RAKON / ANNUAL REPORT / 2025

rakon


Image generated with AI

Global leader in Space connectivity

Rakon has been a leading supplier to the Space industry for over four decades.

We're using that unrivaled expertise to capture new opportunities in the high-growth commercial Space sector through cutting-edge solutions to enable the next generation of Space infrastructure, vehicles and satellite constellations.

Built for Space

Rakon subsystems and components are designed to perform in the harsh, high-radiation environment of Space, delivering precision timing, connectivity and synchronisation with exceptional stability and reliability

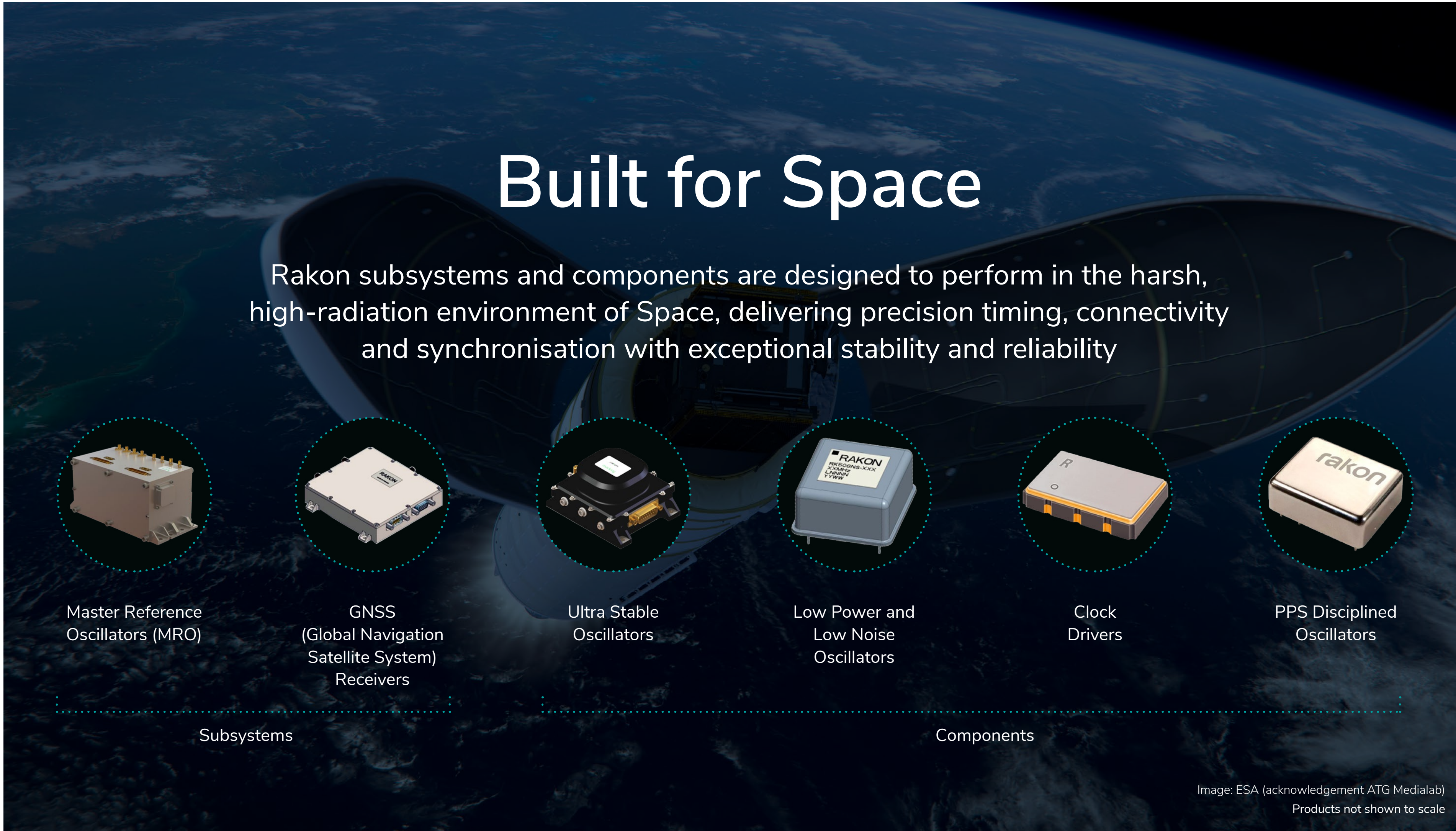


Image: ESA (acknowledgement ATG Medialab)
Products not shown to scale

Enabling next-gen Space applications

Rakon's leading timing and frequency control products play a critical role within the Space industry

Satellites

Our products play a key role in satellite navigation, orbit determination, synchronisation, and communication with ground stations and other satellites

Ground stations and other Space infrastructure

The leading performance, precision and stability of Rakon's products enables reliable communications over vast distances and harsh conditions

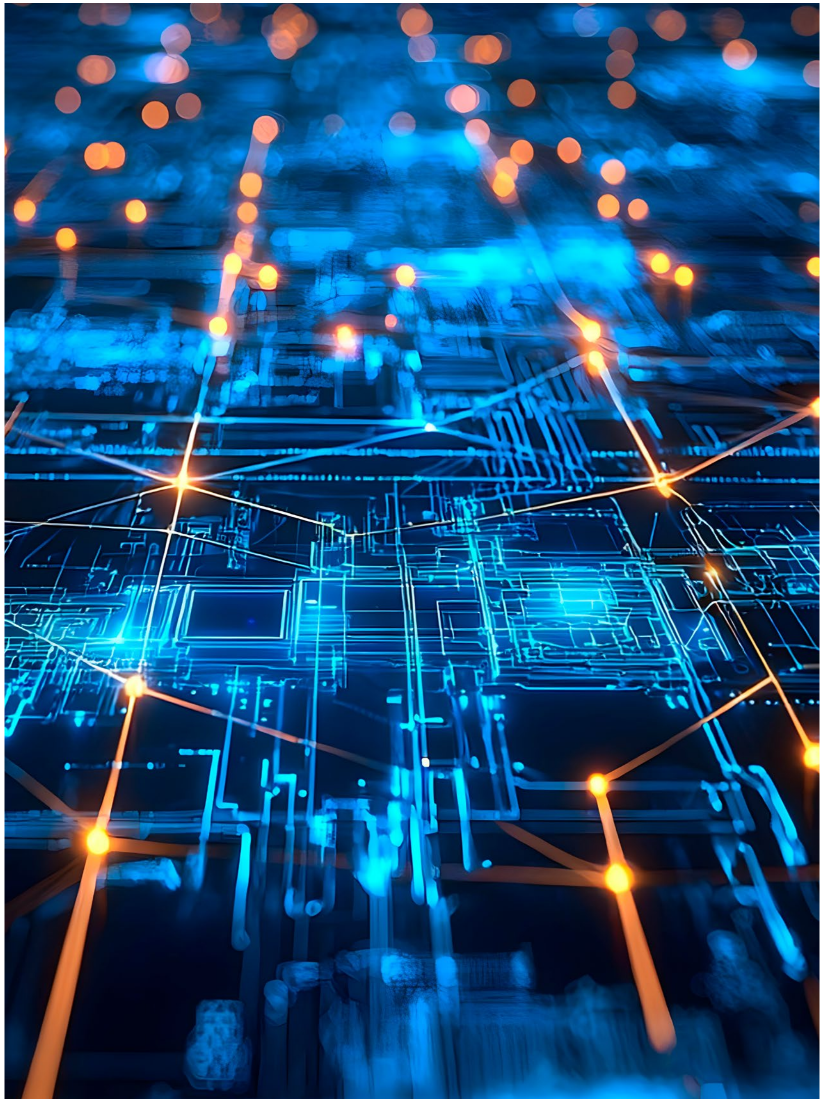
Launch and exploration vehicles

Rakon's oscillators and subsystems are critical for navigation, communication and telemetry systems, ensuring precise tracking and synchronisation of each journey stage

Rakon: the digital pulse that powers progress

Rakon's products help people to connect, explore and innovate. They are the 'heartbeat' for electronic systems, delivering fast, precise and stable timing in everything from mobile networks and autonomous vehicles to satellite constellations and AI data centres.

Across our core and emerging markets of Aerospace & Defence, Telecommunications, Positioning and AI & Cloud Computing Infrastructure, our technology is relied on to deliver the highest performance in even the most extreme conditions. Thanks to our constant drive to innovate, we continue to empower our customers to create the next-generation of life-transforming technologies. For more information, visit rakon.com.



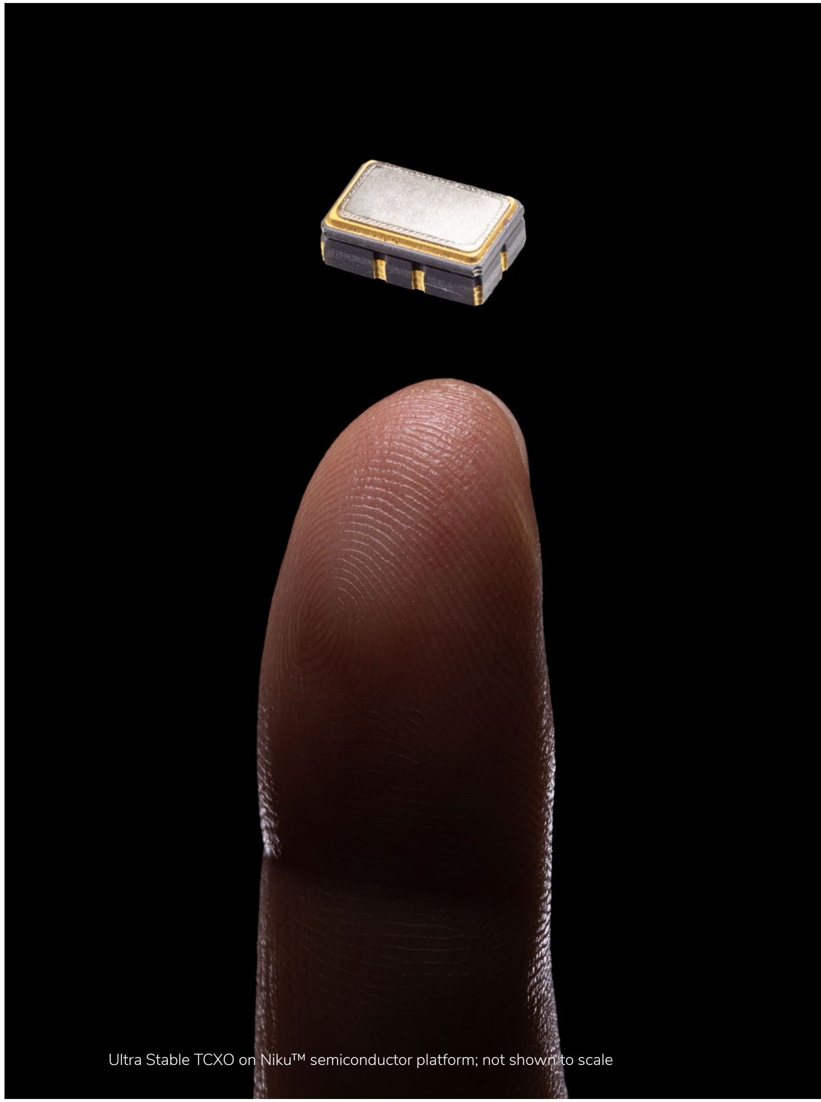
The Rakon advantage

Rakon's approach is unique in the precision timing and frequency control industry. We combine our proprietary XMEMS® quartz resonator fabrication process with advanced in-house semiconductor technology – to deliver cutting edge performance that sets us apart from our competitors.

This leading innovation is backed up by over 50 years of deep application expertise in the aerospace, defence, telecommunications and positioning markets. Expertise that we have successfully leveraged to expand into AI infrastructure and new commercial Space applications.

Vertically integrated capabilities and a truly global manufacturing footprint, including facilities in France, India and New Zealand, enables industry-leading production agility and quality that is unmatched by other crystal-based vendors and newer MEMS-based entrants.

Our drive to innovate has produced a decades-long competitive advantage, built on patented technology, high-reliability pedigree, and close customer partnerships – that continually position Rakon to win in our chosen markets.



Ultra Stable TCXO on Niku™ semiconductor platform; not shown to scale

Welcome to our 2025 Annual Report

This document reports on Rakon's operational and financial performance for the year to 31 March 2025 (FY25). We have focused on what we believe matters most to our stakeholders and business.

This report provides a clear look at our company and shows how we are delivering against our strategic priorities.

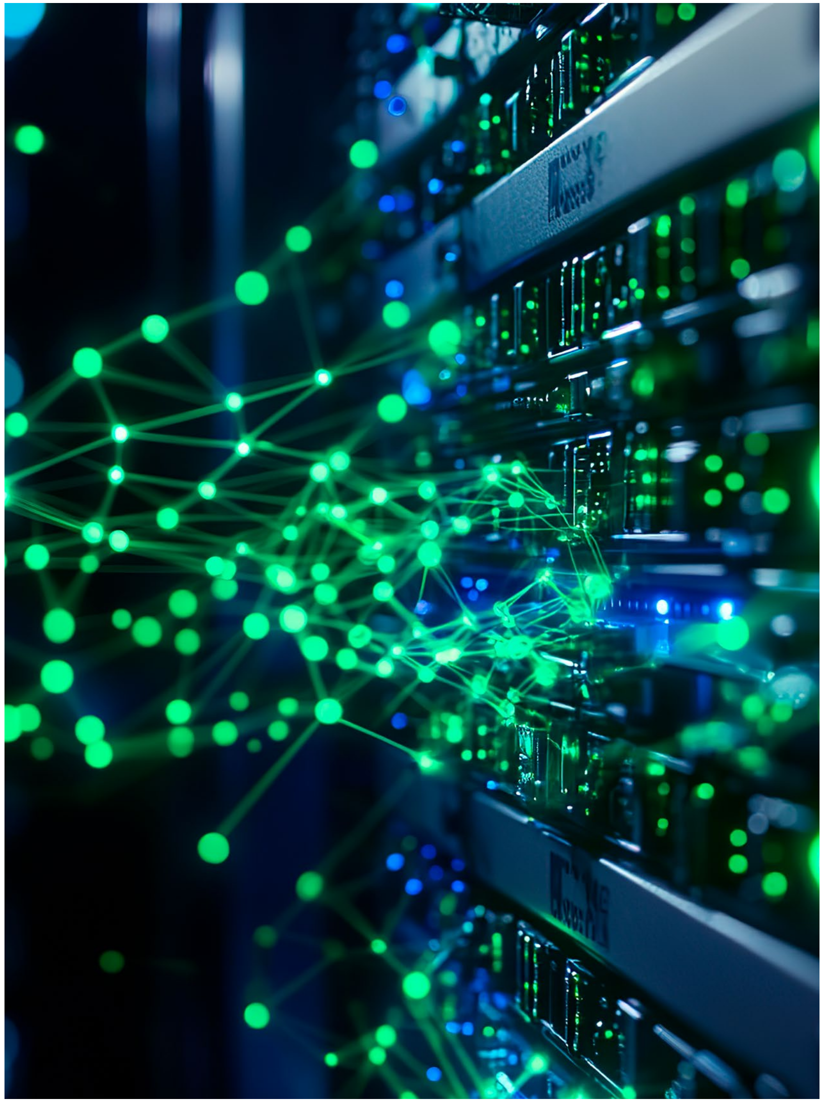
Our commitment to sustainability is demonstrated through our Environmental, Social and Governance (ESG) actions and this report includes an update on our progress across a number of material ESG related topics. Please note, we release our climate reporting as a standalone online document, to be published on or before 31 July 2025, that will be available on our website: rakon.com/investors/reports-presentations-events.

We have endeavoured to ensure all information is accurate, including performing internal verification. The information provided in this report has been compiled in line with NZX Listing Rules and recommendations for investor reporting.

The financial statements on pages 61-109 have been prepared in accordance with appropriate accounting standards and have been independently audited by PricewaterhouseCoopers.

We know many investors prefer to view this report online. Our company review and financial documents are included in this report, in an easy-to-read format.

We welcome your feedback on this report. Please email your feedback to: investors@rakon.com.



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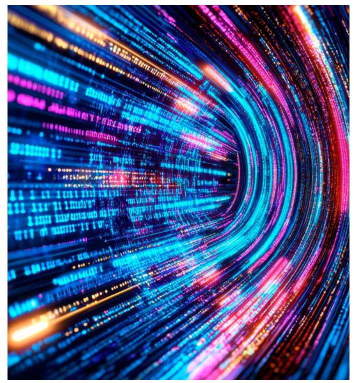
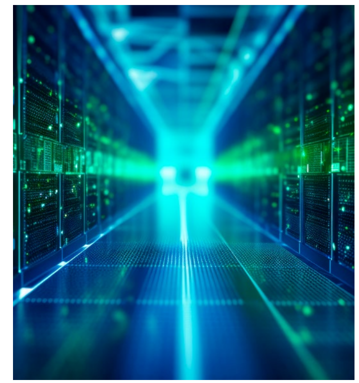
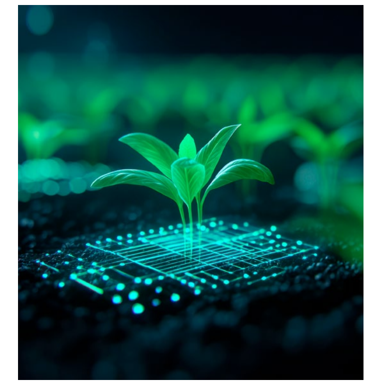
STRATEGIC GROWTH PLAN



CORE MARKET OVERVIEW



SUSTAINABILITY AND ESG



FINANCIAL STATEMENTS AND OTHER DISCLOSURES

Our global operations

~70 countries with Rakon customers

7 company and partner manufacturing sites

6 R&D centres of excellence

16 customer support locations

~750 employees worldwide

40+ nationalities in the Rakon global team

Performance snapshot

REVENUE
$104M
▼ 19% YOY

UNDERLYING EBITDA[1]
$9.5M
▼ 29% YOY

NET LOSS AFTER TAX
$(5.8)M
▼ $10.3M YOY [FY24: NET PROFIT $4.3M]

DEBT[2]
$12.4M
▲ $5.8M YOY

OPEX[3]
$51.4M
▼ 10%[4] YOY

INVENTORY
$46.4M
▼ 15% YOY

Highlights

Underlying EBITDA[1] $9.5m near guidance mid-point

EARNINGS PRESERVED DESPITE ONE OF THE MOST DEMANDING YEARS ON RECORD

Record Aerospace and Defence revenue

STRONG +15% YOY GROWTH; POSITIVE TREND FOR THIRD CONSECUTIVE YEAR

2H25 revenue surge creates positive momentum

60% OF FY25 GROUP REVENUE DELIVERED IN 2H25

Telecommunications revenue rebound

IMPROVED ORDERS IN 4Q25 AND POSITIVE TREND INTO FY26

AI and Cloud Computing Infrastructure product orders secured

ON TRACK TO DELIVER SIGNIFICANT REVENUE IN FY26

Three next-generation semiconductor chips released

INCLUDES VULCAN™ CHIP FOR RAKON'S AI HARDWARE AND TELECOMMUNICATIONS PRODUCTS

All figures are presented in New Zealand dollars unless otherwise indicated.

All comparisons are to the prior corresponding period (i.e. 12 months to 31 March 2024) unless otherwise stated.

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 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.

Chair & CEO report

Resilience in Adversity, Positive Growth Momentum

FY25 was one of the most demanding years in Rakon's history, marked by sharp geopolitical shifts and commercial headwinds. Despite these challenges, we achieved a significant second-half turnaround and made solid progress on our long-term growth strategy.

Our FY25 results should be read through the lens of our three-year strategy (page 17). We made great strides in pushing into new sub-segments and, at the same time, we doubled down on our core growth markets. The payoff is evident: we saw record revenue in Aerospace and Defence, validating our investment in this segment, and encouraging early demand in AI and Cloud Computing Infrastructure, confirming that our strategic priorities are on target.

We also made tough but deliberate choices, such as the discontinuation of commercial relationships with a Chinese telecommunications-infrastructure customer. This strategic decision strengthens our compliance profile and reduces our risk exposure in shifting regulatory environments. It also allows us to better align our business resources with markets that offer more sustainable long-term growth opportunities aligned with our corporate objectives.

FY25 was also a year of operational milestones. We completed the transfer of selected product lines to our India manufacturing centre of excellence, unlocking cost and scale advantages. In parallel, we reorganised business units and realigned our leadership team, sharpening execution and customer focus.

We continued to invest in strategic R&D and, reinforcing our technology leadership, we delivered a record three next-generation semiconductor chips in a single year, including "Vulcan™," our next-gen OCXO platform for Telecommunications and AI hardware customers. These cut-through innovations ensure we stay ahead of performance demands – including for AI data centres, 5G networks, and Aerospace.

Together, these milestones give us the operating leverage and innovation pipeline to fuel sustainable growth and long-term value.

LORRAINE WITTEN / CHAIR

DR. SINAN ALTUG / CEO

In short, FY25 was a year of strategic execution – we deliberately repositioned for quality of earnings and long-term growth, invested in our India manufacturing scale-up, continued to deliver wins in Aerospace and Defence, and positioned Rakon for a stronger, more profitable FY26 and beyond.

OUR MARKETS

Aerospace and Defence

Our Aerospace and Defence core market once again delivered record revenue with double-digit year-on-year growth, continuing a positive trend for the last three years. We secured new contracts and have a strong order book for FY26.

We continue to build on Rakon's top-supplier status for our Space subsystem products.

We released the latest versions of our GNSS Receiver and Master Reference Oscillator subsystems, delivering the highest performance with unparalleled reliability.

Alongside our ultra-stable oscillators, these new subsystems were key drivers of the record FY25 revenue and strong forward orders in our Aerospace and Defence segment.

In particular, we now have multiple multi-million dollar contracts with MDA Space, which supports a programme to add next-generation satellites to the existing Globalstar Low-Earth orbit (LEO) constellation. Globalstar provides the satellite backbone for Apple's satellite service, and Apple has now committed up to US $1.7 billion investment and an equity stake in this company, to expand that constellation and related ground infrastructure.

These wins position us strongly for similar large-scale LEO opportunities now in negotiation. We expect to secure similar opportunities on the back of this success.

Telecommunications

This remains Rakon's largest segment, generating around 44% of our revenue.

The ongoing weak market cycle, particularly in the first half, was one of the key drivers of this year's result, with revenue down 33% year on year. The decrease in volumes also impacted economies of scale, operating leverage and gross margin.

Encouragingly, orders began to stabilise in the second half as selective global 5G investments resumed.

Rakon has retained market share and has a high design win rate, positioning us well for the next wave of the 5G rollout cycle.

AI and Cloud Computing Infrastructure

This is emerging as an exciting growth opportunity for Rakon and we are strongly positioned to capitalise as the market scales.

Our AI computing hardware portfolio, particularly the new oscillators based on our Vulcan™ semiconductor platform and other next-gen chips, have received a phenomenal response from leading industry players. We are now designed-in to nearly every leading AI data centre architecture, and we're expanding production capacity ahead of that demand.

This segment is on track to start delivering significant revenue from FY26, with manufacturing infrastructure in place and latest products, incorporating Rakon's next-generation semiconductor chips, driving rising demand from Tier-1 players.

Positioning

Continued market weakness in Positioning was responsible for lower order volumes, a 21% decline in revenue, and inefficiencies in cost allocation from manufacturing operations.

We continue to be a strong player in the high-end specialised Precise Positioning part of this market, which includes emergency beacons.

Overall, however, this segment remains flat, with increased competition driving down price although this is particularly in the commodity end which Rakon does not target.

FINANCIAL PERFORMANCE

Second-half surge sets FY26 on a growth track

Revenue was $103.7m (FY24: $128.0m), with more than 60% of this delivered in 2H25, driven by strong revenue growth in Aerospace and Defence and stabilisation in Telecommunications.

Aerospace and Defence delivered its highest ever revenue result, up 15% to $42m, and continues to validate Rakon's strategy to invest in new high-growth market opportunities.

Telecommunications revenue was down 33% to $45m, and Positioning was down 21% to $11m, due to macroeconomic conditions leading to slowed investment in 5G mobile networks globally. Pleasingly, selective global 5G investment was seen in the 2H25, signalling demand recovery.

AI and Cloud Computing Infrastructure revenue is currently milestone-focused, with revenue expected to grow significantly from FY26.

Lower gross profit of $45m (FY24: $57.9m) and margin percentage of 43.1% (FY24: 45.2%) were primarily driven by lower order volumes in Telecommunications and Positioning and the impact on economies of scale.

Underlying EBITDA was $9.5m (FY24: $13.4m), in line with our guidance mid-point. Including one-off restructure and transaction-related costs of $3.6m, Rakon reported a net loss after tax of $(5.8)m (FY24 profit: $4.3m).

Capital allocation and discipline

Throughout FY25 we exercised strict financial discipline. We held operating expenses flat and achieved a sustainable cost reduction, even as we maintained R&D investment at prior-year levels to continue developing critical technologies.

Expenses excluding significant one-off items were down 10% to $51m, reflecting steady year-to-year opex levels and a high volume of new product capitalisation. We made significant progress in managing discretionary expenditure and improving operational efficiency. Sustainable savings being made will support an increase in operating leverage over the long term.

Total R&D investment was $22m, and remained steady year on year as we retain the necessary resources and capabilities to protect Rakon's growth pathway and extend our technology leadership. R&D opex reduced year on year, with $9.8m capitalised during the year; these are successful new product investments which have now been included as an asset on Rakon's balance sheet.

We also optimised working capital – notably, inventory was carefully managed down by $8.5m to $46.4m (FY24: $54.9m) – which improved cash flow. These measures strengthened our balance sheet; we ended FY25 with $15.3m net cash and ample debt facility headroom to fund growth.

Given the attractive investment opportunities ahead, the Board determined that conserving cash was in shareholders' best interests and therefore no dividend was declared for FY25. This reflects our commitment to allocate capital prudently – we will fund high-return growth initiatives and ensure liquidity, while avoiding any dilution or debt stress, before resuming capital returns to shareholders in the future.

OUR PEOPLE

We would like to express our gratitude to the entire Rakon team for their commitment and resilience throughout FY25. Amidst a year marked by significant challenges, including global market volatility, restructuring, and strategic shifts, our people remained focused and dedicated.

Their efforts were instrumental in achieving a strong second-half turnaround, securing new contracts in Aerospace and Defence, and laying the groundwork for growth in AI and Cloud Computing Infrastructure.

The successful launch of our next-generation semiconductor chip product platforms stands as a testament to their ingenuity and perseverance.

We are immensely proud of our employees' contributions and remain committed to supporting them as we advance towards a promising FY26.

REFRESHED BOARD

The Board refresh progressed well during the year with three new independent Directors welcomed to the Board in FY25. Jon Raby, Lisbeth Jacobs and Mark Bregman bring fresh technology, financial and global-market expertise to the Board.

Chair Lorraine Witten has advised that she will retire at the 2025 Annual Shareholders' Meeting. Lorraine has served on the Board since 2017. Under her leadership, Rakon implemented a change in strategy leading to investment in Aerospace and AI hardware growth markets, opened a new manufacturing facility in India and navigated shifting market dynamics with strength and composure. We thank Lorraine for her exceptional contribution and commitment to Rakon's success.

The refreshed Board, together with an energised executive team, provide robust oversight of FY26 delivery and value creation.

STRATEGIC TAKEOVER INTEREST

Over the past 18 months, Rakon received confidential and non-binding interest relating to a potential takeover of the company from a number of credible international industry players. The first indication of interest (announced 11 December 2023) was publicly disclosed by Rakon after the company became aware of a potential leak of the confidential information; it valued Rakon at NZ$1.70 per share – about 174 per cent above the pre-announcement price – equating to an aggregate equity value of NZ$391 million. The other indications of interest received by Rakon remain confidential but were for substantial premium multiples to the prevailing share price. All takeover interest received by Rakon was carefully evaluated by an independent committee of Directors, with assistance from specialist external advisers.

Despite extensive work by Rakon to determine whether the takeover interests could be developed into a proposal that was in the interests of all shareholders, none progressed to a binding transaction. As disclosed on 19 June 2024, negotiations ended with the first potential bidder when the parties could not resolve complexities identified in due diligence – principally regulatory and geopolitical factors which are a particular focus of all prospective US acquirers. Although the engagement with potential bidders did not result in a transaction, the Board considers that the credibility of these parties and their interest in the company at substantial premiums as an endorsement of Rakon's world-leading technology, global market position and value.

OUTLOOK

Rakon enters FY26 with renewed momentum, a leaner structure and a growth trajectory underpinned by positive sector trends across Aerospace and Defence, AI and Cloud Computing Infrastructure, and Telecommunications.

