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

FORM 10-Q

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2019

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	**77-0188504**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1277 ORLEANS DRIVE, SUNNYVALE, CA 94089
(Address of principal executive offices including zip code))

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] 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 [x] 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	[ ]	Accelerated Filer	[x]
Non-accelerated filer	[ ]	Smaller Reporting Company	[x]
		Emerging growth company	[ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act
[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes [ ] No [x]

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 Global Market

As of May 3, 2019, the registrant had outstanding 97,219,023 shares of common stock, par value $0.001.

QUICKLOGIC CORPORATION
FORM 10-Q
MARCH 31, 2019

PART I. Financial Information

Item 1. Financial Statements

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

	March 31, 2019	December 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,119	$ 26,363
Restricted cash	100	100
Accounts receivable, net of allowances for doubtful accounts of $0 and $0	2,452	2,209
Inventories	3,571	3,836
Other current assets	1,784	1,775
Total current assets	31,026	34,283
Property and equipment, net	873	1,449
Right of use assets	975	-
Intangible assets	1,118	-
Goodwill	282	-
Other assets	400	354
TOTAL ASSETS	$ 34,674	$ 36,086
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	$ 15,000	$ 15,000
Trade payables	1,545	1,488
Accrued liabilities	1,720	1,903
Lease Liabilities-current	646	316
Total current liabilities	18,911	18,707
Long-term liabilities:		
Lease Liabilities-non-current	293	108
Other long-term liabilities	-	16
Total liabilities	19,204	18,831
Commitments and contingencies (see Note 13)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.001 par value; 200,000 authorized; 97,189 and 95,513 shares issued and outstanding as of March 31, 2019 and December 30, 2018, respectively	97	95
Additional paid-in capital	286,663	284,974
Accumulated deficit	(271,290)	(267,814)
Total stockholders' equity	15,470	17,255
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 34,674	$ 36,086

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	
	March 31, 2019	April 1, 2018
Revenue	$ 3,194	$ 2,764
Cost of revenue	1,215	1,375
Gross profit	1,979	1,389
Operating expenses:		
Research and development	3,242	2,699
Selling, general and administrative	2,446	2,561
Total operating expenses	5,688	5,260
Loss from operations	(3,709)	(3,871)
Interest expense	(83)	(24)
Interest income and other (expense), net	48	(14)
Loss before income taxes	(3,744)	(3,909)
(Benefit from) Provision for income taxes	(268)	61
Net loss	$ (3,476)	$ (3,970)
Net loss per share:		
Basic and diluted	$ (0.04)	$ (0.05)
Weighted average shares outstanding:		
Basic and diluted	96,824	80,571

Note: Net loss equals to comprehensive loss for all the period presented.

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	March 31, 2019	April 1, 2018
Cash flows from operating activities:		
Net loss	$ (3,476)	$ (3,970)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	292	339
Stock-based compensation	951	432
Write-down of inventories	80	42
Write-off of equipment	-	5
Tax benefit from acquisition	(282)	—
Changes in operating assets and liabilities:		
Accounts receivable	(242)	(329)
Inventories	185	(33)
Other assets	(344)	(609)
Trade payables	327	(6)
Accrued liabilities	(391)	324
Other long-term liabilities	(16)	51
Net cash used in operating activities	(2,916)	(3,754)
Cash flows from investing activities:		
Capital expenditures for property and equipment	(111)	(48)
Cash received from business acquisition	20	-
Net cash used in investing activities	(91)	(48)
Cash flows from financing activities:		
Payment of finance lease obligations	(74)	(123)
Proceeds from line of credit	12,000	6,000
Payment of line of credit	(12,000)	(6,000)
Proceeds from issuance of common stock	4	-
Taxes for net issuance of stock awards	(167)	(41)
Net cash used by financing activities	(237)	(164)
Net decrease in cash, cash equivalents and restricted cash	(3,244)	(3,966)
Cash, cash equivalents and restricted cash at beginning of period	26,463	16,527
Cash, cash equivalents and restricted cash at end of period	$ 23,219	$ 12,561
Supplemental schedule of non-cash investing and financing activities :		
Purchase of equipment included in accounts payable	$ 1	$ 38

