

Rakon Limited
Interim Report
2022

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Unaudited Consolidated Interim Statement of Comprehensive Income

For the period ended 30 September 2022

		Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Continuing operations				
Revenue	4	87,164	85,416	171,967
Cost of sales		(43,641)	(41,931)	(81,907)
Gross profit		43,523	43,485	90,060
Other operating income		267	588	1,634
Operating expenses				
Selling and marketing		(4,482)	(3,900)	(9,424)
Research and development		(6,568)	(6,454)	(11,726)
General and administration		(17,300)	(14,274)	(28,193)
Total operating expenses		(28,350)	(24,628)	(49,343)
Other (losses)/gains – net	5	7,434	(367)	(937)
Operating profit		22,874	19,078	41,414
Finance income		95	16	39
Finance costs		(547)	(1,269)	(1,945)
Share of net profits of associates		(18)	1,627	2,382
Profit before income tax		22,404	19,452	41,890
Income tax expense		(6,391)	(524)	(8,779)
Net profit after tax for the period attributable to equity holders of the Company		16,013	18,928	33,111
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Decrease in fair value cash flow hedges		(19,664)	(2,802)	(697)
Cost of hedging		(1,218)	(43)	(725)
Income tax relating to components of other comprehensive income		5,847	780	398
Exchange differences on translation of foreign operations		3,924	(10)	(517)
Long term incentive plan		163	-	108
Items that will not be reclassified subsequently to profit or loss				
Changes in fair value of equity investments – Thinextra		(628)	(141)	(440)
Other comprehensive income for the period, net of tax		(11,576)	(2,216)	(1,873)
Total comprehensive income for the period attributable to equity holders of the Company		4,437	16,712	31,238
Earnings per share attributable to the equity holders of the Company				
		Cents	Cents	Cents
Basic earnings per share		7.1	8.3	14.6
Diluted earnings per share		7.0	8.3	14.5

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

Unaudited Consolidated Interim Statement of Changes in Equity

For the period ended 30 September 2022

	Share capital \$000s	Retained earnings \$000s	Other reserves \$000s	Total equity \$000s
Balance at 31 March 2021	181,024	(56,237)	(20,860)	103,927
Net profit after tax for the half year ended 30 September 2021	-	18,928	-	18,928
Currency translation differences	-	-	(10)	(10)
Cash flow hedges, net of tax	-	-	(2,065)	(2,065)
Changes in fair value of equity investments at fair value through other comprehensive income – Thinextra	-	-	(141)	(141)
Total comprehensive income for the half year	-	18,928	(2,216)	16,712
Balance at 30 September 2021	181,024	(37,309)	(23,076)	120,639
Net profit after tax for the half year ended 31 March 2022	-	14,183	-	14,183
Currency translation differences	-	-	(507)	(507)
Cash flow hedges, net of tax	-	-	1,041	1,041
Changes in fair value of equity investments at fair value through other comprehensive income – Thinextra	-	-	(299)	(299)
Contribution of equity net of transaction costs				
Employee share schemes				
Value of employee services	-	-	108	108
Total comprehensive income for the half year	-	14,183	343	14,526
Balance at 31 March 2022	181,024	(23,126)	(22,733)	135,165
Net profit after tax for the half year ended 30 September 2022	-	16,013	-	16,013
Currency translation differences	-	-	3,924	3,924
Cash flow hedges, net of tax	-	-	(15,035)	(15,035)
Changes in fair value of equity investments at fair value through other comprehensive income – Thinextra	-	-	(628)	(628)
Contribution of equity net of transaction costs	-	-	-	-
Employee share schemes				
Value of employee services	-	-	163	163
Total comprehensive income for the half year	-	16,013	(11,576)	4,437
Balance at 30 September 2022	181,024	(7,113)	(34,309)	139,602

