Enabling the Connected Future
Rakon has built a world-class design and manufacturing platform coupled with a customer portfolio of global leaders. Rakon provides products and solutions designed into present and future generations of communications and positioning technologies.

Derek Read
Engineering Project Manager
Harlow, UK

"It is a very exciting time for everyone in the UK advanced technology team. I’m fortunate to get involved from inception to delivery in the superb new technologies we are developing. We work closely with customers, suppliers and colleagues from around the world to design and deliver Rakon’s unique next generation ASIC-based products.

We must meet the demanding challenges of new technologies and applications such as 5G emergency locator beacons and electric and autonomous vehicles. Our ASIC technology is being designed into many 5G systems by our Tier One customers. In 2018 we released a new TCXO ASIC, which is designed to meet the requirements of emerging applications. In R&D, the future is now.

Rakon products enable connectivity for a wide range of applications. Rakon's core markets are telecommunications, space & defence and global positioning.

Rakon is a global high technology company that designs and manufactures world-leading frequency control and timing solutions. Its products help set the frequencies that all communications transmit and receive on. They also hold time and provide a stable timing reference for electronic equipment around the world. The enables synchronised time globally, and the efficient and reliable transfer of data at ever-increasing precision and speed.

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Welcome to the 2019 Annual Review of your company Rakon Limited (‘Rakon’) in the Group. Steady growth in core business led to an improvement in underlying financial performance for the year ended 31 March 2019 (‘FY2019’). Underlying EBITDA was $13.2m, compared to $12.8m in FY2018 and the prior year’s $10.6m. Net profit after tax was $4.2m compared with $3.3m in FY2018. The prior year’s $10.6m included $6.9m of gains recognised in relation to the sale of property in Apgar, France and the divestment gain on share of interests in Thinxtra Pty Limited (‘Thinxtra’).

Rakon India (‘Rakon India’) was fully consolidated into the Group from May 2018 and made a positive contribution to earnings. Rakon completed the buy-out of the remaining 51% ownership of the joint venture partner, Precision Electronics Limited (‘Precision’)) for $US5.5m.

In order to plan for the year-on-year growth in core net profit, a further one-off gain was excluded from the Group’s financial information in relation to the sale of the telecommunications infrastructure and demand, in connection with the US$5m one-off gain on our ownership in the telecommunications market and a $13.3m growth in the telecommunications market on a fully consolidated basis, and a $12.9m in decline in the global positioning market.

With merit of our sales being in US dollars, a two-year performance review in NZ dollars, there are always exchange variations. These are considered under our treasury policy.

Gross margin improved with growth in our core business, predominantly from the flow-through of higher revenue in the telecommunications segment.

Costs and expenses declined as a percentage of sales, down from the lower margin global positioning business. Operating costs now include the written-down of Rakon India on a fully consolidated basis, and one-off costs relating to integrating that business into the wider Group. Net debt of $12m, compared with $13.7m in FY2018, reflected the impact of higher working capital requirements to support growing revenue, the acquisition of Rakon India and investment in additional manufacturing capacity during the year.

Opening cash of $5.1m reflected an increase in inventory to support the higher telecommunications demand, with the award of new telecommunications products post into New Zealand. Capital expenditure was also higher, with capacity expansion in the Rakon India plant and additional spending on infrastructure to enable Rakon India to operate independently from our previous joint venture partner Centum.

With a solid global engineering team in place we are positioned well for future growth and operational improvements.

Chair’s and CEO’s Report

Rakon has a key competitive advantage where we are able to make very exciting high performance products.

Rakon India’s line of products was expanded during FY2019 to further develop our 3G and 4G revenue (and year-over-year growth). This year we worked with an additional share of Tier One customers to develop new designs with an increased share of Tier One customisation. This was reflected in our increased revenue and volume growth of our products for the year.

Rakon India’s facilities were expanded during FY2019 with the completion of the Rakon India facility to accommodate the increased volume of revenue and the expansion of our local team. Rakon India is on track to have full decision-making control of the local manufacturing operation in place for FY2019 Q4.

With Rakon now having full decision-making control of the low cost manufacturing operation in India, Rakon is able to make very exacting advantage where we are able to make very exciting high performance products.

