FY2021 financial results & business update
12 months to 31 March 2021

Enabling the connected future

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Agenda

- Highlights and achievements: Brent Robinson (CEO, Managing Director)
- Operating performance and market update: Brent Robinson
- Financial overview: Anand Rambhai (CFO)
- Summary and outlook: Brent Robinson
- Closing comments: Brent Robinson
- Q&A: Anand Rambhai
FY2021 – Key highlights and achievements
Financial results – highlights

Revenue
- 8% higher to $128m (2020: $119m)

Underlying EBITDA\(^1\)
- 59% higher to $23.5m (2020: $14.8m)

Net profit after tax
- 142% higher to $9.6m (2020: $4.0m)

Operating cash flow
- 113% higher to $20.1m (2020: $9.4m)

Net cash/net debt\(^2\)
- Improved by $12.9m

Notes:
All figures are presented in New Zealand dollars unless otherwise indicated
\(^1\) 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
\(^2\) excluding NZ IFRS 16
FY2021 achievements reflect our strengths

- Covid-19 has highlighted our agility and responsiveness
- Increased demand for our industry-leading products and platforms
- Improved market share and strengthened partnerships, with key contract wins
- Rapid deployment of new product designs to capture market opportunities
- Ongoing adaption and upscaling of worldwide operations through disruptions
- Well-managed supply chain to ensure delivery
Operating performance and market update
Covid-19

Safety of our people prioritised while continually adapting our operations

- **Employee safety paramount**
  - Stringent protection measures in place across all sites

- **Rapid organisational response**
  - Emergency response plans deployed for all levels of the pandemic
  - Operations adapted to the lockdown conditions of each country – enabling delivery of essential products and services while protecting staff

- **Covid government assistance**
  - Ensured continued employment of staff until production levels resumed
  - Mitigated impacts of lost orders and reduced production over first quarter
  - Received in NZ, UK, France
Covid-19 (cont.)

Safety of our people prioritised while continually adapting our operations

India update

- Recent outbreak has impacted Rakon India operations
- Strict measures in place to minimise transmission risk and enhance safety:
  - Limiting staff numbers on site, physical distancing, daily temperature testing and deep clean of premises, registered nurse on site & bi-weekly doctor visits, higher risk staff vaccinated
- The majority of Rakon India’s 500-strong workforce have remained Covid free to date:
  - However 18 staff infected and in good health
  - Sadly one death of a long-serving staff member
- Cautious optimism as total cases in India have been declining
Operating highlights

Strong result reflects the capability and strong ‘can do’ culture of our team

- **Our People**
  - Commitment and resilience of our global team enabled operations to get back up and running quickly
  - Effectively operating through restrictions

- **New products and technologies**
  - Rapid deployment of new product designs to capture opportunities stemming from worldwide chip shortages
  - XMEMS® wins – designed into strategic customers’ applications
  - XMEMS® registered as a trademark in key regions

- **Manufacturing**
  - Increased capability to scale quickly
  - New equipment built and software enhanced to deliver new products

- **Supply chain**
  - Disruptions in supply chain managed through strong networks and relationships allowing the fulfilment of growing demand
Telecommunications

*Increased 5G demand driving revenue growth*

**Overview**
- Revenue $77 million, up 18% on FY2020
- Increased 5G demand as operators deploy new networks and enhance existing infrastructure

**Achievements**
- Substantial contribution from new 5G products (Mercury+™)
- Strong datacentre growth – driven by precise timing requirements for many applications, including distributed processing, security and financial transactions
- Major new cloud computing customer secured
- Design-in wins for new products delivering 5G millimetre wave¹ capability, enabling wireless 5G high-speed broadband
- Increased design wins for proprietary chip (Pluto®) products amidst global chip shortages

**Outlook**
- 5G deployments expected to accelerate
- Design-in opportunities progressing – Edge computing, datacentres, open radio access networks (O-RAN)²
- 5G millimetre wave technology starting to deploy

¹ Next generation frequencies that enable new applications
² Mobile networks that are more intelligent, open, virtualised and fully interoperable
Space & Defence

*Momentum building in NewSpace*¹

**Overview**
- Revenue $30m, up 7% on FY2020
- Driven primarily by French and Indian space business
- Defence segment growth from previous year consolidated

**Achievements**
- Rakon designed/manufactured products on board NASA’s Mars Perseverance Rover
- Initial deliveries into a major NewSpace LEO² satellite constellation
- Growth in local Indian space business including: India’s 3rd moon mission; India’s first solar mission

**Outlook**
- Strong order book for Space expected to deliver continued growth
- Further NewSpace LEO orders expected
- Defence business remains robust
  - Design-in opportunities leveraging Rakon’s XMEMS® technology

¹ Refers to a globally emerging private spaceflight industry. Includes aerospace companies and ventures working to develop faster, better and cheaper access to space and space technologies
² Low Earth Orbit
Mixed segment performance but strong FY2022 outlook

Overview
- Revenue $14 million, down $4.9m on FY2020
- Anticipated revenue decline in low-margin business but improved Gross Margin %
- Growth in higher-margin precision industrial applications (agriculture/mining)
- Covid-19 negatively impacted aeronautical and emergency beacon markets

Achievements
- Significant orders captured as result of global TCXO shortages – multi-year contracts delivering from FY2022
- Growing share of agriculture/mining segments as automation becomes standard

Outlook
- Global TCXO shortage will boost FY2022 revenue
  - Longer term supply expected to stabilise
  - Significant business expected to be maintained as customers diversify their supplier base
- Growing automation in industrial applications, such as factories (Industry 4.0), agriculture, mining
- Consolidating position in the emerging autonomous vehicle market
- Aeronautical and beacon segments expected to recover as local/global travel returns

