

Bourns, Inc.

Independent Adviser's Report

Prepared Pursuant to Rule 22 of the Takeovers Code in Relation to a Full Takeover Offer for Rakon Limited

January 2026

Purpose of the Report

This report is **not** a report on the merits of the offer.

This report has been obtained by the offeror.

The purpose of this report is solely to compare the consideration and terms offered for the different classes of financial products and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes.

A separate Independent Adviser's Report on the merits of the offer, commissioned by the directors of Rakon Limited, must accompany Rakon Limited's target company statement.

The offer should be read in conjunction with this report and the separate Independent Adviser's Report on the merits of the offer.

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in the report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

Index

Section	Page
1. Introduction	1
2. Evaluation of the Bourns Offer as Between the Ordinary Shares and the Share Rights.....	4
3. Sources of Information, Reliance on Information, Disclaimer and Indemnity	10
4. Qualifications and Expertise, Independence, Declarations and Consents	12

1. Introduction

1.1 Background

Rakon Limited (**Rakon**) is a global leader in frequency control products and timing solutions. Its innovations are integral to a wide range of applications, including 5G networks, satellites, emergency beacons and autonomous vehicles.

Rakon's ordinary shares are listed on the main equities security market operated by NZX Limited (the **NZX Main Board**). Rakon had a market capitalisation of \$207 million as at 9 January 2026.

1.2 Bourns Offer

Bourns, Inc.

Bourns, Inc. (**Bourns**) is a privately held global electronics company headquartered in Riverside, California, United States of America.

Bourns designs and manufactures electronic components such as sensors, circuit protection devices and magnetics for the automotive, industrial and consumer markets.

Takeover Notice

Bourns issued a notice of its intention to make a full takeover offer for the equity securities on issue in Rakon on 11 January 2026 (the **Takeover Notice**) which, if successful, will result in Bourns holding or controlling all of the voting rights in Rakon (the **Bourns Offer**).

Rakon Capital Structure

Rakon's share capital consists of:

- 229,809,013 fully paid ordinary shares (the **Ordinary Shares**)
- 2,986,978 unlisted employee share rights to acquire Ordinary Shares under Rakon's Long Term Incentive Plan (the **Share Rights**).

Share Rights

The Share Rights have been issued to eligible employees under Rakon's Long Term Incentive Plan (the **Plan**).

The Plan was established on 7 December 2021. Under the rules of the Plan (the **Plan Rules**), Share Rights are granted to participants based in New Zealand, whereby employees render services as consideration for Ordinary Shares.

The Bourns Offer is in respect of 2 tranches of Share Rights:

- 1,039,990 Share Rights granted in the 2025 financial year (the **FY2025 Share Rights**)
- 1,946,988 Share Rights granted in the 2026 financial year (the **FY2026 Share Rights**).

We understand that there are effectively 5 classes of Share Rights:

- the FY2025 Share Rights
- the FY2025 Share Rights varied by the Conditional Retention Letter (which is discussed in section 2.3)
- the FY2026 Share Rights – granted to non-executives
- the FY2026 Share Rights – granted to executives and varied by the Conditional Retention Letter
- the FY2026 Share Rights – granted to non-executives and varied by the Conditional Retention Letter.

The terms of the 5 classes of Share Rights differ slightly depending on the year of issue (ie FY2025 or FY2026), whether the holder is a member of Rakon's executive team and whether the holder is party to separate retention arrangements under the Conditional Retention Letter.

While this results in there being 5 separate classes of Share Rights, their terms are sufficiently similar to justify them being treated together in this report.

The Share Rights are not listed on the NZX Main Board.

The Share Rights constitute separate classes of non-voting securities for the purposes of the Takeovers Code (the **Code**).

Bourns Shareholding in Rakon

Bourns currently does not hold or control any Ordinary Shares.

Certain Rakon shareholders have agreed to accept the Bourns Offer in respect of all of the Ordinary Shares that they hold or control (representing 41.2% of the voting rights in Rakon) in accordance with lock-up agreements entered into on 11 January 2026.

Bourns currently does not hold or control any Share Rights.

Terms of the Bourns Offer

Full Offer

The Bourns Offer is for 100% of the Ordinary Shares and the Share Rights that Bourns currently does not hold or control.

Consideration

Bourns will offer cash of:

- \$1.55 for each Ordinary Share (the **Ordinary Shares Offer Price**)
- \$1.55 for each Share Right (the **Share Rights Offer Prices**).

