Investor presentation

Disclaimer

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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 results or outcomes 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

Agenda

Introduction & company overview

Financial trends

Forward focus

Q+A & close

Dr Sinan Altug (CEO designate)

Anand Rambhai (CFO)

Introduction & company overview

Our global operation

60+ countries have Rakon customers	6 company and partner manufacturing sites	6 R&D centres of excellence	16 customer support locations	1000+ FTE employees worldwide	40+ nationalities in the Rakon family

Our purpose

is to enable the connected future and change the way we work, live and play

We develop solutions that are changing the way we live, work and play – right now and into the future

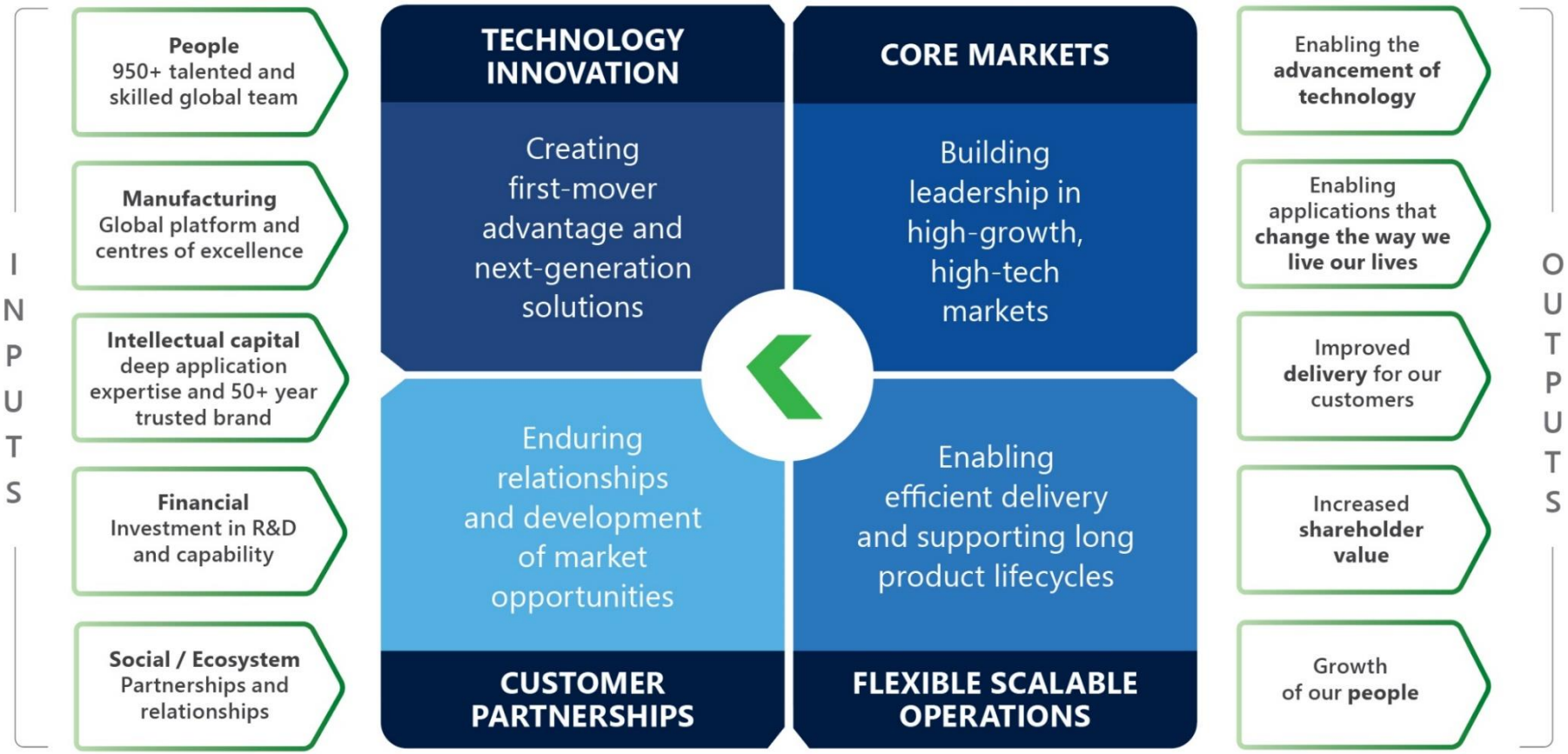
Our mission is to be a world leader in the development of timing and frequency control solutions for the most challenging specifications and environments

By working closely with our customers and industry partners, we solve difficult problems and enable next generation technology to become a reality

We are enabling infrastructure, networks and applications to perform at ever-greater levels of speed, reliability and capacity, making things that were only ever dreamed of possible

