

Richardson Electronics Annual Meeting of Stockholders

October 8, 2024

NASDAQ: RELL



Forward Looking Statement



This overview includes certain “forward-looking” statements as defined by the Securities and Exchange Commission. Statements regarding the Company’s business which are not historical facts represent “forward-looking” statements that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K. The Company assumes no responsibility to update the “forward-looking” statements in this overview as a result of new information, future events, or otherwise.



Agenda

- Introductions: Edward J Richardson
- Formal Proceedings: Robert Ben
- Company Overview: Edward J. Richardson
- FY24 Financials: Robert Ben
- Power & Microwave Technologies: Greg Peloquin
- Green Energy Solutions: Greg Peloquin
- Canvys: Jens Ruppert
- Richardson Healthcare: 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 Reptron
 - 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
 - Jon Roberts, Partner, BDO
- REL Management Team
 - Robert Ben, EVP and Chief Financial Officer
 - Greg Peloquin, EVP Power & Microwave Technologies Group
 - Jens Ruppert, EVP Canvys



Formal Proceedings

Robert Ben
EVP and Chief Financial Officer

Company Overview

Edward J. Richardson
Chairman of the Board, Chief
Executive Officer



About Richardson Electronics

VISION

To make our world a better, more sustainable place by providing innovative technology solutions.

MISSION

We provide solutions that improve our world through innovative engineering and manufacturing in collaboration with our employees, customers and technology partners.

VALUES

- We are a diverse family; we take care of our people.
- We focus on long term viability for our company, our community and our world.
- Every interaction is important and deserving of respect.
- We believe in hard work, reward, and the determination to succeed.



ENGINEERED SOLUTIONS

Richardson Electronics (NASDAQ: RELL) designs and manufactures nearly 55% of the products it sells for power, microwave, and imaging solutions to industries worldwide.

Technical expertise and “engineered solutions” based on our core engineering and manufacturing capabilities

Value added solutions through design-in support, system integration, prototype design and manufacturing, testing, logistics, and aftermarket technical service and repair

Global infrastructure and support to serve customers wherever they are located

Key Facts & Figures



Strong balance sheet with robust cash and cash equivalents and no debt



Certified experts that are ISO 9001:2015 and ISO 13485:2016 certified



440+ employees with over half in sales, engineering and product management



More than 20,000 OEM and end-user customers throughout the world



Headquarters in LaFox, Illinois



RELL is global with 60+ locations worldwide with legal entities in 24 countries



Our Business Units



Power & Microwave Technology (PMT)

- FY2024 Revenue: \$128.7M
- Power grid and microwave tubes (EDG)
- Power management for 5G (PMG; started in 2014)
- In-house manufacturing and partnering with leading technology suppliers
- Global engineering and design support
- Key supplier to semiconductor industry



Green Energy Solutions (GES)

- FY2024 Revenue: \$23.2M
- Designs and manufactures key products for the fast-growing energy storage market and power management applications
- Leverages existing global infrastructure and expertise
- Products for numerous green energy applications such as wind, solar, hydrogen, EVs, and synthetic diamonds



Healthcare

- FY2024 Revenue: \$12.1M
- 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

- FY2024 Revenue: \$32.4M
- Custom display solutions for healthcare, industrial, retail and transportation applications
- All-in-one computer display solutions
- Engineering design and support

