

Rakon Limited

2022 annual meeting of shareholders

rakon

Enabling the connected future

Agenda



Welcome & introduction

Chair's address

Chief executive's review

Shareholders' questions

Resolutions

General business

Meeting close / light refreshments



Sinan Altug
Chief Executive Officer

Lorraine Witten
Chair

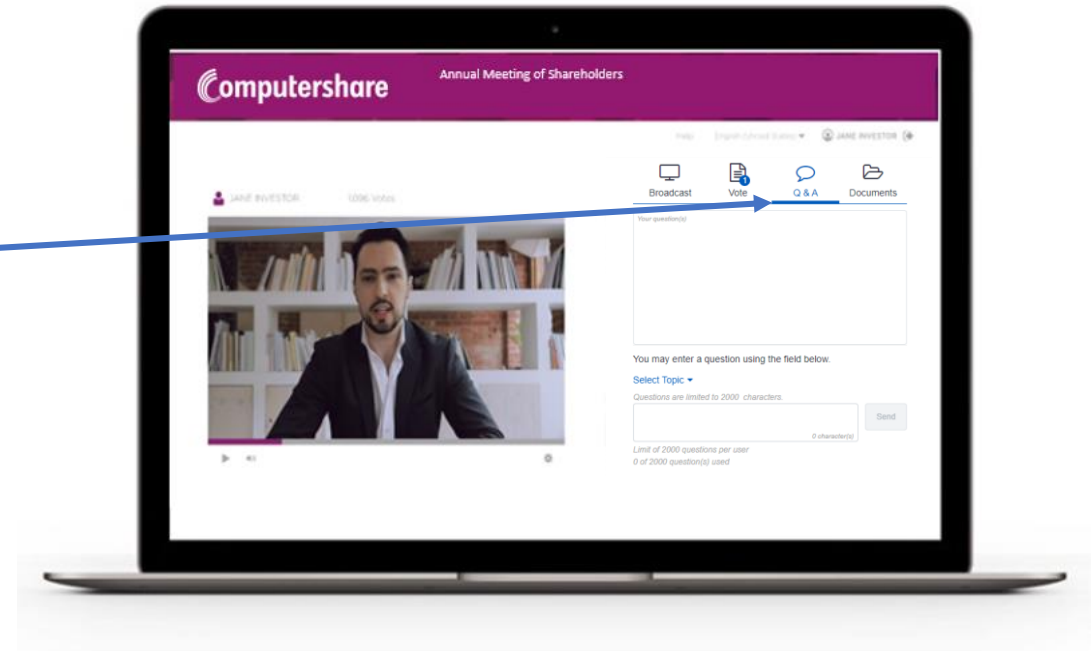
How to Participate in Virtual/Hybrid Meetings (Q&A)



Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



How to Participate in Virtual/Hybrid Meetings (Voting)

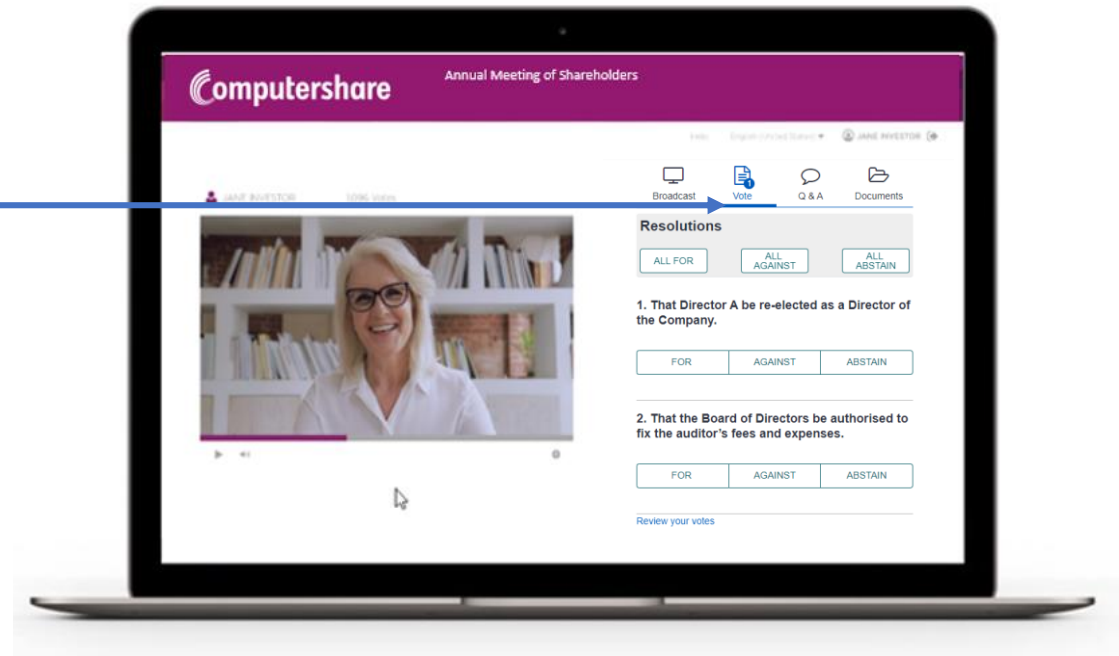


Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.





Chair's address

Lorraine Witten



Our Board of Directors

A strong mix of global experience and technology expertise



LORRAINE WITTEN
Chair and Independent director

BMS (Hons); CFInstD; FCA
Appointed 2017



KEITH WATSON
Independent director

NZCE (Telecom); CMInstD
Appointed 2018

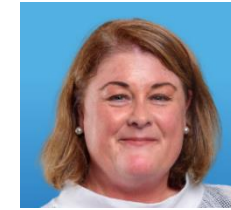
(standing for re-election)



BRENT ROBINSON
Executive director

Hon FIPENZ
Appointed 1991

(standing for re-election)



SINEAD HORGAN
Independent director

BComm; MAcc; CMInstD; FCA
Appointed January 2022

(standing for election)



KEITH OLIVER
Independent director

BE (Hons)
Appointed 2017



STEVE TUCKER
Independent director

BMS; FCA; CMInstD
Appointed October 2021

(standing for election)



YIN TANG (TONY) TSENG
Non-independent director

Hon Master NTUST
Appointed 2017

Rakon today

A global innovator and market leader in tech



Our journey



Strategic pivot now complete

From consumer to higher margin, high performance applications



Increased investor engagement

Market feedback sought; improved communications programme



Succession plans complete

New Board members
New CEO transition and appointment



Resilient and highly capable organisation

Delivered exceptional result

Building a sustainable organisation

Solid progress on ESG framework

ESG framework announced in the FY22 Annual Report

- Materiality assessment
- Sustainability roadmap, strategy, targets, actions, reporting
- Alignment of reporting to TCFD by 2023

Builds on existing work in key areas

- Reducing waste and greenhouse gas emissions
- Supply chain management and visibility
- Low rates of workplace injury
- High levels of employee engagement