How we create value

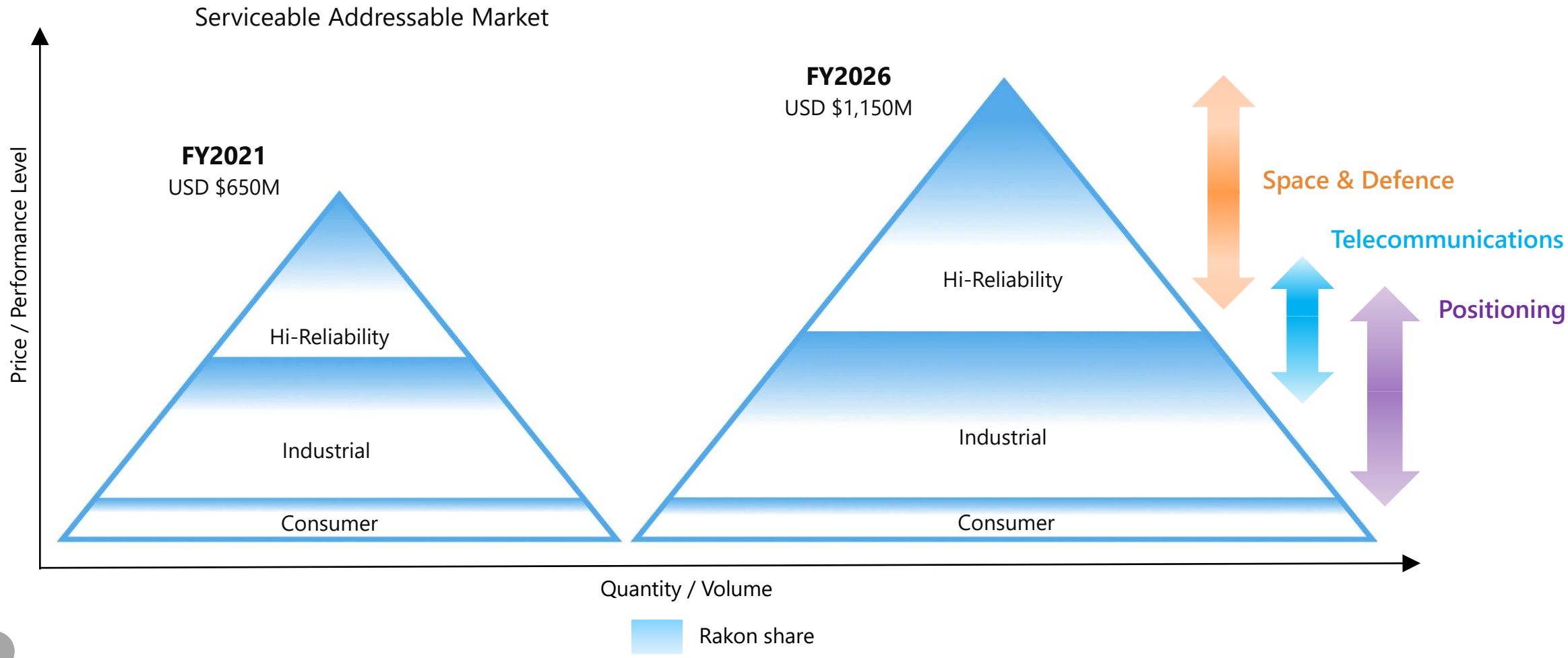
We drive the advancement of precision timing and frequency control solutions in our core markets, and ensure long product lifecycles through operational excellence and enduring customer relationships



Our opportunity

Growing our share in high-growth markets

"We play in the parts of the market where solutions are needed for the most challenging specifications and environments"



Telecommunications

Growth momentum in 5G infrastructure and cloud computing

Overview

- Key components at the heart of telecommunications and cloud computing networks
- Telecommunications generates 60% of Rakon's revenue, 3-year CAGR 24%
- Our high-performance products and technologies (Mercury, Pluto) are market leading and we are already developing the next generation of products in partnership with our customers

Value drivers

5G demand increasing/6G on the horizon

Operators deploying new networks and enhancing existing infrastructure

Strong contribution from new products (Mercury™)

Cloud computing emerging

Precise timing requirements for many applications driving strong growth

Major cloud computing equipment suppliers secured as customers

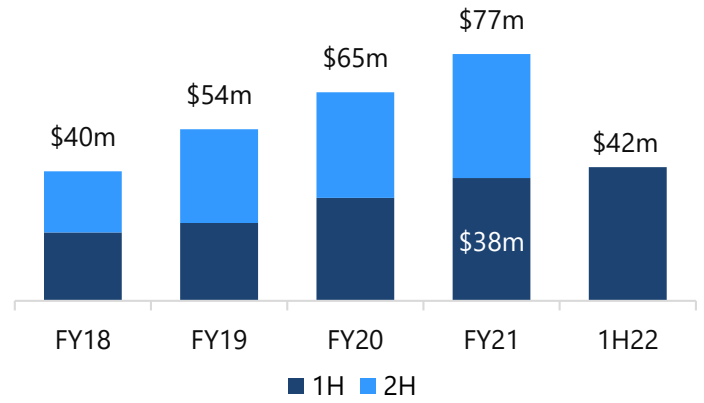
Product leadership

Design-in wins for new products enabling 5G millimetre wave capability

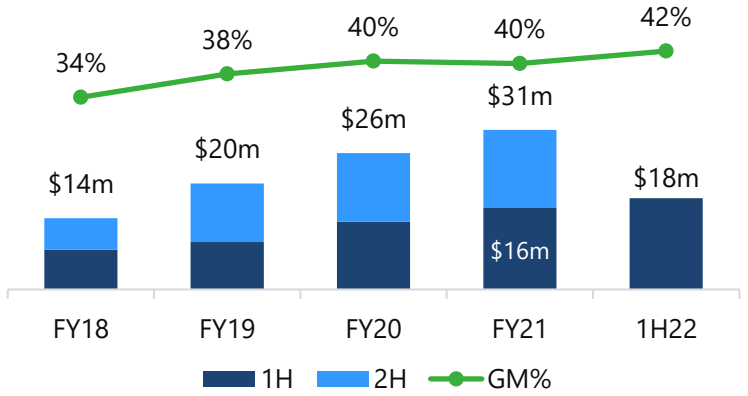
Industry leading ultra low noise product portfolio

