



**MINUTES OF THE ANNUAL MEETING OF SHAREHOLDERS
HELD ON FRIDAY 7 AUGUST 2020 AT 2.00PM
AT THE GUINEAS 1 ROOM, ELLERSLIE EVENT CENTRE, 80 ASCOT AVENUE, GREENLANE,
AUCKLAND**

Present:

Mr. Bruce Irvine	Independent Director and Chair
Mr. Brent Robinson	Chief Executive Officer & Managing Director
Mr. Keith Watson	Independent Director
Mr. Keith Oliver	Independent Director
Ms. Lorraine Witten	Independent Director

In Attendance:

Mr. Anand Rambhai	Chief Financial Officer
Mrs. Maureen Shaddick	Company Secretary

Apologies:

Mr. Roger Yao	Alternate Director of Mr. YT Tseng
Mr. Yin Tang Tseng	Director of Rakon and Chair of Shareholder Siward Crystal Technology Limited

Approximately 80 shareholders, proxy holders and other attendees were present including representatives of Rakon’s auditor PricewaterhouseCoopers (**PwC**), solicitors Bell Gully and banker ASB.

Opening of Meeting

The Chair welcomed Rakon shareholders, Board members, executive employees and other attendees to the 15th annual meeting of the shareholders of Rakon.

The Chair confirmed there was a quorum present and declared the meeting open at 2.00pm.

Chair’s Address:

The Chair advised the order of business for the meeting was set out in the Notice of Annual Meeting sent to shareholders on 10 July 2020 and noted that shareholders should also have received or had access to the company’s Annual Report and 2020 Review as released on 6 July 2020.

The Chair acknowledged the apologies of Mr. Yin Tang Tseng and observer Mr Roger Yao who were both unable to travel to New Zealand as a result of the Covid-19 restrictions. No further apologies were noted.

The Chair introduced his fellow directors who were present at the meeting: Brent Robinson, Lorraine Witten, Keith Oliver and Keith Watson. The Chair noted he had asked Keith Watson to provide particular oversight of Rakon’s shareholder communications which the whole Board wished to see

strengthened and enhanced. The Chair spoke to his own position as a director of Rakon, noting he had been a professional director supporting the governance of a range of companies for almost 13 years. He confirmed that notwithstanding having been a director of Rakon since 2005 he and his director colleagues were comfortable confirming he remains an independent director.

The Chair also acknowledged the Chief Financial Officer and Company Secretary and the presence of representatives from PwC and ASB and the team from Rakon's share registrar, Computershare.

Bruce Irvine delivered the Chair's address as released to the NZX on 7 August 2020 entitled 'Chair's Address and Chief Executive's Review'.

The Chair noted that in the financial year ended 31 March 2020 Rakon built on the improvements recorded in the previous financial year and delivered revenue growth and increased Net Profit and Underlying EBITDA¹, predominantly from growth in the Telecommunications sector. The Chair noted there has been a steady improvement in Underlying EBITDA¹ over the last four years as shown in the presentation slide. The Chair advised, the Board anticipates further improvement and is forecasting Underlying EBITDA¹ in the range of \$16 million to \$18 million for FY2021, with the proviso that any forward-looking outlook for Rakon must be tempered by the uncertainties arising from the ongoing Covid-19 pandemic and the political volatility in Rakon's major markets which present risk for Rakon's operations and those of its suppliers and customers.

The Chair told the meeting that during the previous six months the Board and management had carried out a deep and extensive review of Rakon's strategy for its business operations in New Zealand and overseas and the Board is confident Rakon is well placed to respond to both the risks and opportunities in front of it, and Rakon will continue to play to its strengths in developing advanced technology for the exacting requirements of its Tier One customers and other strategic customers by leveraging off existing proprietary technology and accelerating the commercialisation of new leading technology. The Chair added the refreshed analysis supports the Board's view that it is not the time to be launching a sale process as had been suggested by some shareholders earlier in the year.

The Chair noted Board activity during the past year including a focus on continued improvement in its reporting and engagement and policy and procedures. Rakon's Crisis Management practices, a key part of the company's risk management framework, were tested by the Covid-19 pandemic and restrictions on operations. Scenarios and related response levels were quickly established to protect the health and safety of Rakon people as the national and global risks arising from the pandemic evolved. The same approach was applied to sustaining the business through the local and national uncertainties created as a result of the pandemic and the restrictions imposed by governments here in New Zealand and overseas. Many initiatives were implemented to support the business through the uncertainty. Among the cost control measures implemented, Rakon staff agreed to a reduction in their wages and Rakon directors reduced their fees.

