

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 June 29, 2025

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: 000-22671

QUICKLOGIC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0188504
(I.R.S. Employer
Identification No.)

2220 Lundy Avenue, San Jose, CA 95131-1816
(Address of principal executive offices including zip code))

(408) 990-4000
(Registrant's telephone number, including area code)

Securities registered pursuant Section 12(b) of the act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.001 per share	QUIK	The Nasdaq Capital Market

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Securities Exchange Act). Yes ☐ No ☒

As of August 8, 2025, there were 16,426,948 shares of registrant's common stock, par value \$0.001 per share, outstanding.

QUICKLOGIC CORPORATION
FORM 10-Q
June 29, 2025

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PART I. Financial Information

Item 1. Unaudited Condensed Consolidated Financial Statements

QUICKLOGIC CORPORATION **UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS** (in thousands, except par value amount)

	June 29, 2025	December 29, 2024
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 19,191	\$ 21,859
Accounts receivable, net of allowance for credit losses of \$0 as of June 29, 2025 and December 29, 2024	974	2,426
Contract assets	3,688	2,682
Note receivable, current	1,355	—
Inventories, net	867	940
Prepaid expenses and other current assets	1,300	1,666
Assets of business held for sale, net	14	31
Total current assets	27,389	29,604
Property and equipment, net	17,767	15,699
Capitalized internal-use software, net	967	711
Right of use assets, net	614	758
Intangible assets, net	359	378
Non-marketable equity investment	—	300
Inventories, non-current, net	648	718
Note receivable, non-current	—	1,292
Other assets	114	117
Assets of business held for sale, net	2,356	2,356
TOTAL ASSETS	\$ 50,214	\$ 51,933
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	\$ 15,000	\$ 18,000
Trade payables	3,383	3,097
Accrued liabilities	1,042	1,587
Deferred revenue	369	444
Note payable, current	1,424	1,928
Lease liabilities, current	302	284
Liabilities of business held for sale	5	57
Total current liabilities	21,525	25,397
Long-term liabilities:		
Lease liabilities, non-current	308	447
Notes payable, non-current	724	1,202
Total liabilities	22,557	27,046
Commitments and contingencies (see Note 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.001 par value; 200,000 authorized; 16,378 and 15,336 shares issued and outstanding as of June 29, 2025 and December 29, 2024, respectively	16	15
Additional paid-in capital	341,898	334,268
Accumulated deficit	(314,257)	(309,396)
Total stockholders' equity	27,657	24,887
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 50,214	\$ 51,933

See accompanying notes to unaudited condensed consolidated financial statements.

QUICKLOGIC CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Revenue	\$ 3,687	\$ 4,096	\$ 8,012	\$ 9,765
Cost of revenue	2,733	1,854	5,181	3,719
Gross profit	954	2,242	2,831	6,046
Operating expenses:				
Research and development	1,193	1,347	2,461	2,668
Selling, general and administrative	1,962	2,095	4,498	4,446
Impairment charges	300	—	300	—
Restructuring costs	21	—	75	—
Total operating expenses	3,476	3,442	7,334	7,114
Operating income (loss)	(2,522)	(1,200)	(4,503)	(1,068)
Interest expense	(108)	(39)	(205)	(108)
Interest income and other income (expense), net	(30)	4	(37)	21
Income (loss) from continuing operations before income taxes	(2,660)	(1,235)	(4,745)	(1,155)
(Benefit from) provision for income taxes	1	(6)	6	1
Net income (loss) from continuing operations	(2,661)	(1,229)	(4,751)	(1,156)
Net income (loss) from discontinued operations, net of taxes	(9)	(321)	(110)	(286)
Net income (loss)	\$ (2,670)	\$ (1,550)	\$ (4,861)	\$ (1,442)
Net income (loss) from continuing operations per share:				
Basic	\$ (0.17)	\$ (0.09)	\$ (0.30)	\$ (0.08)
Diluted	\$ (0.17)	\$ (0.09)	\$ (0.30)	\$ (0.08)
Net income (loss) per share:				
Basic	\$ (0.17)	\$ (0.11)	\$ (0.31)	\$ (0.10)
Diluted	\$ (0.17)	\$ (0.11)	\$ (0.31)	\$ (0.10)
Weighted average shares outstanding:				
Basic	15,884	14,439	15,677	14,308
Diluted	15,884	14,439	15,677	14,308

Note: Net income (loss) equals total comprehensive income (loss) for all periods presented. Additionally, the Company notes that income taxes related to discontinued operations were immaterial in nature for the periods presented and as such, only net income (loss) from discontinued operations was reported in the condensed consolidated statement of operations.

See accompanying notes to unaudited condensed consolidated financial statements.

QUICKLOGIC CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended	
	June 29, 2025	June 30, 2024
Cash flows provided by (used in) operating activities:		
Net income (loss)	\$ (4,861)	\$ (1,442)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,572	1,674
ROU asset amortization	144	131
Stock-based compensation	1,747	2,477
Impairment of investment in non-affiliate	300	—
Write-down of inventories and reclassifications	141	47
Loss on disposal of equipment	5	—
Other	6	(10)
Changes in operating assets and liabilities:		
Accounts receivable	1,455	706
Contract assets	(1,006)	1,355
Inventories	(67)	231
Other assets	(44)	262
Trade payables	(1,104)	(3,657)
Accrued liabilities	(580)	(1,397)
Deferred revenue	(85)	(296)
Lease liabilities	(121)	(154)
Net cash provided by (used in) operating activities	(1,498)	(73)
Cash flows provided by (used in) investing activities:		
Capital expenditures for property and equipment	(2,703)	(4,053)
Capitalized internal-use software	(298)	(420)
Net cash provided by (used in) investing activities	(3,001)	(4,473)
Cash flows provided by (used in) financing activities:		
Payment of notes payable	(1,089)	(518)
Proceeds from line of credit	30,000	40,000
Repayment of line of credit	(33,000)	(40,000)
Proceeds from issuance of common stock	210	188
Proceeds from issuance of common stock to investors	5,824	3,560
Stock issuance cost	(128)	(24)
Net cash provided by (used in) financing activities	1,817	3,206
Net increase (decrease) in cash, cash equivalents and restricted cash	(2,682)	(1,340)
Cash, cash equivalents and restricted cash at beginning of period	21,880	24,606
Cash, cash equivalents and restricted cash at end of period	<u>\$ 19,198</u>	<u>\$ 23,266</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 188	\$ 116
Income taxes paid	<u>\$ 20</u>	<u>\$ 37</u>
Supplemental disclosures of non-cash financing and investing items from continuing operations		
Purchases of assets with financing arrangements	\$ 101	\$ 275
Stock-based compensation capitalized as internal-use software	\$ 28	\$ 21
Stock-based compensation capitalized as tooling and fixed assets	\$ —	\$ 9
Purchases of property and equipment in accounts payable and accrued liabilities	\$ 1,393	\$ 309

See accompanying notes to unaudited condensed consolidated financial statements.

QUICKLOGIC CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Equity
Balance at December 29, 2024	15,336	\$ 15	\$ 334,268	\$ (309,396)	\$ 24,887
Issuance of common stock under ATM stock offering, net of stock issuance cost	182	—	1,199	—	1,199
Issuance of common stock from private placement, net of stock issuance cost	256	1	1,499	—	1,500
Common stock issued under stock plans and employee stock purchase plans	50	—	—	—	—
Stock-based compensation	—	—	922	—	922
Net income (loss)	—	—	—	(2,191)	(2,191)
Balance at March 30, 2025	15,824	\$ 16	\$ 337,888	\$ (311,587)	\$ 26,317
Issuance of common stock under ATM stock offering, net of stock issuance cost	496	—	2,948	—	2,948
Common stock issued under stock plans and employee stock purchase plan	58	—	210	—	210
Stock-based compensation	—	—	852	—	852
Net income (loss)	—	—	—	(2,670)	(2,670)
Balance at June 29, 2025	16,378	\$ 16	\$ 341,898	\$ (314,257)	\$ 27,657
	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Equity
Balance at December 31, 2023	14,118	\$ 14	\$ 322,436	\$ (305,555)	\$ 16,895
Issuance of common stock from private placement, net of stock issuance cost	223	—	3,535	—	3,535
Common stock issued under stock plans and employee stock purchase plans	81	—	—	—	—
Stock-based compensation	—	—	1,709	—	1,709
Net income (loss)	—	—	—	108	108
Balance at March 31, 2024	14,422	\$ 14	\$ 327,680	\$ (305,447)	\$ 22,247
Common stock issued under stock plans and employee stock purchase plan	36	—	188	—	188
Stock-based compensation	—	—	920	—	920
Net income (loss)	—	—	—	(1,550)	(1,550)
Balance at June 30, 2024	14,458	\$ 14	\$ 328,788	\$ (306,997)	\$ 21,805

See accompanying notes to unaudited condensed consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

Note 1 — The Company and Basis of Presentation

QuickLogic Corporation ("QuickLogic" or the "Company") was founded in 1988 and reincorporated in Delaware in 1999. The Company provides innovative programmable silicon and software platforms to enable its customers to develop custom hardware products in a fast time-to-market and cost-effective way. Specifically, QuickLogic is a fabless semiconductor company with a variety of products: embedded FPGA ("eFPGA") intellectual property ("IP"), which consists primarily of Hard IP, low power, multi-core semiconductor system-on-chips ("SoCs"), and discrete FPGAs. QuickLogic's customers can use its eFPGA IP for hardware acceleration and pre-processing in their Application Specific Integrated Circuit ("ASIC") products, the Company's SoCs to run its customers' software and build their hardware around, and the Company's discrete FPGAs to implement their custom functionality. The full range of products, software tools, and eFPGA IP enables the practical and efficient programmability for the Company's customers across Aerospace and Defense, Consumer/Industrial IoT, and Consumer Electronics markets.

In the first quarter of 2025, the Company discontinued operations at its wholly-owned subsidiary, SensiML Corporation ("SensiML"), and began actively exploring options for the possible sale of SensiML or its assets. Furthermore, the Company started accounting for the SensiML subsidiary in accordance with ASC 205-20, Discontinued Operations. See Note 3 for additional information of discontinued operations. All other notes to these consolidated financial statements present the results of continuing operations and exclude amounts related to discontinued operations for all periods presented.

The accompanying interim condensed consolidated financial statements are unaudited. In the opinion of the Company's management, these statements have been prepared in accordance with the United States generally accepted accounting principles ("U.S. GAAP"), and include all adjustments, consisting only of normal recurring adjustments, necessary to provide a fair statement of results for the interim periods presented. The Company recommends that these interim unaudited condensed consolidated financial statements be read in conjunction with the Company's Form 10-K for the year ended December 29, 2024, which was filed with the Securities and Exchange Commission ("SEC") on March 26, 2025. Operating results for the three and six months ended June 29, 2025 are not necessarily indicative of the results that may be expected for the full fiscal year.

QuickLogic's fiscal year ends on the Sunday closest to December 31 and each fiscal quarter ends on the Sunday closest to the end of each calendar quarter. QuickLogic's second fiscal quarter for 2025 and 2024 ended on June 29, 2025 and June 30, 2024, respectively.

Liquidity

The Company has financed its operations and capital investments through the sale of common stock, financing arrangements, operating leases, a revolving line of credit with Heritage Bank (the "Revolving Facility"), and cash flows from operations. As of June 29, 2025, the Company's principal sources of liquidity consisted of cash and cash equivalents from continuing operations of \$19.2 million, inclusive of a \$15.0 million advance from its Revolving Facility and \$5.6 million in net proceeds from the Company's sale of common stock in the six months ended June 29, 2025.

