

2 April 2025

Raspberry Pi Holdings plc
("Raspberry Pi" or "the Company")

FY 2024 Final Results

A resilient FY 2024 against a backdrop of industry-wide destocking post an exceptional FY 2023

Successful product launches, new design partnerships and investment in OEM strategy, establish confidence in our positive outlook

Raspberry Pi (LSE: RPI), a leader in high-performance, low-cost computing, is pleased to announce its audited results for the year ended 31 December 2024 ("FY 2024").

Financial Highlights

	FY 2024	FY 2023	Change
Revenue (\$m)	\$259.5m	\$265.8m	-2%
Gross profit (\$m)	\$63.2m	\$66.0m	-4%
Gross margin (%)	24.4%	24.8%	-0.4ppt
Adjusted EBITDA* (\$m)	\$37.2m	\$43.8m	-15%
Profit before tax	\$16.3m	\$38.2m	-57%
Basic Earnings Per Share (EPS) (c)	6.5¢	19.5¢	-67%
Adjusted EPS (c)*	10.7¢	19.5¢	-45%
Cash (\$m)	\$45.8m	\$42.2m	+9%

**The Company uses certain measures in addition to those reported under IFRS, under which the Company reports. These Alternative Performance Measures ("APMs") are not considered a substitute for, or superior to, the equivalent statutory IFRS measures. These APMs are explained, defined and reconciled in the APM section and are applied consistently.*

Non-Financial KPIs

	FY 2024	FY 2023	Change
Unit volume (m)	7.0	7.4	-5%
Number of Products Released	22	6	267%
Number of Authorised Resellers	117	104	+13%
Engineers as a % of total employees	48%	44%	+4.0ppt

Operational Highlights

A record year for new-product introductions

- Completion of a major product transition, with Raspberry Pi 5 selling 1.9m units in FY 2024 following its introduction at the end of October 2023.
- A total of 22 product launches in FY 2024, with positive reception from both embedded and enthusiast markets.
- Successful launch of debut first-party AI hardware products (Raspberry Pi AI Kit, Raspberry Pi AI Camera), in collaboration with Hailo and Sony.
- Production ramp of next-generation RP2350 microcontroller, supporting the introduction of Raspberry Pi Pico 2 and partner hardware products in August.
- High-performance Raspberry Pi Compute Module 5 successfully launched in November, with a range of storage and connectivity options.

A highly successful IPO

- Successful IPO raising £143.1m (\$180.0m) to support the Raspberry Pi Foundation and £31.4m (\$40.0m) for the Company. The Foundation owns 46.7% of the Company's shares.
- FTSE 250 index inclusion confirmed at the September FTSE quarterly review.
- Awarded the London Stock Exchange's Green Economy Mark, based on the significant energy efficiency benefits of our computers.

Recovery in channel inventory position and end-market demand

- Completed recovery from pandemic-related shortages, with all Single Board Computers (SBCs) and Compute Module products freely available in channel.
- Channel inventory correction over the course of the summer contributed to temporarily lower unit sales and profits in Q2 and Q3.
- Channel and end-market demand improved through Q4 and continues to strengthen.

Industrial OEM partnerships

- In November, announced a strategic partnership with SECO S.p.A, the leading Italian provider of IoT solutions, payment systems and industrial hardware.
- Enhanced public profile in the wake of June's IPO is helping to advance high-level discussions at multiple industrial-focused OEMs.

Outlook

With channel inventory now normalised, Raspberry Pi anticipates a steady build-up in demand throughout the year, positioning us strongly despite ongoing macroeconomic and geopolitical uncertainties. The projected pace of market recovery, coupled with the timing of embedded design wins, strengthens confidence in solid and sustainable sales growth in full-year 2025.

Given the planned product release schedule and mix of sales, gross profit per unit is expected to increase year-on-year. The Company has secured a sufficient supply of memory to meet expected demand into Q4, helping to sustain favourable unit economics for the year ahead. Medium-term fundamentals remain positive, driven by a number of promising direct discussions with major prospective OEM customers, which we expect to make an increasing contribution in 2026 and beyond.

Eben Upton, CEO of Raspberry Pi said:

“The IPO in June 2024 has undoubtedly extended awareness of Raspberry Pi’s value proposition from the engineering department to the C-suite at major OEMs. As our platforms and solutions evolve, we aspire to become the compute partner of choice for these companies, allowing them to outsource the intelligence element at the heart of their products while retaining control of application-specific design and engineering, delivering enhanced performance, functionality and efficiency in their end product.

In the second half we released more products than in any prior full year, despite the potential distraction of the IPO, continuing to excite our enthusiast and embedded communities. That flexibility helped us to meet market expectations in a year dominated by the widely reported inventory correction throughout our industry and following an exceptionally strong comparable previous financial year. I am confident that we will continue to see gradual improvements in end-demand during the current year and increased traction with direct-to-OEM engagement, effectively complementing our reseller and licensee channels.

This has been a transformative year for Raspberry Pi. The one constant has been the unwavering dedication of our outstanding team, for which I am profoundly grateful.”

Hybrid analyst and institutional investor briefing

Eben Upton, CEO, and Richard Boulton, CFO, will host a hybrid analyst and institutional investor briefing today at 09:30 GMT at the offices of Peel Hunt, 7th Floor, 100 Liverpool St, London EC2M 2AT.

Those wishing to attend the event in person or online, please register via raspberrypi@almastrategic.com.

This announcement contains certain forward-looking statements, including with respect to the Company's current targets, expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts and reflect the directors' beliefs and expectations, made in good faith and based on the information available to them at the time of the announcement. Such statements involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement and should be treated with caution. Any forward-looking statements made in this announcement by or on behalf of Raspberry Pi speak only as of the date they are made. Except as required by applicable law or regulation, Raspberry Pi expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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Notes to Editor

Headquartered in Cambridge, UK, Raspberry Pi's mission is to put high-performance, low-cost, general-purpose computing platforms in the hands of people and organisations all over the world.

Raspberry Pi is a full-stack engineering organisation, with research and development capabilities spanning the entire value chain, from semiconductor IP development, through semiconductor and electronic product design to software engineering and regulatory compliance. The high performance, low cost, and proven physical robustness of Raspberry Pi products make them suitable for a wide range of applications, across three distinct markets: Industrial and Embedded, Enthusiast and Education, and Semiconductors.

The Company has contributed approximately \$230m since inception to support the work of the Raspberry Pi Foundation, a UK charity founded in 2008 and a major shareholder in Raspberry Pi, to enable young people to realise their full potential through computing. Raspberry Pi has been recognised with the London Stock Exchange's Green Economy Mark for its work in reducing the carbon intensity of embedded computing.

CEO's review

Business review

2024 was a remarkable year for Raspberry Pi. Following the successful launch of Raspberry Pi 5 in late 2023, we released a suite of derived products, together with new product variants, accessories and peripherals. These included Compute Module 5, Raspberry Pi Pico 2, and our first AI accelerator products.

We continued to build our sales capacity, increasing investment in marketing headcount and trade event participation, growing our Approved Reseller network in underserved markets and working with our Approved Design Partners to better support OEMs. To support a higher rate of new product development, we made selective hires in our engineering teams and accelerated our graduate recruitment efforts.

The IPO was a hugely exciting time for the team at Raspberry Pi, offering opportunities for in-depth discussions with investors, many of whom were already familiar with the business and some of whom were enthusiasts themselves. We were delighted with the reception we received. With \$40.0 million of new money raised, on top of the \$60.0 million raised between 2021 and 2023, we secured funds required to develop the next iterations of our core technology platforms. On a personal note, I am proud that the IPO enabled our major shareholder, the Raspberry Pi Foundation, to raise \$180.0 million – supporting its work in curriculum development, teacher training, non-formal learning, and research.

I am fortunate to be supported by an exceptional executive team, who kept the business on track during this exciting time. Since the IPO we have focused on releasing new products, and on building out our direct relationships with new and existing OEM customers, while continuing to invest in the development of our supplier and distributor channel partnerships to promote our long-term commercial success.

Financial performance

Our full year performance was consistent with market expectations, with a gross profit of \$63.2 million (2023: \$66.0 million), a gross margin of 24.4% (2023: 24.8%), and adjusted EBITDA of \$37.2 million (2023: \$43.8 million).

I am very pleased with this result, which was achieved in the context of an industry-wide inventory correction, and in the aftermath of the global semiconductor supply chain crisis. Performance in the second half of the year was strongly supported by new product introduction, and by a continued focus on cost discipline.

Product sales and development

In 2024, Raspberry Pi sold 7.0 million SBCs and compute modules (2023: 7.4 million), a temporary adjustment which we attribute to the inventory correction.

During the year, we released the 2GB variant of our flagship Raspberry Pi 5 SBC, along with two derivative products: Compute Module 5, intended for use in the embedded market; and Raspberry Pi 500, aimed primarily at our enthusiast and education customers.

Our second-generation microcontroller, RP2350, debuted on the \$5 Raspberry Pi Pico 2 SBC, and on numerous partner products (including the electronic badge for the 32nd DEF CON security conference) in August 2024. Compared to its predecessor RP2040, RP2350 offers twice the memory, more powerful Arm cores, upgraded interfacing capabilities, new low-power states, and advanced security features, at a similar price point and in a similar footprint.

In total, we sold 5.7 million microcontroller units (2023: 3.1 million units) including 1.3 million units (2023: 0.7 million units) for production in Pico boards. In 2025 we may, for the first time, sell more microcontroller units than SBCs and compute modules combined.

Over the coming years, our semiconductor business will grow in strategic importance, both in its own right, and as an enabler for our SBC and compute module business, where it will support us in delivering differentiated performance and functionality, enhance unit economics and help to mitigate potential supply chain risks.

In the second half, we released a succession of accessory products. These included storage solutions sourced from trusted partners; a second-generation 7" touchscreen display; and, just in time for Christmas, the Raspberry Pi Monitor, which together with Raspberry Pi 500 allows us to offer a complete Raspberry Pi desktop computer from just \$200. A new range of AI products – the AI Kit, AI Camera and AI HAT+ – adds support for accelerated inference to machine vision applications on Raspberry Pi.

In May, we released a beta version of our Raspberry Pi Connect platform, which provides remote access to Raspberry Pi devices in the field. Free at launch to our enthusiast customers, Connect rapidly reached an installed base of over 100,000 devices. Raspberry Pi Connect for Organisations, a paid tier of the platform targeted at our industrial and embedded customers, was released in December, and saw its first paying subscribers in Q1 of 2025.

In November, we announced a strategic partnership with SECO to bring to market a new Human-Machine Interface product based on Raspberry Pi Compute Module 5, and to explore opportunities for other industrial applications, including energy management, smart buildings, healthcare and industrial automation.

Sales channel

In 2024, we sold 70% of units (2023: 82%) through our direct-to-reseller and direct-to-OEM channels, with the remainder sold by our licensee, Premier Farnell. This reflects our licensee's return to ex-stock availability, and represents a return to the desired balance between our direct and licensee channels.

Having temporarily halted the expansion of our Approved Reseller network during the semiconductor supply chain crisis, we added a further 13 Approved Resellers in the year, targeting underserved geographies and market segments.

Looking ahead

We continue to build a world-class technology company, with deep moats against competition and commoditisation, and to invest in the long-term future of our technology roadmap and distribution channel.

We expect demand for our products to continue to improve through the year, from the subdued level of mid-2024. Looking further out, we are highly optimistic that our direct-to-OEM strategy will generate significant incremental sales volume in 2026 and beyond.

Dr Eben Upton CBE FREng

Chief Executive Officer and Founder

1 April 2025

Financial review

The trading of the business as dominated by the first full year of Raspberry Pi 5 sales and the effects of the ending of the industry semiconductor shortages.

Across global semiconductor supply the constraints of 2022 and 2023 were superseded by abundant supply in H2 2023 and Q1 2024. Customers and channel partners purchased the newly available products aggressively leading to strong sales for Raspberry Pi. This activity led to channel overstock in Q2 and Q3 of 2024 which weighed on our sales throughout that period. Since Q3 we have seen channel inventory steadily normalise.

