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 August 31, 2019

OR

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

For the transition period from _________ To _________

Commission File Number: 0-12906

RICHARDSON ELECTRONICS, LTD.

(Exact name of registrant as specified in its charter)

Delaware	**36-2096643**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

40W267 Keslinger Road, P.O. Box 393
LaFox, Illinois 60147-0393
(Address of principal executive offices)

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-Accelerated Filer	☐	Smaller Reporting Company	☒
Emerging Growth Company	☐		

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

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

As of October 8, 2019, there were outstanding 11,038,235 shares of Common Stock, $0.05 par value and 2,096,919 shares of Class B Common Stock, $0.05 par value, which are convertible into Common Stock of the registrant on a share for share basis.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Richardson Electronics, Ltd.
Consolidated Balance Sheets
(in thousands, except per share amounts)

	Unaudited August 31, 2019	Audited June 1, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 46,457	$ 42,019
Accounts receivable, less allowance of $296 and $339, respectively	21,946	24,296
Inventories, net	54,137	53,232
Prepaid expenses and other assets	2,424	3,067
Investments - current	—	8,000
Total current assets	**124,964**	**130,614**
Non-current assets:		
Property, plant and equipment, net	18,640	19,111
Intangible assets, net	2,696	2,763
Lease ROU asset	4,107	—
Non-current deferred income taxes	579	529
Total non-current assets	**26,022**	**22,403**
Total assets	**$ 150,986**	**$ 153,017**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 12,906	$ 16,943
Accrued liabilities	10,338	11,273
Lease liability current	1,541	—
Total current liabilities	**24,785**	**28,216**
Non-current liabilities:		
Non-current deferred income tax liabilities	216	212
Lease liability non-current	2,678	—
Other non-current liabilities	692	832
Total non-current liabilities	**3,586**	**1,044**
Total liabilities	**28,371**	**29,260**
Stockholders' equity		
Common stock, $0.05 par value; issued and outstanding 11,029 shares at August 31, 2019 and 10,957 shares at June 1, 2019	551	547
Class B common stock, convertible, $0.05 par value; issued and outstanding 2,097 shares at August 31, 2019 and June 1, 2019	105	105
Preferred stock, $1.00 par value, no shares issued	—	—
Additional paid-in-capital	61,200	61,012
Common stock in treasury, at cost, no shares at August 31, 2019 and June 1, 2019	—	—
Retained earnings	59,085	59,703
Accumulated other comprehensive income	1,674	2,390
Total stockholders' equity	**122,615**	**123,757**
Total liabilities and stockholders' equity	**$ 150,986**	**$ 153,017**

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

	Three Months Ended	
	August 31, 2019	**September 1, 2018**
Statements of Comprehensive Loss		
Net sales	$ 40,653	$ 44,157
Cost of sales	27,702	30,204
Gross profit	**12,951**	**13,953**
Selling, general and administrative expenses	12,847	13,099
Loss on disposal of assets	1	—
Operating income	**103**	**854**
Other (income) expense:		
Investment/interest income	(120)	(126)
Foreign exchange (gain) loss	(110)	286
Other, net	(1)	(8)
Total other (income) expense	(231)	152
Income before income taxes	334	702
Income tax provision	177	271
Net income	**157**	**431**
Foreign currency translation loss, net of tax	(716)	(740)
Comprehensive loss	**$ (559)**	**$ (309)**
Net income per share		
Common shares - Basic	$ 0.01	$ 0.03
Class B common shares - Basic	$ 0.01	$ 0.03
Common shares - Diluted	$ 0.01	$ 0.03
Class B common shares - Diluted	$ 0.01	$ 0.03
Weighted average number of shares:		
Common shares – Basic	10,990	10,829
Class B common shares – Basic	2,097	2,132
Common shares – Diluted	10,990	10,982
Class B common shares – Diluted	2,097	2,132
Dividends per common share	**$ 0.060**	**$ 0.060**
Dividends per Class B common share	**$ 0.054**	**$ 0.054**

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

	Three Months Ended	
	August 31, 2019	**September 1, 2018**
Operating activities:		
Net income	$ 157	$ 431
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	833	764
Inventory provisions	161	215
Loss on disposal of assets	1	—
Share-based compensation expense	188	165
Deferred income taxes	(48)	58
Change in assets and liabilities:		
Accounts receivable	2,161	(198)
Inventories	(1,357)	77
Prepaid expenses and other assets	625	37
Accounts payable	(3,955)	(5,419)
Accrued liabilities	(876)	227
Other	56	13
Net cash used in operating activities	**(2,054)**	**(3,630)**
Investing activities:		
Capital expenditures	(339)	(1,072)
Proceeds from maturity of investments	8,000	—
Purchases of investments	—	(2,300)
Net cash provided by (used in) investing activities	**7,661**	**(3,372)**
Financing activities:		
Proceeds from issuance of common stock	—	192
Cash dividends paid	(775)	(764)
Payment of financing lease principal	(30)	—
Other	4	—
Net cash used in financing activities	**(801)**	**(572)**
Effect of exchange rate changes on cash and cash equivalents	(368)	(413)
Increase (decrease) in cash and cash equivalents	**4,438**	**(7,987)**
Cash and cash equivalents at beginning of period	42,019	60,465
Cash and cash equivalents at end of period	**$ 46,457**	**$ 52,478**

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	Common Stock in Treasury	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance June 1, 2019:	**10,957**	**2,097**	**$ 652**	**$ 61,012**	**$ —**	**$ 59,703**	**$ 2,390**	**$123,757**
Comprehensive (loss) income								
Net income	—	—	—	—	—	157	—	157
Foreign currency translation	—	—	—	—	—	—	(716)	(716)
Share-based compensation:								
Restricted stock	—	—	—	99	—	—	—	99
Stock options	—	—	—	89	—	—	—	89
Common stock:								
Restricted stock issuance	72	—	4	—	—	—	—	4
Dividends paid to:								
Common ($0.060 per share)	—	—	—	—	—	(662)	—	(662)
Class B ($0.054 per share)	—	—	—	—	—	(113)	—	(113)
Balance August 31, 2019:	**11,029**	**2,097**	**$ 656**	**$ 61,200**	**$ —**	**$ 59,085**	**$ 1,674**	**$122,615**

RICHARDSON ELECTRONICS, LTD.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY

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 flat panel detector solutions, replacement parts, tubes and service training 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.

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.

We have three operating and reportable segments, which we define as follows:

Power and Microwave Technologies Group ("PMT") combines our core engineered solutions capabilities, power grid and microwave tube business with new RF, Wireless and disruptive power technologies. As a 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, alternative energy, 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.

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-ones, 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, refurbishes and distributes high value replacement parts 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; 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 and deliver better clinical outcomes while lowering the cost of healthcare delivery.

We currently have operations in 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 first three months of fiscal 2020 and fiscal 2019 both contained 13 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 such rules and regulations. The results of our operations for the three months ended August 31, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending May 30, 2020.

The financial information contained in this report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended June 1, 2019, that we filed on August 5, 2019.

3. 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 $48.5 million of finished goods, $4.0 million of raw materials and $1.6 million of work-in-progress as of August 31, 2019, as compared to approximately $47.2 million of finished goods, $4.2 million of raw materials and $1.8 million of work-in-progress as of June 1, 2019.

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 $4.6 million as of August 31, 2019 and June 1, 2019.

Revenue Recognition: Our product sales are recognized as revenue upon shipment, when title passes to the customer, when delivery has occurred or services have been rendered and when collectability is reasonably assured. We also record estimated discounts and returns based on our historical experience. Our products are often manufactured to meet the specific design needs of our customers' applications. Our engineers work closely with customers to ensure that our products will meet their needs. Our customers are under no obligation to compensate us for designing the products we sell.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers*, which amends guidance for revenue recognition. ASU 2014-09 is principles based guidance that can be applied to all contracts with customers, enhancing comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principle of the guidance is that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The guidance details the steps entities should apply to achieve the core principle. In August 2015, the FASB issued an amendment to defer the effective date for all entities by one year. For public entities, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted as of annual reporting periods beginning after December 15, 2016. Companies have the option of using either a full or modified retrospective approach in applying this standard. During fiscal 2016 and 2017, the FASB issued four additional updates which further clarify the guidance provided in ASU 2014-09.

Effective June 3, 2018, the Company adopted the standard using the modified retrospective method to all contracts. As a result, financial information for the reporting period beginning June 3, 2018 was reported under the new standard, while comparative financial information has not been adjusted and continues to be reported in accordance with the previous standard. The adoption of this standard did not impact the timing of revenue recognition for our customer sales. The adoption did not result in the recognition of a cumulative adjustment to beginning retained earnings, nor did it have a material impact on the consolidated financial statements. For the Company, the most significant impact of the new standard is the addition of required disclosures within the notes to the financial statements.

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 on quoted market prices in active markets, if available, or 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 trade name, customer relationships, non-compete agreements and technology acquired in connection with our acquisitions.

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

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

	August 31, 2019	June 1, 2019
Compensation and payroll taxes	$ 3,469	$ 2,846
Accrued severance	487	520
Professional fees	523	471
Deferred revenue	1,750	2,260
Other accrued expenses	4,109	5,176
Accrued Liabilities	**$ 10,338**	**$ 11,273**

4. REVENUE RECOGNITION

Richardson has a number of defined revenue streams across our reportable segments. For each of these revenue streams, all products are typically sold directly by the Company to the end customer. Distribution is the Company's largest revenue stream. The distribution business does not include a separate service bundled with the product sold or sold on top of the product. Distribution typically includes products purchased from our suppliers, stocked in our warehouses and then sold to our customers. 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 of, 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.

