Enabling the connected future
Agenda

Key highlights and achievements
Brent Robinson (CEO, Managing Director)

Strategy update
Brent Robinson

Operating performance & market update
Brent Robinson

Financial overview
Anand Rambhai (CFO)

Summary & outlook
Brent Robinson

Q&A
1H22 – key highlights & achievements
Financial results – highlights
Strong performance driven by increased revenue and margins

Revenue
$85.4m ▲ $25.9m +43%

Underlying EBITDA¹
$26.4m ▲ $15m +132%

Net profit after tax
$18.9m ▲ $14.3m +308%

Operating cash flow
$4.5m ▼ $3.4m -43%

Net cash/(debt)
$3.6m ▼ $1.4m -29%

Notes:
All figures are presented in New Zealand dollars unless otherwise indicated
All comparisons are to the prior corresponding period (i.e. six months to 30 September 2020) unless otherwise noted
¹ Refer to note 5 of the FY2021 audited consolidated financial statements for an explanation of how ‘Non-GAAP Financial Information’ is used, including a definition of ‘Underlying EBITDA’ and reconciliation to NPAT

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1H22 achievements
Successful delivery against ongoing demand growth

- Significant revenue lift driven by continued growth in core markets and new business stemming from global TCXO shortages
- Accelerating 5G network rollouts driving strong demand for Rakon’s market-leading products
- Successful navigation through significant supply chain challenges
- Record performance out of New Zealand operation
- Key milestones achieved in the development of next-generation products and technologies
How we create value

We drive the advancement of precision timing and frequency control solutions in our core markets, and ensure long product lifecycles through operational excellence and enduring customer relationships.
Our opportunity
Growing our share in high-growth markets

“We play in the parts of the market where solutions are needed for the most challenging specifications and environments”
Operating performance and market update
Customer partnerships
Long term relationships with industry leaders

Overview
• Approved supplier to majority of Tier 1 companies in all core markets
• 10–30 year relationships with major customers, international agencies and industry standards organisations key to development of industry-leading technologies
  o Tier 1 customer partnerships to develop next generation products incl. 5G radio heads
  o Member of International Telecommunication Union (ITU) standards advisory board
  o European Space Agency (ESA) funding on multiple programmes

1H22 achievements
• Strong support from Tier 1 customers through supply chain shortages
• Reference design partnership with leading semiconductor player enabled the release of new ultra-low phase noise TCXO and VCXO products

6–18 month focus
• Reduced customer supply risk through dual sourcing/dual manufacturing strategy
• Management of pricing expectations as costs increase
• Continued work with customers to identify next generation technology needs and capture new design-in opportunities
Technology innovation
Continuing to raise the bar with ever-smaller form factors

Overview
- Portfolio of patented products and technologies provides a competitive moat that protects against commoditisation
- Product performance advantage and replication difficulty ensures long lifecycles and revenue streams

1H22 achievements
- Substantial uptake of new 5G millimetre wave radio heads and small cells using major semiconductor reference designs
- Design-in and adoption of new miniature Mercury OCXO by multiple Tier 1 customers
- Rapid development and launch of new TCXO ASIC\(^1\)-based products (in response to global chip shortage)

6–18 month focus
- Launch of multiple XMEMS\(^\circ\)-based product families
- Release of latest proprietary chip ‘Niku’ for next generation TCXO ASIC products
- Development of multiple NewSpace subsystem modules (ESA partnership)

\(^1\)ASIC – Application Specific Integrated Circuit
Core markets
Telecommunications – 5G drives growth momentum

Overview
- High performance products which allow ever-increasing speed and more reliable connectivity – key benefits of 5G
- Critical components in telecommunications and cloud computing infrastructure equipment
- 49% of 1H22 revenue

1H22 achievements
- Revenue 9% higher driven by Tier 1 customers and 5G rollout growth
- Gross margin % increased to 42% from improved product mix
- Major design-in wins with two new Tier 1 data centre equipment suppliers

6–18 month focus
- Support significantly higher order levels (currently extending out 12–18 months) through increased delivery capacity and supply chain risk management
- Meet 5G market demand as network deployments continue to gather momentum (5G base stations, distribution units and radio heads)
- Intensified data centre design-in opportunities for new OCXO and TCXO products as data centres tool up to become communication service providers for mobile operators
Core markets
Space & Defence – emerging LEO satellite growth

Overview
• Products which meet the most extreme environmental challenges and most demanding performance expectations in applications such as satellites, ground stations, radar, aviation, communications and positioning systems
• Established relationships with government agencies and commercial programmes around the world
• 14% of 1H22 revenue

1H22 achievements
• Revenue 4% higher driven by growth in low earth orbit (LEO) satellites
• Gross margin $ steady with GM% down slightly due to changed product mix
• Defence segment remains steady