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Common Stock		Additional		Total
	Shares	Amount	Paid-In Capital	Retained Earnings	Stockholders' Equity
Balance at December 30, 2018	95,513	$ 95	$ 284,974	$ (267,814)	$ 17,255
Common Stock issued under stock plans and employee stock purchase plan	1,676	2	738		740
Common stock offering, net of issuance costs	—	—	—	—	—
Stock-based compensation	—	—	951	—	951
Net Loss	—	—	—	(3,476)	(3,476)
Balance at March 31, 2019	97,189	$ 97	$ 286,663	$ (271,290)	$ 15,470

	Common Stock		Additional		
	Shares	Amount	Paid-In Capital	Retained Earnings	Total
Balance at December 31, 2017	80,536	$ 80	$ 268,833	$ (254,035)	$ 14,878
Common Stock issued under stock plans and employee stock purchase plan	91	—	(47)	—	(47)
Common stock offering, net of issuance costs	—	—	—	—	—
Stock-based compensation	—	—	432	—	432
Net Loss	—	—	—	(3,970)	(3,970)
Balance at April 1, 2018	80,627	$ 80	$ 269,218	$ (258,005)	$ 11,293

See accompanying 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 enables Original Equipment Manufacturers, or OEMs to maximize battery life for highly differentiated, immersive user experiences with Smartphone, Wearable, Hearable, Tablet and Internet-of-Things, or IoT devices. QuickLogic delivers these benefits through industry leading ultra-low power customer programmable System on Chip, or SoC semiconductor solutions, embedded software, and algorithm solutions for always-on voice and sensor processing, and enhanced visual experiences. The Company is a fabless semiconductor provider of comprehensive, flexible sensor processing solutions, ultra-low power display bridges, and ultra-low power Field Programmable Gate Arrays, or FPGAs. The Company's wholly owned subsidiary, SensiML Corporation, or SensiML, provides Analytics Toolkit, which is used in many of the applications where the Company's ArcticPro™ eFPGA intellectual property, or IP plays a critical role. SensiML Analytics toolkit is an end-to-end software suite that provides OEMs a straightforward process for developing pattern matching sensor algorithms using machine learning technology that are optimized for ultra-low power consumption.

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, or 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 condensed consolidated financial statements be read in conjunction with the Company's Form 10-K for the year ended December 30, 2018, which was filed with the Securities and Exchange Commission, or SEC, on March 15, 2019, as amended. Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the full year.

QuickLogic's fiscal year ends on the Sunday closest to December 31 and the fiscal quarters each end on the Sunday closest to the end of each calendar quarter. QuickLogic's first fiscal quarters for 2019 and for 2018 ended on March 31, 2019 and April 1, 2018, respectively.

Liquidity

The Company has financed its operations and capital investments through sales of common stock, finance leases, bank lines of credit and cash flows from operations. As of March 31, 2019, the Company's principal sources of liquidity consisted of cash and cash equivalents of $23.2 million, including $15.0 million drawn down from its revolving line of credit with Heritage Bank of Commerce ("Heritage Bank"). The maturity date for loans under this revolving facility (the "Revolving Facility") is September 28, 2020.

Various factors can affect the Company's liquidity, including, among others: the level of revenue and gross profit as a result of the cyclicality of the semiconductor industry; the conversion of design opportunities into revenue; market acceptance of existing and new products including solutions based on its ArcticLink®, PolarPro® platforms, eFPGA, Quick AI solution and SensiML software; 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 ability to capitalize on synergies with our newly acquired subsidiary SensiML; 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 in September 2020, 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 consolidated financial statements include the accounts of QuickLogic and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

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.

Uses of Estimates

The preparation of these 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, the disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimates, particularly in relation to revenue recognition, the allowance for doubtful accounts, sales returns, valuation of investments, valuation of long-lived assets including mask sets, valuation of goodwill and intangibles related to the acquisition of SensiML, including the estimated useful lives of acquired intangible assets, valuation of inventories including identification of excess quantities, market value and obsolescence, measurement of stock-based compensation awards, accounting for income taxes and estimating accrued liabilities.

Contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Judgment is required to determine the Stand Alone Selling Price, or SSP, for each distinct performance obligation. The Company uses a range of amounts to estimate SSP when each of the products and services are sold separately and determines the discount to be allocated based on the relative SSP of the various products and services when products and services sold are bundled. In instances where SSP is not directly observable, such as when the Company does not sell the product or service separately, it determines the SSP using information that may include market conditions and other observable inputs. The Company typically has more than one SSP for individual products and services due to the stratification of those products and services by customers. In these instances, the Company may use information such as the size of the customer, customer tier, type of the technology used, customer demographics, geographic region and other factors in determining the SSP.

Concentration of Risk

The Company's accounts 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 generally does not require collateral. See Note 14 for information regarding concentrations associated with accounts receivable.

Note 2 — Significant Accounting Policies

During the three-month period ended March 31, 2019, there were no changes in the Company's significant accounting policies from its disclosures in the Annual Report on Form 10-K for the year ended December 30, 2018 except the new accounting standards adopted during the first quarter of 2019. For a discussion of the significant accounting policies, please see the Annual Report on Form 10-K for the fiscal year ended December 30, 2018, filed with the SEC on March 15, 2019, as amended.

Revenue Recognition

Under the Accounting Standards Codification, or ASC, Topic No. 606, revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

As part of its assessment of each contract, the Company evaluates certain factors including the customer's ability to pay, or credit risk. For each contract, the Company considers the promise to transfer products, each of which is distinct, to be the identified performance obligations. In determining the transaction price, the price stated on the purchase order is typically fixed and represents the net consideration to which the Company expects to be entitled, and therefore there is no variable consideration. As the Company's standard payment terms are less than one year, the Company has elected, as a practical expedient, to not assess whether a contract has a significant financing component. The Company allocates the transaction price to each distinct product based on its relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable source that depicts the price as if sold to a similar customer in similar circumstances.

Product Revenue

The Company generates most of its revenue by supplying standard hardware products, which must be programmed before they can be used in an application. The Company's products may be programmed by itself, distributors, end-customers or third parties. The Company's contracts with customers are generally for products only, and do not include other performance obligations such as services, extended warranties or other material rights.

The Company recognizes hardware product revenue at the point of time when control of products is transferred to the customers, when the performance obligation is satisfied, which typically occurs upon shipment from the Company's manufacturing site or its headquarters

Intellectual Property and Software License Revenue

The Company also generates revenue from licensing IP, software tools and royalty from licensing its technology.

The Company recognizes IP and Software License revenue at the point of time when the control of IP or software license has been transferred.

Some of the IP and Software Licensing contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines the standalone selling prices based on the Company's overall pricing objectives, taking into consideration market conditions and other factors, including the value of the Company's contracts, type of the customer, customer tier, type of the technology used, customer demographics, geographic locations, and other factors.

Maintenance Revenue

The Company recognizes revenue from maintenance ratably over the term of the underlying maintenance contract term. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the term.

Royalty Revenue

The Company recognizes royalty revenue when the later of the following events occurs:

a) The subsequent sale or usage occurs.

b) The performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied.

Deferred Revenue

Receivables are recognized in the period we ship the product. Payment terms on invoiced amounts are based on contractual terms with each customer. When the Company receives consideration, or such consideration is unconditionally due, prior to transferring goods or services to the customer under the terms of a sales contract, the Company records deferred revenue, which represents a contract liability. The Company recognizes deferred revenue as net sales once control of goods and/or services have been transferred to the customer and all revenue recognition criteria have been met and any constraints have been resolved. The Company defers the product costs until recognition of the related revenue occurs.

Assets Recognized from Costs to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. The Company has concluded that none of the costs it has incurred to obtain and fulfil its revenue contracts meet the capitalization criteria, and as such, there are no costs deferred at March 31, 2019.

Practical expedients and exemptions

(i) Taxes collected from customers and remitted to government authorities and that are related to the sales of the Company's products are excluded from revenues.

(ii) Sales commissions are expensed when incurred because the amortization period would have been one year or less. These costs are recorded in selling, general and administrative expense in the Condensed Consolidated Statements of Income.

(iii) The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with original expected lengths of one year or less or (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for the services performed.

Cost of revenue

The Company records all costs associated with its product sales in cost of revenue. These costs include the cost of material, contract manufacturing costs and quality assurance. Cost of revenue also includes indirect costs such as warranty, excess and obsolete charges, general overhead costs and depreciation.

