

2023 Annual meeting of shareholders

rakon



The Future.
Connected.

How to Participate in Hybrid Meeting (Q&A)



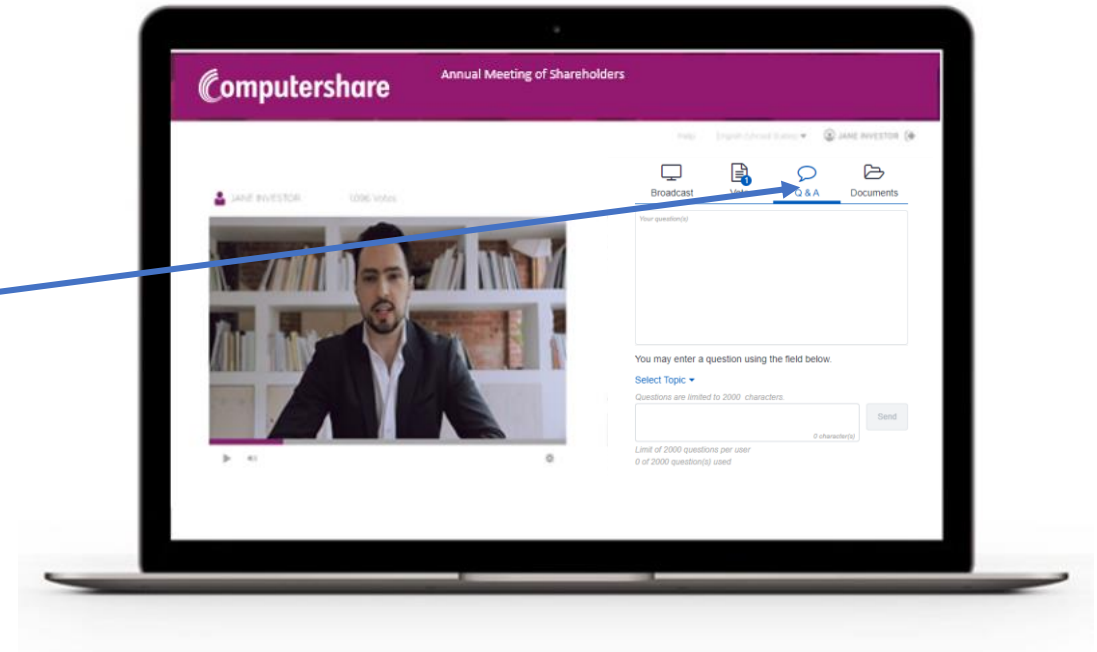
Shareholder & Proxyholder Q&A Participation

Written Questions:

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

Help:

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

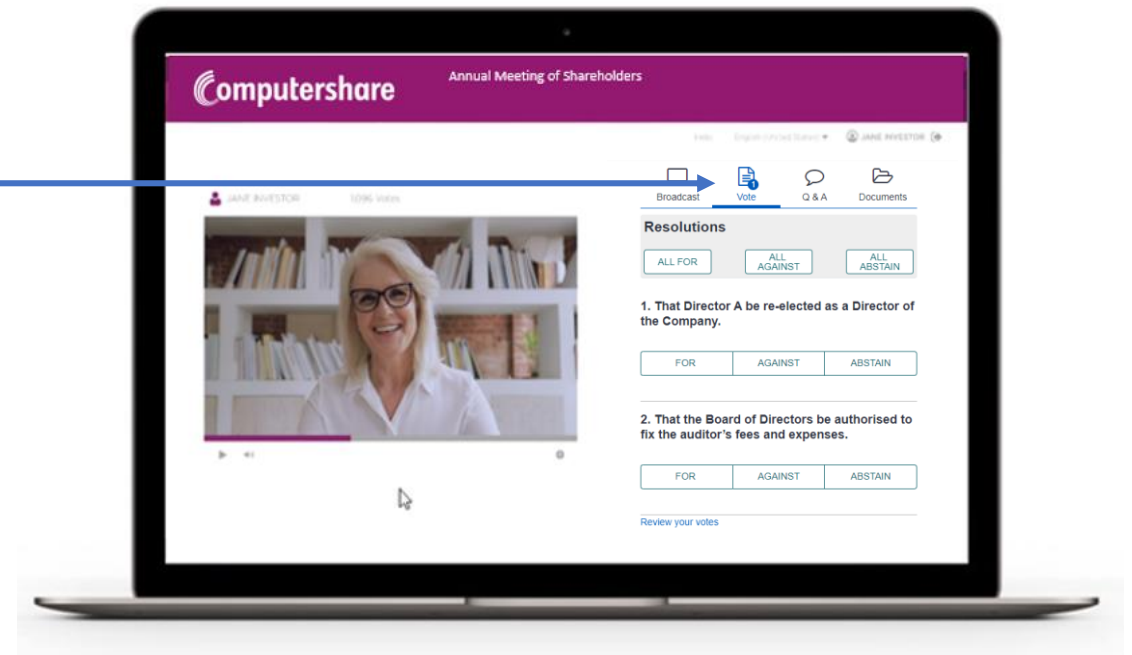


How to Participate in Hybrid Meetings (Voting)



Shareholder & Proxyholder Voting

- Once the voting has been opened, the resolutions and voting options will allow voting.
- To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.
- Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.





Chair's address

Lorraine Witten



Our Board

A strong mix of global experience and technology expertise



LORRAINE WITTEN
Chair and Independent director



SINEAD HORGAN
Independent director



KEITH WATSON
Independent director



STEVE TUCKER
Independent director



KEITH OLIVER
Independent director



BRENT ROBINSON
Executive director



JUNG MENG (JM) TSENG
Director

Agenda

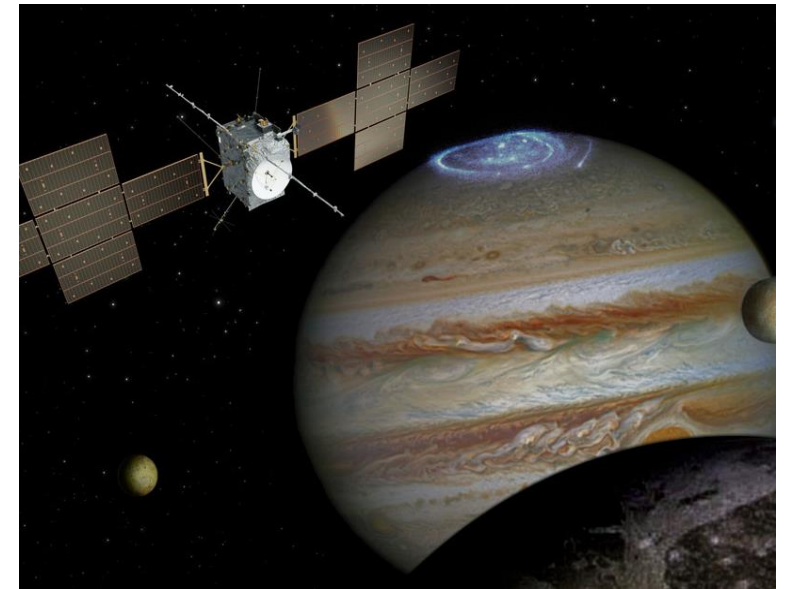
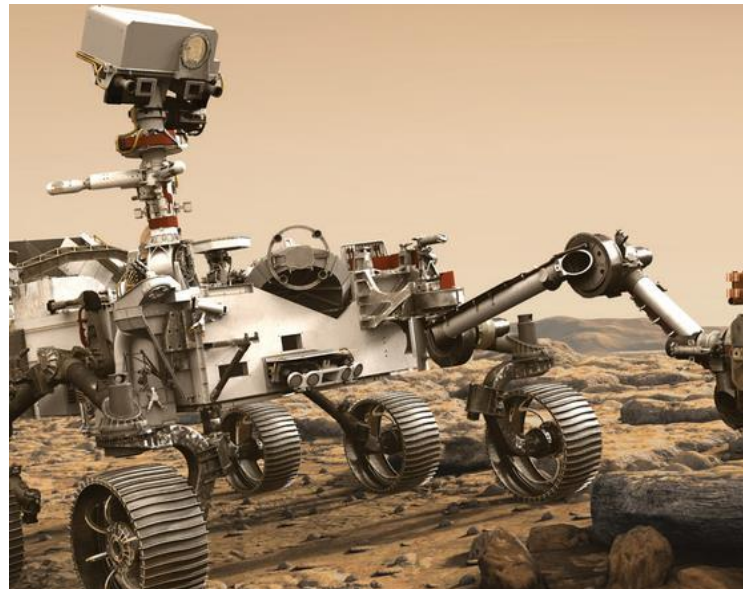
Chair's address