- price, performance and size

Revenue



Gross margin



Space & Defence

Emerging NewSpace opportunity

Overview

- Products used in aircraft, satellites and launch vehicles; and defence communications, radar and positioning systems, meeting extreme environmental challenges and demanding performance expectations
- Space & Defence generates 23% of Rakon's revenue, 3 year CAGR growth rate 2.6%

Future value drivers

NewSpace

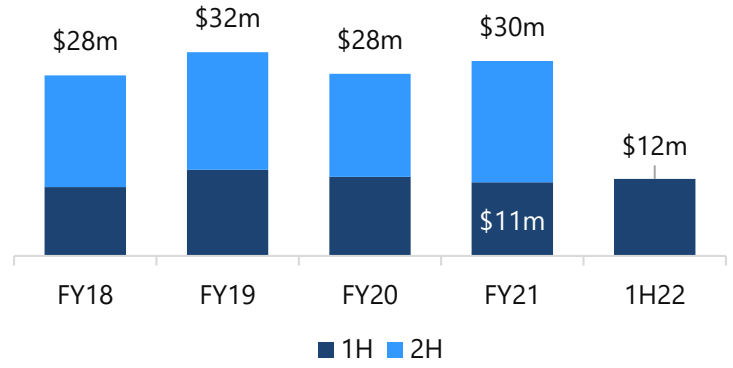
Emerging NewSpace segment creates a large medium term growth opportunity, driven by increasing demands in satellite internet/communications, earth observation and deep space exploration

Continued innovation leadership

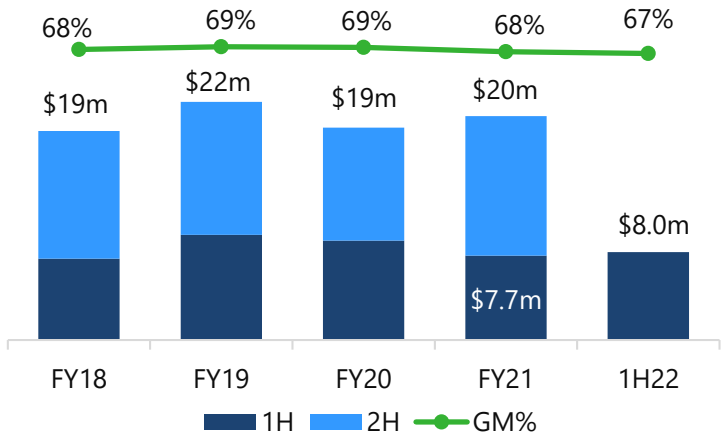
Space and defence is a key source of innovation which is then applied to other market segments

Partnerships with government agencies and commercial programmes worldwide to develop new technologies

