

# Richardson Electronics Q3 FY2025 Investor Presentation

April 11, 2025

NASDAQ: RELL



## 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.



# 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 three- and six-month new information, future events, or otherwise.

## **Note on financial presentation:**

The consolidated financial results included in this presentation are as reported for the three- and nine-month periods ended March 1, 2025, and include Richardson Healthcare.





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# About Richardson Electronics

# ENGINEERED SOLUTIONS



Richardson Electronics (NASDAQ: RELL) designs and manufactures approximately 50% of the products it sells for power, microwave, and imaging solutions to industries worldwide.

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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



# January 2025 Richardson Healthcare Strategic Transaction



<b>Overview</b>	<ul style="list-style-type: none"><li>• In January 2025, Richardson announced a strategic transaction in which the Company sold most Richardson Healthcare assets to DirectMed Imaging (DirectMed)</li></ul>
<b>Deal Terms</b>	<ul style="list-style-type: none"><li>• Transaction closed on January 24, 2025</li><li>• The sale price was \$8.2 million including net working capital adjustments</li><li>• Under the terms of the transaction, Richardson Electronics sold the Healthcare business unit but retained its CT tube engineering and manufacturing assets under an exclusive supply agreement with DirectMed</li></ul>
<b>Go Forward Considerations</b>	<ul style="list-style-type: none"><li>• The strategic transaction is expected to simplify the Company's business, improve Richardson's financial model long term, and allow the Company to prioritize profitable opportunities within higher growth markets</li><li>• The Company will continue to support DirectMed through a 10-year exclusive global supply agreement in which Richardson will supply DirectMed with repaired Siemens CT X-ray tubes</li><li>• Richardson Electronics will also continue manufacturing ALTA CT X-ray tubes for DirectMed for approximately 12 to 18 months</li><li>• The remaining assets of the Richardson Healthcare reportable segment, primarily CT X-ray tube manufacturing and repair, will be consolidated into the Company's PMT reportable segment</li></ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>• Richardson Electronics intends to use proceeds from the asset sale to invest in the Company's growth initiatives – primarily within its GES reportable segment</li></ul>

# 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



## 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





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# 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



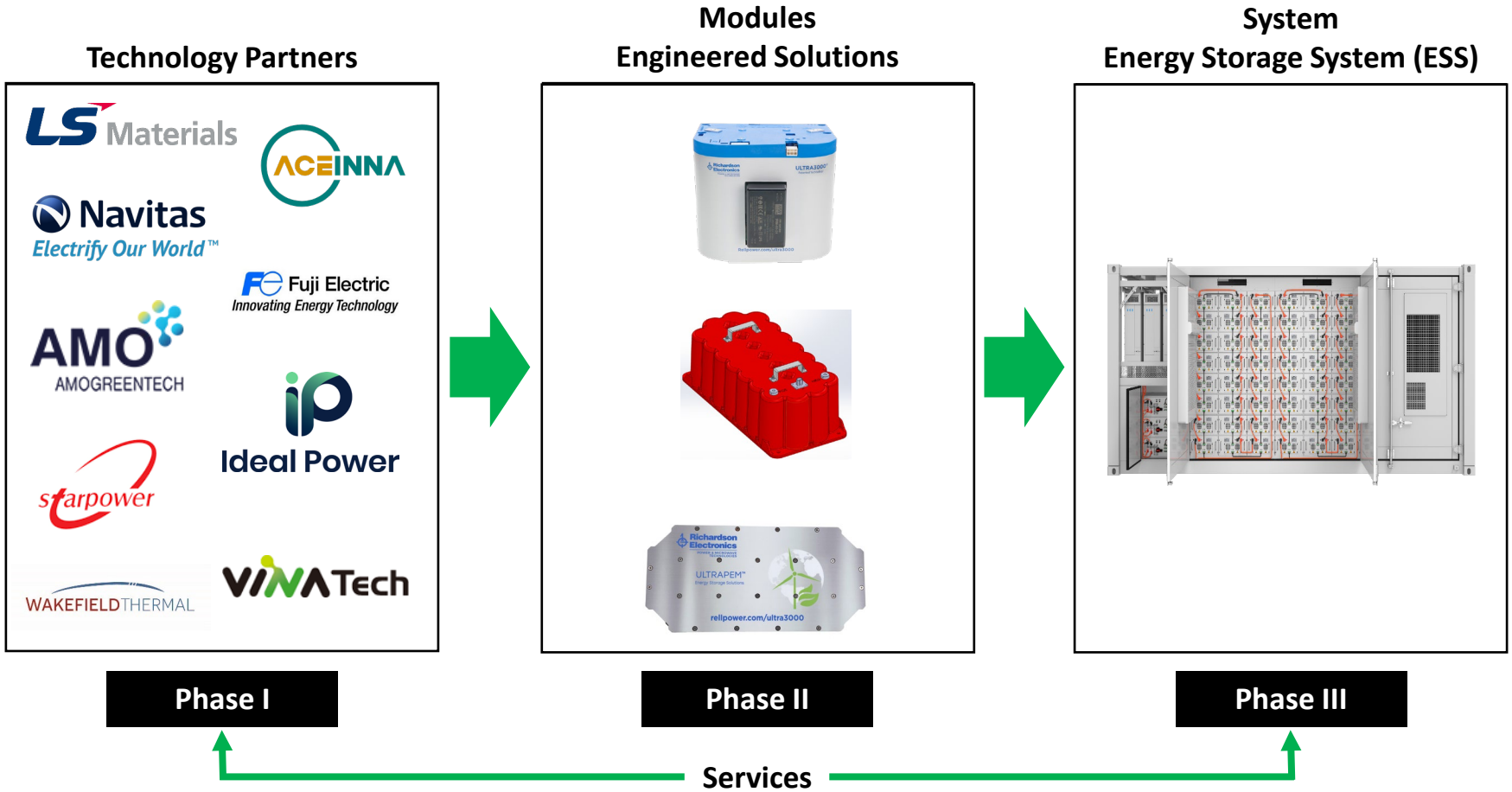
Global footprint supports customers and maintains strong strategic partnerships with leading manufacturers