Outlook

The roll-out of 5G continues to provide our biggest opportunity and our biggest challenge. Rakon is well positioned to benefit from its closely related to the global positioning market. Rakon expects to maintain and grow market share in that market, along with the acceleration of the take-up in the telecommunications market.

The roll-out of 5G continues to provide our biggest opportunity and our biggest challenge. Rakon is well positioned to benefit from its.

Global Positioning

Global positioning revenue was down 15% overall. Our high-volume Global Navigation Satellite System (‘GNSS’) business was lower due to transfers of high volume and the impact of the US-China trade war. Our high-speed, high-volume, high-value products designed into the beginning of the 5G roll-out.

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Outlook
A key design win was achieved with an autonomous electric car manufacturer requiring high specification Rakon products. This looks likely to open up further opportunities for us in the next five years. We believe Rakon has a key competitor advantage in this area, given our design and manufacturing experience that allows us to develop products that can manage environmental differences.

China’s leading manufacturer of high velocity frequency control products. Partnering with Rakon has enabled Siward to lower their cost solution to our customers.

Integration of the renamed Rakon India business into the wider Group is mostly complete, with immediate benefits being realised through positive earnings contributions to the Group.

Revenue growth came from the telecommunications market with 4.5G and 5G demand, and from growth in the defence market.

Increased attention to shareholders’ returns is our chief objective and existing shareholders will benefit from the capital return proposed by the Board.

Financial Year 2019 Performance Summary
• Revenue of $114.0m vs. $101.1m in FY2018.
• Underlying EBITDA of $13.3m vs. $12.1m in FY2018.
• Net debt was $37.7m vs. a net cash position of $1.2m in FY2018.

The key focus ahead is on delivery to meet current orders and forecasts supporting this outlook.

Rakon India is well positioned to continue growing its local Indian space and defence business, its market share being low in this large market.

Nevertheless, with increasing competition in the lower-end GNSS module market, Rakon has a key competitive advantage in this market.

Chair’s and CEO’s Report

Rakon has a strong competitive positioning in this high volume market. Nevertheless, with increasing competition in the lower-end GNSS module market, Rakon has a key competitive advantage in this market.

Chair’s and CEO’s Report

Rakon has a key competitive advantage in this area, given our design and manufacturing experience that allows us to develop products that can manage environmental differences.

Competition in the lower-end GNSS module market in Asia is strong and we advise our customers of the competitive pressure in this sector.

Siward needs to fulfill requirements for this type of application, requiring a significant competitive position for future growth. Partnering with Siward is enabling Rakon to offer lower cost solutions to our customers and meet the demand for high volume, low cost products.

Space and Defence
The higher margins and defence business experienced market growth, with higher spending in North America and Europe offset by lower spending in Asia. Defence revenue from a US based customer made up 25% of the period.

Rakon’s space revenue grew 15% over a US based, with the inclusion of Rakon India’s domestic space business. Rakon’s expanded space business was on the market transitions to new Low Earth Orbit (LEO) satellite technology and away from traditional, larger, geosynchronous orbit (GSO) satellites. A key design win has been achieved in a new LEO deployment project (LEO deployments are part of a new industry segment called ‘New Space’).

Outlook
In the space market, demand is expected to be lower in comparison to the traditional GSO satellites as the market transitions to smaller LEO satellites. The increase in New Space market is again driven by the increased volume of satellites expected. With Rakon’s existing customer relationships, market reputation, and proven technology, Rakon is well placed to develop new products to capture future revenue in this market.
Yi Tong Tang Executive Director and CEO of Rakon Limited

Yi Tong Tang has over 20 years of experience in the telecommunications and frequency control industries. He is a founder and member of the Senior Executive Team of Rakon and Rakon's Director of Engineering. He is also an Associate Professor of Mechanical Engineering at the University of Auckland.

Keith Watson Executive Director

Keith Watson is an experienced leader in the frequency control industry and a professional with over 20 years of experience in the telecommunications and frequency control industries. He is a founder and member of the Senior Executive Team of Rakon and Rakon's Director of Engineering. He is also an Associate Professor of Mechanical Engineering at the University of Auckland.