A Legacy of Engineered Solutions A Future of Innovation



Power Grid Tubes



CW Magnetrons



Ignitrons & Thyratrons



Microwave Generators



Pulse Magnetrons



Ultracapacitors



CT Replacement Tubes



Refurbished CT Systems



Custom OEM Displays



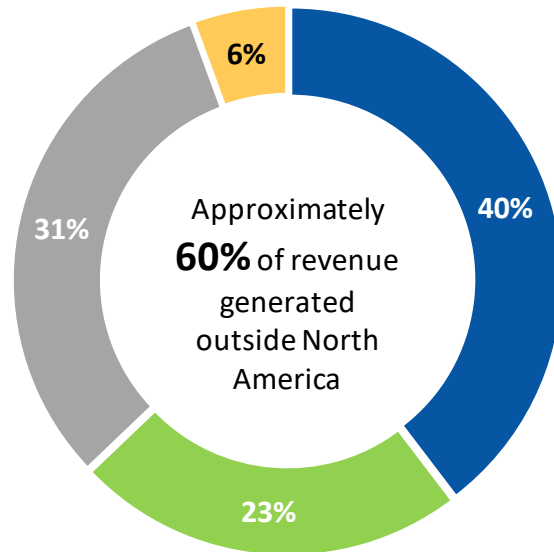
All-In-One Computer Solutions



Local Service Supported Through Extensive Network of Over 60 Global Locations



FY2024 Sales by Geography



■ North America ■ Asia/Pacific ■ Europe ■ Latin America

Sophisticated Global Infrastructure

- More than 60 sales offices & stocking locations
- Global field engineering support including over 75 RF, Microwave and CT engineers for leading technology suppliers
- Service and repair supported by local presence
- IT Infrastructure supports global visibility into real time inventory, quote and orders
- Information shared across organization to identify opportunities and facilitate design wins

Global Logistics and Supply Chain Capabilities

- Importer of record in 24 countries with international distribution hubs in North America, Asia, and Europe
- Shipment to any location worldwide in one to three business days
- Transactions in local language, and local currency
- Maximum flexibility including small quantity orders
- Export Control Classifications Number (“ECCN”) items flagged for export control



Growth Strategies

Strategy Supported by Strong Core Business, New Products and New Markets



Management has created a strategic plan focused on driving growth and creating sustainable value for shareholders



Growth supported by strong core business, 75+ years of engineering capabilities, and global platform



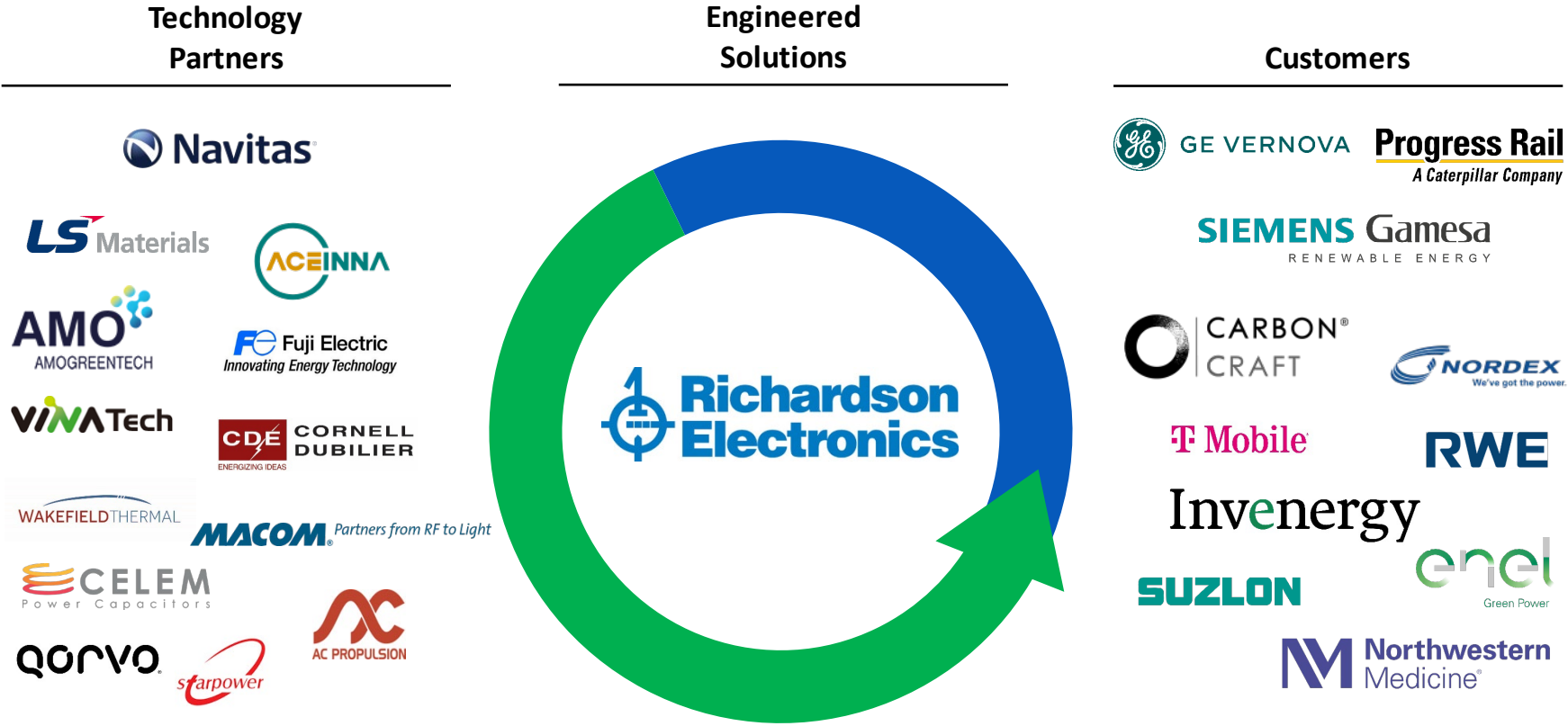
Strategy focused on leveraging core engineering capabilities to expand product lines into large, fast growing global markets



