



Dear Investor

I hope you had an enjoyable holiday break and are having a good start to 2023.

As the year gets underway, I want to take this opportunity to thank you for your support of Rakon and provide you with a short update on key items we'll be focusing on in the months ahead.

### **Our focus in 2023**

We are a world-leading Kiwi company with cutting-edge technology and products. Within our core markets there is substantial growth potential for Rakon, and it is my job to turn that potential into reality. The months ahead are an exciting time for us as we reach key milestones in our growth plan. We have also accelerated our acquisition strategy with the aim of delivering access to new markets and technologies. More detail on these developments below. In terms of our financial strategy, we are committed to creating long-term value for our shareholders. In line with this, we will

prioritise the use of cash surpluses towards capital investment in order to achieve our strategic growth objectives.

### **Acquisition plans accelerating**

We have previously communicated our intention to make strategic acquisitions that support our growth strategy. For example, we can see clear synergies in acquiring a US-based business that provides access to top-tier US customers through local manufacturing, and strengthens existing customer relationships. An acquisition of this nature could also put Rakon in a good position to benefit from the Biden Administration's initiatives to grow US-based semiconductor supply chains. We have retained Angus Cooper as our M&A advisor, who has over 25 years of public company experience and successfully led 30+ acquisitions, with a track record of delivering value to shareholders. Our M&A efforts focus on identifying companies that would complement our existing operations, provide access to new markets and technologies, and ultimately drive long-term value for our shareholders. We will provide a further update on our progress in this area at the appropriate time.

### **Game-changing new facility in India nearly complete**

Construction at Rakon India's new world-class manufacturing facility in Bengaluru (Bangalore) is close to completion (see image below). We have finished the clean room facilities and have begun the process of transferring manufacturing operations from the existing site to the new facility. This new facility enhances our global position as a high-tech manufacturing leader and will provide us with a long-term competitive advantage, as well as delivering significant cost reductions for our business. Having a manufacturing presence in India continues to open doors for us, providing strong alignment with the Indian Government's 'Make in India' initiative, and our pipeline in

that market is expanding rapidly. The facility is a game-changer for Rakon and sets us up for even greater success in the years to come.



### **Other key growth projects tracking well**

We are on track to achieve other milestones identified in our three-year roadmap.

These key growth projects include:

- the XMEMS® nanotechnology production process – with five products currently being manufactured using this process and generating strong customer interest;

- a suite of NewSpace products for Low Earth Orbit (LEO) satellites, establishing Rakon in that ecosystem and securing our involvement aboard a planned in-orbit demonstration mission in 2023; and
- a new semiconductor chip in early 2023. In addition, we will shortly move our UK semiconductor chip development team to new offices in Cambridge, which will allow us to tap into the vibrant talent pool in the heart of the semiconductor design ecosystem in the UK.



### **Rakon's new investor relations manager**

Lastly, I am pleased to announce that Nick Laurent joined Rakon in late 2022 as our new Investor and Corporate Communications Manager. Nick joins us from a senior adviser role at the Commerce Commission and has a background in investor relations and stakeholder engagement gained across several in-house and agency communications roles. A key part of his role at Rakon is to engage with our shareholders, so please contact him with any questions or feedback using the details below:

Email: [nick.laurent@rakon.com](mailto:nick.laurent@rakon.com)

Call/Text: +64 21 240 7541

Kind regards

**Sinan Altug**

Chief Executive Officer