FY22 business highlights



Record financial performance

Continued growth in revenue and earnings



Supply chain risks managed

Active management of inventory and pricing to address supply chain disruptions



Strong core 5G growth

Telecommunications established as a solid core business



New Zealand output up 60%

To support increased demand



Growth opportunities captured

Strong core market growth and global chip shortage opportunities captured



India expansion commenced

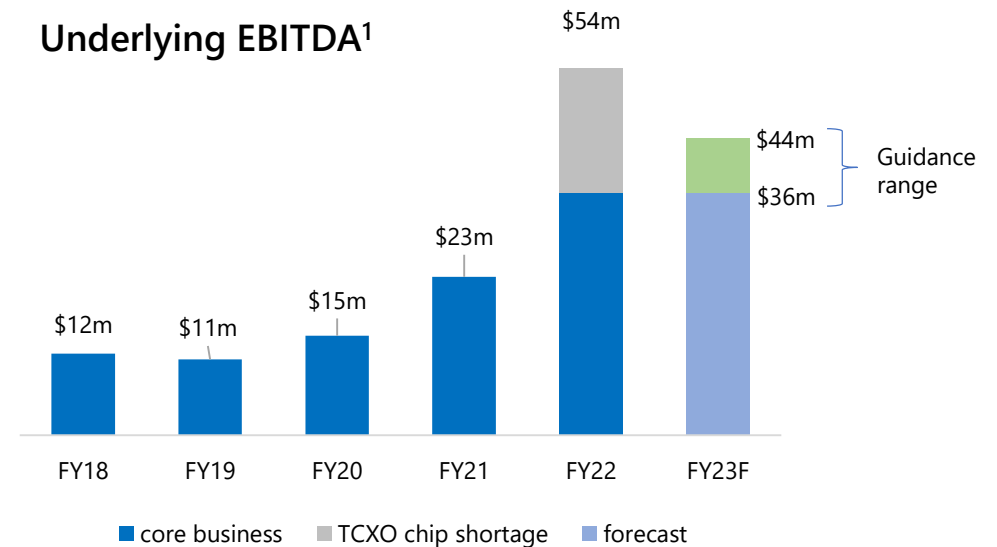
Construction commenced on new facility which will significantly increase capacity

Growing our value

Well positioned to drive growth

- FY23 Underlying EBITDA guidance: \$36m – \$44m
- Core business continues to grow
- Strong balance sheet with intention to repay debt facility
- Investment in market growth opportunities
- Updated dividend policy