Global footprint supports customers and maintains strong strategic partnerships with leading manufacturers

New markets and applications support significant expansion to the Company's growth opportunities

Unique Relationships with Technology Partners Deepens Customers Relationships



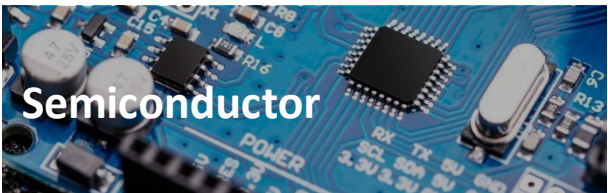



Strong relationships with global technology partners expands Richardson Electronics' sales and deepens customer relationships from components to Engineered Solutions

Growth Opportunities and Focus:

Richardson's Strategy Aligned with Compelling Market Dynamics



Market	Market Driver / Update	Richardson Opportunity
 <p>Green Energy/Power Management</p>	<ul style="list-style-type: none">• Power management section of systems using distributive technology• Growing markets that need new technology and products to support changing power management systems	<ul style="list-style-type: none">• Developing patented technology for niche applications in niche markets• Patented products for growth markets such as wind, solar, EV, generators, BMS modules, and ESS (energy storage systems)
 <p>Power Grid Tubes</p>	<ul style="list-style-type: none">• New applications are supporting growth in microwave tubes and magnetrons• Examples include emerging markets such as synthetic diamonds, hydrogen, and building materials	<ul style="list-style-type: none">• RELL is one of the few remaining tube manufacturers and engineering companies• For example, RELL's 6KW magnetrons are being used for producing synthetic diamonds; replacement cycle every two years
 <p>Semiconductor</p>	<ul style="list-style-type: none">• Semiconductor capex cycle expected to remain strong over the long term• LAM Research, a RELL semiconductor customer, expects demand to return to growth in calendar 2024	<ul style="list-style-type: none">• Products support the global semiconductor wafer fab equipment market• RELL well positioned for high mix/low volume production and engineering design and support
 <p>Healthcare</p>	<ul style="list-style-type: none">• Very few replacement options for CT tubes• OEMs charge high prices for tubes and parts if hospital is not covered by expensive OEM service contract	<ul style="list-style-type: none">• Helping customers improve efficiency and deliver better clinical outcomes while lowering the cost of healthcare delivery• \$10 billion estimated global opportunity for aftermarket for diagnostic imaging parts and service