The Company was in compliance with all the Revolving Facility loan covenants as of June 29, 2025. As of June 29, 2025, the Company had \$15.0 million outstanding on the Revolving Facility with an interest rate of 8.00%. In the first quarter of 2025, the Company entered into the Eighth Amendment (the "Eighth Amendment") to their Amended and Restated Loan and Security Agreement (as amended, the "Loan Agreement") dated December 21, 2018, with Heritage Bank of Commerce. The Eighth Amendment, which became effective on March 17, 2025, amended the Loan Agreement to, among other things, extend the loan maturity date for one year through December 31, 2026.

On March 6, 2025, the Company entered into Common Stock Purchase Agreements with certain institutional investors for the sale of an aggregate of 256 thousand shares of common stock, par value \$0.001, in a registered direct offering, resulting in net cash proceeds of approximately \$1.5 million. Issuance costs related to the offering were \$20 thousand. The purchase price for each share of common stock was \$5.93. See Note 10 for additional information.

On February 25, 2025, the Company entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with Needham & Company, LLC (the "Agent"), pursuant to which the Company may offer and sell, from time to time, through the Agent, as sales agent, shares of the Company's common stock, par value \$0.001 per share, having an aggregate offering price of up to \$20,000,000 (the "ATM Offering"). As of June 29, 2025, the Company sold 678 thousand shares under the ATM offering, resulting in net cash proceeds of approximately \$4.1 million. Issuance costs related to the ATM Offering were \$157 thousand. See Note 10 for additional information.

On March 13, 2024, the Company entered into Common Stock Purchase Agreements with certain institutional investors and their affiliated entities for the sale of an aggregate of 223 thousand shares of common stock, par value \$0.001, in a registered direct offering, resulting in net cash proceeds of approximately \$3.5 million. Issuance costs related to the offering were \$24 thousand. The purchase price for each share of common stock was \$16.00. See Note 10 for additional information.

On April 28, 2023, the Company converted accounts receivable for a customer in the amount of approximately \$1.16 million to notes receivable (the "Original Note"). At the time, the Original Note bore an interest rate of 3.0% compounded monthly. On June 28, 2023, the Company cancelled the Original Note and entered into a revised promissory note ("Second Revised Note") with the customer, where the interest rate changed to 4.69% compounded monthly, or a 4.8% effective annual interest rate, accruing from the date of the Original Note. On June 27, 2024, the Company cancelled the Second Revised Note and entered into a revised promissory note ("Current Note") with the customer, where the interest rate changed to 10.0% per annum. Accrued but unpaid interest will be compounded monthly, accruing from the date of the Current Note. Additionally, if not prepaid prior to the Current Note maturity date of the earlier of (i) 24 months from June 28, 2024 or (ii) the closing of the customer's Series B financing, the principal and all accrued and unpaid interest will be due and payable to the Company. If an event of default occurs, the interest rate will increase to 15.31%. All other terms of the Note remained the same. As of June 29, 2025, the related note receivable balance was \$1.36 million, including \$192 thousand in accrued interest.

The Company currently uses its cash to fund its working capital, to accelerate the development of next generation products, and for general corporate purposes. Based on past performance and current expectations, the Company believes that its existing cash and cash equivalents, together with \$5.8 million gross cash proceeds from the March 6, 2025 direct offering and February 25, 2025 ATM Offering and sales thereby, its revenues from operations, and the available financial resources from the Revolving Facility with Heritage Bank will be sufficient to fund its operations and capital expenditures and provide adequate working capital for the next twelve months.

Various factors affect the Company's liquidity, including, among others: the level of revenue and gross profit as a result of the cyclical nature of the semiconductor industry; the conversion of design opportunities into revenue; market acceptance of existing and new products including solutions based on the Company's ArcticLink® and PolarPro® platforms, ArcticPro™, EOS S3 SoC, Quick AI solution, QuickAI™, Eclipse II products, and eFPGA IP license and professional services; the timing, milestones, and payments related to our government contracts; fluctuations in revenue as a result of product end-of-life; fluctuations in revenue as a result of the stage in the product life cycle of its customers' products; costs of securing access to and availability of adequate manufacturing capacity; levels of inventories; wafer purchase commitments; customer credit terms; the amount and timing of research and development expenditures; the timing of new product introductions; production volumes; product quality; sales and marketing efforts; the value and liquidity of its investment portfolio; changes in operating assets and liabilities; the ability to obtain or renew debt financing and to remain in compliance with the terms of existing credit facilities; the ability to raise funds from the sale of equity in the Company; the issuance and exercise of stock options and participation in the Company's employee stock purchase plan; and other factors related to the uncertainties of the industry and global economics.

Over the longer term, the Company anticipates that sales generated from its new product offerings, existing cash and cash equivalents, together with financial resources from its Revolving Facility with Heritage Bank, assuming renewal of the Revolving Facility or the Company entering into a new debt agreement with an alternative lender prior to the expiration of the revolving line of credit on December 31, 2026, and its ability to raise additional capital in the public capital markets will be sufficient to satisfy its operations and capital expenditures. However, the Company cannot provide any assurance that it will be able to raise additional capital, if required, or that such capital will be available on terms acceptable to the Company. The inability of the Company to generate sufficient sales from its new product offerings and/or raise additional capital if needed could have a material adverse effect on the Company's operations and financial condition, including its ability to maintain compliance with its lender's financial covenants.

Principles of Consolidation

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP, and the applicable rules and regulations of the SEC, and include the accounts of QuickLogic and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Foreign Currency

The functional currency of the Company's non-U.S. operations is the U.S. dollar. Accordingly, all monetary assets and liabilities of these foreign operations are translated into U.S. dollars at current period-end exchange rates and non-monetary assets and related elements of expense are translated using historical exchange rates. Income and expense elements are translated to U.S. dollars using the average exchange rates in effect during the period. Gains and losses from the foreign currency transactions of these subsidiaries are recorded as interest income and other expense, net in the unaudited condensed consolidated statements of operations, and are insignificant for all periods presented.

Uses of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of commitments and contingencies at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

The methods, estimates, and judgments the Company uses in applying its most critical accounting policies have a significant impact on the results it reports in its consolidated financial statements. The SEC has defined critical accounting policies as those that are most important to the portrayal of the Company's financial condition and results of operations and requires it to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain.

Although these estimates are based on the Company's knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions. Areas where management uses subjective judgment include, but are not limited to, revenue recognition, inventory valuation, including the identification of excess quantities, market value, and obsolescence, and valuation of goodwill and long-lived and intangible assets. The Company believes that it applies judgments and estimates in a consistent manner and that such consistent application results in consolidated financial statements and accompanying notes that fairly represent all periods presented. However, any factual errors or errors in these judgments and estimates may have a material impact on the Company's consolidated financial statements. For additional information, please refer to the Company's most recent Annual Report on Form 10-K, which was filed with the SEC on March 26, 2025.

Concentration of Risk

The Company's accounts receivable and note receivable are denominated in U.S. dollars and are derived primarily from sales to customers located in North America, Asia Pacific, and Europe. The Company performs ongoing credit evaluations of its customers and does not require collateral. See Note 13, Information Concerning Segments, Product Lines, Geographic Information, Accounts Receivable, and Revenue Concentration, for information regarding concentrations associated with accounts receivable.

As of June 29, 2025 and December 29, 2024, the Company had \$15.0 million and \$18.0 million, respectively, of revolving debt outstanding with Heritage Bank; the revolving debt carried an interest rate of 8.00% per annum. Heritage Bank has a first priority security interest in substantially all of the Company's tangible and intangible assets to secure any outstanding amounts under the agreement. The Company was in compliance with all loan covenants under the agreement as of the end of the current reporting period. The maturity date for advances under the revolving debt agreement is December 31, 2026. At June 29, 2025, the Company had utilized a significant portion of the revolving debt, and as a result, it maintains a substantial amount of cash deposits with Heritage Bank. The concentration of cash with one financial institution poses certain risks.

For instance, adverse developments affecting financial institutions, companies in the financial services industry, or the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance, could adversely impact the stability of Heritage Bank, leading to additional financial risks for the Company.

Any material decline in available funding or the Company's ability to access its cash, cash equivalents, and liquidity resources, inclusive of those at Heritage Bank, could adversely impact its ability to meet its operating expenses, financial and contractual obligations, or result in breaches of its contractual obligations. Any of these impacts could have material adverse impacts on the Company's operations and liquidity.

Note 2 — Significant Accounting Policies

During the three and six months ended June 29, 2025, there were no changes to the Company's significant accounting policies from its disclosures in the Annual Report on Form 10-K for the year ended December 29, 2024. For a discussion of the significant accounting policies, please see the Annual Report on Form 10-K for the fiscal year ended December 29, 2024, filed with the SEC on March 26, 2025.

Certain prior period amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to current period presentation. Further, certain prior period disclosures in the footnotes to the condensed consolidated financial statements have been modified to conform with current period presentation.

In the three months ended June 29, 2025, the Company determined there were observable indicators of impairment for its non-marketable equity investment. As such, the Company realized a full impairment of its non-marketable equity investment in the amount of \$0.3 million during the three months ended June 29, 2025. As of June 29, 2025, utilizing the probability-of-default method to determine the current expected credit loss for the Company's related note receivable, the Company determined the associated current expected credit loss to be de minimis.

For its trades receivable, the Company provides an allowance for credit losses based on historical experience and a specific identification basis. As of June 29, 2025 and December 29, 2024, the allowance for credit losses from continuing operations was \$0 thousand. The Company did not record any credit loss expense in continuing operations for the six months ended June 29, 2025 and June 30, 2024.

During the three and six months ended June 29, 2025, the Company recognized \$45 thousand and \$94 thousand in matching contribution expenses as a part of the employer match program for its 401(k) post-retirement benefit plan.

Recent Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)* to improve the disclosures about a public entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. For public entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2026 and interim periods within annual periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements. The adoption of ASU 2024-03 is not expected to have a significant impact on the Company's consolidated financial statements.

Note 3 — Discontinued Operations

In the first quarter of 2025, the Company announced its Board of Directors was actively exploring options for its wholly owned subsidiary, SensiML. This decision by the Company and its Board of Directors was influenced by recent events, including eFPGA IP design wins with strategic customers, expansion of large government ruggedized FPGA and eFPGA IP contracts, performance improvements of its eFPGA IP products, recent changes in the FPGA market competitor landscape, and an increase in inbound interest from customers of former eFPGA market competitors. With the success of QuickLogic's eFPGA IP and ruggedized FPGA business, the Company will focus all of its resources on leveraging and growing the cornerstones of its core business model.

SensiML's Analytics Toolkit provides an end-to-end Artificial Intelligence / Machine Learning development platform with accurate sensor algorithms using AI technology, spanning data collection, labeling, algorithm and firmware auto generation, and testing. This cutting-edge software enables ultra-low power IoT endpoints that implement AI to transform raw sensor data into meaningful insight at the device itself. Revenue streams from SensiML include Software as a Service (SaaS) subscriptions for development, per unit license fees when deployed in production, and proof-of-concept services. Preliminary discussions have commenced with potential strategic partners regarding the possible sale of SensiML of its assets. As of January 7, 2025, the Company began accounting for the SensiML subsidiary in accordance with ASC 205-20, Discontinued Operations.

