



April 12, 2017

## **SemiLEDs Reports Second Quarter Fiscal Year 2017 Financial Results**

HSINCHU, Taiwan, April 12, 2017 (GLOBE NEWSWIRE) -- SemiLEDs Corporation (NASDAQ:LEDS), "SemiLEDs" or the "Company," a developer and manufacturer of LED chips and LED components, today announced its financial results for the second quarter of fiscal year 2017, ended February 28, 2017.

Revenue for the second quarter of fiscal 2017 was \$1.8 million, a 32% decrease compared to \$2.7 million in the first quarter of fiscal 2017. GAAP net loss attributable to SemiLEDs stockholders for the second quarter of fiscal 2017 was \$1.1 million, or a net loss of \$0.32 per diluted share, compared to a loss of \$0.7 million, or a net loss of \$0.20 per diluted share for the first quarter of fiscal 2017. In the second quarter, we shut down our manufacturing production for two weeks due to the Chinese New Year holiday.

On a non-GAAP basis, net loss attributable to SemiLEDs stockholders for the second quarter of fiscal 2017 was \$1.1 million, or a net loss of \$0.30 per diluted share, compared to non-GAAP net loss attributable to SemiLEDs stockholders of \$0.6 million, or a loss of \$0.17 in the first quarter of 2017.

GAAP gross margin for the second quarter of fiscal 2017 was breakeven, compared with gross margin for the first quarter of fiscal 2017 of 4%. Operating margin for the second quarter of fiscal 2017 was negative 62%, compared with negative 41% in the first quarter of fiscal 2017. The Company's cash and cash equivalents was \$4.1 million at February 28, 2017, compared to \$4.8 million at the end of the first quarter of fiscal 2017. Cash used in operating activities was \$0.6 million in the second quarter of fiscal 2017, compared with \$1.1 million in the first quarter of fiscal 2017.

We expect revenue for the third quarter ending May 31, 2017 to be approximately \$2.0 million +/- 10%.

### **About SemiLEDs**

SemiLEDs develops and manufactures LED chips and LED components primarily for general lighting applications, including street lights and commercial, industrial and residential lighting, along with specialty industrial applications such as ultraviolet (UV) curing, medical/cosmetic, counterfeit detection, horticulture, architectural lighting and entertainment lighting. SemiLEDs sells blue, white, green and UV LED chips.

### **Non-GAAP Financial Measures**

SemiLEDs has provided in this press release adjusted financial information that has not been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. SemiLEDs uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to, but not as a substitute for, GAAP measures, in evaluating the Company's operational performance. SemiLEDs believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating operating results and trends, and in comparing its financial results with other companies in SemiLEDs' industry, many of which present similar non-GAAP financial measures to investors. The historical non-GAAP financial measures presented above exclude the following items required to be included by GAAP: non-cash stock-based compensation charges and the related tax effect, if any. In addition to the non-GAAP financial measures discussed above, SemiLEDs also uses free cash flow as a measure of operating performance. Free cash flow represents cash provided by operating activities less capital expenditures.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of historic non-GAAP financial measures to GAAP results has been provided in the financial statement tables included in this press release.

### **Forward Looking Statements**

This press release contains statements that may constitute "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projection of future revenues, any statements about

historical results that may suggest trends for SemiLEDs' business; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding recovery of the LED industry, market opportunities and other future events or technology developments; any statements regarding SemiLEDs' position to capitalize on any market opportunities; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future SemiLEDs' or industry performance based on management's judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. SemiLEDs' Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") and other SemiLEDs filings with the SEC (which you may obtain for free at the SEC's website at <http://www.sec.gov>) discuss some of the important risks and other factors that may affect SemiLEDs' business, results of operations and financial condition. SemiLEDs undertakes no intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Source: SemiLEDs Corporation

**SEMILEDs CORPORATION AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Balance Sheets**  
(In thousands of U.S. dollars)