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

Unaudited Consolidated Interim Balance Sheet

As at 30 September 2022

	Note	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Assets				
Current assets				
Cash and cash equivalents		25,744	19,932	39,229
Trade and other receivables		50,595	51,158	44,522
Inventories		72,043	43,568	57,321
Derivative financial instruments		44	942	1,345
Financial asset at fair value through profit or loss		-	539	201
Current income tax asset		266	537	213
Total current assets		148,692	116,676	142,831
Non-current assets				
Property, plant and equipment		30,103	20,572	21,388
Intangible assets		6,883	6,715	7,164
Right-of-use assets		4,222	5,904	4,792
Interest in associates		16,460	14,081	16,172
Trade and other receivables		2,070	3,217	1,941
Financial asset at fair value through other comprehensive income – Thinextra	6	2,053	2,979	2,680
Derivative financial instruments		253	252	1,095
Deferred tax asset		7,687	7,051	1,806
Total non-current assets		69,731	60,771	57,038
Total assets		218,423	177,447	199,869
Liabilities				
Current liabilities				
Bank overdraft	7	1,417	4	-
Borrowings	7	1,323	615	1,297
Trade and other payables		36,222	29,227	36,008
Current income tax liabilities		3,289	-	2,457
Lease liabilities		2,139	2,031	2,076
Provisions		727	142	631
Derivative financial instruments		16,305	606	854
Total current liabilities		61,422	32,625	43,323
Non-current liabilities				
Borrowings	7	4,604	15,718	14,684
Provisions		2,940	3,366	2,817
Lease liabilities		2,713	4,446	3,404
Derivative financial instruments		7,142	653	385
Deferred tax liabilities		-	-	91
Total non-current liabilities		17,399	24,183	21,381
Total liabilities		78,821	56,808	64,704
Net assets		139,602	120,639	135,165
Equity				
Share capital		181,024	181,024	181,024
Other reserves		(34,309)	(23,076)	(22,733)
Accumulated losses		(7,113)	(37,309)	(23,126)
Total equity		139,602	120,639	135,165

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

Unaudited Consolidated Interim Statement of Cash Flows

For the period ended 30 September 2022

	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Operating activities			
Cash provided from			
Receipts from customers	85,497	71,965	168,226
R&D grants received	1,759	1,169	2,192
Other income received	207	74	161
	87,463	73,208	170,579
Cash was applied to			
Payment to suppliers and others	(51,366)	(38,588)	(84,108)
Payment to employees	(29,865)	(28,376)	(53,947)
Interest paid	(735)	(1,113)	(1,811)
Income tax paid	(5,480)	(620)	(475)
	(87,446)	(68,697)	(140,341)
Net cash inflow from operating activities	17	4,511	30,238
Investing activities			
Cash was applied to			
Purchase of property, plant and equipment	(9,420)	(4,017)	(8,461)
Purchase of intangibles	(306)	(785)	(1,708)
	(9,726)	(4,802)	(10,169)
Net cash outflow from investing activities	(9,726)	(4,802)	(10,169)
Financing activities			
Cash was provided from			
Proceeds from borrowings	-	10,000	10,000
	-	10,000	10,000
Cash was applied to			
Repayment of borrowings	(10,000)	-	-
Lease liabilities payments	(1,491)	(1,246)	(2,625)
Cash was applied to financing activities	(11,491)	(1,246)	(2,625)
Net cash inflow from financing activities	(11,491)	8,754	7,375
Net increase in cash and cash equivalents	(21,200)	8,463	27,444
Effects of exchange rate changes on cash and cash equivalents	6,298	(5)	311
Cash and cash equivalents at the beginning of the year	39,229	11,474	11,474
Cash and cash equivalents at the end of the period	24,327	19,932	39,229
Composition of cash and cash equivalents			
Cash and cash equivalents	25,744	19,932	39,229
Bank Overdraft	(1,417)	(4)	-
Total Cash and cash equivalents	24,327	19,928	39,229
Borrowings	(5,927)	(16,333)	(15,981)
Net cash (excluding lease liabilities) at the end of the period	18,400	3,595	23,248

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

Unaudited Consolidated Interim Statement of Cash Flows (continued)

For the period ended 30 September 2022

	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Reconciliation of net profit to net cash flows from operating activities			
Reported net profit after tax	16,013	18,928	33,111
Adjustments for			
Depreciation and amortisation expense	3,896	4,586	8,938
Net increase in allowance for expected credit loss	-	-	291
Interest expenses	-	152	-
Gain on dilution of investment in Timemaker	-	-	(634)
Provisions provided	209	-	551
Movement in foreign exchange rates	(673)	(413)	(851)
Share of net profits of associate	18	(1,627)	(2,382)
Deferred tax movement	-	-	5,041
Employee share based expense	163	-	108
	3,613	2,698	11,062
Change in operating assets and liabilities			
Increase in trade and other receivables	(6,202)	(11,627)	(3,714)
Increase in inventories	(14,724)	(5,869)	(21,559)
Decrease/(Increase) in provisions	219	44	(17)
Increase in trade and other payables	213	396	10,357
Increase/(Decrease) in tax provisions and deferred tax	885	(59)	998
Total impact of changes in working capital items	(19,609)	(17,115)	(13,935)
Net cash flow from operating activities	17	4,511	30,238

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

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1. General information

Rakon Limited ('the 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 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 unaudited interim financial statements of the Group have been approved for issue by Rakon's Board of Directors on 24 November 2022.

