Registered number: 08207441

AMENDED

RASPBERRY PI LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

DIRECTORS	Mr M J Hellawell Ms S L Coutu CBE Dr E C Upton CBE Mr D R Gammon Mr P A Colligan Mr C J Mairs CBE Mr R D Boult Mr J R Adams Dr G S Hollingworth Mr D Labbad Ms R C Izzard
COMPANY SECRETARY	Mr R D Boult
REGISTERED NUMBER	08207441
REGISTERED OFFICE	Maurice Wilkes Building St. John's Innovation Park Cowley Road Cambridge Cambridgeshire CB4 0DS
INDEPENDENT AUDITORS	Grant Thornton UK LLP Statutory Auditors, Chartered Accountants 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
BANKERS	Barclays Bank plc 28 Chesterton Road Cambridge Cambridgeshire CB4 3AZ

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BUSINESS REVIEW

Business and product development

2022 was a year of continued double digit revenue growth for Raspberry Pi Ltd (RPL) in spite of global semiconductor supply constraints. During the year, we moved, in line with our strategy, to supply the majority of products directly to the market rather than through licensees. Revenues grew by 34% and the percentage of its single board computers (SBCs) sold directly out of total SBCs increased by 36 percentage points to 67%. Despite a 28% reduction in the total number of SBCs sold, the change to direct supply together with other actions taken to grow margins increased Adjusted EBITDA by 3% and revenue by 34%.

RPL has continued to develop single board computers (SBCs), accessories for those computers and microcontrollers and 2022 was a year of significant product development work. Unlike 2021 there were no significant product releases, though the year did see important operating system and software releases. In February we released our first 64 bit operating system for Raspberry Pi SBCs and in the same month a further enhancement to the software library for Raspberry Pi Camera Modules. In June 2022 Raspberry Pi Pico W was launched adding wireless connectivity to the existing Pico board.

Trading performance in the year continued to be dominated by the shortage of supply of semiconductors, in particular those made by Broadcom Inc. The restricted supply of the processors used in the Company's SBC range limited production and sales with the result that the total number of SBC's sold in the year was 28% lower than 2021 at 5.0 million units (2021: 7.0 million units).

Supply to industrial customers, who use Raspberry Pi SBCs as a component in their products or as part of their manufacturing process was prioritised for most of the year over consumers to ensure that the continued operation of businesses was not jeopardised. We continued to monitor the situation and to communicate with customers as to the availability of product. At the end of the year in time for the gifting season we dedicated product supply to the consumer channel.

In December 2022, the company signed a four year long-term supply agreement with Broadcom Inc. Volumes of processors to be supplied under the agreement meet the demand that has been unfulfilled in 2022 and enable a return to growth.

The computers and accessories were sold directly by the Company to resellers and also sold by Premier Farnell and until June 2022 RS Components, under licensing agreements for which the Company received royalty income. Microcontrollers are sold directly by the company to resellers, end users and distributors, such as Premier Farnell. In June 2022, the company ended its licensee relationship with RS Components. The sole licensee for Raspberry Pi products is now Premier Farnell. As a consequence of this change, together with the mix of customers and products in 2022, the proportion of SBCs sold directly by Raspberry Pi Ltd increased to 67% (2021: 31%).

Outlook and Future Developments

Supplies of semiconductor components are expected to remain limited for the first half of 2023, after which a significant improvement in the availability of product and sales is expected as the Company fulfils the substantial level of backorders.

With its on-going investment in product development through a growing team of experienced in-house engineers complemented by third party consultants and purchase of IP, future product releases are planned for 2023 and subsequent years.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties identified are:

- The success of the business depends upon its ability to attract and retain talented individuals. Since its start, the Company has assembled a team of talented hardware, software and semiconductor designers and engineers in a stimulating environment which respects everyone's contribution. Staff turnover has been held at very low levels. There is a risk to the continuing operations and growth of the Company if it loses or fails to secure key talent. We provide a stimulating work environment and offer rewarding compensation and benefits packages to retain and attract new employees.

- There may be new competitors in this market space – we will continue to keep building exciting and innovative products and keep costs as low as possible to mitigate this risk.

- Due to the ongoing shortages in global semi-conductor supply chains, there may be component shortages that disrupt our production of products – where possible we utilise multiple suppliers to reduce the risk and work closely with other key suppliers to manage demand and seek out additional supply. With other components where there are significant product benefits from the use of a sole supplier we have entered into long term agreements to reinforce the certainty of supply.

- Manufacturing site closures – the majority of our boards are manufactured by Sony Corporation at their factory in South Wales. Should this facility be unable to operate, the Company has the possibility of bringing Sony Inazawa in Japan, with whom the Company already works closely, into commission. In addition, the Company has insurance cover and maintains significant accessible liquidity, both of which would mitigate the risks posed in the event that the South Wales site of Sony were to suddenly be unable to manufacture product.

RESULTS AND PERFORMANCE

Summary of key performance indicators

Raspberry Pi's management and board regularly review metrics, including the following KPIs, to assess its performance, identify trends, develop financial projections and make strategic decisions. For a review of the key financial metrics, see the "Financial Review" below.

Unit sales of Raspberry Pi single board computers and microcontrollers

Thousand units	2022	2021	% Change
Unit sales in direct channel	3,372	2,207	+53%
Unit sales through licensees	1,651	4,815	-66%
Total unit sales	**5,023**	**7,022**	**-28%**
Direct sales share of total	**67%**	**31%**	**+ 36 ppt**
Licensee share of total	**33%**	**69%**	**- 36 ppt**
Microcontroller units sold	5,246	2,859	+83%

Total SBC unit volumes declined 28% compared to the year ended 31 December 2021 as the supply of components, particularly the processor chips from Broadcom, were constrained due to the worldwide shortage of semiconductors. Demand remained strong throughout the year. At 31 December 2022, there were outstanding orders for 2.8 million SBCs.

During 2022, in line with its strategic goals, the company increased the proportion of SBCs sold directly by Raspberry Pi from 31% of the total to 67%. In June 2022, RS Components ceased to be a licensee and we moved compute modules to the direct manufacture of the product rather than manufacture by licensees. These changes increased the proportion of direct sales of total unit sales.

Microcontroller unit sales, which include those incorporated in other Raspberry Pi products such as Pico and Pico W boards increased by 83% on 2021, the year of the microcontroller's launch. The increase was a result of 2022 being the first year of full availability and the microcontroller itself being available for sale rather than as part of the Pico development board.

Total partnership revenue

$ million	2022	2021	% Change
Total partnership revenue	**263**	**347**	**-24%**

Total partnership revenue is a non-IFRS measure being the sum of the Manufacturer recommended prices of all the products sold, both through the direct channel and through the licensee channel. It is used by management to measure the total size of the Raspberry Pi ecosystem.

In 2022, total partnership revenue decreased by 24% as unit sales of SBCs fell 28% in total.

Average selling price (ASP) per board

$ per board	2022	2021	% Change
Single Board Computers	**43.1**	**41.7**	**3%**

Average selling price is a non-IFRS measure being the weighted average of the Manufacturer's Recommended Retail Price of all the SBCs sold. During 2022, the ASP of SBCs increased as a higher proportion of Compute Modules were sold together with more of the higher memory variants of the Pi4 as scarce components were directed to higher value and higher margin products and fewer Pi Zero were sold.

Gross profit per board

$ per board	2022	2021	% Change
Single Board Computers	**6.8**	**4.6**	**+ 48%**
Accessory Margin per board	**1.0**	**1.0**	**0%**

The $ values per board are rounded to 1 decimal place while the % changes have been calculated based on more precise data; hence the % changes do not reconcile exactly in this table.

Gross margin as a percentage of ASP

%	2022	2021	% Change
Single Board Computers	**15.6%**	**11.1%**	**+ 41%**

Gross profit per board is a non-IFRS measure being the gross profit and royalties of all SBCs including freight costs divided by the number of SBCs sold. The gross profit per board in the direct channel increased by 48% from $4.6 per SBC in 2021 to $6.8 per SBC in 2022 due to the higher proportion of compute modules and Pi4 which have a higher ASP and the price increases implemented in Q4 2021. These SBCs also support a higher unit margin. The unit gross profit in the year has also benefitted from increased sales to end users rather than through resellers, together with the price increases effected in Q4 2021 and lower component costs, particularly memory.

Accessory margin per board is the total of gross profit and royalties earned from accessories divided by the total number of SBCs sold in the year.

Increase in engineering and total headcount

Year on Year % change	2022	2021
Engineering	**10%**	**14%**
Total headcount	**12%**	**21%**

The development of the business is dependent upon the recruitment and retention of high quality engineers who develop new products. In 2022 a further 5 engineers joined the Company (2021: 6).

Financial Review

	2022	2021	% Change
Revenue ($'000)	**187,859**	**140,587**	**+34%**
Adjusted revenue ($'000)	**161,267**	**112,524**	**+43%**
Gross profit ($'000)	42,280	41,917	**+1%**
Gross margin (%)	23%	30%	**-7%**
Adjusted Administration costs	15,720	16,239	**-3%**
Adjusted EBITDA ($'000)	**26,560**	**25,715**	**3%**
Operating profit	**20,200**	**18,773**	**8%**
Cash inflow from operations	14,339	510	**n/a**

Revenue

Revenue increased by $47.3 million, or 34 per cent, from $140.6 million for the year ended 31 December 2021 to $187.9 million for the year ended 31 December 2022.

The following table sets out a breakdown of revenue by distribution channel for the periods indicated.

$'000	2022	2021	% Change
Licensee sales	9,573	26,781	-64%
Direct sales	150,065	83,523	80%
Other - publishing	1,630	2,220	-27%
Adjusted revenue	**161,268**	**112,524**	**43%**
Sale of components	26,591	28,063	-5%
Reported revenue	**187,859**	**140,587**	**34%**

The 64% decline in the revenue from Licensee sales for the year ended 31 December 2022 as compared to the year end December 2021 was almost entirely due to the 66% decline in the SBC units sold through the channel as discussed in the summary of key performance indicators. The Royalty per SBC declined from $4.8 to $4.6 primarily due to the sale of a higher proportion of Raspberry Pi 3 variants which have a lower royalty compared to the Raspberry Pi 4.

