

Press Release

For Immediate Release

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# RICHARDSON ELECTRONICS REPORTS THIRD QUARTER FISCAL 2017 RESULTS AND DECLARES QUARTERLY CASH DIVIDEND

LaFox, IL, April 5, 2017: Richardson Electronics, Ltd. (NASDAQ: RELL) today reported financial results for its third quarter ended February 25, 2017. The Company also announced that its Board of Directors declared a \$0.06 per share quarterly cash dividend.

#### **Third Quarter Results**

Net sales for the third quarter of fiscal 2017 were \$32.3 million, an increase of 3.3%, compared to net sales of \$31.3 million in the prior year's third quarter. Sales increased \$1.8 million for PMT, primarily due to higher sales from new technology partners in power conversion and RF and microwave components as well as increased sales of specialty products sold into the semiconductor capital equipment market. This increase was partially offset by decreases of \$0.4 million in Richardson Healthcare and \$0.4 million in Canvys over the same period last year.

Gross margin increased to \$10.7 million, or 33.1% of net sales during the third quarter of fiscal 2017, compared to \$9.8 million, or 31.2% of net sales during the third quarter of fiscal 2016. Margin improved as a percent of net sales primarily due to higher PMT and Canvys margins as a result of an improved product mix.

Operating expenses decreased to \$12.0 million for the third quarter of fiscal 2017, compared to \$12.5 million for the third quarter of fiscal 2016. The decrease was due to reduced salaries, benefits and incentive compensation expenses. In addition, IT expenses were lower than in the third quarter of fiscal 2016.

As a result, operating loss for the third quarter of fiscal 2017 was \$1.3 million, compared to an operating loss of \$2.7 million in the prior year's third quarter.

Other expense for the both the third quarter of fiscal 2017 and fiscal 2016, including foreign exchange, was \$0.1 million.

The income tax benefit of less than \$0.1 million during the third quarter of fiscal 2017 reflected an adjustment to the provision for foreign income taxes and no U.S. tax benefit due to the valuation allowance recorded against the net operating loss.

Net loss for the third quarter of fiscal 2017 was \$1.4 million, compared to a net loss of \$2.9 million in the third quarter of 2016.

# FINANCIAL SUMMARY - NINE MONTHS ENDED FEBRUARY 25, 2017

- Net sales for the first nine months of fiscal 2017 were \$99.5 million, a decrease of 2.9%, compared to net sales of \$102.4 million during the first nine months of fiscal 2016. Sales decreased by \$2.9 million for Canvys, primarily due to declines in demand from key customers relating to market conditions.
- Gross margin increased to \$31.9 million, or 32.1% of net sales during the first nine months of fiscal 2017, compared to \$31.4 million, or 30.7% of net sales during the first nine months of fiscal 2016, mostly as a result of an improved product mix.
- Operating expenses decreased to \$37.7 million for the first nine months of fiscal 2017, compared to \$37.9 million for the first nine months of fiscal 2016. The first nine months of fiscal 2017 included \$1.3 million in severance expense associated with the reduction in work force during the second quarter of fiscal 2017, mostly offset by reduced salaries and incentive compensation expenses. In addition, IT expenses were nearly \$0.8 million lower than the first nine months of fiscal 2016.

- Operating loss during the first nine months of fiscal 2017 was \$5.8 million, compared to an operating loss of \$6.2 million during the first nine months of fiscal 2016. After excluding the severance expense of \$1.3 million, the operating loss would have been \$4.5 million for the first nine months of fiscal year 2017.
- Other expense for the first nine months of fiscal 2017, including foreign exchange, was \$0.2 million, compared to other income of \$0.4 million for the first nine months of fiscal 2016.
- The income tax provision of \$0.8 million for the first nine months of fiscal 2017 reflected a provision for foreign income taxes and no U.S. tax benefit due to the valuation allowance recorded against the net operating loss.
- Net loss for the first nine months of fiscal 2017 was \$6.8 million, compared to a net loss of \$6.6 million during the first nine months of fiscal 2016.

### CASH DIVIDEND

The Company also announced today that its Board of Directors declared a \$0.06 quarterly dividend per share to holders of common stock and a \$0.054 cash dividend per share to holders of Class B common stock. The dividend will be payable on May 24, 2017, to common stockholders of record on May 9, 2017.