6–18 month focus
• Medium-term growth opportunities in emerging NewSpace segment:
  o Increase Rakon components into LEO satellites
  o Development of higher value/margin subsystems and modules
• Maintaining current defence revenue levels through US budget cutbacks
Overview

- Products which focus on the most accurate positioning requirements (aircraft/marine navigation, emergency beacons, automotive, autonomous agriculture & mining)
- Pivot away from historic consumer product focus to high value industrial positioning markets has resulted in lower revenues but improved GM%
  - 15% of 1H22 revenue

1H22 achievements

- Revenue 108% higher driven by industrial applications and global TCXO chip shortages
- Gross margin $4m higher and GM% also up from improved product mix

6–18 month focus

- Retention of strategic new business in automotive, safety, tracking and industrial applications
- Increasing new business opportunities in Advanced Driver Assistance Systems (ADAS) and V2X infrastructure to support future autonomous vehicles
- Further develop low-cost manufacturing partnerships to extend higher-volume product lifecycles
Overview

- Emerging industrial applications such as wireless control, test and measurement, Internet of Things (IoT), Machine-to-Machine, smart grids and metering
- 22% of Rakon’s 1H22 revenue

1H22 achievements

- Revenue 416% higher resulting from orders due to global TCXO chip shortages (application: IoT devices)
- Gross margin $10m higher from increased revenue and gross margin % increases to 58% from improved product mix

6–18 month focus

- Second half delivery of remaining TCXO orders
- Pursue ongoing multi-source customer requirements

Core markets
IoT, emerging & other – worldwide chip shortage opportunity captured
Overview
• Continued growth in demand driving capacity expansion
• Strong risk management focus with tight material supply, capacity constraints, allocations, and rising prices from suppliers

1H22 achievements
• Successful navigation of numerous supply chain issues through multiple initiatives
• NZ operation output 60% higher, delivering record gross margins and major capacity increase for Rakon ASIC based TCXOs & OCXOs
• India and France operations meeting targets, demonstrating resilience through Covid-19

6–18 month focus
• Continued focus on supply chain risk mitigation, with a constrained raw material supply environment expected to continue through FY22, easing during FY23
• Continue to increase capacity in India and NZ to meet increasing demand
• Commencement of construction of new high-tech manufacturing facility in India
• Minimise Covid-19 related risks at all manufacturing sites
Financial overview
Financial performance

Demand driven by strong underlying growth and global chip shortages
Increase in net profit compared to comparative period explained

How the current periods net profit translates to EBITDA

Net profit & Underlying EBITDA explained

Other¹ – includes movement in other operating income, other (losses)/gains – net and income tax expense
Timemaker share² – Rakon’s share of Timemaker’s interest, tax and depreciation
How net profit translates to cash

Investment in working capital to support growth

- How net profit translates to operating cash
- How operating cash translates to movement in net cash

<table>
<thead>
<tr>
<th>NPAT 1H 22</th>
<th>Depreciation and amortisation</th>
<th>Other 1</th>
<th>Increase in inventories</th>
<th>Operating cash flow</th>
<th>Lease payments</th>
<th>Capex</th>
<th>Net cash movement 1H 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.9</td>
<td>4.6</td>
<td>(1.9)</td>
<td>(2.8)</td>
<td>(5.9)</td>
<td>(11.6)</td>
<td>(1.1)</td>
<td>(1.2)</td>
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<td>3.2</td>
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<td>4.5</td>
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Other 1 includes unrealised foreign exchange, finance costs – net and Timemaker profit
## Financial performance

<table>
<thead>
<tr>
<th>Six month performance</th>
<th>1H22</th>
<th>1H21</th>
<th>variance</th>
<th>% change</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>85.4</td>
<td>59.5</td>
<td>+25.9</td>
<td>+43%</td>
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<tr>
<td>Gross profit</td>
<td>43.5</td>
<td>27.1</td>
<td>+16.4</td>
<td>+60%</td>
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<td>Gross margin %</td>
<td>50.9%</td>
<td>45.5%</td>
<td>+5.4 ppts</td>
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<tr>
<td>Operating expenses</td>
<td>24.6</td>
<td>24.5</td>
<td>+0.2</td>
<td>+1%</td>
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<tr>
<td>Other operating income</td>
<td>0.6</td>
<td>2.4</td>
<td>-1.8</td>
<td>-75%</td>
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<tr>
<td>Net profit after tax</td>
<td>18.9</td>
<td>4.6</td>
<td>+14.3</td>
<td>+308%</td>
</tr>
<tr>
<td>Underlying EBITDA¹</td>
<td>26.4</td>
<td>11.4</td>
<td>+15.0</td>
<td>+132%</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>4.4</td>
<td>1.9</td>
<td>+2.5</td>
<td>+129%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>4.5</td>
<td>7.9</td>
<td>-3.4</td>
<td>-43%</td>
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<table>
<thead>
<tr>
<th>Balance sheet movements since March 2021</th>
<th>Sep-21</th>
<th>Mar-21</th>
<th>variance</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash / (net debt)²</td>
<td>3.6</td>
<td>5.0</td>
<td>-1.4</td>
<td>-29%</td>
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<tr>
<td>Inventory</td>
<td>43.6</td>
<td>37.7</td>
<td>+5.9</td>
<td>+16%</td>
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</tbody>
</table>