Direct distribution channel sales increased by $66.6 million or 80% from $83.5 million for the year ended 31 December 2021 to $150.1 million for the year ended 31 December 2022 as a result of revenues from the sale of SBCs through this channel increasing by $66.3 million or 106% and microcontroller sales increasing by $1.5 million or 30%. These increases were partly offset by a $1.4 million or 10% reduction in sales of accessories as the sale of boards across both channels fell with a consequential reduction in the sale of attached accessories, particularly power supplies, keyboards and mice. Direct SBC sales increased by 80% due to a 53%, or 1,165k increase in units sold and a 39% increase in the average selling price of those units due to increased sales of compute modules and Pi4's and a reduction in the sale of Pi Zeros.

Publishing sales fell because of a circa 10% decline in sterling, the currency in which they are denominated, and an overall decline in the number of magazine subscribers.

Component sales represents the sale of components used in the manufacture of products that are not sold directly by Raspberry Pi. The fall is due to the decline in the sale of Raspberry Pi's by licensees offset in part by increased sales of panels for use in displays.

Gross profit

Gross profit increased by $0.4 million, or 1 per cent, from $41.9 million for the year ended 31 December 2021 to $42.3 million for the year ended 31 December 2022.

Gross profit from the sale of SBCs increased by $15.6 million or 133% from $11.7 million for the year ended 31 December 2021 to $27.3 million for the year ended 31 December 2022. The gross profit per SBC increased from $4.3 in 2021 to $6.8 in 2022, a 58% increase due to the sale of more of the higher margin compute modules and an improvement in the margins of Raspberry Pi 4 and Raspberry Pi Compute Modules. The improved margins have come from increased sales to Original Equipment Manufacturer customers together with the benefit of price rises of compute modules and Pi4/2GB.

The gross profit of microcontroller products was flat, while the gross profit from accessory sales declined by 17% due to the fall in the total number of SBCs sold across both channels. Gross profit from component sales increased by $2.3 million to $3.2 million for the year end 31 December 2022. The increase was due to the higher quantity of memory and display panels sold.

Royalties net of licence costs from the sale of SBCs decreased by $16 million or 67% due to the reduced number of SBC sold through the channel. Royalties from the sale of accessories fell by $1.2 million or 40% principally due to lower camera board sales.

The Gross Profit Margin declined from 30% for the year ended 31 December 2021 to 23% for the year ended 31 December 2022. The fall was mainly attributable to the increased proportion of direct sales in the year 2022.

Administrative expenses

$'000	2022	2021	% Change
Research & development costs	7,088	8,095 *	-12%
Other administrative costs	8,632	8,144 *	6%
Adjusted administration costs	**15,720**	**16,239**	**-3%**
Depreciation & amortisation	5,148	3,809	35%
Share-based payment (credit) / charge	(411)	1,204	n/c
Advisory costs relating to further external investment	2,113	1,929	10%
Administrative expenses	**22,570**	**23,181**	**-3%**

*The 2021 comparatives of Research and development costs and Other administrative costs have been restated due to a reclassification of certain expenses between the two categories.

The decrease in Adjusted administration costs was mainly attributable to lower expensed research costs and favourable exchange rates. Expensed research and development expenditure included within Administrative Expenses decreased by $1.0 million or 12% from $8.1 million for the year ended 31 December 2021 to $7.1 million for the year ended 31 December 2022. Adjusting for exchange rates the decline was 3%. The higher expenditure in 2021 was due to further costs incurred to write software development tools for RP2040 subsequent to its launch, further improvements to Raspberry Pi 4 SBC design and continuing development of the Raspberry Pi software stack particularly in respect of the operating system and graphics handling.

Other administrative costs increased by $0.5 million. Adjusting for the movement in exchange rates, the cost increased by 15%. With the cost of staff increasing at an underlying rate of 10% and other administrative costs increasing as promotional, travel and legal costs grew as the business returned to pre-pandemic levels of activity.

Depreciation and amortisation costs increased by $1.3 million or 35% from $3.8 million to $5.1 million as a number of projects such as camera software and the design of enhanced components for Pi 4 started to be amortised in the year. An amount of $1.0 million representing the amortisation of Intellectual Property acquired has been capitalised within Internally Developed Intangible Assets Still Under Development and accordingly, is not included as an expense in the Statement of Comprehensive Income nor in the depreciation and amortisation expense shown above.

Net finance costs

Net finance costs reduced by $95k, from $315k for the year ended 31 December 2021 to $220k for the year ended 31 December 2022. Due to the share issue in September 2021 the company had no need to draw down on its facilities in 2022.

Taxation

Taxation was $3.0 million (2021 : $3.6 million), comprising a $1.5 million current tax charge (2021:$0.4 million) and a deferred tax charge of $1.5 million (2021: $3.2 million). In 2022 due its increased size, the Company became eligible to make a Research and Development Expenditure Credit (RDEC) claim under UK taxation rules rather than being eligible for the small company scheme. The amount of the RDEC claim is $1.2 million ($2021: $nil). The Company has deferred $0.7 million of this amount to match against future amortisation of the capitalised development cost to which this credit relates.

Operating profit, Adjusted EBITDA

$'000	2022	2021	% Change
Operating profit	**20,200**	**18,773**	**+8%**
Depreciation & amortisation	5,148	3,809	+35%
EBITDA	**25,348**	**22,582**	**+12%**
Share-based payment (credit) / charge	(411)	1,204	n/a
Advisory costs relating to further external investment	2,113	1,929	+10%
R&D Expenditure Credit	(490)	-	n/c
Adjusted EBITDA*	**26,560**	**25,715**	**+3%**
Adjusted Operating profit	**21,412**	**21,906**	**-2%**

*The adjusted EBITDA for 2021 has been restated to include foreign exchange gains and losses within EBITDA to match the treatment in the current year and the Company's prospective treatment

Adjusted EBITDA is a non-IFRS measure which management reviews as a useful indicator of operating performance, as it approximates to underlying cashflow. Share-based payment charges are excluded as they were only introduced in September 2020 and due to an accelerated charge in 2021 and a credit in 2022 based on changes in the estimated vesting period, these charges distort the year on year comparisons of performance. The R&D Expenditure credit has been excluded for the same reasons. Material one-off costs are also excluded as they too distort meaningful year on year comparisons.

Adjusted operating profit, a non-IFRS measure, is operating profit excluding share-based payment charges and other significant one-off costs. The measure allows for meaningful, consistent year on year comparisons of performance.

Operating profit for the period

As a result of the foregoing factors, operating profit for the period increased by $1.4 million, or 8 per cent, from $18.8 million for the year ended 31 December 2021 to $20.2 million for the year ended 31 December 2022. Excluding the R&D Expenditure Credit, one-off costs of share based payment charges and advisory costs relating to further external investment, the Adjusted Operating Profit decreased by 2%.

Adjusted EBITDA increased by $0.8 million or 3%.

Cashflow from operations

$'000	2022	2021	% Change
Adjusted EBITDA	**26,560**	**25,715**	**+3%**
Increase in inventory	(7,313)	(21,660)	-66%
Increase in receivables	(5,234)	(6,464)	-19%
Increase in payables	2,951	4,903	-40%
Other	(2,625)	(1,984)	+32%
Cash inflow from operations	**14,339**	**510**	**2712%**

Cash inflow from operations increased primarily due to smaller increases in working capital. The other outflow is in respect of advisory costs relating to preparation for further external investment, including IFRS conversion of the accounts of Raspberry Pi Ltd.

Working capital movements

Inventory increased by $7.3 million to $47.9 million (2021: $40.6 million) with increased holdings of RP2040 microprocessor chips and other semiconductor components for SBCs together with higher holdings of accessories due to the slowdown in their sales. Receivables increased by $5.2 million arising from higher trade receivables due to a high level of activity in the last month of 2022. The increase in trade payables was due to higher activity in the last quarter of 2022.

Investing activities - Capital expenditure

$'000	2022	2021
Plant and Equipment	1,806	2,539
Office & Computer Equipment	333	257
Tangible fixed assets	**2,139**	**2,796**
Internally generated intangibles	8,055	4,584
Other intangibles	5,589	-
Intangible fixed assets	**13,644**	**4,584**
Total capital expenditure	**15,783**	**7,380**

In 2022, within plant and equipment expenditure, $1.8 million was spent on plant and machinery including $1.1 million spent on equipment to aid the design of semiconductor products.

During 2022, a total of $14.1 million (2021 restated due to reclassification: $12.7 million) was spent on research and development, an increase of 11%. Of this expenditure an amount of $7.0 million was capitalised as product development costs in the year ended 31 December 2022 and $4.6 million capitalised in the year ended 31

December 2021. The higher capitalisation in 2022 is principally due to increased expenditure on development of further new products.

Cash and financing

Cash balances at 31 December 2022 were $32.8 million (2021: $34.4 million) a decline of $1.6 million. The operating activities of the Company generated $14.3 million (2021: $0.5 million) of cash, while $10.7 million (2021: $7.4 million) was invested in capital assets and a dividend of $5.0 million (2021: $4.0 million) was paid.

During 2022 the Company continued to maintain a £7 million ($9.5 million), 3 year revolving credit facility and a £3 million ($4.1 million) overdraft facility with Barclays Bank plc to better manage the fluctuations in funding due to the growing working capital of the business. At neither 31 December 2022 nor 31 December 2021 were these facilities being drawn upon. As set out in note 32, on 30 March 2023, the Company replaced its existing RCF and overdraft, described above, with a new, $25 million, 3 year multicurrency RCF. The new facility contains the usual provisions of a facility of this size including a covenant that gross debt should not exceed two times EBITDA. It is secured with a fixed and floating charge over the assets of the company.

Equity

During 2022, the Company did not award new ordinary shares of either class. As set out in note 32, on 28 March 2023, the Company raised an additional $5 million through the issue of 1,103 ordinary shares to Sony Semiconductor Solutions Inc.

Dividends

A dividend of $5 million was declared on 24 November 2022 payable to the ordinary shareholders. The dividend was paid in December 2022, the dividend received by Raspberry Pi Mid Co Limited being used to support the objectives of the Charity. A dividend of $4 million was paid to Raspberry Pi Mid Co Limited in September 2021. No gift aid was paid to Raspberry Pi Foundation in 2022 or 2021.

Section 172 (1) Stakeholder Compliance Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require that directors explain how they have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the Company.

Throughout the year, while discharging their s.172(1) duty, the directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders; and in doing so, had regard amongst other matters to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The paragraphs below identify the Company's principal stakeholders and the key issues the board considered, how the board engaged with those stakeholders and the response during the year.

Our employees

Developing, attracting and retaining high quality talent is a key driver of the company's success. The Company focuses on employees' development and progression and remuneration as well as promoting a collaborative working environment. Regular All-Hands meetings are held to keep employees up to date with progress in all areas of the business and a fully open plan office ensures that executive directors are accessible and engaged with all staff members.

