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 November 30, 2024

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 incorporation or organization)	**(I.R.S. Employer 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock, $0.05 Par Value	RELL	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

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 every Interactive Data File required to be submitted 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 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.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-Accelerated Filer	☐	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 6, 2025, there were

12,359,370
outstanding shares of Common Stock, $0.05 par value and

2,049,238
outstanding 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 November 30, 2024	Audited June 1, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 26,635	$ 24,263
Accounts receivable, less allowance for credit losses of $ 373 and $ 323, respectively	25,765	24,845
Inventories, net	110,687	110,149
Prepaid expenses and other assets	2,441	2,397
Total current assets	**165,528**	**161,654**
Non-current assets:		
Property, plant and equipment, net	20,166	20,681
Intangible assets, net	1,521	1,641
Right of use lease assets	2,321	2,760
Deferred income tax assets	5,566	5,500
Other non-current assets	123	209
Total non-current assets	**29,697**	**30,791**
Total assets	**$ 195,225**	**$ 192,445**
Liabilities		
Current liabilities:		
Accounts payable	$ 19,978	$ 15,458
Accrued liabilities	15,633	15,404
Lease liabilities current	1,075	1,169
Total current liabilities	**36,686**	**32,031**

Non-current liabilities:		
Deferred income tax liabilities	75	90
Lease liabilities non-current	1,246	1,591
Other non-current liabilities	1,027	781
Total non-current liabilities	**2,348**	**2,462**
Total liabilities	**39,034**	**34,493**
Stockholders' Equity		
Common stock, $ 0.05 par value; 12,359 and 12,254 shares issued and outstanding on November 30, 2024 and June 1, 2024, respectively	618	613
Class B common stock, convertible, $ 0.05 par value; 2,049 shares issued and outstanding on November 30, 2024 and June 1, 2024	102	102
Preferred stock, $ 1.00 par value, no shares issued	—	—
Additional paid-in-capital	73,793	72,744
Retained earnings	82,026	83,729
Accumulated other comprehensive (loss) income	(348)	764
Total stockholders' equity	**156,191**	**157,952**
Total liabilities and stockholders' equity	**$ 195,225**	**$ 192,445**

Refer to the *Notes to Unaudited Consolidated Financial Statements* in Part 1, Item 1.

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

	Three Months Ended		Six Months Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Net sales	$ 49,491	$ 44,130	$ 103,216	$ 96,711
Cost of sales, exclusive of depreciation and amortization	34,165	31,588	71,464	66,905
Gross profit	**15,326**	**12,542**	**31,752**	**29,806**
Selling, general and administrative expenses, inclusive of depreciation and amortization	15,995	14,488	32,107	30,280
(Gain) loss on disposal of assets	(2)	70	(4)	70
Operating loss	**(667)**	**(2,016)**	**(351)**	**(544)**
Other expense (income):				
Interest income	(45)	(86)	(103)	(157)
Foreign exchange loss	437	343	160	246
Other, net	(4)	18	(1)	50
Total other expense	**388**	**275**	56	139
Loss before income taxes	(1,055)	(2,291)	(407)	(683)
Income tax benefit	(304)	(494)	(246)	(113)
Net loss	**(751)**	**(1,797)**	**(161)**	**(570)**
Foreign currency translation (loss) gain, net of tax	(1,748)	631	(1,112)	590
Comprehensive (loss) income	**$ (2,499)**	**$ (1,166)**	**$ (1,273)**	**$ 20**
Net loss per share:				
Common shares - Basic	$ (0.05)	$ (0.13)	$ (0.01)	$ (0.04)
Class B common shares - Basic	(0.05)	(0.12)	(0.01)	(0.04)

Common shares - Diluted	(0.05)	(0.13)	(0.01)	(0.04)
Class B common shares - Diluted	(0.05)	(0.12)	(0.01)	(0.04)
Weighted average number of shares:				
Common shares – Basic	12,315	12,226	12,258	12,198
Class B common shares – Basic	2,049	2,052	2,049	2,052
Common shares – Diluted	12,315	12,226	12,258	12,198
Class B common shares – Diluted	2,049	2,052	2,049	2,052

Refer to the *Notes to Unaudited Consolidated Financial Statements* in Part 1, Item 1.

Richardson Electronics, Ltd.
Unaudited Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended November 30, 2024	Three Months Ended December 2, 2023	Six Months Ended November 30, 2024	Six Months Ended December 2, 2023
Operating activities:				
Net loss	$ (751)	$ (1,797)	$ (161)	$ (570)
Adjustments to reconcile net loss to cash provided by operating activities:				
Unrealized foreign currency loss (gain)	141	(268)	(241)	(305)
Depreciation and amortization	1,015	1,116	2,059	2,114
Inventory provisions	84	192	223	277
Share-based compensation expense	313	283	906	766
(Gain) loss on disposal of assets	(2)	70	(4)	70
Deferred income taxes	(21)	51	(79)	46
Change in assets and liabilities:				
Accounts receivable	4,721	1,790	(1,137)	6,252
Inventories	(1,617)	(3,069)	(1,741)	(6,220)
Prepaid expenses and other assets	67	(618)	38	(209)
Accounts payable	500	1,233	4,664	(1,132)
Accrued liabilities	641	1,502	546	378
Other	374	315	804	348
Net cash provided by operating activities	**5,465**	**800**	**5,877**	**1,815**
Investing activities:				
Capital expenditures	(517)	(1,515)	(1,443)	(2,656)
Proceeds from sale of property, plant & equipment	—	—	7	—
Net cash used in investing activities	**(517)**	**(1,515)**	**(1,436)**	**(2,656)**
Financing activities:				

Proceeds from issuance of common stock	163	15	307	342
Cash dividends paid on common and Class B common stock	(853)	(845)	(1,703)	(1,688)
Proceeds from revolving credit facility	—	—	1,000	—
Repayment of revolving credit facility	—	—	(1,000)	—
Other	3	—	(159)	(119)
Net cash used in financing activities	**(687)**	**(830)**	**(1,555)**	**(1,465)**
Effect of exchange rate changes on cash and cash equivalents	(661)	190	(514)	94
Increase (decrease) in cash and cash equivalents	**3,600**	**(1,355)**	**2,372**	**(2,212)**
Cash and cash equivalents at beginning of period	23,035	24,124	24,263	24,981
Cash and cash equivalents at end of period	**$ 26,635**	**$ 22,769**	**$ 26,635**	**$ 22,769**

Refer to the *Notes to Unaudited Consolidated Financial Statements* in Part 1, Item 1.

Richardson Electronics, Ltd.
Unaudited Consolidated Statement of Stockholders' Equity
(in thousands, except per share amounts)

	Common Stock	Class B Common Stock	Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance August 31, 2024	**12,331**	**2,049**	**$ 719**	**$ 73,315**	**$ 83,630**	**$ 1,400**	**$ 159,064**
Comprehensive loss:							
Net loss	—	—	—	—	(751)	—	(751)
Foreign currency translation, net of tax	—	—	—	—	—	(1,748)	(1,748)
Share-based compensation:							
Restricted stock	—	—	—	178	—	—	178
Stock options	—	—	—	135	—	—	135
Common stock:							
Options exercised	28	—	1	165	—	—	166
Dividends paid to:							
Common ($ 0.060 per share)	—	—	—	—	(742)	—	(742)
Class B Common ($ 0.054 per share)	—	—	—	—	(111)	—	(111)
Balance November 30, 2024	**12,359**	**2,049**	**$ 720**	**$ 73,793**	**$ 82,026**	**$ (348)**	**$ 156,191**
Balance June 1, 2024	**12,254**	**2,049**	**$ 715**	**$ 72,744**	**$ 83,729**	**$ 764**	**$ 157,952**
Comprehensive loss:							
Net loss	—	—	—	—	(161)	—	(161)
Foreign currency translation, net of tax	—	—	—	—	161	(1,112)	(951)
Share-based compensation:							
Restricted stock	—	—	—	602	—	—	602
Stock options	—	—	—	304	—	—	304
Common stock:							
Options exercised	45	—	2	305	—	—	307

Restricted stock issuance	60	—	3	(162)	—	—	(159)
Dividends paid to:							
Common ($ 0.12 per share)	—	—	—	—	(1,481)	—	(1,481)
Class B Common ($ 0.108 per share)	—	—	—	—	(222)	—	(222)
Balance November 30, 2024	**12,359**	**2,049**	**$ 720**	**$ 73,793**	**$ 82,026**	**$ (348)**	**$ 156,191**

Refer to the *Notes to Unaudited Consolidated Financial Statements* in Part 1, Item 1.

