

AEHR TEST SYSTEMS
Form 10-Q
October 13, 2017

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

FORM 10-Q

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

For the quarterly period ended August 31, 2017

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: 000-22893

AEHR TEST SYSTEMS
(Exact name of Registrant as specified in its charter)

California 94-2424084
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

400 Kato Terrace
Fremont, CA 94539
(Address of principal (Zip Code)
executive offices)

(510) 623-9400
(Registrant's telephone number, including area code)

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 as 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes No

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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

(Do not check if a 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

Number of shares of the registrant's common stock, \$0.01 par value, outstanding as of September 29, 2017 was 21,542,096.

AEHR TEST SYSTEMS

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FOR THE QUARTER ENDED AUGUST 31, 2017

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (Unaudited)

AEHR TEST SYSTEMS
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except per share data)
 (unaudited)

	August 31, May 31,	
	2017	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$13,993	\$17,803
Accounts receivable, net	5,301	4,010
Inventories	9,020	6,604
Prepaid expenses and other current assets	2,050	961
Total current assets	30,364	29,378
Property and equipment, net	1,140	1,419
Other assets	95	95
Total assets	\$31,599	\$30,892
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$3,473	2,808
Accrued expenses	1,572	1,609
Customer deposits and deferred revenue, short-term	3,034	3,467
Total current liabilities	8,079	7,884
Convertible notes	6,110	6,110
Deferred revenue, long-term	97	104
Total liabilities	14,286	14,098
Aehr Test Systems shareholders' equity:		
Common stock, \$0.01 par value: Authorized: 75,000; Issued and outstanding: 21,532 shares and 21,340 shares at August 31, 2017 and May 31, 2017, respectively	215	213

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Additional paid-in capital	81,576	81,128
Accumulated other comprehensive income	2,308	2,249
Accumulated deficit	(66,767)	(66,777)
Total Aehr Test Systems shareholders' equity	17,332	16,813
Noncontrolling interest	(19)	(19)
Total shareholders' equity	17,313	16,794
Total liabilities and shareholders' equity	\$31,599	\$30,892

(1) The condensed consolidated balance sheet at May 31, 2017 has been derived from the audited consolidated financial statements at that date.

The accompanying notes are an integral part of these condensed consolidated financial statements.

AEHR TEST SYSTEMS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

Three Months
Ended

August 31,

2017 2016

Net sales	\$6,970	\$5,318
Cost of sales	4,052	3,112
Gross profit	2,918	