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DELTA REPORT

10-Q

RELL - RICHARDSON ELECTRONICS, L

10-Q - AUGUST 31, 2024 COMPARED TO 10-Q - MARCH 02, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	788
CHANGES	255
DELETIONS	274
ADDITIONS	259

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 2, August 31, 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

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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 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 April 9, 2024 October 8, 2024, there were 12,226,953 12,331,320 outstanding shares of Common Stock, $0.05 par value and 2,051,488 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	Audited	Unaudited	Audited
	March 2, 2024	**May 27, 2023**	**August 31, 2024**	**June 1, 2024**
Assets				
Current assets:				
Cash and cash equivalents	$ 18,880	$ 24,981	$ 23,035	$ 24,263
Accounts receivable, less allowance of $233 and $191, respectively	29,131	30,067		
Accounts receivable, less allowance for credit losses of $351 and $323, respectively	30,862	24,845		
Inventories, net	112,635	110,402	110,994	110,149
Prepaid expenses and other assets	2,741	2,633	2,488	2,397
Total current assets	**163,387**	**168,083**	**167,379**	**161,654**
Non-current assets:				
Property, plant and equipment, net	20,723	20,823	20,612	20,681
Intangible assets, net	1,704	1,892	1,582	1,641
Right of use lease asset	3,120	2,457		
Deferred income taxes	4,471	4,526		
Right of use lease assets	2,538	2,760		
Deferred income tax assets	5,555	5,500		
Other non-current assets	200	267	197	209
Total non-current assets	**30,218**	**29,965**	**30,484**	**30,791**
Total assets	**$ 193,605**	**$ 198,048**	**$ 197,863**	**$ 192,445**
Liabilities				
Current liabilities:				
Accounts payable	$ 18,393	$ 23,535	$ 19,758	$ 15,458
Accrued liabilities	12,660	12,026	15,403	15,404
Lease liability current	1,234	1,028		
Lease liabilities current	1,107	1,169		
Total current liabilities	**32,287**	**36,589**	**36,268**	**32,031**
Non-current liabilities:				
Non-current deferred income tax liabilities	96	98		
Lease liability non-current	1,886	1,429		
Deferred income tax liabilities	79	90		
Lease liabilities non-current	1,431	1,591		
Other non-current liabilities	715	612	1,021	781
Total non-current liabilities	**2,697**	**2,139**	**2,531**	**2,462**
Total liabilities	**34,984**	**38,728**	**38,799**	**34,493**
Stockholders' Equity				
Common stock, $0.05 par value; 12,227 shares issued and outstanding on March 2, 2024 and 12,140 shares issued and outstanding on May 27, 2023	611	607		
Class B common stock, convertible, $0.05 par value; 2,052 shares issued and outstanding on March 2, 2024 and 2,052 shares issued and outstanding on May 27, 2023	103	103		
Common stock, $0.05 par value; 12,331 and 12,254 shares issued and outstanding on August 31, 2024 and June 1, 2024, respectively	617	613		
Class B common stock, convertible, $0.05 par value; 2,049 shares issued and outstanding on August 31, 2024 and June 1, 2024	102	102		
Preferred stock, $1.00 par value, no shares issued	—	—	—	—
Additional paid-in-capital	72,215	70,951	73,315	72,744
Retained earnings	84,692	87,044	83,630	83,729

Accumulated other comprehensive income	1,000	615	1,400	764
Total stockholders' equity	**158,621**	**159,320**	**159,064**	**157,952**
Total liabilities and stockholders' equity	**$ 193,605**	**$ 198,048**	**$ 197,863**	**$ 192,445**

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

Richardson Electronics, Ltd.

Unaudited Consolidated Statements of Comprehensive Income

(in thousands, except per share amounts)

	Three Months Ended		**Nine Months Ended**		**Three Months Ended**	
	March 2, 2024	**February 25, 2023**	**March 2, 2024**	**February 25, 2023**	**August 31, 2024**	**September 2, 2023**
Net sales	$ 52,375	$ 70,364	$ 149,086	$ 203,826	$ 53,725	$ 52,581
Cost of sales	36,939	47,959	103,844	136,543		
Cost of sales, exclusive of depreciation and amortization	37,299	35,317				
Gross profit	**15,436**	**22,405**	**45,242**	**67,283**	**16,426**	**17,264**
Selling, general and administrative expenses	14,430	14,779	44,710	43,704		
Loss (gain) on disposal of assets	—	13	70	(12)		
Selling, general and administrative expenses, inclusive of depreciation and amortization	16,112	15,792				
Gain on disposal of assets	(2)	—				
Operating income	**1,006**	**7,613**	**462**	**23,591**	**316**	**1,472**
Other expense (income):						
Investment/interest income	(67)	(76)	(224)	(179)		
Foreign exchange loss (gain)	101	(292)	347	305		
Other (income) expense:						
Interest income	(58)	(71)				
Foreign exchange gain	(277)	(97)				
Other, net	(7)	(14)	43	(29)	3	32
Total other expense (income)	**27**	**(382)**	166	97		
Total other income	**(332)**	**(136)**				
Income before income taxes	979	7,995	296	23,494	648	1,608
Income tax provision	229	1,655	116	5,281	58	381
Net income	**750**	**6,340**	**180**	**18,213**	**590**	**1,227**
Foreign currency translation (loss) gain, net of tax	(205)	629	385	(710)		
Foreign currency translation gain (loss), net of tax	636	(41)				
Comprehensive income	**$ 545**	**$ 6,969**	**$ 565**	**$ 17,503**	**$ 1,226**	**$ 1,186**
Net income per share:						
Common shares - Basic	$ 0.05	$ 0.46	$ 0.01	$ 1.33	$ 0.04	$ 0.09
Class B common shares - Basic	0.05	0.41	0.01	1.19	0.04	0.08
Common shares - Diluted	0.05	0.44	0.01	1.27	0.04	0.09
Class B common shares - Diluted	0.05	0.40	0.01	1.15	0.04	0.08
Weighted average number of shares:						
Common shares – Basic	12,227	12,047	12,208	11,893	12,200	12,171

Class B common shares – Basic	2,052	2,052	2,052	2,053	2,049	2,052
Common shares – Diluted	12,445	12,666	12,480	12,524	12,431	12,539
Class B common shares – Diluted	2,052	2,052	2,052	2,053	2,049	2,052
Dividends per share:						
Common share	$ 0.060	$ 0.060	$ 0.180	$ 0.180		
Class B common share	0.054	0.054	0.162	0.162		

