% | 76,535 |
| ADAM Audio | 13,658 | 11,296 | 20.9% | 24.2% | 22,610 |
| Sequential | 5,252 | 4,539 | 15.7% | 18.9% | 9,705 |
| Sonnox | 996 | 1,047 | -4.9% | -2.4% | 1,968 |
| **Content Creation** | **59,450** | **54,101** | **9.9%** | **12.8%** | **110,818** |
| Audio Reproduction | 21,457 | 22,783 | -5.8% | -5.9% | 47,706 |
| **Total** | **80,907** | **76,884** | **5.2%** | **7.2%** | **158,524** |

***Content Creation*: *Revenue by region***

| Content Creation | Six months to 28 February 2025 £'000 | Six months to 29 February 2024 £'000 | Reported Growth £'000 | OCC Growth[2] £'000 | Year to 31 August 2024 £'000 |
|---|---|---|---|---|---|
| Americas[1] | 24,483 | 25,144 | -2.6% | 0.0% | 51,608 |
| EMEA | 28,694 | 24,014 | 19.5% | 22.8% | 48,812 |
| APAC[1] | 6,273 | 4,943 | 26.9% | 30.0% | 10,398 |
| **Total** | **59,450** | **54,101** | **9.9%** | **12.8%** | **110,818** |

1 Regions restated to reflect revised Group operating model with LATAM now part of Americas and APAC replacing Rest of World

2 Organic constant currency (OCC) growth rate is calculated by comparing HY25 revenue to HY24 revenue adjusted for HY25 exchange rates and the impact of acquisitions

Our Content Creation brands offer best in class audio recording hardware technology, software, electronic music instruments and controllers, and studio reference monitors to content creators at all levels and price points.

Our products are showcased in the finest recording and post-production studios in the world, as well as in the homes of millions of hobbyists and aspiring professionals. Over the past four years, this segment has faced unprecedented challenges, providing us with both opportunities and obstacles. During the pandemic, the Group experienced unparalleled growth in demand for our Focusrite, Novation, and ADAM brands as individuals sought advanced home content creation and streaming solutions. However, the subsequent period presented numerous hurdles, such as component shortages and price increases, elevated shipping costs, worldwide inflation and geopolitical tensions, all of which impacted the music creation industry.

Despite a stabilisation in prices and availability, these challenges, coupled with a softer macroeconomic landscape in the post pandemic period, led to excessive inventory levels across many product segments in our industry channels throughout FY24. The Group responded proactively, focusing on reducing channel stock, managing expenses tightly and continuing to release award-winning products into the channel to spur renewed interest and drive recovery. As a result of these efforts, the first half of this year delivered encouraging results, with Focusrite Novation, Sequential and ADAM all reporting revenue growth.

Regionally, both EMEA and APAC delivered year on year growth while the Americas reported a slight decline versus the prior period. In the Americas, which now includes LATAM, the Group focused on reducing excess channel inventory during the first half, partially offset by a strategic increase in stock of targeted products into the US ahead of recently raised tariffs. Our direct to customer E-commerce business, covering all Content Creation brands has continued to grow year over year and now represents almost 9% of Content Creation turnover. As it continues to grow, the Group will invest more into this channel and we believe it will become an increasingly important route to market for our business.

**Focusrite** audio interfaces, comprising our Scarlett, Clarett and Vocaster ranges, are a suite of audio interfaces designed to allow both beginners and professionals alike to create the best quality audio possible. These products are core to home recording and audio streaming, across a wide range of price points.

At the start of FY24, the Group debuted the 4th generation of the lower input/output (I/O) Scarletts, those with 1, 2 or 4 inputs (Scarlett Solo, 2i2 and 4i4). These new interfaces represent a completely re-engineered product line, with many new features designed to deliver unprecedented ease of use while offering professional-grade technical specifications. Following this, we introduced the higher channel count Scarlett interfaces at the beginning of this fiscal year. These models build upon the innovations of the lower I/O models, adding extra features and functionality tailored to more advanced users. These additions have once again been well received, earning widespread acclaim from industry press and our global channel partners.

We track sales to our end user customers through our registration data, with the vast majority of purchases being registered in order to utilise our easy start process and bundle of free software tools. This data reveals that the overall registrations of Scarlett interfaces have closely mirrored those of the previous year over the first six months. This is in contrast to industry data which shows an overall decline of approximately 2% across this product category compared to 2024.

Clarett, our mid-range interface offering, performed in line with expectations during the first six months and continues to be a highly regarded solution among more experienced musicians and recording engineers.

**Focusrite Pro** offers a suite of solutions for professionals that employ *"audio over internet protocol"* (AOIP) technology for scale in enterprise solutions, both in live events and in permanent installations such as recording and post-production studios. Some of the most prestigious events across the world, including the US Superbowl and the Grammys utilise our Pro products as the backbone of the audio systems deployed. Additionally, many recording and post-production studios have adopted our products to produce and deliver content in enhanced formats, such as Dolby ATMOS.

Our **Novation** brand is an integral part of the Focusrite business unit, dedicated to empowering electronic musicians. It offers a range of solutions including groove boxes, controllers, synthesizers and desktop and iOS creation apps. During the first six months, we introduced an update to the popular Launchkey family (version MK4). These products set a new benchmark for keyboard controllers owing to their ability to integrate with a multitude of software platforms for creating music. The new Launchkey range has performed strongly in HY25, with end-user registrations showing significant growth versus HY24.

**ADAM Audio,** based in Berlin and acquired in July 2019, is a globally recognised brand with a passionate team dedicated to delivering exceptional monitor speakers and headphones for audio content creators. ADAM Audio's portfolio of reference monitors encompasses the T-Series, A-Series, S-Series and recently introduced D-series. The T-Series speakers are award winning reference monitors designed for the home studio market. The A-Series are used in both high-end home studios and professional facilities, while the enterprise level S-Series are installed in some of the most prestigious audio production facilities in the world. Both the A-series and S-Series speakers are seeing growing adoption in upgraded facilities to integrate mixing in an immersive sound environment.

ADAM launched their first desktop monitors, the D3Vs, at the start of this financial year. These speakers have received numerous awards and accolades across the industry, setting a new performance mark for a 3 inch, compact solution for the desktop. We are also seeing the D3Vs gain traction with a number of Hi-Fi companies who sell into the more mainstream consumer audio market.

ADAM's new headphones, the H200, was also launched in the first six months. Initial response has been very positive and we expect this segment to grow as we expand the product line to offer a full headphone portfolio.

Overall, ADAM delivered a strong first period, with continued robust sales of the T-Series, renewed momentum in the high-end S-Series, and strong demand for the new desktop D3Vs.

**Sequential,** based in San Francisco and acquired in April 2021, is a legendary brand in the industry - synonymous with iconic analogue synthesizers. It has been at the forefront of electronic music innovation for over 40 years. In May 2023, the Group acquired the exclusive rights to another prestigious synthesizer brand, Oberheim, which now operates under the Sequential entity as a separate brand.

The majority of Sequential and Oberheim products are positioned at the US$3,000 and upwards price points, catering primarily to professional and aspiring musicians and composers. This segment has faced significant challenges over the past year, on account of the overall industry softness exacerbated by global cost-of-living pressures. To that end, Oberheim launched a new, low cost synth, the TEO-5, which began shipping at the start the first half, adding to the more affordably priced Sequential products successfully launched in FY24. Sales have been strong, with continued demand beyond the initial channel fulfilment.

**Sonnox,** based outside of Oxford and acquired in December 2022, develops industry leading software plug-ins for audio production. These plug-ins, normally residing inside a DAW (Digital Audio Workstation) enable users to refine their audio and produce professional quality recordings.

Sonnox revenue declined by 4.9% in the first half, primarily due to lower royalties from a third-party hardware partner experiencing softness in its market. Beyond that, Sonnox's core plug-ins continue to sell well and several new releases are planned, which are expected to be well received by its dedicated customer base. In addition, the Sonnox team's exceptional engineering skills have contributed to the further development of new products across the Focusrite and ADAM brands, forming an integral part of the Group's overall Research and Development talent base.

***Audio Reproduction: Revenue by region***

| **Audio Reproduction** | **Six months to 28 February 2025 £'000** | **Six months to 29 February 2024 £'000** | **Reported Growth £'000** | **OCC Growth[2] £'000** | **Year to 31 August 2024 £'000** |
|---|---|---|---|---|---|
| Americas[1] | 5,873 | 5,944 | -1.2% | 1.4% | 13,554 |
| EMEA | 8,577 | 8,848 | -3.1% | -5.6% | 19,062 |
| APAC[1] | 7,007 | 7,991 | -12.3% | -11.7% | 15,089 |
| **Total** | **21,457** | **22,783** | **-5.8%** | **-5.9%** | **47,706** |

**1 Regions restated to reflect revised Group operating model with LATAM now part of Americas and APAC replacing "Rest of World"**

**2 Organic constant currency (OCC) growth rate is calculated by comparing HY25 revenue to HY24 revenue adjusted for HY25 exchange rates and the impact of acquisitions**

The Audio Reproduction brands provide high quality, professional grade solutions for both permanent installations and live sound events. The Group first invested in this segment with the acquisition of Martin Audio in December 2019. Since then, the portfolio has grown significantly, both organically and through strategic acquisitions, resulting in a strong lineup of solutions tailored for the touring, theatre, and installation markets.