The Company also sells 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.

The Company recognizes services revenue when the repair, installation or training is performed. Based on our analysis of services revenue, ASU 2014-09 has an immaterial impact on the timing, amount or characterization of services revenue recognized by the Company. The services we provide are relatively short in duration and typically completed in one to two weeks. Therefore, at each reporting date, the amount of unbilled work performed 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 contract is an agreement between two or more parties that creates enforceable rights and obligations. A revenue contract exists for us once a customer purchase order is received, reviewed and accepted. 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. Contract assets arise when the Company transfers a good or performs a service in advance of receiving consideration from the customer and contract liabilities arise when the Company receives consideration from its customer in advance of performance.

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

	June 1, 2019	Additions	Revenue Recognized	August 31, 2019
Contract liabilities (deferred revenue)	$ 2,260	$ 581	$ (1,091)	$ 1,750

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 consolidated balance sheets.

Performance obligations and satisfaction of performance obligation in the contract

Each accepted purchase order identifies a distinct good or service as the performance obligation. The goods are generally standard products we purchased from a supplier and stocked on our shelves. They can also be customized products purchased from a supplier or products that are customized or have value added to them in-house prior to shipping to the customer. 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 do not require, upon cancelation, the customer to pay fees that are commensurate with the work performed. Each purchase order explicitly states the goods or service that we promise to transfer to the customer. The promises to the customer are limited only to those goods or service. 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. For shipping point, Richardson is making the election under ASC 606-10-25-18B 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. 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.

Determine the transaction price and variable consideration

The transaction price for each product is the amount invoiced to the customer. Each product on a purchase order is a separate performance obligation with an observable standalone selling price. The transaction price is a fixed price per unit, except for the variable consideration. The Company elects to exclude sales tax from the transaction price. With the exception of sale with right of return, variable consideration has been identified only in the form of customer early payment discounts, which are immaterial to the Company's financial statements. Although there is not a material impact on our financial statements, we will continue to account for customer discounts when they are taken by the customer and address further if they grow.

Recognize revenue when the entity satisfies a performance obligation

We recognize revenue when title transfers to the customer, at the shipping point for FOB shipping contracts and at the customer's delivery location for FOB destination contracts. We believe that the transfer of title best represents when the customer obtains control of the goods. Prior to that date, we do not have right to payment, and the significant risks and rewards remain with us. The significant risks and rewards of ownership of the inventory transfer simultaneously with the transfer of title. The customer's acceptance of the goods is based on objective measurements, not subjective.

Additional considerations

Sale with right of return:

Our return policy is available to customers in our terms and conditions found on our website www.rell.com. The policy varies by business unit. The Company allows returns with prior written authorization and we allow returns within 10 days of shipment for replacement parts.

The Company maintains a reserve for returns based on historical trends that covers all contracts and revenue streams using the expected value method because we have a large number of contracts with similar characteristics, which is considered variable consideration. The reserve for returns creates a refund liability on our balance sheet as a contra Trade Accounts Receivable as well as an asset in inventory. We value the inventory at cost due to there being minimal or no costs to the Company as we generally require the customer to pay freight and we typically do not have costs associated with activities such as relabeling or repackaging.

The reserve is considered immaterial at each balance sheet date for further consideration. Returns for defective product are typically covered by our supplier's warranty, thus, returns for defective product are not factored into our reserve.

Warranties:

We offer warranties for the limited number of specific products we manufacture. Our warranty terms generally range from one to three years. We estimate the cost to perform under the warranty obligation and recognize this estimated cost at the time of sale. Each quarter, we assess actual warranty costs incurred on a product-by-product basis and compare the warranty costs to our estimated warranty reserve. With respect to new products, estimates are based generally on knowledge of the products and warranty experience, if a sufficient history exists. See Note 7, *Warranties,* for further information regarding the impact of warranties concerning ASU 2014-09.

Principal versus agent considerations:

Principal versus agent guidance was considered for customized products that are provided by our suppliers versus manufactured by the Company. Richardson acts as the principal as we are responsible for satisfying the performance obligation. We have primary responsibility for fulfilling the contract, we have inventory risk prior to delivery to our customer, we establish prices, our consideration is not in the form of a commission and we bear the credit risk. The Company recognizes revenue in the gross amount of consideration.

See Note 11, *Segment Reporting,* 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.

5. INTANGIBLE ASSETS

Intangible assets are initially recorded at their fair market values determined by quoted market prices in active markets, if available, or recognized valuation models. Intangible assets that have finite useful lives are amortized over their useful lives and are tested for impairment when events or changes in circumstances occur that indicate possible impairment.

Our intangible assets represent the fair value for trade name, customer relationships, non-compete agreements and technology acquired in connection with our acquisitions. Intangible assets subject to amortization were as follows *(in thousands)*:

	August 31, 2019	June 1, 2019
Gross Amounts:		
Trade Name	$ 659	$ 659
Customer Relationships[(1)]	3,384	3,394
Non-compete Agreements	177	177
Technology	230	230
Total Gross Amounts	$ 4,450	$ 4,460
Accumulated Amortization:		
Trade Name	$ 659	$ 659
Customer Relationships	841	796
Non-compete Agreements	144	139
Technology	110	103
Total Accumulated Amortization	$ 1,754	$ 1,697
Net Intangible Assets	$ 2,696	$ 2,763

(1) Change from prior periods reflect impact of foreign currency translation.

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

Fiscal Year	Amortization Expense
Remaining 2020	$ 192
2021	245
2022	251
2023	245
2024	231
Thereafter	1,532
Total amortization expense	$ 2,696

The weighted average number of years of amortization expense remaining is 14.3 years.

6. INVESTMENTS

As of August 31, 2019, we had no investments.

As of June 1, 2019, we had $8.0 million invested in CDs which mature in less than twelve months. The fair value of these investments was equal to the face value of the CDs.

7. WARRANTIES

We offer warranties for the limited number of specific products we manufacture. Our warranty terms generally range from one to three years.

We estimate the cost to perform under the warranty obligation and recognize this estimated cost at the time of the related product sale. We record expense related to our warranty obligations as cost of sales in our consolidated statements of comprehensive loss. 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, if a sufficient history exists.

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 consolidated balance sheets. The warranty reserves are determined based on known product failures, historical experience and other available evidence. Warranty reserves were approximately $0.3 million as of August 31, 2019 and June 1, 2019.

8. LEASE OBLIGATIONS, OTHER COMMITMENTS AND CONTINGENCIES

In February 2016, the FASB issued ASU 2016-02 ("ASU 2016-02"), *Leases* ("Topic 842"). ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company elects the practical expedients (which must be elected as a package and applied consistently to all of our leases) for which we will not reassess: (1) whether any expired or existing contracts are or contains leases, (2) the lease classification for any expired or existing leases and (3) the initial indirect costs for any existing leases. We have also elected the practical expedient to combine lease and non-lease components for all of our leases. We have adopted an accounting policy to not apply the requirements of Topic 842 to leases with a term of 12 months or less, which the Company has within our facility leases. Short-term leases will be reassessed if events occur that disqualify them from short-term status.

The new standard was effective for the Company on June 2, 2019. The FASB issued ASU 2018-11, targeted improvements to Topic 842, which includes an option to not restate comparative periods in transition and elect to use the effective date of Topic 842 as the date of initial application of transition. We adopted the new standard applying the new transition method allowed under ASU 2018-11. As a result of adopting Topic 842, we recognized operating right-of-use assets of $3.6 million, finance right-of-use assets of $0.5 million, operating lease liabilities of $3.8 million and finance lease liabilities of $0.5 million. Existing deferred rent of $0.2 million was recorded as an offset to our gross operating lease right-of-use assets. 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 when the Company is reasonably certain it will renew the lease. The standard did not have a material impact on our results of operations or cash flows.

The gross amounts of assets and liabilities related to both operating and finance leases at August 31, 2019 were as follows *(in thousands)*:

Lease Type		Amount
Operating lease ROU asset	$	3,643
Finance lease ROU asset		464
Total Lease ROU asset	$	4,107
Operating lease liability current	$	1,390
Finance lease liability current		151
Total lease liability current	$	1,541
Operating lease liability non-current	$	2,386
Finance lease liability non-current		292
Total lease liability non-current	$	2,678

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

Lease Type	Classification	Three Months Ended August 31, 2019
Consolidated operating lease expense	Operating expenses	$ 478
Consolidated finance lease amortization	Operating expenses	—
Consolidated finance lease interest	Interest expense	9
Consolidated finance lease expense		9
Net lease cost		$ 487

The Company recorded $0.4 million of lease expense in the first quarter of fiscal 2019.

