



# **ANNUAL MEETING OF STOCKHOLDERS**

**October 5, 2021**

# Safe Harbor Statement

During the course of this presentation, the Company may make certain "forward-looking" statements as defined by the SEC. Such statements regarding the Company's business which are not historical facts represent "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those contained in the forward-looking statements due to risks and uncertainties contained under "Risk Factors" in the Company's Annual Report on Form 10-K. The Company assumes no responsibility to update the forward-looking statements as a result of new information, future events, or otherwise.

# Agenda

- Introductions: Edward J Richardson
- Formal Proceedings: Robert Ben
- Company Overview: Edward J. Richardson
- FY20 Financials: Robert Ben
- Power & Microwave Technologies: Greg Peloquin
- Richardson Healthcare: Wendy Diddell
- Canvys: Wendy Diddell
- DEI&B: Wendy Diddell
- Q&A: Edward J. Richardson

# Introductions

- **Board of Directors**

- Edward J. Richardson, Chairman of the Board, Chief Executive Officer & President
- Paul J. Plante, Owner, Florida Fresh Vending; former President and CEO of Repron
- Jacques Belin, Retired Managing Director of Thales Components and Subsystems
- James Benham, Technical Consultant, Night Vision and Microwave Device Industry; Retired President of L-3 Communications/Electron Device Division
- Kenneth Halverson, Consultant, Halverson Consulting, LLC; former President of Comdisco Healthcare
- Robert Kluge, Retired President and Corporate Senior Vice President, Imaging Components Business of Varian Medical Systems, Inc.
- Wendy Diddell, Chief Operating Officer and GM, Richardson Healthcare

- **Independent Auditors**

- Christopher Tylka, Partner, BDO

- **REL Management Team**

- Robert Ben, EVP and Chief Financial Officer
- Greg Peloquin, EVP Power & Microwave Technologies Group
- Jens Ruppert, EVP Canvys (remote)

# Formal Proceedings

Robert Ben

*EVP and Chief Financial Officer*

## Company Overview

Edward J. Richardson

*Chairman of the Board, Chief Executive Officer & President*

# Key Facts & Figures

---



**FY21 Sales**  
\$176.9M Up 13.5%;



**\$43.3 million**  
cash and  
investments;  
no debt



**400+ Employees;**  
more than half in  
sales, engineering  
and product  
management



**Over 20,000**  
Customers



**ISO 9001:2015**  
**ISO13485: 2016**  
Certified



**Sales offices &**  
stocking locations  
worldwide; legal  
entities in  
24 countries

**NASDAQ:**  
**RELL**

**Strong**  
**Balance Sheet**

**Headquarters**  
**in LaFox, IL**

**Worldwide**  
**OEM and End-User**  
**Markets**

**Certified**  
**Experts**

**We are**  
**Global**

- *Company started in 1947; celebrating 75<sup>th</sup> Anniversary in CY2022*
- *Sold RFPD in 2011 generating significant cash for investment in growth initiatives*
- *Company nearly cash flow neutral in FY21*
- *Cash earmarked for future investments in growth initiatives*

# Our Business Units

---



## Power & Microwave Technology (PMT)

- Power grid and microwave tubes (EDG)
- Power management for Alternative Energy, 5G (PMG; started in 2014)
- In-house manufacturing and partnering with leading technology suppliers
- Global engineering and design support



## Healthcare

- Started in 2015; \$35M+ invested
- CT and MRI replacement tubes
- Diagnostic imaging replacement parts
- CT service training and technical support
- P3 Service Contracts for managing maintenance and repair costs
- State of the art manufacturing facility



## Canvys

- Custom display solutions for healthcare, industrial, retail and transportation applications
- All-in-one computer display solutions
- Engineering design and support



# Key Growth Initiatives

# New Product Launch: ULTRA3000®

- Created to go after the ultracapacitor battery replacement market within wind turbine generators (WTG)
- Direct replacement for acid/lead batteries within the GE 20 and 30 Nm pitch systems
- Significantly enhances the reliability of the electric pitch control system for the wind turbine blades
- Product from conception to > \$10M in shipments and backorders in < 14 months
- Patented technology U.S. Patent No. 11,073,130 (the '130 Patent)
- Configuration: 12-18 modules per turbine; we can mix and match with legacy batteries
- Market potential
  - Current design is for GE wind turbines (GE has estimated 60% market share)
  - Global TAM for GE only is \$370M
- Moving into the EU and working on similar aftermarket PEM's (pitch energy modules) for European turbine manufacturers such as Nordex, Senvion, and Enercon.
- Developing more products within niche energy storage markets