As of June 29, 2025, there have not been any new material developments regarding the disposal of SensiML. The Company expects to complete the disposal of SensiML within 12 months from the announcement date.

The following table provides details relating to major classes of assets and liabilities for discontinued operations classified as held for sale as of June 29, 2025, and December 29, 2024 (in thousands):

	June 29, 2025	December 29, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7	\$ 21
Accounts receivable, net of allowance for credit losses of \$30 and \$30, as of June 29, 2025 and December 29, 2024, respectively	7	10
Total current assets	14	31
Capitalized internal-use software, net	1,740	1,740
Intangible assets, net	430	430
Goodwill	185	185
Other assets	1	1
TOTAL ASSETS	\$ 2,370	\$ 2,387
LIABILITIES		
Current liabilities:		
Trade payables	\$ 5	\$ 23
Accrued liabilities	—	24
Deferred revenue	—	10
Total current liabilities	5	57
TOTAL LIABILITIES	\$ 5	\$ 57

The following table provides details related to internal-use software held by SensiML, the business held for sale as of June 29, 2025, and December 29, 2024 (in thousands):

	June 29, 2025	December 29, 2024
Capitalized internal-use software, net:		
Capitalized internal-use software	\$ 3,808	\$ 3,808
Less: Accumulated amortization	(2,068)	(2,068)
	\$ 1,740	\$ 1,740

The following table provides details related to intangible assets held by SensiML, the business held for sale as of June 29, 2025, and December 29, 2024 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 959	\$ (575)	\$ 384
Customer relationships	81	(81)	—
Trade names and trademarks	116	(70)	46
Total intangible assets related to discontinued operations	\$ 1,156	\$ (726)	\$ 430

The Company recorded depreciation and amortization expense for discontinued operations of \$0 for the three and six months ended June 29, 2025 and \$0.2 million and \$0.4 million for the three and six months ended June 30, 2024, respectively. No interest was capitalized for any period presented. Additionally, as of January 7, 2025, depreciation and amortization of assets held by SensiML has been discontinued.

Depreciation and amortization expense for the three and six months ended June 30, 2024 included approximately \$168 thousand and \$327 thousand, respectively, of amortization expense related to capitalized internal-use software.

For its trades receivable, the Company provides an allowance for credit losses based on historical experience and a specific identification basis. As of June 29, 2025 and December 29, 2024, the allowance for credit losses from discontinued operations was \$30 thousand. The Company did not record any credit loss expense in discontinued operations for the six months ended June 29, 2025 and June 30, 2024.

The following table provides details relating to major line items constituting income (loss) for discontinued operations classified as held for sale for the three and six months ended June 29, 2025 and June 30, 2024 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Revenue	\$ —	\$ 31	\$ 11	\$ 369
Cost of revenue	—	168	3	327
Gross profit	—	(137)	8	42
Operating expenses:				
Research and development	9	180	18	318
Selling, general and administrative	—	—	13	—
Restructuring costs	—	—	87	—
Interest income and other income (expense), net	—	(4)	—	(10)
Income (loss) from discontinued operations before income taxes	(9)	(321)	(110)	(286)
(Benefit from) provision for income taxes	—	—	—	—
Net income (loss) from discontinued operations	\$ (9)	\$ (321)	\$ (110)	\$ (286)
Net income (loss) from discontinued operations per share:				
Basic	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Diluted	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Weighted average shares outstanding:				
Basic	15,884	14,439	15,677	14,308
Diluted	15,884	14,439	15,677	14,308

For the three and six months ended June 29, 2025, the Company has incurred \$21 thousand and \$162 thousand, respectively, in costs in connection with the disposal of SensiML. These costs are primarily comprised of one-time termination benefits and are included within the 'Restructuring Costs' line item in the Company's unaudited condensed consolidated statement of operations, as well as in the table above. The Company does not expect total costs incurred in connection with the disposal of SensiML to differ materially from the expenses already recognized in the six months ended June 29, 2025.

The following is a breakdown of revenue from discontinued operations by product family (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
New products	\$ —	\$ 31	\$ 11	\$ 369
Total revenue	\$ —	\$ 31	\$ 11	\$ 369

Contract liabilities related to discontinued operations were \$0 thousand and \$10 thousand as of June 29, 2025 and December 29, 2024. In the six months ended June 29, 2025, all of the \$10 thousand in deferred revenues related to discontinued operations that were outstanding as of December 29, 2024 were recognized by the Company as revenue.

The table below presents disaggregated revenues for discontinued operations by geographical location (in thousands). Revenue attributed to geographic location is based on the destination of the product or service. All revenues from discontinued operations in North America were in the United States.

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Asia Pacific	\$ —	\$ 5	\$ 4	\$ 9
North America	—	26	6	360
Europe	—	—	1	—
Total revenue	\$ —	\$ 31	\$ 11	\$ 369

The following distributors and customers accounted for 10% or more of the Company's revenue from discontinued operations for the periods presented:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Customer "L"	*	83%	50%	97%
Customer "O"	*	*	34%	*

The following distributors and customers accounted for 10% or more of the Company's accounts receivable from discontinued operations as of the dates presented:

	June 29, 2025	December 29, 2024
Customer "L"	34%	34%
Customer "M"	65%	65%

The following table provides the expenses from discontinued operations related to operating leases for the three and six months ended June 29, 2025 and June 30, 2024 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Operating lease costs from discontinued operations:				
Fixed	\$ —	\$ 4	\$ 4	\$ 8
Total	\$ —	\$ 4	\$ 4	\$ 8

Stock-based compensation expense from discontinued operations for the three and six months ended June 29, 2025 and June 30, 2024 was as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Cost of revenue	\$ —	\$ —	\$ —	\$ —
Research and development	—	94	(32)	252
Selling, general and administrative	—	—	—	—
Total	\$ —	\$ 94	\$ (32)	\$ 252

The Company grants restricted stock units ("RSUs") and performance restricted stock units ("PRSUs") to employees and directors with various vesting terms. RSUs entitle the holder to receive, at no cost, one common share for each RSU as it vests. In general, the Company's policy is to withhold shares in settlement of employee tax withholding obligations upon the vesting of RSUs. The stock-based compensation expense related to RSUs and PRSUs from discontinued operations was approximately \$0 and (\$32 thousand) for the three and six months ended June 29, 2025 and \$72 thousand and \$154 thousand for the three and six months ended June 30, 2024, respectively.

Total stock-based compensation in discontinued operations related to the Company's Employee Stock Purchase Plan was approximately \$0 for the three and six months ended June 29, 2025, respectively and approximately \$1 thousand for the three and six months ended June 30, 2024, respectively.

The following table provides cash flows from discontinued operations (in thousands):

	Six Months Ended	
	June 29, 2025	June 30, 2024
Net cash provided by (used in) operating activities from discontinued operations	\$ (192)	\$ (14)
Net cash provided by (used in) investing activities from discontinued operations	-	(310)
Net cash provided by (used in) financing activities from discontinued operations	178	362

The Company capitalized certain stock-based compensation amounts to capitalized internal-use software related to discontinued operations of \$0 thousand for the three and six months ended June 29, 2025 and \$46 thousand and \$122 thousand for the three and six months ended June 30, 2024, respectively. The capitalized stock-based compensation amounts relate to compensation for employees involved in the development of capitalized internal-use software.

Note 4 — Net Income (Loss) Per Share

Basic net income (loss) per share was computed by dividing net income (loss) available by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share was computed using the weighted average number of common shares outstanding during the period plus potentially dilutive common shares outstanding during the period under the treasury stock method. In computing diluted net income (loss) per share, the weighted average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options and warrants. For periods in which the Company has reported a net loss, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders as dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. For periods in which the Company has reported a net income, diluted net income per share attributable to common stockholders is different from basic net income per share attributable to common stockholders as dilutive common shares would increase the amount of shares outstanding reduced by the amounts of treasury shares repurchased from the proceeds at the average market price for the period.

For the three and six months ended June 29, 2025 and June 30, 2024, 643 thousand and 703 thousand shares, respectively, of common stock associated with equity awards and the estimated number of shares to be purchased under the current offering period of the 2009 Employee Stock Purchase Plan were outstanding. These shares were not included in the computation of diluted net loss per share, as they were considered anti-dilutive due to the net losses the Company experienced during this period.

Note 5 — Balance Sheet Components

The following table provides details relating to certain balance sheet line items from continuing operations as of June 29, 2025, and December 29, 2024 (in thousands):

	June 29, 2025	December 29, 2024
Inventories, net - current:		
Work-in-process	\$ 709	\$ 710
Finished goods	158	230
	<u>867</u>	<u>940</u>
Inventories, net - non-current:		
Work-in-process	623	690
Finished goods	25	28
	<u>648</u>	<u>718</u>
	<u>\$ 1,515</u>	<u>\$ 1,658</u>
Prepaid expenses and other current assets:		
Prepaid taxes	\$ 86	\$ 498
Deferred charges	400	792
Other prepaid taxes, royalties, and other prepaid expenses	332	242
Other	482	134
	<u>\$ 1,300</u>	<u>\$ 1,666</u>
Property and equipment, net:		
Equipment	\$ 9,608	\$ 9,598
Software tools	3,077	3,402
Tooling	18,428	14,357
Software	1,776	1,776
Furniture and fixtures	54	54
Leasehold improvements	647	647
	<u>33,590</u>	<u>29,834</u>
Less: Accumulated depreciation and amortization	<u>(15,823)</u>	<u>(14,135)</u>
	<u>\$ 17,767</u>	<u>\$ 15,699</u>
Capitalized internal-use software, net:		
Capitalized internal-use software	\$ 1,124	\$ 798
Less: Accumulated amortization	<u>(157)</u>	<u>(87)</u>
	<u>\$ 967</u>	<u>\$ 711</u>
Accrued liabilities:		
Accrued compensation	\$ 687	\$ 842
Accrued employee benefits	80	75
Accrued payroll tax	61	124
Other	214	546
	<u>\$ 1,042</u>	<u>\$ 1,587</u>

As of June 29, 2025 and December 29, 2024, work-in-process ("WIP") inventories, net consist primarily of \$0.4 million and \$0.5 million, respectively, of die wafers and \$0.9 million and \$1.0 million, respectively, of tested, unmarked devices held for sale, which are completed upon customer orders, and open work orders.

The Company capitalized \$1.78 million and \$4.07 million in pre-production design and development costs as tooling to be utilized under its long-term professional services contracts for the three and six months ended June 29, 2025, respectively. \$0.32 million and \$4.28 million in pre-production design and development costs were capitalized as tooling for the three and six months ended June 30, 2024, respectively.

The Company recorded depreciation and amortization expense for continuing operations of \$1.3 million and \$2.6 million for the three and six months ended June 29, 2025, respectively, and \$0.7 million and \$1.3 million for the three and six months ended June 30, 2024, respectively. No interest was capitalized for any period presented.

Depreciation and amortization expense included approximately \$39 thousand and \$70 thousand of amortization expense related to capitalized internal-use software for the three and six months ended June 29, 2025, respectively, and \$14 thousand and \$28 thousand for the three and six months ended June 30, 2024, respectively.

Note 6 — Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation begins at the time the asset is placed in service. Maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Estimated Useful Lives
Equipment	1 - 10 years
Software tools	1 - 2 years
Tooling	7 years
Software	1 - 7 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	3 - 5 years

The amortization period of leasehold improvements made at the inception of the lease is directly related to the initial lease term, while the amortization period for subsequent leasehold improvements is directly related to the initial lease term adjusted for extensions.