Lorraine O'Sullivan Non-Executive Director

Lorraine O'Sullivan is a professional with over 25 years of experience in the technology, management, and finance sectors. She is a Past Chair of TIL Logistics Group Limited and a Director of Security Limited, a company in the cloud security sector. Lorraine is Chair of Simply Work Limited. She is also a member of the New Zealand Hi-Tech Business 500, as well as an Accredited Fellow of the Institute of Directors, as a Chartered Fellow of the New Zealand Institute of Chartered Accountants and a Chartered Fellow of the Institute of Directors in Australia and New Zealand. She has been an Independent Director of Varicent Limited. She is a Past Chair of VWork Limited and a member of the Board of Directors and has 25 years of experience in the technology, management, and finance sectors. She is a Chartered Fellow of the New Zealand Institute of Chartered Accountants and a Chartered Fellow of the Institute of Directors in Australia and New Zealand. She has been an Independent Director of Varicent Limited. She is a past Chair of VWork Limited and a member of the Board of Directors and has 25 years of experience in the technology, management, and finance sectors.
Rakon India Update

Rakon acquired 100% ownership of Rakon India to allow the company to leverage the full potential of what is a high quality, low-cost operating platform, suitable for growth. The acquisition also provided the unencumbered ability to sign the business with new customers and vendors.

Rakon now has direct access to the growing market in India.

Arun Parasnis, Rakon India Managing Director Arun joined Rakon in October 2016. He is responsible for the Rakon India business, including engineering, operations, business development, manufacturing, and sales and marketing functions. His experience across the electronics industry includes electronic components, semiconductor electronics and electronic Manufacturing Solutions (EMS). Prior to joining Rakon, Arun was the Vice President of Engineering for the Electronics Division at CCI (Circuit Concepts India) India Ltd, which is a wholly owned subsidiary of Circuit Concepts Inc, USA. Arun had 30 years of experience in the electronics industry including engineering, operations, business development, manufacturing, and sales and marketing functions.

Key achievements FY2019
- Growth in revenues (up 65%)
- Establishment of senior leadership team reporting to the newly appointed Managing Director
- Successful implementation of Enterprise Resource Planning (ERP) software (SAP) for further operational efficiency improvements
- Full embedding of Integrated Field Quality Operating Teams in line with Rakon values
- Further business development in the defence and aerospace sectors
- People and organisational development to provide professional excellence and customer satisfaction
- Creation of a customer-facing team in line with Rakon values
- Optimisation of new ERP system in line with Rakon values
- Creation of a cohesive culture in line with Rakon values
- Full embedding of Integrated Field Quality Operating Teams in line with Rakon values
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- Creation of a customer-facing team in line with Rakon values
- Optimisation of new ERP system

Appointment of Managing Director

Anand Parikh
President, Rakon India

Anand joined Rakon in January 2012 and was the company’s Chief Technology Officer. He is responsible for the Rakon’s engineering, technology, and product development teams. Anand has held senior positions in a variety of fields including engineering, operations, projects management, and research and development. He has 30 years of experience in the electronics industry, including electrical engineering and project management.

Rakon has invested in its existing world-class manufacturing and research and development facility at Bangalore, India.

Global Executive Team

Brenn Robertson
Chief Financial Officer

Brenn joined Rakon in the 1990s as an administration assistant. He has since held a number of executive management roles within the business and has been involved in the development and implementation of the company’s global business and management systems. In this capacity, as Chief Financial Officer, Brenn drives the company’s financial and commercial management strategies internationally.

Darren Robertson
Managing Director, Europe

Darren has been managing Director since 2014. He is responsible for the Rakon’s European business and covers all aspects of the company’s operations across two sites. His background in engineering and business management has provided him with the ability to successfully navigate the fast-paced electronics industry.

Cliff Hand
Senior Programme Manager, Global Integration

Cliff joined Rakon in January 2018. He is responsible for driving improvements in productivity and efficiency across the Rakon business. He is also responsible for leading the company’s senior leadership team to achieve quality and customer satisfaction.

Dr. Roy Cann
Chair of the Board

Roy joined Rakon in May 2015 as Chair of the Board. He is responsible for the strategic direction of the company and its adherence to Rakon’s vision and values. As the founding Chair of the company, Roy is committed to his role as the business’s advocate and supporter.