Revenue



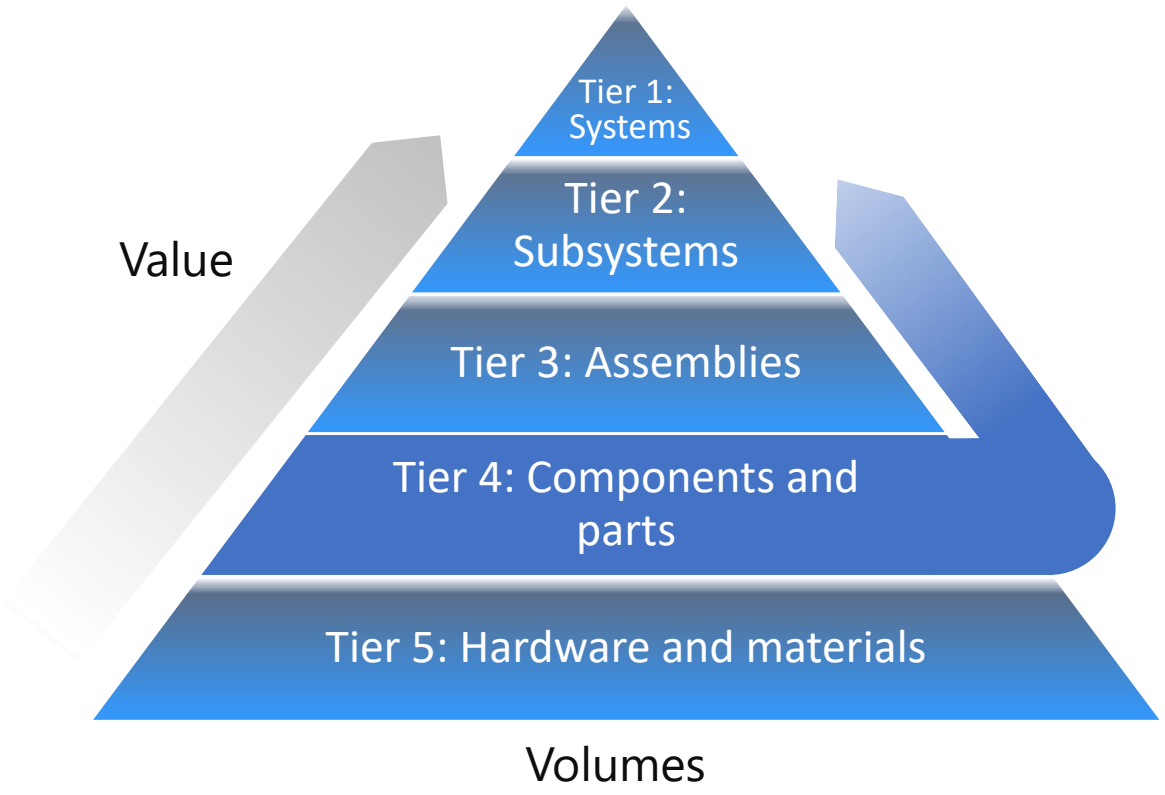
Gross margin



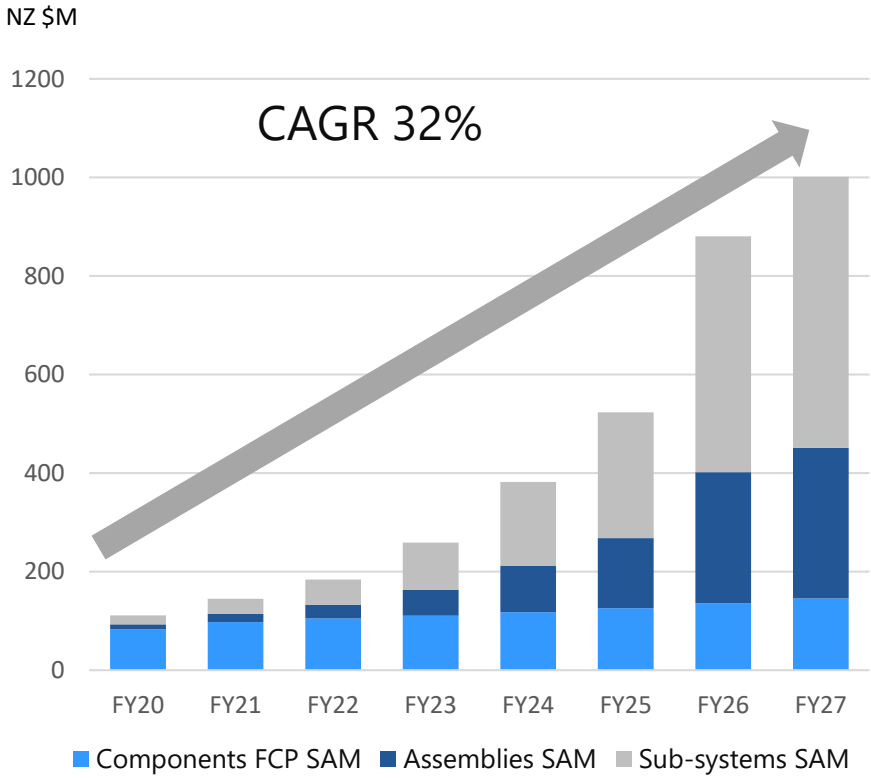
Rakon NewSpace strategy

3 – 5 year growth plan

The supply chain



Rakon Serviceable Available Market



Positioning

Growing demand for high precision and high reliability

Overview

- Products used in Global Navigation Satellite Systems (GNSS) to enable determination of position, velocity and time for applications such as personal navigation devices, emergency beacons and automated vehicles
- 11% of Rakon's revenue, 3 year CAGR -19%
- Over recent years the movement away from commoditised consumer products into higher margin/higher growth industrial markets has reduced revenue but improved gross margin %
- High share of emergency beacon market due to unmatched product specifications

Future value drivers

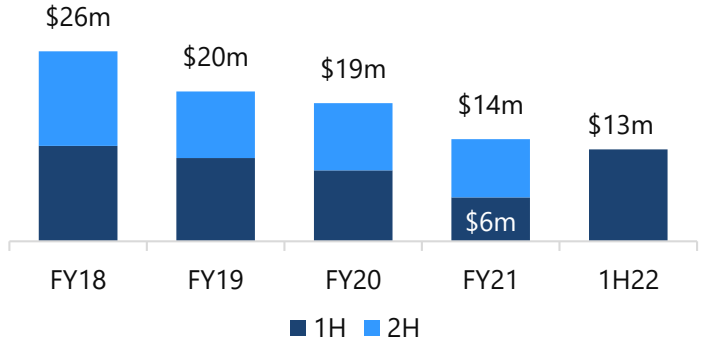
High precision industrial machines

Growth in higher-margin precision industrial applications including growing share of agricultural/mining segments as automation becomes standard

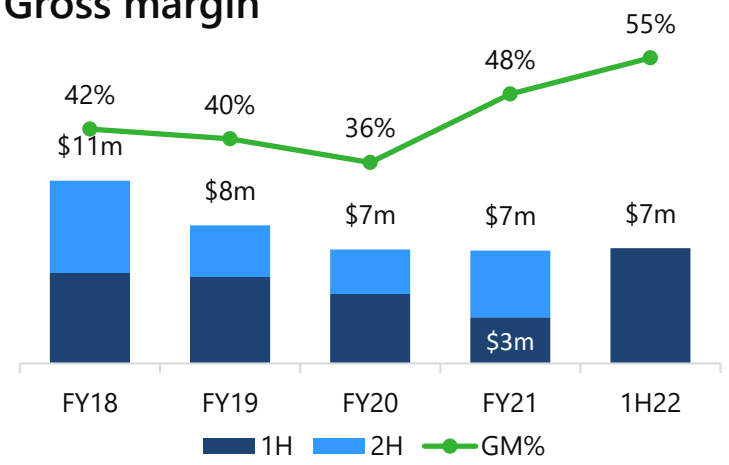
Autonomous vehicles

Autonomous vehicle industry driving need for higher performance and higher reliability products

Revenue



Gross margin



Customer partnerships

Long term relationships with industry leaders

Overview

- Approved supplier to majority of Tier 1 companies in all core markets
- 10–30 year relationships with major customers, international agencies and industry standards organisations key to development of industry-leading technologies
- Top 10 customers contribute 55% of total revenue

Key strategies

- Manage long-term supply/R&D partnerships to achieve ‘preferred’ status
  - Develop deep understanding of customer needs and work with them to identify what’s possible
  - Establish new technology R&D partnerships
- Securing new partners in emerging segments
- Inclusion of Rakon’s products in customer reference designs

Core market players

Technology innovation

Continuing to raise the bar with ever-smaller form factors

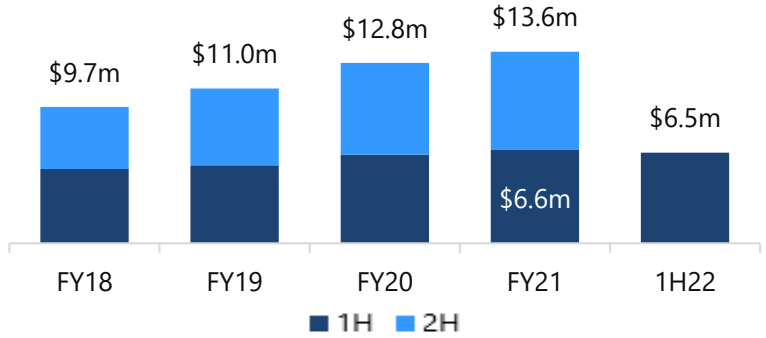
Overview

- Strong pioneering culture and history of innovation ‘firsts’
- Some key innovations have helped us become a leader in our industry
- We are consistently first-to-market in next-generation designs for core markets
- Portfolio of patented products and technologies provides a competitive moat that protects against commoditisation
- Superior product performance which is difficult to replicate ensures long lifecycles and revenue streams

Key strategies

- 10–12% of revenue invested in R&D annually
- R&D framework supporting innovation and commercialisation provides a strong pipeline of next-generation products and technologies
- Tight research and innovation partnerships with customers and research organisations
- In-house development of unique, proprietary test equipment enabling higher specification levels
- XMEMS®– release of disruptive XMEMS® based products that can be manufactured at scale

