Registered number: 08207441

RASPBERRY PI LTD
(formerly Raspberry Pi (Trading) Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

DIRECTORS	Mr M J Hellawell Ms S L Coutu Dr E C Upton Mr D R Gammon Mr P A Colligan Mr C J Mairs Mr R D Boult Mr J R Adams Dr G S Hollingworth Mr D Labbad
COMPANY SECRETARY	Richard 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

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

BUSINESS REVIEW

Business and product development

Raspberry Pi Ltd (RPL) has continued to develop single board computers (SBCs) and accessories for those computers. The computers and accessories are sold directly by the Company to resellers and also sold by its partners, RS Components and Premier Farnell, under licensing agreements for which the Company receives royalty income. RPL continues to publish, as part of its engagement with consumers interested in computing, making and gaming, The MagPi, Hackspace, Custom PC and Wireframe magazines as well as a range of books covering programming, gaming and making. Digital SLR magazine closed in March 2021.

2021 was a year of significant business development with notable new product launches and growth in key product lines. There was strong demand for Raspberry Pi products, but in the second half of the year production was affected by the global shortage of semiconductors, particularly microprocessors. This constrained production with the result that SBC unit sales were flat year on year at 7 million boards; however due to this strong demand, unfulfilled orders at December 2021 exceeded 4 million boards (December 2020: 0.5 million). Sales mix between the direct and licensee channels remained similar to 2020 at 31% direct as the supply constraints restricted supply to orders placed in early 2021 – which were a function of 2020 sales.

Sales of Raspberry Pi 4, our flagship product, decreased by 8% to 2.8 million units due to the global semiconductor shortage as we directed supply to Raspberry Pi Compute Module 4. Also in response to component shortages, the price of Raspberry Pi 4 2GB was increased to $45 in October 2021 and Raspberry Pi 4 1GB was reintroduced at $35 per unit.

Sales of compute modules have been strong, reflecting a growing acceptance of Raspberry Pi products in the industrial and embedded markets. In addition to Compute Module 4, sales of Compute Module 3 and 3+ also continued to increase, providing further evidence of the long design-in cycles characteristic of module products used in industrial markets. Further, we have continued to manufacture and sell Raspberry Pi 3B, 3A+ and 3B+, with much of the demand from industrial users who have incorporated Raspberry Pi products into their product designs.

October also saw the release of Raspberry Pi Zero 2 W. This product brings a modern 64-bit quad-core processor to the small-form-factor Zero product line, and delivers a roughly fivefold increase in performance over its predecessor.

In May 2021 the Company launched Raspberry Pi PoE+ HAT, the successor to 2018's Raspberry Pi PoE HAT; and in October 2021 Raspberry Pi Build HAT, an accessory which permits interoperation between Raspberry Pi computers and LEGO motors and sensors.

In January 2021, the Company launched Raspberry Pi Pico, a $4 board which for the first time is powered by silicon developed in-house at Raspberry Pi. The board, and the RP2040 microcontroller that powers it, have proven popular, with sales in 2021 of 1.4 million boards and 1.4 million RP2040 chips which are in addition to those incorporated in Raspberry Pi Pico.

Outlook and Future Developments

Supplies of semiconductor components are expected to remain limited for the next year with a consequential impact on revenue and profits. During this period it is expected that margins will remain strong, offsetting to some degree the impact of the lower sales volumes. We will continue to work with industrial customers who use Raspberry Pis in their own products to provide them a reliable supply either through careful allocation of sales or through the development of specifically tailored products.

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 throughout 2022 and subsequent years, though it is recognised that the timing and extent of launches will be particularly uncertain while the availability and supply of key semiconductor components remains disrupted.

COVID-19

Like people and businesses worldwide, the staff, users, distributors and the supply chain of Raspberry Pi have been affected by the COVID-19 pandemic since its appearance in China in December 2019. The impact continued throughout 2021 and is expected to continue beyond 2022 as the world gradually adjusts to a post-pandemic business landscape.

In both 2020 and 2021, the principal effect of the pandemic on the operations of Raspberry Pi was in respect of its supply chain. Disruption to the supply of components from the Far East led to an increase in costs of air freight and delays in the delivery of some products and components. As a result, the launch dates of some products continued to be adversely impacted during 2021. Delays to components were mitigated by the maintenance of contingency stocks and by the strength and resources of our manufacturing partner.

The unprecedented closure of non-essential stores prescribed by Government guidance meant that our retail store in Cambridge remained closed for more than 3 months at the start of 2021. The Company took advantage of the Coronavirus Job Retention Scheme (CJRS) in respect of 5 store staff who were placed on furlough. The Company also received a business rates grant funded by the local authority in respect of the retail unit.

No staff other than those in the retail store have been placed on furlough since the start of the COVID-19 pandemic.

As part of the Company's asset-light outsource business model, our finished goods stock is held by a single warehousing partner. Throughout 2021, this partner continued to operate successfully and did not suffer any disruption to its supply or increased costs of working as a direct consequence of the pandemic.

Throughout much of 2021, the staff of Raspberry Pi successfully operated from home with no noticeable disruption to the company's activities.

The uncertainty as to the medium term effects of COVID-19 remains high; however, we believe that Raspberry Pi is well positioned to address these effects going forwards. The effects of the pandemic on the Company as a whole, were largely mitigated by the nature of its products and markets. In particular, demand for the Company's products which are sold at affordable prices and can be used to work from home or remotely is expected to continue to benefit from the change in consumers' behaviour as a result of the pandemic.

The financial position of the Company remains robust. At 4 March 2022, the Company had cash of $34.9m, debt of $nil, unused bank facilities of $9.26m and strong operating margins.

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. There may be a risk to the 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.

- 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, production would be delayed while alternative locations were brought into commission, including other Sony sites elsewhere in the world.

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	2021	2020	% Change
Unit sales in direct channel	2,207	2,176	+ 1%
Unit sales through licensees	4,815	4,897	-2%
Total unit sales	**7,022**	**7,073**	-1%
Microcontroller units sold	2,859	-	n/a

Total SBC unit volumes declined 1% compared to the year ended 31 December 2020 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 and at December 2021 there were outstanding orders for in excess of 4 million SBCs, compared to 0.5 million at December 2020.

Total partnership revenue

$ million	2021	2020	% Change
Total partnership revenue	**347**	**330**	**+5%**

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 2021, total partnership revenue increased by 5% although unit sales were flat. The increase came from the higher value of unit sales and the sales of microcontrollers and Pico boards.

Average selling price (ASP) per board

$ per board	2021	2020	% Change
Single Board Computers	**41.7**	**39.6**	**+ 5%**

Average selling price is a non-IFRS measure being the weighted average of Manufacturers' Recommended Retail Price of all the SBCs sold. During 2021, the ASP of SBCs sold through the direct channel increased by 13% 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.

Gross profit per board

$ per board	2021	2020	% Change
Single Board Computers	**4.6**	**3.2**	**+ 45%***
Accessory Margin per board	**1.0**	**1.0**	**-5% ***

*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

%	2021	2020	% Change
Single Board Computers	**11.1%**	**8.1%**	**+37%**

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 132% from $1.85 per SBC in 2020 to $4.28 per SBC in 2021 due to the higher proportion of SBCs with a higher ASP. These SBCs 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.

Gross profit in both channels has also benefitted from 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. The decline was the result of weaker camera sales due to component shortages and a lower attachment rate due to an increase in sales to industrial customers.

Increase in engineering and total headcount

Year on Year % change	**2021**	**2020**
Engineering	**14%**	**21%**
Total headcount	**21%**	**14%**

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

Financial Review

	2021	**2020**	**% Change**
Revenue ($'000)	**140,587**	**99,921**	**+ 41%**
Adjusted revenue ($'000)	**112,524**	**92,269**	**+ 22%**
Gross profit ($'000)	41,917	30,410	+ 38%
Gross margin (%)	30%	30%	-
Gross margin excluding component sales (%)	37%	33%	
Administrative expenses	23,181	11,980	+ 94%
Adjusted EBITDA ($'000)	**25,963**	**21,363**	**+ 22%**
Operating profit	**18,773**	**18,457**	**+ 2%**
Cash inflow from operations	510	10,992	

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Revenue

Revenue increased by $40.7 million, or 41 per cent, from $99.9 million for the year ended 31 December 2020 to $140.6 million for the year ended 31 December 2021.

