



## Target Company Statement

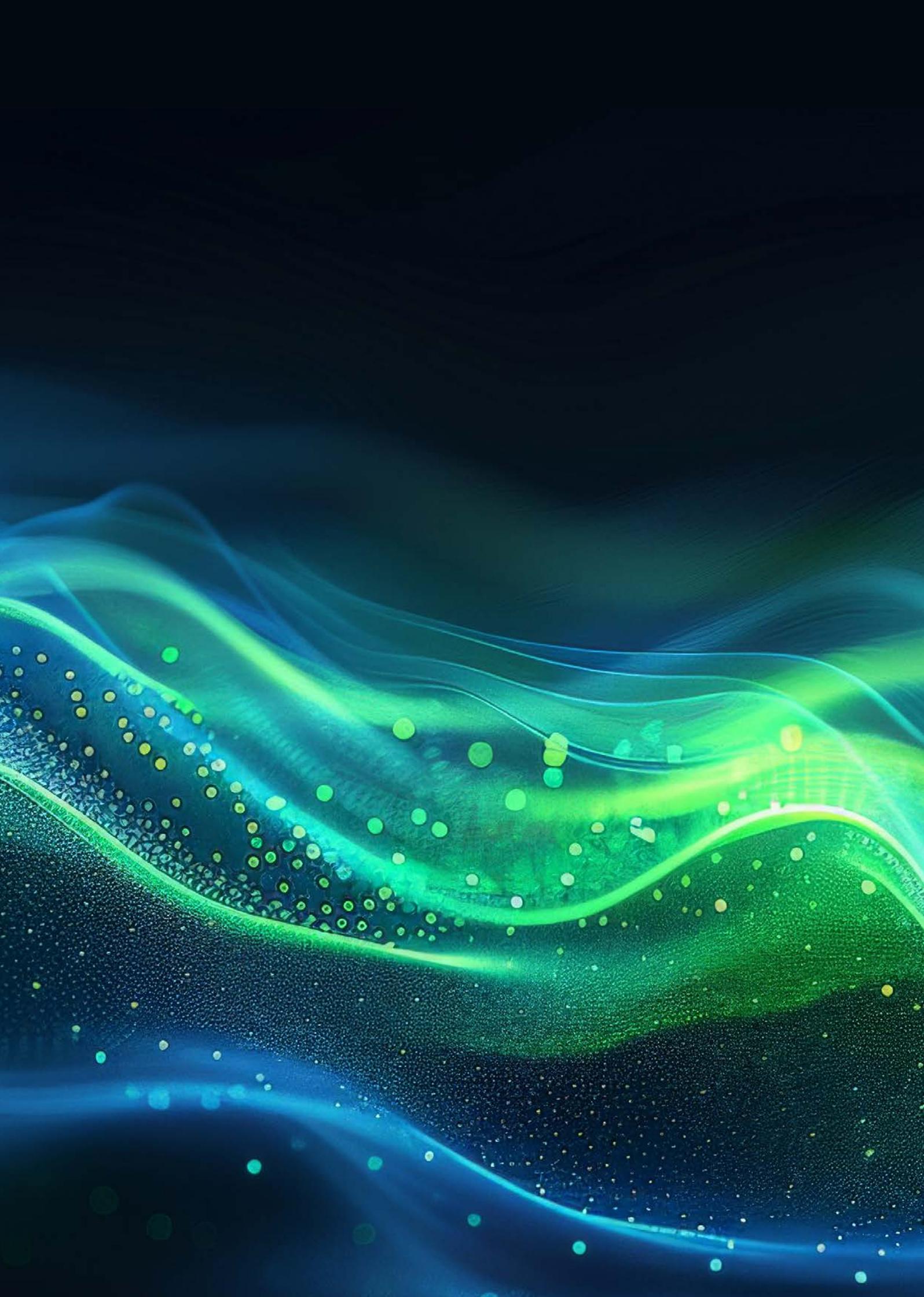
in response to a full takeover offer by  
Bourns, Inc.

23 February 2026

### IMPORTANT

This is an important document and requires your immediate attention. You should carefully read this Target Company Statement in its entirety, including the Independent Adviser's Report on the merits of the Offer prepared by Calibre Partners, before deciding whether or not to accept the Offer. If you are in doubt as to any aspect of this document or the Offer, you should seek advice from your financial, taxation or legal adviser.

**rakon**



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# Letter from the Independent Committee

23 February 2026

Dear Shareholder,

You will have recently received a takeover offer (**Offer**) from Bourns, Inc. (**Bourns**) to acquire:

- if you hold ordinary shares (**Shares**) in Rakon Limited (**Rakon**), all of your Shares for \$1.55 in cash per Share; and
- if you hold certain unlisted Rakon employee share rights (**Share Rights**)<sup>1</sup>, all of your Share Rights for \$1.55 in cash per Share Right.

Bourns is a privately held US-based electronics company with global manufacturing and distribution operations.

Rakon's response to the Offer has been managed by a committee of the Rakon Board (the **Independent Committee**) comprising Independent Directors Christopher Swasbrook and Gregor Barclay. Rakon's third Independent Director, Peter Baines, does not sit on the Independent Committee. This is to enable the Independent Committee to make decisions more efficiently given the relevant timing. Dr Baines has been provided with all of the key material that the other Independent Directors have received.

Rakon's other Directors, Brent Robinson and Jung Meng Tseng, do not sit on the Independent Committee because they have a potential conflict of interest given their respective shareholdings in Rakon (either directly or through associated entities).

The Independent Committee has taken legal advice from Bell Gully and carefully considered the report from the Independent Adviser, Calibre Partners (**Independent Adviser**), in assessing the merits of the Offer and making its recommendation to Shareholders.

**The Independent Directors of Rakon (being Christopher Swasbrook, Gregor Barclay and Peter Baines) unanimously recommend that Shareholders ACCEPT the Offer.<sup>2</sup>**

The primary reasons why the Independent Directors believe you should ACCEPT the Offer are:

- the Offer price of \$1.55 per Share is within the Independent Adviser's valuation range of \$1.46 to \$1.94 per Share;
- the Offer price represents a significant premium to the pre-announcement trading price of Rakon Shares;
- the trading price of Rakon Shares is likely to fall below the Offer price if:
  - the Offer is not declared unconditional; or
  - the Offer is declared unconditional, but Bourns does not reach the 90% compulsory acquisition threshold necessary to acquire the remaining Shares and therefore Rakon remains listed on the NZX Main Board;
- the Offer is all-cash and allows you to realise certain value for your Rakon shares now;
- no competing proposal has emerged since Bourns gave its takeover notice in respect of the Offer; and
- potential challenges in meeting Rakon's capital expenditure demands under its growth plans.

Further details in relation to these reasons are set out in section 1 of this Target Company Statement (*Reasons for the Independent Directors' recommendation*). **You are encouraged to read those reasons carefully and in full.**

Ultimately, it is your decision whether or not to accept the Offer. You should consider your own individual circumstances, views on value and the merits of the Offer, and your investment horizon when making this decision. You are encouraged to consider taking your own separate professional advice (for example, from your financial adviser, lawyer or tax adviser) tailored to your circumstances.

1 Share Rights are only held by a small number of Rakon employees. Share Rights are granted under an offer letter. Therefore, if you are not a Rakon employee, or you are a Rakon employee but you did not receive an offer letter in relation to Share Rights, you will not hold Share Rights.

2 The Independent Directors may change their recommendation if a higher value alternative proposal emerges or if for any reason the Offer price ceases to be within the Independent Adviser's valuation range. The Independent Directors consider that it is unlikely that such an alternative proposal will emerge during the Offer period.

## TERMS OF THE OFFER

The full terms of the Offer are set out in Bourns' Offer Document which was sent to all Shareholders on 9 February 2026 and is available on the NZX website ([www.nzx.com/companies/RAK](http://www.nzx.com/companies/RAK)) and Rakon's website ([www.rakon.com/investors](http://www.rakon.com/investors)).

The Offer is conditional on (among other matters) Bourns receiving acceptances in relation to Shares which confer on Bourns 90% or more of the voting rights in Rakon. Should Bourns reach this threshold, it may (and it has said in its Offer Document that it intends to) compulsorily acquire all of the remaining equity securities in Rakon. Bourns is entitled to waive this condition, in which case (if all other conditions have been satisfied or, if capable of waiver, waived) it could take up all acceptances of the Offer received.

The Offer is also conditional on (among other matters) Bourns receiving consent under:

- the New Zealand Overseas Investment Act;
- the French Monetary and Financial Code; and
- the UK National Security and Investment Act.

For further information about certain aspects of the terms of the Offer (and various other matters), please see the frequently asked questions in section 2 of this Target Company Statement.

## TIMING

The Offer must remain open until at least 11.59pm on Monday, 23 March 2026. If Bourns wishes to do so, it may extend the closing date for the Offer (in one or more extensions) beyond this date to as late as 11.59pm on 7 May 2026. The closing date for the Offer can also be extended beyond that date by a period of up to 40 working days from the date that the minimum acceptance condition is satisfied. If Bourns extends the Offer, the new closing date will be announced through NZX. Bourns must give at least 10 working days' notice to Shareholders of any extension of the Offer period.

If you validly accept the Offer, you will be paid the Offer price for your Shares or Share Rights (as applicable) by Bourns within five working days after the **latest** of:

- the date on which the Offer becomes unconditional;
- the date on which your acceptance is received; and
- 23 March 2026.

If you accept the Offer, your acceptance cannot be withdrawn unless Bourns fails to pay you for your Shares or Share Rights (as applicable) in accordance with the Takeovers Code. If you accept the Offer, you will be unable to sell your Shares to any other person.

If you wish to accept the Offer for only some of your Shares or Share Rights, you should follow the instructions in the Offer Document and the Acceptance Form which accompanied the Offer Document.

If you do not wish to accept the Offer, you do not need to take any action.

## POTENTIAL OUTCOMES OF THE OFFER

The Offer could result in the following outcomes:

- Bourns could satisfy the 90% minimum acceptance condition and the Offer could be declared unconditional. In these circumstances, Bourns has said that it intends to acquire the remaining equity securities under the compulsory acquisition process under the Takeovers Code and delist Rakon from the NZX Main Board. Under the Takeovers Code, the compulsory acquisition price would be the same as the Offer price;
- Bourns could fail to satisfy the 90% minimum acceptance condition but waive that condition and the Offer could be declared unconditional. In these circumstances, Rakon would remain listed on the NZX Main Board with Bourns as its majority Shareholder; and
- the Offer could lapse if one or more of the conditions is not satisfied (and, if Bourns has the right to waive the relevant condition, Bourns does not waive the relevant condition). In these circumstances, Rakon would remain listed on the NZX Main Board and Bourns would not acquire any Shares under the Offer.

If any of the regulatory conditions (contained in clause 4.2 of the Offer Document) remain unfulfilled on the unconditional date for the Offer and the Offer lapses in accordance with Rule 25(4) of the Takeovers Code then, under the terms of the Lock-Up Agreements, if a Lock-Up Party and Bourns agree that it is reasonably likely that the regulatory condition will be satisfied, then Bourns will make a new offer on the same terms updated to reflect changes in circumstances.

Further information on the potential outcomes of the Offer and implications for Shareholders is set out under the heading "Frequently asked questions" in section 2 of this Target Company Statement.

**Note:** The Offer relates to both Shares and Share Rights. The Offer price is the same for both Shares and Share Rights. Share Rights are only held by a small number of Rakon employees and comprise a very small percentage of the total number of Rakon's equity securities. Therefore, for readability of this Target Company Statement, in most places we will refer only to Shareholders and to Shares. However, these references will be deemed to also extend to holders of Share Rights and to Share Rights as appropriate.

## CONCLUSION

The Independent Directors of Rakon unanimously recommend that Shareholders **ACCEPT** the Offer.

Please read this Target Company Statement (including the Independent Adviser's Report) carefully and in full. It will assist you in making an informed decision on whether or not to accept the Offer. You may also wish to seek independent financial, taxation, legal or other professional advice regarding the Offer.

If you have any queries in relation to the Offer or this Target Company Statement, you should ask your professional adviser or email [investors@rakon.com](mailto:investors@rakon.com).

Your Independent Directors will continue to keep you updated on all material developments in relation to the Offer. Announcements are available on the NZX website ([www.nzx.com/companies/RAK](http://www.nzx.com/companies/RAK)) and Rakon's website ([www.rakon.com/investors](http://www.rakon.com/investors)).

Yours sincerely,



**Gregor Barclay**  
Independent Director



**Christopher Swasbrook**  
Independent Director

# SECTION 1:

REASONS FOR THE INDEPENDENT  
DIRECTORS' RECOMMENDATION

## Section 1: Reasons for the Independent Directors' recommendation

The key reasons why the Independent Directors recommend that Shareholders and holders of Share Rights should ACCEPT the Offer are as follows:

### 1. The Offer price of \$1.55 per Share is within the Independent Adviser's valuation range of \$1.46 to \$1.94 per Share

Rakon engaged Calibre Partners to provide an Independent Adviser's Report on the merits of the Offer. Calibre Partners has assessed the value of Rakon to be in the range of \$1.46 to \$1.94 per Share (midpoint of \$1.70). The Offer price of \$1.55 per Share is therefore within this valuation range (albeit closer to the lower end of that range).

Calibre Partners notes the following in its Independent Adviser's Report: "Our valuation range is reasonably wide. This is appropriate because of substantial uncertainty with Rakon's future performance. This includes uncertainty around how quickly and successfully it will grow in key markets, when and to what extent its expected manufacturing and organisational improvements will be realised, and whether regulatory risks may turn out to be higher than expected."

### 2. The Offer price represents a significant premium to the pre-announcement trading price of Rakon Shares

The Offer price of \$1.55 per Share represents:

- a 72.2% premium to Rakon's undisturbed share price of \$0.90 per Share on the NZX Main Board on 9 January 2026 (being the last day of trading prior to the announcement by Rakon of receipt of the Takeover Notice from Bourns);
- a 84.1% premium to the volume weighted average price on the NZX Main Board (VWAP) of \$0.84 per Share for the 30 days ended 9 January 2026;
- a 84.5% premium to the VWAP of \$0.84 per Share for the 90 days ended 9 January 2026; and
- a 87.0% premium to the VWAP of \$0.83 per Share for the six months ended 9 January 2026.

### 3. The trading price of Rakon's Shares is likely to fall below the Offer price

While the Independent Directors are unable to predict the price at which your Shares will trade in the future, the Independent Directors believe that if the Offer is not declared unconditional and therefore lapses, in the absence of a competing proposal which is superior to the Offer, it is likely the Share price will fall to a price below the Offer price of \$1.55 per Share that is being offered by Bourns.

As mentioned above, the Share price on the NZX Main Board on the last day of trading prior to the announcement on 12 January 2026 by Rakon of receipt of the Takeover Notice was \$0.90 per Share and the VWAP over the 90 days ending 9 January 2026 was \$0.84 per Share.

In addition, if Bourns:

- waives the 90% minimum acceptance condition under the Offer; and
- declares the Offer unconditional but does not end up reaching the 90% minimum acceptance threshold under the Offer necessary to compulsorily acquire the remaining Shares and therefore Rakon remains listed on the NZX Main Board,

the Independent Directors believe it is also likely the Share price will fall to a price below the Offer price of \$1.55 per Share that is being offered by Bourns.

### 4. The Offer allows you to realise certain value for your Rakon shares now

The Offer price of \$1.55 per Share is all-cash. It provides Shareholders with the opportunity to realise certain value for all your Shares (if the Offer is declared unconditional). If the Offer is not declared unconditional and therefore lapses, there is no assurance that you will be able to achieve returns equivalent to, or better than, the Offer price of NZ\$1.55 per Share in the future.

While the Independent Directors have a positive outlook for Rakon and are confident that the business of Rakon is well positioned to deliver growth in the long term, the Offer price of \$1.55 per Share provides you with certainty for the value of your Shares and an opportunity to accelerate your capital return (if the Offer becomes unconditional). As noted at (1) above, the payment to you of the Offer price provides you with the opportunity to realise your investment at a significant premium to market prices prior to the announcement by Rakon of receipt of the Takeover Notice from Bourns.

If you accept the Offer and it completes, you will not be subject to the business risks and investment risks that would apply if you continued to hold your Shares. Calibre Partners makes the following statement in its Independent Adviser's Report: "Rakon is a reasonably complex company, particularly in relation to its revenue and earnings. It operates across a wide geographical footprint, with revenue and expenses incurred in multiple jurisdictions. As a result, Rakon is more complex to manage than companies of a similar size. This additional complexity gives rise to higher operating costs and increases the execution risks associated with its strategic initiatives." Rakon's Independent Directors agree with this statement.

Similarly, the Independent Directors consider the regulatory environments in which the business operates, including export controls, present additional complexity and risk which can be difficult to calculate and predict. Regulatory issues are addressed in Sections 4.6 and 7.8 of the Independent Adviser's Report.

If you do not accept the Offer and Bourns does not reach the threshold necessary to compulsorily acquire your Shares, there will be uncertainty about the amount you will be able to realise in the future if you wish to sell your Shares. You will continue to be subject to the benefits and risks associated with Rakon's business and the other general benefits and risks relating to any investment in a publicly listed company. There is no assurance that you will be able to achieve returns that are equivalent to, or better than, the Offer price of \$1.55 per Share at any time in the future.

#### **5. No competing proposal has emerged since the Takeover Notice was given**

Since the Takeover Notice was announced through the NZX market announcements platform on 12 January 2026, and up until 18 February 2026 (being the latest practicable date prior to the date of this Target Company Statement), the Board has not received a proposal (or expression of interest) in relation to a transaction that might reasonably be expected to compete with the Offer. This includes from any of the parties who have, over the last few years, provided Rakon with a non-binding indicative proposal (or expression of interest) in respect of a control transaction relating to Rakon.

In addition, as at 18 February 2026 Bourns had received acceptances in respect of Shares representing 53.06% of the voting rights in Rakon. Acceptances once provided are irrevocable.

The Independent Directors therefore believe that it is unlikely that a competing proposal which is superior to the Offer will arise during the Offer period for the Offer.

#### **6. Potential challenges in meeting capital expenditure demands**

Rakon's growth plans require considerable capital expenditure to execute. With Rakon's current shareholding structure, while Rakon remains listed on NZX it may be difficult to execute these plans solely through raising new equity capital. Therefore, a significant part of these growth plans may need to be funded by internally generated cash flows and debt. If that is the case, this could potentially slow execution and increase Rakon's risk profile, given the cyclical nature of Rakon's business.

## SECTION 2:

### FREQUENTLY ASKED QUESTIONS

## Section 2: Frequently asked questions

QUESTION	ANSWER
<p><b><i>Who is making the Offer?</i></b></p>	<p>The Offer is being made by Bourns.</p> <p>Bourns is a privately held global electronics company headquartered in Riverside, California, United States of America. Bourns designs and manufactures electronic components such as sensors, circuit protection devices and magnetics for the automotive, industrial and consumer markets.</p>
<p><b><i>What is the consideration under the Offer?</i></b></p>	<p>The Offer price is \$1.55 per Share in cash.</p>
<p><b><i>What are my options?</i></b></p>	<p>You have four options in response to the Offer. You can:</p> <ul style="list-style-type: none"> <li>• accept the Offer for all of your Shares;</li> <li>• accept the Offer for some, but not all, of your Shares;</li> <li>• sell all or some of your Shares through the NZX (or off market) at any time if you do not wish to hold them or participate in the Offer; or</li> <li>• not accept (i.e., reject) the Offer.</li> </ul> <p>Please note that if you sell all or some of your Shares through the NZX, you may incur brokerage in relation to that sale (whereas brokerage will not be charged for Shares sold under the Offer).</p>

QUESTION	ANSWER
<p><b><i>How long do I have to accept the Offer?</i></b></p>	<p>You have until the end of the Offer period to decide whether or not to accept the Offer.</p> <p>The Offer must remain open until at least 11.59pm on Monday, 23 March 2026. If Bourns wishes to do so, it may extend the closing date for the Offer (in one or more extensions) beyond this date to as late as 11.59pm on 7 May 2026. The closing date for the Offer can also be extended beyond that date by a period of up to 40 working days from the date that the minimum acceptance condition is satisfied.</p> <p>If Bourns extends the Offer, the new closing date will be announced through NZX. Bourns must give at least 10 working days' notice to Shareholders of any extension of the Offer period.</p>
<p><b><i>How do I accept the Offer?</i></b></p>	<p>If you wish to accept the Offer, use the <b>WHITE</b> Acceptance Form that accompanied Bourns' Offer Document and carefully follow the instructions on that form. You can also accept the Offer online at <a href="http://www.takeoveroffer.co.nz/rakon">www.takeoveroffer.co.nz/rakon</a>.</p> <p><b>DO NOT</b> use the <b>GREEN Acceptance Form</b> that accompanies Bourns' Offer Document unless you hold Share Rights and wish to accept the Offer in respect of all or some of your Share Rights. Refer to "Do I hold Share Rights?" below for more information.</p>
<p><b><i>Can I withdraw my acceptance after I accept the Offer?</i></b></p>	<p>No – acceptances are irrevocable. This means that you cannot withdraw your acceptance or change your mind.</p> <p>Please also note that if you accept the Offer, you will be unable to sell your Shares to any other person.</p>
<p><b><i>What do I do if I do not want to accept the Offer?</i></b></p>	<p>If you do not wish to accept the Offer (i.e., you wish to reject the Offer), you do not need to take any action.</p>
<p><b><i>When will I be paid if I accept the Offer?</i></b></p>	<p>If you accept the Offer for some or all of your Shares, you will be paid for those Shares within five working days after the <b>latest</b> of:</p> <ul style="list-style-type: none"> <li>• the date on which the Offer becomes unconditional;</li> <li>• the date on which Bourns receives your acceptance; and</li> <li>• 23 March 2026.</li> </ul>

QUESTION	ANSWER
<p><i>What are the conditions to the Offer?</i></p>	<p>The conditions of the Offer are set out in clause 4 of the Offer Document. The conditions include:</p> <ul style="list-style-type: none"> <li>• <b>Minimum acceptance condition:</b> Bourns receiving acceptances in respect of at least 90% of the Shares. Bourns is entitled to waive this condition, in which case (if all other conditions have been satisfied or, if capable of waiver, waived), Bourns could take up all acceptances of the Offer received;</li> <li>• <b>Regulatory consents:</b> Bourns receiving various regulatory approvals, including consent under the New Zealand Overseas Investment Act 2005 (and the Overseas Investment Regulations 2005), the French Monetary and Financial Code, and the UK National Security and Investment Act 2021. The regulatory consents conditions cannot be waived; and</li> <li>• <b>Further conditions:</b> that a range of certain events or circumstances have not occurred during the period from 11 January 2026 until the date on which the Offer is declared unconditional. These matters are set out in clause 4.4 of the Offer Document.</li> </ul> <p>On 18 February 2026, Rakon amended the terms of the Long Term Incentive Plan to allow Share Rights to be transferred to Bourns under the Offer. This satisfied the Share Rights condition referred to in clause 4.3(a) of the Offer.</p>
<p><i>What are the potential outcomes of the Offer?</i></p>	<p>There are three potential outcomes of the Offer:</p> <ul style="list-style-type: none"> <li>• Bourns receives acceptances in respect of 90% or more of the Shares;</li> <li>• Bourns receives acceptances in respect of less than 90% of the Shares and Bourns waives the 90% minimum acceptance condition; or</li> <li>• Bourns receives acceptances in respect of less than 90% of the Shares and Bourns does not waive the 90% minimum acceptance condition.</li> </ul>

QUESTION	ANSWER
<p><b><i>What happens if Bourns receives acceptances in respect of 90% or more of the Shares?</i></b></p>	<p>If Bourns receives acceptances in respect of 90% or more of the Shares (and all other conditions are satisfied or, if capable of waiver, waived), Bourns will:</p> <ul style="list-style-type: none"> <li>• purchase and pay for the Shares for which it has received acceptances to the Offer; and</li> <li>• compulsorily acquire the remaining Shares in accordance with the Takeovers Code.</li> </ul> <p>All shareholders who accept the Offer would receive \$1.55 per Share they own, in cash. Under the Takeovers Code, the compulsory acquisition price will be the same as the Offer price, which means Shareholders who do not accept the Offer but who have their Shares compulsorily acquired would also receive \$1.55 per Share they own, in cash.</p>
<p><b><i>What happens if Bourns receives acceptances in respect of less than 90% of the Shares and waives the 90% minimum acceptance condition?</i></b></p>	<p>If Bourns receives acceptances in respect of less than 90% of the Shares and waives the 90% minimum acceptance condition (and all other conditions are satisfied or, if capable of waiver, waived), Bourns will acquire the Shares held by accepting Shareholders only. Shareholders who do not accept the Offer would retain their Shares. Rakon would remain a listed company and the Shares would continue to be quoted on, and tradable through, the NZX. In this scenario, there would be the following key consequences for minority Shareholders:</p> <ul style="list-style-type: none"> <li>• the free float of Shares (the Shares available for trading through the market) will decrease to between 10.01% and 49.99% depending on the outcome of the Offer. This is likely to result in a decrease in liquidity;</li> <li>• a decline in liquidity may have a negative influence on the market price of Shares and may limit your ability to sell your Shares after completion of the Offer at a price that you are prepared to accept;</li> <li>• Bourns will have effective control over the day-to-day operations of Rakon. Please see clause 12 of schedule 1 to the Offer Document for information about Bourns' intentions about material changes to Rakon;</li> </ul>

QUESTION	ANSWER
	<ul style="list-style-type: none"> <li>• by virtue of its majority shareholding, Bourns would control the outcome of any ordinary resolution put to Shareholders, including a resolution to appoint or remove Rakon directors;</li> <li>• if Bourns acquires a shareholding of 75% or more it will be able to control the outcome of special resolutions, such as those required to change the constitution or approve a major transaction;</li> <li>• Bourns will be restricted by NZX Listing Rules in its ability to undertake related party dealings above certain value thresholds (this means transactions of substance between Bourns and Rakon will be subject to independent scrutiny and review); and</li> <li>• it may impact the extent of research coverage that Rakon receives.</li> </ul> <p>Rakon would remain a listed company and the Shares would continue to be quoted on, and tradable through, the NZX.</p>
<p><b><i>What happens if Bourns receives acceptances in respect of less than 90% of the Shares and does not waive the 90% minimum acceptance condition?</i></b></p>	<p>If Bourns receives acceptances in respect of less than 90% of the Shares and <b>does not</b> waive the 90% minimum acceptance condition, the Offer would lapse. All Shareholders would retain their Shares.</p> <p>Rakon would remain a listed company and the Shares would continue to be quoted on, and tradable through, the NZX.</p>
<p><b><i>What is the current level of acceptances for the Offer?</i></b></p>	<p>As at 18 February 2026 (being the latest practicable date prior to the date of this Target Company Statement), Bourns had received acceptances in respect of 53.06% of the Shares.</p> <p>This included acceptances relating to 41.2% of the total Shares from Rakon’s three largest Shareholders (consisting of the Robinson family interests, Siward Crystal Technology Co. Limited, and Wairahi Investments Limited / Wairahi Holdings Limited) and certain other shareholders, which entered into lock-up agreements to accept the Offer in respect of all of the Shares that they hold or control.</p>

QUESTION	ANSWER
<b><i>If I do not accept the Offer, can my Shares be compulsorily acquired?</i></b>	Bourns will be entitled to compulsorily acquire your Shares under the Takeovers Code if it declares the Offer unconditional and has received acceptances in respect of at least 90% of the Shares. The price that your Shares would be acquired under compulsory acquisition would be the same as the Offer price (\$1.55 per Share in cash).
<b><i>Who should I ask if I have any queries in relation to the Offer?</i></b>	If you have any queries in relation to the Offer or this Target Company Statement, you should ask your professional adviser or email <a href="mailto:investors@rakon.com">investors@rakon.com</a> .
<b><i>Do I hold Share Rights?</i></b>	Share Rights are only held by a small number of Rakon employees. Share Rights are granted under an offer letter. Therefore if you are not a Rakon employee, or you are a Rakon employee but you did not receive an offer letter in relation to Share Rights, you will not hold Share Rights.

# SECTION 3:

TAKEOVERS CODE DISCLOSURES

## Section 3: Takeovers Code disclosures

This Target Company Statement has been prepared by Rakon pursuant to rule 46 and Schedule 2 of the Takeovers Code in relation to a full takeover offer made by Bourns. Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information. The following matters are stated as at the date of this Target Company Statement.

### 1. Date

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This target company statement (the **Target Company Statement**) is dated 23 February 2026.

### 2. Offer

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- 2.1 This Target Company Statement relates to a full takeover offer (the **Offer**) by Bourns, Inc. (**Bourns**) to purchase:
- (a) all of the ordinary shares (**Shares**) in Rakon Limited (**Rakon**) for a purchase price of \$1.55 per Share, payable in cash; and
  - (b) all of the Share Rights granted to eligible employees under Rakon's Long Term Incentive Plan, for a purchase price of \$1.55 per Share Right, payable in cash.
- 2.2 The terms of the Offer are set out in Bourns' offer document dated 9 February 2026 (the **Offer Document**), a copy of which was sent to Shareholders on 9 February 2026.

### 3. Target Company

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- (a) The name of the target company is Rakon Limited (NZX: RAK).
- (b) The postal address of Rakon is Private Bag 99943, Newmarket, Auckland 1149, New Zealand.
- (c) Rakon's investor website is [www.rakon.com/investors](http://www.rakon.com/investors).
- (d) The contact email address for Rakon is [investors@rakon.com](mailto:investors@rakon.com).

## 4. Directors of Rakon

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The directors of Rakon are:

- (a) Brent Robinson (Chair and Non-Independent Director);
- (b) Gregor Barclay (Independent Director);
- (c) Christopher Swasbrook (Independent Director);
- (d) Peter Baines (Independent Director); and
- (e) Jung Meng Tseng (Non-Independent Director).

## 5. Ownership of Rakon's equity securities

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5.1 Rakon has the following classes of equity securities on issue:

- (a) Shares; and
- (b) five classes of Share Rights.

5.2 Schedule 1 to this Target Company Statement sets out the number and the percentage of each class of equity securities held or controlled by each director or senior manager<sup>3</sup> of Rakon (a **Director** or **Senior Manager**, respectively), or their associates, as at the date of this Target Company Statement. Except as set out in Schedule 1 to this Target Company Statement, no Director or Senior Manager, or their associates, holds or controls any equity securities of Rakon (or derivatives for which the underlying is an equity security of Rakon).