Since the end of restrictions we have been pleased by the widespread return to the office of all staff without the need for the introduction of attendance rules.

Our customers

Developing long-term relationships with our customers is critical in ensuring the success of the Company. Our investment in research and continued development of innovative products ensures that our customers remain engaged; whilst our careful management of production schedules helps to ensure that the supply of key products remains attuned to customer expectations. Events are run for resellers semi-annually, with board members in attendance and the CEO and CTOs regularly post and engage in discussions on customer forums. We have sought throughout the period of product shortages due to supply restrictions to engage with all customers to explain the cause, give clarity where possible as to availability and ensure that available supply is directed to those customers whose own production depends on us.

We recognise that our enthusiast customers are key supporters of and advocates for our business and in December 2022 we specifically directed scarce supplies to the production of SBCs for these customers.

Our suppliers and partners

Building strong relationships with our suppliers is key to the operational success of our business. The senior management team and CEO work closely with key suppliers to ensure that in spite of the current global shortage of semi-conductors, we continue to deliver the best products for our customers. Prompt payment of our suppliers has continued through the past year.

Society and Community

Conducting business in a responsible way while at the same time supporting the wider community is fundamental to our values. In collaboration with the Raspberry Pi Foundation, the Company also distributed 3,311 computers (2021: 6,500) across the UK to enable disadvantaged families to navigate the challenges of home-schooling. The Company also made dividend payments of $4.6 million to its main shareholder Raspberry Pi Mid Co Limited so that in turn, gift aid donations of an equivalent amount over time could be made to its parent company, the Raspberry Pi Foundation, in order that the charity may further its mission of putting the power of computing and digital making into the hands of people all over the world.

Shareholders and investors

Our main shareholder, the Raspberry Pi Foundation, is a key beneficiary in the value that the Company creates. We are committed to transparent and open engagement with the trustees of the Foundation and the directors keep them regularly appraised of significant matters. One director of the Company is also a director of the Foundation and a second director is the Chief Executive of the Foundation.

One nominated director is responsible for representing our other shareholders, Lansdowne Developed Markets Fund and Ezrah Charitable trust. He undertakes quarterly update meetings with them and management also meet regularly with them to ensure that they are informed as to the activities and prospects of the business.

Long term considerations

The Company continues to make significant and increasing investment in new products and designs to ensure the future growth and success of the business. The directors recognise the long term strategic needs of balancing this investment with the requirement to make dividend payments to the parent company. The board comprises executive members and non-executive members with extensive commercial experience and a strong focus on developing the business for the long term. It undertakes an annual strategic planning exercise, the results of which are used throughout the year to assess the impact of business decisions.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Eben Upton

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Dr E C Upton
Director

Date: 05 April 2023 | 17:02 BST

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company continues to develop, market, manufacture and sell highly cost-effective programmable computing devices on a global basis. The Company has established manufacturing and licence agreements with third party partners and derives its revenues through both royalty income and direct sales.

Future developments are covered in the Strategic Report. Note 32 covers events after the reporting period. Engagement with employees, suppliers and customers and others is covered in our Section 172 (1) statement starting on page 14.

DIRECTORS

The directors who served during the year were:

Ms S L Coutu
Dr E C Upton
Mr D R Gammon
Mr P A Colligan
Mr C J Mairs
Mr M J Hellawell
Mr R D Boult
Mr J R Adams
Dr G S Hollingworth
Mr D Labbad
Ms R C Izzard (appointed 10 June 2022)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' INDEMNITY ARRANGEMENTS

During the year, the Company purchased Directors' and Officers' liabilities insurance in respect of itself and its directors.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is committed to research and development activities in order to secure the continued growth of the company and to maintain its position in its market place. Research and development costs of $7.1m (2021: $8.1m as restated) were charged to the Statement of Comprehensive Income during the year. Capitalised development expenditure amounted to $7.0m in the year (2021: $4.6m).

FINANCIAL RISK MANAGEMENT AND POLICIES

The Company uses various financial instruments which include various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

The main risk arising from the Company's operations are currency, credit and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency Risk

The Company generates revenue and sources a proportion of its goods in foreign currency. The Company holds bank accounts in foreign currency to help mitigate the company's foreign exchange risk.

Credit Risk

In order to manage credit risk the directors set limits for customers based on payment history. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Liquidity Risk

Sources of funding, headroom and liquidity forecasts are regularly assessed and monitored. A 3 year Revolving Credit Facility and Overdraft facility have been in place throughout the period of these accounts in order to manage liquidity risk. As set out in note 32, on 30 March 2023, this facility was replaced with a new, $25 million, 3 year multicurrency RCF.

ENVIRONMENT

Greenhouse gas and energy consumption data for the year ended 31 December:

	2022	2021
Energy consumption (kWh)	150,666	82,231
Scope 1 emissions (tCO2e) – direct emissions from operation	-	-
Scope 2 emissions (tCO2e) – indirect emissions from purchased energy	**16.59**	11.64
Scope 3 emissions (tCO2e) – all other emissions associated with the Company's activities	**16.01**	6.75
Total emissions (tCO2e)	**32.60**	18.39
Intensity ratio: tCO2e per Full Time Equivalent Employee	**0.35**	0.22

Associated greenhouse gases have been calculated using the UK Government's GHG Conversion Factors for Company Reporting 2022. Estimates were used to calculate the electricity usage in the Company's offices, based on an average price per kWh of $0.371.

The increase in total energy consumption and intensity ratio per capita is due to the post pandemic return to office working by the employees of the Company.

Energy Efficiency

During the year, the Company took the following energy efficiency actions:

- sensors were installed so that lights would switch off and remain off automatically when the office was unoccupied
- the temperature of the thermostat was reduced in the afternoons
- sleep functions on printers, photocopiers and laptops were utilised to conserve energy.

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:
Eben Upton
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Dr E C Upton
Director

Date: 05 April 2023 | 17:02 BST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI LTD

Opinion

We have audited the financial statements of Raspberry Pi Limited (the 'company') for the year ended 31 December 2022 which comprise The Statement of Comprehensive Income, The Statement of Financial Position, The Statement of Changes in Equity, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with applicable law and UK adopted international accounting standards and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as the global semiconductor shortage, war in Ukraine and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI LTD

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: IFRS, Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions in which the Company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, data security and protection, and health and safety.
- We made enquiries with management and the audit committee concerning the Company's policies and procedures relating to:
  - The identification, evaluation and compliance with laws and regulations;
  - The detection and response to the risks of fraud; and
  - The establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We corroborated our inquires through our reading of board meeting minutes and through our review of professional fees incurred during the year.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of managements override of controls. Audit procedures performed by the audit engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Challenging the assumptions and judgements made by management in making its significant accounting estimates;
  - Identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the accounts and disclosures in the financial statements.
- The Company's management has not noted any matters of non-compliance with laws and regulations or fraud that were communicated with the audit team.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more

difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Grant Thornton UK LLP
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Andrew Hodgekins MChem FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants
Cambridge

Date 05 April 2023 | 17:13 BST

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	3	187,859	140,587
Cost of sales		(145,579)	(98,670)
Gross Profit		**42,280**	**41,917**
Administrative expenses		(22,570)	(23,181)
Other operating income	5	490	37
Operating Profit	6	**20,200**	**18,773**
Finance Income	7	49	-
Finance Costs	7	(220)	(315)
Profit before taxation		**20,029**	**18,458**
Taxation	10	(3,021)	(3,622)
Profit for the year and total Comprehensive Income		**17,008**	**14,836**
Total Comprehensive Income		**17,008**	**14,836**
Earnings Per Share		**$**	**$**
Basic EPS	11	**155**	**144**
Diluted EPS	11	**141**	**131**

The accompanying notes on pages 28 to 68 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 $'000	31 December 2021 $'000
ASSETS			
Non-Current Assets			
Intangible assets	12	35,535	25,807
Property, Plant and Equipment	13	3,721	3,559
Right of Use assets	14	1,387	1,679
Investments	15	-	-
Total Non-Current Assets		**40,643**	**31,045**
Current Assets			
Inventories	16	47,889	40,576
Trade and other receivables	17	25,953	20,719
Cash and cash equivalents	18	32,843	34,429
Total Current Assets		**106,685**	**95,724**
Total Assets		**147,328**	**126,769**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	19	(26,494)	(22,543)
Lease liabilities	21	(263)	(165)
Loans and borrowings	20	-	-
Current tax liability	10	(762)	(390)
Total Current Liabilities		**(27,519)**	**(23,098)**
Non-Current Liabilities			
Lease liabilities	21	(1,359)	(1,951)
Loans and borrowings	20	-	-
Deferred tax liability	10	(7,673)	(6,214)
Other Long term liabilities	22	(3,700)	-
Total Non-Current Liabilities		**(12,732)**	**(8,165)**
Total Liabilities		**(40,251)**	**(31,263)**
Net Assets		**107,077**	**95,506**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 $'000	31 December 2021 $'000
EQUITY			
Share capital	23	-	-
Share premium account	24	44,931	44,912
Retained earnings	24	60,840	48,877
Share-based payment reserve	24	1,306	1,717
Total Equity		**107,077**	**95,506**

The accompanying notes on pages 28 to 68 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Eben Upton

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Dr E C Upton

Director

Date: 05 April 2023 | 17:02 BST

Raspberry Pi Ltd

Registered number: 08207441

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Share premium	Retained Earnings	Share-based payment reserve	Total
	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 January 2021		**18**	**38,082**	**513**	**38,613**
Profit for the financial year	-	-	14,836	-	14,836
Total comprehensive income for the year	**-**	**-**	**14,836**	**-**	**14,836**
Dividends paid	-	-	(4,041)	-	(4,041)
Issue of shares		44,894	-	-	44,894
Share based payment charge	-	-	-	1,204	1,204
Transactions with owners in their capacity as owners	**-**	**44,894**	**(4,041)**	**1,204**	**42,057**
BALANCE AT 31 December 2021	**-**	**44,912**	**48,877**	**1,717**	**95,506**
Profit for the financial year	-	-	17,008	-	17,008
Total comprehensive income for the year	**-**	**-**	**17,008**	**-**	17,008
Dividends paid	-	-	(5,045)	**-**	**(5,045)**
Issue of shares	-	19	-	**-**	**19**
Share based payment charge	-	-	-	(411)	**(411)**
Transactions with owners in their capacity as owners	-	19	(5,045)	(411)	**(5,437)**
BALANCE AT 31 December 2022	**-**	**44,931**	**60,840**	**1,306**	**107,077**