The approximate future minimum lease payments under operating and finance leases at August 31, 2019 were as follows *(in thousands)*:

Fiscal Year	Operating Leases	Finance Lease	Total
Remaining 2020	$ 1,164	$ 136	$ 1,300
2021	1,354	181	1,535
2022	598	151	749
2023	417	—	417
2024	309	—	309
Thereafter	241	—	241
Total lease payments	4,083	468	4,551
Less imputed interest	307	25	332
Net minimum lease payments	$ 3,776	$ 443	$ 4,219

The approximate future minimum lease payments under operating and finance leases at June 1, 2019 were as follows *(in thousands)*:

Fiscal Year (1)	Operating Leases
2020	$ 1,586
2021	1,367
2022	509
2023	340
2024	289
Thereafter	234

(1) On June 2, 2019, the Company elected the modified retrospective method of transition to adopt the new lease standard Topic 842, which resulted in no restatement of prior period results. At June 1, 2019, prior to adoption of the new lease standard, operating lease obligations were not included as a liability on the balance sheet. Therefore, the operating lease obligations were included in the table for comparative purposes only and the total lease liability was not included as it is not applicable.

The weighted average remaining lease terms and interest rates of leases held by the Company as of August 31, 2019 were as follows:

Lease Type	Weighted Average Remaining Lease Term in Years	Weighted Average Interest Rate
Operating leases	3.5	4.6%
Finance lease	2.6	4.6%

The cash outflows of the leasing activity of the Company as lessee for the three months ending August 31, 2019 were as follows *(in thousands)*:

Cash Flow Source	Classification	Amount
Operating cash flows from operating leases	Operating activities	$ 256
Operating cash flows from finance lease	Operating activities	25
Finance cash flows from finance lease	Financing activities	30

9. INCOME TAXES

We recorded an income tax provision of $0.2 million and $0.3 million for the first three months of fiscal 2020 and the first three months of fiscal 2019, respectively. The effective income tax rate during the first three months of fiscal 2020 was a tax provision of 53.0% as compared to a tax provision of 38.6% during the first three months of fiscal 2019. The difference in rate during the first three months of fiscal 2020 as compared to the first three months of fiscal 2019 reflects changes in our geographical distribution of income (loss). The 53.0% effective income tax rate differs from the federal statutory rate of 21% as a result of our geographical distribution of income (loss) and the movement of the valuation allowance against our U.S. state and federal net deferred tax assets.

In the normal course of business, we are subject to examination by taxing authorities throughout the world. Generally, years prior to fiscal 2009 are closed for examination under the statute of limitation for U.S. federal, U.S. state and local or non-U.S. tax jurisdictions. Our primary foreign tax jurisdictions are Germany and the Netherlands. We have tax years open in Germany beginning in fiscal 2015 and the Netherlands beginning in fiscal 2012.

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. We have provided a deferred tax liability totaling $0.2 million as of August 31, 2019. As of June 1, 2019, the deferred tax liability totaled $0.2 million.

As of August 31, 2019, our worldwide liability for uncertain tax positions related to continuing operations was $0.1 million, excluding interest and penalties as compared to $0.1 million liabilities for uncertain tax positions as of June 1, 2019. There was no change in recorded uncertain tax positions during the first three months of fiscal 2020. We record penalties and interest related to uncertain tax positions in the income tax expense line item within the consolidated statements of comprehensive loss.

The valuation allowance against the net deferred tax assets that will more likely than not be realized was $11.7 million as of June 1, 2019. The valuation allowance against the net deferred tax assets was $11.7 million as of August 31, 2019 as no material additional domestic federal and state net deferred tax assets were generated during the first quarter of fiscal 2020 from losses in the U.S. jurisdiction. A full valuation allowance on the U.S. and state deferred tax assets will be maintained until sufficient positive evidence related to sources of future taxable income exists to support a reversal of the valuation allowance. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are increased, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

10. CALCULATION OF 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 Class A common stock cash dividends.

In accordance with ASC 260-10, *Earnings Per Share* (“ASC 260”), 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 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 as prescribed in ASC 260. 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 Class A common stock cash dividends.

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

	Three Months Ended			
	August 31, 2019		September 1, 2018	
	Basic	Diluted	Basic	Diluted
Numerator for Basic and Diluted EPS:				
Net income	$ 157	$ 157	$ 431	$ 431
Less dividends:				
Common stock	662	662	648	648
Class B common stock	113	113	116	116
Undistributed losses	$ (618)	$ (618)	$ (333)	$ (333)
Common stock undistributed losses	$ (527)	$ (527)	$ (283)	$ (283)
Class B common stock undistributed losses	(91)	(91)	(50)	(50)
Total undistributed losses	$ (618)	$ (618)	$ (333)	$ (333)
Denominator for Basic and Diluted EPS:				
Common stock weighted average shares	10,990	10,990	10,829	10,829
Class B common stock weighted average shares, and shares under if-converted method for diluted EPS	2,097	2,097	2,132	2,132
Effect of dilutive securities				
Dilutive stock options		—		153
Denominator for diluted EPS adjusted for weighted average shares and assumed conversions		13,087		13,114
Net income per share:				
Common stock	$ 0.01	$ 0.01	$ 0.03	$ 0.03
Class B common stock	$ 0.01	$ 0.01	$ 0.03	$ 0.03

Note: Common stock options that were anti-dilutive and not included in diluted earnings per common share for the first quarter of fiscal 2020 were 1,502.

11. SEGMENT REPORTING

In accordance with ASC 280-10, Segment Reporting, we have identified three reportable segments as follows:

PMT combines our core engineered solutions capabilities, power grid and microwave tube business with new RF, Wireless and disruptive power technologies. As a 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, alternative energy, 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.

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-ones, 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, refurbishes and distributes high value replacement parts 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; 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 and deliver better clinical outcomes while lowering the cost of healthcare delivery.

The CEO evaluates performance and allocates 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	
	August 31, 2019	September 1, 2018
PMT		
Net Sales	$ 30,567	$ 34,769
Gross Profit	9,679	11,007
Canvys		
Net Sales	$ 7,277	$ 7,173
Gross Profit	2,321	2,313
Healthcare		
Net Sales	$ 2,809	$ 2,215
Gross Profit	951	633

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	
	August 31, 2019	September 1, 2018
Net Sales		
North America	$ 17,234	$ 17,023
Asia/Pacific	8,523	9,542
Europe	12,924	14,756
Latin America	1,978	2,814
Other (1)	(6)	22
Total	$ 40,653	$ 44,157
Gross Profit		
North America	$ 6,307	$ 6,587
Asia/Pacific	2,593	3,005
Europe	4,131	4,523
Latin America	700	1,066
Other (1)	(780)	(1,228)
Total	$ 12,951	$ 13,953

(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. 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.

12. LITIGATION

On October 15, 2018, Varex Imaging Corporation ("Varex") filed its original Complaint (Case No. 1:18-cv-06911) against Richardson Electronics Ltd. ("Richardson") in the Northern District of Illinois, which was subsequently amended on November 27, 2018. Varex alleged counts of infringement of U.S. Patent Nos. 6,456,692 and 6,519,317. Subsequently, on October 24, 2018, Varex filed a motion for preliminary injunction to stop the sale of Richardson's ALTA750™ product. Richardson filed an opposition to the preliminary injunction. In January 2019, the Court took evidence on the preliminary injunction issue. On September 30, 2019, the Court soundly denied Varex's Motion for Preliminary Injunction. Richardson believes the lawsuit to be without merit and a loss is not probable or estimable based on the information at the time the financial statements were issued.

13. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists; therefore requiring an entity to develop its own assumptions.

As of August 31, 2019, we held no investments that were required to be measured at fair value on a recurring basis.

14. RELATED PARTY TRANSACTION

On June 15, 2015, the Company entered into a lease agreement for the IMES facility with LDL, LLC. The Executive Vice President of IMES, Lee A. McIntyre III (former owner of IMES), has an ownership interest in LDL, LLC. The lease agreement provides for monthly payments over five years with total future minimum lease payments of $0.1 million. Rental expense related to this lease amounted to less than $0.1 million for the three months ended August 31, 2019 and for the three months ended September 1, 2018. The Company shall be entitled to extend the term of the lease for a period of an additional five years by notifying the landlord in writing of its intention to do so within six months of the expiration of the initial term.

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," "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 the risk factors set forth in Item 1A, of our Annual Report on Form 10-K filed on August 5, 2019. 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 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 analyst 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, critical accounting policies and estimates 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** – a brief synopsis of our Company for the periods ended August 31, 2019 and September 1, 2018.
- **Results of Operations** – an analysis and comparison of our consolidated results of operations for the three month periods ended August 31, 2019 and September 1, 2018, as reflected in our consolidated statements of comprehensive loss.
- **Liquidity, Financial Position and Capital Resources** – a discussion of our primary sources and uses of cash for the three month periods ended August 31, 2019 and September 1, 2018, and a discussion of changes in our financial position.

Business Overview

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 flat panel detector solutions, replacement parts, tubes and service training 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.

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.

We have three operating and reportable segments which we define as follows:

Power and Microwave Technologies Group ("PMT") combines our core engineered solutions capabilities, power grid and microwave tube business with new RF, Wireless and disruptive power technologies. As a 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, alternative energy, 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.

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-ones, 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, refurbishes and distributes high value replacement parts 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; 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 and deliver better clinical outcomes while lowering the cost of healthcare delivery.

We currently have operations in the following major geographic regions: North America, Asia/Pacific, Europe and Latin America.