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		Nine Months Ended		Three Months Ended	
	March 2, 2024	February 25, 2023	March 2, 2024	February 25, 2023	August 31, 2024	September 2, 2023
Operating activities:						
Net income	$ 750	$ 6,340	$ 180	$ 18,213	$ 590	$ 1,227
Adjustments to reconcile net income to cash used in operating activities:						
Adjustments to reconcile net income to cash provided by operating activities:						
Unrealized foreign currency gain	(382)	(37)				
Depreciation and amortization	1,104	912	3,218	2,688	1,044	998
Inventory provisions	173	115	450	310	139	85
Share-based compensation expense	279	206	1,045	730	593	483
Loss (gain) on disposal of assets	—	13	70	(12)		
Gain on disposal of assets	(2)	—				
Deferred income taxes	(4)	(1)	42	27	(58)	(5)
Change in assets and liabilities:						
Accounts receivable	(5,254)	(7,189)	998	(12,694)	(5,858)	4,462
Inventories	3,974	(3,638)	(2,246)	(21,764)	(124)	(3,151)
Prepaid expenses and other assets	151	(153)	(58)	(578)	(29)	409
Accounts payable	(4,072)	(12)	(5,204)	784	4,164	(2,365)
Accrued liabilities	247	(661)	625	486	(95)	(1,124)
Other	121	(192)	164	397	430	33
Net cash used in operating activities	**(2,531)**	**(4,260)**	**(716)**	**(11,413)**		
Net cash provided by operating activities	**412**	**1,015**				
Investing activities:						
Capital expenditures	(401)	(2,230)	(3,057)	(4,973)	(926)	(1,141)
Proceeds from maturity of investments	—	5,000	—	5,000		
Proceeds from sale of property, plant & equipment	—	—	—	193	7	—
Net cash (used in) provided by investing activities	**(401)**	**2,770**	**(3,057)**	**220**		
Net cash used in investing activities	**(919)**	**(1,141)**				
Financing activities:						

Proceeds from issuance of common stock	—	511	342	3,413	144	327
Cash dividends paid on Common and Class B Common shares	(844)	(834)	(2,532)	(2,484)		
Proceeds from short-term borrowing	3,744	—	3,744	—		
Repayment of short-term borrowing	(3,744)	—	(3,744)	—		
Cash dividends paid on common and Class B common stock	(850)	(843)				
Proceeds from revolving credit facility	1,000	—				
Repayment of revolving credit facility	(1,000)	—				
Other	—	—	(119)	(69)	(162)	(119)
Net cash (used in) provided by financing activities	**(844)**	**(323)**	**(2,309)**	**860**		
Net cash used in financing activities	**(868)**	**(635)**				
Effect of exchange rate changes on cash and cash equivalents	(113)	352	(19)	(517)	147	(96)
Decrease in cash and cash equivalents	**(3,889)**	**(1,461)**	**(6,101)**	**(10,850)**	**(1,228)**	**(857)**
Cash and cash equivalents at beginning of period	22,769	26,106	24,981	35,495	24,263	24,981
Cash and cash equivalents at end of period	**$ 18,880**	**$ 24,645**	**$ 18,880**	**$ 24,645**	**$ 23,035**	**$ 24,124**

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	**Class B Common**	**Par Value**	**Additional Paid In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Total**	**Common Stock**	**Class B Common Stock**	**Par Value**	**Additional Paid In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income**	**Tota**
Balance December 2, 2023	**12,227**	**2,052**	**$ 714**	**$ 71,936**	**$ 84,786**	**$ 1,205**	**$ 158,641**							
Balance June 1, 2024	**12,254**	**2,049**	**$ 715**	**$ 72,744**	**$ 83,729**	**$ 764**	**$ 157,952**							
Comprehensive income:														
Net income	—	—	—	—	750	—	750	—	—	—	—	590	—	
Foreign currency translation, net of tax	—	—	—	—	—	(205)	(205)	—	—	—	—	161	636	
Share-based compensation:														
Restricted stock	—	—	—	172	—	—	172	—	—	—	424	—	—	
Stock options	—	—	—	107	—	—	107	—	—	—	169	—	—	
Common stock:														
Options exercised	17	—	1	140	—	—	141							

Restricted stock issuance	60	—	3	(162)	—	—	(159)							
Dividends paid to:														
Common ($0.060 per share)	—	—	—	—	(733)	—	(733)	—	—	—	—	(739)	—	(
Class B Common ($0.054 per share)	—	—	—	—	(111)	—	(111)	—	—	—	—	(111)	—	(
Balance March 2, 2024	**12,227**	**2,052**	**$ 714**	**$ 72,215**	**$ 84,692**	**$ 1,000**	**$ 158,621**							
Balance August 31, 2024	**12,331**	**2,049**	**$ 719**	**$ 73,315**	**$ 83,630**	**$ 1,400**	**$ 159,064**							
Balance May 27, 2023	**12,140**	**2,052**	**$ 710**	**$ 70,951**	**$ 87,044**	**$ 615**	**$ 159,320**	**12,140**	**2,052**	**$ 710**	**$ 70,951**	**$ 87,044**	**$ 615**	**$ 159,**
Comprehensive income:														
Net income	—	—	—	—	180	—	180	—	—	—	—	1,227	—	1,
Foreign currency translation, net of tax	—	—	—	—	—	385	385	—	—	—	—	—	(41)	
Share-based compensation:														
Restricted stock	—	—	—	513	—	—	513	—	—	—	169	—	—	
Stock options	—	—	—	532	—	—	532	—	—	—	314	—	—	
Common stock:														
Options exercised	50	—	2	340	—	—	342	48	—	2	325	—	—	
Restricted stock issuance	37	—	2	(121)	—	—	(119)	37	—	2	(121)	—	—	(
Dividends paid to:														
Common ($0.180 per share)	—	—	—	—	(2,199)	—	(2,199)							
Class B Common ($0.162 per share)	—	—	—	—	(333)	—	(333)							
Balance March 2, 2024	**12,227**	**2,052**	**$ 714**	**$ 72,215**	**$ 84,692**	**$ 1,000**	**$ 158,621**							
Common ($0.060 per share)	—	—	—	—	(732)	—	(732)							

Class B Common ($0.054 per share)	—	—	—	—	(111)	—	(111)
Balance September 2, 2023	**12,225**	**2,052**	**$ 714**	**$ 71,638**	**$ 87,428**	**$ 574**	**$ 160,354**

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

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	Common	Class B Common	Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance November 26, 2022:	**12,022**	**2,052**	**$ 704**	**$ 69,669**	**$ 78,254**	**$ (539)**	**$ 148,088**
Comprehensive income:							
Net income	—	—	—	—	6,340	—	6,340
Foreign currency translation, net of tax	—	—	—	—	—	629	629
Share-based compensation:							
Restricted stock	—	—	—	140	—	—	140
Stock options	—	—	—	66	—	—	66
Common stock:							
Options exercised	63	—	3	508	—	—	511
Dividends paid to:							
Common ($0.060 per share)	—	—	—	—	(724)	—	(724)
Class B Common ($0.054 per share)	—	—	—	—	(110)	—	(110)
Balance February 25, 2023	**12,085**	**2,052**	**$ 707**	**$ 70,383**	**$ 83,760**	**$ 90**	**$ 154,940**
Balance May 28, 2022:	**11,649**	**2,053**	**$ 685**	**$ 66,331**	**$ 68,031**	**$ 800**	**$ 135,847**
Comprehensive income:							
Net income	—	—	—	—	18,213	—	18,213
Foreign currency translation, net of tax	—	—	—	—	—	(710)	(710)
Share-based compensation:							
Restricted stock	—	—	—	402	—	—	402
Stock options	—	—	—	328	—	—	328
Common stock:							
Options exercised	386	—	20	3,393	—	—	3,413
Restricted stock issuance	49	—	2	(71)	—	—	(69)
Class B converted to Common	1	(1)	—	—	—	—	—
Dividends paid to:							
Common ($0.180 per share)	—	—	—	—	(2,152)	—	(2,152)
Class B Common ($0.162 per share)	—	—	—	—	(332)	—	(332)
Balance February 25, 2023	**12,085**	**2,052**	**$ 707**	**$ 70,383**	**$ 83,760**	**$ 90**	**$ 154,940**

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RICHARDSON ELECTRONICS, LTD.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY

Richardson Electronics, Ltd. (the "Company", "we", "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. Nearly 55 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. All our partners manufacture to our strict specifications and per our supplier code of conduct. 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 operating and reportable business segments:

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"), Canvys and Healthcare. A description of the Company's business segments is provided in Note 10, *combines our key technology partners Segment 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 coils, cold heads 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. 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 third first quarter of fiscal 2025 contained 13 weeks and the first quarter of fiscal 2024 and fiscal 2023 both contained 13 weeks. The first nine months of fiscal 2024 contained 40 weeks and the first nine months of fiscal 2023 contained 39 14 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 nine three months ended March 2, 2024 August 31, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending June 1, 2024 May 31, 2025.