Conditions

The Bourns Offer is conditional upon Bourns receiving acceptances that would, when taken together with the voting securities already held or controlled by Bourns, confer more than 90% of the voting rights in Rakon (the **Minimum Acceptance Condition**).

At Bourns' discretion, the Minimum Acceptance Condition can be waived if acceptances over 50% are received.

The Bourns Offer in respect of the Share Rights is conditional on the terms of issue of the Share Rights being validly varied (in accordance with their terms and all applicable laws and regulations) to permit the transfer of the Share Rights to Bourns (the **Share Rights Condition**).

At Bourns' discretion, the Share Rights Condition can be waived.

The Bourns Offer is also conditional on a series of other conditions that are standard for an offer of this type.

1.3 Regulatory Requirements

Rakon is a *code company* as defined in section 2A of the Takeovers Act 1993. The takeover process contemplated by Bourns must therefore comply with the provisions set out in the Code.

Rule 8(2) of the Code prescribes that a full offer must be extended to all holders of equity securities (whether voting or non-voting) of the target company other than the offeror.

Furthermore, Rule 8(4) of the Code prescribes that if non-voting securities are included in a full offer, the consideration and terms offered for the non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

In this particular case, the Code requires that the consideration and terms offered for the Share Rights must be fair and reasonable compared with the consideration and terms offered for the Ordinary Shares and as between the 5 classes of Share Rights.

As the offeror, Bourns must obtain a report pursuant to Rule 22 of the Code from an independent adviser which certifies that, in the adviser's opinion, the offer complies with Rule 8(4).

1.4 Purpose of the Report

Bourns has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report to opine on whether the consideration and terms offered for the Ordinary Shares and the Share Rights are fair and reasonable as between the Ordinary Shares and the Share Rights and as between the 5 classes of Share Rights under the Bourns Offer in accordance with Rule 22 of the Code.

A Rule 22 Independent Adviser's Report is not required to consider the merits of the Bourns Offer and we offer no opinion on whether the Ordinary Shares Offer Price is fair and reasonable.

Simmons Corporate Finance was approved by the Takeovers Panel on 8 January 2026 to prepare the Independent Adviser's Report.

The Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Bourns Offer as Between the Ordinary Shares and the Share Rights

2.1 Basis of Evaluation

Rule 22 of the Code requires that the Independent Adviser's Report certifies that the consideration and terms offered for the Ordinary Shares and the Share Rights are *fair and reasonable* as between the Ordinary Shares and the Share Rights and as between the 5 classes of Share Rights.

There is no legal definition of the term *fair and reasonable* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *fair and reasonable*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 1 November 2023
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *fair and reasonable*.

The Australian Securities & Investments Commission Regulatory Guide 111 – *Content of Expert Reports* sets out some fundamental requirements for a report that is completed in similar circumstances to those relating to the Bourns Offer.

According to the regulatory guide, an offer is *fair* if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. An offer is deemed to be *reasonable* if it is fair. An offer may also be *reasonable* if, despite it being not fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We are of the view that these definitions provide a useful starting point for assessing the fairness and reasonableness of the consideration offered as between the Ordinary Shares and the Share Rights.

Our assessment of whether the consideration and terms offered for the Share Rights are fair and reasonable is based on the following approach:

- the Ordinary Shares Offer Price of \$1.55 provides the benchmark for our assessment in relation to the Share Rights
- accordingly, we determine the underlying fair value of the Share Rights assuming an initial fair value for the Ordinary Shares of \$1.55
- the assessment then rests on a comparison of the Share Rights Offer Price with the underlying fair value of the Share Rights.

In our view the assessment of the terms of the Bourns Offer relating to the Ordinary Shares in comparison with the terms relating to the Share Rights is inconsequential in this case. Both the holders of the Ordinary Shares and the holders of the Share Rights will receive cash consideration if they are capable of accepting and accept the Bourns Offer and the Bourns Offer to each group of security holders is effectively contingent on the same set of conditions. Accordingly, we are of the opinion that the terms of the Bourns Offer are equivalent as between the Ordinary Shares and the Share Rights.

We stress that we have not attempted to assess the underlying value of the Ordinary Shares, but have used the Ordinary Shares Offer Price as the benchmark for our assessment of the relativity between the offers for the different classes of securities.

2.2 Opinion

In our opinion, the consideration and terms offered for the Share Rights are fair and reasonable in comparison with the consideration and terms offered for the Ordinary Shares and as between the 5 classes of Share Rights.

We certify that in our opinion, the Bourns Offer complies with Rule 8(4).

2.3 Terms of the Share Rights

Overview

The Plan was established on 7 December 2021.