5.3 Schedule 2 to this Target Company Statement sets out the number and the percentage of each class of equity securities held or controlled by any person (other than a Director, Senior Manager or their associates, to the extent set out in Schedule 1) who holds or controls 5% or more of any class of equity securities in Rakon as at the date of this Target Company Statement, to the knowledge of Rakon. Except as set out in Schedules 1 and 2 to this Target Company Statement, to Rakon's knowledge, no other person holds or controls 5% or more of any class of equity securities in Rakon (or derivatives for which the underlying is an equity security of Rakon).

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3. For the purposes of this Target Company Statement, the Independent Directors have determined that the senior managers of Rakon for the purposes of the Takeovers Code are Dr. Sinan Altug (Chief Executive Officer), Mark Dunwoodie (Chief Financial Officer) and Nick Pudney (Chief Operating Officer).

5.4 On 19 February 2026, Rakon was granted an exemption from clause 5(1)(b) of Schedule 2 of the Takeovers Code in so far as Rakon is required to disclose the number, designation, and the percentage of Share Rights held by any person who holds or controls 5% or more of a class of Share Rights to the extent that:

- (a) such clause requires the disclosure of the number, designation, and the percentage of Share Rights held or controlled by a person who is not a senior manager (as defined in the Takeovers Code); and
  - (b) the person does not hold or control 5% or more of the total number of Share Rights,
- (the **Exemption**).

5.5 The key reasons for granting the Exemption were:<sup>4</sup>

- (a) Simmons Corporate Finance Limited has provided an independent adviser's report under Rule 22 of the Takeovers Code which provides that the consideration for each class of Share Rights (of \$1.55) is fair and reasonable between those classes;
- (b) due to the fracturing of the Share Rights into multiple (and much smaller) classes, certain non-executive employees held more than 5% of a class of Share Rights but less than 5% of the total number of Share Rights;
- (c) Rakon has disclosed the number, designation, and the percentage of Share Rights held by any person who holds or controls 5% or more of the total number of Share Rights; and
- (d) in light of all of the relevant circumstances, the Exemption would maintain a proper balance of the cost of compliance with the Code and the benefits resulting from it.

5.6 Schedule 3 to this Target Company Statement sets out the number of equity securities of Rakon:

- (a) issued to any Director or Senior Manager, or their associates; or

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<sup>4</sup> The full statement of reasons is attached to the exemption notice which is available at <https://www.takeovers.govt.nz/exemptions/individual-exemptions/current-exemptions>.

- (b) in which any Director or Senior Manager, or their associates, obtained a beneficial interest under any Rakon employee share scheme or other remuneration arrangement (including under Rakon's Long Term Incentive Plan),

in the two-year period ending on the date of this Target Company Statement, together with the price at which any such equity securities were issued or provided.

- 5.7 Except as set out in Schedule 3 to this Target Company Statement, no Director or Senior Manager (or an associate of a Director or Senior Manager) has, during the two-year period ending on the date of this Target Company Statement:
- (a) been issued with any equity securities of Rakon; or
  - (b) obtained a beneficial interest in any equity securities of Rakon under any Rakon employee share scheme or other remuneration arrangement (including under Rakon's Long Term Incentive Plan).

## 6. Trading in Rakon equity securities

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- 6.1 Schedule 4 to this Target Company Statement sets out details of Rakon equity securities acquired or disposed of during the six-month period ending on 18 February 2026 (being the latest practicable date before the date of this Target Company Statement) by:

- (a) any Director, Senior Manager or their associates; and
- (b) to the knowledge of Rakon, any other person holding or controlling 5% or more of any class of equity securities of Rakon.

- 6.2 Except as set out in Schedule 4 to this Target Company Statement:

- (a) no Director, Senior Manager or associate of a Director or Senior Manager; or
- (b) to the knowledge of Rakon, no other person holding or controlling 5% or more of any class of equity securities of Rakon,

has acquired or disposed of equity securities of Rakon (or derivatives for which the underlying is an equity security of Rakon) during the six-month period ending on 18 February 2026 (being the latest practicable date before the date of this Target Company Statement).

## 7. Acceptance of Offer by Directors and Senior Managers

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Schedule 5 to this Target Company Statement sets out, as at the date of this Target Company Statement, the name of each Director and Senior Manager, and each associate of a Director and Senior Manager, who (to Rakon's knowledge) has accepted or intends to accept the Offer and the number of Shares or Share Rights in respect of which that person has accepted, or intends to accept, the Offer.

## 8. Ownership of equity securities of Bourns and its related companies

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Neither Rakon nor any Director, Senior Manager or associate of a Director or Senior Manager holds or controls any equity securities of Bourns or any related company of Bourns.

## 9. Trading in equity securities of Bourns and its related companies

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Neither Rakon, nor any Director, Senior Manager or associate of a Director or Senior Manager has acquired or disposed of any equity securities of Bourns or any related company of Bourns during the six-month period before 18 February 2026 (being the latest practicable date before the date of this Target Company Statement).

## 10. Arrangements between Bourns and Rakon

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10.1 On 13 August 2024, Rakon and Bourns entered into a confidentiality agreement (the **Confidentiality Agreement**) under which Bourns agreed to keep information provided by Rakon in connection with a potential acquisition by Bourns of all the shares in Rakon confidential. The Confidentiality Agreement also restricted Bourns and its affiliates from:

- (a) acquiring a relevant interest in Rakon's Shares or making a takeover offer until 13 February 2025 (the **Standstill Clause**);
- (b) soliciting or offering to employ or engage any person employed or engaged by Rakon until 13 August 2025 (the **Non-Solicitation Clause**); or

- (c) contacting or communicating in any way with any person known to have a relevant interest in Rakon's Shares until 13 August 2026 (being the date the term of the Confidentiality Agreement ended), excluding ordinary course communications which are not in connection with the potential acquisition and do not disclose confidential information (the **Non-Contact Clause**),

in each case, except with the prior written consent of Rakon.

- 10.2 On 7 December 2025, Rakon and Bourns entered into an exclusivity agreement (**Exclusivity Agreement**) under which Rakon agreed that neither it nor its representatives would solicit, initiate or encourage any competing proposal or take any action that may reasonably be expected to encourage or lead to a competing proposal.
- 10.3 The Exclusivity Agreement also varied the Confidentiality Agreement in the following way:
  - (a) the Standstill Clause was extended until 7 June 2026;
  - (b) the Non-Solicitation Clause was extended until 7 December 2026;
  - (c) the Non-Contact Clause was extended to 7 June 2026; and
  - (d) the term of the Confidentiality Agreement was extended to 7 December 2027 (from 13 August 2026).
- 10.4 Prior to the Notice Date, the Independent Committee gave written consent for Bourns to contact certain Rakon shareholders on a confidential basis to explore the possibility of entering into a lock-up agreement and to make the Offer. Such consent was given as the Independent Committee believed the Offer was sufficiently attractive that Shareholders should have an opportunity to consider it and feedback from those Shareholders was that they were supportive of an Offer being made.
- 10.5 Except as set out in paragraphs 10.1, to 10.4 above, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Bourns or any associates of Bourns, and Rakon or any related company of Rakon, in connection with, in anticipation of, or in response to, the Offer.

## 11. Relationship between Bourns and Directors and Senior Managers of Rakon

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11.1 On 11 January 2026, Bourns entered into lock-up agreements with various Shareholders (the **Lock-Up Parties**), pursuant to which, each Lock-Up Party agreed to accept, or procure the acceptance of, the Offer (the **Lock-Up Agreements**). Included in the Lock-Up Parties are the following Directors and Senior Managers or their associates:

- (a) Brent Robinson (Director), in respect of 9,915,414 Shares (constituting 4.32% of the Shares);
- (b) Darren Robinson,<sup>5</sup> in respect of 9,914,180 Shares (constituting 4.31% of the Shares);
- (c) Brent Robinson, Georgina Twyman and Darren Robinson as trustees of the Ahuareka Trust, in respect of 25,393,124 Shares (constituting 11.05% of the Shares); and
- (d) Siward Crystal Technology Co. Limited,<sup>6</sup> in respect of 28,016,681 Shares (constituting 12.19% of the Shares).

11.2 Under the Lock-Up Agreements:

- (a) Bourns agreed to make the Offer at a price of NZ\$1.55 in cash for each Share and each Share Right, and subject to the other terms and conditions set out in the Offer Document;
- (b) subject to the Offer being made by Bourns, each Lock-Up Party agreed to accept, or procure the acceptance of, the Offer on or before the later of:
  - (i) the date which is three business days after the date of despatch of the Offer to Rakon's Shareholders, as notified by Bourns under Rule 45 of the Takeovers Code; and
  - (ii) the second business day after the date on which the Offer is received by that Lock-Up Party;

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5. Darren Robinson may be an associate of a Director given his relationship with Brent Robinson.

6 Siward Crystal Technology Co. Limited may be an associate of a Director as Jung Meng Tseng is the President of Siward Crystal Technology Co. Limited.

- (c) nothing in the Lock-Up Agreement confers on Bourns the ability, or right, to hold or control the voting rights attaching to the Shares of the relevant Lock-Up Party and no party will become the holder or controller of such voting rights except on transfer of the Shares under the Offer;
- (d) each Lock-Up Party agreed that, unless the Lock-Up Agreement is terminated in accordance with its terms, it would not, in whole or in part, dispose of, or announce the intention to so dispose of, or deal in any way with (including granting an option over or interest in or encumbering) any of its Shares, except to accept the Offer;
- (e) each Lock-Up Party agreed not to solicit, initiate, encourage, or engage in discussions or negotiations with any third party in relation to any alternative offer or proposal which would (if implemented) result in an effective change of control of Rakon, and to cease any such discussions already underway;
- (f) the Lock-Up Agreement will automatically terminate if Bourns withdraws the Offer in accordance with the Takeovers Code, or if one of the conditions applicable to the Offer is not fulfilled and the Offer lapses in accordance with Rule 25(4) of the Takeovers Code; and
- (g) notwithstanding paragraph (f) above, if any of the regulatory conditions (contained in clause 4.2 of the Offer Document) remain unfulfilled on the unconditional date for the Offer and the Offer lapses in accordance with Rule 25(4) of the Takeovers Code and the parties agree, acting reasonably and based on legal advice, that it is reasonably likely that the regulatory condition will be satisfied, then the Lock-Up Agreement will not terminate and:
  - (i) Bourns will make a new offer on the same terms updated to reflect changes in circumstances (**New Offer**); and
  - (ii) a Takeover Notice will be sent by Bourns to Rakon in compliance with Rule 41 of the Takeovers Code within 10 business days of the unconditional date which includes the terms of the New Offer.

The terms of the Lock Up Agreement (other than the term described in this paragraph (g)) will, with the necessary modifications, apply to the New Offer.

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- 11.3 Except as set out in paragraphs 11.1 and 11.2 above, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Bourns or any associate of Bourns, and any Director or Senior Manager or any of the directors or senior managers of any related company of Rakon (including payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to the Offer.<sup>7</sup>
- 11.4 None of the Directors or Senior Managers are also directors or senior managers of Bourns, or a related company of Bourns.

## 12. Agreement between Rakon, and Directors and Senior Managers

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### ***Amendment of the Long Term Incentive Plan terms***

- 12.1 Rakon operates a long term incentive plan (the **Long Term Incentive Plan**) under which eligible employees are offered Share Rights to acquire Shares (for nil consideration). Further information about the Share Rights is set out in paragraph 17.3 to 17.10. Prior to the amendment described in the following sentence, the terms of the Long Term Incentive Plan provided that Share Rights could not be transferred or assigned by any participant in the Plan to any other person. On 18 February 2026, Rakon amended the terms of the Long Term Incentive Plan to allow Share Rights to be transferred to Bourns under the Offer.

### ***Conditional Retention Letter***

- 12.2 On 22 August 2025, the Board issued a conditional retention letter to certain employees setting out retention arrangements in the event of Rakon receiving or progressing a takeover transaction, in order to provide certainty to key staff and to facilitate retention of key staff during the period when a proposal is being considered or a transaction is being implemented (the **Conditional Retention Letter**).
- 12.3 Under the Conditional Retention Letter, Rakon has agreed to pay one-off retention payments to the Chief Executive Officer (in the amount of \$360,500), the Chief Financial Officer (in the amount of \$128,235) and the Chief Operating Officer (in the amount of \$126,690) in certain circumstances, including where a person makes a full takeover offer for Rakon under the Takeovers Code. The one-off retention payment will become payable:

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7. This information is based on responses to questionnaires circulated to the Directors and Senior Managers by Rakon after receipt of Bourns' Takeover Notice.

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- (a) on the date of completion of the takeover transaction (where “completion” means a person becoming the owner or controller of more than 50% of the voting rights in Rakon); or
- (b) if the takeover offer is not completed (for example, due to a failure to satisfy the minimum acceptance condition), within 10 business days after the closing date of the offer or the date that the offer is withdrawn in compliance with the Takeovers Code,

provided the relevant person has not given notice of their resignation or been terminated for cause on or before the payment date described in paragraphs 12.3(a) or (b).

12.4 Under the Conditional Retention Letter, Rakon also agreed:

- (a) to accelerate the long term incentive entitlements of certain employees (including each Senior Manager) under the Long Term Incentive Plan and make a cash payment to that employee (rather than issuing Shares) so that any Share Rights which have not lapsed or vested are paid out on completion of a takeover transaction;<sup>8</sup> and
- (b) to accelerate the short term incentive entitlements of certain employees (including each Senior Manager) and make a cash payment pro-rated to the portion of the relevant performance period that has elapsed based on 100% achievement of targets, on the date of completion of a takeover transaction.<sup>9</sup>

### ***Employment agreements***

12.5 Each Senior Manager has a change of control provision in their employment agreement which provides that they will be entitled to payment of an amount equivalent to six months' base salary if they give written notice of their intention to terminate their employment within six months after the effective date of a change of control of Rakon (being a change in the ownership of a majority of the shares in Rakon).

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8. Share Rights subject to terms which have been varied by the Conditional Retention Letter may be transferred to Bourns under the Offer (under the amended Long Term Incentive Plan terms) or paid out on completion of the Offer, but not both.

9. Under the Conditional Retention Letter, completion of a takeover transaction includes the date on which a person (alone or with its associates) becomes the ultimate beneficial owner or effective controller of more than 50% of the voting rights in, or economic ownership of, Rakon.

12.6 Except as set out in paragraphs 12.1 to 12.5 above, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Rakon or any related company of Rakon, and any of the directors or senior managers or their associates of Rakon or any related company of Rakon, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer.

### 13. Interests of Directors and Senior Managers of Rakon in contracts of Bourns or its related companies

13.1 As set out in paragraph 11.1 above, Bourns is a party to various Lock-Up Agreements with a Director or Senior Manager or their associates. The material terms of the Lock-Up Agreements are set out in paragraph 11.2 above. If the Offer is declared unconditional and completes at the purchase price of \$1.55 per Share and Share Right, the amounts that will be payable to the relevant Directors or Senior Managers or their associates are set out in the table below.

Party to the Lock-Up Agreement	Number of Shares (% of class)	Payment if Offer completes
Brent Robinson	9,915,414 (4.32%)	\$15,368,891.70
Darren Robinson	9,914,180 (4.31%)	\$15,366,979.00
Brent Robinson, Georgina Twyman and Darren Robinson as trustees of the Ahuareka Trust	25,393,124 (11.05%)	\$39,359,342.20
Siward Crystal Technology Co. Limited	28,016,681 (12.19%)	\$43,425,855.55

13.2 Except as set out in paragraph 13.1 above, no Director or Senior Manager or any of their associates has an interest in any contract to which Bourns, or any related company of Bourns, is a party.<sup>10</sup>

<sup>10</sup> This information is based on responses to questionnaires circulated to the Directors and Senior Managers by Rakon after receipt of Bourns' Takeover Notice.

## 13A. Interests of Rakon’s substantial security holders in material contracts of Bourns or its related companies

13A.1 Bourns is party to Lock-Up Agreements with various persons who hold or control 5% or more of a class of equity securities of Rakon. The relevant persons (and their monetary interest in the relevant Lock-Up Agreement) are either set out in the table in paragraph 13.1 above or are set out in the table below. The material terms of the Lock-Up Agreements are set out in paragraph 11.2 above.

Party to the Lock-Up Agreement	Number of Shares (% of class)	Payment if Offer completes
Wairahi Investments Limited and Wairahi Holdings Limited <sup>11</sup>	16,785,000 (7.30%)	\$26,016,750.00

13A.2 Except as set out in paragraph 13A.1 above, no person who, to the knowledge of the Directors or the Senior Managers holds or controls 5% or more of any class of equity securities of Rakon, has an interest in any material contract to which Bourns, or any related company of Bourns, is a party.<sup>12</sup>

## 14. No additional information

The information in the Offer Document is the responsibility of Bourns. In the opinion of the Independent Directors, there is no additional information within the knowledge of Rakon required to make the information in the Offer Document correct or not misleading.

11. Michael Daniel is the sole director and shareholder of Wairahi Investments Limited (that holds 13,835,000 Shares) and Wairahi Holdings Limited (that holds 2,950,000 Shares).

12. This information is based on responses to questionnaires circulated to persons who hold or control 5% or more of the Shares by Rakon after receipt of Bourns’ Takeover Notice.

## 15. Recommendation

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- 15.1 The Independent Directors have carefully considered a full range of expert advice available to them (including Calibre Partners' Independent Adviser's Report on the merits of the Offer) and unanimously recommend that Shareholders and holders of Share Rights should **ACCEPT** the Offer.<sup>13</sup>
- 15.2 The key reasons for the Independent Directors' recommendation are set out in section 1 of this Target Company Statement (*Reasons for the Independent Directors' recommendation*).
- 15.3 Directors Brent Robinson and Jung Meng Tseng each have a potential conflict of interest and therefore are not making a recommendation on whether to accept or reject the Offer. Brent Robinson is a substantial shareholder of Rakon and has accepted the Offer in respect of all the Shares he holds or controls.<sup>14</sup> Jung Meng Tseng is the President of Siward Crystal Technology Co. Limited, a substantial shareholder of Rakon that has accepted the Offer in respect of all the Shares it holds or controls.
- 15.4 You are encouraged to read this Target Company Statement and the Independent Adviser's Report from Calibre Partners carefully and in full.

## 16. Actions of Rakon

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- 16.1 Other than the agreements summarised in paragraphs 10.1 to 10.4, there are no material agreements or arrangements (whether legally enforceable or not) of Rakon or any related company of Rakon entered into as a consequence of, in response to, or in connection with, the Offer.
- 16.2 There are no negotiations underway as a consequence of, in response to, or in connection with the Offer that relate to, or could result in:
- (a) an extraordinary transaction, such as a merger, amalgamation or reorganisation, involving Rakon or any of its related companies;
  - (b) the acquisition or disposition of material assets by Rakon or any of its related companies;

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13. The Independent Directors may change their recommendation if a higher value alternative proposal emerges or if for any reason the Offer price ceases to be within the Independent Adviser's valuation range. The Independent Directors consider that it is unlikely that such an alternative proposal will emerge during the Offer period.

14. Brent Robinson holds Shares in his personal capacity and also as trustee of Ahuareka Trust. Brent Robinson is also a beneficiary of Ahuareka Trust.

- (c) an acquisition of equity securities by, or of, Rakon or any of its related companies; or
- (d) any material change in the issued equity securities of Rakon, or the policy of the Rakon Board relating to distributions of Rakon.

## 17. Equity securities of Rakon

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### **Shares**

- 17.1 As at the date of this Target Company Statement, Rakon has 229,809,013 Shares on issue. All Shares currently on issue are fully paid.
- 17.2 Subject to the NZX Listing Rules and Rakon's constitution, each Share confers upon the holder the right to:
- (a) an equal share in dividends authorised by the Board;
  - (b) an equal share in the distribution of surplus assets on liquidation of Rakon;
  - (c) participate in certain further issues of equity securities of Rakon; and
  - (d) cast one vote on a show of hands or the right to cast one vote per share on a poll, at a meeting of Shareholders on any resolution, including a resolution to:
    - (i) appoint or remove a director or auditor;
    - (ii) alter Rakon's constitution;
    - (iii) approve a major transaction by Rakon;
    - (iv) approve an amalgamation involving Rakon; and
    - (v) put Rakon into liquidation.

### **Share Rights**

- 17.3 As at the date of this Target Company Statement, Rakon has 2,910,613 unlisted share rights to acquire Shares under Rakon's Long Term Incentive Plan to certain eligible employees (the **Share Rights**). The Share Rights are non-voting securities. Each Share Right entitles the holder to acquire one Share on vesting, without the need for the payment of consideration, subject to the terms of the Long Term Incentive Plan.

- 17.4 This total includes 1,014,000 Share Rights granted in the 2025 financial year (the **FY25 Share Rights**) and 1,896,613 Share Rights granted in the 2026 financial year (the **FY26 Share Rights**).
- 17.5 The vesting conditions for the FY25 Share Rights are all the same and, in broad terms, were:
- (a) Rakon's total shareholder return (**TSR**) exceeding a defined threshold; and
  - (b) the relevant participant remaining an employee of Rakon.
- 17.6 The vesting conditions for the FY26 Share Rights are different for executive and non-executive employees:
- (a) for executives, the vesting conditions are TSR and continued employment (i.e., similar to the FY25 Share Rights); and
  - (b) for non-executives, the only vesting condition is continued employment.
- 17.7 On 22 August 2025, the Board issued the Conditional Retention Letters (referred to in paragraph 12.2 above).
- 17.8 As a result of the above, there are five classes of Share Rights:
- (a) FY25 Share Rights not varied by a Conditional Retention Letter;
  - (b) FY25 Share Rights varied by a Conditional Retention Letter;
  - (c) FY26 Share Rights – granted to non-executives and not varied by a Conditional Retention Letter;
  - (d) the FY26 Share Rights – granted to executives and varied by a Conditional Retention Letter; and
  - (e) the FY26 Share Rights – granted to non-executives and varied by a Conditional Retention Letter.
- 17.9 On 18 February 2026, the Rakon Board amended the terms of the Long Term Incentive Plan to allow the Share Rights to be transferred to Bourns under the Offer.
- 17.10 The key terms of the Share Rights are:
- (a) a Share Right is a right to be issued or take a transfer of a Share upon the vesting of the Share Right;

- (b) a Share Right has no entitlement to any dividend and no voting rights;
- (c) a Share Right is not transferable or assignable, other than to Bourns pursuant to the Offer;
- (d) upon the vesting of a Share Right, Rakon must issue a Share to, or procure the transfer of a Share to, the Share Rights holder;
- (e) no payment is required to be made by the Share Rights holder upon receipt of the Share; and
- (f) a Share Right will lapse and be immediately forfeited if the vesting conditions are not met within the prescribed period or if the holder ceases to be employed by Rakon.

## 18. Financial information

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- 18.1 A copy of Rakon's most recent annual report (being the annual report for the period ended 31 March 2025) is available on Rakon's website at [www.rakon.com/investors/reports-presentations-events](http://www.rakon.com/investors/reports-presentations-events).
- 18.2 Each person to whom the Offer is made may also request a non-electronic copy of that annual report from Rakon by making a written request to [investors@rakon.com](mailto:investors@rakon.com) or, alternatively, by making a written request to Computershare Investor Services Limited ([enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)) (Please include 'Rakon Limited 2025 Annual Report' in the email subject line).
- 18.3 Rakon's most recent half-yearly report since its annual report for the year ended 31 March 2025 (being the half-yearly report for the six months ended 30 September 2025) is available on Rakon's website at [www.rakon.com/investors/reports-presentations-events](http://www.rakon.com/investors/reports-presentations-events). A non-electronic copy of the half-yearly report will be sent to any Shareholder on request.
- 18.4 No interim report has been issued since the issue of the half yearly report for the six months ended 30 September 2025.
- 18.5 Since its annual report for the financial year ended 31 March 2025, and as disclosed in its half-year results for the six months ended 30 September 2025 released on 28 November 2025 (**HY26**), there have been the following material changes in the financial or trading position, or prospects, of Rakon:
  - (a) financial performance (HY26 compared to the prior comparable period):

- (i) revenue for HY26 was \$54.2 million, an increase of 30% compared to the prior comparable period;
  - (ii) gross margin increased to 48.8% (from 37.8%), with gross profit of \$26.5 million (up from \$15.7 million);
  - (iii) total operating expenses for HY26 were \$29.6 million (compared to \$30.0 million). As revenue growth materially outpaced cost growth, operating leverage improved and operating loss reduced to \$4.1 million (from \$15.8 million);
  - (iv) underlying EBITDA was \$3.6 million (compared to an underlying EBITDA loss of \$7.3 million); and
  - (v) net loss after tax was \$3.0 million (compared to a net loss after tax of \$10.4 million);
- (b) cash flow, capital investment and balance sheet movements (HY26 and the period since FY25 year-end):
- (i) net cash flow from operating activities for HY26 was \$6.4 million and capital expenditure was \$7.9 million;
  - (ii) cash and cash equivalents were \$12.4 million at 30 September 2025 (31 March 2025: \$15.3 million);
  - (iii) inventories were \$56.6 million at 30 September 2025 (31 March 2025: \$46.4 million), reflecting inventory build to support improving demand and program deliveries;
  - (iv) trade and other payables were \$45.5 million at 30 September 2025 (31 March 2025: \$29.2 million), reflecting higher activity levels and normal phasing of supplier payments;
  - (v) non-current borrowings were \$10.3 million at 30 September 2025 (31 March 2025: \$11.0 million); and
  - (vi) current borrowings were \$1.2 million at 30 September 2025 (31 March 2025: \$1.4 million);

- (c) operational and trading developments disclosed in the same period:
- (i) telecommunications revenue recovered strongly in HY26 (up 49% on the prior comparable period) as market conditions improved and customer ordering resumed; and Positioning revenue improved (up 14% on the prior comparable period);
  - (ii) Aerospace & Defence revenue increased (up 20% on the prior comparable period) and management has referenced a contracted order backlog exceeding \$75 million, which is the largest in Rakon's history;
  - (iii) Rakon completed the expansion of its French manufacturing facility to add capacity for A&D programmes;
  - (iv) on 8 October 2025, Rakon announced that it had completed internal testing and the initial ramp-up for volume production of the Mercury+ product line at its Bengaluru, India manufacturing facility, following transfer from New Zealand. Rakon has publicly referenced that this milestone is expected to support improved manufacturing efficiency and competitive product costs;
  - (v) Rakon has publicly referenced that AI & Data Centre revenue increased by 50% in HY26 compared to the prior comparable period, with a meaningful contribution expected in FY26 as programmes expand;
  - (vi) Rakon has also publicly referenced that approximately 25% of the New Zealand-based Commercial BU volume has now been transferred to India and that ~\$2 million of margin uplift has already been realised from the first tranche of transfers;
  - (vii) in November 2025, Rakon completed the renewal of its debt facility with HSBC; and
  - (viii) the HY26 interim report also records a post-balance date drawdown (1 October 2025) of an additional US\$5.5 million under the HSBC facility to support working capital and planned capital expenditure, and notes that Rakon reviewed and refinanced its debt facilities with HSBC in November 2025; and
- (d) outlook and guidance: in releasing the HY26 results, management reaffirmed FY26 Underlying EBITDA guidance of \$15 million to \$24 million and noted that earnings are expected to be skewed toward the second half of FY26.

- 18.6 Other than as set out elsewhere in this Target Company Statement, or as contained in the Independent Adviser's Report:
- (a) as at 18 February 2026 (being the latest practicable date prior to the date of this Target Company Statement), there have been no other known material changes in the financial or trading position, or prospects, of Rakon since the 31 March 2025 annual report; and
  - (b) there is no other information about the assets, liabilities, profitability and financial affairs of Rakon that could reasonably be expected to be material to the making of a decision by Shareholders to accept or reject the Offer.

## 19. Independent advice on merits of Offer

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- 19.1 Calibre Partners is the independent adviser who has provided a report under Rule 21 of the Takeovers Code on the merits of the Offer. A copy of Calibre Partners' Independent Adviser's Report accompanies this Target Company Statement.
- 19.2 To the maximum extent permitted by law, Rakon and its related companies and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the opinions, analysis and conclusions contained in the Independent Adviser's Report prepared by Calibre Partners.

## 19A. Different classes of securities

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- 19A.1 Simmons Corporate Finance Limited is the independent adviser who has provided a report under Rule 22 of the Takeovers Code to compare the consideration and terms offered for the different classes of financial products and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes.
- 19A.2 A copy of Simmons Corporate Finance Limited's Rule 22 report accompanies this Target Company Statement.
- 19A.3 To the maximum extent permitted by law, Rakon and its related companies and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the opinions, analysis and conclusions contained in the independent adviser's report prepared by Simmons Corporate Finance Limited.

## 20. Asset valuations

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- 20.1 No information provided in this Target Company Statement refers to a valuation of any asset of Rakon.

20.2 The Independent Adviser's Report refers to the valuation of Rakon. The basis of computation and key assumptions on which that valuation is based is set out in the Independent Adviser's Report.

## 21. Prospective financial information

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21.1 The Independent Adviser's Report contains prospective financial information in relation to Rakon. The principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report.

21.2 The Independent Adviser's Report sets out certain details of Rakon's internal forecasts for the 2026 to 2030 financial years. In considering forecast information, Shareholders should note that forecasts were prepared for internal management purposes only and were not prepared for, or with the intention of giving, guidance as to the expected future financial performance of Rakon. Accordingly, the basis of preparation of the forecasts, while appropriate for internal management purposes, may differ from the basis which would be adopted when preparing prospective financial information for external reporting purposes. Shareholders should also note paragraph 27(e) of this Target Company Statement.

21.3 Other than the prospective financial information referred to in paragraph 21.1 above, this Target Company Statement does not refer to any other prospective financial information about Rakon.

## 22. Sales of unquoted equity securities under Offer

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22.1 The Share Rights which are the subject of the Offer are not quoted on a stock exchange.

22.2 No Share Rights have been disposed of in the 12-month period ending on 18 February 2026 (being the latest practicable date before the date of this Target Company Statement).

## 23. Market prices for quoted equity securities under Offer

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23.1 The Shares are quoted on the NZX Main Board.

23.2 The closing price on the NZX Main Board of the Shares on:

- (a) 18 February 2026, being the latest practicable working day before the date on which this Target Company Statement is sent to Shareholders, was NZ\$1.47; and
- (b) 9 January 2026, being the last day on which the NZX was open for business before the date on which Rakon received Bourns' takeover notice, was NZ\$0.90.

