

12 October 2017

RAKON LIMITED (NZX: RAK)

Rakon realises gain on partial sale of Thinxtra investment

Rakon today announces the sale of 199,242 shares it holds in the Australian internet-of-things (IoT) company, Thinxtra Pty Limited. The total consideration received will be AUD 3.0 million, netting to around AUD 2.8 million after costs.

The sale of shares is conditional upon the completion of Thinxtra's pre-emptive rights process for all shareholders. This process is expected to conclude by the end of November.

The majority of shares have been sold to new Thinxtra shareholders who missed out on the Thinxtra Series-B capital raising, recently completing as over-subscribed. The new shareholders are institutions having a strategic interest in the IoT.

Rakon will realise a profit on its initial investment of AUD \$1.8 million before costs, representing a return on initial investment of 257%.

Following on from the company's announcement in August on expected earnings for FY2018, the company now expects to report Underlying EBITDA for FY2018 in the range of between \$10.7 million and \$12.7 million (FY2017: \$4.0 million). As was noted at the time, this Underlying EBITDA will deliver a return to positive net profit after tax.

Rakon CEO Mr Brent Robinson said, there may be a demand for Rakon to sell more shares and we will consider that as it arises. We remain committed to being a substantial investor in Thinxtra and are positive about the company, the IoT and future returns from our investment. After the completion of the sale of shares being announced, Rakon will hold 785,407 shares in Thinxtra, representing 18.3%.

Proceeds from the sale of shares will initially be used to retire debt.

Brent Robinson

Chief Executive Officer & Managing Director

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Media Enquiries:

Louise Howe (Media Liaison)

021 206 0985

www.rakon.com



About Rakon

Rakon is a global high technology company and a world leader in its field. The company designs and manufactures advanced frequency control and timing solutions for telecommunications, global positioning and space and defence applications. Rakon products are found at the forefront of communications where speed and reliability are paramount. The company's products create extremely accurate electric signals which are used to generate radio waves and synchronise time in the most demanding communication applications. Rakon has five manufacturing plants including two joint venture plants and has five research and development centres. Customer support centres are located in ten offices worldwide.

Rakon is proud of its New Zealand heritage; it was founded in Auckland in 1967. It is a public company listed on the New Zealand stock exchange, NZSX, ticker code RAK.