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

# PMG/GES Power Management Roadmap



*Long-standing relationships with leading components manufacturers combined with our in-house manufacturing and engineering capabilities supports a multi-year strategy aimed at providing higher value sales*



# Other Mid-Term Solutions

## Key Markets:

- Power management
- Green Energy Solutions (GES)

## Key Applications:

### Transportation



#### Key Products

- Metra Emergency Lighting
- Engine Start Module
- SiC Mosfets



### Industrial



#### Key Products

- LiFePO4 Battery Modules
- Ultracapacitors AVG modules
- PCIGBT Modules



### Energy Storage



#### Key Products

- C&I BESS
- Utility BESS
- Data Center BESS



### Wind/Solar



#### Key Products

- Pitch Energy Modules
- Turbine-Guard
- Inverter Modules



# FY26-28 Wind Turbine Opportunity



**Customer Problem:**

Wind turbine manufacturers and operators needed an environmentally friendly solution to extend the life of auxiliary power supplies for their Pitch Energy Modules.

**Richardson Electronics' Solutions:**

Developed the first ultracapacitor-based plug-and-play replacement for batteries within wind turbine pitch systems.

**Today RELL can expand its market share in the US and throughout the rest of the world with the Patented ULTRA3000 and the ULTRAPEM™ both with GE Turbines as well as other OEM Turbines.**

OEM Turbine Platforms	Action Plan	Global TAM	
   ENERGY FOR THE WORLD    	<ul style="list-style-type: none"> <li>• Continued Development of associated products</li>   <li>• Invest in Field Engineers</li> <li>• Improve cycle time to market for new products</li>   <li>• Develop Strategically located R&amp;D center</li>   <li>• Expand Resources Globally</li> </ul>	<p>U.S.                      \$237M</p> <p>Latin America            \$35M</p> <p>Canada                    \$20M</p> <p>Europe                    \$150M</p> <p>Australia                 \$12M</p> <hr/> <p><b>Total                      \$454M</b></p>	

## *New energy storage technologies bring disruptive technologies into niche markets.*

### Market Opportunity

- \$25 billion global market for battery deployments in 2024 according to Fortune Business Insights
- Projected to grow to \$114 billion by 2032, reflecting a CAGR of 21% over 8 years
- Available government rebates can cover the expense of demonstrating new technologies
- Ongoing support from local government
- Identified niche markets

### Leveraging RELL's Platform and Capabilities

- Existing technology partners
- Established engineering expertise to develop innovative solutions, such as hybrid ultracapacitor-flow battery systems
- Pursuing shared revenue model through virtual power plants (VPP)