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

$'000	2021	2020	% Change
Licensee sales	26,781	22,863	+ 17%
Direct sales	83,523	66,998	+ 25%
Other - publishing	2,220	2,408	-8%
Adjusted revenue	**112,524**	**92,269**	**+ 22%**
Sale of components	28,063	7,652	
Reported revenue	**140,587**	**99,921**	**+ 41%**

The 17% increase in the revenue from Licensee sales for the year ended 31 December 2021 as compared to the year ended 31 December 2020 was mainly attributable to an increase in the gross profit per unit earned on each SBC distributed through the Licensee channel offset by a reduction in royalties on the sale of accessories. Royalty per SBC increased from $3.8 to $4.8 primarily due to higher royalties on the Pi4 SBCs as a result of lower memory component costs. Royalties from the sale of accessories declined by 15% with the sale of camera accessories affected by component supply and display sales limited by the increased cost of the panels that make the displays.

The number of SBC units sold through the licensee channel declined by 2%. Raspberry Pi 4 unit volume sold through licensees was the same as in 2020. After a strong first half of 2021, sales were constrained in the second half of 2021 by semiconductor supply shortages. Sales of Raspberry Pi 3B and Raspberry Pi 3B+ declined slightly, principally due to supply shortages in the last six months of the year.

Direct distribution channel sales increased by $16.5 million or 25 percentage points from $67.0 million for the year ended 31 December 2020 to $83.5 million for the year ended 31 December 2021 as a result of revenues from the sale of SBCs increasing by $11.6 million or 23% and sales of $5.1 million from RP2040 and Raspberry Pi Pico which were launched in January 2021. While direct SBC sales increased by only 31,000 units or 1% from 2020 to 2021, the average revenue per SBC increased by $4.95 from $23.52 in the year ended 31 December 2020 to $28.47 in the year ended 31 December 2021 due to an increase in the sale of the higher priced compute modules and a reduction in the unit sales of the lower priced Raspberry Pi Zero.

Revenue from the direct sale of accessories was $15.5 million in the year ended 31 December 2021, a decline of $0.2 million or 1%. Sales of basic accessories (cables, power supplies, keyboards and mice) grew by 7% and sales of HATs (Hardware Attached on Top) by 45%, sales of camera boards, however, fell by 37% due to supply constraints and lower sales of consumer SBCs leading to lower attachment.

Having launched in January 2021, 1.4 million Raspberry Pi Picos were sold in the year and a further 1.4 million RP2040s were sold in addition to those incorporated in Raspberry Pi Pico.

Sales of components increased by $20.4 million from $7.7 million for the year ended 31 December 2020 to $28.1 million for the year ended 31 December 2021 as a result of increased sales of memory chips used in the production of Raspberry Pi 4 SBCs manufactured by Sony for Farnell and RS Components.

Gross profit

Gross profit increased by $11.5 million, or 38 per cent, from $30.4 million for the year ended 31 December 2020 to $41.9 million for the year ended 31 December 2021.

Gross profit from the sale of SBCs increased by $6.8 million or 138% from $4.9 million for the year ended 31 December 2020 to $11.7 million for the year ended 31 December 2021. The gross profit per SBC increased from $1.85 in 2020 to $4.28 in 2021, a 132% 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 OEM customers together with lower component costs. Direct sale margins also benefitted from the launch of RP2040 and the related Raspberry Pi Pico board in January 2021.

Royalties net of licence costs from the sale of SBCs increased by $4.5 million or 23% due to higher per unit royalties on Raspberry Pi 4 SBCs. Royalties from the sale of accessories fell by $0.6 million or 15% principally due to lower camera board sales.

Gross profit margin excluding component sales increased from 33 per cent for the year ended 31 December 2020 to 37 per cent for the year ended 31 December 2021. The increase was mainly attributable to the improved gross profit margin on direct sales which excludes components. The margin increased from 11.3% to 17.3%.

Administrative expenses

$'000	**2021**	**2020**	**% Change**
Research & development costs	7,120	3,835	+86%
Other administrative costs	9,119	5,400	+69%
Adjusted administration costs	**16,239**	**9,235**	**+ 76%**
Depreciation & amortisation	3,809	2,232	+ 71%
Share-based payment charges	1,204	513	n/c
IPO preparation costs	1,929	-	n/c
Administrative expenses	**23,181**	**11,980**	**+ 93%**

The increase in administrative expenses was mainly attributable to increases in research costs, higher administrative staff costs, non-cash share based payments costs and higher depreciation and amortisation.

Adjusted administration costs, comprising administrative costs before one-off costs, non-cash share based compensation and depreciation and amortisation increased by 76%. The costs are primarily incurred in sterling which appreciated against the dollar in the period by 7.2%. At constant currency, the costs increased by 65%.

Research and development expenditure expensed and included within Administrative Expenses increased by $3.3 million or 86% from $3.8 million for the year ended 31 December 2020 to $7.1 million for the year ended 31

December 2021. 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 $3.7 million due to the expansion of the sales and customer development team and increases in administrative and executive management.

Depreciation and amortisation costs increased by $1.6 million or 71% from $2.2 million to $3.8 million as a number of projects, notably RP2040, completed in the year and amortisation started to be charged.

Net finance costs

Net finance costs increased by $193k, from $122k for the year ended 31 December 2020 to $315k for the year ended 31 December 2021 due to the full year availability of the borrowing facility and its utilisation to fund working capital during 2021.

Taxation

Taxation was $3.6 million in 2021, comprising $0.4 million of current tax payable and a deferred tax charge of $3.2 million. There was no current tax charge in 2021 and a deferred tax charge of $1.1 million.

Operating profit, Adjusted EBITDA

$'000	2021	2020	% Change
Operating profit	**18,773**	**18,457**	**+ 2%**
Depreciation & amortisation	3,809	2,232	+ 71%
EBITDA	**22,582**	**20,689**	
Share-based payment charges	1,204	513	
IPO preparation costs	1,929	-	
Foreign exchange gains and losses	248	161	
Adjusted EBITDA	**25,963**	**21,363**	**+ 22%**
Adjusted Operating profit	**22,154**	**19,131**	**+ 16%**

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 based on changes in the estimated vesting period, these charges distort the year on year comparisons of performance. Material one-off costs are also excluded as they too distort meaningful year on year comparisons.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 $0.3 million, or 2 per cent, from $18.5 million for the year ended 31 December 2020 to $18.8 million for the year ended 31 December 2021. Excluding one-off costs of share based payment charges, IPO preparation costs and foreign exchange losses the Adjusted Operating Profit increased by 16%.

Adjusted EBITDA increased by $4.6 million or 22%.

Cashflow from operations

$'000	2021	2020	% Change
Adjusted EBITDA	**25,963**	**21,363**	**+ 22%**
Increase in inventory	(21,660)	(11,041)	
Increase in receivables	(6,464)	(6,837)	
Increase in payables	4,903	7,562	
Other	(2,232)	(55)	
Cash inflow from operations	**510**	**10,992**	**-95%**

Cash inflow from operations declined primarily due to increases in working capital. The other outflow is in respect of IPO preparation costs.

Working capital movements

Inventory increased by $21.7 million to $40.6 million (2020: $18.9 million) with increased holdings of memory chips and the RP2040 microprocessor chips. Receivables increased by $6.5 million arising from higher trade receivables due to a high level of activity in the last month of 2021. The increase in trade payables was due to higher activity in the last quarter of 2021.

Investing activities - Capital expenditure

$'000	2021	2020
Property, plant & equipment	2,539	1,639
Office equipment & other	257	163
Tangible fixed assets	2,796	1,802
Internally generated intangibles	4,584	5,663
Other intangibles	-	6,355
Intangible fixed assets	4,584	12,018
Total capital expenditure	7,380	13,820

In 2021, within property, plant and equipment expenditure, $2.5 million was spent on plant and machinery including $0.7 million spent on masks and tools used in the production of the RP2040 microcontroller. A further $0.5 million was invested in machinery specifically used to test the RP2040 microcontroller prior to being reeled ready for sale.

During 2021, a total of $11.7 million (2020: $9.5 million) was spent on research and development, an increase of 23%. Of this expenditure an amount of $4.6 million was capitalised as product development costs in the year ended 31 December 2021 and $5.7 million capitalised in the year ended 31 December 2020. The lower capitalisation in 2021 was due to the launch of key products in early 2021, at which point capitalisation ceased but work continued in ensuring efficient scale production.

