Full year results presentation FY2025

For the twelve months to 31 March 2025

rakon

Important Notice

Disclaimer

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 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.

Non-GAAP measures

All figures are presented in New Zealand dollars unless otherwise indicated. All comparisons are to the prior corresponding period (twelve months to 31 March 2024) unless otherwise noted.

Refer to note 4 of the FY2025 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 (NPAT).

Agenda

Sinan Altug

Chief Executive Officer

Mark Dunwoodie

Chief Financial Officer

Key takeaways

Earnings preserved in line with guidance despite difficult conditions

- **Underlying EBITDA[1] $9.5m** near the guidance mid-point despite navigating one of the most demanding years on record, with muted Telecommunications and Positioning segment demand

Record Aerospace & Defence revenue; 2H25 rebound in Telco revenue

- **Strong +15% YoY growth in Aerospace & Defence**; positive trend for third consecutive financial year
- **Telecommunications stabilising** with improved orders in 4Q25 and positive trend into FY26

Lean cost base, strong balance sheet and high levels of R&D capitalisation

- **Expenses excluding significant one-off items[2] down (-10% YoY)** reflecting steady year-to-year opex levels and high volume of new product capitalisation resulting in a drop in FY25 R&D opex
- **Inventory trimmed by $8.5m** lifting operating cash flow.

2H25 revenue surge resets year and creates positive momentum into FY26

- **60% of FY25 group revenue delivered in 2H25**; significant +$16.8m 2H improvement in FY25 Underlying EBITDA[1]

[1] Non-GAAP disclosures: Refer to note 4 of the FY2025 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 (NPAT)
[2] Excludes one-off acquisition proposal costs and redundancy costs

Results at a glance

Second-half surge sets FY26 on a growth track

Revenue	Underlying EBITDA[1]	Net Loss after Tax
$104m	$9.5m	-$5.8m
-19% YoY [FY24: $128m]	-29% YoY [FY24: $13.4m]	-$10.3m YoY [FY24: Net profit $4.5m]
+49% 2H improvement [1H: $41.7m]	+$16.8m 2H turnaround [1H: -$7.3m]	+44% 2H improvement [1H: -$10.4m]
Debt[2]	**Opex[3]**	**Inventory**
$12.4m	$51.4m	$46.4m
+$5.8m YoY [FY24: $6.6m]	-10% YoY[4] [FY24: $56.9m]	-15% YoY [FY24: $54.9m]
+$6.8m 2H increase [1H: $5.6m]	-16% 2H decrease [1H: $27.9m]	-10% 2H decrease [1H: $51.5m]

- Second-half rebound flipped Underlying EBITDA[1] positive and freed up $8.5m of inventory cash
- Underlying EBITDA[1] improved by leaner cost base, normalised opex down -10% YoY, lifting operating leverage
- 2H25 revenue surged +49% versus 1H25, signalling demand recovery and a stronger launchpad for FY26
- Draw down of debt facilities for continued investment to increase manufacturing capacity of high-demand Aerospace and AI products

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[2] Excluding NZ IFRS 16
[3] Excludes one-off acquisition proposal costs and redundancy costs
[4] Reflects steady year-to-year opex levels and high volume of new product capitalisation resulting in a drop in FY25 R&D opex

FY25 growth milestones achieved

3-year growth strategy delivered

Leading supplier of **Space subsystems and components** for precision timing and synchronisation

Growth Milestone Achieved

- **Top 3 supplier for our subsystems and delivered key milestones for MDA Space contracts**
- Multiple products supplied for missions on-board the International Space Station
- Invested in additional production capacity to meet customer demand

Advanced AI & Cloud Computing products enabling performance demands of AI data centres

Growth Milestone Achieved

- **On track to deliver significant revenue in FY26**
- Increasing production capacity to support customer order growth and pipeline

Operational transformation to drive customer focus and efficiency, and leverage global manufacturing

Growth Milestone Achieved

- **Successful transfer of selected product lines into Rakon manufacturing facility in India**
- Significant operational milestones achieved including reorganisation of business units and realigned leadership team

Strategic R&D investments to strengthen technology leadership and deliver next-generation products

