
12 January 2026

LETTER FROM BOURNS TO PROVIDE BACKGROUND TO THE NOTICE OF TAKEOVER OFFER TO ACQUIRE ALL THE SHARES IN RAKON (NZX: RAK)

Bourns, Inc. (Bourns) has today lodged a Takeover Notice under the New Zealand Takeovers Code giving notice of its intention to make an offer to acquire all of the fully paid ordinary shares in Rakon Limited (Rakon) for \$1.55 in cash per share (the Offer). In addition, Bourns anticipates giving notice of its intention to offer to acquire all the share rights outstanding in Rakon at \$1.55 per share right. Bourns understands that there are no other classes of equity securities.

Offer Highlights:

- **Offer price** - \$1.55 per share / share right, all cash.
- **Premium** – a 72.2% premium to the last close trading price of \$0.90 per share and a 87.0% premium to the 6-month VWAP¹ of \$0.829 per share.
- **Lock-up agreements** – the three largest Rakon shareholders and others, who in aggregate hold 41.2% of Rakon shares, have entered into lock-up agreements to accept the Offer at \$1.55 per share once the Offer is made.
- **Funding** – from Bourns' balance sheet; no financing condition.
- **Conditions and approvals** – 90% acceptances are required for the Offer to be successful, unless waived. Standard regulatory approvals required in NZ and overseas jurisdictions are expected to be forthcoming. Other typical conditions apply.
- **Timing** – formal Offer to be made in the next 20 business days.

A formal Offer has not yet been made. The making of any such offer is broadly subject to the same conditions as those set out in the Offer terms set out in the Takeover Notice. The formal Offer is expected to be released to Rakon shareholders within the next 20 working days, and the Offer will then be capable of acceptance by Rakon shareholders.

About Bourns

Bourns is a privately held business with ultimate ownership held by the Bourns family. Bourns was founded in 1947 by husband-and-wife entrepreneurs Marlan and Rosemary Bourns and continues to thrive today as a private enterprise – closely held by the Bourns family, with worldwide headquarters in Riverside, California, USA.

Bourns is a global organisation devoted to lean manufacturing principles, providing significant autonomy to its operating entities and management teams worldwide, utilising systems and processes that enable efficient and effective management and support of global operations.

Bourns' operations are split across 20 fully integrated manufacturing facilities worldwide, with a presence in North America, Europe, Africa, Japan, Taiwan, and China. Bourns manufactures and supplies a broad portfolio of

¹ VWAP means the volume weighted average price at which Rakon shares have traded on the NZX Main Board for the relevant period. VWAP is calculated by dividing the total dollar value of shares traded by the total volume (or number) of shares traded during the period referred to, based on calendar days. VWAPs referred to in this letter have been calculated from NZX trading data sourced from FactSet (up to and including market close on 9 January 2026, being the last trading day on the NZX prior to the date on which the Takeover Notice was lodged).

electronic components to a multitude of markets globally, organising business around three main competencies of:

- i. Circuit protection components including discrete semiconductors, resistors, overvoltage protection, overcurrent protection, thermal protection solutions and Trimpot® trimming potentiometers;
- ii. Power distribution and management components, including inductors, transformers, filters, and chokes; and,
- iii. Sensing components and assemblies for measuring position, rotation, torque, speed, temperature, pressure, and humidity.

Bourns takes pride in its fully integrated organisation, which performs design, development, manufacturing, and logistics worldwide. Bourns' products are sold through a global sales organisation, supported by regional technical engineers providing specialised technical know-how to serve customers. Bourns is known and recognised globally for exceptional quality, reliability, on-time delivery, customer service, and integrity.

Rakon's products complement Bourns' offering and will expand Bourns' total portfolio of electronic component solutions. If the Offer is successful, Bourns will operate Rakon as a standalone division within Bourns, retaining its global activities, employees and existing R&D capabilities at all locations. Bourns intends to fully support Rakon's strategic plans by leveraging both Bourns' global scale in operations, sales, distribution, and customer base, as well as access to capital from a strong balance sheet.