2. Statement of significant accounting policies

These unaudited interim financial statements of the Group for the half-year reporting period ended 30 September 2022 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, in particular NZ IAS 34 Interim Financial Reporting. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS). The Group is a profit-oriented entity for the purposes of complying with NZ GAAP. These financial statements comprise Rakon and its subsidiaries, and have been prepared on a going concern basis.

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

The preparation of 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. Actual results may differ from these estimates.

This unaudited interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 March 2022 and any public announcements made by the Company during the interim reporting period.

3. Segment information

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

The operating segments are presented in a manner consistent with the internal reporting provided to the CODM. Significant judgement has been applied in the determination of reportable operating segments. Ownership of products' intellectual property have been used as the key factor to identify reportable operating segment and aggregation criteria.

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 also receives information about the segments' revenue on monthly basis.

Management had completed the internal reorganisation of operations during the prior period which has affected how the CODM views segment information. Accordingly, to reflect these changes the comparative period 30 September 2021 has been restated. Before the change, segment information was based on geography. Increased synergies between the businesses across the geography has led to the formation of operating segments that is not limited by geography. The new segments are representative of these changes and are described below.

In addition some customers have been reclassified between market segments impacting both comparative periods. The following markets have been impacted: Telecommunications (31 March 2022: 86,246, restated: 86,381), Global Positioning (31 March 2022: 27,138, restated: 29,264) and Space & Defence (31 March 2022: 26,277, restated: 23,797).

Notes to the Financial Statements (continued)

a. Segment results

Information relating to each reportable segment is set out below.

Unaudited six months ended 30 September 2022						
	NZ	France/ India	France HiRel	T'maker	Other ¹	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Segment revenue by market						
Telecommunications	30,634	19,255	298	-	(2,660)	47,527
Global Positioning	17,198	97	63	-	(974)	16,384
Space and Defence	5,209	1,061	6,366	-	(346)	12,290
Other	8,906	47	2,636	-	(626)	10,963
Total segment revenue by market	61,947	20,460	9,363	-	(4,606)	87,164
Underlying EBITDA	32,149	2,998	(1,123)	1,050	(6,995)	28,079
Total assets ²	127,434	48,806	23,484	16,868	1,831	218,423
Additions of property, plant and equipment, and intangibles	2,606	6,617	502	-	-	9,725
Total liabilities ³	49,390	18,888	8,935	-	1,608	78,821

Restated unaudited six months ended 30 September 2021						
	NZ	France/ India	France HiRel	T'maker	Other ¹	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Segment revenue by market						
Telecommunications	27,181	13,255	242	-	1,112	41,790
Global Positioning	13,587	6	139	-	433	14,165
Space and Defence	4,819	970	4,357	-	171	10,317
Other	15,419	76	3,047	-	602	19,144
Total segment revenue by market	61,006	14,307	7,785	-	2,318	85,416
Underlying EBITDA	23,262	1,548	(1,529)	2,627	471	26,379
Total assets ²	109,226	31,363	20,381	14,081	2,396	177,447
Additions of property, plant and equipment, and intangibles	2,983	1,272	192	-	-	4,447
Total liabilities ³	33,219	13,313	9,115	-	1,161	56,808

Notes to the Financial Statements (continued)

Restated audited year ended 31 March 2022

	NZ \$000s	France/ India \$000s	France HiRel \$000s	T'maker \$000s	Other ¹ \$000s	Total \$000s
Segment revenue by market						
Telecommunications	57,464	27,150	367	-	1,400	86,381
Global Positioning	28,478	48	212	-	526	29,264
Space and Defence	8,994	2,547	12,055	-	201	23,797
Other	25,497	205	6,233	-	590	32,525
Total segment revenue by market	120,433	29,950	18,867	-	2,717	171,967
Underlying EBITDA	42,010	3,743	1,370	4,593	2,715	54,431
Total assets ²	121,953	37,925	22,210	16,172	1,609	199,869
Additions of property, plant and equipment, and intangibles	6,420	1,977	1,714	-	-	10,111
Total liabilities ³	36,994	14,062	12,106	-	1,542	64,704

¹ Revenue is (losses)/gains on cash flow hedges apportioned to each segment based on hedged currency.

² Segment assets are measured in the same way as in the financial statements. These assets are presented as it is regularly provided to the CODM.

³ Segment liabilities are measured in the same way as in the financial statements. These liabilities are presented as it is regularly provided to the CODM.

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 which develop new products and process innovations.