	Common Stock	Class B Common Stock	Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance September 2, 2023:	**12,225**	**2,052**	**$ 714**	**$ 71,638**	**$ 87,428**	**$ 574**	**$ 160,354**
Comprehensive income (loss):							
Net loss	—	—	—	—	(1,797)	—	(1,797)
Foreign currency translation, net of tax	—	—	—	—	—	631	631
Share-based compensation:							
Restricted stock	—	—	—	172	—	—	172
Stock options	—	—	—	111	—	—	111
Common stock:							
Options exercised	2	—	—	15	—	—	15
Dividends paid to:							
Common ($ 0.060 per share)	—	—	—	—	(734)	—	(734)
Class B Common ($ 0.054 per share)	—	—	—	—	(111)	—	(111)
Balance December 2, 2023	**12,227**	**2,052**	**$ 714**	**$ 71,936**	**$ 84,786**	**$ 1,205**	**$ 158,641**
Balance May 27, 2023:	**12,140**	**2,052**	**$ 710**	**$ 70,951**	**$ 87,044**	**$ 615**	**$ 159,320**
Comprehensive income (loss):							
Net loss	—	—	—	—	(570)	—	(570)
Foreign currency translation, net of tax	—	—	—	—	—	590	590
Share-based compensation:							
Restricted stock	—	—	—	341	—	—	341
Stock options	—	—	—	425	—	—	425
Common stock:							
Options exercised	50	—	2	340	—	—	342
Restricted stock issuance	37	—	2	(121)	—	—	(119)
Dividends paid to:							

Common ($ 0.120 per share)	—	—	—	—	(1,466)	—	(1,466)
Class B Common ($ 0.108 per share)	—	—	—	—	(222)	—	(222)
Balance December 2, 2023	**12,227**	**2,052**	**$ 714**	**$ 71,936**	**$ 84,786**	**$ 1,205**	**$ 158,641**

Refer to the *Notes to Unaudited Consolidated Financial Statements* in Part 1, Item 1.

RICHARDSON ELECTRONICS, LTD.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY

Richardson Electronics, Ltd. (the "Company," "we," "our") is a leading global manufacturer of engineered solutions, power grid and microwave tubes and related consumables; power conversion and RF and microwave components; high-value replacement parts, tubes and service training for diagnostic imaging equipment; and customized display solutions. Approximately

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% of our products are manufactured at our facilities located in LaFox, Illinois, Marlborough, Massachusetts and Donaueschingen, Germany, or by one of our manufacturing partners throughout the world. We serve customers in the alternative energy, healthcare, aviation, broadcast, communications, industrial, marine, medical, military, scientific and semiconductor markets. The Company's strategy is to provide specialized technical expertise and "engineered solutions" based on our core engineering and manufacturing capabilities. The Company provides solutions and adds value through design-in support, systems integration, prototype design and manufacturing, testing, logistics and aftermarket technical service and repair through its global infrastructure.

Our products include electron tubes and related components, microwave generators, subsystems used in semiconductor manufacturing and visual technology solutions. These products are used to control, switch or amplify electrical power signals, or are used as display devices in a variety of industrial, commercial, medical and communication applications.

The Company reports its financial performance for the following business segments: Power and Microwave Technologies ("PMT"), Green Energy Solutions ("GES"), Canvys and Healthcare. A description of the Company's business segments is provided in Note 10, *Segment and Geographic Information.*

We currently operate within the following major geographic regions: North America, Asia/Pacific, Europe and Latin America.

2. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes required by GAAP for complete financial statements.

Our fiscal quarter ends on the Saturday nearest the end of the quarter-ending month. The second quarter of fiscal 2025 and fiscal 2024 both contained 13 weeks. The first six months of fiscal 2025 contained 26 weeks and the first six months of fiscal 2024 contained 27 weeks.

In the opinion of management, all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the results of interim periods have been made. All inter-company transactions and balances have been eliminated. The unaudited consolidated financial statements presented herein include the accounts of our wholly owned subsidiaries. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to applicable rules and regulations. The results of our operations for the six months ended November 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2025.

As described in Note 1, *Description of the Company* the Company reports its financial performance based on

four

operating and reportable segments. The financial information contained in this report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended June 1, 2024, which was filed with the SEC on August 5, 2024.

3. RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current period reporting classifications. The reclassification was related to the unrealized foreign exchange gain on the Consolidated Statements of Cash Flows.

4. NEW ACCOUNTING PRONOUNCEMENTS - NOT YET ADOPTED

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands the disclosures required in an entity's income tax rate reconciliation table and requires disclosure of income taxes paid in both U.S. and foreign jurisdictions. The amendments are effective for fiscal years beginning after December 15, 2024, with early adoption permitted, to be applied on a prospective basis, with retrospective application permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendment requires disclosures of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit of loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The new guidance also requires that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this update and all existing segment disclosures. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Upon adoption, this guidance should be applied retrospectively to all prior periods presented. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

5. SUMMARY OF ACCOUNTING POLICIES

Inventories, net: Our consolidated inventories were stated at the lower of cost and net realizable value, generally using a weighted-average cost method. Our net inventories include approximately $

94.6
million of finished goods, $

11.6
million of raw materials and $

4.5
million of work-in-progress as of November 30, 2024, as compared to approximately $

93.9
million of finished goods, $

12.2
million of raw materials and $

4.0
million of work-in-progress as of June 1, 2024.

Provisions for obsolete or slow-moving inventories are recorded based upon regular analysis of stock rotation privileges, obsolescence, the exiting of certain markets and assumptions about future demand and market conditions. Inventory reserves were approximately $

6.1
million as of November 30, 2024 and $

6.0
million as of June 1, 2024.

Revenue Recognition: Our customers are generally not resellers, but rather businesses that incorporate our products into their processes, from which they generate an economic benefit. The goods are also distinct in that each item sold to the customer is clearly identified on both the purchase order and resulting invoice. Each product we sell benefits the customer independently of the other products. Each item on each purchase order from the customer can be used by the customer unrelated to any other products we provide to the customer. Revenue is recognized when control transfers since it is not always based on delivery of the goods. The Company’s revenue includes the following streams:

- Manufacturing/assembly
- Distribution
- Services revenue

Manufacturing/assembly typically includes the products that are manufactured or assembled in our manufacturing facility. These products can either be built to the customer’s prints/designs or are products that we stock in our warehouse to sell to any customer that places an order. The manufacturing business does not include a separate service bundled with the product sold or sold in addition to the product. Our contracts for customized products generally include termination provisions if a customer cancels their order. However, we recognize revenue at a point in time because the termination provisions normally do not require, upon cancellation, the customer to pay fees that are commensurate with the work performed. Each purchase order explicitly states the goods or services that we promise to transfer to the customer. The promises to the customer are limited only to those goods or services. The performance obligation is our promise to deliver both goods that were produced by the Company and resale of goods that we purchase from our suppliers. Our shipping and handling activities for destination shipments are performed prior to the customer obtaining control. As such, they are not a separate promised service. The Company elects to account for shipping and handling as activities to fulfill the promise to transfer the goods. The goods we provide to our customers are distinct in that our customers benefit from the goods we sell them through use in their own processes.

Distribution typically includes products purchased from our suppliers, stocked in our warehouses and then sold to our customers. The distribution business does not include a separate service bundled with the product sold or sold on top of the product. Revenue is recognized when control of the promised goods is transferred to our customers, which is simultaneous with the title transferring to the customer, in an amount that reflects the transaction price consideration that we expect to receive in exchange for those goods. Control refers to the ability of the customer to direct the use of and obtain substantially all the remaining benefits from the goods. Our transaction price consideration is fixed, unless otherwise disclosed below as variable consideration. Generally, our contracts require our customers to pay for goods after we deliver products to them. Terms are generally open account, payable net 30 days in North America, and vary throughout Asia/Pacific, Europe and Latin America subject to customary credit checks.