Cash and investments at the end of the third quarter of fiscal 2017 were \$60.2 million compared to \$70.5 million at the end of the fourth quarter of fiscal 2016. During the third quarter of fiscal 2017, the Company did not repurchase any shares of its common stock under the existing share repurchase authorization. Since the sale of RFPD, the Company has spent \$65.6 million on share repurchases, nearly \$20 million on acquisitions, nearly \$19 million on dividends and \$5.4 million on purchases of Richardson Healthcare equipment. Currently, there are 10.7 million outstanding shares of common stock and 2.1 million outstanding shares of Class B common stock.

#### **OUTLOOK**

"We are pleased with the increase in net sales and gross margin as well as a decrease in operating expenses in the third quarter of fiscal 2017 as compared to the third quarter of fiscal 2016," said Edward J. Richardson, Chairman, Chief Executive Officer, and President. "We continue to focus on initiatives to grow revenue in the healthcare and power and microwave technologies markets, permanently take cost out of the organization, improve cash flow, and return the Company to profitability," Mr. Richardson concluded.

# **CONFERENCE CALL INFORMATION**

On Thursday, April 6, 2017, at 9:00 a.m. CT, Edward J. Richardson, Chairman and Chief Executive Officer, and Robert J. Ben, Chief Financial Officer, will host a conference call to discuss the Company's third quarter results for fiscal 2017. A question and answer session will be included as part of the call's agenda. To listen to the call, please dial (888) 419-5570 and enter passcode 94661906 approximately five minutes prior to the start of the call. A replay of the call will be available beginning at 12:00 a.m. CST on April 7, 2017, for seven days. The telephone numbers for the replay are (USA) (888) 286-8010 and (International) (617) 801-6888; passcode 69435224.

# FORWARD-LOOKING STATEMENTS

This release includes certain "forward-looking" statements as defined by the Securities and Exchange Commission. Statements in this press release regarding the Company's business which are not historical facts represent "forward-looking" statements that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K filed on July 29, 2016. The Company assumes no responsibility to update the "forward-looking" statements in this release as a result of new information, future events, or otherwise.

#### ABOUT RICHARDSON ELECTRONICS, LTD.

Richardson Electronics, Ltd. is a leading global provider of engineered solutions, power grid and microwave tubes and related consumables; power conversion and RF and microwave components; high value displays, flat panel detector solutions and replacement parts for diagnostic imaging equipment; and customized display solutions. 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. More information is available at www.rell.com.

Richardson Electronics common stock trades on the NASDAQ Global Select Market under the ticker symbol RELL.

# Richardson Electronics, Ltd. Consolidated Balance Sheets

(in thousands, except per share amounts)