We have a strong order book targeting year-on-year growth in Aerospace and Defence, the first meaningful revenue from AI and Cloud Computing Infrastructure expected in 1H26, and stabilising and improving Telecommunications orders.

Organisational changes and the accelerated next phase of manufacturing transfers are expected to lift gross margin and optimise global overheads, supporting profitability as volumes grow.

Our focus on sustainable cost reduction continues – yet we're still investing in R&D to extend our technology lead. That balance safeguards our growth trajectory. We are continuing to focus on and invest in identified growth opportunities that we believe offer real value for our shareholders.

As previously advised, current US tariffs are not expected to have a material impact on Rakon, with the potential cost estimated at 2% or less of revenue.

We have a realigned, experienced global leadership team and a refreshed Board with deep international and tech expertise, ready to turn today's momentum into FY26 value creation. Your Board and Management remain committed to delivering value to our shareholders.

We extend our gratitude to our employees, customers, and shareholders for their continued support. We look forward to meeting with shareholders and sharing our updated three-year plan and FY 2026 guidance at our Annual Meeting in August.

L M Witten

LORRAINE WITTEN / CHAIR

SINAN ALTUG / CHIEF EXECUTIVE OFFICER

STRATEGIC GROWTH PLAN

Updated strategy to build long-term value

We've identified five key pathways that enable Rakon to drive growth, scale effectively and capture the opportunities in front of us.

GROW OUR CORE BUSINESS

Telco market leadership – products using proprietary technologies

Aerospace and Defence – market access in North America

Precise Positioning sub-segment applications

New technology design-in wins in all core markets

MAINTAIN PRODUCT AND TECHNOLOGY LEADERSHIP

Rakon semiconductor chips – accelerate time-to-market

XMEMS® – deliver next generation products and performance

Aerospace – diversified product range including higher value chain equipment and subsystems

EXPAND INTO NEW MARKETS

Commercial Space – including LEO satellite constellations

AI computing hardware / AI Factories and advanced data centres

Autonomous vehicles

Targeting key customer partnerships in new and emerging markets

DELIVER WORLD CLASS MANUFACTURING

Accelerated plan for enabling global capability and volume manufacturing of key products

Advanced supply chain management

XMEMS® nanotechnology volume manufacturing

ORGANISATIONAL TRANSFORMATION

Reconfigure global operations to align with strategic growth priorities

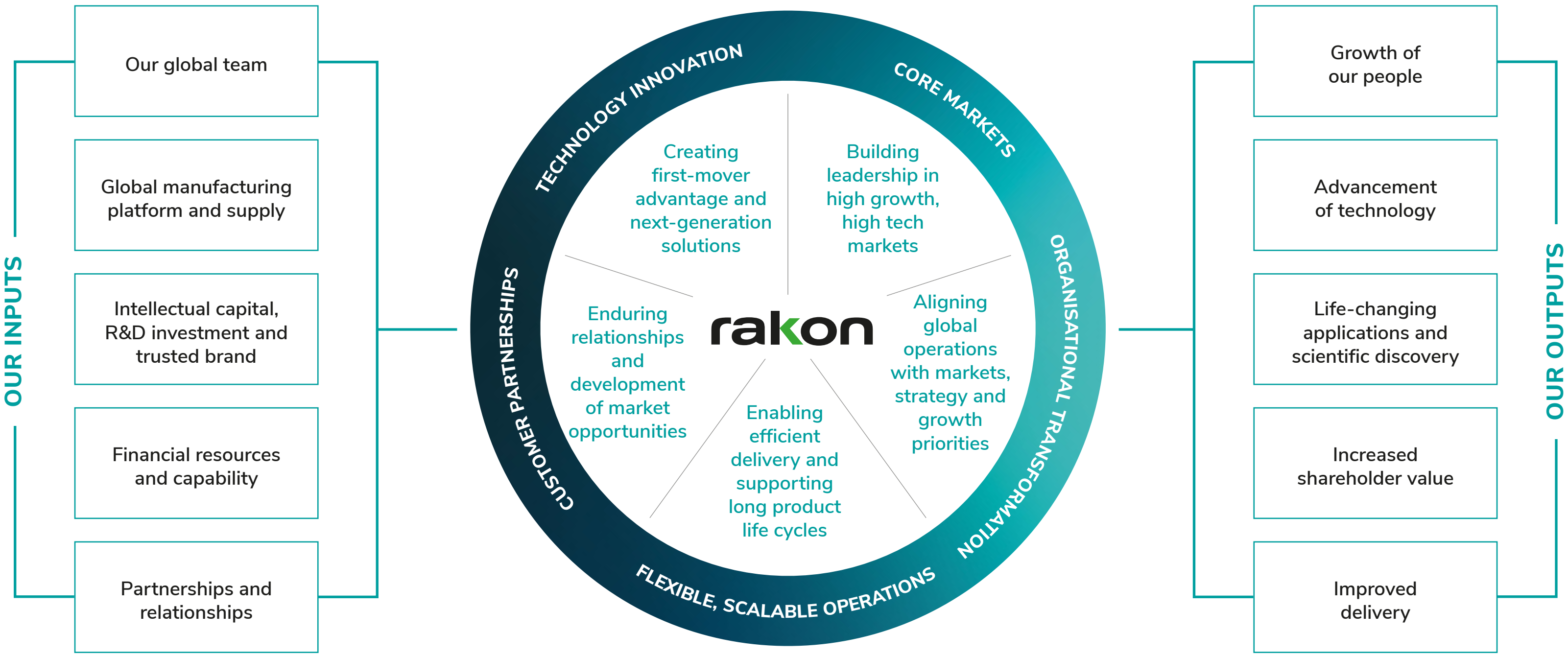
Optimise organisational capabilities and capacity to scale for growth

Drive efficiency initiatives across global organisational structure and processes

STRATEGIC ACQUISITIONS SUPPORTING GROWTH STRATEGY

How we create long-term value

Our strategic pillars: customer partnerships; technology innovation; core markets; flexible, scalable operations; and organisational transformation – are our key drivers of value that underpin our planning, activities and how we measure performance. They are critical to the creation of long-term value, while providing the flexibility to explore emerging opportunities and deliver sustainable growth.



A VALUES-DRIVEN CULTURE

Our values-driven, innovation-focused culture provides the foundation – shaping how we capture opportunities, manage risk, look after each other, and deliver on our ESG objectives and sustainability goals.

Three year growth strategy delivered

As we conclude our 3-year growth plan spanning FY23 to FY25, we are pleased to say that not only has Rakon consistently delivered the targeted milestones for each year, but we are also seeing the desired growth outcomes from those initiatives.

FY25 was no exception. We made great strides in pushing into new sub-segments and focusing our growth and revenue diversification on the high-growth areas of Aerospace & Defence and AI & Cloud Computing Infrastructure.

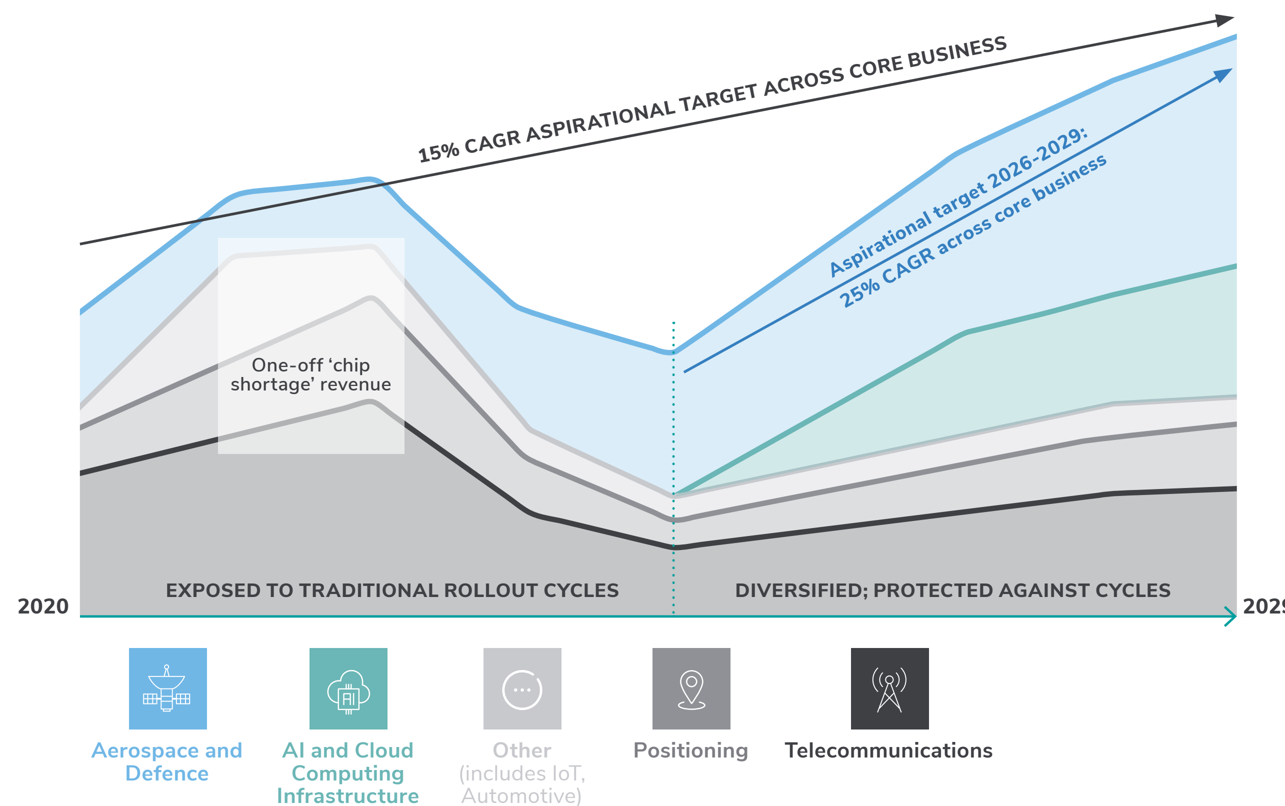
	FY2023	FY2024	FY2025
NEW MANUFACTURING FACILITY IN INDIA	Construction completed Fitout / capacity expansion Existing manufacturing transfer	Transfer of select NZ products Transfer of select NewSpace products	Transfer of select Space subsystems
RAKON DESIGNED SEMICONDUCTOR CHIPS	Substantial increase in R&D and chip design capability Release of Niku™ next generation chip	Launch of enhanced MercuryX™ Chip based product revenue growing to over 60%	Chip based product revenue growing Release of Vulcan™ next generation chip
XMEMS® NANOTECHNOLOGY MANUFACTURING	Continued investment in XMEMS® capability Release of initial XMEMS® based products	Volume production of XMEMS® XMEMS® products qualified into key 5G platforms	Leadership in targeted market segments Expansion into other product categories
NEWSPACE BUSINESS	R&D and supply chain investment Strategic relationships established	Recognised player in the NewSpace ecosystem Significant orders secured	Become a top 3 player in subsystems Delivery of orders

Rakon's aspirational growth trajectory through FY29

This chart reflects Rakon's transition from being exposed to traditional rollout cycles – as seen in our reliance on Telecommunications in prior years – to a diversified, cycle-resilient business model. This transformation has been an important focus area over previous years and enables us to better weather market fluctuations. It positions Rakon for sustainable long-term growth.

Our strategic roadmap has already unlocked new addressable market opportunities in high-growth areas like commercial Space and AI hardware. These markets are expected to continue to drive growth and deliver a greater share of total revenue, with Aerospace & Defence and AI & Cloud Computing Infrastructure projected to account for more than 50% of our revenue by 2029.

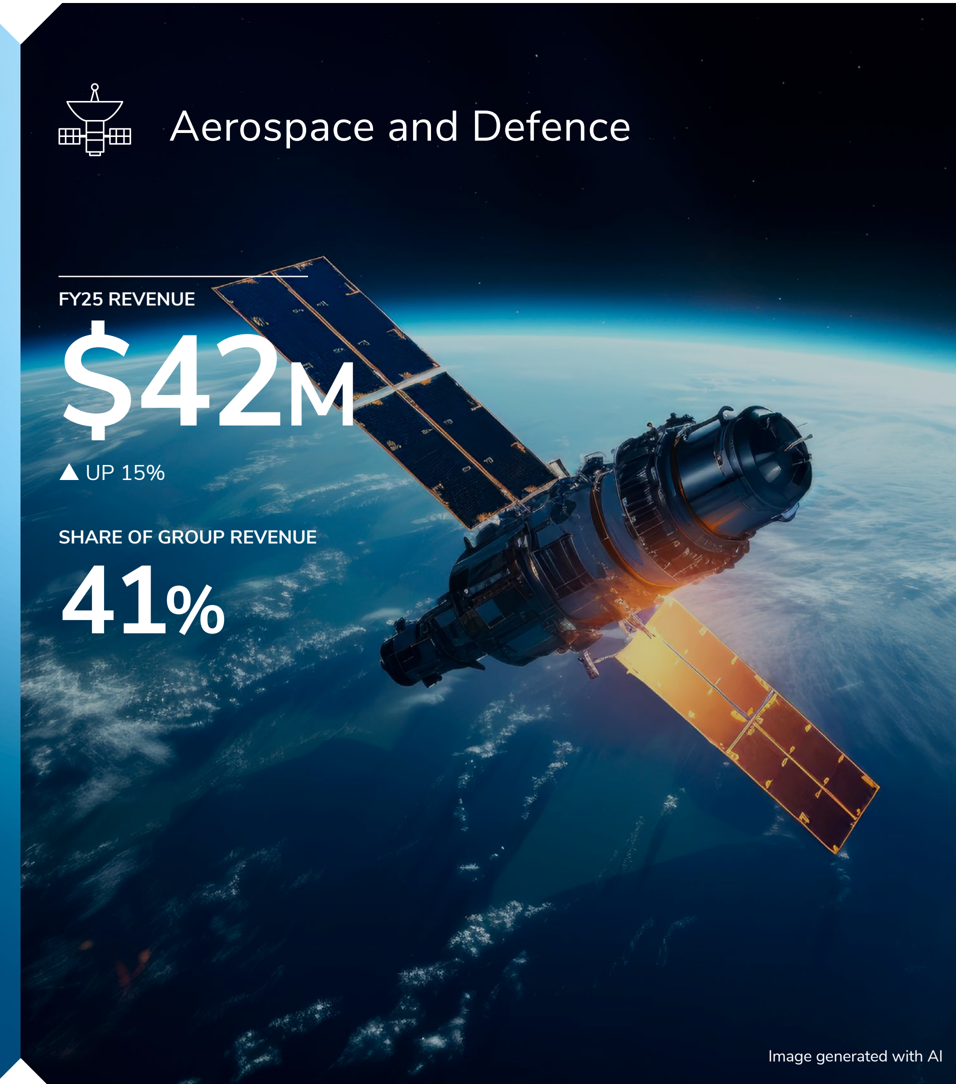
Telecommunications and Positioning will remain important to our business; these are mature markets with stable growth. We aim to maintain our lead and market share through continued innovation, and leverage our technological advantage in key sub-segments of both markets.



Note: This chart illustrates Rakon's short to medium-term growth aspirations, based on targeted key market growth factoring in execution risk. It is not a graph and should not be interpreted as an indication of future revenue levels or profitability.

CORE MARKET OVERVIEW

FY25 core market performance at a glance



Aerospace and Defence

FY25 REVENUE

$42M

▲ UP 15%

SHARE OF GROUP REVENUE

41%

Image generated with AI

FY25 CORE MARKET PERFORMANCE AT A GLANCE / CONTINUED

Telecommunications

FY25 REVENUE

$45M

▼ DOWN 33%

SHARE OF GROUP REVENUE

44%

Positioning

FY25 REVENUE

$11M

▼ DOWN 21%

SHARE OF GROUP REVENUE

11%

Aerospace and Defence

Our Aerospace and Defence core market once again delivered record revenue with double-digit year-on-year growth, continuing a positive trend for the last three years. This momentum is expected to continue into FY26.

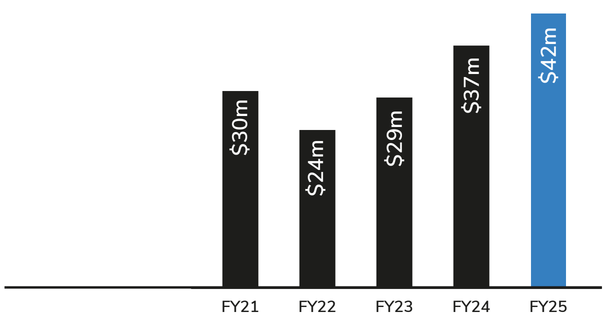
In Aerospace we continue to build on Rakon's top-supplier status for our timing and subsystem products. We released new versions of our GNSS Receiver and Master Reference Oscillator subsystems – products critical to the communication, synchronisation and navigation of satellites and Space vehicles; delivering the highest performance with unparalleled reliability.

Alongside our ultra-stable oscillator components, these new subsystems were key drivers of the record revenue and strong forward orders in our Aerospace and Defence segment. Products based on Rakon's newly released radiation hardened Mercury-R™ chip also helped to drive sales and enquiry volumes.

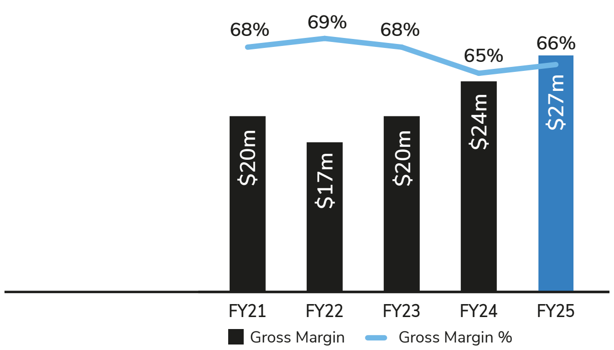
We have a strong order book that already stretches beyond FY26. In addition to the previously announced multi-million dollar satellite subsystem contracts with MDA Space, we are well positioned for similar large-scale LEO satellite constellation opportunities now in negotiation. We expect to secure similar opportunities on the back of this success.

Customer demand for our subsystems and ultra-stable oscillators remains exceptionally high. Our growth is linked to our own speed of capacity expansion, which we have invested into in FY25.

REVENUE



GROSS MARGIN



Telecommunications

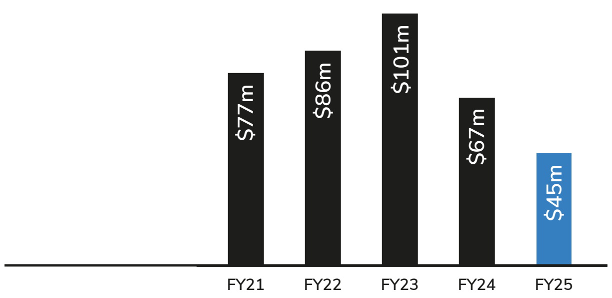
The first half of FY25 was the most challenging period for the Telecommunications market since 2018. The ongoing weak market cycle was one of the key drivers of this year's result, with lower orders and revenue down 33% year on year. The decrease in volumes also impacted economies of scale, operating leverage and gross margin.

Despite this, we saw a turning point and strong pickup in Telecommunications order volumes in the second half, validating the positive market signals we noted at the half-year. 63% of total telecommunications revenue was booked in the second half of the year, reflecting stabilising market conditions and selective global 5G investment – particularly in North America.

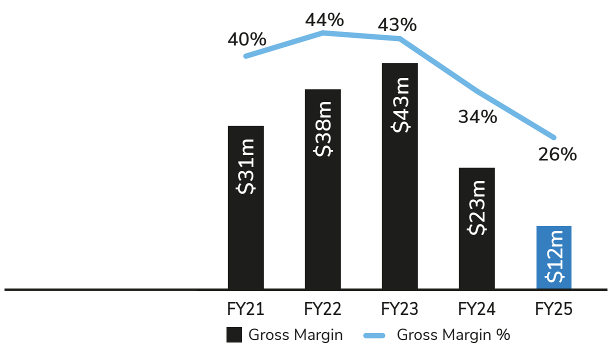
Drivers of this investment include the growth of 5G subscriptions globally, network densification activity to keep up with increasing data loads, and the growth of Fixed Wireless Access technology – high speed internet over 5G networks.

Rakon held its market share and maintained a high design win rate over the year. We are well positioned to capture new opportunities as the market continues to stabilise and return to growth.

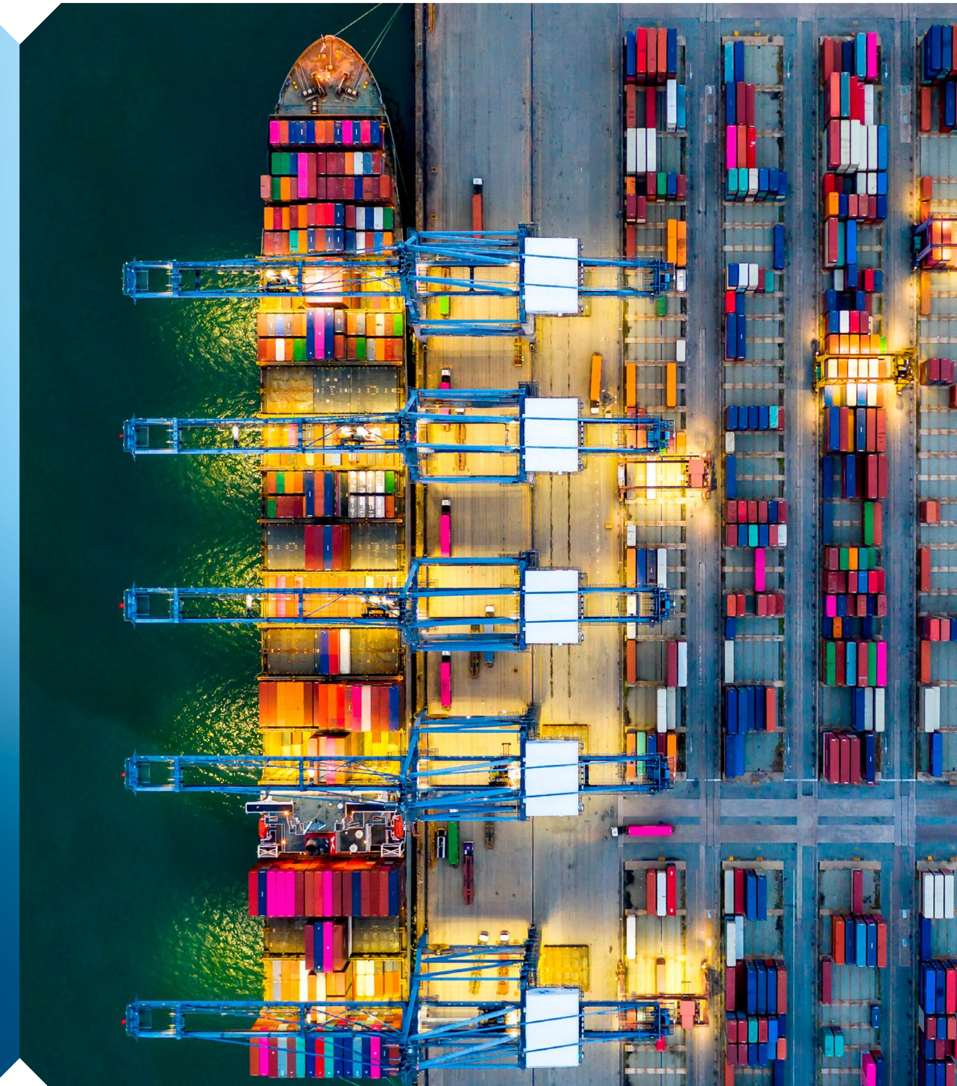
REVENUE



GROSS MARGIN



Positioning



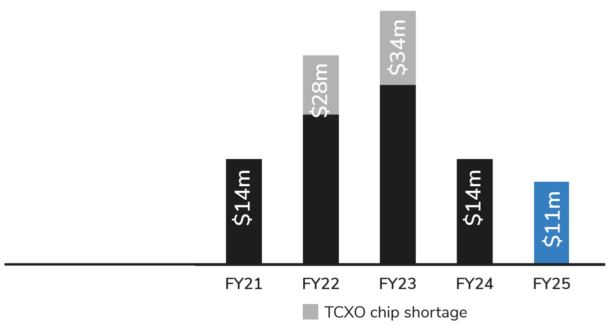
Similar to Telecommunications, continued market weakness in our Positioning core market was responsible for lower order volumes, a 21% decline in revenue, and inefficiencies in cost allocation from manufacturing operations.

Increased competition is also driving down margins in this segment, but Rakon's volumes have remained steady due to our high design win rate and stable market share, particularly in the high-end Precise Positioning sub-segment, and the overall growth of the Positioning segment.

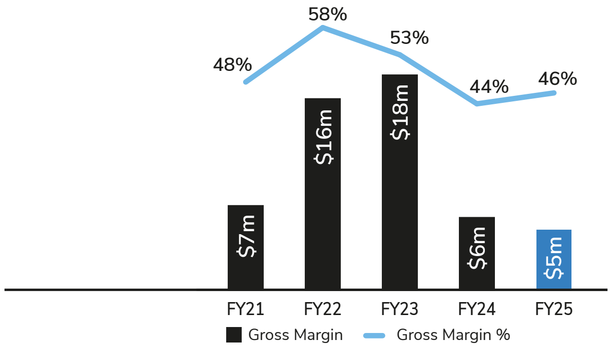
We continue to be a strong player in the high margin, specialised Precise Positioning part of this market – including emergency beacons. Overall, however, the Positioning segment remains flat, with increased competition driving down price particularly in the commodity end which Rakon does not currently target.

We expect Positioning revenue to be flat near-term as this price pressure offsets steady volumes, and we are defending our share of the Precise Positioning sub-segment, where margins and customer stickiness remain attractive.

REVENUE



GROSS MARGIN

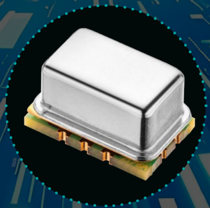


Powering precision in AI: a new era for Rakon

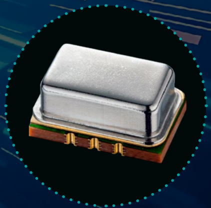
Our next-generation timing and synchronisation solutions meet the high demands and unparalleled precision required by AI workloads, giving us a strong technical edge as this market scales.

We are designed-in to nearly every leading AI data centre architecture from the major players and are expanding production capacity ahead of that demand. We expect FY26 to mark the start of significant revenue from this segment as it continues on a trajectory to become our next standalone core market.

Ultra Stable TCXO (Temperature Compensated Crystal Oscillator) on Niku™ semiconductor platform



IC OCXO (Integrated-Circuit Oven Controlled Crystal Oscillator) on Vulcan™ semiconductor platform

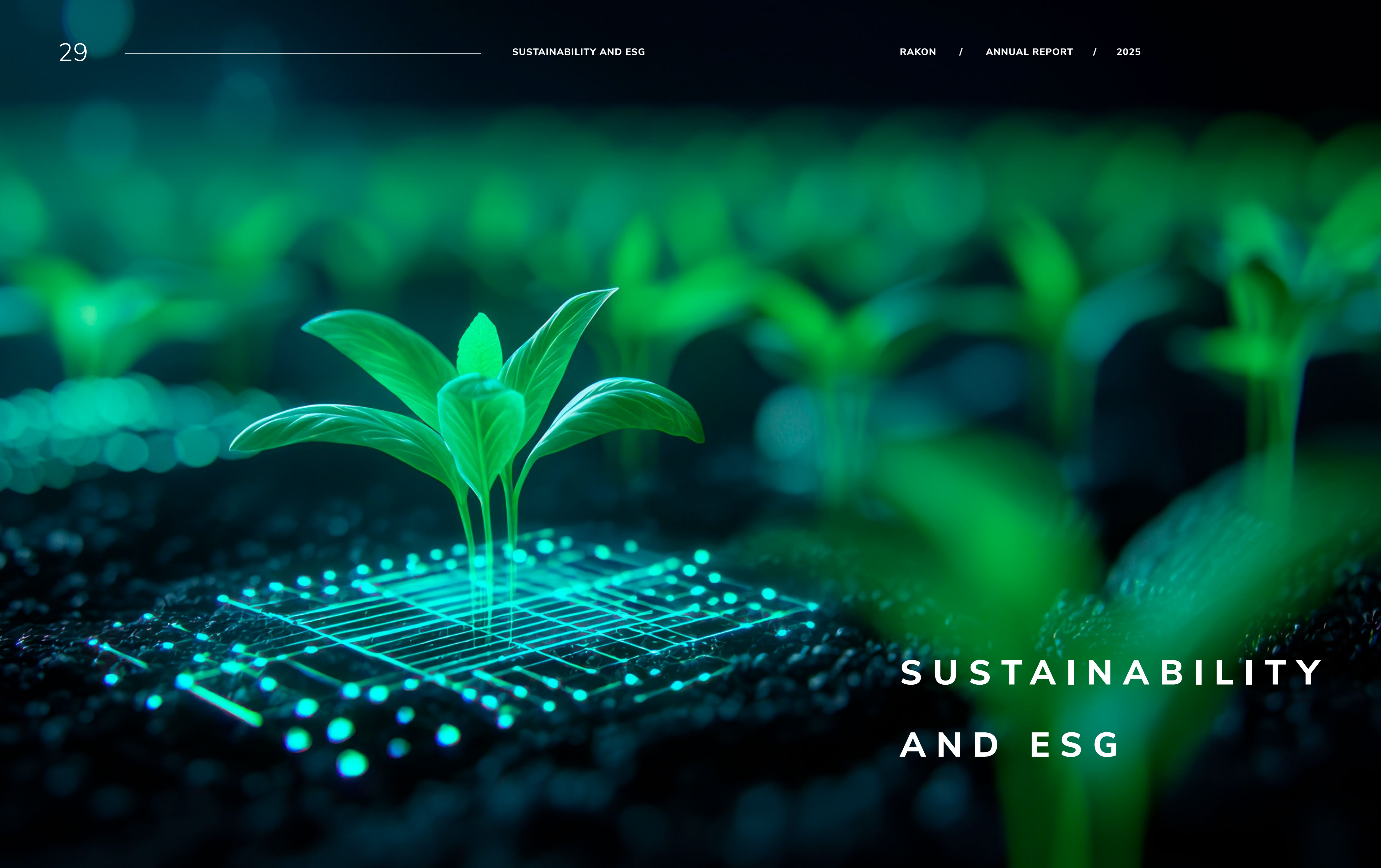


IC OCXO (Integrated-Circuit Oven Controlled Crystal Oscillator) on MercuryX™ semiconductor platform

XMEMS®: Rakon's proprietary nanotechnology microfabrication process for quartz wafer resonators, which enables miniaturised products with unprecedented performance.