The Group's listing on the London Stock Exchange in June 2024 was a significant moment in the development of the Group. The listing raised \$32.4 million (net of expenses) to continue the development of products and the resilience of our supply chain. The Board believes that the listing should provide access to future funding support and has already helped to raise the profile of our affordable single board computers and compute modules.

Overall results

Sales normalised in 2024 after the 41% growth in 2023 and benefited from strong demand for Raspberry Pi 5 and accessory sales which increased due to the launch of new products. The gross profit margin of 24.4% (2023: 24.8%) was broadly flat reflecting the increased costs for Raspberry Pi 5. Adjusted EBITDA was in line with guidance and reflected the continued growth in R&D expenditure and increased administrative costs due to the additional requirements of being a public company and the full year effects of resources added in 2023. Adjusted operating profit declined due to the increase in depreciation and amortisation charges principally due to the first full year of amortisation of the development costs of Raspberry Pi 5.

\$ million	2024	2023	% Change
Revenue	259.5	265.8	(2%)
Gross profit	63.2	66.0	(4%)
Gross margin (%)	24.4%	24.8%	(2%)
Adjusted R&D costs	(8.7)	(7.6)	14%
Adjusted administration costs	(17.3)	(14.6)	18%
Adjusted EBITDA	37.2	43.8	(15%)
Depreciation and amortisation	(10.7)	(6.2)	73%
Adjusted operating profit	26.5	37.6	(30%)
Employee share schemes	(6.0)	—	(100%)
Non-recurring costs	(2.9)	—	(100%)
Statutory operating profit	17.6	37.6	(53%)

Basis of preparation of the financial statements

These Condensed Consolidated Financial Statements are the first full year report for Raspberry Pi Holdings plc, the newly formed Group. The prior period is presented as though the reorganisation had taken place at 1 January 2023, the start of the comparative 2023 period. For further information see Note 2 of the Condensed Consolidated Financial Statements.

Unit sales of single board computers and compute modules and microcontrollers

Total board sales volumes decreased by 5% compared to 2023, a year whose H2 benefited from the unwinding of orders which had accumulated during the semiconductor supply shortages. Nonetheless, in the aggregate, volumes in 2024 were lower as channel participants and end customers utilised the inventory they had accumulated as soon as our products were freely available. This was exacerbated by the widely reported challenges in the industrial electronics sector in the last three quarters of 2024. In the last quarter the inventory holdings of partners returned to more normal levels and together with the launch of new products such as Compute Module 5, Raspberry Pi 500 and new accessories we saw an improvement in volumes and gross profits.

Million units	2024	2023	% Change
Unit sales in direct channel	4.9	6.1	(20%)
Unit sales through licensees	2.1	1.3	62%
Total unit sales	7.0	7.4	(5%)
Direct sales share of total	70%	82%	
Licensee share of total	30%	18%	
Microcontroller units	5.7	3.1	84%

During the semiconductor shortage, supply to industrial customers was prioritised which resulted in a higher direct share of sales compared to historical performance. In addition to this, 2023 direct sales included the unwinding of backorders which had accumulated during the shortage. As planned, the extensive participation of our licensee in the launch of Raspberry Pi5 also increased the licensee share. Direct sales of 70% in 2024 are in line with management expectations of a share of 70–80%.

Microcontroller unit sales, which include those incorporated in other Raspberry Pi products such as Raspberry Pi Pico boards, increased by 81% to 5.7 million units (2023: 3.1 million units) aided by the new products RP2350 and Pico 2 and the continuing adoption of RP2040.

Revenue

Revenue decreased by \$6.3 million, or 2%, from \$265.8 million for 2023 to \$259.5 million for 2024. The split by category was as follows:

\$ million	2024	2023	% Change
Products	181.2	212.3	(15%)
Components	61.2	43.5	41%
Royalties	15.9	8.8	81%
Publishing	1.2	1.2	—%
	259.5	265.8	(2%)

Product revenues are generated by supplying SBCs, compute modules, accessories and semiconductors directly to Approved Resellers and original equipment manufacturers (“OEMs”). Royalties are earned per unit on products that Premier Farnell has manufactured (Pi 5) or sold (Pi 4) by licensing our designs and trademarks.

The decline in direct product sales largely relates to lower sales of SBCs and compute modules partly as sales of the new Raspberry Pi 5 were directed through our licensee. The increase in the share of licensee sales also drove the growth in component sales and the increase in royalty income.

Component sales represent the sale of components used in the manufacture of Raspberry Pi products for our licensee which are then sold to end customers. The increase results from an increase in the volume of chips supplied to meet the licensee’s increased sales and production, together with sales by the Group of application processor chips to Sony, also for licensee use.

Average selling price (“ASP”) per board

ASP increased by 7% from \$40.6 in 2023 to \$43.3 in 2024 due to an increase in the mix of higher priced Raspberry Pi 5 boards, especially with 8GB of memory (launched in Q4 2023), and more compute modules. The improvement in ASP and the increase in accessory sales offset the decline in overall unit sales resulting in an increase in Total Partnership Revenue.

Gross profit per board

\$ per board	2024	2023	% Change
SBCs and compute modules	7.4	8.6	(14%)
Accessory margin per board	1.2	0.6	100%
Board share of gross profit	82%	97%	-15ppt

SBC and compute module gross profit per board declined by 14% from \$8.6 to \$7.4 due to the higher costs of the Raspberry Pi 5 including an additional \$5 per unit for the initial two million processor chips. The share of unit sales of Pi Zero and Pico increased versus 2023 and with their profit per board in the low single digits this diluted the overall margin per board.

The gross profit of accessories increased by 89% to \$8.5 million as a result of new products, accessories for the new Raspberry Pi 5 and improved margins on displays. New products included an AI camera, two HATs incorporating AI accelerator chips, and growth in power supplies and cameras. Overall the accessory profit per board improved to \$1.2 per board, ahead of our target of \$1 per board.

Gross profit/(loss)

\$ million	2024	2023	% Change
SBCs and compute modules	51.7	63.7	(19%)
Accessories	8.5	4.5	89%
Microcontrollers, publishing and others	3.0	(2.2)	236%
Reported gross profit	63.2	66.0	(4%)

The strong improvement in microcontroller unit sales led to increased profits and resulted in a release of \$3.0 million of provisions made for an excess quantity of inventory in 2023.

Gross profit decreased by \$2.8 million, or 4%, from \$66.0 million in 2023 to \$63.2 million in the current period due to lower unit sales and profit per board offset by a strong performance from sale of accessories.

Gross margin reduced to 24.4% (2023: 24.8%%) as a result of lower gross profit per board but aided by better accessory and microcontroller performance.

Adjusted research and development costs

Adjusted research and development expenses is a non-IFRS measure used by the Board and management to monitor the Group's performance.

	Year ended 31 December 2024	Year ended 31 December 2023
\$ million		
Research and development expenses	17.9	10.6
Amortisation (net of capitalised amortisation)	(6.3)	(3.0)
Share-based payment charges	(2.3)	—
NI on share-based payment charges	(0.6)	—
Adjusted research and development expenses	8.7	7.6

Adjusted research and development expenses increased slightly to \$8.7 million for the year ended 31 December 2024 from \$7.6 million in the prior year. Total research and development expenses rose by 69% to \$17.9 million (2023: \$10.6 million), reflecting higher investment in innovation. This increase was driven by the expansion of the engineering team in areas of new product development, alongside higher share-based payment charges and associated National Insurance costs. Share-based payments are excluded from the adjusted measure as they are paid for by shareholders' dilution and the charges are not comparable due to fluctuations around the listing process. Amortisation, net of capitalised amounts, also increased to \$6.3 million (2023: \$3.0 million), reflecting a growing portfolio of capitalised development costs.

Adjusted administrative costs

	Year ended 31 December 2024	Year ended 31 December 2023
\$ million		
Administrative expenses	27.7	17.8
Depreciation	(4.4)	(3.2)
Share-based payment charges	(2.4)	—
NI on share-based payment charges	(0.7)	—
Non-recurring costs	(2.9)	—
Adjusted administrative expenses	17.3	14.6

Adjusted administrative expenses increased to \$17.3 million for the year ended 31 December 2024 from \$14.6 million in the prior year, driven by higher staff costs and professional fees and reflecting the planned scaling of the business. The increase in staff costs was primarily due to salary inflation and additional sales heads. Total administrative expenses rose by 56% to \$27.7 million (2023: \$17.8 million), depreciation, share-based payment charges, and non-recurring costs contributed to the overall increase.

Depreciation and amortisation

	Year ended 31 December 2024	Year ended 31 December 2023
\$ million		
Depreciation of PPE and leased assets	4.4	3.2
Amortisation (net of capitalised amortisation)	6.3	3.0
Depreciation and amortisation	10.7	6.2

Depreciation of PPE and leased assets increased by 38% to \$4.4 million in 2024 from \$3.2 million in 2023, reflecting a full year's depreciation charge on the new head office building, for which the lease commenced in December 2023, and a new warehouse. Amortisation of intangibles charged to the income statement increased by 110% to \$6.3 million in 2024 from \$3.0 million in 2023, with a full year's amortisation of Raspberry Pi 5, launched in October 2023, and RP2350, launched in August 2024. Total depreciation and amortisation increased by 73% to \$10.7 million in 2024 from \$6.2 million in 2023.

Finance costs and finance income

Finance costs have increased due to the finance element of the lease of the new office of \$0.2 million, RCF costs and the recognition of the intrinsic discounting on payables with longer than standard credit terms.

Share-based payments

A share-based payment charge of \$4.7 million was recorded in the year. The charge comprises \$0.8 million in respect of the charges arising on the pre-IPO scheme, a \$1.2 million accelerated charge on vesting and settlement of that scheme and \$2.7 million in respect of the post-IPO award of market value options granted on the 11 June 2024 listing date.

The market value options were granted to 93 members of staff. The options have a strike price of £2.80, being the price at which shares were issued and sold as part of the listing. The awards have been designed to ensure that, in conjunction with the shares granted on settlement of the pre-IPO scheme, staff continue to be motivated by the success of the Group to the same extent as in the past.

Non-recurring costs

Costs of \$2.9 million have been charged to the income statement in respect of fees and charges arising from the listing process which were incurred to prepare the business for operation after listing. Expenses related to the primary issue of shares of \$7.6 million have been charged to the share premium account arising from the share issue. As part of the transaction, costs in relation to secondary offer of shares, \$5.3 million, were incurred and borne by the Raspberry Pi Foundation.

Taxation

The total effective tax rate for 2024 was 28.2%, exceeding the underlying 25.0% due to \$2.9 million in non-recurring IPO-related costs, which were largely non-deductible for tax purposes. The 2023 effective tax rate was 17.3%, lower than the underlying 23.5%, due to a controlling shareholder loss relief of \$2.3 million. The underlying tax rate aligns with UK corporation tax rates, which increased from 19% to 25% on 1 April 2023.

As at 31 December 2024 the Group had a receivable from HMRC in respect of current taxation and Research and Development Expenditure Credits of \$6.6 million (2023: \$2.2 million). Although the Group is profitable as a UK taxpayer, a current tax asset arises at each reporting date due to the interaction between HMRC's Quarterly Instalment Payment regime and incentives from the Research and Development Expenditure Credits ("RDEC") scheme.

Adjusted EBITDA and adjusted operating profit

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Operating profit	17.6	37.6
Amortisation and depreciation	10.7	6.2
EBITDA	28.3	43.8
Employee share schemes	6.0	—
Non-recurring costs	2.9	—
Adjusted EBITDA	37.2	43.8
Amortisation and depreciation	(10.7)	(6.2)
Adjusted operating profit	26.5	37.6

Adjusted EBITDA for the year ended 31 December 2024 was \$37.2 million, in line with guidance and down 15% from \$43.8 million in the prior year, primarily due to higher employee-related costs and a \$2.8 million reduction in gross profit. Adjusted operating profit declined to \$26.5 million (2023: \$37.6 million), reflecting increased investment in talent and business infrastructure and the higher depreciation and amortisation charges.