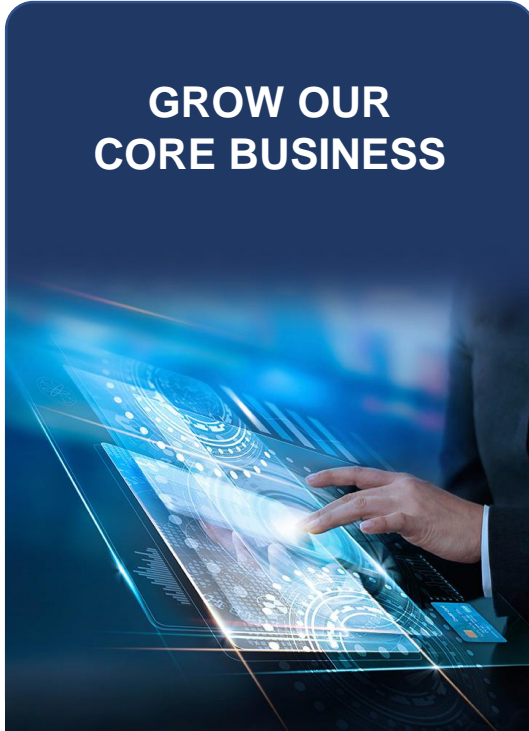
Underlying EBITDA¹



Clear growth strategy



**GROW OUR
CORE BUSINESS**



**MAINTAIN PRODUCT
& TECHNOLOGY
LEADERSHIP**



**EXPAND INTO
NEW MARKETS**



**DELIVER
WORLD CLASS
MANUFACTURING**



Strategic acquisitions supporting growth strategy



Chief executive's address

Sinan Altug



Our senior managers here today



Anand Rambhai
Chief Financial Officer



Brent Robinson
Chief Technology Officer



Maureen Shaddick
Company Secretary



Darren Robinson
Chief Marketing Officer



Margo Thomas
General Manager, Global People
& Capability



Adam Robinson
Global Sales Manager



Mark Burgess
Manufacturing Manager, NZ



Vijay Chandra
Production Manager, NZ



Prasad Talathi
Global Sales
Administration Manager

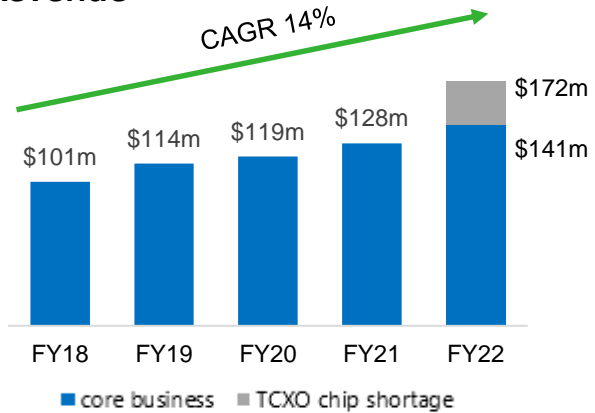


Avilash Singh
Engineering Manager
Product Research & Development, NZ

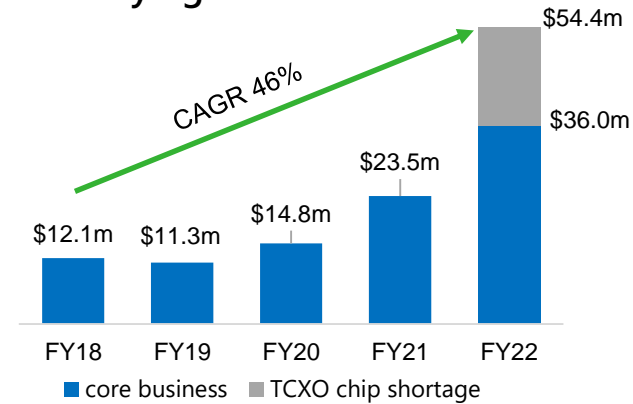
Financial performance



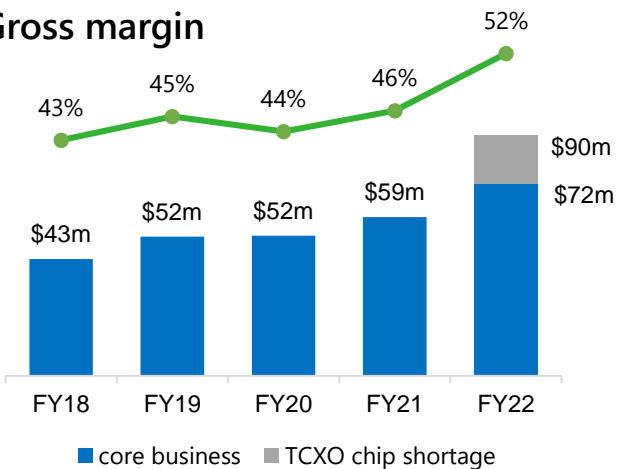
Revenue



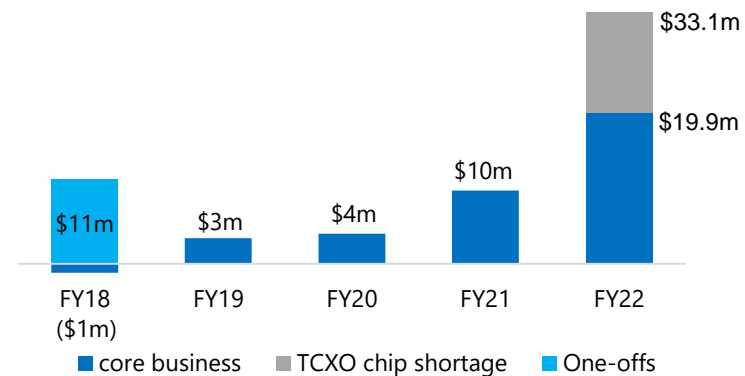
Underlying EBITDA¹



Gross margin



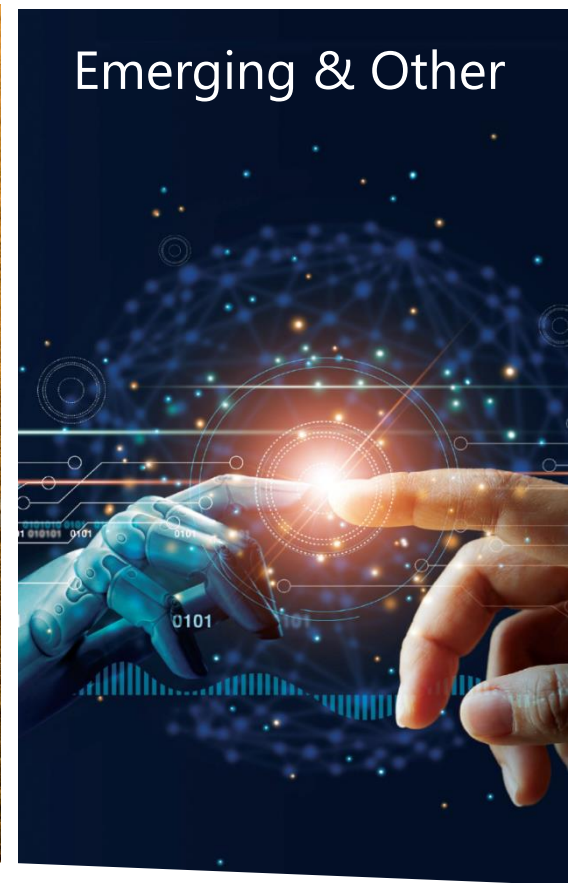
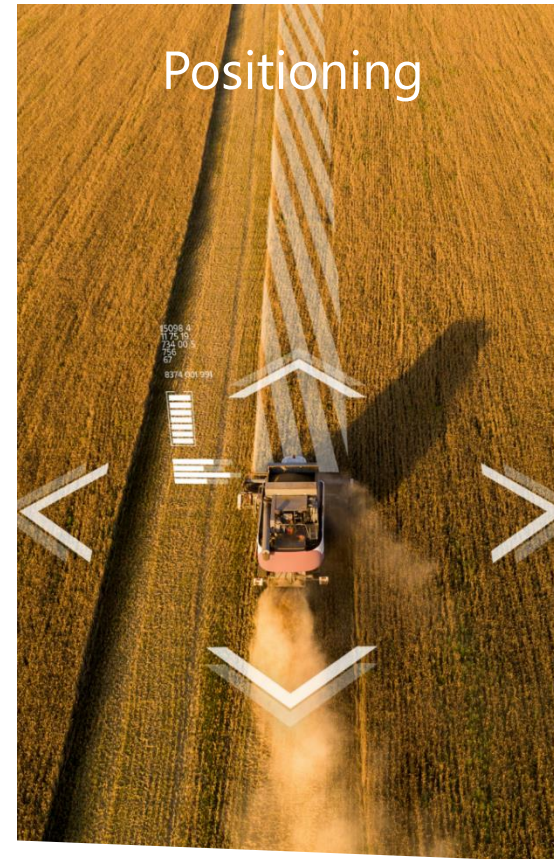
Net profit



FY18 one-offs include sale of French property; gains on Thintra shares; and technology license revenue from Siward

¹ Refer to Note 5 of the FY22 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

Key market update

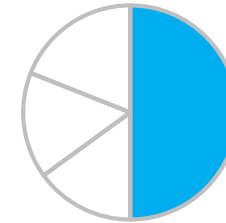


Telecommunications



Strong 5G network growth globally

- Expected to continue for 5+ years
- New entrants as open networks grow



21% CAGR over 4-years
Improved gross margins

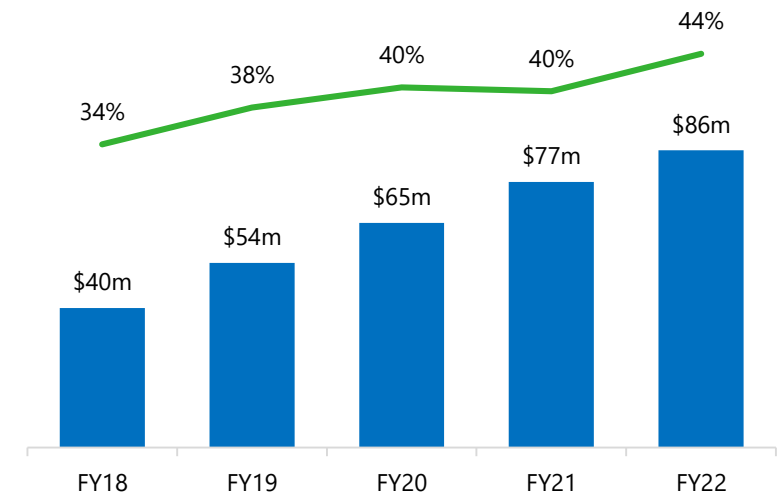
50% of total revenue



Cloud computing & data centres

- Now converging with 5G
- Strong and growing demand for synchronisation

Revenue & GM%



Next-generation product leadership

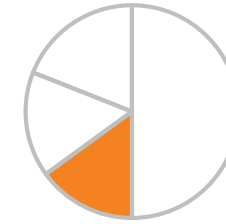
- Superior synchronisation enables higher data speeds and more bandwidth
- Customer partnerships to develop next-generation 6G products

Space & Defence



Core markets

- Highest levels of performance in extreme environments
- Critical timing products in aircraft, satellites, defence communications, radar and positioning systems



Stable and higher margin
Most demanding market
NewSpace transition

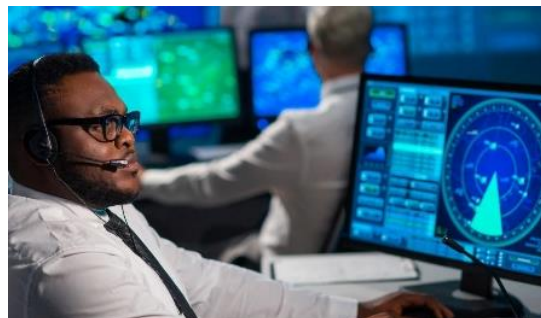
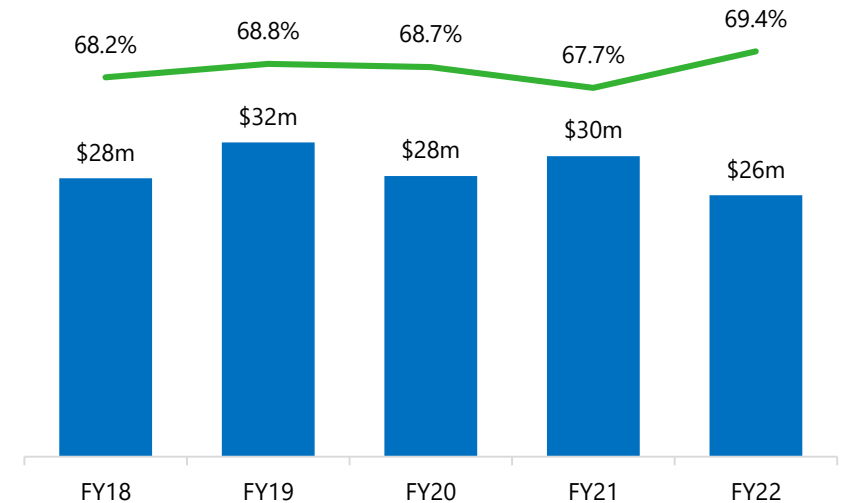
15% of total revenue