Repair, installation or training activities generate services revenue. The services we provide are relatively short in duration and are typically completed in one or two weeks. Therefore, at each reporting date, the amount of unbilled work is insignificant. The services revenue has consistently accounted for less than

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% of the Company’s total revenues and is expected to continue at that level.

Contracts with customers: A revenue contract exists once a customer purchase order is received, reviewed and accepted. Each accepted purchase order identifies a distinct good or service as the Company's performance obligation. The goods include standard products purchased from a supplier and stocked on our shelves, customized products purchased from a supplier, products that are customized or have value added to them in house prior to shipping to the customer and manufactured products. Prior to accepting a customer purchase order, we review the credit worthiness of the customer. Purchase orders are deemed to meet the collectability criterion once the customer's credit is approved. The Company receives advance payments or deposits from our customers before revenue is recognized resulting in contract liabilities. Contract liabilities are included in accrued liabilities in the unaudited consolidated balance sheets.

We sell our products to customers in diversified industries and perform periodic credit evaluations of our customers' financial condition. Payment terms are generally on open account, payable net 30 days in North America, and vary throughout Asia/Pacific, Europe and Latin America. Estimates of credit losses are recorded in the financial statements based on monthly reviews of outstanding accounts.

Contract Balances: Contract balances were as follows (*in thousands*):

	November 30, 2024	June 1, 2024	May 27, 2023
Accounts receivable	$ 25,765	$ 24,845	$ 30,067
Contract liabilities	4,349	4,520	3,283

During the three and six months ended November 30, 2024 the Company recognized $ 1.2 million and $ 2.1 million, respectively, of revenue upon satisfaction of performance obligations related to amounts that were included in the contract liabilities balance as of June 1, 2024. During the three and six months ended December 2, 2023, the Company recognized $ 1.4 million and $ 2.9 million, respectively, of revenue upon satisfaction of performance obligations related to amounts that were included in the contract liabilities balance as of May 27, 2023.

See Note 10, *Segment & Geographic Information* for a disaggregation of revenue by reportable segment and geographic region, which represents how our chief operating decision maker reviews information internally to evaluate our financial performance and to make resource allocation and other decisions for the Company.

Loss Contingencies: We accrue a liability for loss contingencies when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. If we determine that there is at least a reasonable possibility that a loss may have been incurred, we will include a disclosure describing the contingency.

Intangible Assets: Intangible assets are initially recorded at their fair market values determined by quoted market prices in active markets, if available, or by recognized valuation models. Intangible assets that have finite useful lives are amortized over their useful lives either on a straight-line basis or over their projected future cash flows and are tested for impairment when events or changes in circumstances occur that indicate possible impairment. Our intangible assets represent the fair value for customer relationships agreements acquired in connection with prior acquisitions. Technology represents the fair value acquired in connection with acquisitions and an exclusive license, manufacturing and distribution agreement. Intangible assets subject to amortization were as follows *(in thousands)* :

	November 30, 2024	June 1, 2024
Gross Amounts:		
Customer Relationships	$ 3,396	$ 3,396
Technology	380	380
Total Gross Amounts	$ 3,776	$ 3,776
Accumulated Amortization:		
Customer Relationships	$ 1,984	$ 1,886
Technology	271	249
Total Accumulated Amortization	$ 2,255	$ 2,135
Net Intangible Assets	$ 1,521	$ 1,641

The amortization expense associated with intangible assets subject to amortization for the next five years is presented in the following table *(in thousands)*:

Fiscal Year	Amortization Expense
Remaining 2025	$ 120
2026	206
2027	194
2028	185
2029	174
Thereafter	642
Total amortization	$ 1,521

The weighted average number of years of amortization expense remaining is 10 years.

Income Taxes: We recognize deferred tax assets and liabilities based on the differences between financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets for recoverability and determine the need for a valuation allowance based on a number of factors, including both positive and negative evidence. These factors include historical taxable income or loss, projected future taxable income or loss, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. In circumstances where we, or any of our affiliates, have incurred three years of cumulative losses which constitute significant negative evidence, positive evidence of equal or greater significance is needed to overcome the negative evidence before a tax benefit is recognized for deductible temporary differences and loss carryforwards.

Accrued Liabilities: Accrued liabilities consisted of the following *(in thousands)* :

	November 30, 2024	June 1, 2024
Compensation and payroll taxes	$ 4,506	$ 3,495
Accrued severance	557	506
Professional fees	653	487
Contract liabilities	4,349	4,520
Other accrued expenses	5,568	6,396
Accrued Liabilities	$ 15,633	$ 15,404

Warranties: We offer assurance type warranties for the limited number of specific products we manufacture. We estimate the cost to perform under the warranty obligation and recognize this estimated cost at the time of the related product sale. We record expense related to our warranty obligations as cost of sales in our consolidated statements of comprehensive (loss) income. Each quarter, we assess actual warranty costs incurred on a product-by-product basis and compare the warranty costs to our estimated warranty obligation. With respect to new products, estimates are based generally on knowledge of the products and warranty experience.

Warranty reserves are established for costs that are expected to be incurred after the sale and delivery of products under warranty. Warranty reserves are included in accrued liabilities on our unaudited consolidated balance sheets. The warranty reserves are determined based on known product failures, historical experience and other available evidence. Warranty reserves were approximately $

0.7

million as of November 30, 2024 and June 1, 2024.

6. REVOLVING CREDIT FACILITY

The Company entered into a Credit Agreement (the "Credit Agreement") for a three-year Revolving Credit Facility with PNC Bank N.A. on March 20, 2023 (the "Revolving Credit Facility"). The Revolving Credit Facility will mature on March 20, 2026 . Borrowings under the Revolving Credit Facility, including the swingline loan and letter of credit sub-facility extended to the Company thereunder, are secured by (i) a continuing first priority lien on and security interest in and to substantially all of the assets of the Company and its domestic subsidiaries and (ii) a continuing first priority pledge of the Pledged Collateral of the Company and the Guarantors identified in the Security Agreement and the Pledge Agreement executed in connection with the Revolving Credit Facility. The combined maximum borrowings under the Revolving Credit Facility are $

30
million. Proceeds of borrowings may be used for working capital and general corporate purposes. The Company utilized $

1.0
million of the credit line to address short-term working capital needs and repaid that $

1.0
million during the first quarter of fiscal 2025. There was

no
utilization of the credit line in the second quarter of fiscal 2025. As of November 30, 2024,

no
amount was outstanding under the Revolving Credit Facility.

The Credit Agreement provides that the Company must maintain compliance with a maximum consolidated leverage ratio covenant and a minimum consolidated fixed charge coverage ratio, each as determined in accordance with the Credit Agreement. The Credit Agreement also contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, limitations on certain other indebtedness, loans and investments, liens, mergers, asset sales, and transactions with affiliates, as well as customary events of default for financings of this type. The Company was in compliance with financial covenants under the Credit Agreement as of November 30, 2024.

Borrowings under the Revolving Credit Facility will bear interest at a rate per annum selected by the Company from the following options: (a) Term SOFR Rate (for the applicable Interest Period) plus the SOFR Adjustment (for the applicable Interest Period) plus

1.25
%; (b) Base Rate plus

0.25
% or (c) Daily Simple RFR (for Euros) plus the RFR Adjustment plus

1.25
%. Letters of credit issued under the letter of credit sub-facility will have a letter of credit fee equal to

1.25
% per annum. The fee for the unused portion of the credit line is

0.10
%.

7. LEASE OBLIGATIONS

The Company leases real and personal property in the normal course of business under various operating leases. The Company uses operating leases for facility space and automobiles. Most of the leased facility space is for sales and general office use. Automobile leases are used throughout the Company.

Several leases include renewal clauses which vary in length and may not include specific rent renewal amounts. The Company will revise the value of the right of use assets and associated lease liabilities upon a remeasurement event.