February 25, 2017May 28, 2016AssetsCurrent assets:Cash and cash equivalents\$ 51,386\$ 60,454Accounts receivable, less allowance of \$375 and \$364\$ 21,24024,928Investories, net\$ 2,6471,758Deferred income tax receivable\$ 2217Investments - current\$ 6,3992,268Mon-current assets:\$ 124,554135,925Non-current assets:\$ 15,20812,986Property, plant and equipment, net\$ 15,20812,328Goodwill\$ 6,332\$ 6,332Investments - non-current\$ 3,5283,818Non-current assets:\$ 1,3051,270Investments - non-current\$ 2,876832,205Total non-current assets\$ 153,322\$ 168,130Liabilities\$ 153,322\$ 168,130Liabilities:\$ 21,06424,031Accounts payable\$ 2,3269,135Accounts payable\$ 2,3369,135Total non-current liabilities\$ 971\$ 2,424Non-current liabilities\$ 971\$ 2,444Total non-current liabilities\$ 971\$ 2,445Stockholders' equip\$ 355\$ 355Common stock, \$ 0,05 par value; issued and outstanding 10,708 shares at February 25, 2017, and at May 28, 2016\$ 5Common stock, \$ 0,05 par value; issued and outstanding 2,141\$ 535\$ 535Class B common stock, \$ 0,05 par value; issued and outstanding 2,141\$ 535\$ 535Chas as		U	naudited	A	Audited
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Current assets:         S         51,386         \$         60,454           Accounts receivable, less allowance of \$375 and \$364         21,240         24,928           Inventories, net         42,860         445,422           Prepaid expenses and other asets         2,647         1,758           Deferred income taxe         -         1,078           Income tax receivable         22         17           Investments - current         6,399         2,268           Total current assets         124,554         135,925           Non-current assets         135,02         6,332         6,332           Goodvill         6,332         6,332         6,332           Investments - non-current assets         1,305         1,270           Investments - non-current assets         2,395         7,799           Total non-current assets         2,395         7,799           Total assets         2,326         168,130           Liabilities and Stockholders' Equity         2,328         14,896           Accounts payable         12,328         14,896           Accounts payable         21,064         24,031           Non-current liabilities         275         1,457           Other non-current liabil			• /		
Cash and cash equivalents       \$ 51,386       \$ 60,454         Accounts receivable, less allowance of \$375 and \$364       21,240       24,928         Inventories, net       42,860       45,422         Prepaid expenses and other assets       2,647       1,758         Deferred income taxes	Assets				
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$\begin{tabular}{ c c c c c } \hline Income tax receivable & 122 & 17 \\ Investments - current & 6,399 & 2,268 \\ \hline Total current assets & 124,554 & 135,925 \\ \hline Non-current assets: & 15,208 & 12,986 \\ \hline Goodwill & 6,332 & 6,332 \\ Intangible assets, net & 3,528 & 3,818 \\ Non-current deferred income taxes & 1,305 & 1,270 \\ Investments - non-current & 2,395 & 7,799 \\ \hline Total non-current assets & 28,768 & 32,205 \\ \hline Total current liabilities & 21,064 & 24,031 \\ \hline Non-current derred income tax liabilities & 275 & 1,457 \\ Other non-current liabilities & 275 & 1,457 \\ Other non-current liabilities & 21,064 & 24,031 \\ \hline Non-current liabilities & 21,064 & 24,031 \\ \hline Non-current liabilities & 275 & 1,457 \\ Other non-current liabilities & 21,064 & 24,031 \\ \hline Non-current liabilities & 21,064 & 22,035 & 26,6455 \\ \hline Stockholders' equity & 0,05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,70 & 107 \\ \hline Preferred stock, $1,00 par value, no shares issued & - & - & - \\ Additional paid-in-capital & 59,353 & 535 \\ Class B common stock, in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016 & - & - & - \\ \hline Additional paid-in-capital & 59,353 & 58,969 \\ Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016 & - & - & - & - \\ \hline Additional paid-in-capital & 59,353 & 58,969 \\ Common stock in treasury, at$			2,647		
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Current liabilities:12,32814,896Accounts payable12,32814,896Accrued liabilities8,7369,135Total current liabilities21,06424,031Non-current liabilities:751,457Other non-current liabilities696967Total non-current liabilities9712,424Total liabilities9712,424Total liabilities9712,424Total liabilities9712,424Total liabilities9712,424Total liabilities22,03526,455Stockholders' equity535535Class B common stock, s0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016107shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued——Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——2016— <td>Total assets</td> <td>\$</td> <td>153,322</td> <td>\$</td> <td>168,130</td>	Total assets	\$	153,322	\$	168,130
Current liabilities:12,32814,896Accounts payable12,32814,896Accrued liabilities8,7369,135Total current liabilities21,06424,031Non-current liabilities:751,457Other non-current liabilities696967Total non-current liabilities9712,424Total liabilities9712,424Total liabilities9712,424Total liabilities9712,424Total liabilities9712,424Total liabilities22,03526,455Stockholders' equity535535Class B common stock, s0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016107shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued——Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——2016— <td>Liabilities and Stockholders' Equity</td> <td></td> <td></td> <td></td> <td></td>	Liabilities and Stockholders' Equity				
