



FOR IMMEDIATE RELEASE

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**Aehr Test Systems Reports 30% Revenue Growth for Fiscal Year 2017
and Provides Financial Guidance for Fiscal 2018**

Fremont, CA (July 19, 2017) – Aehr Test Systems (NASDAQ: AEHR), a worldwide supplier of semiconductor test and burn-in equipment, today announced financial results for its 2017 fourth quarter and fiscal year ended May 31, 2017.

Fiscal Fourth Quarter Financial Results:

- Net sales were \$6.7 million, compared to \$1.6 million in the fourth quarter of fiscal 2016.
- GAAP net loss was \$795,000, or \$0.04 per diluted share, compared to a GAAP net loss of \$3.1 million, or \$0.23 per diluted share, in the fourth quarter of fiscal 2016.
- Non-GAAP net loss was \$587,000, or \$0.03 per diluted share, compared to a non-GAAP net loss of \$2.8 million, or \$0.21 per diluted share, in the fourth quarter of fiscal 2016.

Fiscal Year Financial Results:

- Net sales were \$18.9 million, up 30% from \$14.5 million in fiscal 2016.
- GAAP net loss was \$5.7 million, or \$0.35 per diluted share, compared to a GAAP net loss of \$6.8 million, or \$0.52 per diluted share, in fiscal 2016.
- Non-GAAP net loss was \$4.7 million, or \$0.29 per diluted share, compared to a non-GAAP net loss of \$5.8 million, or \$0.44 per diluted share, in fiscal 2016.
- Backlog as of May 31, 2017 was \$12.7 million, compared to backlog of \$5.3 million as of May 31, 2016.
- Total cash and cash equivalents at fiscal year-end was \$17.8 million.

An explanation of the use of non-GAAP financial information and a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying tables.

Fourth Quarter Highlights:

- Shipped and successfully installed FOX™-XP systems to our two lead customers and have since

received final system acceptance at the customers' sites.

- Received a \$3.7 million follow-on production order for a FOX-XP test and burn-in system configured with Aehr Test's new highly parallel singulated die/module test interface technology and a set of proprietary DiePak® carriers. The order was from a subcontractor to Aehr Test's lead customer for the FOX-XP Test and Burn-in System.
- Announced a follow-on order exceeding \$1.9 million for multiple Advanced Burn-in and Test (ABTS™) systems from a leading multi-national semiconductor supplier of automotive devices.
- Received an initial production order of \$850,000 from an OEM customer for multiple proprietary ABTS thermal chambers following completion and acceptance of an initial ABTS chamber order delivered to this customer earlier in the fiscal year.
- Completed successful public offering of approximately 4.4 million shares of common stock at a price to the public of \$3.90 per share, including the underwriter's exercise of its option to purchase approximately 577,000 additional shares to cover over-allotments.

Gayn Erickson, President and CEO of Aehr Test Systems, commented:

"We exceeded our revenue guidance of \$6 million for the fourth quarter, with total quarterly revenue of \$6.7 million, and finished our fiscal 2017 with total revenue of \$18.9 million, up 30% from the prior year. We are encouraged by the demand for our new FOX wafer-level and singulated die/module test and burn-in systems as well as our ABTS packaged part test and burn-in systems. We announced several sizable orders during the quarter which brought our total orders for the fiscal year to \$26.4 million.

"During the quarter, we shipped our new FOX-XP Multi-Wafer and Singulated Die/Module Test and Burn-in Systems to our two lead customers. Each of these systems was shipped and installed during the quarter and has since been accepted at the customers' sites. We believe our solutions are the most robust and accurate wafer level and module level test and burn-in systems on the market, delivering substantially more test functionality and parallelism than any other competitive product available.

"With our reported backlog of \$12.7 million as of May 31, 2017, along with the recently reported bookings of over \$3.8 million for our ABTS systems, we effectively head into fiscal 2018 with over \$16.5 million in booked orders. With the market opportunities we see for our FOX-XP products, and a strong backlog of orders, we are very optimistic about our growth potential for fiscal 2018."

Fiscal 2018 Financial Guidance:

For the fiscal year ending May 31, 2018, we expect full year total revenue growth to exceed 50% over fiscal 2017 and to be profitable for the year.

