

RICHARDSON ELECTRONICS LTD/DE  
Form 10-Q  
January 11, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 10-Q**

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**(Mark One)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended December 2, 2017**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ To \_\_\_\_\_**

**Commission File Number: 0-12906**

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**RICHARDSON ELECTRONICS, LTD.**

(Exact name of registrant as specified in its charter)

Delaware                                    **36-2096643**  
 (State or other jurisdiction of    (I.R.S. Employer

incorporation or organization)    Identification No.)

**40W267 Keslinger Road, P.O. Box 393**

**LaFox, Illinois 60147-0393**  
 (Address of principal executive offices)

**Registrant’s telephone number, including area code: (630) 208-2200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.    Yes    No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).    Yes    No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	Accelerated Filer
Non-Accelerated Filer	( <del>D</del> )Smaller Reporting Company

not check  
if a  
smaller

reporting  
company)

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 9, 2018, there were outstanding 10,789,544 shares of Common Stock, \$0.05 par value and 2,136,919 shares of Class B Common Stock, \$0.05 par value, which are convertible into Common Stock of the registrant on a share for share basis.

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>Part I. Financial Information</u></b>	
<u>Item 1. Financial Statements</u>	3
<u>Consolidated Balance Sheets</u>	3
<u>Unaudited Consolidated Statements of Comprehensive Income (Loss)</u>	4
<u>Unaudited Consolidated Statements of Cash Flows</u>	5
<u>Unaudited Consolidated Statement of Stockholders' Equity</u>	6
<u>Notes to Unaudited Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	24
<u>Item 4. Controls and Procedures</u>	24
<b><u>Part II. Other Information</u></b>	
<u>Item 1. Legal Proceedings</u>	25
<u>Item 1A. Risk Factors</u>	25
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
<u>Item 5. Other Information</u>	25
<u>Item 6. Exhibits</u>	25
<u>Signatures</u>	26
<u>Exhibit Index</u>	27

**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Richardson Electronics, Ltd.****Consolidated Balance Sheets***(in thousands, except per share amounts)*

	Unaudited December 2, 2017	Audited May 27, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 54,453	\$ 55,327
Accounts receivable, less allowance of \$373 and \$398, respectively	21,016	20,782
Inventories, net	48,059	42,749
Prepaid expenses and other assets	3,729	3,070
Investments - current	4,136	6,429
Total current assets	131,393	128,357
Non-current assets:		
Property, plant and equipment, net	17,275	15,813
Goodwill	6,332	6,332
Intangible assets, net	3,231	3,441
Non-current deferred income taxes	1,069	1,102
Investments - non-current	686	2,419
Total non-current assets	28,593	29,107
Total assets	\$ 159,986	\$ 157,464
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,224	\$ 15,933
Accrued liabilities	8,645	8,311
Total current liabilities	23,869	24,244
Non-current liabilities:		
Non-current deferred income tax liabilities	158	158
Other non-current liabilities	903	735
Total non-current liabilities	1,061	893
Total liabilities	24,930	25,137
Stockholders' equity		
Common stock, \$0.05 par value; issued and outstanding 10,790 shares at December 2, 2017 and 10,712 shares at May 27, 2017	535	535
Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,137 shares at December 2, 2017 and at May 27, 2017	107	107
Preferred stock, \$1.00 par value, no shares issued	—	—
Additional paid-in-capital	59,745	59,436

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Common stock in treasury, at cost, no shares at December 2, 2017 and at May 27, 2017	—	—
Retained earnings	69,368	69,333
Accumulated other comprehensive income	5,301	2,916
Total stockholders' equity	135,056	132,327
Total liabilities and stockholders' equity	\$ 159,986	\$ 157,464

**Richardson Electronics, Ltd.****Unaudited Consolidated Statements of Comprehensive Income (Loss)***(in thousands, except per share amounts)*

	Three Months Ended		Six Months Ended	
	December 2, 2017	November 26, 2016	December 2, 2017	November 26, 2016
Statements of Comprehensive Income (Loss)				
Net sales	\$39,082	\$ 33,827	\$76,077	\$ 67,200
Cost of sales	25,708	22,863	50,555	45,996
Gross profit	13,374	10,964	25,522	21,204
Selling, general and administrative expenses	12,602	13,368	24,926	25,695
Gain on disposal of assets	—	—	(191 )	—
Operating income (loss)	772	(2,404 )	787	(4,491 )
Other (income) expense:				
Investment/interest income	(36 )	(51 )	(170 )	(62 )
Foreign exchange loss (gain)	115	(181 )	316	97
Other, net	(11 )	17	(15 )	16
Total other expense (income)	68	(215 )	131	51
Income (loss) from continuing operations before income taxes	704	(2,189 )	656	(4,542 )
Income tax provision	532	333	596	830
Income (loss) from continuing operations	172	(2,522 )	60	(5,372 )
Income from discontinued operations	1,496	—	1,496	—
<b>Net income (loss)</b>	<b>1,668</b>	<b>(2,522 )</b>	<b>1,556</b>	<b>(5,372 )</b>
Foreign currency translation gain (loss), net of tax	230	(2,623 )	2,351	(2,244 )
Fair value adjustments on investments gain	48	6	34	13
Comprehensive income (loss)	\$1,946	\$ (5,139 )	\$3,941	\$ (7,603 )
Net income (loss) per Common share - Basic:				
Income (loss) from continuing operations	\$0.01	\$ (0.20 )	\$—	\$ (0.43 )
Income from discontinued operations	0.12	—	0.12	—
Total net income (loss) per Common share - Basic	\$0.13	\$ (0.20 )	\$0.12	\$ (0.43 )
Net income (loss) per Class B common share - Basic:				
Income (loss) from continuing operations	\$0.01	\$ (0.18 )	\$—	\$ (0.38 )
Income from discontinued operations	0.11	—	0.11	—
Total net income (loss) per Class B common share - Basic	\$0.12	\$ (0.18 )	\$0.11	\$ (0.38 )
Net income (loss) per Common share - Diluted:				
Income (loss) from continuing operations	\$0.01	\$ (0.20 )	\$—	\$ (0.43 )
Income from discontinued operations	0.12	—	0.12	—
Total net income (loss) per Common share - Diluted	\$0.13	\$ (0.20 )	\$0.12	\$ (0.43 )
Net income (loss) per Class B common share - Diluted:				
Income (loss) from continuing operations	\$0.01	\$ (0.18 )	\$—	\$ (0.38 )

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Income from discontinued operations	0.11	—	0.11	—
Total net income (loss) per Class B common share - Diluted	\$0.12	\$ (0.18 )	\$0.11	\$ (0.38 )
Weighted average number of shares:				
Common shares – Basic	10,755	10,703	10,734	10,703
Class B common shares – Basic	2,137	2,141	2,137	2,141
Common shares – Diluted	10,789	10,703	10,764	10,703
Class B common shares – Diluted	2,137	2,141	2,137	2,141
Dividends per common share	\$0.060	\$ 0.060	\$0.120	\$ 0.120
Dividends per Class B common share	\$0.054	\$ 0.054	\$0.108	\$ 0.108