Leases

The Company adopted Accounting Standards Update, or ASU, No. 2016-02,*Leases (Topic 842)* and related ASUs, which provide supplementary guidance and clarifications on December 31, 2018, utilizing the modified retrospective transition method through a cumulative-effect adjustment at the beginning of the first quarter of 2019. Additionally, the Company elected the practical expedient approach and did not reassess whether any contracts that existed prior to adoption have or contain leases or the classification of our existing leases.

Under Topic 842, all significant lease arrangements are generally recognized at lease commencement. Operating lease right-of-use, or ROU, assets and lease liabilities are recognized at the commencement date. A ROU asset and corresponding lease liability is not recorded for leases with an initial term of 12 months or less (short term leases) and the Company recognizes lease expense for these leases as incurred over the lease term.

ROU assets represent our right to use an underlying asset during the reasonably certain lease terms and lease liabilities represent our obligation to make lease payments arising from the lease. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company primarily uses its incremental borrowing rate, based on the information available at commencement date, in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments related to initial direct cost and prepayments and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. Upon adoption of ASU 2016-02, the Company recognized right-of-use assets of approximately $975,000 and lease liabilities of approximately $939,000 on the Company's Consolidated Balance Sheets as of March 31, 2019, with no material impact to its Consolidated Statements of operations.

Business Combinations

The Company recognizes assets acquired (including goodwill and identifiable intangible assets) and liabilities assumed at fair value on the acquisition date. Subsequent changes to the fair value of such assets acquired and liabilities assumed are recognized in earnings, after the expiration of the measurement period, a period not to exceed 12 months from the acquisition date. Acquisition-related expenses and acquisition-related restructuring costs are recognized in earnings in the period in which they are incurred.

Goodwill and Intangible Assets

Goodwill represents the excess fair value of consideration transferred over the fair value of net assets acquired in business combinations. The carrying value of goodwill and indefinite lived intangible assets are not amortized, but are annually tested for impairment and more often if there is an indicator of impairment.

Intangible assets with finite useful lives are amortized on a straight-line basis over the periods benefited. The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets.

Restricted cash

Restricted cash represents amounts pledged as cash security related to the Silicon Valley Bank credit cards.

New Accounting Pronouncements

Recently adopted accounting pronouncements:

In February 2018, FASB issued ASU No. 2018-02,*Income Statement - Reporting Comprehensive Income.* The new standard provides companies with an option to reclassify stranded tax effects resulting from enactment of the Tax Cuts and Jobs Act, or TCJA, from accumulated other comprehensive income to retained earnings. The guidance will be effective for the Company beginning in the first quarter of 2019 with early adoption permitted, and would be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the tax rate as a result of TCJA is recognized. The Company adopted this ASU on December 31, 2018 with no material impact on its results of operations, financial position and cash flows.

In March 2018, FASB issued ASU No. 2018-05,*Income Taxes (Topic 740).* The new standard allows to insert the SEC's interpretive guidance from Staff Accounting Bulletin, or SAB, No.118 into the income tax accounting codification under U.S. GAAP. The ASU permits companies to use provisional amounts for certain income tax effects of the Tax Act during a one-year measurement period. The provisional accounting impacts for the Company may change in future reporting periods until the accounting analysis is finalized, which will occur no later than the first quarter of fiscal 2019. The Company completed SAB No.118 analysis with no material impact to the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-0˜*, Improvements to nonemployee share-based payment accounting*. Currently, share-based payments to nonemployees are accounted for under Subtopic 505-50, which significantly differs from the guidance for share-based payments to employees under Topic 718. This ASU supersedes Subtopic 505-50 by expanding the scope of Topic 718 to include nonemployee awards and generally aligning the accounting for nonemployee awards with the accounting for employee awards. The effective date for public companies is for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the effective date is fiscal years beginning after December 15, 2019. The Company adopted this ASU on December 31, 2018 with no material impact on its results of operations, financial position and cash flows.

Recently issued accounting pronouncements not yet adopted:

In August 2018 the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This new standard modifies certain disclosure requirements on fair value measurements. This new standard will be effective for public companies on January 1, 2020. The Company is currently evaluating the impact of our pending adoption of the new standard on the consolidated financial statements.