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

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

The France HiRel operating segment designs and manufactures products for the Space & 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% (2021: 40.00%) ownership interest.

All other segments (Other) includes 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.

Notes to the Financial Statements (continued)

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

	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Continuing operations			
Underlying EBITDA	28,079	26,379	54,431
Depreciation and amortisation	(3,877)	(4,586)	(8,938)
Adjustment for associate share of interest, tax and depreciation	(1,066)	(1,003)	(2,222)
Finance costs – net	(452)	(1,254)	(1,906)
Dilution gain on Timemaker investment	-	-	634
Other non-cash items	(280)	(84)	(109)
Profit before income tax	22,404	19,452	41,890
Income tax expense	(6,391)	(524)	(8,779)
Net profit after tax for the year	16,013	18,928	33,111

4. 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.

a. Reportable segment revenue from contracts with customers

Unaudited six months ended 30 September 2022

	NZ \$000s	France/ India \$000s	France HiRel \$000s	Other \$000s	Total \$000s
Products transferred at a point in time	61,946	20,460	6,459	(4,605)	84,260
Products and services transferred over time	-	-	2,904	-	2,904
Sales to external customers	61,946	20,460	9,363	(4,605)	87,164

Restated unaudited six months ended 30 September 2021

	NZ \$000s	France/ India \$000s	France HiRel \$000s	Other \$000s	Total \$000s
Products transferred at a point in time	61,006	14,307	7,128	2,319	84,760
Products and services transferred over time	-	-	656	-	656
Sales to external customers	61,006	14,307	7,784	2,319	85,416

Audited year ended 31 March 2022

	NZ \$000s	France/ India \$000s	France HiRel \$000s	Other \$000s	Total \$000s
Products transferred at a point in time	120,434	29,949	15,451	2,717	168,551
Products and services transferred over time	-	-	3,416	-	3,416
Sales to external customers	120,434	29,949	18,867	2,717	171,967

Notes to the Financial Statements (continued)

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.

	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Asia	37,542	48,624	114,695
North America	35,306	24,614	29,274
Europe	12,028	10,998	25,672
Others	2,288	1,180	2,326
Total segment revenue by geography	87,164	85,416	171,967

5. Other (losses)/gains – net

	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
(Loss)/gain on disposal of property, plant and equipment, and intangible assets	(7)	(19)	17
Foreign exchange (losses)/gains – net			
Forward foreign exchange contracts			
Financial asset at fair value through profit or loss	(3,116)	(670)	327
Revaluation of foreign denominated monetary assets and liabilities ¹	10,557	322	(1,281)
Total foreign exchange gains/(losses) – net	7,441	(348)	(954)
Total other gains/(losses) – net	7,434	(367)	(937)

¹ Includes realised and unrealised (losses)/gains arising from bank balances, accounts receivable and accounts payable.

6. Financial asset at fair value through other comprehensive income – Thinxtra

Subsequent to losing significant influence in Thinxtra and ceasing equity accounting of the investment on 1 June 2018, the Group elected to present changes in fair value of its investment in other comprehensive income (FVOCI).

The FVOCI are strategic investments which are not held for trading, and which the Group has irrevocably elected the classification at initial recognition, considering this to be more relevant. For assets measured at FVOCI, gains and losses on revaluation are recorded in OCI reserve. On disposal of these equity investments, any related balance within the OCI reserve is reclassified to retained earnings.

a. Thinxtra

Thinxtra Pty Limited (Thinxtra) is an 'Internet of Things' (IoT) business that started in 2016. Thinxtra's focus is on establishing an IoT network in Australia, New Zealand and Hong Kong and providing products, services and solutions enabling connectivity of devices to the network. Thinxtra's business model is based on subscription for access to the network, platform solutions and the sale of IoT products. Further information is available at www.thinxtra.com.

Rakon was one of the founding members of Thinxtra in 2016, and has a 7.0% ownership interest at 30 September 2022 (March 2022: 7.0%). This is calculated on a fully diluted basis including the exercise of any existing options.

The Directors have reviewed the information and observations available and confirm a valuation of A\$1.8m or A\$2.29 per share as at 30 September 2022 (31 March 2022: A\$2.5m).

b. Valuation of the investment in Thinxtra at 30 September 2022

It is recognised that there is a high level of volatility and judgement required in valuing Thinxtra given its early stage of business; the new and developing IoT market and ecosystem in which it operates; the volatility in prices achieved by historic capital raises, it being a private company investment not actively traded; and the track record of the Company in achieving its forecast performance.