Management Conference Call and Webcast

Aehr Test Systems will host a conference call and webcast today at 5:00 p.m. Eastern (2:00 p.m. PT) to discuss its fiscal 2017 fourth quarter and full year operating results. To access the call dial **888-401-4668 (+1 719-325-2281** outside the United States) and give the participant pass code **3874563**. In addition, a live and archived webcast of the conference call will be available over the Internet at www.aehr.com in the Investor Relations section. A replay of the conference call will also be available via telephone beginning approximately two hours after conclusion of the call through 8:00 p.m. ET on July 20, 2017. To access the replay dial-in information, please click [here](#).

About Aehr Test Systems

Headquartered in Fremont, California, Aehr Test Systems is a worldwide provider of test systems for burning-in and testing logic and memory integrated circuits and has an installed base of more than 2,500 systems worldwide. Increased quality and reliability needs of the Automotive and Mobility integrated circuit markets are driving additional test requirements, capacity needs and opportunities for Aehr Test products in package and wafer level test. Aehr Test has developed and introduced several innovative products, including the ABTS and FOX families of test and burn-in systems, WaferPak contactors, and DiePak carriers. The ABTS systems are used in production and qualification testing of packaged parts for both low-power and high-power logic as well as memory devices. The FOX family of systems includes single and multi-wafer full wafer contact test and burn-in systems used for burn-in and functional test of complex devices, such as leading-edge memories, digital signal processors, microprocessors, microcontrollers and systems-on-a-chip. The WaferPak contactor contains a unique full wafer probe card capable of testing wafers up to 300mm that enables IC manufacturers to perform test and burn-in of full wafers on Aehr Test FOX systems. The DiePak carrier is a reusable, temporary package that enables IC manufacturers to perform cost-effective final test and burn-in of both bare die and modules. For more information, please visit Aehr Test's website at www.aehr.com.

Safe Harbor Statement

This press release contains certain forward-looking statements based on current expectations, forecasts and assumptions that involve risks and uncertainties. These statements are based on information available to Aehr Test as of the date hereof and actual results could differ materially from those stated or implied due to risks and uncertainties. Forward-looking statements include statements regarding Aehr Test's expectations, beliefs, intentions or strategies regarding the future including statements regarding future market opportunities and conditions, expected product shipment dates, customer orders or commitments and future operating results. The risks and uncertainties that could cause Aehr Test's results to differ materially from those expressed or implied by such forward-looking statements include, without limitation, general market conditions, customer demand and acceptance of Aehr Test's products and Aehr Test's ability to execute on its business strategy. See Aehr Test's recent 10-K, 10-Q and other reports from time to time filed with the Securities and Exchange Commission for a more detailed description of the risks facing Aehr Test's business. Aehr Test disclaims any obligation to update information contained in any forward-looking statement to reflect events or circumstances occurring after the date of this press release.

– Financial Tables to Follow –

AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended			Year Ended	
	May 31, 2017	Feb 28, 2017	May 31, 2016	May 31, 2017	May 31, 2016
Net sales	\$ 6,683	\$ 2,681	\$ 1,571	\$ 18,898	\$ 14,501
Cost of sales	<u>4,075</u>	<u>2,178</u>	<u>1,669</u>	<u>12,118</u>	<u>9,356</u>
Gross profit (loss)	<u>2,608</u>	<u>503</u>	<u>(98)</u>	<u>6,780</u>	<u>5,145</u>
Operating expenses:					
Selling, general and administrative	1,905	1,724	1,722	7,052	6,975
Research and development	<u>1,309</u>	<u>1,248</u>	<u>1,046</u>	<u>4,657</u>	<u>4,324</u>
Total operating expenses	<u>3,214</u>	<u>2,972</u>	<u>2,768</u>	<u>11,709</u>	<u>11,299</u>
Loss from operations	(606)	(2,469)	(2,866)	(4,929)	(6,154)
Interest expense	(141)	(178)	(168)	(678)	(605)
Other expense, net	<u>(59)</u>	<u>(2)</u>	<u>(23)</u>	<u>(21)</u>	<u>(16)</u>
Loss before income tax benefit (expense)	(806)	(2,649)	(3,057)	(5,628)	(6,775)
Income tax benefit (expense)	<u>11</u>	<u>(2)</u>	<u>1</u>	<u>(25)</u>	<u>(10)</u>
Net loss	(795)	(2,651)	(3,056)	(5,653)	(6,785)
Less: Net income attributable to the noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss attributable to Aehr Test Systems common shareholders	<u>\$ (795)</u>	<u>\$ (2,651)</u>	<u>\$ (3,056)</u>	<u>\$ (5,653)</u>	<u>\$ (6,785)</u>
Net loss per share					
Basic	\$ (0.04)	\$ (0.16)	\$ (0.23)	\$ (0.35)	\$ (0.52)
Diluted	\$ (0.04)	\$ (0.16)	\$ (0.23)	\$ (0.35)	\$ (0.52)
Shares used in per share calculations:					
Basic	19,050	16,672	13,190	16,267	13,091
Diluted	19,050	16,672	13,190	16,267	13,091