Fiscal Year 2024 Financial Results

Robert Ben
EVP and Chief Financial Officer

Fiscal Year 2024 Financial Results

Robert Ben
EVP and Chief Financial Officer

FY2024 Results

(in thousands)

	FY2024	FY2023	Fav/Unfav
Net sales	\$ 196,460	\$ 262,658	\$ (66,198)
Cost of sales	136,494	178,969	42,475
Gross margin	59,966	83,689	(23,723)
Gross margin %	30.5%	31.9%	
SG&A expenses	59,548	58,713	(835)
% of net sales	30.3%	22.4%	
Loss (gain) on disposal of assets	70	(7)	(77)
Operating income	348	24,983	(24,635)
% of net sales	0.2%	9.5%	
Total other expense (income)	191	(47)	(238)
Income before income taxes	157	25,030	(24,873)
Income tax provision	96	2,697	2,601
Net income	\$ 61	\$ 22,333	\$ (22,272)
% of net sales	0.0%	8.5%	
Non-GAAP net income	\$ 460	\$ 19,998	\$ (19,538)
% of net sales	0.2%	7.6%	
Earnings per diluted share	\$ -	\$ 1.55	\$ (1.55)
Non-GAAP earnings per diluted share	\$ 0.03	\$ 1.39	\$ (1.36)

Fiscal Year Reconciliation

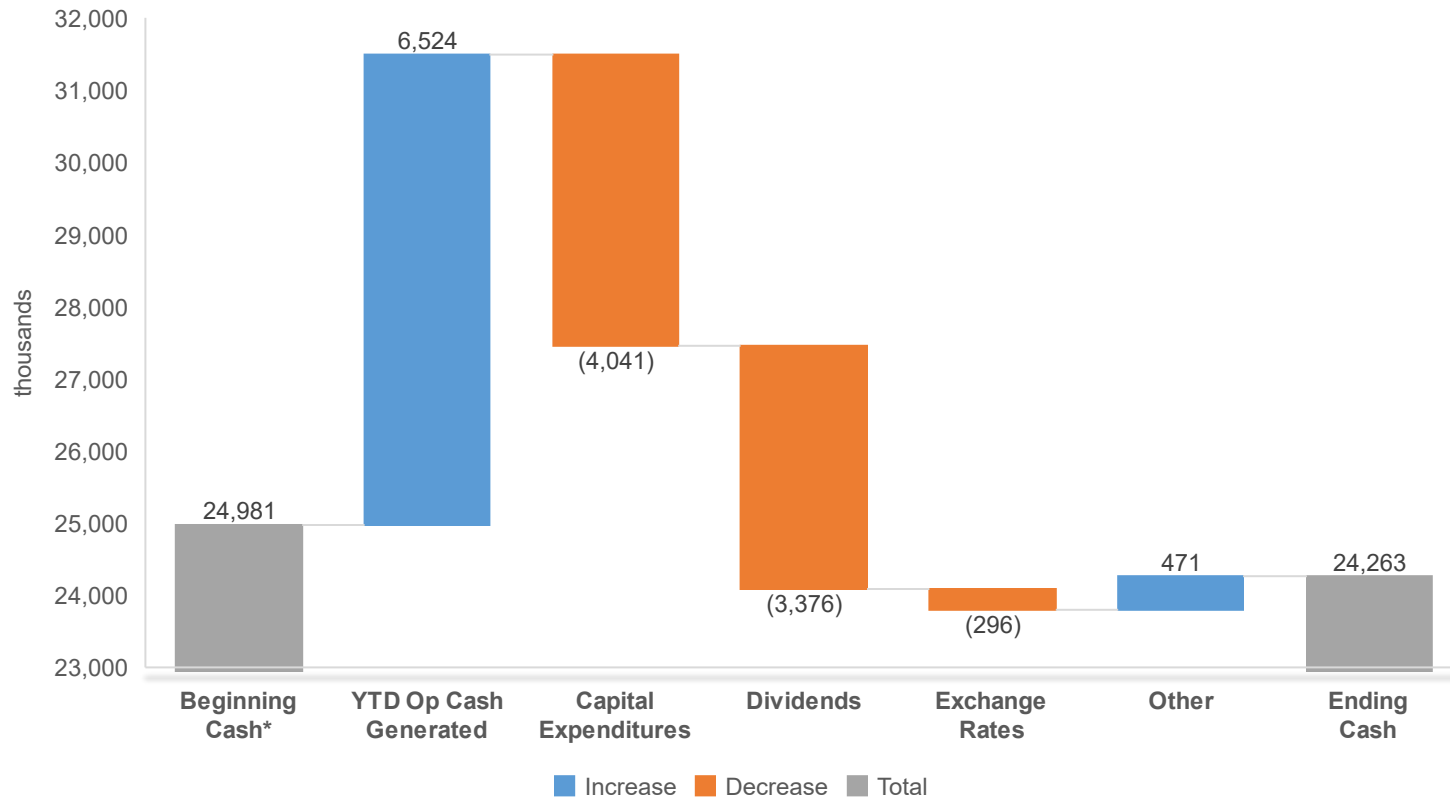
	Twelve Months Ended	
	June 1, 2024	May 27, 2023
(Loss) income before income taxes	\$ 157	\$ 25,030
Income tax (benefit) provision reconciliation		
Income tax (benefit) provision	\$ 96	\$ 2,697
Prior years' R&D credit	462	580
Valuation allowance adjustment	(861)	1,755
Non-GAAP income tax (benefit) provision	<u>\$ (303)</u>	<u>\$ 5,032</u>
Net income (loss) reconciliation		
Net (loss) income	\$ 61	\$ 22,333
Prior years' R&D credit	462	580
Valuation allowance adjustment	(861)	1,755
Non-GAAP net income	<u>\$ 460</u>	<u>\$ 19,998</u>
Net income (loss) per share (diluted) reconciliation		
Net (loss) income per share (diluted)	\$ 0.00	\$ 1.55
VA adjustment and prior years' R&D credit	0.03	(0.16)
Non-GAAP net income per share (diluted)	<u>\$ 0.03</u>	<u>\$ 1.39</u>