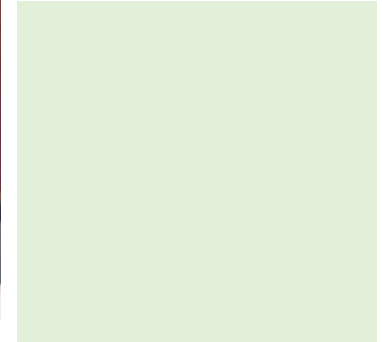
# BSE Gen-Start Market Opportunity

- BSE Gen-Start is an ultracapacitor based replacement module for lead acid batteries in generators
- Patent-pending technology
- REL licensed **exclusively** for design support, manufacturing, and global sales and marketing
  - Uses REL experienced sales and marketing infrastructure
  - Aligns with Power Management and Healthcare teams
- Product to be launched in Q2/Q3 FY22
- Market launch and focus
  - Wireless Infrastructure (Cellular Base Stations Service Providers)
    - 2019: 395,562 cell sites, 15% (approx. 59k) with existing generators
    - AT&T/Verizon/T-Mobile (Sprint) and others expect to add 25-30k base stations in North America between 2021-2025
  - Critical Facilities
    - U.S. Hospitals total 6,090
    - U.S. Fire Stations/Municipalities total 58,150
    - May use more than one per site
  - Data Centers
  - Commercial Buildings
- TAM - \$250M



Richardson Healthcare

# New CT Tube Programs



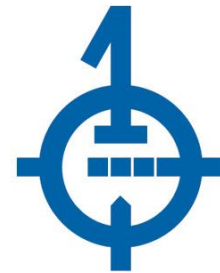
Compatible with popular OEM CT scanners

Form, Fit, Function Replacements

ALTA750D launched May 2018

ALTA750G launch Summer/early Fall 2021

Siemens Repaired CT Tube Program 2022



## Strategic Direction: Become a leading healthcare and power and microwave technology company with long term sales and earnings growth potential.

- Organic Growth
  - Product line expansion
    - ✓ Expand range of alternative energy “green” solutions
  - Leverage relationships with 20,000 customers globally
    - ✓ Continue to support the core tube business
    - ✓ Be a preferred supplier to semiconductor wafer fab equipment customers
  - Expansion of manufacturing resources and capabilities
    - ✓ Healthcare
    - ✓ Semiconductor wafer fab
    - ✓ Alternative energy
- Formation of new partnerships
- Leverage existing global infrastructure
- Limit SG&A growth
- Preserve our cash and protect our balance sheet

- ### Why Richardson Electronics?
- Strong operating performance
  - Strong balance sheet-no debt
  - Patented technology
  - Business and geographic diversity natural hedge against market fluctuations
  - Significant portion of revenue growth drops to bottom line
  - Quarterly dividends
  - Stock is undervalued

*“Our highest return on investment will be achieved by leveraging the power of our global infrastructure and capitalizing on the strength of our customer relationships.”*

— Edward J. Richardson, Chairman, CEO



# Fiscal Year 2021 Financial Results

## Robert Ben

# FY 2021 Results

(in thousands)

	FY2021	FY2020	Fav/Unfav
<b>Net sales</b>	<b>\$ 176,937</b>	<b>\$ 155,898</b>	<b>\$ 21,039</b>
Cost of sales	118,112	106,225	(11,887)
Gross margin	58,825	49,673	9,152
gross margin %	33.2%	31.9%	
SG&A expenses	54,325	51,327	(2,998)
% of net sales	31.6%	32.9%	
Legal settlement	1,600	-	(1,600)
Loss on disposal of assets	13	3	(10)
<b>Operating income (loss)</b>	<b>2,887</b>	<b>(1,657)</b>	<b>4,544</b>
% of net sales	1.6%	-1.1%	
<b>Non-GAAP operating income (loss)*</b>	<b>4,487</b>	<b>(1,657)</b>	<b>6,144</b>
% of net sales	2.5%	-1.1%	
Total other expense (income)	579	(443)	(1,022)
<b>Income (loss) before income taxes</b>	<b>2,308</b>	<b>(1,214)</b>	<b>3,522</b>
Income tax provision	653	624	(29)
<b>Net income (loss)</b>	<b>\$ 1,655</b>	<b>\$ (1,838)</b>	<b>\$ 3,493</b>
% of net sales	0.9%	-1.2%	
<b>Non-GAAP net income (loss)*</b>	<b>\$ 3,255</b>	<b>\$ (1,838)</b>	<b>\$ 5,093</b>
% of net sales	1.8%	-1.2%	
<b>Earnings (loss) per diluted share</b>	<b>\$ 0.13</b>	<b>\$ (0.14)</b>	<b>\$ 0.27</b>
<b>Non-GAAP earnings (loss) per diluted share*</b>	<b>\$ 0.25</b>	<b>\$ (0.14)</b>	<b>\$ 0.39</b>

\*Please refer to Unaudited Reconciliation between GAAP and Non-GAAP Financial Measures below for a reconciliation of Non-GAAP items to the comparable GAAP measures.