- 23.3 The highest and lowest closing market prices of the Shares on the NZX Main Board (and the relevant dates) during the six months before the Notice Date, were as follows:
- (a) the highest closing market price was NZ\$0.90 (on 28 July 2025 and 9 January 2026); and
  - (b) the lowest closing market price was NZ\$0.70 (on 11 July 2025).
- 23.4 During the six-month period before the Notice Date, Rakon did not issue any equity securities or make any changes to any equity securities on issue or make any distributions which could have affected the market prices of Shares referred to above.
- 23.5 There is no other information about the market price of the Shares that would reasonably be expected to be material to the making of a decision by Shareholders to accept or reject the Offer.

## 24. Other material information

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- 24.1 The following information is considered by the Independent Directors to be information that could reasonably be expected to be material to the making of a decision by Shareholders or holders of Share Rights as to whether to accept or reject the Offer:
- (a) if Bourns increases the price of the Offer in respect of Shares or Share Rights, Bourns must provide the increased price to all Shareholders whose Shares or holders of Share Rights whose Share Rights (as applicable) are acquired under the Offer, whether or not the Shareholder, or holder of Share Rights, accepted the Offer before or after the price was increased; and
  - (b) payment for Shares or Share Rights (as applicable) in respect of which the Offer is accepted will only be made by Bourns within five working days of the latest of (i) the date on which the relevant acceptance is received, (ii) the date on which the Offer becomes unconditional or (iii) 23 March 2026.

## 25. Approval of this Target Company Statement

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- 25.1 The contents of this Target Company Statement have been approved by the Independent Directors of Rakon (being Christopher Swasbrook, Gregor Barclay and Peter Baines), who have been delegated with authority by the Directors to do so.
- 25.2 As disclosed in paragraph 15.3, Brent Robinson and Jung Meng Tseng have a potential conflict of interest in respect of the Offer. As a result, they have not approved this Target Company Statement.

## 26. Interpretation

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26.1 In this Target Company Statement:

**Board** means the board of directors of Rakon;

**Bourns** means Bourns, Inc.;

**Conditional Retention Letter** has the meaning given to that term in paragraph 12.2 of section 2 of this Target Company Statement;

**Director** means a director of Rakon;

**Exemption** has the meaning given to that term in paragraph 5.4 of section 2 of this Target Company Statement;

**Independent Adviser** means Calibre Partners;

**Independent Adviser's Report** means the report prepared by the Independent Adviser on the merits of the Offer under Rule 21 of the Takeovers Code, which accompanies this Target Company Statement;

**Independent Committee** means the committee of the Board formed to manage Rakon's response to the Offer, comprising Christopher Swasbrook and Gregor Barclay;

**Independent Directors** means Christopher Swasbrook, Gregor Barclay and Peter Baines;

**Long Term Incentive Plan** has the meaning given to that term in paragraph 12.1 of section 2 of this Target Company Statement;

**Lock-Up Parties** has the meaning given to that term in paragraph 11.1 of section 2 of this Target Company Statement;

**Lock-Up Agreements** has the meaning given to that term in paragraph 11.1 of section 2 of this Target Company Statement;

**Notice Date** means 11 January 2026 (being the date that Rakon received the Takeover Notice from Bourns);

**NZ\$ or \$** means New Zealand dollars;

**NZX** means NZX Limited;

**NZX Main Board** means the main board equity securities exchange operated by NZX;

**Offer** has the meaning given to that term in paragraph 2.1 of section 2 of this Target Company Statement;

**Offer Document** has the meaning given to that term in paragraph 2.2 of section 2 of this Target Company Statement;

**Rakon** means Rakon Limited;

**Senior Manager** has the meaning given to that term in paragraph 5.2 of section 2 of this Target Company Statement;

**Shareholders** means the holders of Shares which are the subject of the Offer by Bourns;

**Share Rights** has the meaning given to that term in paragraph 17.3 of section 2 of this Target Company Statement;

**Shares** means ordinary shares in Rakon;

**Takeovers Act** means the Takeovers Act 1993;

**Takeovers Code** means the takeovers code approved in the Takeovers Regulations 2000 (SR 2000/210) as amended, including any applicable exemption granted by the Takeovers Panel under the Takeovers Act;

**Takeover Notice** means the takeover notice Rakon received from Bourns on 11 January 2026; and

**Target Company Statement** has the meaning given to that term in paragraph 1 of section 2 of this Target Company Statement.

26.2 Words and expressions defined in the Takeovers Act or the Takeovers Code and not otherwise defined in this Target Company Statement have the same meaning when used in this Target Company Statement.

## 27. Miscellaneous

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- (a) **Rounding:** All shareholding percentages in this Target Company Statement are rounded to two decimal places unless stated otherwise.

- (b) **Reliance on information:** In preparing this Target Company Statement, Rakon has relied on the completeness and accuracy of the information in the Offer Document and the information provided to it by or on behalf of various persons, including Rakon's Directors and Senior Managers, Shareholders holding or controlling 5% or more of the Shares, and Bourns.
- (c) **Your decision:** You are responsible for making your own decision as to whether to accept the Offer. This Target Company Statement does not take into account your individual investment objectives, financial or tax situation or needs. If you have questions or if you are in doubt as to what you should do in respect of the Offer, you should seek your own professional advice.
- (d) **Websites:** References in this Target Company Statement to any website are for informational purposes only. To the extent permitted by law, Rakon and its Directors and Senior Managers do not assume responsibility for the contents of any such website.
- (e) **Forward looking statements:**
- (i) This Target Company Statement (including the Independent Adviser's Report) contains certain forward-looking statements. These statements generally may be identified by the use of forward-looking words such as: aim, anticipate, believe, estimate, expect, forecast, foresee, future, intended, likely, may, planned, potential, projection, should and other similar words.
  - (ii) You should be aware that there are risks (known and unknown), uncertainties, assumptions and other important factors that could cause actual conduct, results, performance or achievements of Rakon to be materially different to the future conduct, results, performance or achievements expressed or implied by any forward looking statements.
  - (iii) Future conduct, results, performance or achievements could be materially different from historical conduct, results, performance or achievements. Such deviations are both normal and to be expected.
  - (iv) No person, including the Directors and the Senior Managers of Rakon, gives any warranty, representation or assurance that any conduct, results, performance or achievements expressed or implied by any forward looking statements in this Target Company Statement (including the Independent Adviser's Report) will actually occur.
- (f) **Bourns' shareholding in Rakon:** Bourns is required to file substantial product holder notices that promptly disclose certain increases in acceptances to the Offer. Those notices can be found on the NZX website ([www.nzx.com](http://www.nzx.com)) under the code 'RAK'.

## 28. Certificate

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To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Rakon under the Takeovers Code.

**SIGNED** by:



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**Gregor Barclay**  
Director of Rakon



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**Christopher Swasbrook**  
Director of Rakon



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**Sinan Altug**  
Chief Executive Officer of Rakon



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**Mark Dunwoodie**  
Chief Financial Officer of Rakon

# SCHEDULES 1-5

RELATING TO TAKEOVERS CODE  
DISCLOSURES

## Schedule 1: Equity securities owned by Directors, Senior Managers and their associates (paragraph 5.2)

Name	Description	Class of equity security	Number of equity securities held or controlled	Percentage of class	Percentage of all Share Rights
Brent Robinson <sup>15</sup>	Director	Shares	35,308,538	15.36%	N/A
Darren Robinson <sup>16</sup>	Associate of a Director (Brent Robinson)	Shares	35,307,304	15.36%	N/A
Georgina Susan Twyman <sup>17</sup>	Associate of a Director (Brent Robinson)	Shares	25,396,198	11.05%	N/A
Marjorie Robinson	Associate of a Director (Brent Robinson)	Shares	425,665	0.19%	N/A
Adam Robinson	Associate of a Director (Brent Robinson)	Shares	27,044	0.01%	N/A
		Share Rights FY25 varied	60,000	8.42%	8.55%
		Share Rights FY26 exec varied	188,755	12.17%	

15. Brent Robinson holds 9,915,414 Shares in his personal capacity and a further 25,393,124 Shares as a trustee of the Ahuareka Trust (of which he is also a beneficiary).

16. Darren Robinson holds 9,914,180 Shares in his personal capacity and a further 25,393,124 Shares as a trustee of the Ahuareka Trust (of which he is also a beneficiary).

17. Georgina Susan Twyman holds 3,074 Shares in her personal capacity and a further 25,393,124 Shares as a trustee of the Ahuareka Trust (of which she is also a beneficiary).

Name	Description	Class of equity security	Number of equity securities held or controlled	Percentage of class	Percentage of all Share Rights
Zachary Robinson	Associate of a Director (Brent Robinson)	Shares	3,750	0.00%	N/A
Siward Crystal Technology Co., Limited <sup>18</sup>	Associate of a Director (Jung Meng Tseng)	Shares	28,016,681	12.19%	N/A
Public Trust as Custodian for Elevation Capital Global Shares Fund <sup>19</sup>	Associate of a Director (Christopher Swasbrook)	Shares	1,350,000	0.59%	N/A
Dr. Sinan Altug	Senior Manager	Shares	230,000	0.10%	N/A
		Share Rights FY25 varied	295,000	41.40%	25.28%
		Share Rights FY26 exec varied	440,679	28.42%	
Asli Doğrusöz	Associate of a Senior Manager (Dr. Sinan Altug)	Shares	547,120	0.24%	N/A

18. Jung Meng Tseng is the President of Siward Crystal Technology Co., Limited. He does not personally have a relevant interest in Shares.

19. Christopher Swasbrook has power to influence the Shares held by Public Trust as Custodian for Elevation Capital Global Shares Fund as portfolio manager and director of Elevation Capital Global Shares Fund. An independent subcommittee of directors at Elevation Capital (not including Christopher Swasbrook) has been set up to manage this position in conjunction with the supervisor (Public Trust) as a direct result of the takeover proposal.

Name	Description	Class of equity security	Number of equity securities held or controlled	Percentage of class	Percentage of all Share Rights
Ali Doğrusöz	Associate of a Senior Manager (Dr. Sinan Altug)	Shares	50,000	0.02%	N/A
Nick Pudney	Senior Manager	Share Rights FY25 varied	75,000	10.53%	10.18%
		Share Rights FY26 exec varied	221,239	14.27%	
Mark Dunwoodie	Senior Manager	Share Rights FY25 varied	50,000	7.02%	9.41%
		Share Rights FY26 exec varied	223,937	14.44%	

**Notes:**

(1) This information is taken from responses to questionnaires circulated to the Directors and Senior Managers by Rakon after receipt of Bourns' Takeover Notice.

(2) The percentage numbers are rounded to two decimal places.

**Schedule 2: Equity securities owned by holders or controllers of 5% or more of any class of equity securities (paragraph 5.3)**

Name of holder or controller	Class of equity security	Number of equity securities held or controlled	Percentage of class	Percentage of all Share Rights
Michael Daniel <sup>20</sup>	Shares	16,785,000	7.30%	N/A
Wairahi Investments Limited	Shares	13,835,000	6.02%	N/A
New Zealand Central Securities Depository Limited	Shares	16,929,856	7.37%	N/A
Michael McIlroy	Share Rights FY25 varied	90,000	12.63%	9.02%
	Share Rights FY26 exec varied	172,674	11.14%	
Chloe Gautrin	Share Rights FY25 varied	50,000	7.02%	8.67%
	Share Rights FY26 exec varied	202,353	13.05%	
Maureen Shaddick	Share Rights FY25 varied	60,000	8.42%	5.52%
	Share Rights FY26 exec varied	100,727	6.50%	

**Notes:**

(1) This information is taken from responses to questionnaires circulated to the persons holding or controlling 5% or more of a class of equity securities in Rakon after receipt of Bourns' Takeover Notice and Rakon's Share register and Share Rights register.

(2) The percentage numbers are rounded to two decimal places.

(3) Where the number and the percentage of each class of equity securities held or controlled by a person is disclosed in Schedule 1 to this Target Company Statement, those details are not duplicated here.

(4) See paragraphs 5.4 and 5.5 for details about the Exemption Rakon received relating to clause 5(1)(b) of Schedule 2 of the Takeovers Code.

20. Michael Daniel is the sole director and shareholder of Wairahi Investments Limited (that holds 13,835,000 Shares) and Wairahi Holdings Limited (that holds 2,950,000 Shares).

**Schedule 3: Equity securities issued to Rakon's Directors and Senior Managers or in which Rakon's Directors and Senior Managers have obtained a beneficial interest under any employee share scheme or other remuneration arrangement (paragraph 5.6)**

Name	Description	Class of equity securities	Number of equity securities issued	Issue price	Date of issue	Percentage of all Share Rights
Adam Robinson	Associate of a Director (Brent Robinson)	Shares	27,044	Nil	23/9/2025	N/A
		Share Rights FY25 varied	60,000	Nil	21/3/2025	8.55%
		Share Rights FY26 exec, varied	188,755	Nil	25/9/2025	
Dr. Sinan Altug	Senior Manager	Shares	180,000	Nil	23/9/2025	N/A
		Share Rights FY25 varied	295,000	Nil	21/3/2025	25.28%
		Share Rights FY26 exec, varied	440,679	Nil	25/9/2025	
Nick Pudney	Senior Manager	Share Rights FY25 varied	75,000	Nil	21/3/2025	10.18%
		Share Rights FY26 exec, varied	221,239	Nil	25/9/2025	
Mark Dunwoodie	Senior Manager	Share Rights FY25 varied	50,000	Nil	21/3/2025	9.41%
		Share Rights FY26 exec, varied	223,937	Nil	25/9/2025	

**Notes:**

(1) This information is based on (i) responses to questionnaires circulated to the Directors and Senior Managers by Rakon after receipt of Bourns' Takeover Notice and (ii) substantial product holder notices filed with NZX.

Schedule 4: Trading in equity securities in Rakon (paragraph 6)

Name	Description	Disposal or acquisition	Number of equity securities acquired or disposed of	Date / week of transaction(s)	Consideration per equity security
Georgina Susan Twyman	Associate of a Director (Brent Robinson)	Disposal	1,000	17/11/2025	\$0.77
Michael Daniel (through Wairahi Holdings Limited)	≥5% holder or controller	Acquisition	50,000	6/8/2025	\$0.79
			25,000	13/8/2025	\$0.80
			466	25/9/2025	\$0.80
			24,534	29/9/2025	\$0.83 (VWAP)
			50,000	6/10/2025	\$0.84 (VWAP)
Wairahi Investments Limited	≥5% holder or controller	Acquisition	75,000	1/12/2025	\$0.88 (VWAP)
			25,000	8/12/2025	\$0.81 (VWAP)
			500,000	16/1/2026	\$1.40
			135,000	20/1/2026	\$1.40

Notes:

(1) This information is based on (i) responses to questionnaires circulated to the Directors and Senior Managers by Rakon after receipt of Bourns' Takeover Notice and (ii) substantial product holder notices filed with NZX.

(2) VWAP means volume weighted average price (in respect of multiple transactions in a single week).

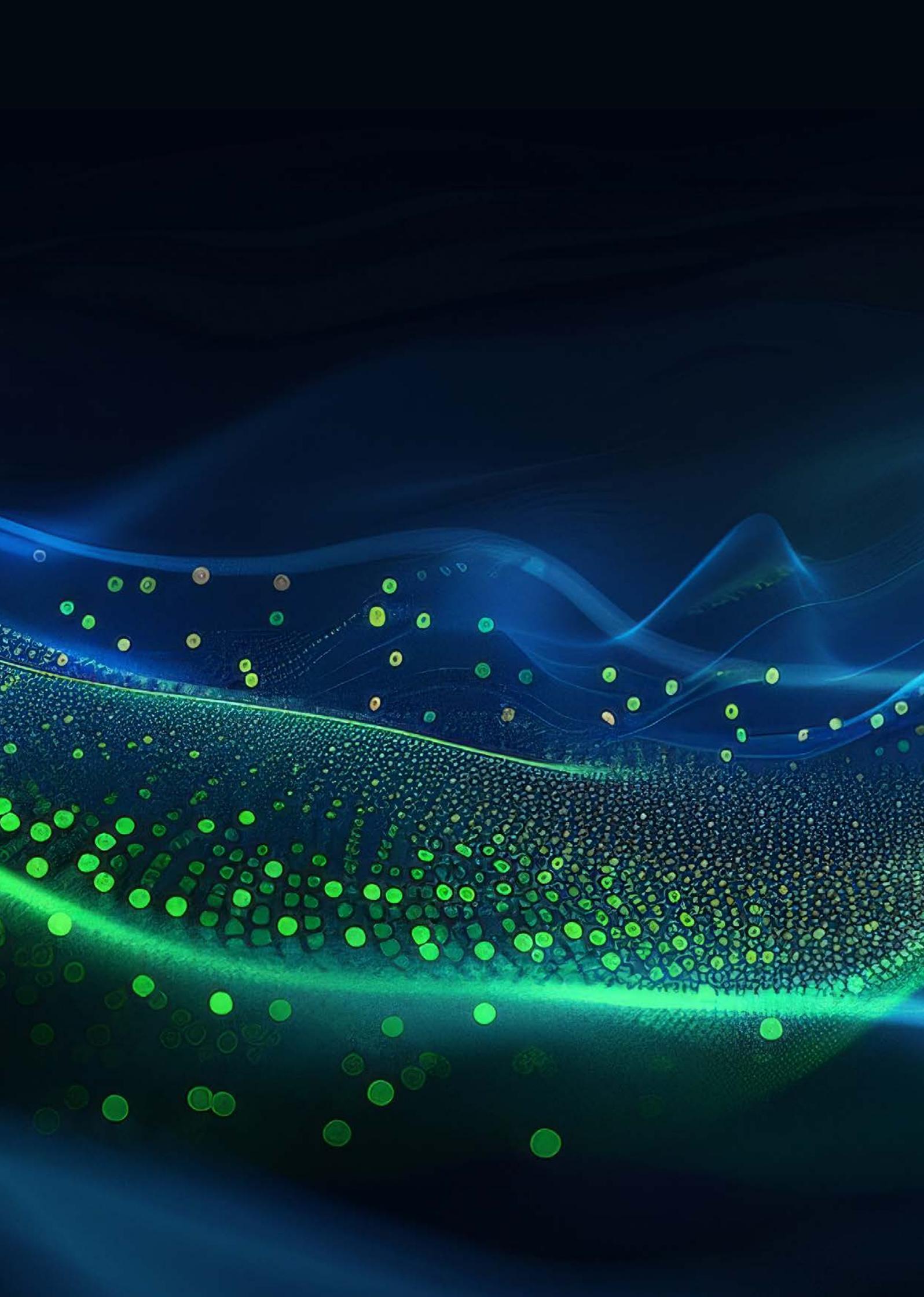
(3) Only Shares were traded. No Share Rights were acquired or disposed of during the six-month period ending on 18 February 2026 (being the latest practicable date before the date of this Target Company Statement).

## Schedule 5: Acceptance of Offer by Directors and Senior Managers (paragraph 7)

Name	Description	Designation	Number
Brent Robinson	Director	Shares	35,308,538
Darren Robinson	Associate of a Director (Brent Robinson)	Shares	35,307,304
Georgina Susan Twyman	Associate of a Director (Brent Robinson)	Shares	25,396,198
Marjorie Robinson	Associate of a Director (Brent Robinson)	Shares	425,665
Adam Robinson	Associate of a Director (Brent Robinson)	Shares	27,044
		Share Rights FY25 varied	60,000
		Share Rights FY26, exec varied	188,755
Zachary Robinson	Associate of a Director (Brent Robinson)	Shares	3,750
Siward Crystal Technology Co., Limited	Associate of a Director (Jung Meng Tseng)	Shares	28,016,681

**Notes:**

(1) This information is taken from responses to questionnaires circulated to the Directors and Senior Managers by Rakon after receipt of Bourns' Takeover Notice.





# Rakon Limited

## Independent Adviser's Report

February 2026

### STATEMENT OF INDEPENDENCE

Calibre Partners confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Calibre Partners has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.



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## 1. Executive summary

### 1.1 Introduction

Rakon Limited (**Rakon** or the **Company**) is a New Zealand incorporated company that is listed on the New Zealand Stock Exchange (**NZX**).

Rakon designs and manufactures high precision timing and frequency control solutions for a range of applications, including telecommunications, satellites, defence, datacentres, emergency beacons, and autonomous vehicles. Rakon operates three manufacturing sites located in New Zealand, France and India. It has operations and offices throughout the Asia-Pacific region, as well as in the USA, UK and France.

Bourns, Inc. (**Bourns**) gave notice on 11 January 2026 of its intention to make a full takeover offer (**Offer**) for 100% of the fully paid ordinary shares and all outstanding employee share rights. Bourns subsequently made a formal Offer on 9 February 2026 (**Offer Date**).

### 1.2 The Offer

#### Consideration

The Offer is a full takeover over at \$1.55 per share and employee share right, to be settled in cash.

#### Share commitments

As at 11 January 2026 (date of Takeover Notice), shareholders representing 41.2% of the Rakon shares on issue, had entered into Lock-Up Agreements to accept the Offer at \$1.55 per share, subject to certain conditions, including there being no superior offer. The shareholders are summarised in Table 4, at page 22 of this report.

In addition to the shares subject to the Lock-Up Agreements, shareholders representing 22.6 million shares (9.8%) had accepted the Offer as at 17 February 2026, which is around when this independent adviser's report was finalised.

As at 17 February 2026, shareholders with a combined interest of 51.027% of the Rakon shares on issue have accepted or agreed to accept the Offer.

#### Conditions

The Offer is subject to the following conditions:

- Receipt of acceptances in respect of at least 90% of the Rakon shares on issue. Bourns may choose to waive this condition. If it does so, it can proceed with acquiring additional shares because it already holds more than 50% of the shares on issue.
- Regulatory approvals required in New Zealand and certain overseas jurisdictions, including consent under the Overseas Investment Act 2005 (New Zealand); clearance under the French Monetary and Financial Code (France); and approval under the United Kingdom National Security and Investment Act 2021 (United Kingdom). Bourns has indicated the relevant applications have been/are being lodged and approvals are expected to be forthcoming.
- If any of the regulatory conditions remain unfilled on the Unconditional Date, and the Offer lapses in accordance with Rule 25(4) of the Takeovers Code, and the parties agree that it is reasonably likely that the regulatory condition will be satisfied, then the Lock-Up Agreements will not terminate and Bourns will make a new Offer on the same terms updated to reflect changes in circumstances (**New Offer**) including by making any consequential amendments. The terms of the Lock-Up Agreement will apply to the New Offer.



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## Accepting or rejecting the Offer

The Offer remains open until 11.59 pm NZDT on 23 March 2026, unless the Offer is extended in accordance with the Takeovers Code.

The Offer is open for acceptance by any person who holds Rakon shares, whether the shares were acquired before, on or after the date of the Offer.

### 1.3 Potential outcomes

There are various possible outcomes, depending on the level of acceptances. These are:

- **Bourns receives acceptances to control at least 90% of the Rakon shares**

If Bourns receives sufficient acceptances to hold or control at least 90% of the Rakon shares, then under the provisions of the Takeovers Code, Bourns will have the ability to compulsorily acquire the remaining Rakon shares it does not already control. Bourns intends to proceed with compulsorily acquiring the remaining shares in those circumstances.

All shareholders who accept the Offer would receive \$1.55 per share they own, in cash.

In the event of a compulsory acquisition, the remaining shareholders would receive the same consideration as those who accepted the Offer.

- **Bourns receives acceptances to control more than 50% but less than 90% of the Rakon shares**

*Bourns waives the condition on 90% threshold*

Bourns has already received acceptances to control more than 50% of the Rakon shares. If Bourns waives the condition that it receives acceptances sufficient to confer control of at least 90% of the Rakon shares on issue, then Bourns would acquire the shares held by accepting shareholders only.

Shareholders who do not accept the Offer would retain their shares, which would continue to be quoted on the NZX.

Bourns could increase its interest in Rakon, either by making a follow-on offer, or acquiring further shares under the 'creep' provisions of the Takeovers Code. If Bourns increased its holding in Rakon to 90% or more, it would be entitled (withing a specified period) to acquire the remaining shares in Rakon. The price of such a compulsory acquisition would depend on the manner in which Bourns increased its shareholding to 90% or above.

*Bourns does not waive the condition on 90% threshold*

The Offer will lapse if Bourns does not receive acceptances sufficient to confer control of at least 90% of the Rakon shares on issue, and Bourns does not waive the condition requiring receipt of such acceptances.



## 1.4 Key issues to be considered by shareholders

For shareholders deciding whether to accept or reject the Offer, key issues to be considered include:

- The proposed consideration of \$1.55 per Rakon share and share right is within our assessed valuation range of \$1.46 to \$1.94 per share. Our valuation is for 100% of Rakon. Our valuation range is reasonably wide. This is appropriate because of substantial uncertainty with Rakon's future performance. This includes uncertainty around how quickly and successfully it will grow in key markets, when and to what extent its expected manufacturing and organisational improvements will be realised, and whether regulatory risks may turn out to be higher than expected.
- The proposed consideration represents a premium of 72.2% to the closing share price of \$0.90 on 9 January 2026, which was the last trading day before the notice of the Offer.
- Rakon's two largest shareholders, who have a good knowledge of its operations, have agreed to accept the Offer at \$1.55 per share. We do not know if those shareholders already had a desire to sell their shares. However, either way, those shareholders are incentivised to achieve as high a price as possible.
- Rakon has received interest from multiple parties over the last few years. This includes the NBIO that was announced in December 2023. In these circumstances, we consider likely interested acquirers would have been aware that Rakon is 'on the market'.
- Other parties have had an opportunity to announce their interest or acquire shares on market. On market trading in Rakon shares during this period has occurred at prices below the Offer price, and no alternative offer has been announced.
- The regulatory issue identified below (Section 7.8) may be limiting the pool of potential acquirers interested in Rakon.
- Bourns has not stated whether it will increase its price. The likelihood of it increasing its price will be driven by whether it is comfortable with a shareholding between 50% and 90%, and the extent to which it sees value in Rakon above its Offer price.
- If Bourns waives the 90% acceptance condition, shareholders who do not accept the Offer will remain shareholders in a company largely controlled by Bourns. This would potentially result in reduced liquidity in share trading and less analyst coverage. Further, after 12 months from the closing of the Offer, Bourns would also be entitled to acquire an additional 5% shareholding in Rakon, per annum, under the 'creep' provisions of the Takeovers Code.
- There is uncertainty about when regulatory approvals will be received, and acceptances cannot be withdrawn. Because of this, shareholders may prefer to wait before accepting the Offer. However, shareholders who want to help build momentum for the Offer may prefer to accept earlier.
- We consider there is a high likelihood the Rakon share price would recede from current levels, once the Offer closes, if Bourns does not reach 90% control of Rakon shares.
- Our valuation range was determined on 17 February 2026.

**In our opinion, the Offer is reasonable. The proposed consideration is \$1.55 is within our assessed fair value range for Rakon, albeit below the mid-point.**

The above should be read in the context of the whole of this Report, including our analysis of the merits of the Offer, as set out in Section 7.

Accepting or rejecting the Offer is a matter for individual shareholders based on their own views as to value and future market conditions, as well as their risk profile, liquidity preference, portfolio strategy, tax position and other factors. For example, taxation consequences can vary widely across shareholders, and we note the after-tax value of the proposed consideration may vary between shareholders given their respective tax positions. Shareholders will need to consider these consequences and, if appropriate, consult their own professional advisers.



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## 2. Background

### 2.1 The Offer

On 11 January 2026, Bourns issued a formal notice of its intention to make a takeover offer (**Offer**) under the Takeovers Code.

Bourns made the offer to Rakon on 9 February 2026.

The Offer is a full takeover offer at \$1.55 per ordinary share and per employee share right. This represents a premium of 72.2% to the closing price of Rakon ordinary shares on the NZX of \$0.90 on 9 January 2026, being the last trading day before Bourns' takeover notice in respect of the offer was issued..

Pursuant to the Takeovers Code, if Bourns receives acceptances under the Offer that result in it holding or controlling 90% or more of the Rakon shares, then Bourns has the right to compulsorily acquire the remaining shares it does not already control. Bourns intends to proceed with compulsorily acquiring the remaining shares in those circumstances.

As at 17 February 2026, shareholders with a combined interest of 51.027% of the Rakon shares outstanding have accepted or agreed to accept the Offer.

### 2.2 Bourns, Inc.

Bourns was founded by Marlan and Rosemary Bourns in 1947 and continues to be a privately held business with ultimate ownership held by the Bourns family. Bourns has global operations and is headquartered in California.

Bourns' operations are split across twenty fully integrated manufacturing facilities worldwide. It manufactures and supplies a broad portfolio of electronic components. The business is organised according to three main competencies:

- Circuit protection components including discrete semiconductors, resistors, overvoltage protection, overcurrent protection, thermal protection solutions and Trimpot® trimming potentiometers.
- Power distribution and management components, including inductors, transformers, filters, and chokes.
- Sensing components and assemblies for measuring position, rotation, torque, speed, temperature, pressure, and humidity.

Bourns has stated that Rakon's products complements its offering and will expand Bourns' total portfolio of electronic component solutions. Furthermore, it has stated that if the Offer is successful, Bourns will operate Rakon as a standalone division within Bourns, retaining its global activities, employees and existing Research and Development (R&D) capabilities at all locations. Bourns intends to fully support Rakon's strategic plans by leveraging Bourns' global scale in operations, scale, distribution, and customer base, as well as access to capital from a strong balance sheet.

### 2.3 Purpose of this report

Rakon is subject to the Takeovers Code.

Rule 21 of the Takeovers Code requires an independent advisor to report on the 'merits' of a takeover offer. The term 'merits' has no definition in either the Takeovers Code or in any statute dealing with securities or commercial law in New Zealand. While the Takeovers Code does not prescribe a meaning of the term 'merits', the Takeovers Panel has interpreted the term to include both positives and negatives in respect of a transaction.

The Independent Directors of Rakon have appointed Calibre Partners to prepare an Independent Adviser's Report (**this Report**) to inform Rakon' shareholders on the merits of the Offer. Our appointment has been approved by the Takeovers Panel.



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This Report should not be used for any other purpose other than as an expression of Calibre Partners' opinion as to the merits of the Offer. Shareholders should read the Target Company Statement issued by Rakon in conjunction with this Report.

Accepting or rejecting the Offer is a matter for individual shareholders based on their views as to value and future market conditions, as well as their risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences can vary widely between shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional advisers.