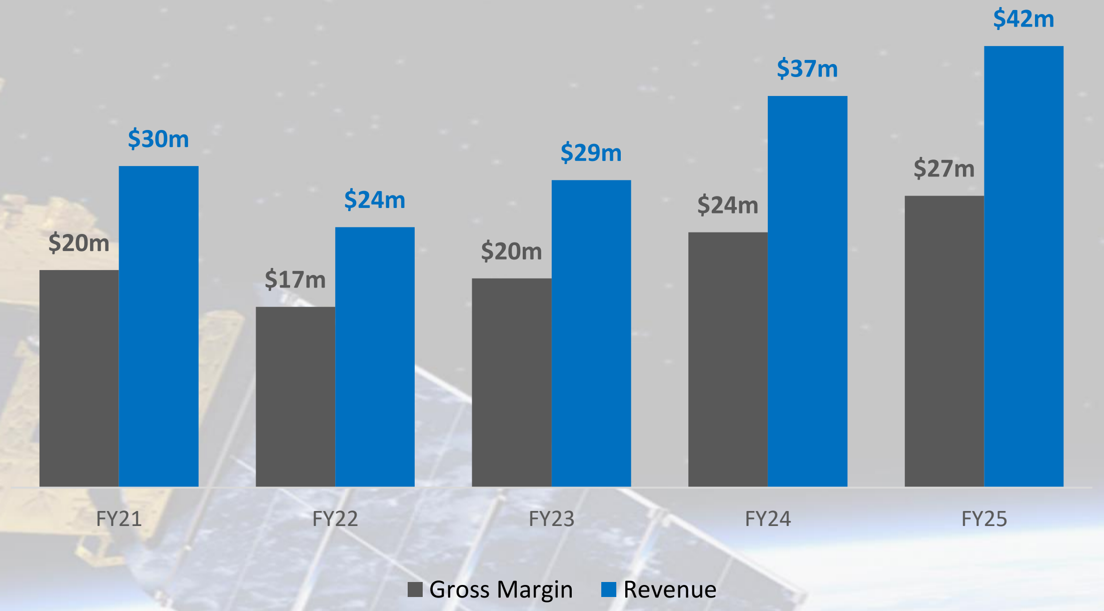
Growth Milestone Achieved

- **Three next-generation semiconductor chips released for customer sampling in one year, a record, including Vulcan™ for AI hardware and Telco applications**
- Launched latest cutting-edge products for NewSpace applications including satellite constellations

Aerospace and Defence

FY25 revenue: $42.4m (FY24: $36.8m); Up 15% YoY
Provided 41% of FY25 group revenue

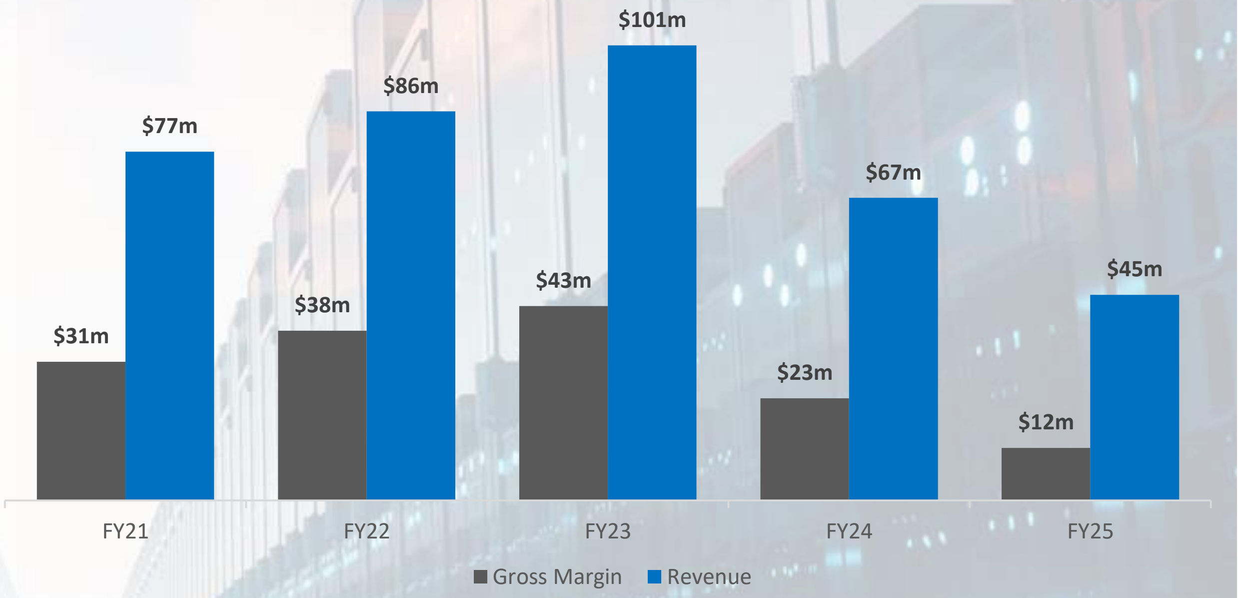
- YoY growth for third consecutive financial year, with momentum expected to continue into FY26
- Growth driven by increasing demand for Rakon's leading-edge subsystems and components for New Space applications – including Low-Earth orbit (LEO) satellite constellations
- Rakon products driving sales and enquiry volumes include ultra-stable oscillators, latest generation GNSS and MRO subsystems for satellite constellations, and products based on newly released radiation hardened Mercury-R™ chip