Accrued liabilities $8,736$ $9,135$ Total current liabilities $21,064$ $24,031$ Non-current liabilities $21,064$ $24,031$ Non-current liabilities $275$ $1,457$ Other non-current liabilities $696$ $967$ Total non-current liabilities $971$ $2,424$ Total liabilities $22,035$ $26,455$ Stockholders' equityCommon stock, \$0.05 par value; issued and outstanding 10,708 shares at February $25, 2017, and 10,703$ shares at May 28, 2016 $535$ $535$ Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 $59,353$ $58,969$ $58,969$ Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016, acumulated other comprehensive income $70,216$ $79,292$ Accumulated other comprehensive income $1,076$ $2,772$ $141,675$	Current liabilities:				
Total current liabilities21,06424,031Non-current liabilities:2751,457Other non-current liabilities696967Total non-current liabilities9712,424Total liabilities22,03526,455Stockholders' equity25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, s0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,9692016Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Retained earnings70,21679,2922016Accumulated other comprehensive income1,0762,772141,675Total stockholders' equity131,287141,675141,675	Accounts payable		12,328		14,896
Non-current liabilities: Non-current deferred income tax liabilities2751,457Other non-current liabilities696967Total non-current liabilities9712,424Total liabilities22,03526,455Stockholders' equity Common stock, \$0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 201659,35358,969Retained earnings Accumulated other comprehensive income70,21679,29279,292Accumulated other comprehensive income1,0762,772141,675	Accrued liabilities		8,736		9,135
Non-current deferred income tax liabilities2751,457Other non-current liabilities696967Total non-current liabilities9712,424Total liabilities22,03526,455Stockholders' equity25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141535535shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued——Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	Total current liabilities		21,064		24,031
Other non-current liabilities696967Total non-current liabilities9712,424Total liabilities22,03526,455Stockholders' equity25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141547107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,96958,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	Non-current liabilities:				
Total non-current liabilities9712,424Total liabilities22,03526,455Stockholders' equityCommon stock, \$0.05 par value; issued and outstanding 10,708 shares at February25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141540107107shares at February 25, 2017, and at May 28, 2016107107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,96958,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016———Retained earnings70,21679,29270,21679,292Accumulated other comprehensive income1,0762,772141,675	Non-current deferred income tax liabilities		275		1,457
Total liabilities22,03526,455Stockholders' equity Common stock, \$0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016———Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772131,287141,675	Other non-current liabilities		696		967
Total liabilities22,03526,455Stockholders' equity Common stock, \$0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016———Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772131,287141,675	Total non-current liabilities		971		2,424
Common stock, \$0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 201659,35358,969Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	Total liabilities		22,035		
Common stock, \$0.05 par value; issued and outstanding 10,708 shares at February 25, 2017, and 10,703 shares at May 28, 2016535535Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 201659,35358,969Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	Stockholders' equity				<u> </u>
Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141 shares at February 25, 2017, and at May 28, 2016107107Preferred stock, \$1.00 par value, no shares issued———Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675					
shares at February 25, 2017, and at May 28, 2016       107       107         Preferred stock, \$1.00 par value, no shares issued       —       —         Additional paid-in-capital       59,353       58,969         Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016       —       —         Retained earnings       70,216       79,292         Accumulated other comprehensive income       1,076       2,772         Total stockholders' equity       131,287       141,675	25, 2017, and 10,703 shares at May 28, 2016		535		535
Preferred stock, \$1.00 par value, no shares issued——Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,141				
Additional paid-in-capital59,35358,969Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016——Retained earnings70,21679,292Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	shares at February 25, 2017, and at May 28, 2016		107		107
Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28, 2016	Preferred stock, \$1.00 par value, no shares issued		_		
2016	Additional paid-in-capital		59,353		58,969
Retained earnings       70,216       79,292         Accumulated other comprehensive income       1,076       2,772         Total stockholders' equity       131,287       141,675	Common stock in treasury, at cost, no shares at February 25, 2017, and at May 28,				
Accumulated other comprehensive income1,0762,772Total stockholders' equity131,287141,675	2016				
Total stockholders' equity131,287141,675					79,292
1 V					2,772
Total liabilities and stockholders' equity\$ 153,322\$ 168,130	Total stockholders' equity		131,287		141,675
	Total liabilities and stockholders' equity	\$	153,322	\$	168,130