NewSpace

- Substantial opportunity in Low Earth Orbit (LEO) constellations
- Unique space/telco knowhow to move up the value chain from components into subsystems

Revenue & GM%



Continued innovation leadership

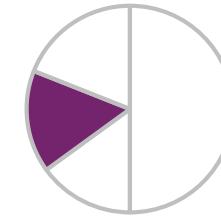
- Sector technology innovation is subsequently applied to other markets
- Space semiconductor chip development progressing well

Positioning



High precision industrial machines

- Growing share of high-growth agricultural/mining segments, as automation becomes standard
- Repositioned from commoditised consumer markets into growing, higher margin industrial markets



Strategic pivot to industrial markets complete

16% of total revenue



Emergency locator beacons

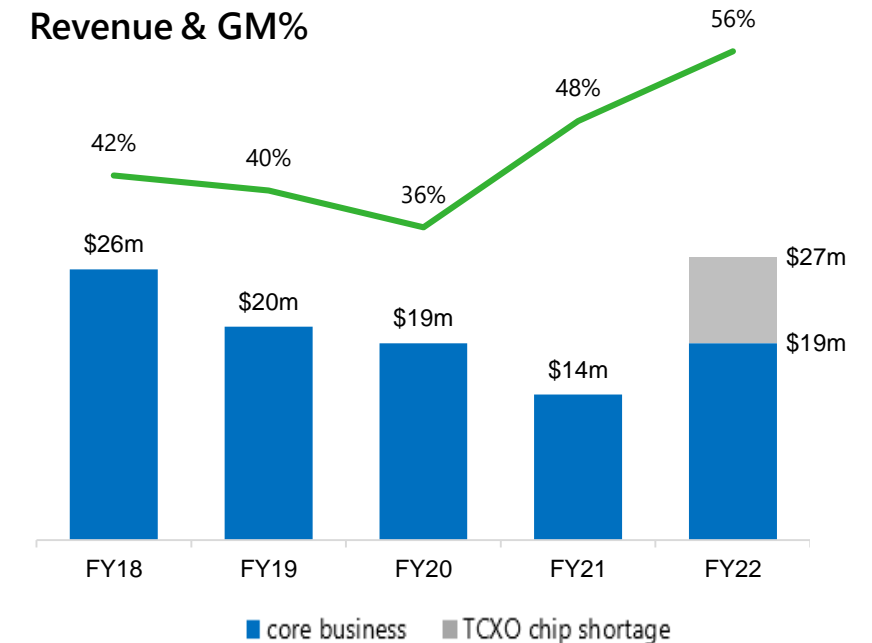
- 80%+ market share
- Market leader in compliance with COSPAS SARSAT/ EPIRB international standard



Autonomous vehicles

- Need for precision positioning and higher performance products continues to evolve

Revenue & GM%



Our competitive strengths

Customer relationships, investment in R&D, increased manufacturing output



Customer partnerships

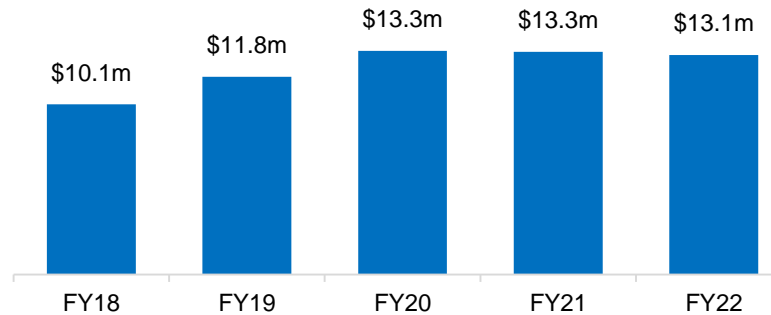


Key participants in Rakon's core markets

- FY22 revenue: 2/3 from customers with 10+ years
- New strategic relationships developed as new markets evolve

Investment in technology innovation

R&D investment
(including capitalised R&D)



- Targeting R&D investment of 10–12% of revenue
- Semiconductor chip design team established in New Zealand
- New generation products on track for release in FY23

World class operations



- Proactive supply chain risk management
- NZ operation: 60% higher output; record gross margins
- New India facility: increased capacity and cost efficiencies

Strategy update



Our strategic pillars

Enabling the connected future



Growth strategy: 4 key objectives




GROW OUR CORE BUSINESS




- Telco market leadership – products using proprietary technologies
- Space & Defence – market access in North America
- Precision industrial positioning applications
- New technology design-in

MAINTAIN PRODUCT & TECHNOLOGY LEADERSHIP



- Rakon semiconductor chips – accelerate time-to-market
- XMEMS® – deliver next generation products and performance
- Space & Defence – move upward into equipment and subsystems

EXPAND INTO NEW MARKETS



- NewSpace
- Cloud computing
- Autonomous vehicles
- Targeting key customer partnerships in new markets

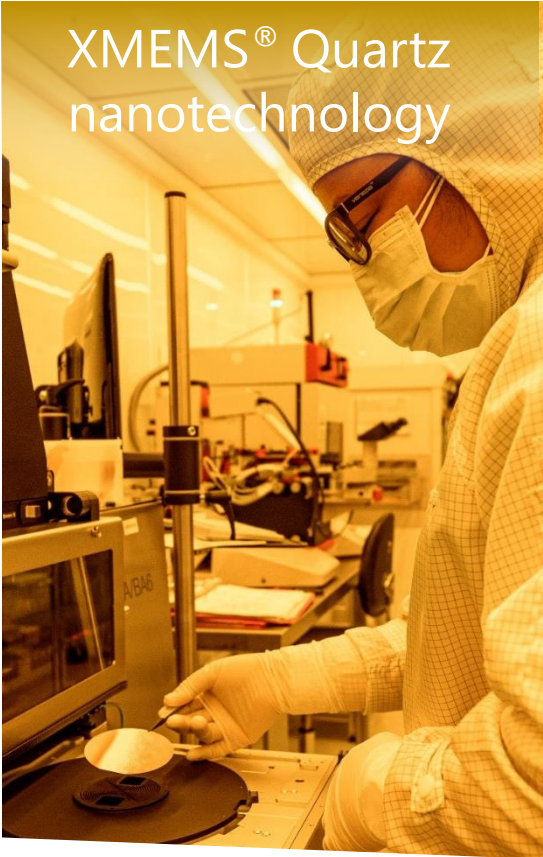
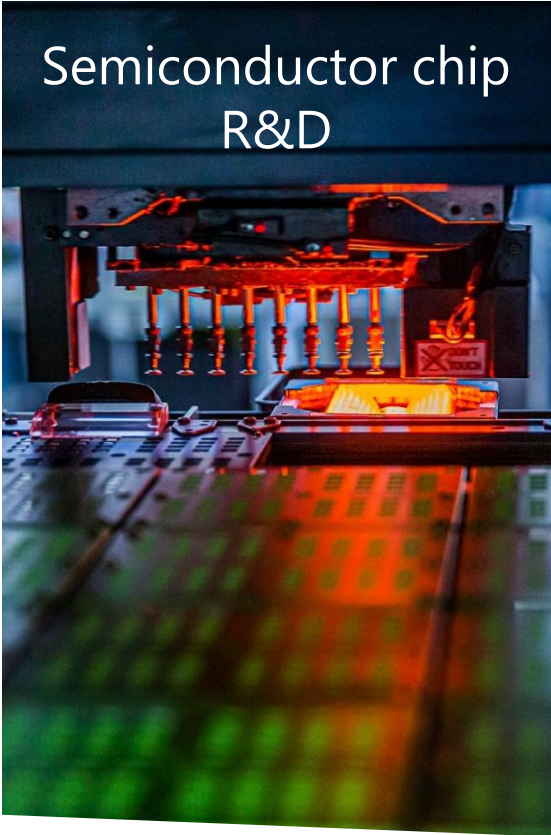
DELIVER WORLD CLASS MANUFACTURING



