

Richardson Electronics Annual Meeting of Stockholders

October 10, 2023

NASDAQ: REL



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
- FY23 Financials: Robert Ben
- Power & Microwave Technologies: 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
 - Christopher Tylka and 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**

ENGINEERED SOLUTIONS



Richardson Electronics (NASDAQ: RELL) designs and manufactures nearly 60% 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

FY2023 Sales:
\$262.7 million
(+16.9% YoY)

FY2023 Net Income:
\$1.55 per diluted share
(vs. \$1.31 in FY2022)

Strong Balance Sheet:
FY2023 Q4 cash and
cash equivalents of
\$25.0 million and
no debt

Certified Experts
ISO 9001:2015
ISO 13485: 2016
Certified

480+ Employees
Over half in sales,
engineering and product
management

Global Customers
Over 20,000 worldwide
OEM and end-user
customers

Headquarters:
LaFox, Illinois

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



Our Business Units



Power & Microwave Technology (PMT)

- FY2023 Revenue: \$164.3 million
- 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)

- FY2023 Revenue: \$47.6 million
- 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

- FY2023 Revenue: \$11.4 million
- 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

- FY2023 Revenue: \$39.3 million
- 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



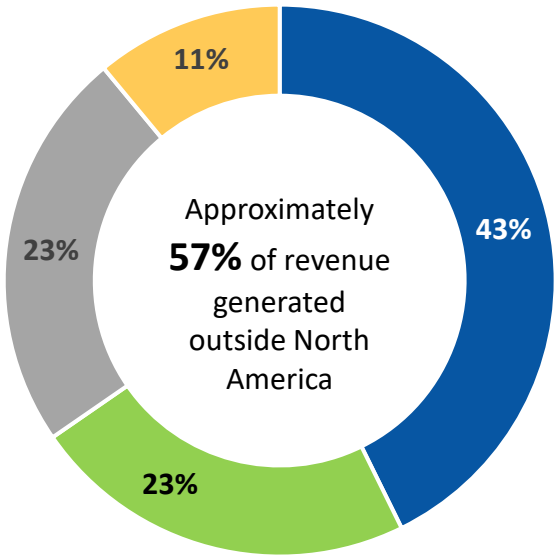
All-In-One Computer Solutions



Local Service Supported Through Extensive Network of Over 60 Global Locations



FY2023 Full Year Sales by Geography



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

Sophisticated Global Infrastructure

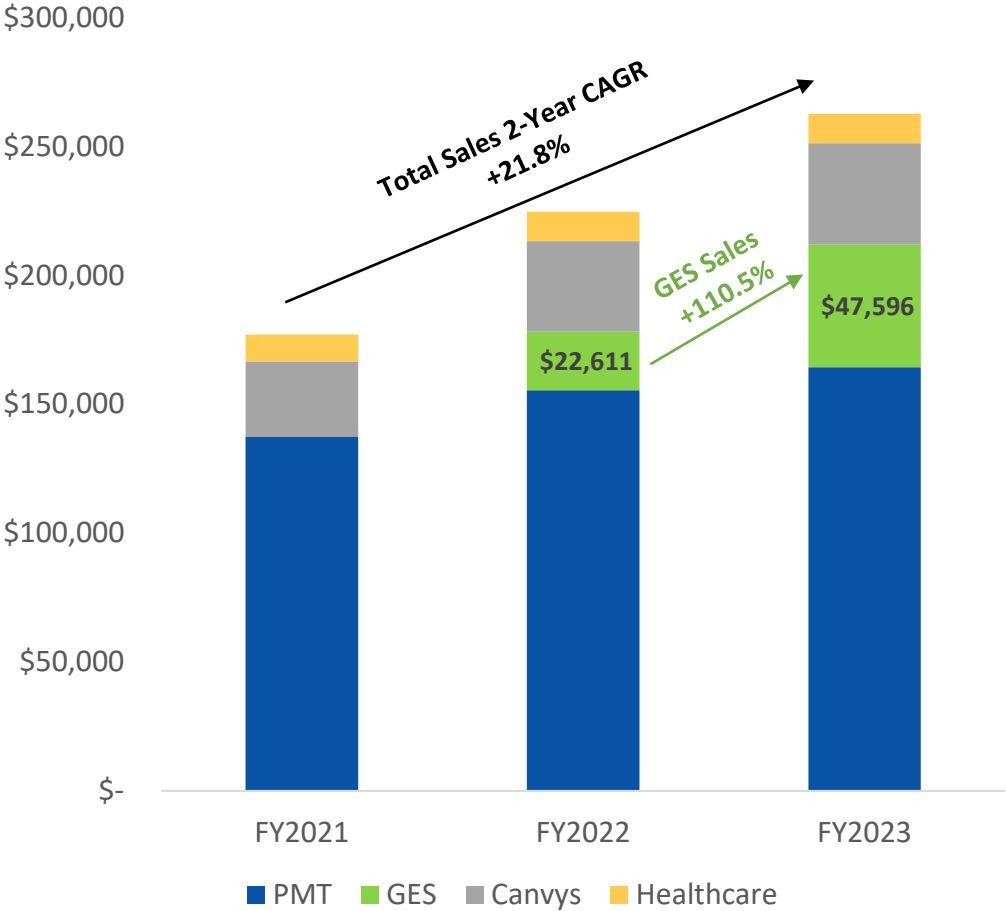
- More than 60 sales offices & stocking locations