# **Richardson Electronics, Ltd. Unaudited Consolidated Statements of Comprehensive Loss**

(in thousands, except per share amounts)

	Three Months Ended			Nine Months Ended				
		ruary 25, 2017	February 27, 2016		February 25, 2017		February 27, 2016	
Statements of Comprehensive Loss								
Net sales	\$	32,313	\$	31,291	\$	99,513	\$	102,448
Cost of sales		21,621		21,541		67,617		71,001
Gross profit		10,692		9,750		31,896		31,447
Selling, general, and administrative expenses		12,002		12,471		37,697		37,938
Gain on disposal of assets								(244)
<b>Operating loss</b>		(1,310)		(2,721)		(5,801)		(6,247)
Other (income) expense:								
Investment/interest income		(67)		(131)		(129)		(433)
Foreign exchange loss		214		265		311		108
Other, net		(16)		(40)				(53)
Total other (income) expense		131		94		182		(378)
Loss before income taxes		(1,441)		(2,815)		(5,983)		(5,869)
Income tax provision (benefit)		(10)		111		820		742
Net loss		(1,431)		(2,926)	-	(6,803)		(6,611)
Foreign currency translation gain (loss), net of tax		508		240		(1,736)		(1,912)
Fair value adjustments on investments gain (loss)	<u>_</u>	27	<u>_</u>	(47)	<u>_</u>	40	<u>_</u>	(79)
Comprehensive loss	\$	(896)	\$	(2,733)	\$	(8,499)	\$	(8,602)
Loss per share:	۴	(0.11)	٩	(0.00)	¢	(0.5.1)	¢	(0.51)
Common shares - Basic	\$	(0.11)	\$	(0.23)	\$	(0.54)	\$	(0.51)
Class B common shares - Basic	\$	(0.10)	\$	(0.21)	\$	(0.48)	\$	(0.46)
Common shares - Diluted	\$	(0.11)	\$	(0.23)	\$	(0.54)	\$	(0.51)
Class B common shares - Diluted	\$	(0.10)	\$	(0.21)	\$	(0.48)	\$	(0.46)
Weighted average number of shares:								
Common shares - Basic		10,706		10,701		10,704		10,976
Class B common shares - Basic		2,141		2,141		2,141		2,141
Common shares - Diluted		10,706		10,701		10,704		10,976
Class B common shares - Diluted		2,141		2,141		2,141		2,141
Dividends per common share	\$	0.060	\$	0.060	\$	0.180	\$	0.180
Dividends per Class B common share	\$	0.054	\$	0.054	\$	0.162	\$	0.162

# Richardson Electronics, Ltd. Unaudited Consolidated Statements of Cash Flows

(in thousands)

	Three Months Ended			Nine Months Ended					
		February 25, 2017		February 27, 2016		February 25, 2017		February 27, 2016	
Operating activities:									
Net loss	\$	(1,431)	\$	(2,926)	\$	(6,803)	\$	(6,611)	
Adjustments to reconcile net loss to cash used in									
operating activities:									
Depreciation and amortization		703		583		2,020		1,865	
(Gain) loss on sale of investments		(8)		21		(2)		2	
Gain on disposal of assets				—				(244)	
Share-based compensation expense		75		119		354		434	
Deferred income taxes		121		(82)		(188)		173	
Change in assets and liabilities, net of effect of									
acquired business:									
Accounts receivable		(717)		282		3,217		311	
Income tax receivable				187		(5)		851	
Inventories		306		(2,164)		1,898		(5,636)	
Prepaid expenses and other assets		80		1		(961)		(443)	
Accounts payable		849		(986)		(2,372)		(2,976)	
Accrued liabilities		(1,118)		(871)		(2,372)		(2,071)	
Long-term liabilities-accrued pension		(1,110)		(871)		(230)			
Other		(125)		125		(107)		(465)	
		(125)		125		(107)		256	
Net cash used in operating activities		(1,265)		(5,711)		(3,205)		(14,554)	
Investing activities:									
Cash consideration paid for acquired									
business								(12,209)	
Capital expenditures		(764)		(1,267)		(4,063)		(3,043)	
Proceeds from sale of assets								402	
Proceeds from maturity of investments						3,582		25,584	
Purchases of investments						(2,136)		(2,151)	
Proceeds from sales of available-for-sale						,			
securities		78		106		225		250	
Purchases of available-for-sale securities		(78)		(106)		(225)		(250)	
Other		(3)		(49)		(9)		(17)	
Net cash (used in) provided by investing	-	(3)		(12)		()		(17)	
activities		(767)		(1,316)		(2,626)		8,566	
		(101)		(1,510)		(2,020)		0,500	
Financing activities:								(5.015)	
Repurchase of common stock								(5,015)	
Proceeds from issuance of common stock		30		21		30		142	
Cash dividends paid		(758)		(758)		(2,273)		(2,321)	
Other								(4)	
Net cash used in financing activities		(728)		(737)		(2,243)		(7,198)	
Effect of exchange rate changes on cash									
and cash equivalents		35		106		(994)		(1,144)	
Decrease in cash and cash equivalents		(2,725)		(7,658)		(9,068)		(14,330)	
Cash and cash equivalents at beginning of		( ))		( ))		( ))		( ,== ))	
period		54,111		67,863		60,454		74,535	
Cash and cash equivalents at end of				07,000		00,101		1 1,000	
period	¢	51 296	¢	60 205	¢	51 296	¢	60 205	
herion	φ	51,386	φ	60,205	φ	51,386	\$	60,205	