As described in Note 1, *Description of the Company* and Note 9, *Segment Reporting*, 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 May 27, 2023 June 1, 2024, which was filed with the SEC on July 31, 2023 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 Statement of Cash Flows.

4. NEW ACCOUNTING STANDARDS

ASU 2016-13 (as amended by ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11 and 2020-02) introduced a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses requires entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expanded the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. The Company adopted the new standard in the first quarter of fiscal 2024 and the adoption had no impact on the Company's financial condition, results of operations or cash flows. PRONOUNCEMENTS - NOT YET ADOPTED

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 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.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the Securities and Exchange Commission's ("SEC") Disclosure Update and Simplification Initiative. The amendments in this update require modification of certain disclosure and presentation requirements for a variety of ASU topics in response to the SEC's Release No. 33-10532. The effective date for each amended topic in the ASC is the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendment will be removed from the Codification and not become effective. Early adoption is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

4.5. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 $95.1 95.0 million of finished goods, $12.9 11.7 million of raw materials and $4.6 4.3 million of work-in-progress as of March 2, 2024 August 31, 2024, as compared to approximately $93.4 93.9 million of finished goods, $11.8 12.2 million of raw materials and $5.2 4.0 million of work-in-progress as of May 27, 2023 June 1, 2024.

At this time, we do not anticipate any material risks or uncertainties related to possible future inventory write-downs. 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. If future demand changes in the industry, or market conditions differ from management's estimates, additional provisions may be necessary. Inventory reserves were approximately $6.1 million as of August 31, 2024 and $6.0 million as of March 2, 2024 and $5.9 million as of May 27, 2023 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 its 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 on 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 5% 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.

Contract Liabilities: Balances: Contract liabilities and revenue recognized balances were as follows (*in thousands*):

	May 27, 2023	Additions	Revenue Recognized	March 2, 2024
Contract liabilities	$ 3,283	$ 3,247	$ (2,814)	$ 3,716

	August 31, 2024	June 1, 2024	May 27, 2023
Accounts receivable	$ 30,862	$ 24,845	$ 30,067
Contract liabilities	4,527	4,520	3,283

During the three months ended August 31, 2024 and September 2, 2023, the Company recognized $0.9 million and $1.5 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 and May 27, 2023, respectively.

See Note 9, 10, *Segment Reporting, & 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)*:

	March 2, 2024	May 27, 2023	August 31, 2024	June 1, 2024
Gross Amounts:				
Customer Relationships(1)	$ 3,394	$ 3,388	$ 3,405	$ 3,396
Technology	380	380	380	380
Total Gross Amounts	$ 3,774	$ 3,768	$ 3,785	$ 3,776
Accumulated Amortization:				
Customer Relationships	$ 1,833	$ 1,671	$ 1,943	$ 1,886
Technology	237	205	260	249
Total Accumulated Amortization	$ 2,070	$ 1,876	$ 2,203	$ 2,135
Net Intangible Assets	$ 1,704	$ 1,892	$ 1,582	$ 1,641

(1) Change from prior period reflects impact of foreign currency translation.

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		Amortization Expense	
Remaining 2024	$	64		
2025		239		
Remaining 2025	$	181		
2026		207		207
2027		194		193
2028		185		185
2029		174		
Thereafter		815		642
Total amortization	$	1,704	$	1,582

The weighted average number of years of amortization expense remaining is 10.4 10.0 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.

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

	March 2, 2024		May 27, 2023		August 31, 2024		June 1, 2024	
Compensation and payroll taxes	$	2,554	$	4,422	$	4,153	$	3,495
Accrued severance		511		486		506		506
Professional fees		707		661		614		487
Deferred revenue		3,716		3,283		4,527		4,520
Other accrued expenses		5,172		3,174		5,603		6,396
Accrued Liabilities	$	12,660	$	12,026	$	15,403	$	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 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 March 2, 2024 August 31, 2024 and May 27, 2023 June 1, 2024.

5. 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 $3.7 1.0 million of the credit line to address short-term working capital needs and repaid that $3.7 1.0 million during the third first quarter of fiscal 2024. 2025. There was no amount outstanding under the Revolving Credit Facility as of March 2, 2024 August 31, 2024.

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 March 2, 2024 August 31, 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%.

6. 7. LEASE OBLIGATIONS AND OTHER COMMITMENTS

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.

The Company did not capitalize short-term leases for all asset classes defined as leases with a term of shorter than twelve months on the balance sheet. These leases have not been transitioned to ASC 842. As a practical expedient, the Company did not reassess the accounting for initial direct costs of current leases.

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	March 2, 2024	May 27, 2023
Operating lease right of use asset	$ 3,120	$ 2,457
Operating lease liability current	1,234	1,028
Operating lease liability non-current	1,886	1,429

Lease Type	August 31, 2024	June 1, 2024
Right of use lease assets	$ 2,538	$ 2,760
Lease liabilities current	1,107	1,169
Lease liabilities non-current	1,431	1,591

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

		Three Months Ended	
		March 2, 2024	February 25, 2023
Consolidated operating lease expense	Operating expenses	$ 457	$ 434
		Nine Months Ended	
		March 2, 2024	February 25, 2023
Consolidated operating lease expense	Operating expenses	$ 1,328	$ 1,300

		Three Months Ended	

		August 31, 2024	September 2, 2023
Consolidated operating lease expense	Operating expenses	$ 435	$ 454

The approximate future minimum lease payments under operating leases at March 2, 2024 August 31, 2024 were as follows *(in thousands)*:

Fiscal Year	Operating Leases	Operating Leases
Remaining 2024	$ 352	
2025	1,332	
Remaining 2025	$ 981	
2026	923	923
2027	403	425
2028	197	222
Thereafter	118	
2029	146	
Total lease payments	3,325	2,697
Less imputed interest	205	159
Net minimum lease payments	$ 3,120	$ 2,538

The weighted average remaining lease terms and interest rates of leases held by the Company as of March 2, 2024 August 31, 2024 and September 2, 2023 were as follows:

Lease Type	Weighted Average Remaining Lease Term in Years	Weighted Average Interest Rate
Operating leases	2.8	4.4%

Operating Lease as of:	Weighted Average Remaining Lease Term in Years	Weighted Average Interest Rate
August 31, 2024	2.7	4.6%
September 2, 2023	2.5	4.1%

The cash activities associated with our leases for the three month periods ended August 31, 2024 and nine-month periods ending March 2, 2024 and February 25, 2023 September 2, 2023, were as follows *(in thousands)*:

		Three Months Ended			Three Months Ended	
Cash Flow Source	Classification	March 2, 2024	February 25, 2023	Classification	August 31, 2024	September 2, 2023
Operating cash flows from operating leases	Operating activities	$ 354	$ 150	Operating activities	$ 353	$ 111

		Nine Months Ended	
Cash Flow Source	Classification	March 2, 2024	February 25, 2023
Operating cash flows from operating leases	Operating activities	$ 977	$ 646

7. 8. INCOME TAXES

We recorded an income tax provision of $0.1 million and $5.3 0.4 million for the first nine three months of fiscal 2024 2025 and the first nine three months of fiscal 2023, 2024, respectively. The effective income tax rate during the first nine three months of fiscal 2024 2025 was a tax provision of 39.2 9.0% as compared to a tax provision of 22.5 23.7% during the first nine three months of fiscal 2023. 2024. The difference in rate during the first nine three months of fiscal 2024 2025 as compared to the first nine three months of fiscal 2023 2024 reflects changes in our geographical distribution of income (loss), which is primarily driven by a decrease in U.S. earnings for fiscal 2024 2025 and the state income tax provision, as well as an increase in the utilization of U.S. research and development credits. The 39.2 9.0% effective income tax rate differs from the federal statutory rate of 21% as a result of our geographical distribution of income which is primarily driven by a decrease in U.S. earnings for fiscal 2024, state income tax provision and (loss), as well as the utilization of U.S. research and development credit. credits.

In the normal course of business, we are subject to examination by taxing authorities throughout the world. Generally, years Years prior to fiscal 2019 2015 are closed for examination under the statute of limitation for U.S. federal and U.S. state and local or non-U.S. tax jurisdictions. Our primary foreign tax jurisdictions state. In the Netherlands, years prior to fiscal 2019 are closed for examination. We are under examination in Germany and the Netherlands. for fiscal years 2019 to 2022. We have tax years no current open audits in Germany beginning in fiscal 2019 and the Netherlands beginning in fiscal 2021. 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 liabilities on the outside basis difference is now primarily withholding tax on future dividend distributions. The deferred tax liability liabilities related to undistributed earnings of our foreign subsidiaries was less than $0.1 million as of March 2, 2024 August 31, 2024 and May 27, 2023 June 1, 2024.

The Company did recorded a $no 0.3t have any million liability for uncertain tax positions as of March 2, 2024 and May 27, 2023 August 31, 2024. The uncertain tax positions totaled $0.1 million as of June 1, 2024. We record penalties and interest related to uncertain tax positions in the income tax expense line item within the consolidated statements Consolidated Statements of comprehensive loss when applicable. Comprehensive 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 August 31, 2024, respectively.

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 August 31, 2024 and was $1.4 million as of March 2, 2024 and May 27, 2023 September 2, 2023. The current valuation allowance is recorded on deferred tax assets in foreign jurisdictions where historical taxable losses have been incurred ($1.2 1.1 million) and state NOLs ($0.2 1.1 million). The amount of the deferred tax asset assets 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.

8. CALCULATION OF 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 income was based on the following amounts (*in thousands, except per share amounts*):

	Three Months Ended	
	March 2, 2024	**February 25, 2023**

	Basic	Diluted	Basic	Diluted
Numerator for Basic and Diluted EPS:				
Net income	$ 750	$ 750	$ 6,340	$ 6,340
Less dividends:				
Common stock	733	733	724	724
Class B common stock	111	111	110	110
Undistributed (loss) earnings	$ (94)	$ (94)	$ 5,506	$ 5,506
Common stock undistributed (loss) earnings	$ (82)	$ (82)	$ 4,774	$ 4,805
Class B common stock undistributed (loss) earnings	(12)	(12)	732	701
Total undistributed (loss) earnings	$ (94)	$ (94)	$ 5,506	$ 5,506
Denominator for Basic and Diluted EPS:				
Common stock weighted average shares	12,227	12,227	12,047	12,047
Effect of dilutive securities				
Dilutive stock options		218		619
Denominator for diluted EPS adjusted for weighted average shares and assumed conversion		12,445		12,666
Class B common stock weighted average shares and shares under if-converted method for diluted EPS	2,052	2,052	2,052	2,052
Net income per share:				
Common stock	$ 0.05	$ 0.05	$ 0.46	$ 0.44
Class B common stock	$ 0.05	$ 0.05	$ 0.41	$ 0.40

Note: There were no common stock options that were antidilutive in the third quarter of fiscal 2024 and fiscal 2023.

	Nine Months Ended				Three Months Ended			
	March 2, 2024		February 25, 2023		August 31, 2024		September 2, 2023	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator for Basic and Diluted EPS:								
Net income	$ 180	$ 180	$ 18,213	$ 18,213	$ 590	$ 590	$ 1,227	$ 1,227
Less dividends:								
Common stock	2,199	2,199	2,152	2,152	739	739	732	732
Class B common stock	333	333	332	332	111	111	111	111
Undistributed (loss) earnings	$ (2,352)	$ (2,352)	$ 15,729	$ 15,729	$ (260)	$ (260)	$ 384	$ 384
Common stock undistributed (loss) earnings	$ (2,043)	$ (2,049)	$ 13,614	$ 13,707	$ (226)	$ (226)	$ 333	$ 335
Class B common stock undistributed (loss) earnings	(309)	(303)	2,115	2,022	(34)	(34)	51	49
Total undistributed (loss) earnings	$ (2,352)	$ (2,352)	$ 15,729	$ 15,729	$ (260)	$ (260)	$ 384	$ 384
Denominator for Basic and Diluted EPS:								
Common stock weighted average shares	12,208	12,208	11,893	11,893	12,200	12,200	12,171	12,171
Effect of dilutive securities								
Dilutive stock options		272		631		231		368
Denominator for diluted EPS adjusted for weighted average shares and assumed conversion		12,480		12,524		12,431		12,539
Class B common stock weighted average shares and shares under if-converted method for diluted EPS	2,052	2,052	2,053	2,053	2,049	2,049	2,052	2,052
Net income per share:								
Common stock	$ 0.01	$ 0.01	$ 1.33	$ 1.27	$ 0.04	$ 0.04	$ 0.09	$ 0.09

Class B common stock	$ 0.01	$ 0.01	$ 1.19	$ 1.15	$ 0.04	$ 0.04	$ 0.08	$ 0.08

Note: There were no common stock options that were antidilutive in the first nine months quarter of fiscal 2024 2025 and fiscal 2023. 2024.