Rakon semiconductor chip: proprietary semiconductor chips that are designed in-house to maximise the performance and stability of our oscillator products - delivering a key competitive advantage.

Products not shown to scale



SUSTAINABILITY AND ESG

Our People

INNOVATIVE CULTURE

Rakon's culture is built around putting people first, giving our global team the opportunities and support to grow and thrive within a world-beating culture of innovation.

We attract high calibre talent, invest in their development and create a safe and inclusive environment, focused on empowering our people to do their best work while supporting them to look after their well-being.

ENABLING THE CONNECTED FUTURE

Rakon's culture of innovation not only drives our next generation technology, it also connects our people to the same mission, and to a work environment that allows them to feel comfortable being themselves while making meaningful contributions to our goals.

The passion among our team for contributing towards next generation innovation and solutions leads to collaboration, a commitment to customer and continued team success. The strong engagement of Rakon's team members is reflected in our internal surveys where employees identify product, quality, technology, and culture as the key things they rate most highly about Rakon.

OUR VALUES

PASSION

We're driven by our energy and excitement to create solutions and new possibilities.

RESPECT

We treat others as we expect to be treated; we listen, value diverse perspectives and take nothing for granted.

COURAGE

We're proactive and challenge the status quo with a 'can do' approach.

PERSEVERANCE

We've the determination to have another go and achieve the best outcome as a team.

INTEGRITY

We're honest, transparent and strive to do the right thing by each other and the planet.

DIVERSITY & INCLUSION

Rakon is a global organisation, with a workforce located across 10 countries and representing over 40 different nationalities.

We're proud of the wide range of skills, backgrounds, ethnicities and experiences in our global team. They reflect the diversity of our customers and the communities in which we operate.

We recognise the importance of diversity and inclusion at the strategic and day-to-day levels in achieving our business objectives, fulfilling customer needs, and creating a high-performing, enjoyable and values-driven culture.

Diversity by gender

New Zealand

Female	44%
Male	56%

Global

Female	32%
Male	68%

Our diversity policy outlines our commitment to a diverse and inclusive working environment globally. The unique strengths and characteristics of our team members are recognised, and we strive to provide an environment across all of our sites, where everyone can feel comfortable in the workplace.

Our global talent acquisition and management programmes, along with our succession management processes, guide our efforts to attract, develop and retain high calibre candidates and employees who are aligned to our culture and values.

HEALTH, SAFETY AND WELL-BEING

Rakon is committed to the health, safety and wellness of our team. Across our global locations we have established practices to promote a safe and healthy working environment, compliant with local health and safety legislation. We have ongoing education and training, as well as the implementation of initiatives for continuous improvement.

Over FY25, three Lost Time Incidents (LTIs) were recorded (compared to five in FY24) and 23 incidents were recorded (compared to 32 in FY24).

These numbers reflect the consistent positive impact of our ongoing education and training efforts, including improved reporting procedures for Rakon India and Rakon France, as part of our initiatives for continuous improvement.

EMPLOYEE WELL-BEING

Supporting and looking after the well-being and mental health of our employees is at the core of Rakon's culture. We regularly review and implement new initiatives designed to promote and improve workplace wellness, so that our people can monitor and maintain personal well-being, and be at their best within the workplace and in their personal lives.

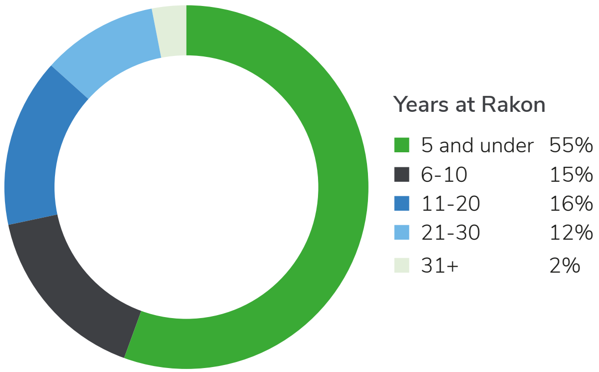
These initiatives include:

- Flexible working, including a move globally to hybrid working where employees can perform some of their roles from home. In our manufacturing operations, employees are able to request shift adjustments to accommodate personal circumstances
- Access for employees to Rakon's outsourced Employee Assistance Programme (EAP) or similar counselling services
- Mental Health 'First Aid' training for people leaders
- Online seminars on well-being, stress management, boosting mental health and personal wellness available for all employees
- Regular check-ins from managers to their team members and anonymised employee surveys focused on feedback around how they are and what else we could be doing to better support our teams and people.

ATTRACTING AND RETAINING TALENT

A technology pioneer for more than 50 years, Rakon has always recognised the importance of developing talent and promoting from within. We strive to provide meaningful career opportunities for our team members – across all levels and areas of the business, and particularly in the highly competitive skills environment.

Length of tenure – global



LEARNING & DEVELOPMENT

Raising up and developing leaders at all levels is a continuous focus. We provide development opportunities for our people leaders through a number of different programmes delivered around the globe. We also offer professional development across our business and continue to grow the opportunities available. Through our graduate programme, we offer support to team members where appropriate to continue their educational qualifications.

Our graduate programme is run globally and allows our new graduates to sample different parts of the business, eventually settling in an area most suited to their capabilities and interests. Across the global business we partner with multiple technical institutes to ensure we have a varied range of skills, backgrounds and experiences joining our team.

234 TEAM MEMBERS

HAVE BEEN PART OF OUR GLOBAL TEAM FOR 10+ YEARS

Board and Management profiles

Our Board

Lorraine Witten

CHAIR AND INDEPENDENT DIRECTOR

BMS (Hons); CFInstD; FCA

Appointed March 2017 and last re-elected at 2023 annual meeting

Lorraine is a professional director with extensive experience in technology and Information Communications Technology (ICT) sectors, as well as strategy and entrepreneurship.

She is a director of NZX & ASX listed company Mercury and private company vWork.

She is a Chartered Fellow of the New Zealand Institute of Directors and a Fellow of Chartered Accountants Australia and New Zealand (CAANZ).

Dr. Mark Bregman

INDEPENDENT DIRECTOR

MA Ph.D

Appointed November 2024

Mark is a professional director with over 35 years' experience leading and innovating global businesses. A recognised leader in the global tech industry, Mark has held executive and board roles in some of the world's most renowned technology companies.

Mark is a board member of Marama Labs Ltd. He is Chair with Vistage Australia and New Zealand and a General Partner at Quidnet Ventures, a seed stage venture capital firm that focuses on investing in and supporting NZ tech. A member of the board for the Bay Area Science and Innovation Consortium (BASIC) since 2004, including five years as Chair, Mark is also a Physical Sciences Investment Committee Member for Return On Science, a national research commercialisation programme hosted by Auckland University's UniServices.

Mark is an Edmund Hillary Fellow and is a Member of the New Zealand Institute of Directors.

Dr. Lisbeth Jacobs

INDEPENDENT DIRECTOR

PhD. MSc

Appointed March 2025

Lisbeth is the Chief Executive of Gallagher Animal Management, and an independent director of Goodnature. She has specialised experience at the board and management level across the technology, engineering and manufacturing sectors and a proven track record for guiding innovative companies to grow and capture market share on a global-scale.

At Gallagher, Lisbeth leads the Animal Management business with offices in New Zealand, Australia, USA, Canada, Chile and Brazil, joint ventures in Europe and South Africa, and distribution partners across Latin America and Asia.

Lisbeth holds a PhD in Engineering from the University of Auckland, a MSc in Engineering from KULeuven (Belgium) and completed the General Management Programme at INSEAD (Paris). She is Honorary Consul of Belgium and is a Member of the New Zealand Institute of Directors.

Jon Raby

INDEPENDENT DIRECTOR

BCom; PGC Accountancy FCA

Appointed March 2025

Jon is an experienced, commercial and results focused former executive with over two decades of experience in major financial services companies in New Zealand and Australia, including as Chief Financial Officer of ASB Bank from 2012 to 2023. His work experience covers structured finance, risk management, strategy, online banking, fostering Fintech innovation and finance leadership.

Jon is currently a non-executive director of the New Zealand Shareholders' Association, and an advisory board member for New Zealand companies Slice and Indi.

Jon is a member of the Institute of Directors in New Zealand.

Brent Robinson

DIRECTOR

Hon FIPENZ

Appointed 1991, last re-elected at 2022 annual meeting

Brent's 44 years at Rakon includes establishing global operations and markets and almost 36 years as Managing Director/CEO.

Brent is an Honorary Fellow of the Institute of Professional Engineers New Zealand and was awarded the New Zealand Hi-Tech Trust – Flying Kiwi Award in 2011.

Brent is also a director of Quantifi Photonics Limited.

Jung Meng (JM) Tseng

DIRECTOR

Appointed July 2023,
Elected at the 2023 annual meeting.

Jung Meng (JM) is the president of Siward Crystal Technology Co. Limited (Siward), a substantial shareholder (12.19%) in Rakon. An experienced business leader with over 45 years in the frequency control product industry, JM has helped grow Siward to become a global leader with revenue of US$100+ million.

JM is a director of Securitag Assembly Group Limited, Apex Optech Co., Limited and Siward subsidiaries. He holds an EMBA from Feng Chia University in Taiwan.

Rakon management team

Our team is core to Rakon's success and for leading our people to capture opportunities and navigate challenges.

In February 2025 we announced a realignment of our global Business Units and management team – bringing to the fore a customer-centric operational model and refreshed leadership with years of international and sector experience.

By structuring our business around our core markets, we are driving sharper strategic execution, stronger leadership accountability, and streamlined operations that will enable Rakon to accelerate sustained growth. The Business Units, Aerospace & Defence and Commercial, are each be led by a Managing Director with the autonomy and resourcing to drive market leadership, supported by a central framework that enhances collaboration, investment efficiency, and operational effectiveness.

Dr. Sinan Altug
CHIEF EXECUTIVE OFFICER

Mark Dunwoodie
CHIEF FINANCIAL OFFICER

Nick Pudney
CHIEF OPERATING OFFICER

Maureen Shaddick
GENERAL COUNSEL AND COMPANY SECRETARY

RAKON MANAGEMENT TEAM / CONTINUED

Margo Thomas

GENERAL MANAGER
GLOBAL PEOPLE AND CAPABILITY

Michael McIlroy

CHIEF INNOVATION OFFICER

Chloé Gautrin

MANAGING DIRECTOR, AEROSPACE AND DEFENCE

Adam Robinson

ACTING MANAGING DIRECTOR, COMMERCIAL

Arun Parasnis

MANAGING DIRECTOR, RAKON INDIA

Driving sustainability through our business

FY25 PROGRESS

Over the past year we have continued to work on our sustainability journey and to focus on strengthening our Environmental, Social and Governance (ESG) practices.

Here we highlight our progress in FY25, with further details provided on pages 42-46 and in our Climate Statement which will be available on Rakon's website on or before 31 July 2025: rakon.com/investors/reports-presentations-events.

In FY26, we plan to build on activities to date and to pursue further initiatives that can address our material ESG topics related to our products, supply chain, operations, people and governance. Enablers that are important to our progress include training and development, ongoing engagement with our people, assigning roles and responsibilities across the organisation to support ESG and climate change initiatives and activities and engagement with our, customers, suppliers and shareholders.

ENVIRONMENT

- Full implementation of a sustainability management software platform to facilitate the collection, calculation, analysis and reporting of Scope 1, 2 and 3 greenhouse gas emissions across Rakon's global operations.
- Preparing our second mandatory climate-related disclosure as a climate reporting entity under the External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards (NZCS).
- Engaging further with global teams to develop their understanding of climate change and expectations from stakeholders including regulators, customers and shareholders.
- Initiating and exploring further opportunities for execution of sustainability in practice on a large scale at our new Manufacturing Centre of Excellence in Bengaluru, India, including entering in to agreements for the purchase of renewable energy for those operations.

SOCIAL

- Fostering health and safety and well-being practices and consistent reporting across global operations for healthy workforce and safe workplaces.
- Ongoing focus on Rakon's procurement and sales activities to support an ethical, resilient and sustainable supply chain.
- Continued contribution to local communities through staff-initiated activities that reflect staff interest and values.

GOVERNANCE

- Regular engagement with the Board and Committees reflecting their oversight responsibilities and strategic focus on ESG and climate-related matters.
- Receipt of regular reporting on greenhouse gas emissions and other environmental data which will inform future initiatives.
- Strong focus on strategic risk and compliance.

Our ESG framework

Our ESG framework supports our sustainability goals. In this section, we share our material ESG issues, how they impact our business and our priorities for improvement. We also provide an update of our performance and progress over FY25. This includes information on the key environmental areas of carbon, waste and water.

MATERIALITY ASSESSMENT – WHAT OUR STAKEHOLDERS THINK

In FY22 we undertook an assessment to identify the most important ESG aspects for Rakon. This assessment entailed:

- a desktop review of Rakon's own information and external information, including current trends, peer analysis, media reports; and
- stakeholder engagement with institutional and other investors, potential investors, senior management and staff.

The output of this work remains a touchstone to help us to determine the environmental, social and governance topics we should prioritise (as set out on the next page). However, we recognise all ESG related topics are important to sustainability and how we must govern and manage our global business and operations.

OUR PRIORITY AREAS

The table below summarises and defines the environmental, social and governance topics that Rakon and its stakeholders believe are most material to the company. They are wide-reaching and impact most parts of our operations. From these topics, we identify the areas where we should focus our efforts to improve sustainability. As we implement improvement initiatives, we are also focussed on developing our framework to support the measurement, reporting and assurance of our performance across these areas.

	Topic	Sub-topics	Definition
ENVIRONMENT	**Sustainable products**	• Sustainable materials and product design • Waste and circularity • Decarbonisation (scope 3)	Minimising the negative impact of our products and embracing innovation to positively impact the environment.
ENVIRONMENT	**Sustainable operations**	• Waste and hazardous material management • Water management • Decarbonisation (scope 1 and 2) • Climate adaptation and resiliency	Sustainable and efficient use and protection of resources in the operating processes, particularly manufacturing. Adapting to the physical impacts of climate change to maintain a resilient business model.
SOCIAL	**Ethical supply chain**	• Responsible sourcing of materials • Modern slavery • Responsible selling of products • Bribery and corruption	Ethical sourcing of raw materials, components and subcontracting, and especially in relation to conflict minerals and labour, particularly in partner manufacturing plants outside New Zealand where labour laws differ. Policy of compliance with international trade laws and practice of due diligence in relation to procurement, and sales and exports of products. No tolerance for bribes, facilitation payments or kickbacks in any business activities including in engagement with public officials.
SOCIAL	**An engaged, healthy, diverse and capable workforce**	• Employee health, safety and well-being • Employee engagement and growth • Diversity and inclusion	Cultivating a strong, healthy workplace culture that attracts, engages and develops high performing teams that embrace diversity.
GOVERNANCE	**Risk management**	• Risk management • Disclosure • Compliance with legal and regulatory requirements	Maintaining robust risk management processes supported by internal controls and assurance.

Improving our environmental impact

We recognise the importance of protecting the environment and our Corporate Environmental Policy sets out our commitment to achieving environmental best practice.

We are highly conscious of the need to protect the world's environment and be efficient in the use of energy and natural resources. We aim to develop environmentally friendly products and technologies through our design and development processes and endeavour to use appropriate methods to dispose of and treat our wastes to prevent pollution.

Our Environmental Management System (EMS) is central to meeting our customers' expectations, achieving continuous environmental improvement and maintaining compliance with applicable laws and regulations relating to the protection of the environment and the welfare of our employees.

As part of this commitment. Rakon is certified to ISO14001 standard at its sites in Auckland, New Zealand and Bengaluru, India. This standard sets out the requirements for our EMS.

We have been reporting to CDP (formerly known as the Carbon Disclosure Project) since 2010. The information we measure across our global operations includes refrigerant use and the consumption of carbon dioxide, electricity, fuel and natural gas. CDP, a global environmental disclosure system, enables our customers to access information about our environmental practices, management of risks and opportunities and improvement initiatives and to support their assessment of their own carbon footprint.

Over the past year we have made good progress on improving our processes for collecting, measuring and reporting environmental information. We have now completed a full year of use of an energy efficiency and sustainability management software platform, which enables input of data from global teams and access to data and reports for local and corporate-wide business requirements and initiatives. Our environmental metrics include measurement of greenhouse gas (GHG) emissions, electricity usage, waste to landfill and water consumption.

GREENHOUSE GAS (GHG) EMISSIONS

Rakon's most relevant climate change metrics relate to GHG emissions. We currently measure Rakon's Scope 1 (Direct) and Scope 2 (Indirect Energy) GHG emissions. We have commenced a project to collect and measure Scope 3 (Other Indirect) GHG emissions and now expect to be able to disclose Scope 3 emissions for FY26 and onwards having taken the opportunity of the change to the mandatory reporting requirements for climate reporting entities to spend longer on the project.

Rakon's principal sources of Scope 1 and 2 GHG emissions are electricity usage to run offices, factories and manufacturing equipment and processes and the use of carbon dioxide in parts of our production process. Rakon's GHG emissions in FY25 will be reported in our Climate Statement which will be available on Rakon's website on or before 31 July 2025:
rakon.com/investors/reports-presentations-events.

OUR MANUFACTURING OPERATIONS

New Zealand

Our New Zealand manufacturing operation retained its ISO14001 (Environmental Management System Certification) during the year with five non-conform findings identified which have now been addressed. New Zealand's EMS is regularly reviewed following the Plan-Do-Check-Act methodology.

Electricity

Electricity consumption does not change significantly relative to production volumes of products and is affected only to some degree by some products requiring more electricity to manufacture than others. Therefore, a substantial proportion of electricity consumption occurs regardless of the volumes produced.

Measure	Calendar Year 2022	Financial Year FY24	Financial Year FY25
Electricity Consumption (MWh/Year)	4,785	4,249	4,096

Water

Total water consumption in New Zealand increased by 6.9% against FY24. Our New Zealand operation's principal use of water is in the manufacturing cleanrooms which operate at a similar level regardless of changes in production volumes, as well as for general staff and cleaning requirements and other activities on site.

Measure	Calendar Years 2020	2021	2022	Financial Year FY24	Financial Year FY25
Water usage (cubic metres)	10,982	11,033	11,122	11,031	11,795

Waste

The percentage of waste recycled in FY25 has increased slightly from FY24, the tonnage of waste to landfill has decreased, influenced by lower production volumes and associated waste and more recycling activity. The previous increases in waste to landfill up to 2022 were largely due to recycling options in New Zealand being curtailed as a result of overseas recycling agencies ceasing import of recycling from New Zealand, and some of Rakon's plastic waste (e.g. plastic reels) having a fire retardant compound which is incompatible with recycling. We continue to explore initiatives to recycle e-waste, metal parts and other plastics. As production levels settle at Rakon NZ following transfer of the manufacturing of some product to Rakon's facility in India we will be better informed to set waste reduction targets.

Measure	Calendar Years 2020	2021	2022	Financial Year FY24	Financial Year FY25
Waste to landfill (tonnes)	17.7	25.58	29.51	22.62	20.40

Measure	Calendar Years 2020	2021	2022	Financial Year FY24	Financial Year FY25
Waste recycled (tonnes)*	N/a	21.41	29.35	18.74	21.32
Percentage of waste recycled*	N/a	45.6	49.9	45.3	51.09

* N/a – not available that year

Rakon India

Rakon's new manufacturing facility in Bengaluru, India is now fully operational and has undertaken further investment in FY25 to add to its production capabilities including to accept the transfer of the manufacturing process of some of the Rakon products currently manufactured in New Zealand. The new facility is certified for ISO14001:2015 (Environment management system) with validity through to December 2027 and for ISO 45001:2018 (Occupational health and safety management system) with validity through to December 2027 with zero non-compliances to date.

The factory is a green building incorporating various sustainable building practices and has applied for 'LEED Certification' (Leadership in Energy and Environmental Design). The certification process is continuing, and assignment of the building's rating is pending.

Water

In the design and construction of the new manufacturing facility, Rakon's goal was to achieve zero water discharge from the premises. During the financial year FY25 1,600 cubic metres of recycled water from the in-house STP (sewage treatment plant) and ETP (Effluent treatment plant) were used for toilet use and for gardening purposes (FY24, 1,300 cubic metres). We also collected 320 cubic metres of water through rainwater storage tanks which is used for gardening and cleaning purposes (FY24: 420 cubic metres). Rainwater is also collected through rainwater recharge pits to improve the Groundwater table at the premises.

Measure	Financial Year 2024	Financial Year 2025
Water usage (cubic metres)	26,207	16,294

Rakon India also uses water in its manufacturing operations. Lower water usage in FY25 compared to FY24 reflects lower production volumes in FY25 and the inclusion of water usage from Rakon India's former factory, which continued through part of FY24, in the data for FY24.

Electricity

During the latter half of FY25 Rakon India entered into renewable energy electricity purchase agreements for its operations in Bengaluru which covered 39% of its electricity requirement for FY25. Until we can confirm the agreements meet all the necessary criteria for the market-based method of Scope 2 emissions measurement under the Greenhouse Gas Protocol we do not claim these agreements have resulted in a reduction in Rakon India greenhouse gas emissions. Clearly establishing whether such agreements meet the market-based criteria is important as Rakon India has the opportunity to enter into similar but longer term agreements for its electricity requirements in FY26.

Measure	Financial Year 2024	Financial Year 2025
Electricity Consumption (MWh/Year)	4716	3763

Energy efficiency is addressed through the use of LED lights, motion sensors for lighting control, energy efficient motors, variable frequency drives for HVAC and AHU motors, and evaporator cooling systems being implemented in the new facility. Double-glazed tinted glass is used in office and other areas to reduce the temperature inside thereby reducing the air conditioning load.

Our supply chain, people and practices

Rakon recognises that visibility of labour and business practices, sources of materials and end use of products are important issues for many of our stakeholders including customers, suppliers, investors, employees and regulators.

In addition to addressing these matters in our Supplier Code of Conduct and broader Business Code of Conduct, Rakon has practices and policies which guide our approach to the sourcing of materials, products and labour as well as who we sell to.

Key codes and policies include our Supplier Code of Conduct, Trade Compliance Policy, Conflict Minerals Statement, Slavery and Human Trafficking Statement and Whistleblowing (Protected Disclosure) Policy.

Rakon's standard terms of procurement require our suppliers to comply with our Supplier Code of Conduct and Conflict Minerals Statement as updated from time to time. Our Supplier Code of Conduct addresses our high expectations regarding our suppliers' responsibility for and attention to business ethics, health and safety, environment and sustainability, employees' rights and management systems.

Rakon's products are used in a wide range of applications in many different industries and market sectors.

Our Trade Compliance Policy sets out principles and addresses processes that Rakon employees are required to follow in relation to sales and exports of Rakon products and procurement and imports of materials including due diligence processes. Rakon's global operations, supply chain and market sectors and customer base demand a comprehensive, vigilant focus on compliance with country specific and international trade and export controls, sanctions and legislation.

Staff training, business management system protocols and controls and senior management oversight and escalation processes support compliance. Compliance assurance reporting is required by the Board every six months.

Contributing in our communities

Rakon is committed to actively and positively contributing to the communities in each of the countries and locations we operate in. Over the past year, we have helped with a range of initiatives that support local community efforts to improve sustainability and well-being, as well as assisting with education and career prospects in each of our locations.

India

Rakon India continues to forge strong community partnerships.

In FY25 Rakon India funded the Indian Forest Department, a key local reforestation project, using indigenous plant biodiversity. In addition to a financial contribution for the project, Rakon India team members took part in tree planting work projects.

Rakon India has also invested in the 'National Apprenticeship Training Scheme'. This is one of the flagship programmes of the Government of India for skilling Indian youth in trade disciplines. The Scheme offers graduate and diploma students and vocational certificate holders on-the-job-training opportunities with durations ranging from six to 12 months.

France

Rakon France has offered subsidies to staff purchasing electric bicycles to help reduce the costs of their commute to work compared to driving their cars to work and foster healthier lifestyles.

United Kingdom

Our Research and Development centre in the United Kingdom, which is now based in Cambourne, Cambridge continues to support a charity radio station at the Princess Alexandra Hospital, in Harlow, Essex. Established in 1970, the station broadcasts exclusively to the patients and staff of the hospital.

New Zealand

In New Zealand, we regularly provide study opportunities to students, including work experience placements and support for engineering students. This provides a pathway to employment for some of the students and aligns with our long history of fostering talent and strategic focus on technology leadership.

We also support a number of New Zealand charities each year. Over the past year, we have donated to NZ Downs Syndrome Association, NZME Auckland Special Children's Christmas Party, Burn Support Group Charitable Trust, Kidney Kids, Koru Care, Kids Big Day Out, Westpac Helicopter Trust and Rotary Club of Newmarket.

Corporate Governance

The Board of Rakon Limited is committed to conducting business in the right way and maintaining the highest standards of corporate behaviour and accountability. The Board regularly reviews Rakon's corporate governance framework and supports best practice reporting.

The Board confirms that in the year to 31 March 2025, the company's corporate governance practices were substantially in compliance with the recommendations in the NZX Corporate Governance Code (31 January 2025). Where there was not full compliance with the recommendations in the Code an explanation has been provided.

The information in this Annual Report is current as at 30 June 2025 and has been approved by the Board. The key corporate governance documents referred to in this report are available on Rakon's website at: www.rakon.com/investors/corporate-governance.

Rakon is listed on the NZX Main Board and is subject to regulatory control and monitoring by both the NZX and the Financial Markets Authority (FMA).

CODE OF ETHICAL BEHAVIOUR

We are committed to ensuring the highest standards of honesty and integrity are maintained by our directors (Directors), employees, suppliers, contractors and consultants, in all activities conducted by, or in the interests of, Rakon.

Corporate policies, guidelines, procedures and practices address how we support our people, respect communities, act in the interests of our investors, conduct our business and protect the environment. This includes our requirements in relation to the environment, health, safety and wellbeing, and ethical behaviour.

Ethical standards and guiding principles are set out in our Business Code of Conduct. The high standards of honesty, integrity and ethical conduct which Directors are required to maintain, are also set out in the Board Charter which is regularly reviewed by the Board.

Rakon's Business Code of Conduct sets out our expectations of ourselves and our suppliers of how we operate and do business. It includes respect for, and compliance with, all laws in the countries in which we operate and universally recognised standards for the environment, human rights, labour and ethics.

Rakon has processes in place to ensure all new and existing employees have awareness and understanding of the Business Code of Conduct and other company policies. These include an Employee Handbook which is provided to all new employees. The Handbook is regularly reviewed and updated and is available on the in-house portal, along with all human resources and corporate policies and procedures. Training sessions with managers and team leaders aim to equip them to guide and support their teams. Rakon recognises it is necessary to use a range of methods and approaches over time to promote awareness and obtain assurance of understanding and compliance.