The Offer

The Offer, once made, would provide shareholders with a highly attractive premium and certainty of value in a single transaction, free of brokerage costs. We believe that the Offer is compelling for the following key reasons:

1. The Offer price of \$1.55 in cash per share would represent an attractive premium to Rakon's recent share price trading, including a premium of:
 - o 72.2% to the last closing price on the NZX of \$0.90 on 9 January 2026, being the last trading day on the NZX prior to the date on which we lodged the Takeover Notice;
 - o 84.1% to the one-month VWAP of \$0.842 per share;
 - o 87.0% to the six-month VWAP of \$0.829 per share; and,
 - o 116.8% to the 12-month VWAP of \$0.715 per share
2. The Offer would represent an attractive premium to the Forsyth Barr broker's note published in December 2025, which has a valuation for Rakon of \$1.09 per share. This includes a discounted cash flow analysis, which takes into account Rakon's latest forecasts released to the market on 28 November 2025.
3. The Offer would represent an EBITDA multiple² of 14.9x to 23.8x Rakon's forecast EBITDA for the year ending 31 March 2026 of \$15m to \$24 million. The Offer implies a premium multiple even at the high end of the forecast range and a very full multiple at the low end, positioning this Offer in the upper quartile of global peer-group transactions. This assumes no under-performance against the EBITDA range.

² Multiples derived from Rakon's Enterprise Value. Enterprise Value calculated using Rakon's fully diluted shares outstanding (including ordinary shares and share rights) of 232,795,991 and reported financials as at 30 September 2025, comprising cash and cash equivalents of \$12.4 million, loans and borrowings of \$11.6 million, lease liabilities of \$8.9 million, retirement and other provisions of \$2.8 million and interest in associates of \$14.1 million

4. Rakon's three largest shareholders, being Robinson Family Interests, Siward Crystal Technology Co. Limited, and Wairahi Investments Limited / Wairahi Holdings Limited, have entered into lock-up agreements to accept the Offer in respect of all of the Rakon shares they hold or control. Timemaker Interests have also entered into a lock-up agreement. This represents 41.2% of the total Rakon shares on issue. Around 77% of this group comprises the Robinson Family Interests and Siward Crystal Technology Co. Limited with full visibility into current company performance and trends and a full understanding of the company's future growth prospects.
5. In late 2023, Rakon announced to the NZX it had received a non-binding, highly conditional indication of interest at \$1.70 per share. Bourns understands that the bidder did not proceed to make a formal offer as it could not satisfy itself in due diligence. Therefore, Bourns assesses that the indicative offer price of \$1.70 per share was overstated. Bourns' offer is not subject to a due diligence condition.
6. Global stock markets are trading near all-time highs, including semiconductor stocks, and any sustained market sell-off is likely to severely impact Rakon's share price, as was evidenced in the market sell-off in April 2025, when Rakon's share price fell to \$0.41 per share.

Counterfactual to the Offer

Rakon has a strong history of innovation and operates in a dynamic industry. However, if the Offer does not succeed, Rakon shareholders remain exposed to the challenges Rakon has faced for many years, including volatile earnings, limited access to capital to fund ongoing business initiatives and pursue growth opportunities, low share liquidity, and regulatory complexities. In addition, since listing on the NZX in 2006, Rakon has only once paid a dividend of 1.5c in July 2023, and no further dividends have been declared. Bourns' offer would provide shareholders certainty and immediate value, while also positioning Rakon for long-term success as part of Bourns' global operations.

These factors have constrained Rakon's ability to deliver sustained value as a listed company.

Formal Offer to be made in next 20 business days

The indicative terms of the Offer are set out in the Takeover Notice that accompanies this letter, which we encourage you to read in full. Rakon shareholders are encouraged to carefully consider the merits of the offer. We are confident that this proposal represents a compelling opportunity to unlock significant value and deliver a positive outcome. You may also wish to seek professional advice from your financial, legal or tax adviser. In due course, you will be able to accept the Offer online via Computershare, or by completing and returning the relevant Acceptance Form enclosed with the formal Offer Document when it is released in the next 20 business days.

Our Offer will be subject to conditions, including being conditional upon reaching acceptances of 90%. If that threshold is not reached and the condition is not waived, the Offer will lapse and Rakon shareholders will not be paid \$1.55 for each of their shares or share rights in Rakon.

We require regulatory approvals from authorities in New Zealand, France and the United Kingdom and each of those applications are being lodged and are expected to be forthcoming.

We believe the Offer will represent a compelling opportunity for you to sell your shares and share rights and encourage you to accept the Offer for all your holdings once the formal Offer is made in the next 20 business days.

Yours faithfully,

Albert S. Yost

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