9. 10. SEGMENT REPORTING AND GEOGRAPHIC INFORMATION

As described in Note 1, *Description of the Company* and Note 2, *Basis of Presentation*, 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, 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, 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 coils, cold heads 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		Nine Months Ended	
	March 2, 2024	**February 25, 2023**	**March 2, 2024**	**February 25, 2023**
PMT				
Net Sales	$ 31,163	$ 46,822	$ 98,199	$ 132,761
Gross Profit	8,815	15,404	29,231	44,950

GES				
Net Sales	11,531	11,471	18,534	32,275
Gross Profit	3,070	2,948	5,411	10,132
Canvys				
Net Sales	6,590	9,685	23,770	30,177
Gross Profit	2,265	3,103	8,070	9,364
Healthcare				
Net Sales	3,091	2,386	8,583	8,613
Gross Profit	1,286	950	2,530	2,837

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	Three Months Ended	
	August 31, 2024	September 2, 2023
PMT		
Net Sales	$ 34,202	$ 35,744
Gross Profit	10,202	11,511
GES		
Net Sales	8,086	4,394
Gross Profit	2,374	1,580
Canvys		
Net Sales	7,638	9,889
Gross Profit	2,621	3,365
Healthcare		
Net Sales	3,799	2,554
Gross Profit	1,229	808

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		Nine Months Ended		Three Months Ended	
	March 2, 2024	February 25, 2023	March 2, 2024	February 25, 2023	August 31, 2024	September 2, 2023
Net Sales						
North America	$ 21,456	$ 29,721	$ 57,772	$ 93,126	$ 23,007	$ 19,630
Asia/Pacific	12,116	14,999	34,988	47,859	10,655	12,812
Europe	16,081	15,886	46,542	47,816	17,262	15,752
Latin America	2,732	9,771	8,237	15,077	2,826	2,802
Other (1)	(10)	(13)	1,547	(52)	(25)	1,585
Total	$ 52,375	$ 70,364	$ 149,086	$ 203,826	$ 53,725	$ 52,581
Gross Profit						
North America	$ 8,362	$ 11,463	$ 21,620	$ 36,926	$ 8,976	$ 7,463
Asia/Pacific	2,902	4,664	10,217	14,985	3,336	4,143
Europe	4,824	5,132	14,105	14,417	4,869	4,859
Latin America	1,018	2,508	3,004	4,410	989	1,092

Other (1)	(1,670)	(1,362)	(3,704)	(3,455)	(1,744)	(293)
Total	$ 15,436	$ 22,405	$ 45,242	$ 67,283	$ 16,426	$ 17,264

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

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.

10. 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, events such as conflicts involving the Russia-Ukraine and Middle East, 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.

11. RELATED PARTY TRANSACTION

On June 15, 2015, the Company entered into a lease agreement for the IMES facility with LDL, LLC. That lease agreement was extended for five years in fiscal 2021. The Company is entitled to extend the term of the lease for an additional five-year renewal term by notifying the landlord in writing of its intention to do so within six months of the expiration of the term. The Executive Vice President of IMES, Lee A. McIntyre III (former owner of IMES), has an ownership interest in LDL, LLC. Mr. McIntyre departed from the Company in fiscal year 2023, effective as of September 24, 2022. The lease agreement provides for monthly payments over five years with total future minimum lease payments of $0.2 million. Rental expense related to this lease amounted to $0.1 million for the nine months ended March 2, 2024 and February 25, 2023. 14

ITEM 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", "continues", "estimate", "expect", "intend", "objective", "plan", "potential", "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 invasion of - Ukraine and related sanctions; 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 July 31, 2023 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 and nine-month month periods ended March 2, 2024 August 31, 2024, and February 25, 2023 September 2, 2023, as reflected in our unaudited consolidated statements of comprehensive income.
- **Liquidity, Financial Position and Capital Resources** – a discussion of our primary sources and uses of cash for the nine-month three month periods ended March 2, 2024 August 31, 2024 and February 25, 2023 September 2, 2023, and a discussion of changes in our financial position.

Business Overview

Richardson Electronics, Ltd. (the "Company", "we", "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. Nearly 55% 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. All our partners manufacture to our strict specifications and per our supplier code of conduct. 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 are imported into the United States. The Office of the United States Trade Representative ("USTR") instituted additional 10% to 25% tariffs on the importation of a number of products into the United States from China effective July 6, 2018, with additional products added August 23, 2018 and September 24, 2018. China. These additional 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 now subject to these additional duties of 25% when imported into the United States.

Management continues to work with its suppliers and as well as its customers to mitigate the impact of the tariffs in on our markets. 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, 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 coils, cold heads 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 9, 10, *Segment Reporting and Geographic Information*, to our unaudited consolidated financial statements for additional information on a discussion of the operating results by segment and reportable segments.

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

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RESULTS OF OPERATIONS

Financial Summary – Three Months Ended March 2, 2024 August 31, 2024

- The third first quarter of fiscal 2025 contained 13 weeks and the first quarter of fiscal 2024 and fiscal 2023 both contained 13 14 weeks.
- Net sales during the third first quarter of fiscal 2024 2025 were $52.4 million $53.7 million, a decrease an increase of 25.6% 2.2%, compared to net sales of $ million $52.6 million during the third first quarter of fiscal 2023. 2024.
- Gross margin decreased to 29.5% 30.6% during the third first quarter of fiscal 2024 2025 compared to 31.8% 32.8% during the third first quarter of fiscal 2023. 2024.
- Selling, general and administrative expenses were $14.4 million or 27.6% of net sales during the third quarter of fiscal 2024 compared to $14.8 million or 21.0% o sales during the third quarter of fiscal 2023.
- Operating income during the third quarter of fiscal 2024 was $1.0 million compared to operating income of $7.6 million during the third quarter of fiscal 2023.
- Net income during the third quarter of fiscal 2024 was $0.8 million compared to net income of $6.3 million during the third quarter of fiscal 2023.

Financial Summary – Nine Months Ended March 2, 2024

- The first nine months of fiscal 2024 contained 40 weeks and the first nine months of fiscal 2023 contained 39 weeks.
- Net sales during the first nine months of fiscal 2024 were $149.1 million, a decrease of 26.9%, compared to net sales of $203.8 million during the first nine montl fiscal 2023.
- Gross margin decreased to 30.3% during the first nine months of fiscal 2024 compared to 33.0% during the first nine months of fiscal 2023.
- Selling, general and administrative expenses were $44.7 million $16.1 million or 30.0% of net sales during the first nine months quarter of fiscal 2024 2025 compare $43.7 million $15.8 million or 21.4% 30.0% of net sales during the first nine months quarter of fiscal 2023. 2024.
- Operating income during the first nine months quarter of fiscal 2024 2025 was $0.5 million $0.3 million compared to operating income of $23.6 million $1.5 million du the first nine months quarter of fiscal 2023. 2024.
- Net income during the first nine months quarter of fiscal 2024 2025 was $0.2 million $0.6 million compared to net income of $18.2 million $1.2 million during the first months quarter of fiscal 2023. 2024.

Net Sales and Gross Profit Analysis

Net sales by segment and percent change during the third first quarter and first nine months of fiscal 2024 2025 and fiscal 2023 2024 were as follows (*in thousands*):

Net Sales	**Three Months Ended**		**FY24 vs. FY23**
	March 2, 2024	**February 25, 2023**	**% Change**
PMT	$ 31,163	$ 46,822	-33.4%
GES	11,531	11,471	0.5%
Canvys	6,590	9,685	-32.0%
Healthcare	3,091	2,386	29.5%

Total	$	52,375	$	70,364	-25.6 %

	Nine Months Ended				FY24 vs. FY23
	March 2, 2024		February 25, 2023		% Change
PMT	$	98,199	$	132,761	-26.0 %
GES		18,534		32,275	-42.6 %
Canvys		23,770		30,177	-21.2 %
Healthcare		8,583		8,613	-0.3 %
Total	$	149,086	$	203,826	-26.9 %

Net Sales	Three Months Ended				FY25 vs. FY24
	August 31, 2024		September 2, 2023		% Change
PMT	$	34,202	$	35,744	-4.3 %
GES		8,086		4,394	84.0 %
Canvys		7,638		9,889	-22.8 %
Healthcare		3,799		2,554	48.7 %
Total	$	53,725	$	52,581	2.2 %

During the third first quarter of fiscal 2024, 2025, consolidated net sales decreased 25.6% increased 2.2% compared to the third first quarter of fiscal 2023. 2024. Sales for PMT decreased 33.4 %, 4.3%, sales for GES increased 0.5% 84.0%, sales for Canvys decreased 32.0% 22.8% and sales for Healthcare increased 29.5% 48.7%. The decrease in PMT was mainly due to a cyclical downturn slower sales of electron devices slightly offset by growth in the semi-wafer fabrication industry. our Wafer Fab and RF and Microwave component businesses. The increase in GES was mainly due to increased shipments of power management products focused on battery modules for wind turbine and electric locomotive products. The decrease in Canvys was primarily due to customer pushouts in the North American market. The increase in Healthcare was primarily due to increases in parts and CT tube sales, partially offset by a decrease in equipment sales.