## 2.4 Other

The sources of information we have had access to and relied upon are set out in Appendix 1.

This Report should be read in conjunction with the statements and declarations set out in Appendix 2 regarding our independence, qualifications, general disclaimer and indemnity, as well as restrictions on the use of this Report.

Unless specified otherwise:

- References to '\$' and 'NZD' are to New Zealand Dollars.
- References to 'US\$' and 'USD' are to United States Dollars.
- References to '€' and 'EUR' are to Euros
- References to 'local currency' are to the currency in the relevant jurisdiction.

All amounts are in New Zealand dollars unless stated otherwise.

When referring to Rakon, references to financial years or 'FY' mean Rakon's financial years ended 31 March. References to interim period, half years or 'HY' mean Rakon's interim reporting periods ended 30 September.

Tables may not add due to rounding.



### 3. Industry overview

Rakon is a global leader in frequency control and timing solutions, manufacturing crystal oscillators and space subsystems that are critical components in telecommunications infrastructure, datacentres, and satellite systems.

Rakon operates across four end markets with varying growth profiles, cyclicity and macroeconomic sensitivity, as summarised below.

Table 1: End market summary

End market	Proportion of Rakon's revenue (HY26)	Growth outlook	Cyclical or non-cyclical	Macro sensitivity
Telecommunications	46%	Moderate (recovery)	Cyclical	High
Aerospace and defence	37%	High	Non-cyclical	Low-moderate
Positioning (precision part of market)	12%	Stable	Non-cyclical	Moderate
Datacentre / AI	Not disclosed separately	Very high	Counter-cyclical characteristics	Moderate



### 3.1 Telecommunications

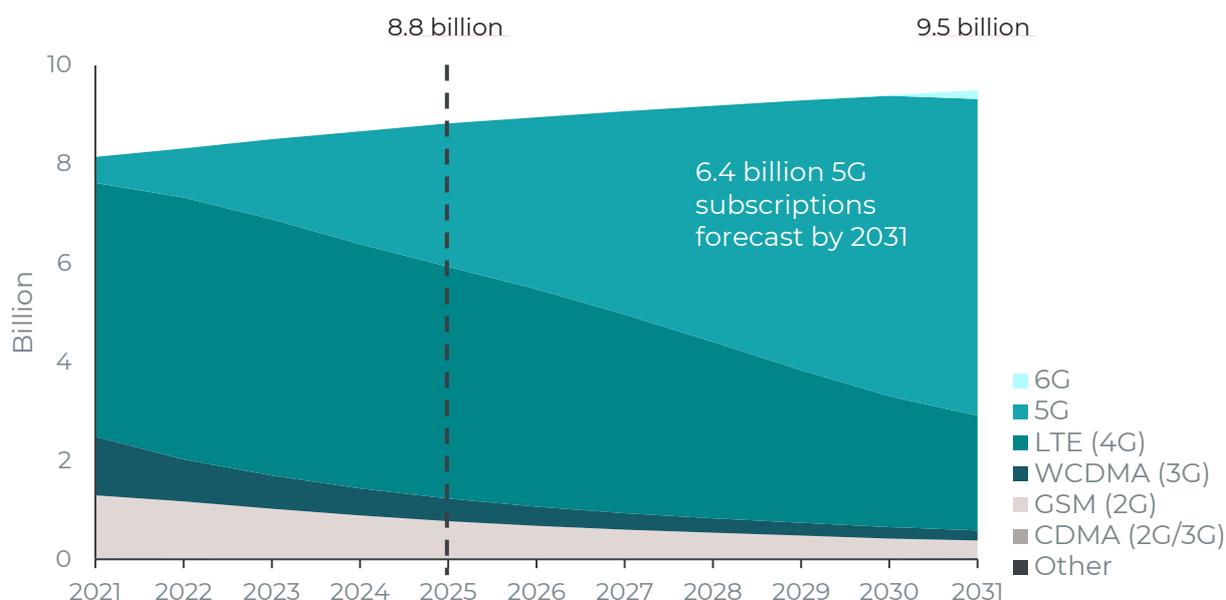
Telecommunications has historically been Rakon's largest end market, driven by the company's position as a leading supplier of Ultra Stable TCXOs (Temperature Compensated Crystal Oscillators) for mobile network infrastructure. Rakon's products are critical components in 5G base stations, radio heads, small cells, centralised units, distributed units, and wired transport equipment. Rakon supplies Tier-1 telecommunications infrastructure operators globally.

Global telecommunications capital expenditure is the primary driver of demand for Rakon's telecommunications products. Industry capital expenditure is cyclical and experienced a period of strong growth between 2019 and 2022 off the back of 5G roll-out. This was compounded by a global chip shortage and logistics challenges which resulted in operators stockpiling inventory. The tightening global economic conditions over 2024 and 2025 resulted in a cyclical downturn as operators deferred capital expenditure and realised previously stockpiled inventory.

The industry is showing signs of recovery, with near to mid-term growth, supported by:<sup>1</sup>

- **5G Network densification:** According to Ericsson's Mobility Report, global 5G subscriptions are forecast to reach 6.4 billion by 2031, up from approximately 2.8 billion at the end of 2024. 5G accounts for one third of all mobile subscriptions.

Figure 1: Mobile subscriptions by technology (billion)



- **5G standalone deployment:** Service providers are progressing between 5G Non-Standalone (an 'interim' version of 5G which uses existing 4G core networks); to Standalone architectures (dedicated 5G infrastructure), which requires network upgrades.
- **Fixed Wireless Access (FWA):** FWA, which provides connectivity through radio links, is emerging as a relevant 5G use case. It is used with 5G technology to deliver high speed internet services.
- **Network evolution to 6G:** 6G standardisation has begun with first commercial launches expected in front-runner markets. This represents a future upgrade cycle opportunity.

Multiple research sources indicate the 5G infrastructure market will maintain strong growth through the decade. However, near-term operator capex growth is expected to be flat to negative through 2026 before recovering, according to S&P Global Ratings projections.

<sup>1</sup> Ericsson Mobility Report, November 2025.



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Telecommunications capex is cyclical and sensitive to macro-economic conditions (interest rate sensitivity and the economic cycle) and government policies.

### 3.2 Space and defence applications

Rakon supplies Master Reference Oscillators (MROs) and other subsystems for Low-Earth-Orbit (LEO) satellite constellations, along with high-reliability components for traditional space missions and defence applications.

The global space economy is estimated to be in excess of US\$600 billion with commercial activities accounting for 75% of total revenue. Projections estimate the space economy could reach US\$1 trillion by 2030 to 2032<sup>2</sup>.

There are a number of supportive growth themes:

- There is an expectation of a LEO constellation proliferation with multiple mega-constellations being deployed for broadband connectivity. These constellations require precision timing components for each satellite. The LEO satellite market is projected to grow at 11-17% CAGR through 2030-2034. Each satellite requires multiple high-stability oscillators. SpaceX Starlink alone has 6,000+ operational satellites with continued launches. Amazon's project Kuiper has launched initial satellites with more than 3,000 planned.
- Growth in commercial space, for example space tourism and earth observation applications are expanding.
- Global defence expenditure is close to US\$2.8 trillion and space is increasingly critical for defence applications.
- Satellite to smartphones services are emerging, with multiple carriers partnering with LEO operators.

Overall, the space industry outlook is very positive across multiple segments.

Space industry investment is relatively insulated from economic cycles, due to its strategic nature, with space capabilities increasingly viewed as national security priorities and defence space budgets recently expanding in many jurisdictions. Private space investment is expected to be relatively more sensitive to market conditions, although current significant investors (Amazon, SpaceX) have substantial resources to sustain their programmes.

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<sup>2</sup> <https://www.spacefoundation.org>, Space: The \$1.8 Trillion opportunity for global economic growth, Insight report. World Economic Forum



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### 3.3 Artificial Intelligence infrastructure and datacentre synchronisation

Rakon has developed specific products for AI computing infrastructure, with precision timing being a key enabling technology for AI datacentre performance.

While Rakon does not currently earn substantial income from AI infrastructure, it expects substantial growth from a low base over the new few years, from what is a reasonably new segment of the market.

Datacentres have historically been designed for CPU-based, general-purpose, and predictable workloads (web hosting, virtualization, and database management), rather than for the performance of large language models (LLMs), which have intense, parallel, and high-density demands.

Importantly, Rakon's potential in AI infrastructure is closely linked to data centre synchronisation. Datacentre synchronisation involves replicating data in real-time between locations for high availability and, crucially, aligning server clocks with high precision. Precise synchronisation is essential for distributed computing, database transactions, financial systems, and increasingly, AI workloads.

Key growth drivers are:

- **Hyperscaler Capex:** The five largest hyperscalers (Amazon, Google, Microsoft, Meta, Oracle) invested more than US\$250 billion in capex in 2024, with various projections indicating that hyperscaler capex will reach approximately US\$500 billion in 2026<sup>3</sup>.
- **AI Workload Requirements:** AI and high-performance computing applications require precise synchronisation for real-time parallel and distributed computing.
- **GPU scaling requirements:** Training and inference for large language models requires thousands of GPUs operating in synchronisation.
- **5G Core Network Evolution:** Cloud-native 5G core networks in datacentres require precise timing for network slicing and edge computing applications.
- **Regulatory Requirements:** Financial trading mandates precise timestamping (FINRA requirements in the US), driving Precision Time Protocol (PTP) server adoption in financial datacentres.

Datacentre investment exhibits some counter-cyclical characteristics, for example the AI investment appears to be a structural shift rather than purely cyclical. Infrastructure investment into AI is expected to remain strong with hyperscaler capex more than doubling over the next few years. However, this rate of investment would not be expected to persist in the long run, and over the long term it is likely this investment becoming more cyclical.

AI infrastructure investment appears relatively insulated from macro-economic cycles due to its strategic importance. For example, hyperscalers continue investing despite high interest rates. AI is seen as existential to the competitive position of a wide range of entities. Governments are generally being supportive of AI investment and infrastructure development.

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<sup>3</sup> Goldman Sachs insights. Why AI Companies may invest more that \$500 billion in 2026.



## 4. Company overview

### 4.1 Overview and history

Rakon was founded and incorporated by Warren Robinson in 1967, initially producing channel crystals for radio telephones. Today, Rakon designs and manufactures high precision timing and frequency control solutions. Since its founding, the application of Rakon's products has grown substantially as technology has evolved and its components are essential to enabling fast, reliable data transfer and accurate positioning in modern technologies such as 5G networks, datacentres, LEO satellites and emerging Artificial Intelligence (AI) applications.

Figure 2: Timeline of key events

<b>1960 - 1979</b>	<p>Rakon Industries is incorporated by Warren Robinson in 1967.</p> <p>Throughout the 60s and 70s, Rakon developed channel crystals for radio telephones, for use in boats, taxis and other commercial vehicles.</p> <p>During this time, Rakon developed manufacturing and test equipment to produce products faster and more efficiently.</p>
<b>1980 - 1989</b>	<p>As the global communication technology market evolved, demand grew for high performance frequency control devices. Rakon began supplying its Temperature Compensated Crystal Oscillators (TCXOs) for early mobile phones.</p>
<b>1990 - 1999</b>	<p>Significant advances in technology continued and the Global Positioning System (GPS) market began to emerge as mainstream. Rakon captured this growth and continued to develop its products to serve these new applications, introducing new products to including the first integrated circuit (IC) TCXO.</p>
<b>2000 - 2009</b>	<p>Rakon began its development of mass-volume, high resolution temperature test systems, enabling it to dominate the Global Navigation Satellite System (GNSS) market, and significantly grow its telecommunications business.</p> <p>Start of internal Application-Specific Integrated Circuit (ASIC) development</p>
<b>2006</b>	<p>Rakon listed on the NZX</p>
<b>2007</b>	<p>Acquisition of frequency control products division of C-MAC Microtechnology, enabling access to European operations with factories in the United Kingdom and France. This expanded the product range to include Oven-Controlled Crystal Oscillators (OCXOs), Voltage Controlled Crystal Oscillators (VCXOs), and the Pluto ASIC technology which gave it access to the emergency locator beacon market.</p>
<b>2008</b>	<p>Formed a joint venture with Centum Electronics (India) to manufacture telecommunications infrastructure products and commercialise the French research and development.</p> <p>Formed a joint venture with Timemaker to vertically integrate quartz crystal supply.</p>
<b>2010 - 2019</b>	<p>Rakon launched its Ultra Stable Oscillator (USO) technology for space applications, as well developing the world's first and smallest Application Specific Integrated Circuit (ASIC) based OXC.</p>
<b>2010</b>	<p>Acquired assets of Temex, a French competitor.</p>
<b>2015</b>	<p>Investment in Thinxtra (Internet of things (IoT) company)</p>
<b>2016-2017</b>	<p>Siward Crystal Technology invested USD 10 million for a 16.6% stake and established a technology partnership.</p>
<b>2018</b>	<p>Completed the buyout of Centum's 51% interest in Centum (Rakon India), assuming full control of the Indian operations.</p>



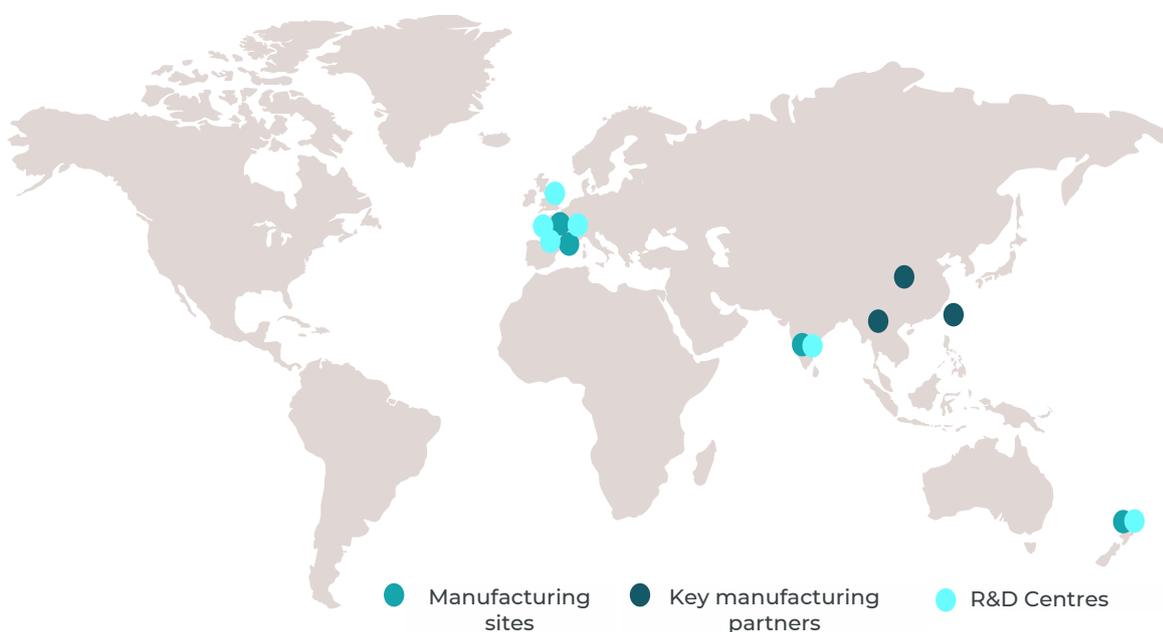
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<b>2019</b>	Release patented XMEMS technology
<b>2021</b>	Rakon publicly confirmed it had designed its own semiconductor chips and these were embedded in high-volume telecom oscillator products.
<b>2023</b>	Niku™ publicly announced. Niku is an inhouse designed ASIC semiconductor chip.
<b>2023</b>	Bengaluru facility completed.
<b>2024</b>	Expansion into advanced ASICs with the announcement of MercuryR™, designed to meet space grade reliability standards.

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## 4.2 Locations and operations

### Rakon at a glance



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**\$40M**   **\$37M**   **\$24M**   **\$3M**

North America   Asia   Europe   Others

Revenue by geography FY25

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**\$45M**   **\$11M**   **\$42M**

Telecommunications   Global positioning   Aerospace & Defence

Revenue by market segment FY25

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Historically Rakon has reported the following segments based on the geographic location of manufacturing and / or research and development activities:

- **New Zealand:** The head office is in New Zealand. It also designs and manufactures products for Telecommunications, Global Positioning and Defence markets. It is the innovation centre and the segment includes Research & Development (R&D) teams located in New Zealand and the United Kingdom.
- **France / India:** Designs and manufactures products for the Telecommunications market. R&D and support services are in France and manufacturing is in India. The facility in Bengaluru is the primary low-cost manufacturing hub as well as designing and manufacturing products for the Indian defence, aeronautics and space markets. Rakon commenced construction of the Bengaluru facility in 2023 and it became fully operational in 2024. Rakon transferred the production of selected product lines which was completed in 2025 with costs and scale benefits starting to be realised in the FY26 financial year. The goal is to transfer 80% of New Zealand production to India within 18 months, freeing up the New Zealand capacity for R&D pursuits. Rakon has stated that current US tariffs are not expected to have a material impact, and has estimated the potential cost as ~2% (or less) of revenue. However, the net impact will depend on the final tariff regime (including product classification and country-of-origin rules).
- **France HiRel:** Designs and manufactures high-reliability products for Aerospace and Defence markets. The company recently completed the expansion of its Aerospace and Defence R&D and manufacturing facility which will enable the company to increase production to meet its multi-year backlog, which it values at \$75 million.
- **Timemaker:** Rakon's 37% interest in Chengdu Timemaker Crystal Technology Co. Limited (Timemaker). Timemaker is one of the world's largest quartz blank manufacturers and a key supplier to Rakon.

In 2025, Rakon announced an organisational transformation which included a realignment of its global business units. This included a transition to a market-based business structure centred around two business units:

- **Aerospace and Defence**
- **Commercial**, which includes
  - Telecommunications,
  - AI,
  - Positioning, and
  - Other.

### 4.3 End market applications and customers

Rakon supplies frequency control components, timing modules and subsystems to:

- Telecommunications infrastructure Original Equipment Manufacturers (OEMs) and network equipment providers (5G/6G, backhaul, switching);
- Aerospace & Defence primes, space agencies, and satellite manufacturers.
- Positioning customers which include GNSS receiver and module manufacturers, emergency beacon (ELT/EPIRB/PLB) providers and industrial positioning applications; and
- Emerging AI and Cloud infrastructure customers (Tier-1 platforms).



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## Telecommunications (Core)

Telecommunications remains Rakon's largest market segment, serving 5G network infrastructure providers globally and comprising 44% of FY25 revenue. It has however faced the most significant revenue pressure, contracting approximately 33% in FY25, due to cyclical market weakness.

The key market drivers have been and will continue to be the 5G network rollout, 5G advanced and future 6G development, network densification, datacentre synchronisation<sup>4</sup> and optical transport equipment.

Customers tend to be Tier-1 telecommunications infrastructure OEMs including major equipment vendors.

Rakon's competitive advantage in telecommunications stems from its proprietary technology platforms. The company has shipped over 40 million Pluto-based Ultra Stable TCXOs to more than 800 customers worldwide. In October 2023, Rakon launched the Niku platform, a next-generation ASIC semiconductor chip providing best-in-class ultra-low jitter (less than 50 femtoseconds) with frequency stability of plus or minus 100 parts per billion, specifically designed for demanding 5G, 5G Advanced, and emerging 6G applications.

## Positioning (Core)

Positioning contributed 11% to FY25 revenue. It serves GPS/GNSS applications for navigation and precision positioning. Rakon's products have application in autonomous vehicles, drones, precision agriculture, mining, surveying, emergency locator beacons and consumer GPS devices.

The Positioning market has faced increased competition which has put pressure on margins. However, Rakon remains a strong participant in the higher margin Precise Positioning part of the market, this includes emergency locator beacons.

The positioning market is driven by growing reliance on location data for autonomy, infrastructure, safety, logistics, and digital services, combined with rising demands for accuracy, reliability, resilience, and scale.

Customers are typically GNSS receiver and module manufacturers, emergency beacon providers (e.g., aviation ELTs, marine EPIRBs and personal locator beacons), industrial/precision positioning equipment providers, and certain specialist IoT and timing applications requiring high-stability frequency control.

## Aerospace and defence (Core)

Aerospace and Defence is Rakon's fastest-growing segment, representing 37% of group revenue (\$20.1 million) in 1H FY26, up 20% year-on-year. This is the fifth consecutive period of year-on-year growth. It now contributes more margin dollars than Telecommunications.

Future growth is expected from New Space / LEO constellations, increased defence and space budgets and growing reliance on resilient timing in communications, navigation and radar systems.

Customers are Aerospace & Defence primes, space agencies, and satellite manufacturers. These customers typically have long qualification cycles.

Rakon has a 40+ year heritage working with major space agencies including NASA (USA), ISRO (India), ESA (EU), CNES (France), DLR (Germany) and its products are included in missions to Mars, the moon, Jupiter and numerous earth observation satellites.

Rakon has achieved preferred supplier status for its Space Subsystems portfolio and maintains a strong order book. This includes several multi-million-dollar contracts with MDA Space supporting the deployment of next-generation satellites for the Globalstar LEO constellation. Globalstar underpins Apple's satellite connectivity services, and Apple has committed up to US\$1.7 billion, including an equity investment, to fund the expansion of the constellation and associated ground infrastructure.

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<sup>4</sup> Refers to all systems with a datacentre operating on the same precise timing and frequency.



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## AI and cloud computing infrastructure (emerging / growth)

AI is a new high-growth segment targeting datacentre synchronisation for AI workloads. AI and high-performance computing require precise synchronisation for real-time parallel and distributed computing. Rakon is designed into nearly every leading AI datacentre architecture, and it is expanding production capacity ahead of that demand.

AI and Cloud Infrastructure is an emerging growth market for Rakon. Customer pipelines are expected to be concentrated (typical of Tier-1 platform markets), and customers are typically 'sticky' due to design-in cycles, platform qualification and the high cost/risk of changing timing solutions once deployed.



## 4.4 Products and proprietary technologies

Rakon's product portfolio includes oscillators (TCXO, VCXO/VCSO, OCXO and XO), timing modules and aerospace/space subsystems. Proprietary technologies include ASIC-based oscillator platforms (e.g., Mercury/MercuryX, Niku and related chipsets), specialised packaging/thermal management, high-reliability manufacturing know-how, and proprietary test and qualification procedures and software.

Rakon maintains significant R&D investment to protect its technology leadership. It has six R&D centres globally and has recently invested in the region of \$22 million (~17% to 20% revenue) per annum on R&D projects.

### Products

Rakon's products and solutions provide stable and precise timing signals in electronic systems. Rakon designs and manufactures crystal oscillators, and in more recent years it has expanded up the semiconductor value chain by developing proprietary semiconductor chips (ASICs)<sup>5</sup>. These are central to Rakon's timing products. ASICs are purpose-built semiconductor chips and are widely used in telecommunications, datacentres and AI hardware, aerospace and defence systems and precision timing and control systems.

Rakon's core products are summarised in the following table.

Table 2: Products

Product type	Description	Key applications
TCXO	Temperature Compensated Crystal Oscillator. These provide stable frequency output across temperature variations	Telecommunications, emergency locator beacons, GNSS, military and performance critical systems
OCXOs / OSCOs	Oven Controlled Crystal Oscillator. Designed to operate within a temperature-controlled environment for highest stability and performance over temperature changes. This makes it ideal for applications requiring precise frequency reference sources.	Satellite systems, datacentres, telecommunications
VCXO / VCSO	Precision voltage-controlled oscillators where the output frequency can be finely adjusted via a control voltage (VCXO = Voltage Controlled Crystal Oscillator; VCSO = Voltage Controlled SAW Oscillator). Used for low phase noise / low jitter clocking and synchronisation in telecommunications and positioning applications.	Space, defence, avionics and instrumentation
XO	Quartz Oscillator. Basic frequency source for general applications.	Consumer electronics, general timing, broad band
VCO	Hybrid voltage-controlled oscillators designed for harsh environments (including space and defence). Employ thick-film hybrid technology to optimise size, weight and power (SWaP) while delivering low phase noise performance.	Space and defence applications
Crystal resonators	Passive quartz crystal components used in oscillator circuits.	Space, automotive
Space subsystems	Complete timing solutions including the Master Reference Oscillator (MROs), GNSS receivers, S-Band transceivers.	LEO/GEO satellites, satellite constellations, International Space Station (ISS) missions

<sup>5</sup> ASIC means Application-Specific Integrated Circuit. It is a custom designed semiconductor chip built to perform a specific function very well, rather than being programmable for many tasks.



## Proprietary technologies

Rakon commenced in-house ASICs development between around 2018 and 2019, this coincided with increasing demands of 5G timing and the growing complexity of space payload electronics.

In Rakon products, the ASICs work together with quartz crystal resonators, MEMS-based resonators<sup>6</sup> (XMEMS®) and precision temperature sensors. This combination allows Rakon to deliver system-level timing accuracy, not only a discrete component.

Rakon's ASIC development aligns with the global shift towards AI infrastructure and high-precision timing. It differentiates Rakon from low-cost oscillator competitors and moves it up the value chain. This is part of Rakon's strategic shift toward higher-value, semiconductor/ASIC-enabled timing solutions (including for AI / cloud infrastructure) as a key longer-term growth and margin opportunity. This complements the core recovery expectation as Telecommunications demand normalises.

Rakon's proprietary technologies are summarised in the table below.

Table 3: Proprietary technologies

Technology	Description	Key applications
XMEMS™ Technology	Key applications include next-generation telecommunications infrastructure and emerging AI / cloud infrastructure timing solutions, where high-frequency, low-jitter and robust resonators are required.	Telecommunications, AI and cloud infrastructure
Niku™ ASIC Platform	Rakon's in-house ASIC platform designed to deliver improved precision and exceptionally low phase noise in ultra-stable TCXOs, supporting stringent timing requirements in next-generation networks and AI computing platforms.	AI computing, 5G networks, precise positioning, and automotive
Mercury™ and MercuryX™ ASIC Platform	Mercury was released in 2023/2024 and it is Rakon's in-house ASIC for IC-OCXOs. Mercury products are used in telecommunications, datacentres and 5G. MercuryX products combine the Mercury chip with XMEMS resonators to deliver ultra-high stability. These are designed for the AI computing hardware market.	Telecommunications, AI computing
MercuryR™ ASIC Platform	A radiation hardened semiconductor chip designed for Rakon's space oscillator products. Announced in 2024	Space, LEO satellite constellations, ground stations and other space infrastructure
Vulcan™	Rakon's next-generation timing ASIC platform intended to underpin its semiconductor-based IC-OCXO solutions, targeting ultra-low jitter / phase noise performance and improved integration for high-performance timing.	Key applications include AI / cloud infrastructure (datacentre and AI computing platforms) and advanced telecommunications networks.
Kelvin™ temperature sensors	Rakon's proprietary temperature sensor placed directly onto XMEMS resonators for more accurate temperature compensation	

<sup>6</sup> MEMS refers to Microelectromechanical system oscillators.



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## 4.5 Competitive positioning and market share

Rakon competes globally across frequency control and timing, with differentiation in high-reliability/space products and ASIC-enabled timing solutions. In FY25, management noted Telecommunications and Positioning maintained market share through the cyclical slowdown. Rakon is also positioned as a leading supplier in New Space subsystems, supported by long-life program qualification and reliability credentials.

Rakon's strengths:

- Technology leadership in Ultra Stable TCXOs.
- Proprietary XMEMS and ASIC technology (Niku, Mercury).
- Top 3 position in New Space subsystems globally.
- Strong customer relationships with Tier-1 telecom OEMs.
- Diversified manufacturing (NZ, France, India, China Joint Venture).
- 40+ year heritage in space industry with major agency relationships.

Competitive challenges:

- Significantly smaller scale than American, Japanese and Taiwanese competitors.
- Supply chain and customer concentration.
- MEMS technology threat from SiTime.
- Price erosion in consumer/commodity segments.



## 4.6 Regulatory issues and impact on buyer interest

Rakon advises a “regulatory complexity” was identified in 2024, during a due diligence process with a potential acquirer.

The issue has since been addressed by Rakon, including:

- The discontinuation of certain customer relationships,
- Improvements to internal compliance frameworks, and
- Proactive engagement with relevant regulators.

Rakon advises there remains a “regulatory overhang” arising from its historical activities, which may take several years to fully resolve.

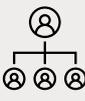
Rakon has not recognised a provision or contingent liability in its financial statements in relation to regulatory matters. However, the matter remaining open may pose a challenge for prospective US-based parties looking to acquire the Rakon business.

### United States Tariff regime

Rakon has stated that current US tariffs are not expected to have a material impact its results, and has estimated the potential cost as ~2% (or less) of FY25 revenue. The impact will depend on the final tariff regime (including product classification and country-of-origin rules).

## 4.7 Corporate strategy

Over the past three years the management team has consistently communicated a corporate strategy focussed on diversification, technology leadership, and manufacturing efficiency. Rakon identified the following pathways to deliver growth, scale and efficiencies.

 <p><b>Grow the core business</b></p>	<ul style="list-style-type: none"> <li>• Telecommunications market leadership</li> <li>• Access Aerospace and Defence markets in North America</li> <li>• Precise Positioning sub-segment applications</li> <li>• New technology design-in wins in all core markets</li> </ul>
 <p><b>Maintain product and technology leadership</b></p>	<ul style="list-style-type: none"> <li>• Accelerate time to market of semiconductor chips</li> <li>• XMEMS – Deliver next generation products and performance</li> <li>• Aerospace – diversified product range including higher value chain equipment and subsystems</li> </ul>
 <p><b>Expand into new markets</b></p>	<ul style="list-style-type: none"> <li>• Commercial Space – including LEO satellite constellations</li> <li>• AI computing hardware / AI factories and advanced datacentres</li> <li>• Autonomous vehicles</li> <li>• Targeting key customer partnerships in new and emerging markets</li> </ul>
 <p><b>Deliver world class manufacturing</b></p>	<ul style="list-style-type: none"> <li>• Accelerated plan for enabling capability and volume manufacturing</li> <li>• Advanced supply chain management</li> <li>• XMEMS nanotechnology volume manufacturing</li> </ul>
 <p><b>Organisational transformation</b></p>	<ul style="list-style-type: none"> <li>• Reconfigure global operations to align with strategic priorities</li> <li>• Optimise organisational capabilities and capacity to scale for growth</li> <li>• Drive efficiency initiatives across global organisational structure and processes</li> </ul>

The growth roadmap for the next three years was released as part of the FY26 interim results. This aims to continue Rakon’s transition from being exposed to traditional rollout cycles (reliance on Telecommunications) to a diversified and cycle-resilient business.