Operating profit and profit after taxation for the period

Operating profit for the period was \$17.6 million (2023: \$37.6 million), including approximately \$12.9 million of non-comparative charges not incurred in the prior year. These comprise \$6.0 million (2023: nil) for non-cash charges on employee share schemes, of which \$2.7 million related to the post-IPO schemes, \$1.3 million for associated National Insurance provisions, and \$2.9 million in non-recurring IPO-related expenses, all of which were nil in 2023.

Profit after taxation was \$11.7 million (2023: \$31.6 million), a decrease of \$19.9 million primarily owing to the non-comparable charges listed above, combined with higher staff costs, amortisation of launched development projects and the slight reduction in year-on-year gross profit.

Earnings per share

Basic earnings per share for the year ended 31 December 2024 was 6.48 cents, down from 19.50 cents in the prior year, reflecting a lower profit after tax of \$11.7 million (2023: \$31.6 million). Diluted earnings per share was 6.20 cents (2023: 17.75 cents), with the impact of unvested employee share options increasing the weighted average number of shares to 188.7 million.

Adjusted earnings per share, which excludes the impact of non-recurring costs and share-based payments net of tax, was 10.69 cents (2023: 19.50 cents). Adjusted diluted earnings per share was 10.23 cents, reflecting an adjusted profit after tax of \$19.3 million.

Dividends

No dividends have been proposed. The current medium-term expectation is that cash generated will be reinvested into the business.

Cash flows from operations

\$ million	2024	2023
Adjusted EBITDA	37.2	43.8
Increase in inventory	(51.1)	(60.2)
Decrease/(increase) in trade and other receivables	3.5	(13.6)
Increase in trade and other payables	13.0	54.1
Increase in provisions	0.3	0.4
Non-recurring costs	(2.9)	—
Interest received	1.1	1.4
Tax paid	(4.2)	(4.7)
Other non-cash movements	(0.1)	(0.1)
Net cash flows (used in)/generated from operating activities	(3.2)	21.1

Inventory

Inventory of finished goods increased to \$63.8 million (December 2023: \$40.7 million) due to increased holdings of finished boards as holdings of Raspberry Pi 5 boards and compute modules rose to levels needed for expected sales volumes. Inventory levels of other products having risen in the first half have now fallen due to continuing sales and close management of production. Component inventory has increased by \$25.5 million. Stock of memory held for future production was kept at similar levels to December 2023, to give greater certainty of future input costs. Stocks of processor chips were increased ensuring certainty of future production and to exploit favourable terms. The Group has sufficient supply of DRAM for the first half of 2025. Including finished goods inventory incorporating memory purchased at this lower cost, the low-cost supply extends well into Q3 2025.

Other working capital movements

Payables increased compared to December 2023 due to the Group availing itself of favourable extended payment terms for memory and processor chip purchases. The payable balance at December 2023 included a payable for memory of \$33.0 million.

Investing activities – capital expenditure

\$ million	2024	2023
Plant and equipment	1.2	1.3
Office and computer equipment	0.5	1.0
Leasehold improvements	0.5	1.6
Tangible fixed assets	2.2	3.9
Internally generated intangibles and intangibles in the course of development	26.6	16.3
Net other intangibles acquired	0.3	9.3
Intangible fixed assets	26.9	25.6
Right-of-use assets	—	6.1
Prepaid manufacturing costs	—	2.7
Total capital additions	29.1	38.3
Non-cash additions	(6.0)	(12.5)
Total cash capital expenditure	23.1	25.8

Capital additions for the year to 31 December 2024 were \$29.1 million (2023: \$38.3 million), including expenditure on intangible assets of \$26.9 million (2023: \$25.6 million). This included work on the recently launched RP2350, new products and further semiconductor development for use in future boards. In addition to the external purchases the capital expenditure includes the capitalisation of engineering salaries of \$14.4 million. Where development licences are purchased for use in new products, these are initially capitalised in intangibles and then amortised. The amortisation amounting to \$6.0 million (2023: \$1.9 million), as it relates to the development of a new product, was then capitalised in a product development asset for that project.

Non-cash additions includes capitalised amortisation and Right-of-Use assets in respect of leased assets.

Share reorganisation and proceeds from financing

On 11 June 2024, Raspberry Pi Holdings plc was admitted to the premium segment of the London Stock Exchange with unconditional trading from 14 June 2024. Following Admission on 22 September 2024, Raspberry Pi Holdings plc was added to the FTSE 250 index.

The Company was incorporated on 12 March 2024 and on 23 May 2024 in exchange for shares, it acquired all the share capital of Raspberry Pi Ltd at a valuation of \$288.1 million. On 17 May 2024 a share capital reduction was undertaken reducing share capital and crediting distributable retained earnings by \$287.3 million.

At listing, 11.2 million new shares were issued raising \$40.0 million before fees. At the same time, the Raspberry Pi Foundation sold 45,935,065 shares and employees sold 2,125,115 shares to new investors and our existing investors, Arm and funds managed by Lansdowne Partners.

Cash and facilities

Cash at 31 December 2024 was \$45.8 million (31 December 2023: \$42.2 million). On 24 April 2024, the Group updated its existing Revolving Credit Facility and overdraft with a \$40.0 million Revolving Credit Facility and overdraft and extended the facility by one year to 24 April 2027. Following the listing and with the improved profile arising from our listed status, the Group has been able to enter into a new replacement facility of \$80.0 million with four banks on terms more suitable for a listed group and at substantially reduced pricing. Refer to events after the reporting period in Note 24.

Risks and risk management

The Group's approach to risk management and its principal risks are set out in the audited financial statements of Raspberry Pi Holdings plc. A copy of the principal risks is available on the Group's website : www.raspberrypi.com

Related party transactions

Controlling Shareholder definition and related party transactions are disclosed in Notes 22 and 23 of the financial statements.

Post balance sheet events

As noted above, on 5 March 2025, the Revolving Credit Facility was replaced, increasing the available funds to \$80.0 million (2024: \$40.0 million) and the term extended until 4 March 2029 (2024: 24 April 2027). The facility remains undrawn.

2024 has been a year of transformation for the Group requiring enormous contributions from many people. I would like to take this opportunity to thank our advisors at Grant Thornton, Linklaters, PwC, Deloitte, Swan Partners, Jefferies and Peel Hunt for their counsel and support throughout the listing process. The guidance, encouragement and help of my fellow directors through the year has been extraordinary and it has been a privilege to work with such a remarkable group of people. And finally and most importantly to my colleagues in finance and legal who delivered all this, thank you so much for all you have done.

Richard Boulton

Chief Financial Officer

1 April 2025

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2024

\$ million	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Revenue	3	259.5	265.8
Cost of sales		(196.3)	(199.8)
Gross profit		63.2	66.0
Research and development expenses	4	(17.9)	(10.6)
Administrative expenses	5	(27.7)	(17.8)
Operating profit		17.6	37.6
Finance income	8	1.1	1.4
Finance cost	8	(2.4)	(0.8)
Profit before taxation		16.3	38.2
Taxation charge	9	(4.6)	(6.6)
Profit for the year		11.7	31.6

Operating profit		17.6	37.6
Amortisation and depreciation	7	10.7	6.2
EBITDA		28.3	43.8
Employee share schemes	21	6.0	—
Non-recurring costs	5	2.9	—
Adjusted EBITDA		37.2	43.8

Earnings per share (cents)			
Basic	10	6.48	19.50
Diluted	10	6.20	17.75

The profit for the year is attributable to the shareholders of Raspberry Pi Holdings plc and is derived from continuing operations. There are no recognised gains or losses other than those presented above.

The accompanying notes are an integral part of these Condensed consolidated annual financial statements.

Condensed consolidated statement of financial position

As at 31 December 2024

Registration number 15557387

\$ million	Notes	At 31 December 2024	At 31 December 2023
Assets			
Intangible assets	11	73.2	58.6
Property, plant and equipment	12	4.5	5.1
Right-of-use assets		6.1	6.7
Other non-current assets		2.3	2.7
Total non-current assets		86.1	73.1
Inventories	13	156.7	108.1
Trade and other receivables	14	36.2	39.7
Current tax receivables	14	6.6	2.2
Cash and cash equivalents		45.8	42.2
Total current assets		245.3	192.2
Total assets		331.4	265.3
Liabilities			
Trade and other payables	15	(96.1)	(81.2)
Provisions		(0.7)	(0.4)
Lease liabilities		(1.4)	(1.3)
Total current liabilities		(98.2)	(82.9)
Provisions		(1.9)	(0.8)
Other non-current liabilities		(6.0)	(6.4)
Lease liabilities		(4.8)	(5.8)
Deferred tax liabilities		(10.1)	(10.2)
Total non-current liabilities		(22.8)	(23.2)
Total liabilities		(121.0)	(106.1)
Net assets		210.4	159.2
Shareholders' equity			
Share capital	19	0.8	—
Share premium	19	32.4	65.4
Merger reserve	19	(221.9)	—
Share-based payments	20	2.7	1.3
Retained earnings	19	396.4	92.5
Total shareholders' equity		210.4	159.2

The accompanying notes are an integral part of these Condensed consolidated annual financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on [1 April 2025]. They were signed on its behalf by:

Dr Eben Upton CBE FREng
Chief Executive Officer

Richard Boulton
Chief Financial Officer

Condensed consolidated statement of changes in equity

For the year ended 31 December 2024

\$ million		Share capital	Share premium	Share-based payments	Merger reserve	Retained earnings	Total
At 1 January 2023	A	—	44.9	1.3	—	60.9	107.1
Profit for the period		—	—	—	—	31.6	31.6
Shares issued		—	20.5	—	—	—	20.5
At 31 December 2023	A	—	65.4	1.3	—	92.5	159.2
Profit for the period		—	—	—	—	11.7	11.7
Share-based payments		—	—	4.7	—	1.6	6.3
Share issued		—	0.8	—	—	—	0.8
Share reorganisation	B	288.1	(66.2)	—	(221.9)	—	—
Share capital reduction	B	(287.3)	—	—	—	287.3	—
Share listing proceeds	C	—	40.0	—	—	—	40.0
Share issuance costs	C	—	(7.6)	—	—	—	(7.6)
Share scheme settlement		—	—	(3.3)	—	3.3	—
At 31 December 2024		0.8	32.4	2.7	(221.9)	396.4	210.4

A Comparative period

The comparative figures presented from 1 January 2023 align with Raspberry Pi Ltd's 2023 annual accounts on the basis that the Company was not established as the parent entity of Raspberry Pi Ltd until 23 May 2024. The Condensed consolidated accounts are presented as a continuation of Raspberry Pi Ltd's business from 1 January 2023, as the underlying operations and ownership remained unchanged. The reorganisation only affected the share capital structure, not the underlying business.

B Share capital reorganisation and reduction

On 23 May 2024, Raspberry Pi Holdings plc acquired Raspberry Pi Ltd for \$288.1 million in a share-for-share exchange. Also, on 23 May 2024 a special shareholder resolution was passed to immediately reduce the share capital to its nominal value, supported by a Directors' solvency statement. Together with the reorganisation, this reduced share capital with a corresponding increase of \$287.3 million in distributable retained earnings.

As consideration, shares were issued to the existing share owners, the previous share capital and \$66.2 million of share premium were derecognised and the difference on consolidation was recorded in a merger reserve. The share capital and share premium amounts shown following the share reorganisation (and the same day capital reduction) reflect those of Raspberry Pi Holdings plc.

C London Stock Exchange listing

On 11 June 2024, Raspberry Pi Holdings plc listed on the London Stock Exchange, issuing 11.2 million new shares at £2.80 per share, generating \$40.0 million gross proceeds and net proceeds of \$32.4 million after costs of \$7.6 million were deducted from equity.

The accompanying notes are an integral part of these Condensed Consolidated Annual Financial Statements.