Under the Plan, Share Rights are granted to participants based in New Zealand, whereby employees render services as consideration for Ordinary Shares.

For the FY2025 Share Rights, vesting is dependent on:

- Rakon's total shareholder return (**TSR**) exceeding the TSR of the NZX50 over the measurement period. It takes into account historical and expected dividends and the share price fluctuation to predict the distribution of relative share performance, and
- relevant employees remaining employed by Rakon at the time of vesting.

The vesting conditions for the FY2026 Share Rights are different for executive and non-executive employees:

- for executives, the vesting conditions are the same as for the FY2025 Share Rights (ie TSR and continued employment)
- for non-executive employees, the only vesting condition is remaining employed by Rakon at the time of vesting.

Upon the vesting of a Share Right, no amount is payable by the Share Rights holder to be issued an Ordinary Share.

The Plan was amended by Rakon's board of directors (the **Board**) on 21 August 2025 whereby Share Rights granted after that date that have not lapsed shall be treated as vested on a date to be determined by the Board where there is a *Change of Control Event*.

Grant of Share Rights

A total of 2,986,978 Share Rights remain on issue at the date of this report:

- in March 2025, 1,157,590 FY2025 Share Rights were granted, of which 1,039,990 Share Rights remain on issue at present
- in September 2025, 1,951,485 FY2026 Share Rights were granted, of which 1,946,988 Share Rights remain on issue at present.

Key Terms

The key terms of the Share Rights are:

- a Share Right is a right to subscribe for or take a transfer of an Ordinary Share upon the vesting of the Share Right
- a Share Right has no entitlement to any dividend and no voting rights
- a Share Right is not transferable or assignable
- upon the vesting of a Share Right, Rakon must issue an Ordinary Share to, or procure the transfer of an Ordinary Share to the Share Rights holder
- no payment is required to be made by the Share Rights holder upon receipt of the Ordinary Share
- a Share Right will lapse and be immediately forfeited if the vesting conditions are not met within the prescribed period or if the holder ceases to be employed by Rakon.

Change of Control Event

A *Change of Control Event* is defined in the Plan Rules as:

"Change of Control Event means a takeover, scheme of arrangement or similar transaction, which is, in the opinion of the Board, unconditional or likely to become unconditional and will upon completion, result in the Company ceasing to be listed on the NZX Board."

Clause 9.3 of the Plan Rules as approved in December 2021 provided:

Change of Control Event

- (a) *If a Change of Control Event occurs prior to the Vesting Date, the Board has discretion to determine whether some or all (or none) of a Participant's unvested Share Rights which have not lapsed will be treated as if deemed to have Vested (on a date determined by the Board), including (without limitation, on a pro rata basis according to the portion of the Vesting Period which has elapsed as at the date of the Change of Control Event.*
- (b) *If the Board determines that none or only some of the Share Rights of a Participant shall Vest under clause 9.3(a), all or the balance (as the case may be), of Share Rights of that Participant which do not Vest under clause 9.3(a), will automatically lapse upon a Change of Control Event.*

An amendment to the Plan Rules was made on 21 August 2025:

Clause 9.3 Change of Control Event

If a Change of Control Event occurs prior to the Vesting Date all of a Participant's unvested Share Rights which have not lapsed will be treated as if deemed to have Vested (on a date determined by the Board).

On 22 August 2025, the Board issued a **Conditional Retention Letter** to certain Share Rights holders setting out retention arrangements in the event of Rakon receiving or progressing a change of control transaction proposal, in order to provide certainty to key staff and to facilitate retention of key staff during the period when a proposal is being considered or a transaction is being implemented.

Included in the retention arrangements was an undertaking that at the completion of a takeover transaction, Rakon would pay the Share Rights holder cash (rather than issuing Ordinary Shares) in respect of their Share Rights which have not already lapsed or vested.

2.4 Share Rights Condition

The key condition that could result in differing outcomes for Ordinary Shareholders relative to Share Rights holders is the Share Rights Condition.

The Share Rights Condition requires the terms of issue of the Share Rights being validly varied (in accordance with their terms and all applicable laws and regulations) to permit the transfer of the Share Rights to Bourns.

If the Share Rights Condition is not satisfied, then Share Rights holders will not be able to accept into the Bourns Offer in respect of any Share Rights that have been granted to them but which have not vested.

However, given the amendment to the Plan Rules on 21 August 2025 in respect of a *Change of Control Event*, the only uncertainties regarding the satisfaction of the Share Rights Condition are:

- the Board's opinion as to whether the Bourns Offer will become "unconditional or likely to become unconditional" and, if so
- the deemed vesting date determined by the Board.

