rakon

Rakon Full Year Results to 31 March 2025

All numbers are stated in New Zealand dollars (NZ$) and relate to the 12 months ended 31 March 2025 (FY25), with comparisons to the 12 months ended 31 March 2024 (FY24) unless stated otherwise.

28 May 2025 - Rakon Limited (NZX: RAK), a world leading manufacturer of frequency control and timing solutions, has today released its financial results for the 12 months ended 31 March 2025 (FY25), highlighting a strong second-half turnaround and solid progress on its long-term growth strategy.

Key takeaways:

- Rakon navigated one of the most demanding years on record, marked by sharp geo-political shifts and commercial headwinds, recording a net loss after tax of $(5.8)m including $3.6m of one-off restructuring and transaction costs, yet still delivered underlying EBITDA[1] of $9.5m, in line with the guidance mid-point and underpinned by a significant second-half rebound.
- 2H25 surge delivered 60% of FY25 revenue, lifted revenue 49% on the first half, and swung underlying EBITDA[1] by $16.8 million, setting momentum for FY26.
- Record revenue in Aerospace & Defence segment with 15% year on year (YoY) growth maintaining positive trend for third consecutive year. New contracts secured and strong order book for FY26.
- Telecommunications revenue declined 33% YoY, reflecting muted global 5G capex and, in part, Rakon's strategic decision to exit supply to a major Chinese telecom-infrastructure customer; encouragingly, orders began to recover in 4Q25 as inventories normalised and selective 5G investment resumed, while Positioning demand remained steady at lower levels.
- AI & Cloud Computing Infrastructure is on track to start delivering significant revenue from FY26, with manufacturing infrastructure in place and latest products, incorporating Rakon's next-generation semiconductor chips, driving rising demand from Tier-1 players.
- Disciplined inventory management resulted in a reduction of $8.5 million in inventory and improved operating cash flow and strengthened the balance sheet.
- Momentum into FY26 is positive, fuelled by the growth in 2H25 and supported by strong Aerospace & Defence demand and AI & Cloud Computing Infrastructure orders. Further stabilisation expected in Telco. The company is well positioned with its latest suite of products extending Rakon's technological leadership.

Rakon's FY25 results reflect a strengthening finish to the 12-month period as a 2H25 surge reset the year, with strong orders in Aerospace & Defence and a stabilising Telecommunications market.

Rakon CEO, Sinan Altug says it was pleasing to see improving momentum in 4Q25, after what had been an exceptionally tough year.

Rakon Limited
T +64 9 573 5554
8 Sylvia Park Road, Mt Wellington, Auckland 1060, New Zealand
Private Bag 99943, Newmarket, Auckland 1149, New Zealand

www.rakon.com

“As we anticipated, the first half of FY25 presented significant challenges, particularly in the Telco and Positioning markets. While conditions in these markets remain uncertain, we have started to see demand and orders lifting and believe we have now passed the inflection point at the bottom of the Telco cycle,” says Altug.

“Our Space business is growing at record pace, and our AI & Cloud Computing Infrastructure products are already being included in next-generation designs and securing orders from Tier-1 industry players. FY26 will see these drivers translate into meaningful revenue.

“We have made significant progress on managing discretionary expenditure within our business this year as we cut costs, maintained our R&D and put the right people in the right seats. We achieved a sustainable reduction in operating costs, released multiple leading-edge products, continued to optimise our global footprint and announced a refreshed management team who bring years of international and sector experience to Rakon.

“Our strategy remains focused on executing our growth strategy and extending our technology leadership and market share in core segments like Telecommunications and Aerospace & Defence as well as growing and diversifying group revenue through other industry verticals, the key one being AI & Cloud Computing Infrastructure. We’re confident that in the next five years our AI & Cloud Computing segment can be as substantial as our Telco business is today.”

Rakon’s Aerospace & Defence business and AI & Cloud Computing Infrastructure segment represent key revenue growth drivers for the company in the medium to long-term, and it is anticipated they will account for close to 50% of total group revenue by the end of the decade.

Low-Earth orbit (LEO) satellite subsystem contract wins and the selection of Rakon’s subsystems and components for International Space Station and deep space exploration missions, have continued to grow the company’s stature in the Global Space Industry, including as a top-3 supplier for its subsystems.

Telecommunications and Positioning remain core markets for Rakon which has maintained market share during a slower cyclical period. Positively, the Telco market showed indications of improvement in 2H25, with signs of a gradual rise in 5G network investment and corresponding orders.

Rakon made good progress in FY25 with its ‘Innovate, Capture, Capitalise’ initiative to optimise research, product development and manufacturing across its global operations. A key milestone was achieved in 2H25 with the accelerated transfer of key product lines into Rakon’s manufacturing centre of excellence in India. Customer deliveries commenced in April 2025 and improved margins are expected as production ramps up.