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## FY26 – FY28 roadmap

	FY2026	FY2027	FY2028
<b>Aerospace &amp; Defence</b>	<ul style="list-style-type: none"><li>• Delivery of current subsystem contracts</li><li>• Ramp up space product manufacturing capacity</li></ul>	<ul style="list-style-type: none"><li>• Release next-gen semiconductor and products for space applications</li></ul>	<ul style="list-style-type: none"><li>• Scale production of latest subsystem products</li><li>• Grow share of global space market</li></ul>
<b>AI &amp; Datacentre</b>	<ul style="list-style-type: none"><li>• Convert initial orders from Tier-1 players</li><li>• Delivery of significant revenue</li></ul>	<ul style="list-style-type: none"><li>• Continue design wins for next-gen architecture</li><li>• Grow AI hardware revenue</li></ul>	<ul style="list-style-type: none"><li>• Achieve 'default' supplier status in targeted classes</li><li>• Drive production efficiency</li></ul>
<b>Telecommunications and Positioning</b>	<ul style="list-style-type: none"><li>• Increased order and improved margins as demand returns</li></ul>	<ul style="list-style-type: none"><li>• Move to higher value product mix, leveraging proprietary XMEMS and chip technology</li></ul>	<ul style="list-style-type: none"><li>• Increase volumes in targeted segments through higher-value product mix</li></ul>
<b>Operating and systems</b>	<ul style="list-style-type: none"><li>• Continue selected product transfer to India facility</li><li>• Volume production of products transferred in FY25</li></ul>	<ul style="list-style-type: none"><li>• Complete next phase of key product transfers into India</li></ul>	<ul style="list-style-type: none"><li>• Leverage global manufacturing to maximise competitive advantage and production efficiency</li></ul>

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## 4.8 Share ownership

As at 8 January 2026, Rakon has 229,809,013 shares on issue and more than 4,100 registered shareholders.

### 22: Share register summary as at 8 January 2026

Shareholder	Shares	Percentage
1 Siward Crystal Technology Co Limited	28,016,681	12.19%
2 Brent John Robinson & Darren Paul Robinson & Georgina Susan Twyman	25,393,124	11.05%
3 Wairahi Investments Limited	13,200,000	5.74%
4 Accident Compensation Corporation - NZCSD	11,411,705	4.97%
5 Brent John Robinson	9,915,414	4.31%
6 Darren Paul Robinson	9,914,180	4.31%
7 Forsyth Barr Custodians Limited	7,155,299	3.11%
8 New Zealand Depository Nominee Limited	6,341,492	2.76%
9 Forsyth Barr Custodians Limited	5,144,000	2.24%
10 Etimes Group International Limited	3,697,716	1.61%
11 Custodial Services Limited	3,696,387	1.61%
12 Michael Murray Benjamin	3,000,000	1.31%
13 Fergus David Elliott Brown	3,000,000	1.31%
14 F B Trustee Limited	3,000,000	1.31%
15 Wairahi Holdings Limited	2,950,000	1.28%
16 Forsyth Barr Custodians Limited	2,573,904	1.12%
17 FNZ Custodians Limited	2,455,658	1.07%
18 Iconic Investments Limited	1,977,602	0.86%
19 Phillip Malcolm Cook & Delia Joan Cook	1,700,000	0.74%
20 JB Were (NZ) Nominees Limited	1,647,280	0.72%
<b>Top 20 shareholders</b>	<b>146,190,442</b>	<b>63.61%</b>
Remaining Shareholders	83,618,571	36.39%
<b>Total</b>	<b>229,809,013</b>	<b>100.00%</b>

Source: Rakon share registry

As at the date of this report, Bourns has entered into lock-up agreements with shareholders with a total shareholding of 41.2% or approximately 94.7 million shares. As at 17 February 2026 further acceptances had been received. The total number of acceptances is 51.027% or 117.3 million shares. That leaves approximately 112.5 million Rakon shares held by other shareholders. These shares are reasonably widely held, with shareholders generally holding relatively small parcels of shares. The shareholders who have entered into lock up agreements are included in the following table.

Table 5: Parties to Lock-Up Agreements

Shareholder	Shares	Proportion
Siward Crystal Technology Co. Limited	28,016,681	12.19%
Georgina Susan Twyman, Darren Paul Robinson and Brent John Robinson as trustees of the Ahuareka Trust	25,393,124	11.05%
Wairahi Investments Limited and Wairahi Holdings Limited	16,150,000	7.03%
Darren Paul Robinson	9,914,180	4.31%
Brent John Robinson	9,915,414	4.31%
Etimes Group International Limited	3,697,716	1.61%
HLR Holding Company Limited	1,584,736	0.69%
<b>Aggregate</b>	<b>94,671,851</b>	<b>41.20%</b>

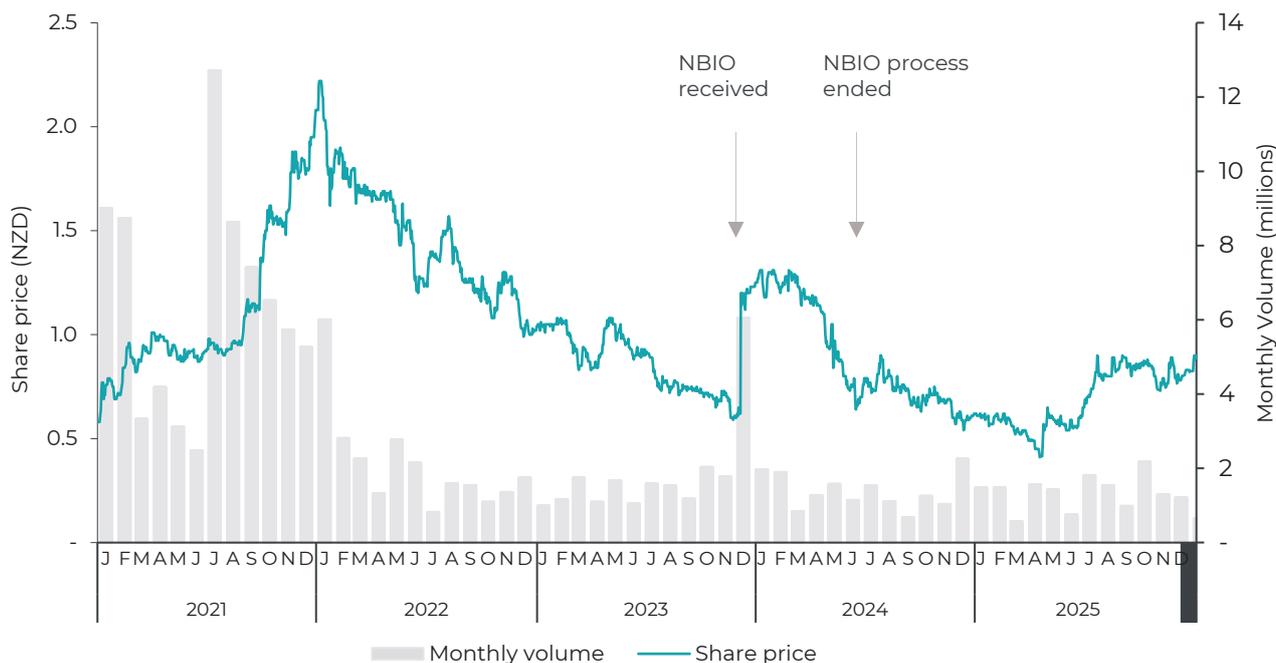


Under the Takeovers Code, if an offeror (Bourns in this case) acquires 90% or more of the shares, it gains the right to compulsorily acquire the remaining shares it does not control. As at 17 February 2026, Bourns requires acceptances for an additional 89.5 million Rakon Shares (38.95%) to reach the 90% threshold.

## 4.9 Share price performance

Figure 3 shows the prices and volumes of Rakon Shares traded on the NZX Main Board since January 2021.

Figure 3: Share price and volume traded, NZX main board



Source: S&P Capital IQ.

Following strong performance in FY21 and FY22 off the back of the 5G rollout and the global chip shortage, the share price increased to a high of \$2.22 in January 2022. However, as the Telecommunications and Positioning markets entered into a cyclical downturn, 5G capex was deferred and customers began to right size stock levels following the chip shortage, the share price trended down to \$0.60 in December 2023 when a non-binding indicative takeover offer of \$1.70 was received. Ultimately the deal did not proceed. Compounded with the weak market conditions of FY24 and FY25, the share price decreased to a low of \$0.41 in April 2025.

The share price has steadily increased since, to \$0.90 prior to the offer as signals of a market recovery have emerged, particularly following the full year results announcement in June 2025 and the following earnings guidance.

Table 6 shows the price and volume of Rakon shares traded on the NZX Main Board in the periods to 9 January 2026, before the Offer.



Table 6: Share price and volume traded on the NZX in the period to 9 January 2026

	Share price (NZD)			Volume (000s)	Proportion of issued capital
	Low	High	VWAP		
30 Days	0.77	0.90	0.84	2,331	1.01%
90 Days	0.73	0.90	0.84	6,337	2.76%
Six months	0.41	0.90	0.83	12,568	5.47%

Source: S&P Capital IQ

The proposed consideration of \$1.55 per share represents:

- A premium of 72.2% on the closing share price of \$0.90 on 9 January 2026.
- A premium of 84.1% on the VWAP of \$0.84 for the 30 days ended 9 January 2026.
- A premium of 85.6% on the VWAP of \$0.84 for the 90 days end 9 January 2026.
- A premium of 87.0% on the VWAP of \$0.83 in the six months ended 9 January 2026.



## 5. Financial overview

### 5.1 Consolidated financial performance

Over the last 5 years Rakon has experienced record results followed by market cyclical weakness.

Rakon achieved record results in FY22 with revenue of \$172 million and underlying EBITDA of \$54.4 million (31.6% margin). This was driven by strong demand across all markets and benefited from the 5G roll-out and global chip shortage which created short-term opportunities for the business.

Revenue declined sharply from FY23, decreasing 29% in FY24 and a further 19% in FY25. The primary drivers were deferred global 5G capex, customer inventory corrections in telecommunications and positioning markets, and the strategic exit from a Chinese customer (representing ~5% of revenue). FY25 was a particularly challenging year in both Telecommunications and Positioning due to cyclical market weakness.

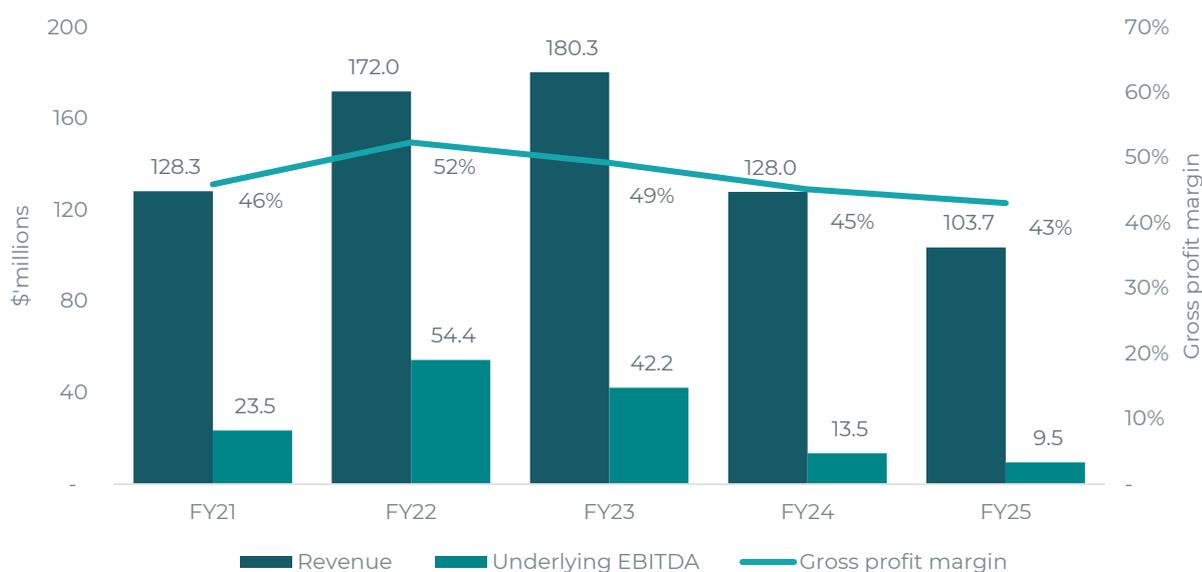
While its Telecommunications and Positioning segments were challenged, Aerospace and Defence grew consistently as the market grew and Rakon released new versions of its products essential to the communication, synchronisation and navigation of satellites and space vehicles.

In FY25, Rakon undertook a significant cost reduction exercise including workforce reduction of ~22% and accelerated manufacturing transfers to India. However, given its high levels of operating leverage, the low order volumes resulted in highly volatile earnings, and despite its efforts to reduce costs, FY25 EBITDA declined 29%.

Management has noted that the second half of FY25 was materially stronger than the first half, signalling positive signs of recovery with demand for key products increasing and a strong order backlog. 60% of FY25 revenue was earned in the second half of FY25, with Underlying EBITDA of \$16.8 million in the second half of FY25 compared to a loss of \$7.3 million in the first half.

Notwithstanding the challenging market conditions, over this period the company transitioned from a cyclical telecommunications dependent business to having a more diversified portfolio with strong aerospace growth and emerging AI opportunities.

Figure 4: Revenue and Underlying EBITDA



Rakon's financial performance is summarised in the table below. FY21 to FY25 are based on the audited annual financial statements.



Table 7: Historical financial performance (\$ millions)

	FY21	FY22	FY23	FY24	FY25
Telecommunications	77.0	86.0	100.6	66.9	45.4
Positioning	14.0	28.0	33.8	13.9	10.9
Aerospace and Defence	30.0	24.5	28.9	36.8	42.4
Other	7.4	33.4	17.0	10.5	4.9
<b>Total revenue</b>	<b>128.3</b>	<b>172.0</b>	<b>180.3</b>	<b>128.0</b>	<b>103.7</b>
Cost of sales	(69.3)	(81.9)	(91.5)	(70.2)	(59.0)
<b>Gross profit</b>	<b>58.9</b>	<b>90.1</b>	<b>88.8</b>	<b>57.9</b>	<b>44.7</b>
<i>Gross profit margin</i>	46%	52%	49%	45%	43%
Other operating income	2.6	1.6	0.4	0.4	0.8
<i>Operating expenses</i>					
Selling and marketing	(9.4)	(9.4)	(10.6)	(11.1)	(12.4)
Research and development	(12.9)	(14.7)	(17.0)	(17.7)	(11.7)
General and administration	(26.6)	(25.3)	(31.2)	(30.6)	(30.9)
Total operating expenses	(49.0)	(49.3)	(58.8)	(59.4)	(55.0)
Other gains/(losses) - net	(1.2)	(0.9)	3.0	4.1	2.0
<b>Operating profit/(loss)</b>	<b>11.3</b>	<b>41.4</b>	<b>33.3</b>	<b>2.7</b>	<b>(7.6)</b>
Finance income	0.03	0.04	0.4	0.5	0.5
Finance costs	(1.6)	(1.9)	(0.9)	(0.7)	(1.3)
Share of net (losses)/profits of associates	1.4	2.4	1.5	2.6	1.3
<b>Profit/(loss) before income tax</b>	<b>11.2</b>	<b>42.0</b>	<b>31.4</b>	<b>0.09</b>	<b>(7.1)</b>
<b>Underlying EBITDA<sup>7</sup></b>	<b>23.5</b>	<b>54.4</b>	<b>42.2</b>	<b>13.5</b>	<b>9.5</b>
Capital expenditure	5.1	10.4	18.7	17.0	17.0
<b>Operating cash flow</b>	<b>20.1</b>	<b>30.2</b>	<b>11.1</b>	<b>17.8</b>	<b>9.0</b>

Source: Rakon annual reports

A reconciliation between profit before tax, Underlying EBITDA and EBITDA (excluding IFRS 16) is shown in the table below.

<sup>7</sup> Underlying EBITDA is defined as Earnings before interest, tax, depreciation, amortisation, impairment, employee share schemes, non-controlling interests, adjustments for associate's share of interest, tax and depreciation, loss on disposal of assets and other cash and non-cash items<sup>7</sup>



**Table 8: Reconciliation to Underlying EBITDA and EBITDA (excluding IFRS 16)**

	FY21	FY22	FY23	FY24	FY25
Net profit before tax	11.2	42.0	31.4	0.09	(7.1)
Depreciation and amortisation	8.7	8.9	7.8	8.3	9.8
Share of associate interest, tax and depr	1.8	2.2	2.1	1.6	2.2
One off costs				2.5	3.6
Net finance costs	1.6	1.9	0.5	0.2	0.8
Other	0.2	(0.5)	0.4	0.7	0.1
<b>Underlying EBITDA (per financial statements)</b>	<b>23.5</b>	<b>54.4</b>	<b>42.2</b>	<b>13.4</b>	<b>9.5</b>
Adjustment for associate earnings	(3.3)	(4.6)	(0.6)	0.9	(3.5)
Cash lease cost	(2.6)	(2.6)	(2.5)	(2.3)	(2.9)
<b>EBITDA for valuation purposes</b>	<b>17.6</b>	<b>47.2</b>	<b>39.1</b>	<b>12.1</b>	<b>3.1</b>

Underlying EBITDA is a non-GAAP measure defined and disclosed in Rakon's financial statements. We have included a reconciliation to EBITDA (excluding NZ IFRS 16) which includes the cash lease cost as well as removing the portion of earnings from associate include in Underlying EBITDA. We have done this for valuation purposes and to ensure earnings comparability with the listed trading comparable companies.

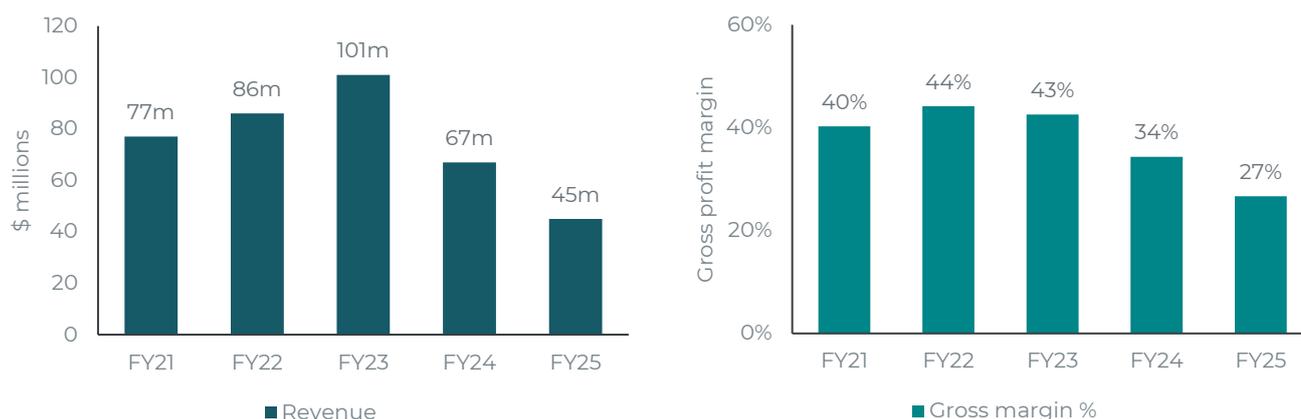
The following are key points to consider when considering Rakon's financial performance.

### 5.1.1 Revenue and gross margin

Although Rakon has historically reported its segments by manufacturing and R&D location, we have considered the historical analysis based on the market segments as this is more consistent with the way in which it will report going forward and the basis on which its forecasts are prepared. Due to the expected growth, AI and Data Centre will be a standalone reporting segment in FY26.

#### Telecommunications revenue and gross margin

**Figure 5: Telecommunications financial performance**



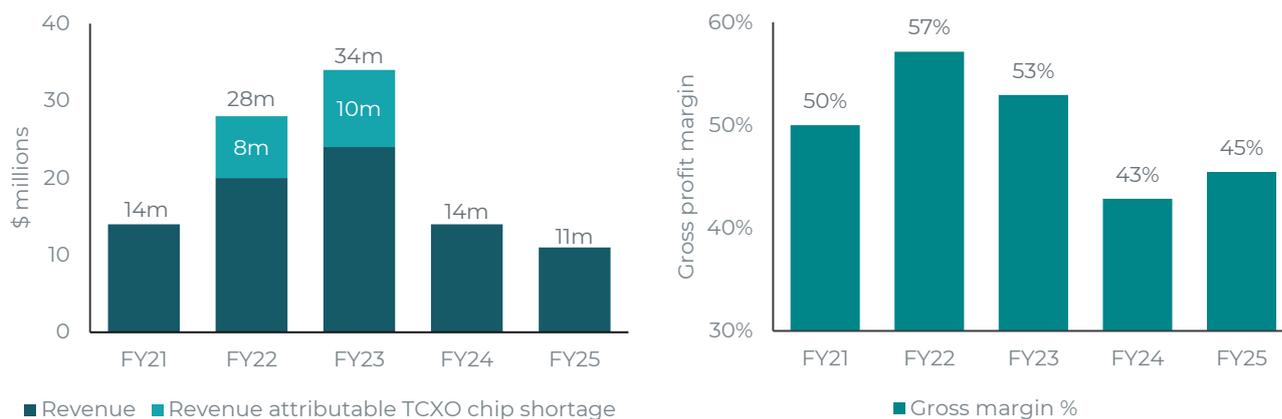
- Telecommunications remains Rakon's largest segment despite its recent performance.
- Over the last 5 years the Telecommunications business has been significantly impacted by 5G. FY21 to FY23 was characterised by strong growth with the initial roll out of the 5G network, as well as upgrades to the 4G network. The shift towards remote working and continuous developments in cloud computing equipment and infrastructure also bolstered demand during this period. During this period, mobile operators stockpiled inventory in response to the global logistics challenges experienced at the time.



- This was followed by a period of market cyclical weakness and a consequent significant decline in order volumes as mobile operators deferred capital expenditure in response to challenging macro-economic conditions and reducing and normalising inventory that had been accumulated up to FY23.
- Management noted in the FY25 annual report that the first half of FY25 was the most challenging period for the Telecommunications market since 2018. This was experienced broadly across the market, rather than being specific to Rakon. Rakon notes that it has maintained its market share, despite the contraction in revenue.
- FY25 revenue was further impacted by the strategic decision to exit a relationship with a Chinese customer, accounting for approximately 5% of Telecommunications revenue.
- The reduction volumes since FY23 meant that Rakon lost its economies of scale and operating leverage, resulting in the Telecommunications gross margin contracting from a high of 44% to 27% in FY25.
- Although FY25 was challenging overall, the second half showed improvement, indicating improving and stabilising market conditions with the inventory normalisation complete and 5G investment resuming across North America.

## Positioning revenue and gross margin

Figure 6: Positioning financial performance

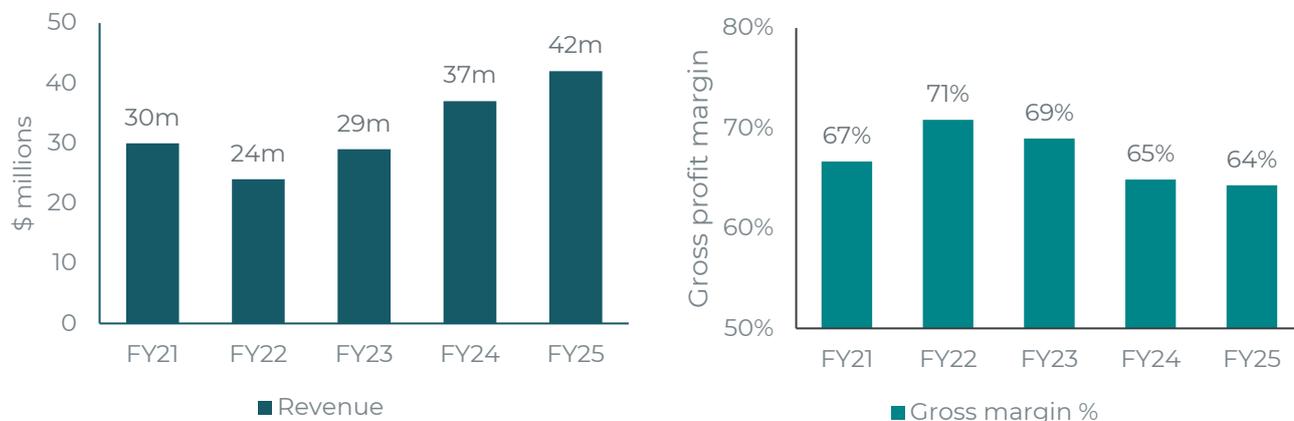


- Rakon's Positioning segment benefitted from the TCXO chip shortage primarily during FY22 and FY23. Management attributed \$8 million (FY22) and \$10 million (FY23) of revenue to the shortage. This also temporarily bolstered margins. In addition to this, strong growth in the industrial and automotive segments, as well as a resurgence in emergency beacons as global travel resumed post COVID-19 supported strong revenue growth during this period.
- Revenue however decreased by nearly 60% in FY24 as customers began drawing down on stockpiled inventories ordered during the shortages in prior years. Similar to the telecommunications markets, the positioning sector slowed down cyclically and as customers readjusted inventory levels.
- Management also note that increased competition in the market is driving down prices, particularly in the less specialised markets such as consumer positioning segment. However, Rakon's market share in the high margin specialised Precise Positioning market, which includes emergency beacons, has remained steady, albeit the market remains relatively flat.
- Increased pricing pressure and the loss of economies of scale as revenues fell resulted in a reduction in margins, albeit not as severe as that seen in the telecommunications sector.



## Aerospace and defence revenue and gross margin

Figure 7: Aerospace and defence financial performance



- Since FY22 Aerospace and Defence revenue has grown at a Compound Average Growth Rate (CAGR) of around 7% with 15% growth between FY24 and FY25. Management advise that growth has been driven by demand for Rakon's subsystems and components for New Space applications, including LEO satellite constellations<sup>8</sup> and government space and defence programs.
- The company has reported that it has a strong, multi-year order book currently valued at \$75 million, and significant multi-million-dollar satellite subsystem contracts (notably with MDA Space). It announced it had secured a three-year \$17 million LEO satellite subsystem contract in May 2024. We understand this backlog is contracted, typically signed one to three years ahead of delivery. The company is targeting additional contracts and organic growth on the back of rising global space investment, estimating an addressable market in excess of \$1 billion. The recent expansion of the French R&D and manufacturing facility will add capacity to deliver these contracts.
- The Aerospace and Defence segment has the highest, and most consistent, gross margin. The products often achieve higher margins due to the engineering and skill requirement and limited competition, in comparison to the more traditional Telecommunications and Positioning products. Notwithstanding, gross margins have contracted from the highs of FY22 and FY23 due to a combination of changing product mix, ramp-up efficiency effects and input cost inflation.

### Other

- Other revenue has historically included Internet of Things and other emerging applications.
- The majority of Rakon's FY25 revenue (close to 75%) was derived from customers based in the United States and Asia. However, the revenue from both regions declined 17% and 29%, respectively compared to FY24. This was due to the relatively higher exposure to Telecommunications in both these markets and Positioning in Asia. Asia was also affected by the strategic decision to exit a relationship with a Chinese client which accounted for 5% of total revenue.

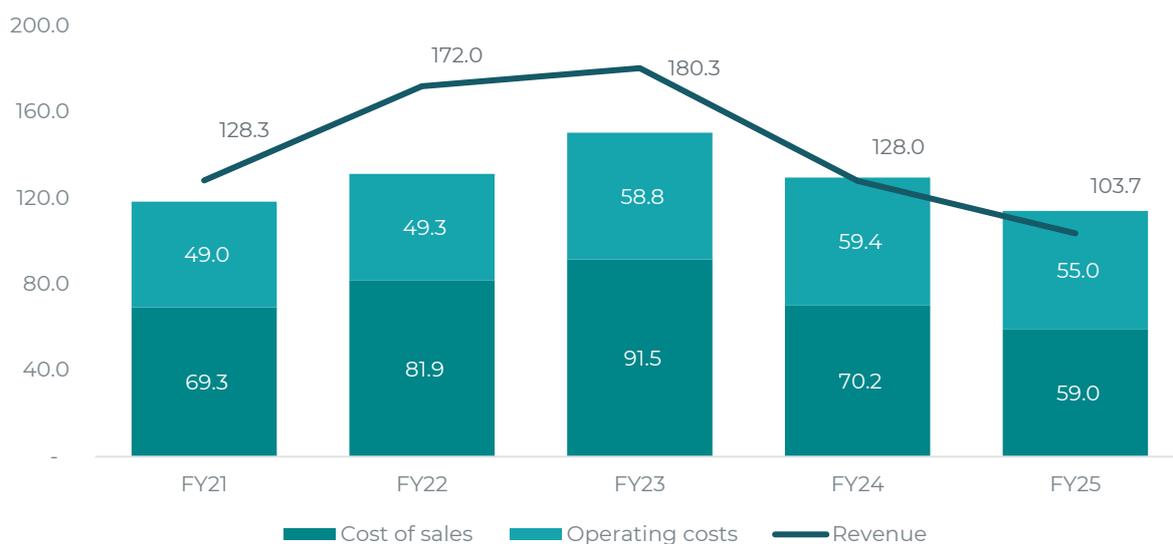
<sup>8</sup> LEO satellite constellations are large groups of satellites operating together in low earth orbit to provide continuous global or near global coverage for services like internet, communications, earth observations (collecting data) and navigations.



### 5.1.2 Cost of sales and operating costs

- A significant portion of Rakon's cost base (close to 50% in FY25) is employee costs. These are recorded in both cost of sales and operating costs, and are largely fixed.
- Total R&D investment has remained relatively stable at around \$22 million; however, during FY25 there was a high volume of new product capitalisation resulting in a reduction of the expense recognised in the statement of profit and loss. The investment in R&D is not variable with revenue and the amount capitalised and expensed is dependent on the stage of technical and commercial viability.
- Overall, the nature of Rakon's business means it has a relatively high fixed cost base which results in a high degree of operating leverage and increases earnings volatility. It has however undertaken significant cost reductions, including a ~22% reduction in workforce and accelerated manufacturing transfers to India. These costs savings will be realised across cost of goods and operating costs. Recent initiatives include workforce reduction, overhead efficiency initiatives and manufacturing transfers to India (which improves the unit cost and utilisation).
- FY25 includes non-recurring expenses of \$3.6 million related to restructuring and transaction costs. These are recorded in general and administration expenses.