RESULTS OF OPERATIONS

Financial Summary – Three Months Ended August 31, 2019

- The first three months of fiscal 2020 and fiscal 2019 each contained 13 weeks.
- Net sales during the first quarter of fiscal 2020 were $40.7 million, a decrease of 7.9%, compared to net sales of $44.2 million during the first quarter of fiscal 2019.
- Gross margin increased to 31.9% during the first quarter of fiscal 2020 compared to 31.6% during the first quarter of fiscal 2019.
- Selling, general and administrative expenses were $12.8 million, or 31.6% of net sales, during the first quarter of fiscal 2020 compared to $13.1 million, or 29.7% of net sales, during the first quarter of fiscal 2019.
- Operating income during the first quarter of fiscal 2020 was $0.1 million compared to an operating income of $0.9 million during the first quarter of fiscal 2019.
- Net income during the first quarter of fiscal 2020 was $0.2 million compared to net income of $0.4 million during the first quarter of fiscal 2019.

Net Sales and Gross Profit Analysis

Net sales by segment and percent change during the first quarter of fiscal 2020 and fiscal 2019 were as follows (*in thousands*):

Net Sales	**Three Months Ended**		**FY20 vs. FY19**
	August 31, 2019	**September 1, 2018**	**% Change**
PMT	$ 30,567	$ 34,769	-12.1%
Canvys	7,277	7,173	1.4%
Healthcare	2,809	2,215	26.8%
Total	$ 40,653	$ 44,157	-7.9%

During the first quarter of fiscal 2020, consolidated net sales decreased 7.9% compared to the first quarter of fiscal 2019. Sales for PMT decreased 12.1%, sales for Canvys increased 1.4% and sales for Healthcare increased 26.8%. The decrease in PMT was mainly due to a continued slowdown in the wafer fab equipment market, slightly offset by growth from our power conversion and RF and microwave components. The increase in Canvys was due to increased customer demand in its North American market. The increase in Healthcare was due to higher CT tube and parts sales.

Gross profit by segment and percent of net sales for the first quarter of fiscal 2020 and fiscal 2019 were as follows (*in thousands*):

Gross Profit	**Three Months Ended**			
	August 31, 2019	**% of Net Sales**	**September 1, 2018**	**% of Net Sales**
PMT	$ 9,679	31.7%	$ 11,007	31.7%
Canvys	2,321	31.9%	2,313	32.2%
Healthcare	951	33.9%	633	28.6%
Total	$ 12,951	31.9%	$ 13,953	31.6%

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 $13.0 million during the first quarter of fiscal 2020 compared to $14.0 million during the first quarter of fiscal 2019. Consolidated gross margin as a percentage of net sales increased to 31.9% during the first quarter of fiscal 2020 from 31.6% during the first quarter of fiscal 2019, primarily due to favorable product mix and manufacturing over absorption for Healthcare somewhat offset by unfavorable product mix and unfavorable foreign exchange rates for Canvys.

Power and Microwave Technologies Group

PMT net sales decreased 12.1% to $30.6 million during the first quarter of fiscal 2020 from $34.8 million during the first quarter of fiscal 2019. The decrease was mainly due to a decline in the wafer fab equipment market, slightly offset by growth from our power conversion and RF and microwave components. Gross margin as a percentage of net sales was 31.7% during the first quarter of fiscal 2020, the same as 31.7% during the first quarter of fiscal 2019.

Canvys

Canvys net sales increased 1.4% to $7.3 million during the first quarter of fiscal 2020 from $7.2 million during the first quarter of fiscal 2019 due to increased customer demand in its North American market. Gross margin as a percentage of net sales decreased to 31.9% during the first quarter of fiscal 2020 as compared to 32.2% during the first quarter of fiscal 2019, due to unfavorable product mix and foreign exchange.

Healthcare

Healthcare net sales increased 26.8% to $2.8 million during the first quarter of fiscal 2020 from $2.2 million during the first quarter of fiscal 2019 due to higher CT tube and parts sales. Gross margin as a percentage of net sales increased to 33.9% during the first quarter of fiscal 2020 as compared to 28.6% during the first quarter of fiscal 2019 due to favorable product mix and manufacturing over absorption.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to $12.8 million during the first quarter of fiscal 2020 from $13.1 million in the first quarter of fiscal 2019, primarily due to lower employee benefits, IT and bad debt expenses.

Other Income/Expense

Other income/expense was income of $0.2 million during the first quarter of fiscal 2020, compared to expense of $0.2 million during the first quarter of fiscal 2019. Other income/expense during the first quarter of fiscal 2020 included $0.1 million of investment/interest income and $0.1 million of foreign exchange gains. Other income/expense during the first quarter of fiscal 2019 included $0.3 million of foreign exchange losses and $0.1 million of investment/interest income. 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.

Income Tax Provision

We recorded an income tax provision of $0.2 million and $0.3 million for the first three months of fiscal 2020 and the first three months of fiscal 2019, respectively. The effective income tax rate during the first three months of fiscal 2020 was a tax provision of 53.0% as compared to a tax provision of 38.6% during the first three months of fiscal 2019. The difference in rate during the first three months of fiscal 2020 as compared to the first three months of fiscal 2019 reflects changes in our geographical distribution of income (loss). The 53.0% effective income tax rate differs from the federal statutory rate of 21% as a result of our geographical distribution of income (loss) and the movement of the valuation allowance against our U.S. state and federal net deferred tax assets.

In the normal course of business, we are subject to examination by taxing authorities throughout the world. Generally, years prior to fiscal 2009 are closed for examination under the statute of limitation for U.S. federal, U.S. state and local or non-U.S. tax jurisdictions. Our primary foreign tax jurisdictions are Germany and the Netherlands. We have tax years open in Germany beginning in fiscal 2015 and the Netherlands beginning in fiscal 2012.

Net Income Per Share Data

Net income during the first quarter of fiscal 2020 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 $0.4 million during the first quarter of fiscal 2019 or $0.03 per diluted common share and $0.03 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 $46.5 million at August 31, 2019. Cash at August 31, 2019 consisted of $24.5 million in North America, $14.6 million in Europe, $0.8 million in Latin America and $6.6 million in Asia/Pacific.

Cash, cash equivalents and investments were $50.0 million at June 1, 2019. Cash, cash equivalents and investments at June 1, 2019, consisted of $21.5 million in North America, $17.8 million in Europe, $0.9 million in Latin America and $9.8 million in Asia/Pacific. We repatriated $2.3 million total cash from our entities in Japan and Korea in fiscal 2019 and $5.9 million total cash from our entities in Germany and France in fiscal 2019. 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 9 “Income Taxes” of the notes to our consolidated financial statements in Part II, Item 8 of our Form 10-K for the year ended June 1, 2019, filed with the SEC on August 5, 2019, for further information.

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.

Cash Flows from Operating Activities

The cash used in operating activities primarily resulted from net income adjusted for non-cash items and changes in our operating assets and liabilities.

Operating activities used $2.1 million of cash during the first three months of fiscal 2020. We had net income of $0.2 million during the first three months of fiscal 2020, which included non-cash stock-based compensation expense of $0.2 million associated with the issuance of stock option and restricted stock awards, $0.2 million for inventory reserve provisions and depreciation and amortization expense of $0.8 million associated with our property and equipment as well as amortization of our intangible assets. Changes in our operating assets and liabilities resulted in a use of cash of $3.3 million during the first three months of fiscal 2020, net of foreign currency exchange gains and losses, included a decrease of $4.0 million in accounts payable, an increase in inventory of $1.4 million, a decrease in accrued liabilities of $0.9 million partially offset by a decrease in accounts receivable of $2.2 million and a decrease of $0.6 million in prepaid expenses and other assets. The decrease in our accounts payable was due to timing of payments for some of our larger vendors for both inventory and services. The majority of the inventory increase was to support the continued growth of our RF and Power Technologies group.

Operating activities used $3.6 million of cash during the first three months of fiscal 2019. We had net income of $0.4 million during the first three months of fiscal 2019, which included non-cash stock-based compensation expense of $0.2 million associated with the issuance of stock option and restricted stock awards, $0.2 million for inventory reserve provisions and depreciation and amortization expense of $0.8 million associated with our property and equipment as well as amortization of our intangible assets. Changes in our operating assets and liabilities resulted in a use of cash of $5.3 million during the first three months of fiscal 2019, net of foreign currency exchange gains and losses, included a decrease of $5.4 million in accounts payable and an increase in accounts receivable of $0.2 million, partially offset by an increase in accrued liabilities of $0.2 million. The decrease in our accounts payable was due to timing of payments for some of our larger vendors for both inventory and services.

Cash Flows from Investing Activities

The cash flow provided by and used in investing activities consisted primarily of proceeds from the maturities of investments and capital expenditures.

Cash provided by investing activities of $7.7 million during the first three months of fiscal 2020 included proceeds from the maturities of investments of $8.0 million partially offset by $0.3 million in capital expenditures. Capital expenditures related primarily to capital used for our IT system and LaFox manufacturing business.

Cash used in investing activities of $3.4 million during the first three months of fiscal 2019 included $2.3 million from purchases of investments and $1.1 million in capital expenditures. Capital expenditures related primarily to our Healthcare growth initiatives, a new air conditioner unit for the building and capital used for our IT system.

Our purchases of investments consisted of CDs. Purchasing of future investments may vary from period to period due to interest and foreign currency exchange rates.

Cash Flows from Financing Activities

The cash flow used in financing activities consisted primarily of cash dividends paid.

Cash used in financing activities of $0.8 million during the first three months of fiscal 2020 resulted from cash used to pay dividends.

Cash used in financing activities of $0.6 million during the first three months of fiscal 2019 resulted from $0.8 million of cash used to pay dividends partially offset by $0.2 million of proceeds from the issuance of common stock from stock option exercises.

