

Rakon Limited and its  
Subsidiaries  
**Consolidated Financial  
Statements  
2025**

## Table of Contents

---

Directors' Statement .....	3
Consolidated Statement of Comprehensive Income.....	4
Consolidated Statement of Changes in Equity .....	5
Consolidated Balance Sheet .....	6
Consolidated Statement of Cash Flows .....	7
Notes to the Consolidated Financial Statements .....	9
Independent Auditor's Report .....	43

## 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 4 – 42, 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



J. Raby  
Chair of the Audit and Risk Committee

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025

			Restated*
	Note	2025 \$000s	2024 \$000s
Revenue	5	103,661	128,010
Cost of sales		(59,009)	(70,151)
<b>Gross profit</b>		<b>44,652</b>	<b>57,859</b>
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)
<b>Total operating expenses</b>		<b>(55,040)</b>	<b>(59,433)</b>
Other gains/(losses) – net	8	2,044	4,092
<b>Operating (loss)/profit</b>		<b>(7,586)</b>	<b>2,868</b>
Finance income	9	501	529
Finance costs	9	(1,329)	(725)
Share of net profit/(losses) of associates	16	1,302	(2,587)
<b>Loss before income tax</b>		<b>(7,112)</b>	<b>85</b>
Income tax benefit	20	1,263	4,168
<b>Net (loss)/profit after tax for the year attributable to equity holders of the Company</b>		<b>(5,849)</b>	<b>4,253</b>
<b>Other comprehensive income/(loss)</b>			
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 – Thinextra		(64)	(1,529)
<b>Other comprehensive income for the year, net of tax</b>		<b>1,424</b>	<b>423</b>
<b>Total comprehensive (loss)/income for the year attributable to equity holders of the Company</b>		<b>(4,425)</b>	<b>4,676</b>
<b>Earnings per share attributable to the equity holders of the Company</b>		<b>Cents</b>	<b>Cents</b>
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

		Share capital	Restated* Accumulated losses/ Retained earnings	Other reserves	Total equity
	Note	\$000s	\$000s	\$000s	\$000s
<b>Balance at 1 April 2023</b>		<b>181,024</b>	<b>93</b>	<b>(24,253)</b>	<b>156,864</b>
Prior period restatement					
Prior period adjustment to leases	15	-	(208)	-	(208)
<b>Restated opening balance at 1 April 2023</b>		<b>181,024</b>	<b>(115)</b>	<b>(24,253)</b>	<b>156,656</b>
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 – Thinextra	23	-	-	(1,529)	(1,529)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>4,515</b>	<b>423</b>	<b>4,938</b>
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
<b>Balance at 31 March 2024 (Restated)</b>		<b>181,592</b>	<b>656</b>	<b>(23,432)</b>	<b>158,816</b>
Net profit 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 – Thinextra	23	-	-	(64)	(64)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(5,849)</b>	<b>1,424</b>	<b>(4,425)</b>
Contribution of equity net of transaction costs					
Employee share schemes					
Share options	28	-	-	160	160
<b>Balance at 31 March 2025</b>		<b>181,592</b>	<b>(5,193)</b>	<b>(21,848)</b>	<b>154,551</b>

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

			Restated*
		2025	2024
	Note	\$000s	\$000s
<b>Assets</b>			
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>116,499</b>	<b>125,773</b>
<b>Non-current assets</b>			
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 – Thinextra		334	399
Derivative financial instruments	24	807	34
Deferred tax asset	20	12,937	9,085
<b>Total non-current assets</b>		<b>100,950</b>	<b>81,898</b>
<b>Total assets</b>		<b>217,449</b>	<b>207,671</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>38,104</b>	<b>33,896</b>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>24,794</b>	<b>14,959</b>
<b>Total liabilities</b>		<b>62,898</b>	<b>48,855</b>
<b>Net assets</b>		<b>154,551</b>	<b>158,816</b>
<b>Equity</b>			
Share capital	21	181,592	181,592
Other reserves	23	(21,848)	(23,432)
(Accumulated losses)/ retained earnings		(5,193)	656
<b>Total equity</b>		<b>154,551</b>	<b>158,816</b>