The net assets and liabilities related to operating leases were as follows *(in thousands)*:

Lease Type	November 30, 2024	June 1, 2024
Right of use lease assets	$ 2,321	$ 2,760

Lease liabilities current	1,075	1,169
Lease liabilities non-current	1,246	1,591

The components of lease costs were as follows *(in thousands)*:

		Three Months Ended	
		November 30, 2024	December 2, 2023
Consolidated operating lease expense	Operating expenses	$ 419	$ 417

		Six Months Ended	
		November 30, 2024	December 2, 2023
Consolidated operating lease expense	Operating expenses	$ 854	$ 871

The approximate future minimum lease payments under operating leases at November 30, 2024 were as follows *(in thousands)*:

Fiscal Year	Operating Leases
Remaining 2025	$ 664
2026	981
2027	451
2028	223
2029	142
Total lease payments	2,461
Less imputed interest	140
Net minimum lease payments	$ 2,321

The weighted average remaining lease terms and interest rates of leases held by the Company as of November 30, 2024 and December 2, 2023 were as follows:

Operating Lease as of:	Weighted Average Remaining Lease Term in Years	Weighted Average Interest Rate
November 30, 2024	4.8	4.8 %
December 2, 2023	2.3	4.2 %

The cash activities associated with our leases for the three month and six month periods ended November 30, 2024 and December 2, 2023 were as follows *(in thousands)*:

		Three Months Ended	
Cash Flow Source	Classification	November 30, 2024	December 2, 2023
Operating cash flows from operating leases	Operating activities	$ 343	$ 201

		Six Months Ended	
Cash Flow Source	Classification	November 30, 2024	December 2, 2023

Operating cash flows from operating leases				
Operating activities	$	696	$	312

8. INCOME TAXES

We recorded an income tax benefit of $ 0.2 million and $ 0.1 million for the first six months of fiscal 2025 and the first six months of fiscal 2024, respectively. The effective income tax rate during the first six months of fiscal 2025 was a tax benefit of 60.4 % as compared to a tax benefit of 16.5 % during the first six months of fiscal 2024. The difference in rate during the first six months of fiscal 2025 as compared to the first six months of fiscal 2024 reflects changes in the geographical distribution of income (loss), which is primarily driven by an increase in U.S. earnings for fiscal 2025 and the state income tax provision, as well as the impact of U.S. research and development credits. The 60.4 % effective income tax rate differs from the federal statutory rate of 21 % as a result of the geographical distribution of income (loss), as well as the utilization of the U.S. research and development credit.

In the normal course of business, we are subject to examination by taxing authorities throughout the world. Years prior to fiscal 2015 are closed for examination under the statute of limitation for U.S. federal, and U.S. state. In Netherlands, years prior to fiscal 2020 are closed for examination. We are under examination in Germany for fiscal years 2019 to 2022. We have no current open audits in the U.S.

We have historically determined that certain undistributed earnings of our foreign subsidiaries, to the extent of cash available, will be repatriated to the U.S. The deferred tax liability on the outside basis difference is now primarily withholding tax on future dividend distributions. The deferred tax liability related to undistributed earnings of our foreign subsidiaries was less than $

0.1

million as of November 30, 2024 and June 1, 2024.

The Company recorded $

0.3

million for uncertain tax positions as of November 30, 2024 as compared to $

0.1

million as of June 1, 2024. We record interest related to uncertain tax positions in the income tax expense line item within the Consolidated Statements of Comprehensive (Loss) Income. Accrued interest was included within the related tax liability line in the Consolidated Balance Sheets. We have recorded a liability of less than $

0.1

million for interest and penalties as it relates to the reserve of the research and development credit as of June 1, 2024 and November 30, 2024.

The Company maintains a valuation allowance representing the portion of the deferred tax asset that management does not believe is more likely than not to be realized. The valuation allowance was $

2.2

million as of November 30, 2024 and June 1, 2024. The current valuation allowance is recorded on deferred tax assets in foreign jurisdictions where historical taxable losses have been incurred ($

1.1

million) and state NOLs ($

1.1

million). The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are increased, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

9. EARNINGS PER SHARE

We have authorized

17,000,000

shares of common stock and

3,000,000

shares of Class B common stock. The Class B common stock has

10

votes per share and has transferability restrictions; however, Class B common stock may be converted into common stock on a share-for-share basis at any time. With respect to dividends and distributions, shares of common stock and Class B common stock rank equally and have the same rights, except that Class B common stock cash dividends are limited to

90

% of the amount of common stock cash dividends.

Our Class B common stock is considered a participating security requiring the use of the two-class method for the computation of basic and diluted earnings per share. The two-class computation method for each period reflects the cash dividends paid per share for each class of stock, plus the amount of allocated undistributed (loss) earnings per share computed using the participation percentage which reflects the dividend rights of each class of stock. Basic and diluted earnings per share were computed using the two-class method. The shares of Class B common stock are considered to be participating convertible securities since the shares of Class B common stock are convertible on a share-for-share basis into shares of common stock and may participate in dividends with common stock according to a predetermined formula which is 90% of the amount of common stock cash dividends.

The allocation of undistributed (loss) earnings between common stock and Class B common stock is based on the relationship of the weighted shares outstanding for the respective stock class (common or Class B) to the total of the weighted shares outstanding for common stock and 90% of the weighted shares outstanding for Class B common stock. The adjustment to the number of outstanding Class B common stock shares reflects the limitation of Class B common stock dividends to 90% of common stock dividends.

The earnings per share ("EPS") presented in our unaudited consolidated statements of comprehensive (loss) income was based on the following amounts (*in thousands, except per share amounts*):

	Three Months Ended			
	November 30, 2024		December 2, 2023	
	Basic	Diluted	Basic	Diluted
Numerator for Basic and Diluted EPS:				
Net loss	$ (751)	$ (751)	$ (1,797)	$ (1,797)
Less dividends:				
Common stock	742	742	734	734
Class B common stock	111	111	111	111
Undistributed loss	$ (1,604)	$ (1,604)	$ (2,642)	$ (2,642)
Common stock undistributed loss	$ (1,395)	$ (1,395)	$ (2,295)	$ (2,295)
Class B common stock undistributed loss	(209)	(209)	(347)	(347)
Total undistributed loss	$ (1,604)	$ (1,604)	$ (2,642)	$ (2,642)
Denominator for Basic and Diluted EPS:				
Common stock weighted average shares	12,315	12,315	12,226	12,226
Effect of dilutive securities				
Dilutive stock options		—		—
Denominator for diluted EPS adjusted for weighted average shares and assumed conversion		12,315		12,226
Class B common stock weighted average shares and shares under if-converted method for diluted EPS	2,049	2,049	2,052	2,052
Net loss per share:				
Common stock	$ (0.05)	$ (0.05)	$ (0.13)	$ (0.13)
Class B common stock	$ (0.05)	$ (0.05)	$ (0.12)	$ (0.12)

Note: There were 249 common stock options that were antidilutive and not included in the diluted earnings per share in the second quarter of fiscal 2025. There were 221 common stock options that were antidilutive and not included in the diluted earnings per share for the second quarter of fiscal 2024.

	Six Months Ended			
	November 30, 2024		December 2, 2023	
	Basic	Diluted	Basic	Diluted
Numerator for Basic and Diluted EPS:				
Net loss	$ (161)	$ (161)	$ (570)	$ (570)
Less dividends:				
Common stock	1,481	1,481	1,466	1,466
Class B common stock	222	222	222	222
Undistributed loss	$ (1,864)	$ (1,864)	$ (2,258)	$ (2,258)
Common stock undistributed loss	$ (1,620)	$ (1,620)	$ (1,961)	$ (1,961)
Class B common stock undistributed loss	(244)	(244)	(297)	(297)
Total undistributed loss	$ (1,864)	$ (1,864)	$ (2,258)	$ (2,258)
Denominator for Basic and Diluted EPS:				
Common stock weighted average shares	12,258	12,258	12,198	12,198
Effect of dilutive securities				
Dilutive stock options		—		—
Denominator for diluted EPS adjusted for weighted average shares and assumed conversion		12,258		12,198
Class B common stock weighted average shares and shares under if-converted method for diluted EPS	2,049	2,049	2,052	2,052
Net loss per share:				
Common stock	$ (0.01)	$ (0.01)	$ (0.04)	$ (0.04)
Class B common stock	$ (0.01)	$ (0.01)	$ (0.04)	$ (0.04)

Note: There were 241 common stock options that were antidilutive and not included in the diluted earnings per share for the first six months of fiscal 2025. There were 297 common stock options that were antidilutive and not included in the diluted earnings per share for first six months of fiscal 2024.