With the additions of amplifiers, through the acquisition of Linea Research in March 2022, and further immersive sound capabilities and with the acquisitions of Sheriff Technology in December 2023 and then Innovate in April 2024, the division can now provide a complete offering across the dynamic field of Audio Reproduction and immersive sound.

The first six months of the year have seen the teams further integrate the different products and brands resulting in a strong project pipeline that is expected to grow throughout the year.

**Martin Audio** was founded in 1972 to deliver world class touring systems for the supergroups of the day. The ethos of "Uniting the Audience" has remained core to the company's mission and success. Martin's market stature is built on the meticulous detail of its loudspeakers sonic performance, further enhanced through software and digital signal processing (DSP) which allows precise shaping and control of overall sound performance.

Martin's product portfolio is best understood in terms of "throw" (the distance sound must travel to create the ideal listening experience). Martin offers solutions across its Flexpoint, TORUS, Wavefront Precision, Blackline X and CDD Live ranges to address any size requirement for either a permanent installation or live event.

**Optimal Audio**, the commercial audio brand which has been organically developed over the last four years has benefitted from increased product availability and continues to grow steadily in a large and competitive market.

**Linea Research** has established itself as a trusted and innovative industry leader in high quality power amplification. Linea Research's portfolio includes integrated digital signal processing, a unique combination of high-quality sound and power that professional installations and events require.

Linea Research has integrated well into the wider Group since being acquired in March 2022 providing a reliable source of amplification technology for Martin Audio's products, whilst also continuing to serve a broad base of third party customers through its own product lines. Linea Research was honoured with a King's Award for Innovation in 2024, reflecting its ongoing commitment to excellence in engineering.

**Sheriff Technologies**, comprises two brands serving the Audio Reproduction market: TiMax and OutBoard.

TiMax is a pioneer in the rapidly growing field of immersive audio experiences, specialising in innovative sound and show control solutions through their SoundHub and TrackerD4 products. These technologies support a wide range of applications including entertainment, events, branding, themed environments and exhibition spaces

OutBoard, built on extensive experience from the touring and rigging industries, offers a comprehensive suite of compact, robust chain-hoist motor controllers, as well as systems for safety testing, preparation, and quality management, all designed for use by global rental companies and large-scale venues.

As previously reported, the Audio Reproduction segment experienced exceptional growth across 2023 and 2024, following a period of very low demand during the pandemic and a subsequent reinvestment of capital into the industry during the return of live events. As expected, market demand is now normalising toward pre-pandemic levels. For Martin Audio, this trend was especially evident in China, which delivered a notably strong first half in the prior as the region emerged from a prolonged lockdown. This has contributed to a 5.8% year on year decline. However, with a significantly broader product offering and increased market presence, the Group's pipeline supports our expectation of a stronger second six months for the Audio Reproduction division, in line with the typical seasonality of its market.

***Research and development***

R&D remains a cornerstone of our Group's strategy. During the period, the Group successfully launched three new products to market, alongside 56 software upgrades (FY24: 57 upgrades). Our R&D teams are based in each of the business units, working across the technical, design and manufacturing disciplines of all our products. The Group holds three Queen's and King's Awards for innovation, and this focus on innovation has resulted in cashflow benefits of over £1 million per year from tax credits due to the RDEC scheme and patent box benefits.

All our development projects follow a rigorous product lifecycle analysis, assessing market competition and technical challenges as well as their anticipated economic return, to deliver either range refreshes or incremental new products. Looking ahead, product introductions are planned across many of our brands in the second six months of the financial period and beyond, comprising a mix of product refreshes and entirely new innovations.

**Financial Review**

**Overview**

The Group reported revenues of £80.9 million, representing a 5.2% increase compared to the six months ended 29 February 2024. On an organic constant currency ("OCC") basis, the underlying increase was 7.2%.

Adjusted EBITDA[2] of £10.4 million was 14.0% lower than the prior year, reflecting the impact of a lower gross margin and an anticipated increases in costs including normalised variable remuneration and inflationary pressures.

Reported operating profit declined to £3.1 million (HY24: £4.7 million), driven by the same factors impacting overall financial performance. Adjusted diluted EPS[1] was also lower than the prior year's 7.7 pence, at 6.6 pence.

**Income statement**

| | **HY25 £m Adjusted** | **HY25 £m Adjusting items[1]** | **HY25 £m Reported** | HY24 £m Adjusted | HY24 £m Adjusting items[1] | HY24 £m Reported |
|---|---|---|---|---|---|---|
| Revenue | **80.9** | **-** | **80.9** | 76.9 | - | 76.9 |
| Cost of sales | **(45.4)** | **-** | **(45.4)** | (41.7) | - | (41.7) |
| Gross profit | **35.5** | **-** | **35.5** | 35.2 | - | 35.2 |
| Administrative overheads | **(25.1)** | **-** | **(25.1)** | (23.1) | (0.1) | (23.2) |
| **EBITDA[2]** | **10.4** | **-** | **10.4** | 12.1 | (0.1) | 12.0 |
| Amortisation of intangible assets | **(3.2)** | **(2.7)** | **(5.9)** | (3.1) | (2.7) | (5.8) |
| Depreciation of tangible assets | **(1.4)** | **-** | **(1.4)** | (1.5) | - | (1.5) |
| Operating profit | **5.8** | **(2.7)** | **3.1** | 7.5 | (2.8) | 4.7 |
| Net finance expense | **(1.0)** | **-** | **(1.0)** | (1.3) | - | (1.3) |
| Profit before tax | **4.8** | **(2.7)** | **2.1** | 6.2 | (2.8) | 3.4 |
| Income tax expense | **(0.9)** | **0.6** | **(0.3)** | (1.6) | 0.7 | (0.9) |
| Profit for the period | **3.9** | **(2.1)** | **1.8** | 4.6 | 2.1 | 2.5 |
| | | | | | | |
| Memo: Total administrative expenses | **(29.7)** | **(2.7)** | **(32.4)** | (27.7) | (2.8) | (30.5) |

1 Adjusted for amortisation of acquired intangible assets and other adjusting items detailed in note 4 to the Interim Financial Statements.
2 Earnings (Profit after tax) before Interest, Tax, Depreciation and Amortisation

***Revenue analysis***

| | HY25 Reported | Acquisition Adjustment | HY25 Adjusted | HY24 Reported | HY24 Currency | HY24 adjusted | Reported Growth | OCC Growth[1] |
|---|---|---|---|---|---|---|---|---|
| Focusrite | 30.9 | - | 30.9 | 29.4 | (0.8) | 28.6 | 5.2% | 8.0% |
| Novation | 8.7 | - | 8.7 | 7.9 | (0.2) | 7.7 | 10.4% | 13.2% |
| Focusrite Novation[2] | 39.6 | - | 39.6 | 37.3 | (1.0) | 36.3 | 6.2% | 9.1% |
| ADAM | 13.6 | - | 13.6 | 11.3 | (0.3) | 11.0 | 20.9% | 24.2% |
| Sequential | 5.2 | - | 5.2 | 4.5 | (0.1) | 4.4 | 15.7% | 18.9% |
| Sonnox | 1.0 | - | 1.0 | 1.0 | - | 1.0 | -4.9% | -2.4% |
| **Content Creation** | **59.4** | **-** | **59.4** | **54.1** | **(1.4)** | **52.7** | **9.9%** | **12.8%** |
| Audio Reproduction | 21.5 | (0.4) | 21.1 | 22.8 | (0.4) | 22.4 | -5.8% | -5.9% |
| **Total** | **80.9** | **(0.4)** | **80.5** | **76.9** | **(1.8)** | **75.1** | **5.2%** | **7.2%** |

1 Organic constant currency (OCC) growth rate is calculated by comparing FY25 revenue to FY24 revenue adjusted for FY25 exchange rates and the impact of acquisitions

2 This period Focusrite and Novation brands have been merged into one operating segment within the financial statements following the reorganisation of the relevant R&D teams, resulting in Novation no longer meeting the criteria for separate disclosure as a cash generating unit. The brands are shown here separately for reference and to provide added clarity in the comments below.

Group revenue increased by 5.2% to £80.9 million (HY24: £76.9 million). When adjusted for acquisitions and constant currency effects, this equates to an organic constant currency (OCC) growth of 7.2%. Sheriff Technology, acquired in December 2023, contributed two months of revenue in the prior half year.

Currency movements resulted in headwinds, reducing reported revenue by approximately £1.8 million, primarily due to the weakening of the US dollar.

After a turbulent four years across our Content Creation sales channels, stock levels have now largely normalised across our partner network, with the division returning to growth at 9.9% (OCC: 12.8%). This was helped in part by stock build in the US ahead of anticipated tariff increases. After adjusting for this phasing effect underlying OCC growth for the division would have been approximately 6.5% for the period.

The Audio Reproduction division has benefitted from strong market demand over the last two years, since the lifting of COVID restrictions. As expected, the market has now begun to stabilise, resulting in a decline of 5.8% (OCC: -5.9%) compared to an exceptionally strong first half last year.

