



# Press Release

**For Immediate Release**

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## **RICHARDSON ELECTRONICS REPORTS FIRST QUARTER FISCAL 2022 NET INCOME OF \$2.6 MILLION AND DECLARES QUARTERLY CASH DIVIDEND**

### **PMT, Canvys and Healthcare Revenues Grow Versus Q1 FY21**

#### **Q1 Highlights**

- Net sales of \$53.7 million were up 38.4% from last year's first quarter and up 6.4% over the fourth quarter of fiscal 2021.
- Sales increased year-over-year for PMG, Canvys, Healthcare and Semiconductor Wafer Fabrication Equipment products in the first quarter of fiscal 2022 versus the first quarter of fiscal 2021.
- Gross margin was 30.3% of net sales for the first quarter of fiscal 2022 versus 31.8% of net sales in the prior year's first quarter due to product mix.
- Operating expenses increased \$0.5 million to \$13.5 million compared to the prior year's first quarter. Employee compensation expenses increased, including higher incentive expense due to the substantially improved performance. This increase was partially offset by lower legal fees.
- Operating income was \$2.8 million for the first quarter of fiscal 2022 compared to an operating loss of \$0.6 million in the first quarter of fiscal 2021.
- Earnings per common share (diluted) were \$0.20 for the first quarter of fiscal 2022 compared to a loss of \$0.09 per common share (diluted) in the first quarter of fiscal 2021.
- Cash and investments were \$36.4 million as of August 28, 2021 versus \$43.3 million on May 29, 2021 and \$42.5 million on August 29, 2020. The use of cash was related to higher working capital to support sales growth.

**LaFox, IL, OCTOBER 6, 2021:** Richardson Electronics, Ltd. (NASDAQ: RELL) today reported financial results for its first quarter ended August 28, 2021. The Company also announced that its Board of Directors declared a \$0.06 per share quarterly cash dividend.

#### **First Quarter Results**

Net sales for the first quarter of fiscal 2022 increased 38.4% to \$53.7 million compared to net sales of \$38.8 million in the prior year's first quarter due to higher net sales across all three business units. PMT sales increased \$12.8 million or 42.2% from last year's first quarter because of higher sales of power conversion and RF and microwave components as well as specialty products for semiconductor wafer fab equipment. Sales for most of the Electron Tube product lines increased from the first quarter of fiscal 2021. Canvys sales increased by \$1.7 million or 25.8% due to strong customer demand in Europe. Richardson Healthcare sales increased \$0.4 million or 22.0% primarily due to an increase in demand for the ALTA750™ Tubes, partially offset by lower sales of parts and pre-owned CT scanners in Latin America.

“We are excited by the strong start to fiscal 2022, as we achieved the highest level of quarterly sales in 11 years and the best quarterly earnings per share in nine years,” said Edward J. Richardson, Chairman, Chief Executive Officer, and President. “Our strong first quarter performance is a result of growth initiatives that are starting to take hold and we successfully navigated unprecedented global supply chain and logistics challenges. The first quarter also ended with record backlogs of the ULTRA3000 Pitch Energy Modules for GE Wind Turbines, microwave products and Canvys monitors. As a result, we believe fiscal year 2022 will be a strong year of sales growth and improved profitability.”

Gross margin was 30.3% of net sales during the first quarter of fiscal 2022 compared to 31.8% of net sales during the first quarter of fiscal 2021. PMT margin decreased to 30.1% from 33.0% due to a higher percentage of lower margin PMG sales. Canvys margin as a percent of net sales decreased to 33.4% from 34.0% because of increasing freight costs resulting from the COVID-19 pandemic. Healthcare margin as a percent of net sales was 24.3% in the first quarter of fiscal 2022 compared to 5.6% in the prior year’s first quarter primarily due to improved product mix and manufacturing absorption from increased production of the ALTA750™ Tube.

Operating expenses were \$13.5 million compared to \$13.0 million in the first quarter of fiscal 2021. The increase in operating expenses resulted from higher employee compensation and travel expenses, partially offset by lower legal expense.