### Go to Market and Development Strategies

- CY 2025**
  - Deploy Energy Storage Systems (ESS) at RELL facility to serve as a demonstration project for future customers
- FY 2026 – Phase 1**
  - Focus on medium size C&I projects
- FY 2028 – Phase 2**
  - Develop in-house manufacturing of large-scale long duration energy storage
- FY 2028+**
  - Continue to vet and develop additional systems to provide differentiating value propositions for various niche markets

Stores energy during off hour low consumption periods



Which can be sold or used during high peak periods to help balance the grid

# Key Customers



# FY2025 Business Updates

- Expect near-term volatility associated with potential impacts on global trade from U.S. trade and economic policies
- Longer term expect to capitalize on current policies intended to drive manufacturing back to the US and increase the need for US content
- Steady/increasing sales of wind turbine modules
  - Regular shipments from existing inventory
  - New significant orders from existing and new customers
  - Anticipated new significant orders from new customers for UltraPEM™ and future expansion into EU
- Canvys sales improving; seeing more RFQs and customer optimism improving
- Semi-wafer Fab Market
  - Semiconductor wafer fab sales surged during Q3 FY2025
  - Key customers forecasting growth for the remainder of FY2025





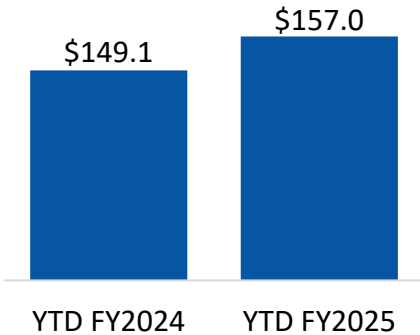


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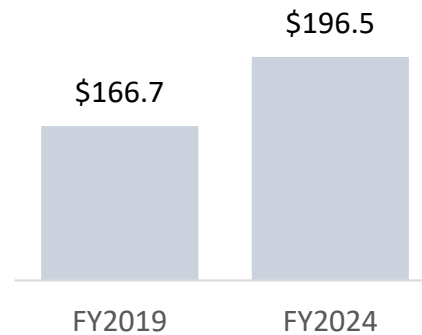
# Financials

# YTD FY2025 Financial Highlights<sup>(1)</sup>

## Net Sales (\$ in millions)

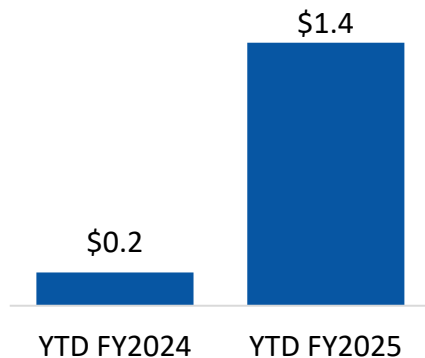


## 5-Year Growth

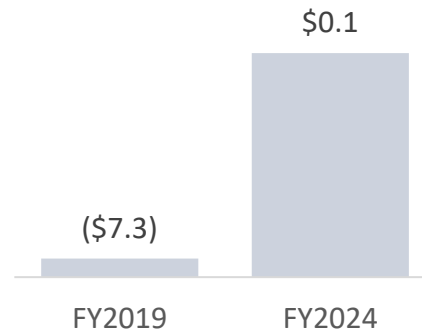


- Consolidated net sales for the first nine months of FY2025 increased 5.3% year-over-year to \$157.0 million, primarily due to higher sales in PMT and GES
- Semiconductor wafer fab sales surged 139% year-over-year in Q3 FY2025

## Non-GAAP Net Income\* (\$ in millions)



## 5-Year Growth



- Net loss was \$2.2 million and non-GAAP net income\* was \$1.4 million for the first nine months of FY 2025, versus a net income of \$0.2 million during the first nine months of FY 2024
- The Company is focused on improving gross margins, reducing inventory levels, strengthening the balance sheet, and investing in long-term strategic growth opportunities.