Focusrite Novation achieved revenue of £39.6 million an increase of 6.2% (OCC: 9.1%) compared to the prior year. Both brands reported growth in the period, with Novation performing particularly well, up 10.4%, and Focusrite up 5.2% year on year.

Adjusting for US tariff related sales rephasing, Novation, where the majority of products are manufactured in China, would have been slightly positive and Focusrite would have reported underlying growth of approximately 5.0%.

As highlighted at the end of FY24, some destocking was anticipated in the US for several high volume Focusrite products and this has progressed as expected. Focusrite revenue was supported by the launch of the high input/output range of Scarlett products at the end of FY24, which have continued to sell well and now lead their category rankings with many resellers.

Novation also benefitted from new products, including the fourth iteration of the Group's successful Launchkey controller range supported by seeded launches with selected influencers on social media.

ADAM Audio continues to grow with an expanded range now including desktop speakers and headphones. Revenue grew by 20.9% (OCC: 24.2%) to £13.6 million, with a tailwind from the phasing of sales due to inventory build to mitigate tariffs in the US. After adjusting for this effect, underlying growth was approximately 10.6%, despite a particularly strong comparator in the first half of FY24.

After two difficult years Sequential has returned to growth with revenue of £5.2 million, up 15.7% year on year (OCC: 18.9%). The introduction of a new lower price point synthesizer, the TEO-5, drove much of this growth and continues to sell well in all regions. As Sequential is almost entirely manufactured in the US there was no impact from tariff rephasing in the half year.

Audio Reproduction had a particularly strong result in the first half of last year, driven by high demand in APAC, particularly China, following the delayed removal of COVID restrictions. As expected, the market has now started to normalise, and as a result revenue for this division reduced to £21.5 million from £22.8 million in HY24 a decline of 5.8% (OCC: 5.9%). There was no tariff rephasing impact on revenue, as the Group holds stock in the US for Audio Reproduction and so the rephasing is reflected in higher inventory levels at the period end rather than higher sales levels during the first half.

The strength of the Group's expanded Audio Reproduction portfolio is evident in the robustness of the sales pipeline of orders, which remains at levels consistent with the prior year and indicates that the second six months period should be stronger than the first six months.

***Currency impact***

The US Dollar weakened during the period (with detailed exchange rate movements provided below), resulting in the majority of the £1.8 million negative translation impact on Group revenue for HY25 relative to HY24. However, the impact at the profit level was minimal as purchases of inventory from manufacturers in China and Malaysia are also denominated in USD, creating a natural hedge that offsets much of the currency fluctuation.

***Segment Profit***

Segment profit is disclosed in more detail in note 3 to the Interim Financial Statements named, 'Operating Segments'. These segments compare the revenue of the products of the relevant brands with the directly attributable costs to create segment profit.

***Gross Profit analysis***

The Group's gross margin percentage for the first six months was 43.9%, broadly consistent with the underlying margin reported in the second half of the prior year, but down from 45.8% in HY24. This decline was primarily driven by changes in product and regional sales mix across our brands.

The most significant impact on Group's gross margin came from the Audio Reproduction division. This division, which delivered particularly strong gross margins of 49.7% in the prior year, reported a gross margin of 44.0% in HY25, which reflects a return to a level in line with the three year average of 43.5%. The key driver was a sharp reduction in sales to the Chinese market, where a portion of sales are recognised on a royalty basis via our contract manufacturers. This market weakness in China significantly impacted both revenue and gross profit in the division.

In the Content Creation division, reported gross margin declined slightly by 0.2 percentage points from 44.1% to 43.9% in the first six months compared to the prior first half. However, HY24 included a £1 million provision for Vocaster stock, which impacted gross margins by 1.3 percentage points, therefore the underlying decline for the division was 1.5 percentage points. Stronger sales of lower margin Novation products, alongside a reduction in sales of higher margin Pro range products, contributed to this decline.

Additionally, pricing adjustments made in EMEA to align pricing across ADAM sales channels resulted in a 2.6 percentage point decrease in gross margin for this brand. This strategy has helped drive incremental volume and revenue, resulting in a £0.8 million increase in gross profit.

Sequential's gross margins improved by 5.3 percentage points to 43.3%, reflecting reduced pricing pressure and stabilisation of promotional activity.

Freight rates remained elevated across both divisions relative to the first half of the prior year, and some one-off rework costs relating to new product launches had a further 0.6 percentage point negative impact on Group gross margin.

Looking ahead, the outlook remains uncertain due to the constantly evolving tariff regulations. However we expect an ongoing improvement in margins in regions outside the US. For the US we will continue to focus on maximising gross profits. We have taken swift action in the US to increase prices from May 1 to offset tariff increases and have increased inventory to provide some level of protection before these tariff increases take effect.

***Administrative expenses***

Administrative expenses include sales, marketing, operations, the uncapitalised element of R&D (partially offset by the Research and Development Expenditure Credit regime ('RDEC') tax credit of £0.2 million), as well as central functions such as legal, finance and the Group Board. Total expenses were £25.1 million, up from £23.2 million in the prior year. There were no adjusting costs in the period (HY24: £0.1 million).

The £2.0 million increase in adjusted administrative expenses was primarily driven by the normalisation of variable remuneration totalling £1.0 million, and £0.7 million of labour cost inflation. The remaining increase relates to the annualisation of costs associated with the acquisition of Sheriff Technology in the prior year.

***Adjusted EBITDA***

Adjusted EBITDA is an alternative performance measure widely used by securities analysts, investors and other stakeholders to assess a company's underlying profitability. Within the Group, it also forms the basis for elements of senior management incentivisation, both at the operating company and Group level.

Adjusted EBITDA decreased from £12.1 million in HY24 to £10.4 million in HY25, a decrease of 14.0%. The reduction was primarily due to the lower gross margin and higher operating costs, as discussed above.

A reconciliation of adjusted EBITDA to operating profit can be found in Note 1.9 to the Interim Financial Statements.

***Depreciation and amortisation***

Depreciation is charged on tangible fixed assets using the straight-line method over the assets' estimated useful lives, typically ranging between two and five years.

Amortisation is primarily applied to capitalised development costs, with charges spread over the expected lifecycle of the related product. Product lifespans vary across the Group's brands, from approximately three years for Focusrite and Novation, up to 11 years for Martin Audio and 15 years for Sequential.

During the period, £4.8 million of development costs were capitalised (HY24: £4.5 million), while £3.2 million of previously capitalised development costs were amortised (HY24: £3.1 million). Further details are provided in Note 8.

The amortisation of the acquired intangible assets totalled £2.7 million during the period (HY24: £2.7 million) and has been disclosed within adjusting items.

***Adjusting items***

In HY25 there were no adjusting items. In HY24 adjusting items totalled £0.1 million which related to the due diligence costs for the acquisition of Sheriff Technology that was completed on 19 December 2023. £2.7 million relating to amortisation of acquired intangible assets is also shown as an adjusting item in both reporting periods.

***Foreign exchange and hedging***

The exchange rates were as follows:

| Exchange rates | **HY25** | HY24 | FY24 |
|---|---|---|---|
| Average | | | |
| USD:GBP | **1.28** | 1.25 | 1.26 |
| EUR:GBP | **1.19** | 1.16 | 1.17 |
| | | | |
| Period end | | | |
| USD:GBP | **1.26** | 1.26 | 1.31 |
| EUR:GBP | **1.21** | 1.17 | 1.19 |

The average USD rate has weakened to $1.28 for HY25 (HY24: $1.25). The USD accounts for over half of Group revenue but nearly all of the cost of sales, so there is a useful natural hedge against currency fluctuations.

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 period (ending February 2026) and approximately 50% of the Euro flows for the following financial year (year ending February 2027).

***Corporation tax***

The effective tax rate for the period has decreased to 13.0% (HY24: 27.7%). This is largely due to the benefit attributable to Patent Box claims, including in respect of a new patent granted in January 2025. The underlying effective rate excluding the impact of the catch up for attributable profits prior to the grant date of the new patent is 23.0%. The headline effective tax rate is expected to remain around the UK corporate tax rate in future years due to the ongoing permitted deductions under the Patent Box scheme offsetting the impact of higher tax rates on profits from non-UK entities.