Notes to the Financial Statements (continued)

The Directors recognise there is a high risk of the valuation will change significantly over time and have chosen to adopt this consistent overall methodology for the valuations reported since 31 March 2019.

In forming the Directors' judgement, the Directors have taken into consideration whether there is an active market in Thinxtra as indicated by the last capital raise in February 2020 for A\$9m, which concluded in August 2020 with an additional subscription of A\$1m. The Directors concluded that there is not. If there is an active market, the fair value would be considered to be the recent share issue price as the investment would be treated as a Level 1 investment under the fair value hierarchy (refer to scenarios below).

Valuation methodology and key inputs

The Directors reviewed the available information to date including Thinxtra's audited financial statements for the year ended 30 June 2021 and other shareholder communications. Due to the age of the cash flow forecasts and because they have not been achieved, Directors concluded that the weighting assigned to the discounted cash flow valuation technique be reduced. This resulted in a reduction in carrying value.

In undertaking the fair value assessment, given the range of potential outcomes, it was considered that one single valuation method would not provide an appropriate result. Accordingly, the Directors have used a range of valuation techniques which provide different scenario outcomes. These outcomes have then been assigned a weighting based on the available information and Directors' judgement. The methodology, key inputs and overall outcome is summarised as follows:

<i>Valuation Technique</i>	<i>Weighting Assigned</i>	
	<i>Sep-22</i>	<i>Mar-22</i>
A: Discounted cash flow (discount rate 15%)	0%	20%
B: February 2020 capital raise of A\$9m at A\$2.29 per share	100%	80%

The valuation was based on Rakon having a 7.0% shareholding which assumed any existing share options were exercised and all shares were issued under the capital raise offer that was open.

The resultant valuation of A\$2.29 per share is adopted in the 30 September 2022 financial statements (31 March 2022: A\$3.16).

To provide an indication about the reliability of the inputs used in determining fair value, the Directors classified the fair valuation of Thinxtra investment as a level 3 investment. Instruments are classified as level 3 only if one or more of the significant inputs for the valuation is not based on observable market data.

Notes to the Financial Statements (continued)

7. Borrowings

The Group is reliant on its bank facilities and equity as the principal sources of capital management.

a. Line of credits

The Group maintains following line of credits.

	Unaudited six months ended 30 September 2022 \$000s	Unaudited six months ended 30 September 2021 \$000s	Audited year ended 31 March 2022 \$000s
Current			
French Government loan	1,258	491	1,179
Other borrowings	66	124	118
Current borrowings	1,323	615	1,297
Bank overdrafts	1,417	4	-
Total current borrowings	2,740	619	1,297
Non-current			
Tanarra loan	-	10,000	10,000
French Government loan	4,337	5,718	4,412
Other borrowings	267	-	272
Non-current borrowings	4,604	15,718	14,684

b. Tanarra

On 30 April 2021, a \$20m New Zealand Dollars debt facility was agreed with Tanarra Credit Partners. An initial \$10m was drawn down immediately and used to repay the existing ASB Bank working capital facility which was reduced to nil.

During the period, the Tanarra loan was repaid in full.

c. State Bank of India

Rakon India has an existing facility with the State Bank of India including ₹150m (NZ\$3.2m) which can be used for cash based working capital requirements, unchanged from the prior year.

d. Crédit Agricole Provence Côte D'Azur

The bank borrowings include a €3.2m French government backed loan that was made available to Rakon France (2021: €3.5m). 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 1.24% for the remaining term of five years. This loan has certain restrictions that limits it to be used for working capital/treasury support for the French business. There are no covenants on the loan and no additional security is required.

e. ASB

On 31 August 2022 a \$10.0m overdraft facility was agreed with ASB Bank Limited and security for the facility includes a cross guarantee from Rakon Limited and its wholly owned subsidiaries, Rakon France SAS, Rakon UK Holdings Limited, Rakon UK Limited, Rakon Financial Services Limited and Rakon International Limited and a general security deed given by each guarantor incorporated in New Zealand.

The facility is subject to normal banking conditions. The financial covenants include Group coverage in relation to total tangible assets and EBITDA and a tangible net worth ratio, interest cover ratio and net leverage ratio. A line fee is payable in relation to the availability of the facility and interest on amounts drawn is payable at the New Zealand bank bill reference rate plus agreed margin.

8. Capital Commitments

The construction of a new purpose-built manufacturing facility in the Bengaluru Special Economic Zone, India is underway with transfer of operations to the new site commencing in 2023.

9. Contingencies

There are no material changes to contingent liabilities or assets from 31 March 2022.

10. Subsequent events

The Directors are not aware of any material events subsequent to 30 September 2022.