Telecommunications

FY25 revenue: $45.4m (FY24: $66.9m); Down 33% YoY
Provided 44% of FY25 group revenue

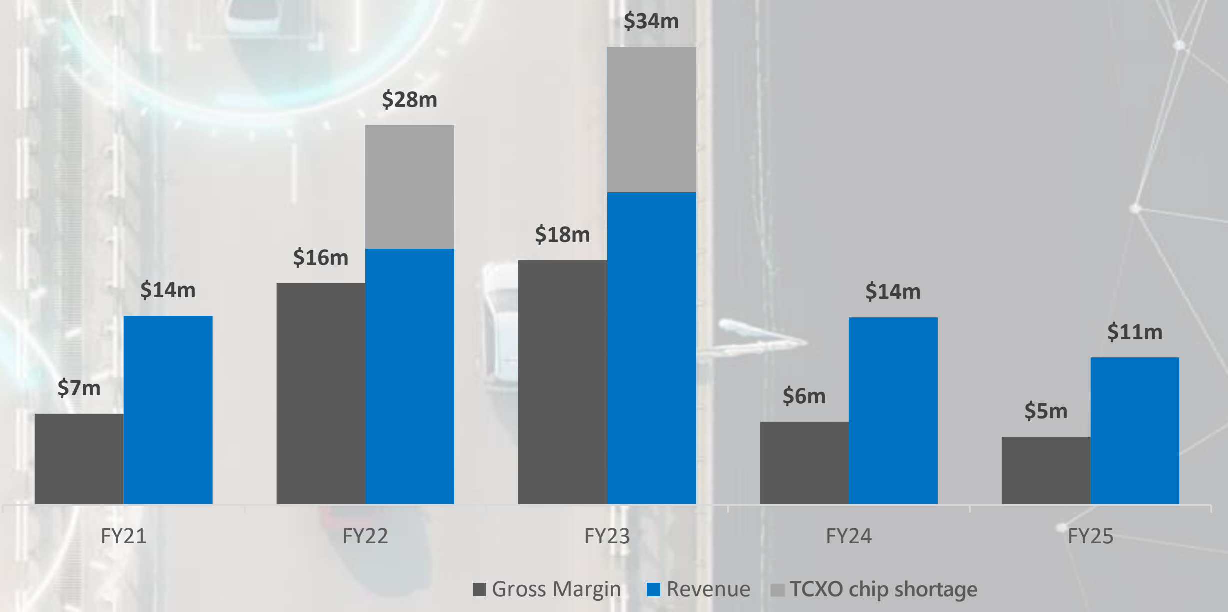
- 1H25 the most challenging period for Telco since 2018
- Turning point in 2H25: 63% of total Telco revenue for FY25 received in second half of the year; stabilising conditions and selective global 5G investment as subscriptions and data usage grows
- Maintained market share and high design win rate; well positioned for next wave of 5G rollout cycle
- Gross margin impacted by reduced operating leverage as result of cyclical-low Telco orders



Positioning

FY25 revenue: $10.9m (FY24: $13.9m); Down 21% YoY
Provided 11% of FY25 group revenue

- Increased competition driving down margins but Rakon volumes steady due to overall segment growth
- Maintaining market share and high design win rate in the high-end Precise Positioning sub-segment
- Gross margin also impacted by reduced operating leverage as result of cyclical-low Positioning orders