Notes
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² excluding NZ IFRS 16
Governance & risk
Focus on strategic direction

- ESG framework further developed to better demonstrate sustainability of business through reporting on environmental, social and governance initiatives and risks
- Investor perception study undertaken to enhance engagement and communication with stakeholders
- Review and refresh of dividend policy including the criteria for making distribution decisions
- Close monitoring of Covid-19 risks to protect health and safety of staff and maintain operations
- Board remuneration review and succession planning actioned:
  - Increase in directors’ fees to attract and retain necessary skills and experience
  - Appointment of independent Director Steve Tucker, effective 1 October 2021
- Foreign currency risk, hedging policy and hedging levels in place
Summary & outlook
Summary & outlook

On track for record full year, noting residual supply chain risk

Very strong 1H22 performance
- Significant market opportunity created by TCXO chip shortage, has been captured
- Continued underlying growth in core Telecommunications and Positioning markets
- Strong supplier and customer partnerships helped address some supply chain issues

Second half outlook
- Continued 2H revenue growth in underlying business (5G, NewSpace)
- Fulfilment of orders resulting from global TCXO shortages
- Delivery risks remain with ongoing supply chain volatility

Second half focus
- Release of new cutting-edge TCXO and OCXO platforms and products
- Increased manufacturing capacity and capability
- Active risk management of supply chain, Covid-19 and cost inflation

Strong financial position and funding lines in place
- Supporting growth and ensuring a buffer for adverse events
- Longer term investment focused on growth:
  - New manufacturing facility in India
  - Continued development of XMEMS® capability and capacity expansion
  - Expand NewSpace product portfolio into higher value subsystems
This presentation contains not only a review of operations, but also some forward looking statements about Rakon Limited and the environment in which the company operates. Because these statements are forward looking, Rakon Limited's actual results could differ materially.

Although management and directors may indicate and believe that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised.

Media releases, management commentary and investor presentations are all available on the company's website and contain additional information about matters which could cause Rakon Limited's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Rakon Limited.
Cloud computing: Allows users to have on-demand availability of a remote computer system’s resources for improved computing power or data storage (usually located quite far from the user, such as in another country)

Datacentres: Usually a building that is used to hold a computer system and other components to backup data

Design-in: An opportunity that allows Rakon’s product to be used as the reference component for certain customer reference designs (a technical blueprint of a system intended to be used by customers)

Edge computing: Allows users to have on-demand availability of a remote computer system’s resources for improved computing power or data storage (usually located close to the user, such as within the same city)

5G: 5th generation of the telecommunications standard, providing 10 to 1000 times better performance in many different applications

5G millimetre wave technology: The equipment that enables higher frequency data transmission in 5G

New space/ New space LEOs: Refers to space sector commercialisation, that are mainly low earth orbit (LEO) satellites

Mercury™ / Mercury+™: Rakon’s proprietary integrated circuit used in OCXOs to achieve clock variations to less than 1 billionth of a second, these enable precision timing in 5G applications

OCXO: Oven Controlled Crystal Oscillator. A crystal oscillator that uses a miniaturised oven to keep its internal temperature constant

O-RAN: Mobile networks that are more intelligent, open, virtualised and fully interoperable

Pluto®: Rakon’s proprietary integrated circuit used in TCXOs to achieve clock variations to less than 100 millionth of a second; these enable higher data rates in 5G applications

System solutions: Refers to Rakon’s solutions that include high performance products, equipment and consulting services for Space & Defence

TCXO: Temperature Compensated Crystal Oscillator. A crystal oscillator with additional circuitry to remove frequency variations due to temperature change

Tier 1 customers: recognised key players within their respective industries, that make up a significant market share

VCXO: Voltage Controlled Crystal Oscillator (VCXO). A crystal oscillator with an adjustable output frequency

XMEMS®: Crystal Micro-Electro-Mechanical System. Rakon’s advanced quartz-based resonator technology. It is made with Rakon’s NanoQuartz™ microfabrication process, delivering unprecedented resonator and oscillator performances