Research & Development expenditure



XMEMS® – using NanoQuartz™ photolithography based technology

Flexible scalable operations

Robust performance delivering scale, mitigating risk and improving resilience

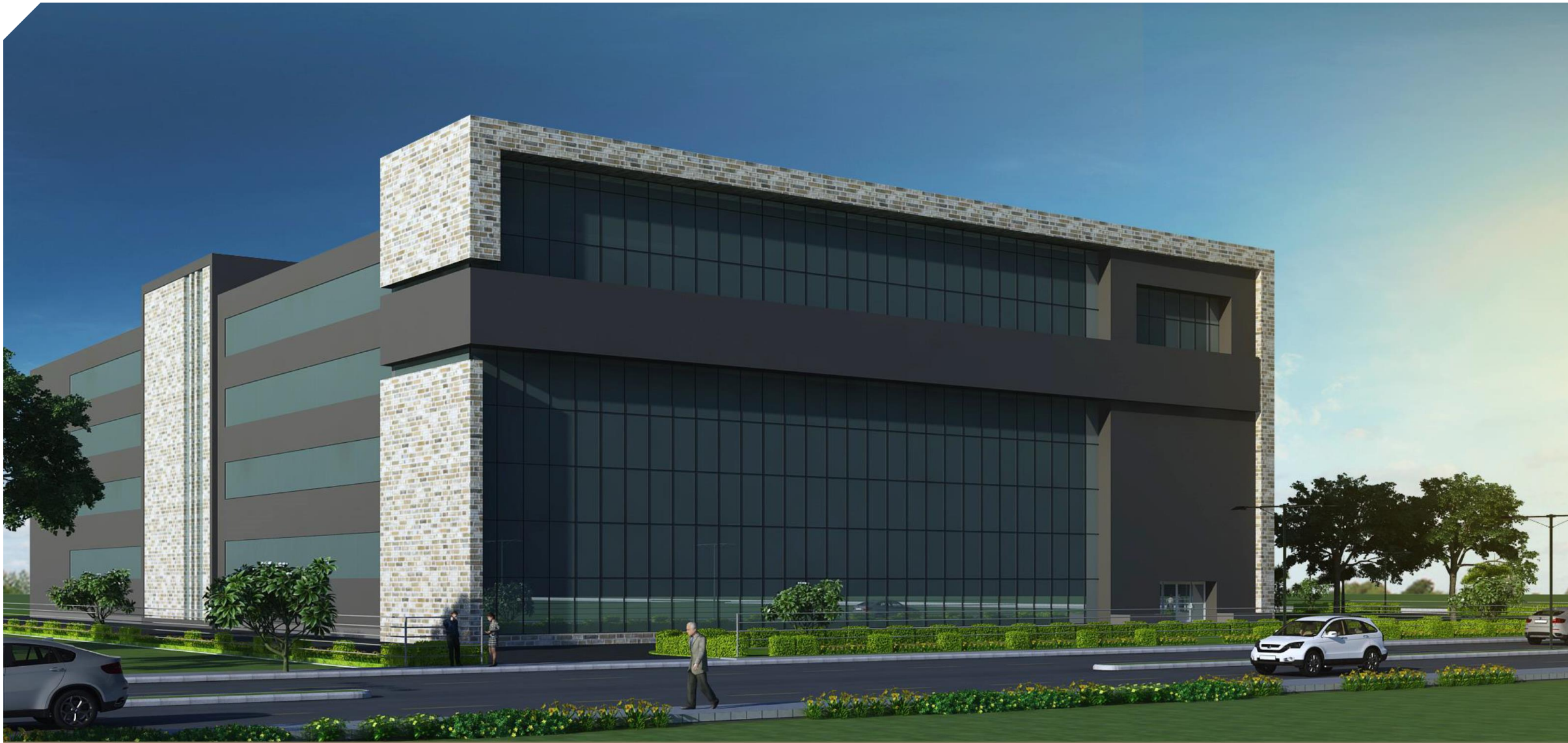
Overview

- Global manufacturing facilities and partnerships deliver scale, support long product lifecycles, and mitigate supply chain risk
- Industry requires stringent quality certifications
- Proven ability to scale quickly to meet customer demand

Key strategies

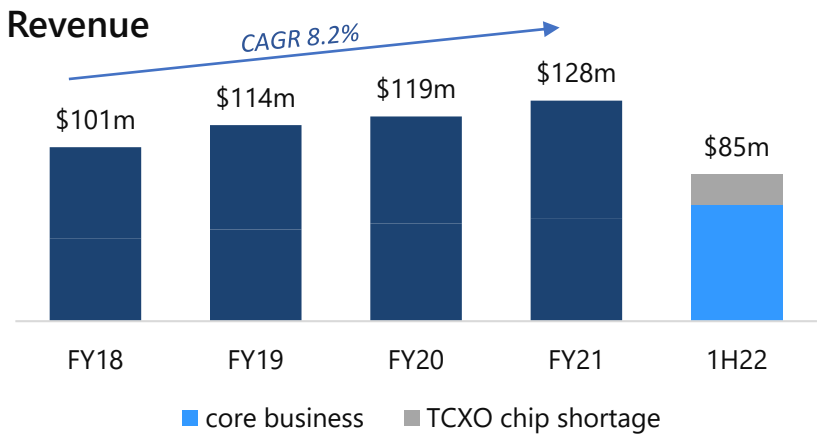
- Explore-Exploit strategy provides focussed R&D with scalable manufacturing capability using multiple sites
- Continue to increase capacity in India and NZ to meet growing demand
    - New high-tech Indian facility expands existing capacity and allows product life cycles to be extended as products are migrated from France and NZ
- Strong strategic manufacturing partners (Siward, Hana) provides access to specialist cost effective manufacturing capability at scale
- Dual source supply & manufacturing at each global site to mitigate supply chain risk for customers
- Minimise Covid-19 related risks at all manufacturing sites