FY25 Key financial summary

Strong sustainable turnaround in 2H25

Performance for twelve months to 31 March 2025 NZ$m	FY25	2H25	1H25	FY24
Revenue	104	62	42	128
Gross profit	45	29	16	58
Gross margin %	43.1%	46.8%	37.8%	45.2%
Operating expenses	55	25	30	59
Net profit/(loss) after tax	(5.8)	4.6	(10.4)	4.5
Underlying EBITDA[1]	9.5	16.8	(7.3)	13.5
Capital expenditure	17.0	10.1	6.9	17.0
Operating cash flow	9.0	0.7	8.3	17.8

Financial Position				
Cash and cash equivalents	15.3		15.8	17.8
Trade receivables	53.5		51.5	52.0
Inventory	46.4		51.5	54.9
Trade payables	29.2		25.7	25.6
Debt[2]	12.4		5.6	6.6

Significant 1H:2H turnaround, following one of Rakon's most challenging periods

Laser focus on revenue generation and cost management driving positive momentum in 2H25

- Revenue reflects record growth in Aerospace & Defence revenue; difficult macroeconomic conditions impacting Telco and Positioning
- Positive and sustainable outcomes from cost out and efficiency focus while continuing to protect and invest in growth pathway
- Delivered underlying EBITDA[1] to near guidance mid-point
- Strong balance sheet with debt capacity for growth investment

[1] Refer to note 4 of the FY2025 audited consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of 'Underlying EBITDA'
[2] Excluding NZ IFRS 16

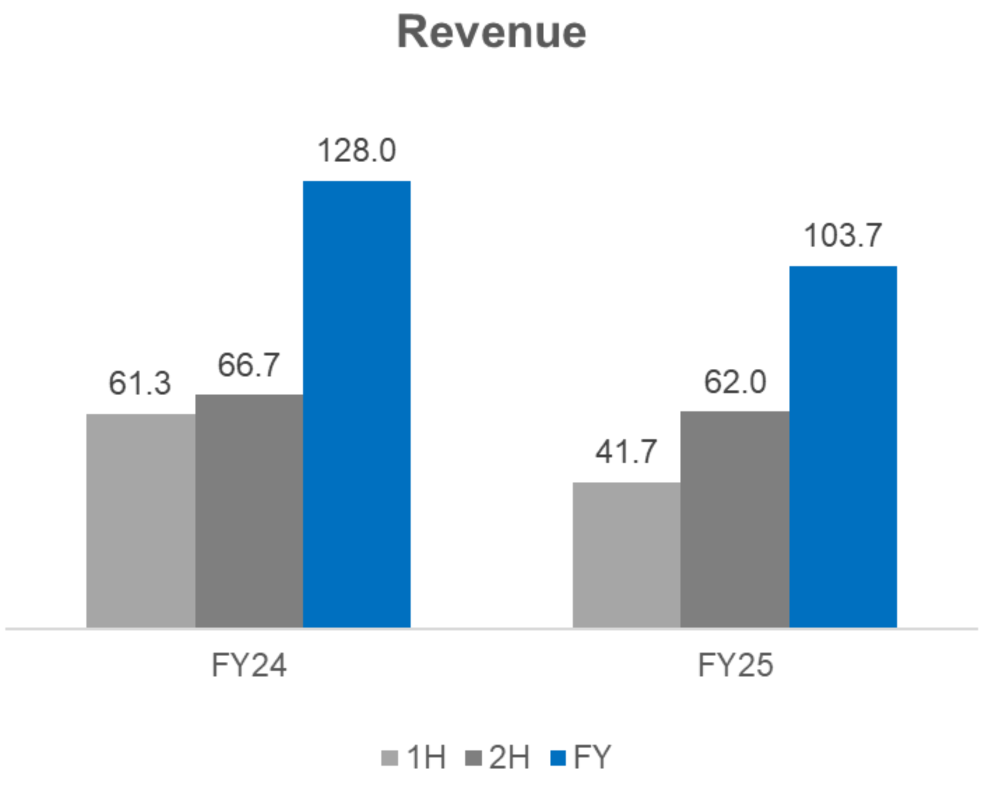
Revenue

Relentless focus on leveraging new opportunities, customer partnerships, and increasing market share in a challenging environment