10. SEGMENT AND GEOGRAPHIC INFORMATION

As described in Note 1, *Description of the Company*, the Company reports its financial performance based on the operating and reportable segments which are defined as follows:

Power and Microwave Technologies ("PMT") combines our core engineered solutions capabilities, power grid and microwave tube business with new disruptive RF, Wireless and Power technologies. As a designer, manufacturer, technology partner and authorized distributor, PMT’s strategy is to provide specialized technical expertise and engineered solutions based on our core engineering and manufacturing capabilities on a global basis. We provide solutions and add value through design-in support, systems integration, prototype design and manufacturing, testing, logistics and aftermarket technical service and repair - all through our existing global infrastructure. PMT’s focus is on products for power, RF and microwave applications for customers in 5G, aviation, broadcast, communications, industrial, marine, medical, military, scientific and semiconductor markets. PMT focuses on various applications including broadcast transmission, CO_2 laser cutting, diagnostic imaging, dielectric and induction heating, high energy transfer, high voltage switching, plasma, power conversion, radar and radiation oncology. PMT also offers its customers technical services for both microwave and industrial equipment.

Green Energy Solutions ("GES") combines our key technology partners and engineered solutions capabilities to design and manufacture innovative products for the fast-growing energy storage market and power management applications. As a designer, manufacturer, technology partner and authorized distributor, GES’s strategy is to provide specialized technical expertise and engineered solutions using our core design engineering and manufacturing capabilities on a global basis. We provide solutions and add value through design-in support, systems integration, prototype design and manufacturing, testing, logistics and aftermarket technical service and repair - all through our existing global infrastructure. GES’s focus is on products for numerous green energy applications such as wind, solar, hydrogen and electric vehicles, and other power management applications that support green solutions such as synthetic diamond manufacturing.

Canvys provides customized display solutions serving the corporate enterprise, financial, healthcare, industrial and medical original equipment manufacturers markets. Our engineers design, manufacture, source and support a full spectrum of solutions to match the needs of our customers. We offer long-term availability and proven custom display solutions that include touch screens, protective panels, custom enclosures, All-In-One computers, specialized cabinet finishes and application specific software packages and certification services. We partner with both private label manufacturing companies and leading branded hardware vendors to offer the highest quality display and touch solutions and customized computing platforms.

Healthcare manufactures, repairs, refurbishes and distributes high value replacement parts and equipment for the healthcare market including hospitals, medical centers, asset management companies, independent service organizations and multi-vendor service providers. Products include diagnostic imaging replacement parts for CT and MRI systems; replacement CT and MRI tubes; CT service training; MRI and RF amplifiers; hydrogen thyratrons, klystrons, magnetrons; flat panel detector upgrades; pre-owned CT systems; and additional replacement solutions currently under development for the diagnostic imaging service market. Through a combination of newly developed products and partnerships, service offerings and training programs, we believe we can help our customers improve efficiency while lowering the cost of healthcare delivery.

The CEO, who is the chief operating decision maker, evaluates performance and allocates Company resources primarily based on the gross profit of each segment.

Operating results by segment are summarized in the following table (*in thousands*):

	Three Months Ended		Six Months Ended	
	November 30, 2024	**December 2, 2023**	**November 30, 2024**	**December 2, 2023**
PMT				
Net Sales	$ 34,397	$ 31,292	$ 68,599	$ 67,036
Gross Profit	10,430	8,905	20,632	20,416
GES				
Net Sales	5,974	2,609	14,060	7,003
Gross Profit	1,914	761	4,288	2,341
Canvys				
Net Sales	6,851	7,291	14,489	17,180
Gross Profit	2,171	2,440	4,792	5,805
Healthcare				
Net Sales	2,269	2,938	6,068	5,492
Gross Profit	811	436	2,040	1,244

Geographic net sales information is primarily grouped by customer destination into five areas: North America; Asia/Pacific; Europe; Latin America; and Other.

Net sales and gross profit by geographic region are summarized in the following table (*in thousands*):

	Three Months Ended		Six Months Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Net Sales				
North America	$ 20,557	$ 16,686	$ 43,564	$ 36,316
Asia/Pacific	10,942	10,060	21,597	22,872
Europe	15,972	14,709	33,234	30,461
Latin America	2,015	2,703	4,841	5,505
Other (1)	5	(28)	(20)	1,557
Total	$ 49,491	$ 44,130	$ 103,216	$ 96,711
Gross Profit				
North America	$ 7,955	$ 5,795	$ 16,931	$ 13,258
Asia/Pacific	3,654	3,172	6,990	7,315
Europe	4,574	4,422	9,443	9,281
Latin America	798	894	1,787	1,986
Other (1)	(1,655)	(1,741)	(3,399)	(2,034)
Total	$ 15,326	$ 12,542	$ 31,752	$ 29,806

(1) Other includes primarily net sales not allocated to a specific geographical region, unabsorbed value-add costs and other unallocated expenses.

11. RISKS AND UNCERTAINTIES

Our business and the companies with which we do business are subject to risks and uncertainties caused by factors beyond our control. Such factors include economic pressures related to inflation, rising interest rates, economic weakness or recession, as well as geopolitical and public health, tightening labor markets, and pandemics. These and other similar conditions and events have in the past and could in the future disrupt our operations and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

EM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this report may constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. The terms "may," "should," "could," "anticipate," "believe," "continue," "estimate," "expect," "intend," "objective," "plan," "potential," "project" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These statements are based on management's current expectations, intentions or beliefs and are subject to a number of factors, assumptions and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences or that might otherwise impact the business include; economic, labor and political conditions; global business disruption caused by the Russian - Ukraine and Israel - Hamas wars; currency exchange fluctuations; and the ability of the Company to manage its growth and the risk factors set forth in our Annual Report on Form 10-K filed with the SEC on August 5, 2024. We undertake no obligation to update any such factor or to publicly announce the results of any revisions to any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

In addition, while we do, from time to time, communicate with securities analysts, it is against our policy to disclose to them or any outside third party, any material non-public information or other confidential commercial information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any securities analyst or outside third party, irrespective of the content of the statement or report. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

INTRODUCTION

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to assist the reader in better understanding our business, results of operations, financial condition, changes in financial condition and significant developments. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes appearing elsewhere in this filing. This section is organized as follows:

- **Business Overview**
- **Results of Operations** – an analysis and comparison of our consolidated results of operations for the three month and six month periods ended November 30, 2024 and December 2, 2023, as reflected in our unaudited consolidated statements of comprehensive (loss) income.
- **Liquidity, Financial Position and Capital Resources** – a discussion of our primary sources and uses of cash for the six month periods ended November 30, 2024 and December 2, 2023, and a discussion of changes in our financial position.

Business Overview

Richardson Electronics, Ltd. (the "Company," "we," "our") is a leading global manufacturer of engineered solutions, power grid and microwave tubes and related consumables; power conversion and RF and microwave components; high-value replacement parts, tubes and service training for diagnostic imaging equipment; and customized display solutions. Approximately 50% of our products are manufactured at our facilities located in LaFox, Illinois, Marlborough, Massachusetts and Donaueschingen, Germany, or by one of our manufacturing partners throughout the world. We serve customers in the alternative energy, healthcare, aviation, broadcast, communications, industrial, marine, medical, military, scientific and semiconductor markets. The Company's strategy is to provide specialized technical expertise and "engineered solutions" based on our core engineering and manufacturing capabilities. The Company provides solutions and adds value through design-in support, systems integration, prototype design and manufacturing, testing, logistics and aftermarket technical service and repair through its global infrastructure.

Some of the Company's products are manufactured in China and imported into the United States. The Office of the United States Trade Representative ("USTR") instituted tariffs on the importation of a number of products into the United States from China. These tariffs are a response to what the USTR considers to be certain unfair trade practices by China. A number of the Company's products manufactured in China are subject to duties when imported into the United States.

Management continues to work with its suppliers as well as its customers to mitigate the impact of the tariffs on our customers. However, if the Company is unable to successfully pass through the additional cost of these tariffs, or if the higher prices reduce demand for the Company's products, it will have a negative effect on the Company's sales and gross margins.

We currently operate within the following major geographic regions: North America, Asia/Pacific, Europe and Latin America.