Condensed consolidated statement of cash flows

For the year ended 31 December 2024

\$ million	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities	17	(0.1)	24.4
Interest received		1.1	1.4
Tax paid		(4.2)	(4.7)
Net cash flows (used in)/generated from operating activities		(3.2)	21.1
Cash flows from investing activities			
Investment in other assets		—	(2.7)
Purchase of intangible assets		(20.9)	(19.2)
Purchase of property, plant and equipment		(2.2)	(3.9)
Net cash used in investing activities		(23.1)	(25.8)
Cash flows from financing activities			
Cash proceeds from IPO share issues		40.0	—
Share issuance costs of IPO shares		(7.6)	—
Cash proceeds from share issues (from pre-IPO)		0.8	15.1
Repayment of principal on lease liabilities		(2.2)	(0.3)
Payment of interest on lease liabilities		(0.4)	(0.2)
Interest and other financing charges		(0.8)	(0.6)
Net cash generated from financing activities		29.8	14.0
Net increase in cash and cash equivalents		3.5	9.3
Cash and cash equivalents at beginning of period		42.2	32.8
Effect of exchange rates on cash and cash equivalents		0.1	0.1
Cash and cash equivalents		45.8	42.2

The accompanying notes are an integral part of the Condensed consolidated annual financial statements.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

1 General information

Raspberry Pi Holdings plc (the "Company") is a public limited company incorporated in England and Wales. The Company's registered office is at 194 Cambridge Science Park, Milton Road, Cambridge, England CB4 0AB, and the company number is 15557387.

- On 12 March 2024: Raspberry Pi ListCo Ltd was incorporated as a private limited company.
- On 23 May 2024: Raspberry Pi ListCo Ltd acquired Raspberry Pi Ltd for \$288.1 million.
- On 3 June 2024: The Company was re-registered as Raspberry Pi Holdings plc.
- On 11 June 2024: The ordinary share capital was listed on the London Stock Exchange.
- On 23 September 2024: The Company was added to the FTSE 250.

2 Basis of presentation and accounting policies

Explained below are the key accounting policies of Raspberry Pi Holdings plc and all its subsidiaries (the "Group").

2.1 Basis of preparation

The Condensed consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards ("IAS") with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with the requirements of the Companies Act 2006 (the "Act").

These Condensed consolidated financial statements are the first full year report for Raspberry Pi Holdings plc, the newly formed Group. The prior period is presented as a continuation of the former Raspberry Pi Ltd's UK-IFRS accounts, as though the reorganisation had taken place at the start of the earliest period presented, except for the consolidated reserves of the Group, which were adjusted to reflect the capital reorganisation explained as notes to the Condensed consolidated statement of changes in equity.

The condensed set of financial information presented for the years ended 31 December 2024 and 2023 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2023 is derived from the statutory accounts of Raspberry Pi Ltd for that year which have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. The financial information for the year ended 31 December 2024 and the comparative information have been extracted from the audited condensed consolidated financial statements for the year ended 31 December 2024 prepared under IFRS, which have not yet been approved by the shareholders and have not yet been delivered to the Registrar. The report of the auditors on the consolidated financial statements for 2024 was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

These financial statements should be read in conjunction with the annual financial statements of Raspberry Pi Ltd for the year ended 31 December 2023 which have been prepared in accordance with UK-adopted IFRS and the Companies Act 2006 applicable to companies reporting under IFRS. These are available at Companies House and in the investor section of the corporate website.

These Condensed consolidated financial statements have been prepared under the historical cost convention unless otherwise stated. The Group's presentation currency is US Dollars, rounded to the nearest point million. Since all material subsidiaries have US Dollars as their functional currency, there is no foreign exchange upon consolidation and hence any cumulative translation reserve.

The standalone entity, Raspberry Pi Holdings plc, prepares its individual financial statements in accordance with Financial Reporting Standard 102 ("FRS 102") "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and with the requirements of the Companies Act 2006. No material adjustments are needed to follow the Group's IFRS accounting policies, as they are the same when applied in practice.

2.2 Capital reorganisation

On 23 May 2024 Raspberry Pi Holdings plc acquired the entire shareholding of Raspberry Pi Ltd for \$288.1 million by way of a share-for-share exchange agreement. This does not constitute a business combination under IFRS 3 “Business Combinations” as both entities were under common control and Raspberry Pi Holdings plc as the listing vehicle did not constitute a business as defined by IFRS 3.

The transaction is accounted for as a capital reorganisation of Raspberry Pi Ltd in the financial statements of Raspberry Pi Holdings plc. Under a capital reorganisation, the consolidated financial statements reflect the pre-combination book values of Raspberry Pi Ltd, with comparative information presented for all periods.

This differs from a common control business combination using predecessor values, where an entity could elect to account for the acquisition of the acquiree on a prospective basis rather than retrospectively. In a capital reorganisation, the pre-combination book values of the existing entity are transferred into the consolidated financial statements, because no substantive economic change has occurred except that the consolidated reserves of the Group have been adjusted to reflect the statutory share capital of Raspberry Pi Holdings plc with the difference presented in the merger reserve.

2.3 Basis of consolidation

The Condensed consolidated financial statements incorporate the financial statements of Raspberry Pi Holdings plc (the “Company”) and its subsidiary undertakings. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Going concern

The Condensed consolidated financial statements have been prepared on a going concern basis, assuming the Group can meet its liabilities as they fall due. This assessment is supported by proceeds from the recent listing, access to the extended Revolving Credit Facility (“RCF”), and strong relationships with key customers and suppliers.

Profitability and financial position: The Group reported a profit of \$11.7 million for the year. Net current assets were \$147.1 million, and net current financial liabilities totalled \$14.1 million.

Cash proceeds from listing: On 11 June 2024, Raspberry Pi Holdings plc raised \$32.4 million net of transaction costs by issuing 11.2 million new shares at £2.8 per share, further strengthening its financial position with year-end cash and cash equivalents of \$45.8 million.

Extension of Revolving Credit Facility: On 5 March 2025, the RCF was extended, increasing available funds to \$80.0 million (2024: \$40.0 million) and extending the term to 4 March 2029 (2024: 24 April 2027), providing additional liquidity to support operations.

Liquidity and cash flow forecasts: The Board’s cash flow forecasts and projections confirm the Group can operate within its cash and committed facilities for the period to 30 April 2026. Available liquidity, including both cash and committed facilities, has been considered in this assessment. The Directors have deemed this period to be appropriate for the going concern assessment. No plausible events or conditions beyond the assessment period that may cast significant doubt on the Group’s ability to continue as a going concern have been identified.

Sensitivity analysis and stress testing: Sensitivities applied to forecasts include a 20% reduction in unit sales and a general liquidity reduction. Even under these combined scenarios, the Group expects to meet its funding needs for 2025 and 2026, confirming its ability to continue operations.

Reverse stress testing: A reverse stress test modelled the sales decline required to exhaust liquidity and breach banking covenants. This scenario was deemed implausible.

Conclusion: Based on these considerations, the Board concludes the Group can operate within its committed facilities and cash resources for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the Condensed consolidated financial statements.

2.5 Critical accounting judgements and estimates (not relating to the IPO)

In preparing these Condensed consolidated financial statements, critical judgements in the application of accounting policies can have a significant effect on the financial results. Any changes in critical estimates and assumptions made could materially impact the amounts of assets, liabilities, revenue and expenses reported next year as actual amounts and results could differ from those estimates or those estimates could change in future.

2.5.1 Critical judgement: Capitalisation of internal and external development costs

We prioritise in-house development with a small, highly skilled engineering team, releasing new core hardware every three to four years and developing successors to Raspberry Pi 5 and Raspberry Pi Pico, alongside semiconductor products such as the RP2350 launched this year.

The Group exercises significant judgement in determining whether internal and external development costs for pipeline products meet the capitalisation criteria within IAS 38 "Intangible Assets". Costs are capitalised only when they are directly attributable, reliably measurable and relate to future new products that are considered technically feasible, commercially viable and supported by the necessary skilled resources and internal commitment to completion. Forecasted profit margins must exceed capitalised costs.

Management makes judgements when these capitalisation criteria are met and continue to be met for active pipeline development projects. The costs associated with the Group's efforts to develop new products are made up of directly attributable internal employee costs for those working on development, costs of external materials and services consumed in development and amortisation of licences (software or designs) used directly in development as per below.

\$ million	2024 Capitalised	2024 Total	%	2023 Capitalised	2023 Total	%
Internal costs	8.1	17.6	46%	5.5	10.9	50%
External costs	12.5	14.6	86%	8.9	11.1	80%
Directly attributable R&D – cash	20.6	32.2	64%	14.4	22.0	65%
Amortisation	6.0	7.4	81%	1.9	2.3	83%
Total directly attributable R&D	26.6	39.6	67%	16.3	24.3	67%

Overall R&D investment has increased, with total costs rising from \$24.3 million in 2023 to \$39.6 million in 2024. Capitalisation of R&D costs in 2024 is 67% of total costs capitalised (2023: 67%). Given the Group's rapid growth, the value of costs being capitalised exceeds amortisation by \$19.2 million (2023: \$14.0 million).

All costs associated with the research phase of projects are expensed as incurred. Any development costs relating to maintaining and fixing bugs in the software are also expensed as incurred. Capitalised employee costs of engineers exclude any share-based payments and termination payments as they are not considered directly attributable to the development projects.

2.5.2 Critical judgement: Identification of cash-generating units ("CGUs") for impairment testing of pipeline development costs

Identifying CGUs is a critical step in the impairment review and can have a significant impact on its results. The objective of identifying CGUs is to identify the smallest identifiable group of assets that generates largely independent cash inflows. CGUs are identified at the lowest level to minimise the possibility that impairments of one asset or group will be masked by a high-performing asset.

The Group has three CGUs: Pi 5, semiconductors, and cameras. The Group has assessed that projects within each CGU reflect significant interdependencies, where designs and outputs are shared and integrated, making individual cash flows inseparable without arbitrary assumptions. The recoverability of intangible assets arising from pipeline development activities are materially all part of the semiconductor cash-generating unit ("CGU"). The recoverable amount of the semiconductor CGU is assessed based on the collective earnings of all products in then CGU.

2.5.3 Critical estimate: Net realisable value of inventory

The valuation of inventory is a significant area of estimation uncertainty for the Group due to the rapid pace of technological advancements and the risk of product obsolescence inherent in the computer industry. Inventory is measured at the lower of cost and net realisable value, which requires significant management judgement and estimation.

In determining net realisable value, the Group evaluates several factors, including market demand and pricing trends, assessing the likelihood of future sales and the impact of declining prices on older inventory. Technological obsolescence is also considered, with management assessing whether inventory remains relevant in light of new product launches and advancements. Additionally, expected selling costs, such as promotional discounts or clearance pricing, are factored into the valuation.

The Group reviews inventory balances on a regular basis, taking into account recent sales trends, the ageing of inventory, and the condition of items, including damaged, slow-moving or obsolete stock. Future sales projections over a three-year period, based on management-prepared financial budgets, are used to support these assessments. For the year ended 31 December 2024, the total inventory provision was \$6.2 million (2023: \$8.9 million). A 10% decrease in estimated future demand would increase the provision by \$0.5 million. Given the inherent uncertainties, changes in market conditions, technological developments, or consumer preferences could materially impact the carrying value of inventory.

2.5.4 Critical estimate: Taxation

Accounting for taxation requires significant judgement in determining taxable profit, tax bases, and the recognition of deferred tax assets and liabilities. Key estimates include interpreting complex tax regulations, assessing potential challenges from tax authorities, and evaluating the recognition of Research & Development Expenditure Credit (“RDEC”) claims. Determining the appropriate RDEC claim involves significant judgement in identifying qualifying R&D activities and expenditures. Uncertainties in these areas can lead to variations between estimated and actual credits received. The Group maintains detailed records of R&D activities and consults with external tax advisers to ensure compliance with legislation. Additionally, changes in facts and circumstances between the preparation of these accounts and the final tax submission, expected in approximately nine months, may impact the final tax position. Any changes in tax laws or interpretations thereof could materially affect future amounts recognised. Whilst there are a variety of possible outcomes Management believes that it is reasonably plausible that the actual tax claims submitted could vary to the accounting estimate by approximately \$1.5 million in any accounting period.