- Global field engineering support including over 75 RF, Microwave and CT engineers for leading technology suppliers
- Service and repair supported by local presence
- IT Infrastructure supports global visibility into real time inventory, quote and orders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

Global Logistics and Supply Chain Capabilities

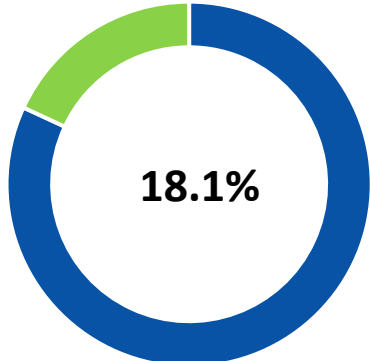
- Importer of record in 24 countries with international distribution hubs in North America, Asia, and Europe
- Shipment to any location worldwide in one to three business days
- Transactions in local language, and local currency
- Maximum flexibility including small quantity orders
- ECCN items flagged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

Successful GES Strategy has Accelerated Sales Growth

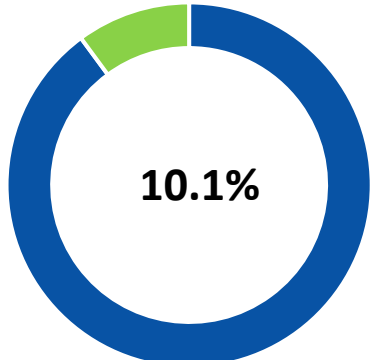
Components of Full Fiscal Year Sales Growth (000s)



FY2023 GES Sales Mix



FY2022 GES Sales Mix



Fiscal Year 2023 Financial Results

Robert Ben
EVP and Chief Financial Officer

Fiscal Year Reconciliation

	Twelve Months Ended	
	May 27, 2023	May 28, 2022
Income before income taxes	\$ 25,030	\$ 15,759
Income tax (benefit) provision reconciliation		
Income tax (benefit) provision	\$ 2,697	\$ (2,168)
Prior years' R&D credit	580	—
Valuation allowance reversal	1,755	4,000
Non-GAAP income tax (benefit) provision	<u>\$ 5,032</u>	<u>\$ 1,832</u>
Net income reconciliation		
Net income	\$ 22,333	\$ 17,927
Prior years' R&D credit	580	—
Valuation allowance reversal	1,755	4,000
Non-GAAP net income	<u>\$ 19,998</u>	<u>\$ 13,927</u>
Net income per share (diluted) reconciliation		
Net income per share (diluted)	\$ 1.55	\$ 1.31
VA reversal and R&D credit	0.16	0.29
Non-GAAP net income per share (diluted)	<u>\$ 1.39</u>	<u>\$ 1.02</u>