The Company reports its financial performance based on the operating and reportable segments defined as follows:

Power and Microwave Technologies ("PMT") combines our core engineered solutions capabilities, power grid and microwave tube business with new disruptive RF, Wireless and Power technologies. As a designer, manufacturer, technology partner and authorized distributor, PMT's strategy is to provide specialized technical expertise and engineered solutions based on our core engineering and manufacturing capabilities on a global basis. We provide solutions and add value through design-in support, systems integration, prototype design and manufacturing, testing, logistics and aftermarket technical service and repair - all through our existing global infrastructure. PMT's focus is on products for power, RF and microwave applications for customers in 5G, aviation, broadcast, communications, industrial, marine, medical, military, scientific and semiconductor markets. PMT focuses on various applications including broadcast transmission, CO2 laser cutting, diagnostic imaging, dielectric and induction heating, high energy transfer, high voltage switching, plasma, power conversion, radar and radiation oncology. PMT also offers its customers technical services for both microwave and industrial equipment.

Green Energy Solutions ("GES") combines our key technology partners and engineered solutions capabilities to design and manufacture innovative products for the fast-growing energy storage market and power management applications. As a designer, manufacturer, technology partner and authorized distributor, GES's strategy is to provide specialized technical expertise and engineered solutions using our core design engineering and manufacturing capabilities on a global basis. We provide solutions and add value through design-in support, systems integration, prototype design and manufacturing, testing, logistics and aftermarket technical service and repair - all through our existing global infrastructure. GES's focus is on products for numerous green energy applications such as wind, solar, hydrogen and electric vehicles, and other power management applications that support green solutions such as synthetic diamond manufacturing.

Canvys provides customized display solutions serving the corporate enterprise, financial, healthcare, industrial and medical original equipment manufacturers markets. Our engineers design, manufacture, source and support a full spectrum of solutions to match the needs of our customers. We offer long-term availability and proven custom display solutions that include touch screens, protective panels, custom enclosures, All-In-One computers, specialized cabinet finishes and application specific software packages and certification services. Our volume commitments are lower than the large display manufacturers, making us the ideal choice for companies with very specific design requirements. We partner with both private label manufacturing companies and leading branded hardware vendors to offer the highest quality display and touch solutions and customized computing platforms.

Healthcare manufactures, repairs, refurbishes and distributes high value replacement parts and equipment for the healthcare market including hospitals, medical centers, asset management companies, independent service organizations and multi-vendor service providers. Products include diagnostic imaging replacement parts for CT and MRI systems; replacement CT and MRI tubes; CT service training; MRI and RF amplifiers; hydrogen thyratrons, klystrons, magnetrons; flat panel detector upgrades; pre-owned CT systems; and additional replacement solutions currently under development for the diagnostic imaging service market. Through a combination of newly developed products and partnerships, service offerings and training programs, we believe we can help our customers improve efficiency while lowering the cost of healthcare delivery.

Refer to Note 10, *Segment and Geographic Information*, for a discussion of the operating results by segment and geographic area.

RESULTS OF OPERATIONS

Financial Summary – Three Months Ended November 30, 2024

- The second quarter of fiscal 2025 and fiscal 2024 both contained 13 weeks.
- Net sales during the second quarter of fiscal 2025 were $49.5 million, an increase of 12.1%, compared to net sales of $44.1 million during the second quarter of fiscal 2024.
- Gross margin increased to 31.0% during the second quarter of fiscal 2025 compared to 28.4% during the second quarter of fiscal 2024.
- Selling, general and administrative expenses were $16.0 million or 32.3% of net sales during the second quarter of fiscal 2025 compared to $14.5 million or 32.8% of net sales during the second quarter of fiscal 2024.
- Operating loss during the second quarter of fiscal 2025 was $0.7 million compared to an operating loss of $2.0 million during the second quarter of fiscal 2024.
- Net loss during the second quarter of fiscal 2025 was $0.8 million compared to a net loss of $1.8 million during the second quarter of fiscal 2024.

Financial Summary – Six Months Ended November 30, 2024

- The first six months of fiscal 2025 contained 26 weeks and the first six months of fiscal 2024 contained 27 weeks.
- Net sales during the first six months of fiscal 2025 were $103.2 million, an increase of 6.7%, compared to net sales of $96.7 million during the first six months of fiscal 2024.
- Gross margin of 30.8% during the first six months of fiscal 2025 was unchanged compared to the 30.8% during the first six months of fiscal 2024.
- Selling, general and administrative expenses were $32.1 million or 31.1% of net sales during the first six months of fiscal 2025 compared to $30.3 million or 31.3% of net sales during the first six months of fiscal 2024.
- Operating loss during the first six months of fiscal 2025 was $0.4 million compared to an operating loss of $0.5 million during the first six months of fiscal 2024.
- Net loss during the first six months of fiscal 2025 was $0.2 million compared to a net loss of $0.6 million during the first six months of fiscal 2024.

Net Sales and Gross Profit Analysis

Net sales by segment and percentage change during the second quarter and first six months of fiscal 2025 and fiscal 2024 were as follows (*in thousands*):

	Three Months Ended		FY25 vs. FY24
	November 30, 2024	December 2, 2023	% Change
PMT	$ 34,397	$ 31,292	9.9 %
GES	5,974	2,609	129.0 %
Canvys	6,851	7,291	-6.0 %
Healthcare	2,269	2,938	-22.8 %
Total	$ 49,491	$ 44,130	12.1 %

	Six Months Ended		FY25 vs. FY24
	November 30, 2024	December 2, 2023	% Change
PMT	$ 68,599	$ 67,036	2.3 %
GES	14,060	7,003	100.8 %
Canvys	14,489	17,180	-15.7 %
Healthcare	6,068	5,492	10.5 %
Total	$ 103,216	$ 96,711	6.7 %

During the second quarter of fiscal 2025, consolidated net sales increased 12.1% compared to the second quarter of fiscal 2024. Sales for PMT increased 9.9%, sales for GES increased 129.0%, sales for Canvys decreased 6.0% and sales for Healthcare decreased 22.8%. The increase in PMT was mainly due to increased sales of electron devices, RF and Microwave components and engineered solutions for the semiconductor wafer fabrication market. The increase in GES was mainly due to increased shipments of power management products focused on green energy applications. The decrease in Canvys was attributable to lower sales in the European markets. The decrease in Healthcare reflected lower sales in all product lines.

During the first six months of fiscal 2025, consolidated net sales increased 6.7% compared to the first six months of fiscal 2024. Sales for PMT increased 2.3%, sales for GES increased 100.8%, sales for Canvys decreased 15.7% and sales for Healthcare increased 10.5%. The increase in PMT was mainly due to increased sales of RF and Microwave components and engineered solutions for the semiconductor wafer fabrication market. The increase in GES was mainly due to increased shipments of power management products focused on numerous green energy applications. The decrease in Canvys was attributable to lower sales in both the North American and European markets. The increase in Healthcare reflected increases in parts and CT tube sales with a partial offset for decreased equipment sales.

Gross profit by segment and percentage of net sales for the second quarter and first six months of fiscal 2025 and fiscal 2024 were as follows (*in thousands*):

	Three Months Ended			
	November 30, 2024	**% of Net Sales**	**December 2, 2023**	**% of Net Sales**
PMT	$ 10,430	30.3%	$ 8,905	28.5%
GES	1,914	32.0%	761	29.2%
Canvys	2,171	31.7%	2,440	33.5%
Healthcare	811	35.7%	436	14.8%
Total	$ 15,326	31.0%	$ 12,542	28.4%

	Six Months Ended			
	November 30, 2024	**% of Net Sales**	**December 2, 2023**	**% of Net Sales**
PMT	$ 20,632	30.1%	$ 20,416	30.5%
GES	4,288	30.5%	2,341	33.4%
Canvys	4,792	33.1%	5,805	33.8%
Healthcare	2,040	33.6%	1,244	22.7%
Total	$ 31,752	30.8%	$ 29,806	30.8%

Gross profit reflects the distribution and manufacturing product margin less manufacturing variances, inventory obsolescence charges, customer returns, scrap and cycle count adjustments, engineering costs and other provisions.

Consolidated gross profit increased to $15.4 million during the second quarter of fiscal 2025 compared to $12.5 million during the second quarter of fiscal 2024. Consolidated gross margin as a percentage of net sales during the second quarter of fiscal 2025 increased to 31.0% when compared to 28.4% during the second quarter of fiscal 2024. This increase was mainly due to the product mix in PMT, product mix in GES and improved manufacturing absorption in Healthcare with a partial offset from the higher freight costs in Canvys.