Cash and financing

Cash balances at 31 December 2021 were $34.43 million (2020: $1.06 million), the increase a result of the equity share issue described below.

During 2020 the Company entered into a £7 million ($9.464 million), 3 year revolving credit facility and a £3 million ($4.056 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 2021 nor 31 December 2020 were these facilities being drawn upon.

Equity

On 13 September 2021, the Company converted the one ordinary share of £1 nominal value owned by Raspberry Pi Foundation into 100,000 ordinary shares of £0.00001 nominal value. Total nominal value was unchanged. These shares were then transferred by the Raspberry Pi Foundation to Raspberry Pi Mid Co Limited a wholly owned subsidiary of Raspberry Pi Foundation. On 15 and 24 October 2021, the Company issued a total of 9,931 ordinary shares representing 9% of the ordinary share capital to Ezrah Charitable Foundation and Lansdowne Developed Markets Master Fund Limited respectively for a total consideration of $45 million.

On 15 December 2021, the Company awarded a further 3,512 performance shares to employees of the Company for a consideration of £19,000 ($27,000).The shares entitle the holder to participate, in proportion to their nominal value, in the proceeds of an IPO or sale of the Company above a target that was set as the market value of the Company determined in December 2021 plus 20%.

Dividends

A dividend of $4.041 million was declared on 9 September 2021 payable to Raspberry Pi Mid Co Limited. The dividend was paid in December 2021. No gift aid was paid to Raspberry Pi Foundation in 2021, the dividend instead being used to support the objectives of the Charity. Gift aid of $3.954 million was paid to Raspberry Pi Foundation in 2020.

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.

During 2021, the Company ensured that a safe working environment was provided for all employees during the COVID-19 pandemic and financial support was provided to enable employees to purchase equipment and furniture so as to undertake their work from home and minimise trips to the office.

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, COO and Chief Product Officer regularly post and engage in discussions on customer forums.

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 been ensured both before and during the COVID-19 pandemic.

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 6,500 computers (2020: 2,600) across the UK to enable disadvantaged families to navigate the challenges of home-schooling. The Company also made dividend payments of $4.041m to 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 key 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. Two directors of the Company are also directors of the Foundation and a third director is the Chief Executive of the Foundation.

During 2020, the Company put in place both a revolving credit facility of £7m ($9.464m) and an overdraft facility of £3m ($4.056m) in order to facilitate the Company's rapid growth and working capital requirements. The external investment of $45m received during 2021 meant that from September 2021, these banking facilities were no longer drawn upon by the Company. However, the Chief Financial Officer maintains an open and ongoing dialogue with the bank as the Company's financial and liquidity risks are continually reviewed.

Long term considerations

The directors recognise the long term strategic needs of balancing investment for future growth with the requirement to make dividend payments to the parent company, particularly given the effects of the COVID-19 pandemic and the uncertainty which that has brought. 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. The board 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: 10 March 2022 | 15:49 GMT

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

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 31 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 11.

DIRECTORS

The directors who served during the year were:

Ms S L Coutu
Mr J A Lang (resigned 14 October 2021)
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 (appointed 1 July 2021)

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 expenditure of $7.1m (2020: $3.8m) was charged to the Statement of Comprehensive Income during the year.

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 significant 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 also been put in place in order to manage liquidity risk.

ENVIRONMENT

Greenhouse gas and energy consumption data for the year ended 31 December 2021:

	2021	2020
Energy consumption (kWh)	**82,231**	68,285
Scope 1 emissions (tCO_2e) – direct emissions from operation	**-**	-
Scope 2 emissions (tCO_2e) – indirect emissions from purchased energy	**11.64**	13.09
Scope 3 emissions (tCO_2e) – all other emissions associated with the Company's activities	**6.75**	3.01
Total emissions (tCO_2e)	**18.39**	16.10
Intensity ratio: tCO_2e per FTE	**0.22**	0.22

Associated greenhouse gases have been calculated using the UK Government's GHG Conversion Factors for Company Reporting 2021. Estimates were used to calculate the electricity usage in the Company's offices, based on an average price per kWh of $0.237.

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: 10 March 2022 | 15:49 GMT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI LTD

Opinion

We have audited the financial statements of Raspberry Pi Ltd (the 'Company') for the year ended 31 December 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 Brexit and Covid-19, 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.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI LTD

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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 for the financial statements

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RASPBERRY PI LTD

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 of 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 inquiries through our reading of board meeting minutes and through our review of professional fees incurred during the year.

- We assessed the susceptibility of the group'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 management 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 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intention 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.

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
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants
Cambridge

Date 10 March 2022 | 15:58 GMT

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Revenue	3	140,587	99,921
Cost of sales		(98,670)	(69,511)
Gross Profit		**41,917**	**30,410**
Administrative expenses		(23,181)	(11,980)
Other operating income	5	37	27
Operating Profit	6	**18,773**	**18,457**
Finance Income	7	-	4
Finance Costs	7	(315)	(126)
Profit before taxation		**18,458**	**18,335**
Taxation	10	(3,622)	(1,140)
Profit for the year and total Comprehensive Income		**14,836**	**17,195**
Total Comprehensive Income		**14,836**	**17,195**
Earnings Per Share		**$**	**$**
Basic EPS	11	**144**	**172**
Diluted EPS	11	**131**	**172**

The accompanying notes on pages 25 to 74 are an integral part of these financial statements.

We also draw your attention to note 2.1 and note 32 which state that the Company has both adopted International Financial Reporting Standards for the first time in the preparation of its financial statements and historical comparatives and has changed its functional and presentation currency from GBP (£) to USD ($). The prior year comparatives have also been restated. We refer the reader to note 2.3 and note 32 for further details.

RASPBERRY PI LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
ASSETS				
Non-Current Assets				
Intangible assets	12	25,807	23,336	12,423
Property, Plant and Equipment	13	3,559	2,167	1,248
Right of Use assets	14	1,679	1,869	2,113
Investments	15	-	-	-
Total Non-Current Assets		**31,045**	**27,372**	**15,784**
Current Assets				
Inventories	16	40,576	18,916	7,874
Trade and other receivables	17	20,719	14,255	7,418
Cash and cash equivalents	18	34,429	1,055	8,157
Total Current Assets		**95,724**	**34,226**	**23,449**
Total Assets		**126,769**	**61,598**	**39,233**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	19	(22,543)	(17,640)	(10,078)
Lease liabilities	21	(165)	(109)	(109)
Loans and borrowings	20	-	-	-
Current tax liability	10	(390)	-	-
Total Current Liabilities		**(23,098)**	**(17,749)**	**(10,187)**
Non-Current Liabilities				
Lease liabilities	21	(1,951)	(2,254)	(2,363)
Loans and borrowings	20	-	-	-
Deferred tax liability	10	(6,214)	(2,982)	(1,842)
Total Non-Current Liabilities		**(8,165)**	**(5,236)**	**(4,205)**
Total Liabilities		**(31,263)**	**(22,985)**	**(14,392)**
Net Assets		**95,506**	**38,613**	**24,841**

Registered number: 08207441

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
EQUITY				
Share capital	22	-	-	-
Share premium account	23	44,912	18	-
Retained earnings	23	48,877	38,082	24,841
Share-based payment reserve	23	1,717	513	-
Total Equity		**95,506**	**38,613**	**24,841**

The accompanying notes on pages 25 to 74 are an integral part of these financial statements.

We also draw your attention to note 2.1 and note 32 which state that the Company has both adopted International Financial Reporting Standards for the first time in the preparation of its financial statements and historical comparatives and has changed its functional and presentation currency from GBP (£) to USD ($). The prior year comparatives have also been restated. We refer the reader to note 2.3 and note 32 for further details.

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: 10 March 2022 | 15:49 GMT

Raspberry Pi Ltd

Registered number: 08207441

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Share premium	Retained Earnings	Share-based payment reserve	Total
	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 January 2020	**-**	**-**	**24,841**	**-**	**24,841**
Profit for the financial year	-	-	17,195	-	17,195
Total comprehensive income for the year	**-**	**-**	**17,195**	**-**	**17,195**
Gift aid paid to Raspberry Pi Foundation	-	-	(3,954)	-	(3,954)
Issue of shares	-	18	-	-	18
Share based payment charge	-	-	-	513	513
Transactions with owners in their capacity as owners	**-**	**18**	**(3,954)**	**513**	**(3,423)**
BALANCE AT 31 December 2020	**-**	**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**

The accompanying notes on pages 25 to 74 are an integral part of these financial statements.