FY25 revenue: $103.7m; 60% delivered in 2H25

2H25 revenue up 49% on 1H25, driven by:

- Strong Aerospace and Defence revenue – expected to exceed current Telco revenue levels in FY26
- Stabilisation in Telco demand as selective global 5G investment recommences
- Emerging revenue from AI & Cloud Computing Infrastructure, currently included in Telco, expected to grow rapidly from FY26 to become standalone core market
- Consistent YoY revenue in Positioning



Gross margin

Earnings and margin to increase as volumes recover

Gross margin $44.7m; improvement of +85% in 2H (cf 1H)

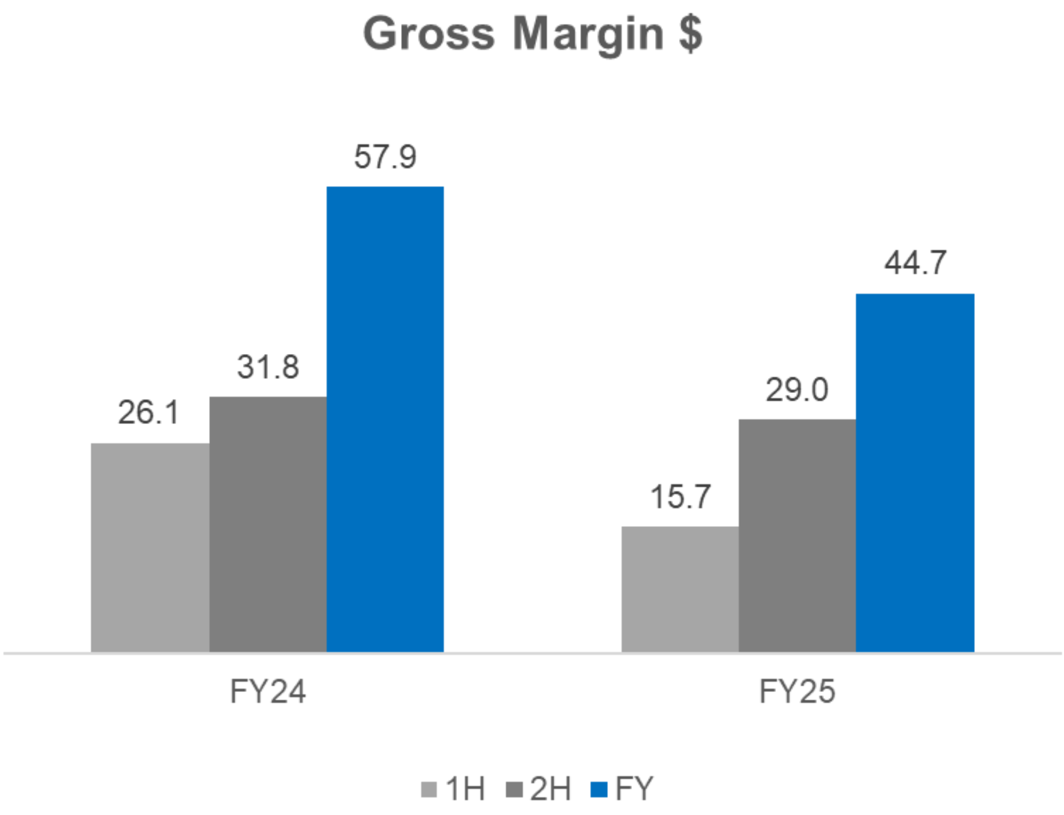
Gross margin percentage: 43.1% (1H: 37.8%, 2H: 46.8%)

Gross margin lower year-on-year due to:

- Reduced operating leverage - large proportion of costs are fixed, with lower volumes impacting on margin
- Additional short term transition costs as manufacturing for selected products is transferred to India

Earnings and margin will increase as volumes recover

- Increasing manufacturing efficiencies to be delivered as selected product transfers to Indian facility continue