Note 7 — Intangible Assets

In the fiscal year ended December 29, 2024, the Company capitalized \$385 thousand in litigation costs related to the Company's successful defense of its patents in a lawsuit. The following table provides the details of the carrying value of the related intangible asset as of June 29, 2025 (in thousands):

		June 29, 2025		
	Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized patent litigation costs	8.50	\$ 418	\$ (59)	\$ 359
Total intangible assets related to patents		<u>\$ 418</u>	<u>\$ (59)</u>	<u>\$ 359</u>

The following table provides the details of future annual amortization of intangible assets related to our patents, based upon the current useful lives at June 29, 2025 (in thousands):

Annual Fiscal Years	Amount
2025 (remaining period)	\$ 20
2026	39
2027	39
2028	39
2029	39
Thereafter	183
Total	<u>\$ 359</u>

Note 8 — Debt Obligations

Revolving Line of Credit

As of June 29, 2025 and December 29, 2024, the Company had \$15.0 million and \$18.0 million of revolving debt outstanding, respectively, with an interest rate of 8.00% per annum. Heritage Bank has a first priority security interest in substantially all of the Company's tangible and intangible assets to secure any outstanding amounts under the agreement. The Company was in compliance with all loan covenants under the agreement as of the end of the current reporting period. Related interest expenses and annual facility fees recognized were \$71 thousand and \$121 thousand for the three and six months ended June 29, 2025, respectively, and were \$15 thousand and \$56 thousand for the three and six months ended June 30, 2024, respectively.

Financing Arrangements

The Company has acquired certain assets consisting of tooling for performance under revenue contracts with customers, with smaller amounts related to IT infrastructure components, that were financed through financing arrangements. The following table provides details for assets financed through financing arrangements as of June 29, 2025, and December 29, 2024 (in thousands):

	June 29, 2025	December 29, 2024
Assets purchased through financing arrangements	\$ 4,338	\$ 4,562
Less: Accumulated depreciation	(2,053)	(1,219)
Assets purchased through financing arrangements, net	<u>\$ 2,285</u>	<u>\$ 3,343</u>
Corresponding note payable for financing arrangements	\$ 2,148	\$ 3,130
Minimum remaining term for outstanding financing arrangements	0.15	0.64
Maximum remaining term for outstanding financing arrangements	1.82	2.32
Weighted average remaining term for outstanding financing arrangements	1.33	1.68
Minimum stated interest rate for outstanding financing arrangements	8.00%	8.00%
Maximum stated interest rate for outstanding financing arrangements	9.89%	9.89%
Weighted average stated interest rate for outstanding financing arrangements	8.73%	8.88%

The following table provides detail on payments related to financing arrangements for the three and six months ended June 29, 2025 and June 30, 2024 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Payments related to financing arrangements	\$ 573	\$ 280	\$ 1,089	\$ 519

The following table provides the details of future payments for assets purchased through financing arrangements as of June 29, 2025 (in thousands):

	Financing Arrangements
2025 (remaining period)	\$ 1,111
2026	852
2027	340
Total payments	2,303
Less: Interest	(155)
Present value of financing arrangements	<u>\$ 2,148</u>

Note 9 — Leases

The Company's principal research and development and corporate facilities are leased office buildings located in the United States. These lease facilities are classified as operating leases and have lease terms of one to three years. The Company maintains sales offices out of which it conducts sales and marketing activities in various countries outside of the United States which are rented under short-term leases. The Company has elected the practical expedient to apply to recognition requirements to short-term leases and recognizes rent payments on short-term leases on a straight-line basis over the lease term.

The following table provides the expenses from continuing operations related to operating leases (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Operating lease costs from continuing operations:				
Fixed	\$ 87	\$ 97	\$ 174	\$ 184
Short term	4	5	9	9
Total	<u>\$ 91</u>	<u>\$ 102</u>	<u>\$ 183</u>	<u>\$ 193</u>

The following table provides the details of supplemental cash flow information (in thousands):

	Six Months Ended	
	June 29, 2025	June 30, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from continuing operations used for operating leases	\$ 152	\$ 197

Non-cash ROU assets related to operating leases included in the operating cash flows for continuing operations for the six months ended June 29, 2025 and June 30, 2024 were \$144 thousand and \$131 thousand, respectively.

The following table provides the details of right-of-use assets and lease liabilities as of June 29, 2025 and December 29, 2024 (in thousands):

	June 29, 2025	December 29, 2024
Right-of-use assets:		
Operating leases	\$ 614	\$ 758
Lease liabilities:		
Operating leases	\$ 610	\$ 731

The following table provides the details of future lease payments for operating leases as of June 29, 2025 (in thousands):

	Operating Leases
2025 (remaining period)	\$ 187
2026	349
2027	128
Total lease payments	664
Less: Interest	(54)
Present value of lease liabilities	\$ 610

The following table provides the details of lease terms and discount rates as of June 29, 2025 and December 29, 2024:

	June 29, 2025	December 29, 2024
Right-of-use assets:		
Weighted-average remaining lease term (years)		
Operating leases ⁽¹⁾	1.92	2.42
Weighted-average discount rates:		
Operating leases	6.00%	9.00%

(1) The operating lease relates to the Company's headquarters in San Jose, CA. The lease term expires on June 14, 2027.

Note 10 — Capital Stock

Issuance of Common Stock

On March 6, 2025, the Company entered into Common Stock Purchase Agreements with certain institutional investors for the sale of an aggregate of 256,200 shares of common stock, par value \$0.001, in a registered direct offering, resulting in net cash proceeds of approximately \$1.5 million. Issuance costs related to the offering were \$20 thousand. The purchase price for each share of common stock was \$5.93.

On February 25, 2025, the Company entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with Needham & Company, LLC (the "Agent"), pursuant to which the Company may offer and sell, from time to time, through the Agent, as sales agent, shares of the Company's common stock, par value \$0.001 per share, having an aggregate offering price of up to \$20,000,000 (the "ATM Offering"). The Company intends to use the net proceeds from the ATM Offering for general corporate purposes, which may include, but is not limited to, working capital, licensing or acquiring intellectual property or technologies to incorporate in the Company's products, capital expenditures, to fund possible investments in and acquisitions of complementary businesses, partnerships, or minority investments, or to repay debt. As of June 29, 2025, the Company sold 678,275 shares under the ATM offering, resulting in net cash proceeds of approximately \$4.1 million. Issuance costs related to the offering were \$157 thousand.

On March 13, 2024, the Company entered into common stock purchase agreements with certain institutional investors and their affiliated entities for the sale of an aggregate of 222,500 shares of common stock, par value \$0.001, in a registered direct offering, resulting in net cash proceeds of approximately \$3.5 million. The purchase price for each share of common stock was \$16.00. The per share purchase price reflects a zero discount based upon the 10-day volume weighted average price on the day the pricing was agreed. Issuance costs related to the offering were \$24 thousand.

On August 17, 2022, the Company filed a Registration Statement on Form S-3 (File No. 333-266942) with the SEC, under which it may sell, from time-to-time common stock, preferred stock, depositary shares, warrants, debt securities, and units, individually or as units comprised of one or more of the other securities or a combination thereof. The Company's registration statement became effective on August 26, 2022.

Note 11 — Stock-Based Compensation

Stock-based compensation expense from continuing operations included in the Company's unaudited condensed consolidated financial statements for the three and six months ended June 29, 2025 and June 30, 2024 was as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Cost of revenue	\$ 189	\$ 140	\$ 347	\$ 438
Research and development	205	102	347	301
Selling, general and administrative	449	517	1,085	1,486
Total	<u>\$ 843</u>	<u>\$ 759</u>	<u>\$ 1,779</u>	<u>\$ 2,225</u>

The Company capitalized certain stock-based compensation amounts to capitalized internal-use software and tooling, net related to continuing operations of \$9 thousand and \$28 thousand for the three and six months ended June 29, 2025, respectively, and \$21 thousand and \$30 thousand for the three and six months ended June 30, 2024, respectively. The capitalized stock-based compensation amounts relate to compensation for employees involved in the development of capitalized internal-use software and tooling.

Stock-Based Compensation Award Activity

The following table summarizes the activity in the shares available for grant under the 2019 Plan during the six months ended June 29, 2025 (in thousands):

	Shares Available for Grants
Balance at December 29, 2024	65
Authorized	1,100
PSUs/RSUs granted	(57)
PSUs/RSUs forfeited or expired	33
Balance at June 29, 2025	<u>1,141</u>

Stock Options

The following table summarizes stock options outstanding and stock option activity under the 2009 Plan and the 2019 Plan, and the related weighted average exercise price for the six months ended June 29, 2025:

	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance outstanding at December 29, 2024	48	\$ 12.05		
Forfeited or expired	—	\$ —		
Balance outstanding, exercisable, and vested at June 29, 2025	<u>48</u>	<u>\$ 12.05</u>	<u>1.19</u>	<u>\$ —</u>

No stock options were granted or exercised during the six months ended June 29, 2025 and June 30, 2024. No stock options expired during the six months ended June 29, 2025. Stock options equivalent to 6 thousand shares expired during the six months ended June 30, 2024.

Total stock-based compensation related to stock options was \$0 during the six months ended June 29, 2025 and June 30, 2024.

Restricted Stock Units

The Company grants restricted stock units ("RSUs") and performance restricted stock units ("PRSUs") to employees and directors with various vesting terms. RSUs entitle the holder to receive, at no cost, one common share for each RSU as it vests. In general, the Company's policy is to withhold shares in settlement of employee tax withholding obligations upon the vesting of RSUs. The stock-based compensation expense in continuing operations related to RSUs and PRSUs were approximately \$0.8 million and \$1.7 million for the three and six months ended June 29, 2025, respectively and approximately \$0.9 million and \$2.3 million for the three and six months ended June 30, 2024, respectively.

As of June 29, 2025 and June 30, 2024, there was approximately \$1.9 million and \$2.4 million, respectively, in unrecognized stock-based compensation expense related to RSUs. The remaining unrecognized stock-based compensation expense as of June 29, 2025 is expected to be recorded over a weighted average period of 0.96 years.

A summary of activity for the Company's RSUs and PRSUs for the six months ended June 29, 2025 is as follows:

	RSUs & PRSUs Outstanding	
	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at December 29, 2024	599	\$ 7.97
Granted	57	5.80
Vested and released	(64)	6.74
Forfeited	(33)	8.71
Nonvested at June 29, 2025	559	\$ 7.84

Employee Stock Purchase Plan

Total stock-based compensation in continuing operations related to the Company's Employee Stock Purchase Plan was approximately \$20 thousand and \$60 thousand for the three and six months ended June 29, 2025, respectively and approximately \$12 thousand and \$40 thousand for the three and six months ended June 30, 2024, respectively.

Note 12 — Income Taxes

The Company recorded a net income tax expense (benefit) from continuing operations on the unaudited condensed consolidated statement of operations of \$1 thousand and (\$6 thousand) for the three months ended June 29, 2025 and June 30, 2024, respectively. Additionally, the Company recorded a net income tax expense (benefit) from continuing operations on the consolidated statement of operations of \$6 thousand and \$1 thousand for the six months ended June 29, 2025 and June 30, 2024, respectively. The difference between the estimated annual effective tax expense (benefit) for fiscal year 2025 of (0.46%) and the U.S. federal statutory tax rate of 21% is primarily due to the Company's valuation allowance movement in each period presented. It is more likely than not that the Company will not realize the federal, state, and certain foreign deferred tax assets as of June 29, 2025. As such, the Company continues to maintain a full valuation allowance against all of its US and certain foreign net deferred tax assets as of June 29, 2025.