The Company reported operating income of \$2.8 million for the first quarter of fiscal 2022 compared to an operating loss of \$0.6 million in the prior year’s first quarter. Other expense for the first quarter of fiscal 2022, including interest income and foreign exchange, was less than \$0.1 million, compared to other expense of \$0.4 million in the first quarter of fiscal 2021.

The income tax provision of \$0.2 million for the first quarter of fiscal 2022 reflected a provision for foreign income taxes, which was higher than the prior year’s first quarter, and the offset of a U.S. tax provision against the valuation allowance. Net income for the first quarter of fiscal 2022 was \$2.6 million compared to a net loss of \$1.1 million in the first quarter of fiscal 2021. Earnings per common share (diluted) were \$0.20 in the first quarter of fiscal 2022 compared to a net loss of \$0.09 per common share (diluted) in the first quarter of fiscal 2021.

Cash and investments at the end of the first quarter of fiscal 2022 were \$36.4 million compared to \$43.3 million at the end of fiscal 2021 and \$42.5 million at the end of the first quarter of fiscal 2021. Use of cash related to higher working capital to support sales growth. The Company spent \$0.8 million during the quarter on capital expenditures primarily related to its Healthcare business and IT System, versus \$0.7 million during the first quarter of fiscal 2021.

## **CASH DIVIDEND DECLARED**

The Board of Directors of Richardson Electronics declared a \$0.06 quarterly dividend per share to holders of common stock and a \$0.054 cash dividend per share to holders of Class B common stock. The dividend will be payable on November 24, 2021, to common stockholders of record as of November 5, 2021.

## **CONFERENCE CALL INFORMATION**

On Thursday, October 7, 2021, at 9:00 a.m. CDT, Edward J. Richardson, Chairman and Chief Executive Officer, and Robert J. Ben, Chief Financial Officer, will host a conference call to discuss the Company’s first quarter fiscal year 2022 results. A question and answer session will be included as part of the call’s agenda.

## Participant Instructions

To listen to the call, please dial (USA/CANADA) (866) 784-8065 or (International) (602) 563-8684 and enter Conference ID: 3584788 approximately five minutes before the start of the call. A replay of the call will be available beginning at 1:00 p.m. CDT on October 7, 2021, for seven days. The telephone number for the replay is (855) 859-2056; Conference ID: 3584788.

## **FORWARD-LOOKING STATEMENTS**

This release includes certain “forward-looking” statements as defined by the Securities and Exchange Commission. Statements in this press release regarding the Company’s business that are not historical facts represent “forward-looking” statements that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K filed on August 2, 2021, and other reports we file with the Securities and Exchange Commission. The Company assumes no responsibility to update the “forward-looking” statements in this release as a result of new information, future events or otherwise.

## **ABOUT RICHARDSON ELECTRONICS, LTD.**

Richardson Electronics, Ltd. is a leading global provider of engineered solutions, power grid and microwave tubes and related consumables; power conversion and RF and microwave components; high value 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. More information is available at [www.rell.com](http://www.rell.com).