\*Adjusted to exclude a one-time loss on the sale of assets of the Company's Healthcare business

<sup>(1)</sup> Consolidated financial results as reported and include Richardson Healthcare

# Balance Sheet and Cash Flow<sup>(1)</sup>



- Strong balance sheet with no debt, and \$36.7 million in cash and cash equivalents
- No borrowings outstanding under \$30.0 million revolving line of credit
- Generated \$10.5 million of operating cash flow in the first nine months of FY2025 compared to a use of cash of \$0.7 million in the first nine months of FY2024
- Not including the sale of Healthcare, the Company's businesses generated \$4.3 million of operating cash flow in the first nine months of FY2025
- Allocated \$2.6 million of capital in the first nine months of FY2025 to support the Company's regular cash dividend
- Capital expenditures were \$2.0 million in the first nine months of FY2025 primarily related to the Company's facilities and IT systems
- The Company continues to invest in working capital to support its growth initiatives

(\$s in 000s)	March 1, 2025	June 1, 2024
Cash and Cash Equivalents	\$36,675	\$24,263
Accounts Receivable	\$24,932	\$24,845
Inventories, net	\$98,369	\$110,149
Total Assets	\$189,810	\$192,445
Total Debt	\$0	\$0
Total Liabilities	\$36,910	\$34,493
Shareholders' Equity	\$152,900	\$157,952

<sup>(1)</sup> Consolidated balance sheet and cash flow as reported at March 1, 2025, and include Richardson Healthcare

# Capital Allocation

Debt free balance sheet allows for strategic deployment of capital

## Capital Allocation Strategies

### Focused on Supporting Long-Term Growth Opportunities

#### Investing in Infrastructure and IT Systems

- Invested \$4.8 million in facility renovations in FY2023 and FY2024 to support the growing demand for Green Energy Solutions (GES) products
- Continual enhancements of IT infrastructure to support global opportunities

#### Organic Growth Initiatives

- Since FY2021, Richardson Electronics has invested over \$16 million in research & development, onboarding talented engineers, and enhancing its sales teams

#### Sustained Dividend

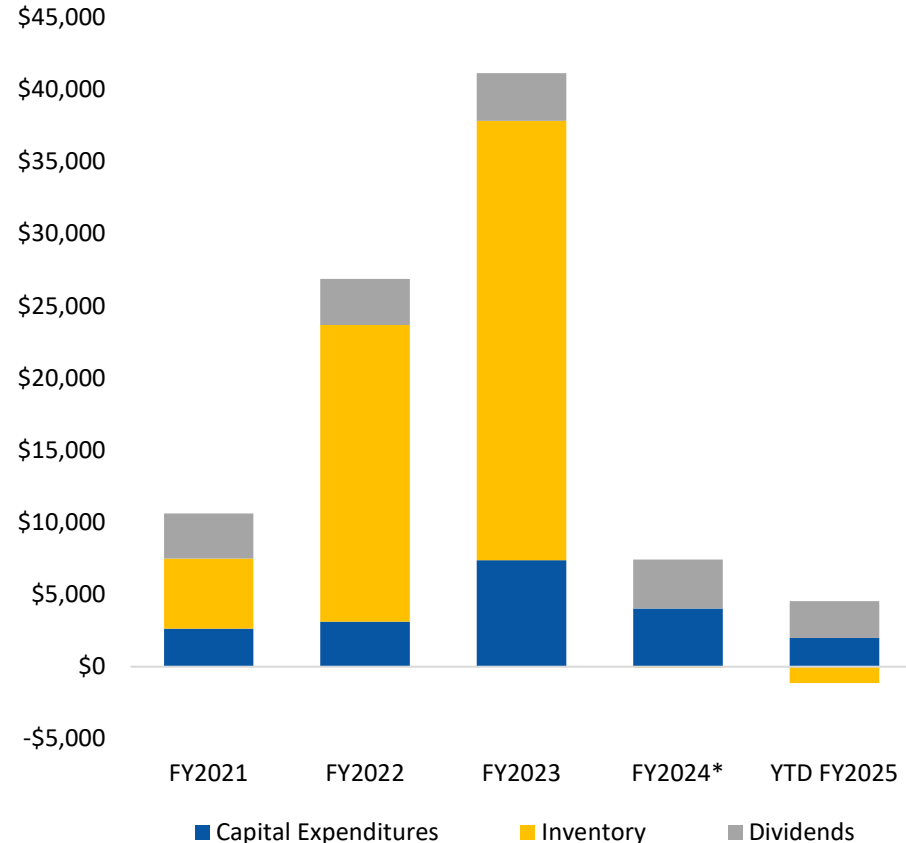
- The Company has paid out a regular quarterly cash dividend to common shareholders since 1990