Consolidated gross profit increased to $31.8 million during the first six months of fiscal 2025 compared to $29.8 million during the first six months of fiscal 2024. Consolidated gross margin as a percentage of net sales during the first six months of fiscal 2025 of 30.8% was unchanged when compared to 30.8% for the first six months of fiscal 2024. Product mix and manufacturing under absorption in PMT, product mix in GES, and higher freight costs in Canvys were offset by favorable mix and improved manufacturing absorption in Healthcare.

Power and Microwave Technologies

PMT net sales increased 9.9% to $34.4 million during the second quarter of fiscal 2025 from $31.3 million during the second quarter of fiscal 2024. The increase was due to increased sales of electron devices, RF and Microwave components and engineered solutions for the semiconductor wafer fabrication market. Gross margin as a percentage of net sales increased to 30.3% during the second quarter of fiscal 2025 as compared to 28.5% during the second quarter of fiscal 2024 due to product mix.

PMT net sales increased 2.3% to $68.6 million during the first six months of fiscal 2025 from $67.0 million during the first six months of fiscal 2024. The increase was due to increased sales of RF and Microwave components and engineered solutions for the semiconductor wafer fabrication market. Gross margin as a percentage of net sales decreased to 30.1% during the first six months of fiscal 2025 as compared to 30.5% during the first six months of fiscal 2024 due to product mix and manufacturing under absorption.

Green Energy Solutions

GES net sales increased 129.0% to $6.0 million during the second quarter of fiscal 2025 from $2.6 million during the second quarter of fiscal 2024. The increase reflected the project-based nature of this segment and was mainly due to increased shipments of power management products focused on numerous green energy applications. Gross margin as a percentage of net sales increased to 32.0% during the second quarter of fiscal 2025 as compared to 29.2% during the second quarter of fiscal 2024 due to product mix.

GES net sales increased 100.8% to $14.1 million during the first six months of fiscal 2025 from $7.0 million during the first six months of fiscal 2024. The increase reflected the project-based nature of this segment and was mainly due to increased shipments of power management products focused on numerous green energy applications. Gross margin as a percentage of net sales decreased to 30.5% during the first six months of fiscal 2025 as compared to 33.4% during the first six months of fiscal 2024 due to product mix.

Canvys

Canvys net sales decreased 6.0% to $6.9 million during the second quarter of fiscal 2025 from $7.3 million during the second quarter of fiscal 2024, due to lower sales in the European markets. Gross margin as a percentage of net sales decreased to 31.7% during the second quarter of fiscal 2025 from 33.5% during the second quarter of fiscal 2024 primarily due to increased freight costs.

Canvys net sales decreased 15.7% to $14.5 million during the first six months of fiscal 2025 from $17.2 million during the first six months of fiscal 2024, due to lower sales in both the North American and European markets. Gross margin as a percentage of net sales decreased to 33.1% during the first six months of fiscal 2025 from 33.8% during the first six months of fiscal 2024 primarily due to increased freight costs.

Healthcare

Healthcare net sales decreased 22.8% to $2.3 million during the second quarter of fiscal 2025 from $2.9 million during the second quarter of fiscal 2024 due to decreases in all Healthcare product lines. Gross margin as a percentage of net sales increased to 35.7% during the second quarter of fiscal 2025 as compared to 14.8% during the second quarter of fiscal 2024 primarily due to improved manufacturing absorption.

Healthcare net sales increased 10.5% to $6.1 million during the first six months of fiscal 2025 from $5.5 million during the first six months of fiscal 2024 primarily due to increases in parts and CT tube sales, partially offset by a decrease in equipment sales. Gross margin as a percentage of net sales increased to 33.6% during the first six months of fiscal 2025 as compared to 22.7% during the first six months of fiscal 2024 primarily due to improved manufacturing absorption and product mix.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (“SG&A”) increased to $16.0 million for the second quarter of fiscal 2025 when compared to $14.5 million for the year ago quarter. This increase of $1.5 million or 10.4% from the second quarter of fiscal 2024 mainly reflected higher incentives due to sales growth. Expressed as a percentage of net sales, SG&A was 32.3% for the second quarter of fiscal 2025 compared to 32.8% in the second quarter of fiscal 2024.

SG&A increased to $32.1 million for the first six months of fiscal 2025 when compared to $30.3 million for the first six months of fiscal 2024. This increase of $1.8 million or 6.0% from the first six months of fiscal 2024 mainly reflected higher incentives due to sales growth. Expressed as a percentage of net sales, SG&A was 31.1% for the first six months of fiscal 2025 compared to 31.3% for the first six months of fiscal 2024.

Other Income/Expense

Other income and expense includes interest income, foreign exchange gains and foreign exchange losses. Our foreign exchange gains and losses are primarily due to the translation of U.S. dollars held in non-U.S. entities. We currently do not utilize derivative instruments to manage our exposure to foreign currency.

Other expense during the second quarter of fiscal 2025 totaled $0.4 million compared to a $0.3 million expense for the second quarter of fiscal 2024. This increase is due to a $0.1 million increase in foreign exchange losses.

Other expense during the first six months of fiscal 2025 totaled $0.1 million, unchanged when compared to the first six months of fiscal 2024.

Income Tax Provision

We recorded an income tax benefit of $0.3 million and $0.5 million for the second quarter of fiscal 2025 and the second quarter of fiscal 2024, respectively. The effective income tax rate during the second quarter of fiscal 2025 was 28.8% as compared to 21.6% during the second quarter of fiscal 2024. The difference in rate during the second quarter of fiscal 2025 as compared to the second quarter of fiscal 2024 reflects changes in the geographical distribution of income (loss), which is primarily driven by an increase in U.S. earnings for fiscal 2025 and the state income tax provision, as well as the impact of U.S. research and development credits. The 28.8% effective income tax rate differs from the federal statutory rate of 21% as a result of the geographical distribution of income (loss) and the utilization of the U.S. research and development credit.

We recorded an income tax benefit of $0.2 million and $0.1 million for the first six months of fiscal 2025 and the first six months of fiscal 2024, respectively. The effective income tax rate during the first six months of fiscal 2025 was a tax benefit of 60.4% as compared to a tax benefit of 16.5% during the first six months of fiscal 2024. The difference in rate during the first six months of fiscal 2025 as compared to the first six months of fiscal 2024 reflects changes in the geographical distribution of income (loss), which is primarily driven by an increase in U.S. earnings for fiscal 2025 and the state income tax provision, as well as the impact of U.S. research and development credits. The 60.4% effective income tax rate differs from the federal statutory rate of 21% as a result of the geographical distribution of income (loss), as well as the utilization of the U.S. research and development credit.

In the normal course of business, we are subject to examination by taxing authorities throughout the world. Years prior to fiscal 2015 are closed for examination under the statute of limitation for U.S. federal, and U.S. state. In Netherlands, years prior to fiscal 2020 are closed for examination. We are under examination in Germany for fiscal years 2019 to 2022. We have no current open audits in the U.S.

The Company recorded $0.3 million for uncertain tax positions as of November 30, 2024 as compared to $0.1 million as of June 1, 2024. We record interest related to uncertain tax positions in the income tax expense line item within the Consolidated Statements of Comprehensive (Loss) Income. Accrued interest was included within the related tax liability line in the Consolidated Balance Sheets. We have recorded a liability of less than $0.1 million for interest and penalties as it relates to the reserve of the research and development credit as of June 1, 2024 and November 30, 2024.

Net Income and Per Share Data

Net loss during the second quarter of fiscal 2025 was $0.8 million, or $0.05 per diluted common share and $0.05 per Class B diluted common share as compared to a net loss of $1.8 million during the second quarter of fiscal 2024 or $0.13 per diluted common share and $0.12 per Class B diluted common share.

Net loss during the first six months of fiscal 2025 was $0.2 million, or $0.01 per diluted common share and $0.01 per Class B diluted common share as compared to a net loss of $0.6 million during the first six months of fiscal 2024 or $0.04 per diluted common share and $0.04 per Class B diluted common share.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

Our operations and cash needs have been primarily financed through operations and cash on hand.