Figure 8: Costs versus revenue





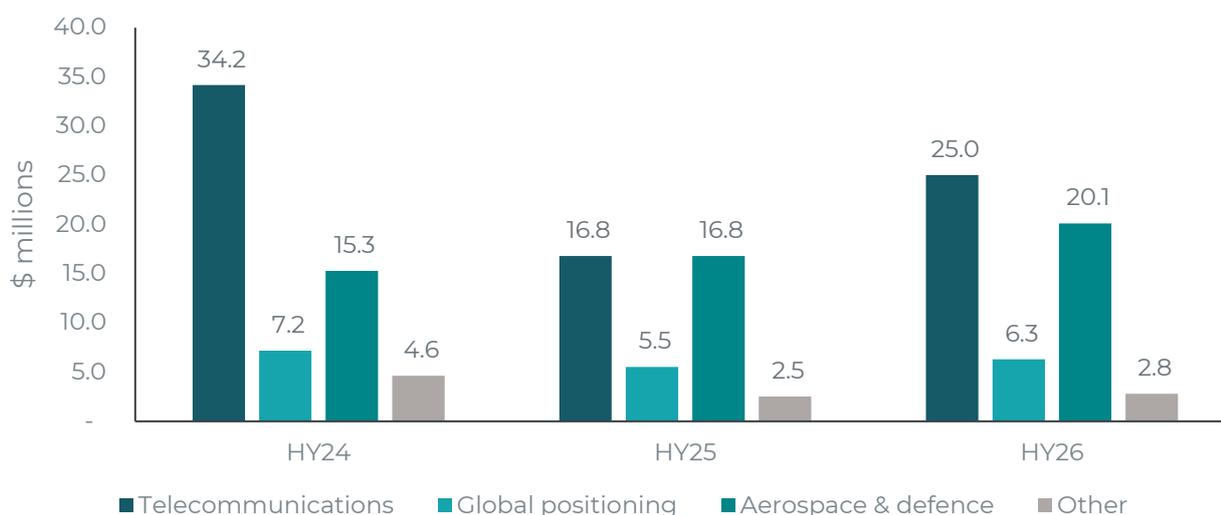
## 5.2 Half year performance and earnings guidance

Table 9: Summarised half year performance, unaudited (\$ millions)

	HY22	HY23	HY24	HY25	HY26
Revenue	85.4	87.2	61.3	41.7	54.2
Gross profit	43.5	43.5	26.1	15.7	26.5
Gross margin %	50.9%	49.9%	42.6%	37.8%	48.8%
Operating expenses	24.6	28.4	28.8	30.0	29.6
Net profit after tax	18.9	16.0	0.5	(10.4)	(3.0)
Underlying EBITDA	26.4	28.1	5.3	(7.3)	3.6
Capital expenditure	4.4	9.7	7.3	6.9	7.9
Operating cash flow	4.5	0.0	7.3	8.3	6.4

Source: Rakon interim reports

Figure 9: HY26 revenue



Rakon reported total 1H26 revenue of \$54.2 million, which is an increase of 30% on the 1H25.

### Telecommunications

Revenue recovered in 1H26, growing 49% compared to the comparable prior period as 5G network capex and densification resumed. Gross margin also improved significantly, increasing to 42% as order volumes increased. Management expects a gradual recovery as network investment resumes and next generation timing requirements increase (including through AI-enabled network architectures).

### Positioning

Positioning revenue grew by 14% from subdued levels in 1H25. Management note that Rakon is targeting new opportunities in the emerging market for Precise Positioning products for autonomous vehicles and uncrewed vehicles.

Gross margins also improved from 45% in 1H25 to 51% in 1H26 off the back of increased volumes, change in product mix, cost initiatives and a normalisation of the prior period impacts (e.g. inventory sell down).



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## Aerospace & defence

High demand for LEO satellite and radar system components underpinned the strong 1H26 result, with revenues up 20% year on year to over \$20 million.

Rakon completed the expansion of the French manufacturing facility which has added near term capacity. Capacity and production ability will be key to unlocking value from the \$75 million plus backlog, which Management note is the largest in Rakon's history.

Margins remained stable at 63% (1H25: 64%).

## Cost initiatives and transformation benefits

Rakon announced in October that it had completed the ramp-up for volume production of its Mercury+™ product line in India. This product line was transferred from New Zealand and contains high volume, cutting-edge products for Telecommunications and AI and datacentre applications.

The transfer of the first 25% of production to India delivered approximately \$2 million in incremental gross margin over the first half of FY26<sup>9</sup>.

The transformation benefits programme comprises a portfolio of multi-year operational initiatives to improve unit economics and operating leverage while protecting quality, delivery, and customer qualification requirements. These are reflected in the company's long range plan, realised through improved gross margin and operating cost reductions.

## Earnings guidance

Management reaffirmed earnings guidance of between \$15 million and \$ 24 million Underlying EBITDA, with earnings heavily skewed towards the second half of FY26. Growth is expected to be led by Aerospace and Defence, with expanding programmes in AI and Datacentre, and a steady recovery in Telecommunications and global 5G investment resumes.

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<sup>9</sup> HY26 Half Year results presentation



### 5.3 Financial position

The historical financial positioning of Rakon is summarised below:

Table 10: Historical financial position (\$ millions)

	Mar 22	Mar 23	Mar 24	Mar 25	Sep 25	Dec 25
Cash and cash equivalents	39.2	21.7	17.8	15.3	12.4	16.8
Trade and other receivables	44.5	51.4	51.9	53.5	54.4	56.6
Inventories	57.3	62.6	54.9	46.4	56.6	63.0
Other current assets	1.8	1.6	1.1	1.3	2.1	2.6
<b>Total current assets</b>	<b>142.8</b>	<b>137.3</b>	<b>125.8</b>	<b>116.5</b>	<b>125.6</b>	<b>139.0</b>
Property, plant and equipment	21.4	34.4	40.1	41.5	45.2	42.6
Intangible assets	7.2	7.7	10.8	19.9	21.8	26.2
Right-of-use assets	4.8	3.4	7.0	9.1	7.9	7.5
Interest in associate	16.2	14.2	11.7	13.7	14.1	13.7
Trade and other receivables	1.9	3.6	2.7	2.7	2.9	2.9
Other non-current assets	3.8	3.2	0.4	1.1	1.2	0.9
Deferred tax asset	1.8	3.5	9.1	12.9	12.2	12.1
<b>Total non-current assets</b>	<b>57.0</b>	<b>70.0</b>	<b>81.9</b>	<b>101.0</b>	<b>105.3</b>	<b>106.1</b>
<b>Total assets</b>	<b>199.9</b>	<b>207.3</b>	<b>207.7</b>	<b>217.4</b>	<b>230.9</b>	<b>245.1</b>
Current portion of borrowings	(1.3)	(1.6)	(1.4)	(1.4)	(1.2)	(1.5)
Trade and other payables	(36.0)	(30.1)	(25.6)	(29.2)	(45.5)	(50.7)
Current income tax liabilities	(2.5)	(1.7)	(0.9)	(1.0)	(1.7)	-
Current portion of lease liabilities	(2.1)	(1.6)	(2.0)	(2.6)	(2.5)	(2.5)
Other current liabilities	(1.5)	(5.3)	(4.0)	(3.8)	(2.7)	(4.5)
<b>Total current liabilities</b>	<b>(43.3)</b>	<b>(40.2)</b>	<b>(33.9)</b>	<b>(38.1)</b>	<b>(53.7)</b>	<b>(59.2)</b>
Non-current borrowings	(14.7)	(3.6)	(5.2)	(11.0)	(10.3)	(19.4)
Provisions	(2.8)	(3.1)	(3.8)	(3.3)	(3.6)	(3.9)
Non-current lease liabilities	(3.4)	(2.5)	(5.8)	(7.5)	(6.4)	(6.0)
Other non-current liabilities	(0.5)	(1.0)	(0.2)	(3.0)	(1.6)	(1.4)
<b>Total non-current liabilities</b>	<b>(21.4)</b>	<b>(10.2)</b>	<b>(15.0)</b>	<b>(24.8)</b>	<b>(21.9)</b>	<b>(30.7)</b>
<b>Total liabilities</b>	<b>(64.7)</b>	<b>(50.4)</b>	<b>(48.9)</b>	<b>(62.9)</b>	<b>(75.6)</b>	<b>(90.0)</b>
<b>Net Assets</b>	<b>135.2</b>	<b>156.9</b>	<b>158.8</b>	<b>154.6</b>	<b>155.3</b>	<b>155.1</b>

Source: Rakon annual report, half year reports and management accounts



## Assets

The majority of fixed assets is represented by plant and machinery (~55%), land and buildings (~22%) and assets under construction (11%). Assets under construction relates to the India facility ramp-up, upgrades to the French HiRel site and other production and test equipment projects in progress.

The majority of intangible assets relates to capitalised development costs, which consists of product development assets (i.e. already used in operations) and assets under construction. Development costs are capitalised when research findings are applied to create new or improved products or processes that are technically and commercially feasible.

The graph below shows the historical capital expenditure for fixed assets and capitalised R&D.

Figure 10: Capital expenditure



Since FY22 Rakon has significantly increased its investment in fixed assets with the commissioning of the Bengaluru facility and the expansion of the French HiRel facility.

## Working capital

\$ millions	31 Mar 22	31 Mar 23	31 Mar 24	31 Mar 25	30 Sep 25
Inventories	57.2	62.6	54.9	46.4	56.6
Trade & other receivables	46.5	55.0	54.7	56.2	57.3
Creditors & accruals	(36.0)	(30.1)	(25.6)	(29.2)	(45.5)
Income tax receivable/(payable)	(2.2)	(1.3)	0.2	0.1	0.1
<b>Net working capital</b>	<b>65.5</b>	<b>86.3</b>	<b>84.1</b>	<b>73.5</b>	<b>68.5</b>
Inventory days on hand	212	239	306	313	301
Receivables days on hand	94	103	156	195	191
Payables days on hand	139	132	145	169	246

Source: Rakon annual report

Inventory increased during FY23 for supply chain resilience with the intention to reduce levels as market volatility eased and as the Bengaluru facility ramped up production. The inventory balance reduced markedly through FY24 and FY25 due to lower production volumes in response to the market and selling down previously elevated balances.

During the first half of FY26 inventory levels increased to scale as capacity has increased and order volumes have improved.



## Borrowings

\$ millions	HSBC RCF	French government loan	Other	Total
Current	-	1.4	0.04	1.4
Non-current	8.4	0.7	1.9	11.0
<b>Total</b>	<b>8.4</b>	<b>2.1</b>	<b>1.9</b>	<b>12.4</b>

HSBC is the primary provider of both traditional banking services and lines of credit to Rakon. The revolving credit facility (RCF) totals \$48 million, and is guaranteed by the Company, and is subject to covenants. As at FY25, around \$40 million of the facility was unutilised, the drawdown of \$8 million utilised to fund capital and working capital investment during the company's transformation and growth ramp-up.

The French government loan consists of the remaining amount of the French government backed loan provided by Credi Agricole Provence Cote D'Azur during the COVID-19 interruptions. The loan has an effective interest rate of 0.55% with repayments spread equally between its extension in May 2021 to June 2026.

Other borrowings primarily consist of funding used for bridging the timing between receiving and claiming the French R&D tax credits, provided by BPI France, a public sector investment bank.

## 5.4 Risks and opportunities

The following risks and opportunities influence Rakon's near to mid-term outlook:

- Return of the core markets from cyclical weakness. Positioning is not yet fully commoditised and Rakon retains its position in the precision end of the market. Telecommunications and Positioning will however remain important and stable segments of the business.
- Diversification into new products and growth markets. Rakon's end market mix is evolving toward less cyclical segments.
- Manufacturing facilities have been expanded to accommodate growth in aerospace and defence and to improve manufacturing cost efficiencies. However, the company will be exposed to execution risks and benefits associated with the manufacturing transfer.
- Rakon has customer concentration risk in certain end markets. Both the telecommunications and hyperscaler markets are highly concentrated. Currently AI capex spend is high; however, if monetisation of AI disappoints capex could moderate. Similarly, datacentre architectures evolve rapidly and alternative synchronisation approaches or timing solutions could emerge. AI technology evolution could reduce demand for current infrastructure configurations.
- MEMS-based oscillator technology is a potentially disruptive competing product.
- Rakon has stated that current US tariffs are not expected to have a material impact, and has estimated the potential cost as ~2% (or less) of revenue. However, the net impact will depend on the final tariff regime (including product classification and country-of-origin rules).



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## 6. Valuation

### 6.1 Approach to valuation

#### Standard of value

We have estimated the 'fair market value' of Rakon. Fair market value is the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, both acting at arm's length.

#### Business interest being valued

Our valuation assumes the acquisition of 100% of Rakon and therefore includes a control premium.

A controlling interest is generally more valuable than a non-controlling interest because it allows influence over key decisions, such as dividends and investment strategy. As a result, the value we have assessed is higher than the level at which we would generally expect Rakon shares to trade on the share market under normal conditions.

#### Common valuation techniques

The three most commonly used valuation methods applied to business valuation are:

- Discounted cash flow (DCF) method
- Capitalisation of earnings and other market-based approaches
- Summation method, and other cost-based approaches.

Each of these methods is appropriate in different circumstances. A key factor in determining which method is appropriate is the actual practice commonly adopted by purchasers of the type of business involved. These valuation methods and approaches are explained in greater detail at Appendix 3.

#### Valuation techniques adopted

We consider the DCF methodology is appropriate because:

- The DCF methodology is suited to valuing businesses where current earnings do not reflect future earnings. This is particularly relevant for businesses experiencing high growth or undergoing structural change. This applies to Rakon, which has recently transferred manufacturing lines to India, invested in capacity in France, diversified its end-markets, implemented cost initiatives, and is seeing its Telecommunications business recover from a cyclical downturn.
- The DCF methodology allows key assumptions – such as revenue recovery and future growth – to be explicitly incorporated and tested within the valuation analysis.
- The DCF valuation requires long-term financial forecasts. Rakon has prepared a Long Range Plan (LRP) covering five years (FY26–FY30) and shared it with Bourns. The LRP includes base-case, upside, and downside scenarios.

We would normally value each major business segment separately. However, while forecast revenue is split by end-market, the forecast gross margin and the rest of the profit and loss are not prepared on a segment basis. As a result, we have not completed a sum-of-the-parts valuation.

Instead, we have undertaken sensitivity analysis, using the LRP and our own assumptions, to assess the relative value impact of the up and downside to the key end-markets (A&D, AI / Datacentres, and Telecommunications).

We have also used a market-based approach to crosscheck the value derived from the DCF method. In particular, we have considered EBITDA multiples.



## Valuation date

We have adopted a valuation date of 31 December 2025, which is the date of the most recent balance sheet available at the time we prepared this Report.

Our valuation was finalised on 17 February 2026. We considered and factored in events that occurred up to this date. Our valuation does not take account unforeseen events that occurred after 17 February 2026. Therefore, when deciding on whether to accept or reject the Offer, shareholders may want to also consider events that occur after this date, such as movements in the prices of other listed companies, changes to interest rates, and changes to foreign exchange rates.

## 6.2 Valuation summary

We estimate the fair market value of Rakon's equity at between \$1.46 and \$1.94 per share, as summarised in the following table.

Table 11: Valuation assessment (\$ millions, except where specified otherwise)

	Low	High
Enterprise value	330.0	440.0
37% equity interest in Timemaker	13.5	16.1
Net debt	(4.1)	(4.1)
<b>Equity value</b>	<b>339.4</b>	<b>452.0</b>
Diluted shares outstanding (millions) <sup>10</sup>	232.8	232.8
<b>Equity value (per share)</b>	<b>\$1.46</b>	<b>\$1.94</b>

We assess the enterprise value of Rakon at between \$330 million and \$440 million using the DCF methodology (Section 6.3). We have cross checked the enterprise value range using a market-based approach – benchmarking using EBITDA multiples (Section 6.4).

To determine the equity value, we:

- Add \$13.5 million to \$16.1 million to account for Rakon's interest in Timemaker. This interest is incremental to the enterprise value. We have calculated a value for Timemaker using a market-based approach (EBITDA multiples), with a deduction for that entity's net debt. The value we assess for Rakon's interest in Timemaker is broadly equivalent to its the carrying value of around \$13.7 million.
- Deduct \$4.1 million of net debt. We have based this on the balance sheet as at 31 December 2025. This includes \$20.9 million of debt, partially offset by \$16.8 million of cash and cash equivalents.

Our valuation is for 100% of Rakon and therefore includes a premium for control. The value exceeds the price at which, based on current market conditions, we would expect Rakon's shares to trade in the absence of a takeover offer or transaction similar in nature to the Offer.

Our assessment of value represents a relatively wide range, with the low and high ends approximately 16% away from the mid-point value. We consider this appropriate in circumstances where there is substantial uncertainty associated with:

- The level of success actually achieved by Rakon in the New Space and AI / Datacentre industries.
- The timing and extent of the manufacturing benefits that are expected to be realised from the transfer of certain lines to the Bengaluru facility. The investment and costs have largely been incurred, while the full benefits are to be realised.
- The timing and extent of the benefits expected from the organisation transformation initiatives.

<sup>10</sup> Total number of shares consists of 229,809,013 ordinary shares on issue and 2,910,613 share rights.



- The regulatory risk remains and could be worse than the Company's current expectation.

### 6.3 Discounted cash flow (income approach)

#### Principal assumptions and valuation parameters

##### Forecast cash flows

There is significant uncertainty in estimating the growth trajectory of Rakon's participation in New Space and AI / datacentres industry. Similarly, it is challenging to anticipate the timing and extent to which the organisation transformation and cost saving initiatives will be realised. Given this, three scenarios have been prepared as part of the LRP; 'Base Case', 'Downside' and 'Upside'. The Base Case scenario represents management's best estimate of the business performance between FY26 and FY30.

The key assumptions for the scenarios are summarised in the following Table.

**Table 12: Key assumptions**

	Downside	Base Case	Upside
Telecoms	<ul style="list-style-type: none"> <li>• Pricing pressure remains elevated, without commensurate cost savings and volume increases. This remains a structural difference (i.e. the downside revenue does not converge to Base Case revenue over the long term, it remains permanently lower)</li> </ul>	<ul style="list-style-type: none"> <li>• Cyclical market recovery.</li> <li>• Rakon gains 5G market share due to higher demand for Fixed Network infrastructure, requiring Rakon products.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-down improves competitiveness and drives volumes.</li> </ul>
Aerospace and Defence	<ul style="list-style-type: none"> <li>• Program timing is delayed, resulting in lower growth expectations over the forecast period. The lower growth assumption is structural, meaning it persists (i.e. the downside revenue does not converge to Base Case revenue over the long term, it remains permanently lower)</li> </ul>	<ul style="list-style-type: none"> <li>• Structural growth market.</li> <li>• Growth based on probability weighted pipeline.</li> <li>• Space growth is driven by increased spend per satellite, rather than launch cadence alone and transition to higher value sub-systems.</li> <li>• Programs executed broadly in line with contracted schedules – reflecting Rakon's embedded position with high qualification and switching barriers.</li> </ul>	<ul style="list-style-type: none"> <li>• Incremental aerospace and defence programs progress faster than expected.</li> </ul>
AI and Datacentres	<ul style="list-style-type: none"> <li>• Adoption takes longer to convert to volume. This results in a permanent difference in the scale of the AI business compared to the Base Case.</li> </ul>	<ul style="list-style-type: none"> <li>• Initial high growth as Rakon grows from design-in wins and increases scale from a small base.</li> <li>• Demand focused on short term wins with anchor clients.</li> </ul>	<ul style="list-style-type: none"> <li>• Demand accelerates beyond initial anchor clients.</li> </ul>
Cost and transform. initiatives (reflected in Gross profit and opex)	<ul style="list-style-type: none"> <li>• Manufacturing transfer and operational benefits take longer to be realised, extended dual running (NZ and India manufacturing),</li> <li>• Operational inefficiencies persist for longer.</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing transfer and organisational transfer progress to plan.</li> <li>• Cost efficiencies realised from the transfer of back-office functions from New Zealand to India</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing transfer and operational benefits are executed earlier, benefits realised ahead of plan.</li> </ul>
Opex and capex (incl R&D)	<ul style="list-style-type: none"> <li>• Retain critical investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Required to sustain existing operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Incremental investment to support market expansion and delivery at scale.</li> </ul>



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The base case does not assume any market share expansion unless there are identified execution pathways. In other words, it does not include any speculative customers but does include substantial growth where there is an identified pathway to achieving the growth.

### Forecasts beyond FY30

Management has prepared forecasts to FY30, by which time Rakon is assumed to have reached a mature position within each of its key identified markets, albeit to a different extent in each scenario.

We have extended to forecast period for a further 5 years, primarily to reflect a period of more subdued revenue growth, but still greater than a long-term inflationary growth rate which would ordinarily be assumed in perpetuity.

### Corporate tax

Rakon France has carried forward tax losses of approximately €56 million (equivalent to approximately \$110 million) that can be used to offset future taxable income in that jurisdiction. Management has recognised a deferred tax asset of \$3.5 million in respect of a portion of these losses, where it considers there will be sufficient future taxable income against which the tax losses can be offset.

We understand that at this stage it is not clear the extent which the accumulated losses would be available to a potential purchaser.

We have adopted the effective tax as per Rakon's base case LRP, which tend to be around 20% over the forecast period to FY30. For the extended forecast period beyond FY30 we have assumed the FY30 effective tax rate of 20% will persist. In the terminal period we assume a marginal tax rate of 28%, this is on the assumption that temporary differences will not continue into perpetuity.

### Terminal growth rate

We assume Rakon reaches a steady state at the end of the extended forecast period and thereafter grows at a terminal growth rate of 2%, which is consistent with long-term inflation expectations.

### Discount rate

We have determined the discount rate based on estimates of the post-tax, nominal weighted average cost of capital (WACC) for Rakon.

We have calculated a WACC range of 11.5% to 12.8%, which is broadly consistent with the WACC adopted in broker reports covering Rakon. Our discount rate assessment is detailed in Appendix 4.

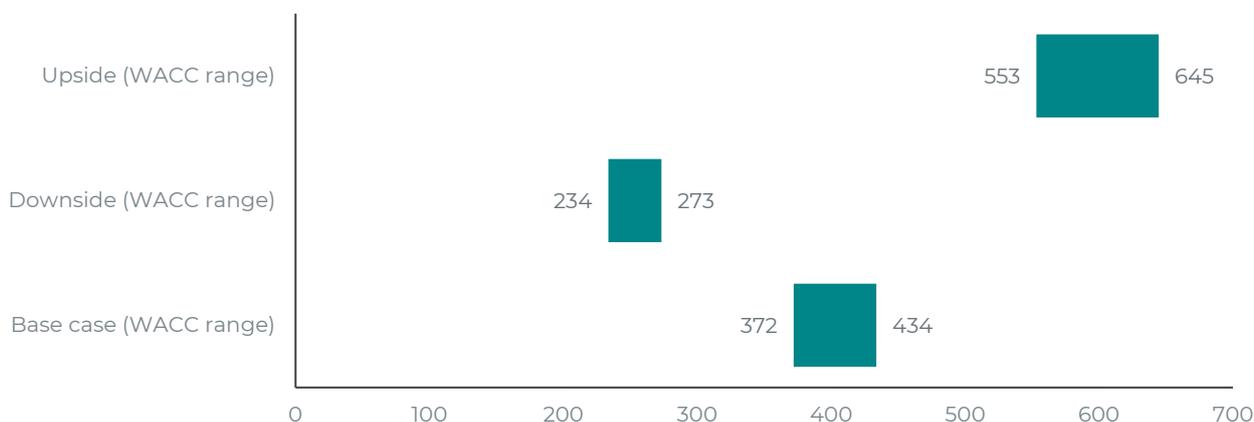
This discount rate does not include any specific company risk premium associated with execution risks inherent to the LRP forecasts. We instead reflect that risk in the valuation range we adopt.



## DCF valuation scenarios

Figure 11 shows the value ranges implied by our DCF valuation, based on the LRP and the other valuation inputs described above.

Figure 11: Enterprise value scenarios (\$ millions)



There is a wide range in value between the scenarios, largely driven by the growth trajectory assumed for A&D (in particular Aerospace / Space) and AI/Datacentres. We consider this to be unsurprising given the stage of industry cycle and Rakon's early transition into these industries.

## DCF valuation sensitivities

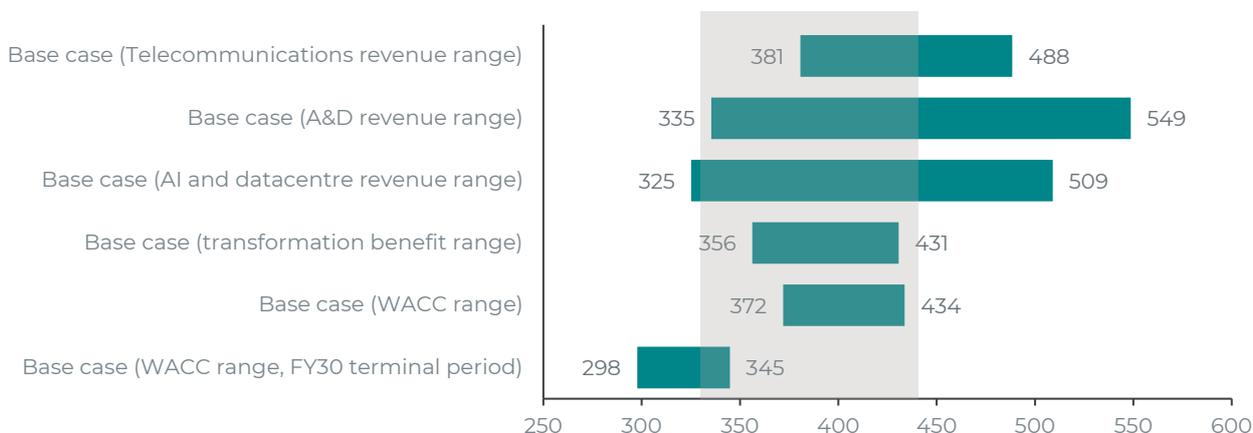
To isolate and demonstrate the relative value impact of the more material assumptions, we have performed a series of sensitivities. We first adopt the Base Case forecasts with a midpoint discount rate of 12.1%. We then apply a sensitivity by varying the relevant segment's / initiative's assumptions between the Downside and Upside forecasts. We do this for each of:

- A&D revenue, with an assumption necessary for the gross margin impact
- AI/datacentre revenue, with an assumption necessary for the gross margin impact
- Telecommunications revenue, with an assumption necessary for the gross margin impact
- Quantum and timing of the transformation benefits.

The sensitivity shown also include an assessment assuming the forecast ends at the FY30 period forecasts in the LTP, rather than our own extension of the forecast beyond that period.



Figure 12: Enterprise value base case sensitivities (\$ million)



The two segments that create the most significant variance in value are A&D (with variance coming mainly from differences in New Space), and AI / Datacentres. Our approach of extending the forecast for a further five years, rather than immediately adopting a terminal value, is also having a material positive impact on value.

### DCF valuation adopted range

Based on the above, we assess an enterprise value of between \$330 million and \$440 million for Rakon.

Our valuation range effectively assumes Rakon perform towards its base case, with any substantial outperformance in one way likely to be offset by underperformance in another.

This assessment also takes account of increased uncertainty associated with the performance of Rakon beyond the forecast period in the LRP.



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## 6.4 Earnings multiples (market approach)

### 6.4.1 Comparable listed companies

We have used a market approach as a crosscheck to the enterprise value we assess using the DCF approach.

We set out in the graph below a selection of comparable listed companies, and the multiples implied by recent on market trading in their shares.

Benchmark multiples for listed companies are for small parcels of shares. Therefore, these multiples typically exclude a control premium that would often apply to a 100% shareholding.

The companies shown in Figure 13 are companies which we have identified as providing similar products to Rakon, or operating in similar end markets. We note that there are differences between Rakon and the comparable companies in terms of scale, diversity and complexity of products, as well as whether they manufacture in house or outsource manufacturing. There are also differences in the volatility of earnings between the comparable companies which is dependent on the core markets in which they operate as well as the underlying technology used. Similarly, the comparability of the companies identified depends on their exposure or market share of particular industries, for example whether a company's products are aligned to mass market telecoms, or high specification chips for Aerospace and Defence application, which have significantly different growth prospects.

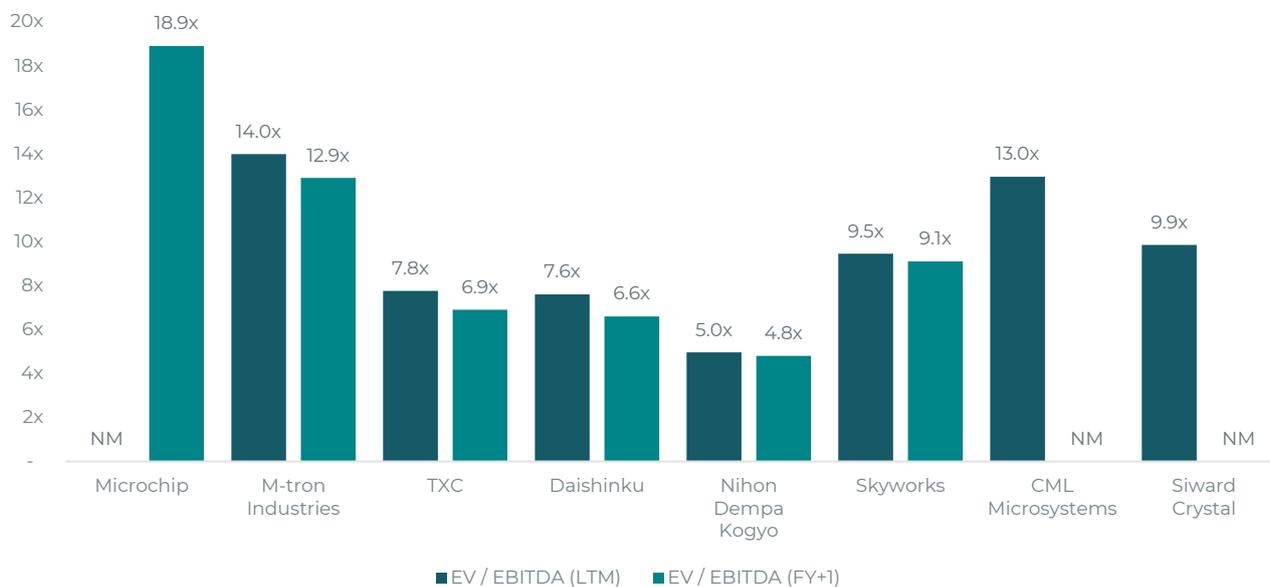
The earnings multiple will reflect these factors such as the growth expectations and risk of the underlying companies. Typically, companies with higher growth prospects trade at higher multiples, all else being equal. Similarly, companies with higher perceived risk will trade at lower multiples, all else being equal.