We also draw your attention to note 2.1 and note 32 which state that the Company has both adopted International Financial Reporting Standards for the first time in the preparation of its financial statements and historical comparatives and has changed its functional and presentation currency from GBP (£) to USD ($). The prior year comparatives have also been restated. We refer the reader to note 2.3 and note 32 for further details.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 $'000	2020 $'000
Cash flows from Operating Activities		
Profit before Taxation	**18,458**	**18,335**
Adjustments for:		
Depreciation of Property, Plant and Equipment	1,404	883
Amortisation of Intangible Assets	2,113	1,105
Depreciation of Right of Use Assets	292	244
Finance Costs	315	126
Finance Income	-	(4)
Increase in trade and other receivables	(6,464)	(6,837)
Increase in inventories	(21,660)	(11,042)
Increase in trade and other payables	4,903	7,562
Tax paid	-	-
Net exchange differences on cash and cash equivalents	(55)	107
Share-based payment expense	1,204	513
Net cash generated from operating activities	**510**	**10,992**
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(6,355)
Capitalised internally developed assets	(4,584)	(5,663)
Purchase of property, plant and equipment	(2,796)	(1,802)
Net cash used in investing activities	**(7,380)**	**(13,820)**
Cash flows from financing activities		
Repayment of loans and borrowings	(15,154)	(6,731)
Loans drawn down	15,190	6,561
Dividend payment	(4,041)	-
Interest on loans and borrowings	(234)	(45)
Proceeds from issuance of ordinary shares	44,894	18
Payments of gift aid to parent company	-	(3,954)
Payment of principal on lease liabilities	(325)	(180)
Interest on lease liabilities	(81)	(81)
Net cash generated / (used) in financing activities	**40,249**	**(4,412)**
Net increase (decrease) in cash and cash equivalents	**33,379**	**(7,240)**
Cash and cash equivalents at beginning of year	1,055	8,157
Net exchange differences on cash and cash equivalents	(5)	138
Cash and cash equivalents at end of year	**34,429**	**1,055**

The accompanying notes on pages 25 to 74 are an integral part of these financial statements.

We also draw your attention to notes 2.1 and 32 which state that the Company has both adopted International Financial Reporting Standards for the first time in the preparation of its financial statements and historical comparatives and has changed its functional and presentation currency from GBP (£) to USD ($). The prior year comparatives have also been restated. We refer the reader to note 2.3 and note 32 for further details.

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 2022.

Functional currency

During the year the Directors performed a reassessment of Raspberry Pi Ltd's functional currency. Following a detailed review of data from the past five years, it was concluded that the currency that mainly influences sales prices for products and services as well as materials and other costs of providing goods and services has been the United States Dollar (USD, $) since 1 January 2019. As the functional currency for the Company was Pounds Sterling (GBP, £) in the 2019 and 2020 financial statements, in accordance with IFRS1, the balances and results disclosed previously have been restated using USD as the functional currency. In addition, as noted in the subsequent paragraph, the Company has prepared its financial statements in accordance with the principles of IFRS 1 First time adoption of IFRS. The Company has also changed its presentation currency from GBP to USD. Further disclosure of the restatement and the effects of the transition from financial statements prepared under FRS 102 in GBP to financial statements prepared under IFRS in USD can be found in note 32.

Reporting under IFRS

The Company has prepared its financial statements in accordance with UK adopted International accounting standards (IAS) and those parts of the Companies Act 2006 that applies to companies reporting under IAS in conformity with the Companies Act 2006. The basis of preparation of these financial statements is consistent with the principles of IFRS 1 First time adoption of IFRS. In preparing these financial statements consistent with the principles of IFRS 1, the Company has applied the exemptions in IFRS 1 Appendix D5-D8B and has measured its assets and liabilities at the carrying amounts as at the date of transition to IFRS.

New Standards not yet implemented

At the date of these financial statements the following Standards and Interpretations, which have not been applied, were in issue but had not yet been adopted by the UK Endorsement Board; therefore they are not yet effective.

The International Accounting Standards ("IAS") Board ("IASB") and IFRS Interpretations Committee have issued the following new standards with an effective date for financial periods ending on or after the dates disclosed below:

- **Amendments to IAS 1 (Classification of Liabilities as Current or Non-current).** Effective for an annual period that begins on or after 1 January 2023.
- **Amendments to IFRS 3 (Reference to Conceptual Framework).** Effective for an annual period that begins on or after 1 January 2023.
- **Amendments to IAS 16 (Property, Plant and Equipment – Proceeds before Intended Use).** Effective for an annual period that begins on or after 1 January 2022.
- **Amendments to IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract).** Effective for an annual period that begins on or after 1 January 2022.
- **Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.** Effective for an annual period that begins on or after 1 January 2022.

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 directors have formed the view that the Company will generate sufficient cash to meet its ongoing requirements for at least 12 months from the date of approval of the financial statements. At 31 December 2021, the Company had $34.43 million in cash and cash equivalents on its statement of financial position, sufficient to support the business until the end of the assessment period which is 12 months from the date of the financial statements being signed.

The Company has continued to trade through the COVID-19 pandemic and in the face of semiconductor and other component shortages. Management continues to take appropriate action to monitor, identify, address and mitigate any major uncertainties facing the business. In September 2021, the Company secured $45 million of external investment as discussed in more detail in the Strategic Report. On this basis, 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.

In previous financial statements, under FRS 102, the sale of all components to the manufacturer was presented under "Other Operating Income" in error. The financial statements have therefore been restated to reflect the impact of this error for both those components used in single board computers which are manufactured for and repurchased by the Company and for those components used in single board computers which are manufactured for the licensee partners.

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.

<u>Financial assets</u>

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 payable 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 make 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 as well as from business rates grants.

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.

The Company also benefitted from business rates grants paid by the Local Authority during periods of enforced closure as a direct result of the global pandemic.

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 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 contributes 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.

(iii) COVID-19-Related Rent Concessions Amendment

The Company has taken advantage of the practical expedient available under the amendment to IFRS 16. The amendment extends by one year the application period of the practical expedient in IFRS 16 to help lessees accounting for COVID-19 related rent concessions. As a result, the Company has elected to account for rent concessions in respect of the Retail unit as variable lease payments in the period in which the pandemic, which gave rise to the reduced payments, occurred.

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.

There are no significant uncertain tax positions requiring disclosure.

2.16 Gift aid

Gift aid is recognised in the Statement of Changes in Equity once paid to Raspberry Pi Foundation, the Company's ultimate parent entity.

2.17 Dividends

Dividends paid are recognised in the Statement of Changes in Equity once paid to Raspberry Pi Mid Co Limited, the Company's immediate parent entity, following a restructuring of the group during the year.

2.18 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.

2.19 Foreign currencies

Presentation and Functional currency:

The Company changed its presentation currency from Pounds Sterling (GBP, "£") to United States Dollars (USD, "$") from 1 January 2019. The change was made to match the Company's functional currency.

Management reassessed the functional currency of the Company by looking at the changes in the mix of revenue and operating costs and by looking at when these changes arose. Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – USD was determined to have become the functional currency for the Company as of 1 January 2019. This change has been applied retrospectively.

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.

2.20 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.

2.21 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.

2.22 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.

2.23 Critical accounting estimates and significant management judgements

The preparation of the historical financial information 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 judgement 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 2021 $'000	*31 December 2020 $'000*
Capitalised Development costs	4,584	5,663
Expensed Research and Development costs	7,120	3,835

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 2021 $'000	*31 December 2020 $'000*
Amortisation of development costs capitalised	1,980	950

Critical judgement in the determination of functional currency

The Company is a trading entity through which all sales are booked and which serves as the employment vehicle for all UK employees. It transacts in multiple currencies, both from a revenue and a cost perspective.