Directors and employees are expected to report material breaches of the Business Code of Conduct. Rakon's Whistle Blowing (Protected Disclosure) Policy, supports the expectation that Directors and employees should report breaches of the Business Code of Conduct and policies, as well as other wrongdoing or suspected wrongdoing. The policy provides a framework and process for safe reporting and is accessible by all employees on the in-house portal.

Rakon's Financial Product Trading Policy addresses the risk of insider trading in Rakon securities by Directors, employees and contractors. Additional trading restrictions apply to Restricted Persons as defined in the policy, including Directors, and certain employees. Regular reminders of the purpose and meaning of this policy are provided to staff and Directors including advice in relation to the commencement and end of restricted trading periods. Details of Directors' shareholdings as at 31 March 2025 are set out in the Shareholder Information section on page 116. The policy is also available on the in-house portal and notices about restricted trading periods and reminders about the rules regarding financial product trading and related policies are provided to employees.

BOARD COMPOSITION AND PERFORMANCE

The Board is ultimately responsible for Rakon's strategic direction and oversight of Rakon's management, with the aim of increasing shareholder value and ensuring the company's obligations are met.

The Board operates under a written charter which sets out the structure of the Board and the procedures for the nomination, resignation and removal of Directors; and outlines the respective responsibilities and roles of the Directors and management. It also identifies procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that Directors are fully empowered to perform their duties and to fully participate in meetings of the Board.

Rakon's day-to-day management and operation is delegated by the Board to the Chief Executive Officer. This delegation and further sub-delegation to senior management and their direct reports is subject to financial controls and limitations as reviewed from time to time and as set out in Rakon's Delegation of Authority Policy.

In discharging their duties, Directors have direct access to and may rely upon advice from Rakon's senior management and external advisers.

Directors have the right, with the approval of the Chair or by resolution of the Board, to seek independent legal or financial advice at the company's expense to assist them in the proper performance of their duties.

While the appointment of new Directors is the responsibility of the whole Board, the People Committee Charter outlines the Committee's particular duties and responsibilities in relation to the selection and appointment of new Directors and succession planning.

The People Committee is responsible for identifying and recommending candidates for the role of Director, taking into account such factors as it deems appropriate, including tenure, capability, skill sets, experience, diversity, qualifications, judgement and the ability to work with other Directors.

The Board recognises a skills matrix can assist with identifying and assessing existing Directors' skills and competencies as well as new skills and competencies which may be needed to meet Rakon's future governance requirements. The skills and experience the Board has determined are important to Rakon's strategic direction and those held by the Directors as at the date of this report are shown on this page. The number of elected Directors and the procedure for their appointment, retirement and re-election at annual meetings are set out in Rakon's Constitution and the NZX Listing Rules.

All Directors, including any executive Director, must retire by rotation and if eligible, may stand for re-election at the third annual meeting, or three years after their last election, whichever is longer. Any Director appointed since the previous annual meeting must also retire and is eligible for election.

All new Directors enter into a written agreement with the company in the form of a letter of appointment. The letter sets out the key terms and conditions of their appointment. The letter addresses tenure, duties and responsibilities and requirements outlined in relevant legislation, the NZX Listing Rules, Rakon's Constitution and the Board Charter and is supported by general governance rules and practice.

Information about each of Rakon's Directors is available on the Rakon website and on pages 34-35. The company maintains an interests' register and particulars of the entries made in the interests register during the year ended 31 March 2025 in relation to Directors' interests are disclosed in the Shareholder Information section on pages 115-117.

DIRECTORS' SKILLS MATRIX

Board meetings and attendance

The Board meets as often as it deems appropriate, including sessions to review the company's performance against agreed plans, and to review Rakon's strategic direction and forward-looking business plans. Video and/or phone conferences are used to accommodate and reduce director travel requirements.

The table (right) sets out Directors' attendances at the Board, Audit and Risk Committee, People Committee and Independent Committee meetings during the year ended 31 March 2025. In total, there were 18 Board meetings, four Audit and Risk Committee meetings and three People Committee meetings. Directors also attended the 2024 Annual Meeting. A record of attendances at 22 meetings of committee of independent Directors is also included in the table. The higher than usual number of meetings of the Board and the meetings of the Independent Committee were principally due to the receipt of non-binding indicative offers to purchase Rakon in FY24 and FY25 and matters associated with the evaluation of those offers.

For those Directors involved in both the Board, standing Committees and the Independent Committee there was a total of 48 separate meetings constituting significant additional work over and above the usual workload (generally approximately 20 meetings) both in attending meetings and preparing for the same. The Board approved the payment of additional fees, from an Additional Work Pool approved by shareholders, to the members of the Independent Committee which provided compensation for some of the additional work (see Remuneration Report on page 111).

	Board Meetings	Audit & Risk Committee	People Committee	Annual Meeting	Independent Director Committee
Total number of meetings held	**18**	**4**	**3**	**1**	**22**
Lorraine Witten	18	4	3	1	22
Brent Robinson	17	1		1	–
Mark Bregman[1]	8	2	2		4
Lisbeth Jacobs[2]	1				
Jon Raby[3]	1				
Jung Meng Tseng	1			1	
Keith Watson[4]	17	4			22
Keith Oliver[5]	11	1		1	17
Sinead Horgan[6]	7	1	–	–	12
Roger Yao[7]: Observer for Jung Meng Tseng	15	1		1	–

1 Mark Bregman joined the Board on 1 November 2024
2 Lisbeth Jacobs joined the Board on 17 March 2025
3 Jon Raby joined the Board on 24 March 2025
4 Keith Watson ceased as a Director on 24 March 2025
5 Keith Oliver ceased as a Director on 1 November 2024
6 Sinead Horgan ceased as a Director on 27 August 2024
7 Roger Yao is an observer for Director Jung Meng (JM) Tseng, with the consent of the Board. JM is the President of Siward Crystal Technology Co. Limited, which is a substantial shareholder (12.19%) in Rakon and is actively involved in the governance of Rakon.

Diversity

At Rakon, we are committed to a workforce reflecting the diverse communities in which we operate and our customer base, and to ensuring that our employees' unique strengths and characteristics are valued and celebrated.

We recognise the importance of inclusion and diversity in helping to deliver our business objectives, fulfil the needs of our customers and create a high-performing, values-driven culture. Committing to inclusion and diversity means incorporating inclusion and diversity into our talent acquisition, talent management and succession management processes, and into our values and culture.

Rakon's Diversity and Inclusion Policy requires Rakon to set objectives for measuring and promoting diversity and inclusion within the company. Progress on these objectives is required to be monitored and assessed by the People Committee and the Board at least annually.

In FY25 the key objective set under Rakon's Diversity and Inclusion Policy was a consistent collation and recording of human resources data including gender, ethnicity, tenure, remuneration and benefits across its global operations. In confirming this objective, the Board recognised that to be able determine whether Rakon's global recruitment, succession, retention, development and remuneration strategies are in alignment with Rakon's Diversity and Inclusion Policy requires access to comprehensive, reliable data on an iterative basis. The process of collation and recording of human resources data across Rakon's global operations has significantly improved, enabling enhanced reporting to the Board and informing strategic decision making in relation to the review of Rakon's organisational structure. As at 31 March 2025, women represented 33% (FY24: 29%) of Rakon's Directors and 30% (FY24: 22%) of Rakon's Officers (as defined in NZX Listing Rule 3.8.1(c)). A quantitative breakdown of the number of male and female Directors and the number of male and female Officers as at 31 March 2025 and as at 31 March 2024 is set out in the table below. Officers are the Chief Executive and other direct reports of the Chief Executive Officer having key functional responsibilities. Rakon gender data across all its global teams can be found in the People section pages 30-32.

Date of determination	31 March 2025		31 March 2024	
Directors				
Females	2	33%	2	29%
Males	4	67%	5	71%
Officers				
Females	3	30%	2	22%
Males	7	70%	7	78%

Director Development

All Directors are encouraged to undertake appropriate training and education to build on their governance and directorship skills. Appropriate training and education includes: receiving presentations on updates in governance practice; advice on new and changing legal and regulatory frameworks; attending technical and professional development courses; and attending presentations from subject matter experts and Rakon advisers. Senior management provide updates to the Board on relevant industry and company issues. A number of Rakon's Directors maintain membership of the New Zealand Institute of Directors. During the year, Rakon directors received further training information in relation to climate change and reporting and discussed training and development needs of the Board as a whole and how they can best be addressed in the Board's annual work plan, including by way of Deep Dive sessions.

Board, Committee and Director Evaluation

The Board Charter requires the Board to regularly consider individual and collective performance, together with the skill sets, training and development and succession planning required to govern the business. Through FY25 the Board has continued to reference the output and analysis of a Board Evaluation process carried out in 2023 using the Institute of Directors' Kickstart Programme. Directors have sought to monitor agreed actions and initiatives for Directors and management that support the ongoing improvement of the Board's administration, operation and stewardship.

The charters of the Board's Committees require the Committees to undertake a self-review process, including receiving feedback from the Board as a whole and reporting to the Board on the outcome of the reviews. Review and evaluation checklists have been prepared for each Committee for the purpose of review and evaluation exercises. Due to the workload of the Committees and changes in the composition of each Committee, the self-review processes planned for the Committees in FY25 were not completed. Self-review is included in the FY26 work plans of each of the Committees.

Independence

As of 1 April 2025, the Board comprises six non-executive Directors. In order for a director to be independent, the Board has determined, among other things, they must not be an executive of Rakon and must have no disqualifying relationships. The Board records guidance for determining independence in its Charter and follows the guidelines in the NZX Listing Rules.

By reference to this guidance, the Board considers that as at 1 April 2025 a majority (four) of the Directors are independent of the company and do not have any interests, positions, associations or relationships which might interfere, or might be seen to interfere, with their ability to bring independent judgement to the issues before the Board. After making due inquiry the Board is satisfied none of the independent Directors has been a director for 12 years or more, none has a significant shareholding in Rakon and none has been an employee, the auditor or an adviser of the company. The Board accordingly confirms: Lorraine Witten (Chair), Mark Bregman, Jon Raby and Lisbeth Jacobs are independent; and Brent Robinson being a significant shareholder and representing a significant shareholding and being a former executive employee and Jung Meng Tseng, representing the significant shareholding of Siward Crystal Technology Co., Limited, are not independent.

The Board recognises that from time to time it is appropriate for the Board to confer without executive directors (if any) or other senior management present, and for there to be separate meetings of independent directors. The Board builds regular sessions for Director only sessions and for independent Directors to meet into its annual work plan.

The Chair of Rakon is an independent Director. While the Board Charter does not require the Chair of the Board to be an independent Director, if the Directors appoint a fellow Director as Chair who is not independent, then they are required, in accordance with the Charter, to disclose this fact in the company's annual report, along with reasons justifying such a decision. The Rakon Board Charter records the Board's intention that the Chair and Chief Executive Officer shall not be the same person.

COMMITTEES

The Board has delegated certain activities to committees to assist in the execution of its responsibilities. The current standing committees of the Board are the Audit and Risk Committee and the People Committee (Committees).

The Committees meet as required and have terms of reference (charters), which are approved and regularly reviewed by the Board, and are available on Rakon's website. Membership of the Committees as at 1 April 2025 and membership through FY25 is set out in the table (right):

Audit and Risk Committee	People Committee
Membership	
• Sinead Horgan (Chair to 27.08.24) • Lorraine Witten (Chair from 27.08.24 to 24 .03.25) • Keith Watson (member from 01.04.25 to 24 .03.25) • Keith Oliver (member from 28.08.24 to 01.11.24) • Mark Bregman (member from 01.11.24 to 31.03.25) • Jon Raby (Chair from 24.03.25) • Brent Robinson (member from 01.04.25)	• Keith Watson (Chair to 24.03 2025) • Lorraine Witten • Keith Oliver (member to 01.11.24) • Mark Bregman (Chair from 01.04.25) • Lisbeth Jacobs (member from 01.04.25)
Purpose	
Ensure oversight of all matters related to Rakon's financial accounting and reporting, monitoring the processes undertaken by external auditors and internal audit activity, operational risk management and compliance with all financial corporate governance requirements. Its duties and responsibilities include: • Review of consolidated financial statements. • Oversight of compliance with financial reporting requirements and accounting standards and policies.. • Review of performance of the external auditor, their appointment and removal and their independence. • Oversight of risk management framework, risk policies, risk appetite and risk reviews including climate-related risks. • Review of the adequacy and effectiveness of internal controls. • Oversight of insurance programme and treasury management. • Oversight of climate-related matters including reporting	Assist the Board in establishing coherent human resources, remuneration and Director nomination policies and practices, to support the successful management of Rakon. Its duties and responsibilities include: • Review of human resources strategy, organisational structure and management succession planning, • Review employee incentive schemes, remuneration for the Chief Executive, senior management and Directors. • Oversight of compliance with human resources and health and safety legislation and policies. • Oversight of Director succession planning, selection, appointment and evaluation. • Review induction and training programmes for new and existing Directors. • Review and monitor setting and implementation of diversity and inclusion policy and objectives.

The Committees review policies, which are within the scope of their terms of reference, and monitor their implementation. They examine reports, information and proposals and, where appropriate, make recommendations to the full Board. Committees do not act or make decisions on behalf of the Board unless specifically mandated by prior authorisation from the Board to do so.

All members of the Board receive the minutes of each of the Audit and Risk Committee and People Committee meetings. In pursuing its duties and responsibilities, each Committee is empowered to seek any information it requires from employees and to obtain independent legal or other professional advice. Each Committee is required to report to the Board after each meeting of the Committee.

The Audit and Risk Committee's Charter provides that the Committee must be comprised solely of Directors of Rakon, have a minimum of three members, have a majority of independent Directors and have at least one Director with an accounting or financial background.

The NZX Corporate Code recommends that the Chair of the Board should not be the Chair of the Audit and Risk Committee. As a result of the resignation of the Chair of the Committee effective on 27 August 2024 and due to the length of time required to recruit a new Director qualified to fill the role, during the course of FY25, from 28 August 2024 to 23 March 2025 the Chair of the Audit and Risk Committee was the Chair of the Board. Effective from 24 March 2025, the Chair of the Audit and Risk Committee is a newly appointed independent Director with the required financial and accounting qualifications and now two of the three current members are independent Directors with accounting qualifications and financial and business experience. As demonstrated in the table on page 52, when other vacancies arose the vacancies on the Committee were filled by other Directors to ensure the Committee comprised a minimum of three members.

Management may attend Committee meetings at the invitation of the Committee Chairs.

The People Committee's work plan reflects duties and responsibilities that would otherwise be covered by separate remuneration and nomination committees. This approach is sensible from an administrative and resourcing perspective and facilitates regular oversight of both remuneration and nomination matters during the year. Currently Rakon health and safety matters are the responsibility of the full Board with oversight of legislative compliance and policy by the People Committee. All three of the People Committee members are independent Directors.

Other Committees

The Board Charter specifically requires the Board to assess regularly whether there is a need for any further standing committees. The Board expects that any committee established should operate under a written charter. From time to time, special purpose committees may be formed to review and monitor specific projects with senior management.

In December 2023, the Rakon Board approved a formal committee of independent Directors (Independent Committee) and its terms of reference.

Control transaction protocols

Rakon does not have a specific takeover response or control transaction policy. Rakon meets its control transaction preparedness through training provided by external legal counsel and through maintaining resources of up-to-date guidance in the Directors' Resource Centre. In December 2023 on receipt of a non-binding indicative offer, Rakon convened a committee of independent Directors to oversee disclosure, evaluation and response and engage expert legal and financial advisers to advise the committee. The terms of reference of the Independent Committee formed in FY24 were approved by the Board and remained in effect through FY25. The Board would form an independent control transaction committee in the event of a control transaction.

REPORTING AND DISCLOSURE

Rakon's Directors are committed to keeping investors and the market informed of all material information about the company and its performance, in a timely manner.

Continuous Disclosure

Rakon has a Continuous Disclosure Policy to ensure that material information is identified, reported, assessed and disclosed promptly and without delay to the market. This policy is regularly reviewed and circulated to Directors and employees, along with further guidance on the application of the policy and additional reminders about its purpose and importance. Continuous disclosure is a standing agenda item for each Board meeting. At each meeting, the Board considers whether there is any relevant material information that should be disclosed to the market and minutes the outcome of that consideration whether or not any disclosure obligation is identified. In addition to all information required by law, Rakon also seeks to disclose sufficient meaningful information, including financial and non-financial information, to ensure stakeholders and investors are kept well informed about the company.

Key governance documents

Rakon makes its key governance documents available on its website: rakon.com/investors/corporate-governance.

Financial information

Rakon's business and finance teams are responsible for implementing and maintaining the appropriate accounting and financial reporting principles, policies and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, clarity, balance and timeliness of financial statements. The Committee reviews Rakon's full and half-year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit. All matters required to be addressed, and for which the Committee has responsibility, were addressed for the reporting period ended 31 March 2025.

For the financial year ended 31 March 2025, the Directors believe that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate the compliance of the financial statements with the Financial Markets Conduct Act 2013. The Chief Executive Officer and Chief Financial Officer have confirmed in writing to the Board that Rakon's external financial reports present a true and fair view of the company's financial position in all material aspects.

Rakon's full and half-year financial statements for the current year and the past nine years, are available on our website.

Non-financial information

Rakon combines its non-financial reporting into the Annual Report, recognising the interdependence of financial and non-financial matters to the long-term sustainability of the business. In late FY22 Rakon carried out a formal process to understand Environmental, Social and Governance (ESG) priorities including engagement with stakeholders who helped inform the focus of the development of our formal framework for mature sustainability reporting. Since then, including through FY25, Rakon has continued to be guided by the roadmap first developed in 2022.

A key focus through FY25 has been the establishment of improved practices to support Rakon's environmental record-keeping and reporting (including climate related record-keeping and reporting required under the Climate-related Disclosures regime in New Zealand established by the External Reporting Board (XRB)). Rakon's climate-related disclosure report in relation to FY25 will be available on Rakon's website or before 31 July 2025: rakon.com/investors/reports-presentations-events.

Rakon has also continued to develop its wider ESG Framework and pursued initiatives that address its material ESG topics. For further information on our progress through FY25 see the Sustainability and ESG section of this report.

REMUNERATION

Rakon applies a fair and equitable approach to remuneration having regard to the financial position of the company and the external environment.

For full information please refer to the Remuneration section at pages 110-114.

RISK MANAGEMENT

Rakon is committed to the identification, monitoring and management of material financial and non-financial risks associated with all its business activities in the interests of all of its stakeholders.

The Board is responsible for Rakon's system of risk management and internal control and delegates day-to-day management of risk to the Chief Executive Officer. The Audit and Risk Committee provides additional and more specialised oversight of the company's risks to support the Board's oversight.

As recorded in the Audit and Risk Committee's Charter, the Board delegates specific responsibilities to the Committee to ensure appropriate risk assurance processes are implemented. The Committee's work plan and meeting schedule provide dedicated time for review of the company's risk management framework. The Committee is required to report its findings to the full Board.

The Board and management are focused on the continuous improvement and effectiveness of Rakon's risk management framework. The Board recognises that risk is anything that could potentially impact on Rakon's ability to achieve its business goals and objectives and therefore risk management is interconnected with the company's strategy and business plan.

Rakon's risk management framework is designed to facilitate identification of strategic, operational and financial risks, both existing and emerging, and that these are assessed as regards likelihood of occurrence and impact; have risk mitigation plans; have defined management accountability; and are reviewed on an ongoing basis.

Key risks are those risks with material implications to Rakon. Management is required to report key risks to the Audit and Risk Committee and Board for further review and oversight including reviewing them relative to the Board's appetite for risk and the effectiveness of the implementation and maintenance of the risk management and internal control systems.

A high-level overview of key risks for Rakon is set out in the following table.

Rakon's key risks include

Issue	Risk Description	Controls and Mitigations
Health, Safety and Well-being	Employee workplace accidents and illness	Rakon maintains a global focus on health, safety and well-being. Information on the management of health, safety and well-being across Rakon's global operations is provided regularly to the Board, including incident reporting, health and safety employee meetings, drills, audits, training and critical risks.
Product Quality	Defects in product causing losses or damage to customers or public	Rakon maintains global quality management systems (ISO certified at main manufacturing sites in New Zealand and India) and strong cultural focus on quality and regular comprehensive reporting to the Board.
Competition and Technology Disruption	Competing technology and technology disruption and commoditisation	Rakon maintains significant investment in R&D and a strategic focus on technology leadership in the frequency control product industry.
Business Continuity	Catastrophic events and supply chain disruption	Rakon maintains business continuity protocols to support business management systems and a focus on dual sourcing and inventory management.
Access to Markets	Geo-political issues and climate change affecting suppliers of parts and product sales	Rakon maintains a strategic diversification of global suppliers, product lines, customers and operating locations.
Cyber Security	Cyber-attack or data breach	Rakon maintains a continuous improvement focus and has policies, practices and control mechanisms to protect personal, customer and business information and to address risk of cyber attacks and data breaches.
Compliance	Regulatory and contractual compliance across global operations including in relation to trade and export controls.	Rakon maintains compliance training, monitoring and assurance processes and reviews its compliance practices on a regular basis.

In conjunction with its risk management framework Rakon reviews its insurance programme annually to ensure it maintains an appropriate level of insurance cover for its insurable risks. Annual insurance planning forms a key part of the annual work plan of the Audit and Risk Committee.

Details of Rakon's financial risk management are available in section 24 of the Notes to the Financial Statements on page 95.

Health, Safety and Well-being

Health, safety and well-being matters are the responsibility of the full Board, with oversight of policy and legislative compliance by the People Committee. The Board recognises that effective management of employee health, safety and well-being is essential to prevent harm and promote well-being for employees, contractors and customers and for the operation of a successful business.

The Board is responsible for governance and oversight of Rakon's health and safety framework. This includes ensuring that the systems used to identify and manage health and safety risks foster an effective health and safety culture, set clear expectations, are fit for purpose, and are effectively implemented, properly resourced, regularly reviewed and continuously improved.

Rakon works with its global teams and regularly reviews its health and safety policy and practices to achieve consistency of behaviour, processes and expectations across its global businesses.

Climate-related risks

Rakon documents, scores and manages operational climate-related risks through its ISO14001 Environmental Management System processes.

Rakon recognises the importance of fully integrating its climate-related risk assessment processes into its risk management framework and ensuring management review and Board-level oversight. The Board requires that the impact of climate change risks and opportunities form part of Rakon's strategic and financial planning. In FY25 Rakon reviewed its assessment of its climate-related risks and opportunities for the purpose of its mandatory climate-related disclosures.

The examination of climate-related risks has formed part of the work contributing to Rakon's Climate Statement which will be available on Rakon's website on or before 31 July 2025: rakon.com/investors/reports-presentations-events.

AUDITORS

External Audit

The Board is committed to ensuring audit independence in order that Rakon's external financial reporting is highly objective and without bias.

The Audit and Risk Committee reviews the independence, quality and cost of the audit undertaken by the company's external auditor and provides a formal channel of communication between the Board, senior management and external auditor. For the financial year ended 31 March 2025, PricewaterhouseCoopers (PwC) was Rakon's external auditor, a position it has held since 2006.

As outlined in the Audit and Risk Committee Charter, the Committee regularly meets with the external auditor to approve the terms of engagement and audit fee, and to review and provide feedback in respect of the annual audit plan. The Charter also provides for the Committee to ensure the audit partner from the external audit firm is changed every five years. A comprehensive review and formal assessment of the independence and effectiveness of the external auditor is undertaken periodically. The current audit partner is new to the Rakon audit having taken up the position in FY25. The Audit and Risk Committee also assesses the auditor's independence on an annual basis. The Committee routinely allows time to meet with the external audit partner without management present.

All audit work at Rakon is fully separated from non-audit services, to ensure that appropriate independence is maintained. PwC provided other services in FY25 including the engagement of the PwC Sustainability Reporting & Assurance team to carry out a limited assurance of Rakon's greenhouse gas emissions reporting in its climate-related disclosures for FY25. These services were deemed to have no effect on the independence or objectivity of the auditor in relation to audit work. The fees paid to PwC for audit and non-audit work are identified at section 6 in the Notes to the Financial Statements in this 2025 Annual Report.

Rakon's External Auditor Independence Policy provides comprehensive and current guidance to Directors and management to assist them in determining the services that may or may not be performed by the external auditor.

PwC is asked to provide the Audit and Risk Committee with written confirmation that, in their view, they were able to operate independently during the FY25 audit.

The audit partner of the company's external auditor, PwC, is asked to attend the company's annual meetings, and to be available to answer questions from shareholders at those meetings. The previous PwC audit partner attended Rakon's 2024 Annual Meeting of shareholders and the new audit partner is expected to be in attendance at the 2025 Annual Meeting.

Internal Audit

Rakon has a number of internal controls overseen by the Audit and Risk Committee and/or the Board, which are supported by policy, processes and procedures and regular reporting. These include controls for computerised information and management systems, cyber risk and information security, business continuity management plans, insurance, health and safety procedures, conflicts of interest registers, processes for prevention and identification of fraud and legislative compliance review processes.

The company does not have a permanent in-house or externally resourced internal audit function. From time to time, and as required, external providers are engaged to review its systems and internal controls. To maintain its ISO (International Standard Organisation) accreditation for a number of its management systems, including its Quality Management System and Environmental Management System, Rakon is subject to rigorous, regular independent audits.

The Board considers an assurance programme providing for regular review of key processes and controls supporting critical business operations, strategic objectives and risk management is an important pillar of its governance framework and is building assurance requirements into its risk management framework.

SHAREHOLDER RIGHTS AND RELATIONS

We are committed to open and regular dialogue and engagement with shareholders.

Rakon seeks to ensure that investors understand its activities by communicating effectively with them and giving them access to clear and balanced information. The Board regularly reviews its shareholder communications strategy and Rakon has a dedicated Investor and Corporate Communications Manager.

Rakon maintains a website: www.rakon.com where shareholders and other stakeholders may obtain information about the company, financial and other information released to the market, up-to-date product information and key governance information, including its Business Code of Conduct, Board and committee charters and other policies.

The annual Corporate Governance Report is available on Rakon's website in the relevant Annual Report.

Rakon's latest annual Climate Statement is available on the Rakon website.

Rakon has a calendar of communications and events for shareholders, including but not limited to:

- Annual Report and half-year shareholder communications
- Annual and half-year results announcements
- Annual and interim business update and results presentations
- Annual meetings
- Investor events
- Ad hoc investor presentations to institutional investors and retail brokers

Rakon maintains:

- Easy access to information through the Rakon website: www.rakon.com
- Access to a dedicated investor relations email address: investors@rakon.com
- Option to sign-up via website to receive email notifications of investor news
- Option to sign-up via website to receive product updates

Shareholders are actively encouraged to attend the company's annual meetings and vote on major decisions, which affect Rakon. Voting is by poll, upholding the 'one share, one vote' philosophy. Shareholders may raise matters for discussion at these events. In 2024, Rakon's annual meeting was a hybrid meeting allowing those not present at the meeting venue in Auckland, New Zealand to actively participate in the meeting. Shareholders and their proxies were able to vote and ask questions and to view the live presentations whether they attended the meeting in person or online. Rakon believes this practice recognises the wide geographic dispersion of shareholders in New Zealand and overseas as well as offering greater choice to shareholders and other stakeholders.

All shareholders have the option to elect to receive electronic communications from the company through the company's share registrar (Computershare) and by electing to receive email notifications of investor news from the company.

In addition to shareholders, Rakon has a wide range of stakeholders and maintains open channels of communication for all audiences, including brokers, the investing community and the New Zealand Shareholders' Association (NZSA), and regulators, as well as Rakon employees, customers and suppliers. In accordance with the Companies Act 1993, Rakon's Constitution and the NZX Listing Rules, Rakon will refer major decisions which may change the nature of Rakon to shareholders for approval.

The Board notes the NZX Corporate Governance Code recommendation in relation to considering the interests of all existing financial product holders. The Board will take account of the recommendation in the event of a capital raise, as well as the expectation that it should explain why any capital raising method other than pro-rata was preferred when reporting against the NZX Code.

It is the Board's expectation and company practice that the Notice of Annual Meeting or notice of any special meeting is sent to shareholders and posted on the company's website at least 20 working days prior to the relevant meeting.

Glossary

Crystal Filter
A filter that allows only the desired frequency to pass through to the output.

Crystal Micro-Electro-Mechanical System (XMEMS®)
Rakon's advanced quartz-based resonator technology. It is made using Rakon's NanoQuartz™ microfabrication process, delivering unprecedented resonator and oscillator performance.