All of these factors should be borne in mind when referencing the comparable company data.

We have focussed our cross check on the multiple of FY27 EBITDA. This year reflects the strong initial growth in A&D, AI/Datacentres and the cyclical recovery of the Telecommunications business.



Figure 13: EBITDA multiples of comparable listed companies<sup>11</sup>



Country	USA	USA	Taiwan	Japan	Japan	USA	UK	Taiwan
Revenue	\$7,200m	\$90m	\$724m	\$444m	\$611m	\$6,975m	\$44m	\$113m
Gross margin	54%	44%	33%	23%	29%	41%	68%	20%
Manufacturing	No	Yes	Yes	Yes	Yes	Yes	No	Yes
EBITDA growth <sup>12</sup>	144%	9%	12%	16%	(6%)	4%	NM	NM
<b>Markets</b>								
Telecoms	✓		✓	✓	✓	✓	✓	✓
A&D	✓	✓			✓	✓	✓	
AI/Datacentre	✓		✓			✓	✓	✓
Automotive	✓		✓	✓	✓	✓		✓
Other	✓		✓	✓	✓	✓	✓	✓

<sup>11</sup> Si Time is not included as it did not generate positive EBITDA over the last financial year or LTM, and the FY+1 EBITDA multiple of c.72x is not reflective of the long-term performance. EBITDA FY+1 refers to the forecast EBITDA for the financial year for which no results have been announced (i.e. for a company whose most recent year end was 31 December 2025 and no results have been announced, FY+1 refers to the year ended 31 December 2026). Multiples are based on the share price as at 31 December 2025.

<sup>12</sup> EBITDA growth is measured between LTM EBITDA and FY+1 EBITDA



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## Si Time

Si Time and Rakon present fundamentally different approaches to the timing market. Si Time is a pure-play MEMS timing company using a fabless model, compared to Rakon being a traditional quartz crystal manufacturer with vertically integrated manufacturing. Si Time also has a comparatively aggressive R&D approach, spending over 50% of revenue on R&D in FY25. Si Time's silicon-based MEMS timing solutions are an alternative to quartz-based timing solutions. Si Time's solutions serve the same markets as Rakon, spanning the more traditional telecommunications markets as well as high growth markets such as aerospace and defence, internet of things and AI datacentres. The majority of Si Time's revenue is generated in the Asia-pacific region.

Si Time is of a significantly larger scale than Rakon, with market capitalisation of over 50x that of Rakon (pre-offer), as well as a wider range of products in addition to crystal oscillators. Si Time has also experienced significant revenue growth in recent years, growing from around \$230 million revenue in FY23 to roughly \$540 million in FY25, and is forecast to grow to over \$1.1 billion FY28. For these reasons we would expect it to trade at a higher multiple compared to Rakon. However, due to the significant research and development spend by Si Time in recent years it has been loss making at the EBITDA level, with non-meaningful EBITDA multiples.

## Microchip Technology

Microchip produces intelligent control solutions including microcontrollers (MCUs), microprocessors and analogue circuits. Microchip serves similar end markets to Rakon, including Aerospace and Defence, communications infrastructure and AI datacentres. Microchip's products have broader applications including consumer device, industrial applications as well as medical equipment, and roughly half of their revenue being generated in Asia. Microchip has a broader product offering, with timing (via Vectron) a small part of the portfolio whereas it is core to Rakon.

Similar to Si Time, Microchip is of a significantly larger scale than Rakon, with market capitalisation of over \$70 billion. Microchip's scale provides greater R&D capacity and purchasing power. It also operated a hybrid manufacturing model whereby it manufactures its products as well using external foundries. This provides a degree of flexibility and typically supports higher gross margins. Similar to Rakon it suffered revenue and margin contraction recently.

Microchip's growth profile according to broker estimates appears similar to Rakon's with material growth in the near future and a rough doubling of EBITDA.

Given the fundamentally different scale of the business, its product and customer diversification and market position, on balance we would expect **Microchip to trade at a premium to Rakon.**



## M-Tron Industries

M-Tron manufactures and designs highly engineered electronic components for space, defence and avionics. In addition to crystal oscillators M-Tron also manufacture filters and amplifiers. Whilst M-Tron products have application in a large number of markets, its primary focus and vast majority (more than 90%) of its revenue is generated from the Aerospace and Defence segment and over three quarters of total revenue is generated in the Americas. M-Tron has manufacturing facilities throughout the US and in India. M-Tron is the most comparable to the A&D part of Rakon's business.

Key similarities	Key differences
<ul style="list-style-type: none"> <li>• <b>Similar scale:</b> both are sub-US\$100 million revenue focussed on specialist timing applications</li> </ul>	<ul style="list-style-type: none"> <li>• M-Tron concentrated in A&amp;D (&gt;90%), Rakon is more diversified</li> </ul>
<ul style="list-style-type: none"> <li>• <b>A&amp;D focus:</b> both derive significant revenue from A&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>• M-Tron not exposed to cyclical Telecommunications and delivered three consecutive years of growth. Rakon has reported declining revenues and contracting profitability and although it is positioned for growth, the timing and amount is uncertain.</li> </ul>
<ul style="list-style-type: none"> <li>• Both are established in space applications with qualified products</li> <li>• Comparable gross margins</li> </ul>	<ul style="list-style-type: none"> <li>• Product breadth: M-Tron produces products beyond timing</li> <li>• M-Tron has reported strong historical growth, profits and improving margins. M-Tron's EBITDA margin is in the region of 20% compared to Rakon's expected FY26 EBITDA margin of ~10%</li> </ul>
<ul style="list-style-type: none"> <li>• Vertically integrated manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• M-Tron has US-based manufacturing facilities which is a distinct advantage for US defence contracts.</li> </ul>

M-Tron is essentially a defence contractor with a strong order backlog and benefiting from revenue growth and expanding margin momentum. The company has emphasised that it has long-term contracts and loyal customers which contribute to stable and predictable earnings. Although it is concentrated in A&D, it is not exposed to cyclical to the same extent as Rakon and it has benefited from expanding defence budgets. Rakon is positioned for growth; however, the trajectory, timing and amount is still uncertain. Similarly the success of the organisational transformation will only become evident over the coming years. **On balance, we would expect Rakon to currently trade at a similar level or slight discount to M-Tron.**

## TXC Corporation

TXC is a manufacturer of frequency control products, including quartz-based oscillators, filters and timing modules. TXC has manufacturing facilities in China, Indonesia, and in its headquarter factory in Taiwan and it is one of the top five crystal manufacturers by volume. Its products have a wide application across a diverse range of markets spanning consumer electronics, automotive and telecom. It specialises in high-volume production frequency control products whereas Rakon is a specialist focussing on lower volume, higher-value frequency control and timing products. Essentially all of TXC's revenue is generated in the Asia Pacific region. Similar to the Japanese producers focussed on high volume, lower value products, TXC has a relatively lower gross margin and more subdued growth outlooks. These companies tend to trade at significantly lower EBITDA multiples compared to the more specialised and high precision comparable companies described above.

## DaiShinku Corp (KDS)

KDS grows its own synthetic quartz crystals, only one of three in the world to do so. It produces quartz-based crystal oscillators with a range of applications including mobile device, network infrastructure, automotive electronics and semiconductor embedded equipment. It is relatively more capital intensive and has comparatively lower gross margins. Similar to TXC, KDS is focussed on high volume consumer electronics and automotive markets, where scale provides the ability to compete on price.



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### Nihon Dempa Kogyo (NDK)

Is a mass producer of uniform quartz crystals and oscillators, with applications across a wide range of sectors including automotive, mobile, medical equipment. NDK's products do have application in traditional and New Space; however, we understand this to be a immaterial portion of its offering. NDK generate roughly half of its revenue within the Asia Pacific region, with the remainder being spread globally. NDK have production facilities in Japan, Malaysia and China. Similar to KDS it grows synthetic quartz crystals, a capital-intensive capability that few competitors have.

The above three comparable companies are all more reliant on the traditional communications market, offering relatively lower value but high-volume units used in consumer electronics and communications networks. These are historically lower margin companies, with the gross margins of the three companies between 20% - 30%. Furthermore, they are also less exposed to the secular growth themes such as New Space and AI infrastructure but rather remain subject to the cyclical volatility of the telecoms market in which there is high levels of competition and structurally lower margins. **On balance, we would expect Rakon to trade at a higher multiple.**

### SkyWorks

Skyworks offering is highly diverse, manufacturing a wide variety of connectivity enabling components including semiconductors, radio-frequency components, amplifiers, mixed signal and analogue devices. Application of Skyworks products span similar markets to Rakon, with presence in the more traditional markets of telecommunications and positioning, as well as high growth markets such as aerospace and defence. Skyworks also has a presence in the medical and healthcare markets, as well as optical networking.

However, despite this diverse offering it remains highly reliant on one key customer with Apple accounting for roughly 60% of revenue<sup>13</sup>. We also understand Skyworks has been impacted by Apple's efforts to reduce reliance on Skyworks. Whilst Skyworks may be able to adapt and reduce its level of customer concentration, **we expect Skyworks to trade at a lower multiple than Rakon.**

### CML Microsystems

CML Microsystems is a UK based designer and producer of mixed-signal, RF and microwave semiconductors for the global communications market. CML focus on producing high performance products for application in wireless and satellite, network infrastructure, aerospace and defence and the internet of things. CML's strategy is to focus on high growth niche markets.

CML's performance has been relatively volatile over recent years with a significant dip following COVID-19 with gradual recovery to FY25, facing similar market cyclicality to Rakon. CML's strategy appears to be aligned to Rakon's, shifting away from the traditional telecoms market, to focus on capturing growth from New Space and AI datacentres. There are no forecasts available for CML, therefore we are unable to use it as a direct comparison of forward EBITDA multiples.

### Siward Crystal Technology

Siward Crystal is a manufacturer of quartz-based frequency control components, primarily crystal blanks used in products such as Rakon's, as well as basic oscillators. The products therefore fall into the more commoditised end of the market. There are no forecasts available for Siward Crystal, therefore we are unable to use it as a direct comparison of forward EBITDA multiples.

Although none of the listed companies are exactly comparable to Rakon, they do provide useful benchmark data. Our DCF valuation range implies a forward EV / EBITDA multiple between Skyworks' and M-Tron's, which we consider reasonable for the reasons described above.

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<sup>13</sup> SkyWorks 2024 Annual Report – Apple accounted for 69%, 66%, and 58% of net revenue in 2024, 2023, and 2022, respectively.



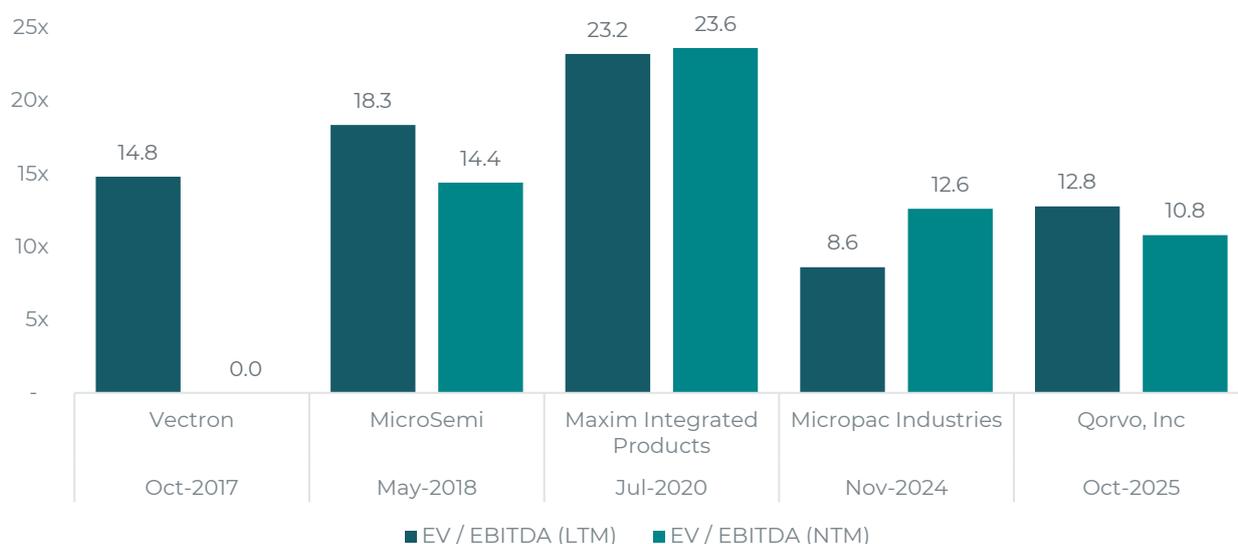
## 6.4.2 Comparable transactions

We have also benchmarked Rakon against transactions in the broader microelectronics industry.

We note that there is a limited number of recent transactions of directly comparable companies. The transactions shown in Figure 14 are transactions which are broadly comparable, being transactions in companies serving similar end markets or producing similar products. We also identified several comparable transactions for which there was insufficient publicly available data.

The majority of the transactions identified occurred more than 5 years ago, and therefore at a time when market trends were different, for example the prevalence of AI, the Telecommunications market had not yet rolled out 5G. For this reason, we have placed less reliance on the transaction multiples.

Figure 14: Selection of comparable transactions multiple



Acquirer	MicroSemi	Microchip	Analog Devices	Teledyne	Skyworks
Country	USA	USA	USA	USA	USA
EV	\$189 million	\$14 billion	\$33 billion	\$100 million	\$18 billion

**Vectron** was engaged in the design, manufacture and marketing of frequency control, sensor and hybrid product solutions, based on quartz crystal oscillators. The products offered were highly similar to that of Rakon's with automotive, aerospace and defence, telecoms and industrial applications. This added to MicroSemi's portfolio of semiconductor products.

Less than a year after MicroSemi's acquisition of Vectron, **MicroSemi** was acquired by MicroChip Technology, adding MicroSemi's products to its hugely diverse product portfolio of embedded control solutions. MicroChip has a market capitalisation of over \$70 billion.

Both transactions represented vertical acquisitions allowing the acquirers to add complimentary products to their portfolios and capture a larger market share of the total addressable market. Prior to the Vectron acquisition earnings had been volatile, despite a consistent increase in revenue. Conversely, MicroSemi's earnings had grown consistently increasing over twofold between 2013 and 2017, likely contributing to the higher earnings multiple.

However, both transactions are potentially outdated, occurring during a period in which the market was materially different to the market at the current time, with the roll out of 5G not year occurring, and the growth potential of the AI market and New Space further away on the horizon. For this reason, we place less reliance on these transactions.



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**Maxim Integrated Products** was a designer and manufacturer of analogue and mixed signal integrated circuits, with applications in the industrial, automotive, telecoms and consumer markets. Maxim Integrated products was acquired by Analog Devices, a producer of a diverse range of analogue, digital, and software solutions, with a market capitalization of over \$250 billion.

The implied EV of the transaction was over \$33 billion, therefore of a significantly larger scale than Rakon. Prior to the transaction, Maxim generated consistent strong EBITDA margins of around 33%, with gradual revenue growth. The acquisition also presented various operational synergies as Analog Devices was able to add Maxim's technology and IP to its portfolio.

**Micropac Industries** is a provider of optoelectronics, microelectronics, sensors and displays to the Aerospace and Defence industry, and was acquired by Teledyne Technologies, a specialist in aerospace and defence electronics.

**Qorvo** merged with Skyworks during the latter half of 2025 in a cash-and-stock transaction to enhance scale and combine their complimentary product portfolios to create a broad markets platform. Qorvo's primary offering is that of connectivity and power solutions whilst Skyworks produces analogue and mixed signal semiconductors.

The complimentary nature of Qorvo's and Skywork's products is similar to that of the proposed transaction, with Rakon's products expected to compliment Bourn's. Qorvo's growth prospects however appear to be lower than Rakon's based on consensus estimates, with revenue and EBITDA forecast to remain flat over the next four years. We understand this to be because Qorvo and Skyworks both operate in the more mature market of smartphone components and the radio frequency sector. **On balance we would expect Rakon to transact at a broadly comparable multiple.**

## 6.5 Previous Non-Binding Indicative Offer

Rakon previously received a NBIO of \$1.70 per share in December 2023. This was following two years of very strong performance, reaching record revenue and earnings following the 5G rollout, albeit the FY24 half year results had started to show signs of contraction. We understand that the NBIO had due diligence conditions and the transaction ultimately did not proceed due to potential regulatory complexities.

Since then, the company exited a customer relationship accounting for 5% of revenue to mitigate the risk of regulatory complexities. Further, revenue decreased 29% in FY24 and a further 19% in FY25 and the company has reported losses. Although the company is positioned for growth into new markets, it faces execution and timing risk.



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## 7. Merits of the Offer

The Takeovers Code requires the independent adviser to form an opinion as to the merits of the proposed transaction and, in doing so, to take into consideration issues wider than just a valuation.

The term 'merits' has no definition in either the Takeovers Code or in any statute dealing with securities or commercial law in New Zealand. Although the Takeovers Code does not prescribe a meaning of the term 'merits', the Takeovers Panel has interpreted the word to include both positives and negatives in respect of a transaction. We have adopted that approach in preparing this Report.

### 7.1 Rakon's performance

Over the last five years (FY21 to FY25), Rakon has moved through a pronounced cycle of earnings volatility. It achieved record performance off the back of the 5G roll-out and a one-off chip shortage event, followed by material decline in revenue and margins as it faced the cyclical weakness in the Telecommunications and Positioning markets. Over this period, Underlying EBITDA decreased from a high of \$54.4 million to a low of \$3 million. However, the markets are showing signs of recovery from their cyclical low and Rakon reported materially improved Underlying EBITDA in the first half of FY26, when compared to the prior corresponding period (\$7.3 million compared to a \$3.6 million loss).

Over this period the company has transitioned from being relatively concentrated in the cyclical telecommunications market to strategically positioning itself to participate in a diversified portfolio of end markets. Its new markets, notably New Space and AI/datacentres are expected to deliver strong industry wide growth; however, this is not without risk as to the timing and extent of the growth, its trajectory and the extent to which new technological disruption could alter the current growth trajectory (either upwards or downwards). Similarly, it has initiated organisational transformations and reorganisations to drive efficiencies and improve performance. These are at different stages and the full benefits (and costs in some cases) are yet to be realised.

Rakon is positioned to participate in the broader portfolio of end markets and deliver on its transformational objectives. However, these are not without execution and timing risk over the coming years and the desired growth, and investment to support that growth, will need to be balanced with the required funding and liquidity headroom the company would like to retain. As at the end of FY25 Rakon had an undrawn debt facility of approximately \$40 million.

Rakon is a reasonably complex company, particularly in relation to its revenue and earnings. It operates across a wide geographical footprint, with revenue and expenses incurred in multiple jurisdictions. As a result, Rakon is more complex to manage than most companies of a similar size. This additional complexity gives rise to higher operating costs and increases the execution risk associated with its strategic initiatives.



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## 7.2 Standalone valuation of Rakon

We assess the full underlying equity value of Rakon at between \$1.46 and \$1.94 per share.

The Offer price of \$1.55 per share is within and near the lower end of our valuation range.

Our valuation is primarily based on DCF analysis (Section 6.3). This analysis is highly sensitive to the financial forecasts, for which we have been provided with a wide range in possible outcomes.

We have crosschecked our valuation using earnings multiples (Section 6.4).

The value we assess exceeds the price at which, based on current market conditions, we would expect Rakon shares to trade, in the absence of a takeover offer or equivalent transaction. As such, the Offer may represent a reasonably good liquidity event for shareholders wishing to exit their investment in Rakon.

We consider shareholders should consider our valuation in the context of:

- Rakon three largest shareholders, who have a good knowledge of its operations, have agreed to accept the Offer at \$1.55 per share. We do not know if those shareholders already had a desire to sell their shares. However, either way, those shareholders are incentivised to achieve as high a price as possible.
- Rakon has received interest from multiple parties over the last few years. This includes the NBIO that was announced in December 2023. In these circumstances, we consider likely interested acquirers would have been aware that Rakon is 'on the market'.
- The Offer was made 20 working days after it was first notified. This has given other parties the opportunity to announce their own interest or acquire shares on market. On market trading in Rakon shares during this period has occurred at prices below the Offer price, and no alternative offer has been announced.
- The regulatory issue identified below (Section 7.8) may be limiting the pool of potential acquirers interested in Rakon.
- Our valuation range was determined on 17 February 2026 and we considered events that occurred up to this date when valuing Rakon. Therefore, when deciding on whether to accept or reject the Offer, shareholders may want to also consider events that occur after 17 February 2026, such as movements in the prices of other listed companies.

Our valuation of Rakon is set out in greater detail at Section 6 of this Report.



### 7.3 Potential outcomes of the Offer

There are various possible outcomes, depending on the level of acceptances. These are::

- **Bourns receives acceptances to control at least 90% of the Rakon shares**

If Bourns receives sufficient acceptances to hold or control at least 90% of the Rakon shares, then under the provisions of the Takeovers Code, Bourns will have the ability to compulsorily acquire the remaining Rakon shares it does not already control. Bourns intends to proceed with compulsorily acquiring the remaining shares in those circumstances.

All shareholders who accept the Offer would receive \$1.55 per share they own, in cash.

In the event of a compulsory acquisition, the remaining shareholders would receive the same consideration as those who accepted the Offer.

- **Bourns receives acceptances to control more than 50% but less than 90% of the Rakon shares**

#### *Bourns waives the condition on 90% threshold*

Bourns has already received acceptances to control more than 50% of the Rakon shares. If Bourns waives the condition that it receives acceptances sufficient to confer control of at least 90% of the Rakon shares on issue, then Bourns would acquire the shares held by accepting shareholders only.

Shareholders who do not accept the Offer would retain their shares, which would continue to be quoted on the NZX.

Shareholders who do not accept the Offer will remain shareholders in a company largely controlled by Bourns. This would potentially result in reduced liquidity in share trading and less analyst coverage.

The Companies Act, Takeovers Code, NZX Listing Rules and Independent Directors in Rakon's Board would provide some level of protection to minority shareholders.

Bourns could increase its interest in Rakon, either by making a follow-on offer, or acquiring further shares under the 'creep' provisions of the Takeovers Code. If Bourns increased its holding in Rakon to 90% or more, it would be entitled (withing a specified period) to acquire the remaining shares in Rakon. The price of such a compulsory acquisition would depend on the manner in which Bourns increased its shareholding to 90% or above.

#### *Bourns does not waive the condition on 90% threshold*

The Offer will lapse if Bourns does not receive acceptances sufficient to confer control of at least 90% of the Rakon shares on issue, and Bourns does not waive the condition requiring receipt of such acceptances.

Shareholders would retain their shares.

In all scenarios where Bourns does not reach the 90% threshold:

- Rakon would remain a listed company.
- All else being equal, we consider that the listed price of Rakon shares would recede from current levels. However, given the clear indication of interest at \$1.55 per share, we consider it is unlikely to immediately recede to the levels seen immediately before the Offer was notified.
- Rakon's share price performance over the longer term would depend on the future performance of the company, and the wider market dynamics.



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## 7.4 Likelihood of an increase to the proposed consideration

As at 17 February 2026, Bourns had received acceptances, or agreements to accept, representing 51.027% of the Rakon shares on issue.

It is possible that the remaining Rakon shareholders demand a higher price to accept the Offer. The likelihood of Bourns increasing its price will be driven by whether it is comfortable with a shareholding between 50% and 90%, how close acceptances get to 90%, and whether it sees value in Rakon above its current Offer price.

If Bourns is comfortable owning a majority stake in a listed entity, and acceptances do not reach 90%, then we consider Bourns is less likely to increase the Offer price further, given it has already secured 51.027% of Rakon. However, Bourns may still be incentivised to increase the price, if it considered an increased price would secure a full takeover.

If Bourns increases the Offer price, all shareholders who accept the Offer will receive the increased price, regardless of when they accepted. This reduces Bourns' incentive to increase the Offer price, as it would be required to pay the higher price to shareholders who have already accepted, even though it could otherwise acquire those shares at \$1.55 per share.

## 7.5 Prospect of alternative takeover offers during Offer period

The lock up agreements required Bourns to make its Offer on the last day allowed by the Takeovers Code, following the notice. This has proved potential acquirers with 20 working days to indicate an alternative to the Offer. We are not aware of any such interest being indicated.

If Bourns waives the condition on acquiring 90% of Rakon shares, it will achieve control and have a shareholding in Rakon that is greater than 50%. While Bourns holds such a shareholding, any future takeover offer would need the support of Bourns to succeed.

We therefore consider it very unlikely that an alternative offer would be made for Rakon as any party wishing to acquire more than 20% of the Rakon's shares would either require Bourns to sell its newly acquired shareholding, or need approval from shareholders, which could be blocked by Bourns.

There is no need for Rakon shareholders to accept the Offer early and shareholders do not need to do anything in relation to the Offer until close to its closing date.

## 7.6 Future acquisitions of Rakon shares by Bourns

Bourns may acquire shares in Rakon in future transactions. This could occur by Bourns making another takeover offer, through a scheme of arrangement, or by Bourns acquiring shares on-market or off-market.

The Takeovers Code allows serial offers and does not impose restrictions on timing or pricing.

Given the Lock-Up Agreements, if Bourns is unlikely to reach the 90% control threshold, it may prefer to waive the 90% condition and make a follow-on offer at a later date, rather than increase the consideration in the current Offer, and be required to pay the higher price to all shareholders.

There is no certainty that any follow-on takeover offer would occur. Furthermore, if a follow on offer were made, Bourns would be free to offer a price higher or lower than the current offer of \$1.55 per share.

Bourns would also be entitled to acquire an additional 5% shareholding in Rakon in each 12-month period, by way of on-market and off-market transactions, under the 'creep' provisions of the Takeovers Code. There are no pricing restrictions on these transactions.

On balance, if Bourns acquires a majority interest (greater than 50%) by waiving the condition to reach 90%, then we consider Bourns increasing its interest in Rakon at some future point in time, either through a further takeover offer or the 'creep' provisions, would be reasonably likely. The price of any such transaction would depend on Rakon's performance and outlook at that time. The timing and occurrence of any follow-on transaction would be entirely at Bourns' discretion. Bourns could also block alternative offers.



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If Bourns increases its shareholding in Rakon to 90% or more, whether through a 'creep' acquisition or a further takeover offer, it would then have the right to compulsorily acquire the remaining shares. Conversely, if Bourns choose not to exercise that right, the remaining Rakon shareholders, would have the right to require Bourns to purchase their shares. The price for any compulsory acquisition would depend on how Bourns reached the 90% threshold, and in some cases the Takeovers Code would require the price to be determined by an independent expert.

### **7.7 Prospect of an investor acquiring a strategic shareholding of less than 20%**

It is possible that an investor could acquire a strategic shareholding of greater than 10%, which could be considered a blocking stake because it would prevent Bourns from achieving the 90% shareholding necessary to compulsorily acquire Rakon under the Takeovers Code. It is possible that any acquisition of a strategic shareholding could be made at a premium to the Offer price. There is no certainty that any party will acquire a strategic shareholding, and we consider the probability is low.

### **7.8 Regulatory issues impacting on buyer interest**

Rakon has previously attracted interest from other acquirers, including a non-binding indicative offer (NBIO) of \$1.70 per share, announced in December 2023. Discussions with that counterparty offer did not proceed after "regulatory complexity" was identified during due diligence.

The issue has since been addressed by Rakon, including the discontinuation of certain customer relationships, improvements to internal compliance frameworks, and proactive engagement with relevant regulators. However, Rakon advises there remains a "regulatory overhang" arising from its historical activities, which may take several years to fully resolve.

Rakon recognises this regulatory matter may constrain US-based acquisition interest until the matter is fully resolved.

Bourns was aware of this issue when it gave notice of the Offer, and as such this may have impacted on the Offer price.

### **7.9 Tax**

Taxation consequences will vary widely across shareholders, and the proposed consideration may vary between shareholders given their respective tax positions. Shareholders will need to consider these consequences and, if appropriate, consult their own professional advisers.



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## Appendix 1: Sources of information

### Documents relied upon

Key information sources we have used and relied on, without independent verification, in preparing this Report include the following:

- Rakon annual reports
- Rakon interim reports
- Rakon management accounts
- Rakon Long Range Plan
- IBISWorld
- S&P CapitalIQ
- Reserve Bank of New Zealand
- New Zealand Treasury
- Broker reports
- NZX announcements
- Other publicly available information.
- Ericsson Mobility Report, November 2025

We have also had discussions with Rakon's management team in relation to the nature of its operations and the known risks and opportunities for Rakon in the foreseeable future.

### Reliance upon information

In forming our opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Rakon and its advisers. We have no reason to believe any material facts have been withheld.

We have evaluated that information through analysis, enquiry and examination for the purposes of forming our opinion, but we have not verified the accuracy or completeness of any such information. We have not carried out any form of due diligence or audit on the accounting or other records of Rakon. We do not warrant that our enquiries would reveal any matter that an audit, due diligence review or extensive examination might disclose.



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## Appendix 2: Qualifications and declarations

### Qualifications

Calibre Partners is an independent New Zealand Chartered Accounting practice. The firm has established its reputation nationally through the provision of professional financial consultancy services with a corporate advisory and insolvency emphasis, and because we have no audit or tax divisions, we avoid potential conflicts of interest that may otherwise arise. This allows Calibre Partners to regularly act as an independent adviser and prepare independent reports.

The persons responsible for preparing and issuing this Report are Shaun Hayward (BCom, BProp, CFA), Grant Graham (BCom, CA) and Gillian Andrews (BCom, CA, CFA). All have significant experience in providing corporate finance advice on mergers, acquisitions and divestments, advising on the value of shares and undertaking financial investigations.

### Disclaimers

This Report should not be used or relied upon for any purpose other than as an expression of Calibre Partners' opinion as to merits of the proposed transaction. Calibre Partners expressly disclaims any liability to any Rakon shareholder that relies, or purports to rely, on this Report for any other purpose and to any other party who relies, or purports to rely, on the Report for any purpose.