Note 13 — Information Concerning Segments, Product Lines, Geographic Information, Accounts Receivable, and Revenue Concentration

The Company identifies its business segments based on business activities, management responsibility, and geographic location. For all periods presented, the Company operated in a single reportable business segment.

The Company has one reportable operating segment based on how its Chief Operating Decision Maker (CODM) manages the business and in a manner consistent with the availability of discrete financial information and the internal reporting provided to the CODM. The CODM, the Company's Chief Executive Officer (CEO), reviews detailed income statements, balance sheets, and sales reports in order to assess performance of the Company. The CODM does not review assets at a different asset level or category than at the consolidated level and the consolidated statements of operations are presented to the CODM without further disaggregation. Significant segment expenses also include depreciation, amortization, and stock-based compensation, which are disclosed within the consolidated statements of cash flows. The Company does not have any significant intra-entity sales or transfers.

Sales, operating income, and net income are some of the key variables monitored by the CODM and management when determining the Company's financial condition and operating performance. The CODM uses sales, operating income (loss), and net income (loss) to evaluate income generated in deciding whether to reinvest profits into the segment or to use such profits for other purposes, such as for acquisitions or share repurchases. These key variables are also used to monitor budget versus actual results, as well as in competitive analyses by benchmarking to the Company's competitors.

The following is a breakdown of revenue from continuing operations by product family (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
New products	\$ 2,918	\$ 3,026	\$ 6,665	\$ 7,564
Mature products	769	1,070	1,347	2,201
Total revenue	\$ 3,687	\$ 4,096	\$ 8,012	\$ 9,765

New products revenue from continuing operations consists of revenues from the sale of hardware products manufactured on 180 nanometer or smaller semiconductor processes, eFPGA IP license and eFPGA-related professional services, and QuickAI. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

The following is a breakdown of new product revenue from continuing operations (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Hardware products	\$ 319	\$ 505	\$ 449	\$ 1,000
eFPGA IP and professional services	2,599	2,521	6,216	6,564
New products revenue	\$ 2,918	\$ 3,026	\$ 6,665	\$ 7,564

eFPGA IP and professional services revenue from continuing operations was \$2.6 million and \$6.2 million for the three and six months ended June 29, 2025, respectively and \$2.5 million and \$6.6 million for the three and six months ended June 30, 2024, respectively, which was primarily professional services revenue.

Contract assets were \$3.7 million and \$2.7 million as of June 29, 2025 and December 29, 2024, respectively. Contract liabilities were \$0.4 million as of June 29, 2025 and \$0.4 million as of December 29, 2024. In the six months ended June 29, 2025, all \$0.4 million of the deferred revenues outstanding as of December 29, 2024 were recognized by the Company as revenue. Of the \$0.4 million in deferred revenues as of June 29, 2025, the Company expects to recognize these revenues using the input time-based and output deliverable-based methods through the end of Q2'26. Of its remaining unsatisfied performance obligations not currently on the Company's balance sheet, the Company expects to recognize \$1.1 million by the end of Q1'26, either through the input time-based method or the output method, recognizing revenue as deliverables such as IP and various technologies and training are transferred or provided to the customer. For the majority of the Company's contracts, payment schedules are in place and cash receipts will not always follow the timeline of the Company's revenue recognition policies.

The tables below present disaggregated revenues for continuing operations by geographical location. Revenue attributed to geographic location is based on the destination of the product or service. Substantially all revenues in North America were in the United States. Revenue from continuing operations in the United States was \$2.9 million, or 80% of total revenue from continuing operations and \$3.4 million, or 83% of total revenue from continuing operations for the three months ended June 29, 2025 and June 30, 2024, respectively, and \$6.8 million, or 85% of total revenue from continuing operations and \$7.9 million, or 81% of total revenue from continuing operations for the six months ended June 29, 2025 and June 30, 2024, respectively.

The following is a breakdown of revenue from continuing operations by destination (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Asia Pacific	\$ 636	\$ 405	\$ 992	\$ 1,129
North America	2,951	3,585	6,841	8,294
Europe	100	106	179	342
Total revenue	<u>\$ 3,687</u>	<u>\$ 4,096</u>	<u>\$ 8,012</u>	<u>\$ 9,765</u>

The following distributors and customers accounted for 10% or more of the Company's revenue from continuing operations for the periods presented:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Distributor "A"	14%	11%	13%	11%
Distributor "C"	*	16%	*	11%
Customer "A"	49%	55%	64%	61%
Customer "B"	12%	*	10%	*
Customer "N"	16%	*	*	*

The following distributors and customers accounted for 10% or more of the Company's accounts receivable from continuing operations as of the dates presented:

	June 29, 2025	December 29, 2024
Distributor "A"	*	10%
Distributor "D"	*	12%
Customer "A"	79%	50%
Customer "K"	*	10%

Note 14 — Commitments and Contingencies

Commitments

The Company's principal contractual commitments include purchase obligations, re-payments of draw-downs from the revolving line of credit, and payments under operating and financing arrangements. Purchase obligations are largely comprised of open purchase order commitments to suppliers and to subcontractors under professional services agreements. The Company's risk associated with the purchase obligations under professional services agreements is limited to the termination liability provisions within those contracts, and as such, it does not believe they represent a material liquidity risk to the Company.

Certain wafer manufacturers require the Company to forecast wafer starts several months in advance. The Company is committed to taking delivery of and paying for a portion of the forecasted wafer volume. As of June 29, 2025, the Company had \$172 thousand in outstanding commitments for the purchase of wafer inventory.

Purchase Obligations

Purchase obligations represent contractual agreements to purchase goods or services entered into in the ordinary course of business. Purchase obligations are legally binding and amongst other things, specify a minimum or a range of quantities, pricing, and approximate timing of the transaction. Purchase obligations include amounts that are recorded on the Company's consolidated balance sheets, as well as amounts that are not recorded on the Company's consolidated balance sheets. As of June 29, 2025, total outstanding purchase obligations for other goods and services were \$1.5 million due within the next twelve months, not recorded on the Company's unaudited condensed consolidated balance sheet.

Litigation

From time to time, the Company may become involved in legal actions arising in the ordinary course of business including, but not limited to, intellectual property infringement and collection matters. Absolute assurance cannot be given that any such third-party assertions will be resolved without costly litigation; in a manner that is not adverse to the Company's financial position, results of operations or cash flows; or without requiring royalty or other payments which may adversely impact gross profit.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as information contained in "Risk Factors" in Part II, Item 1A and elsewhere in this Quarterly Report on Form 10-Q, contain "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. We intend that these forward-looking statements be subject to the safe harbor created by those provisions. Forward-looking statements are generally written in the future tense and/or are preceded by words such as "will," "may," "should," "forecast," "could," "expect," "suggest," "believe," "anticipate," "intend," "plan," "future," "potential," "target," "seek," "continue," "if" or other similar words.

The forward-looking statements contained in the Quarterly Report include statements regarding our strategies as well as (1) our revenue levels, including the commercial success of our solutions and new products, (2) the conversion of our design opportunities into revenue, (3) our liquidity, (4) our gross profit and breakeven revenue level and factors that affect gross profit and the break-even revenue level, (5) our level of operating expenses, (6) our research and development efforts, (7) our partners and suppliers, (8) industry and market trends, (9) our manufacturing and product development strategies, and (10) our competitive position.

The following discussion should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto, and with our audited consolidated financial statements and notes thereto for the fiscal year ended December 29, 2024, found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 26, 2025. Although we believe that the assumptions underlying the forward-looking statements contained in this Quarterly Report are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that such statements will be accurate. The risks, uncertainties, and assumptions referred to above that could cause our results to differ materially from the results expressed or implied by such forward-looking statements include, but are not limited to, those discussed under the heading "Risk Factors" in Part II, Item 1A hereto and the risks, uncertainties, and assumptions discussed from time to time in our other public filings and public announcements. All forward-looking statements included in this document are based on information available to us as of the date hereof. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements, or our objectives and plans will be achieved. Furthermore, past performance in operations and share price is not necessarily indicative of future performance. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, that may arise after the date of this Quarterly Report on Form 10-Q.

Overview

QuickLogic Corporation was founded in 1988 and reincorporated in Delaware in 1999. We provide innovative programmable silicon and software platforms to enable our customers to develop custom hardware products in a fast time-to-market and cost-effective way. Specifically, we are a fabless semiconductor company with a variety of products: embedded FPGA ("eFPGA") intellectual property ("IP"), which consists primarily of Hard IP, low power, multi-core semiconductor system-on-chips ("SoCs"), and discrete FPGAs. Our customers can use our eFPGA IP for hardware acceleration and pre-processing in their Application Specific Integrated Circuit ("ASIC") products, our SoCs to run our customers' software and build their hardware around, and our discrete FPGAs to implement their custom functionality. The full range of products, software tools, and eFPGA IP enables the practical and efficient programmability for our customers across Aerospace and Defense, Consumer/Industrial IoT, and Consumer Electronics markets.

In the first quarter of 2025, the Company discontinued operations at its wholly-owned subsidiary, SensiML Corporation ("SensiML"), and is actively exploring options for the possible sale of SensiML or its assets. SensiML's Analytics Toolkit provides an end-to-end Artificial Intelligence / Machine Learning development platform with accurate sensor algorithms using AI technology, spanning data collection, labeling, algorithm and firmware auto generation, and testing. This cutting-edge software enables ultra-low power IoT endpoints that implement AI to transform raw sensor data into meaningful insight at the device itself. Revenue streams from SensiML include Software as a Service (SaaS) subscriptions for development, per unit license fees when deployed in production, and proof-of-concept services. Furthermore, the Company started accounting for the SensiML subsidiary in accordance with ASC 205-20, Discontinued Operations. As such, the following Management's Discussion and Analysis of Financial Condition and Results of Operations has been disaggregated as appropriate between continuing and discontinued operations.

Our new products include the following: eFPGA IP Licensing business and associated professional services, consisting of development and integration of eFPGA technology into custom semiconductor solutions and our silicon products consisting of EOS™, QuickAI™, ArcticLink® III, PolarPro®3, PolarPro II, PolarPro, and Eclipse II products. In addition to delivering our own semiconductor solutions, our new products category includes our AI/ML Software Platform from our wholly-owned subsidiary company, SensiML, which includes Software as a Service (SaaS) subscriptions for development, per unit license fees when deployed in production, and proof-of-concept services, all of which are also included in the new products revenue category. Our mature products include primarily FPGA families named PASIC®3 and QuickRAM®, as well as programming hardware and design software. We currently have a total of five patent applications pending.

For our IP and silicon platforms, we collaborate with multiple partners on co-marketing and/or co-selling initiatives. These partners could have primary business lines in semiconductor IP, Design Services, semiconductor foundry, semiconductor assembly and test, and others. Currently, these collaborations include Infineon Technologies, On Semiconductor Corp., Microchip Technology Inc., Silicon Laboratories, Inc., STMicroelectronics N.V., Arduino, NXP Semiconductors N.V., Raspberry Pi, and Nordic Semiconductor.

