

RICHARDSON ELECTRONICS LTD/DE  
Form 10-Q  
April 12, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended March 3, 2018**

**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**

**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
	(Do not
Non-Accelerated Filer	check if a smaller Smaller Reporting Company 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 April 10, 2018, there were outstanding 10,796,094 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.

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

	Unaudited March 3, 2018	Audited May 27, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 59,882	\$ 55,327
Accounts receivable, less allowance of \$362 and \$398, respectively	21,893	20,782
Inventories, net	49,129	42,749
Prepaid expenses and other assets	3,746	3,070
Investments - current	199	6,429
Total current assets	134,849	128,357
Non-current assets:		
Property, plant and equipment, net	17,991	15,813
Goodwill	6,332	6,332
Intangible assets, net	3,125	3,441
Non-current deferred income taxes	1,061	1,102
Investments - non-current	—	2,419
Total non-current assets	28,509	29,107
Total assets	\$ 163,358	\$ 157,464
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,846	\$ 15,933
Accrued liabilities	9,867	8,311
Total current liabilities	25,713	24,244
Non-current liabilities:		
Non-current deferred income tax liabilities	236	158
Other non-current liabilities	947	735
Total non-current liabilities	1,183	893
Total liabilities	26,896	25,137
Stockholders' equity		
Common stock, \$0.05 par value; issued and outstanding 10,796 shares at March 3, 2018 and 10,712 shares at May 27, 2017	540	535
Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,137 shares at March 3, 2018 and May 27, 2017	107	107
Preferred stock, \$1.00 par value, no shares issued	—	—

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Additional paid-in-capital	59,900	59,436
Common stock in treasury, at cost, no shares at March 3, 2018 and May 27, 2017	—	—
Retained earnings	69,132	69,333
Accumulated other comprehensive income	6,783	2,916
Total stockholders' equity	136,462	132,327
Total liabilities and stockholders' equity	\$ 163,358	\$ 157,464

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

	Three Months Ended		Nine Months Ended	
	March 3, 2018	February 25, 2017	March 3, 2018	February 25, 2017
<b>Statements of Comprehensive Income (Loss)</b>				
Net sales	\$41,645	\$32,313	\$117,722	\$99,513
Cost of sales	27,578	21,621	78,133	67,617
Gross profit	14,067	10,692	39,589	31,896
Selling, general and administrative expenses	13,097	12,002	38,023	37,697
Loss (gain) on disposal of assets	3	—	(188 )	—
Operating income (loss)	967	(1,310 )	1,754	(5,801 )
Other (income) expense:				
Investment/interest income	(208 )	(67 )	(378 )	(129 )
Foreign exchange loss	159	214	475	311
Other, net	1	(16 )	(14 )	—
Total other (income) expense	(48 )	131	83	182
Income (loss) from continuing operations before income taxes	1,015	(1,441 )	1,671	(5,983 )
Income tax provision (benefit)	488	(10 )	1,084	820
Income (loss) from continuing operations	527	(1,431 )	587	(6,803 )
Income from discontinued operations	—	—	1,496	—
<b>Net income (loss)</b>	<b>527</b>	<b>(1,431 )</b>	<b>2,083</b>	<b>(6,803 )</b>
Foreign currency translation gain (loss), net of tax	1,646	508	3,997	(1,736 )
Fair value adjustments on investments (loss) gain	(164 )	27	(130 )	40
Comprehensive income (loss)	\$2,009	\$(896 )	\$5,950	\$(8,499 )
<b><u>Net income (loss) per Common share - Basic:</u></b>				
Income (loss) from continuing operations	\$0.04	\$(0.11 )	\$0.05	\$(0.54 )
Income from discontinued operations	—	—	0.12	—
Total net income (loss) per Common share - Basic	\$0.04	\$(0.11 )	\$0.17	\$(0.54 )
<b><u>Net income (loss) per Class B common share - Basic:</u></b>				
Income (loss) from continuing operations	\$0.04	\$(0.10 )	\$0.04	\$(0.48 )
Income from discontinued operations	—	—	0.11	—
Total net income (loss) per Class B common share - Basic	\$0.04	\$(0.10 )	\$0.15	\$(0.48 )
<b><u>Net income (loss) per Common share - Diluted:</u></b>				
Income (loss) from continuing operations	\$0.04	\$(0.11 )	\$0.05	\$(0.54 )
Income from discontinued operations	—	—	0.12	—
Total net income (loss) per Common share – Diluted	\$0.04	\$(0.11 )	\$0.17	\$(0.54 )
<b><u>Net income (loss) per Class B common share - Diluted:</u></b>				
Income (loss) from continuing operations	\$0.04	\$(0.10 )	\$0.04	\$(0.48 )
Income from discontinued operations	—	—	0.11	—
Total net income (loss) per Class B common share – Diluted	\$0.04	\$(0.10 )	\$0.15	\$(0.48 )

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Weighted average number of shares:

Common shares – Basic	10,792	10,706	10,753	10,704
Class B common shares – Basic	2,137	2,141	2,137	2,141
Common shares – Diluted	10,872	10,706	10,793	10,704
Class B common shares – Diluted	2,137	2,141	2,137	2,141
Dividends per common share	\$0.060	\$0.060	\$0.180	\$0.180
Dividends per Class B common share	\$0.054	\$0.054	\$0.162	\$0.162



**Richardson Electronics, Ltd.**

**Unaudited Consolidated Statements of Cash Flows**

*(in thousands)*