This Report has been prepared by Calibre Partners with care and diligence, and the statements and opinions given by Calibre Partners in this Report are given in good faith and in the belief, on reasonable grounds, that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Calibre Partners or any of its officers or employees for errors or omissions however arising (including as a result of negligence) in the preparation of the Report, provided that this shall not absolve Calibre Partners from liability arising from an opinion expressed recklessly or in bad faith.

### Indemnity

Rakon has agreed that, to the extent permitted by law, it will indemnify Calibre Partners and its partners, employees and officers in respect of any liability suffered or incurred as a result of, or in connection with, the preparation of the Report. This indemnity does not apply in respect of any negligence, misconduct or breach of law. Rakon has also agreed to indemnify Calibre Partners and its partners, employees and officers for time incurred and any costs in relation to any inquiry or proceeding initiated by any person, except where Calibre Partners or its partners, employees and officers are guilty of negligence, misconduct or breach of law, in which case Calibre Partners shall reimburse such costs.

### Independence

Calibre Partners and the persons responsible for the preparation of this Report do not have at the date of this Report, and have not had, any shareholding in, or other relationship, or conflict of interest with Rakon that could affect their ability to provide an unbiased opinion in relation to this transaction. Calibre Partners will receive a fee for the preparation of this Report. This fee is not contingent on the success or implementation of the proposed transaction or any transaction complementary to it. Calibre Partners and the persons responsible for the preparation of this Report have no direct or indirect pecuniary interest or other interest in this transaction. We note for completeness that a draft of this Report was provided to Rakon and its advisers, solely for the purpose of verifying the factual matters contained in this Report. While minor changes were made to the drafting, no material alteration to any part of the substance of this Report, including the methodology or conclusions, were made as a result of issuing the draft.

### Consent

Calibre Partners consents to the issuing of the Report, in the form and context in which it is included, in the information to be sent to Rakon's shareholders. Neither the whole nor any part of the Report, nor any reference thereto, may be included in any other document without the prior written consent of Calibre Partners as to the form and context in which it appears.



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## Appendix 3: Valuation methods

There are a wide range of approaches and methods used for valuing businesses. Different approaches and methods tend to be appropriate in different circumstances. The approaches and methods most commonly used tend to be:

- Discounted cash flow (DCF) method
- Market approach
- Cost based approach.

### Discounted cash flow

The DCF method is an 'income approach' to valuation. Using the DCF method, value is estimated by converting projected future cash flows to a single present value.

The DCF method requires estimates of future cash flows to perform. Considerable judgement is often needed to estimate the cash flows, and a valuer will typically place significant reliance on medium to long term projections prepared by management. The financial projections of many businesses are very sensitive to changes in underlying assumptions. As such, DCF valuations are better suited to situations where a reasonable set of financial forecasts can be estimated.

When applied to a business valuation, the DCF method will usually be quite sensitive to the discount rate applied to the subject business, with the discount rate often being difficult to estimate.

The DCF methodology tends to be suited to situations where a reasonable set of financial forecasts can be estimated, and the business's current earnings are not representative of its underlying value, due to it being in a period of substantial growth, requiring substantial capital investment to achieve its projections, or there being identifiable factors that will impact on the businesses longer term performance.

### Market approach

The market approach is effectively a benchmarking exercise. Value is estimate by comparing the business with identical or similar businesses, for which price information is available.

In a business valuation context, the 'capitalisation of earnings' method is the most common market approach. Using the capitalisation of earnings, the value of the business is estimated based on an assessment of the maintainable earnings of the business and an earnings multiple. The earnings multiple is estimated based on multiples implied by the price at which other businesses are observed to transact.

The market approach can also include benchmarking the subject business based on other units of comparison (other than earnings), including revenue multiples and book value multiples. Many industries also have particular units of comparison that are commonly used to compare different companies within the industry.

This methodology tends suit to situations where a meaningful comparison can be made between the subject business and benchmarks. The greater the difference between the subject and the benchmarks the less meaningful the comparison. Meaningful comparisons can be made more difficult due when the subject and the benchmark being differently sized, subject to different regulatory and market conditions, located in different markets, having different profitability characteristics, or different growth prospects.

### Cost based approach

A cost-based approach includes valuation methods that focus on the cost to replace; cost to reproduce; and the summation method, in which the value of a business is determined based on its holdings.

A cost-based approach tends to be suited to situations where the subject business is not going concerns or has low levels of profitability, or businesses where their value of the whole is primarily a factor of the values of their holdings (for example property holding companies).



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## Appendix 4: Discount Rates

We have determined the discount rate that we apply to Rakon based on an assessment of its post-tax, nominal weighted average cost of capital (WACC).

It is a commonly accepted practice to determine WACC using the following formula:

$$WACC = R_d(1 - T_c) \frac{D}{D + E} + R_e \frac{E}{D + E}$$

Where:

**E** = the market value of equity capital

**D** = the market value of debt capital

**R<sub>d</sub>** = the required rate of return on debt capital (cost of debt)

**R<sub>e</sub>** = the required rate of return on equity capital (cost of equity)

**T<sub>c</sub>** = the statutory corporate tax rate

### Leverage and cost of debt

We have adopted a target gearing of 0% for Rakon.

Rakon currently carries minimal debt, and its debt is offset by cash and cash equivalents. In addition, comparable companies also have very low leverage, with several carrying little or no debt.

Assuming 0% gearing means the WACC effectively equals the cost of equity.

For completeness, changes in leverage would not materially affect the WACC in this case.



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## Capital Asset Pricing Model

The Capital Asset Pricing Model (CAPM) is typically used to determine a cost of equity.

It is common practice in New Zealand to use a version of CAPM that has been modified to recognise the New Zealand tax regime and its favourable tax treatment of equity returns. The specification most commonly adopted is the Simplified Brennan-Lally CAPM. This model is applicable to post-corporate tax, but pre-investor tax cash flows. It uses the following formula:

$$R_e = R_f(1 - T_i) + \beta_e[R_m - R_f(1 - T_i)] + SCRP$$

Where:

$T_i$  = investors' effective tax rate on interest, dividends and capital gains

$R_f$  = the risk-free rate of return

$\beta_e$  = the equity beta for the entity being valued

$R_m$  = the expected return on the market portfolio

SCRP = Specific company risk premium

The terms [ $R_m - R_f(1 - T_i)$ ] are generally grouped into a single tax-adjusted market risk premium (TAMRP).

It uses the following formula:

$$R_e = R_f + \beta_e[R_m - R_f] + SCRP$$

Where:

$R_f$  = the risk-free rate of return

$\beta_e$  = the equity beta for the entity being valued

$R_m$  = the expected return on the market portfolio

SCRP = Specific company risk premium

## Investors' effective tax rate ( $T_i$ )

We have adopted an effective investors' tax rate on interest, dividends and capital gains of 28%. This is the rate commonly used by valuers in New Zealand.

## Risk-free rate ( $R_f$ )

We have adopted a risk-free rate of 5.25% per annum.

In assessing the risk-free rate, we considered that it is used in a DCF valuation that includes a terminal value based on cashflows in perpetuity.

The assessed rate is consistent with secondary market yields on New Zealand Government Bonds as at 30 January 2026, with 5- and 10-year yields of 4.07% and 4.61%, respectively. These imply a forward interest rate of around 5.2% per annum for years 6 to 10.

The assessed rate is also consistent with the long-term risk-free spot rates assessed and published by the New Zealand Treasury, as at 31 December 2025.



## Equity beta ( $\beta_e$ )

An equity beta is a measure of an investment's volatility. The beta of the market portfolio is 1.0. A beta above 1.0 indicates that an investment is more volatile than the market and has higher systematic (market-related) risk. A beta below 1.0 indicates that an investment has a lower level of systematic risk. An equity beta factors in the leveraging effect of debt in a company's capital structure.

To determine an asset beta for Rakon, we have considered the asset betas of comparable listed companies. Table 4.1 summarises our analysis.

Table 4.1: Asset betas

	Country	General focus of products	Asset beta 5 year monthly	Asset beta 3 year weekly
Rakon	NZ	Timing solutions	1.89	1.29
Si Time	USA	Silicon timing solutions, fabless	3.01	3.00
Microchip Technology	USA	Diversified	1.24	1.58
M-Tron Industries	USA	Aerospace and defence	n/a	1.57
TXC Corporation	Taiwan	Commoditised	0.55	0.42
Daishinku Corp	Japan	Commoditised	0.35	0.49
Nihon Dempa Kogyo	Japan	Commoditised	0.56	0.73
Skyworks	USA	Supplier to Apple products	1.31	1.48
CML Microsystems	UK	Timing solutions, fabless	1.07	0.43
Siward Crystal Technology	Taiwan	Crystal blanks	0.99	0.82
<b>Min</b>			<b>0.35</b>	<b>0.42</b>
<b>Max</b>			<b>3.01</b>	<b>3.00</b>
<b>Mean</b>			<b>1.22</b>	<b>1.18</b>
<b>Median</b>			<b>1.07</b>	<b>1.06</b>

Source: S&P Capital IQ and Calibre Partners analysis

We adopt an asset beta in the range of 1.1 to 1.2 for the purpose of valuing Rakon. This is based on the above data set, acknowledging there is a broad range in asset betas observed for the comparable company data set.

Rakon's core offering has historically been focused on communications, positioning, with increasing levels of space and defence. The forecasts also include increasing contributions from New Space and AI Datacentres.

The comparable companies identified which produce the more commoditised high-volume products, including TXC Corporation, Daishinku Cop and Nihon Dempa Kogyo have lower betas, while those with a presence in Aerospace and Defence, and with higher spec products, tend to have higher asset betas. Si Time is an outlier, which we consider is due to the nature of its product.



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## Tax adjusted market risk premium

A market risk premium is the excess expected return on the market portfolio of risky equity assets (share market returns) over the return on risk-free assets (government bond returns).

A TAMRP is used in the Brennan-Lally CAPM, which is the market risk premium adjusted for tax considerations. We have determined an appropriate TAMRP of 7.5% after considering:

- Valuation professionals typically use a TAMRP between 7.0% and 8.0% when valuing New Zealand companies. The midpoint of 7.5% is the most widely adopted TAMRP when valuing New Zealand companies today.
- The New Zealand Treasury's guidance on discount rates suggests a market risk premium of around 7.0% is appropriate.

## Discount rate adopted

Based on the assumptions described and applying the Simplified Brennan-Lally model, we calculate a WACC range as follows:

	Low	High
Leverage	0%	0%
Investors' effective tax rate	28%	28%
Equity beta	1.1	1.2
Risk free rate	5.25%	5.25%
TAMRP	7.0%	7.5%
<b>WACC</b>	<b>11.5%</b>	<b>12.8%</b>

This assessment is based on a New Zealand jurisdiction approach to WACC. The businesses profits are generated in a range of jurisdiction, which use different capital asset pricing models, have different market risk premia and risk-free rates, and have different tax implications. In particular, the main areas of operations being New Zealand, France, and India. The forecasts we have been provided do not split out profits by jurisdiction – we have therefore simply adopted the above discount rate range. While using jurisdiction-specific discount rates could affect the valuation, we consider the valuation to be less sensitive to this than to the key assumptions applied to forecast cashflows, in the current circumstances.



## Appendix 5: Glossary of key terms

Term	Definition
AI	Artificial Intelligence
ASIC	Application Specific Integrated Circuit
Bourns	Bourns, Inc.
CAGR	Compound Average Growth Rate
CAPM	Capital Asset Pricing Model
DCF	Discounted Cash Flow
EBITDA	Earnings before interest, tax, depreciation, and amortisation
FY	Financial year ended 31 March
FWA	Fixed Wireless Access
GPS	Global Positioning System
GNSS	Global Navigation Satellite System
HY	Half year ended 30 September
IFRS	International Financial Reporting Standards
LEO	Low-Earth-Orbit
LLM	Large Language Model
MEMS	Mico-Electromechanical Systems
NZX	New Zealand Stock Exchange, or NZX Limited
OCXO	Oven Controlled Vrystal Oscillators
OEM	Original Equipment Manufacturer
Offer Date	9 February 2026
Rakon	Rakon Limited
R&D	Research and Development
TAMRP	Tax adjusted market risk premium
TCXO	Temperature Compensated Crystal Oscillator
Timemaker	Chengdu Timemaker Crystal Technology Co. Limited
New Space	New Space refers to the private-sector-led industry focused on commercial space operations including LEO satellites
NZX	New Zealand Stock Exchange
Underlying EBITDA	Earnings before interest, tax, depreciation, amortisation, impairment, employee share schemes, non-controlling interests, adjustments for associate's share of interest, tax and depreciation, loss on disposal of assets and other cash and non-cash items
VCXO	Voltage Controlled Crystal Oscillator
VCSO	Voltage Controlled SAW Oscillator
WACC	Weighted Average Cost of Capital
XMEMS	Trademarked MEMS technology
Xo	Quartz Oscillator
\$	New Zealand dollars, unless otherwise specified





# Bourns, Inc.

## Independent Adviser's Report

### Prepared Pursuant to Rule 22 of the Takeovers Code in Relation to a Full Takeover Offer for Rakon Limited

*January 2026*

#### **Purpose of the Report**

This report is **not** a report on the merits of the offer.

This report has been obtained by the offeror.

The purpose of this report is solely to compare the consideration and terms offered for the different classes of financial products and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes.

A separate Independent Adviser's Report on the merits of the offer, commissioned by the directors of Rakon Limited, must accompany Rakon Limited's target company statement.

The offer should be read in conjunction with this report and the separate Independent Adviser's Report on the merits of the offer.

#### **Statement of Independence**

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in the report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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## 1. Introduction

### 1.1 Background

Rakon Limited (**Rakon**) is a global leader in frequency control products and timing solutions. Its innovations are integral to a wide range of applications, including 5G networks, satellites, emergency beacons and autonomous vehicles.

Rakon's ordinary shares are listed on the main equities security market operated by NZX Limited (the **NZX Main Board**). Rakon had a market capitalisation of \$207 million as at 9 January 2026.

### 1.2 Bourns Offer

#### *Bourns, Inc.*

Bourns, Inc. (**Bourns**) is a privately held global electronics company headquartered in Riverside, California, United States of America.

Bourns designs and manufactures electronic components such as sensors, circuit protection devices and magnetics for the automotive, industrial and consumer markets.

#### *Takeover Notice*

Bourns issued a notice of its intention to make a full takeover offer for the equity securities on issue in Rakon on 11 January 2026 (the **Takeover Notice**) which, if successful, will result in Bourns holding or controlling all of the voting rights in Rakon (the **Bourns Offer**).

#### *Rakon Capital Structure*

Rakon's share capital consists of:

- 229,809,013 fully paid ordinary shares (the **Ordinary Shares**)
- 2,986,978 unlisted employee share rights to acquire Ordinary Shares under Rakon's Long Term Incentive Plan (the **Share Rights**).

#### *Share Rights*

The Share Rights have been issued to eligible employees under Rakon's Long Term Incentive Plan (the **Plan**).

The Plan was established on 7 December 2021. Under the rules of the Plan (the **Plan Rules**), Share Rights are granted to participants based in New Zealand, whereby employees render services as consideration for Ordinary Shares.

The Bourns Offer is in respect of 2 tranches of Share Rights:

- 1,039,990 Share Rights granted in the 2025 financial year (the **FY2025 Share Rights**)
- 1,946,988 Share Rights granted in the 2026 financial year (the **FY2026 Share Rights**).

We understand that there are effectively 5 classes of Share Rights:

- the FY2025 Share Rights
- the FY2025 Share Rights varied by the Conditional Retention Letter (which is discussed in section 2.3)
- the FY2026 Share Rights – granted to non-executives
- the FY2026 Share Rights – granted to executives and varied by the Conditional Retention Letter
- the FY2026 Share Rights – granted to non-executives and varied by the Conditional Retention Letter.

The terms of the 5 classes of Share Rights differ slightly depending on the year of issue (ie FY2025 or FY2026), whether the holder is a member of Rakon’s executive team and whether the holder is party to separate retention arrangements under the Conditional Retention Letter.

While this results in there being 5 separate classes of Share Rights, their terms are sufficiently similar to justify them being treated together in this report.

The Share Rights are not listed on the NZX Main Board.

The Share Rights constitute separate classes of non-voting securities for the purposes of the Takeovers Code (the **Code**).

### ***Bourns Shareholding in Rakon***

Bourns currently does not hold or control any Ordinary Shares.

Certain Rakon shareholders have agreed to accept the Bourns Offer in respect of all of the Ordinary Shares that they hold or control (representing 41.2% of the voting rights in Rakon) in accordance with lock-up agreements entered into on 11 January 2026.

Bourns currently does not hold or control any Share Rights.

### ***Terms of the Bourns Offer***

#### ***Full Offer***

The Bourns Offer is for 100% of the Ordinary Shares and the Share Rights that Bourns currently does not hold or control.

#### ***Consideration***

Bourns will offer cash of:

- \$1.55 for each Ordinary Share (the **Ordinary Shares Offer Price**)
- \$1.55 for each Share Right (the **Share Rights Offer Prices**).

#### ***Conditions***

The Bourns Offer is conditional upon Bourns receiving acceptances that would, when taken together with the voting securities already held or controlled by Bourns, confer more than 90% of the voting rights in Rakon (the **Minimum Acceptance Condition**).

At Bourns' discretion, the Minimum Acceptance Condition can be waived if acceptances over 50% are received.

The Bourns Offer in respect of the Share Rights is conditional on the terms of issue of the Share Rights being validly varied (in accordance with their terms and all applicable laws and regulations) to permit the transfer of the Share Rights to Bourns (the **Share Rights Condition**).

At Bourns' discretion, the Share Rights Condition can be waived.

The Bourns Offer is also conditional on a series of other conditions that are standard for an offer of this type.

### 1.3 Regulatory Requirements

Rakon is a *code company* as defined in section 2A of the Takeovers Act 1993. The takeover process contemplated by Bourns must therefore comply with the provisions set out in the Code.

Rule 8(2) of the Code prescribes that a full offer must be extended to all holders of equity securities (whether voting or non-voting) of the target company other than the offeror.

Furthermore, Rule 8(4) of the Code prescribes that if non-voting securities are included in a full offer, the consideration and terms offered for the non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

In this particular case, the Code requires that the consideration and terms offered for the Share Rights must be fair and reasonable compared with the consideration and terms offered for the Ordinary Shares and as between the 5 classes of Share Rights.

As the offeror, Bourns must obtain a report pursuant to Rule 22 of the Code from an independent adviser which certifies that, in the adviser's opinion, the offer complies with Rule 8(4).

### 1.4 Purpose of the Report

Bourns has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report to opine on whether the consideration and terms offered for the Ordinary Shares and the Share Rights are fair and reasonable as between the Ordinary Shares and the Share Rights and as between the 5 classes of Share Rights under the Bourns Offer in accordance with Rule 22 of the Code.

A Rule 22 Independent Adviser's Report is not required to consider the merits of the Bourns Offer and we offer no opinion on whether the Ordinary Shares Offer Price is fair and reasonable.

Simmons Corporate Finance was approved by the Takeovers Panel on 8 January 2026 to prepare the Independent Adviser's Report.

The Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

## 2. Evaluation of the Bourns Offer as Between the Ordinary Shares and the Share Rights

### 2.1 Basis of Evaluation

Rule 22 of the Code requires that the Independent Adviser's Report certifies that the consideration and terms offered for the Ordinary Shares and the Share Rights are *fair and reasonable* as between the Ordinary Shares and the Share Rights and as between the 5 classes of Share Rights.

There is no legal definition of the term *fair and reasonable* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *fair and reasonable*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 1 November 2023
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *fair and reasonable*.

The Australian Securities & Investments Commission Regulatory Guide 111 – *Content of Expert Reports* sets out some fundamental requirements for a report that is completed in similar circumstances to those relating to the Bourns Offer.

According to the regulatory guide, an offer is *fair* if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. An offer is deemed to be *reasonable* if it is fair. An offer may also be *reasonable* if, despite it being not fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We are of the view that these definitions provide a useful starting point for assessing the fairness and reasonableness of the consideration offered as between the Ordinary Shares and the Share Rights.

Our assessment of whether the consideration and terms offered for the Share Rights are fair and reasonable is based on the following approach:

- the Ordinary Shares Offer Price of \$1.55 provides the benchmark for our assessment in relation to the Share Rights
- accordingly, we determine the underlying fair value of the Share Rights assuming an initial fair value for the Ordinary Shares of \$1.55
- the assessment then rests on a comparison of the Share Rights Offer Price with the underlying fair value of the Share Rights.

In our view the assessment of the terms of the Bourns Offer relating to the Ordinary Shares in comparison with the terms relating to the Share Rights is inconsequential in this case. Both the holders of the Ordinary Shares and the holders of the Share Rights will receive cash consideration if they are capable of accepting and accept the Bourns Offer and the Bourns Offer to each group of security holders is effectively contingent on the same set of conditions. Accordingly, we are of the opinion that the terms of the Bourns Offer are equivalent as between the Ordinary Shares and the Share Rights.

We stress that we have not attempted to assess the underlying value of the Ordinary Shares, but have used the Ordinary Shares Offer Price as the benchmark for our assessment of the relativity between the offers for the different classes of securities.

## 2.2 Opinion

**In our opinion, the consideration and terms offered for the Share Rights are fair and reasonable in comparison with the consideration and terms offered for the Ordinary Shares and as between the 5 classes of Share Rights.**

**We certify that in our opinion, the Bourns Offer complies with Rule 8(4).**

## 2.3 Terms of the Share Rights

### *Overview*

The Plan was established on 7 December 2021.

Under the Plan, Share Rights are granted to participants based in New Zealand, whereby employees render services as consideration for Ordinary Shares.

For the FY2025 Share Rights, vesting is dependent on:

- Rakon'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, and
- relevant employees remaining employed by Rakon at the time of vesting.

The vesting conditions for the FY2026 Share Rights are different for executive and non-executive employees:

- for executives, the vesting conditions are the same as for the FY2025 Share Rights (ie TSR and continued employment)
- for non-executive employees, the only vesting condition is remaining employed by Rakon at the time of vesting.

Upon the vesting of a Share Right, no amount is payable by the Share Rights holder to be issued an Ordinary Share.

The Plan was amended by Rakon's board of directors (the **Board**) on 21 August 2025 whereby Share Rights granted after that date that have not lapsed shall be treated as vested on a date to be determined by the Board where there is a *Change of Control Event*.

### **Grant of Share Rights**

A total of 2,986,978 Share Rights remain on issue at the date of this report:

- in March 2025, 1,157,590 FY2025 Share Rights were granted, of which 1,039,990 Share Rights remain on issue at present
- in September 2025, 1,951,485 FY2026 Share Rights were granted, of which 1,946,988 Share Rights remain on issue at present.

### **Key Terms**

The key terms of the Share Rights are:

- a Share Right is a right to subscribe for or take a transfer of an Ordinary Share upon the vesting of the Share Right
- a Share Right has no entitlement to any dividend and no voting rights
- a Share Right is not transferable or assignable
- upon the vesting of a Share Right, Rakon must issue an Ordinary Share to, or procure the transfer of an Ordinary Share to the Share Rights holder
- no payment is required to be made by the Share Rights holder upon receipt of the Ordinary Share
- a Share Right will lapse and be immediately forfeited if the vesting conditions are not met within the prescribed period or if the holder ceases to be employed by Rakon.

### **Change of Control Event**

A *Change of Control Event* is defined in the Plan Rules as:

*“Change of Control Event means a takeover, scheme of arrangement or similar transaction, which is, in the opinion of the Board, unconditional or likely to become unconditional and will upon completion, result in the Company ceasing to be listed on the NZX Board.”*

Clause 9.3 of the Plan Rules as approved in December 2021 provided:

#### **Change of Control Event**

- (a) If a Change of Control Even occurs prior to the Vesting Date, the Board has discretion to determine whether some or all (or none) of a Participant’s unvested Share Rights which have not lapsed will be treated as if deemed to have Vested (on a date determined by the Board), including (without limitation, on a pro rata basis according to the portion of the Vesting Period which has elapsed as at the date of the Change of Control Event.*
- (b) If the Board determines that none or only some of the Share Rights of a Participant shall Vest under clause 9.3(a), all or the balance (as the case may be), of Share Rights of that Participant which do not Vest under clause 9.3(a), will automatically lapse upon a Change of Control Event.*

An amendment to the Plan Rules was made on 21 August 2025:

*Clause 9.3 Change of Control Event*

*If a Change of Control Event occurs prior to the Vesting Date all of a Participant's unvested Share Rights which have not lapsed will be treated as if deemed to have Vested (on a date determined by the Board).*

On 22 August 2025, the Board issued a **Conditional Retention Letter** to certain Share Rights holders setting out retention arrangements in the event of Rakon receiving or progressing a change of control transaction proposal, in order to provide certainty to key staff and to facilitate retention of key staff during the period when a proposal is being considered or a transaction is being implemented.

Included in the retention arrangements was an undertaking that at the completion of a takeover transaction, Rakon would pay the Share Rights holder cash (rather than issuing Ordinary Shares) in respect of their Share Rights which have not already lapsed or vested.

## 2.4 Share Rights Condition

The key condition that could result in differing outcomes for Ordinary Shareholders relative to Share Rights holders is the Share Rights Condition.

The Share Rights Condition requires the terms of issue of the Share Rights being validly varied (in accordance with their terms and all applicable laws and regulations) to permit the transfer of the Share Rights to Bourns.

If the Share Rights Condition is not satisfied, then Share Rights holders will not be able to accept into the Bourns Offer in respect of any Share Rights that have been granted to them but which have not vested.

However, given the amendment to the Plan Rules on 21 August 2025 in respect of a *Change of Control Event*, the only uncertainties regarding the satisfaction of the Share Rights Condition are:

- the Board's opinion as to whether the Bourns Offer will become "unconditional or likely to become unconditional" and, if so
- the deemed vesting date determined by the Board.

In our view, it is unlikely that the Board would wish to disadvantage certain security holders in the context of the Bourns Offer by way of withholding approval to vary the terms of the Share Rights.

We note that if the terms of the Share Rights cannot be validly varied, but a Share Rights holder becomes entitled to exercise, and exercises, the Share Rights, that Share Rights holder will only be entitled to participate in the Bourns Offer as an Ordinary Shareholder.

In such a case, if the Bourns Offer becomes unconditional, Bourns will acquire the Ordinary Shares from any Ordinary Shareholder who has accepted the Bourns Offer at the Ordinary Shares Offer Price of \$1.55.

## 2.5 Valuation of the Share Rights

### Valuation Approach

We have assessed the value of the Share Rights based on the economic value that a Share Rights holder would receive by way of accepting their Share Rights into the Bourns Offer.

A valuation of the Share Rights under this scenario is relatively straightforward, as it represents:

- the value of the payoff received by the Rights Shareholder (prior to any tax deductions) – ie the Share Rights Offer Price
- less the exercise price of the Share Right – which is nil.

Therefore the use of a theoretical option valuation is not applicable.

### Valuation Assessment

On the basis that Share Rights Condition is met, we assess the (pre tax) value of each FY2025 Share Right to be \$1.55 and each FY2026 Share Right to be \$1.55.

Valuation of Share Rights		
	FY2025 Share Rights \$	FY2026 Share Rights \$
Share Rights Offer Price	1.55	1.55
Exercise price	-	-
Value of Share Right (pre tax)	<u>1.55</u>	<u>1.55</u>

Our analysis is on a pre tax basis. We have not sought to consider the tax implications of accepting the Share Rights into the Bourns Offer or the tax position of the individual Share Rights holder.

## 2.6 Conclusion

In our opinion, the consideration and terms offered for the Share Rights are fair and reasonable in comparison with the consideration and terms offered for the Ordinary Shares and as between the 5 classes of Share Rights:

- the Share Rights Offer Price of \$1.55 is equal to our assessed value of each Share Right
- the Ordinary Shares Offer Price and the Share Rights Offer Price are identical at \$1.55 per security
- each vested Share Right entitles the holder to subscribe for one Ordinary Share
- as there is no amount payable by the Share Rights holder to subscribe for an Ordinary Share, the Share Rights holder will effectively be in the same (pre tax) financial position as Ordinary Shareholders
- we therefore conclude that the Share Rights Offer Price is fair relative to the Ordinary Shares Offer Price

- our assessed value of the Share Rights is the same across the 5 classes on issue. We therefore conclude that the Share Rights Offer Price is fair between the 5 classes of Share Rights
- the holders of both the Ordinary Shares and the Share Rights will be paid cash if they accept the Bourns Offer
- other than the Share Rights Condition, the Bourns Offer to the holders of both the Ordinary Shares and the Share Rights is effectively conditional on the same set of general conditions.

### **3. Sources of Information, Reliance on Information, Disclaimer and Indemnity**

#### **3.1 Sources of Information**

The statements and opinions expressed in this report are based on the following main sources of information:

- the Takeover Notice
- the Rakon annual report for the year ended 31 March 2025
- the Plan Rules
- the Conditional Retention Letter
- data in respect of Rakon from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from Bourns' financial and legal advisers.

Bourns has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Bourns Offer that is known to it and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

#### **3.2 Reliance on Information**

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Bourns and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Rakon. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

#### **3.3 Disclaimer**

It is not intended that this report should be used or relied upon for any purpose other than as an expression of our opinion as to whether the consideration and terms offered for the Ordinary Shares and the Share Rights are fair and reasonable as between the Ordinary Shares and the Share Rights and as between the 5 classes of Share Rights.

This report is not a valuation of the Ordinary Shares or the Share Rights. We expressly disclaim any liability to any Rakon shareholder that relies or purports to rely on this report for any purpose other than that referred to in the paragraph above.

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Rakon will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Rakon and its directors and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith or which cannot be disclaimed by law.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the Takeover Notice and have not verified or approved the contents of the Takeover Notice. We do not accept any responsibility for the contents of the Takeover Notice except for this report.

### **3.4 Indemnity**

Bourns has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Bourns has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

## 4. Qualifications and Expertise, Independence, Declarations and Consents

### 4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

### 4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Bourns or Rakon or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Bourns Offer.

Simmons Corporate Finance has not had any part in the formulation of the Bourns Offer or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the Bourns Offer. We will receive no other benefit from the preparation of this report.

### 4.3 Declarations

An advance draft of this report was provided to Bourns for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

### 4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be attached to Rakon's target company statement to be sent to Rakon's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons  
Director

**Simmons Corporate Finance Limited**  
11 January 2026