All future payments of dividends are at the discretion of the Board of Directors. Dividend payments will depend on earnings, capital requirements, operating conditions and such other factors that the Board may deem relevant.

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 operations, assets and liabilities of ours 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 are set forth in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended June 1, 2019, filed August 5, 2019.

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 August 31, 2019.

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 first quarter of fiscal 2020 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

On October 15, 2018, Varex Imaging Corporation (“Varex”) filed its original Complaint (Case No. 1:18-cv-06911) against Richardson Electronics Ltd. (“Richardson”) in the Northern District of Illinois, which was subsequently amended on November 27, 2018. Varex alleged counts of infringement of U.S. Patent Nos. 6,456,692 and 6,519,317. Subsequently, on October 24, 2018, Varex filed a motion for preliminary injunction to stop the sale of Richardson’s ALTA750™ product. Richardson filed an opposition to the preliminary injunction. In January 2019, the Court took evidence on the preliminary injunction issue. On September 30, 2019, the Court soundly denied Varex’s Motion for Preliminary Injunction. Richardson believes the lawsuit to be without merit and a loss is not probable or estimable based on the information at the time the financial statements were issued.

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 year ended June 1, 2019, filed August 5, 2019.

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

ITEM 5. OTHER INFORMATION

Submission of Matters to a Vote of Security Holders

We held our annual meeting of stockholders on October 8, 2019. 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 2020 Annual Meeting; (ii) ratified the selection of BDO USA, LLP as our independent registered public accounting firm for fiscal year 2020, 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	27,317,192	1,312,768	1,804,595
Jacques Belin	27,240,643	1,389,317	1,804,595
James Benham	27,240,643	1,389,317	1,804,595
Kenneth Halverson	27,240,643	1,389,317	1,804,595
Robert H. Kluge	27,221,343	1,408,617	1,804,595
Paul J. Plante	26,851,825	1,778,135	1,804,595

2. The voting results with respect to the ratification of the selection of BDO USA, LLP as our independent registered public accounting firm for fiscal year 2020 was approved with 30,321,321 votes “FOR”, 108,512 votes “AGAINST” and 4,722 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 27,093,148 votes “FOR”, 1,286,794 votes “AGAINST”, 250,018 votes “ABSTAIN/WITHHOLD” and 1,804,595 broker non-votes.

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).
10.1	Employment, Nondisclosure and Non-Compete Agreement between the Company and Jens Ruppert dated June 25, 2015
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 first quarter of fiscal 2020, filed with the SEC on October 10, 2019, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Comprehensive Loss, (iii) the Unaudited Consolidated Statements of Cash Flows, (iv) the Unaudited Consolidated Statement of Stockholders' Equity and (v) Notes to Unaudited Consolidated Financial Statements.

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: October 10, 2019

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 10.1

ANSTELLUNGSVERTRAG

EMPLOYMENT CONTRACT

Zwischen

Between

Richardson Electronics GmbH,
Boschtrasse 8, 82178 Puchheim

(nachfolgend “Gesellschaft” / hereinafter “Company”)

und

and

Jens Ruppert,
85652 Pliening, Germany

(nachfolgend “Mitarbeiter” / hereinafter “Employee”)

wird folgender Anstellungsvertrag geschlossen:

the following Employment Contract is agreed:

1. Aufgabenbereich und Pflichten

1. Position and Scope of Duties

1.1 Spätestens mit Wirkung zum 1. August 2015 wird der Mitarbeiter von der Gesellschaft als Executive Vice President und General Manager, Canvys angestellt. Sein Verantwortungsbereich ergibt sich aus der Aufgabenbeschreibung gemäß Angebotsschreiben vom 12. Juni 2015. Der Mitarbeiter berichtet an den Executive Vice President Corporate Development, dessen Position zurzeit von Frau Wendy Diddell gehalten wird.

1.1 Effective August 1, 2015, at the latest, the Employee shall be employed by the Company as Executive Vice President and General Manager, Canvys. His responsibilities are set out in the job description in the offer letter dated June 12, 2015. The Employee shall report to the Executive Vice President Corporate Development, this position currently being held by Ms. Wendy Diddell.

1.2 Die Gesellschaft behält sich das Recht vor, dem Mitarbeiter ohne Änderung seiner Bezüge auch andere oder zusätzliche zumutbare Arbeiten zuzuweisen, welche seinen Fähigkeiten und Kenntnissen entsprechen.

1.2 The Company reserves the right to assign to the Employee different or additional functions which are reasonable and compatible with the Employee's experience and knowledge without changing his remuneration.

2. Arbeitszeit

2. Working Time

2.1 Die regelmäßige Arbeitszeit beträgt 40 Stunden wöchentlich. Verteilung und Lage der Arbeitszeit werden von der Gesellschaft festgelegt.

2.1 The regular hours of work are 40 per week. The distribution and location of the working time are to be determined by the Company.

2.2 Der Mitarbeiter ist verpflichtet, im Falle betrieblicher Notwendigkeit Mehrarbeit in gesetzlich zulässigem Umfang zu leisten.

2.2 The Employee is obliged to work overtime in compliance with the applicable law if this is required for business reasons.

3. Arbeitsort

3.1 Ort der Arbeitsleistung ist unser Canvys Standort in Donaueschingen. Der Mitarbeiter ist verpflichtet, soweit erforderlich, Geschäftsreisen zu unternehmen.

4. Nebentätigkeiten

Der Mitarbeiter verpflichtet sich, seine ganze Arbeitszeit und Arbeitskraft der Gesellschaft zu widmen. Es ist ihm während der Dauer dieses Vertrages nicht gestattet, eine andere bezahlte Tätigkeit bzw. eine Tätigkeit, für die üblicherweise eine Vergütung gewährt wird, auszuüben, einschließlich einer Teilzeitbeschäftigung oder selbständigen Tätigkeit, sofern nicht eine vorherige ausdrückliche schriftliche Zustimmung der Gesellschaft vorliegt. Die Gesellschaft wird eine solche Zustimmung erteilen, soweit betriebliche Belange durch die Tätigkeit nicht beeinträchtigt werden.

5. Grundgehalt; Überstundenabgeltung

5.1 Der Mitarbeiter erhält für seine Tätigkeit ein jährliches Grundgehalt in Höhe von EUR 200.000 brutto, welches in gleichen monatlichen Raten zwölfmal jährlich rückwirkend am Ende eines jeden Kalendermonats gezahlt wird.

5.2 Mit Zahlung des Grundgehalts gemäß Ziffer 5.1 sind sämtliche etwaigen Überstunden abgegolten.

5.3 Zu viel gezahltes Gehalt ist der Gesellschaft unverzüglich in voller Höhe, d.h. einschließlich hierauf entrichteter Steuern und Sozialversicherungsbeiträge, zurückzuzahlen. Der Mitarbeiter verzichtet gegenüber diesem Anspruch der Gesellschaft auf den Einwand, er sei nicht mehr bereichert und der Anspruch sei insoweit ausgeschlossen. Die Gesellschaft ist zur Aufrechnung berechtigt.

3. Place of Work

3.1 The place of work is Canvys location in Donaueschingen. As far as necessary, the Employee is obliged to take business trips.

4. Other Activities

The Employee shall devote his full working time and capacity to the Company's business. All other activities for remuneration as well as activities, which would normally be remunerated, including any part-time work or self-employed work, are prohibited unless the Company has explicitly given its prior written consent. The Company will grant such consent if business interests/concerns are not affected by the activities.

5. Basic Salary; Overtime Compensation

5.1 The Employee shall receive for his working activities a gross annual base salary of EUR 200,000, which shall be paid in arrears in equal monthly installments twelve times a year at the end of each calendar month.

5.2 By payment of the base salary according to Section 5.1, any possible overtime work shall be compensated.

5.3 The Employee shall immediately reimburse any overpaid salary in full, i.e., including paid taxes and social security contributions, to the Company. The Employee waives his right to argue that he is no longer enriched and that the claim is insofar precluded in opposition to the Company's claim to reimbursement. The Company has the right to set the overpaid salary off.

6. Bonus, Änderungsvorbehalt

6.1 Bei der Gesellschaft existiert derzeit Incentive Plan gemäß dessen Bedingungen der Mitarbeiter bis zu 50 % seines Grundgehalts gemäß Ziffer 5.1 als zusätzliche Leistung erhalten kann.

6.2 Die Gesellschaft behält sich vor, den Plan, insbesondere die darin vereinbarten Ziele und Bonussätze, auch bei zeitlich befristeten Plänen, aus betrieblichen oder wirtschaftlichen Gründen oder aufgrund der Leistung des Mitarbeiters zu ändern, es sei denn, eine solche Änderung ist dem Mitarbeiter unzumutbar. Als wirtschaftliche oder betriebliche Gründe gelten insbesondere die wirtschaftliche Entwicklung und Lage der Gesellschaft sowie die Änderung oder Neueinführung von Produktlinien bzw. deren Preisgestaltung oder der Vertriebsgebiete.

Hierbei wird eine Änderung des Planes nicht zu einer Reduzierung der in den letzten drei Jahren unter diesem Vertrag durchschnittlich bezogenen Gesamtvergütung des Mitarbeiters um mehr als 25% führen.

6. Bonus, Right to Amend

6.1 An Incentive Plan is currently in existence at the Company, according to the conditions of which the Employee can receive up to 50% of this base salary according to Section 5.1 as additional payment.