#### Cash Flow Management

- Maintain a healthy level on cash on the balance sheet
- Approximately 45% of cash on Richardson's balance sheet is spread out across 20 of the Company's foreign subsidiaries
- Focused on converting inventory to cash in FY2025

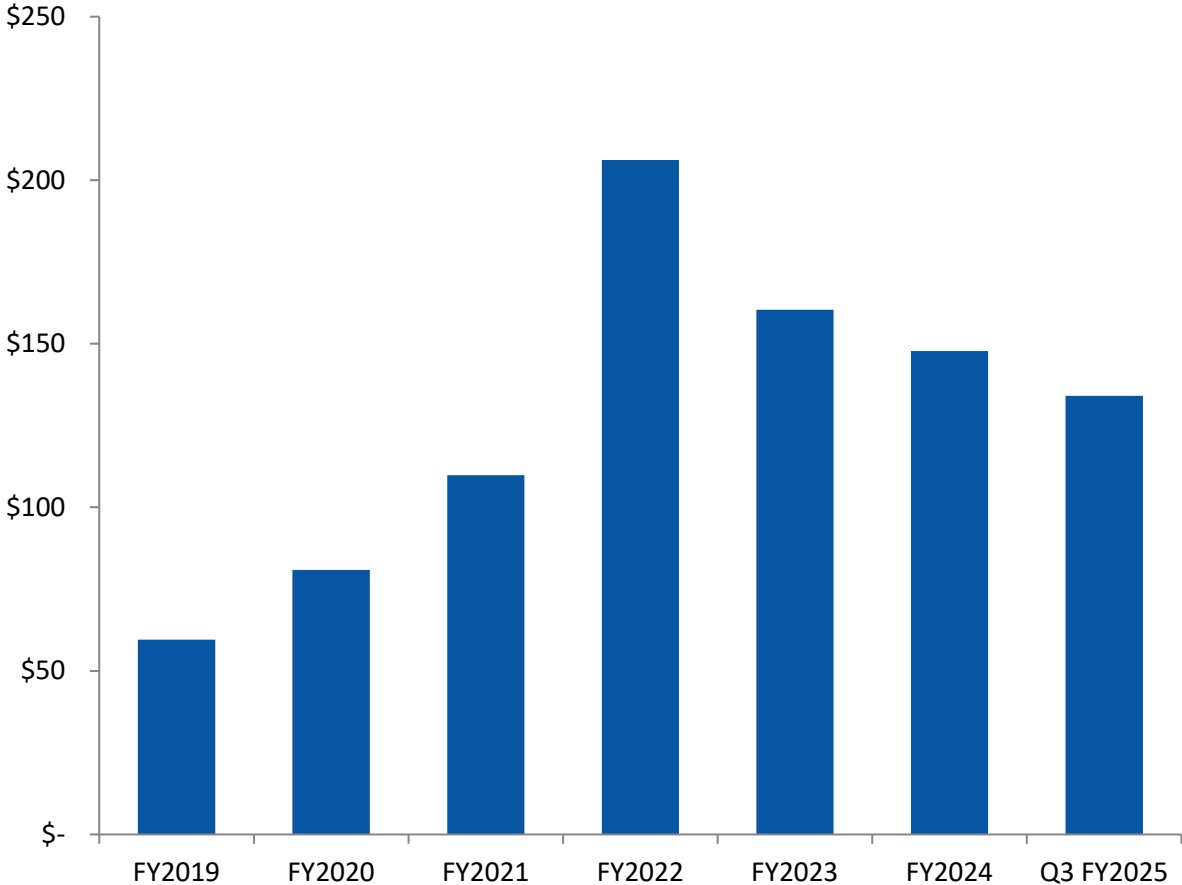
## Capital Allocation Priorities

*\$ in thousands*

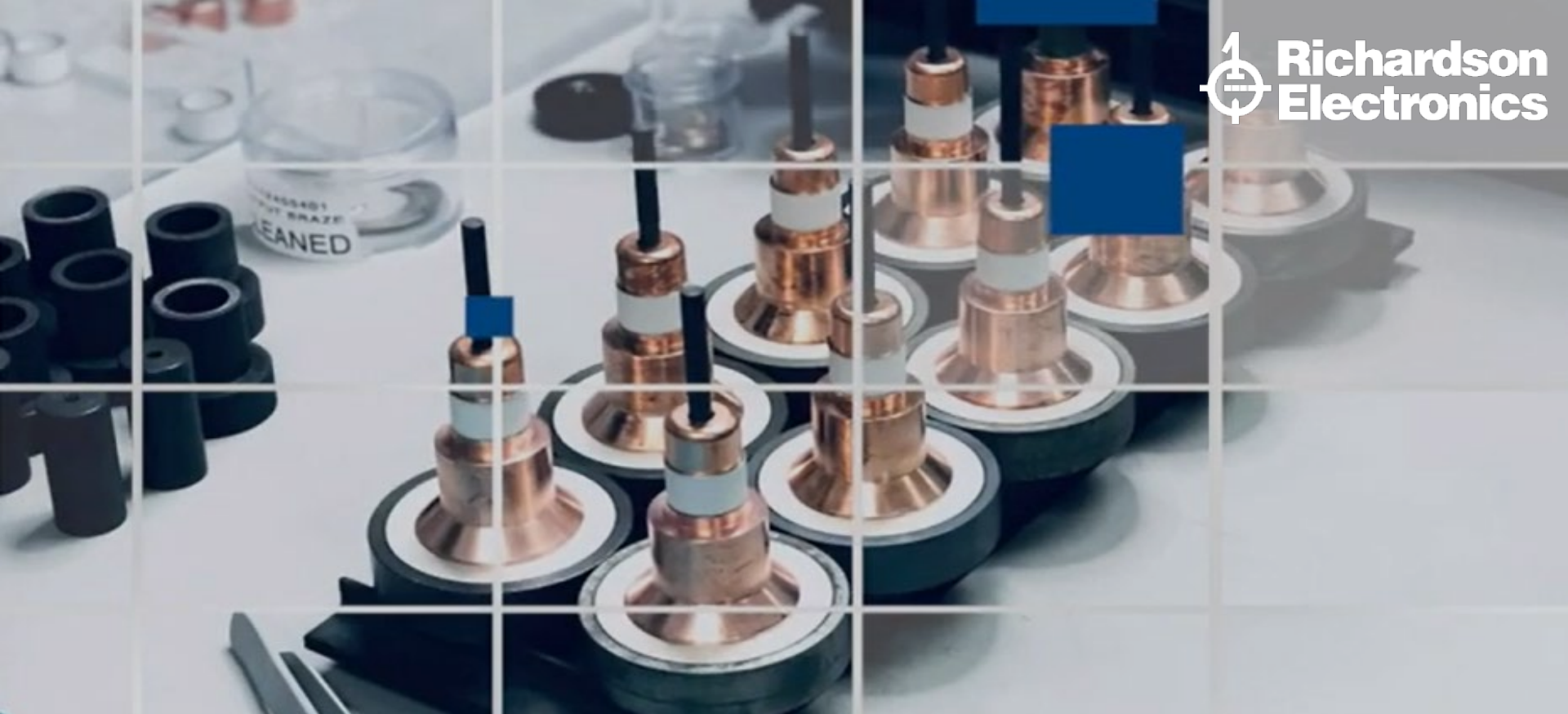


\*FY2024 includes a \$0.1 million reduction in inventory

**Total Company Backlog**  
(\$ in millions)



- Total backlog at the end of Q3 FY2025 was \$134.1 million versus \$142.6 million at the end of Q2 FY2025, and \$59.5 million in FY2019.
- Backlog up more than 120% since FY2019
- The Company’s sales pipeline remains solid; however, the timing of new orders can vary quarter-to-quarter. Current backlog also includes faster turns than prior years, reflected in the simultaneous decline in inventory.



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## Appendix: Non-GAAP Reconciliation

# Reconciliation of Non-GAAP Net Income



	Unaudited (\$ in thousands)			
	Three Months Ended		Nine Months Ended	
	<u>March 1, 2025</u>	<u>March 2, 2024</u>	<u>March 1, 2025</u>	<u>March 2, 2024</u>
Net (loss) income	\$ (2,057)	\$ 750	\$ (2,218)	\$ 180
Disposal of Healthcare assets	3,638	—	3,638	—
Non-GAAP Net Income	<u>\$ 1,581</u>	<u>\$ 750</u>	<u>\$ 1,420</u>	<u>\$ 180</u>

**Non-GAAP Net Income:** Non-GAAP Net Income is net (loss) income, adjusted to exclude a one-time loss on the sale of assets of the Company's Healthcare business. The following table represents the Company's calculation of Non-GAAP Net Income for the periods presented and a reconciliation to the most directly comparable GAAP financial measure: