Enabling the connected future
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.
Agenda

Key highlights and achievements
Sinan Altug (CEO)

Operating performance & market update
Sinan Altug

Financial overview
Anand Rambhai (CFO)

Summary & outlook
Sinan Altug

Q&A

Sinan Altug

Anand Rambhai
1H23 – key highlights & achievements
Strong core business growth offsets chip-shortage revenue impacts

Financial highlights

Revenue

$87.2m
△ $1.7m +2%

Underlying EBITDA\(^1\)

$28.1m
△ $1.7m +6%

Net profit after tax

$16.0m
▼ $2.9m -15%

Operating cash flow

$0.0m
▼ $4.5m -100%

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 2021) unless otherwise noted
\(^1\) Refer to note 5 of the FY2022 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
1H23 highlights

- Solid revenue and EBITDA performance
- Increased delivery capacity of core product portfolio
- Core business growth across all key markets
- Key growth projects on track
- Strong margins despite inflationary pressures
- India manufacturing facility nearing completion
Operating performance and market update
Four-part growth strategy

- GROW OUR CORE BUSINESS
- MAINTAIN PRODUCT & TECHNOLOGY LEADERSHIP
- EXPAND INTO NEW MARKETS
- DELIVER WORLD CLASS MANUFACTURING

Strategic acquisitions supporting growth strategy
Core business – Telecommunications
Strong growth continues, driven by 5G and increased market share

- Revenue up 14% driven by increased market share and 5G rollout
- Gross margin up $2.4m (14%) to $20.0m, GM% impacted by change in product mix
- Growth well balanced across networking, base stations and radioheads
- Strong order book, closely monitoring demand
- Synchronisation of edge servers & 5G roll out in India expected to drive medium term growth

Rakon in the Telecommunications market:
Our market-leading telecommunications products enable data to be transmitted across networks at ever-increasing levels of speed and reliability. Market growth is driven by the unrelenting advancement of telecommunications, cloud computing equipment and infrastructure. A primary supplier to 5 of the top 7 global telecommunications infrastructure companies.
Core business – Space & Defence
Increased revenue and strong stable margins in most demanding market

- Revenue up 19%, driven mainly by demand for high-reliability space applications
- Gross margin up $1.8m (26%) to $8.5m with improved product mix
- Space
  - Space programmes resuming
  - LEO (NewSpace) momentum starting to build
- Defence - growing activity

Rakon in the Space & Defence markets:
Our products deliver the highest levels of performance in extreme environments; in aviation, satellites, radar, communications and positioning systems. Market growth is being led by the emerging low earth orbit (LEO) satellite market.

Longstanding worldwide customer relationships with government agencies and commercial programmes, with space generating 5% and defence 8% of Rakon’s total 1H23 revenue.
Rakon in the Positioning market:

Our products meet the most accurate positioning requirements in key industries: aircraft/marine navigation, emergency beacons, automotive, autonomous agriculture & mining. Market growth is being led by autonomous industrial equipment and vehicles and precision equipment.

In recent years we have pivoted away from consumer high-volume/low value segments to focus on high-growth segments where we have a product performance advantage.
Emerging & Other
Completion of large chip-shortage order during period

- Completion of major TCXO chip shortage order during the period
Key Investment Areas

- New facility in India
- Semiconductor chip R&D
- XMEMS® Quartz nanotechnology
- NewSpace portfolio
## 3-year growth roadmap

**On track to achieve FY23 milestones**

<table>
<thead>
<tr>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New manufacturing facility in India</strong></td>
<td><strong>Select NZ products transferred</strong></td>
<td><strong>Select French NewSpace subsystem modules transferred</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Substantial increase in R&amp;D and chip design capability in NZ &amp; UK</strong></td>
<td></td>
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<tr>
<td></td>
<td><strong>Release of Niku™ next generation chip</strong></td>
<td></td>
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<tr>
<td><strong>New Rakon designed semiconductor chips</strong></td>
<td><strong>Release of Vulcan next generation chip</strong></td>
<td><strong>Chip based product revenue growing</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Chip based product revenue growing to over 60%</strong></td>
<td><strong>Release of Caduceus &amp; Kepler chips</strong></td>
</tr>
<tr>
<td><strong>Commercialisation of XMEMS® nanotechnology manufacturing capability</strong></td>
<td></td>
<td><strong>Leadership in targeted market segments</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Expansion into other product categories</strong></td>
</tr>
<tr>
<td><strong>NewSpace business</strong></td>
<td><strong>Volume production of XMEMS® based products</strong></td>
<td><strong>Become a top 3 player in subsystems</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Delivery of orders</strong></td>
</tr>
<tr>
<td></td>
<td><strong>R&amp;D and supply chain investment</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Strategic relationships established</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Recognised player in the ecosystem</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Significant orders secured</strong></td>
<td></td>
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</table>
New India facility on track
$12-14m project to increase capacity and extend product lifecycles

Progress update
• Construction on track for completion by the end of FY23
• Phased transfer of manufacturing operations:
  • Crystal manufacturing FY23
  • Assembly and testing FY24
• Detailed transition plan to ensure business continuity and minimise customer disruption, including:
  • Product qualification schedule (developed with customers)
  • Inventories built to ensure continuity of supply

Expected outcomes
• Expanded capacity to support growth opportunities
• Production transferred from NZ and France
• Extended product life cycles from low-cost manufacturing base
• Manufacturing efficiencies through consolidating two existing sites
Rakon proprietary semiconductor chips

- Rakon’s own chips deliver superior product performance and 15%+ higher margins
- Niku™ TCXO chip on track for release in FY23
- Continued investment in building capability (NZ and UK R&D teams)
- Further single source design-in approvals for Mercury+™ chip with multiple Tier 1 customers