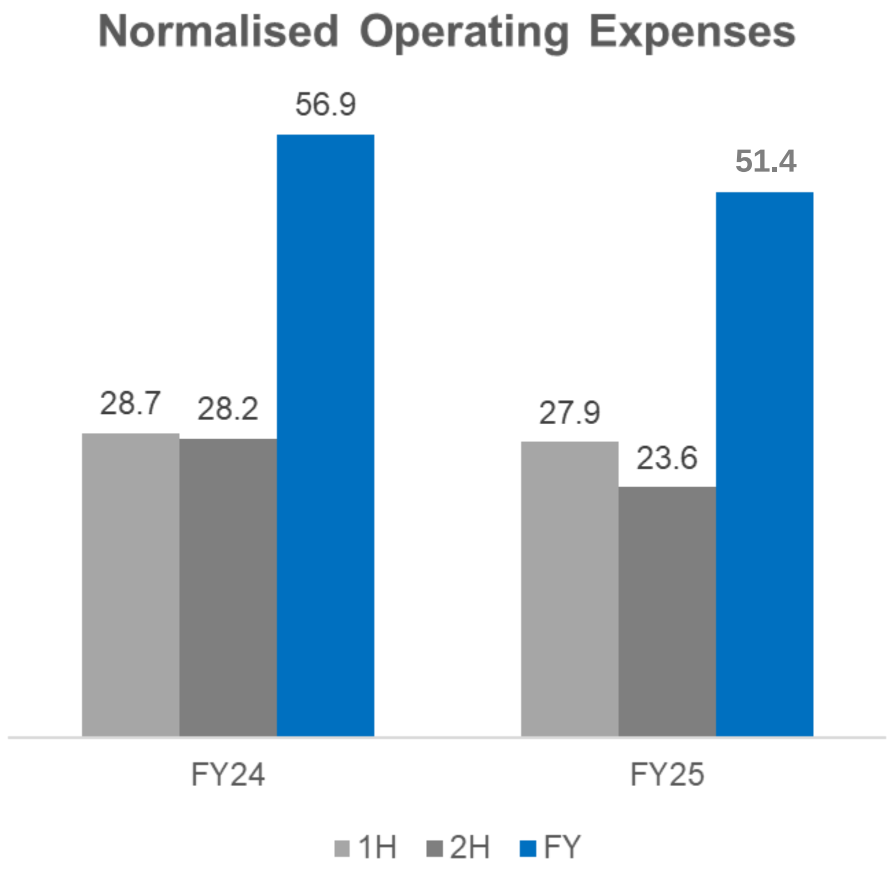
Operating expenses

Continuing to optimise costs while protecting growth pathway

- Tight control of discretionary spending, including travel, procurement efficiencies and other savings; and head-count reductions

- Continuing to optimise costs while retaining necessary capabilities to protect the growth pathway and extend technology leadership, including:
  - Accelerated schedule for selected product transfers to India
  - Ramping up production capacity to meet existing and future demand for Aerospace and AI & Cloud Computing products
  - R&D

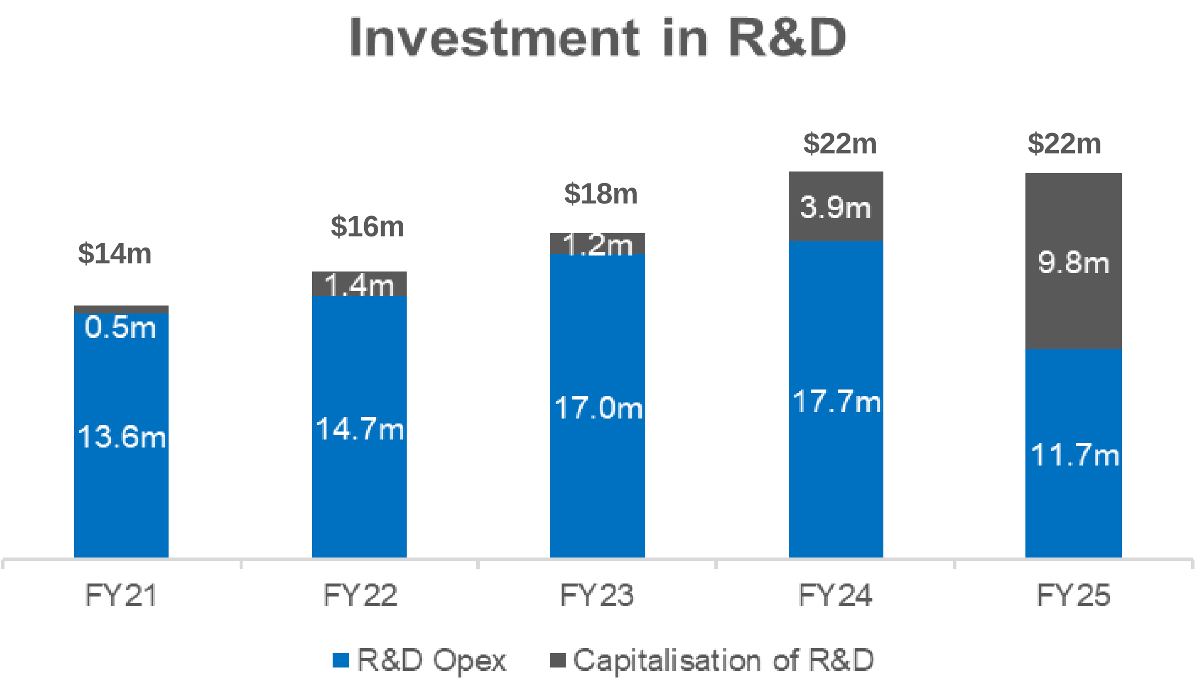
- FY25 normalised operating expenses exclude one-off costs:
  - $2.3m acquisition proposal costs relating to NIBOs
  - $1.2m costs related to organisational transformation