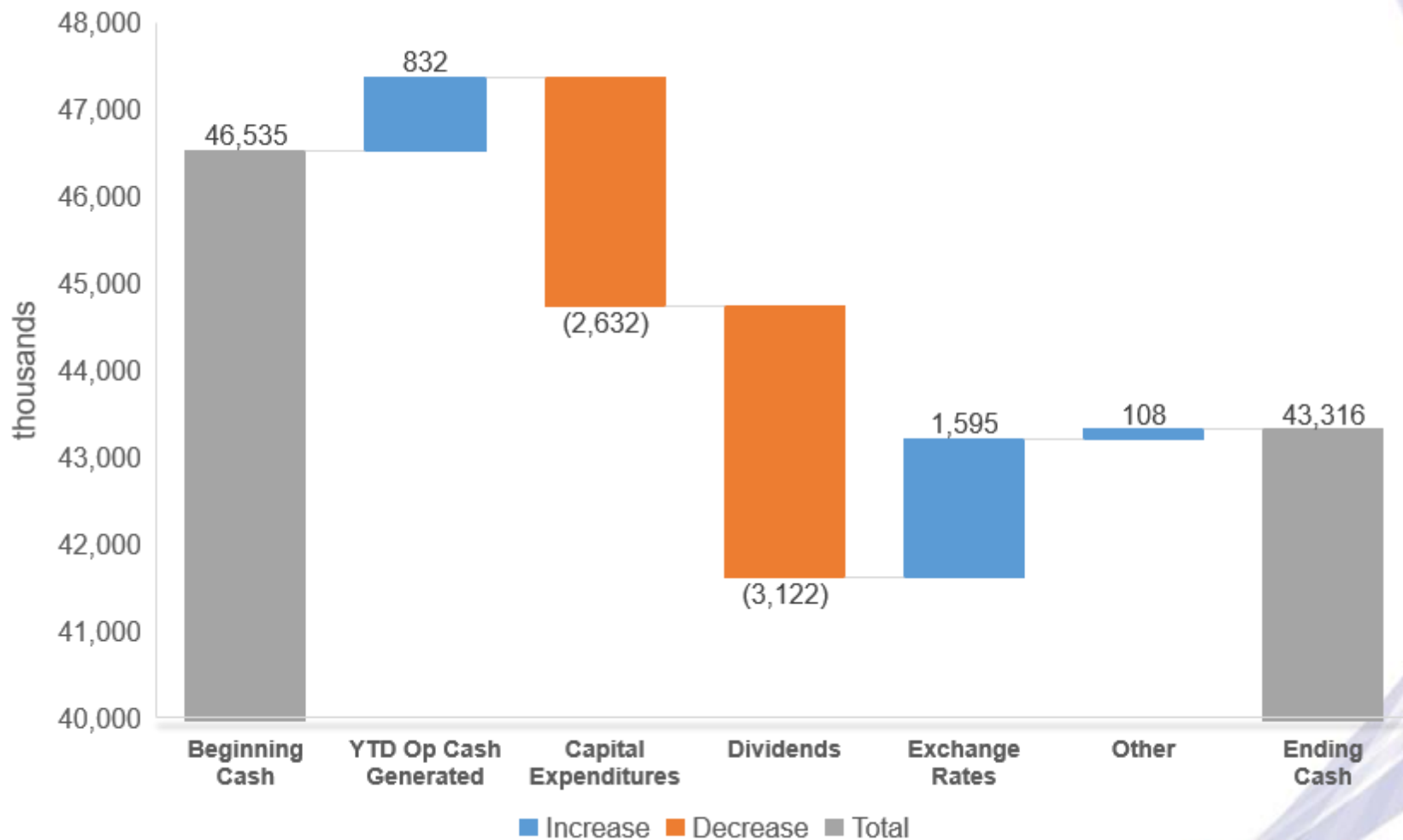
# FY 2021 Balance Sheet

(in thousands)