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

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

|  | <b>Unaudited</b>       | <b>Audited</b>      |
|--|------------------------|---------------------|
|  | <b>August 28, 2021</b> | <b>May 29, 2021</b> |
| <b>Assets</b>  |                        |                     |
| <b>Current assets:</b>   |                        |                     |
| Cash and cash equivalents  | \$ 36,418              | \$ 43,316           |
| Accounts receivable, less allowance of \$205 and \$202, respectively   | 29,724                 | 25,096              |
| Inventories, net   | 67,649                 | 63,508              |
| Prepaid expenses and other assets  | 2,429                  | 2,385               |
| <b>Total current assets</b>  | <b>136,220</b>         | <b>134,305</b>      |
| <b>Non-current assets:</b>   |                        |                     |
| Property, plant and equipment, net   | 17,132                 | 17,067              |
| Intangible assets, net   | 2,204                  | 2,270               |
| Lease ROU asset  | 4,116                  | 2,570               |
| Non-current deferred income taxes  | 534                    | 541                 |
| <b>Total non-current assets</b>  | <b>23,986</b>          | <b>22,448</b>       |
| <b>Total assets</b>  | <b>\$ 160,206</b>      | <b>\$ 156,753</b>   |
| <b>Liabilities</b>   |                        |                     |
| <b>Current liabilities:</b>  |                        |                     |
| Accounts payable   | \$ 17,421              | \$ 16,979           |
| Accrued liabilities  | 14,534                 | 14,182              |
| Lease liability current  | 1,297                  | 1,066               |
| <b>Total current liabilities</b>   | <b>33,252</b>          | <b>32,227</b>       |
| <b>Non-current liabilities:</b>  |                        |                     |
| Non-current deferred income tax liabilities  | 274                    | 242                 |
| Lease liability non-current  | 2,638                  | 1,358               |
| Other non-current liabilities  | 1,364                  | 1,366               |
| <b>Total non-current liabilities</b>   | <b>4,276</b>           | <b>2,966</b>        |
| <b>Total liabilities</b>   | <b>37,528</b>          | <b>35,193</b>       |
| <b>Stockholders' equity</b>  |                        |                     |
| Common stock, \$0.05 par value; issued and outstanding 11,241 shares on August 28, 2021 and 11,160 shares on May 29, 2021    | 562                    | 558                 |
| Class B common stock, convertible, \$0.05 par value; issued and outstanding 2,097 shares on August 28, 2021 and May 29, 2021 | 105                    | 105                 |
| Preferred stock, \$1.00 par value, no shares issued  | —                      | —                   |
| Additional paid-in-capital   | 62,974                 | 62,707              |
| Retained earnings  | 55,146                 | 53,297              |
| Accumulated other comprehensive income   | 3,891                  | 4,893               |
| <b>Total stockholders' equity</b>  | <b>122,678</b>         | <b>121,560</b>      |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 160,206</b>      | <b>\$ 156,753</b>   |

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

|  | <b>Three Months Ended</b> |                        |
|--|---------------------------|------------------------|
|  | <b>August 28, 2021</b>    | <b>August 29, 2020</b> |
| Net sales  | \$ 53,704                 | \$ 38,812              |
| Cost of sales  | 37,407                    | 26,453                 |
| <b>Gross profit</b>                                  | <b>16,297</b>             | <b>12,359</b>          |
| Selling, general and administrative expenses         | 13,469                    | 12,976                 |
| <b>Operating income (loss)</b>                       | <b>2,828</b>              | <b>(617)</b>           |
| Other expense (income):                              |                           |                        |
| Investment/interest income                           | (17)                      | (18)                   |
| Foreign exchange loss                                | 27                        | 442                    |
| Other, net   | 16                        | (18)                   |
| Total other expense                                  | 26                        | 406                    |
| Income (loss) before income taxes                    | 2,802                     | (1,023)                |
| Income tax provision                                 | 167                       | 124                    |
| <b>Net income (loss)</b>                             | <b>2,635</b>              | <b>(1,147)</b>         |
| Foreign currency translation (loss) gain, net of tax | (1,002)                   | 2,136                  |
| <b>Comprehensive income</b>                          | <b>\$ 1,633</b>           | <b>\$ 989</b>          |
| <b>Net income (loss) per share:</b>                  |                           |                        |
| Common shares - Basic                                | \$ 0.20                   | \$ (0.09)              |
| Class B common shares - Basic                        | 0.18                      | (0.08)                 |
| Common shares - Diluted                              | 0.20                      | (0.09)                 |
| Class B common shares - Diluted                      | 0.18                      | (0.08)                 |
| <b>Weighted average number of shares:</b>            |                           |                        |
| Common shares – Basic                                | 11,194                    | 11,070                 |
| Class B common shares – Basic                        | 2,097                     | 2,097                  |
| Common shares – Diluted                              | 11,467                    | 11,070                 |
| Class B common shares – Diluted                      | 2,097                     | 2,097                  |
| <b>Dividends per share:</b>                          |                           |                        |
| Common share   | \$ 0.060                  | \$ 0.060               |
| Class B common share                                 | 0.054                     | 0.054                  |