Our eFPGA IP is currently developed on Intel 18A, as well as the following process technologies on certain other semiconductor foundries (GF, TSMC, and others): 12nm, 16nm, 22nm, 28nm, 40nm, 65nm, 90nm, 130nm, and 250nm. We also have a roadmap to more advanced, sub-10nm nodes. The licensable IP is generated by our automated compiler tool called Australis™, which enables our engineers to create an eFPGA IP for our licensees that they can then integrate into their SoC without significant involvement by QuickLogic. We believe this flow enables a scalable development and support model for QuickLogic. For our eFPGA strategy, we typically work with semiconductor manufacturing partners prior to this IP being licensed to a SoC company.

We have changed our manufacturing strategies to reduce the cost of our silicon solution platforms to enable their use in a range of unique products ranging from low to high volume. Our EOS S3, EOS S3AI, QuickAI and ArcticLink III silicon platforms combine mixed signal physical functions and hard-wired logic alongside our field programmable logic. Our EOS S3, EOS S3AI, and ArcticLink III solution platforms are manufactured on process nodes where we can benefit from smaller die sizes and lower power consumption. We typically implement sophisticated logic blocks and mixed signal functions in hard-wired logic because it is very cost-effective and energy efficient. We use small form factor packages, which are less expensive to manufacture and include smaller pin counts. Reduced pin counts result in lower costs for our customers' printed circuit board space and routing. Furthermore, our SRAM reprogrammable silicon platforms can be programmed in-system by our customers, and therefore, we do not incur programming costs, lowering the overall cost of ownership to our customers. We expect to continue to invest in silicon solution platforms and manufacturing technologies that make us competitive for the variety of markets and applications that programmable logic serves.

In order to grow our revenue from its current level, we depend upon increased revenue from our new products, including existing new product platforms and platforms currently in development. We expect our business growth to be driven mainly by eFPGA IP and our silicon solutions. Therefore, our revenue growth needs to be strong enough to enable us to sustain profitability while we continue to invest in the development, sale, and marketing of our new solution platforms, IP, and software.

We market our programmable logic (FPGAs and eFPGA IP) solutions primarily to Defense Industrial Base contractors, U.S. Government entities, System OEMs, and fabless semiconductor companies. These customers may value one or more of our product categories. A solution can be based on our programmable technology, which enables customized designs, low power, flexibility, rapid time-to-market, longer time-in-market, and lower total cost of ownership. We are capable of providing complete solutions because of our investment in developing the low power IP and software required to implement specific functions. In some cases, we develop the IPs and either software or firmware ourselves and, in other cases, we utilize third parties to develop the mixed signal physical layers, logic, and/or software.

By using our silicon platforms, our IPs, our software, and our in-depth architecture knowledge, we can deliver energy efficient custom solutions that blend the benefits of traditional ASSPs with the flexibility, product proliferation, differentiation, and low total cost of ownership advantages of programmable logic.

We monetize our technology through hardware product sales, per unit royalties, and eFPGA IP licenses, with any necessary corresponding work delivered via professional engineering services. We specialize in enhancing the user experience in leading edge IoT hardware products. For our customers, we enable hardware and sensor algorithmic differentiation quickly, cost-effectively, and at low power. For our partners, we expand their reach into new segments and new use cases, thereby expanding the served available market for their existing hardware products.

Our embedded FPGA technology gives ASIC and SoC developers the benefit of flexibility to make post-manufacturing design changes at very fast time-to- and time-in-market, while keeping power consumption low. Our multi-core sensor processing products such as ArcticLink 3 S1, ArcticLink 3 S2, EOS 3, EOS S3 LV, and EOS S3AI provide an extremely power-efficient approach for real-time multi-modal (vision, motion, voice, location, biometric, and environmental) sensor processing independently of the cloud.

We recognize that our markets require a range of solutions, and we intend to work with market-leading companies to combine silicon solution platforms, packaging technology, FPGA User Tools, sensor software algorithms, software drivers, and firmware to meet the product proliferation, high bandwidth, time-to-market, time-in-market, and form factor requirements of our customers. We intend to continue to define and implement compelling solutions for our target customers and partners.

We believe our solutions are resonating with our target customers who value lower power consumption, platform design flexibility, rapid time-to-market, longer time-in-market, and low total cost of ownership available through the use of our solutions.

We sell our products through a network of sales managers in North America, Europe, and Asia. In addition to our corporate headquarters in San Jose, California, we have international sales operations in Japan and the United Kingdom. Our sales personnel and independent sales representatives are responsible for sales and application support for a given region, focusing on major strategic accounts, and managing our channel sales partners such as distributors.

Customers typically order our products through our distributors. Currently, we have ten active distributors in North America and a network of fourteen active distributors and sales representatives throughout Europe and Asia to support our international business. eFPGA IP customers typically enter into licensing agreements directly with QuickLogic.

We also have an Aerospace and Defense, industrial, and IoT product customer base that purchases our mature silicon products. We expect to continue to offer silicon hardware products to these customers, as well as new eFPGA IP for when these customers choose to implement their own silicon platform solution.

During the second quarter of 2025, we generated total revenue from continuing operations of \$3.7 million, a decrease of 15% compared to the prior quarter, and a decrease of 10% compared to the same quarter last year. Our new product revenue from continuing operations in the second quarter was \$2.9 million, a decrease of 22% from the prior quarter and a decrease of 4% from the second quarter of 2024. Our mature product revenue from continuing operations was \$0.8 million in the second quarter of 2025, an increase of 33% compared to the prior quarter, and a decrease of 28% compared to the second quarter of 2024. We expect our mature product revenue to continue to fluctuate over time.

During the second quarter of 2025, we generated total revenue from discontinued operations of \$0 thousand, a decrease of 100% compared to the prior quarter, and a decrease of 100% compared to the same quarter last year.

We devote substantially all of our development, sales, and marketing efforts to our new eFPGA IP licensing and professional services. Overall, we reported a net loss from continuing operations of \$2.7 million for the second quarter of 2025, as compared to a net loss from continuing operations of \$2.1 million in the prior quarter and a net loss from continuing operations of \$1.2 million for the second quarter of 2024.

We reported a net loss from discontinued operations of \$9 thousand for the second quarter of 2025, as compared to a net loss from discontinued operations of \$0.1 million in the prior quarter and a net loss from discontinued operations of \$0.3 million for the second quarter of 2024.

As of June 29, 2025, we had one operating lease with a remaining lease term of 1.92 years. The operating lease relates to our company headquarters in San Jose, CA.

Critical Accounting Policies and Estimates

The methodologies, estimates, and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our consolidated financial statements. The SEC has defined critical accounting policies as those that are most important to the portrayal of the Company's financial condition and results of operations and requires us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, our critical accounting policies include revenue recognition, inventory valuation, including the identification of excess quantities, market value, and obsolescence, and valuation of goodwill and long-lived and intangible assets. We believe that we apply judgments and estimates in a consistent manner and that such consistent application results in consolidated financial statements and accompanying notes that fairly represent all periods presented. However, any factual errors or errors in these judgments and estimates may have a material impact on our financial statements. During the three and six months ended June 29, 2025, there were no changes in our critical accounting policies from our disclosure in our Annual Report on Form 10-K for the fiscal year ended December 29, 2024, which was filed with the SEC on March 26, 2025.

Continuing Operations

Results of Operations

The following table sets forth the percentage of revenue from continuing operations for certain items in our unaudited condensed consolidated statements of operations for the periods indicated:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Revenue	100%	100%	100%	100%
Cost of revenue	74%	45%	65%	38%
Gross profit	26%	55%	35%	62%
Operating expenses:				
Research and development	32%	33%	30%	27%
Selling, general and administrative	53%	51%	56%	46%
Impairment charges	8%	—%	4%	—%
Restructuring costs	1%	—%	1%	—%
Income (loss) from continuing operations	(68)%	(29)%	(56)%	(11)%
Interest expense	(3)%	(1)%	(3)%	(1)%
Interest income and other income (expense), net	(1)%	—%	—%	—%
Income (loss) from continuing operations before income taxes	(72)%	(30)%	(59)%	(12)%
(Benefit from) provision for income taxes	—%	—%	—%	—%
Net income (loss) from continuing operations	(72)%	(30)%	(59)%	(12)%

Three Months Ended June 29, 2025 Compared to Three Months Ended June 30, 2024

Revenue

The table below sets forth the changes in revenue from continuing operations in the three months ended June 29, 2025 compared to the three months ended June 30, 2024 (in thousands, except percentage data):

	Three Months Ended				Change	
	June 29, 2025		June 30, 2024		Amount	Percentage
	Amount	% of Total Revenues	Amount	% of Total Revenues		
New products	\$ 2,918	79%	\$ 3,026	74%	\$ (108)	(4)%
Mature products	769	21%	1,070	26%	(301)	(28)%
Total revenue	\$ 3,687	100%	\$ 4,096	100%	\$ (409)	(10)%

Note: For all periods presented, new products include hardware products and related revenues manufactured on 180 nanometer or smaller semiconductor processes, intellectual property license, professional services, and QuickAI. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

Product revenue for the second quarter of 2025 compared to the second quarter of 2024 decreased \$0.4 million. The decrease resulted from decreases in revenues from sales of new devices and royalty revenues.

New Product Revenue

The table below sets forth the changes in new product revenue from continuing operations in the three months ended June 29, 2025 compared to the three months ended June 30, 2024 (in thousands, except percentage data):

	Three Months Ended				Change	
	June 29, 2025		June 30, 2024			
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
Hardware products	\$ 319	9%	\$ 505	12%	\$ (186)	(37)%
eFPGA IP and professional services	2,599	70%	2,521	62%	78	3%
Total new product revenue	\$ 2,918	79%	\$ 3,026	74%	\$ (108)	(4)%

eFPGA IP revenue for the three months ended June 29, 2025 and June 30, 2024 was \$2.6 million and \$2.5 million, respectively, which was primarily professional services revenue.

Gross Profit

The table below sets forth the changes in gross profit from continuing operations for the three months ended June 29, 2025 compared to the three months ended June 30, 2024 (in thousands, except percentage data):

	Three Months Ended				Change	
	June 29, 2025		June 30, 2024			
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
Revenue	\$ 3,687	100%	\$ 4,096	100%	\$ (409)	(10)%
Cost of revenue	2,733	74%	1,854	45%	879	47%
Gross profit	\$ 954	26%	\$ 2,242	55%	\$ (1,288)	(57)%

In the second quarter of 2025, gross profit decreased \$1.3 million, or 57%, compared to the same quarter in the prior year. The net decrease in gross profit reflects a 10% decrease in revenues, combined with a 47% net increase in cost of revenue. Revenue decreased from the same quarter in the prior year due to lower device sales and royalty revenues. The net increase in cost of revenues was primarily due to increases in depreciation and amortization related to tooling for revenue contracts, as well as increased labor costs.

Our semiconductor products have historically had long product life cycles and obsolescence has not been a significant factor in the valuation of inventories. However, some growth opportunities in non-Aerospace and Defense markets may experience shorter product life cycles, and the risk of obsolescence will increase. In general, our standard manufacturing lead times are longer than the binding forecasts we receive from customers.