The accompanying notes on pages 28 to 68 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 $'000	2021 $'000
Cash flows from Operating Activities		
Profit before Taxation	**20,029**	**18,458**
Adjustments for:		
Depreciation of Property, Plant and Equipment	1,977	1,404
Amortisation of Intangible Assets	2,879	2,113
Depreciation of Right of Use Assets	292	292
Finance Costs	220	315
Finance Income	(49)	-
Increase in trade and other receivables	(5,234)	(6,464)
Increase in inventories	(7,313)	(21,660)
Increase in trade and other payables	2,951	4,903
R&D Tax credit	(490)	-
Net exchange differences on cash and cash equivalents	(512)	(55)
Share-based payment expense	(411)	1,204
Net cash generated from operating activities	**14,339**	**510**
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,589)	-
Capitalised internally developed assets	(7,017)	(4,584)
Purchase of property, plant and equipment	(2,139)	(2,796)
Net cash used in investing activities	**(10,745)**	**(7,380)**
Cash flows from financing activities		
Repayment of loans and borrowings	-	(15,154)
Loans drawn down	-	15,190
Dividend payment	(5,045)	(4,041)
Interest on loans and borrowings	(157)	(234)
Interest on cash deposits	49	-
Proceeds from issuance of ordinary shares	19	44,894
Payment of principal on lease liabilities	(302)	(325)
Interest on lease liabilities	(63)	(81)
Net cash (used) /generated in financing activities	**(5,499)**	**40,249**
Net increase (decrease) in cash and cash equivalents	**(1,905)**	**33,379**
Cash and cash equivalents at beginning of year	34,429	1,055
Net exchange differences on cash and cash equivalents	319	(5)
Cash and cash equivalents at end of year	**32,843**	**34,429**

The accompanying notes on pages 28 to 68 are an integral part of these financial statements.

ACCOUNTING POLICIES

1 General information

Raspberry Pi Ltd ("the Company") (formerly Raspberry Pi (Trading) Limited) is a Limited Liability company incorporated and registered in England and Wales.

The Company's principal activity is the development, marketing, manufacture and sale of cost-effective programmable computing devices.

2 Accounting policies

2.1 *Basis of preparation*

The financial statements for Raspberry Pi Ltd have been prepared on a company only basis. The company has taken advantage of the exemption to prepare group accounts as it is able to satisfy all of the requirements as provided by the Companies Act 2006 S400 (2)(d) and (e). Group financial statements incorporating the results of Raspberry Pi Ltd are prepared by the ultimate parent undertaking, Raspberry Pi Foundation, whose registered office address is 37 Hills Road, Cambridge, CB2 1NT. These will be publicly available at www.raspberrypi.org after 30 September 2023.

Functional currency

The functional currency of the Company is the United States Dollar (USD, $) and accordingly the Company's Financial Statements are prepared in USD.

Reporting under IFRS

The Company has prepared its financial statements under IFRS.

New Standards not yet implemented

At the date of these financial statements the following Standards and Interpretations were in issue but have not been applied:

- Amendments to IFRS 3 (Reference to Conceptual Framework)
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IAS16 – Property, Plant and Equipment: Proceeds before intended use
- Amendment to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract

The International Accounting Standards ("IAS") Board ("IASB") and IFRS Interpretations Committee have issued the following new standards that are not yet effective and have not been adopted early by the Company:

- Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities Arising from a Single Transaction)
- Amendments to IAS 8 (Definition of Accounting Estimates)

The Company has performed a preliminary assessment of the impact of adopting the amendments and concluded that adopting them would not result in any material adjustments to the reported financial results or financial position of the Company.

2.2 Going concern

These financial statements have been prepared on the going concern basis. The Company meets its day to day working capital requirements through the cash it holds. At 31 December 2022, the Company had $32.8 million in cash and cash equivalents.

During 2022, the Company has continued to operate in the face of trading risks principally in respect of semiconductor and other component shortages and demand for its products. In 2022, it has done this while maintaining its investment program and paying dividends to its investors. Management continues to take appropriate action to monitor, identify, address and mitigate these risks and any other major uncertainties facing the business.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company should be able to operate using the cash it currently holds together with the additional investment of $5 million set out in note 32. Having considered these forecasts and projections and assessed a variety of downside scenarios including a decline in sales volumes, the directors have formed the view that the Company will generate sufficient cash to meet its ongoing liabilities as they fall due for at least 12 months from the date on which the financial statements are signed and accordingly, the going concern basis has been adopted.

2.3 Revenue recognition

The Company's revenue is derived from the sale of product and components, royalty payments, and publishing sales. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied.

Revenue is recognised net of sales taxes; the Company does not provide extended terms on its goods and services and therefore no significant financing components are identified by the Company for all revenue streams.

Sale of products

The Company's product revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. There is no judgement involved in allocating the contract price to each unit as there is a fixed unit price for each product sold. Revenue from the sale of products is recognised in the Statement of Comprehensive Income when performance obligations have been met and control of the product has transferred which is when the customer has taken undisputed delivery of the goods or for retail sales when the item has been provided to the customer for immediate possession.

Royalty income

Royalty income is derived from the sale of the Company's products by licensee partners. The transaction price for each royalty arrangement is on a basis of fixed price per unit sold in line with contractual terms. Revenue from the sale of the goods via licensee partners is recognised when the control has passed to the buyer, usually on delivery of the goods.

On occasions, royalty income is received in advance of the sale of associated goods by licensee partners. In such instances, a contract liability is recognised which is only released to the Statement of Comprehensive Income when the related goods are sold by the licensee partner.

Other revenue (publishing sales)

The Company's other revenue is derived from the sale of magazines and books. Revenue is measured with reference to the amount invoiced to the customer for each unit sold. The performance obligations relating to other income have been met when the customer has taken undisputed delivery of the goods and revenue is subsequently recognised in the Statement of Comprehensive Income. In addition to selling individual magazines, subscriptions to magazines are also offered and the income is recognised over time, based on the length of the subscription, which varies from 3 to 12 months.

Other revenue is also derived from advertisements in magazines published by the Company. Advertising revenue is recognised in the month in which the issue of the relevant magazine is released for sale. Amounts paid in advance for advertisements to be placed in future issues of magazines are held within contract liabilities.

Components income

The Company purchases certain components and sells them to the contract manufacturer to be used in the manufacture of single board computers.

Some of these single board computers are manufactured for the Company's licensee partners. The sale of these components to the manufacturer represents their invoiced value and is accounted for in revenue when control of the components is transferred to the manufacturer.

Some of the single board computers are manufactured for and repurchased by the Company. In these instances, the sale of the components to the manufacturer is recognised as a repurchase liability. Revenue is not recognised on the sale of such components. Any margin made on the sale of the components to the manufacturer is recognised only at the point that control of the finished goods is transferred from the Company to the end customer. When the finished goods are repurchased by the Company, the repurchase liability is released. At this point, the components in inventory are transferred to finished goods.

2.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Comprehensive Income.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Financial assets

Trade and other receivables/payables

Trade and other receivables are recognised initially at transaction price, less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables are considered to be short-term, non-interest bearing and have no security attached. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value. Trade payables consist of amounts payable to suppliers for goods and services in the ordinary course of business. Trade and other payables are measured at amortised cost using the effective interest method. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is de-recognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

De-recognition of financial liabilities

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Comprehensive Income.

2.5 Segmental Reporting

The Company determines and presents operating segments based on the information that is provided internally to the Board, which is the Company's Chief Operating Decision Maker (the "CODM").

It is the view of the Directors that the Company has a single operating segment, as defined by IFRS 8: Operating Segments, being the manufacture and sale of cost-effective programmable computing devices. The CODM makes operating decisions for a single operating unit and operating performance is assessed as a single operating segment. The information used by the CODM is consistent with, and prepared on the same basis as, that presented in the financial statements. Further, there are no separately identifiable assets attributable to any separate business activity or business unit.

2.6 Other Operating Income

Other operating income is derived from the Coronavirus Job Retention Scheme (CJRS) grant and the RDEC Tax Expenditure Credit.

The CJRS grant relates to staff who were furloughed due to COVID-19. Other operating income includes payments received from HMRC which were claimed in respect of staff in the Company's retail store during the period of closure of non-essential shops and during the subsequent periods of reduced opening hours. The CJRS grant has been recognised in the Statement of Comprehensive Income on a systematic basis over the period in which the Company has recognised as expenses the salary related costs for which the grant was intended to compensate, as per IAS 20. There were no unfulfilled conditions attached to the CJRS grant.

During the year the Company qualified for the UK Taxation Research and Development Expenditure Credit ("RDEC"). The RDEC is recognised in the Statement of Comprehensive Income within Other Operating Income in the period in which the Company has recognised the research and development expense or in the period in which the amortisation of the relevant capitalised development costs to which the credit relates is charged. The RDEC receivable for the year is netted against any payments of corporation tax due relating to the year. The deferred income represents the portion of the RDEC in respect of unamortised capitalised development costs and is recorded in Other Long Term Liabilities.

2.7 Finance Income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

2.8 Finance Costs

Finance costs comprise interest payable on leases and in respect of bank borrowings and are expensed in the period in which they are incurred. Fees paid for the provision of bank facilities are amortised over the expected life of the facility.

2.9 Freight Costs

The Company considers the cost of shipping its products to the customer to be directly associated with generating revenue and therefore presents these costs within cost of sales.

2.10 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Plant and equipment - 3 years
- Office and computer equipment - 3 years
- Leasehold improvements - 10 years or over the period of the lease, if shorter
- Shop fit-out - over the period of the lease

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Intangible assets

(i) Separately acquired intangible assets

Intangible assets acquired separately are measured at cost on initial recognition.

Intangible assets with a finite useful life, that are acquired separately, are carried at cost less accumulated amortisation and impairment losses. These intangible assets are amortised on a straight-line basis over their remaining useful lives as follows:

- Intellectual property – 3 - 4 years
- Designs and trademarks – 3 years
- Publication brand names – 2 years

(ii) Internally Developed Intangible Assets

Expenditure on the research phase of projects to develop new hardware and software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the intangible asset; and
- the intangible asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs, including employee costs incurred on software developed for new products, are capitalised, as they are considered part of the cost intrinsic to the development of the product intended for sale and contribute to the future economic benefit arising from the product. However, where software is developed for existing products which is made available under open-source software standards, no future economic benefit is considered to flow from the software, nor is the software considered to be controlled by the entity. As the software is provided on this basis, the software is not considered to meet the criteria of an asset and is recognised as an expense. Software engineering resource engaged in maintaining and fixing bugs in existing software is also expensed as incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete and the asset is available for use. The estimated useful lives are as follows:

- Internally Developed Intangible Assets - 3 to 6 years

The estimated useful life and amortisation rate are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount. Any capitalised internally developed hardware or software that is not yet complete is not amortised but is subject to annual impairment testing in accordance with IAS 36 as described in note 2.12.

