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Rakon releases updated guidance and outlook

Rakon Limited (NZX: RAK), a high technology manufacturer of frequency control and timing solutions for the telecommunications, positioning, and space and defence sectors, has released an update on its full-year FY23 EBITDA guidance.

Guidance for FY23 Underlying EBITDA¹ has been updated to be in the range of \$40-44 million for the financial year to 31 March 2023 (previously \$38-44 million), with foreign currency fluctuations remaining as the primary source of uncertainty.

"Continued growth in global demand for our industry-leading products has meant we are on track to deliver a solid full year result," says Chief Executive Dr Sinan Altug.

"We are encouraged by the continued growth in our core business, which has offset the tail-off in the short-term chip shortage business that gave us a significant boost in revenue in FY22, and partially in FY23."

At its half-year results announcement, Rakon said it was closely monitoring its markets and possible headwinds from macroeconomic volatility, cost inflation and customers correcting high inventory built up through the recent period of supply chain uncertainty. Looking ahead, Rakon anticipates that these headwinds will continue into the first half of FY24, potentially impacting revenue and profit in the short-term.

"We have been proactively mitigating the impacts of these headwinds by optimising our resources, to ensure maximum efficiency throughout our business," Dr Altug says. "As always, maintaining close customer relationships will be key to managing through inventory corrections."

"We remain confident that the underlying growth drivers for our business are strong. Our technology and industry leading products position us well to increase market share in our core high growth sectors – Telecommunications, Space and Defence, and Positioning."

Rakon continues to make solid progress against its growth plan unveiled at its Annual Meeting in 2022. Key organic growth initiatives are focused on creating innovative next generation products for Rakon's core business. The company has also accelerated its acquisition strategy with the aim of delivering access to new markets and technologies.

Rakon's new manufacturing facility in Bengaluru, India, is on schedule to open in mid-2023. This centre of excellence will be a vital long-term competitive advantage for Rakon delivering enhanced manufacturing capacity and capability, and lower production costs.

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About Rakon

Rakon is a global high technology company and a world leader in its field. The company designs and manufactures advanced frequency control and timing solutions. Its three core markets are Telecommunications, Positioning and Space and Defence. Rakon's products are found at the forefront of communications where speed and reliability are paramount. Its products create extremely accurate electric signals which are used to generate radio waves and synchronise time in the most demanding communication applications.

Rakon has three manufacturing plants, six research and development centres, and sixteen customer support offices worldwide. Founded in Auckland in 1967, Rakon is proud of its New Zealand heritage. It is a public company listed on the New Zealand stock exchange, NZX, ticker code RAK.

www.rakon.com

¹Refer to Note 5 of the FY2022 audited consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of 'Underlying EBITDA' and reconciliation to net profit after tax

All amounts are in New Zealand Dollars