Positioning

Percentage of revenue

<table>
<thead>
<tr>
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<th>FY2021</th>
<th>FY2020</th>
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<tr>
<td></td>
<td></td>
<td>11%</td>
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<td>16%</td>
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Financial overview
Financial performance

Strong earnings and cash flow

Performance for the 12 months to March

<table>
<thead>
<tr>
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<th>FY2021</th>
<th>FY2020</th>
<th>variance</th>
<th>% change</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>128.3</td>
<td>119.0</td>
<td>+9.3</td>
<td>+8%</td>
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<tr>
<td>Gross profit</td>
<td>58.9</td>
<td>52.0</td>
<td>+6.9</td>
<td>+13%</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>45.9%</td>
<td>43.7%</td>
<td>+2.2 ppts</td>
<td></td>
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<tr>
<td>Operating expenses</td>
<td>49.0</td>
<td>48.1</td>
<td>+0.9</td>
<td>+2%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>2.6</td>
<td>0.0</td>
<td>+2.6</td>
<td>n/a</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>9.6</td>
<td>4.0</td>
<td>+5.7</td>
<td>+142%</td>
</tr>
<tr>
<td>Underlying EBITDA¹</td>
<td>23.5</td>
<td>14.8</td>
<td>+8.7</td>
<td>+59%</td>
</tr>
<tr>
<td>Earnings (cents per share)</td>
<td>4.2</td>
<td>1.8</td>
<td>+2.4</td>
<td>+133%</td>
</tr>
<tr>
<td>Net cash / (net debt)² as at 31 March</td>
<td>5.0 (7.9)</td>
<td>+12.9</td>
<td>+164%</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure for the 12 months</td>
<td>5.1 4.6</td>
<td>+0.5</td>
<td>+10%</td>
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Notes

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 net profit after tax

² excluding NZ IFRS 16
Summary movement in net profit after tax

*Year-on-year revenue & margin growth drives earnings*

- Flow through of higher revenue drives margin growth
- Lower inventory obsolescence provided for improves year-on-year margin
- Timemaker benefits from global consumer electronics demand
- Operating costs include one-off redundancy costs & higher R&D spend (including XMEMS® and chip development)
- 16% higher year on year NZD/USD closing rate drives FX loss
Financial position

*Strengthened balance sheet provides some buffer, and capacity to support revenue growth*

<table>
<thead>
<tr>
<th>Financial position as at 31 March</th>
<th>FY2021 ($m)</th>
<th>FY2020 ($m)</th>
<th>change</th>
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<tbody>
<tr>
<td>Total assets</td>
<td>154.4</td>
<td>150.2</td>
<td>+4.1</td>
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<tr>
<td>Total liabilities</td>
<td>50.4</td>
<td>58.4</td>
<td>-7.9</td>
</tr>
<tr>
<td>Net assets/equity</td>
<td>103.9</td>
<td>91.9</td>
<td>+12.1</td>
</tr>
<tr>
<td>Equity to total assets</td>
<td>67%</td>
<td>61%</td>
<td>+6.2%</td>
</tr>
<tr>
<td>Net cash / (net debt)¹</td>
<td>5.0</td>
<td>(7.9)</td>
<td>+12.9</td>
</tr>
<tr>
<td>Derivatives</td>
<td>3.2</td>
<td>(7.9)</td>
<td>+11.0</td>
</tr>
<tr>
<td>Inventory</td>
<td>37.7</td>
<td>37.6</td>
<td>+0.1</td>
</tr>
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Notes

¹ excluding NZ IFRS 16
Summary and outlook
Summary

- **A strong FY2021 result**
  - Built on the progress made in recent years
  - Playing to our strengths
  - A world-wide Rakon team effort

- **Covid has highlighted our agility**
  - Extremely testing first quarter and continued challenges
  - But new opportunities have emerged and technological change has accelerated

- **Solid foundations**
  - Global platform of R&D, manufacturing and sales
  - Agility to scale up/down to meet market demand and profitably capture opportunities
  - Prudent risk management and conservative financial management

- **Well positioned to capture growth opportunities**
Looking ahead

- **Solid revenue growth expected**
  - Continued expansion in 5G, data centres and NewSpace
  - Global TCXO shortage will boost FY2022 revenue
  - Strong forward order flow

- **Operational and R&D focus**
  - Cutting-edge pipeline of new chips and product platforms; Millimetre wave and O-RAN
  - Increased manufacturing capability (in-house/contract partners) including further investment in XMEMS®

- **Risk management**
  - Actively diversifying internal and external supply chains
  - India’s Covid situation improving; not expected to materially impact FY22 guidance

- **Strong financial position and funding lines in place**
  - Funding for future growth opportunities
  - A buffer for adverse events/economic shocks

- **Confirm FY2022 Underlying EBITDA guidance of $27 – $32m**
Appendices
The XMEMS® Difference

- Rakon’s advanced resonator technology made with its NanoQuartz™ photolithography microfabrication process on quartz wafers, delivering unprecedented resonator and oscillator performance
  - Delivering best-in-class stabilities, phase noise, smallest platforms in the industry
  - Creating new products not possible with conventional mechanical processing methods
- This technology coupled with Rakon’s innovative proprietary semiconductor ASICs and IP, enabling true 5G mmWave communication at maximum bandwidth
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 (mmWave) technology: The equipment that enables higher frequency data transmission in 5G

New space/ New space LEOs: Refers to the commercial space sector for 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, enabling precision timing in 5G applications

NASA: National Aeronautics and Space Administration, U.S.A. (Government agency)

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, enabling higher data rates in 5G applications

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

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