After going in to lockdown Rakon New Zealand was recognised as an essential business being a key supplier of components for essential services and was able to restart subject to meeting strict health and safety requirements. This and the restart of part of Rakon India's operations and the ability to

¹ Refer to note 4 of the FY2020 audited consolidated financial statements for an explanation of how 'Non-GAAP Financial Information' is used, including a definition of 'Underlying EBITDA' and reconciliation to NPAT

continue to operate in Rakon France helped Rakon get back to normal operating conditions sooner than would otherwise have been the case.

The Chair paid tribute to Rakon's founder Warren Robinson who passed away in September 2019. The Chair spoke of Warren's contribution to New Zealand's technology industry and Rakon over more than 50 years and acknowledged Warren as a remarkable New Zealander and warm and generous leader.

The Chair thanked the Rakon Executive and employees in Auckland, India, France and the United Kingdom and in sales offices around the world for their commitment and hard work for Rakon, and fortitude and resilience in the face of the Covid-19 pandemic.

The Chair thanked shareholder and technology partner Siward whose representatives unfortunately could not be at the meeting today but who continue to work closely with the Rakon team.

The Chair thanked all Rakon's shareholders, for their continued support and said the Board is very focused on acting in your interests and improving shareholder value and returns.

The Chair invited the Chief Executive to provide further commentary on the company's performance and a business update.

A. Chief Executive's Review

Brent Robinson, the Chief Executive and Managing Director, delivered the Chief Executive's Review and talked to his presentation slides. Refer to the NZX release statement dated 7 August 2020 for 'Chair's Address and Chief Executive's Review' and the 'Rakon 2020 Annual Meeting Presentation.'

The Chief Executive provided a recap on the financial results for FY2020 noting it had been another good year for Rakon with the growth in revenue and NPAT and Underlying EBITDA steadily improving on previous years.

The Chief Executive said Rakon was pleased to see Rakon awarded an increased share with major Tier One customers which is a good sign that its products and service are meeting the expectations of its customers.

The Chief Executive spoke in detail about the development of Rakon's proprietary photolithography process over the last decade and the release of XMEMS™ in FY2020. XMEMS™ is Rakon's advanced quartz-based resonator technology made with Rakon's NanoQuartz photolithographic microfabrication process on quartz wafers. XMEMS™ enables industry leading products and performance and new products, not possible with conventional mechanical processing methods.

The Chief Executive summarised performance and activity in FY2020 in each of Rakon's key markets noting there was growth in Telecommunications revenue from increased sales to network equipment providers for the maintenance and upgrade of 4G networks and the roll-out of 5G networks. In Space and Defence Rakon remains well-placed to maintain its share of the market and is seeing opportunity for growth. Rakon's Space revenue was down in FY2020 predominantly due to the phasing of long-term contracts though European Space business was up with some of the traditional geostationary satellite business returning. In the Global Positioning sector, Rakon has seen demand increasing in high precision markets requiring low noise and excellent g-sensitivity to meet the exacting requirements for applications like autonomous vehicles. This new opportunity is a good sign as the commodified lower margin end of the Positioning business has been declining for Rakon.

The Chief Executive confirmed Rakon's strategic intention to continue to play to its core capabilities of technology leadership, particularly through its strong in-house Research and Development capability, operational excellence using highly efficient, lean, low cost manufacturing platforms where appropriate in the product life cycle and dynamic and innovative people and leadership.

The Chief Executive concluded that based on the demand Rakon is seeing it expects the positive trend in performance over the last four years to continue in FY2021. Covid-19 has impacted FY2021 revenue but in the longer-term demand for 5G business is still expected to grow.

The Chief Executive sat down to allow the Chair to continue the meeting.

B. Shareholder Questions

The Chair invited shareholders to raise any questions on the 2020 Annual Report and financial statements and the Chief Executive's update.

A range of questions and comments were received from shareholders present at the meeting in relation to the FY2020 financial Statements and the Chair and Chief Executive's addresses to which the Chair, Chief Executive and Chief Financial Officer responded as summarised in the separate record of shareholder questions and Rakon's responses.

C. Resolutions

The Chair moved to the formal business of the meeting and confirmed voting on the resolutions would be by poll using the voting papers distributed by Computershare. The Chair advised that where he or other directors had been appointed as proxies they intended to vote any discretionary proxies in favour of each of the resolutions being presented to the meeting.

The Chair confirmed that Resolutions 1, 2, 3 and 4 were all Ordinary Resolutions, requiring a simple majority of the votes of those shareholders who are entitled to vote and voting on the resolutions, in person or by proxy.