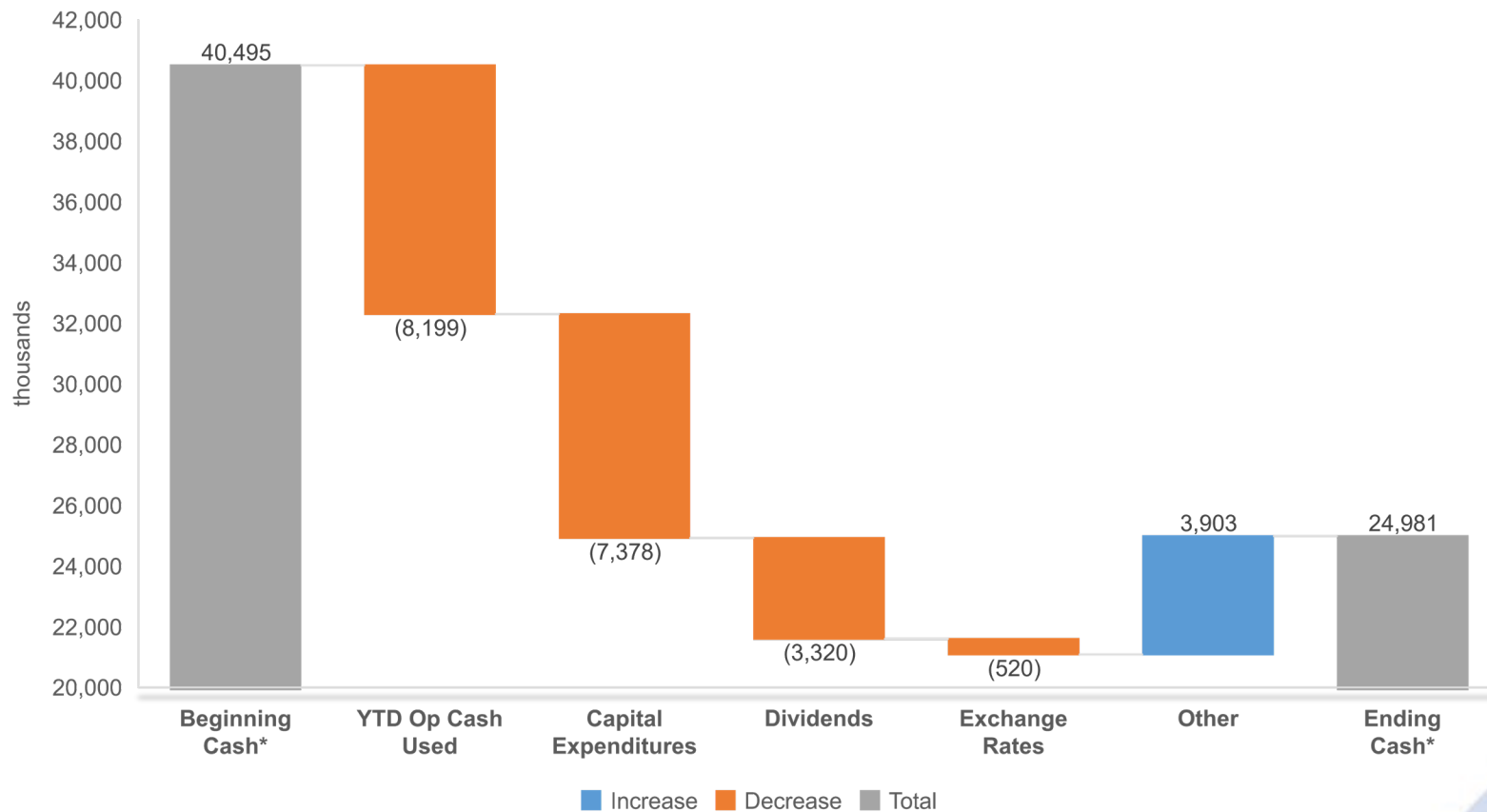
FY23 Balance Sheet

(in thousands)