2.6 Critical accounting judgements and estimates (relating to the IPO)

As this is the year of the IPO there were several non-recurring accounting judgements that have been made. These are detailed below.

2.6.1 Critical judgement: Determination of the functional currency of the parent entity

The Directors assessed the Company’s functional currency and concluded that since Raspberry Pi Holdings plc was originally formed with the sole purpose of operating as a holding company for its trading subsidiary, Raspberry Pi Ltd, it is appropriate that the functional currency of the Company aligns with that of its subsidiary.

2.6.2 Critical judgement: Determination of the grant date share price and option life for IPO share awards

On 11 June 2024, share awards for employees were approved and finalised prior to the Company’s Admission to the London Stock Exchange. IFRS 2 prescribes that the fair valuation of these awards should be calculated at the grant date. Management determined the offer price of £2.80 (\$3.56) as the appropriate share price for valuation on the grant date. According to IFRS 2, the grant date is defined as the date when both the Company and the participants have a mutual understanding of the Board-approved key terms of the award, which was confirmed to employees prior to Admission on the morning of 11 June 2024.

Therefore, the fair value of the share-based payment awards has been measured using the offer price on this date, in accordance with paragraph 16 of IFRS 2. Given the subsequent increase in share price after the initial offer, using a later grant date would have significantly altered the valuation of the awards. The value of the awards and therefore the IFRS 2 charge depends on the grant date share price. A 20% increase in the market price at grant date would increase the fair value of the awards by a total of \$5.1 million, while a 30% rise would add \$7.7 million.

These amounts would then be charged to the Condensed consolidated Statement of Comprehensive Income over the three-year vesting period. Furthermore, IFRS 2 “Share-based Payment” requires management to estimate the option life of the share-based payments which, once the three-year service period is met, can be exercised up to ten years from the date of grant. Having benchmarked comparable assumptions and applied the employee attrition rate evenly through the exercise period, it is expected that the average life will be five years. If this assumption were to move by plus or minus one year, the impact is approximately \$1.7 million over the three-year vesting period.

2.6.3 Critical judgement: Classification of transaction costs associated with the issue of shares

The Group incurred \$10.3 million in costs related to the IPO, with \$7.6 million deducted from share premium, and \$2.9 million expensed as non-recurring administrative costs. Costs were classified based on whether they directly related to new share issuance of the broader listing process.

Directly attributable costs, such as underwriting, brokerage, and advisory fees were deducted from equity, while expenses for wider listing requirements such as corporate finance and costs of legal support were expensed. Of the total \$6.4 million for the global primary and secondary offer, 82% or \$5.3 million related to the secondary offer and was paid by the Foundation.

As these costs were directly attributable to the equity transaction, including \$7.6 million that has been deducted from the gross proceeds of \$40.0 million, the net proceeds of \$32.4 million are recognised in share premium. \$2.9 million was presented as non-recurring transaction costs in administrative expenses. Management determined that legal and finance fees associated with upgrading policies and procedures for post-listing requirements, the costs of internal corporate finance, legal support, and advice on share schemes and wider incentives were not directly attributable to the issue of shares and therefore these expenses are recognised in the Condensed consolidated Statement of Comprehensive Income as non-recurring items.

2.7 Alternative performance measures ("APMs")

Alternative performance measures ("APMs"), which are used in these financial statements, are also used by the Board and management for planning and reporting. These measures are also used in discussions with the investors. APMs are not displayed with more prominence, emphasis or authority than IFRS measures.

Adjusted EBITDA is a non-IFRS measure comprising operating profit adding back amortisation and depreciation, share-based payments charges and non-recurring items.

Adjusted operating profit is a non-IFRS measure comprising operating profit adding back share-based payments charges and non-recurring items.

Adjusted research and development expense is a non-IFRS measure comprising research and development expense adding back amortisation and depreciation, share-based payments charges and non-recurring items. Share-based payments are excluded as they are paid for by shareholders dilution and the charges are not comparable due to fluctuations around the listing process.

Adjusted administrative expense is a non-IFRS measure comprising administrative expenses adding back amortisation and depreciation, share-based payments charges and non-recurring items. Share-based payments are excluded as they are paid for by shareholders' dilution and the charges are not comparable due to fluctuations around the listing process.

Non-recurring items are presented whenever significant expenses are incurred or income is received because of events considered to be outside the normal course of business, where the unusual nature and expected infrequency merits separate presentation to assist comparisons with previous years.

To arrive at adjusted results, certain adjustments are made for normalised and non-recurring items that are individually significant, and which could, if included, distort the understanding of the performance of the year and the comparability between periods.

2.8 Accounting policies and new and amended accounting standards

The set of Condensed consolidated financial information has been prepared using accounting policies consistent with those in Raspberry Pi Ltd's Annual Report and Accounts 2023 except for the following standards, amendments and interpretations which have been adopted from 1 January 2024.

Newly adopted accounting standards

From 1 January 2024, the following standards became effective for the Group's consolidated financial statements:

- Amendments to IAS 1 "Non-current Liabilities with Covenants".
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current".
- Amendments to IFRS 16 "Leases on Sale and Leaseback".
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements".

The following standards were in issue but were not yet effective at the balance sheet date. These standards have not yet been early adopted by the Group:

- Amendments to IAS 21 "Lack of Exchangeability" (mandatorily effective 1 January 2025).
- IFRS 18 "Presentation and Disclosure in Financial Statements" (mandatorily 1 January 2027).

The adoption of the standards and interpretations listed above has or will not lead to any material impact on the financial position or performance of the Group. The Group has not early adopted other standards, amendments to standards or interpretations that have been issued but are not yet effective.

3 Revenue

The total revenue for the Group derives from its principal activity: the development, marketing, manufacture and sale of cost-effective programmable computing devices.

\$ million – by category	Year ended 31 December 2024	Year ended 31 December 2023
Products	181.2	212.3
Components	61.2	43.5
Royalties	15.9	8.8
Other	1.2	1.2
	259.5	265.8

\$ million – by customer location	Year ended 31 December 2024	Year ended 31 December 2023
UK	118.4	104.8
Europe	48.1	60.3
Americas	49.9	45.3
Asia Pacific	40.8	54.3
Rest of the World	2.3	1.1
	259.5	265.8

Product revenues are recognised at the point in time when single board computers, compute modules, accessories or semiconductors are delivered to Approved Resellers or OEMs, establishing an enforceable right to payment. Raspberry Pi generates revenue from selling individual components, including the RP2040 microcontroller, RP1 I/O controller, and memory chips, primarily to OEMs and for manufacturing by licensees, which also earns royalties. Royalties are earned per unit on products organised for manufacture or sale through licensing of designs and trademarks. Revenue is recognised on an accrual basis in accordance with the agreement when the subsequent sale or usage (point of manufacture) event occurs, in line with the IFRS 15 royalty exemption from estimating variable consideration.

The Group generated \$69.5 million or 27% (2023: \$45.5 million or 17%) of revenues from a major electronic component distributor. Sales to the contract manufacturer accounted for \$36.9 million or 14% of total revenues (2023: \$41.9 million or 16%). The Group operates as a single segment, in accordance with IFRS 8 “Operating Segments”, aligned with its primary activity. The data utilised by the Group’s Chief Operating Decision Makers for resource allocation and performance evaluation is provided on a consolidated basis and therefore no segment analysis is included. All material non-current assets are located in the United Kingdom.

4 Research and development expenses

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Employee costs of internal engineers	14.4	10.9
Share-based payment charges	2.3	—
Other employee-related costs	0.9	—
Costs of external services and materials	14.6	11.1
Intangibles amortisation	12.3	4.9
Capitalised amortisation	(6.0)	(1.9)
Capitalised research and development costs	(20.6)	(14.4)
	17.9	10.6

5 Administrative expenses

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Employee costs	8.0	6.4
Share-based payment charges	2.4	—
Other employee-related costs	2.9	1.5
Professional fees	3.2	3.1
Depreciation	4.4	3.2
Property-related costs	1.2	0.9
Other expenses	2.7	2.7
Non-recurring costs	2.9	—
	27.7	17.8

Non-recurring items are presented whenever significant expenses are incurred or income is received because of events considered to be outside the normal course of business, where the unusual nature and expected infrequency merits separate presentation to assist comparisons with previous years. For the year ended 31 December 2024, non-recurring costs consist of IPO-related costs of \$2.9 million. Professional fees include audit and interim review services obtained from the Group auditor, Grant Thornton UK LLP.

6 Employee information

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	19.0	14.9
Social security costs	2.0	1.5
Pension costs	1.4	0.9
Share-based payments	4.7	—
Employee costs capitalised	(8.1)	(5.5)
	19.0	11.8

Further details on share-based payments are provided in Note 27 and employee costs capitalised in Note 2.5.

	Year ended 31 December 2024	Year ended 31 December 2023
Average headcount		
Engineering	66	52
Corporate and administrative	16	13
Communications and publishing	16	18
Sales and product management	26	23
Retail	10	9
	134	115

7 Depreciation and amortisation

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Depreciation of property, plant and equipment	2.8	2.3
Depreciation of right-of-use assets	1.6	0.9
Amortisation of intangible assets	12.3	4.9
Intangible amortisation capitalised	(6.0)	(1.9)
	10.7	6.2

8 Net financing items

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Finance income		
Bank interest receivable	1.1	1.4
Finance costs		
Bank interest payable and similar charges	(0.8)	(0.6)
Interest on lease liabilities	(0.4)	(0.2)
Unwinding of discounts	(1.2)	—
	(2.4)	(0.8)
Net financing items	(1.3)	0.6

As the Group has no external debt, interest charges primarily relate to RCF arrangement and non-utilisation fees. Interest income is generated from overnight money market deposits. Interest on lease liabilities and unwinding of discounts on extended trade payable terms arise in accordance with leases and financial instrument accounting rules.

9 Taxation charge

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Current tax:		
Current taxation charge	3.3	4.5
Adjustments in respect of previous periods	0.1	(0.4)
	3.4	4.1
Deferred tax:		
Deferred taxation charge	1.6	2.3
Adjustment in respect of previous periods	(0.4)	0.1
Effect of changes in tax rates	—	0.1
	1.2	2.5
Taxation charge for the year	4.6	6.6

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

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Profit before taxation	16.3	38.2
Corporation tax at an effective rate of 25% (2023: 23.5%)	4.1	9.0
Effect of:		
Adjustments in respect of prior years	(0.3)	(0.3)
Expenses not deductible for tax purposes	0.8	0.1
Tax rate changes	—	0.1
Surrender of losses	—	(2.3)
Taxation charge for the year	4.6	6.6

In 2024, the total effective tax rate was 28.2%, which exceeded the underlying rate of 25%. This increase was primarily due to \$2.7 million in non-recurring IPO-related costs, which were largely non-deductible for tax purposes. In contrast, the 2023 effective tax rate was 17.3%, lower than the underlying 23.5%, as a result of a \$2.3 million final qualified charitable distribution from the Controlling Shareholder before de-grouping for tax purposes which precludes any such further loss relief. The underlying tax rate aligns with UK corporation tax rates, which was 25% for FY 2024 and which was a blended rate of 23.5% for FY 2023 having increased from 19% to 25% following the 1 April 2023 Spring Budget announcement.

10 Earnings per share ("EPS")

Basic EPS: Profit for the period attributable to owners divided by the weighted average number of ordinary shares in issue, excluding unvested shares held by the Employee Benefit Trust, unless specifically allocated or cancelled.

Diluted EPS: Adjusts the weighted average number of shares to include all potentially dilutive shares, such as share options.

Adjusted EPS: Is a non-IFRS alternative performance measure which adjusts Basic EPS and Diluted EPS for the non-recurring items and share-based payments applied in computing Adjusted EBITDA.