6.2 The Company reserves the right to amend the Plan, in particular the targets and bonus rates agreed upon therein, for economic and business reasons, or due to the performance of the Employee, unless such an amendment is unreasonable for the Employee. This also applies to plans which are limited in time. Economic or business reasons are, in particular, the economic development and circumstances of the Company as well as the alteration or new introduction of product lines respectively their pricing or the sales territory.

An amendment of the plan will not result in a reduction of the average total compensation of the Employee under this Contract in the last three years by more than 25%.

7. Zusätzliche Leistungen, Freiwilligkeitsvorbehalt

Soweit die Gesellschaft dem Mitarbeiter über die in diesem Vertrag (unter Ziffer 5 und 6) genannten Leistungen hinaus zusätzliche Leistungen gewähren sollte, erfolgt dies freiwillig. Der Mitarbeiter erwirbt auf diese Leistungen keinen Rechtsanspruch, auch dann nicht, wenn diese Leistungen über einen längeren Zeitraum und/oder wiederholt gewährt werden sollten und nicht anlässlich jeder Gewährung die Freiwilligkeit der Zahlung ausdrücklich vorbehalten wird.

7. Additional Benefits, Reservation of the Right to Voluntariness

Should the Company grant to the Employee any further benefits beyond those described in this contract (under clause 5 and 6), these benefits shall be granted on a voluntary basis. The Employee shall not acquire a legal claim to these benefits even if they are granted over a longer period of time and/or if they are repeatedly granted without the Company specifically reserving the right to claim the voluntariness on each occasion of the benefits being granted.

8. Umzugskostenerstattung

Die Gesellschaft erstattet dem Mitarbeiter gegen Nachweis für die Dauer des Arbeitsverhältnisses, jedoch nicht über den Beendigungszeitpunkt des gegenwärtigen Mietvertrags des Mitarbeiters im Raum München hinaus, die Kosten einer angemessenen Unterkunft im Raum Donaueschingen. Etwaige hierdurch anfallende Steuern werden vom Arbeitnehmer getragen.

8. Relocation

For the duration of the employment relationship, but not exceeding the expiration of the Employee's current lease in the Munich area, the Company shall reimburse the Employee against proof of expenses the costs of reasonable housing in the Donaueschingen area. Any taxes incurred hereby shall be borne by the Employee.

9. Dienstwagen

9.1 Die Gesellschaft wird dem Mitarbeiter einen Dienstwagen der Klasse Audi A6 oder gleichwertig zur Verfügung stellen, der auch privat genutzt werden kann. Die Kosten der Privatnutzung trägt der Mitarbeiter. Die Auswahl des Fahrzeugs steht im Ermessen der Gesellschaft. Der Mitarbeiter ist verpflichtet, das Fahrzeug in gutem Zustand zu erhalten und für eine regelmäßige Wartung zu sorgen. Alle Steuern, die auf den geldwerten Vorteil der privaten Nutzung des Fahrzeugs durch den Mitarbeiter entfallen, sind von dem Mitarbeiter gemäß den jeweils geltenden steuerlichen Bestimmungen selbst zu tragen.

9.2 Die Gesellschaft ist bei Vorliegen eines sachlichen Grundes berechtigt, das Recht zur privaten Nutzung des Dienstwagens zu widerrufen und die Herausgabe des Dienstwagens zu verlangen, es sei denn, dass dies für den Mitarbeiter unzumutbar ist.

Diese Voraussetzungen sind insbesondere gegeben bei:

- Freistellung des Mitarbeiters von der Verpflichtung zur Arbeitsleistung;
- Wegfall tatsächlicher Arbeitsleistung (z.B. bei Krankheit, Sonderurlaub o.ä.) nach Ablauf etwaiger Entgeltfortzahlungszeiträume;
- Ruhen des Arbeitsverhältnisses (z.B. wegen Elternzeit, Wehrdienst o.ä.);
- Verlust der Fahrerlaubnis oder Verbot zum Führen eines Kraftfahrzeugs;
- Änderung der Arbeitsaufgabe, wenn die Überlassung des Dienstwagens im Zusammenhang mit der Arbeitsaufgabe bestand;
- Durchführung von Wartungs- oder Reparaturarbeiten bzw. Ersatzbeschaffung.

9. Company Car

9.1 The Company will provide the Employee with a company car, type Audi A6 or equivalent, which may also be used privately. The costs of the private use of the car shall be borne by the Employee. The choice of the car is at the discretion of the Company. The Employee is obliged to keep the car in good condition and to provide for regular maintenance. All taxes, which are due for the cash value of the private use of the car by the Employee, are to be borne by the Employee himself according to the tax regulations which are applicable from time to time.

9.2 The Company has the right, for good reason, to revoke the private use of the company car and to request the return of the company car if this may be reasonable expected of the Employee.

The prerequisites for this are, in particular:

- Release of the Employee from the duty to fulfill his employment obligations;
- Discontinuation of actual job performance (e.g., due to illness, special leave, etc.) after the lapse of possible periods of continued remuneration,
- If the employment relationship is dormant (e.g., due to parental leave, military service etc.);
- Loss of driving license or ban on driving a vehicle;
- Change of assignment if the allocation of the company car was only relevant to the assignment;
- Carrying out of service or repair work, or the ordering of replacement parts.

9.3 Im Fall des Widerrufs ist der Mitarbeiter zur unverzüglichen Herausgabe des Dienstwagens samt Zubehör am Sitz der Gesellschaft verpflichtet. Der Mitarbeiter erhält keine Entschädigung für die entgangene private Nutzungsmöglichkeit. Ein Zurückbehaltungsrecht steht dem Mitarbeiter nicht zu.

9.3 In the case of revocation, the Employee is obliged to deliver the company car including all accessories to the seat of the company, without delay. The Employee shall receive no compensation for the loss of the private use. The Employee has no right of retention.

10. Reisekosten

Reisekosten und sonstige notwendige und angemessene Auslagen, die der Mitarbeiter im Interesse der Gesellschaft aufwendet, werden gegen Nachweis im Rahmen der jeweils geltenden Richtlinien der Gesellschaft und der Steuervorschriften erstattet.

10. Travel Expenses

Travel expenses and other necessary and reasonable expenses incurred by the Employee in the furtherance of the Company's business shall be reimbursed to him on presentation of supporting documents, within the scope of the Company's policies in force from time to time and the applicable German tax regulations.

11. Aktienoptionen

Die Gesellschaft wird der Richardson Electronics, Ltd. empfehlen, dem Mitarbeiter zum Beginn dieses Anstellungsverhältnisses gemäß den Bedingungen des anwendbaren Aktienoptionsplanes 10.000 Richardson Electronics Stammaktienoptionen zu gewähren. Die Zuteilung steht unter der Bedingung der entsprechenden Zustimmung des Board of Directors der Richardson Electronics, Ltd. Der anwendbare Aktienoptionsplan sieht eine Übertragung der Optionen über einen Fünfjahreszeitraum hinweg vor. Sämtliche in diesem Zusammenhang möglicherweise entstehenden Ansprüche des Mitarbeiters richten sich nach dem Aktienoptionsplan und unterliegen der Rechtsordnung, die dieser vorsieht. Ansprüche gegen die Gesellschaft bestehen nicht.

11. Stock Options

The Company shall recommend to Richardson Electronics, Ltd. that the Employee is granted 10,000 Richardson Electronics common stock options subject to the conditions of the applicable stock option plan at the beginning of this employment contract. The granting of the stock options is subject to approval by the Board of Directors of Richardson Electronics, Ltd. The applicable stock options plan provides for a vesting of the stock options over a five-year period. Any claims in this connection are subject to the applicable stock option plan and the choice of law provided therein. There are no claims existing against the Company.

12. Arbeitsverhinderung

12.1 Der Mitarbeiter ist verpflichtet, jede Arbeitsverhinderung und ihre voraussichtliche Dauer seinem Vorgesetzten oder der Personalabteilung unverzüglich anzuzeigen. Auf Verlangen sind die Gründe der Arbeitsverhinderung mitzuteilen.

12.2 Dauert eine Arbeitsunfähigkeit länger als drei Kalendertage, hat der Mitarbeiter eine ärztliche Bescheinigung über das Bestehen der Arbeitsunfähigkeit sowie deren voraussichtliche Dauer spätestens an dem darauffolgenden

12. Inability to Perform Duties

12.1 The Employee is obliged to inform his supervisor or the Company’s Human Resources Department without delay of any inability to perform his duties and the expected duration. Upon request, he shall inform the Company of the reasons for such absence.

12.2 In case of sickness lasting longer than three calendar days, the Employee is obliged to submit a medical certificate on his incapacity to work and its prospective duration not later than on the following working day. The Company is entitled

Arbeitstag vorzulegen. Die Gesellschaft ist berechtigt, die Vorlage der ärztlichen Bescheinigung früher zu verlangen. Dauert die Arbeitsunfähigkeit länger als in der Bescheinigung angegeben, so ist der Mitarbeiter verpflichtet, innerhalb von drei Tagen nach dem bescheinigten Ende der Arbeitsunfähigkeit eine neue ärztliche Bescheinigung einzureichen. Auch in diesem Fall hat der Mitarbeiter das Überschreiten der bescheinigten Zeit der Arbeitsunfähigkeit unverzüglich – auch telefonisch – anzuzeigen.

to demand an earlier submission of the medical certificate. If his absence continues longer than indicated in the medical certificate, the Employee is obliged to submit a new medical certificate within three days after the end of the period certified. Also in this case, the Employee is obliged to inform the Company immediately of the continuation of the indicated absence. The notification may be given by telephone call.