Crystal Oscillator (XO)
A crystal resonator combined with appropriate circuitry to generate a variety of repeating electrical signal waveforms (e.g. CMOS /square wave).

Crystal (Xtal) Resonator
At the heart of XOs, VCXOs, TCXOs and OCXOs are quartz crystal resonators, which naturally oscillate at a certain frequency with electrical stimulation. This frequency is based off their width and the piezoelectric effect.

GNSS receiver (Global Navigation Satellite System receiver)
These subsystems acquire and processes signals from navigation satellites to determine precise location (latitude, longitude, and altitude), velocity, and time.

Master Reference Oscillator (MRO)
Used as the main source of frequency generation for satellite payloads, Rakon's MRO subsystems provide highly accurate and stable frequency references, and precision timing that enable satellite communications and synchronisation.

Oscillator
A circuit or device that generates a fixed frequency signal and consists of a resonator and electronic components.

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

Oven Controlled SAW Oscillator (OCSO)
An oven controlled oscillator using Surface Acoustic Wave (SAW) technology.

Surface Acoustic Wave (SAW) Resonator
At the heart of SAW oscillators are SAW resonators. This is a special type of crystal resonator that has the piezoelectric effect occurring on the resonator's surface, compared to traditional resonators which are through the bulk of the crystal resonator.

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

Ultra Stable Oscillator (USO)
An extremely stable oscillator used in high-end Space and instrumentation applications.

Ultra Stable TCXO
Using unique technology these TCXOs can achieve stabilities of 50 parts per billion (ppb) over temperature.

Voltage Controlled Crystal Oscillator (VCXO)
A VCXO is an XO that allows the user to manually adjust a control voltage; it helps to compensate for instabilities in the output frequency. It is mainly used to bring the oscillator back to frequency after being impacted by instabilities (e.g. long term stability).

Voltage Controlled Oscillator (VCO)
A purely electronic oscillator circuit with an adjustable output frequency, without the use of a crystal or SAW resonator.

Voltage Controlled SAW Oscillator (VCSO)
Similar to the VCXO, but uses a SAW resonator instead of a traditional crystal resonator.

Definition of Underlying EBITDA
Rakon has used 'Underlying EBITDA' as a non-gap financial measure in this 2025 Annual Report document. Underlying EBITDA is defined as 'Earnings before interest, tax, depreciation, amortisation, impairment, employee share schemes, non-controlling interests, adjustments for associate's share of interest, tax and depreciation, loss on disposal of assets and other cash and non-cash items'. Refer to note 4 of the Financial statements section of this document for additional information including a reconciliation to Net Profit After Tax (NPAT).

FIND OUT MORE
Visit our Investor Centre: www.rakon.com/investors

FINANCIAL STATEMENTS AND OTHER DISCLOSURES

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Directors' Statement

The Directors are responsible for ensuring that the consolidated financial statements fairly present the financial position of the Group as at 31 March 2025 (FY2025) and the financial performance and cash flows for the year ended on that date.

The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors present the consolidated financial statements, set out in pages 61 – 105, of Rakon Limited and its subsidiaries for the year ended 31 March 2025.

The Board of Directors of Rakon Limited authorised these consolidated financial statements for issue on 27 May 2025.

On behalf of the Directors

L WITTEN
CHAIR
27 May 2025

J RABY
CHAIR OF THE AUDIT AND RISK COMMITTEE
27 MAY 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025

	Note	2025 $000s	Restated* 2024 $000s
Revenue	5	103,661	128,010
Cost of sales		(59,009)	(70,151)
Gross profit		**44,652**	**57,859**
Other operating income	7	758	350
Operating expenses			
Selling and marketing		(12,429)	(11,139)
Research and development	6	(11,689)	(17,684)
General and administration		(30,922)	(30,610)
Total operating expenses		**(55,040)**	**(59,433)**
Other gains/(losses) – net	8	2,044	4,092
Operating (loss)/profit		**(7,586)**	**2,868**
Finance income	9	501	529
Finance costs	9	(1,329)	(725)
Share of net profit/(losses) of associates	16	1,302	(2,587)
(Loss)/Profit before income tax		**(7,112)**	**85**
Income tax benefit	20	1,263	4,168
Net (loss)/profit after tax for the year attributable to equity holders of the Company		**(5,849)**	**4,253**

	Note	2025 $000s	Restated* 2024 $000s
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
(Decrease)/Increase in fair value cash flow hedges		(2,098)	1,256
Cost of hedging		(1,058)	(190)
Income tax relating to components of other comprehensive income		884	(298)
Exchange differences on translation of foreign operations		3,760	1,184
Items that will not be reclassified subsequently to profit or loss			
Decrease in fair value of equity investments – Thinxtra		(64)	(1,529)
Other comprehensive income for the year, net of tax		**1,424**	**423**
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		**(4,425)**	**4,676**

Earnings per share attributable to the equity holders of the Company		**Cents**	**Cents**
Basic earnings per share	22	(2.6)	1.9
Diluted earnings per share	22	(2.6)	1.9

The accompanying notes form an integral part of these consolidated financial statements.

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Note	Share capital $000s	Restated* Accumulated losses/ Retained earnings $000s	Other reserves $000s	Total equity $000s
Balance at 1 April 2023		**181,024**	**93**	**(24,253)**	**156,864**
Prior period restatement					
Prior period adjustment to leases	15	–	(208)	–	(208)
Restated opening balance at 1 April 2023		**181,024**	**(115)**	**(24,253)**	**156,656**
Net profit after tax for the year		–	4,515	–	4,515
Currency translation differences	23	–	–	1,184	1,184
Cash flow hedges, net of tax	23	–	–	768	768
Changes in fair value of equity investments at fair value through other comprehensive income – Thinxtra	23	–	–	(1,529)	(1,529)
Total comprehensive income for the year		**–**	**4,515**	**423**	**4,938**
Contribution of equity net of transaction costs					
Restatement of share of net losses of associates	16	–	(255)	–	(255)
Restatement of prior period adjustment to leases	15	–	(7)	–	(7)
Dividend paid	21	–	(3,482)	–	(3,482)
Dividend reinvestment plan issues	21	568	–	–	568
Employee share schemes					
Share options	28	–	–	398	398
Balance at 31 March 2024 (Restated)		**181,592**	**656**	**(23,432)**	**158,816**
Net loss after tax for the year		–	(5,849)	–	(5,849)
Currency translation differences	23	–	–	3,760	3,760
Cash flow hedges, net of tax	23	–	–	(2,272)	(2,272)
Changes in fair value of equity investments at fair value through other comprehensive income – Thinxtra	23	–	–	(64)	(64)
Total comprehensive (loss)/income for the year		**–**	**(5,849)**	**1,424**	**(4,425)**
Contribution of equity net of transactions on costs					
Employee share schemes					
Share options	28	–	–	160	160
Balance at 31 March 2025		**181,592**	**(5,193)**	**(21,848)**	**154,551**

The accompanying notes form an integral part of these consolidated financial statements.

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

Consolidated Balance Sheet

As at 31 March 2025

	Note	2025 $000s	Restated* 2024 $000s
Assets			
Current assets			
Cash and cash equivalents	10	15,323	17,831
Trade and other receivables	11	53,496	51,936
Inventories	12	46,387	54,906
Derivative financial instruments	24	134	92
Financial asset at fair value through profit or loss	24	–	7
Current income tax asset		1,159	1,001
Total current assets		**116,499**	**125,773**
Non-current assets			
Property, plant and equipment	13	41,514	40,143
Intangible assets	14	19,855	10,824
Right-of-use assets	15	9,110	6,996
Interest in associate	16	13,662	11,698
Trade and other receivables	11	2,731	2,719
Financial asset at fair value through other comprehensive income – Thinxtra		334	399
Derivative financial instruments	24	807	34
Deferred tax asset	20	12,937	9,085
Total non-current assets		**100,950**	**81,898**
Total assets		**217,449**	**207,671**

	Note	2025 $000s	Restated* 2024 $000s
Liabilities			
Current liabilities			
Borrowings	17	1,439	1,439
Trade and other payables	18	29,218	25,565
Current income tax liabilities		1,046	851
Lease liabilities	15	2,612	2,008
Provisions	19	869	1,030
Derivative financial instruments	24	2,920	3,003
Total current liabilities		**38,104**	**33,896**
Non-current liabilities			
Borrowings	17	10,965	5,158
Provisions	19	3,314	3,781
Lease liabilities	15	7,489	5,811
Derivative financial instruments	24	2,886	138
Deferred tax liabilities	20	140	71
Total non-current liabilities		**24,794**	**14,959**
Total liabilities		**62,898**	**48,855**
Net assets		**154,551**	**158,816**
Equity			
Share capital	21	181,592	181,592
Other reserves	23	(21,848)	(23,432)
(Accumulated losses)/ retained earnings		(5,193)	656
Total equity		**154,551**	**158,816**

The accompanying notes form an integral part of these consolidated financial statements.

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 $000s	2024 $000s
Operating activities		
Cash was provided from		
Receipts from customers	105,947	136,611
R&D grants received	1,596	2,138
Other income received	2,670	594
	110,213	**139,343**
Cash was applied to		
Payment to suppliers and others	(45,830)	(57,621)
Payment to employees	(53,851)	(59,770)
Interest paid	(1,151)	(775)
Income tax paid	(386)	(3,234)
	(101,218)	**(121,350)**
Net cash inflow from operating activities	**8,995**	**17,993**
Investing activities		
Cash was applied to		
Purchase of property, plant and equipment	(7,137)	(12,715)
Purchase of intangibles	(9,824)	(4,314)
Net cash outflow from investing activities	**(16,961)**	**(17,029)**

	2025 $000s	2024 $000s
Financing activities		
Cash was provided from		
Proceeds from borrowings	8,392	875
	8,392	**875**
Cash was applied to		
Repayment on borrowings	(1,584)	(1,317)
Lease liabilities payments	(2,182)	(1,901)
Dividend paid	–	(2,914)
	(3,766)	**(6,132)**
Net cash inflow/(outflow) from financing activities	**4,626**	**(5,257)**
Net decrease in cash and cash equivalents	**(3,340)**	**(4,293)**
Effects of exchange rate changes on cash and cash equivalents	832	407
Cash and cash equivalents at the beginning of the year	17,831	21,717
Cash and cash equivalents at the end of the period	**15,323**	**17,831**
Composition of cash and cash equivalents		
Cash and cash equivalents	15,323	17,831
Total Cash and cash equivalents	**15,323**	**17,831**

The accompanying notes form an integral part of these consolidated financial statements. Refer to note 10 for the breakdown of cash and cash equivalents.

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2025

	2025 $000s	2024 $000s
Reconciliation of net profit to net cash flows from operating activities		
Reported net (loss)/profit after tax	**(5,849)**	**4,253**
Adjustments for following items		
Depreciation and amortisation expense	9,821	8,307
Net increase/(decrease) in allowance for expected credit loss	54	(497)
Movement in provisions	(583)	585
Movement in foreign exchange rates	(1,787)	3,632
Share of net loss of associate	(1,302)	2,587
Deferred tax movement	(2,664)	(5,785)
Net finance costs	828	196
Gain from termination of lease	–	(126)
Employee share based expense	160	446
	4,527	9,345
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,626)	2,816
Decrease in inventories	8,519	7,708
Decrease in provisions	(45)	(7)
Increase/(decrease) in trade and other payables	2,659	(4,505)
Increase/(decrease) in tax provisions and deferred tax	810	(1,617)
Total impact of changes in working capital items	**10,317**	**4,395**
Net cash flow from operating activities	**8,995**	**17,993**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Rakon Limited ('the Company' and parent company) and its subsidiaries ('the Group') are a global technology company that design and manufacture advanced frequency control and timing solutions for a wide range of applications. Rakon's core markets are Telecommunications, Space & Defence, and Global Positioning. The Company is a limited liability company, incorporated and domiciled in New Zealand, and listed on the New Zealand Stock Exchange (NZX code: RAK). The address of the registered office is 8 Sylvia Park Road, Mt Wellington, Auckland.

The Company is registered under the Companies Act 1993 and is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX (Main Board) Listing Rules.

The consolidated financial statements of the Group have been presented in New Zealand dollars and have been rounded to the nearest thousand unless otherwise indicated.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis. The Directors are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. In making this assessment management and the Directors considered factors including the current profitability and forecast of the Group, current market conditions, and Group liquidity.

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES

a. Basis of preparation and measurement base

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards). The Group is a Tier 1 for-profit entity.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain financial assets and liabilities, and equity instruments, which are measured at fair value.

b. Basis of consolidation and equity accounting

The financial statements of the parent and subsidiaries are included in the Group's consolidated financial statements from the date on which control commences until the date on which control ceases. Refer to note 26 for information on subsidiaries. All material intercompany transactions, balances and unrealised gains on transactions between the parent and subsidiaries are eliminated on consolidation. Interest in associates are accounted for by using the equity method, refer to note 16.

c. Material accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions that involved a higher degree of judgement or complexity, or are material to the consolidated financial statements are listed below and disclosed within the specified notes:

- Impairment assessment (note 14)
- Calculation of inventory provision (note 12)
- Capitalisation of research and development (note 14)

d. Material accounting policy information and new accounting standards

Material accounting policy information adopted in the preparation of these consolidated financial statements are disclosed within each of the applicable notes to the consolidated financial statements. The accounting policies have been consistently applied to all years presented except for the following standards and amendments that the Group is applying for the first time for its annual reporting period commencing 1 April 2024. Following changes did not have a material impact on the Group's reporting:

- Amendments to FRS 44 – Disclosure of Fees for Audit Firms' Services

e. New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards and interpretations listed below have been published but are not mandatory for the 31 March 2025 reporting period and have not been early adopted by the Group. The impact of the standard has not yet been assessed.

- NZ IFRS 18 Presentation and Disclosure in Financial Statements

The following standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendments to NZ IFRS 9 and NZ IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to NZ IFRS 10 and NZ IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to NZ IFRS 10 – De Facto Agent
- Amendment to NZ IAS 21 – Lack of Exchangeability

f. Foreign currency translation

Functional and presentation currency

The financial statements of each of the Group's overseas operations are measured using the currency of the primary economic environment in which the overseas entity operates (the functional currency). The consolidated financial statements are presented in New Zealand dollars (the presentation currency), which is also the functional currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency of the Group's overseas operations at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to the functional currency at the foreign exchange rate at that date. Foreign exchange differences arising from translation are recognised in the Consolidated Statement of Comprehensive Income, except for qualifying cash flow hedges which are recognised in Other Comprehensive Income (OCI). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates at the dates the fair value was determined.

The assets and liabilities of all Group companies that have a functional currency that differs from the Group's presentation currency, including goodwill and fair value adjustments arising on consolidation, are translated to New Zealand dollars at foreign exchange rates at balance date. The revenues and expenses of these foreign operations are translated to New Zealand dollars at rates approximating to foreign exchange rates at the dates of the transactions. Exchange differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve, refer to note 23.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the foreign exchange rates at the balance date.

4. SEGMENT INFORMATION

The chief operating decision maker (CODM) is responsible for allocating resources and assessing performance of the operating segments. CODM for the Group is the Chief Executive Officer.

The operating segments are presented in a manner consistent with the internal reporting provided to the CODM. Judgement has been applied in the determination of reportable operating segments. Ownership of intellectual property has been used as the key factor to identify reportable operating segment, and aggregation criteria are based on synergies between the businesses not limited by geography.

The CODM assess the performance of the operating segments based on 'Underlying EBITDA', a non-GAAP measure, defined as: 'Earnings before interest, tax, depreciation, amortisation, impairment, employee share schemes, non-controlling interests, adjustments for associate's share of interest, tax & depreciation, loss on disposal of assets and other cash and non-cash items. The CODM receives information about the segments' revenue on monthly basis.

a. Segment results

Information relating to each reportable segment is set out below:

31 March 2025

	NZ $000s	France/ India $000s	France HiRel $000s	T'maker $000s	Other[1] $000s	Total $000s
Segment revenue by market						
Telecommunications	33,016	13,202	485	–	(1,275)	45,428
Global positioning	10,759	98	343	–	(302)	10,898
Aerospace and defence	12,963	3,219	26,683	–	(433)	42,432
Other	1,537	140	3,324	–	(98)	4,903
Total segment revenue by market	**58,275**	**16,659**	**30,835**	**–**	**(2,108)**	**103,661**
Underlying EBITDA	2,549	(7,785)	8,421	3,516	2,772	9,473
Total assets[2]	100,824	52,908	37,672	13,662	12,383	217,449
Additions of property, plant and equipment, and intangibles	8,221	2,746	5,993	–	1	16,961
Total liabilities[3]	34,472	389	15,986	–	12,051	62,898

31 March 2024 Restated*

	NZ $000s	France/ India $000s	France HiRel $000s	T'maker $000s	Other[1] $000s	Total $000s
Segment revenue by market						
Telecommunications	38,810	32,296	256	–	(4,505)	66,857
Global positioning	14,089	426	360	–	(1,016)	13,859
Aerospace and defence	15,736	2,551	19,779	–	(1,257)	36,809
Other	4,328	140	6,516	–	(499)	10,485
Total segment revenue by market	**72,963**	**35,413**	**26,911**	**–**	**(7,277)**	**128,010**
Underlying EBITDA	9,316	1,718	4,732	(952)	(1,382)	13,432
Total assets[2]	101,969	55,472	36,621	11,698	1,911	207,671
Additions of property, plant and equipment, and intangibles	6,930	5,484	4,615	–	–	17,029
Total liabilities[3]	23,436	13,766	10,576	–	1,077	48,855

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

[1] Other – is losses in relation to revenue on cash flow hedges apportioned to each market based on hedged currency. The Group's treasury function is carried out centrally at head office in New Zealand, refer note 24.

[2] Segment assets are measured in the same way as in the consolidated financial statements. These assets are presented as it is regularly provided to the chief operating decision maker.

[3] Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are presented as it is regularly provided to the chief operating decision maker.

b. Segment description and principal activities

The New Zealand (NZ) operating segment designs and manufactures products for Telecommunications, Global Positioning and Defence markets. The segment includes research and development (R&D) engineering teams located in NZ and UK that develop new products and process innovations.

The France/India operating segment designs and manufactures products for the Telecommunication market. Research and development and support services are in France, with manufacturing in India.

Rakon's India facility in Bengaluru contract manufactures products exclusively for the Group. They also design and manufacture products for the local Indian defence, aeronautics and space markets. Though there is potential for future growth in the domestic market, this business currently is not large enough for the CODM to view separately, therefore is aggregated with France Telecom.

The France HiRel operating segment designs and manufactures products for the Aerospace & Defence markets. Design, support services and manufacturing are predominantly carried out in France.

The Timemaker Group (T'maker) produces crystal blanks and represents the Group's 37.07% (2024: 37.07%) ownership interest, refer to note 16.

All other segments (Other) include Rakon Financial Services Limited, Rakon UK Holdings Limited, and Rakon Investment HK Limited. These are not operating segments and are not separately included in reports provided to the CODM. Also included are the head office, and group sales and marketing services segments. These are reported separately to the CODM.

Recently, Rakon has announced details of an organisational transformation which includes a realignment of its global Business Units. Rakon currently is under transition to a market-based business structure under which two global Business Units have been established: Aerospace and Defence (Aerospace, Defence), and Commercial (Telecom, AI, Positioning and Other). These changes will be reflected in segment reporting once fully implemented. The were no changes in the internal reporting provided to the CODM to date as a result of this process.

c. Reconciliation of Underlying EBITDA to net profit after tax for the year

Underlying EBITDA is a non-GAAP measure that has not been presented in accordance with GAAP. The Directors present Underlying EBITDA as a useful non-GAAP measure to investors, to understand the underlying operating performance of the Group and each operating segment, before the adjustment of specific cash and non-cash items and before cash impacts relating to the capital structure and tax position. Underlying EBITDA is considered by the Directors to be the best measure of how each operating segment within the Group is performing. Management uses the non-GAAP measure of Underlying EBITDA internally, to assess the underlying operating performance of the Group and each operating segment.

	Note	**2025 $000s**	Restated* 2024 $000s
Underlying EBITDA		**9,473**	**13,432**
Depreciation and amortisation	6	(9,821)	(8,307)
Adjustment for associate share of interest, tax and depreciation		(2,246)	(1,642)
Finance costs – net	9	(828)	(196)
Long term incentive scheme	28	100	(643)
One-off costs relating to acquisition proposals	6	(2,339)	(2,206)
Redundancy costs		(1,228)	(305)
Other non-cash items		(223)	(48)
Loss before income tax		**(7,112)**	**85**
Income tax benefit	20	1,263	4,168
Net (loss)/profit after tax for the year		**(5,849)**	**4,253**

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

5. REVENUE

The Group designs, manufactures and sells frequency control solutions for a wide range of applications. Revenue is derived from the transfer of goods over time and at a point in time at an amount that reflects the consideration the Group expects to be entitled to in exchange for products and services excluding any applicable taxes. Arrangements are agreed with the customers, set out in the terms and conditions which cover the pricing, settlement of liabilities, return policies and any other negotiated performance obligations.

Typically, control transfers to the customer at the same time as the legal title of the product is passed to the customer. This is usually on terms of delivery of the product. The transaction price includes all amounts that the Group expects to be entitled to, net of any sales taxes.

A receivable is recognised based on the delivery terms of the products as this is the point in time when the consideration is unconditional.

Sale of products – at a point in time

The Group recognises revenue when the performance obligations are satisfied by transferring control of products to the customer based on the specified contract price.

Products and services transferred over time – France HiRel segment

For certain contracts in the France HiRel segment, the revenue is recognised over time as the Group's performance creates an asset, which does not have an alternative use to the Group, and the Group has an enforceable right to be paid for work completed to date. The Group applies judgement by using the percentage-of-completion method to determine the appropriate amount to recognise in each period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

In case of fixed price contracts, payments are received from the customer based on an agreed payment schedule. A contract liability is recognised when the payments exceed estimated work completed, and contract asset when estimated work completed exceeds payments.

a. Reportable segment revenue from contracts with customers

31 March 2025

	NZ $000s	France/ India $000s	France HiRel $000s	Other[1] $000s	Total $000s
Products transferred at a point in time	58,275	16,659	21,882	(2,108)	94,708
Products and services transferred over time	–	–	8,953	–	8,953
Sales to external customers	**58,275**	**16,659**	**30,835**	**(2,108)**	**103,661**

31 March 2024

	NZ $000s	France/ India $000s	France HiRel $000s	Other[1] $000s	Total $000s
Products transferred at a point in time	72,963	35,413	22,010	(7,277)	123,109
Products and services transferred over time	–	–	4,901	–	4,901
Sales to external customers	**72,963**	**35,413**	**26,911**	**(7,277)**	**128,010**

[1] Other is losses on cash flow currency hedges. The Group's treasury function is carried out centrally at head office in New Zealand, refer note 24.

b. Revenue by geography

The Group's trading revenue is derived in the following regions. Revenue is allocated based on the country in which the customer is located.

	2025 $000s	2024 $000s
Asia	37,263	52,707
North America	39,601	47,773
Europe	24,103	25,516
Others	2,694	2,014
Total segment revenue by geography	**103,661**	**128,010**

c. Assets and liabilities related to contract customers

The Group has recognised the following assets and liabilities related to contracts with customers in France HiRel segment.

	2025 $000s	2024 $000s
Total current contract assets	8,593	4,029
Total current contract liabilities	(3,069)	(360)
	5,524	**3,669**

The contract assets have increased as the Group has provided services ahead of the agreed payment schedules. Customer contract liabilities are payments received in advance for subsequent delivery of services and goods to the customers. In the prior year $360,000 was recognised as customer contract liabilities and is recognised as revenue in the year ended 31 March 2025. The remaining performance obligations at 31 March 2025 have an expected duration of less than a year.

The performance obligations for products and services transferred over time that were in progress as of 31 March 2024 were largely completed during the year. However, an amount of $530,000 remains outstanding for projects that extend beyond a year. The remaining performance obligations at 31 March 2025 have an expected duration of less than a year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

6. EXPENDITURE INCLUDED IN NET PROFIT

Additional information in respect of expenses included in the Consolidated Statement of Comprehensive Income is as follows:

Breakdown of expenses by nature

Employee benefit expenses	2025 $000s	2024 $000s
Wages and salaries	50,689	54,240
Redundancy costs	1,228	305
Contributions to defined plans	845	907
Increase in liability for retirement plan (note 19)	–	310
Increase in liability for long service leave (note 19)	149	232
Long term incentive plan (note 28)	(100)	643
Total employee benefit expenses	**52,811**	**56,637**

Depreciation and amortisation	2025 $000s	Restated* 2024 $000s
Depreciation on property, plant and equipment (note 13)	6,285	5,306
Amortisation on intangible assets (note 14)	1,311	952
Depreciation on right-of-use assets (note 15)	2,225	2,049
Total depreciation and amortisation	**9,821**	**8,307**

Research and development	2025 $000s	2024 $000s
Research and development expenses	15,724	20,654
Research and development government grant	(2,932)	(1,868)
Research and development tax credit	(1,103)	(1,102)
Net research and development expense	**11,689**	**17,684**

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

	2025 $000s	2024 $000s
Audit of the financial statements		
Audit of the financial statements of the Group and its subsidiaries – current year	904	707
Audit of the financial statements of the Group and its subsidiaries – additional for prior year	80	36
Total	**984**	**744**
Other assurance services and other Agreed-Upon Procedures engagements		
Certification of expenditure for the purposes of the Production Linked Incentive Scheme	57	16
Limited assurance of Rakon Group disclosure of Greenhouse gas (GHG) emissions scope 1 and 2	37	–
Agreed-upon procedures in relation to France's Certification of Receipt of Subsidies in relation to Project Eliseo	8	–
Agreed-upon procedures in relation to India's Scheme for Promotion of Manufacturing of Electronical Components and Semiconductors (SPECS)	–	7
Total	**102**	**23**
Other services		
Access to training material through an on-line platform	–	1
Total	**–**	**1**
Total fees incurred for services provided by the audit firm - PwC	**1,086**	**768**

	2025 $000s	2024 $000s
Fees incurred for services provided by the audit firm of Group's Hong Kong subsidiaries – BDO Limited		
Audit of the financial statements of the Group and its subsidiaries – current year	31	32
Fees incurred for services provided by audit firm of Group's Singapore subsidiary – T S Tay Public Accounting Corporation (Singapore)		
Audit of the financial statements of the Group and its subsidiaries – current year	8	10
Fees incurred for services provided by audit firm of the Group's UK subsidiary – MHA MacIntyre Hudson (UK)		
Audit of the financial statements of the Group and its subsidiaries – current year	97	44

Employee benefits expenses

Employee entitlements to salaries, wages and annual leave to be settled within 12 months of balance date represent present obligations resulting from employees' services provided up to the balance date. These are calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

Superannuation schemes

The Group's New Zealand and overseas operations participate in their respective government superannuation schemes. Where the Group is required to pay fixed contributions into a separate entity, the Group has no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

Acquisition proposal - costs related to indicative offers

The Group has incurred $2,339,000 (2024: $2,206,000) in legal, consulting and retention expenses related to non-binding indicative offers. These are recorded in general administration cost under operating expenses.

Research and development

Expenditure on research activities has been undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Any research and development taxation credits and government grant funding for research and development are recognised when eligibility criteria have been met and there is a reasonable assurance that tax credits and the grants will be received.

Grants and tax credits from governments are recognised at their fair value. The research and development grants and tax credits are recognised in trade and other receivables (note 11), and in the Consolidated Statement of Comprehensive Income. Government grants are offset against the related expenses over the periods in which those costs are recognised.

7. OTHER OPERATING INCOME

	2025 $000s	2024 $000s
Production linked incentive scheme	727	–
Other income	31	350
Total other operating income	**758**	**350**

The Production Linked Incentive scheme is a financial incentive available in India to companies that increase production in specific sectors.

8. OTHER GAINS/(LOSSES) – NET

	2025 $000s	2024 $000s
Gain on disposal of property, plant and equipment	5	8
Foreign exchange gains/(losses) – net		
Forward foreign exchange contracts		
Financial asset at fair value through profit or loss	(224)	(1,345)
Revaluation of foreign denominated monetary assets and liabilities[1]	2,263	5,429
Total foreign exchange gains/(losses) – net	**2,039**	**4,084**
Total other gains/(losses) – net	**2,044**	**4,092**

[1] Includes realised and unrealised gains/(losses) arising from accounts receivable and accounts payable.

9. NET FINANCE (COSTS)/INCOME

Interest income and costs are recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest rate applicable.

	2025 $000s	Restated* 2024 $000s
Finance income		
Interest income	501	529
Finance costs		
Interest expense on borrowings	(581)	(309)
Unwinding of lease make good provision	(18)	(19)
Interest on lease liabilities (note 15)	(730)	(397)
Total finance costs	**(1,329)**	**(725)**
Net finance costs	**(828)**	**(196)**

* Refer to note 15 for restatement of leases.