In relation to the resolutions for re-election of directors, the Chair confirmed the Board did not receive any nominations of any other persons for the position of director.

The Chair advised that NZX Listing Rule 2.7.1 provides that a director must not hold office (without re-election) past the third annual meeting following the director's appointment or three years, whichever is longer.

The Chair explained that as each of Resolutions 1, 2 and 3 are addressed Lorraine Witten, Keith Oliver and Tony Tseng retire by rotation and offer themselves for re-election as directors of Rakon Limited.

The Chair advised the meeting that each resolution slide would display the outcome of the proxy votes for each of the resolutions that were lodged prior to the meeting.

Re-election of Lorraine Mary Witten

The Chair invited Lorraine Witten to speak in support of her re-election and Lorraine Witten

addressed the meeting and spoke about herself, her vision for the future of Rakon and her interest in being a director of Rakon.

The Chair advised the meeting that the Board believes Lorraine Witten's finance skills and her knowledge of the communications industry are of great value to the Board's role in developing the strategic direction of Rakon.

The Chair confirmed the Board (other than Lorraine herself) recommends that shareholders vote in favour of the re-election of Lorraine Witten as a director.

The Chair read the proposed resolution: That Lorraine Mary Witten, who retires by rotation and is eligible for re-election, be re-elected as a director of Rakon Limited.

The Chair invited questions from shareholders and proxy holders on the resolution.

There was one comment from the floor asking management to arrange for Lorraine Witten's address in support of her re-election to be made available on the Rakon website. As there were no questions or further comments the Chair asked shareholders and proxy holders to mark their voting papers to indicate their votes.

Re-election of Keith William Oliver

The Chair invited Keith Oliver to speak in support of his re-election and Keith Oliver spoke about himself and his interest in being a director of Rakon.

The Chair advised the meeting that the Board believes Keith's technology focused and international business experience and advisory skills are a significant attribute for the Board's role in governing and developing the strategic direction of Rakon.

The Chair confirmed the Board (other than Keith himself) recommends that shareholders vote in favour of the re-election of Keith Watson as a director.

The Chair read the proposed resolution: That Keith William Oliver, who retires by rotation and is eligible for re-election, be re-elected as a director of Rakon Limited.

The Chair invited questions from shareholders and proxy holders.

Noting there were no questions, the Chair asked shareholders and proxy holders to mark their voting papers to indicate their votes.

Re-election of Yin Tang Tseng (Tony Tseng)

The Chair advised he had invited Tony Tseng to prepare an address in support of his re-election which the Chair read to the meeting noting Tony's experience and interest in being a director of Rakon.

The Chair advised the meeting that the Board believes Tony has extensive technical, industry and business knowledge and experience, which is very relevant and important to the Board's role in governing and developing the strategic direction of Rakon.

The Chair confirmed that the Board (other than Tony himself) recommends shareholders vote in favour of his re-election.

The Chair invited questions from shareholders and proxy holders on the resolution.

There were no questions and the Chair asked shareholders and proxy holders to mark their voting papers to indicate their votes.

Authorisation to Fix Remuneration of the Auditor

The Chair advised the purpose of Resolution 4 was authorisation for the directors to fix the remuneration of the company's auditor pursuant to section 207 S of the Companies Act 1993.

The Chair read the proposed the resolution: That the directors be authorised to fix the remuneration of Rakon Limited's auditor, PricewaterhouseCoopers, for the following year. The Chair advised that the Board recommended shareholders vote in favour of the resolution.

The Chair invited questions from shareholders and proxy holders. There were no questions and the Chair asked shareholders and proxy holders to mark their voting papers to indicate their votes.

The Chair noted that the Computershare team would circulate ballot boxes to collect shareholders and proxy holders' Voting Papers and the Chair advised an announcement would be made to the NZX advising of the results of the meeting once the counting and scrutineering process was complete.

General Business and Shareholder Questions

The Chair advised there was a further opportunity for general comments and questions before he closed the meeting.

A number of questions and comments were received from shareholders present at the meeting in relation to general business to which the Chair and Chief Executive responded as summarised in a separate record of shareholder questions and Rakon's responses.

Closure:

The Chair thanked everyone for their attendance and participation in the meeting and advised copies of the presentation and the addresses have been released to the NZX and are available on the Rakon website. The Chair declared the meeting closed and invited all attendees to join the Board for afternoon tea.

Signed as true and correct record of the Annual Meeting of Shareholders held on 7 August 2020.

"original signed by Chair"

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Chair

3 February 2021

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Date