12.3 Hat der Mitarbeiter Schadensersatzansprüche gegenüber Dritten wegen Verdienstausfalls, der ihm durch die Arbeitsunfähigkeit entsteht, so tritt er diese in Höhe der geleisteten Gehaltsfortzahlung an die Gesellschaft ab.

12.3 If the Employee has compensation claims against third parties due to the loss of his earnings, caused by the inability to work, he shall assign such claims to the Company in the amount of the continued payment of salary.

13. Urlaub

13. Vacation

13.1 Der Mitarbeiter hat Anspruch auf einen jährlichen Erholungsurlaub von 30 Arbeitstagen. Samstage gelten nicht als Arbeitstage. Ab Umzug in die USA reduziert sich der Urlaubsanspruch auf 20 Tage pro Jahr.

13.1 The Employee shall be entitled to an annual vacation of 30 working days. Saturdays are not considered working days. Employee will be eligible for four weeks of vacation when he relocates to the U.S.

13.2 Der Zeitpunkt des Urlaubs wird von der Gesellschaft unter Berücksichtigung der betrieblichen Notwendigkeiten und der persönlichen Wünsche des Mitarbeiters festgelegt.

13.2 The time of vacation shall be determined by the Company, taking into consideration both the business requirements of the Company and the personal wishes of the Employee.

13.3 Der gesamte Urlaub ist im jeweiligen Kalenderjahr zu nehmen. Soweit der Urlaub aus besonderen persönlichen oder betrieblichen Gründen nicht im jeweiligen Kalenderjahr genommen werden kann, ist die Urlaubsübertragung nur bis zum 31. März des Folgejahres zulässig. Wird der Urlaub bis zu diesem Datum nicht genommen, verfällt er.

13.3 The total vacation has to be taken in the given calendar year. In case the vacation cannot be taken due to special personal or business-related reasons, the vacation may be carried over until March 31 of the following calendar year. If the vacation is not taken by that date, the vacation entitlement lapses.

13.4 Bei Beendigung des Arbeitsverhältnisses erfolgt eine etwaige Abgeltung nur bis zur Höhe des gesetzlichen Urlaubsanspruches. Bereits genommener Urlaub wird auf den gesetzlichen Urlaubsanspruch angerechnet.

13.4 Upon termination of the employment, a possible compensation will only be paid with respect to the statutory vacation claim. Vacation already taken will be credited to the statutory vacation claim.

14. Verschwiegenheit

14.1 Der Mitarbeiter verpflichtet sich, alle ihm anvertrauten oder ihm sonst bekannt gewordenen geschäftlichen, betrieblichen oder technischen Informationen, die sich auf die Gesellschaft oder auf mit ihr verbundene Gesellschaften beziehen und vertraulichen Charakter haben, Dritten nicht zu offenbaren und nicht für seine eigenen Zwecke zu verwenden. Dies gilt insbesondere hinsichtlich der Einzelheiten der Betriebsorganisation und der Beziehungen zu Kunden und Auftraggebern sowie bezüglich des Know-hows der Gesellschaft. Diese Verpflichtung gilt sowohl während der Dauer dieses Anstellungsverhältnisses als auch nach seiner Beendigung.

14.2 Geschäftliche Unterlagen aller Art, einschließlich der auf dienstliche Angelegenheiten und Tätigkeiten sich beziehenden persönlichen Aufzeichnungen sind sorgfältig aufzubewahren und dürfen nur zu geschäftlichen Zwecken verwendet werden. Das Anfertigen von Abschriften oder Auszügen sowie das Kopieren von Zeichnungen, Dokumenten, Aufzeichnungen, Kostenberechnungen, Statistiken u.ä. sowie von anderen Geschäftsunterlagen ist ausschließlich für dienstliche Zwecke zulässig.

14.3 Die Gesellschaft behält sich das Recht vor, dem Mitarbeiter bei Kündigung des Arbeitsverhältnisses, spätestens aber bei seiner Beendigung, eine Liste mit denjenigen Informationen zu übergeben, die auch nach der Beendigung des Arbeitsverhältnisses der Geheimhaltung unterliegen.

15. Vertragsdauer, Probezeit und Kündigung

15.1 Dieser Vertrag tritt spätestens am 1. August 2015 in Kraft und wird auf unbestimmte Zeit geschlossen. Er endet ohne besondere Kündigung mit Ablauf des Monats, in dem der Mitarbeiter das gesetzliche Regelrentenalter erreicht, oder wenn eine dauerhafte teilweise Erwerbsminderung oder eine dauerhafte volle Erwerbsminderung im Sinne des § 43 SGB VI festgestellt wird.

14. Confidentiality

14.1 The Employee shall not disclose to any third party or use for his own purposes any confidential business or other information relating to the Company or its affiliates, which has become known to him. This especially applies to details of the business organisation and relations to customers as well as the know-how of the Company. This obligation shall apply during the term of the employment and survive the termination of this contract.

14.2 Business records of any kind, including private notes concerning Company affairs and activities, shall be carefully kept and only used for business purposes. Any copies, extracts or duplicates of drawings, calculations, statistics and the like, or of any other business records, are to be used exclusively for the Company’s business purposes.

14.3 The Company reserves the right to hand over to the Employee upon giving notice of termination of the employment relationship, or, at the latest, at the end of the employment relationship, a list containing the information which is to be kept secret even after the end of the employment relationship.

15. Term of Employment, Probationary Period and Termination

15.1 This Employment Contract shall become effective at the latest on August 1, 2015 and is entered into for an indefinite period of time. The employment shall end without notice not later than the expiry of the month in which the Employee reaches the regular retirement age, or if a permanent partial or full reduction in earning capacity in the sense of Section 43 Code of Social Law VI has been ascertained.

15.2 Die ersten sechs Monate der Tätigkeit gelten als Probezeit. Das Anstellungsverhältnis ist mit den gesetzlichen Fristen kündbar. Jede gesetzliche Verlängerung der Kündigungsfristen zugunsten des Mitarbeiters gilt auch zugunsten der Gesellschaft.

15.2 The first six months of the employment are a probationary period. The Employment Contract can be terminated according to the statutory notice periods. Any statutory extension of the notice period to the Employee's benefit shall also apply in favour of the Company.

15.3 Jede Seite kann das Anstellungsverhältnis aus wichtigem Grund fristlos kündigen.

15.3 Either party may terminate the employment for cause without a notice period.

15.4 Eine Kündigung bedarf der Schriftform.

15.4 Notice of termination must be given in writing.

15.5 Falls dem Mitarbeiter aus anderen als verhaltensbedingten Gründen gekündigt wird (z.B. bei Diebstahl, kriminelle Aktivitäten mit Auswirkungen auf die Gesellschaft, Nichtbeachtung von Richtlinien der Gesellschaft), so erhält der Mitarbeiter eine Abfindung in Höhe von – und beschränkt auf – sechs Monatsgrundgehälter in der zur Zeit der Kündigung geltenden Höhe.

15.5 In the event the Employee is terminated for any reason other than misconduct (e.g., theft, criminal activity affecting the Company, disregard for company policy), the Employee will be entitled to severance equaling, and limited to, six times the Employee’s monthly base pay at the time of termination.

16. Freistellung, Rückgabe von Arbeitsmitteln

16. Release from the Obligation to Work, Return of Work Materials

16.1 Bei Kündigung des Vertrages kann die Gesellschaft den Mitarbeiter bis zum Ablauf der Kündigungsfrist jederzeit widerruflich oder unwiderruflich von der Verpflichtung zur Arbeitsleistung unter Fortzahlung der vertragsgemäßen Vergütung freistellen.

16.1 If one of the parties has given notice of termination, the Company is entitled to revocably or irrevocably release the Employee from his obligation to work at any time until the end of the notice period while continuing to pay the contractual remuneration.

16.2 Das Recht zur Freistellung besteht insbesondere, wenn aus betrieblichen und/oder organisatorischen Gründen kein Beschäftigungsbedarf für den Mitarbeiter mehr besteht, das Vertrauensverhältnis gestört ist, zum Schutz anderer Arbeitnehmer, zum Schutz von Kundenbeziehungen sowie aus Gründen der Wahrung und Sicherung von Betriebs- und Geschäftsgeheimnissen und sonstiger vertraulicher Betriebsangelegenheiten.

16.2 The right to such release will exist, in particular, if for business and/or organisational reasons there is no more need of employment for the Employee, if the relationship of trust has been disturbed, to protect other employees, to protect customer relations as well as for reasons of protecting and securing operational and business secrets and other confidential company matters.

16.3 Eine unwiderrufliche Freistellung erfolgt grundsätzlich unter Anrechnung des dem Mitarbeiter bis zu seinem Ausscheiden noch zustehenden Resturlaubs. Der Resturlaub wird mit dem auf die Freistellung folgenden Tag angetreten und zusammenhängend genommen. Danach muss sich der Mitarbeiter gegenüber seinem Vergütungsanspruch dasjenige anrechnen lassen, was er durch anderweitigen Einsatz seiner

16.3 Any open vacation claims shall be deemed to be compensated by such period of irrevocable release. The open vacation shall begin as of the first day after the release without interruption. After the vacation, any earnings the Employee receives due to other employment of his labour and any salary he maliciously refrains from earning shall be deducted from his salary.