Anand Parasnis
Managing Director

Anand joined Rakon in January 2012 as the company’s Chief Technology Officer. He is responsible for the Rakon’s engineering, technology, and product development teams. Anand has held senior positions in a variety of fields including engineering, operations, projects management, and research and development. He has 30 years of experience in the electronics industry, including electrical engineering and project management.

Margo Shaddick
Global General Manager, People and Capability

Margo has held a number of senior HR positions in a range of industries, including employment relations, consultancy advice, and health and safety. Margo has held executive HR positions in a range of industries, including employment relations, consultancy advice, and health and safety.

Martha Thomas
Global Quality Manager

Martha joined Rakon in December 2010. She is responsible for the company’s quality management and assurance systems across the business. Martha has a strong background in quality assurance and has experience in the electronics industry.

Scott Gorst
Chief Executive Officer

Scott joined Rakon in January 2016. He is responsible for the company’s strategic direction and overall management, including the company’s operational and commercial performance.

Roy Cann
Chair of the Board

Roy joined Rakon in May 2015 as Chair of the Board. He is responsible for the strategic direction of the company and its adherence to Rakon’s vision and values. As the founding Chair of the company, Roy is committed to his role as the business’s advocate and supporter.

Marga Thomas
Director, People and Capability

Marga has held a number of senior HR positions in a range of industries, including employment relations, consultancy advice, and health and safety. Marga has held executive HR positions in a range of industries, including employment relations, consultancy advice, and health and safety.

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**Balance Sheet As at 31 March 2019**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2019 $000s</th>
<th>2018 $000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4,719</td>
<td>10,364</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>38,220</td>
<td>28,395</td>
</tr>
<tr>
<td>Financial asset at fair value through profit and loss</td>
<td>19</td>
<td>211</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>307</td>
<td>1,078</td>
</tr>
<tr>
<td>Inventories</td>
<td>39,310</td>
<td>24,171</td>
</tr>
<tr>
<td>Current income tax asset</td>
<td>56</td>
<td>315</td>
</tr>
<tr>
<td>Total current assets</td>
<td>83,136</td>
<td>64,365</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>2,267</td>
<td>2,716</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>258</td>
<td>334</td>
</tr>
<tr>
<td>Financial asset at fair value through other comprehensive income</td>
<td>4,549</td>
<td>–</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>19,394</td>
<td>13,481</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>9,149</td>
<td>9,115</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>10,399</td>
<td>14,640</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>7,352</td>
<td>5,906</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>53,368</td>
<td>40,068</td>
</tr>
<tr>
<td>Total assets</td>
<td>136,504</td>
<td>104,433</td>
</tr>
</tbody>
</table>

**Summary of Statement of Cash Flows**

<table>
<thead>
<tr>
<th>For the year ended 31 March 2019</th>
<th>2019 $000s</th>
<th>2018 $000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Operating activities</td>
<td>(1,766)</td>
<td>7,304</td>
</tr>
<tr>
<td>– Investing activities</td>
<td>(12,674)</td>
<td>3,856</td>
</tr>
<tr>
<td>– Financing activities</td>
<td>(24)</td>
<td>(4,542)</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(14,468)</td>
<td>7,218</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>144</td>
<td>246</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>7,542</td>
<td>70</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>(6,782)</td>
<td>7,542</td>
</tr>
</tbody>
</table>

**Financial Summary**

Summary of Revenue and Profit
For the year ended 31 March 2019

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$000s</td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>12,320</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(6,126)</td>
</tr>
<tr>
<td>Net dilution gain on Thinxtra shares</td>
<td>–</td>
</tr>
<tr>
<td>Net deferred income on derivatives closed out</td>
<td>–</td>
</tr>
<tr>
<td>Interest</td>
<td>(534)</td>
</tr>
<tr>
<td>Adjustment for associates and joint venture share of interest, tax and depreciation</td>
<td>(1,120)</td>
</tr>
<tr>
<td>Impairment</td>
<td>–</td>
</tr>
<tr>
<td>Other non-current items</td>
<td>(346)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(2,110)</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>3,364</td>
</tr>
</tbody>
</table>

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<tr>
<td>Depreciation and amortisation</td>
<td>(6,126)</td>
</tr>
<tr>
<td>Net dilution gain on Thinxtra shares</td>
<td>–</td>
</tr>
<tr>
<td>Net deferred income on derivatives closed out</td>
<td>–</td>
</tr>
<tr>
<td>Interest</td>
<td>(534)</td>
</tr>
<tr>
<td>Adjustment for associates and joint venture share of interest, tax and depreciation</td>
<td>(1,120)</td>
</tr>
<tr>
<td>Impairment</td>
<td>–</td>
</tr>
<tr>
<td>Other non-current items</td>
<td>(346)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(2,110)</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>3,364</td>
</tr>
</tbody>
</table>

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Operational excellence is a key focus in the daily operations at Rakon. This is because the operational strategies implemented are focused on delivering end products that fulfil our customer requirements.