Cash and cash equivalents were $26.6 million at November 30, 2024. Cash and cash equivalents by geographic area at November 30, 2024 consisted of $8.5 million in North America, $8.9 million in Europe, $1.2 million in Latin America and $8.0 million in Asia/Pacific. No cash was repatriated to the United States in the first six months of fiscal 2025. Although the Tax Cuts and Jobs Act generally eliminated federal income tax on future cash repatriation to the United States, cash repatriation may be subject to state and local taxes, withholding or similar taxes. See Note 8, *Income Taxes*, of the notes to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for the fiscal year ended June 1, 2024, filed with the SEC on August 5, 2024, for further information.

Cash and cash equivalents were $24.3 million at June 1, 2024. Cash and cash equivalents by geographic area at June 1, 2024 consisted of $7.1 million in North America, $7.3 million in Europe, $1.1 million in Latin America and $8.8 million in Asia/Pacific. We repatriated $0.3 million to the United States in the second quarter of fiscal 2024 from our entity in Mexico.

Our short-term and long-term liquidity requirements primarily arise from: (i) working capital requirements, (ii) capital expenditure needs and (iii) cash dividend payments (if and when declared by our Board of Directors). Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

Based on past performance and current expectations, we believe that the existing sources of liquidity, including current cash, will provide sufficient resources to meet known capital requirements and working capital needs through the next twelve months. Additionally, while our future capital requirements will depend on many factors, including, but not limited to, the economy and the outlook for growth in our markets, we believe our existing sources of liquidity as well as our ability to generate operating cash flows will satisfy our future obligations and cash requirements.

On March 20, 2023, the Company established a senior, secured revolving credit facility agreement with a three-year term in an aggregate principal amount not to exceed $30 million, including a swingline loan and a letter of credit sub-facility (collectively, the "Revolving Credit Facility") with PNC Bank. The Revolving Credit Facility is guaranteed by the Company's domestic subsidiaries. Proceeds of the borrowings under the Revolving Credit Facility are expected to be used for working capital and general corporate purposes of the Company and its subsidiaries. The Company utilized $1.0 million of the credit line to address short-term cash requirements and repaid that $1.0 million during the first quarter of fiscal 2025. There was no utilization of the credit line during the second quarter of fiscal 2025. As of the end of the second quarter for fiscal 2025 and the date of this report, no amounts were outstanding under the Revolving Credit Facility.

Cash Flows from Operating Activities

Cash flows from operating activities are primarily a result of our net income (loss) adjusted for non-cash items and changes in our operating assets and liabilities.

Operating activities generated $5.9 million of cash during the first six months of fiscal 2025. We had a net loss of $0.2 million during the first six months of fiscal 2025, which included non-cash stock-based compensation expense of $0.9 million associated with the issuance of stock option and restricted stock awards, inventory reserve provisions of $0.2 million, unrealized foreign exchange gain of $0.2 million and depreciation and amortization expense of $2.1 million associated with our property, plant and equipment and intangible assets. Changes in our operating assets and liabilities generated $3.2 million in cash during the first six months of fiscal 2025, net of foreign currency exchange gains and losses, included an increase in accounts payable and accrued liabilities of $5.2 million, an increase accounts receivable of $1.1 million and an increase in inventories of $1.7 million. The increase in accounts receivable was primarily due to the higher level of sales. The changes in accounts payable and accrued liabilities were timing related.

Operating activities generated $1.8 million of cash during the first six months of fiscal 2024. We had a net loss of $0.6 million during the first six months of fiscal 2024, which included non-cash stock-based compensation expense of $0.8 million associated with the issuance of stock option and restricted stock awards, inventory reserve provisions of $0.3 million and depreciation and amortization expense of $2.1 million associated with our property and equipment as well as amortization of our intangible assets. Changes in our operating assets and liabilities used $0.9 million in cash during the first six months of fiscal 2024, net of foreign currency exchange gains and losses included an increase in inventory of $6.2 million, a decrease in accounts payable of $1.1 million and an increase in prepayments of $0.2 million. Partially offsetting the cash utilization was a decrease in receivables of $6.3 million and an increase in accrued liabilities of $0.4 million. The decrease in accounts receivable was primarily due to the lower level of sales across our operating segments in the current quarter. Most of the inventory increase supported the products for electron tubes and GES. The changes in accounts payable and accrued liabilities were timing related.

Cash Flows from Investing Activities

Cash used in investing activities of $1.4 million during the first six months of fiscal 2025 was due to capital expenditures. Capital expenditures were primarily related to our IT system and LaFox manufacturing and facilities. LaFox manufacturing primarily supports the Electron Device Group ("EDG") and Green Energy Solutions ("GES").

Cash used in investing activities of $2.7 million during the first six months of fiscal 2024 was due to capital expenditures. Capital expenditures were primarily related to our IT system and the LaFox manufacturing and facilities renovation. LaFox manufacturing primarily supports the Electron Device Group ("EDG") and Green Energy Solutions ("GES").

Cash Flows from Financing Activities

Cash flows used in financing activities consist primarily of cash dividends and cash flows provided by financing activities consist primarily of the proceeds from the issuance of stock. All future dividend payments are at the discretion of the Board of Directors. Dividend payments depend on earnings, capital requirements, operating conditions and such other factors that the Board may deem relevant.

Cash used in financing activities of $1.6 million during the first six months of fiscal 2025 primarily resulted from $1.7 million of dividend payments to stockholders partially offset by $0.3 million of proceeds from the issuance of stock.

Cash used by financing activities of $1.5 million during the first six months of fiscal 2024 primarily resulted from $1.7 million of dividend payments to stockholders partially offset by $0.3 million of proceeds from the issuance of stock.

Critical Accounting Estimates

There have been no material changes in our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended June 1, 2024, filed with the SEC on August 5, 2024. We are not aware of any specific events or circumstances that would require us to update our estimates, assumptions and judgments.

Impact of New Accounting Standards

For information about recently issued accounting pronouncements, see Note 4, *New Accounting Pronouncements - Not Yet Adopted*, included in Part 1, Item 1.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management and Market Sensitive Financial Instruments

We are exposed to many different market risks with the various industries we serve. The primary financial risk we are exposed to is foreign currency exchange, as certain of our operations, assets and liabilities are denominated in foreign currencies. We manage these risks through normal operating and financing activities.

The interpretation and analysis of these disclosures should not be considered in isolation since such variances in exchange rates would likely influence other economic factors. Such factors, which are not readily quantifiable, would likely also affect our operations. Additional disclosure regarding various market risks is set forth in Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 1, 2024 filed with the SEC on August 5, 2024.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of November 30, 2024.

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the second quarter of fiscal 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended June 1, 2024, filed with the SEC on August 5, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

a) Form 8-K disclosures for the quarter covered by this Form 10-Q: None.

b) None.

c) 10b5-1 trading arrangements: None .

ITEM 6. EXHIBITS

Exhibit Index

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Annex III of the Proxy Statement dated August 22, 2014).
3.2	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 15, 2017).
31.1	Certification of Edward J. Richardson pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Robert J. Ben pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from our Quarterly Report on Form 10-Q for the second quarter of fiscal 2025, filed with the SEC on January 9, 2025, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Unaudited Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Comprehensive (Loss) Income, (iii) the Unaudited Consolidated Statements of Cash Flows, (iv) the Unaudited Consolidated Statement of Stockholders' Equity and (v) Notes to Unaudited Consolidated Financial Statements.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	RICHARDSON ELECTRONICS, LTD.
Date: January 10, 2025	By: /s/ Robert J. Ben
	Robert J. Ben Chief Financial Officer and Chief Accounting Officer (on behalf of the Registrant and as Principal Financial Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Edward J. Richardson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Richardson Electronics, Ltd. for the period ended November 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2025

Signature: /s/ Edward J. Richardson

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

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Ben, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Richardson Electronics, Ltd. for the period ended November 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: January 10, 2025

Signature: /s/ Robert J. Ben

Robert J. Ben
Chief Financial Officer and Chief Accounting Officer

Exhibit 32

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Richardson Electronics, Ltd. (the "Company") on Form 10-Q for the period ended November 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward J. Richardson, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Edward J. Richardson
Edward J. Richardson
Chairman of the Board and Chief Executive Officer
January 10, 2025

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Richardson Electronics, Ltd. (the "Company") on Form 10-Q for the period ended November 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert J. Ben, Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert J. Ben
Robert J. Ben
Chief Financial Officer and Chief Accounting Officer
January 10, 2025