Arbeitskraft verdient oder böswillig zu verdienen unterlässt.

Der Mitarbeiter hat der Gesellschaft unaufgefordert mitzuteilen, ob und in welcher Höhe er Arbeitsentgelt neben seiner aufgrund dieses Vertrages gezahlten Vergütung erhält. Auf Verlangen sind die Angaben durch Vorlage prüfbarer Unterlagen zu belegen.

The Employee must inform the Company, without being asked, about any remuneration he obtains apart from the salary he receives from the Company. This duty to inform also includes the amount of the remuneration. If the Company so requires, the Employee must prove this information by presenting auditable records.

16.4 Während der Freistellung bleibt das gesetzliche Wettbewerbsverbot unberührt.

16.4 The statutory non-compete obligation remains unaffected during the period of release.

16.5 Der Mitarbeiter hat auf Verlangen der Gesellschaft jederzeit und nach Ausspruch einer Kündigung - gleich von welcher Seite - von sich aus alle in seinem Besitz befindlichen Arbeitsmittel und Gegenstände der Gesellschaft, insbesondere Geschäftsunterlagen sowie Kopien und Aufzeichnungen davon, herauszugeben. Dem Mitarbeiter steht weder ein Zurückbehaltungsrecht noch ein Ersatzanspruch zu.

16.5 At any time upon the request of the Company, and without solicitation after notice of termination of the employment relationship, irrespective of the party giving notice, the Employee shall return all work materials and other items belonging to the Company, in particular business documents and copies thereof. The Employee has no right of retention and no damage compensation claims.

17. Abwerbeverbot nach Ende des Arbeitsverhältnisses

17. Obligation not to Entice away Workforce in the Aftermath of the Employment Relationship

17.1 Der Mitarbeiter verpflichtet sich, für einen Zeitraum von einem Jahr nach Beendigung seines Anstellungsvertrages weder direkt noch indirekt Mitarbeiter der Gesellschaft oder einer Tochter- bzw. Muttergesellschaft abzuwerben oder diese in sonstiger Weise zu veranlassen, der Gesellschaft oder einer ihrer Tochter- oder Muttergesellschaften zu kündigen, soweit dies unter Verleitung zum Vertragsbruch oder unter Einsatz von Kenntnissen erfolgt, die der nachvertraglichen Verschwiegenheitspflicht unterliegen.

17.1 The Employee agrees that for a period of one year after the termination of the Employment Contract he shall neither directly nor indirectly entice away employees of the Company, its subsidiaries or parent company or cause them in any other way to leave the Company, its subsidiaries or parent company, if for that purpose he induces them to break the contract or uses information which is subject to his post-contractual duty of secrecy.

17.2 Das Verbot gilt auch zugunsten der mit der Gesellschaft verbundenen Unternehmen, mit denen die Gesellschaft mittelbar oder unmittelbar geschäftlich befasst war.

17.2 The obligation not to entice away workforce also applies to the benefit of the Company's affiliated companies whereby the Company dealt with either directly or indirectly.

17.3 Der Mitarbeiter verpflichtet sich, für jeden Fall der Zuwiderhandlung gegen die in Ziffer 17.1 und 17.2 umschriebenen Verpflichtungen eine Vertragsstrafe in Höhe von einem monatlichen Bruttogehalt zu zahlen. Die Höhe des insoweit maßgeblichen Bruttomonatsgehalts bestimmt sich

17.3 Every time the Employee breaches the obligations described under clause 17.1 and 17.2, he shall pay a contractual penalty in the amount of one monthly gross salary. The amount of the relevant monthly gross salary depends on the monthly gross salary including variable salary the Employee last nach den aufgrund dieses Arbeitsvertrages zuletzt erhaltenen Bezügen einschließlich der variablen Gehaltsbestandteile. Jeder einzelne Abwerbungsversuch gegenüber jedem einzelnen Mitarbeiter gilt als eigenständiger Verstoß gegen das Verbot.

received under this Employment Contract. Every single attempt at enticement of any individual employee shall be considered to be a separate breach of this obligation.

17.4 Weitergehende Ansprüche der Gesellschaft bleiben unberührt.

17.4 The Company's right to further damages shall not be affected.

18. Ausschluss von Ansprüchen

Alle Ansprüche des Mitarbeiters und der Gesellschaft aus dem Arbeitsverhältnis und solche, die mit dem Arbeitsverhältnis oder seiner Beendigung im Zusammenhang stehen, verfallen, wenn sie nicht binnen drei Monaten nach ihrer Fälligkeit gegenüber der Gesellschaft bzw. gegenüber dem Mitarbeiter schriftlich geltend gemacht werden. Lehnt der jeweils andere Teil den Ausgleich des geltend gemachten Anspruchs ab oder erklärt er sich auf die Geltendmachung nicht binnen zwei Wochen, so ist der Anspruch binnen weiterer drei Monate nach der Ablehnung oder Ablauf der zweiwöchigen Frist gerichtlich geltend zu machen. Nach Ablauf der genannten Fristen sind die Ansprüche ausgeschlossen. Dies gilt nicht für unverzichtbare Ansprüche und Ansprüche, die aus vorsätzlichem Handeln resultieren.

18. Exclusion of Claims

All claims of the Employee and of the Company arising from this contract or its termination are forfeited unless they are raised within three months after they have become due in writing vis-á-vis the Company respectively the Employee. In case they should be rejected by the other party, or in case of no reaction within two weeks, any legal proceedings must be commenced within another three months after rejection or the lapse of the two weeks-period. After the lapse of these time limits, the claims shall be forfeited. This shall not apply to unforfeitable claims and claims resulting from intentional conduct.

19. Schlussbestimmungen

19.1 Es ist beabsichtigt, dass der Mitarbeiter in naher Zukunft in die USA übersiedelt. Die Parteien sind sich darüber einig, dass der vorliegende Anstellungsvertrag bei Übersiedlung des Mitarbeiters in die USA durch einen neuen Vertrag entweder mit der Gesellschaft oder einem mit der Gesellschaft verbundenen Unternehmen ersetzt wird, der US-Recht unterliegt. Die Gesellschaft wird den Mitarbeiter bei seiner Beantragung eines US-Visums sowie der US-Staatsbürgerschaft unterstützen.

19.2 Dieser Anstellungsvertrag enthält die gesamte Vereinbarung zwischen den Parteien. Die Parteien haben keine darüber hinaus gehenden mündlichen oder schriftlichen Absprachen getroffen. Frühere zwischen den Parteien getroffene schriftliche oder mündliche Absprachen und Anstellungsverträge sind hiermit aufgehoben.

19. Final Provisions

19.1 It is intended that the Employee relocates to the U.S. in the near future. The parties are in agreement that upon relocation of the Employee to the U.S., this Employment Contract shall be replaced by a new employment contract to be concluded between the Employee and either the Company or an affiliate of the Company governed by U.S. laws. The Company shall support the Employee with his application for a U.S. visa as well as U.S. citizenship.

19.2 This contract represents the entire agreement and understanding of the parties. The parties have not concluded any other verbal or written agreements. This contract supersedes all prior written or verbal agreements and employment contracts the parties have concluded.

19.3 Auf diesen Anstellungsvertrag findet das Recht der Bundesrepublik Deutschland Anwendung.

19.3 This Employment Contract shall be governed by German law.

19.4 Für den Fall, dass einzelne Bestimmungen dieses Vertrages unwirksam sein sollten, bleiben die übrigen Bestimmungen gültig. Anstelle der unwirksamen Bestimmung oder zur Ausfüllung eventueller Lücken des Vertrages soll eine angemessene wirksame Regelung treten, die die Parteien gewollt hätten, wenn ihnen die Unwirksamkeit oder Regelungslücke bekannt gewesen wäre, und die in ihrem wirtschaftlichen Ergebnis der unwirksamen Bestimmung entspricht oder ihr so nahe wie möglich kommt.

19.4 In the event that individual provisions of this contract are ineffective, the remaining regulations shall remain in effect. In lieu of the invalid provision or as a remedy of the possible incompleteness of the contract, an appropriate valid provision, which the parties would have intended if they had known of the ineffectiveness or of the incompleteness of the contract and which corresponds either to the commercial effect of the invalid provision or comes as close to it as possible, shall replace the invalid one.

19.5 Änderungen oder Ergänzungen dieses Vertrages, einschließlich dieser Vorschrift, bedürfen zu ihrer Rechtswirksamkeit der Schriftform. Dies gilt nicht für individuelle Vereinbarungen.

19.5 Any amendments or additions to this contract, including this regulation, must be made in writing in order to become effective. This does not apply to individual agreements.

19.6 Der Mitarbeiter hat eine Ausfertigung dieses Vertrages erhalten.

19.6 The Employee has received a copy of this contract.

19.7 Im Zweifelsfall hat die deutsche Fassung Vorrang.

19.7 In case of doubt, the German version shall prevail.

Der Mitarbeiter / The Employee:

Ort, Datum : ______________________________

Unterschrift : ______________________________

Name : ______________________________

Für die Gesellschaft / The Company by:

Place, Date : ______________________________

Signature : ______________________________

Name : ______________________________

Title : ______________________________

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 August 31, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 10, 2019

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 August 31, 2019;

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

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

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

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

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

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

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

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

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

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

Date: October 10, 2019

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 August 31, 2019, 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
October 10, 2019

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 August 31, 2019, 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
October 10, 2019