Investment in R&D

Consistent year-to-year investment to extend technology leadership

- Total R&D spend remains steady YoY to protect growth pathway and extend technology leadership
- Four-year total yearly R&D investment CAGR: ~ 11%
- R&D opex excludes products capitalised during the FY; FY25 saw a lift in capitalisation of successful new product investments, resulting from strategic growth focus
- FY25 capitilised R&D projects include Rakon's latest Space subsystems and new AI & Cloud Computing and Telco products along with Rakon's next-generation semiconductor chips which are paving the way for our continued technology leadership.

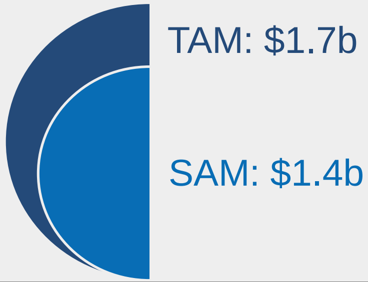


Core markets outlook

Total Addressable Market (TAM)
Serviceable Addressable Market (SAM)

Aerospace and Defence

- Strong order book extending beyond FY26; positive YoY growth expected to continue
- High customer interest in latest space subsystems and ultra stable oscillator components
- Targeting additional contracts and good organic growth on the back of rising global space investment



Telecommunications

- Orders stabilised; turning point in 2H25, driven by selective network infrastructure investment from global network operators
- Increasing global 5G subscriptions and data loads leading to increased need for network densification and driving next wave of mobile network operator 5G investment in some regions
- Positive signs of new 5G investment drivers from Fixed Wireless Access (FWA) / 5G broadband

AI & Cloud Computing Infrastructure

- Product orders secured and on track for significant revenue in 1H26
- Leading supplier for targeted AI hardware product categories; targeting major market share
- Securing design wins and strong pipeline of next-generation products to ensure we continue to enable the next evolution of AI computing hardware

Positioning

- Expect revenue to remain flat; increased competition is driving down price but volumes steady as overall segment grows
- Maintaining good position in the high-end Precise Positioning business

All figures in NZD. Please see disclaimer slide regarding forward looking statements. TAM and SAM diagrams are based on Calendar Year 2024 calculations, are indicative only and not to exact scale. References: Euroconsult; Dedalus Consulting; Internal analysis.

Positive momentum into FY26

Well positioned for growth with strong fundamentals

- Significant rebound in 2H25 revenue created positive momentum into FY26; growth trajectory underpinned by positive global sector trends
- Strong order pipeline driving targeted YoY growth in Aerospace and Defence, significant FY26 revenue for AI & Cloud, and stabilised and improving Telco revenue
- Continued focus on positive and sustainable outcomes from cost-out and efficiency focus in FY26, balanced by R&D investments to extend technology leadership and safeguard growth trajectories.
- Organisational transformation will enhance operating leverage alongside anticipated volume increases
- Realigned and experienced global leadership team; refreshed board with international and technology expertise
- Continuing to monitor macroeconomic conditions, including tariffs, and currently foresee no material impact on FY26. Diversified global manufacturing footprint provides further protection

Shareholder questions

End of presentation. Thank you for attending.