Operating Expenses

The table below sets forth the changes in operating expenses from continuing operations for the three months ended June 29, 2025 compared to the three months ended June 30, 2024 (in thousands, except percentage data):

	Three Months Ended				Change	
	June 29, 2025		June 30, 2024			
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
R&D expense	\$ 1,193	32%	\$ 1,347	33%	\$ (154)	(11)%
SG&A expense	1,962	53%	2,095	51%	(133)	(6)%
Impairment charges	300	8%	—	—%	300	100%
Restructuring costs	21	1%	—	—%	21	100%
Total operating expenses	\$ 3,476	94%	\$ 3,442	84%	\$ 34	1%

Research and Development

Our R&D expenses consist primarily of personnel, overhead and other costs associated with System on Chip (SoC) and software development, programmable logic design, AI and eFPGA development. R&D expenses for the second quarter of 2025 as compared to the same quarter in 2024 decreased \$0.2 million, primarily the result of increased labor allocations to Cost of Revenue for fulfillment of revenue contracts.

Selling, General and Administrative

Our selling, general and administrative (SG&A) expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources, and general management. The \$0.1 million decrease in SG&A expenses in the second quarter of 2025, as compared to the second quarter of 2024, was attributable primarily to decreased administrative expenses, partially offset by an increase in sales and marketing expenses.

Impairment Charges

The \$0.3 million in impairment charges for the three months ended June 29, 2025 was attributable to the impairment of the Company's non-marketable equity investment.

Restructuring Costs

The \$21 thousand in restructuring costs for the three months ended June 29, 2025 was attributable to outside professional services.

Interest Expense, Interest Income and Other Income (Expense), Net

The table below sets forth the changes in interest expense and interest income and other income (expense), net from continuing operations for the three months ended June 29, 2025 compared to the three months ended June 30, 2024 (in thousands, except percentage data):

	Three Months Ended		Change	
	June 29, 2025	June 30, 2024	Amount	Percentage
Interest expense	\$ (108)	\$ (39)	\$ 69	177%
Interest income and other income (expense), net	(30)	4	(34)	(850)%
Total interest (expense), interest income and other income (expense), net	<u>\$ (138)</u>	<u>\$ (35)</u>	<u>\$ 103</u>	<u>294%</u>

Interest expense relates primarily to our revolving line of credit facility and notes payable. Interest income and other income (expense), net, relates to net foreign exchange losses recorded, partially offset by interest earned in our money market accounts. Changes in interest expense are related to varying levels of utilization of our revolving loan. Interest expense for the second quarter of this year as compared to the same period in the prior year increased approximately \$69 thousand. Interest income and other income (expense), which is mostly comprised of bank fees, net foreign exchange losses, and refunds, decreased approximately \$34 thousand.

Provision for Income Taxes

The table below sets forth the changes in the provisions for income taxes from continuing operations in the three months ended June 29, 2025, compared to the three months ended June 30, 2024 (in thousands, except percentage data):

	Three Months Ended		Change	
	June 29, 2025	June 30, 2024	Amount	Percentage
(Benefit from) provision for income taxes	<u>\$ 1</u>	<u>\$ (6)</u>	<u>\$ (7)</u>	<u>(117)%</u>

The Company recorded a net income tax expense of approximately \$1 thousand for the three months ended June 29, 2025 and a net income tax benefit of \$6 thousand for the three months ended June 30, 2024. The effective tax rate for the second quarter ended June 29, 2025 was (0.13)% as compared to 0.37% for the same period in the prior year.

Six Months Ended June 29, 2025 Compared to Six Months Ended June 30, 2024

Revenue

The table below sets forth the changes in revenue from continuing operations in the six months ended June 29, 2025 compared to the six months ended June 30, 2024 (in thousands, except percentage data):

	Six Months Ended				Change	
	June 29, 2025		June 30, 2024		Amount	Percentage
	Amount	% of Total Revenues	Amount	% of Total Revenues		
New products	\$ 6,665	83%	\$ 7,564	77%	\$ (899)	(12)%
Mature products	1,347	17%	2,201	23%	(854)	(39)%
Total revenue	<u>\$ 8,012</u>	<u>100%</u>	<u>\$ 9,765</u>	<u>100%</u>	<u>\$ (1,753)</u>	<u>(18)%</u>

Note: For all periods presented, new products include hardware products and related revenues manufactured on 180 nanometer or smaller semiconductor processes, intellectual property license, professional services, and QuickAI. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

Product revenue for the second quarter of 2025 compared to the second quarter of 2024 decreased \$1.8 million. The decrease resulted from decreases in professional services eFPGA revenues, revenues from sales of new and mature devices, and royalty revenues.

New Product Revenue

The table below sets forth the changes in new product revenue from continuing operations in the six months ended June 29, 2025 compared to the six months ended June 30, 2024 (in thousands, except percentage data):

	Six Months Ended				Change	
	June 29, 2025		June 30, 2024			
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
Hardware products	\$ 449	6%	\$ 1,000	10%	\$ (551)	(55)%
eFPGA IP and professional services	6,216	77%	6,564	67%	(348)	(5)%
Total new product revenue	\$ 6,665	83%	\$ 7,564	77%	\$ (899)	(12)%

eFPGA IP revenue for the six months ended June 29, 2025 and June 30, 2024 was \$6.2 million and \$6.6 million, respectively, which was primarily professional services revenue.

Gross Profit

The table below sets forth the changes in gross profit from continuing operations for the six months ended June 29, 2025 compared to the six months ended June 30, 2024 (in thousands, except percentage data):

	Six Months Ended				Change	
	June 29, 2025		June 30, 2024			
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
Revenue	\$ 8,012	100%	\$ 9,765	100%	\$ (1,753)	(18)%
Cost of revenue	5,181	65%	3,719	38%	1,462	39%
Gross profit	\$ 2,831	35%	\$ 6,046	62%	\$ (3,215)	(53)%

In the six months ended June 29, 2025, gross profit decreased \$3.2 million, or 53%, compared to the same period in the prior year. The net decrease in gross profit reflects an 18% decrease in revenues, combined with a 39% net increase in cost of revenue. Revenue decreased from the same period in the prior year due to the timing of Department of Defense contracts and lower device sales and royalty revenues. The net increase in cost of revenues was primarily due to increases in depreciation and amortization related to tooling for revenue contracts, as well as increased labor and stock-based compensation costs. Additionally, there were slight offsets from decreased consulting expenses.

Operating Expenses

The table below sets forth the changes in operating expenses from continuing operations for the six months ended June 29, 2025 compared to the six months ended June 30, 2024 (in thousands, except percentage data):

	Six Months Ended				Change	
	June 29, 2025		June 30, 2024			
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
R&D expense	\$ 2,461	30%	\$ 2,668	27%	\$ (207)	(8)%
SG&A expense	4,498	56%	4,446	46%	52	1%
Impairment charges	300	4%	—	—%	300	100%
Restructuring costs	75	1%	—	—%	75	100%
Total operating expenses	\$ 7,334	91%	\$ 7,114	73%	\$ 220	3%

Research and Development

Our R&D expenses consist primarily of personnel, overhead and other costs associated with System on Chip (SoC) and software development, programmable logic design, AI and eFPGA development. R&D expenses for the six months ended June 29, 2025 as compared to the same period in 2024 decreased \$0.2 million, primarily the result of increased labor allocations to Cost of Revenue for fulfillment of revenue contracts, partially offset by increases in amortization expense associated with tooling.

Selling, General and Administrative

Our selling, general and administrative (SG&A) expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources, and general management. The \$0.1 million increase in SG&A expenses in the six months ended June 29, 2025, as compared to the same period in 2024, was attributable primarily to slight increases in compensation and incentives.

Impairment Charges

The \$0.3 million in impairment charges for the six months ended June 29, 2025 was attributable to the impairment of the Company's non-marketable equity investment.

Restructuring Costs

The \$75 thousand in restructuring costs for the six months ended June 29, 2025 was primarily attributable to severance payments for employees within QuickLogic related to the SensiML discontinued operations.

Interest Expense, Interest Income and Other Income (Expense), Net

The table below sets forth the changes in interest expense and interest income and other income (expense), net from continuing operations for the six months ended June 29, 2025 compared to the six months ended June 30, 2024 (in thousands, except percentage data):

	Six Months Ended		Change	
	June 29, 2025	June 30, 2024	Amount	Percentage
Interest expense	\$ (205)	\$ (108)	\$ 97	90%
Interest income and other expense, net	(37)	21	58	(276)%
Total interest (expense), interest income and other income (expense), net	<u>\$ (242)</u>	<u>\$ (87)</u>	<u>\$ 155</u>	<u>178%</u>

Interest expense relates primarily to our revolving line of credit facility and notes payable. Interest income and other income (expense), net, relates to net foreign exchange losses recorded, partially offset by interest earned in our money market accounts. Changes in interest expense are related to varying levels of utilization of our revolving loan. Interest expense for the six months ended June 29, 2025 as compared to the same period in the prior year increased approximately \$97 thousand. Interest income and other income (expense), which is mostly comprised of bank fees, net foreign exchange losses, and refunds, increased approximately \$58 thousand.

Provision for Income Taxes

The table below sets forth the changes in the provisions for income taxes from continuing operations in the six months ended June 29, 2025, compared to the six months ended June 30, 2024 (in thousands, except percentage data):

	Six Months Ended		Change	
	June 29, 2025	June 30, 2024	Amount	Percentage
(Benefit from) provision for income taxes	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>500%</u>

The Company recorded a net income tax expense of \$6 thousand for the six months ended June 29, 2025 and a net income tax expense of \$1 thousand for the six months ended June 30, 2024. The effective tax rate for the six months ended June 29, 2025 was (0.13)% as compared to (0.10)% for the same period in the prior year.

Discontinued Operations

Results of Operations

The following table sets forth the percentage of revenue from discontinued operations for certain items in our unaudited condensed consolidated statements of operations for the periods indicated:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Revenue	—%	100%	100%	100%
Cost of revenue	—%	542%	27%	89%
Gross profit	—%	(442)%	73%	11%
Operating expenses:				
Research and development	—%	581%	164%	86%
Selling, general and administrative	—%	—%	118%	—%
Restructuring costs	—%	—%	791%	—%
Interest income and other income (expense), net	—%	(12)%	—%	(3)%
Income (loss) from discontinued operations before income taxes	—%	(1035)%	(1000)%	(78)%

Balance Sheet Activities

Balance sheet amounts from continuing operations at June 29, 2025 compared to December 29, 2024 resulted from typical and usual activities in the normal course of business.

Total assets decreased by approximately \$1.7 million, primarily due to a \$2.7 million reduction in cash and cash equivalents due to greater payments than borrowings on the Company's revolving line of credit and a \$1.5 million reduction in accounts receivable due to the collection of outstanding receivables, a \$0.4 million reduction in prepaid expenses and other current assets, and a \$0.3 million reduction in the non-marketable equity investment due to its full impairment, partially offset by an increase of \$1.0 million in contract assets due to the recognition of revenue subject to billing timing constraints and a \$2.3 million net increase in equipment and internal-use software assets.

Liabilities decreased by approximately \$4.5 million due to greater payments than borrowings in the amount of \$3.0 million on the Company's revolving line of credit, payments on notes payable of \$1.0 million, payments on operating leases of \$0.1 million, and reductions in accrued liabilities and deferred revenues of \$0.6 million, partially offset by an increase of \$0.3 million in trade payables.

Equity increased \$2.8 million due to a \$7.6 million increase in additional paid in capital arising from the sale of shares of common stock and recognition of stock-based compensation, partially offset by a \$4.9 million net loss for the six months ended June 29, 2025.