Eden Rima
Inventory Administrator
Supply Chain
Auckland, NZ

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This financial summary provides partially summarised financial information only regarding the financial performance of Rakon Limited for the year ended 31 March 2019. Please refer to the Rakon Limited Annual Report 2019 for the full financial statements and accompanying notes.

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Operational excellence is a key focus in the daily operations at Rakon. This is because the operational strategies implemented are focused on delivering end products that fulfil our customer requirements.
At Rakon, we understand how important fast response times are. RIckard's comments reflect our commitment to achieving and exceeding our customers' needs. Rakon's response times are critical in our ever-evolving industry. In a very competitive market fast lead times and quality are as important as pricing, and accurate responses are as critical as competitive edge.

To cater to our customers, we have developed an efficient and knowledgeable team to respond to any enquiry. Our commitment is to deliver the fastest time-to-market. Customers can count on our efficient and knowledgeable teams to respond to any enquiry. From conception to finished products, fast response times are critical to our ever-evolving industry.

Rakon is the most preferred OCXO and TCXO supplier for 4G & 5G systems at our company. Thus we need Rakon's service and quality are the best, however, we also need good prices to compete with our competitors.

At Rakon we strive to be one step ahead, meeting the urgent needs of our customers. Rakon’s global footprint on all major IMU/INS functions as well as our scalable product line enables rapid support and next-level quality service and products on time.
FY2019 has been fruitful for Rakon in terms of new opportunities in the space and defence market. We received the first order for our New Space OCXO for a new LEO constellation. We won new customers for our ultra-low noise OCXOs in America, Europe and Asia. We also won a government-funded contract to develop new OCXOs which will enable Rakon access to more applications.

Rakon’s superior products are enabled by its state-of-the-art crystal technologies, unique ASIC solutions and vast know-how of oscillators applied with digital processing techniques. Rakon is distinguished as the primary partner for frequency control products amongst the major equipment makers of the world. Its innovative, cost effective and foresighted solutions solve the complex requirements of next generation networks and applications.

Rakon products are embedded in electronic systems everywhere. Whether it be within wired or wireless networks, radar, navigation systems or satellites in space . . . Rakon products enable connectivity.

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Ullas Kumar
Business Development Manager,
Carrier & Enterprise Networking
Singapore

Nelson Chen
Regional Sales Manager
Taipei, Taiwan

Fabrice Goulven
Strategic Marketing Manager, Space & Defence
Mougins, France

Rakon Everywhere
Rakon products are embedded in electronic systems everywhere. Whether it be within wired or wireless networks, radar, navigation systems or satellites in space . . . Rakon products enable connectivity.

Time synchronisation is becoming critical today as cellular networks start to deploy advanced radio features. Rakon is an innovator of frequency control solutions and delivers significant value for its customers. We provide market-leading, advanced technology for next generation mobile networks.

Rakon Everywhere
Rakon products are embedded in electronic systems everywhere. Whether it be within wired or wireless networks, radar, navigation systems or satellites in space . . . Rakon products enable connectivity.
Culture & Corporate Social Responsibility

**Culture**

Rakon’s people are passionate about what they do and how they can help in enabling new technology possibilities. Its customers are global leaders in their respective fields and enabling next generation technologies requires agility and resilience at all areas of the business. Rakon’s culture is decentralized and transparent with clear roles and responsibilities. It works on a fast-paced and embodies curiosity to learn and improve. Rakon is leading in the market through products and solutions for its customer.

Rakon, as a global company, designs and manufactures a platform and then leverages the different cultures, people and diversity to work on a single vision. Rakon’s leadership and professional culture is driven on the principles of honesty, integrity and professional standards and entails working as a team.