(iii) Donated intangible assets

Raspberry Pi Foundation has gifted the brand of Raspberry Pi to the Company. The Company recognises donated intangible assets as cost. The brand of Raspberry Pi has been recognised at nil value in the Statement of Financial Position.

2.12 Impairment (excluding inventories and deferred tax assets)

Financial assets (including trade receivables)

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method, less any loss allowance.

The Company has adopted the simplified model of recognising lifetime expected credit losses ("ECL") on financial assets that are measured at amortised cost.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Inventories

Inventories, which comprise raw materials, components and finished goods for resale, are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving inventories. Cost comprises all costs of purchase and cost of conversion. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.14 Leases

The Company assesses, at contract inception, whether a contract is, or contains, a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. As part of the measurement approach, the discount rate applied is assessed based on the underlying asset that the lease relates to and the incremental borrowing rate of the geographical region in which the lease is situated. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

(i) Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold office buildings - 10 years
- Retail shop – 2 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment review.

(ii) Lease liabilities

At the commencement of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses a specific asset risk adjusted incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the interest charge and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes for future payments resulting from a change in an index or rate used to determine such lease payments) or a change to the assessment of an option to purchase the underlying asset. Interest charges paid on lease liabilities are presented in the cash flow statement as a financing cash flow item.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

2.15 Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the date of the Statement of Financial Position and any adjustment to tax payable in respect of previous periods. Any uncertain tax treatments are reviewed, documented, and communicated to the Board as appropriate. The Company's finance function monitors any uncertain items on a regular basis, working closely with the local tax advisor to understand any potential changes to the associated risk. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities are presented on the face of the Statement of Financial Position within non-current liabilities. Deferred tax assets are presented on the face of the Statement of Financial Position within non-current assets.

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The RDEC is recognised in the Statement of Comprehensive Income within Other Operating Income in the period in which the Company has recognised the research and development expense or in the period in which the amortisation of the relevant capitalised development costs to which the credit relates is charged. The RDEC receivable for the year is netted against any payments of corporation tax due relating to the year. The deferred income represents the portion of the RDEC in respect of unamortised capitalised development costs and is recorded in Other Long Term Liabilities.

There are no significant uncertain tax positions requiring disclosure.

2.16 Dividends

Dividends paid are recognised in the Statement of Changes in Equity once paid to its shareholders.

2.17 Pensions

The pension costs charged in the financial information represent the contributions payable by the Company during the period to the defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amounts charged to the Statement of Comprehensive Income represent the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Company's liability.

2.18 Foreign currencies

Presentation and Functional currency

The Company's presentation and functional currency is the United States Dollar. The currency that mainly influences sales prices for products and services as well as materials and other costs of providing goods and services is the United States Dollar (USD, $); hence the Company's functional currency is USD. The Company has elected that its presentation currency matches its functional currency.

Approach to foreign currency transactions

Foreign currency transactions are translated into the functional currencies for the Company using daily exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at month end exchange rates, are recognised in the Statement of Comprehensive Income.

2.19 Share-based payments

The Company operates an equity settled share-based payment scheme. The Company issues B ordinary shares as awards to its staff under share based compensation plans. For equity-settled awards, the fair value of the amounts payable to staff is recognised as an expense with a corresponding increase in equity over the vesting period after adjusting for the estimated number of shares that are expected to vest.

The fair value is measured at the grant date using an appropriate valuation model (Black-Scholes), taking into account the terms and conditions upon which the instruments were granted. The fair value of options granted is recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is calculated. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

The share-based payment scheme has been in place since October 2020. Under the terms of the plan, the B ordinary shares will share in the proceeds payable in respect of an Exit of the Company above a minimum hurdle. An Exit is broadly defined in the Articles of Association as the sale of the Company or its listing upon a stock exchange.

2.20 Finance costs

Finance costs include interest on bank overdrafts and borrowings. In accordance with IAS 23, the Company has recognised such costs as an expense in the Statement of Comprehensive Income.

2.21 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

2.22 Critical accounting estimates and significant management judgements

The preparation of the financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the reporting period, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

In the process of applying the Company's accounting policies, the directors have made the following judgements and estimates which have the most significant impact on the amounts recognised in the financial information:

Key sources of estimation uncertainty

The judgements and estimates which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are as follows:

Significant judgement in the share-based payments

Share-based payments are calculated in accordance with IFRS 2 – Share-based Payment. The Company has used a Black-Scholes valuation model to value the awards. Where an option scheme has no market-based performance conditions attached to the award, a Black-Scholes model is typically appropriate.

The Black-Scholes model utilises various inputs, some of which are subject to management judgement, including the price of the shares.

As the Company is not listed on an exchange, share price is not an observable input.

The unrestricted market value of the B ordinary shares was determined by a specialist valuation group in 2020 and at that time, deemed to be £1.10 per share. The risk of the underlying share price being incorrectly valued is reduced by the relative materiality of the expense in the year ended 31 December 2020 ($513,000).

In November 2021, a second valuation exercise of the Company was undertaken by a specialist valuation group and at that time, the unrestricted market value of the B ordinary shares was deemed to be £5.50 per share.

Critical judgement and significant estimate in the capitalisation of development costs

Management has determined that development costs related to specific new products have future economic benefits and are economically recoverable. The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement as to whether those costs represent part of an existing performance obligation or a separate intangible asset. There is also a significant judgement in the estimation of the expected useful life of the asset.

Development costs attributable to the new products for sale are capitalised. Development costs not directly attributable to new products for sale are expensed as incurred as they are most often enhancements and are deemed part of the existing performance obligation to already contracted customers.

The table below presents the amount of development costs capitalised and expensed during the periods.

	31 December 2022 $'000	*31 December 2021(restated) $'000*
Capitalised Development costs	7,017	4,584
Expensed Research and Development costs	7,088	8,095
Total Research and Development Expenditure	14,105	12,679

The Expensed Research and Development costs for 2021 have been restated to include in the amounts shown above costs of $1.0 million which were shown in the prior year in Other administrative costs.

Estimated useful life of capitalised development costs

The capitalised development is amortised on a straight-line basis over a three to six year period, which management deems to be reasonable given that it operates in a rapidly evolving industry and is consistent with both the release cycle and estimated useful life of its main single board computers.

The amortisation charged in each year has been the following:

	31 December 2022 $'000	*31 December 2021 $'000*
Amortisation of development costs capitalised	2,395	1,980

3 Revenue

The total revenue for the Company has been derived from its principal activity, the development, marketing, manufacture and sale of cost-effective programmable computing devices. All the revenue relates to trading undertaken in the United Kingdom and is recognised at a point in time.

The Company has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in note 4.

Analysis of revenue

	Year ended 31 December 2022 $'000	*Year ended 31 December 2021 $'000*
Revenue by currency of invoicing		
USD	160,435	119,600
GBP	11,187	8,677
EUR	16,237	12,310
	187,859	140,587
Revenue by country of destination		
United Kingdom	64,546	75,173
United States of America	30,447	12,337
Europe	49,492	22,186
Rest of World	43,374	30,891
	187,859	140,587
Revenue by category		
Royalty	9,573	26,781
Sale of products	150,065	83,523
Sale of components	26,591	28,063
Other	1,630	2,220
	187,859	140,587
Revenue by timing of recognition		
Revenue recognised at a point in time	187,200	139,890
Revenue recognised over time	659	697
	187,859	140,587

Revenue derived from the sale of components relates to components sold to the manufacturer for use in single board computers for the Company's licensee partners.

Contract liabilities are included within 'Trade and other payables' on the face of the Statement of Financial Position. Contract liabilities arising from the publishing business relate to amounts paid in advance for magazine subscriptions which will be fulfilled in future months as well as amounts paid in advance for advertisements to be placed in future issues of magazines. Contract liabilities in respect of product sales also arise where new customers are required to pay on a proforma basis and goods are yet to be dispatched.

Revenue recognised in relation to contract liabilities

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Revenue recognised that was included in contract liabilities at the beginning of the period	535	491

Principal customers

During 2022, $13,744,000 or 7% (2021: $21,444,000 or 15%) and $9,022,000 or 5% (2021 : $13,599,000 or 10%) of the Company's revenues were derived from royalty income, component and product sales made to 2 major electronic component manufacturers. Component and product sales to a large technology company during 2022 were $26,198,000 or 14% of total revenues (2021: $29,504,000 or 21%).

4 Segmental information

It is the view of the directors that the Company has a single operating segment being the development, marketing, manufacture and sale of cost-effective programmable computing devices. Details of the Company's revenue, results and assets and liabilities, for the reporting segment, are shown within the Statement of Comprehensive Income and the Statement of Financial Position.

The Company trades in one geographical segment, being the UK.

5 Other operating income

	Year ended 31 December 2022 $000	Year ended 31 December 2021 $000
CJRS Furlough grant	-	37
Research and development expenditure credit	490	-
	490	37

6 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2022 $000	Year ended 31 December 2021 $000
Inventory charged to cost of sales	138,004	91,840
Freight costs included in cost of sales	1,525	1,594
Other cost of sales expenses	6,050	5,236
Depreciation on Property, Plant and Equipment	1,977	1,404
Depreciation on Right of Use Assets	292	292
Amortisation of Intangibles	2,879	2,113
Fees payable to the Company's auditors:		
- Audit Fee	203	219
- Tax Compliance	-	-
- Other services as reporting accountant on financial or other information*	410	292
Other exceptional costs*	1,703	1,637
Employment costs (as per note 8)	8,751	10,128
Other product development costs	2,861	3,865
Other staff related costs	990	886
Professional fees	980	409
Property costs	176	220
Insurance	431	353
Foreign exchange (gains)/losses	(1,024)	248
Marketing and advertising	448	176
Management charge	614	173
Travel and entertaining	516	141
Other	363	625

*Other exceptional costs and fees for other services as reporting accountant on financial or other information relate to costs incurred in respect of assurance and advisory costs for preparing the Company for further external investment.