Liquidity and Capital Resources

We have financed our operations and capital investments through public and private offerings of our common stock, financing arrangements, operating leases, borrowings under a revolving line of credit, and cash flows from operations. In addition to our cash and cash equivalents from continuing operations of \$19.2 million, as of June 29, 2025, other sources of liquidity included a \$15.0 million drawn down from our revolving line of credit ("Revolving Facility") with Heritage Bank of Commerce ("Heritage Bank"), and \$5.6 million in net proceeds from the sale of our common stock on March 6, 2025 and as a part of our ATM Offering. Costs related to the offerings were \$177 thousand.

We note that the absence of the negative cash flows associated with our discontinued operations will likely have a positive effect on the Company's liquidity moving forward.

On April 28, 2023, we converted accounts receivable for a customer in the amount of approximately \$1.16 million to notes receivable (the "Original Note"). At the time, the Original Note bore an interest rate of 3.0% compounded monthly. On June 28, 2023, we cancelled the Original Note and entered into a revised promissory note ("Second Revised Note") with the customer, where the interest rate changed to 4.69% compounded monthly, or a 4.8% effective annual interest rate, accruing from the date of the Original Note. On June 27, 2024, we cancelled the Second Revised Note and entered into a revised promissory note ("Current Note") with the customer, where the interest rate changed to 10.0% per annum. Accrued but unpaid interest will be compounded monthly, accruing from the date of the Current Note. Additionally, if not prepaid prior to the Current Note maturity date of the earlier of (i) 24 months from June 28, 2024 or (ii) the closing of the customer's Series B financing, the principal and all accrued and unpaid interest will be due and payable to us. If an event of default occurs, the interest rate will increase to 15.31%. All other terms of the Note remained the same. As of June 29, 2025, the related note receivable balance was \$1.36 million, including \$192 thousand in accrued interest.

On March 6, 2025, the Company entered into Common Stock Purchase Agreements with certain institutional investors for the sale of an aggregate of 256 thousand shares of common stock, par value \$0.001, in a registered direct offering, resulting in net cash proceeds of approximately \$1.5 million. Issuance costs related to the offering were \$20 thousand. The purchase price for each share of common stock was \$5.93.

On February 25, 2025, the Company entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with Needham & Company, LLC (the "Agent"), pursuant to which the Company may offer and sell, from time to time, through the Agent, as sales agent, shares of the Company's common stock, par value \$0.001 per share, having an aggregate offering price of up to \$20,000,000 (the "ATM Offering"). As of June 29, 2025, the Company sold 678 thousand shares under the ATM offering, resulting in net cash proceeds of approximately \$4.1 million. Issuance costs related to the ATM Offering were \$157 thousand.

On March 13, 2024, the Company entered into Common Stock Purchase Agreements with certain institutional investors and their affiliated entities for the sale of an aggregate of 223 thousand shares of common stock, par value \$0.001, in a registered direct offering, resulting in net cash proceeds of approximately \$3.5 million. Issuance costs related to the offering were \$24 thousand. The purchase price for each share of common stock was \$16.00.

We were in compliance with all the Heritage Bank Revolving Facility loan covenants as of June 29, 2025. As of June 29, 2025, we had \$15.0 million outstanding on the Revolving Facility with an interest rate of 8.00%. In the first quarter of 2025, we entered into the Eighth Amendment (the "Eighth Amendment") to our Amended and Restated Loan and Security Agreement (as amended, the "Loan Agreement") dated December 21, 2018, with Heritage Bank of Commerce. The Eighth Amendment, which became effective on March 17, 2025, amended the Loan Agreement to, among other things, extend the loan maturity date for one year through December 31, 2026.

We currently use our cash to fund our working capital, to accelerate the development of next-generation products, and for general corporate purposes. Based on past performance and current expectations, we believe that our existing cash and cash equivalents, together with \$5.8 million gross cash proceeds from the March 6, 2025 financing and February 25, 2025 ATM Offering and sales thereby, our revenues from operations, and the available financial resources from the Revolving Facility with Heritage Bank will be sufficient to fund our operations and capital expenditures and provide adequate working capital for the next twelve months.

Various factors affect our liquidity, including, among others: the level of revenue and gross profit as a result of the cyclicity of the semiconductor industry; the conversion of design opportunities into revenue; market acceptance of existing and new products including solutions based on our ArcticLink® and PolarPro® platforms, ArcticPro™, EOS S3 SoC, Quick AI solution, QuickAI™, Eclipse II products, and eFPGA IP license and professional services; the timing, milestones, and payments related to our government contracts; fluctuations in revenue as a result of product end-of-life; fluctuations in revenue as a result of the stage in the product life cycle of our customers' products; costs of securing access to and availability of adequate manufacturing capacity; levels of inventories; wafer purchase commitments; customer credit terms; the amount and timing of research and development expenditures; the timing of new product introductions; production volumes; product quality; sales and marketing efforts; the value and liquidity of our investment portfolio; changes in operating assets and liabilities; the ability to obtain or renew debt financing and to remain in compliance with the terms of existing credit facilities; the ability to raise funds from the sale of equity in the company; the issuance and exercise of stock options and participation in our employee stock purchase plan; and other factors related to the uncertainties of the industry and global economics.

Over the longer term, we anticipate that sales generated from our new product offerings, existing cash and cash equivalents, together with financial resources from our Revolving Facility with Heritage Bank, assuming renewal of the Revolving Facility or us entering into a new debt agreement with an alternative lender prior to the expiration of the revolving line of credit in December 2026, and our ability to raise additional capital in the public capital markets will be sufficient to satisfy our operations and capital expenditures. However, we cannot provide any assurance that we will be able to raise additional capital, if required, or that such capital will be available on terms acceptable to us. The inability to generate sufficient sales from our new product offerings and/or raise additional capital if needed could have a material adverse effect on our operations and financial condition, including our ability to maintain compliance with our lender's financial covenants.

As of June 29, 2025, most of our cash and cash equivalents were invested in a money market account at Heritage Bank. As of June 29, 2025, our interest-bearing debt consisted of \$2.1 million outstanding under notes payable and \$15.0 million outstanding under our Revolving Facility. See Note 8, Debt Obligations, to the unaudited condensed consolidated financial statements for more details.

Cash balances held at our foreign subsidiaries were approximately \$0.1 million as of June 29, 2025 and December 29, 2024. Earnings from our foreign subsidiaries are currently deemed to be indefinitely reinvested. We do not expect such reinvestment to affect our liquidity and capital resources, and we continually evaluate our liquidity needs and ability to meet global cash requirements as a part of our overall capital deployment strategy. Factors that affect our global capital deployment strategy include anticipated cash flows, the ability to repatriate cash in a tax-efficient manner, funding requirements for operations and investment activities, acquisitions and divestitures, and capital market conditions.

In summary, our cash flows were as follows (in thousands):

	Six Months Ended	
	June 29, 2025	June 30, 2024
Net cash provided by (used in) operating activities	\$ (1,498)	\$ (73)
Net cash provided by (used in) investing activities	(3,001)	(4,473)
Net cash provided by (used in) financing activities	1,817	3,206

Net cash provided by (used in) operating activities

For the six months ended June 29, 2025, net cash used in operating activities was \$1.5 million, which was primarily due to the net loss of \$4.9 million, adjusted for net non-cash charges of \$4.9 million, which included \$2.6 million in depreciation and amortization expenses, \$1.7 million of stock-based compensation, \$0.3 million in impairment charges related to the Company's investment in a non-affiliate, \$0.1 million in inventory write-downs, and \$0.1 million in ROU asset amortization expenses. Cash outflow from changes in operating assets and liabilities was approximately \$1.6 million and was primarily due to decreases in accounts payable, accrued liabilities, deferred revenues, and lease liabilities and increases in contract assets, inventories, and other assets, partially offset by a decrease in accounts receivable.

For the six months ended June 30, 2024, net cash used in operating activities was \$0.1 million, which was primarily due to the net loss of \$1.4 million, adjusted for net non-cash charges of \$4.3 million, which included \$2.5 million of stock-based compensation, \$1.7 million in depreciation and amortization expenses, and \$0.1 million in ROU asset amortization expenses. Cash outflow from changes in operating assets and liabilities was approximately \$3.0 million and was primarily due to decreases in accounts payable, accrued liabilities, deferred revenues, and lease liabilities, partially offset by a decrease in contract assets, accounts receivable, inventories, and other assets.

Net cash provided by (used in) investing activities

For the six months ended June 29, 2025 and June 30, 2024 cash used in investing activities was \$3.0 million and \$4.5 million, respectively, which were primarily attributable to the capital expenditures relating to licensed software, capitalized internal-use software, and purchase of specialized semiconductor tooling, which was capitalized.

Net cash provided by (used in) financing activities

Cash flows from financing activities include the draw-downs and repayments of our line of credit. For the quarter ended June 29, 2025, repayments were greater than drawn-downs by \$3.0 million. For the quarter ended June 30, 2024, these draw-downs and repayments netted to zero.

For the six months ended June 29, 2025, cash provided by financing activities was \$1.8 million, which was primarily derived from the net proceeds of \$5.9 million from the common stock issuance, partially offset by \$1.1 million in payments related to financing arrangements.

For the six months ended June 30, 2024, cash provided by financing activities was \$3.2 million and was primarily derived from the net proceeds of \$3.7 million from the common stock issuances, partially offset by \$0.5 million in payments related to financing arrangements.

Part I. Financial Information (continued)

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet partnerships, arrangements, or other relationships with unconsolidated entities or others, often referred to as structured finance or special purpose entities, which are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation as of June 29, 2025, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective at the reasonable assurance level to ensure that the information required to be disclosed by us in this Quarterly Report on Form 10-Q was (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information**Item 1. Legal Proceedings**

None.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in our 2024 Annual Report on Form 10-K for the year ended December 29, 2024, filed with the SEC on March 26, 2025, which includes a detailed discussion of our risk factors at Part I, Item 1A, Risk Factors, which discussion is hereby incorporated by reference into this Part II, Item 1A.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information**Insider Trading Arrangements**

For the three months ended June 29, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

a. Exhibits. The following Exhibits are filed or incorporated by reference into this report:

Exhibit Number	Description
31.1	Certification of Brian C. Faith, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Elias Nader, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Brian C. Faith, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Elias Nader, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's quarterly report on Form 10-Q for the quarter ended June 29, 2025, has been formatted in Inline XBRL and contained in Exhibit 101.

Signatures

Pursuant to the requirements 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.

QUICKLOGIC CORPORATION

/s/ Elias Nader

Elias Nader

Chief Financial Officer, and Senior Vice-President, Finance

Date: August 13, 2025

CERTIFICATIONS

I, Brian C. Faith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QuickLogic Corporation;
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 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: August 13, 2025

/s/ Brian C. Faith

Brian C. Faith

President and Chief Executive Officer

CERTIFICATIONS

I, Elias Nader, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QuickLogic Corporation;
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 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: August 13, 2025

/s/ Elias Nader

Elias Nader

Chief Financial Officer, and Senior Vice-President, Finance

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian C. Faith, the President and Chief Executive Officer of QuickLogic Corporation (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended June 29, 2025 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 13, 2025

By: /s/ Brian C. Faith

Name: Brian C. Faith

Title: *President and Chief Executive Officer*

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Elias Nader, Chief Financial Officer and Senior Vice-President, Finance of QuickLogic Corporation (the "Company") do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended June 29, 2025 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 13, 2025

By: /s/ Elias Nader

Name: Elias Nader

Title: *Chief Financial Officer, and Senior Vice-President, Finance*