***Earnings per share ('EPS')***

The basic EPS for the half year was 3.1 pence, down 26.2% from 4.2 pence in HY24. This decrease has largely resulted from the change in reported profit after tax, which was impacted by a lower gross margin and an anticipated increase in administrative costs. The weighted average number of shares used for the calculation has decreased marginally compared to the prior year at 58,628,000 shares (HY24: 58,872,000 shares). The more comparable measure, excluding adjusting items and including the dilutive effect of share options, is the adjusted diluted EPS. This decreased to 6.6 pence, from 7.7 pence in HY24, a decrease of 14.3%.

| | **HY25 Pence** | HY24 Pence | FY24 Pence |
|---|---|---|---|
| Basic | **3.1** | 4.2 | 4.5 |
| Diluted | **3.1** | 4.1 | 4.4 |
| Adjusted basic | **6.7** | 7.8 | 18.3 |
| Adjusted diluted | **6.6** | 7.7 | 18.0 |

**Balance sheet**

| | **HY25** **£m** | HY24 £m | FY24 £m |
|---|---|---|---|
| Non-current assets | **93.6** | 98.9 | 94.0 |
| Current assets | | | |
| Inventories | **48.6** | 55.3 | 49.3 |
| Trade and other receivables | **38.8** | 37.5 | 37.6 |
| Cash | **15.6** | 8.9 | 22.0 |
| | | | |
| Current liabilities | | | |
| Trade, other payables and provisions | **(31.7)** | (30.2) | (34.8) |
| | | | |
| Non-current liabilities | | | |
| Bank loan | **(33.5)** | (36.2) | (34.5) |
| Deferred tax | **(10.2)** | (10.3) | (10.8) |
| Other non-current liabilities | **(6.3)** | (5.6) | (6.8) |
| Net assets | **114.9** | 118.3 | 116.0 |
| | | | |
| Working capital[1] | **55.7** | 62.6 | 52.1 |

[1] *Working capital is defined as inventories plus trade and other receivables less trade and other payables and provisions*

***Non-current assets***

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

The goodwill totals £14.1 million (HY24: £16.9 million). The decrease is largely due to the impairment of goodwill of £2.6 million made at the end of FY24 relating to the Sequential with the remaining movement due to foreign exchange.

The total cost of the brands is £25.5 million (HY24: £25.7 million). The majority of brands are being amortised over 10 and 15 years with Martin over a 20 year period. As at 28 February 2025 the brands had carrying value, net of amortisation, of £15.8 million compared to £19.2 million as at 29 February 2024, with £2.1 million of the reduction resulting from the prior year Sequential impairment.

Acquired technology and patent costs comprise developments now in use and brought into the Group as part of an acquisition. These are amortised over similar periods to internally generated assets and as at 28 February 2025 comprised £37.8 million at cost (HY24: £37.3 million). The net book value of these assets at the period end was £21.0 million (HY24: £24.9 million), with £0.7 million of the reduction resulting from the Sequential impairment.

The internally generated technology and patent costs comprise capitalised research and development costs for products currently in use. The amortisation periods range from three years to fifteen 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, Martin Audio live speakers and Sequential synthesisers. The capitalised technology and patent costs as at 28 February 2025 had a carrying value, net of amortisation, of £14.8 million (HY24: £10.7 million).

Capitalised technology and patent costs still under development comprise acquired and internally generated technology and patent costs for products currently still in development. The cost of these items has increased from £7.1 million at 1 September 2024 to £8.4 million as at 28 February 2025 (HY24: £9.4 million), as a result of our £3.9 million ongoing investment in new products, net of the transfer of £2.6 million of costs to products now in use.

Overall, amortisation of the intangible assets totals £5.9 million (HY24: £5.8 million). This is split between amortisation of intangible assets acquired as part of the acquisitions of £2.7 million (HY24: £2.7 million), and other amortisation of £3.2 million (HY24: £3.1 million). The amortisation of acquired intangible assets has been treated as an adjusting item.

Based on current trading and management forecasts, we have conducted impairment reviews for those subsidiaries impacted by difficult markets with no impairments to the carrying value of the intangible assets being deemed necessary. This will be reassessed at the next reporting period for any evidence of any permanent diminution in value.

The remaining £6.4 million net book value of intangible assets (HY24: £6.0 million) is in respect of purchased licences, software and trademarks.

Tangible non-current assets consist mainly of right of use assets relating to the Group's leased offices and warehouses, and tooling equipment for the manufacture of products. This has increased since February 2024 due the addition of tooling for manufacture and a new lease for the Group's office in Hong Kong.

**Working Capital Analysis**

As of 28 February 2025, working capital represented 34.2% of the last 12 months' revenue, a decrease from 37.0% in the comparable period of the previous year (HY24), although still above the Group's historic average of around 25%.

Working capital has decreased from the same point in the prior year, but, as planned, has increased slightly since year end. Inventory has reduced significantly over the last 12 months due to the reduction in Scarlett stocks, particularly of the Gen 3 products, and is lower than at the end of the last financial year, despite a £2 million increase for our Audio Reproduction stock in the US to mitigate the impact of tariffs. Trade debtors and creditors are both higher than at the year end, reflecting the high sales towards the end of the period into the US to manage tariff impacts.

We expect working capital to improve in the second six months resulting in a small cash inflow in the period.

**Cash Flow Analysis**

| | **HY25** | HY24 | FY24 |
|---|---|---|---|
| | **£m** | £m | £m |
| Cash and cash equivalents at the beginning of the year | **22.0** | 26.8 | 26.8 |
| Foreign exchange movements | **0.2** | (0.2) | (0.4) |
| Cash and cash equivalents at the end of the year | **15.6** | 8.9 | 22.0 |
| Net decrease in cash and cash equivalents (per Cash Flow Statement) | **(6.6)** | (17.7) | (4.4) |
| Change in bank loan | **1.7** | (8.1) | (6.6) |
| Increase in net debt | **(4.9)** | (25.8) | (11.0) |
| Add back equity dividend paid | **2.6** | 2.6 | 3.9 |
| Add back acquisition of subsidiary (net of cash acquired) | **-** | 2.3 | 2.5 |
| **Free cash outflow** | **(2.3)** | (20.9) | (4.6) |
| Add back non underlying items (cash outflow) | **-** | 0.1 | 0.1 |
| **Underlying free cash outflow** [1] | **(2.3)** | (20.8) | (4.5) |

[1]Defined as cashflow before equity dividends, acquisition of subsidiary (net of cash acquired) and adjusting items.

The underlying free cash outflow in HY25 was £2.3 million, compared to a cash outflow of £20.8 million in HY24. We expect underlying free cashflow for the six month period to 31 August 2025 to be a small inflow, with the rephasing of inventory due to tariffs to reverse. The Group remains inherently cash generative, and the aim is to return to the historic norm of consistent free cashflow generation in future years.

The net debt balance at the period end was £17.9 million (HY24: net debt of £27.3 million and FY24: net debt of £12.5 million). The net debt includes the arrangement fee for the revolving credit facility (RCF) of £0.6 million which is being amortised across the period of the facility.

Following an update to IAS 1: Presentation of Financial Statements the Group has reclassified the outstanding bank loan of £34.1 million to creditors due in more than one year, and restated prior periods to reflect this classification. This is based on the right to defer payment of the loans for longer than 12 months from the Balance Sheet date.

The Group has a £50 million RCF facility split evenly between HSBC and NatWest which was renewed in September 2023 and is due to expire in September 2028, together with an uncommitted facility for a further £50 million. As at the balance sheet date £34.1 million was drawn down from the facility (HY24: £36.9 million, FY24: £35.1 million).

**Dividend**

The Board has approved an interim dividend of 2.1p (HY24: 2.1p) which is in line with the previous year, despite the reduction in profits and reflects the Board's confidence in the future profit and cash generation prospects of the Group.

**Change in year end**

As announced on 29 October 2024, the Group's year end has been changed from 31 August to 28 February. As a result, the Group will next be reporting unaudited interim results for the 12 month period to 31 August 2025 to be followed by audited full period results for the 18 month period to 28 February 2026.

**Summary and Outlook**

After several years of volatility across our Content Creation sales channels, we are now seeing a return to more normal inventory levels, accompanied by sustained demand for our leading brands. The Group has returned to growth, with a 9.9% increase in revenue from Content Creation. This has been driven by more consistent and predictable channel orders, successful new product launches across most of our brands, and some sales rephasing in the US to mitigate the impact of tariffs. The refresh of our flagship Scarlett range in Focusrite is now complete, with customer registrations remaining steady compared to the prior year, outperforming a declining wider market and signalling continued brand strength. Incremental new product introductions in both ADAM and Sequential have further contributed to the overall revenue growth.

As previously highlighted, Audio Reproduction has normalised following 18 months of unusually high post-lockdown demand, with H1 revenues down 5.8% year-on-year. However, the pipeline for this division remains strong, reflecting the success of our expanded portfolio and broader market reach.

Macroeconomic uncertainties persist—particularly in our key US market— and we have responded swiftly to help mitigate these risks including inventory phasing, selective price increases and relocating manufacturing for certain product ranges. We remain vigilant with regard to any further challenges in the US business environment. With new product launches planned for the next six months, as previously indicated we expect a greater weighting of sales in this period and will continue to focus on maximising gross margins. Given the current 90 day pause and tariff exemption window for certain products, we believe our expectations for the first 12 months of the current financial period remain realistic.

| | |
|---|---|
| **Tim Carroll**<br>**Chief Executive Officer** | **Sally McKone**<br>**Chief Financial Officer** |

**28 April 2025**

**Risks and Uncertainties**

The principal risks affecting the Group are described on pages 34 to 39 of the Group's Annual Report for the year ended 31 August 2024 (a copy of which is available on the Group's website at https://focusriteplc.com/investors/reports-and-presentations/) The Board has considered the principal risks and uncertainties as presented in that Annual Report and has determined that they broadly remain relevant to the rest of this financial year, with the updates as set out below.

**Adverse changes in macroeconomic conditions**

Tariffs introduced by the USA government on goods imported from China and at a lower level on goods produced in other countries will ultimately result in higher prices for US consumers. The situation remains volatile and uncertain. The Group is monitoring the situation closely and has taken action to mitigate the impact through increasing inventory in the US and taking swift action to increase prices where relevant, whilst remaining mindful of our competitive position.