For the periods prior to 2019, the functional currency was assessed as GBP. During the year, the Directors reassessed the functional currency of the Company to determine whether there had been a substantial shift in the mix of revenue and operating costs in multiple currencies and when this shift arose. Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – USD was determined to have become the functional currency for the Company as of 1 January 2019. Management is of the opinion that USD best reflects the current and prospective economic substance of the underlying transactions and circumstances of the Company, given that:

1. The largest portion of the revenues of the Company have recently been, and are expected to continue to be, transacted in USD;
2. From 2019 onwards, USD is the currency that mainly influences the costs of materials and other costs of providing goods and services;
3. The external funding received by the Company this year was in USD;
4. The Company generally retains cash in the currency in which it is received. As recent fundraises have been in USD, most of the Company's cash balances are maintained in USD.

The effect of the change in the functional currencies for the Company from GBP to USD has been applied retrospectively.

There is judgement around the date management applied the change; however, given there is no single event that determined the shift as there was a gradual increase in reliance on USD revenues, management considered it appropriate to use the start of the 2019 accounting period to apply the change. In conjunction with the change in functional currency, the Company has changed its presentation currency from GBP to USD.

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 2021 $'000	*Year ended 31 December 2020 $'000*
Revenue by currency of invoicing		
USD	119,600	73,666
GBP	8,677	10,647
EUR	12,310	15,608
	140,587	99,921
Revenue by country of destination		
United Kingdom	75,173	47,105
United States of America	12,337	9,556
Europe	22,186	18,782
Rest of World	30,891	24,478
	140,587	99,921
Revenue by category		
Royalty	26,781	22,863
Sale of products	83,523	66,998
Sale of components	28,063	7,652
Other	2,220	2,408
	140,587	99,921
Revenue by timing of recognition		
Revenue recognised at a point in time	139,890	99,228
Revenue recognised over time	697	693
	140,587	99,921

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 2021 $000	*Year ended 31 December 2020 $000*
Revenue recognised that was included in contract liabilities at the beginning of the period	491	1,026

Principal customers

During 2021, $21,444,072 or 15% (2020: $15,318,890 or 15%) and $13,599,382 or 10% (2020 : $10,114,585 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 2021 were $29,503,987 or 21% of total revenues (2020: $9,849,843 or 10%).

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 2021 $000	*Year ended 31 December 2020 $000*
CJRS Furlough grant	37	23
Business rates grant	-	4
	37	27

6 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2021 $000	*Year ended 31 December 2020 $000*
Inventory charged to cost of sales	91,840	63,914
Freight costs included in cost of sales	1,594	968
Other cost of sales expenses	5,236	4,629
Depreciation on Property, Plant and Equipment	1,404	883
Depreciation on Right of Use Assets	292	244
Amortisation of Intangibles	2,113	1,105
Fees payable to the Company's auditors:		
- Audit Fee	219	62
- Tax Compliance	-	5
- Other services as reporting accountant on financial or other information*	292	-
Other exceptional costs*	1,637	-
Employment costs (as per note 8)	10,128	5,483
Other product development costs	3,865	2,096
Other staff related costs	886	294
Professional fees	409	155
Property costs	220	183
Insurance	353	226
Foreign exchange losses	248	161
Marketing and advertising	176	231
Management charge	173	266
Travel and entertaining	141	77
Other	625	509

*Other exceptional costs and fees for other services as reporting accountant on financial or other information relate to costs incurred in respect of preparing the Company for an Initial Public Offering on the London Stock Exchange.

7 Finance Costs (net)

Finance Income	*Year ended 31 December 2021 $000*	*Year ended 31 December 2020 $000*
Interest receivable	-	4

Finance Costs	*Year ended 31 December 2021 $000*	*Year ended 31 December 2020 $000*
Interest on lease liabilities	(81)	(81)
Interest on loans and borrowings	(234)	(45)
	(315)	(126)
Finance costs (net)	(315)	(122)

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 2021*	*Year ended 31 December 2020*
Engineering	39	34
Sales and Product Management	13	6
Marketing and Communications	8	9
Publishing	10	11
General and Administrative	10	9
Retail	4	4
	84	73

	Year ended 31 December 2021 $000	*Year ended 31 December 2020 $000*
Wages and salaries	10,461	7,397
Social security costs	1,197	841
Pension costs	662	474
	12,320	8,712
Share based payments	1,204	513
Staff costs capitalised	(3,396)	(3,742)
	10,128	5,483

9 Directors' Remuneration

	Year ended 31 December 2021 $000	*Year ended 31 December 2020 $000*
Remuneration	1,900	881

	Year ended 31 December 2021 $000	*Year ended 31 December 2020 $000*
Company pension contributions to defined contribution pension scheme	77	16

	Year ended 31 December 2021 Number	*Year ended 31 December 2020 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 2021 $000	*Year ended 31 December 2020 $000*
Total emoluments	592	412
Company pension contributions to defined contribution scheme	35	-
	627	412
	Number	*Number*
Shares received under the Long Term Incentive Plan	-	2,355

10 Taxation

	Year ended 31 December 2021	*Year ended 31 December 2020*
	$000	*$000*
Current tax:		
UK corporation tax	390	-
	390	-
Deferred tax:		
Current year charge	1,741	923
Effect of changes in tax rates	1,491	217
	3,232	1,140
Taxation charge for the year	3,622	1,140

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

	Year ended 31 December 2021	*Year ended 31 December 2020*
	$000	*$000*
Profit before taxation	18,458	18,335
Corporation tax at 19% in respect of all periods	3,507	3,484
Effect of:		
Expenses not deductible for tax purposes	1,941	98
Depreciation on ineligible assets	-	12
Deduction for Research and Development	(3,074)	(2,670)
Tax rate changes	1,492	216
Effect of group relief/other reliefs	(244)	-
Taxation charge for the year	3,622	1,140

In 2021 the expenses not deductible for tax purposes are made up of other exceptional costs, share based payment charges, and intangible asset amortisation.

	As at 31 December 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Current Liabilities			
Corporation tax	390	-	-

Deferred tax disclosure:

	As at 31 December 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Provision at the start of the year	2,982	1,842	1,143
Deferred tax charge	3,232	1,140	699
	6,214	2,982	1,842

	As at 31 December 2021 $000 ***Provided***	*As at 31 December 2020 $000* ***Provided***	*As at 1 January 2020 $000* ***Provided***
Fixed asset timing differences	-	-	(237)
Intangible asset timing differences	6,383	4,242	2,111
Lease liability	-	-	(32)
Temporary timing differences - trading	(61)	(49)	-
Trading losses	-	(1,160)	-
Other	(108)	(51)	-
	6,214	2,982	1,842

	As at 31 December 2021 $000 **Recognised**	*As at 31 December 2020 $000* **Recognised**	*As at 1 January 2020 $000* **Recognised**
Deferred tax assets	(169)	(1,261)	(269)

	As at 31 December 2021 $000 **Provided**	*As at 31 December 2020 $000* **Provided**	*As at 1 January 2020 $000* **Provided**
Deferred tax liabilities	6,383	4,243	2,111

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 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 2021	*Year ended 31 December 2020*
	$000	*$000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, profit attributable to owners of the Group	14,836	17,195
Number of shares	**Number**	**Number**
Weighted average number of shares in issue during the period	103,102	100,000
Effect of potentially dilutive B ordinary shares	113,533	100,000
Earnings per share ($)		
Basic	144	172
Diluted	131	172

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 has been increased by the number of additional shares issued in the year of the share split transaction as well as in any comparative prior periods presented, as though the shares had been split from the beginning of the comparative prior period presented.

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 2020	**1,896**	**10,397**	**-**	**240**	**-**	**12,533**
Additions	71	5,592	155	-	6,200	12,018
Transfer	5,878	(5,878)	-	-	-	-
As at 31 December 2020	**7,845**	**10,111**	**155**	**240**	**6,200**	**24,551**
Additions	494	4,090	-	-	-	4,584
Transfer	2,174	(2,174)	-	-	-	-
As at 31 December 2021	**10,513**	**12,027**	**155**	**240**	**6,200**	**29,135**
AMORTISATION AND IMPAIRMENT						
As at 1 January 2020	-	-	-	**110**	-	**110**
Amortisation for the year	950	-	35	120	-	1,105
As at 31 December 2020	**950**	**-**	**35**	**230**	**-**	**1,215**
Amortisation for the year	1,980	-	52	10	71	2,113
As at 31 December 2021	**2,930**	**-**	**87**	**240**	**71**	**3,328**
NET BOOK VALUE						
As at 31 December 2021	**7,583**	**12,027**	**68**	**-**	**6,129**	**25,807**
As at 31 December 2020	**6,895**	**10,111**	**120**	**10**	**6,200**	**23,336**
As at 1 January 2020	**1,896**	**10,397**	**-**	**130**	**-**	**12,423**

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. Subsequent to its acquisition, the revenue from sale of IQ Audio products was $60,000 and the contribution to gross profit $9,000.