	February 28, 2017	November 30, 2016
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,068	\$ 4,827
Accounts receivable (including related parties), net	1,075	1,526
Inventories	3,782	3,777
Prepaid expenses and other current assets	589	788
Total current assets	9,514	10,918
Property, plant and equipment, net	8,588	8,451
Intangible assets, net	63	60
Investments in unconsolidated entities	1,330	1,314
Other assets	368	354
TOTAL ASSETS	\$ 19,863	\$ 21,097
<b>LIABILITIES AND EQUITY</b>		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 327	\$ 313
Accounts payable	1,079	1,184
Advance receipt toward the convertible note	500	500
Accrued expenses and other current liabilities	5,242	2,496
Total current liabilities	7,148	4,493
Long-term debt, excluding current installments	2,521	2,504
Other liability	—	3,083
Total liabilities	9,669	10,080
Commitments and contingencies		
EQUITY:		
SemiLEDs stockholders' equity		
Common stock	—	—
Additional paid-in capital	175,548	175,467
Accumulated other comprehensive income	3,634	3,385
Accumulated deficit	(169,011)	(167,869)
Total SemiLEDs stockholders' equity	10,171	10,983
Noncontrolling interests	23	34
Total equity	10,194	11,017
TOTAL LIABILITIES AND EQUITY	\$ 19,863	\$ 21,097

**SEMILEDs CORPORATION AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Statements of Operations**  
(In thousands of U.S. dollars and shares, except per share data)

	<b>Three Months Ended</b>	
	<b>February 28, 2017</b>	<b>November 30, 2016</b>
Revenues, net	\$ 1,830	\$ 2,702
Cost of revenues	1,823	2,586
Gross profit	<u>7</u>	<u>116</u>
Operating expenses:		
Research and development	195	199
Selling, general and administrative	941	1,100
Gain on disposals of long-lived assets	—	(80)
Total operating expenses	<u>1,136</u>	<u>1,219</u>
Loss from operations	(1,129)	(1,103)
Other income (expenses):		
Equity in loss from unconsolidated entities	(2)	(9)
Interest expenses, net	(8)	(9)
Other income, net	20	476
Foreign currency transaction loss, net	(30)	(51)
Total other income (expenses), net	<u>(20)</u>	<u>407</u>
Loss before income taxes	(1,149)	(696)
Income tax expense	—	—
Net loss	(1,149)	(696)
Less: Net loss attributable to noncontrolling interests	(7)	(6)
Net loss attributable to SemiLEDs stockholders	<u>\$ (1,142)</u>	<u>\$ (690)</u>
Net loss per share attributable to SemiLEDs stockholders:		
Basic and diluted	<u>\$ (0.32)</u>	<u>\$ (0.20)</u>
Shares used in computing net loss per share attributable to SemiLEDs stockholders:		
Basic and diluted	<u>3,532</u>	<u>3,518</u>

**SEMILEDs CORPORATION AND SUBSIDIARIES**  
**Unaudited Reconciliation of GAAP to Non-GAAP Measures**  
(In thousands of U.S. dollars, except per share data)

	<b>Three Months Ended</b>	
	<b>February 28, 2017</b>	<b>November 30, 2016</b>
<b>Non-GAAP Net Loss</b>		
GAAP net loss attributable to SemiLEDs stockholders	\$ (1,142)	\$ (690)
Adjustments:		
Stock-based compensation expense	81	83
Income tax effect	—	—
Non-GAAP net loss attributable to SemiLEDs stockholders	<u>\$ (1,061)</u>	<u>\$ (607)</u>
Diluted net loss per share attributable to SemiLEDs stockholders:		
GAAP net loss	<u>\$ (0.32)</u>	<u>\$ (0.20)</u>
Non-GAAP net loss	<u>\$ (0.30)</u>	<u>\$ (0.17)</u>

	<b>Three Months Ended</b>	
	<b>February 28, 2017</b>	<b>November 30, 2016</b>
<b>Free Cash Flow</b>		
Net cash used in operating activities	\$ (638)	\$ (1,121)
Less: Capital expenditures	20	68
Total free cash flows	<u>\$ (658)</u>	<u>\$ (1,189)</u>

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