Interest expense rate

The average interest rate was as follows:

- HSBC facility 6.3%
- Crédit Agricole Provence Côte D'Azur facility in France 0.55% (2024: 0.55%)
- BPI France 6.4% (2024: 7.2%)

Additional information on borrowings is presented in note 17.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash balances, call deposits, and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. The Group did not have any overdraft balance.

	2025 $000s	2024 $000s
Cash at bank and on hand	15,323	17,831

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method. Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

Trade receivables are amounts due from customers, who are considered of acceptable credit quality, for products or services performed in the ordinary course of the business and are non-interest bearing. They are generally due for settlement within 30 to 120 days.

The Group has established credit policies under which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are agreed. The Group's review includes trade references and external ratings, where appropriate, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The trade receivables balances included $10,208,000 (2024: $9,873,000) representing 31% (2024: 28%) due from the Group's three largest customers. The balances due from these customers are considered a low credit risk to the Group.

The maximum exposure to credit risk at balance date is the carrying value of each class of receivable mentioned below. The Group does not hold any collateral as security.

a. Trade and other receivables balances

	2025 $000s	2024 $000s
Trade receivables	32,952	34,727
Less : allowance for expected credit loss	(774)	(705)
Net trade receivables	**32,178**	**34,022**
Contract assets	8,616	4,862
R&D incentive receivable	6,918	5,966
Advance vendor payments	2,069	2,936
Prepayments	2,019	1,743
GST/VAT receivable	543	478
Receivables from related parties (note 27)	324	245
Other receivables[1]	3,560	4,403
Total trade and other receivables	**56,227**	**54,655**
Less non-current other receivables[1]	2,731	2,719
Current trade and other receivables	**53,496**	**51,936**

[1] Other receivable includes deposits held by bank for guarantees, and prepaid expenses.

b. Allowance for expected credit loss

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Trade receivables are written off when considered to have become uncollectable. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group applies the NZ IFRS 9 Financial Instruments simplified approach to measure the expected credit loss provision that uses a lifetime expected loss allowance for all trade receivables. The management applies judgement based on the historical credit losses, customer ageing, and forward-looking information on factors affecting the ability of the customers to settle the receivables to calculate allowance for expected credit loss.

The loss allowance was determined as follows:

	Current $000s	Less than 30 days past due $000s	30 days to 120 days past due $000s	More than 120 days past due $000s	Total $000s
As at 31 March 2025					
Gross carrying amount of trade receivables	28,248	2,895	1,093	716	32,952
Expected loss rate	0.44%	1.93%	3.57%	77.51%	
Allowance for the expected credit loss	**124**	**56**	**39**	**555**	**774**
As at 31 March 2024					
Gross carrying amount of trade receivables	28,538	3,956	1,893	340	34,727
Expected loss rate	0.41%	2.02%	8.93%	100.00%	
Allowance for the expected credit loss	**116**	**80**	**169**	**340**	**705**

The reconciliation of the loss allowance is as follows:

	2025 $000s	2024 $000s
Opening balance	705	1,202
Increase/(decrease) in allowance recognised in profit or loss during the year	54	(507)
Receivables written off during the year	–	2
Foreign exchange difference	15	8
Allowance for expected credit loss	**774**	**705**

Trade receivables are written off where all reasonable effort to collect the overdue receivables have been exhausted. Indicators that there is no expectation of recovery include failure of an overdue debtor to engage in an agreed repayment plan.

12. INVENTORIES

Inventories are stated at the lower of cost (weighted average cost for raw materials, and standard costs for finished goods) or net realisable value. Standard costs comprise direct materials, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

a. Inventory classification and balances

	2025 $000s	2024 $000s
Raw materials	20,361	21,268
Work in progress	19,550	25,548
Finished goods	6,476	8,090
Total inventories	**46,387**	**54,906**

b. Amounts recognised in profit and loss

Inventories recognised as an expense during the year amounted to $43,415,000 (2024: $57,725,000).

An additional inventory provision of $3,566,000 was incurred during the year (2024: $515,000), and unused provision reversed was nil (2024: $52,000). These were included in the cost of sales.

c. Inventory provision

In recognising the provision for inventory, material judgement has been applied by considering a range of factors including the expected future consumptions. Write-downs of inventories to net realisable value amounted to $6,000 (2024: $3,000). An inventory provision of $9,052,000 (2024: $6,891,000) is included in the inventory balances above. The carrying value of inventory items were reviewed in detail with adjustments to provisions made largely on an item-by-item basis.

During the year $1,375,000 (2024: $942,000) of provisioned inventory was scrapped.

13. PROPERTY, PLANT AND EQUIPMENT

The Group recognises the cost of an item as property, plant and equipment only if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

a. Cost

The cost of purchased property, plant, and equipment includes the purchase price, directly attributable costs to prepare the assets for use, and estimated costs for dismantling, removal, and site restoration. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. The costs of day-to-day maintenance of an asset are not included in the carrying amount of the asset but expensed when incurred.

After initial recognition, the property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

b. Depreciation methods and useful lives

Depreciation of property, plant and equipment, other than freehold land, is calculated on a straight-line basis to expense the cost of the assets to their expected residual values over their useful lives as follows:

Land	Nil
Buildings	15 – 30 years
Leasehold improvements	5 – 25 years
Plant and equipment	1 – 20 years
Computer hardware	1 – 10 years
Furniture and fittings	3 – 20 years
Assets under construction	Nil

The assets' residual values and useful lives are reviewed and adjusted if applicable at each balance date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the 'Other gains/(losses) – net' in the Consolidated Statement of Comprehensive Income.

c. Property, plant and equipment breakdown

	Land and buildings $000s	Leasehold improve– ments $000s	Plant and equipment $000s	Computer hardware $000s	Other $000s	Assets under construction $000s	Total $000s
At 31 March 2023							
Cost	2,797	10,767	108,488	5,551	2,862	14,369	144,834
Accumulated depreciation & impairment	(484)	(8,958)	(94,138)	(4,568)	(2,299)	–	(110,447)
Net book value	**2,313**	**1,809**	**14,350**	**983**	**563**	**14,369**	**34,387**
Year ended 31 March 2024							
Opening net book value	2,313	1,809	14,350	983	563	14,369	34,387
Foreign exchange differences	128	62	204	2	5	170	571
Additions	1,543	683	5,331	588	1,101	3,469	12,715
Disposals	–	(1,395)	(5,508)	(60)	(238)	(949)	(8,150)
Depreciation charge	(70)	(306)	(4,323)	(561)	(46)	–	(5,306)
Depreciation reversal on disposals	(228)	1,220	4,940	(125)	119	–	5,926
Transfers	5,361	63	5,498	148	115	(11,185)	–
Closing net book value	**9,047**	**2,136**	**20,492**	**975**	**1,619**	**5,874**	**40,143**
At 31 March 2024							
Cost	9,829	10,180	114,014	6,229	3,846	5,874	149,972
Accumulated depreciation & impairment	(782)	(8,044)	(93,522)	(5,254)	(2,227)	–	(109,829)
Net book value	**9,047**	**2,136**	**20,492**	**975**	**1,619**	**5,874**	**40,143**

	Land and buildings $000s	Leasehold improve– ments $000s	Plant and equipment $000s	Computer hardware $000s	Other $000s	Assets under construction $000s	Total $000s
Year ended 31 March 2025							
Opening net book value	9,047	2,136	20,492	975	1,619	5,874	40,143
Foreign exchange differences	228	82	327	17	3	15	672
Additions	–	143	3,224	311	106	3,353	7,137
Disposals	–	–	(3,719)	(243)	(25)	–	(3,987)
Depreciation charge	(302)	(341)	(4,803)	(647)	(192)	–	(6,285)
Depreciation reversal on disposals	–	–	3,714	233	10	–	3,957
Transfers	–	175	3,937	346	–	(4,458)	–
Transfers to Intangibles	–	–	–	–	–	(123)	(123)
Closing net book value	**8,973**	**2,195**	**23,172**	**992**	**1,521**	**4,661**	**41,514**
At 31 March 2025							
Cost	10,099	10,664	118,868	6,825	3,995	4,661	155,112
Accumulated depreciation & impairment	(1,126)	(8,469)	(95,696)	(5,833)	(2,474)	–	(113,598)
Net book value	**8,973**	**2,195**	**23,172**	**992**	**1,521**	**4,661**	**41,514**

14. INTANGIBLE ASSETS

The Group recognises intangible assets where it is able to demonstrate control on the asset to obtain future economic benefit. The Group also recognises internally generated intangible assets arising from development phase of an internal project if following conditions are demonstrated:

- the technical feasibility and the intention to complete the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset
- ability to measure reliably the expenditure attributable to the intangible asset during its development

a. Cost

Identifiable intangible assets that are acquired or developed by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

b. Amortisation and useful lives

Amortisation is charged to the ‘operating expenses’ in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives as follows:

Goodwill	Nil
Patents	20 years
Software	3 – 10 years
Product development	5 – 10 years
Assets under construction	Nil

c. Intangible breakdown

	Goodwill $000s	Patents $000s	Software $000s	Product development $000s	Assets under construction $000s	Total $000s
At 31 March 2023						
Cost	1,293	3,419	9,335	16,570	1,708	32,325
Accumulated amortisation & impairment	–	(2,728)	(8,780)	(13,146)	–	(24,654)
Net book value	**1,293**	**691**	**555**	**3,424**	**1,708**	**7,671**
Year ended 31 March 2024						
Opening net book value	1,293	691	555	3,424	1,708	7,671
Foreign exchange differences	–	(176)	(138)	112	–	(202)
Additions	–	229	167	501	3,417	4,314
Disposals	–	–	–	(154)	(3)	(157)
Amortisation charge	–	–	(212)	(740)	–	(952)
Amortisation reversal on disposals	–	–	–	150	–	150
Transfers	–	–	–	47	(47)	–
Closing net book value	**1,293**	**744**	**372**	**3,340**	**5,075**	**10,824**
At 31 March 2024						
Cost	1,293	3,648	9,506	17,559	5,075	37,081
Accumulated amortisation & impairment	–	(2,904)	(9,134)	(14,219)	–	(26,257)
Net book value	**1,293**	**744**	**372**	**3,340**	**5,075**	**10,824**

	Goodwill $000s	Patents $000s	Software $000s	Product development $000s	Assets under construction $000s	Total $000s
Year ended 31 March 2025						
Opening net book value	1,293	744	372	3,340	5,075	10,824
Foreign exchange differences	–	59	(1)	486	(150)	395
Additions	–	–	14	3,532	6,278	9,824
Disposals	–	–	(1,486)	–	–	(1,486)
Amortisation charge	–	–	(268)	(1,043)	–	(1,311)
Amortisation reversal on disposals	–	–	1,486	–	–	1,486
Transfers	–	–	–	356	(356)	–
Transfers from property, plant & equipment	–	–	–	–	123	123
Closing net book value	**1,293**	**803**	**117**	**6,671**	**10,970**	**19,855**
At 31 March 2025						
Cost	1,293	3,918	8,149	22,588	10,970	46,918
Accumulated amortisation & impairment	–	(3,115)	(8,032)	(15,916)	–	(27,063)
Net book value	**1,293**	**803**	**117**	**6,671**	**10,970**	**19,855**

d. Software

The Group may design and develop identifiable and unique software products for their use. These are recognised as intangible assets where the capitalisation criteria are met. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Software-as-a-Service related costs are expensed as incurred unless they are paid to the suppliers or subcontractors of the suppliers for configuration and customisation.

e. Product development

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised based on judgement, if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Other development expenditure is recognised in the Consolidated Statement of Comprehensive Income as an expense when incurred.

Total capitalised development costs are $17.6m (2024: $8.4m) at balance date, made up of product development assets and assets under construction. During the year, specific product development projects and projects in progress were reviewed for recoverability based on the expected cash flows to be generated by the projects. The expected cash flows supported the carrying values and no impairment was recorded.

The Group estimates the useful life of the new product development assets based on the judgement of the technical advancements of such assets and experiences with similar assets. The actual useful life may be shorter or longer depending on technical innovations and competitor actions.

f. Impairment tests for goodwill and the cash generating units (CGUs)

Impairment tests for CGUs within the Group

The carrying amounts of the Group's other non-financial assets are reviewed at each balance date to determine whether there is any indication of impairment. If an indicator of impairment exists, the asset's or CGU's recoverable amount is estimated being the higher of an asset's fair value less costs to sell and the asset's value in use (VIU). An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Accumulated impairment losses on goodwill are not reversed.

Goodwill impairment

Goodwill is attributed to business units acquired through business combinations and represents the excess of the acquisition cost over the fair value of the acquired net assets. Goodwill is allocated to cash-generating units (CGU) and is tested annually for impairment, or more frequently if there is an impairment indicator. The business units are determined to be the CGUs of the Group.

The current balance of goodwill was generated on 2 May 2018, when the Group acquired the remaining 51% of the issued shares it did not own in Centum Rakon India Private Limited, a previously held joint venture. Subsequent to acquisition, the name of the investment was changed to Rakon India Private Limited.

The calculation for impairment uses cash flow forecasts approved by the Board of Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate which is consistent with the long term average growth rate observed by the Group.

The forecasts used in impairment testing require assumptions and judgements about the future which are inherently uncertain. Key assumptions are those to which the model is most sensitive.

Impairment assessment

At 31 March 2025, the Group conducted an impairment assessment of its cash generating units, namely New Zealand, France, India and China, and goodwill. This assessment concluded that there was no impairment to be recognised in relation to cash generating units or goodwill (31 March 2024 no impairment). In making this assessment management and the Directors considered factors including the current profitability of the Group, the market capitalisation value of the Company in comparison to the Group's net asset value and expected future profitability.

The forecasts used in impairment testing require assumptions and judgements about the future which are inherently uncertain. Key assumptions are those to which the model is most sensitive. As at 31 March 2025, no reasonable adverse changes in key assumptions would have resulted in the carrying amount of cash generating units exceeding their recoverable value.

15. LEASES

Right-of-use assets and lease liabilities arising from a lease are initially measured at present value by discounting the future lease payments using the interest rate implicit in the lease. Where it is difficult to determine the implicit interest rate, the incremental borrowing rate is used. The incremental borrowing rate is determined by using where possible, a recent third-party financing received as a starting point and adjusted for any changes since finance was received. If not, a build-up approach is used where the risk-free interest rate is adjusted for credit risk for leases and specific to the lease terms.

Lease payments are allocated between the principal and finance cost. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group leases various properties, equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leases do not impose any covenants, and leased assets are not used as security for borrowings.

The Group's lease agreements are for periods spanning 12 months to 6 years and may have extension options exercisable by the Group. Management applied judgement to determine the lease term for contracts that include renewal options. The lease term assessment may significantly affect the amounts recognised for lease liabilities and right-of-use assets. The Group has considered all facts and circumstances in their decisions relating to lease extension options and have included all extension options for the manufacturing facilities and offices in the calculations. The costs and business disruption were considered a material factor in this decision.

The lease term is reassessed if an option is exercised or terminated. The lease assets and liabilities do not include potential future increases in variable lease payments. The lease liability is reassessed when these increases occur and are adjusted against the right- of-use asset.

The total cash outflow for leases was $2,912,000 (2024: $2,297,000).

a. Right-of-use assets

	Properties $000s	Equipment $000s	Motor vehicle $000s	Total $000s
As at 31 March 2024 (Restated)				
Cost	11,991	152	23	12,166
Accumulated depreciation	(4,995)	(152)	(23)	(5,170)
Net book value	**6,996**	**–**	**–**	**6,996**
Opening net book value	6,996	–	–	6,996
Foreign exchange differences	87	–	–	87
Additions	308	407	510	1,225
Modifications	3,027	–	–	3,027
Depreciation charge	(2,035)	(42)	(148)	(2,225)
Closing net book value	**8,383**	**365**	**362**	**9,110**
As at 31 March 2025				
Cost	15,413	559	533	16,505
Accumulated depreciation	(7,030)	(194)	(171)	(7,395)
Net book value	**8,383**	**365**	**362**	**9,110**

b. Lease liabilities

	2025 $000s	Restated 2024 $000s
Opening balance	7,819	5,239
Movements during the year		
Additions	1,225	1,803
Interest expense	730	397
Modifications	3,027	2,719
Payments	(2,912)	(2,297)
Foreign exchange differences	212	(42)
Closing value	**10,101**	**7,819**

Current and non-current lease liabilities

	2025 $000s	Restated 2024 $000s
Current	2,612	2,008
Non-Current	7,489	5,811
	10,101	**7,819**

c. Prior period restatement

During 2025, the Group discovered an error relating to an historic lease that had been omitted and not recognised in accordance with IFRS 16, impacting the prior year. The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	As reported above 2024 $000s	Increase $000s	Restated 2024 $000s
Statement of Financial Position			
Right-of-use assets (cost)	10,461	1,705	12,166
Accumulated depreciation	(4,295)	(875)	(5,170)
Lease liability	6,773	1,046	7,819
Statement of Comprehensive Income			
Interest expense	334	63	397
Depreciation (ROU asset)	1,874	172	2,046
Rent & rates expense	225	(225)	–

The prior period error has a net impact of $208,000 on opening retained earnings for the comparative period. This is reflected in the Consolidated Statement of Changes in Equity on page 3.

16. INTEREST IN ASSOCIATE

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's associate is accounted for using the equity method. Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in the Consolidated Statement of Comprehensive Income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Set out below is the significant associate of the Group. The entity listed below has share capital consisting solely of ordinary shares, which is held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

a. Timemaker

Chengdu Timemaker Crystal Technology Co. Limited (Timemaker) is the world's largest quartz blank manufacturer and a key supplier to Rakon. The tables below provide summarised financial information and Group's equity share for Timemaker.

The Company is entitled to two seats on the board of Timemaker which are filled by Brent Robinson and Darren Robinson, and they participate in significant financial and operating decisions as necessary. The Group therefore determined that it has significant influence based on the representations by Brent Robinson and Darren Robinson in their governance duties over Timemaker.

Name of entity	Country of incorporation	% of ownership interest 2025	2024	Nature of relationship	Measurement method	Net investment 2025 $000s	Restated 2024 $000s	Equity accounted profit/(loss) 2025 $000s	Restated 2024 $000s
Chengdu Timemaker Crystal Technology Co. Ltd	China	**37%**	37%	Associate	Equity method	**13,662**	11,698	**1,302**	(2,587)

The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts.

	Timemaker 2025 $000s	Restated 2024 $000s
Summarised Statement of Comprehensive Income		
Revenue	58,735	35,392
Depreciation and amortisation	(4,466)	(4,568)
Interest expense	(1,719)	(2,065)
Profit/(loss) for the period	**3,526**	**(7,017)**

	Timemaker 2025 $000s	Restated 2024 $000s
Summarised Balance Sheet		
Current assets		
Cash and cash equivalents	4,750	3,059
Other current assets	45,868	36,613
Total current assets	**50,618**	**39,672**
Non-current assets	**42,957**	**42,137**
Current liabilities		
Financial liabilities (excluding trade payables)	31,322	29,296
Other current liabilities	16,871	18,541
Total current liabilities	**48,192**	**47,836**
Non-current liabilities		
Other non-current liabilities	10,241	4,126
Total non-current liabilities	**10,241**	**4,126**
Net assets	**35,143**	**29,847**

	Timemaker 2025 $000s	Timemaker Restated 2024 $000s
Reconciliation of net assets to carrying amount		
Rakon's share in %	**37%**	**37%**
Rakon's share of associate's net assets	13,028	11,064
Investment diluted	634	634
Carrying amount	**13,662**	**11,698**
Movement in carrying amount		
Opening net assets 1 April	11,698	14,154
Equity accounted profit/(loss)	1,302	(2,587)
Foreign exchange movement	662	131
Carrying amount	**13,662**	**11,698**

b. Prior period restatement

Timemaker had a change of auditor. Opening balances were re-audited resulting in the comparative period being restated. Respective adjustments to the 2024 numbers are summarised below.

	As reported above 2024 $000s	Increase / (Decrease) $000s	2024 Restated $000s
Loss for the period	**(6,331)**	**(687)**	**(7,018)**
Total current assets	39,411	261	39,672
Non-current assets	42,171	(34)	42,137
Total current liabilities	46,922	914	47,836
Non-current liabilities	4,126	-	4,126
Net assets	**30,534**	**(687)**	**29,847**
Rakon's share of associate's net assets	11,953	(255)	11,698
Equity accounted profit/(loss)	**11,953**	**(255)**	**11,698**

17. BORROWINGS

The borrowings are initially recognised at fair value and subsequently measured at amortised cost. Fees paid are recognised in the Consolidated Statement of Comprehensive Income when the draw down occurs. Borrowings are removed from the Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

The Group is reliant on its bank facilities and equity as the principal sources of capital management. The ability of the Group to remain in compliance with its banking covenants and/or maintain an adequate cash balance has been considered by the Directors in the adoption of the going concern assumption in relation to these consolidated financial statements.

a. Lines of credit

The Group maintains following lines of credit:

	2025 $000s	2024 $000s
Current		
French Government loan	1,396	1,331
Other borrowings	43	108
Total current borrowings	**1,439**	**1,439**
Non-current		
HSBC revolving credit facility	8,392	–
French Government loan	688	2,237
Other borrowings[1]	1,885	2,921
Non-current borrowings	**10,965**	**5,158**

[1] Funding used for bridging the timing between receiving and claiming French R&D tax credits

HSBC Bank

HSBC is the primary supplier of banking services, transactional banking services and lines of credit to the Group. The Group has access to a borrowing facility of $48 million with HSBC. The facility is guaranteed by the Company. HSBC has also applied certain financial undertakings on the Company. During the year the Company operated within its required financial covenants.

Crédit Agricole Provence Côte D'Azur

The bank borrowings include a balance of €1.1m French government backed loan that was made available to Rakon France (2024: €2.0m). In May 2021, the Company exercised its option to extend this loan for a further five years. Repayment of the loan is spread equally over the final four years to June 2026. The effective interest rate is 0.55% for the five-year term of the loan. This loan has certain restrictions that limits it to be used for working capital/treasury support for the French business. There are no covenants on the loan and no additional security is required.

BPI France

BPI France is a French public sector investment bank which provides Rakon France advance funding of up to 80% of R&D tax credit claim. Rakon France assigns the R&D tax credit receivable to BPI as security. The payable to BPI is settled when the claim is paid by the French government. As at 31 March 2025, the total amount owed by Rakon France was €1.0m (2024: €1.6m).

b. Borrowings costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The Group did not have any capitalised borrowing costs. Other borrowing costs are expensed in the period in which they incur, refer note 9.

c. Net debt reconciliation

	Other asset	Liabilities from financing activities		
	Cash $000s	Borrowings $000s	Restated* Leases $000s	Total $000s
Balance as at 1 April 2023	**21,717**	**(5,235)**	**(5,239)**	**11,243**
Net decrease in cash from cash flow	(4,293)	–	–	(4,293)
Acquisitions	–	(875)	(1,803)	(2,678)
Modifications	–	–	(2,719)	(2,719)
Reclassification	–	(1,923)	–	(1,923)
Repayment	–	1,317	2,297	3,614
Foreign exchange changes	407	119	42	568
Interest on lease liabilities	–	–	(397)	(397)
Balance as at 31 March 2024	**17,831**	**(6,597)**	**(7,819)**	**3,415**
Net decrease in cash from cash flow	(3,340)	–	–	(3,340)
Acquisitions	–	(8,392)	(1,225)	(9,617)
Modifications	–	–	(3,027)	(3,027)
Reclassification	–	1,083	–	1,083
Repayment	–	1,584	2,912	4,496
Foreign exchange changes	832	(82)	(212)	538
Interest on lease liabilities	–	–	(730)	(730)
Balance as at 31 March 2025	**15,323**	**(12,404)**	**(10,101)**	**(7,182)**

* Refer to note 15 for restatement of leases.

18. TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period, which remain unpaid. The carrying amounts are considered to be the same as fair values, due to their short-term nature. The trade payables are unsecured and are usually paid within 60 days of recognition. Employee entitlements are liabilities for wages and salaries, and annual leave in respect to employees' services up to the reporting date and expected to be settled within 12 months of the reporting date.

	2025 $000s	2024 $000s
Trade payables	12,677	8,247
Amounts due to related parties (note 27)	1,108	955
Employee entitlements	10,017	11,645
Accrued expenses	5,416	4,718
Total trade and other payables	**29,218**	**25,565**

19. PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation. The carrying value represents management's most reliable estimate. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

	Retirement provision $000s	Long service leave $000s	Restructure provision $000s	Lease make good $000s	Total $000s
At 31 March 2023	**2,098**	**547**	**449**	**1,139**	**4,233**
Charged to the Statement of Comprehensive Income					
Additional provisions recognised	310	232	126	–	668
Unwinding of discount	–	–	–	22	22
Unused amount reversed	–	(83)	–	–	(83)
Used during the year	(186)	(109)	(466)	(109)	(870)
Reclassification[1]	545	192	–	–	737
Foreign exchange	74	–	17	13	104
At 31 March 2024	**2,841**	**779**	**126**	**1,065**	**4,811**
Charged to the Statement of Comprehensive Income					
Additional provisions recognised	–	149	–	–	149
Unwinding of discount	–	–	–	18	18
Unused amount reversed	(694)	(38)	–	–	(732)
Used during the year	–	(89)	(126)	–	(215)
Foreign exchange	119	9	–	24	152
At 31 March 2025	**2,266**	**810**	**–**	**1,107**	**4,183**
Current	254	268	–	347	869
Non-current	2,012	542	–	760	3,314
Total provisions	**2,266**	**810**	**–**	**1,107**	**4,183**

[1] Accruals and provisions were reassessed, and certain accounts were reclassified from Trade and other payables to Provisions.

a. Retirement provision

The Group's net obligation in respect of the French retirement indemnity plan is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The French retirement indemnity plan provides permanent employees with a lump sum payment upon retirement, based on their final salary and years of service. A provision has been established to account for this cost, considering service time, probability of attainment, and discount rates. An actuarial valuation was conducted as of 31 March 2025.

b. Long service leave

The Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value.

New Zealand employees are entitled to long service leave after the completion of 10 years of continuous service, in the form of special holidays. A provision has been created to recognise this cost, taking into consideration the time served, probability of attainment and appropriate discount rates.

c. Lease make good

The Company is required to restore the leased premises at Mt Wellington, Auckland, New Zealand and in Harlow, UK to their original condition at the end of the respective lease terms. A provision is recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the lease terms.

d. Restructure provision

In 2024 a provision was recognised for realignment in UK.

20. TAXATION

The Group is subject to income tax in several jurisdictions. Judgement is required in determining the worldwide provision for income tax and associated deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

The current and deferred tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in Statement of Other Comprehensive Income (OCI), or directly in equity.

a. Income tax expense

Income tax expense is calculated at the applicable income tax rate for each jurisdiction and adjusted for the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and adjustments relating to the prior period.

	2025 $000s	Restated* 2024 $000s
Current tax	(1,401)	(1,617)
Deferred tax expense	2,664	5,785
Income tax benefit	**1,263**	**4,168**

The tax on the Group's result before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the results of the consolidated entities.

Reconciliation of income tax expense	**2025 $000s**	Restated* 2024 $000s
(Loss)/profit before tax	(7,112)	85
Tax calculated at domes tic tax rates applicable to profits in the respective countries	2,471	122
Foreign exchange difference in income tax calculation	50	136
Non-deductibles	(652)	305
Non-taxable income	–	(27)
Expenses deductible for tax purposes	4	4
Add other taxable income	(5)	(6)
Prior year adjustment	(1,055)	(513)
Associate result reported net of tax	209	(386)
Recognition and utilisation of previously unrecognised tax losses	1,019	4,550
Tax losses for which no deferred income tax asset was recognised	(778)	(17)
Income tax benefit	**1,263**	**4,168**

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

The weighted average applicable tax rate is 18% (2024: -1,201%). French carried forward losses were partially utilised during the period affecting the weighted average applicable tax rate.

Pillar 2 GloBE tax legislation to incorporate the OECD Model Rules was effective in New Zealand, the rule applies to fiscal years beginning on or after 1 January 2025. It consists of a global minimum tax and a subject to tax rule that apply to multinational groups with consolidated revenue of at least €750 million. These rules are not applicable to the company as the revenue of the group of companies is below the threshold. The Company will continue to monitor the development of Pillar 2 legislation and evaluate the potential impact on the tax position and financial statements.

b. Deferred tax

Deferred tax is recognised using the liability method on the temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised only if management is certain that the future benefits of the taxable amount will be utilised. Judgement is required when deferred tax assets are reviewed at each reporting date. The management uses future forecasts to ascertain the future benefits of deferred tax assets.

	Property, plant & equipment $000s	Employee benefits $000s	Right-of-use asset ($000s)	Lease liability ($000s)	Other[1] $000s	Future income tax benefit $000s	Total $000s
At 31 March 2023	**(1,019)**	**1,834**	**(892)**	**1,053**	**2,511**	**(8)**	**3,479**
(Charged)/credited to profit or loss	(136)	(184)	(958)	1,004	(435)	7,428	6,719
Tax losses utilised	–	–	–	–	–	(873)	(873)
Charged to equity	–	49	–	–	(299)	–	(250)
Foreign exchange difference	1	5	–	–	4	7	17
At 31 March 2024 Restated	**(1,154)**	**1,704**	**(1,850)**	**2,057**	**1,781**	**6,554**	**9,092**
(Charged)/credited to profit or loss	(711)	(746)	(569)	618	405	4,672	3,669
Tax losses utilised	–	–	–	–	–	(1,019)	(1,019)
Charged to equity	–	–	–	–	1,041	–	1,041
Foreign exchange difference	(5)	(1)	–	–	21	(1)	14
At 31 March 2025	**(1,870)**	**957**	**(2,419)**	**2,675**	**3,248**	**10,206**	**12,797**

[1] Includes deferred tax arising from financial instruments (cash flow hedges) and inventory provisioning.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred income tax assets are recognised for tax losses to the extent that the related tax benefit is expected to be realised through future taxable profits. Rakon France has carried forward tax losses of approximately €56m (2024: €59m) that can be used to offset future taxable income. A deferred tax asset of $3.5m (2024: $3.7m) has been recognised in respect of a portion of these losses as management considered there to be sufficient future taxable income against which the tax losses can be offset. The remaining tax losses in Rakon France have remained unrecognised.

c. Imputation balances

Imputation credit account with Inland Revenue (New Zealand):

	2025 $000s	2024 $000s
Imputation credit available for use in subsequent periods	17,485	17,815

21. SHARE CAPITAL

a. Ordinary shares

Ordinary shares are classified as equity. The holder of the ordinary shares present in a meeting or by proxy is entitled to one vote per share held. The holder is also entitled to receive dividends if declared, and to share in the proceeds of winding up the Group in proportion to the number of shares held. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

At 31 March 2025 the total number of ordinary shares that were authorised and issued, including treasury shares, is 229,809,013 shares (2024: 229,809,013) made up as follows:

- 227,715,724 are fully paid shares (2024: 227,715,724)
- 321,972 unpaid ordinary shares were on issue and held in trust on behalf of participants in the Rakon Share Plan (2024: 321,972)
- 1,771,317 unpaid ordinary shares were held by Rakon ESOP Trustee Limited for future allocation to participants (2024: 1,771,317)

The share capital balance is $181,592,000 (2024: $181,592,000).

b. Dividends

	2025 $000s	2024 $000s
Dividend of 1.5 cents per fully paid ordinary share	–	3,482
Total dividends paid	**–**	**3,482**
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year:		
Paid in cash	–	2,914
Satisfied by issue of shares	–	568
	–	**3,482**

22. EARNINGS PER SHARE

Earnings per share is the amount of post-tax profit attributable to each share.

a. Basic

	2025	Restated* 2024
Weighted average number of ordinary shares on issue (000s)	227,937	227,449
Earnings attributable to equity holders of the Group ($000s)	(5,849)	4,253
Basic earnings per share (cents per share)	**(2.6)**	**1.9**

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

b. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2025	Restated* 2024
Weighted average number of ordinary shares on issue (000s)	227,937	227,449
Adjustments for dilutive potential ordinary shares (restricted ordinary shares and share options)	1,972	1,601
Weighted average number of ordinary shares for diluted earnings per share	229,909	229,050
Earnings attributable to equity holders of the Group ($000s)	(5,849)	4,253
Diluted earnings per share (cents per share)	**(2.6)**	**1.9**

The calculation of diluted earnings per share does not assume issue of potential ordinary shares that would have an antidilutive effect on earnings per share in accordance with NZ IAS 33 Earning per Share

* Refer to note 15 for restatement of leases and note 16 for restatement of interest in associates.

23. OTHER RESERVES

	Foreign currency translation reserve $000s	Cash flow hedge reserve $000s	Share option reserve $000s	OCI[1] revaluation $000s	Total $000s
At 31 March 2023	**(22,812)**	**(1,884)**	**3,519**	**(3,076)**	**(24,253)**
Cash flow hedges					
Fair value loss in year	–	8,533	–	–	8,533
Cost of hedge	–	(190)	–	–	(190)
Changes in fair value of equity investments at fair value through other comprehensive income – Thinxtra	–	–	–	(1,529)	(1,529)
Tax on fair value loss	–	(2,336)	–	–	(2,336)
Transfers to revenue	–	(7,277)	–	–	(7,277)
Income tax on transfers to revenue	–	2,038	–	–	2,038
Subsidiaries	1,053	–	–	–	1,053
Associate – Timemaker Group	131	–	–	–	131
Long term incentive plan	–	–	398	–	398
At 31 March 2024	**(21,628)**	**(1,116)**	**3,917**	**(4,605)**	**(23,432)**

	Foreign currency translation reserve $000s	Cash flow hedge reserve $000s	Share option reserve $000s	OCI[1] revaluation $000s	Total $000s
Cash flow hedges					
Fair value loss in year	–	10	–	–	10
Cost of hedge	–	(1,058)	–	–	(1,058)
Changes in fair value of equity investments at fair value through other comprehensive income – Thinxtra	–	–	–	(64)	(64)
Tax on fair value loss	–	293	–	–	293
Transfers to revenue	–	(2,108)	–	–	(2,108)
Income tax on transfers to revenue	–	591	–	–	591
Subsidiaries	3,098	–	–	–	3,098
Associate – Timemaker Group	662	–	–	–	662
Long term incentive plan	–	–	160	–	160
At 31 March 2025	**(17,868)**	**(3,388)**	**4,077**	**(4,669)**	**(21,848)**

[1] OCI – Thinxtra revaluation through other comprehensive income.

a. Foreign currency translation reserve

Recognises exchange differences arising on translation of the foreign controlled entities, as described in note 3. The cumulative amount is reclassified to the Consolidated Statement of Comprehensive Income when the investment is disposed.

b. Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments and the cost of hedging used in cash flow hedges. The cost of hedging is subsequently recognised in the Consolidated Statement of Comprehensive Income or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

c. Share option reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested.

d. Financial asset at fair value through other comprehensive income (FVOCI)

The Group has elected to recognise the change in fair value of investment in Thinxtra in other comprehensive income. These changes are accumulated within the FVOCI reserve and transferred to retained earnings when investment is derecognised.

24. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which together with the Board, is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the material risks faced by the Group, to set appropriate risk limits and controls and to monitor risk adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk management is predominantly controlled at the head office in New Zealand (Group treasury) under policies approved by the Board. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis Credit ratings	Credit limits and terms
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Forecast sales and purchases not denominated in the respective functional currencies of Group's entities	Cash flow forecasting Sensitivity analysis	Foreign currency forwards and foreign currency options against highly probable sales transactions limited to the value of the net sales and purchases exposures

a. Derivatives

The Group is exposed to certain risks relating to its ongoing business operations. To mitigate the risks the Group uses derivative financial instruments such as foreign currency forward exchange contracts and foreign currency collar options. These instruments are held for risk and capital management purposes only and not for the purpose of speculation.

In accordance with its wider risk management, it is the Group's strategy to apply cash flow hedge accounting to keep its foreign currency revaluation fluctuations within its established limits. Applying cash flow hedge accounting enables the Group to reduce the cash flow fluctuations arising from foreign exchange risk on an instrument or group of instruments, or to hedge mismatches. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss.

Derivatives and hedge accounting

The Group designates certain derivatives to be part of a hedging relationship. These are classified as cash flow hedges. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative assessment of effectiveness and maintains hedging documentation which describes the economic relationship, objective and strategy for the hedge transactions. The effectiveness of the hedged relationships are assessed on an ongoing basis.

The fair value changes to the effective portion of the cash flow hedges are recognised (including related tax impacts) through OCI in the cash flow hedge reserve in equity, refer to note 23. The balance of the cash flow hedge reserve in relation to each particular hedge is transferred to the Consolidated Statement of Comprehensive Income in the period when the hedged item affects Consolidated Statement of Comprehensive Income. Hedge accounting is discontinued when a hedging instrument expires, is sold, terminated, or when a hedge no longer meets the criteria for hedge accounting.

If the maturity of the hedged item is less than 12 months, the full fair value of a hedging derivative is classified as a current asset or liability, otherwise non-current asset or liability. Derivatives that do not meet the hedge accounting criteria are classified as held for trading for accounting purposes and are accounted for at fair value through profit and loss.

The following table sets out the Group's derivative financial instruments in the Consolidated Balance Sheet:

	2025 Assets $000s	**2025 Liabilities $000s**	2024 Assets $000s	2024 Liabilities $000s
Forward foreign exchange contracts – cash flow hedges	18	3,198	50	1,217
Forward foreign exchange collar option – cash flow hedges	923	2,377	76	476
Total derivative financial instruments	**941**	**5,575**	**126**	**1,693**
Less: non-current forward foreign exchange – cash flow hedges	807	2,886	34	138
Current derivative financial instruments	**134**	**2,689**	**92**	**1,555**
Financial assets/ liabilities at fair value through profit or loss	–	231	7	1,448
Total derivative financial instruments	**134**	**2,920**	**99**	**3,003**

Forward foreign exchange contracts

In hedges of foreign currency, ineffectiveness may arise if the timing of the forecast sales transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty. The hedged highly probable forecast sales transactions denominated in foreign currency are expected to occur at various dates during the next 31 months.

Where option contracts are used as the hedging instrument, the Group designates only the intrinsic value. These are recognised in the cash flow hedge reserve within equity. The changes in time value of the options that related to the hedged item are recognised within OCI in the cost of hedging reserve with equity.

When forward contracts are used to hedge, the Group designates full change in fair value of the forward contract as the hedging instrument.

The balance of the cash flow hedge reserve in relation to each particular hedge is transferred to the revenue when the highly probable sales transaction occurs.

The following table summarises the Group's current hedging instruments:

	2025		2024	
	Foreign currency options	**Foreign currency forwards**	Foreign currency options	Foreign currency forwards
Notional amount ($000s)	49,476	75,287	18,000	43,339
Maturity date	May-25 to Nov-27	May-25 to Aug-27	Apr-24 to May-25	Apr-24 to Aug-25
Hedge ratio	1:1	1:1	1:1	1:1
Change in intrinsic value of outstanding hedging instruments	(548)		(240)	
Weighted average strike rate on outstanding options				
NZD/USD	0.600		0.627	
Weighted average contract rate on forwards				
NZD/USD		0.601		0.637
GBP/USD		1.301		1.260
INR/USD		87.244		84.360
JPY/USD		141.635		129.010

b. Credit risk

The Group is exposed to credit risk arising from trade customers, financial instruments, and cash and cash equivalents (note 10). The maximum exposure to credit risk at the end of the period is represented by the carrying value of these financial assets.

The Group has financial assets of trade receivables from sales of inventory that are subject to the expected credit loss model. The Group has established credit policies and applies the NZ IFRS 9 Financial Instruments simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables, refer to note 11. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less influence.

The Group only deals with institutions with high credit quality for banking and derivative counterparty.

c. Liquidity risk

The Group maintains committed credit facilities to ensure adequate cash is available to meet obligations when due. Management monitors rolling forecasts of the Group's liquidity position on the basis of expected cash flow. Forecasts indicate that the Group operates within its credit facilities.

The following table shows the contractual undiscounted cash flow maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

31 March 2025	Carrying amount $000s	6 months or less $000s	6 – 12 months $000s	1 – 2 years $000s	2 – 5 years $000s	5 – 10 years $000s
Financial liabilities						
Secured bank loans (note 17)	10,476	(999)	(306)	(613)	(12,314)	–
Derivatives (note 24)	5,806	(1,564)	(1,357)	(2,214)	(672)	–
Trade and other payables (note 18)	13,785	(13,785)	–	–	–	–
Other borrowings (note 17)	43	(43)	–	–	–	–
Lease liabilities (note 15)	10,101	(1,742)	(2,831)	(4,084)	(3,269)	–
Total financial liabilities	**40,211**	**(18,133)**	**(4,494)**	**(6,911)**	**(16,255)**	**–**

31 March 2024	Carrying amount $000s	6 months or less $000s	6 – 12 months $000s	1 – 2 years $000s	2 – 5 years $000s	5 – 10 years $000s
Financial liabilities						
Secured bank loans (note 17)	3,568	(688)	(688)	(1,376)	(868)	–
Derivatives (note 24)	3,141	(2,228)	(775)	(138)	–	–
Trade and other payables (note 18)	9,202	(9,202)	–	–	–	–
Other borrowings (note 17)	150	(62)	(50)	(47)	–	–
Lease liabilities (restated) (note 15)	7,819	(1,011)	(1,181)	(2,427)	(3,601)	(997)
Total financial liabilities	**23,880**	**(13,191)**	**(2,694)**	**(3,988)**	**(4,469)**	**(997)**

d. Market risk – foreign exchange

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk. The Group enters into derivatives in the ordinary course of business and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Board and the Audit and Risk Committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility in the Consolidated Statement of Comprehensive Income.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily New Zealand Dollars (NZD), Sterling Pounds (GBP), Euros (EUR) and Indian Rupees (INR). The currencies in which these sales and purchases transactions are primarily denominated are US Dollars (USD), Japanese Yen (JPY), INR, NZD, GBP and EUR. The Group uses foreign currency forward exchange contracts and collar options against highly probable forecast sales transactions to hedge its functional currency risk. The hedge relationship is designated against revenue limited to the value of the forecast sales and purchases exposure across the Group.

Forward foreign exchange contracts

A 10% weakening of the purchased currencies below against the forward foreign exchange contracts outstanding at 31 March, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2025			2024		
	Fair value $000s	**Equity $000s**	**Profit or loss $000s**	Fair value $000s	Equity $000s	Profit or loss $000s
Forward foreign exchange contracts – Cash flow hedge						
Net buy NZD sell USD	10,445	(10,445)	–	3,302	(3,302)	–
Net buy GBP sell USD	(569)	569	–	269	(269)	–
Net buy INR sell USD	(13)	13	–	(367)	367	–
Net buy JPY sell USD	(403)	403	–	(368)	368	–
Net buy EUR sell USD	29	(29)	–	–	–	–
Net buy NZD sell EUR	(400)	400	–	–	–	–
Forward foreign exchange contracts - held for trading						
Net buy NZD sell USD	(350)	(580)	(580)	424	1,754	1,754
Net buy GBP sell USD	–	–	–	(18)	–	–
Net buy INR sell USD	–	–	–	103	–	(139)
Net buy JPY sell USD	–	–	–	758	–	(123)

The table below summarises the foreign exchange exposure on the net monetary assets of the Group against its respective functional currencies, expressed in NZD:

	USD $000s	EUR $000s	GBP $000s	JPY $000s
31 March 2025	26,083	418	366	(1,242)
31 March 2024	45,560	2,173	880	(663)

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2025	2024	**2025**	2024
NZD/USD	0.5934	0.6101	0.5720	0.5999
NZD/EUR	0.5529	0.5624	0.5288	0.5544
NZD/GBP	0.4638	0.4860	0.4427	0.4749
NZD/INR	50.1655	50.4885	48.9109	50.0413
NZD/JPY	90.4283	88.1182	85.6600	90.7300

Sensitivity analysis

Underlying exposures

A 10% weakening of the NZD against the following currencies at 31 March would have increased (decreased) equity and profit or loss by the amounts shown below. Based on historical movements, a 10% increase or decrease in the NZD is considered to be a reasonable estimate. This analysis assumes that all other variables, in particular interest rates remain constant. The analysis was performed on the same basis for 2024:

	2025		2024	
	Equity $000s	**Profit or loss $000s**	Equity $000s	Profit or loss $000s
USD	2,898	2,898	5,062	5,062
EUR	46	46	241	241
GBP	41	41	98	98
JPY	(138)	(138)	(74)	(74)

A 10% strengthening of the NZD against the above currencies at 31 March would have had the equal but opposite effect, on the basis that all other variables remain constant.

e. Market risk – interest rate

The Group adopts a policy to manage its exposure to interest rate risks by considering interest rates swap agreements.

Profile

At 31 March the interest rate profile of the Group's interest bearing financial instruments:

	2025 $000s	2024 $000s
Variable rate instruments		
Financial assets (note 10)	15,323	17,831
Net variable rate instruments	**15,323**	**17,831**
Fixed rate instruments		
Financial liabilities (note 17)	(12,404)	(6,597)
Net fixed rate instruments	**(12,404)**	**(6,597)**

Sensitivity analysis

There are no variable financial liabilities (2024: nil).

f. Capital risk management

The Group's objective when managing capital is to maintain its ability to continue as a going concern, meet its debt obligations, maintain an appropriate capital structure that provides flexibility to take advantage of growth opportunities, and manage capital costs. The Group's capital comprises of all components of equity. The Group also maintains borrowings and credit facilities, refer to note 17 for details.

25. CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance date but not incurred is $370,000 (2024: $1,700,000).

26. PRINCIPAL SUBSIDIARIES

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The acquisition method of accounting is used to account for business combinations by the Group. They are deconsolidated from the date that control ceases.

All material transactions between subsidiaries or between the parent company and subsidiaries are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The list of subsidiaries is as follows:

				% interest held by the Group	
Name of entity	Principal activities	Country of incorporation	Balance date	**2025**	2024
Rakon America LLC	Marketing support	USA	31-Mar	100	100
Rakon Singapore (Pte) Limited	Marketing support	Singapore	31-Mar	100	100
Rakon Financial Services Limited	Financing	New Zealand	31-Mar	100	100
Rakon International Limited	Marketing support	New Zealand	31-Mar	100	100
Rakon UK Holdings Limited	Holding company	United Kingdom	31-Mar	100	100
Rakon UK Limited	Research and development	United Kingdom	31-Mar	100	100
Rakon France SAS	R&D, manufacturing and sales	France	31-Mar	100	100
Rakon Investment HK Limited	Holding company	Hong Kong	31-Mar	100	100
Rakon Crystal Electronic International Limited	Marketing support	China	31-Mar	100	100
Rakon India Pvt Limited	Manufacturing, R&D and sales	India	31-Mar	100	100
Rakon ESOP Trustee Limited	Share trustee	New Zealand	31-Mar	–	–
Rakon PPS Trustee Limited	Share trustee	New Zealand	31-Mar	–	–

Rakon ESOP Trustee Limited and Rakon PPS Trustee Limited are classified as in-substance subsidiaries and are consolidated into the Group financial statements.

27. RELATED PARTY TRANSACTIONS

a. Key management personnel compensation

	2025 $000s	2024 $000s
Salaries and other short-term employee benefits	6,054	5,776
Directors' fee	475	600
Total key management compensation	**6,529**	**6,376**

b. Transactions with other related parties

No amounts owed by a related party have been written off or forgiven during the year. Outstanding balances are unsecured and are repayable in cash. Following is the summary of transactions between related parties and closing receivables and payables balance.

	2025 $000s	2024 $000s
Transactions with associates		
Purchases from associate, Chengdu Timemaker Crystal Technology Co. Limited	(1,780)	(2,052)
Payables to Chengdu Timemaker Crystal Technology Co. Limited	(395)	(301)
Receivables from Rakon HK Limited	294	245
Transactions with Siward Crystal Technologies Co. Limited		
Sales	85	480
Purchases	(2,912)	(3,843)
Net transactions	**(2,827)**	**(3,363)**
Payables to Siward Crystal Technologies Co. Limited	(713)	(654)
Receivables from Siward Crystal Technologies Co. Limited	30	–

28. SHARE BASED PAYMENTS

The Board awards qualifying employees' bonuses, in the form of share options and conditional rights to redeemable ordinary shares, from time to time, on a discretionary basis. These are subject to vesting conditions and are recognised over the vesting period. The fair value determined at grant date excludes the impact of any non-market vesting conditions, such as the requirement to remain in employment with the Group. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest and the number of redeemable ordinary shares that are expected to transfer.

a. Rakon's Long Term Incentive Plan

Rakon's Long Term Incentive Plan (LTIP) was established on 13 December 2021. Under the LTIP, Share Rights of the Company are granted to participants based in New Zealand, whereby employees render services as consideration for equity instruments (equity- settled transactions). Employees working overseas are granted Phantom Share Rights which are settled in cash (cash-settled transactions). Employees are entitled to shares of the parent or cash payment upon vesting of Share Rights and Phantom Share Rights, respectively. There is no exercise price on these and there is no right to dividends during the vesting period.

The vesting of Share Rights and Phantom Share Rights is dependent on the Group's total shareholder return (TSR) exceeding the TSR of the NZX50 over the measurement period. It takes into account historical and expected dividends, and the share price fluctuation to predict the distribution of relative share performance. Employees must remain in service for a period of two and half years from the grant date. The fair value is determined by an independent expert using Monte Carlo model.

During the year, rights with vesting date 25 June 2024 (grant date 13 December 2021) were cancelled because the vesting conditions were not met.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the grant date and amortised over the vesting period. Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

The fair value of Share Rights is estimated at the grant date using the Monte Carlo model, taking into account the terms and conditions upon which the Share Rights were granted. There are no cash settlement alternatives.

The fair value of the rights granted is recognised as an employee benefits expense (note 6) in the Consolidated Statement of Comprehensive Income with a corresponding increase in the employee share option reserve (note 23).

Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award that has not yet been recognised as an expense is expensed immediately through profit or loss.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense (note 6) in the Consolidated Statement of Comprehensive Income. The fair value is expensed over the vesting period with the recognition of a corresponding liability. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Estimates and judgements

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including market price volatility, risk free rates, liquidity and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in Statement of Comprehensive Income. This requires a reassessment of the estimates used at the end of each reporting period.

Performance rights granted are summarised below:

31 March 2025

Tranche	Grant date	Type	Balance at the start of period Number	Granted during the period Number	Vested during the period Number	Lapsed/ forfeited during the period Number	Balance at the end of period Number
1	13 Dec 21	Phantom Rights	276,470	–	–	(276,470)	–
	13 Dec 21	Share Rights	536,415	–	–	(536,415)	–
2	19 Dec 22	Phantom Rights	277,541	–	–	(28,735)	248,806
	19 Dec 22	Share Rights	343,124	–	–	(9,466)	333,658
	14 Mar 23	Share Rights	180,000	–	–	–	180,000
3	08 Mar 24	Phantom Rights	–	1,316,630	–	(204,000)	1,112,630
4	21 Mar 25	Phantom Rights	–	466,982	–	(12,000)	454,982
	21 Mar 25	Share Rights	–	1,140,600	–	(4,500)	1,136,100
			1,613,550	**2,924,212**	**–**	**(1,071,586)**	**3,466,176**

31 March 2024

Tranche	Grant date	Type	Balance at the start of period Number	Granted during the period Number	Vested during the period Number	Lapsed/ forfeited during the period Number	Balance at the end of period Number
1	13 Dec 21	Phantom Rights	276,470	–	–	–	276,470
	13 Dec 21	Share Rights	703,244	–	–	(166,829)	536,415
2	19 Dec 22	Phantom Rights	282,612	–	–	(5,071)	277,541
	19 Dec 22	Share Rights	395,860	–	–	(52,736)	343,124
	14 Mar 23	Share Rights	180,000	–	–	–	180,000
			1,838,186	**–**	**–**	**(224,636)**	**1,613,550**

The expense recognised for employee services received during the year is shown in the following table:

	2025 $000s	2024 $000s
Expenses arising from equity-settled share-based payment transactions	160	398
(Income)/expenses arising from cash-settled share-based payment transactions	(260)	245
Total (income)/expenses arising from share-based payment transactions	**(100)**	**643**

Following are the assumptions used to simulate the future share prices:

31 March 2025

	Tranche 2			Tranche 3	Tranche 4	
	Phantom Rights	Share Rights	Share Rights	Phantom Rights	Phantom Rights	Share Rights
Fair value of Rights ($000)	–	142	50	53	1	3
Vesting date	25 Jun 25	25 Jun 25	25 Jun 25	23 Jun 26	27 Jun 27	27 Jun 27
Weighted average share price at grant date ($)	1.39	1.39	1.39	0.95	0.71	0.71
Risk free interest rate	4.5%	4.6%	4.5%	3.6%	3.5%	3.5%
Expected volatility	45%	45%	45%	50%	55%	55%

31 March 2024

	Tranche 1		Tranche 2		
	Phantom Rights	Share Rights	Phantom Rights	Share Rights	Share Rights
Fair value of Rights ($000)	265	817	137	155	56
Vesting date	25 Jun 24	25 Jun 24	25 Jun 25	25 Jun 25	25 Jun 25
Weighted average share price at grant date ($)	0.91	0.91	1.39	1.39	1.39
Risk free interest rate	4.8%	2.1%	4.5%	4.6%	4.5%
Expected volatility	45%	45%	45%	45%	45%

b. Rakon Share Plan

In March 2006, Rakon Limited established a share plan to enable selected employees of Rakon Limited to acquire shares in the Company through the plan trustee, Rakon ESOP Trustee Limited. Under the terms of the share plan, 2,759 ordinary shares were issued at deemed market value at that time to Rakon ESOP Trustee Limited to hold on behalf of the participating employees. Following a share split on 13 April 2006, the resulting number of shares under this plan was 859,137. As at 31 March 2025, the balance of shares held was 321,972 (2024: 321,972). All shares have been allocated and rank equally in all respects with all other ordinary shares issued by the Company. The outstanding loan balance, provided on an interest free basis by Rakon Limited to participating employees in respect of these shares, totals $195,000 (2024: $195,000). A participant may repay all or part of the loan at any time and may request share transfer upon full repayment. No repayments were due at 31 March 2025 (2024: nil). The Trust Deed makes provision for the Company to require repayment of the loans in certain circumstances. The Company may remove and appoint trustees at any time. The Directors and shareholders of Rakon ESOP Trustee Limited are Keith Oliver and Lorraine Witten. Shares held by the share plan represent approximately 0.14% of the Company's total shares on issue as at balance date (2024: 0.14%).

29. CONTINGENCIES

Prior to acquisition, Rakon India received income tax and indirect tax assessments, which had been in dispute. The Directors of Rakon India believe the positions are likely to be upheld and accordingly no provision was made. The below summarises the potential taxes that need to be paid if the assessments are not upheld.

Income taxes

- 2013/14 – no increase in taxable income (tax value $540,000)
- 2014/15 – advance payment delay (tax value $20,000)

Indirect taxes

- December 2010/August 2012 – excess input credit applied (tax value $400,000). Penalty applicable at 100% of tax value.

30. SUBSEQUENT EVENTS

The Directors are not aware of any material events subsequent to the balance date 31 March 2025 that require additional disclosure.

Independent auditor's report

To the shareholders of Rakon Limited

Our opinion

In our opinion, the accompanying consolidated financial statements (the financial statements) of Rakon Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2025, its financial performance and its cash flows for the year then ended, in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's financial statements comprise:

- the consolidated balance sheet as at 31 March 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our capacity as auditor and assurance practitioner, our firm provides access to training material through an on-line platform, other assurance and agreed-upon procedures services. The firm has no other relationship with, or interests in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Description of the key audit matter	How our audit addressed the key audit matter
Valuation of inventories The carrying value of the Group's inventories at 31 March 2025 was $46.4 million (31 March 2024 $54.9 million) net of inventory provision of $9.1 million (31 March 2024 $6.9 million). The Group holds inventories in New Zealand, France and India. The cost of inventories reflects the cost of direct materials and where relevant, direct labour costs, including an allocation of variable and fixed overhead expenditure. Inventories are stated at the lower of cost or net realisable value. The Group has recorded an inventory provision to reflect management's best estimate of the net realisable value of inventories. Determining the provision involves significant judgement considering a range of factors including expected future consumption assumptions. Valuation of inventories is an area of focus and key audit matter for the audit due to the significance of the inventory balance, the complexity of inventory costing, and the judgements involved in estimating the inventory provision. Note 12 of the financial statements describes the accounting policy and the judgements and estimates applied by management in recognising inventories.	**Our procedures included the following:** • gaining an understanding of the key processes, controls and judgements surrounding inventory costing and provisioning; • testing certain controls over inventory costing; • on a sample basis, testing the cost of materials and finished goods to supporting documents; • ensuring direct labour and overhead expenditure capitalised are in line with the requirements of underlying accounting standards; • evaluating the reasonableness of direct labour and overhead expenditure capitalised into inventory by performing analytical procedures; • on a sample basis, testing the accuracy of inputs into the inventory provision calculation including assessing the reasonableness of future consumption estimates; • performing recalculations over the provision to ensure its mathematical accuracy; • assessing and challenging the appropriateness of the Group's provisioning by reviewing changes in methodologies, testing assumptions on a sample basis for the most significant provisions and performing lookback procedures; • testing the net realisable value of finished goods, on a sample basis, by comparing the cost with recent sales; and • reviewing the appropriateness of disclosures in the financial statements.

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Our audit approach

Overview

Overall group materiality: $1,036,000, which represents approximately 1% of total revenues.

We chose total revenues as the benchmark because, in our view, revenue provides a more stable measure for establishing our materiality benchmark, and is a generally accepted benchmark.

Following our assessment of the risk of material misstatement, we:

- Performed full scope audits for the two principal businesses in New Zealand and France based on their financial significance;
- Performed specified procedures and analytical review procedures over the business in India;
- Analytical review procedures were performed on the investment in Timemaker and other remaining entities.

As reported above, we have one key audit matter, being:

- Valuation of Inventories

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement leader on the audit resulting in this independent auditor's report is John (Jolly) Morgan.

For and on behalf of:

PricewaterhouseCoopers

PricewaterhouseCoopers
27 May 2025

Auckland

Remuneration Report

REMUNERATION

Oversight of policy and processes in relation to the remuneration of Directors and executives is a key responsibility of the People Committee.

Remuneration of Directors

The total remuneration available for Directors is approved by shareholders. The Board determines the level of remuneration paid to Directors from the approved collective pool. Directors are also reimbursed for reasonable travel, accommodation and other expenses incurred in the course of performing their duties.

The total annual fees pool is $603,500 for six non-executive Directors and includes a reserve from which the Board may approve payment to directors who have undertaken significant additional work. The level of non-executive Directors' fees was last reviewed in 2023 and an increase was approved by shareholders at the annual meeting held in August 2023. Any future proposed increases in the level of non-executive Directors' fees will also be put to an annual meeting of shareholders for approval.

As at 31 March 2025 the Board comprises six non-executive directors.

ROLE	DIRECTORS' FEES (effective from 1/10/2023)
Chair	$145,000
Non-executive Director	$72,500
Chair of Audit & Risk Committee	$12,000
Chair of People Committee	$9,000
Provision for additional work if required	$75,000
Total Fees Pool based on six non-executive Directors	$603,500

When the Board seeks advice in relation to Directors' remuneration, the consultants are required to declare their independence. If the Board elects to state publicly that it is relying on such advice in respect of its remuneration proposal, a summary of the findings will be disclosed to shareholders as part of the approval process. A summary of the report prepared by Strategic Pay in relation to the proposal to increase Directors' fees at the 2023 Annual Meeting was made available on the Rakon website prior to that meeting.

Rakon's Remuneration (Directors and Executives) Policy recognises that investors have a particular interest in director and executive remuneration and that the remuneration of directors and executives should be transparent, fair and reasonable. The policy outlines the framework within which Rakon determines remuneration for its Directors and executives.

Rakon applies a fair and equitable approach to remuneration, considering the financial position of the company and the external environment.

The Remuneration (Directors and Executives) Policy records that Rakon and its People Committee may obtain independent advice and relevant market data and benchmarking in New Zealand and other regions in which it operates from appropriately qualified consultants to assist in setting remuneration for its executives, Chief Executive Officer and Directors. External advice is sought regularly to ensure remuneration is benchmarked to the market.

Details of individual Directors' remuneration for the year ended 31 March 2025 are set out in the table below:

Director Remuneration Paid

Director	Roles	Fees paid
Lorraine Witten[3]	Board Chair; Chair Audit & Risk (September 2024 to March 2025) Member of Independent Committee	$175,320
Sinead Horgan[3] (retired effective 27 August 2024)	Chair Audit & Risk; Chair Independent Committee (April 2024 to August 2024)	$47,470
Keith Watson[3] (retired effective17 March 2025)	Chair of People Committee; Member Independent Committee; Chair Independent Committee (September 2024 to March 2025)	$89,653
Keith Oliver[3] (retired effective 1 November 2024)	Member Independent Committee	$59,400
Jung Meng Tseng[1]		$73,155
Brent Robinson[2]		–
Mark Bregman[3] (appointed effective 1 November 2024)	Member Independent Committee	$30,482
Lisbeth Jacobs (appointed effective 17 March 2025)		–
Jon Raby (appointed effective 24 March 2025)	Chair of Audit & Risk Committee (24 March 2025)	–

1 Equivalent ordinary Director fee in USD.

2 Employed as Chief Technology Officer until 30 November 2024, received salary and benefits and did not receive any director fees in FY2025.

3 Member of Independent Committee eligible for additional fees

Directors fees detailed exclude both GST and reimbursed costs directly associated with carrying out their duties. Directors who were members of the Rakon Board's Independent Director Committee received additional fees which were approved by the Board in connection with additional work of the Committee in connection with non-binding indicative offers received by Rakon Limited in FY24 and FY25. Time sheets recorded by Directors who were members of the Independent Committee demonstrate that they worked many additional hours over and above those they were able to be compensated for from the Additional Work pool approved by shareholders at the 2023 Annual Meeting.

Employees' remuneration

During the year ended 31 March 2025, the following numbers of employees or former employees of Rakon Limited and its subsidiaries, not being Directors of Rakon Limited, received remuneration including the value of other benefits in excess of $100,000 in the bands set out below:

Remuneration	Number of employees
$100,000 – $110,000	31
$110,001 – $120,000	22
$120,001 – $130,000	19
$130,001 – $140,000	9
$140,001 – $150,000	7
$150,001 – $160,000	17
$160,001 – $170,000	8
$170,001 – $180,000	11
$180,001 – $190,000	10
$190,001 – $200,000	4
$200,001 – $210,000	6
$210,001 – $220,000	2
$220,001 – $230,000	4
$230,001 – $240,000	3
$240,001 – $250,000	4
$250,001 – $260,000	1
$260,001 – $270,000	5
$270,001 – $280,000	3

Remuneration	Number of employees
$280,001 – $290,000	4
$290,001 – $300,000	1
$300,001 – $310,000	3
$330,001 – $340,000	1
$340,001 – $350,000	1
$350,001 – $360,000	1
$370,001 – $380,000	1
$380,001 – $390,000	1
$400,001 – $410,000	1
$410,001 – $420,000	1
$420,001 – $430,000	2
$440,001 – $450,000	1
$480,001 – $490,000	1
$510,001 – $520,000	1
$910,001 – $920,000	2
$1,131,000 – $1,140,000	1

Total 189 employees

Executive remuneration

In general, executive remuneration comprises a fixed base salary and an at-risk portion being a percentage of executives' fixed remuneration determined annually.

Performance targets for at-risk incentives are set at the commencement of the period and are generally based on financial measures including company earnings targets, progress against objectives related to the strategic plan, business unit objectives and personal objectives.

Short-term incentives

Short term incentives (STI) linked to company objectives are agreed with the Board and achievement and payment is determined at the discretion of the Board with achievement measured against company performance metrics and criteria based on company priorities. In general, the company objectives represent 50% of the STI with achievement targets for those company objectives being scaled relative to budgeted EBITDA and personal objectives represent the other 50% of the STI. The Chief Executive Officer is responsible for agreeing and assessing achievement of his direct reports' personal objectives. In FY25 the executive team, including the Chief Executive, waived their entitlement to a STI.

LTI Plan

In December 2021, Rakon implemented a Long Term Incentive (LTI) Plan for key employees including the executive team with participation determined at the discretion of the Board. The LTI is designed to promote the retention of key employees across Rakon's global team and drive longer-term performance and alignment of incentives with the interests of the company's shareholders.

Under the rules of the LTI Plan, the Board will grant share rights or phantom share rights to selected key employees of Rakon, with the number of rights granted being determined by dividing the gross value of the grant by the value of one Rakon share at the calculation date. The rules of the LTI Plan provide for the Board to offer phantom share rights to key employees where they are based outside New Zealand, or the Board determines (at its discretion) that additional regulatory requirements would apply to an employee's receipt of shares.

The performance hurdle for the LTI Plan offer made in relation to FY25 is consistent with the offer made in previous years. The hurdle is dependent upon Rakon achieving a higher Total Shareholder Return (TSR) (which measures share price movement and dividends and other distributions) over a three-year vesting period relative to the TSR of companies within the NZX50 Index. To satisfy the performance hurdle and satisfy that vesting condition, the percentage change in the TSR of Rakon over the vesting period must be greater than the percentage change in the NZX50 Index over the same period. To minimise the impact of short-term price volatility, TSR for Rakon as at the vesting period commencement date and the vesting date is calculated using the volume weighted average price (VWAP) of Rakon shares calculated from trades through the NZX Main Board over the 20 trading days up to and including the date on which the relevant calculation is made.

The Board has discretion in relation to determining whether the vesting conditions have been satisfied including reserving the right to adjust calculations relating to the calculation of the TSR of Rakon or the NZX50 to take account of any capital reconstructions, corporate transactions, changes to the composition of the NZX50 or other circumstances which in its opinion are appropriate in the circumstances and consistent with the intention of the performance hurdle.

At vesting, subject to meeting the performance hurdles set at the time of grant, each share right is converted to one ordinary share or the equivalent value in cash where the key employee has been issued phantom share rights.

The employee is liable for tax on any shares or cash received under the LTI Plan. At the discretion of the Board, grants of share rights or phantom rights will continue to be made annually with performance measured over a three-year period.

The value of the grant to each key employee for the LTI Plan in FY25 was set by reference to tiers determined by reference to weighting criteria applied to each key employee including a range of metrics for leadership, expertise, experience industry and future potential.

CEO remuneration

The review and approval of the Chief Executive Officer's remuneration is the responsibility of the People Committee and the Board.

External advice is sought to inform the determination of the remuneration of the Chief Executive Officer.

Dr. Sinan Altug was appointed Chief Executive Officer from 1 April 2022. His remuneration paid for the year ended 31 March 2025 includes a base salary, health insurance and a STI payment in relation to FY24. There were no KiwiSaver contributions paid by the company.

The total remuneration the Chief Executive Officer received during FY25 comprised the following:

Current Year	Base Salary	Benefits	Total fixed remuneration	STI	LTI	Retention Bonus	Total Remuneration
FY25	$771,352	$4,557	$775,909	$105,963	$0	$250,000	$1,131,872
FY24	$715,618	$3,788	$719,406	$174,435	$0		$893,841
FY23	$619,467	$50,168	$669,635	$156,090	$0		$825,725
		(a)		(b)	(c)	(d)	

(a) Benefits including medical insurance.

(b) The STI component paid in FY25 related to performance in FY24 and was awarded at 84.1% of the personal portion of the FY24 Target STI. No part of the company portion of the FY24 STI was paid.

(c) No LTI payments were made in FY25 as the LTI FY22 TSR performance hurdle was not satisfied and Share Rights lapsed.

(d) Receipt of retention bonus set in FY24 and paid in FY25 in connection with non-binding indicative offers received by company in FY24 and FY25.

Breakdown of CEO's pay for performance

The following tables provide a breakdown of the performance measures within the Chief Executive Officer's LTI entitlement, including details about the incumbent's quanta, performance and actual at-risk remuneration outcomes. A STI was not offered in FY25.

LTI	Performance measures and related weighting		Achievement Outcome	Commentary
FY22 31.6% of Base Salary	TSR	100%	Outcome measured June 2024	Share rights scheme. The grants are subject to a 3 year vesting period with the following hurdles: • Continued employment • TSR measured against the NZX50 index
FY23 39% of Base Salary	TSR	100%	Outcome to be measured June 2025. TSR not satisfied and Share Rights Lapsed	
FY24 35% of Base Salary	TSR	100%	Outcome to be measured June 2026	
FY25 30% of Base Salary	TSR	100%	Outcome to be measured June 2027	
		100%	Rakon to disclose as % of target LTI	

LTI interests granted to the CEO:

Share Rights that have been granted or vested to, or forfeited by the Chief Executive Officer as at 31 March 2025 are detailed in the following table. The Chief Executive Officer's entitlements to share rights granted in FY22 in relation to his previous role as Chief Operating Officer at Rakon did not vest in June 2024 and have lapsed. The Chief Executive Officer has been granted share rights in relation to FY23 and FY25 which if they vest would result in the transfer of shares and phantom share rights in relation to FY24 which if they vest would result in a cash payment.

Type of scheme interest	Grant date	Vesting date	Face value of award and vesting at threshold	Number of share rights' granted	Summary of performance measures and targets	Number of share rights forfeited	Number of shares vested
Share Rights	15 December 2021	25 June 2024	$165,107	181,436	TSR	181,436	0
Share Rights	14 March 2023	24 June 2025	$250,000	180,000	TSR	0	Not yet applicable
Phantom Share Rights	8 March 2024	23 June 2026	$250,000	263,130	TSR	0	Not yet applicable
Share Rights	21 March 2025	27 June 2024	$210,659	295,000	TSR	0	Not yet applicable
		(a)			(b)		

(a) The vesting conditions include a continued employment condition and a performance hurdle. The Board determines whether each of these conditions have been satisfied before vesting.

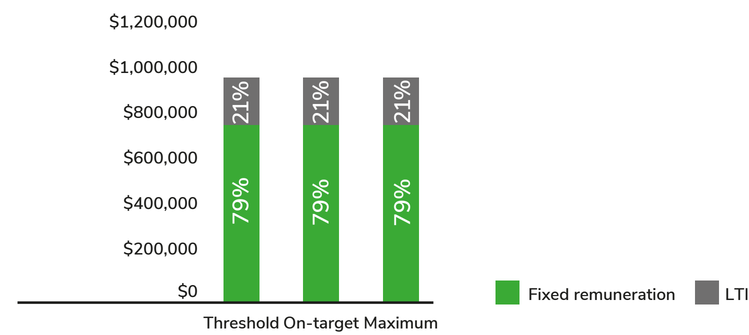
(b) To satisfy the vesting condition, the percentage change in the Total Shareholder Return (TSR) of Rakon over the vesting period must be greater than the percentage change in the NZX50 Index over the same period. If this is not satisfied, the share rights lapse.

CEO remuneration framework

The Chief Executive Officer's remuneration structure is consistent with the remuneration structure described previously. The charts below illustrate the CEO's total remuneration components for FY25 (comprising fixed and LTI components noting annual variable (STI) not applicable for FY25) under threshold, on-target and maximum performance.

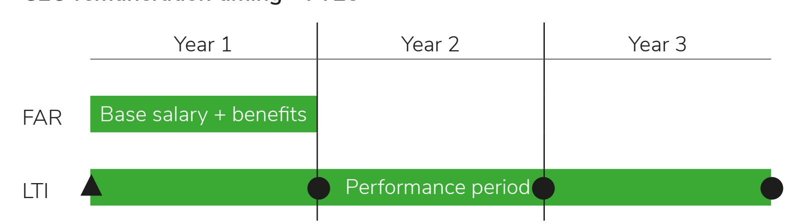
No LTI components vested in FY25. No STI was offered in relation to FY25.

CEO remuneration components FY2025



The following diagram illustrates delivery of the cash and equity remuneration components over time for FY25.

CEO remuneration timing – FY25



Shareholder Information 2025

Directors of subsidiaries

Directors of the company's subsidiaries do not receive any remuneration or other benefits in respect of their appointments. The remuneration and other benefits of any such directors (not being directors of Rakon Limited) who are employees of the Rakon group totalling $100,000 or more during the year ended 31 March 2025 are included in the relevant bandings for remuneration disclosed in the Remuneration Information section of the 2025 Annual Report.

The following people held office as directors of subsidiary companies at 31 March 2025:

Entity	Director (or authorised representative where noted)
Rakon America LLC	John Mundschau (authorised representative)
Rakon Singapore (Pte) Limited	Brent Robinson, Darren Robinson, Aloysius Wee
Rakon Financial Services Limited	Brent Robinson, Darren Robinson
Rakon International Limited	Brent Robinson
Rakon UK Holdings Limited	Sinan Altug, Brent Robinson, Darren Robinson,
Rakon UK Limited	Sinan Altug, Brent Robinson, Darren Robinson,
Rakon France SAS	Brent Robinson
Rakon Investment HK Limited	Brent Robinson
Rakon Crystal Electronic International Limited	Daryoush Shahidi (authorised representative)
Rakon HK Limited	Brent Robinson, Darren Robinson, Zhuzhi Ye, Rongguo Chen
Rakon ESOP Trustee Limited	Lorraine Witten, Keith Oliver
Rakon PPS Trustee Limited	Lorraine Witten, Keith Oliver
Rakon India (Private) Limited	Brent Robinson, P.M. Unnikrishnan, Arun Parasnis

Directors' interests

As permitted by the Companies Act 1993 and the company's constitution, all Directors received the benefit of an indemnity from Rakon Limited and the benefit of Directors and Officers liability insurance cover maintained by the company.

The company maintains an interests' register in accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013. The following are particulars of entries, including the date of disclosure shown in brackets, made in the company's interests' register during the year ended 31 March 2025.

Lorraine Witten
- Ceased as a shareholder of Simply Security Limited (April 2024)
- Ceased as Chair of vWork Limited (April 2024)
- Ceased as Chair of Move Logistics Limited (29 May 2024)
- Ceased as Director of Move Logistics Limited (24 October 2024)
- Announced retirement as a Director of Rakon Limited effective 22 August 2025 (28 April 2025)

Sinead Horgan
- Resigned as Chair of Audit & Risk Committee and as a Director of Rakon Limited effective 27 August 2024 (26 June 2024)

Keith Oliver
- Resigned as a Director of Rakon Limited effective 1 November 2024 (2 October 2024)

Mark Bregman
- Appointed as a Director of Rakon Limited effective 1 November 2024 (2 October 2024)
- Director of Marama Labs Limited (2 October 2024)
- Director of Quidnet Ventures General Partner Limited and Quidnet Ventures Founding LPS Nominee Limited (2 October 2024)
- Board member of Bay Area Science and Innovation Consortium (2 October 2024)
- Member of Physical Sciences Investment Committee for Return on Science and Digital Technologies Investment Committee for Return on Sciences hosted by Auckland Uniservices (2 October 2024)

Lisbeth Jacobs
- Appointed as Director of Rakon Limited effective 17 March 2025 (26 February 2025)
- Chief Executive of Gallagher Animal Management Limited (26 February 2025)
- Director Goodnature Limited (17 March 2025)
- Honorary Consul of Belgium (17 March 2025)

Keith Watson
- Resigned as Chair of NZIER (27 August 2024)
- Resigned as Director of Rakon Limited effective 17 March 2025 (26 February 2025)

Jon Raby
- Appointed as Director and Chair of Audit & Risk Committee of Rakon Limited effective from 24 March 2025 (17 March 2025)
- Director New Zealand Shareholders' Association (24 March 2025)
- Director and shareholder of Consilium Astra Limited (24 March 2025)

Directors' shareholdings

Directors' shareholdings in Rakon Limited as recorded in the interests' register of the company as at 31 March 2025 are set out below:

Name	Category	Shareholding
Brent Robinson	shares held with beneficial interest	35,308,538
Lorraine Witten	shares held with non-beneficial interest[1]	2,093,299
Lorraine Witten	shares held with beneficial interest	222,720
Keith Watson	shares held with beneficial interest	130,000
Keith Oliver	shares held with non-beneficial interest[1]	2,093,299

1 Lorraine Witten and former Director Keith Oliver jointly held the same parcel of 2,093,299 ordinary shares as trustees of Rakon ESOP Trustee Limited.

Substantial Quoted Financial Product holders

The following information is given pursuant to Section 293 of the Financial Markets Conduct Act 2013.

According to the notices given under Financial Markets Conduct Act 2013 (or its predecessor the Securities Markets Act 1988), the following persons were substantial product holders in the company as at 31 March 2025 in respect of the number of voting products below. As at 31 March 2025, the company had one share class on issue, comprising of 229,809,013 voting shares:

Name	Relevant Interest	Number Held	%
Siward Crystal Technology Co. Limited	registered holder	28,016,681	12.19
Brent John Robinson	registered holder	9,915,414	4.31
Brent John Robinson	registered holder and beneficial owner	25,393,124	11.05
Darren Paul Robinson	registered holder	9,914,180	4.31
Darren Paul Robinson	registered holder and beneficial owner	25,393,124	11.05
Michael Daniel (including Wairahi Investments Limited (5.70%))	power to acquire or dispose of, or control the acquisition or disposal of the shares	15,700,000	6.90

Spread of Quoted Financial Product holders and holdings as at 9 May 2025

Size of holding	Number of holders	%	Total number held	%
1 – 99	55	1.28	2,452	0.00
100 – 199	73	1.69	9,579	0.00
200 – 499	228	5.29	68,280	0.03
500 – 999	311	7.21	202,330	0.09
1,000 – 1,999	664	15.40	858,874	0.37
2,000 – 4,999	1,015	23.54	3,081,120	1.34
5,000 – 9,999	629	14.59	4,054,194	1.76
10,000 – 49,999	997	23.13	20,004,432	8.70
50,000 – 99,999	166	3.85	11,061,878	4.81
100,000 – 499,999	130	3.02	23,876,906	10.39
500,000 – 999,999	17	0.39	11,717,953	5.10
1,000,000 – 99,999,999	26	0.60	154,871,015	67.39
Total	**4,311**	**100**	**229,809,013**	**100**

Twenty largest Quoted Financial Product holders as at 9 May 2025

Name	Shareholding	%
Siward Crystal Technology Co. Limited	28,016,681	12.19
Brent John Robinson and Darren Paul Robinson as trustees of Ahuareka Trust	25,393,124	11.05
Wairahi Investments Limited	13,100,000	5.70
Brent John Robinson	9,915,414	4.31
Darren Paul Robinson	9,914,180	4.31
Accident Compensation Corporation[1]	8,572,858	3.73
Forsyth Barr Custodians Limited <1-Custody>	6,822,550	2.97
New Zealand Depository Nominee Limited <A/C 1 Cash Account>	6,325,679	2.75
Forsyth Barr Custodians Limited <Account 1 NRL>	5,450,000	2.37
Custodial Services Limited <A/C 4>	3,887,605	1.69
Etimes Group International Limited	3,697,716	1.61
Forsyth Barr Custodians Limited <Account 1 E>	3,182,542	1.38
F B Trustee Limited <Fergus Brown Family A/C>	3,000,000	1.31
Fergus David Elliott Brown	3,000,000	1.31
Michael Murray Benjamin	3,000,000	1.31
Wairahi Holdings Limited	2,750,000	1.20
FNZ Custodians Limited	2,601,117	1.13
Rakon ESOP Trustee Limited	2,093,289	0.91
Iconic Investments Limited	1,835,324	0.80
Phillip Malcolm Cook & Delia Joan Cook	1,700,000	0.74
Top 20 holders of ORDINARY SHARES (Total)	**144,258,079**	**62.77**
Total Remaining Holders Balance	**85,550,934**	**37.23**

1 Held through New Zealand Central Securities Depository Limited, which is a depository that allows electronic trading of securities by members.

NZX waivers

For the purposes of Rakon's disclosure obligation under Rule 3.7.1(g) Rakon confirms:

There were no NZX waivers granted or published by NZX within or relied upon in the 12 months ended 31 March 2025.

Credit rating

The company does not currently have an external credit rating status.

Exercise of disciplinary powers

Neither the NZX nor the Financial Market Authority took any disciplinary action against the company during the financial year ended 31 March 2025.

Donations

The company has a policy that it does not make political donations. No political donations were made in the year ended 31 March 2025.

Indexing

NZX CGC Recommendation		Annual Report: section and page reference
PRINCIPLE 1 – ETHICAL STANDARDS		
1.1	Code of ethics	Corporate Governance: Code of Ethical Behaviour. Page 47.
1.2	Financial product dealing policy	Corporate Governance: Code of Ethical Behaviour. Page 47.
PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE		
2.1	Board charter	Corporate Governance: Board Composition and Performance. Page 48.
2.2	Board nomination and appointment	Corporate Governance: Board Composition and Performance. Page 48.
2.3	Director agreements	Corporate Governance: Board Composition and Performance. Page 48.
2.4	a. Director profiles, tenure and ownership interests	Board and Management Profiles: Our Board. Pages 34-35. Shareholder Information 2025: Directors' shareholdings. Page 115.
	b. Director meeting attendance	Corporate Governance: Board Composition and Performance: Board meetings and attendance. Page 49.
	c. Director independence	Corporate Governance: Board Composition and Performance: Independence. Page 51.
2.5	Diversity policy	Corporate Governance: Board Composition and Performance: Diversity. Page 50.
2.6	Director training	Corporate Governance: Board Composition and Performance: Director Development. Page 50.
2.7	Director performance	Corporate Governance: Board Composition and Performance: Board, Committee and Director Evaluation. Page 50.

NZX CGC Recommendation		Annual Report: section and page reference
2.8	Majority of independent directors	Corporate Governance: Board Composition and Performance: Independence. Page 51.
2.9	Independent chair	Corporate Governance: Board Composition and Performance: Independence. Page 51.
2.10	Chair/CEO separation	Corporate Governance: Board Composition and Performance: Independence. Page 51.
PRINCIPLE 3 – BOARD COMMITTEES		
3.1	Audit committee	From 28 August 2024 to 24 March 2025 the Chair of the Board filled the role of the Chair of the Audit & Risk Committee and other vacancies arising during the course of the year were filled by other Directors. Corporate Governance: Committees. Pages 52-53.
3.2	Employees to attend audit committee only by invitation	Corporate Governance: Committees. Page 53.
3.3	Remuneration committee	Corporate Governance: Committees. Pages 52-53.
3.4	Nomination committee	Corporate Governance: Committees. Pages 52-53.
3.5	Additional standing committees	Corporate Governance: Committees: Other Committees. Page 53.
3.6	Control transaction protocol	Rakon does not have a specific takeover response policy. If a control transaction situation arises, Rakon will convene a committee of independent Directors to oversee disclosure, evaluation and response and engage expert legal and financial advisers to advise the committee. Corporate Governance: Committees: Control transaction protocols. Page 53.

NZX CGC Recommendation		Annual Report: section and page reference
PRINCIPLE 4 – REPORTING & DISCLOSURE		
4.1	Continuous disclosure policy	Corporate Governance: Reporting and Disclosure: Continuous Disclosure. Page 53.
4.2	Code of ethical behaviour, charters and policies on website	Corporate Governance: Key governance documents. Page 54.
4.3	Balanced, clear and objective financial reporting	Corporate Governance: Reporting and Disclosure: Financial Information: Page 54. Financial Statements. Pages 61-109.
4.4	Non-financial disclosure	Driving Sustainability Through Our Business. Pages 38-47. Corporate Governance: Reporting and Disclosure: Non-financial Information. Page 54.
PRINCIPLE 5 – REMUNERATION		
5.1	Director remuneration policy	Remuneration Report: Remuneration: Remuneration of Directors. Page 110-111.
5.2	Executive remuneration policy	Remuneration Report: Remuneration: Executive Remuneration. Page 112.
5.3	CEO remuneration	Remuneration Report: Remuneration: CEO Remuneration. Page 113-114.
PRINCIPLE 6 – RISK MANAGEMENT		
6.1	Risk Management Framework	Corporate Governance: Risk management. Page 54-55.
6.2	Health and safety risks	Corporate Governance: Risk management: Health, Safety and Wellbeing. Page 56.

NZX CGC Recommendation		Annual Report: section and page reference
PRINCIPLE 7 – AUDITORS		
7.1	Relationship with external auditors	Corporate Governance: Auditors: External Audit. Page 57.
7.2	Attendance of external auditor at annual meeting	Corporate Governance: Auditors: External Audit. Page 57.
7.3	Internal audit	Corporate Governance: Auditors: Internal Audit. Page 57.
PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS		
8.1	Investor website	rakon.com/investors
8.2	Shareholder communications	Corporate Governance: Shareholder Rights and Relations. Page 58.
8.3	Shareholders' right to vote	Corporate Governance: Shareholder Rights and Relations. Page 58.
8.4	Pro rata offers	The Board notes the NZX Corporate Governance Code recommendation in relation to considering the interests of all existing financial product holders. The Board will take account of the recommendation in the event of a capital raise, as well as the expectation that it should explain why any capital raising method other than pro-rata was preferred when reporting against the NZX Code. Corporate Governance: Shareholder Rights and Relations. Page 58.
8.5	Notice of meeting	Rakon's notice of meeting will be available at least 20 working days prior to the meeting on the NZX with a link to stock exchange announcements provided in the "Investors-Reports, Presentations and Events" section of the company's website. Page 58.

Directory

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Lisbeth Jacobs
Jon Raby
Brent Robinson
Jung Meng Tseng
Lorraine Witten (Chair)

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Auckland 1141
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SHARE REGISTRAR

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Private Bag 92119
Victoria Street West
Auckland 1142, New Zealand

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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