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.

Included within Intellectual Property is one individually material item which has a net book value of $5m (31 December 2020: $5m; 1 January 2020: $nil) 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 three individually material items:

- Net book value of $11,109,000 (31 December 2020: $8,394,000; 1 January 2020: $6,419,000) 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 $280,000 (31 December 2020: $952,000; 1 January 2020: $1,624,000) in respect of the costs incurred in the development of the latest single board computer product, Raspberry Pi 4 Model B. The costs are being amortised over 3 years. The remaining amortisation period at 31 December 2021 is 6 months.
- Net book value of $4,191,000 (31 December 2020: $5,029,000, 1 January 2020: $2,979,000) 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 2021 is 5 years and 1 month.

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 $12,027,000 (31 December 2020: $10,111,000; 1 January 2020: $10,397,000) 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% 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 2021 (2020: $nil) in respect of these assets.

13 Property, Plant and Equipment

	Retail store fit-out $000	Leasehold improvements $000	Plant and equipment $000	Office & computer equipment $000	Total $000
Balance at 1 January 2020	**98**	**318**	**1,545**	**755**	**2,716**
Additions	2	9	1,639	152	1,802
Balance at 31 December 2020	**100**	**327**	**3,184**	**907**	**4,518**
Additions	-	-	2,539	257	2,796
Balance at 31 December 2021	**100**	**327**	**5,723**	**1,164**	**7,314**
Depreciation					
Balance at 1 January 2020	**32**	**22**	**946**	**468**	**1,468**
Charge for the year	33	21	650	179	883
Balance at 31 December 2020	**65**	**43**	**1,596**	**647**	**2,351**
Charge for the year	35	22	1,161	186	1,404
Balance at 31 December 2021	**100**	**65**	**2,757**	**833**	**3,755**
Net book value					
At 1 January 2020	**66**	**296**	**599**	**287**	**1,248**
At 31 December 2020	**35**	**284**	**1,588**	**260**	**2,167**
At 31 December 2021	**-**	**262**	**2,966**	**331**	**3,559**

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 expires in January 2023.

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

	$'000
At 1 January 2020	2,113
Depreciation	(244)
At 31 December 2020	**1,869**
Additions	102
Depreciation	(292)
At 31 December 2021	**1,679**

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 2021 was $52,000 (2020: $nil) 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 $1 (2020-$nil).

16 Inventories

	As at 31 December 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Raw materials and components	25,682	9,553	3,687
Finished goods for resale	14,894	9,363	4,187
	40,576	18,916	7,874

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

	Year ended 31 December 2021 $000	*Year ended 31 December 2020 $000*
Inventories recognised in cost of sales	91,840	63,914

An impairment loss of $74,447 (2020 – $56,880) was recognised in cost of sales against inventories due to slow-moving and obsolete inventories.

17 Trade and other receivables

	As at 31 December 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Trade receivables	15,088	9,534	5,300
Expected credit loss allowance	-	-	-
Net trade receivables	15,088	9,534	5,300
Amounts owed by Group undertakings	97	-	145
Prepayments	4,589	2,975	998
Other receivables	945	1,746	975
	20,719	14,255	7,418
Due within one year	20,719	14,255	7,418
	20,719	14,255	7,418

Amounts owed by Group undertakings represents amounts owed to the Company by its ultimate parent company, Raspberry Pi Foundation. 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. The Company has identified the COVID-19 pandemic to be the most relevant factor and has accordingly adjusted the historical loss rate. 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 2021, 31 December 2020 and 1 January 2020. 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 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Cash and cash equivalents	34,429	1,055	8,157

Cash and cash equivalents comprise cash at bank and cash in hand.

19 Trade and Other Payables

	As at 31 December 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Trade payables	15,177	10,646	6,668
Amounts owed to Group undertakings	-	23	-
Other taxation and social security	1,286	1,201	868
Other payables	80	19	18
Accruals	2,807	1,289	810
Repurchase liabilities	2,658	3,971	688
Contract liabilities	535	491	1,026
	22,543	17,640	10,078

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.

Amounts owed to Group undertakings in 2020 relate to amounts owed to Raspberry Pi Foundation, the ultimate parent company which are non-interest bearing, unsecured and repayable upon demand.

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 2021, the Company had $nil overdraft borrowings (31 December 2020: $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 2021, the Company owed $nil under this facility (2020: $nil).

21 Lease Liabilities

	$'000
At 1 January 2020	2,472
Interest Expense	81
Lease Capital Payment	(180)
Lease Interest Payment	(81)
FX translation impact	71
At 31 December 2020	**2,363**
At 1 January 2021	2,363
Additions	102
Interest Expense	81
Lease Capital Payment	(325)
Lease Interest Payment	(81)
FX translation impact	(24)
At 31 December 2021	**2,116**

The total cash outflow relating to leases in 2021 was $406,000 (2020: $261,000).

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), specifically relating to the retail store in 2020. Payments made under such leases are expensed as incurred. The expense relating to payments not included in the measurement of the lease liability resulted in total cash payments of $nil (2020: $66,000).

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 2022. The Company is committed to a total liability of $585,000 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, subject to satisfactory planning permission being given.

The rent concessions arising from COVID-19 recorded in the Statement of Comprehensive Income, all of which relate to the retail store in the Grand Arcade, Cambridge, amounted to $58,000 in 2020.

The maturity analysis of lease liabilities is:

	As at 31 December 2021	*As at 31 December 2020*	*As at 1 January 2020*
	$'000	*$'000*	*$'000*
Less than one year	165	109	109
Between one and five years	1,362	1,349	1,153
Over five years	589	905	1,210
	2,116	2,363	2,472

22 Share capital

	As at 31 December 2021	*As at 31 December 2020*	*As at 1 January 2020*
	$	*$*	*$*
Allotted, called up and fully paid			
109,931 ordinary shares of £0.00001 (31 December 2020: 1 ordinary share of £1; 1 January 2020: 1 ordinary share of £1)	1	1	1
16,589 B ordinary shares of £0.00001 each (31 December 2020: 13,077; 1 January 2020: nil)	-	-	-
	1	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 9 October 2020, the Company issued 13,077 B ordinary shares of £0.00001 each at an issue price of £1.10 per B ordinary share. During 2021, an employee forfeited 63 B ordinary shares by leaving the Company. On 15 December 2021, the Company awarded a further 3,512 B ordinary shares 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.

23 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.

24 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 2020	474
Year ended 31 December 2021	662

At 31 December 2021, pension contributions totalling $220,000 (2020-$203,000) were payable to the fund and are included in Other taxation and social security.

25 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 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Trade receivables	15,088	9,534	5,300
Amounts owed by Group undertakings	97	-	145
Cash and cash equivalents	34,429	1,055	8,157
	49,614	10,589	13,602

Financial liabilities

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

	As at 31 December 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Current			
Trade payables	15,177	10,646	6,668
Amounts owed to Group undertakings	-	23	-
Accruals	2,807	1,289	810
Other payables	80	19	18
Repurchase liability	2,658	3,971	688
Lease liabilities	165	109	109
	20,887	16,057	8,293
Non-current			
Lease liabilities	1,951	2,254	2,363
	1,951	2,254	2,363

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 2021 $000	*As at 31 December 2020 $000*	*As at 1 January 2020 $000*
Financial Assets measured at amortised cost	49,614	10,589	13,602

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 2020 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	15,948	15,948	15,948	-	-
Loans and borrowings	-	-	-	-	-
Lease liability	2,363	2,541	326	1,018	1,197
Total	**18,311**	**18,489**	**16,274**	**1,018**	**1,197**

Contractual maturities of financial liabilities as at 31 December 2021 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	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**

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.