We continue to explore options regarding the sourcing location of our products across all our brands. We have existing manufacturing locations in Germany and the UK, work with our long-term contract manufacturers in the UK, US and Malaysia, and in addition several of our Chinese based partners have factories outside of China. We constantly review options to ensure that we can provide products which meet our high levels of quality at the most cost-effective price for our customers.

In addition, the Group's business is subject to the political, economic and other risks that are currently at play in the changing global environment, with sales to certain markets continuing to be impacted by ongoing conflicts.

**Cyber threat**

As a Group we monitor attempts to infiltrate our information systems and since our Annual Report 2024 was published, we have seen increasingly sophisticated and more personalised attacks using generative AI which makes it more difficult to spot threats. The Group has invested in AI driven tools in order to block these threats as they evolve and we continue to explore further options to strengthen our 24/7 monitoring of our systems.

**Forward looking statements**

The risks and uncertainties facing the Group were reported in detail in the 2024 Annual Report and are monitored closely by the Group. The forward-looking statements in this Interim Report cannot be relied upon as a guarantee or prediction of future performance. We, like all businesses, continue to face known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may mean our actual results differ from those expressed in this first half year report.

**Condensed Consolidated Income Statement**

For the six months ended 28 February 2025

| | Note | **Six months to 28 February 2025** | Six months to 29 February 2024 | Year to 31 August 2024 |
|---|---|---|---|---|
| | | **£'000** | £'000 | £'000 |
| **Revenue** | 2 | **80,907** | 76,884 | 158,254 |
| Cost of sales | | **(45,374)** | (41,683) | (88,031) |
| **Gross profit** | | **35,533** | 35,201 | 70,493 |
| Administrative expenses | | **(32,450)** | (30,544) | (64,797) |
| **Adjusted EBITDA (non-GAAP measure)** | | **10,431** | 12,098 | 25,219 |
| Depreciation and amortisation | | **(4,666)** | (4,609) | (8,574) |
| Adjusting items for Adjusted EBITDA: | | | | |
| Amortisation of acquired intangible assets | 8 | **(2,682)** | (2,734) | (5,510) |
| Impairment of acquired intangible assets | | **-** | - | (5,355) |
| Adjusting items | 4 | **-** | (98) | (84) |
| **Operating profit** | | **3,083** | 4,657 | 5,696 |
| Finance income | | **98** | 83 | 100 |
| Finance costs | | **(1,064)** | (1,318) | (3,292) |
| **Profit before tax** | | **2,117** | 3,422 | 2,504 |
| Income tax (expense)/income | 5 | **(275)** | (949) | 104 |
| **Profit for the period from continuing operations** | | **1,842** | 2,473 | 2,608 |
| **Earnings per share** | | | | |
| From continuing operations | | | | |
| Basic (pence per share) | 7 | **3.1** | 4.2 | 4.5 |
| Diluted (pence per share) | 7 | **3.1** | 4.1 | 4.4 |

**Condensed Consolidated Statement of Other Comprehensive Income**

| | **Six months to 28 February 2025 £'000** | Six months to 29 February 2024 £'000 | Year to 31 August 2024 £'000 |
|---|---|---|---|
| **Profit for the period** | **1,842** | 2,473 | 2,608 |
| *Items that may be reclassified subsequently to the income statement* | | | |
| Exchange differences on translation of foreign operations | **(458)** | (77) | (856) |
| Loss on forward foreign exchange contracts designated and effective as a hedging instrument | **(16)** | (190) | (491) |
| Tax on hedging instrument | **-** | 47 | 123 |
| **Total comprehensive income for the period** | **1,368** | 2,253 | 1,384 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | **1,368** | 2,253 | 1,384 |

**Condensed Consolidated Statement of Financial Position**

| | Note | **28 February 2025 £'000** | Restated 29 February 2024[1] £'000 | Restated 31 August 2024[1] £'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | | **14,113** | 16,888 | 14,194 |
| Other intangible assets | 8 | **66,387** | 70,169 | 66,065 |
| Property, plant and equipment | | **10,325** | 11,375 | 11,096 |
| Deferred tax assets | | **2,729** | 452 | 2,666 |
| **Total non-current assets** | 3 | **93,554** | 98,884 | 94,021 |
| | | | | |
| **Current assets** | | | | |
| Inventories | | **48,635** | 55,298 | 49,267 |
| Trade and other receivables | 9 | **38,766** | 37,186 | 37,391 |
| Current tax assets | | **-** | - | 226 |
| Derivative financial instruments | 9 | **-** | 301 | - |
| Cash and cash equivalents | 9 | **15,637** | 8,924 | 22,040 |
| **Total current assets** | | **103,038** | 101,709 | 108,924 |
| | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | **(27,299)** | (25,299) | (30,745) |
| Other liabilities | | **(1,821)** | (956) | (1,527) |
| Current tax liabilities | | **(1,705)** | (2,681) | (2,022) |
| Provisions | | **(561)** | (1,270) | (522) |
| Derivative financial instruments | 9 | **(267)** | - | - |
| **Total current liabilities** | | **(31,653)** | (30,206) | (34,816) |
| **Net current assets** | | **71,385** | 71,503 | 74,108 |
| **Total assets less current liabilities** | | **164,939** | 170,387 | 168,129 |
| | | | | |
| **Non-current liabilities** | | | | |
| Bank loans and arrangement fee[1] | 9 | **(33,497)** | (36,228) | (34,565) |
| Deferred tax | | **(10,185)** | (10,213) | (10,815) |
| Other liabilities | | **(6,290)** | (5,639) | (6,793) |
| **Total non-current liabilities** | | **(49,972)** | (52,080) | (52,173) |
| **Total liabilities** | | **(81,625)** | (82,286) | (86,989) |
| **Net assets** | | **114,967** | 118,307 | 115,956 |
| | | | | |
| **Capital and reserves** | | | | |
| Share capital | | **59** | 59 | 59 |
| Share premium | | **115** | 115 | 115 |
| Merger reserve | | **14,595** | 14,595 | 14,595 |
| Merger difference reserve | | **(13,147)** | (13,147) | (13,147) |
| Translation reserve | | **(4,138)** | (2,834) | (3,680) |
| Hedging reserve | | **(16)** | 301 | - |
| EBT reserve | | **(1)** | (1) | (1) |
| Retained earnings | | **117,500** | 119,219 | 118,015 |
| **Equity attributable to owners of the Company** | | **114,967** | 118,307 | 115,956 |
| **Total equity** | | **114,967** | 118,307 | 115,956 |

[1] Restated for the reclassification of outstanding bank loans as non-current liabilities from current liabilities. See note 1.10 for more details.

**Condensed Consolidated Statements of Changes in Equity**

| For the six months ended 28 February 2025 | 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 2024** | 59 | 115 | 14,595 | (13,147) | (3,680) | - | (1) | 118,015 | 115,956 |
| **Profit for the period** | - | - | - | - | - | - | - | **1,842** | **1,842** |
| **Other comprehensive income/(expense) for the period** | - | - | - | - | **(458)** | **(16)** | - | - | **(474)** |
| **Total comprehensive income/(expense) for the period** | - | - | - | - | **(458)** | **(16)** | - | **1,842** | **1,368** |
| **Transactions with owners of the Company:** | | | | | | | | | |
| **Share-based payment deferred tax deduction in excess of remuneration expense** | - | - | - | - | - | - | - | **(1)** | **(1)** |
| **Share-based payments** | - | - | - | - | - | - | - | **252** | **252** |
| **Shares withheld to settle employees' tax obligations associated with share-based payments** | - | - | - | - | - | - | - | **(52)** | **(52)** |
| **Share-based payments in lieu of bonuses** | - | - | - | - | - | - | - | **83** | **83** |
| **Dividends paid** | - | - | - | - | - | - | - | **(2,639)** | **(2,639)** |
| **Balance at 28 February 2025** | **59** | **115** | **14,595** | **(13,147)** | **(4,138)** | **(16)** | **(1)** | **117,500** | **114,967** |

Condensed Consolidated Statements of Changes in Equity (Continued)

| For the six months ended 29 February 2024 | 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 2023 | 59 | 115 | 14,595 | (13,147) | (2,757) | 491 | (1) | 119,097 | 118,452 |
| Profit for the period | | | | | | | | 2,473 | 2,473 |
| Other comprehensive income/(expense) for the period | | | | | (77) | (190) | | 47 | (220) |
| Total comprehensive income/(expense) for the period | - | - | - | - | (77) | (190) | - | 2,520 | 2,253 |
| Transactions with owners of the Company: | | | | | | | | | |
| Share-based payment deferred tax deduction in excess of remuneration expense | - | - | - | - | - | - | - | (81) | (81) |
| Shares from EBT exercised | - | - | - | - | - | - | - | 22 | 22 |
| Share-based payments | - | - | - | - | - | - | - | 192 | 192 |
| Shares withheld to settle employees' tax obligations associated with share-based payments | - | - | - | - | - | - | - | (105) | (105) |
| Premium on shares awarded in lieu of bonuses | - | - | - | - | - | - | - | 212 | 212 |
| Dividends paid | - | - | - | - | - | - | - | (2,638) | (2,638) |
| Balance at 29 February 2024 | 59 | 115 | 14,595 | (13,147) | (2,834) | 301 | (1) | 119,219 | 118,307 |