7 Finance Costs (net)

Finance Income	*Year ended 31 December 2022 $000*	*Year ended 31 December 2021 $000*
Interest receivable	49	-

Finance Costs	*Year ended 31 December 2022 $000*	*Year ended 31 December 2021 $000*
Interest on lease liabilities	(63)	(81)
Interest on loans and borrowings	(157)	(234)
	(220)	(315)
Finance costs (net)	(171)	(315)

An arrangement fee of $67,700 in respect of the £7m ($9.464m) Revolving Credit Facility was prepaid in October 2020 and is being amortised over 3 years.

8 Employment costs

Average number of employees	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Engineering	43	39
Sales and Product Management	15	13
Marketing and Communications	10	8
Publishing	10	10
General and Administrative	12	10
Retail	4	4
	94	84

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Wages and salaries	11,076	10,461
Social security costs	1,315	1,197
Pension costs	725	662
	13,116	12,320
Share based payments	(411)	1,204
Staff costs capitalised	(3,954)	(3,396)
	8,751	10,128

9 Directors' Remuneration

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Remuneration	1,831	1,900

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Company pension contributions to defined contribution pension scheme	73	77

	Year ended 31 December 2022 Number	*Year ended 31 December 2021 Number*
Number of directors to whom retirement benefits are accruing under defined contribution pension schemes	3	3

Highest paid director

The highest paid director's emoluments were as follows:

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Total emoluments	546	592
Company pension contributions to defined contribution scheme	34	35
	580	627
	Number	*Number*
Shares received under the Long Term Incentive Plan	-	-

10 Taxation

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Current tax:		
Current year charge	1,562	390
	1,562	390
Deferred tax:		
Current year charge	1,157	1,741
Adjustment in respect of previous periods	(63)	-
Effect of changes in tax rates	365	1,491
	1,459	3,232
Taxation charge for the year	3,021	3,622

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Profit before taxation	20,029	18,458
Corporation tax at 19% in respect of all periods	3,806	3,507
Effect of:		
Adjustments in respect of prior years	(498)	-
Expenses not deductible for tax purposes	507	1,941
Income not taxable	(200)	-
Deduction for Research and Development	-	(3,074)
Tax rate changes	365	1,492
Effect of group relief/other reliefs	(959)	(244)
Taxation charge for the year	3,021	3,622

In 2022 the expenses not deductible for tax purposes are made up of other exceptional costs, share based payment charges, and intangible asset amortisation.

10 Taxation (continued)

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Current Liabilities		
Provision at the start of the year	390	-
Corporation tax	1,952	390
Adjustment in respect of prior years	(390)	-
R&D Tax Credit	(1,190)	-
	762	390

Deferred tax disclosure:

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Provision at the start of the year	6,214	2,982
Adjustment in respect of prior years	(63)	-
Deferred tax charge	1,522	3,232
	7,673	6,214

	As at 31 December 2022 $000 ***Provided***	*As at 31 December 2021 $000* ***Provided***
Fixed asset timing differences	7,772	6,383
Lease liability	(93)	-
Temporary timing differences - trading	(6)	(61)
Other	-	(108)
	7,673	6,214

	As at 31 December 2022 $000 **Recognised**	*As at 31 December 2021 $000* **Recognised**
Deferred tax assets	(99)	(169)

	As at 31 December 2022 $000 **Provided**	*As at 31 December 2021 $000* **Provided**
Deferred tax liabilities	7,772	6,383

The main rate of UK corporation tax for the year is 19% effective since 1 April 2017. In the March 2021 Budget, it was announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This was confirmed in the March 2023 Budget. This will have a consequential effect on the Company's future tax charge and these changes were substantively enacted before the balance sheet date and have therefore been factored into the deferred tax calculations.

11 Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares (total of ordinary and B shares) in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares in all classes to assume exercise of all potentially dilutive share options.

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, profit attributable to owners of the Group	17,008	14,836
Number of shares	**Number**	**Number**
Weighted average number of shares in issue during the period	109,931	103,102
Effect of potentially dilutive B ordinary shares	120,682	113,533
Earnings per share ($)		
Basic	155	144
Diluted	141	131

On 13 September 2021, the Company subdivided its single £1 ordinary share capital into 100,000 £0.00001 ordinary shares. The weighted average number of shares was increased by the number of additional shares issued in the year of the share split transaction.

12 Intangible assets

	Internally Developed Intangible Assets	Internally Developed Intangible Assets still under Development	Designs & Trademarks	Publication Brand Names	Intellectual Property	Total
COST	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 January 2022	10,513	12,027	155	240	6,200	29,135
Reclassification in the year	(1,253)	1,253	-	-	-	-
Additions	503	7,552	13	-	5,576	13,644
Transfer	780	(780)	-	-	-	-
As at 31 December 2022	**10,543**	**20,052**	**168**	**240**	**11,776**	**42,779**
AMORTISATION AND IMPAIRMENT						
As at 1 January 2022	**2,930**	-	**87**	**240**	**71**	**3,328**
Amortisation for the year	2,395	-	56	-	1,465	3,916
As at 31 December 2022	**5,325**	-	**143**	**240**	**1,536**	**7,244**
NET BOOK VALUE						
As at 31 December 2022	**5,218**	**20,052**	**25**	-	**10,240**	**35,535**
As at 31 December 2021	**7,583**	**12,027**	**68**	-	**6,129**	**25,807**

Amortisation of intangible assets is included in administrative expenses.

On 30 April 2020, the Company acquired the designs and trademark of IQ Audio Limited for cash consideration of $155,000. A further $3,000 was paid in cash for its inventory as at the same date. IQ Audio Limited designed, developed and manufactured digital audio products which are compatible with Raspberry Pi single board computers. Management has estimated the useful economic life of IQ Audio's designs and trademark to be 3 years. Since its acquisition, the revenue from the sale of IQ Audio products has been $399,000 and the contribution to gross profit, $35,000.

Intellectual Property is composed of payments made to third parties for the development and design of key components intended to be used in future Raspberry Pi products. In 2021, the Company entered into a four year licence with a term until March 2026. The first payment milestone of the licence agreement was made during the year with the remainder falling due in September 2023 and March 2025. The $5 million licence has been capitalised under Intellectual Property within Intangibles, and the amount still due is reflected within Long Term Liabilities and Other creditors. The full value of the licence rather than its discounted cashflow value has been capitalised due to the difference between the two values being immaterial.

The licence is being amortised over its 4 year term. In accordance with IAS 38, the amortisation of the licence that is being used to generate an internally generated intangible has been capitalised within Internally Developed Intangible Assets still under Development as it is a directly attributable cost.

Also included within Intellectual Property is one individually material item which has a net book value of $5m (31 December 2021: $5m) in respect of outsourced costs incurred in the development of components complementary to the application processors of future single board computers. The development is not yet complete and therefore amortisation has not yet been charged. The amortisation period is expected to be six years.

Internally Developed Intangible Assets and Internally Developed Intangible Assets Still Under Development comprise capitalised costs incurred in the internal development of future Raspberry Pi products.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete and the asset is available for use. New versions of Raspberry Pi computers are typically released every 3 years and therefore the development costs are amortised over 3 years in line with the economic life of the relevant product. Internally Developed Intangible Assets relating to components used in multiple Raspberry Pi products are amortised over a period of 6 years.

Included within Internally Developed Intangible Assets and Internally Developed Intangible Assets Still Under Development there are four individually material items:

- Net book value of $12,012,000 (31 December 2021: $11,109,000) in respect of costs incurred in the development of an Input/Output chiplet complementary to the application processors of future single board computers. The development is not yet complete and therefore amortisation has not yet been charged. The amortisation period is expected to be six years.
- Net book value of $3,393,000 (31 December 2021: $4,191,000) in respect of the costs incurred in the development of the RP2040 microcontroller chip, launched in January 2021. The costs are being amortised over 6 years. The remaining amortisation period at 31 December 2022 is 4 years and 1 month (31 December 2021 – 5 years and 1 month).
- Net book value of $3,362,000 (31 December 2021: $474,000) in respect of the next generation of microcontroller chips. The costs are expected to be amortised over 6 years.
- Net book value of $2,295,000 (31 December 2021: $Nil) in respect of future chip development work.

Due to the future expected revenues of the capitalised development costs, the Company has not identified any impairments to the intangibles.

Impairment assessment for other non-current assets

Included within Internally Developed Intangible Assets Still Under Development are amounts of $20,052,000 (31 December 2021: $12,027,000) representing the costs incurred in the development of products which have yet to be amortised. These assets are not considered at the date of the Statement of Financial Position to be ready for use and accordingly must be tested for impairment.

The projected cash flows arising from each development project are forecast for a period of three to six years which is their estimated useful economic life. Management have based their revenue estimates on the revenues of similar products with a life of three to six years. A budgeted gross margin of 10% for Single Board Computers and 30% for accessories has been used. The budgeted gross margin is based on past performance for similar products and management's expectations for the future.

A discount rate of 12.6% has been applied in determining the present value of the cash flows anticipated. The discount rate is a pre-tax rate which reflects any specific risks relating to the relevant products. An asset-specific rate is not available directly from the market, and therefore the discount rate has been estimated to reflect, as far as possible, a market assessment of:

- The time value of money to the end of the asset's useful life.
- The risks that the future cash flows will differ in amount or timing from estimates.
- The price for bearing the uncertainty inherent in the asset.
- Other factors that market participants would reflect in the rate, such as illiquidity.

Management have taken into account the following factors in determining this rate:

- The WACC for the Company, determined using the capital asset pricing model.

- The Company's incremental borrowing rate.
- Other market borrowing rates.

Management do not consider that any reasonably possible change in the discount rate or cashflow estimates would result in an impairment.

No impairment was identified in 2022 (2021: $nil) in respect of these assets.

13 Property, Plant and Equipment

	Retail store fit-out	Leasehold improvements	Plant and equipment	Office & computer equipment	Total
	$000	$000	$000	$000	$000
Balance at 1 January 2022	**100**	**327**	**5,723**	**1,164**	**7,314**
Additions	-	-	1,806	333	**2,139**
Balance at 31 December 2022	**100**	**327**	**7,529**	**1,497**	**9,453**
Depreciation					
Balance at 1 January 2022	**100**	**65**	**2,757**	**833**	**3,755**
Charge for the year	-	22	1,758	197	1,977
Balance at 31 December 2022	**100**	**87**	**4,515**	**1,030**	**5,732**
Net book value					
At 31 December 2021	**-**	**262**	**2,966**	**331**	**3,559**
At 31 December 2022	**-**	**240**	**3,014**	**467**	**3,721**

14 Right Of Use Assets

Set out below are the carrying amounts of the right of use assets and their movements over the period. The leases relate to:

- Offices at Maurice Wilkes Building, St John's Innovation Park, Cowley Road, Cambridge; and
- A retail outlet at Grand Arcade Shopping Centre, Cambridge.