- Global Manufacturing Roadmap
- Manufacturing capacity and capability expansion
- Advanced supply chain management
- XMEMS® nanotechnology volume manufacturing

Strategic acquisitions supporting growth strategy

Key investment areas



New facility Bengaluru, India

Increasing capacity, extending product lifecycles

The opportunity

- Expanded capacity to support growth opportunities
- Consolidate two existing sites and drive manufacturing efficiencies
- Products transferred from NZ and France
- Extended product life cycles from low cost manufacturing base
- Valuable real estate asset created

Investment and timeline

- Land and buildings cost \$12 –14m
- Market value estimated \$14m
- Facility complete FY23, production commences early FY24
- Additional revenue generation & cost savings from FY24
- Cumulatively cash positive 2027



Construction making good progress



- Land allotted
June 2021
- Land surveyed
July 2021
- Ground breaking ceremony
Dec 2021
- First excavation work
early Feb 2022
- Foundation work prep.
mid Feb 2022
- Concrete pour
late Feb 2022
- Ground floor roof slab
June 2022
- First floor roof slab
July 2022
- Second floor roof slab
Aug 2022



February 2022



April 2022



May 2022



June 2022



July 2022



August 2022



Above: Artist's impression of the new facility



Above: Construction as at August 2022

Rakon semiconductor chips

Driving product performance and revenue growth

The opportunity

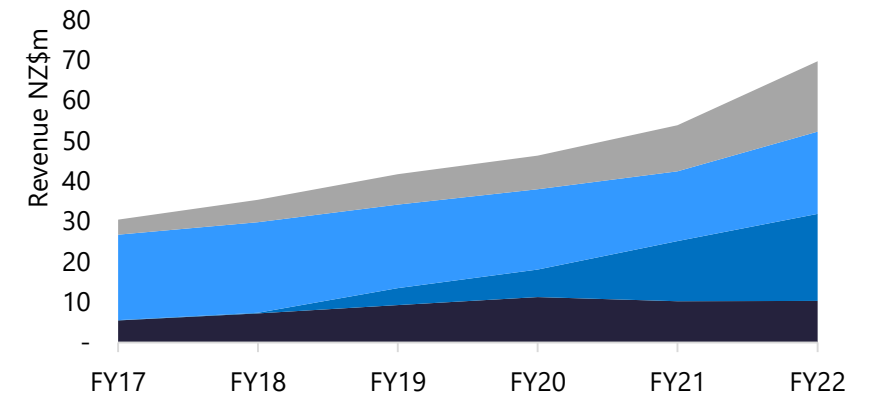
- Products using Rakon's own chips make up 50% of core revenue in FY22 and have ~15%+pp higher margins
- Competitive advantage from superior product performance and long lifecycles
- Enhance chip development capability and reduce time to market
- Build IP – push technological and performance barriers by integrating chip and product design

Investment and timeline

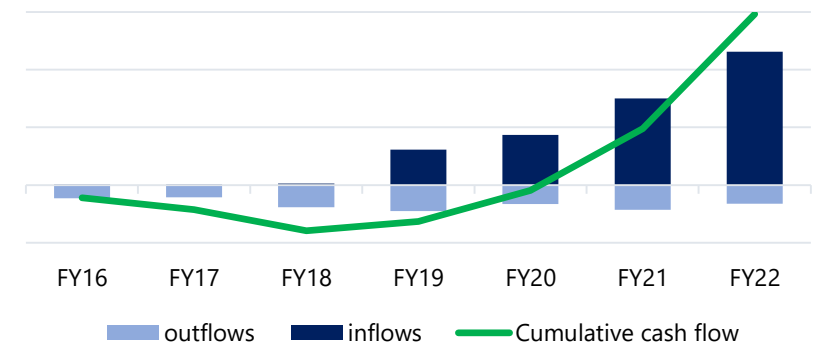
- Total ongoing investment \$7.5m pa, 50% higher than FY22
- 4 new chips planned for release FY23 – FY25
- Proven ROI: Mercury Plus[®] case study



Products with 4 key Rakon chips



Mercury+ product lifecycle
(ROI >100%)



XMEMS[®] nanotechnology

Delivering next generation products and performance

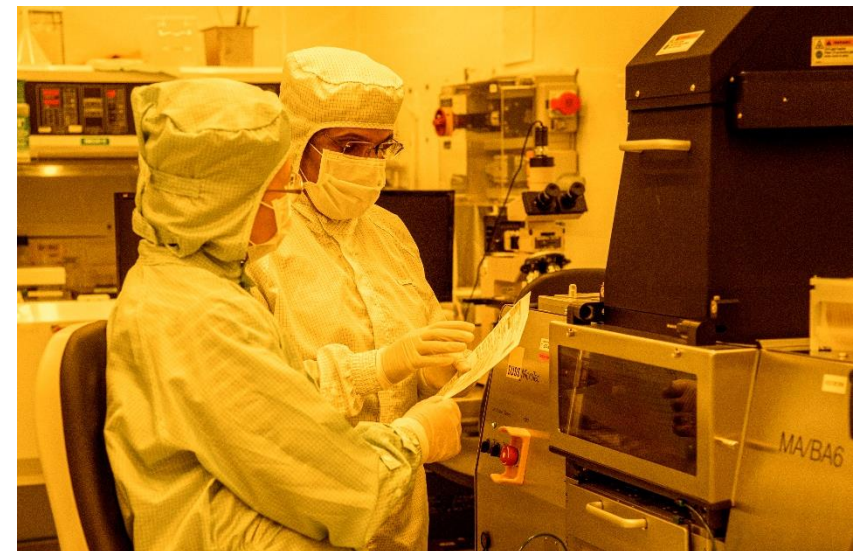
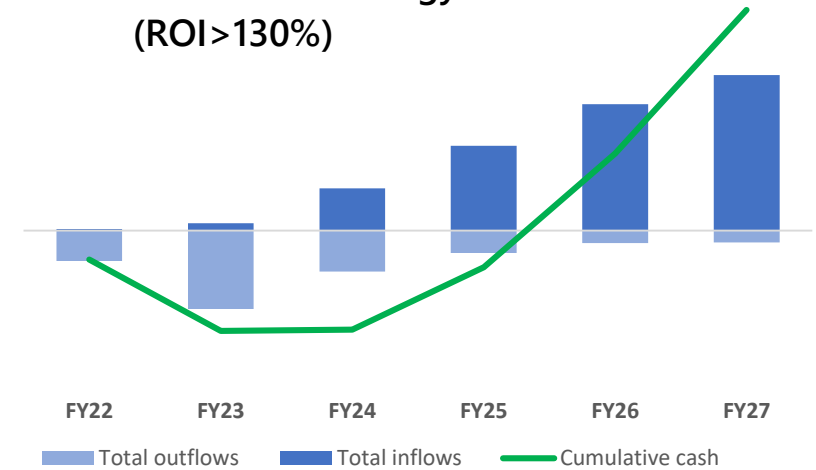
The opportunity