	FY21 4th Qtr	FY21 3rd Qtr	FY21 2nd Qtr	FY21 1st Qtr	FY20 4th Qtr	FY19 4th Qtr
<b>Cash &amp; Investments:</b>						
Cash	\$ 43,316	\$ 38,407	\$ 37,023	\$ 33,495	\$ 30,535	\$ 42,019
ST investments	-	9,000	9,000	9,000	16,000	8,000
LT investments	-	-	-	-	-	-
Total	<u>\$ 43,316</u>	<u>\$ 47,407</u>	<u>\$ 46,023</u>	<u>\$ 42,495</u>	<u>\$ 46,535</u>	<u>\$ 50,019</u>
<b>Working Capital:</b>						
Accounts Receivable	\$ 25,096	\$ 21,880	\$ 21,077	\$ 21,591	\$ 20,197	\$ 24,296
Inventories	63,508	59,425	59,538	60,160	57,492	53,232
Accounts Payable	(16,979)	(15,572)	(15,089)	(14,809)	(17,372)	(16,943)
Working Capital	<u>\$ 71,625</u>	<u>\$ 65,733</u>	<u>\$ 65,526</u>	<u>\$ 66,942</u>	<u>\$ 60,317</u>	<u>\$ 60,585</u>



# FY2021 Cash Bridge



\* Total cash & investments

# Unaudited Reconciliation between GAAP and Non-GAAP Financial Measures

	<u>FY2021</u>	<u>FY2020</u>
<b>Operating income (loss) reconciliation</b>		
Operating income (loss)	<u>\$ 2,887</u>	<u>\$ (1,657)</u>
Legal settlement	<u>1,600</u>	<u>-</u>
<b>Non-GAAP operating income (loss) reconciliation</b>	<u>\$ 4,487</u>	<u>\$ (1,657)</u>
<b>Net income (loss) reconciliation</b>		
Net income (loss)	<u>\$ 1,655</u>	<u>\$ (1,838)</u>
Legal settlement	<u>1,600</u>	<u>-</u>
<b>Non-GAAP net income (loss) reconciliation</b>	<u>\$ 3,255</u>	<u>\$ (1,838)</u>
<b>Net income (loss) per share (diluted) reconciliation</b>		
Net income (loss) per share (diluted)	<u>\$ 0.13</u>	<u>\$ (0.14)</u>
Legal settlement	<u>0.12</u>	<u>-</u>
<b>Non-GAAP net income (loss) per share (diluted) reconciliation</b>	<u>\$ 0.25</u>	<u>\$ (0.14)</u>

## **Strategic Business Unit Overview**

## Power & Microwave Technologies Greg Peloquin



# PMT Strategy – Solving Our Customer and Technology Partners Problems

- **Focus on technology partnerships with leaders in electron devices, power semiconductors, and RF/Microwave components and systems.**
- **Global relationship and capabilities to bring those products to market and to support those products through engineering, design, and logistics support.**
- **Growth in the RF, Power Management, and Microwave niche markets; we differentiate ourselves in attacking these markets through:**
  - Global infrastructure
  - Demand creation – field engineering
  - Niche products, markets, and designs
  - Disruptive technology and legacy products
  - Existing strong customer and supplier relationships
- **Focus on bringing new products and technologies to market in the RF, Microwave, and Power Management space while maximizing our market share with legacy products to support our global customers and suppliers' problems.**

# FY21 Highlights



- **Improved profitability with top line growth through new technology partners and market share gains in key growth areas**
  - Signed new technology partners that fill technology gaps in our capabilities
  - Resources and investments focused on high growth opportunities
- **Market share gains in several Electron Device product lines**
  - Semiconductor wafer fab market growing with demand for smart devices
- **Introduced the Ultra3000 Ultracapacitor Module for Wind Turbines. Designed and manufactured in LaFox, IL.**
- **SG&A expense decreased versus prior year; strong cost control management in every area**
- **Continue action plan to bounce forward from COVID-19 as the demand for our products and services did not go away with the pandemic.**

# PMT FY22 Key Initiatives

- **Launch hard our new technologies in Power Management and RF/Microwave supporting our top line growth initiatives**
  - Capitalize on our existing infrastructure
  - Realize revenue gains from new suppliers and internal engineering
  - Identify and support key market growth in 5G, RF Power, and Microwave
  - Realize increased revenue from design wins to improve margin
- **Expand our customer base and markets**
  - Identify growth opportunities for Engineered Solutions
  - Expand market-share at existing customers through associated selling efforts
  - Identify technology partners and products to support/expand our niche markets
- **Grow and monitor market share in our power grid and microwave tube business**
  - Protect this strength and profitable business through continual contact
  - Focus on margin improvement
  - Look at ways to be more efficient and cost effective
- **Manage cost and investments in line with improved profitability objectives**
  - Capitalize on our existing infrastructure
  - Eliminate redundancies and improve efficiencies
  - Maximize use of cash by carefully controlling expenses and improving inventory turns