The Maurice Wilkes Building lease expires in September 2033. The Grand Arcade Shopping Centre lease expired in January 2023 and has been renewed for a further 2 years.

Further details in respect of the Company's lease liabilities are disclosed in note 21.

	$'000
At 1 January 2022	**1,679**
Depreciation	(292)
At 31 December 2022	**1,387**

Indicators of impairment were identified for the shop lease at 31 December 2021 as a result of COVID-19. The carrying value of the lease at 31 December 2022 was immaterial as it has a renewal date in early January 2023. The carrying value of the lease at 31 December 2021 was $52,000 which was deemed immaterial for assessment of impairment.

15 Investments in subsidiary companies

On 10 August 2021, Raspberry Pi (Trading) North America Inc. was incorporated in Delaware as a wholly owned subsidiary of the Company. The address of its registered office is 2810 N. Church St. Wilmington, DE 19802-4447 and its registered number is 6154934.

The subsidiary does not carry out any trading activities; it acts merely as a vehicle for the employment of US staff with specialist skills. The cost of investment in the subsidiary is $1 (2021:$1).

16 Inventories

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Raw materials and components	36,459	25,682
Finished goods for resale	11,430	14,894
	47,889	40,576

Inventories recognised in cost of sales as an expense were as follows:

	Year ended 31 December 2022 $000	*Year ended 31 December 2021 $000*
Inventories recognised in cost of sales	138,004	91,840

An impairment loss of $1,256,599 (2021: $74,447) was recognised in cost of sales against inventories due to slow-moving and obsolete inventories.

17 Trade and other receivables

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Trade receivables	21,148	15,088
Expected credit loss allowance	-	-
Net trade receivables	21,148	15,088
Amounts owed by Group undertakings	127	97
Prepayments	3,027	4,589
Other receivables	1,651	945
	25,953	20,719
Due within one year	25,953	20,719
	25,953	20,719

Amounts owed by Group undertakings represents balances between the Company and its ultimate parent company, Raspberry Pi Foundation and between the Company and its wholly owned subsidiary, Raspberry Pi (Trading) North America Inc. The intercompany debt is unsecured and repayable upon demand and does not attract any interest charges.

The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Company's historical credit loss experienced over the three-year period prior to each period end. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors. Trade receivables include amounts which are past due at the reporting date but against which the Company has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

The expected credit loss provision for trade receivables as determined under the requirements of IFRS 9, is immaterial as at 31 December 2022 and 31 December 2021. Any movement in expected credit loss provision is included in administrative expenses in the Statement of Comprehensive Income.

18 Cash and cash equivalents

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Cash and cash equivalents	32,843	34,429

Cash and cash equivalents comprise short term deposits, cash at bank and cash in hand.

19 Trade and Other Payables

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Trade payables	18,004	15,177
Other taxation and social security	1,152	1,286
Other payables	1,815	80
Accruals	2,428	2,807
Repurchase liabilities	1,739	2,658
Contract liabilities	1,356	535
	26,494	22,543

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

The contract liabilities arising from the publishing business relate to amounts paid in advance for magazine subscriptions which will be fulfilled in future months as well as amounts paid in advance for advertisements to be placed in future issues of magazines. Contract liabilities in respect of product sales arise where new customers are required to pay on a proforma basis and goods are yet to be dispatched.

Other payables includes $1,000,000 falling due within one year for payment milestones in respect of an Intellectual Property licence as detailed in note 12.

20 Borrowings

During the year ended 31 December 2020, the Company put a £3 million ($4.1 million) overdraft facility in place. The overdraft is repayable on demand. The facility is secured by a debenture granted by the Company in favour of Barclays Bank plc.

At 31 December 2022, the Company had $nil overdraft borrowings (31 December 2021: $nil).

During the year ended 31 December 2020, Barclays Bank plc offered the Company a revolving credit facility of £7 million ($9.5 million). The facility is secured by a debenture granted in favour of Barclays Bank plc. The facility has covenants relating to leverage (gross borrowings to EBITDA) and interest coverage. The facility lasts for three years from October 2020.

At 31 December 2022, the Company owed $nil under this facility (2021: $nil).

21 Lease Liabilities

	$'000
At 1 January 2022	**2,116**
Additions	-
Interest Expense	63
Lease Capital Payment	(302)
Lease Interest Payment	(63)
FX translation impact	(192)
At 31 December 2022	**1,622**

The total cash outflow relating to leases in 2022 was $365,000 (2021: $406,000).

Details of the Right Of Use assets, including depreciation charge, additions and carrying value, are disclosed in Note 14.

The Company is committed to a lease for a warehouse for which a planning application has been made. The lease is expected to commence in 2023. The Company is committed to a total liability of $509,000 which would be payable in 36 equal instalments; this would start to fall due no more than 12 months after the date of planning permission having been granted.

The maturity analysis of lease liabilities is:

	As at 31 December 2022	*As at 31 December 2021*
	$'000	*$'000*
Less than one year	263	165
Between one and five years	1,138	1,362
Over five years	221	589
	1,622	2,116

22 Other Long Term Liabilities

	As at 31 December 2022 $'000	*As at 31 December 2021 $'000*
Amounts falling due after more than one year		
Due within 2-5 years:		
Payment milestones in respect of Intellectual Property licence	3,000	-
Deferred income in respect of RDEC	700	-
	3,700	-

23 Share capital

	As at 31 December 2022 $	*As at 31 December 2021 $*
Allotted, called up and fully paid		
109,931 ordinary shares of £0.00001 (31 December 2021: 109,931)	1	1
15,920 B ordinary shares of £0.00001 each (31 December 2021: 16,589)	-	-
	1	1

Each class of ordinary share ranks pari passu, save that the B ordinary shares have no rights to vote or receive dividends.

On 13 September 2021, the Company subdivided its single £1 ordinary share capital into 100,000 £0.00001 ordinary shares. On 15 September 2021, the Company issued 4,414 ordinary shares at an issue price of $4,531 per ordinary share. On 24 September 2021, the Company issued a further 5,517 ordinary shares at an issue price of $4,531 per ordinary share.

On 15 December 2021, the Company awarded 3,512 B ordinary shares of £0.00001 each at an issue price of £5.50 per share.

All B ordinary shares are held in trust under the Raspberry Pi (Trading) Long Term Incentive Plan.

24 Reserves

(a) Share capital account

Share Capital represents the nominal value of share capital subscribed for.

(b) Share premium account

The Share premium account records the amount above the nominal value received for shares issued, less transaction costs.

(c) Retained Earnings

This reserve represents the total of all current and prior retained earnings net of distributions to owners.

(d) Share-based payment reserve

This reserve is used to recognise the grant date fair value of B ordinary shares issued to employees as held in the Raspberry Pi (Trading) Long Term Incentive Plan.

25 Pension and other post-retirement benefit commitments

Defined contribution

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounts to:

	$000
Year ended 31 December 2021	662
Year ended 31 December 2022	725

At 31 December 2022, pension contributions totalling $nil (2021:$220,000) were payable to the fund and are included in Other taxation and social security.

26 Financial instruments and financial risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk,
- Foreign currency risk, and
- Capital management.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

Financial assets

Financial assets measured at amortised cost comprise cash and cash equivalents, trade receivables, other receivables and amounts owed by Group undertakings as follows:

	As at 31 December 2022 $000	*As at 31 December 2021 $000*
Trade receivables	21,148	15,088
Amounts owed by Group undertakings	127	97
Cash and cash equivalents	32,843	34,429
	54,118	49,614

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, accruals, other payables, repurchase liabilities and lease liabilities:

	As at 31 December 2022 $000	As at 31 December 2021 $000
Current		
Trade payables	18,004	15,177
Accruals	2,428	2,807
Other payables	1,815	80
Repurchase liability	1,739	2,658
Lease liabilities	263	165
	24,249	20,887
Non-current		
Lease liabilities	1,359	1,951
Other long term liabilities	3,700	-
	5,059	1,951

The Company is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Credit Risk

The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	As at 31 December 2022 $000	As at 31 December 2021 $000
Financial Assets measured at amortised cost	54,118	49,614

The Company's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 17).

The Company's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low.

For internal credit risk management purposes, the Company considers a financial asset to be not recoverable if the customer balance owing is 180 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

The Company provides credit to customers in the normal course of business. In order to minimise credit risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure is monitored. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. The amounts presented in the Statement of Financial Position in relation to the Company's trade receivables are presented net of loss allowances.

Liquidity Risk

Liquidity risk arises from the Company's management of working capital and the amount of funding required for growth. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Company in order to mitigate this risk. The Company is financed through a combination of cash balances, the revolving credit facility and retained earnings.

The Company manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of the Company. Borrowing facilities are arranged as necessary to finance requirements.

The following table shows the maturities of gross undiscounted cash flows of financial liabilities:

Contractual maturities of financial liabilities as at 31 December 2021 were as follows:

	Carrying amount	**Contractual Cashflows**	**< 1 Year**	**1 - 5 Years**	**5 Years and over**
	$'000	$'000	$'000	$'000	$'000
Trade and other payables	20,722	20,722	20,722	-	-
Loans and borrowings	-	-	-	-	-
Lease liability	2,116	2,215	365	979	871
Total	**22,838**	**22,937**	**21,087**	**979**	**871**

Contractual maturities of financial liabilities as at 31 December 2022 are as follows:

	Carrying amount	**Contractual Cashflows**	**< 1 Year**	**1 - 5 Years**	**5 Years and over**
	$'000	$'000	$'000	$'000	$'000
Trade and other payables	23,986	23,986	23,986	-	-
Loans and borrowings	-	-	-	-	-
Lease liability	1,622	1,622	263	1,138	221
Other Long term Liabilities	3,700	3,700	-	3,700	-
Total	**29,308**	**29,308**	**24,249**	**4,838**	**221**

We refer the reader to note 20 for detail on the loans and borrowings.
We refer the reader to note 21 for detail on the lease liabilities.
We refer the reader to note 22 for detail on other long term liabilities

Interest rate risk

The Company holds interest-bearing assets in the form of cash and cash equivalent deposits. The Company's only interest-bearing long term financial liabilities are leases which by their nature are at a fixed rate and therefore the Company's interest rate risk exposure is minimal. The Company regularly reviews forecast debt, cash and cash equivalents and interest rates to monitor this risk and would consider hedging instruments if the perceived risk was to increase.