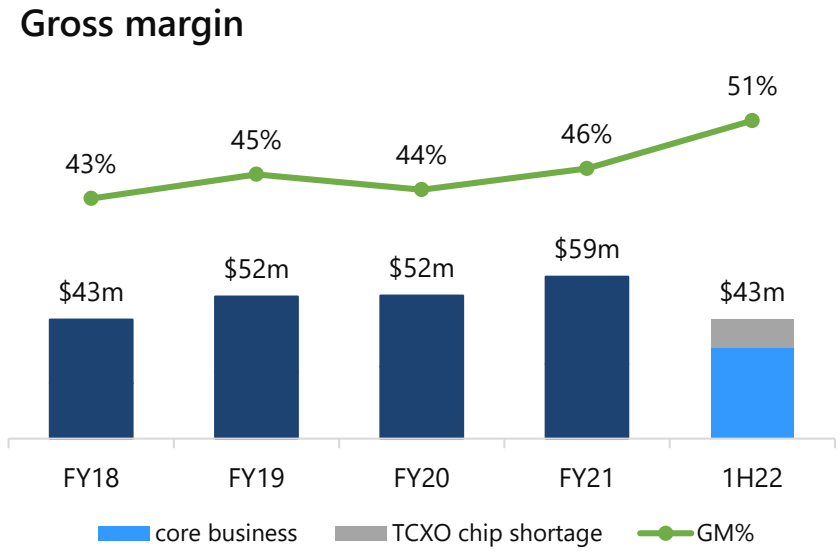
New Rakon India facility

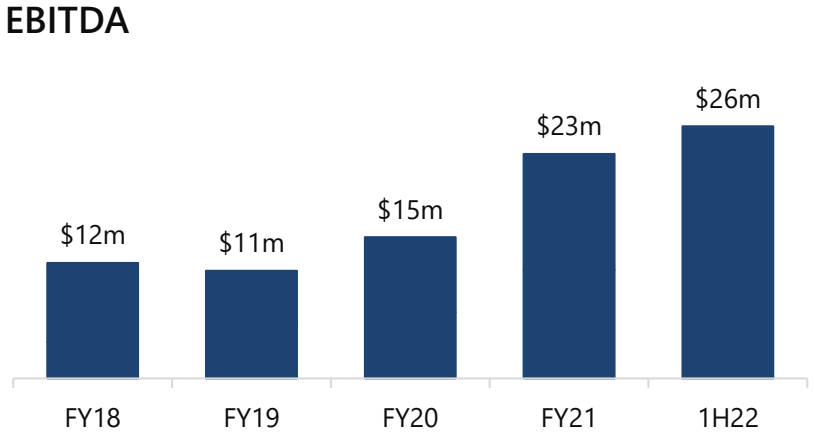


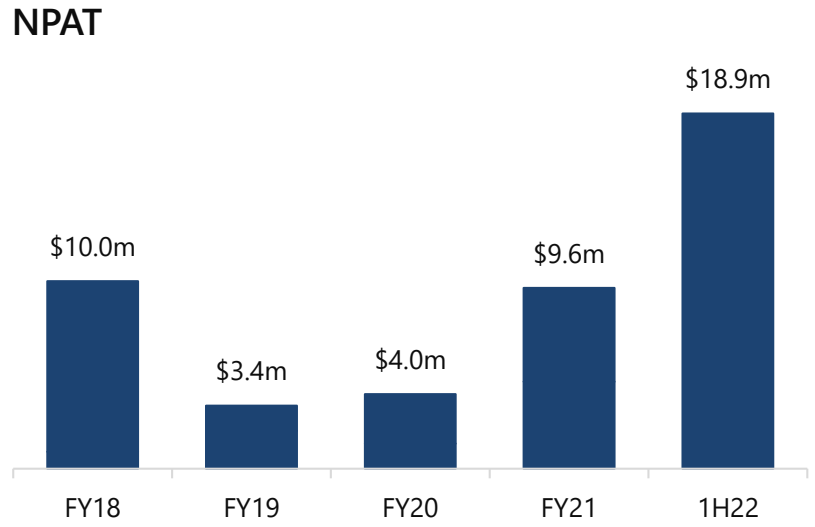
Financial trends

Revenue and earnings trends



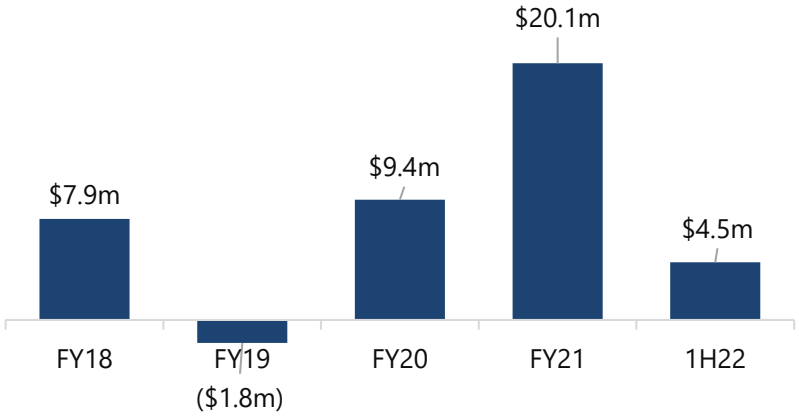




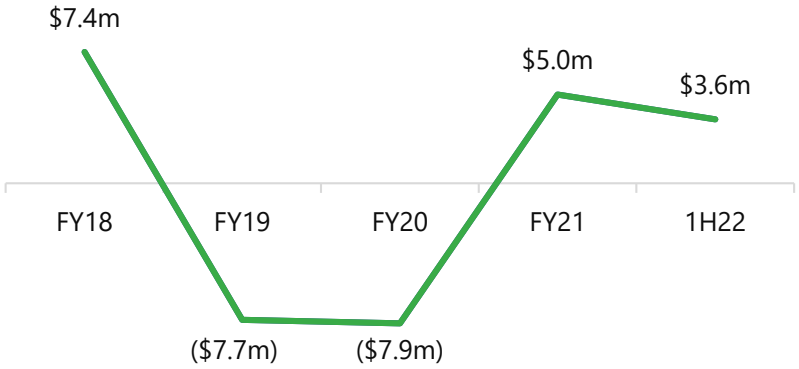


Strong balance sheet for future growth

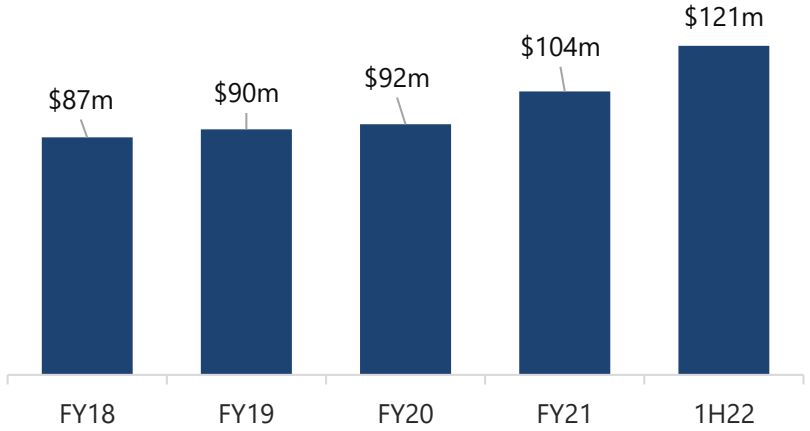
Operating cash flow



Net cash/(debt)



Shareholders funds



Forward focus

Forward focus

Allocate resources in line with strategy and be bold in areas that matter most

Continue to win in core market growth opportunities

- 5G networks, Cloud Computing, LEO/NewSpace, Autonomous

Cutting edge new products and platforms

- Multiple XMEMS® based product families
- Latest proprietary chip 'Niku' for next generation products

Relentless pursuit of continuous innovative improvement

- Increase R&D spending target from 10% to 10–12% of sales, focus on speed of execution
- Reward innovation and reinforce the culture of innovation