Chief Executive's review

Shareholders' questions

Resolutions

General business



FY23 business highlights

Delivery of all milestones in 3-year growth plan and commenced dividends



Highest ever core revenue +16% growth



Dividend declared and Dividend Reinvestment Plan



Stable margins maintained across core markets



\$10.7m borrowings repaid



India manufacturing facility opened in June



All FY23 growth milestones achieved in 3-year plan

Clear strategy to increase shareholder value



GROW
OUR CORE
BUSINESS



MAINTAIN PRODUCT
AND TECHNOLOGY
LEADERSHIP



EXPAND INTO
NEW MARKETS



DELIVER
WORLD CLASS
MANUFACTURING

STRATEGIC ACQUISITIONS SUPPORTING GROWTH STRATEGY

Capital management and commencing dividends



Board anticipates level of dividend sustainable through three-year growth plan

Fully imputed Final
Dividend

1.5cps

Dividend Reinvestment
Plan introduced

**2% discount
to VWAP**

Borrowings repaid
in FY23

\$10.7m

Net Assets

\$156.9m

▲ \$21.7m +16%

India facility total
investment

\$14-15m

Net Cash

\$16.5m

Building a sustainable organisation



Our new research and manufacturing facility in India incorporates sustainable building practices around the use of water and energy



Chief Executive's address

Sinan Altug

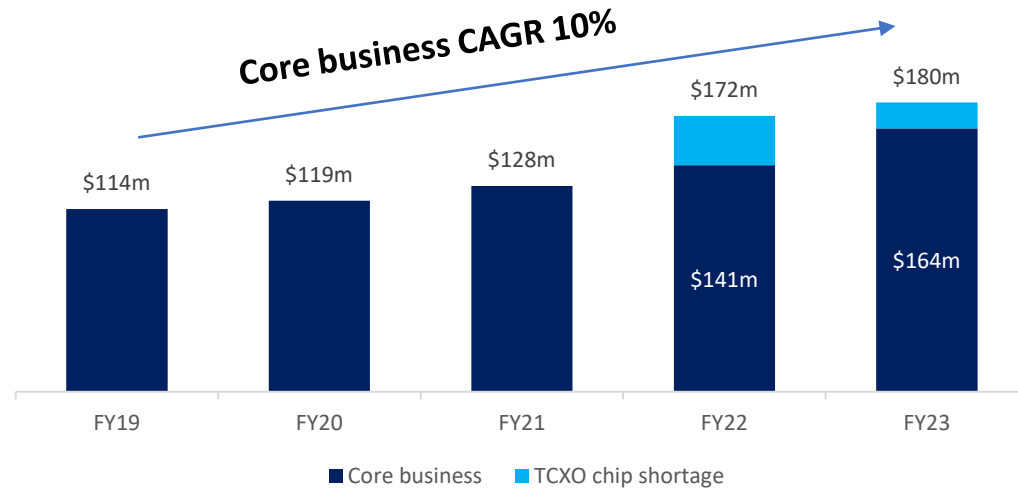


FY23 Strong core business growth offsets chip-shortage business