XMEMS® nanotechnology manufacturing

- Miniaturised products with levels of performance not possible using existing manufacturing methods
- Three new products released in 1H23
- Five products now generating revenue at strong margins
- Investment in new equipment, significantly increasing manufacturing capacity

NewSpace - LEO satellites

- Products which combine space-grade performance with higher volume manufacturing capability
- Dedicated internal team
- On board a planned in-orbit demonstration mission (end FY23)
- Ongoing support from space agencies\(^1\)
- Strategic partnerships progressed to support key products

\(^1\)CNES (French National Centre for Space Studies) & ESA (European Space Agency)
Financial overview
Revenue and earnings trends

Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$114m</td>
<td>$119m</td>
<td>$128m</td>
<td>$172m</td>
<td>$87m</td>
</tr>
</tbody>
</table>

Gross Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>45%</td>
<td>44%</td>
<td>46%</td>
<td>52%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Underlying EBITDA\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EBITDA</td>
<td>$11m</td>
<td>$15m</td>
<td>$23m</td>
<td>$26m</td>
<td>$28m</td>
</tr>
</tbody>
</table>

Net Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>$3m</td>
<td>$4m</td>
<td>$10m</td>
<td>$19m</td>
<td>$16m</td>
</tr>
</tbody>
</table>

Notes

1 Refer to Note 5 of the FY22 audited consolidated financial statements for an explanation of how ‘Non-GAAP Financial Information’ is used, including a definition of ‘Underlying EBITDA’ and reconciliation to net profit after tax.
Net profit & Underlying EBITDA explained

Increase in net profit compared to HY22 explained

How the current period net profit translates to EBITDA

Others¹ - include movement in other operating income
Timemaker share² - adjustment for Timemaker share of interest, tax and depreciation
How net profit translates to cash

How net profit translates to operating cash

- Depreciation and amortisation: 16.0
- Increase in payables: 3.9
- Other: 0.9
- Increase in receivables: 0.1

Operating cash flow:
- India: (6.2)
- Facility: (14.7)
- Lease payments: (0.0)

How operating cash translates to movement in net cash

- India: (5.6)
- Facility: (1.5)
- Payables: (4.1)
- Capex: 6.3

Others: include unrealised foreign exchange, share of net profits of associate, employee share based expense, and movements in provisions, & trade and other payables.
Financial metrics & hedging

### Performance for the year to 30 September NZ$Sm

<table>
<thead>
<tr>
<th></th>
<th>HY23</th>
<th>HY22</th>
<th>variance</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>87.2</td>
<td>85.4</td>
<td>+1.7</td>
<td>+2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>43.5</td>
<td>43.5</td>
<td>+0.0</td>
<td>+0%</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>49.9%</td>
<td>50.9%</td>
<td>-1.0 ppts</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>28.4</td>
<td>24.6</td>
<td>+3.7</td>
<td>+15%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>7.4</td>
<td>(0.4)</td>
<td>+7.8</td>
<td>n/a</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>16.0</td>
<td>18.9</td>
<td>-2.9</td>
<td>-15%</td>
</tr>
<tr>
<td>Underlying EBITDA(^1)</td>
<td>28.1</td>
<td>26.4</td>
<td>+1.7</td>
<td>+6%</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>9.7</td>
<td>4.4</td>
<td>+5.3</td>
<td>+119%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>0.0</td>
<td>4.5</td>
<td>-4.5</td>
<td>-100%</td>
</tr>
</tbody>
</table>

### Hedging programme

- 99% of revenue is in non-NZD currencies (mostly USD)
- Most significant currency exposure is NZD/USD
- Hedging covers up to 24 months exposures on a net basis
- NZD/USD hedging position

### Calendar year

<table>
<thead>
<tr>
<th>% of net exposures covered by hedging</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>95-100%</td>
<td>35-40%</td>
</tr>
<tr>
<td>average rate of cover</td>
<td>0.6511</td>
<td>0.6368</td>
</tr>
</tbody>
</table>

### Notes

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\(^1\) Refer to Note 5 of the FY22 audited consolidated financial statements for an explanation of how ‘Non-GAAP Financial Information’ is used, including a definition of ‘Underlying EBITDA’ and reconciliation to net profit after tax

\(^2\) excluding NZ IFRS 16
Summary & outlook
## Recap - 1H23 highlights

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<th>Solid revenue and EBITDA performance</th>
<th>Increased delivery capacity of core product portfolio</th>
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<tr>
<td>Core business growth across all key markets</td>
<td>Key growth projects on track</td>
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<tr>
<td>Strong margins despite inflationary pressures</td>
<td>India manufacturing facility nearing completion</td>
</tr>
</tbody>
</table>
FY23 outlook and focus
Strong order book, active management of operating challenges

- Earnings guidance updated
  FY23 Underlying EBITDA range $38m - $44m

- Order book strong, but being closely monitored
  May see some dampening of demand due to macroeconomic volatility and inventory correction

- Operating costs and risks being actively managed
  Labour shortages, cost inflation and supply chain

- India facility completion and transition
  Execution of detailed transition and business continuity plan

- Advancement of key growth projects
  Investment in projects, ongoing assessment of acquisition opportunities

- ESG and climate-related reporting
  Continuing to progress programme and reporting framework

- Confidence in long-term growth story
  Solid growth drivers, strong customer relationships, organisational resilience

Notes
1 Refer to Note 5 of the FY22 audited consolidated financial statements for an explanation of how ‘Non-GAAP Financial Information’ is used, including a definition of ‘Underlying EBITDA’ and reconciliation to net profit after tax
Appendices
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

NewSpace/ NewSpace 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 nano-technology microfabrication process, delivering unprecedented resonator and oscillator performances