**Condensed Consolidated Statements of Changes in Equity (Continued)**

| For the year ended 31 August 2024 | 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 2023 | 59 | 115 | 14,595 | (13,147) | (2,757) | (491) | (1) | 119,097 | 118,452 |
| Profit for the period | - | - | - | - | - | - | - | 2,608 | 2,608 |
| Other comprehensive (expense)/ income for the period | - | - | - | - | (923) | (491) | - | 190 | (1,224) |
| Total comprehensive (expense)/ income for the period | - | - | - | - | (923) | (491) | - | 2,798 | 1,384 |
| Share-based payment deferred tax deduction in excess of remuneration expense | - | - | - | - | - | - | - | (84) | (84) |
| EBT shares issued | - | - | - | - | - | - | - | 22 | 22 |
| Share-based payments | - | - | - | - | - | - | - | 158 | 158 |
| Shares withheld to settle employees' tax obligations associated with share-based payments | - | - | - | - | - | - | - | (106) | (106) |
| Dividends paid | - | - | - | - | - | - | - | (3,870) | (3,870) |
| Balance at 31 August 2024 | 59 | 115 | 14,595 | (13,147) | (3,680) | - | (1) | 118,015 | 115,956 |

**Consolidated Statement of Cash Flow**

For the six months ended 28 February 2025

| | Note | **Six months to 28 February 2025 £'000** | Six months to 29 February 2024 £'000 | Year to 31 August 2024 £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit for the period** | | **1,842** | 2,473 | 2,608 |
| Adjustments for: | | | | |
| Income tax expense/(credit) | | **275** | 949 | (104) |
| Net interest charge | | **966** | 1,235 | 3,192 |
| Loss on disposal of property, plant and equipment | | **6** | - | 13 |
| Loss on disposal of intangible assets | | **-** | - | 75 |
| Amortisation of intangibles | 8 | **5,943** | 5,824 | 11,198 |
| Impairment of goodwill and acquired intangibles | | **-** | - | 5,355 |
| Depreciation of property, plant and equipment | | **1,405** | 1,516 | 2,887 |
| Other non-cash items | | **(183)** | (43) | (625) |
| Share-based payments charge | | **252** | 192 | 158 |
| **Operating cash flow before movements in working capital** | | **10,506** | 12,146 | 24,757 |
| Increase in trade and other receivables | | **(1,375)** | (4,703) | (4,909) |
| Decrease in inventories | | **633** | 331 | 6,362 |
| Decrease in trade and other payables | | **(3,141)** | (17,362) | (10,367) |
| **Operating cash flow before interest and tax** | | **6,623** | (9,588) | 15,843 |
| Net interest paid | | **(735)** | (1,250) | (2,403) |
| Income tax paid | | **(273)** | (1,368) | (1,781) |
| **Cash flow generated by/(utilised in) operations** | | **5,615** | (12,206) | 11,659 |
| Net foreign exchange movements | | **(337)** | (95) | (563) |
| **Net cash inflow/(outflow) from operating activities** | | **5,278** | (12,301) | 11,096 |
| **Cash flows from investing activities** | | | | |
| Purchases of property, plant and equipment | | **(607)** | (398) | (1,540) |
| Purchases of intangible assets | 8 | **(902)** | (2,524) | (3,040) |
| Capitalised R&D costs | | **(5,343)** | (5,094) | (9,660) |
| Acquisition of subsidiary, net of cash acquired | 10 | **-** | (2,276) | (2,494) |
| **Net cash used in investing activities** | | **(6,852)** | (10,292) | (16,734) |
| **Cash flows from financing activities** | | | | |
| Proceeds from loans and borrowings | | **-** | 8,831 | 10,050 |
| Repayments of loans and borrowings | | **(1,672)** | (695) | (3,445) |
| Payment of right of use liabilities | | **(682)** | (616) | (1,423) |
| Equity dividends paid | | **(2,639)** | (2,638) | (3,870) |
| **Net cash (utilised in)/generated from financing activities** | | **(4,993)** | 4,882 | 1,312 |
| **Net decrease in cash and cash equivalents** | | **(6,567)** | (17,711) | (4,326) |
| **Cash and cash equivalents at beginning of the period** | | **22,040** | 26,787 | 26,787 |
| Net foreign exchange movement | | **164** | (152) | (421) |
| **Cash and cash equivalents at end of the period** | | **15,637** | 8,924 | 22,040 |

**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 2025 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 condensed set of financial statements are for the six months ended 28 February 2025 and are presented in Pounds ('GBP' thousands; £'000). This is the functional currency of the Group.

The condensed set of financial statements has been prepared in accordance with the recognition and measurement requirements of UK-adopted international accounting standards and the AIM rules.

The financial statements of the Group for the 18 month period ending 28 February 2026 will be prepared in accordance with UK-adopted international accounting standards. 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 2024 which were prepared in accordance with UK-adopted 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. The condensed financial statements 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 2024.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 April 2025.

The comparative figures for the financial year ended 31 August 2024 are 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.

**Material accounting policies**

**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 2025.

**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 and meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these interim financial statements (“the going concern period”). 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 £50.0 million which was renewed in September 2023. In September 2024 the revolving credit facility was extended for a further year to a maturity date of September 2028. The availability of the revolving credit facility is subject to continued compliance with certain covenants.

The Directors have prepared projected cash flow forecasts for the period ending 12 months from the date of their approval of these financial statements. These forecasts include a severe but plausible downside scenarios, including the impact of a recession, a reduction in gross margins, loss of a major distributor and an inability to ship from China for a period of time. This last scenario effectively outlines a similar risk and impact to a scenario where goods cannot be shipped from China to the US across several brands due to either tariffs or other trading issues.

The base case covers the period to April 2026 and includes demanding but achievable forecast growth. The forecast has been extracted from the Group’s forecast for the next 12 months. Key assumptions include:

- Future growth assumptions in line with market growth assumptions and new product introductions
- Continued investments in research and development in all areas of the Group.
- No further acquisitions

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

The Directors have modelled severe but plausible downside scenarios of the risks identified above. This model assumes that purchases of stock would, in time, reduce to reflect reduced sales, if they occurred. The Group would also respond to a revenue shortfall by taking reasonable steps to reduce overheads within its control. In these scenarios, 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 the maximum of 2.5x.

Separately, as a reverse stress test, the Directors estimate that if the Group were to experience a shortfall in revenue of greater than 25% than the current expectations permanently from the start of the forecast period, leverage could rise to the upper limits allowed by the banking covenants by April 2026. This scenario includes consequential reductions in the purchases of stock and dividends. However, the Directors’ view is that any scenario of a revenue shortfall of greater than the severe yet plausible scenario above is not realistic. In practice, the Group’s revenue levels are higher than the prior period and should be further bolstered by plans for more product introductions in the next six months.

During the second half of the year the Group expects to see cashflows improve, as debtor phasing normalises and stock continues to reduce. As at 25 April net debt had increased slightly to £19.2 million from £17.9 million at the 28 February, following payments of corporate tax.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial 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 2024.

### 1.6 Revenue Recognition

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Having identified the customer, the performance obligations and the transaction price, the revenue is recognised when the Group satisfies the performance obligations.

The value of revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes and discounts. If a contract includes variable consideration, Focusrite will estimate the amount of consideration to which it will be entitled and present this as a contract liability within Trade and other payables. Variable consideration will take into account discounts, incentives and penalties expected due based on expected value calculated from historic experience and planned future marketing campaigns. We have constrained the revenue recognised to an amount that it is highly probable that a significant reversal will not occur. Due to the fact that the vast majority of sales by Focusrite involve sale of goods, the timing of the revenue recognition is considered in relation to 'Performance obligations satisfied at a point in time' (IFRS 15; 38) considering the following factors:

1) The entity has a present right to payment for the asset.
2) The customer has legal title to the asset.
3) The entity has transferred physical possession of the asset.
4) The customer has the significant risks and rewards of ownership of the asset.
5) The customer has accepted the asset.

**Sale of goods**

The Group has three routes to market for the sale of goods: distributors, resellers and direct to end users. These cover all segments and geographical markets. Revenue from sales to distributors, resellers and direct to end users are recognised in line with the terms defined within the contract of sales, as this will define when control is passed to the customer. This is deemed to be in line with the Incoterms of the shipment, which clarify when the customer has accepted the asset and legal title and therefore risk of ownership has passed. For the majority of shipments this occurs on despatch of goods, but may differ depending on the specific shipment terms agreed with the customer. Payment is also due to the Group in line with agreed credit terms at this point.

**Sale of software**

Revenue from the download of apps and paid feature upgrades is recognised upon confirmation of the sale from the app store provider. Perpetual licences are recognised in entirety at the point of sale, monthly subscriptions on a recurring basis when the subscription is due.

**1.7 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. Exchange differences on revenue are recognised within revenue. The exception to this is exchange differences on transactions entered into to hedge certain foreign currency risks (see below under cash flow hedges/financial instruments).

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.

**1.8 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.

When the forecast transaction subsequently results in the recognition of a non-financial item, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability. For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is 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.