**Corporate Social Responsibility**

Rakon is committed to conducting its business in accordance with applicable laws and regulations of the countries in which we operate and in accordance with the highest standards of business conduct and ethics. The company is committed to sustainability policies which include the respect for universally recognized standards for the environment, human rights, social and ethical behaviour. The Corporate Governance Report in the Rakon Limited Annual Report 2019 outlines the Board’s commitment with regard to the areas of health and safety, human rights, labor and ethical behaviour.

Rakon is committed to conducting its business in accordance with all applicable laws and regulations of the countries in which it operates and acts in accordance with the highest standards of corporate and social behavior.

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Rakon is a supporter of the Auckland Rescue Helicopter Trust. As part of a wellness initiative, the team in New Zealand participated in ‘Steptember’ – a challenge of walking 10,000 steps per day in September. The team raised over ten thousand dollars for The Cerebral Palsy Society of New Zealand. Rakon New Zealand also awards scholarships and graduate programmes for its employees. As a result of a workplace initiative, the team raised over ten thousand dollars for The Cerebral Palsy Society of New Zealand.

**Culture & Corporate Social Responsibility**

In this ever-changing world where data is being transferred everywhere at any time, all the markets Rakon serves point to an increasing demand for timing and frequency control solutions. The enabling of new applications will bring together a wirelessly connected world of everything (WCoE).

A applications continue to follow the demand of the next user, but it is the bandwidth that exists. As data infrastructure evolves, applications are enabled, such as virtual reality and autonomous vehicles which all radically change and change the way we live. In the telecommunications market, mobile networks and technologies have been moving from 2G happening now. The road to 5G deployment is staggered. The initial phase uses existing infrastructure with new 5G radio (4G and 5G NR) to immediately boost the mobile network customer experience. This is complemented by software defined networks, where digital systems are used to coordinate and improve the radio network. In later phases, deployments of new dedicated 5G radio equipment (5G C-RAN) are deployment planning, bringing both immediate and future benefits.

5G and much wider bandwidth, enabling massive connectivity, lower latency and increased efficiency. In the space and defence market, the need for data everywhere increases the need for satellite communication with increased and permanent capability. In the telecommunications market, GNSS and communication requirements are becoming ubiquitous for precision farming, navigation, disaster monitoring and autonomous delivery missions.

The future of Rakon’s markets in the need to seed, receive or transfer data as quickly and accurately as possible. Whoever the operators may be, within every node, within every network, a stable and reliable timing and frequency reference is required for the successful transfer of data. Rakon solutions provide this timing, enabling the connectivity for today’s applications as well as the technological possibilities of the future.

**Glossary**

**Reference**

Rakon Limited Annual Report 2019. The Directors provide a reconciliation of Underlying EBITDA to net profit for the year, refer note B1 c) of the Rakon Limited Annual Report 2019. Underlying EBITDA as non-GAAP financial information has been extracted from the financial statements for the year. Except for the effects of changes in exchange rates and the definition of Underlying EBITDA, other information provided to the chief operating decision maker is measured in a manner consistent with GAAP.

Rakon has used ‘Underlying EBITDA’ as a measure of non-GAAP financial information in this 2019 Review document. Underlying EBITDA is defined as ‘Earnings before interest, tax, depreciation, amortisation, impairment, employee share schemes, non-controlling interests, adjustments for associate’s and joint venture’s share of interest, tax and depreciation, loss on disposal of assets and other cash and non-cash items (Underlying EBITDA)’. Underlying EBITDA is used to evaluate andise the performance of the business segments. Management uses the non-GAAP measure of Underlying EBITDA internally, to assess the underlying operating performance of the Group and each operating segment.

**Segment**

A measure of performance that is based on the responsibility centres and the information provided to the Chief Operating Decision Maker.

**Underlying EBITDA**

A non-GAAP financial information measure used to evaluate andise the performance of the business segments.

**EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation.

**Non-GAAP**

A non-GAAP financial information measure used to evaluate andise the performance of the business segments.

**GAAP**

Generally Accepted Accounting Principles.
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Managing Your Shareholding Online
To change your address, update your payment instructions or view your investment portfolio, including transactions, please visit: www.investorcentre.com/nz

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