	FY23 4th Qtr	FY23 3rd Qtr	FY23 2nd Qtr	FY23 1st Qtr	FY22 4th Qtr	FY21 4th Qtr	FY20 4th Qtr
Cash & Investments:							
Cash	\$ 24,981	\$ 24,645	\$ 26,106	\$ 30,633	\$ 35,495	\$ 43,316	\$ 30,535
ST investments	-	-	5,000	5,000	5,000	-	16,000
LT investments	-	-	-	-	-	-	-
Total	<u>\$ 24,981</u>	<u>\$ 24,645</u>	<u>\$ 31,106</u>	<u>\$ 35,633</u>	<u>\$ 40,495</u>	<u>\$ 43,316</u>	<u>\$ 46,535</u>
Working Capital:							
Accounts Receivable	\$ 30,067	\$ 42,151	\$ 34,880	\$ 32,568	\$ 29,878	\$ 25,096	\$ 20,197
Inventories	110,402	101,409	97,434	89,080	80,390	63,508	57,492
Accounts Payable	(23,535)	(24,686)	(24,603)	(25,276)	(23,987)	(16,979)	(17,372)
Working Capital	<u>\$ 116,934</u>	<u>\$ 118,874</u>	<u>\$ 107,711</u>	<u>\$ 96,372</u>	<u>\$ 86,281</u>	<u>\$ 71,625</u>	<u>\$ 60,317</u>



FY2023 Cash Flow



* Total Cash and Investments



Strategic Business Unit Updates



Power & Microwave Technologies and Green Energy Solutions

**Greg Peloquin,
EVP and General Manager**

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 **Green Energy**, Power Management, and RF/Microwave applications and markets – we differentiate ourselves in attacking these markets through:
 - Disruptive technology and legacy product partners
 - Existing strong customer and supplier relationships
 - Demand creation – field engineering
 - Niche products, markets, and designs
 - Design, manufacturing, and testing capabilities
 - Global infrastructure
- Focus on bringing new products and technologies to market in the RF, Microwave, Power Management, and **Green Energy** space while maximizing our market share with legacy products to support our global customers and suppliers' problems.



FY23 Highlights

Record Year - 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
- Investments in engineering, manufacturing, and test for high growth markets.
- Introduce new **Green Energy** products and patented designs
- Major increase in our market share of Pitch Energy Modules (PEM) with over 41,000 shipped in program to date
- **Increased the customer base for the Patented ULTRA3000® Ultracapacitor Module for Wind Turbines — designed and manufactured in LaFox, IL.**
Introduced:
 - UltraUPS3000
 - UltraGEN3000
- **Strong cost control management in every aspect of our business increasing our profitability with top line growth**



PMT FY24 Key Initiatives

- **Hard launch on our new technologies in Green Energy, Power Management, and RF/Microwave, supporting our top line growth initiatives.**
 - Capitalize on our existing infrastructure
 - Realize revenue gains from new technology partners, customers, and new products
 - Realize increased revenue from design wins and patents 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



UltraUPS3000



Thales



ULTRA3000®



UltraGEN3000™



EVL3000



PMT FY24 Key Initiatives

- Continue development and market share growth of our power management and **green energy** products
- Launch hard, through global demand creation and our technology partners for RF, power, and microwave, which will drive our engineer solutions strategy.
- Grow and protect our market share in our power grid and microwave tube business
- Manage cost and investments in line with our profitability objectives



