

28 April 2025

Shareholder Update

FY25 Performance and Focus; Director Retirement

28 April 2025 – Rakon Limited (NZX:RAK), a world-leading manufacturer of frequency control and timing solutions, today updates shareholders on FY2025 performance, the current business environment and the Chair's retirement.

The financial year ending 31 March 2025, (**FY25**) proved one of our most demanding years, marked by sharp geopolitical shifts and commercial headwinds. Despite this, subject to completion of the audit of Rakon's FY25 results, Rakon expects to deliver Underlying EBITDA¹ for FY25 near the midpoint of our \$5 – 15 million guidance. This result is better than our last guidance update given in November 2024. There has been a marked improvement in 2HY over 1HY across most segments. Tight cost control and efficiency gains preserved operating profitability and while uncertainty continues we are positioned well to respond when market conditions normalise.

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.

Portfolio Review, Geopolitical Risk & Exit from a Chinese Customer

As part of our ongoing commitment to prudent risk management, Rakon has completed a comprehensive review of its global customer relationships and supply chains in light of the current geopolitical environment. Following this review and consultation with external advisors, we have made the decision to discontinue commercial relationships with a Chinese telecommunications-infrastructure customer that accounted for approximately 5% of group revenue in FY25. 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. In conjunction with this decision, we have enhanced our internal compliance frameworks and engaged proactively with relevant regulatory authorities to ensure our operations remain fully compliant with evolving international trade requirements. The Board believes these measured actions support the company's long-term interests and sustainable value creation for our shareholders.

Trade Policy & Tariff Exposure

While we continue to monitor the introduction of tariffs on global markets, based on current proposals Rakon does not expect the US “tech-sector” tariffs to have a material impact on FY25 or FY26; analysis puts the potential cost at only 1-2 per cent of revenue. Our diversified global manufacturing footprint provides further protection, and we will adjust logistics if needed and explore opportunities for exemptions.

FY26 Outlook — A Turning Point

Momentum into FY26 is positive, fuelled by the growth in 2H FY25 and a solid forward order pipeline. Guidance will be provided at the ASM but we expect a year-on-year improvement underpinned by:

Space & Defence — strong order book carry-over and new contracts secured.

Telecommunications — Gradual 5G capex recovery after inventory correction.

AI Hardware & Datacentre — Revenue from new and world leading AI Hardware products begins in 1H FY26 with strong forward pipeline from leading AI customers.

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

Risks to this FY26 outlook include geopolitical uncertainty, downside risks for global economic growth and new product manufacturing delivery to plan.

Strengthened Governance & Board Renewal

The Board refresh has progressed well 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.

The Chair Lorraine Witten has led the Board since April 2022, has been a Director since March 2017 and has chaired the Audit and Risk Committee during part of her tenure. Ms Witten has advised that she will retire at the 2025 ASM. The Board will conduct a process to elect a replacement Chair.

Under Lorraine’s Board leadership, Rakon navigated accelerated growth, shifting market dynamics and volatility with strength and composure. She has upheld strong governance practices and has consistently acted to promote the interests of all shareholders. 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.

Conclusion

Rakon enters FY26 with renewed momentum, a leaner structure and growth underway in multiple sectors. We have preserved earnings in line with guidance in a tough year, navigated a difficult macro environment, and have secured major new opportunities in Space, Defence, Telecom and AI. The Board considers that the takeover interest received, at substantial premiums, underscore the company's intrinsic value and growth potential, and it intends to continue to seek to maximise value for shareholders through disciplined strategy execution and innovation.

Rakon will release its audited results for FY25 on 28 May 2025. We will provide a further announcement regarding the results announcement and how to join the Business Update webcast.

We thank shareholders for their support and look forward to reporting further progress in the year ahead.

¹ Non-GAAP disclosures: Refer to note 4 of the FY2024 consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of Underlying EBITDA¹ and reconciliation to net profit after tax (NPAT).

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About Rakon

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. Whether connecting to a 5G tower or to a rover exploring Mars, 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 www.rakon.com.