- Rakon's XMEMS[®] resonator technology made with its photolithographic microfabrication process on quartz wafers
- Miniaturised products with levels of performance not possible using existing manufacturing methods
- Proprietary nanotechnology processes and equipment developed in-house
- Technology leadership in core markets, particularly in high performance products
- Higher volumes and yields for tighter specifications

Investment and timeline

- \$6.9m invested over FY22 – FY25
- Expected ROI > 130% over 6 year period
- Cumulative cash positive FY26

XMEMS[®] nanotechnology
(ROI > 130%)



Low Earth Orbit satellites

NewSpace Subsystems – combining space expertise and telco experience



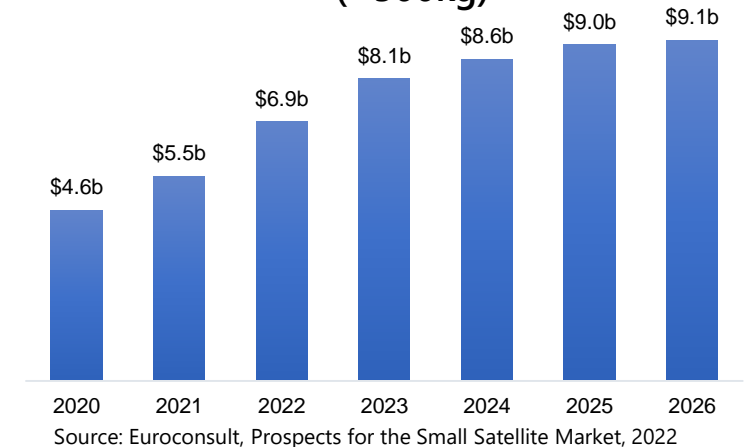
The opportunity

- Telecommunications and earth monitoring driving rapid growth
- Leveraging Rakon's long space heritage, advanced R&D and efficient manufacturing at scale, to capture new opportunities
- Moving from a component supplier to supplying higher value satellite assemblies and subsystems

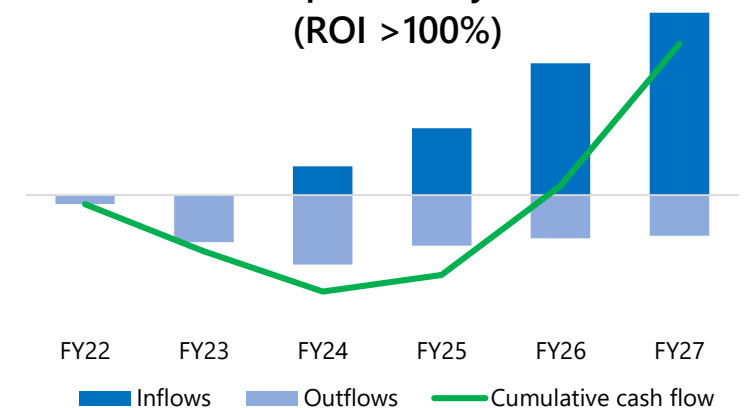
Investment and timeline

- Investment of \$6.2m over FY22 – FY24
- Incremental revenue from subsystems commences FY24
- Cumulative cash positive FY26

LEO satellite hardware forecast
(<500kg)







NewSpace subsystems
(ROI >100%)



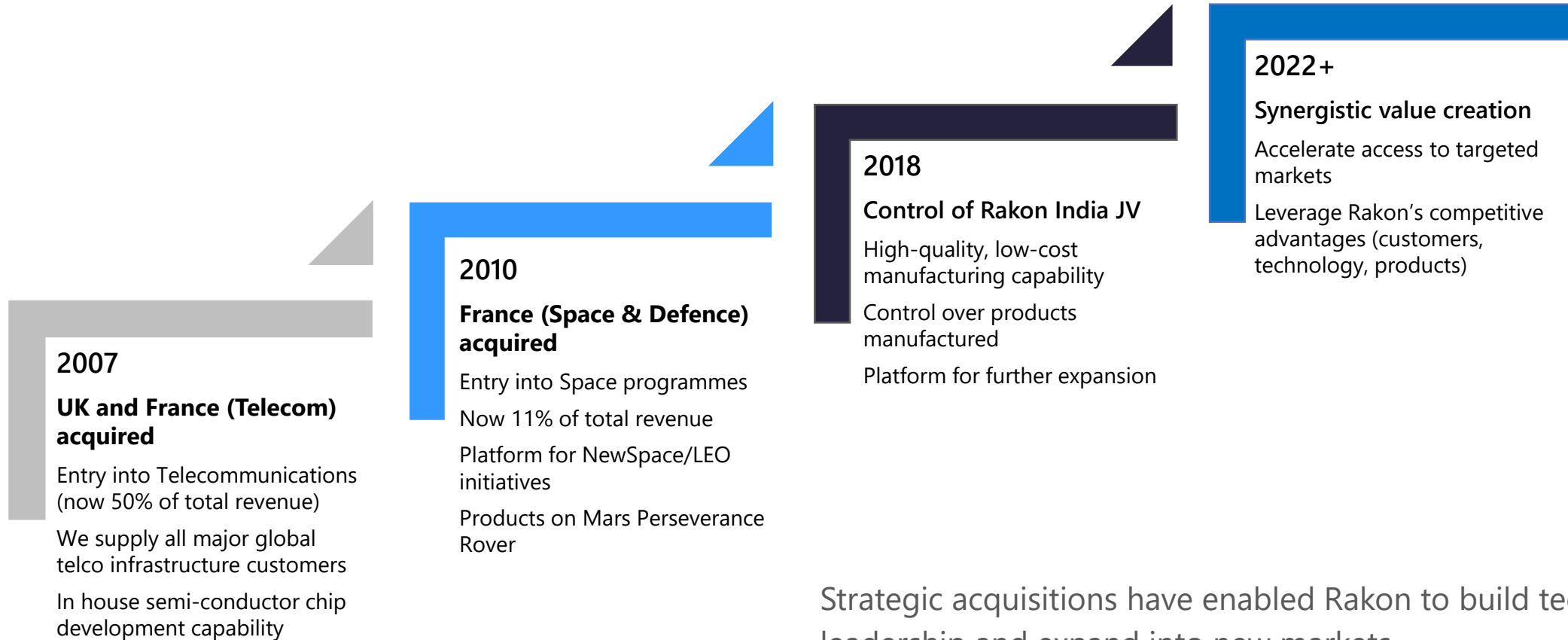
3 year growth roadmap

Rigorous project governance



	FY23	FY24	FY25
 <p>New manufacturing facility in India</p>	<ul style="list-style-type: none"> Construction completed Fitout / capacity expansion Existing manufacturing transferred 	<ul style="list-style-type: none"> Select NZ products transferred Select NewSpace products transferred 	<ul style="list-style-type: none"> Select French NewSpace subsystem modules transferred
 <p>New Rakon designed semiconductor chips</p>	<ul style="list-style-type: none"> Substantial increase in R&D and chip design capability in NZ & UK Release of Niku next generation chip 	<ul style="list-style-type: none"> Release of Vulcan next generation chip Chip based product revenue growing to over 60% 	<ul style="list-style-type: none"> Chip based product revenue growing Release of Caduceus & Kepler chips
 <p>Commercialisation of XMEMS[®] nanotechnology manufacturing capability</p>	<ul style="list-style-type: none"> Continued investment in XMEMS[®] capability Release of initial XMEMS[®] based products 	<ul style="list-style-type: none"> Volume production of XMEMS[®] based products 	<ul style="list-style-type: none"> Leadership in targeted market segments Expansion into other product categories
 <p>NewSpace business</p>	<ul style="list-style-type: none"> R&D and supply chain investment Strategic relationships established 	<ul style="list-style-type: none"> Recognised player in the ecosystem Significant orders secured 	<ul style="list-style-type: none"> Become a top 3 player in subsystems Delivery of orders