During the first nine months of fiscal 2024, consolidated net sales decreased 26.9% compared to the first nine months of fiscal 2023. Sales for PMT decreased 26.0%, sales for GES decreased 42.6%, sales for Canvys decreased 21.2% and sales for Healthcare decreased 0.3%. The decrease in sales for PMT was mainly due to a cyclical downturn in the semi-wafer fabrication industry. The decrease in sales for GES reflected the project-based nature of this segment and was mainly due to lower shipments of battery modules for wind turbine products in the first half of the year and the completion of the EV locomotive prototype build in fiscal 2023. The decrease in sales for Canvys was primarily due attributable to lower sales in the North American market. and European markets. The decrease in sales for Healthcare was primarily due to decreases in equipment sales, partially offset by an increase in CT tube sales. Healthcare reflected higher sales in all product lines.

Gross profit by segment and percent of net sales for the third first quarter and first nine months of fiscal 2024 2025 and fiscal 2023 2024 were as follows (*in thousands*):

Gross Profit	Three Months Ended					
	August 31, 2024		% of Net Sales	September 2, 2023		% of Net Sales
PMT	$	10,202	29.8 %	$	11,511	32.2 %
GES		2,374	29.4 %		1,580	36.0 %
Canvys		2,621	34.3 %		3,365	34.0 %
Healthcare		1,229	32.4 %		808	31.6 %
Total	$	16,426	30.6 %	$	17,264	32.8 %

Gross Profit	Three Months Ended					
	March 2, 2024		% of Net Sales	February 25, 2023		% of Net Sales
PMT	$	8,815	28.3 %	$	15,404	32.9 %
GES		3,070	26.6 %		2,948	25.7 %
Canvys		2,265	34.4 %		3,103	32.0 %
Healthcare		1,286	41.6 %		950	39.8 %
Total	$	15,436	29.5 %	$	22,405	31.8 %

Nine Months Ended

	Nine Months Ended			
	March 2, 2024	% of Net Sales	February 25, 2023	% of Net Sales
PMT	$ 29,231	29.8 %	$ 44,950	33.9 %
GES	5,411	29.2 %	10,132	31.4 %
Canvys	8,070	34.0 %	9,364	31.0 %
Healthcare	2,530	29.5 %	2,837	32.9 %
Total	$ 45,242	30.3 %	$ 67,283	33.0 %

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 decreased to $15.4 million $16.4 million during the third first quarter of fiscal 2024 2025 compared to $22.4 million $17.3 million during the third first quarter of fiscal 2023. 2024. Consolidated gross margin as a percentage of net sales decreased to 29.5% during the third first quarter of fiscal 2024 2025 decreased to 30.6% when compared to 31.8% 32.8% during the third first quarter of fiscal 2023. 2024. This decrease was mainly due to the unfavorable product mix and manufacturing under absorption in PMT and unfavorable product mix in GES with a partial offset from the favorable product mix in GES, Canvys and cost efficiencies in scrap and freight in Healthcare.

Consolidated gross profit decreased to $45.2 million during the first nine months of fiscal 2024 compared to $67.3 million during the first nine months of fiscal 2023. Consolidated gross margin as a percentage of net sales decreased to 30.3% during the first nine months of fiscal 2024 compared to 33.0% during the first nine months of fiscal 2023. This decrease was primarily due to unfavorable product mix and manufacturing under absorption in PMT, unfavorable product mix in GES, manufacturing under absorption and higher scrap in Healthcare with a partial offset from the favorable product mix in Canvys. 17

Power and Microwave Technologies

PMT net sales decreased 33.4% 4.3% to $31.2 million $34.2 million during the third first quarter of fiscal 2024 2025 from $46.8 million $35.7 million during the third first quarter of fiscal 2023. 2024. The decrease was mainly due to lower slower sales of semi-wafer fabrication products which mainly reflected the cyclical slowdown electron devices slightly offset by growth in that market. Gross margin as a percentage of net sales decreased to 28.3% during the third quarter of fiscal 2024 as compared to 32.9% during the third quarter of fiscal 2023 due to unfavorable product mix our Wafer Fab and manufacturing under absorption.

PMT net sales decreased 26.0% to $98.2 million during the first nine months of fiscal 2024 from $132.8 million during the first nine months of fiscal 2023. The decrease was due to lower sales of semi-wafer fabrication products reflecting the cyclical slowdown in that market. RF and Microwave component businesses. Gross margin as a percentage of net sales decreased to 29.8% during the first nine months quarter of fiscal 2024 2025 as compared to 33.9% 32.2% during the first nine months quarter of fiscal 2023 2024 due to unfavorable product mix and manufacturing under absorption.

Green Energy Solutions

GES net sales increased 0.5% 84.0% to $11.5 million $8.1 million during the third first quarter of fiscal 2024 compared to 2025 from $4.4 million during the third first quarter of fiscal 2023. 2024. The increase reflected the project-based nature of this segment and was mainly due to increased shipments of power management products focused on battery modules for wind turbine and electric locomotive products. Gross margin as a percentage of net sales increased decreased to 26.6% 29.4% during the third first quarter of fiscal 2024 2025 as compared to 25.7% 36.0% during the third first quarter of fiscal 2023 due to product mix.

GES net sales decreased 42.6% to $18.5 million during the first nine months of fiscal 2024 from $32.3 million during the first nine months of fiscal 2023. The decrease reflected the project-based nature of this segment and was mainly due to lower shipments of battery modules for wind turbine products in Q1 and Q2 and completion of our EV locomotive prototype build in fiscal 2023. Gross margin was 29.2% during the first nine months of fiscal 2024 as compared to 31.4% during the first nine months of fiscal 2023 due to product mix.

Canvys

Canvys net sales decreased 32.0% 22.8% to $6.6 million $7.6 million during the third first quarter of fiscal 2025 from $9.9 million during the first quarter of fiscal 2024, from $9.7 million during the third quarter of fiscal 2023, due to customer pushouts lower sales in both the North American market. and European markets. Gross margin as a percentage of net sales increased to 34.4% 34.3% during the third first quarter of fiscal 2024 2025 from 32.0% 34.0% during the third first quarter of fiscal 2023 2024 primarily due to improved product mix.

Canvys Healthcare

Healthcare net sales decreased 21.2% increased 48.7% to $23.8 million $3.8 million during the first nine months quarter of fiscal 2025 from $2.6 million during the first quarter of fiscal 2024 from $30.2 million during the first nine months of fiscal 2023, due to lower sales increases in the North American market. all Healthcare product lines. Gross margin as a percentage of net sales increased to 34.0% 32.4% during the first nine months quarter of fiscal 2024 from 31.0% 2025 as compared to 31.6% during the first nine months of fiscal 2023 primarily due to improved product mix and lower freight costs.