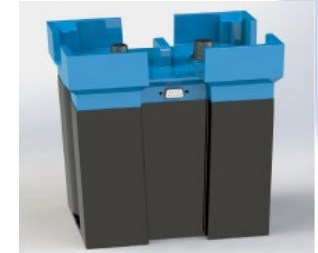
UltraUPS3000



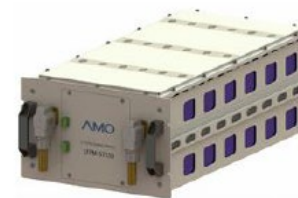
Thales



ULTRA3000®



UltraGEN3000™



EVL3000





**Richardson
Electronics**

**Canvys
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.**

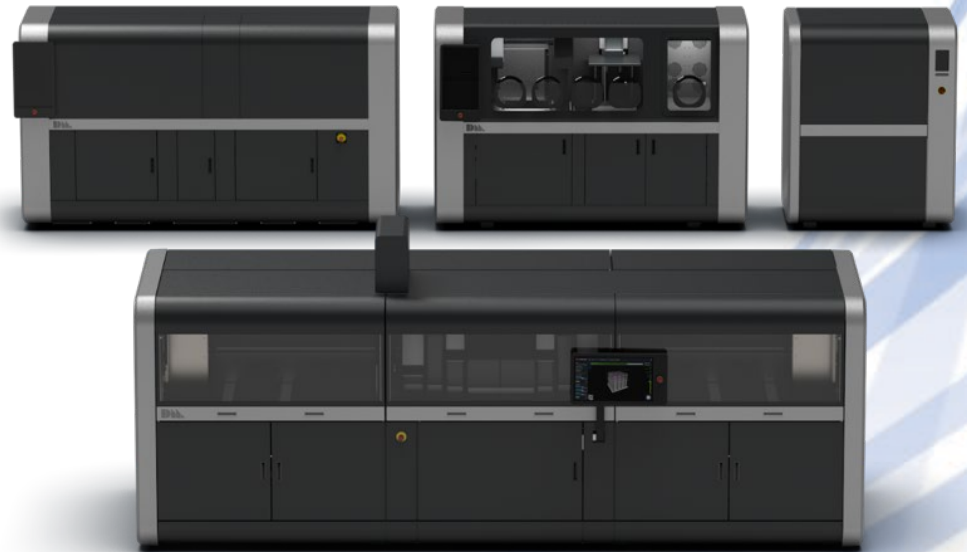
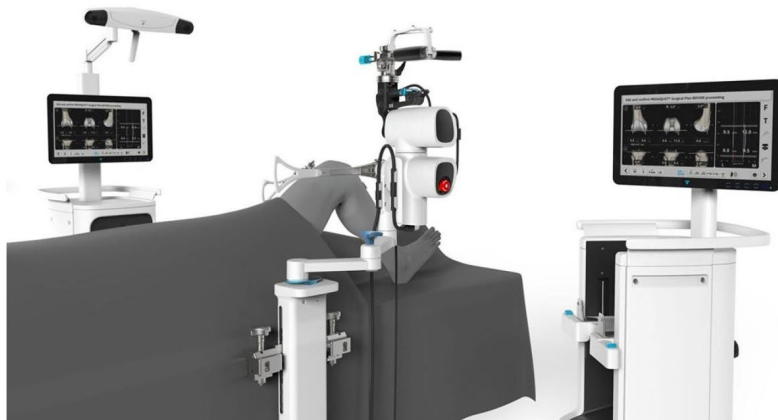
Canvys FY23 Highlights

- **Generated direct operating contribution.**
- **Double digit 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 FY24 and beyond.**



Canvys FY24 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 FY23 Highlights

- Full year sales of \$11.4M flat to prior year sales of \$11.4M
- Gross margin improved to 30.7% in FY23 from 21.2% in FY22
- SG&A below prior year by 16.3% due to expense controls and utilizing existing resources
- Straton Z, first in Siemens repaired tube program, in limited release
- Making good progress with remaining three types in Siemens repair program
- Smaller operating loss than prior year--\$3M in FY23 versus \$5.5M in FY233

Healthcare FY24 Key Initiatives

- Grow Sales
 - Double the number ALTA tubes sold
 - 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
- Launch Siemens Repaired Tubes
- Continue to closely manage inventory while supporting new platforms
- Achieve profitability by Q4 FY24



A Legacy of Engineered Solutions.
A Future of Innovation.

Appendix

Detailed Company Overview