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
<b>Operating activities</b>		
<b>Cash provided from</b>		
Receipts from customers	105,947	136,611
R&D grants received	1,596	2,138
Other income received	2,670	594
	<b>110,213</b>	<b>139,343</b>
<b>Cash was applied to</b>		
Payment to suppliers and others	(45,830)	(57,621)
Payment to employees	(53,851)	(59,770)
Interest paid	(1,151)	(725)
Income tax paid	(386)	(3,234)
	<b>(101,218)</b>	<b>(121,350)</b>
<b>Net cash inflow from operating activities</b>	<b>8,995</b>	<b>17,993</b>
<b>Investing activities</b>		
<b>Cash was applied to</b>		
Purchase of property, plant and equipment	(7,137)	(12,715)
Purchase of intangibles	(9,824)	(4,314)
<b>Net cash outflow from investing activities</b>	<b>(16,961)</b>	<b>(17,029)</b>
<b>Financing activities</b>		
<b>Cash was provided from</b>		
Proceeds from borrowings	8,392	875
	<b>8,392</b>	<b>875</b>
<b>Cash was applied to</b>		
Repayment on borrowings	(1,584)	(1,317)
Lease liabilities payments	(2,182)	(1,901)
Dividend paid	-	(2,914)
	<b>(3,766)</b>	<b>(6,132)</b>
<b>Net cash inflow/(outflow) from financing activities</b>	<b>4,626</b>	<b>(5,257)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,340)</b>	<b>(4,293)</b>
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
<b>Cash and cash equivalents at the end of the period</b>	<b>15,323</b>	<b>17,831</b>
<b>Composition of cash and cash equivalents</b>		
Cash and cash equivalents	15,323	17,831
<b>Total Cash and cash equivalents</b>	<b>15,323</b>	<b>17,831</b>

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	2024
	\$000s	\$000s
<b>Reconciliation of net profit to net cash flows from operating activities</b>		
<b>Reported net (loss)/profit after tax</b>	<b>(5,849)</b>	<b>4,253</b>
<b>Adjustments for following items</b>		
Depreciation and amortisation expense	9,821	8,307
Net increase 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
	<b>4,527</b>	<b>9,345</b>
<b>Change in operating assets and liabilities</b>		
(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)
<b>Total impact of changes in working capital items</b>	<b>10,317</b>	<b>4,395</b>
<b>Net cash flow from operating activities</b>	<b>8,995</b>	<b>17,993</b>

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

## Notes to the Consolidated Financial Statements

---

1.	General information .....	10
2.	Going concern.....	10
3.	Statement of material accounting policies.....	10
4.	Segment information.....	11
5.	Revenue .....	13
6.	Expenditure included in net profit.....	15
7.	Other operating income .....	17
8.	Other gains/(losses) – net.....	17
9.	Net finance (costs)/income .....	17
10.	Cash and cash equivalents.....	18
11.	Trade and other receivables.....	18
12.	Inventories.....	19
13.	Property, plant and equipment .....	20
14.	Intangible assets .....	21
15.	Leases.....	23
16.	Interest in associate.....	25
17.	Borrowings.....	27
18.	Trade and other payables.....	28
19.	Provisions.....	29
20.	Taxation .....	30
21.	Share capital .....	31
22.	Earnings per share .....	32
23.	Other reserves .....	33
24.	Financial risk and capital management .....	34
25.	Capital Commitments .....	38
26.	Principal subsidiaries .....	38
27.	Related party transactions.....	39
28.	Share based payments.....	40
29.	Contingencies .....	42
30.	Subsequent events .....	42

### 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.

## Notes to the Consolidated Financial Statements (continued)

### 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 <sup>1</sup> \$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 <sup>2</sup>	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 <sup>3</sup>	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 <sup>1</sup> \$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 <sup>2</sup>	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 <sup>3</sup>	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.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.



## Notes to the Consolidated Financial Statements (continued)

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. There 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.

		<b>Restated*</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$000s</b>	<b>\$000s</b>
<b>Underlying EBITDA</b>		<b>9,473</b>	<b>13,432</b>
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)
<b>Loss before income tax</b>		<b>(7,112)</b>	<b>85</b>
Income tax benefit	20	1,263	4,168
<b>Net (loss)/ profit after tax for the year</b>		<b>(5,849)</b>	<b>4,253</b>

\*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.

## Notes to the Consolidated Financial Statements (continued)

### 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	France/ India	France HiRel	Other <sup>1</sup>	Total
	\$000s	\$000s	\$000s	\$000s	\$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
<b>Sales to external customers</b>	<b>58,275</b>	<b>16,659</b>	<b>30,835</b>	<b>(2,108)</b>	<b>103,661</b>

  

31 March 2024					
	NZ	France/ India	France HiRel	Other <sup>1</sup>	Total
	\$000s	\$000s	\$000s	\$000s	\$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
<b>Sales to external customers</b>	<b>72,963</b>	<b>35,413</b>	<b>26,911</b>	<b>(7,277)</b>	<b>128,010</b>

<sup>1</sup> 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	2024
	\$000s	\$000s
Asia	37,263	52,707
North America	39,601	47,773
Europe	24,103	25,516
Others	2,694	2,014
<b>Total segment revenue by geography</b>	<b>103,661</b>	<b>128,010</b>

#### 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	2024
	\$000s	\$000s
Total current contract assets	8,593	4,029
Total current contract liabilities	(3,069)	(360)
	<b>5,524</b>	<b>3,669</b>

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

## Notes to the Consolidated Financial Statements (continued)

\$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

	2025 \$000s	2024 \$000s
<b>Employee benefit expenses</b>		
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
<b>Total employee benefit expenses</b>	<b>52,811</b>	<b>56,637</b>
		<b>Restated*</b>
	2025 \$000s	2024 \$000s
<b>Depreciation and amortisation</b>		
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
<b>Total depreciation and amortisation</b>	<b>9,821</b>	<b>8,307</b>
	2025 \$000s	2024 \$000s
<b>Research and development</b>		
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)
<b>Net research and development expense</b>	<b>11,689</b>	<b>17,684</b>

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

## Notes to the Consolidated Financial Statements (continued)

	2025 \$000s	2024 \$000s
<b>Audit of the financial statements</b>		
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
<b>Total</b>	<b>984</b>	<b>744</b>
<b>Other assurance services and other Agreed-Upon Procedures engagements</b>		
Certification of expenditure for the purposes of the Production Linked Incentive Scheme	57	16
Limited assurance of Rakon Group disclosures 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 Electrical Components and Semiconductors (SPECES)	-	7
<b>Total</b>	<b>102</b>	<b>23</b>
<b>Other services</b>		
Access to training material through an on-line platform	-	1
<b>Total</b>	<b>-</b>	<b>1</b>
<b>Total fees incurred for services provided by the audit firm - PwC</b>	<b>1,086</b>	<b>768</b>

### 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.

## Notes to the Consolidated Financial Statements (continued)

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
<b>Total other operating income</b>	<b>758</b>	<b>350</b>

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
<b>Foreign exchange gains/(losses) – net</b>		
Forward foreign exchange contracts		
Financial asset at fair value through profit or loss	(224)	(1,345)
Revaluation of foreign denominated monetary assets and liabilities <sup>1</sup>	2,263	5,429
<b>Total foreign exchange gains/(losses) – net</b>	<b>2,039</b>	<b>4,084</b>
<b>Total other gains/(losses) – net</b>	<b>2,044</b>	<b>4,092</b>

<sup>1</sup> 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
<b>Finance income</b>		
Interest income	501	529
<b>Finance costs</b>		
Interest expense on borrowings	(581)	(309)
Unwinding of lease make good provision	(18)	(19)
Interest on lease liabilities (note 15)	(730)	(397)
<b>Total finance costs</b>	<b>(1,329)</b>	<b>(725)</b>
<b>Net finance costs</b>	<b>(828)</b>	<b>(196)</b>

\*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	2024
	\$000s	\$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	2024
	\$000s	\$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 <sup>1</sup>	3,560	4,403
<b>Total trade and other receivables</b>	<b>56,227</b>	<b>54,655</b>
Less non-current other receivables <sup>1</sup>	2,731	2,719
<b>Current trade and other receivables</b>	<b>53,496</b>	<b>51,936</b>

<sup>1</sup> 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.

## Notes to the Consolidated Financial Statements (continued)

The loss allowance was determined as follows:

	Current	Less than 30 days past due	30 days to 120 days past due	More than 120 days past due	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>As at 31 March 2025</b>					
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%	
<b>Allowance for the expected credit loss</b>	<b>124</b>	<b>56</b>	<b>39</b>	<b>555</b>	<b>774</b>
<b>As at 31 March 2024</b>					
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%	
<b>Allowance for the expected credit loss</b>	<b>116</b>	<b>80</b>	<b>169</b>	<b>340</b>	<b>705</b>

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
<b>Allowance for expected credit loss</b>	<b>774</b>	<b>705</b>

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
<b>Total Inventories</b>	<b>46,387</b>	<b>54,906</b>

### 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
<b>At 31 March 2023</b>							
Cost	2,797	10,767	108,488	5,551	2,862	14,369	<b>144,834</b>
Accumulated depreciation & impairment	(484)	(8,958)	(94,138)	(4,568)	(2,299)	-	<b>(110,447)</b>
<b>Net book value</b>	<b>2,313</b>	<b>1,809</b>	<b>14,350</b>	<b>983</b>	<b>563</b>	<b>14,369</b>	<b>34,387</b>
<b>Year ended 31 March 2024</b>							
Opening net book value	2,313	1,809	14,350	983	563	14,369	<b>34,387</b>
Foreign exchange differences	128	62	204	2	5	170	<b>571</b>
Additions	1,543	683	5,331	588	1,101	3,469	<b>12,715</b>
Disposals	-	(1,395)	(5,508)	(60)	(238)	(949)	<b>(8,150)</b>
Depreciation charge	(70)	(306)	(4,323)	(561)	(46)	-	<b>(5,306)</b>
Depreciation reversal on disposals	(228)	1,220	4,940	(125)	119	-	<b>5,926</b>
Transfers	5,361	63	5,498	148	115	(11,185)	<b>-</b>
<b>Closing net book amounts</b>	<b>9,047</b>	<b>2,136</b>	<b>20,492</b>	<b>975</b>	<b>1,619</b>	<b>5,874</b>	<b>40,143</b>



## Notes to the Consolidated Financial Statements (continued)

	Land and buildings \$000s	Leasehold improve- ments \$000s	Plant and equipment \$000s	Computer hardware \$000s	Other \$000s	Assets under construction \$000s	Total \$000s
<b>At 31 March 2024</b>							
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)
<b>Net book value</b>	<b>9,047</b>	<b>2,136</b>	<b>20,492</b>	<b>975</b>	<b>1,619</b>	<b>5,874</b>	<b>40,143</b>
<b>Year ended 31 March 2025</b>							
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)
<b>Closing net book amounts</b>	<b>8,973</b>	<b>2,195</b>	<b>23,172</b>	<b>992</b>	<b>1,521</b>	<b>4,661</b>	<b>41,514</b>
<b>At 31 March 2025</b>							
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)
<b>Net book value</b>	<b>8,973</b>	<b>2,195</b>	<b>23,172</b>	<b>992</b>	<b>1,521</b>	<b>4,661</b>	<b>41,514</b>

### 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

## Notes to the Consolidated Financial Statements (continued)

### c. Intangible breakdown

	Goodwill \$000s	Patents \$000s	Software \$000s	Product development \$000s	Assets under construction \$000s	Total \$000s
<b>At 31 March 2023</b>						
Cost	1,293	3,419	9,335	16,570	1,708	32,325
Accumulated amortisation & impairment	-	(2,728)	(8,780)	(13,146)	-	(24,654)
<b>Net book value</b>	<b>1,293</b>	<b>691</b>	<b>555</b>	<b>3,424</b>	<b>1,708</b>	<b>7,671</b>
<b>Year ended 31 March 2024</b>						
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)	-
<b>Closing net book amounts</b>	<b>1,293</b>	<b>744</b>	<b>372</b>	<b>3,340</b>	<b>5,075</b>	<b>10,824</b>
<b>At 31 March 2024</b>						
Cost	1,293	3,648	9,506	17,559	5,075	37,081
Accumulated amortisation & impairment	-	(2,904)	(9,134)	(14,219)	-	(26,257)
<b>Net book value</b>	<b>1,293</b>	<b>744</b>	<b>372</b>	<b>3,340</b>	<b>5,075</b>	<b>10,824</b>
<b>Year ended 31 March 2025</b>						
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
<b>Closing net book amounts</b>	<b>1,293</b>	<b>803</b>	<b>117</b>	<b>6,671</b>	<b>10,970</b>	<b>19,855</b>
<b>At 31 March 2025</b>						
Cost	1,293	3,918	8,149	22,588	10,970	46,918
Accumulated amortisation & impairment	-	(3,115)	(8,032)	(15,916)	-	(27,063)
<b>Net book value</b>	<b>1,293</b>	<b>803</b>	<b>117</b>	<b>6,671</b>	<b>10,970</b>	<b>19,855</b>

### 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

## Notes to the Consolidated Financial Statements (continued)

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.

## Notes to the Consolidated Financial Statements (continued)

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
<b>As at 31 March 2024 (Restated)</b>				
Cost	11,991	152	23	12,166
Accumulated depreciation	(4,995)	(152)	(23)	(5,170)
<b>Net book value</b>	<b>6,996</b>	<b>-</b>	<b>-</b>	<b>6,996</b>
Opening net book value	6,996	-	-	6,996
Foreign exchange difference	87	-	-	87
Additions	308	407	510	1,225
Modifications	3,027	-	-	3,027
Depreciation charge	(2,035)	(42)	(148)	(2,225)
<b>Closing net book value</b>	<b>8,383</b>	<b>365</b>	<b>362</b>	<b>9,110</b>
<b>As at 31 March 2025</b>				
Cost	15,413	559	533	16,505
Accumulated depreciation	(7,030)	(194)	(171)	(7,395)
<b>Net book value</b>	<b>8,383</b>	<b>365</b>	<b>362</b>	<b>9,110</b>

### b. Lease liabilities

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

#### Current and non-current lease liabilities

	Restated	
	2025	2024
	\$000s	\$000s
Current	2,612	2,008
Non-Current	7,489	5,811
	<b>10,101</b>	<b>7,819</b>

## Notes to the Consolidated Financial Statements (continued)

### 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
<b>Statement of Financial Position</b>			
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
<b>Statement of Comprehensive Income</b>			
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 5.

### 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		Nature of relationship	Measurement method	Net investment		Equity accounted profit / (loss)	
		2025	2024			2025	2024	Restated	
								Restated	
								2025	2024
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.

## Notes to the Consolidated Financial Statements (continued)

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

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

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

## Notes to the Consolidated Financial Statements (continued)

### 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
<b>Loss for the period</b>	<b>(6,331)</b>	<b>(687)</b>	<b>(7,018)</b>
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
<b>Net assets</b>	<b>30,534</b>	<b>(687)</b>	<b>29,847</b>
Rakon's share of associate's net assets	11,953	(255)	11,698
<b>Equity accounted profit / (loss)</b>	<b>11,953</b>	<b>(255)</b>	<b>11,698</b>

## 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 the following lines of credit:

	2025 \$000s	2024 \$000s
<b>Current</b>		
French Government loan	1,396	1,331
Other borrowings	43	108
<b>Total current borrowings</b>	<b>1,439</b>	<b>1,439</b>
<b>Non-current</b>		
HSBC revolving credit facility	8,392	-
French Government loan	688	2,237
Other borrowings <sup>1</sup>	1,885	2,921
<b>Non-current borrowings</b>	<b>10,965</b>	<b>5,158</b>

<sup>1</sup> 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



## Notes to the Consolidated Financial Statements (continued)

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		
			Restated*	
	Cash	Borrowings	Leases	Total
	\$000s	\$000s	\$000s	\$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	2024
	\$000s	\$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
<b>Total trade and other payables</b>	<b>29,218</b>	<b>25,565</b>



## Notes to the Consolidated Financial Statements (continued)

### 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
<b>At 31 March 2023</b>	<b>2,098</b>	<b>547</b>	<b>449</b>	<b>1,139</b>	<b>4,233</b>
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 <sup>1</sup>	545	192	-	-	737
Foreign exchange	74	-	17	13	104
<b>At 31 March 2024</b>	<b>2,841</b>	<b>779</b>	<b>126</b>	<b>1,065</b>	<b>4,811</b>
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
<b>At 31 March 2025</b>	<b>2,266</b>	<b>810</b>	<b>-</b>	<b>1,107</b>	<b>4,183</b>
Current portion	254	268	-	347	869
Non-current portion	2,012	542	-	760	3,314
<b>Total provisions</b>	<b>2,266</b>	<b>810</b>	<b>-</b>	<b>1,107</b>	<b>4,183</b>

<sup>1</sup> 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.

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

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.

	Restated *	
	2025	2024
	\$000s	\$000s
<b>Reconciliation of income tax expense</b>		
Profit/(loss) before tax	(7,112)	85
Tax calculated at domestic 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)
<b>Income tax benefit</b>	<b>1,263</b>	<b>4,168</b>

\*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.

## Notes to the Consolidated Financial Statements (continued)

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

<sup>1</sup> 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).

## Notes to the Consolidated Financial Statements (continued)

### b. Dividends

	2025 \$000s	2024 \$000s
Dividend of 1.5 cents per fully paid ordinary share	-	3,482
<b>Total dividends paid</b>	<b>-</b>	<b>3,482</b>
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
	<b>-</b>	<b>3,482</b>

## 22. Earnings per share

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

### a. Basic

	Restated*	
	2025	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
<b>Basic earnings per share (cents per share)</b>	<b>(2.6)</b>	<b>1.9</b>

\*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.

	Restated*	
	2025	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
<b>Diluted earnings per share (cents per share)</b>	<b>(2.6)</b>	<b>1.9</b>

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 <sup>1</sup> revaluation \$000s	Total \$000s
<b>At 31 March 2023</b>	<b>(22,812)</b>	<b>(1,884)</b>	<b>3,519</b>	<b>(3,076)</b>	<b>(24,253)</b>
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
<b>At 31 March 2024</b>	<b>(21,628)</b>	<b>(1,116)</b>	<b>3,917</b>	<b>(4,605)</b>	<b>(23,432)</b>
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
<b>At 31 March 2025</b>	<b>(17,868)</b>	<b>(3,388)</b>	<b>4,077</b>	<b>(4,669)</b>	<b>(21,848)</b>

<sup>1</sup> 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
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis Credit ratings	Credit limits and terms
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
<b>Market risk – foreign exchange</b>	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.

## Notes to the Consolidated Financial Statements (continued)

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

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

### 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)	
<b>Weighted average strike rate on outstanding options</b>				
NZD/USD	0.600		0.627	
<b>Weighted average contract rate on forwards</b>				
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.



## Notes to the Consolidated Financial Statements (continued)

### 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:

<b>31 March 2025</b>	<b>Carrying amount</b>	<b>6 months or less</b>	<b>6 – 12 months</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>5 – 10 years</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<i>Financial liabilities</i>						
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)	-
<b>Total financial liabilities</b>	<b>40,211</b>	<b>(18,133)</b>	<b>(4,494)</b>	<b>(6,911)</b>	<b>(16,255)</b>	<b>-</b>

  

<b>31 March 2024</b>	<b>Carrying amount</b>	<b>6 months or less</b>	<b>6 – 12 months</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>5 – 10 years</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<i>Financial liabilities</i>						
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)
<b>Total financial liabilities</b>	<b>23,880</b>	<b>(13,191)</b>	<b>(2,694)</b>	<b>(3,988)</b>	<b>(4,469)</b>	<b>(997)</b>

### 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.



## Notes to the Consolidated Financial Statements (continued)

	2025			2024		
	Fair value	Equity	Profit or loss	Fair value	Equity	Profit or loss
	\$000s	\$000s	\$000s	\$000s	\$000s	\$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	2024
	\$000s	\$000s
<b>Variable rate instruments</b>		
Financial assets (note 10)	15,323	17,831
<b>Net variable rate instruments</b>	<b>15,323</b>	<b>17,831</b>
<b>Fixed rate instruments</b>		
Financial liabilities (note 17)	(12,404)	(6,597)
<b>Net fixed rate instruments</b>	<b>(12,404)</b>	<b>(6,597)</b>

### 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.

## Notes to the Consolidated Financial Statements (continued)

The list of subsidiaries is as follows:

Name of entity	Principal activities	Country of incorporation	Balance date	% interest held by the Group	
				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' fees	475	600
<b>Total key management compensation</b>	<b>6,529</b>	<b>6,376</b>

#### 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
<b>Transactions with associates</b>		
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
<b>Transactions with Siward Crystal Technologies Co. Limited</b>		
Sales	85	480
Purchases	(2,912)	(3,843)
<b>Net transactions</b>	<b>(2,827)</b>	<b>(3,363)</b>
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.

## Notes to the Consolidated Financial Statements (continued)

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
			<b>1,613,550</b>	<b>2,924,212</b>	<b>-</b>	<b>(1,071,586)</b>	<b>3,466,176</b>

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
			<b>1,838,186</b>	<b>-</b>	<b>-</b>	<b>(224,636)</b>	<b>1,613,550</b>

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
<b>Total (income)/expenses arising from share-based payment transactions</b>	<b>(100)</b>	<b>643</b>

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 (31 March 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.



Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of inventories</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Determining the provision involves significant judgement considering a range of factors including expected future consumption assumptions.</p> <p>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.</p> <p>Note 12 of the financial statements describes the accounting policy and the judgements and estimates applied by management in recognising inventories.</p>	<p><b>Our procedures included the following:</b></p> <ul style="list-style-type: none"> <li>gaining an understanding of the key processes, controls and judgements surrounding inventory costing and provisioning;</li> <li>testing certain controls over inventory costing;</li> <li>on a sample basis, testing the cost of materials and finished goods to supporting documents;</li> <li>ensuring direct labour and overhead expenditure capitalised are in line with the requirements of underlying accounting standards;</li> <li>evaluating the reasonableness of direct labour and overhead expenditure capitalised into inventory by performing analytical procedures;</li> <li>on a sample basis, testing the accuracy of inputs into the inventory provision calculation including assessing the reasonableness of future consumption estimates;</li> <li>performing recalculations over the provision to ensure its mathematical accuracy;</li> <li>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;</li> <li>testing the net realisable value of finished goods, on a sample basis, by comparing the cost with recent sales; and</li> <li>reviewing the appropriateness of disclosures in the financial statements.</li> </ul>



## 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:

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

27 May 2025

Auckland