These product transfers are a part of a comprehensive organisational transformation programme to reconfigure the company in line with its growth strategy, with product-specific centres of excellence being established in Rakon’s locations in France and New Zealand. Overhead efficiencies and margin enhancements are expected across Rakon’s global operations across the next two years.

FY25 financial results

More than 60% of Rakon's FY25 revenue of $103.7m (FY24: $128.0m) was delivered in the 2H, driven by strong revenue growth in Aerospace & Defence and stabilisation in Telecommunications.

Aerospace & Defence delivered its highest ever revenue result, up 15% to $42m, and continues to validate Rakon's strategy to invest in new high-growth market opportunities. Telecommunications revenue was down 33% to $45m, and Positioning was down 21% to $11m, due to macroeconomic conditions leading to slowed investment in 5G mobile networks globally. Pleasingly, selective global 5G investment was seen in the 2H25, signalling demand recovery. AI & Cloud Computing Infrastructure revenue is currently milestone-focused, with revenue expected to grow significantly from FY26.

The concerted focus on cost and efficiency is now delivering sustainable savings, which will support an increase in operating leverage over the long term. Expenses excluding significant one-off items[2] were down 10% to $51m, reflecting steady year-to-year opex levels and high volume of new product capitalisation resulting in a $9.8m reduction in reported R&D opex. Total R&D spend ($22m) remains steady YoY to retain necessary resources and capabilities to protect Rakon's growth pathway and extend its technology leadership.

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

Underlying EBITDA[1] was $9.5m (FY24: $13.4m), in line with the guidance mid-point. Including one-off restructure and transaction-related costs of $3.6m, the company reported a net loss after tax of $(5.8)m (FY24 profit: $4.5m).

Rakon retains a strong balance sheet with significant debt capacity for investment into capital initiatives and growth opportunities, including expansion of production facilities to meet current and future AI & Cloud Computing Infrastructure and Aerospace orders. Net assets were $154.6m including net cash of $15.3m at year end. Inventory was reduced by a further $8.5m in FY25 to $46.4m (FY24: $54.9m). Inventory has been carefully managed to optimise working capital while maintaining the capacity to meet anticipated demand as core markets recover. The Rakon Board believes continued prudent management of its operational cash is important and has not declared a dividend in relation to FY25.

Outlook[2]

Rakon enters FY26 with renewed momentum, a leaner structure and growth trajectory underpinned by positive global sector trends. Guidance will be provided at the ASM but the company expects a year-on-year improvement underpinned by:

- Aerospace & Defence — strong order book carry-over and new contracts secured.
- Telecommunications — gradual 5G capex recovery expected as stabilisation continues.
- AI & Cloud Computing Infrastructure — significant revenue from market leading products expected in 1H26 with strong forward pipeline from Tier-1 AI hardware customers.
- Organisational changes and accelerated manufacturing transfers which are expected to lift gross margin and optimise global overheads, supporting profitability as volumes grow.

As previously advised, current US tariffs are not expected to have a material impact on Rakon, with the potential cost estimated at 2% or less of revenue. FY26 will also reflect the discontinuation of commercial relationships with a Chinese telecommunications-infrastructure customer that accounted for approximately 5% of group revenue in FY25. This strategic decision allows Rakon to better allocate business resources to markets that offer more sustainable long-term growth opportunities aligned with its corporate objectives.

Chair Lorraine Witten commented: "Rakon has preserved earnings in line with guidance, and continued investing for future value, while navigating a period of difficult macro conditions. We held the line in a tough year and are well positioned to build on growth sectors and capture increased demand as core markets recover. The receipt from credible parties of multiple indications of interest at substantial premiums, is an endorsement of Rakon's world-leading technology, global market position and value. With refreshed governance and an energised leadership team, we are ready to turn today's momentum into FY26 value creation."

[1]Non-GAAP disclosures. Refer to note 4 of the FY2025 consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of Underlying EBITDA' and reconciliation to net profit after tax (NPAT).
[2]Normalised operating expenses excludes one-off acquisition proposal costs and redundancy costs
[3]Risks to this FY26 outlook include geopolitical uncertainty, downside risks for global economic growth and new product manufacturing delivery to plan.

ENDS

Investors and media
Nick Laurent
investors@rakon.com
+64 21 240 7541

About Rakon

Rakon's products help people to connect, explore and innovate. They are the 'heartbeat' for electronic systems, delivering fast, precise and stable timing in everything from mobile networks and autonomous vehicles to satellite constellations and AI data centres. Whether connecting to a 5G tower or to a rover exploring Mars, our technology is relied on to deliver the highest performance in even the most extreme conditions. Thanks to our constant drive to innovate, we continue to empower our customers to create the next-generation of life-transforming technologies.

For more information, visit rakon.com.