### 1.9 Alternative Performance Measures (APMs) and Adjusting items

The Group has disclosed 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 considers that the presentation of APMs allows for improved insight to the trading performance of the Group. The Group considers that the term 'Adjusted' together with an adjusting items category, provides a helpful view of the ongoing trading performance of the Group.

Adjusted results will therefore exclude certain significant costs such as amortisation on acquired intangibles, together with some non-recurring costs and benefits and so should not be regarded as a complete picture of the Group's financial performance.

Adjusting items are those items that are unusual because of their size, nature or incidence, and are applied consistently year on year. 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 acquisition costs, earnout payable to employees of acquired businesses, and restructuring costs, together with amortisation of acquired intangible assets.

The following APMs have been used in these financial results:

- Organic constant currency growth – this is calculated by comparing current period revenue to prior period revenue adjusted for current period exchange rates and the impact of acquisitions, shown within the Financial Review.
- Adjusted EBITDA – comprising earnings (operating profit) adjusted for interest, taxation, depreciation, amortisation and adjusting items. This is shown on the face of the income statement.
- Adjusted operating profit – operating profit adjusted for adjusting items. See reconciliation following
- Adjusted earnings per share ('EPS') – earnings per share excluding adjusting items. See reconciliation following
- Free cash flow – net increase/(decrease) in cash and cash equivalents excluding net cash used acquisitions, movements on the bank loan and dividends paid. See reconciliation following
- Underlying free cash flow – as free cash flow but adding back adjusting items. See reconciliation following
- Net debt – comprised of cash and cash equivalents, overdrafts and amounts drawn against the RCF including the costs of arranging the RCF. See reconciliation following

**Reconciliation of Alternative Performance Measures to Statutory Reported Measures**

| | **Six months ended 28 February 2025** | | | Six months ended 29 February 2024 | | |
|---|---|---|---|---|---|---|
| | **Adjusted EBITDA £'000** | **Adjusted Operating Profit £'000** | **Adjusted Diluted EPS £'000** | Adjusted EBITDA £'000 | Adjusted Operating Profit £'000 | Adjusted Diluted EPS £'000 |
| Reported Operating Profit | 3,083 | 3,083 | | 4,657 | 4,657 | |
| Reported Profit after tax | | | 1,842 | | | 2,473 |
| Add back/(deduct): | | | | | | |
| Underlying depreciation and amortisation | 4,666 | | | 4,609 | | |
| Amortisation on acquired intangibles | 2,682 | 2,682 | 2,682 | 2,734 | 2,734 | 2,734 |
| Acquisition costs | - | - | - | 98 | 98 | 98 |
| Tax on adjusting items | | | (573) | | | (708) |
| **Adjusted** | **10,431** | **5,765** | **3,951** | 12,098 | 7,489 | 4,597 |
| Weighted average number of total ordinary shares including dilutive impact | | | 59,680 | | | 59,749 |
| Adjusted diluted EPS (p) | | | 6.6 | | | 7.7 |

| | **Year ended 31 August 2024** | | |
|---|---|---|---|
| | **Adjusted EBITDA £'000** | **Adjusted Operating Profit £'000** | **Adjusted Diluted EPS £'000** |
| Reported Operating Profit | 5,696 | 5,696 | |
| Reported Profit after tax | | | 2,608 |
| Add back (deduct): | | | |
| Underlying depreciation and amortisation | 8,574 | | |
| Amortisation on acquired intangibles | 5,510 | 5,510 | 5,510 |
| Acquisition costs | 98 | 98 | 98 |
| Impairment of goodwill and acquired intangibles | 5,355 | 5,355 | 5,355 |
| Restructuring | (14) | (14) | (14) |
| Tax on adjusting items | - | - | (2,842) |
| **Adjusted** | **25,219** | **16,645** | **10,715** |
| Weighted average number of total ordinary shares including dilutive impact | | | 59,400 |
| Adjusted diluted EPS (p) | | | 18.0 |

| | Six months ended 28 February 2025 | | Six months ended 29 February 2024 | | Year ended 31 August 2024 | |
|---|---|---|---|---|---|---|
| | **Free cash flow £'000** | **Adjusted free cash flow £'000** | Free cash flow £'000 | Adjusted free cash flow £'000 | Free cash flow £'000 | Adjusted free cash flow £'000 |
| Net decrease in cash and cash equivalents during the year | (6,567) | (6,567) | (17,711) | (17,711) | (4,326) | (4,326) |
| Add back: dividends paid | 2,639 | 2,639 | 2,638 | 2,638 | 3,870 | 3,870 |
| Add back: cash outflow in relation to acquisition of business | - | - | 2,276 | 2,276 | 2,494 | 2,494 |
| Change in bank loan | 1,672 | 1,672 | (8,136) | (8,136) | (6,605) | (6,605) |
| Add back: adjusting items | - | - | - | 98 | - | 84 |
| **Free cashflow/Adjusted Free cashflow** | **2,257** | **2,257** | (20,933) | (20,835) | (4,567) | (4,483) |

| **Definition of net debt** | **28 February 2025 Net debt** | 29 February 2024 Net debt | 31 August 2024 Net debt |
|---|---|---|---|
| Cash and cash equivalents | **15,637** | 8,924 | 22,040 |
| Bank loan | **(34,057)** | (36,851) | (35,101) |
| RCF arrangement fee | **560** | 623 | 536 |
| **Net debt** | **(17,860)** | (27,304) | (12,525) |

### 1.10 Prior year restatement

During the period, an update to IAS 1: Presentation of Financial Statements requiring entities to consider the substance of liabilities and their classification as either current or non-current and the conditions applicable to any renewal of the loan. The directors have the right to defer payment of the loans for longer than 12 months from the Balance Sheet date and as a result, the bank loans held by the Group have been reclassified as non-current with the change being applied retrospectively. As at 31 August 2024 and 29 February 2024 a total of £34.6m and £36.2m respectively have been reclassified as non-current liabilities from current liabilities.

## 2. Revenue

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

| | **Six months to 28 February 2025** | | | | Six months to 29 February 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Americas** | **EMEA** | **APAC** | **Total** | Americas | EMEA | APAC | Total |
| | **£'000** | **£'000** | **£'000** | **£'000** | £'000 | £'000 | £'000 | £'000 |
| Focusrite Novation | **16,689** | **18,567** | **4,288** | **39,544** | 17,655 | 15,634 | 3,930 | 37,219 |
| ADAM Audio | **4,669** | **7,321** | **1,668** | **13,658** | 4,984 | 5,762 | 550 | 11,296 |
| Sequential | **2,915** | **2,066** | **271** | **5,252** | 2,058 | 2,153 | 328 | 4,539 |
| Sonnox | **210** | **740** | **46** | **996** | 447 | 465 | 135 | 1,047 |
| Content Creation | **24,483** | **28,694** | **6,273** | **59,450** | 25,144 | 24,014 | 4,943 | 54,101 |
| Audio Reproduction | **5,873** | **8,577** | **7,007** | **21,457** | 5,944 | 8,848 | 7,991 | 22,783 |
| Total | **30,356** | **37,271** | **13,280** | **80,907** | 31,088 | 32,862 | 12,934 | 76,884 |

| | Year to 31 August 2024 | | | |
|---|---|---|---|---|
| | Americas | EMEA | APAC | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Focusrite Novation | 37,809 | 31,476 | 7,250 | 76,535 |
| ADAM Audio | 8,565 | 12,040 | 2,005 | 22,610 |
| Sequential | 4,796 | 4,172 | 737 | 9,705 |
| Sonnox | 788 | 774 | 406 | 1,968 |
| Content Creation | 51,958 | 48,462 | 10,398 | 110,818 |
| Audio Reproduction | 13,554 | 19,062 | 15,090 | 47,706 |
| Total | 65,512 | 67,524 | 25,488 | 158,524 |

## 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 Novation - Sales of Focusrite and Focusrite Pro, Novation and Ampify branded products

ADAM Audio - Sale of ADAM Audio products

Sequential - Sale of Sequential products.

Sonnox - Sale of Sonnox software plug ins

Martin Audio - Sale of Martin Audio, Optimal Audio, Linea Research and Sheriff Technology trading brands TiMax and OutBoard (acquired 19 December 2023) products.

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

| | **Six months to 28 February 2025** | Six months to 29 February 2024 | Year to 31 August 2024 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Revenue from external customers** | | | |
| Focusrite Novation | **39,544** | 37,219 | 76,535 |
| ADAM Audio | **13,658** | 11,296 | 22,610 |
| Sequential | **5,252** | 4,539 | 9,705 |
| Sonnox | **996** | 1,047 | 1,968 |
| **Content Creation** | **59,450** | 54,101 | 110,818 |
| Audio Reproduction | **21,457** | 22,783 | 47,706 |
| **Total revenue from external customers** | **80,907** | 76,884 | 158,524 |
| **Segment profit** | | | |
| Focusrite Novation | **16,617** | 15,660 | 30,135 |
| ADAM Audio | **6,262** | 5,505 | 11,217 |
| Sequential | **2,275** | 1,719 | 4,044 |
| Sonnox | **927** | 994 | 1,899 |
| Audio Reproduction | **9,452** | 11,323 | 23,198 |
| Total segment profit | **35,533** | 35,201 | 70,493 |
| Central sales and administrative expenses | **(32,450)** | (30,446) | (59,358) |
| Adjusting items | **-** | (98) | (5,439) |
| Operating profit | **3,083** | 4,657 | 5,696 |
| Finance income | **98** | 83 | 100 |
| Finance costs | **(1,064)** | (1,318) | (3,292) |
| Profit before tax | **2,117** | 3,422 | 2,504 |
| Tax | **(275)** | (949) | 104 |
| Profit after tax | **1,842** | 2,473 | 2,608 |

Segment profit represents the profit earned by each segment without allocation of the share of central administration costs, other income, 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.