FY24 Balance Sheet

(in thousands)

	FY25 1st Qtr	FY24 4th Qtr	FY24 3rd Qtr	FY24 2nd Qtr	FY24 1st Qtr	FY23 4th Qtr	FY22 4th Qtr
Cash & Investments:							
Cash	\$ 23,035	\$ 24,263	\$ 18,880	\$ 22,769	\$ 24,124	\$ 24,981	\$ 35,495
ST investments	-	-	-	-	-	-	5,000
LT investments	-	-	-	-	-	-	-
Total	<u>\$ 23,035</u>	<u>\$ 24,263</u>	<u>\$ 18,880</u>	<u>\$ 22,769</u>	<u>\$ 24,124</u>	<u>\$ 24,981</u>	<u>\$ 40,495</u>
Working Capital:							
Accounts Receivable	\$ 30,862	\$ 24,845	\$ 29,131	\$ 23,909	\$ 25,578	\$ 30,067	\$ 29,878
Inventories	110,994	110,149	112,635	116,951	113,597	110,402	80,390
Accounts Payable	<u>(19,758)</u>	<u>(15,458)</u>	<u>(18,393)</u>	<u>(22,505)</u>	<u>(21,188)</u>	<u>(23,535)</u>	<u>(23,987)</u>
Working Capital	<u>\$ 122,098</u>	<u>\$ 119,536</u>	<u>\$ 123,373</u>	<u>\$ 118,355</u>	<u>\$ 117,987</u>	<u>\$ 116,934</u>	<u>\$ 86,281</u>