Interest rate risk

The Company holds interest-bearing assets in the form of cash and cash equivalent deposits.
The Company's only 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 and 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 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**

As at 31 December 2020 $000	*GBP*	*EUR*	**Total**
Cash	176	232	**408**
Trade Receivables	2,622	1,075	**3,697**
Trade and Other Payables	(3,897)	(402)	**(4,299)**
Net Assets	**(1,099)**	**905**	**(194)**

10% strengthening of functional currency	*GBP*	*EUR*	**Total**
Cash	10	17	**27**
Trade Receivables	156	81	**237**
Trade and Other Payables	(232)	(30)	**(262)**
Net Assets	**(66)**	**68**	**2**

10% weakening of functional currency	*GBP*	*EUR*	**Total**
Cash	(9)	(14)	**(23)**
Trade Receivables	(128)	(66)	**(194)**
Trade and Other Payables	190	25	**215**
Net Assets	**53**	**(55)**	**(2)**

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.

26 Financial commitments

The Company had a contractual commitment to purchase inventory from Arrow Electronics (UK) Limited to the value of $nil, (2020: $2.5 million; 2019: $4.9 million). This contractual commitment was effective 1st November 2018 and was for a maximum period of 3 years from that date.

On 17 December 2020, the Company entered into a contractual commitment with EBV Elektronik GmbH effective 1 January 2021. This agreement means that Avnet Business Services GmbH (a company in the same group as EBV Elektronik GmbH) is obligated to maintain $4 million of buffer inventory upon which the Company is entitled to draw. In the event the Company's requirement for that inventory were to cease, a commitment of $4 million would crystallise. This agreement can be terminated without cause by either party giving the other party 2 years' written notice. At 31 December 2021, the value of the contractual commitment was $4 million (31 December 2020: $4 million; 1 January 2020: $nil).

In 2021, the Company entered into a licence agreement to purchase designs in respect of processors to be used in its products. The total commitment amounts to $5.5 million payable in instalments between March 2022 and March 2025.

On 30th June 2021, the company entered into a commitment with Avnet Silica to purchase a total of 18.6 million die before 30 June 2024. The maximum commitment value is $43.861 million.

The Company is committed to commence a lease for a warehouse for which a planning application has been made. The lease is expected to commence in 2022. The Company is committed to a total liability of $585,000 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, subject to satisfactory planning permission being given.

27 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 issued 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	B ordinary shares at 1 January 2020	Issued during 2020	In issue at 31 December 2020	Issued during 2021	In issue at 31 December 2021
LTIP	-	13,077	13,077	3,512	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

The charge for the year ended 31 December 2020 was $513,000.

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.

28 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	Loans and Borrowings
	$'000	$'000
At 1 January 2020	2,472	-
Loans drawn down	-	6,561
Payment of principal	(180)	(6,731)
Payment of interest	(81)	(45)
Interest expense	81	45
Foreign exchange translation impact	71	170
At 31 December 2020	**2,363**	**-**
At 1 January 2021	**2,363**	-
Loans drawn down	-	15,190
Payment of principal	(325)	(15,154)
Payment of interest	(81)	(234)
Interest expense	81	234
Additions	102	-
Foreign exchange translation impact	(24)	(36)
At 31 December 2021	**2,116**	**-**

29 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 2021 was $3,168,000 (31 December 2020: $1,630,000).

	31 December 2021 $000	*31 December 2020 $000*
Wages and salaries	2,337	1,100
Social security costs	321	113
Pension costs	86	22
Share Based Payment costs	424	395
	3,168	1,630

In the year ended 31 December 2020, the Company reimbursed expenses incurred by Dr E C Upton, a director, to the value of $13,695. These expenses were incurred before he joined the Company in September 2020.

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

	$
Year ended 31 December 2020	44,798
Year ended 31 December 2021	98,403

At 31st December 2021 and 2020, $nil was owed to either of the related parties 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 2020	139,414
Year ended 31 December 2021	555,641

The amount owed to Softcat plc at 31 December 2021 was $18,299 (2020: $nil).

David Gammon is a director of both the Company and Frontier Developments plc. Sales were made to Frontier Developments Inc., a subsidiary of Frontier Developments plc, by the Company as follows:

	$
Year ended 31 December 2020	-
Year ended 31 December 2021	13,670

The amount owed to Frontier Developments Inc. at 31 December 2021 was $nil (2020: $nil).

The Company purchased services from Raspberry Pi Foundation, its parent company, as follows:

	$
Year ended 31 December 2020	132,208
Year ended 31 December 2021	-

The amount owed to Raspberry Pi Foundation at 31 December 2021 was $nil (2020: $23,000). The amount owed by Raspberry Pi Foundation to the Company at 31 December 2021 was $112,590 (2020: $nil)

Set up fees of $5,275 were incurred in setting up the Raspberry Pi (Trading) Long Term Incentive Plan (LTIP) in 2020.

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.

30 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 2022.

31 Events after the reporting period

On 7 January 2022, the Company served notice to terminate its royalty agreement with one of its licensee partners with effect from June 2022.

32 Reconciliation of previously published financial statements to restated prior period comparatives

The notes and table below describe the three ways set out in points a) to c) in which the prior period financial statements have been revised and how they reconcile to the values shown in the prior period comparatives published within these financial statements:

a) Change of functional currency from GBP (£) to USD ($)

As described in notes 2.1 and 2.23, during the year, the Directors performed a reassessment of the Company's functional currency, concluding that the currency that mainly influences both sales prices for goods and services and influences the costs of providing those goods and services has been the USD since 1 January 2019. In accordance with IAS 8, the balances and results disclosed previously in GBP in the 2019 and 2020 financial statements have been restated using USD as the functional currency. Given the nature of the error, it is considered that quantification of the error would not provide meaningful or useful information. The first 2 columns of the tables set out below therefore show the financial information as originally presented in GBP in accordance with FRS 102 and these balances in USD as they would have been presented in accordance with FRS 102.

b) Transition to International Financial Reporting Standards

From 1 January 2020 the Company has also adopted International Financial Reporting Standards (IFRS) in the preparation of its financial statements, other than as noted under 'Basis of Preparation' in note 2. The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below.

Adoption of IFRS 16 Leases

With effect from 1 January 2020, the Company adopted IFRS 16 Leases via the full retrospective method. In accordance with IFRS 16, the distinction between operating leases and finance leases has been removed.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities at 1 January 2020 was 3.5 per cent.

Adoption of IAS 38 Intangible Assets

With effect from 1 January 2020, the Company adopted IAS 38 Intangible Assets resulting in the capitalisation of development costs attributable to the development of software for new products.

c) *Prior Period Error – incorrect recognition of components income in Other Operating Income*

In previous financial statements, under FRS 102, the sale of all components to the manufacturer was presented under "Other Operating Income" in error. The financial statements have therefore been restated to reflect the impact of this error for both those components used in single board computers which are manufactured for and repurchased by the Company and for those components used in single board computers which are manufactured for the licensee partners. The detail of the accounting policy applied to components income is stated in note 2.3. Alongside the incorrect recognition of components income, any components that were held by the manufacturer which were to be used in the manufacture of single board computers to be repurchased by the Company have been recognised as inventory, with a corresponding repurchase liability at the reporting date.

The Company's first IFRS financial statements include the reconciliations and related notes as shown below.

Reconciliation of the Statement of Financial Position as at 1 January 2020:

	Note	FRS 102 (previously stated in GBP) £'000	FRS 102 (converted to USD after functional currency change) $'000	Prior period error adjust-ment $'000	IFRS Adjust-ments $'000	IFRS $'000
ASSETS						
Non-Current Assets						
Intangible assets	(a)	101	130	-	12,293	12,423
Property, Plant and Equipment		940	1,248	-	-	1,248
Right of use assets	(b)	-	-	-	2,113	2,113
Investments		-	-		-	-
Total Non-Current Assets		**1,041**	**1,378**	**-**	**14,406**	**15,784**
Current Assets						
Inventories		5,511	7,185	689	-	7,874
Trade and other receivables		5,628	7,418	-	-	7,418
Cash and cash equivalents		6,152	8,157	-	-	8,157
Total Current Assets		**17,291**	**22,760**	**689**	**-**	**23,449**
Total Assets		**18,332**	**24,138**	**689**	**14,406**	**39,233**
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	(b)	(7,268)	(9,554)	(688)	164	(10,078)
Lease liabilities	(b)	-	-	-	(109)	(109)
Total Current Liabilities		**(7,268)**	**(9,554)**	**(688)**	**55**	**(10,187)**