Central administration costs comprise principally the employment-related costs and other overheads incurred by the Group. Also included within central administration costs is a charge relating to the share option scheme of £252,000 for the six-month period to 28 February 2025 (six months to 29 February 2024: credit of £192,000; year to 31 August 2024: charge of £158,000).

**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 condensed consolidated financial information.

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

| | **28 February 2025** | 29 February 2024 | 31 August 2024 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Non-current assets** | | | |
| North America | **11,816** | 10,242 | 8,014 |
| Europe, Middle East and Africa | **81,648** | 88,584 | 85,981 |
| Rest of World | **90** | 58 | 26 |
| **Total non-current assets** | **93,554** | 98,884 | 94,021 |
| **UK** | **62,916** | 69,759 | 67,400 |

## 4. Adjusting items

The following adjusting items have been charged/(credited) to the income statement in the period

| | **Six months to 28 February 2025** | Six months to 29 February 2024 | Year to 31 August 2024 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Adjusting costs** | | | |
| Acquisition and due diligence costs | **-** | 98 | 98 |
| Restructuring | **-** | - | (14) |
| **Total adjusting items for adjusted EBITDA** | **-** | 98 | 84 |
| Impairment of goodwill and acquired intangibles assets | **-** | - | 5,355 |
| Amortisation of acquired intangible assets | **2,682** | 2,734 | 5,510 |
| **Total adjusting items for adjusted operating profit** | **2,682** | 2,832 | 10,949 |
| Tax on adjusting items | **(573)** | (708) | (2,842) |
| **Total adjusting items for adjusted profit after tax** | **2,109** | 2,124 | 8,107 |

## 5. Taxation

The tax charge for the six months to 28 February 2025 is based on the estimated tax rate for the full year in each jurisdiction. In the current year patent box claims have reduced the underlying UK tax rate and include prior year adjustments for these claims.

## 6. Dividends

The following equity dividends have been declared:

| | **Six months to 28 February 2025** | **Six months to 29 February 2024** | Year to 31 August 2024 |
|---|---|---|---|
| Dividend per qualifying ordinary share | **2.1p** | **2.1p** | 6.6p |

During the period, the Company paid a final dividend in respect of the year ended 31 August 2024 of 4.5 pence per share. The Board has approved an interim dividend of 2.1 pence per ordinary share (HY24: 2.1 pence) on 28 April 2025. This will be payable on 9 June 2025 to ordinary shareholders on the register on 9th May 2025. The ex-dividend date will be 8th May 2025.

## 7. Earnings per share

**Reported EPS**

| The calculation of the basic and diluted EPS is based on the following data: | **Six months to 28 February 2025** | Six months to 29 February 2024 | Year to 31 August 2024 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| Earnings for the purposes of basic and diluted EPS being net profit for the period | **1,842** | 2,473 | 2,608 |
| Adjusting items (see note 4) | **2,682** | 2,832 | 10,949 |
| Tax on adjusting items | **(573)** | (708) | (2,842) |
| Total adjusted profit for adjusted EPS calculation | **3,951** | 4,597 | 10,715 |

| **Number of shares** | **Six Months to 28 February 2025** | Six Months to 29 February 2024 | Year to 31 August 2024 |
|---|---|---|---|
| Weighted average number of ordinary shares for the purposes of basic EPS calculation | **58,628** | 58,872 | 58,612 |
| Effect of dilutive potential ordinary shares: | | | |
| Employee and Director share option plans | **1,052** | 877 | 788 |
| Weighted average number of ordinary shares for the purposes of diluted EPS calculation | **59,680** | 59,749 | 59,400 |

| **EPS** | **Pence** | Pence | Pence |
|---|---|---|---|
| Basic EPS | **3.1** | 4.2 | 4.5 |
| Diluted EPS | **3.1** | 4.1 | 4.4 |
| Adjusted basic EPS[1] | **6.7** | 7.8 | 18.3 |
| Adjusted diluted EPS[1] | **6.6** | 7.7 | 18.0 |

At 28 February 2025, the total number of ordinary shares issued and fully paid was 59,211,639. This included 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 less the weighted average number of shares held by the EBT. 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

| | Brands | Acquired technology and patents costs | Internally generated technology and patents costs | Technology and patents under Development | Intellectual property, Licences and Trademarks | Computer software | Total |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | | | |
| At 1 September 2023 | 25,708 | 35,051 | 31,531 | 8,529 | 5,430 | 1,565 | 107,814 |
| Additions – acquired separately | - | - | - | - | 3,037 | 3 | 3,040 |
| Additions - products developed during the period | - | - | 1,859 | 6,934 | - | - | 8,793 |
| Additions through business combination | - | 2,242 | - | - | - | - | 2,242 |
| Transfer | - | - | 8,306 | (8,306) | - | - | - |
| Disposals | - | - | (2,446) | - | (55) | - | (2,501) |
| Foreign exchange | (468) | (135) | (207) | (54) | (11) | - | (875) |
| **At 31 August 2024** | **25,240** | **37,158** | **39,043** | **7,103** | **8,401** | **1,568** | **118,513** |
| **Additions – acquired separately** | **-** | **-** | **-** | **-** | **798** | **104** | **902** |
| **Additions - products developed during the period** | **-** | **-** | **916** | **3,931** | **-** | **-** | **4,847** |
| **Transfer** | **-** | **465** | **2,150** | **(2,615)** | **-** | **-** | **-** |
| **Foreign exchange** | **285** | **213** | **154** | **(33)** | **(6)** | **-** | **613** |
| **At 28 February 2025** | **25,525** | **37,836** | **42,263** | **8,386** | **9,193** | **1,672** | **124,875** |
| | | | | | | | |
| **Amortisation** | | | | | | | |
| At 1 September 2023 | 5,598 | 10,797 | 21,522 | - | 2,024 | 1,164 | 41,105 |
| Charge for the period | 1,888 | 3,536 | 4,988 | - | 470 | 230 | 11,198 |
| Impairment | 1,303 | 784 | 745 | - | - | - | 2,832 |
| Eliminated on disposal | - | - | (2,411) | - | (15) | - | (2,426) |
| Foreign exchange | (156) | (67) | (33) | - | (5) | - | (261) |
| **At 31 August 2024** | **8,633** | **15,136** | **24,811** | **-** | **2,474** | **1,394** | **52,448** |
| **Charge for the year** | **865** | **1,817** | **2,624** | **-** | **533** | **104** | **5,943** |
| **Foreign Exchange** | **195** | **(82)** | **(14)** | **-** | **(2)** | **-** | **97** |
| **At 28 February 2025** | **9,693** | **16,871** | **27,421** | **-** | **3,005** | **1,498** | **58,488** |
| | | | | | | | |
| **Carrying amount** | | | | | | | |
| **At 28 February 2025** | **15,832** | **20,965** | **14,842** | **8,386** | **6,188** | **174** | **66,387** |
| At 31 August 2024 | 16,607 | 22,022 | 14,232 | 7,103 | 5,927 | 174 | 66,065 |

## 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 the 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 2025 £'000** | 29 February 2024 £'000 | 31 August 2024 £'000 |
|---|---|---|---|
| **Financial assets** | | | |
| ***Fair value*** | | | |
| Cash and cash equivalents | **15,637** | 8,924 | 22,040 |
| Trade and other receivables | **38,776** | 37,186 | 33,454 |
| ***Designated cash flow hedge relationships*** | | | |
| Derivative financial assets designated and effective as cash flow hedging instruments | **-** | 301 | - |
| | **54,413** | 46,411 | 55,494 |
| **Financial liabilities** | | | |
| ***Fair value*** | | | |
| Trade and other payables | **16,659** | 12,080 | 18,710 |
| Bank loan and arrangement fee | **33,497** | 36,228 | 34,565 |
| Amounts payable in relation to staged acquisition payments | **2,287** | 2,790 | 2,166 |
| Lease liabilities | **5,823** | 6,594 | 6,331 |
| ***Designated cash flow hedge relationships*** | | | |
| Derivative financial assets designated and effective as cash flow hedging instruments | **267** | - | - |
| | **58,533** | 57,692 | 61,772 |

## 10. Acquisition of a subsidiary

There were no acquisitions in the period.

On 19 December 2023, the Group completed the acquisition of 100% of the share capital of Sheriff Technology Limited (Sheriff), which trades principally under the OutBoard and TiMax brands. The total consideration was calculated as £2.8 million, with £2.4 million paid on completion and a forecast discounted amount of £0.5 million included as additional consideration. The final payment of £0.4 million was made in March 2025.