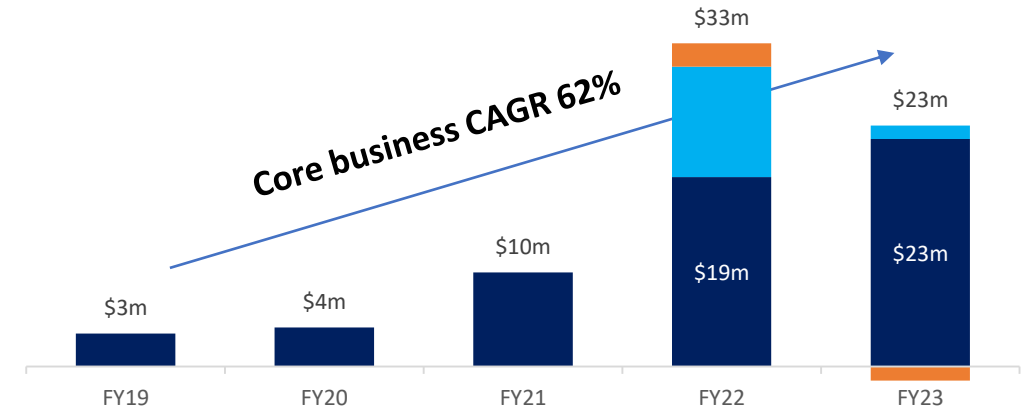
Continued growth over last 5 years reflects competitive advantage



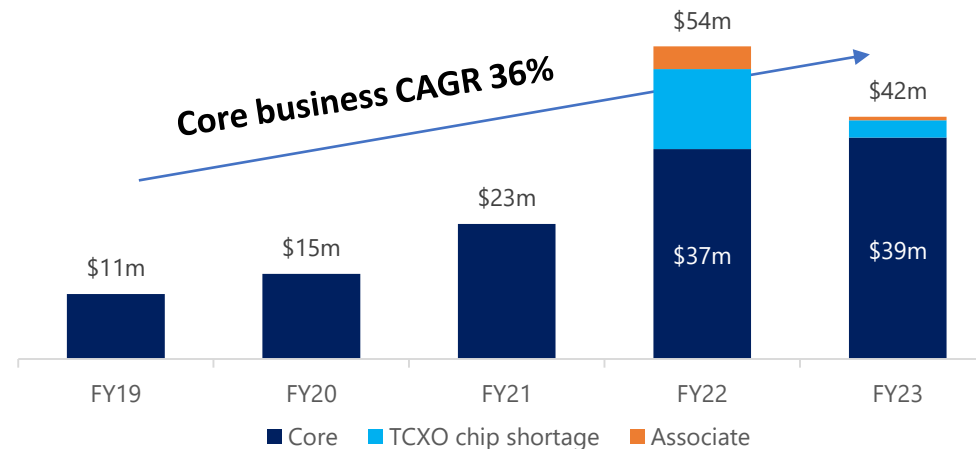
Revenue



Net Profit



Underlying EBITDA¹



FY23 key market performance overview

Growth across all our core markets



Telecommunications

FY23 Revenue

\$101M ▲ UP 17%

Gross margin

\$43M ▲ UP 14%

Space and Defence

FY23 Revenue

\$29M ▲ UP 18%

Gross margin

\$20M ▲ UP 16%

Positioning

FY23 Revenue

\$34M ▲ UP 21%

Gross margin

\$18M ▲ UP 10%

FY24 outlook



Risk to guidance from slower drawdown of stockpiled customer inventory in Telecommunications

- Core markets performed slightly above expectations in Q1
- Space and Defence outlook is strong, with higher than expected product orders
- Slower drawdown of stockpiled customer inventory in Telecommunications represents \$10m risk to FY24 Guidance of \$26-34m Underlying EBITDA¹
- Industry-wide return to normal inventory levels expected by the end of FY24

Focus on enhancing efficiency

Taking action to navigate short-term macro-economic conditions



Efficiency initiatives

- Optimising global manufacturing processes
- Reducing global operating expenses
- Recalibrating resources and cost structures

Annualised cost savings

Initiatives to date will result in \$6m annualised cost savings from FY25 (compared to operating plan)