FY2024 Cash Flow



Strategic Business Unit Updates



**Power & Microwave Technologies
and
Green Energy Solutions**

**Greg Peloquin,
EVP and General Manager**



Strategy



Technology Partners

- Field Engineers
- Demand Creation



Engineered Solutions

- Design
- Manufacturing
- Testing



Global Capabilities

- 60+ Locations
- 24 Legal Entities
- Global Inventory & Logistics

FY24 Highlights

- **PMT & GES Sales** **\$152M**
- **Backlog Over** **\$100M**

- **Design and developed 4 new PEM platforms**

Suzlon



Senvion



Nordex



SSB



- **Designed and developed starter modules for diesel locomotives**
 - Over \$4M in backlog

Starter Module Wabtec



Starter Module Progress Rail

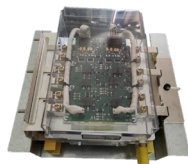


- **Number of products in beta testing**

UltraFRIDGE



IGBT Inverter Modules



Emergency Lighting Module for Commuter Cars



Microwave Generators



- **Increased market share, new products, new designs, and new customers.**



Strategic Imperatives for FY25

- **Continue to review all aspects of the business to continually improve efficiencies to maximize profits**
- **Maximize core tube MRO business and key RF & Microwave component opportunities**
- **Global launch of pitch energy modules**
 - GE
 - Suzlon
 - Senvion
 - Nordex
 - SSB
- **Expand product offering to capitalize our global repower initiatives in the wind turbine industry and other green energy applications**
 - Pitch Energy Modules
 - Ultracapacitors based Products
 - Inverter modules
 - Microwave Generators
- **GES & PMT - Implement the strategy**
 - New technology partners
 - Expedite new product development
 - Increase customer count and market share globally

Canvys

**Jens Ruppert
EVP and General Manager**

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 FY24 Highlights

- **Generated direct operating contribution.**
- **Won several important deals in the medical, industrial and transportation markets that are the foundation for growth in FY25 and beyond.**



Canvys FY25 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.**



Richardson Healthcare

**Wendy Diddell,
EVP, Chief Operating Officer
and General Manager**

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
 - 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 FY24 Highlights

- Full year sales of \$12.1M up compared to prior year sales of \$11.4M
- Gross margin was 30.4% in FY24 versus 30.7% in FY23
- SG&A flat to prior year due to expense controls and utilizing existing resources
- Stopped ALTA production in November to burn down high inventory levels
- Straton Z, first in Siemens repaired tube program, remained in limited release
- Making good progress with MX series in Siemens repair program; emitter and window patents expired making repairs more viable and robust
- Operating loss was flat to prior year

Healthcare FY25 Key Initiatives

- Grow Sales
 - Gain traction with repaired Straton Z throughout year
 - Launch MX series in first half of CY2025
 - Maintain ALTA sales
 - Achieve moderate increases in Parts and Equipment sales
- Improve Gross Margin
 - Maintain sufficient production levels through improved processes
 - Reduce scrap through improved processes, quality control
- Maintain SG&A
- Continue to closely manage inventory while supporting new platforms
- Achieve profitability early FY25
- Explore options to monetize the business unit

Company Closing Remarks

- We remain optimistic about our growth opportunities, based on customer demand for recently launched products, new technology partners, semiconductor wafer fab recovery and new engineered solutions
- We continue to gain market share with new customers, exclusive supplier agreements, new products and our growing list of patents
- Much of GES' business is project-based and timing is not always easy to predict
- There are certain macro and timing related variables that make it difficult to forecast, but we expect our long-term growth strategies to produce sustainable annual growth
- Near-term strategies are focused on improving gross margin, controlling expenses, managing inventory, and conserving cash, while continuing to support long-term growth opportunities
- Long-term strategy focused on diversifying sales to high-growth, higher-margin opportunities
 - Growing diversity of sales will help offset the impacts of challenging semiconductor wafer fab market
 - Significant opportunities associated with demand for our GES solutions to deliver sustainable annual sales growth
- It's not a matter of IF, but WHEN!



 **Richardson
Electronics**

A Legacy of Engineered Solutions.
A Future of Innovation.