Building global leadership through value-accretive investments



Strategic acquisitions have enabled Rakon to build technology leadership and expand into new markets

These have played an important role in Rakon's repositioning, to become the company it is today

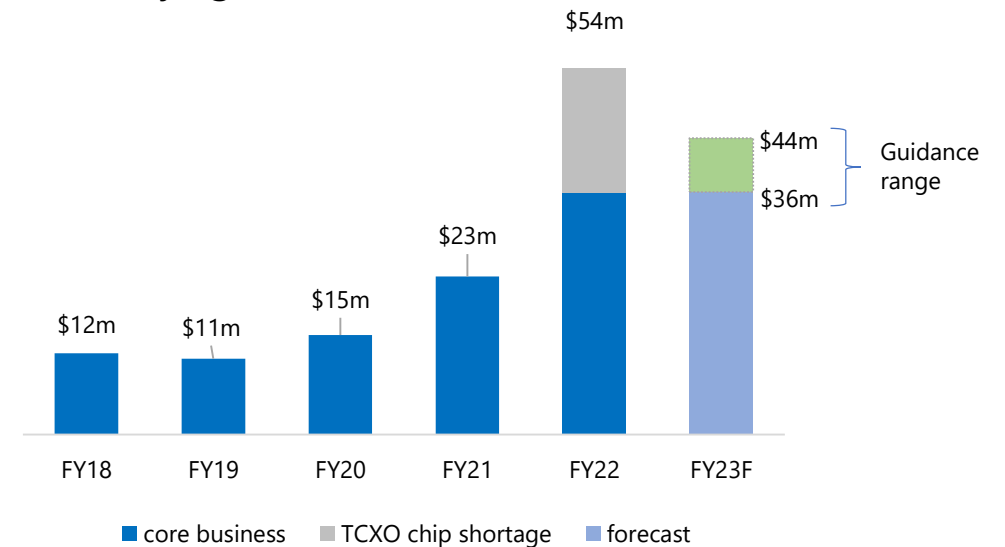
Q1 update and guidance

Strong start to year, FY23 EBITDA guidance of \$36 – \$44 million



- **Strong Q1 performance**
Manufacturing at capacity, additional constraints remain due to labour and component shortages
- **Significant core business revenue & gross margin growth**
Order intake remains very high for FY23 delivery
- **Investing into our future moderates EBITDA**
Investment in growth strategy; transition to new India facility; cost inflation
- **Ongoing risks**
Global economic outlook and its impact on global demand, supply chain challenges and the execution of the transition to the new facility in India

Underlying EBITDA¹

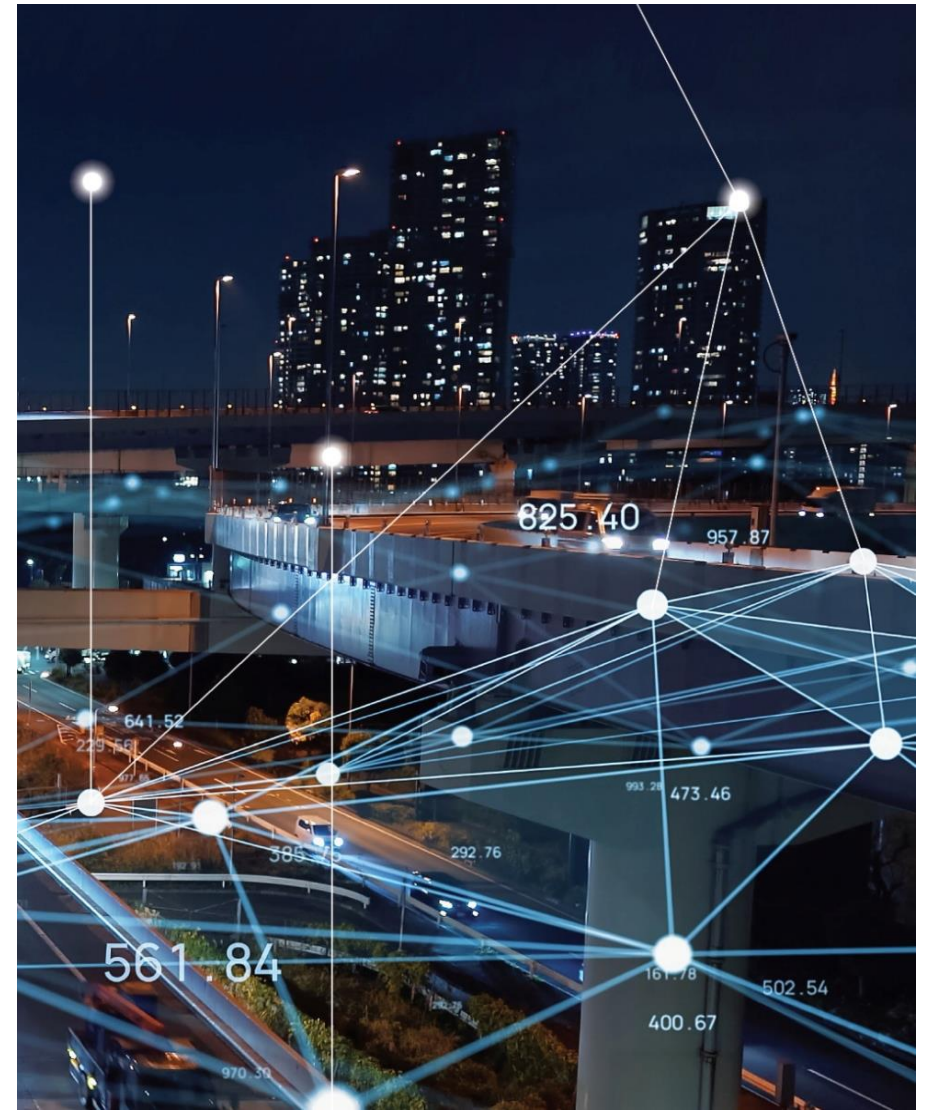


¹ Refer to Note 5 of the FY22 audited consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of 'Underlying EBITDA' and reconciliation to net profit after tax

Summary

Record FY22 performance, well positioned for FY23

- Well positioned to drive growth in core markets
- Clear three year growth plan
- Investment in key projects
- Exploring acquisition opportunities
- Strong start to FY23



Shareholder questions



Resolutions





Ordinary resolution

Resolution 1:

That Brent Robinson be re-elected as a director of Rakon





Ordinary resolution

Resolution 2:

That Keith Watson be re-elected as a director of Rakon





Ordinary resolution

Resolution 3:

That Steven Tucker be elected as a director of Rakon





Ordinary resolution

Resolution 4:

That Sinead Horgan be elected as a director of Rakon

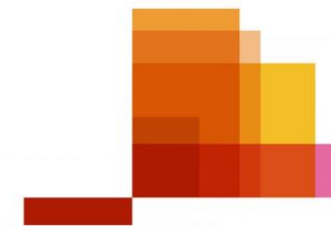




Ordinary resolution

Resolution 5:

That the directors be authorised to fix the remuneration of Rakon's auditor PricewaterhouseCoopers, for the following year



pwc

Proxy votes lodged prior to meeting



Resolution 1: That Brent Robinson be re-elected as a director of Rakon

Proxy votes lodged	For	%	Against	%	Discretionary	%
12,664,488	8,713,034	68.80	315,809	2.49	3,635,605	28.71

Resolution 2: That Keith Watson be re-elected as a director of Rakon

Proxy votes lodged	For	%	Against	%	Discretionary	%
12,665,646	8,726,637	68.90	4,198	0.03	3,934,811	31.07

Resolution 3: That Steven Tucker be elected as a director of Rakon

Proxy votes lodged	For	%	Against	%	Discretionary	%
12,635,646	8,614,034	68.17	44,173	0.35	3,977,439	31.48

Resolution 4: That Sinead Horgan be elected as a director of Rakon

Proxy votes lodged	For	%	Against	%	Discretionary	%
12,671,750	8,653,676	68.29	45,675	0.36	3,972,399	31.35

Resolution 5: That the directors be authorised to fix the remuneration of Rakon's auditor PricewaterhouseCoopers, for the following year

Proxy votes lodged	For	%	Against	%	Discretionary	%
12,671,750	8,005,309	63.17	737,700	5.82	3,928,741	31.00

General business & shareholder questions



Meeting closure



Find out more



Investor Centre:

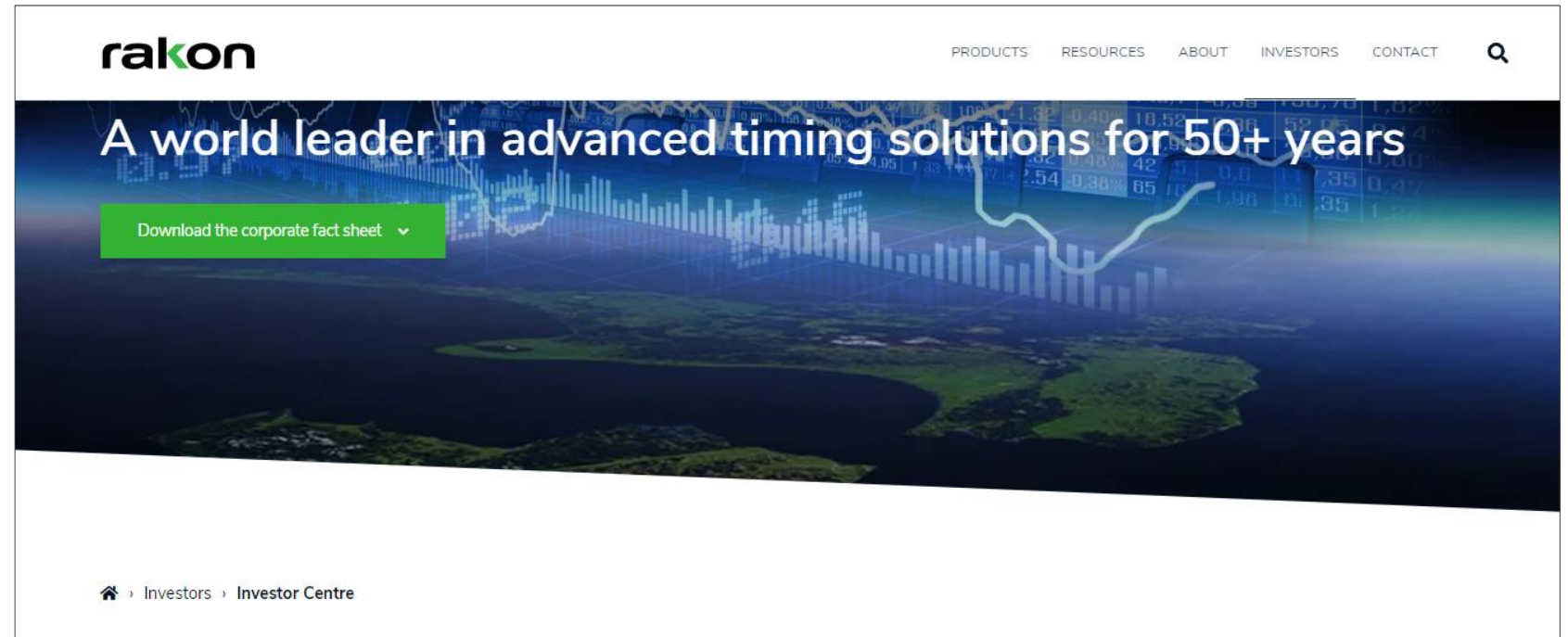
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Appendices



Glossary



Cloud computing: Allows users to have on-demand availability of a remote computer system's resources for improved computing power or data storage (usually located quite far from the user, such as in another country)

Datacentres: Usually a building that is used to hold a computer system and other components to backup data

Design-in: An opportunity that allows Rakon's product to be used as the reference component for certain customer reference designs (a technical blueprint of a system intended to be used by customers)

Edge computing: Allows users to have on-demand availability of a remote computer system's resources for improved computing power or data storage (usually located close to the user, such as within the same city)

5G: 5th generation of the telecommunications standard, providing 10 to 1000 times better performance in many different applications

5G millimetre wave technology: The equipment that enables higher frequency data transmission in 5G

NewSpace/ NewSpace LEOs: Refers to space sector commercialisation, that are mainly low earth orbit (LEO) satellites

Mercury™ / Mercury+™: Rakon's proprietary integrated circuit used in OCXOs to achieve clock variations to less than 1 billionth of a second, these enable precision timing in 5G applications

OCXO: Oven Controlled Crystal Oscillator. A crystal oscillator that uses a miniaturised oven to keep its internal temperature constant

O-RAN: Mobile networks that are more intelligent, open, virtualised and fully interoperable

Pluto®: Rakon's proprietary integrated circuit used in TCXOs to achieve clock variations to less than 100 millionth of a second; these enable higher data rates in 5G applications

System solutions: Refers to Rakon's solutions that include high performance products, equipment and consulting services for Space & Defence

TCXO: Temperature Compensated Crystal Oscillator. A crystal oscillator with additional circuitry to remove frequency variations due to temperature change

Tier 1 customers: recognised key players within their respective industries, that make up a significant market share

VCXO: Voltage Controlled Crystal Oscillator (VCXO). A crystal oscillator that allows the user to manually adjust a control voltage; it helps to compensate for instabilities in the output frequency

XMEMS®: Crystal Micro-Electro-Mechanical System. Rakon's advanced quartz-based resonator technology. It is made with Rakon's nanotechnology microfabrication process, delivering unprecedented resonator and oscillator performances

Disclaimer



This presentation contains not only a review of operations, but also some forward-looking statements about Rakon Limited and the environment in which the company operates. Because these statements are forward looking, Rakon Limited's actual results could differ materially

Although management and directors may indicate and believe that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised

Media releases, management commentary and investor presentations are all available on the company's website and contain additional information about matters which could cause Rakon Limited's performance to differ from any forward-looking statements in this presentation

Please read this presentation in the wider context of material previously published by Rakon Limited



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