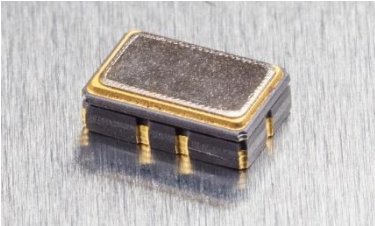

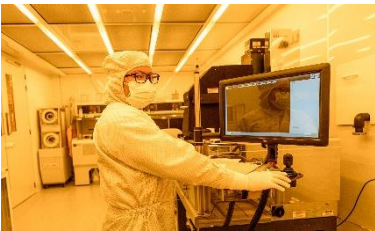



Long-term growth trajectory to build value



3-year growth roadmap

Achieved all FY23 milestones and making good progress with FY24 milestones



		FY 2023	FY 2024	FY 2025
	NEW MANUFACTURING FACILITY IN INDIA	<ul style="list-style-type: none"> Construction completed Fitout / capacity expansion Existing manufacturing transfer 	<ul style="list-style-type: none"> Select NZ products transferred Select NewSpace products transferred 	<ul style="list-style-type: none"> Select French NewSpace subsystem modules transferred
	RAKON DESIGNED SEMICONDUCTOR CHIPS	<ul style="list-style-type: none"> Substantial increase in R&D and chip design capability Release of Niku™ next generation chip 	<ul style="list-style-type: none"> Release of enhanced MercuryX™ Chip based product revenue growing to over 60% 	<ul style="list-style-type: none"> Chip based product revenue growing Release of Vulcan™ next generation chip
	XMEMS® NANOTECHNOLOGY MANUFACTURING	<ul style="list-style-type: none"> Continued investment in XMEMS® capability Release of initial XMEMS® based products 	<ul style="list-style-type: none"> Volume production of XMEMS® XMEMS® products qualified into key next generation 5.5G and standalone 5G platforms 	<ul style="list-style-type: none"> Leadership in targeted market segments Expansion into other product categories
	NEWSPACE BUSINESS	<ul style="list-style-type: none"> R&D and supply chain investment Strategic relationships established 	<ul style="list-style-type: none"> Recognised player in the ecosystem Significant orders secured 	<ul style="list-style-type: none"> Become a top 3 player in subsystems Delivery of orders

New state-of-the-art facility in Bengaluru, India



Future growth and value drivers



5G with 6G on the horizon



Aerospace and NewSpace ecosystem



Autonomous vehicles and industrial machines



Cloud and Edge computing, data centres



A.I.

Summary

Positioned to capture the significant medium to long-term growth opportunities

- FY23 delivered strong core business growth across all core markets
- FY23 growth plan milestones delivered and progressing well on FY24 milestones
- Taking necessary steps to adjust operations to slower than expected return to normalised inventory levels
- Medium to long-term outlook remains strong and opportunities significant



Shareholder questions



Resolutions



Ordinary resolution

Resolution 1:

That Lorraine Witten be re-elected as a director of Rakon



Ordinary resolution

Resolution 2:

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



Ordinary resolution

Resolution 3:

That Jung Meng Tseng be elected as a director of Rakon



Ordinary resolution



Resolution 4:

That the total annual remuneration pool for directors' fees be increased by \$73,500 from \$530,000 to \$603,500 pool – including an increase in amount reserved for use only in event of significant additional work and attendances

Proposed Annual Director Fee and Pool increases

- Non-executive directors' regular annual fees increase by total of \$18,500 **(3.62%)**
 - Increase within ranges recommended by Strategic Pay
 - Fees market competitive and reflect median positioning in NZ market
- Increase to fees reserved for significant additional work and attendances (from \$20,000 to \$75,000)
 - Any use of reserved pool would be **only** for a significant event
 - Significant event can require work and attendances over a long period well in excess of directors' usual workload
 - \$20,000 not adequate compensation if significant event extends over a long period
 - To date no use of current pool

	Current Fees (per annum)	New Fees (from 1 October 2023)
Chair	\$140,000	\$145,000 (3.57%+)
Non-executive Director (x5)	\$70,000	\$72,500 (3.57%+)
Chair of Audit and Risk Committee	\$12,000	No change
Chair of People Committee	\$8,000	\$9,000 (12.5%+)
Total (for regular fees)	\$510,000	\$528,500 (3.62%)
Reserved for significant events only)	\$20,000	\$75,000
Total (including reserve for significant events only)	\$530,000	\$603,500

Ordinary resolution

Resolution 5:

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



General business & shareholder questions



Glossary



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disclaimer



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

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

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

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



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