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

|  | <b>Three Months Ended</b> |                        |
|--|---------------------------|------------------------|
|  | <b>August 28, 2021</b>    | <b>August 29, 2020</b> |
| <b>Operating activities:</b>   |                           |                        |
| Net income (loss)  | \$ 2,635                  | \$ (1,147)             |
| Adjustments to reconcile net income (loss) to cash used in operating activities: |                           |                        |
| Depreciation and amortization  | 829                       | 873                    |
| Inventory provisions   | 83                        | 237                    |
| Share-based compensation expense   | 219                       | 201                    |
| Deferred income taxes  | 35                        | 2                      |
| Change in assets and liabilities:  |                           |                        |
| Accounts receivable  | (5,008)                   | (854)                  |
| Inventories  | (4,957)                   | (1,621)                |
| Prepaid expenses and other assets  | (62)                      | 109                    |
| Accounts payable   | 607                       | (2,734)                |
| Accrued liabilities  | 480                       | 1,779                  |
| Other  | 266                       | (202)                  |
| <b>Net cash used in operating activities</b>                                     | <b>(4,873)</b>            | <b>(3,357)</b>         |
| <b>Investing activities:</b>   |                           |                        |
| Capital expenditures   | (837)                     | (718)                  |
| Proceeds from maturity of investments  | —                         | 16,000                 |
| Purchases of investments   | —                         | (9,000)                |
| <b>Net cash (used in) provided by investing activities</b>                       | <b>(837)</b>              | <b>6,282</b>           |
| <b>Financing activities:</b>   |                           |                        |
| Proceeds from issuance of common stock   | 52                        | —                      |
| Cash dividends paid  | (786)                     | (780)                  |
| Payment of financing lease principal   | (45)                      | (45)                   |
| <b>Net cash used in financing activities</b>                                     | <b>(779)</b>              | <b>(825)</b>           |
| Effect of exchange rate changes on cash and cash equivalents                     | (409)                     | 860                    |
| <b>(Decrease) increase in cash and cash equivalents</b>                          | <b>(6,898)</b>            | <b>2,960</b>           |
| Cash and cash equivalents at beginning of period                                 | 43,316                    | 30,535                 |
| <b>Cash and cash equivalents at end of period</b>                                | <b>\$ 36,418</b>          | <b>\$ 33,495</b>       |

**Richardson Electronics, Ltd.**  
**Unaudited Net Sales and Gross Profit**  
**For the First Quarter of Fiscal 2022 and 2021**  
*(\$ in thousands)*

**By Strategic Business Unit:**

**Net Sales**

|            | <b>Q1 FY 2022</b> |  | <b>Q1 FY 2021</b> | <b>% Change</b> |
|------------|-------------------|--|-------------------|-----------------|
| PMT        | \$ 43,009         |  | \$ 30,252         | 42.2%           |
| Canvys     | 8,441             |  | 6,712             | 25.8%           |
| Healthcare | 2,254             |  | 1,848             | 22.0%           |
| Total      | <u>\$ 53,704</u>  |  | <u>\$ 38,812</u>  | 38.4%           |

**Gross Profit**

|            | <b>Q1 FY 2022</b> | <b>% of Net Sales</b> |  | <b>Q1 FY 2021</b> | <b>% of Net Sales</b> |
|------------|-------------------|-----------------------|--|-------------------|-----------------------|
| PMT        | \$ 12,931         | 30.1%                 |  | \$ 9,971          | 33.0%                 |
| Canvys     | 2,818             | 33.4%                 |  | 2,284             | 34.0%                 |
| Healthcare | 548               | 24.3%                 |  | 104               | 5.6%                  |
| Total      | <u>\$ 16,297</u>  | 30.3%                 |  | <u>\$ 12,359</u>  | 31.8%                 |