# Richardson Electronics, Ltd. Net Sales and Gross Profit For the Third Quarter and First Nine Months of Fiscal 2017 and Fiscal 2016 (in thousands)

# By Strategic Business Unit:

<u>Net Sales</u>	Q3 FY 2017		Q3 FY 2016	% Change
РМТ	\$ 24,763		\$ 23,008	7.6%
Canvys	4,824		\$ 23,008 5,190	-7.1%
Healthcare	2,726		3,093	-11.9%
Total	\$ 32,313		\$ 31,291	3.3%
	YTD		YTD	
	FY 2017		FY 2016	% Change
PMT	\$ 75,373		\$ 75,365	0.0%
Canvys	14,883		17,773	-16.3%
Healthcare	9,257		9,310	-0.6%
Total	\$ 99,513		\$ 102,448	-2.9%
Gross Profit	03	% of Net	03	% of Net
<u>Gross Profit</u>	Q3 FY 2017	% of Net Sales	Q3 FY 2016	% of Net Sales
<u>Gross Profit</u> PMT	-	/ * * = = * * * *		
	FY 2017	Sales	FY 2016	Sales
PMT	<b>FY 2017</b> \$ 8,075	<u>Sales</u> 32.6%	<b>FY 2016</b> \$ 7,140	Sales 31.0%
PMT Canvys	<b>FY 2017</b> \$ 8,075 1,331	Sales 32.6% 27.6%	<b>FY 2016</b> \$ 7,140 1,204	Sales 31.0% 23.2%
PMT Canvys Healthcare Total	<b>FY 2017</b> \$ 8,075 1,331 1,286	Sales 32.6% 27.6% 47.2%	<b>FY 2016</b> \$ 7,140 1,204 1,406	Sales 31.0% 23.2% 45.5%
PMT Canvys Healthcare	FY 2017           \$ 8,075           1,331           1,286           \$ 10,692	Sales 32.6% 27.6% 47.2% 33.1%	FY 2016           \$ 7,140           1,204           1,406           \$ 9,750	Sales           31.0%           23.2%           45.5%           31.2%
PMT Canvys Healthcare Total	FY 2017 \$ 8,075 1,331 1,286 \$ 10,692 YTD	Sales 32.6% 27.6% 47.2% 33.1% % of Net	FY 2016 \$ 7,140 1,204 1,406 \$ 9,750 YTD	Sales 31.0% 23.2% 45.5% 31.2% % of Net
PMT Canvys Healthcare Total <u>Gross Profit</u>	FY 2017 \$ 8,075 1,331 1,286 \$ 10,692 YTD FY 2017	Sales           32.6%           27.6%           47.2%           33.1%           % of Net           Sales	FY 2016 \$ 7,140 1,204 1,406 \$ 9,750 YTD FY 2016	Sales           31.0%           23.2%           45.5%           31.2%           % of Net           Sales
PMT Canvys Healthcare Total Gross Profit PMT	FY 2017         \$ 8,075         1,331         1,286         \$ 10,692         YTD         FY 2017         \$ 23,803	Sales           32.6%           27.6%           47.2%           33.1%           % of Net           Sales           31.6%	FY 2016         \$ 7,140         1,204         1,406         \$ 9,750         YTD         FY 2016         \$ 22,793	Sales           31.0%           23.2%           45.5%           31.2%           % of Net           Sales           30.2%