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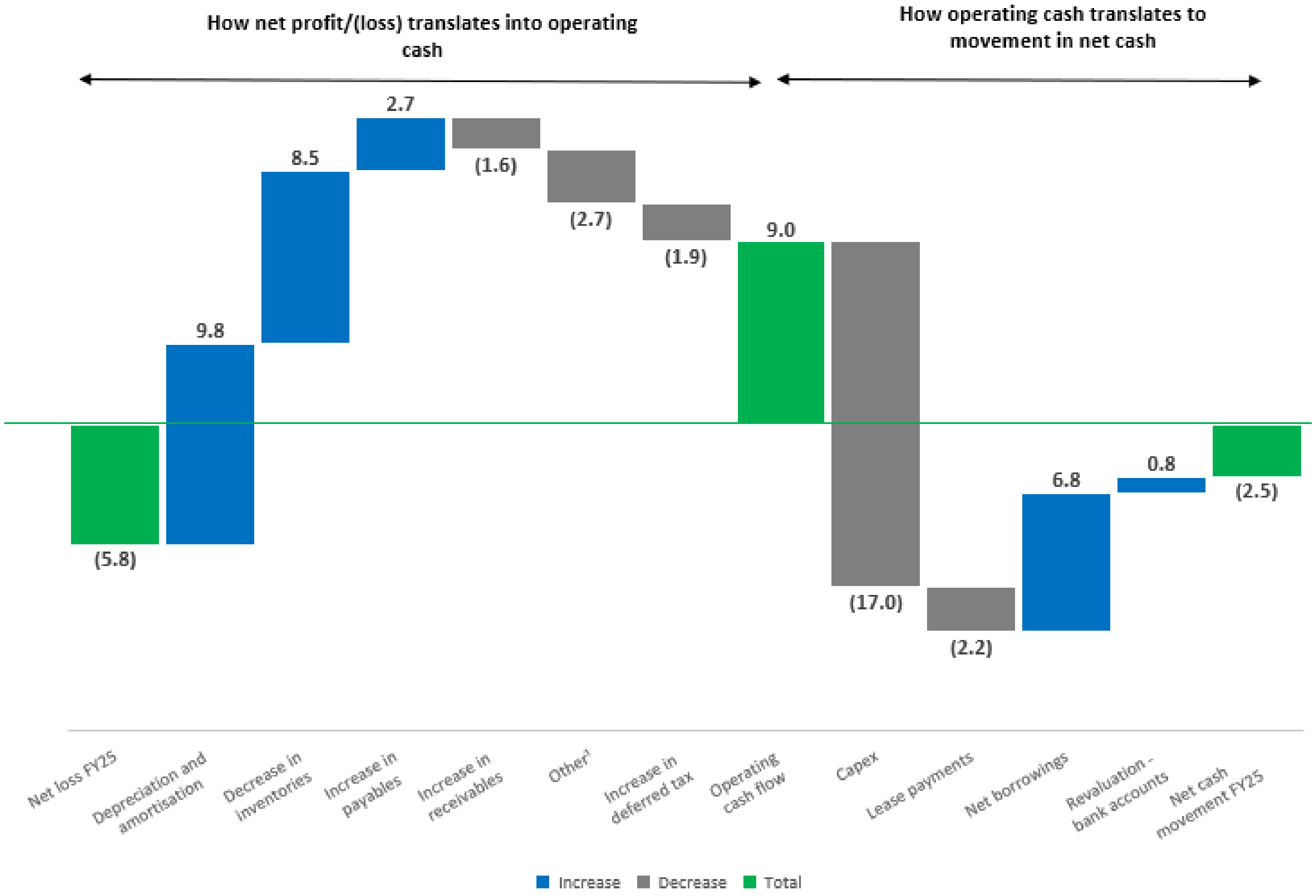
Appendix

Net profit and underlying EBITDA explained



- Increase in payables - due to timing of payments
- Capex - includes capitalisation of R&D ($9.8m), and purchase of plant ($7.0m)
- Net borrowings - includes HSBC borrowing and French Government loan repayments
- Increase in deferred tax is mainly from operating loss in NZ

[1] Other - includes unrealised foreign exchange, share of net profits of associate, employee share-based expense, and provision movements