Foreign Currency Risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. Most of the Company's transactions are conducted in US Dollars. Exposure to currency exchange rates arises from sales and purchases denominated in GBP or Euro. The Company holds bank accounts in foreign currencies to help mitigate the foreign exchange risk. The Company monitors exchange rate movements closely to ensure adequate funds are maintained in appropriate currencies to meet known liabilities.

The Company's exposure to foreign currency risk at the end of the respective reporting period was as follows:

As at 31 December 2022 $000	*GBP*	*EUR*	**Total**
Cash	442	810	**1,252**
Trade Receivables	2,169	2,040	**4,209**
Trade and Other Payables	(3,866)	(131)	**(3,997)**
Net Assets	**(1,255)**	**2,719**	**1,464**
10% strengthening of functional currency	*GBP*	*EUR*	**Total**
Cash	34	78	**112**
Trade Receivables	165	197	**362**
Trade and Other Payables	(294)	(13)	**(307)**
Net Assets	**(95)**	**262**	**167**
10% weakening of functional currency	*GBP*	*EUR*	**Total**
Cash	(27)	(64)	**(91)**
Trade Receivables	(135)	(161)	**(296)**
Trade and Other Payables	240	10	**250**
Net Assets	**78**	**(215)**	**(137)**
As at 31 December 2021 $000	*GBP*	*EUR*	**Total**
Cash	791	653	**1,444**
Trade Receivables	1,433	969	**2,402**
Trade and Other Payables	(5,818)	(213)	**(6,031)**
Net Assets	**(3,594)**	**1,409**	**(2,185)**
10% strengthening of functional currency	*GBP*	*EUR*	**Total**
Cash	48	56	**104**
Trade Receivables	87	83	**170**
Trade and Other Payables	(354)	(18)	**(372)**
Net Assets	**(219)**	**121**	**(98)**

10% weakening of functional currency	*GBP*	*EUR*	**Total**
Cash	(39)	(46)	**(85)**
Trade Receivables	(71)	(68)	**(139)**
Trade and Other Payables	289	15	**304**
Net Assets	**179**	**(99)**	**80**

The impact of a change of 10% has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements. The sensitivities above would all affect the profit and loss of the Company.

Capital Risk Management

The Company is equity funded, comprising share capital and retained profits.

The Company's current objectives when maintaining capital are to:

- Safeguard the Company's ability as a going concern so that it can continue to pursue its growth plans;
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term; and
- Provide a reasonable expectation of future returns to shareholders.

The capital adequacy of the business is monitored on a monthly basis and as part of the business planning process. The liquidity of the business is monitored on a daily basis to ensure sufficient funding exists to meet the Company's liabilities as they fall due. At an operating level, the Company is highly cash generative and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirement.

27 Financial commitments

In 2021, the Company entered into a licence agreement to purchase licences for intellectual property to be used in its products. At 31 December 2022, the total remaining commitment amounts to $4 million payable in instalments between September 2023 and March 2025 (at 31 December 2021, $5.5 million payable in instalments between March 2022 and March 2025). In July 2022 the Company entered into a further commitment to purchase other licences for intellectual property and related tools over the period to Jul 2025. The value of the outstanding commitment at 31 December 2022 was $9.1 million.

As noted elsewhere in these accounts, to ensure the continuing supply of key components to meet forecast demand the Company has entered into long term supply agreements and placed orders with major suppliers and distributors. Under the agreements the company expects to purchase components with a value of $360 million over a period of four years for use in the manufacture of products for sale by itself and its licensee.

At 31 December 2022, there were no material lease and tangible fixed asset commitments.

28 Share based payments

In 2020, a Long-Term Incentive Plan (LTIP) was approved by the board of directors. In October 2020, 13,077 B ordinary shares were issued under this plan to certain employees; in December 2021, a further 3,512 B ordinary shares were awarded to employees under this plan.

Under the terms of the plan, the B ordinary shares will share in the proceeds payable in respect of an Exit of the Company above a minimum hurdle. An Exit is broadly defined in the Articles of Association as the sale of the Company or its listing upon a stock exchange.

The B ordinary shares are held in trust by the Raspberry Pi (Trading) Employee Benefit Trust on behalf of employees.

The unrestricted market value of the B ordinary shares issued in 2020 was determined by a specialist valuation company and deemed to be £1.10 per share. The unrestricted market value of the B ordinary shares issued in 2021 was determined by a specialist valuation company and deemed to be £5.50 per share.

A summary of the B ordinary shares is detailed below:

Scheme	Awarded as at 31 December 2021	Awarded during 2022	Awarded as at 31 December 2022
LTIP	16,589	-	16,589

In accordance with accounting standards, the Company is required to recognise an expense for the services received by a company in exchange for equity-based payment. For B ordinary shares issued under the LTIP in 2020, the assumption at that time was that an Exit process would happen 2 years from the date of issue and the Black Scholes model was used to value the compensation expense with the following inputs:

Interest rate: -0.05%

Volatility: 49%

Expected life of B ordinary shares: 2 years

In 2021, management reassessed the timing of an Exit process. The compensation expense in 2021 for B ordinary shares issued during 2020 was revised to be calculated based on an expected Exit process happening 18 months after the date of issue. The compensation expense in 2021 for those B ordinary shares issued in 2021 was calculated based on an expected Exit process happening 4 months after the date of issue. The Black Scholes model was used to value the compensation expense for the 2021 issue of B ordinary shares with the following inputs:

Interest rate: -0.05%

Volatility: 34%

Expected life of B ordinary shares: 4 months

The charge for the year ended 31 December 2021 was $1,204,000 which includes the additional charge for those B ordinary shares issued in 2020 following the reassessment by management of the date of the expected Exit process.

In 2022, management reconsidered the expected timing of an Exit process. The compensation credit in 2022 for B ordinary shares issued during 2020 was revised to be calculated based on an expected Exit process happening almost 4 years after the date of issue. The compensation credit in 2022 for those B ordinary shares issued in 2021 was calculated based on an expected Exit process happening 31 months after the date of issue. The resultant credit for the year ended 31 December 2022 was $411,000 which is the result of the life of the B ordinary shares being extended.

29 Changes in liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Changes in liabilities arising from financing activities	Lease Liabilities
	$'000
At 1 January 2022	**2,116**
Loans drawn down	-
Payment of principal	(302)
Payment of interest	(63)
Interest expense	63
Additions	-
Foreign exchange translation impact	(192)
At 31 December 2022	**1,622**

30 Related party transactions

Transactions with key management personnel

The Company considers the Executive Committee members as the key management personnel. The total remuneration for key management personnel for the year ended 31 December 2022 was $2,590,000 (31 December 2021: $3,168,000).

	31 December 2022 $000	*31 December 2021 $000*
Wages and salaries	2,274	2,337
Social security costs	233	321
Pension costs	83	86
Share Based Payment costs	-	424
	2,590	3,168

The Company made salary and pension contributions to the wife of Dr E C Upton, as follows:

	$
Year ended 31 December 2022	124,213
Year ended 31 December 2021	98,403

At 31st December 2022 and 2021, $nil was owed to the related party listed above.

Mr MJ Hellawell is a director of both the Company and Softcat plc. Purchases were made from Softcat plc by the Company as follows:

	$
Year ended 31 December 2022	234,822
Year ended 31 December 2021	555,641

The amount owed to Softcat plc at 31 December 2022 was $nil (2021: $18,299).

Mr DR Gammon was a director of both the Company and Frontier Developments plc during the year ended 31 December 2022. David Gammon resigned from his directorship of Frontier Developments plc in December 2022. Sales were made to Frontier Developments Inc., a subsidiary of Frontier Developments plc, by the Company as follows:

	$
Year ended 31 December 2022	8,246
Year ended 31 December 2021	13,670

The amount owed to Frontier Developments Inc. at 31 December 2022 was $nil (2021: $nil).

Sales were made to Raspberry Pi Foundation, the ultimate parent company as follows:

	$
Year ended 31 December 2022	643,459
Year ended 31 December 2021	999,743

The amount owed by Raspberry Pi Foundation to the Company at 31 December 2022 was $191,000 (2021: $113,000).

The amount owed to Raspberry Pi (Trading) North America Inc. at 31 December 2022 was $64,000 (2021: $16,000).

In 2021, the Company transferred $89 to the Raspberry Pi (Trading) Employee Benefit Trust in order to buy back shares from a company leaver. As defined in the Articles of Association of the Company, the leaver was considered a bad leaver which meant that a compulsory transfer event crystallised. The leaver was deemed to have given a deemed transfer notice in respect of all interests held in the share capital of the Company and the Remuneration Committee decided that all the interests of the leaver should be offered to the Raspberry Pi (Trading) Employee Benefit Trust for purchase. The total aggregate transfer price for the interests was $89.

In 2022, a Company leaver waived all rights or claims to any benefits under the Raspberry Pi (Trading) Employee Benefit Trust which meant that a compulsory transfer event crystallised. The interests of the leaver will be offered to the Raspberry Pi (Trading) Employee Benefit Trust for purchase. The total aggregate transfer price for the interests amounts to $89.

31 Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is Raspberry Pi Foundation, a registered charity and company registered in England and Wales.

During 2021, the Raspberry Pi group underwent some restructuring prior to the inflow of external investment. Raspberry Pi Mid Co Limited was inserted in between Raspberry Pi Foundation and Raspberry Pi Ltd with the result that Raspberry Pi Mid Co Limited is now the immediate parent undertaking of Raspberry Pi Ltd.

Group financial statements incorporating the results of Raspberry Pi Mid Co Limited and Raspberry Pi Ltd are prepared by Raspberry Pi Foundation. These will be publicly available at www.raspberrypi.org after 30 September 2023.

32 Events after the reporting period

On 30 March 2023, the Company entered into a 3 year revolving credit facility of $25 million with Barclays Bank plc to fund general corporate purposes. This replaces the existing revolving credit facility of £7 million ($9.464 million) and the £3 million ($4.056 million) overdraft with immediate effect. The new facility contains the usual provisions of a facility of this size including a covenant that gross debt should not exceed two times EBITDA. It is secured with a fixed and floating charge over the assets of the company.

On 28 March 2023, Sony Semiconductor Solutions Inc. invested $5 million in Raspberry Pi Ltd in exchange for 1,103 ordinary shares in the Company. Sony Semiconductor Solutions Inc. also invested $5 million in exchange for the same number of ordinary shares in Raspberry Pi Ltd purchased from Raspberry Pi Mid Co Limited.