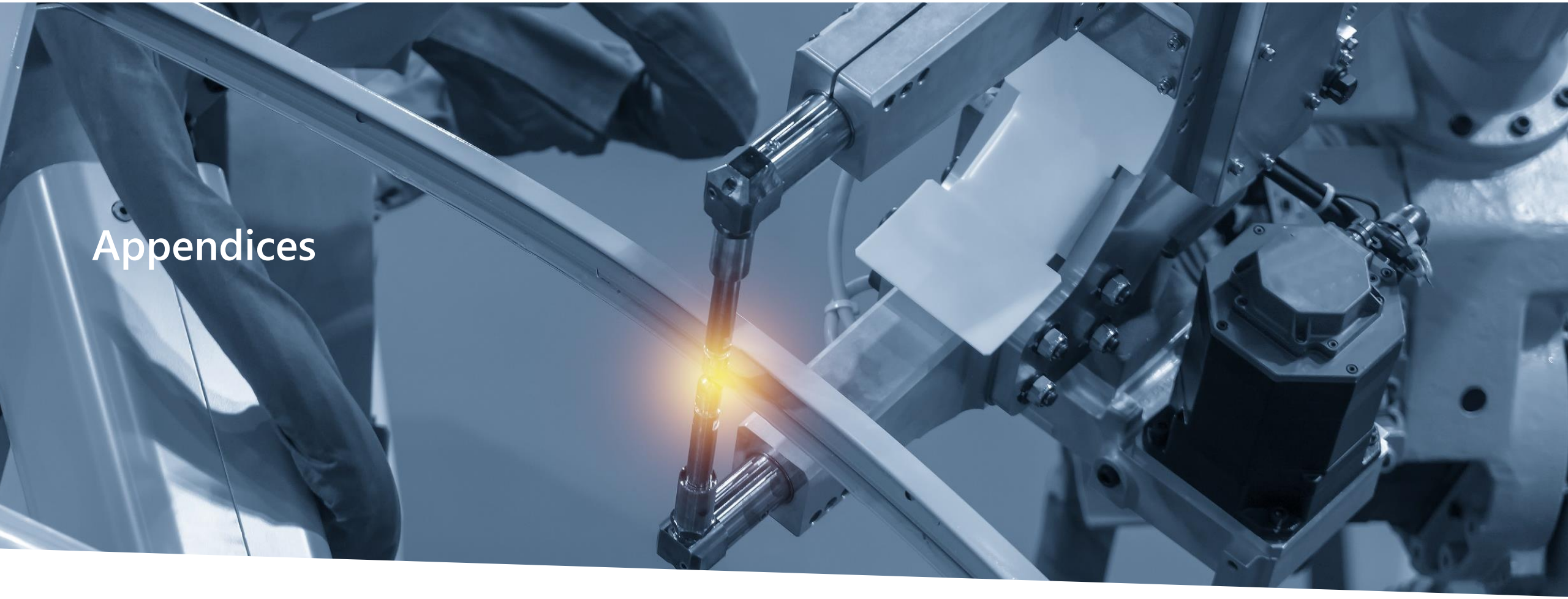
New Indian facility

- Allow global manufacturing flexibility and plant redundancy across a wide whole spectrum of products
- Continue to increase manufacturing capacity and capability in NZ to support increased demand

Continue active risk management of supply chain, Covid-19, and cost inflation

Continue to retain a conservative balance sheet

Q+A



Appendices

Appendix 1: Sustainable operation

Looking after each other, our planet and future generations

ESG framework development under way:

- Review of material ESG issues
- Prioritisation of response and actions
- Alignment of climate change reporting to TCFD
- Focus on governance, strategy, risk management, metrics and targets
- Roadmap

What we're already doing:

- Environmental
  - EMS ISO14001 certification at manufacturing sites; energy, carbon dioxide and refrigerant use measured and reported via CDP; waste minimisation; developing products which improve environmental footprint (smaller, higher-performing, less power)
- Social
  - Diverse workforce – commitment to internal development and upskilling; emphasis on health, safety and wellness
  - Local community initiatives aimed at improving quality of life for next generations
- Governance
  - Global compliance with all export controls and international trade laws and treaties. Customer due diligence and internal policy and processes
  - Corporate governance framework; policies and codes of conduct; risk framework; legal and regulatory compliance

Appendix 2: Technology pioneer

Since 1967 we have enabled the next wave of technology

1960s

HC-48C crystal

SSB radio

1970s

UM-1 crystal

Pagers

1980s

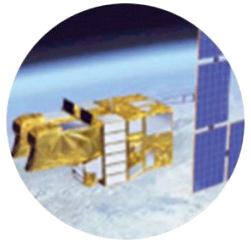
TXO4080

Cellular phones

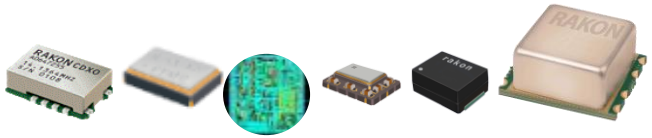
1990s

VTXO500 / USO

GPS navigation



Precision satellite positioning



2000s

CDXO / RXT / ASIC

Internet boom

Smartphones

2010s

TCXO / OCXO

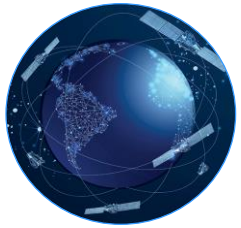
3G, 4G, 5G networks

Internet of Things

2020s

Space subsystems / XMEMS®

Cloud computing infrastructure



NewSpace

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
New space/ New space 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 with an adjustable output frequency
XMEMS®: Crystal Micro-Electro-Mechanical System. Rakon's advanced quartz-based resonator technology. It is made with Rakon's NanoQuartz™ microfabrication process, delivering unprecedented resonator and oscillator performances

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