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AEHR TEST SYSTEMS AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Results
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended			Year Ended	
	May 31, 2017	Feb 28, 2017	May 31, 2016	May 31, 2017	May 31, 2016
GAAP net loss	\$ (795)	\$ (2,651)	\$ (3,056)	\$ (5,653)	\$ (6,785)
Stock-based compensation expense	208	257	230	999	1,016
Non-GAAP net loss	<u>\$ (587)</u>	<u>\$ (2,394)</u>	<u>\$ (2,826)</u>	<u>\$ (4,654)</u>	<u>\$ (5,769)</u>
GAAP net loss per diluted share	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.23)</u>	<u>\$ (0.35)</u>	<u>\$ (0.52)</u>
Non-GAAP net loss per diluted share	<u>\$ (0.03)</u>	<u>\$ (0.14)</u>	<u>\$ (0.21)</u>	<u>\$ (0.29)</u>	<u>\$ (0.44)</u>
Shares used in diluted shares calculation	<u>19,050</u>	<u>16,672</u>	<u>13,190</u>	<u>16,267</u>	<u>13,091</u>
Shares used in non-GAAP diluted shares calculation	<u>19,050</u>	<u>16,672</u>	<u>13,190</u>	<u>16,267</u>	<u>13,091</u>

Non-GAAP net loss is a non-GAAP measure and should not be considered a replacement for GAAP results. Non-GAAP net loss is a financial measure the Company uses to evaluate the underlying results and operating performance of the business. The limitation of this measure is that it excludes items that impact the Company's current period net loss. This limitation is best addressed by using this measure in combination with net loss (the most directly comparable GAAP financial measure). These measures are not in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies.

We believe these measures enhance investors' ability to review the company's business from the same perspective as the company's management and facilitate comparisons of this period's results with prior periods.

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AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
 (in thousands)
 (unaudited)

	May 31, 2017	February 28, 2017	May 31, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,803	\$ 2,039	\$ 939
Accounts receivable, net	4,010	1,596	522
Inventories	6,604	7,207	7,033
Prepaid expenses and other	961	354	254
Total current assets	29,378	11,196	8,748
Property and equipment, net	1,419	861	1,204
Other assets	95	96	94
Total assets	<u>\$ 30,892</u>	<u>\$ 12,153</u>	<u>\$ 10,046</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	\$ 2,808	\$ 1,821	\$ 1,413
Accrued expenses	1,609	1,897	1,553
Customer deposits and deferred revenue, short-term	3,467	1,012	1,714
Total current liabilities	7,884	4,730	4,680
Long-term debt	6,110	6,095	5,962
Deferred revenue, long-term	104	32	127
Total liabilities	14,098	10,857	10,769
Aehr Test Systems shareholders' equity (deficit)	16,813	1,315	(703)
Noncontrolling interest	(19)	(19)	(20)
Total shareholders' equity (deficit)	16,794	1,296	(723)
Total liabilities and shareholders' equity (deficit)	<u>\$ 30,892</u>	<u>\$ 12,153</u>	<u>\$ 10,046</u>

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