Healthcare

Healthcare net sales increased 29.5% to $3.1 million during the third quarter of fiscal 2024 from $2.4 million during the third quarter of fiscal 2023 primarily due to increases cost efficiencies in parts scrap and CT tube sales, partially offset by a decrease in equipment sales. Gross margin as a percentage of net sales increased to 41.6% during the third quarter of fiscal 2024 as compared to 39.8% during the third quarter of fiscal 2023 primarily due to product mix.

Healthcare net sales decreased 0.3% during the first nine months of fiscal 2024 from $8.6 million during the first nine months of fiscal 2023 primarily due to a decrease in equipment sales, partially offset by an increase in CT tube sales. Gross margin as a percentage of net sales decreased to 29.5% during the first nine months of fiscal 2024 as compared to 32.9% during the first nine months of fiscal 2023 primarily due to manufacturing under absorption and higher scrap expense. freight.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") decreased increased slightly to $14.4 million $16.1 million for the third first quarter of fiscal 2024 2025 when compared to $14.8 million $15.8 million for the year ago quarter. The decrease This increase of 2.0% from the third first quarter of fiscal 2023 2024 mainly reflected lower higher incentives due to financial performance partially offset by higher R&D expenses. sales growth. Expressed as a percentage of net sales, SG&A was 30.0% for the third first quarter of fiscal 2024 increased to 27.6% 2025 and remained unchanged compared to 21.0% for the third first quarter of fiscal 2023. 2024.

SG&A increased $1.0 million or 2.3% to $44.7 million for the first nine months of fiscal 2024 when compared to the prior year. The increase from the first nine months of fiscal 2023 mainly reflected higher salaries and R&D expenses, partially offset by lower incentive expense. Expressed as a percentage of net sales, SG&A for the first nine months of fiscal 2024 increased to 30.0% compared to 21.4% for the first nine months of fiscal 2023.

Other Income/Expense

Other expense income was less $0.1 million $0.3 million during the third first quarter of fiscal 2024, 2025, compared to other income of $0.4 million $0.1 million for the third first quarter of fiscal 2023. 2024. Other expense income during the third first quarter of fiscal 2024 2025 included interest income and foreign exchange losses. gains. 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 was $0.2 million during the first nine months of fiscal 2024, compared to other expense of $0.1 million for the first nine months of fiscal 2023. Other expense during the first nine months of fiscal 2024 included interest income 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.

Income Tax Provision

We recorded an income tax provision of $0.2 million $0.1 million and $1.7 million $0.4 million for the third quarter first three months of fiscal 2024 2025 and the third quarter first three months of fiscal 2023, 2024, respectively. The effective income tax rate during the third quarter first three months of fiscal 2024 2025 was 23.4% a tax provision of 9.0% as compared to 20.7% a tax provision of 23.7% during the third quarter first three months of fiscal 2023. 2024. The difference in rate during the third quarter first three months of fiscal 2024 2025 as compared to the third quarter first three months of fiscal 2023 2024 reflects changes in our geographical distribution of income (loss), which is primarily driven by a decrease in U.S. earnings for fiscal 2024 2025 and the state income tax provision, as well as an increase in the utilization of U.S. research and development credits. The 23.4% 9.0% effective income tax rate differs from the federal statutory rate of 21% as a result of our geographical distribution of income and (loss), as well as the utilization of the U.S. research and development credit.

We recorded an income tax provision of $0.1 million and $5.3 million for the first nine months of fiscal 2024 and the first nine months of fiscal 2023, respectively. The effective income tax rate during the first nine months of fiscal 2024 was a tax provision of 39.2% as compared to a tax provision of 22.5% during the first nine months of fiscal 2023. The difference in rate during the first nine months of fiscal 2024 as compared to the first nine months of fiscal 2023 reflects changes in our geographical distribution of income, which is primarily driven by a decrease in U.S. earnings for fiscal 2024, and the state income tax provision, as well as the U.S. research and development credits. The 39.2% effective income tax rate differs from the federal statutory rate of 21% as a result of our geographical distribution of income, which is primarily driven by a decrease in U.S. earnings for fiscal 2024, state income tax provision and the U.S. research and development credit.

In the normal course of business, we are subject to examination by taxing authorities throughout the world. Generally, years Years prior to fiscal 2019 2015 are closed for examination under the statute of limitation for U.S. federal and U.S. state and local or non-U.S. tax jurisdictions. Our primary foreign tax jurisdictions state. In the Netherlands, years prior to fiscal 2019 are closed for examination. We are under examination in Germany and the Netherlands. for fiscal years 2019 to 2022. We have tax years no current open audits in Germany beginning in fiscal 2019 and the Netherlands beginning in fiscal 2021. U.S.

The Company did not have any recorded a $0.3 million liability for uncertain tax positions as of March 2, 2024 and May 27, 2023 August 31, 2024. The uncertain tax positions totaled $0.1 million as of June 1, 2024. We record penalties and interest related to uncertain tax positions in the income tax expense line item within the consolidated statements Consolidated Statements of comprehensive loss when applicable. Comprehensive 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 August 31, 2024, respectively.

Net Income and Per Share Data

Net income during the third first quarter of fiscal 2024 2025 was $0.8 million $0.6 million, or $0.05 $0.04 per diluted common share and $0.05 $0.04 per Class B diluted common share as compared to net income of $6.3 million $1.2 million during the third first quarter of fiscal 2023 2024 or $0.44 $0.09 per diluted common share and $0.40 $0.08 per Class B diluted common share.

Net income during the first nine months of fiscal 2024 was $0.2 million, or $0.01 per diluted common share and $0.01 per Class B diluted common share as compared to net income of $18.2 million during the first nine months of fiscal 2023 or $1.27 per diluted common share and $1.15 per Class B diluted common share.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

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

Cash and cash equivalents were $18.9 million $23.0 million at March 2, 2024 August 31, 2024. Cash and cash equivalents by geographic area at March 2, 2024 August 31, 2024 consisted of $5.7 million $4.1 million in North America, $5.9 million $9.9 million in Europe, $1.0 million $1.2 million in Latin America and $6.3 million $7.8 million in Asia/Pacific. We No cash was repatriated $0.3 million to the United States in the second first quarter of fiscal 2024 from our entity in Mexico. 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 May 27, 2023 June 1, 2024, filed with the SEC on July 31, 2023 August 5, 2024, for further information.

Cash and cash equivalents were $25.0 million on May 27, 2023 $24.3 million at June 1, 2024. Cash and cash equivalents by geographic area on May 27, 2023 at June 1, 2024 consisted of $8.1 million $7.1 million in North America, $8.6 million $7.3 million in Europe, $1.5 million $1.1 million in Latin America and $6.8 million $8.8 million in Asia/Pacific. No funds were We repatriated $0.3 million to the United States in the second quarter of fiscal 2023 2024 from our foreign entities. 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 $3.7 million $1.0 million of the credit line to address short-term cash requirements and repaid that $3.7 million $1.0 million during the third first quarter of fiscal 2024. 2025. As of the end of the third first quarter for fiscal 2024 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 adjusted for non-cash items and changes in our operating assets and liabilities.