	Note	FRS 102 (previously stated in GBP) £'000	FRS 102 (converted to USD after functional currency change) $'000	Prior period error adjustment $'000	IFRS Adjustments $'000	IFRS $'000
Non-Current Liabilities						
Lease liabilities	(b)	-	-	-	(2,363)	(2,363)
Deferred tax	(a)	-	-	-	(1,842)	(1,842)
Total Non-Current Liabilities		-	-	-	**(4,205)**	**(4,205)**
Total Liabilities		**(7,268)**	**(9,554)**	**(688)**	**(4,150)**	**(14,392)**
Net Assets		**11,064**	**14,584**	**1**	**10,256**	**24,841**
EQUITY						
Share Capital		-	-	-	-	-
Share Premium Account		-	-	-	-	-
Retained Earnings		11,064	14,584	1	10,256	24,841
Share-based payment reserve		-	-		-	-
Total Equity		**11,064**	**14,584**	**1**	**10,256**	**24,841**

Notes to the reconciliation of the Statement of Financial Position as at 1 January 2020:

(a) IAS 38 – Intangible Assets

Under FRS 102, an accounting policy choice exists for capitalising development costs for internally generated intangible assets whereas under IFRS there is required capitalisation of such costs. After the application of IAS 38, $12,293,000 of development costs attributable to the development of software for new products were calculated as needing to be capitalised in the year within intangible assets. These costs had previously been expensed in full in the Statement of Comprehensive Income in prior financial periods.

Capitalisation of previously expensed development costs has given risen to a deferred tax liability of $1,842,000 not previously recognised under FRS 102.

(b) IFRS 16 – Leases

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Under IFRS 16, a lessee applies a single recognition and measurement approach for all leases (except for short-term and low value leases) and recognises both lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset. By adopting IFRS 16, the Company has recognised its leasehold office buildings and retail unit resulting in a balance of $2,113,000 shown as right-of-use assets and a balance in lease liabilities totalling $2,472,000 in the Statement of Financial Position. The rent accrual of $164,000 which resulted under FRS 102 due to the rent free period at inception of the lease has been reversed.

Reconciliation of the Statement of Financial Position as at 31 December 2020:

	Note	FRS 102 (previously stated in GBP) £'000	FRS 102 (converted to USD after functional currency change) $'000	Prior period error adjustment $'000	IFRS Adjust-ments $'000	IFRS $'000
ASSETS						
Non-Current Assets						
Intangible assets	(a)	4,970	6,330	-	17,006	23,336
Property, Plant and Equipment		1,709	2,167	-	-	2,167
Right of use assets	(b)	-	-	-	1,869	1,869
Investments		-	-	-	-	-
Total Non-Current Assets		**6,679**	**8,497**	-	**18,875**	**27,372**
Current Assets						
Inventories		11,313	14,979	3,937	-	18,916
Trade and other receivables		10,569	14,255	-	-	14,255
Cash and cash equivalents		772	1,055	-	-	1,055
Total Current Assets		**22,654**	**30,289**	3,937	-	**34,226**
Total Assets		**29,333**	**38,786**	**3,937**	**18,875**	**61,598**
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	(b)	(10,177)	(13,898)	(3,971)	229	(17,640)
Lease liabilities	(b)	-	-	-	(109)	(109)
Total Current Liabilities		**(10,177)**	**(13,898)**	**(3,971)**	**120**	**(17,749)**
Non-Current Liabilities						
Lease liabilities	(b)	-	-	-	(2,254)	(2,254)
Deferred tax	(a)	-	-	-	(2,982)	(2,982)
Total Non-Current Liabilities		-	-	-	**(5,236)**	**(5,236)**
Total Liabilities		**(10,177)**	**(13,898)**	**(3,971)**	**(5,116)**	**(22,985)**
Net Assets		**19,156**	**24,888**	**(34)**	**13,759**	**38,613**

	Note	FRS 102 (previously stated in GBP) £'000	FRS 102 (converted to USD after functional currency change) $'000	Prior period error adjustment $'000	IFRS Adjust-ments $'000	IFRS $'000
EQUITY						
Share Capital		-	-	-	-	-
Share Premium Account		13	18	-	-	18
Retained Earnings		18,743	24,357	(34)	13,759	38,082
Share-based payment reserve		400	513	-	-	513
Total Equity		**19,156**	**24,888**	**(34)**	**13,759**	**38,613**

Notes to the reconciliation of the Statement of Financial Position as at 31 December 2020:

(a) IAS 38 - Intangible Assets

Under FRS 102, an accounting policy choice exists for capitalising development costs for internally generated intangible assets whereas under IFRS there is required capitalisation of such costs. After the application of IAS 38, $17,006,000 of development costs attributable to the development of software for new products were calculated as needing to be capitalised in the year within intangible assets. These costs had previously been expensed in full in the Statement of Comprehensive Income in prior financial periods.

Capitalisation of previously expensed development costs has given risen to a deferred tax liability of $2,982,000 not previously recognised under FRS 102.

(b) IFRS 16 – Leases

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Under IFRS 16, a lessee applies a single recognition and measurement approach for all leases except for short-term and low value leases and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset. By adopting IFRS 16, the Company has recognised its leasehold office buildings and retail unit resulting in a balance of $1,869,000 shown as right-of-use assets and a balance in lease liabilities totalling $2,363,000 in the Statement of Financial Position. The rent accrual of $229,000 which resulted under FRS 102 due to the rent free period at inception of the lease has been reversed.

Reconciliation of Statement of Comprehensive Income for the year ended 31 December 2020:

	Note	FRS 102 (previously stated in) £'000	FRS 102 (converted to USD after functional currency change) $'000	Prior period error adjustment $'000	IFRS Adjust-ments $'000	IFRS $'000
Revenue		71,657	92,269	7,652	-	99,921
Cost of Sales		(48,581)	(62,239)	(7,272)	-	(69,511)
Gross Profit		**23,076**	**30,030**	**380**		**30,410**
Administrative expenses	(a,b)	(12,422)	(16,705)	-	4,725	(11,980)
Other operating income		18,453	23,829	(23,802)	-	27
Other operating expense		(18,398)	(23,387)	23,387	-	-
Operating Profit		**10,709**	**13,767**	**(35)**	**4,725**	**18,457**
Finance costs	(a)	(30)	(41)	-	(81)	(122)
Profit before taxation		**10,679**	**13,726**	**(35)**	**4,644**	**18,335**
Taxation	(c)	-	-	-	(1,140)	(1,140)
Profit for the year		**10,679**	**13,726**	**(35)**	**3,504**	**17,195**

Notes to the reconciliation of the Statement of Comprehensive Income for the year ended 31 December 2020:

(a) IFRS 16 – Leases

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Under IFRS 16, a lessee applies a single recognition and measurement approach for all leases (except for short-term and low value leases) and recognises both lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset. As a result, in administrative expenses, the Company reversed rental costs of $328,000 and recognised an exchange loss on the revaluation of the Right of Use asset of $72,000 and a charge of $244,000 in respect of depreciation. Additionally, finance costs increased by $81,000.

(b) IAS 38 – Intangible Assets

Under FRS 102, an accounting policy choice exists for capitalising development costs for internally generated intangible assets; all development costs were previously charged to the Statement of Comprehensive Income. Under IAS 38 there is a requirement to capitalise costs that satisfy certain criteria. After application of IAS 38, $5,663,000 of development costs were capitalised and credited to administrative expenses in the year ended 31 December 2020. Amortisation charges of $950,000 in respect of the capitalised intangible assets were charged to administrative expenses.

The capitalisation of development costs previously expensed to the Statement of Comprehensive Income has given rise to a deferred tax charge of $1,140,000 in the year ended 31 December 2020.

Explanation of material adjustments to the Statement of Cash Flows for the year ended 31 December 2020:

One of the principal IFRS adjustments affecting the Statement of Cash Flows for 2020 relates to the credit to administrative expenses in relation to the capitalisation of development costs under IAS 38, increasing the operating profit for the year by $5,663,000. The amortisation of the intangible assets arising from this capitalisation impacted operating profit and the reconciliation of cashflows from operating activities by $950,000. In addition, the right-of-use assets brought onto the Statement of Financial Position by applying IFRS 16 has also impacted the Statement of Cashflows materially; the $244,000 depreciation charge of the right-of-use assets has affected the reconciliation of cashflows from operating activities and $180,000 of payments of the principal of lease liabilities are now reflected in the cash outflows from financing activities.