In our view, it is unlikely that the Board would wish to disadvantage certain security holders in the context of the Bourns Offer by way of withholding approval to vary the terms of the Share Rights.

We note that if the terms of the Share Rights cannot be validly varied, but a Share Rights holder becomes entitled to exercise, and exercises, the Share Rights, that Share Rights holder will only be entitled to participate in the Bourns Offer as an Ordinary Shareholder.

In such a case, if the Bourns Offer becomes unconditional, Bourns will acquire the Ordinary Shares from any Ordinary Shareholder who has accepted the Bourns Offer at the Ordinary Shares Offer Price of \$1.55.

2.5 Valuation of the Share Rights

Valuation Approach

We have assessed the value of the Share Rights based on the economic value that a Share Rights holder would receive by way of accepting their Share Rights into the Bourns Offer.

A valuation of the Share Rights under this scenario is relatively straightforward, as it represents:

- the value of the payoff received by the Rights Shareholder (prior to any tax deductions) – ie the Share Rights Offer Price
- less the exercise price of the Share Right – which is nil.

Therefore the use of a theoretical option valuation is not applicable.

Valuation Assessment

On the basis that Share Rights Condition is met, we assess the (pre tax) value of each FY2025 Share Right to be \$1.55 and each FY2026 Share Right to be \$1.55.

Valuation of Share Rights		
	FY2025 Share Rights \$	FY2026 Share Rights \$
Share Rights Offer Price	1.55	1.55
Exercise price	-	-
Value of Share Right (pre tax)	<u>1.55</u>	<u>1.55</u>

Our analysis is on a pre tax basis. We have not sought to consider the tax implications of accepting the Share Rights into the Bourns Offer or the tax position of the individual Share Rights holder.

2.6 Conclusion

In our opinion, the consideration and terms offered for the Share Rights are fair and reasonable in comparison with the consideration and terms offered for the Ordinary Shares and as between the 5 classes of Share Rights:

- the Share Rights Offer Price of \$1.55 is equal to our assessed value of each Share Right
- the Ordinary Shares Offer Price and the Share Rights Offer Price are identical at \$1.55 per security
- each vested Share Right entitles the holder to subscribe for one Ordinary Share
- as there is no amount payable by the Share Rights holder to subscribe for an Ordinary Share, the Share Rights holder will effectively be in the same (pre tax) financial position as Ordinary Shareholders
- we therefore conclude that the Share Rights Offer Price is fair relative to the Ordinary Shares Offer Price

- our assessed value of the Share Rights is the same across the 5 classes on issue. We therefore conclude that the Share Rights Offer Price is fair between the 5 classes of Share Rights
- the holders of both the Ordinary Shares and the Share Rights will be paid cash if they accept the Bourns Offer
- other than the Share Rights Condition, the Bourns Offer to the holders of both the Ordinary Shares and the Share Rights is effectively conditional on the same set of general conditions.

3. Sources of Information, Reliance on Information, Disclaimer and Indemnity

3.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the Takeover Notice
- the Rakon annual report for the year ended 31 March 2025
- the Plan Rules
- the Conditional Retention Letter
- data in respect of Rakon from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from Bourns' financial and legal advisers.

Bourns has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Bourns Offer that is known to it and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

3.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Bourns and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Rakon. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

It is not intended that this report should be used or relied upon for any purpose other than as an expression of our opinion as to whether the consideration and terms offered for the Ordinary Shares and the Share Rights are fair and reasonable as between the Ordinary Shares and the Share Rights and as between the 5 classes of Share Rights.

This report is not a valuation of the Ordinary Shares or the Share Rights. We expressly disclaim any liability to any Rakon shareholder that relies or purports to rely on this report for any purpose other than that referred to in the paragraph above.

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Rakon will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Rakon and its directors and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith or which cannot be disclaimed by law.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the Takeover Notice and have not verified or approved the contents of the Takeover Notice. We do not accept any responsibility for the contents of the Takeover Notice except for this report.

3.4 Indemnity

Bourns has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Bourns has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

4. Qualifications and Expertise, Independence, Declarations and Consents

4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Bourns or Rakon or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Bourns Offer.

Simmons Corporate Finance has not had any part in the formulation of the Bourns Offer or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the Bourns Offer. We will receive no other benefit from the preparation of this report.

4.3 Declarations

An advance draft of this report was provided to Bourns for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be attached to Rakon's target company statement to be sent to Rakon's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director
Simmons Corporate Finance Limited
11 January 2026