**Ultra3000®**



**UltraGEN3000™**



**Richardson  
Electronics**

**Richardson Healthcare  
Wendy Diddell**



# Healthcare Strategy

- **Richardson is the first global non-OEM provider of Diagnostic Imaging replacement parts, training and support solutions**
- **We differentiate ourselves from other replacement parts providers by offering high value solutions like:**
  - Third party and CPO replacement CT tubes
  - P3 capitated-risk parts contracts
  - Parts customs cleared in days, not weeks
  - Best in class training and support programs
  - Significant savings compared to OEMs
- **Replacement CT Tubes are the key to our overall strategy**



# Healthcare FY21 Highlights

- **Sales exceeded prior year by 21.7%**
  - Slow start in Q1 due to COVID
  - Tube sales 53.4% above prior year; quarter over quarter growth in ALTA750D unit sales
  - Equipment sales were above plan and down slightly to prior year—lack of system availability
  - Europe sales 125.1% above prior year; DOC \$617.8K versus a loss of \$281.4K last year
  - Parts sales were flat to prior year—no repairs early in the year due to COVID
- **Gross margin better than prior year**
  - Reflects higher tube sales and lower equipment sales
  - Manufacturing under absorption still an issue (out of production until October)
  - Scrap and cycle counts lower than prior year but still room for improvement
- **SG&A flat to prior year**
  - Salary and Fringe well below plan but higher than prior year due to engineering additions
  - Higher R&D expense associated with ALTAD XL, ALTAG and Nebelhorn
- **Engineering worked on site through COVID on ALTA750D life improvements, ALTA750G, and Siemens' repair programs**
  - Siemens install base significantly larger than Canon/Toshiba
- **Smaller operating loss than planned and 7.8% improvement to prior year**

# Healthcare FY22 Key Initiatives

- **Grow Sales**
  - Double the number ALTA tubes sold
    - Launch ALTA750G
    - Sell minimum of 10 repaired Siemens tubes
    - New countries in the EU
    - Full year sales in China
    - Expand our US customer pool
    - MDSAP/Canadian registration for sales in Canada
  - Achieve moderate increases in Parts and Equipment sales (if equipment available)
- **Improve Gross Margin**
  - Maintain sufficient production levels through improved processes
  - Reduce scrap through improved processes, quality control
- **Maintain SG&A**
- **Meet our Engineering Commitments**
  - Launch ALTA750G by end of 2021; make improvements if required based on beta sites
  - Launch Phase 1 of Nebelhorn
- **Continue to closely manage inventory while supporting new platforms**
- **Achieve profitability by Q4 FY24**

**Canvys**  
**Wendy Diddell/Jens Ruppert**

# Canvys Strategy

- **Understand the visual technology needs of Original Equipment Manufacturers and other customers and deliver solutions that exceed their expectations.**
- **Serve unique markets, including the medical device, public transportation and industrial markets, with very high quality and strict product life-cycle requirements.**
- **Utilize engineering and sourcing experience combined with global infrastructure to provide innovative and competitively-priced display and All-in-One PC solutions for small to mid sized volume opportunities.**

# Canvys FY21 Highlights

- **Generated direct operating contribution.**
- **YoY growth, despite the COVID-19 pandemic.**
- **Won several important deals in the medical, industrial and transportation markets that are the foundation for growth in FY22 and beyond.**



# Canvys FY22 Key Initiatives

- **Focus on new customer acquisition without losing sight of existing customers and programs.**
- **Pursue new technologies and other means of differentiating products.**
- **Ongoing strategic review with the objective of keeping Canvys a significant contributor to operating profit.**



**Diversity, Equity, Inclusion & Belonging**  
**Wendy Diddell**



## What We've Done

- Creation of a DEI&B Committee
- Addition of a Diversity Commitment to all job postings
- Addition of Wendy Diddell to the Board of Directors as the first female board member
- Measurement of management performance with direct ties to their participation in the DEI&B initiative
- The addition of an ESG friendly fund to our 401(k) investment options
- Actively investing \$14M in DEI and ESG friendly Money Market funds

## Upcoming Actions

- Targeted actions based on employee survey results, feedback and suggestions
- Manager and employee training
- Cross departmental round-table discussions
- Celebration of various cultures and under-represented groups throughout the year

**Questions and Discussion  
Edward J. Richardson**



**Thank You**