Earnings per share	2024	2023
Profit after tax (\$ million)	11.7	31.6
Number of shares in issue during the period	180,669,421	162,034,424
Unvested shares in Employee Benefit Trust	(155,226)	—
Total number of shares for basic EPS	180,514,195	162,034,424
Basic earnings per share (cents)	6.48	19.50
Dilutive effect of legacy performance shares scheme	7,638,832	15,990,754
Dilutive effect of new scheme	546,798	n/a
Weighted average dilutive number of shares during the period	188,699,825	178,025,178
Diluted earnings per share (cents)	6.20	17.75

Adjusted earnings per share	2024	2023
Profit after tax (\$ million)	11.7	31.6
Non-recurring costs (disallowable for tax)	2.9	—
Share-based payments, net of tax (\$ million)	4.7	—
Adjusted profit after tax (\$ million)	19.3	31.6
Total number of shares for basic EPS	180,514,195	162,034,424
Adjusted basic earnings per share (cents)	10.69	19.50
Weighted average dilutive number of shares in the period	188,699,825	178,025,178
Adjusted diluted earnings per share (cents)	10.2	17.8

The 2023 EPS has been re-presented to reflect the new capital structure.

11 Intangible assets

\$ million	On-market development	Pipeline development	Other acquired intangibles	Total
Cost				
At 1 January 2023	10.5	20.1	12.1	42.7
Additions	—	16.3	14.2	30.5
Transfers	15.2	(15.2)	—	—
Disposals	—	—	(5.2)	(5.2)
At 31 December 2023	25.7	21.2	21.1	68.0
Additions	—	26.6	0.3	26.9
Transfers	13.3	(13.3)	—	—
Disposals	—	—	—	—
At 31 December 2024	39.0	34.5	21.4	94.9
Amortisation				
At 1 January 2023	(5.3)	—	(1.9)	(7.2)
Charge for the year	(2.6)	—	(2.3)	(4.9)
Transfers	—	—	—	—
Disposals	—	—	2.7	2.7
At 31 December 2023	(7.9)	—	(1.5)	(9.4)
Charge for the year	(4.9)	—	(7.4)	(12.3)
Transfers	—	—	—	—
Disposals	—	—	—	—
At 31 December 2024	(12.8)	—	(8.9)	(21.7)
Net book value				
At 31 December 2024	26.2	34.5	12.5	73.2
At 31 December 2023	17.8	21.2	19.6	58.6

To maintain market leadership and drive growth, we develop next generation technology platforms that embody our brand values of performance, price, quality and ease of use. New core hardware is released every three to four years, with software and documentation support setting Raspberry Pi apart from competitors.

We prioritise in-house development with a skilled engineering team of 66 (2023: 52), focused on successors to Raspberry Pi 5, semiconductor chips, new computer boards and accessories. Internal and external development costs are capitalised when the criteria outlined in critical accounting judgement Note 2.5.1 are met.

On-market development are amortised from their market launch date over a life of three years for accessories, four years for SBCs, and six years for microcontrollers. Impairment testing is performed only when an internal or external impairment trigger is identified.

Pipeline development in progress are not amortised but instead tested annually for impairment. Historically, most capitalised projects have been commercialised at which point they are transferred to on-market projects and thereafter amortised as explained above.

Other acquired intangibles category primarily relates to licences but also includes any externally acquired intangible assets not already captured in the above categories. Licences, particularly those related to technical designs, are amortised over the length of the licence.

12 Property, plant and equipment

\$ million	Leasehold improvements	Plant and equipment	Office and computer equipment	Total
Cost				
Balance at 1 January 2023	0.4	7.5	1.5	9.4
Additions	1.6	1.3	1.0	3.9
Disposals	(0.3)	—	—	(0.3)
Balance at 31 December 2023	1.7	8.8	2.5	13.0
Additions	0.5	1.2	0.5	2.2
Disposals	—	—	—	—
Balance at 31 December 2024	2.2	10.0	3.0	15.2
Depreciation				
Balance at 1 January 2023	(0.2)	(4.5)	(1.0)	(5.7)
Charge for the year	(0.1)	(1.9)	(0.3)	(2.3)
Disposals	0.1	—	—	0.1
Balance at 31 December 2023	(0.2)	(6.4)	(1.3)	(7.9)
Charge for the year	(0.5)	(1.7)	(0.6)	(2.8)
Disposals	—	—	—	—
Balance at 31 December 2024	(0.7)	(8.1)	(1.9)	(10.7)
Net book value				
At 31 December 2024	1.5	1.9	1.1	4.5
At 31 December 2023	1.5	2.4	1.2	5.1

As at 31 December 2024, \$1.7 million of fully depreciated property, plant and equipment was still in use (2023: \$1.5 million).

13 Inventories

\$ million	2024	2023
Components	92.9	67.4
Finished goods	63.8	40.7
	156.7	108.1

During the year, \$191.8 million (2023: \$184.7 million) of inventories were charged as cost of sales. Write-downs of inventories to net realisable value amounted to \$1.5 million (2023: \$7.9 million). These were recognised as an expense during the year ended 31 December 2024 and included in cost of goods sold. The Group recorded an amount of \$4.2 million (2023: \$nil) as income resulting from reversal of inventory write-downs that were recognised in 2023 following a change in customer circumstances and improvement in microcontroller unit sales. The income was recognised within cost of sales to reverse the original expense. The remaining provision within inventories of \$6.2 million (2023: \$8.9 million) is for anticipated future obsolescence on specific slow-moving units.

As at 31 December 2024, \$3.5 million (2023: \$5.6 million) of inventories are committed and have been purchased back after the year end as part of repurchase liabilities described in Note 18.

14 Trade and other receivables

The Group considers that the carrying amount of trade and other receivables are a reasonable approximation of their fair value due to their short-term nature.

\$ million	2024	2023
Trade receivables	31.0	30.3
Expected credit loss allowance	—	(0.1)
Prepayments	3.6	2.6
VAT receivable	0.9	6.2
Other receivables	0.7	0.7
	36.2	39.7

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Any movement in expected credit loss provision is included in administrative expenses in the Condensed consolidated Statement of Comprehensive Income.

\$ million	2024	2023
Current tax receivable	6.6	2.2

As at 31 December 2024 the Group had a receivable from HMRC in respect of current taxation and Research and Development Expenditure Credits of \$6.6 million (2023: \$2.2 million).

\$3.7m of this asset was received in February 2025. Although the Group is profitable as a UK taxpayer, a current tax asset arises at each reporting date due to the interaction between HMRC's Quarterly Instalment Payment regime and incentives from the Research and Development Expenditure Credits ("RDEC") scheme.

A current tax receivable arises as tax payments are made in advance excluding Research and Development Expenditure Credits leading to an initial overpayment which is later recovered when the RDEC claim is accepted, typically 12–18 months after the reporting date (e.g. \$3.7 million). Further details are available in HMRC's Corporate Intangibles Research and Development Manual (CIRD89870).

15 Trade and other payables

\$ million	2024	2023
Trade payables	83.1	62.4
Accruals and other payables	7.1	8.5
Repurchase liabilities	4.4	8.2
Other taxation and social security	1.0	1.9
Deferred income - RDEC	0.5	0.2
	96.1	81.2

During the fiscal year, the Group agreed extended payment terms from nine to twelve months with two electronic component suppliers. These payables remain part of the normal operating cycle. As at 31 December 2024 supplier invoices totalling \$52.2 million were discounted to \$51.0 million with reference to observable market interest rates. As the remaining trade payables are subject to standard 30–45 day terms, they are deemed to approximate to their fair value by the Directors.

Repurchase liabilities, amounting to \$4.4 million (2023: \$8.2 million), relate to components sold to contract manufacturers for producing finished products the Group has committed to buy. When the Group sells components and orders the assembly of a single board computer using those components, the cash from the sale is deferred as a repurchase liability. This liability is not released until the contract manufacturer delivers the completed product to us.

16 Financial commitments

In July 2022, the Group entered into a commitment to purchase other licenses for intellectual property and related tools over the period to July 2025. As at 31 December 2024, the value of the commitment was \$3.7 million (2023: \$5.6 million).

To ensure the uninterrupted supply of essential components to meet projected demand, the Group has established long-term supply agreements and placed substantial orders with key suppliers and distributors.

As of 31 December 2024, these agreements have committed to component purchases over a pre-defined schedule to December 2027 and are valued at \$333.0 million (2023: \$466.0 million).

As both the supplier (delivery) and the Group (payment once delivered) have obligations outstanding, they are not recognised as liabilities on the balance sheet. However, they are disclosed as significant contractual obligations to provide clarity on the financial commitments.

In late December 2024 communication was made to applicable employees the intention to issue new nominal-cost options subject to board approval within an open period for employee share dealing purposes in calendar year 2025.

Furthermore, as detailed in the Annual Report on Remuneration, it is the intention of the Remuneration Committee to grant options under a new executive scheme option in 2025 with the exact terms and performance or vesting conditions as yet to be determined.

17 Cash flows from operating activities

\$ million	2024	2023
Operating profit	17.6	37.6
Adjustments for:		
Amortisation and depreciation	10.7	6.2
Amortisation of other assets	0.7	0.2
Loss on disposal of property, plant and equipment	—	0.2
Employee share schemes	6.0	—
Research and development tax credit	(0.8)	(0.5)
Decrease/(increase) in trade and other receivables	3.5	(13.6)
Increase in inventories	(51.1)	(60.2)
Increase in trade and other payables	13.0	54.1
Increase in provisions	0.3	0.4
Cash flows from operating activities	(0.1)	24.4

18 Financial instruments and financial risk management

All of the Group's financial assets and liabilities were non-derivative and measured at amortised cost in the current and comparative period comprising cash and cash equivalents, trade receivables, trade payables, and both short-term and long-term licence payables.

The Board regulates the use of free-standing derivatives (such as forward foreign exchange contracts) in accordance with established risk management strategies. Derivatives have been employed only once, to mitigate foreign exchange exposure related to the IPO proceeds, and have never spanned a month-end reporting date.

The Group is exposed to currency, liquidity, and credit risks arising from its financial instruments. The Group's risk management policies are designed to mitigate potential adverse impacts on financial performance. The key risks are addressed as follows:

18.1 Market risk analysis

\$ million	2024	2023
Trade receivables	31.0	30.3
Cash and cash equivalents	45.8	42.2
Financial assets at amortised cost due within one year	76.8	72.5

Currency risk: The Group presents its Condensed consolidated financial statements in US Dollars, being the currency that predominantly influences the sales prices; nonetheless, operations are primarily UK based, which is where the majority of employees work and activities occur. Consequently, the Group is exposed to foreign currency risk arising from exchange rate movements mainly between US Dollar, British Pounds Sterling and Euro. These movements affect the value of transactions (e.g. UK payroll) and the translation of comparative financial results.

From Q1 2025, Raspberry Pi intends to manage currency risk through derivatives, such as forward foreign exchange contracts. These will mitigate foreign exchange exposures by fixing the value of forecasted future transactions, including payroll expenses in the UK. In accordance with IFRS 7, the Group is required to present sensitivity analysis illustrating hypothetical changes in foreign exchange rates on profit or loss and shareholders' equity.

- A 10% strengthening of the US Dollar would result in an FX gain of \$0.5 million (2023: \$0.4 million)
- A 10% weakening of the US Dollar would result in an FX loss of \$0.4 million (2023: \$0.5 million)

The impact on profit and loss and shareholders' equity would be identical as no currency translation reserve or difference arises on consolidation as all subsidiaries share a US Dollar functional currency.

Interest rate risk: The Group does not have any external borrowings outside of property leases that contain fixed rates of interest in the current or comparative periods, and therefore interest rate risk is not considered material. Management 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.

18.2 Credit risk analysis

Exposure to credit risk emerges primarily through trade receivables of \$31.0 million (2023: \$330.3 million) for providing credit to customers in the normal course of business. In order to minimise credit risk, the Group has policies to check that potential customers 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. Commercial insurance is also obtained as deemed necessary. There have been no material instances of actual or expected credit losses during the current or prior financial years.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Any movement in expected credit loss provision is included in administrative expenses in the Condensed consolidated Statement of Comprehensive Income.

Liquidity risk: Refers to the risk that the Group will not have sufficient financial resources to meet its obligations as they fall due.