Operating activities used $0.7 million generated $0.4 million of cash during the first nine three months of fiscal 2024. 2025. We had a net income of $0.2 million $0.6 million during the first nine three months of fiscal 2024, 2025, which included non-cash stock-based compensation expense of $1.0 million $0.6 million associated with the issuance of stock option and restricted stock awards, inventory reserve provisions of $0.5 million $0.1 million, unrealized foreign exchange gain of $0.4 million and depreciation and amortization expense of $3.2 million $1.0 million associated with our property, plant and equipment and intangible assets. Changes in our operating assets and liabilities used $1.9 million in cash during the first three months of fiscal 2025, net of foreign currency exchange gains and losses included an increase in inventory of $0.1 million and an increase in accounts receivable of $5.9 million. Partially offsetting the cash utilization was an increase in accounts payable and accrued liabilities of $4.1 million. The increase in accounts receivable was primarily due to the higher level of sales for the current quarter compared to the prior quarter. The changes in accounts payable and accrued liabilities were timing related.

Operating activities generated $1.0 million of cash during the first three months of fiscal 2024. We had a net income of $1.2 million during the first three months of fiscal 2024, which included non-cash stock-based compensation expense of $0.5 million associated with the issuance of stock option and restricted stock awards, inventory reserve provisions of $0.1 million and depreciation and amortization expense of $1.0 million associated with our property and equipment as well as amortization of our intangible assets. Changes in our operating assets and liabilities used $5.7 million $1.8 million in cash during the first nine three months of fiscal 2024, net of foreign currency exchange gains and losses included an increase in inventory of $2.2 million $3.2 million, a decrease in accounts payable of $5.2 million $2.4 million and an increase a decrease in prepayments accrued liabilities of $0.1 million $1.1 million. Partially offsetting the cash utilization was a decrease were decreases in receivables of $1.0 million $4.5 million and an increase in accrued liabilities prepayments of $0.6 million $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 Healthcare. The changes decreases in accounts payable and accrued liabilities were timing related.

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Operating activities used $11.4 million of cash during the first nine months of fiscal 2023. We had a net income of $18.2 million during the first nine months of fiscal 2023, which included non-cash stock-based compensation expense of $0.7 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 $2.7 million associated with our property and equipment as well as amortization of our intangible assets. Changes in our operating assets and liabilities used $33.4 million in cash during the first nine months of fiscal 2023, net of foreign currency exchange gains and losses, included an increase in accounts receivable of $12.7 million, an increase in inventory of $21.8 million and an increase in prepaid expenses of $0.6 million. Partially offsetting the cash utilization for accounts receivable, inventory and prepaid expenses was an increase in accounts payable and accrued liabilities of $1.3 million. The increase in accounts receivable was primarily due to increased sales. The majority of the inventory increase supported the product growth in LaFox manufacturing, Green Energy Solutions and Canvys, in addition to increases in the inventory for electron tubes. The increase in accounts payable was related to the inventory increase and the increase in accrued liabilities was timing related.

Cash Flows from Investing Activities

Cash used in investing activities of $3.1 million $0.9 million during the first nine three 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 $1.1 million during the first three 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 provided by investing activities of $0.2 million during the first nine months of fiscal 2023 was mainly due to the proceeds from investment maturities as well as proceeds from the sale of assets partially offset by capital expenditures. Capital expenditures were primarily related to our IT system, as well as our LaFox manufacturing business and facilities, which also supports both EDG and Green Energy Solutions. The Company did not have any investment purchases in the first nine months of fiscal 2023.

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 $2.3 million $0.9 million during the first nine three months of fiscal 2025 primarily resulted from $0.9 million of dividend payments to stockholders partially offset by $0.1 million of proceeds from the issuance of stock.

Cash used by financing activities of $0.6 million during the first three months of fiscal 2024 primarily resulted from $2.5 million $0.8 million of dividend payments to stockholders partially offset by $0.3 million of proceeds from the issuance of stock.

Cash provided by financing activities Critical Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with U.S GAAP. Preparation of $0.9 million during these financial statements requires the first nine Company to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. The Company's most critical accounting policies and estimates are those most important to the portrayal of its financial condition and results of operations and which require the Company to make its most difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. Although management believes that its estimates and assumptions are reasonable, they are based on information available when they are made and, therefore, may differ from estimates made under different assumptions or conditions.

The Company's significant accounting policies are consistent with those discussed in Note 3, *Significant Accounting Policies and Disclosures*, to the consolidated financial statements and the MD&A section of the Company's fiscal 2024 Annual Report on Form 10-K (the "2024 Annual Report"). During the three months ended August 31, 2024, there were no significant changes in the application of fiscal 2023 primarily resulted from the $3.4 million proceeds from the issuance critical accounting policies.

Impact of stock less the $2.5 million of dividend payments to stockholders. 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.

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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 May 27, 2023, June 1, 2024 filed with the SEC on July 31, 2023 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 March 2, 2024 August 31, 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 third first quarter of fiscal 2024 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

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 May 27, 2023 June 1, 2024, filed with the SEC on July 31, 2023 August 5, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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:

Submission of Matters to Vote of Security Holders

We held our annual meeting of stockholders on October 8, 2024. At the annual meeting, our stockholders (i) elected each of the nominees listed below to the Company's Board of Directors to serve for a term expiring at the 2025 Annual Meeting; (ii) ratified the selection of BDO USA, P. C. as our independent registered public accounting firm for fiscal 2025; and (iii) approved, on an advisory basis, the compensation of the Company's named executive officers.

The final results for the votes regarding each proposal are set forth below:

1. The voting results with respect to the election of each director were as follows:

Nominee	For	Abstain/Withhold	Broker Non-Votes
Edward J. Richardson	25,048,700	3,048,851	1,932,766
Wendy S. Diddell	27,837,126	260,425	1,932,766
Jacques Belin	24,935,122	3,162,429	1,932,766
James Benham	24,935,237	3,162,314	1,932,766
Kenneth Halverson	24,936,927	3,160,624	1,932,766
Robert H. Kluge	26,111,151	1,986,400	1,932,766
Paul J. Plante	23,137,263	4,960,288	1,932,766

2. The voting results with respect to the ratification of the selection of BDO USA, P. C. as our independent registered public accounting firm for fiscal 2025 was approve 29,986,317 votes "FOR", 9,976 votes "AGAINST" and 34,024 votes "ABSTAIN/WITHHOLD".

3. The voting results with respect to the approval, on an advisory basis, the compensation of our Named Executive Officers was approved with 27,674,039 votes " 341,547 votes "AGAINST" and 81,965 votes "ABSTAIN/WITHHOLD" and 1,932,766 broker non-votes.

b) Not applicable.

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 third first quarter of fiscal 2024, 2025, filed with the SEC on April 11, 2024 October 10, 2024, 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 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: April 11, 2024 October 10, 2024

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 March 2, 2024 August 31, 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 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, res 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(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 m information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in whi 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 reas assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted acco 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 disc 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 regis 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 fi 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 th 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 aff 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: April 11, 2024 October 10, 2024

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 March 2, 2024 August 31, 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 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, res 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(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 m information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in whi 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 reas assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted acco 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 disc 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 regis 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 fi 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 th 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 aff 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: April 11, 2024 October 10, 2024

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 March 2, 2024 August 31, 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

April 11, October 10, 2024

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 March 2, 2024 August 31, 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

April 11, October 10, 2024