\$ million	2024	2023
Trade payables	77.6	62.4
Other financial liabilities	3.0	—
Financial liabilities at amortised cost due within one year	80.6	62.4
Financial liabilities at amortised due over one year	1.3	4.3
Financial liabilities at amortised cost	81.9	81.2

The amounts above reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

The Group mitigates this risk by:

- maintaining appropriate levels of cash and access to credit facilities;
- monitoring forecast and actual cash flows; and
- matching the maturity profiles of financial assets and liabilities.

The Group constantly reviews revenue, purchases, inventory and cash flow forecasts to ensure that obligations can be met as they arise. Since the Group's financial assets and liabilities arise from operations, they all have a maturity within the one-year business operating cycle. Subsequent to the balance sheet date, the Group has increased and replaced its access to a Revolving Credit Facility ("RCF") from \$40.0 million to \$80.0 million, with a maturity date extended to 4 March 2029. Further details are provided in Note 24.

The Group does not have any external borrowings in the current or comparative period therefore net debt is positive as net cash being \$39.5 million (2023: \$35.2 million) represented by cash and cash equivalents less the lease liabilities.

As at 31 December 2024, the Group has access to a \$40.0 million undrawn RCF after an updated agreement was signed on 24 April 2024 extending its availability to the Group until 24 April 2027. As discussed in Note 24, subsequently on 5 March 2025, the Group signed a replacement facility with a new RCF for \$80.0 million. The facility remains undrawn.

19 Share capital and other reserves

The share capital represents the nominal value of share capital subscribed for. Raspberry Pi Holdings plc has the following share capital upon Admission to the London Stock Exchange and as at the reporting date.

	Number of shares	Nominal capital \$ million
Share capital		
Ordinary shares of £0.0025 each	193,415,715	0.6
Deferred shares of £0.0025 each	61,610,435	0.2
	255,026,150	0.8

Share capital

193,415,715 ordinary shares of £0.0025 each have been listed for trading on the London Stock Exchange. 61,610,435 deferred shares of £0.0025 each were created as part of the share capital reorganisation. The deferred shares have no voting rights or rights to a dividend. It is intended for the holders of the deferred shares to transfer them to the Company otherwise than for valuable consideration pursuant to s659(1) CA 2006 in Q2 2025. They will then be cancelled pursuant to s662(1)(c).

Share premium account

The share premium account records the amount above the nominal value received for shares issued, less transaction costs. The share premium account is in most circumstances not immediately available for distribution.

Share-based payment reserve

This reserve represents the cumulative income statement charges for unvested employee share awards. Once the awards vest this reserve is recycled to retained earnings and the issue of equity is reflected in share capital, share premium or retained earnings as appropriate.

Merger reserve

The merger reserve and retained earnings are presented gross on consolidation such that the Group's retained earnings are a reasonable measure of the underlying distributable reserves of the Company on a standalone entity basis as this is considered useful information for investors.

Retained earnings

This reserve represents the total of all current and prior retained earnings available to facilitate future shareholder distributions.

20 Share-based payments

All share-based payments are related to employee share schemes and are equity-settled for shares of Raspberry Pi Holdings plc. Equity awards are a key component of the overall remuneration package, being essential for retaining, motivating and rewarding key employees.

On 11 June 2024, upon listing onto the London Stock Exchange, all previous employee share schemes vested and new awards were immediately granted. The share-based payment charges are as follows:

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Legacy 2020 LTIP scheme – IFRS 2 charge	0.8	—
Legacy 2020 LTIP scheme – accelerated charge on settlement	1.2	—
Market value and nil-cost options – granted on 11 June 2024	2.7	—
	4.7	—

Settlement of 2020 LTIP scheme upon listing on the London Stock Exchange

In 2020, the Board approved a Long-Term Incentive Plan ("LTIP") and up to the listing date had awarded 19,480 B ordinary shares to employees. These shares were designed to participate in the proceeds from an exit, defined as the Company's sale or a stock exchange listing. On the sale of Raspberry Pi Ltd to Raspberry Pi Holdings plc in May 2024, the B shares were exchanged for shares with equivalent rights in Raspberry Pi Holdings plc.

Upon listing on the London Stock Exchange, all outstanding awards vested and settled by the granting of ordinary shares in Raspberry Pi Holdings plc. When the awards vested, the cumulative \$3.3 million charged to the income statement since 2020 was transferred to retained earnings.

New option awards granted upon on Admission to the London Stock Exchange

On 11 June 2024 immediately before the IPO, alongside the settlement of legacy share awards, new awards were granted in the form of market value options and nominal-cost options over shares of Raspberry Pi Holdings plc.

The market value options have an exercise price equal to the IPO share issue price of £2.80. The nominal-cost options have a quarter pence nominal exercise price. The awards vest on the third anniversary of the date of grant, subject to the employee remaining in Group employment. The awards are not subject to other performance or holding conditions. The options expire on the tenth anniversary of the date of grant or upon leaving.

Grant date fair value of new market value and nominal-cost option awards

The grant date fair value of the new awards was calculated with assistance from external valuation expert using a Black-Scholes model with the following inputs and assumptions:

	Market value options	Nil cost
Grant date	11 June 2024	11 June 2024
Number of awards granted	11,561,566	253,773
Grant date share price	£2.80	£2.80
Exercise price	£2.80	£0.00
Expected term	5 years	3 years
Expected volatility	35.0%	35.0%
Risk free rate	4.2%	4.4%
Dividend yield	0.0%	0.0%

The volatility was estimated at 35%, based on the midpoint between five-year equity volatilities and enterprise volatilities for the FTSE 250 (excluding financials and investment trusts) and for comparable listed technology and software companies as of the 11 June 2024 grant date.

The actual volatility experience post-IPO has been an average of 55%. Whilst this does not change the grant date assumption under IFRS 2, it will inform the assumptions on awards granted in the future.

The market value options were valued at £1.06 per award and the nominal-cost options valued at £2.80. After applying an estimated 5% employee attrition assumption the combined fair value of all awards granted is \$14.1 million, which will be recognised in the Condensed consolidated Statement of Comprehensive Income evenly over the three-year service period resulting in a charge of \$2.7 million for the period from 11 June 2024 to 31 December 2024.

21 Alternative performance measures ("APMs")

Adjusted EBITDA (as presented in the Condensed consolidated Statement of Comprehensive Income), adjusted operating profit, adjusted research and development expenses and adjusted administrative expenses are non-IFRS measures used by the Board and management to monitor the Group's performance.

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Operating profit	17.6	37.6
Amortisation and depreciation	10.7	6.2
EBITDA	28.3	43.8
Share-based payment charges	4.7	—
NI on share-based payment charges	1.3	—
Employee share schemes	6.0	—
Non-recurring costs	2.9	—
Adjusted EBITDA	37.2	43.8
Amortisation and depreciation	(10.7)	(6.2)
Adjusted operating profit	26.5	37.6

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Research and development expenses	17.9	10.6
Amortisation (net of capitalised amortisation)	(6.3)	(3.0)
Share-based payment charges	(2.3)	—
NI on share-based payment charges	(0.6)	—
Adjusted research and development expenses	8.7	7.6

\$ million	Year ended 31 December 2024	Year ended 31 December 2023
Administrative expenses	27.7	17.8
Depreciation	(4.4)	(3.2)
Share-based payment charges	(2.4)	—
NI on share-based payment charges	(0.7)	—
Non-recurring costs	(2.9)	—
Adjusted administrative expenses	17.3	14.6

22 Controlling shareholder(s)

Under UK Listing Rule 5.3, a controlling shareholder is any party that, alone or with others, controls 30% or more of voting rights. No single entity holds a majority stake in the Group or is considered its ultimate controlling party.

The Raspberry Pi Foundation (the "Foundation") is a registered charity in England and Wales (Charity No. 1129409), owns 90,326,121 (46.7%) ordinary shares in the Company through its wholly owned subsidiary, Raspberry Pi Mid Co Limited (the "Controlling Shareholder"), and is incorporated in England and Wales (Reg. No. 13603843). The address of both entities is 37 Hills Road, Cambridge CB2 1NT.

As disclosed to the takeover panel in May 2024, the Group considers Ezrah Charitable Trust (3.32% holding) to be acting in concert with the Foundation due to its relationship with the Foundation and its management.

After raising \$180.0 million through the secondary offer at Admission, the 46.7% shareholding has not changed. It incurred \$6.6 million in transaction costs, which were directly settled as attributable to its proceeds which consequently raised a net amount of \$173.4 million to advance its goal of helping young people realise their full potential through the power of computing and digital technologies.

On 11 June 2024, the Group entered into Relationship Agreements with the Foundation, the Controlling Shareholder, and the Ezrah Charitable Trust (together, the "Controlling Shareholders") to ensure the Group operates independently, at arm's length and on a normal commercial basis. These agreements prohibit the Foundation from voting on matters affecting itself or actions that could breach Listing Rules or compromise the Group's independence.

The Controlling Shareholder may nominate up to two Non-Executive Directors if its shareholding exceeds 25%, or one if above 10%. Currently, Daniel Labbad, a trustee of the Foundation until 10 June 2024, is the sole Board Director of the Company nominated by the Foundation in this manner. All other Board members were appointed independently.

In September 2020 Raspberry Pi Ltd and the Foundation entered into to an agreement to transfer the Raspberry Pi brand to Raspberry Pi Ltd. As a condition of that agreement Raspberry Pi Ltd undertook to provide low costs computers to education customers. Failure to meet this would result in trademark ownership reverting to the Foundation. On 21 February 2024, Raspberry Pi Ltd amended its trademark agreement with the Foundation, to change the definition of low cost to be a price of no more than \$45 (or, if higher, manufactured cost plus 20%, plus applicable taxes and fees).

Between listing and the reporting date, the Foundation purchased \$27,400 in goods from the Group. The Group had historically provided life assurance and medical insurance for employees jointly with the Foundation. For administrative simplicity the Group paid the entire premium and recharged the relevant share to the Foundation. Annual arrangements were in place at the time of the listing and accordingly will continue to their expiry. Post-listing pension contributions and life assurance costs for the Foundation, totalling \$802,346, were recharged, with an amount \$47,200 outstanding as of 31 December 2024. These transactions do not relate to the main business of the Group. All other related party transactions are disclosed in Note 23.

As required by UK Listing Rule 6.2.3, all the Independent Directors confirm that, since listing, the Group has operated independently from the Controlling Shareholders at all times.

23 Related party transactions

The Group's related parties include subsidiary undertakings, Board members and their close family members, and principal shareholders holding 10% or more of voting rights. Transactions between the parent and subsidiaries are eliminated on consolidation and are not disclosed in this note. Key management personnel is defined as the Board. In addition to the short-term employee benefits, post-employment benefits, and share-based payment expenses, a total of \$0.3 million was paid for social security contributions related to key management personnel. Related party transactions with the Controlling Shareholder are disclosed in Note 22.

During the year, a close family member of a Board member, whose employment ended on 30 June 2024, received \$255,000, comprising wages of \$100,000, social security costs of \$16,000, pension contributions of \$10,000, share-based payments of \$85,000, and a \$44,000 severance payment. Furthermore, in January 2025, the Company was notified that 30,000 ordinary shares were sold by the close family member at a price of £6.20 on 31 December 2024.

In February 2024, the Group issued 171 Raspberry Pi Ltd shares to Non-Executive Directors Martin Hellawell, Rachel Izzard and David Gammon (via Rockspring Nominees Ltd) for \$0.8 million. These converted into 249,104 ordinary shares of Raspberry Pi Holdings plc on the IPO.

24 Events after the reporting period

On 5 March 2025, the Revolving Credit Facility was replaced, increasing the available funds to \$80.0 million (2024: \$40.0 million) with improved terms extended until 4 March 2029 (2024: 24 April 2027). The facility remains undrawn.

25 Material accounting policies

This note provides a list of other potentially material accounting policies adopted in the preparation of these Condensed consolidated financial statements to the extent that they have not already been disclosed in the notes above. These policies have been consistently applied to all of the years presented, unless otherwise stated. The financial statements are for the Group consisting of Raspberry Pi Holdings plc and its subsidiaries as listed in the Company financial statements.

25.1 Revenue recognition

Revenue is recognised in accordance with IFRS 15 “Revenue from Contracts with Customers”. Revenue is recognised when control of goods or services is transferred to the customer, reflecting the consideration expected to be received. The five-step model in IFRS 15 is applied, except for royalties for the licence of intellectual property as explained below. Revenue is only recognised if an enforceable right to payment can be demonstrated.

Product revenues: Generated by supplying single board computers (“SBCs”), compute modules, accessories, and semiconductors from our contract manufacturer directly to Approved Resellers (“ARs”) and original equipment manufacturers (“OEMs”). The Group acts as principal in these direct distribution transactions. Revenues are recognised at the point in time when physical possession of the product has transferred to the customer, based on fixed prices per unit. The transfer is evidenced by receipt of an undisputed delivery note, as the sole performance obligation is satisfied.

Royalties: Earned per unit on products that customers manufacture (e.g. Pi 5) and sell (e.g. Pi 4) through licensing of designs and trademarks. According to IFRS 15, the sales-based or usage-based royalty exception (paragraph B63) applies, as the licence is the predominant performance obligation. Royalties are recognised on an accrual basis in accordance with the underlying agreement when the subsequent sale or usage event that triggers the royalty occurs and are presented net of any amounts collected on behalf of third parties, regardless of whether the licence is a right to use or right to access.

Component revenues: Recognised at the point in time when physical possession of the product has transferred to the customer, based on fixed prices per unit, following the accounting policy for product revenues, unless the Group has made a promise to repurchase the component.

Sales returns provision: The Group recognises a provision for expected sales returns on SBCs, which typically include a 12-month warranty under standard sales terms. Returns are assessed at each reporting date, and if no significant returns are expected, no provision is recognised. This estimate is periodically reviewed based on emerging trends and historical data. As there has been no history of material returns, no such provision has been recognised to date.

Repurchase liabilities: These occur when the Group sells components to the contract manufacturer and simultaneously raises an order for the manufacture of a finished product that contains the same component. As the Group will subsequently repurchase the asset, control has not been transferred, with the contract manufacturer limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Consequently, in accordance with paragraph B66(b) of IFRS 15, the transaction is treated as a financing arrangement. The inventory is not derecognised, and instead, the cash received from the contract manufacturer is treated as a short-term financial liability. The difference between the repurchase price and the cash received is associated with processing, which, owing to the immateriality of the time value of money (within 30-day standard payment terms), is recognised directly in cost of sales.

Principal versus agent: The Group evaluates the following indicators, among others, when determining whether it is acting as a principal or agent in the transaction and recording revenue on a gross or net basis:

- (i) The Group is primarily responsible for fulfilling the promise to provide the product.
- (ii) The Group has inventory risk before the product has been transferred to a customer.
- (iii) The Group has discretion in establishing the price for the product.

We also operate a publishing business, Raspberry Pi Press, which produces magazines and books, as well as the Raspberry Pi Store in Cambridge, England. All revenue is recognised at the point in time that the product is transferred to the customer, except for publishing revenue, which is recognised over the length of the magazine subscription. Furthermore, the Group applies IFRS 15 practical expedients for significant financing components and costs or fulfil contracts, as the Group's sales cycles are generally short term and do not exceed 12 months.

25.2 Cost of sales

The Group recognises cost of sales at the point at which it recognises revenue as explained above. Cost of sales predominantly relates to the cost of goods or services purchased from suppliers and then sold to customers. The cost of sales for products sold by us through our direct distribution channel is the price we pay for them to be manufactured, plus licence fees paid to parties whose intellectual property is used in their design. The Group considers the cost of shipping its products to the customer to be directly associated with generating revenue and therefore presents these costs (2024: \$1.9 million, 2023: \$1.7 million) within cost of sales. Our cost of sales for products sold through the licensee channel is the licence fees paid to parties whose intellectual property is used in these products' design. The manufacturing cost of the products sold through our licensee channel is borne by the licensee.

25.3 Foreign exchange

All material entities have a US Dollar functional currency. The US Dollar primarily influences both the sales prices for products and services and the cost of associated raw materials and component parts.

As the Group's presentational currency is also US Dollars no exchange reserve arises on consolidation.

Underlying foreign currency transactions (primarily transactions in Sterling) are translated into US Dollars using daily average exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of Sterling-denominated working capital items, are recognised in the Condensed consolidated Statement of Comprehensive Income.

25.4 Segmental analysis

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

It is the view of the Directors that the Group has a single operating segment, as defined by IFRS 8 "Operating Segments", being the manufacture and sale of cost-effective programmable computing devices.

The CODM makes operating decisions for a single operating unit and operating performance is assessed as a single operating segment. The information used by the CODM is consistent with, and prepared on the same basis as, that presented in the financial statements.

25.5 Current and deferred taxation

The tax expense for the period consists of the tax payable on the current period's taxable income, based on applicable income tax rates, adjusted for changes in deferred tax assets and liabilities due to temporary differences. Current tax receivables and payables are measured at the expected amount to be recovered from or paid to tax authorities, based on the annual corporation tax return prepared with our tax advisers, in accordance with enacted or substantively enacted UK tax rates and legislation.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. It is calculated using tax rates that have been enacted or substantively enacted by the reporting period's end and are expected to apply when the timing differences are resolved. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise them.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so, and they relate to the same taxation authority. Current tax assets and liabilities are similarly offset when there is a legal right to net them, or to realise the asset and settle the liability simultaneously. Excess tax benefits beyond IFRS 2 charges are recognised in equity.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised accordingly in those areas.

The Group applies IFRIC 23 Uncertainty over Income Tax Treatments when assessing tax positions where uncertainty exists regarding acceptance by tax authorities. Under IFRIC 23, tax treatments are evaluated based on whether it is probable that the relevant tax authority will accept them. If acceptance is not probable, the most likely outcome or expected value approach is applied to determine the tax position. The Group recognises uncertain tax positions in current or deferred tax calculations and records provisions where necessary. Changes in facts or circumstances are monitored, and adjustments are made as required. The Group's policy ensures consistent application of IFRIC 23 principles, with judgements reviewed regularly in consultation with external tax advisers.

25.6 Intangible assets

Externally acquired intangible assets predominantly relate to software licences which are initially recognised at cost and subsequently amortised over the life of the license. All other intangible assets are amortised straight line over a period of three to six years.

The accounting for capitalised pipeline development projects is considered to contain a critical judgement upon initial capitalisation of the costs and a critical estimate in determining the useful live of the projects once launched. Refer to the critical judgements and estimates relating to these items at Note 2.5.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within research and development expenses in the Condensed Consolidated Statement of Comprehensive Income.

For capitalised pipeline developed costs that are not yet complete, these costs are not amortised but subject to mandatory annual impairment testing in accordance with IAS 36 as described below.

25.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment. Depreciation uses the straight-line method, with asset residual values, useful lives and depreciation methods reviewed periodically. All PPE is depreciated over three years except for leasehold improvements which are depreciated with reference to the life 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.

25.8 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as assets with a value of \$5,000 or less when new). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term or payments are changed.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, and any initial direct costs any dilapidation or restoration provisions measured under IAS 37 "Provisions" guidance. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

25.9 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contract provisions.

They are initially measured at fair value with subsequent measurement dependent on their classification as either amortised cost or fair value through profit and loss or other comprehensive income.

At present all the Group's financial assets and liabilities are measured at amortised cost comprising trade and other receivables, trade and other payables and cash in the Condensed consolidated Statement of Financial Position.

- **Cash and cash equivalents** comprise cash at bank and in hand and short-term deposits maturing in less than three months. For the purposes of the Condensed consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.
- **Trade and other receivables** are recognised at fair value (which ordinarily reflects the invoice amount) and carried at amortised cost, less an allowance for expected lifetime losses as permitted under the simplified approach in IFRS 9.
- **Trade payables and other payables** are not interest bearing and are recognised at fair value (which ordinarily reflects the invoice amount) and subsequently at amortised cost.

Trade receivables and payables are amounts due from customers or owed to suppliers in the ordinary course of business. As they are subject to standard payment terms these balances are considered current and are recognised at their invoice value being a reasonable approximation of fair value due to their short-term nature. They are recognised initially at the invoice amount, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and it therefore measures them subsequently at amortised cost.

Interest-bearing loans and overdrafts are initially recorded at fair value, net of direct issue costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised over the term of the liabilities. Since the RCF is undrawn, the arrangement fee cannot be offset against any borrowing and is therefore recognised within other debtors and prepayments. The arrangement fee is amortised over the term of the RCF. Although there are currently no external borrowings drawn, the Group has access to the RCF, necessitating the inclusion of this accounting policy.

The Group's activities expose it to financial risks from fluctuations in foreign exchange and interest rates. The Board regulates the use of free-standing derivatives (such as forward FX contracts) in line with established risk management strategies, with derivatives employed only once to mitigate foreign exchange exposure related to IPO proceeds. Free-standing derivatives are initially measured at fair value on the contract date and remeasured at each reporting date. As no derivative has straddled a reporting period, a nil value for derivatives applies across all reporting dates. The Group does not apply, nor currently intends to apply, hedge accounting.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition 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 derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Condensed consolidated Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group'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 Condensed Consolidated Statement of Comprehensive Income.

25.10 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 (excluding borrowing costs). 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.

25.11 Provisions

A provision is recorded in the Condensed Consolidated Statement of Financial Position when the Group has a legal or constructive obligation arising from a past event, and it is likely that settling the obligation will require an outflow of economic benefits.

If the impact is material, the provision is calculated by discounting the anticipated future cash flows at a pre-tax rate that reflects current market views on the time value of money and, where relevant, risks specific to the liability.

When discounting is applied, the increase in the provision over time is recognised as a finance cost. If it is virtually certain that an insurer will reimburse part or all of the economic outflows required to settle a provision, the reimbursement amount is recognised as an insurance receivable asset and reported separately within other receivables, provided the receivable amount can be measured reliably.

25.12 Employee benefits

Liabilities for wages, salaries, non-monetary benefits and annual leave expected to be settled within 12 months are recognised and measured at the expected amounts. Defined contribution plans are expensed as incurred on an accruals basis.

25.13 Deferred income – RDEC (government grants)

The Research and Development Expenditure Credit (“RDEC”) is accounted for as a government grant where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The tax credits are initially recognised once they are receivable on accruals basis. Whilst IAS 20 Government Grants excludes tax credits from its scope, so does IAS 12 Income Taxes and no other standard either includes it or appears relevant therefore in the absence of any other specific guidance, we follow IAS 20 as it is considered normal in this scenario.

To the extent that the credits relate to expenses already incurred the income is presented as a reduction in R&D expenses, offsetting the underlying costs that the RDEC incentives are intended to compensate.

To the extent that the credits relate to pipeline development costs that have been capitalised within intangible assets, the income is initially deferred onto the Condensed Consolidated Statement of Financial Position and then subsequently recognised in profit and loss to match the amortisation of the related costs being compensated. This income is presented as a reduction in R&D expense within operating profit as the income is taxable.

25.14 Share-based payments

The Group issue equity-settled share-based payments which are fair valued at the grant date as described in the critical judgement Note 2.6.2 and the share-based payment Note 20. Once determined the grant date fair value is charged to the Condensed Consolidated Statement of Comprehensive Income on a straight-line basis over the three-year vesting period, with adjustments for forfeitures as appropriate. The corresponding credit is to the share-based payment reserve.

25.15 Own shares

The Group provides finance to Employee Benefit Trusts to either purchase Company shares on the open market, or to subscribe for newly issued share capital, to meet the Group’s obligation to provide shares when employees exercise their options or awards. Costs of running the Trusts are charged to the Condensed Consolidated Statement of Comprehensive Income. Shares held by the ESOP Trusts are deducted from reserves and presented in equity as an own share reserve until such time that an employee exercises their award. At the reporting period, there were 155,226 of shares in the Trust at historical cost of approximately US 500 Dollars.

25.16 Dividends

Dividends are recognised when they become legally payable. In the case of final dividends, this is when approved by the shareholders at the AGM. Interim dividends are recorded when paid.