Other new accounting pronouncements are disclosed on the Annual Report on Form 10-K for the fiscal year ended December 30, 2018 filed with the SEC on March 15, 2019, as amended.

Note 3 — Net Loss Per Share

Basic loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net 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 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 the three months ended March 31, 2019 and April 1, 2018, 8.4 million and 7.5 million of common shares 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, respectively. 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 these periods. Warrants to purchase up to 5.4 million shares were issued in connection with May 29, 2018 stock offering were also not included in the diluted loss per share calculation of the first quarter ended March 31, 2019 as they were also considered anti-dilutive due to the net loss the Company experienced during these periods.

Note 4 — Balance Sheet Components

The following table provides details relating to certain balance sheet line items as of March 31, 2019, and December 30, 2018:

	As of	
	March 31, 2019	December 30, 2018
	(in thousands)	
Inventories:		
Raw Material	$ 191	$ -
Work-in-process	2,606	3,120
Finished goods	774	716
	$ 3,571	$ 3,836
Other current assets:		
Prepaid expenses	$ 1,497	$ 1,483
Other	287	292
	$ 1,784	$ 1,775
Property and equipment:		
Equipment	$ 10,714	$ 10,607
Software	1,823	2,788
Furniture and fixtures	42	42
Leasehold improvements	716	712
	13,295	14,149
Less: Accumulated depreciation and amortization	(12,422)	(12,700)
	$ 873	$ 1,449
Accrued liabilities:		
Employee related accruals	$ 1,131	$ 1,154
Other	589	749
	$ 1,720	$ 1,903

Note 5 — Business Acquisition

SensiML Acquisition

On January 3, 2019, the Company entered into a stock purchase agreement (the “Stock Purchase Agreement”) with SensiML for the purchase of all of its issued and outstanding common stock in exchange for the Company’s common stock.

SensiML has a software toolkit enabling IoT developers to quickly and easily create smart devices, transforming rich sensors into actionable event detectors.

SensiML’s Analytics Toolkit is an end-to-end software suite that provides OEMs a straightforward process for developing pattern matching sensor algorithms using machine learning technology that are optimized for ultra-low power consumption. The SensiML Analytics Toolkit enables OEMs to quickly and easily leverage the power of local AI in edge, endpoint and wearable designs without the need for significant Data Science or Firmware Engineering resources.

The results of operations for the Company for the three months ended March 31, 2019 include operating activity for SensiML since its acquisition date of January 3, 2019. For the three months ended March 31, 2019, revenues attributable to SensiML were included in the consolidated results of operations were not significant. For the three months ended March 31, 2019, operations included charges of $38,000, attributable to amortization of purchased intangible assets and $104,000 of deal costs associated with the acquisition. Deal costs are included in general and administrative expenses in the Company’s consolidated results of operations.

Purchase Price Allocation

Under the purchase accounting method, the total preliminary purchase price was allocated to SensiML's net tangible and intangible assets based upon their estimated fair values as of the acquisition date. The excess purchase price over the value of the net tangible and identified intangible assets was recorded as goodwill. During the measurement period, which can be no more than one year from the date of acquisition, the Company expects to continue to obtain information to determine the final fair value of the net assets acquired at the acquisition date during the measurement period. Assets acquired and liabilities assumed are recorded based on valuations derived from estimated fair value assessments and assumptions used by the Company. Thus, the provisional measurements of fair value discussed above are subject to change. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date. While the Company believes that its estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill.

Intangible assets associated with the acquisition is primarily attributable to the future technology, market presence and knowledgeable and experienced workforce. The fair value assigned to identifiable intangible assets acquired was determined using the income approach taking into account the Company's consideration of a number of inputs, including an independent third-party analysis that was based upon estimates and assumptions provided by the Company. These estimates and assumptions were determined through established and generally accepted valuation techniques. The estimated fair value of the tangible and intangible assets acquired was allocated at SensiML's acquisition date. Although goodwill is not amortized for financial accounting purposes, it is amortized in its entirely for tax purposes over fifteen years. Goodwill recognized upon acquisition is not expected to be deductible for income tax purposes.

The Stock Purchase Agreement contains customary representations and warranties between the Company and SensiML, who agreed to indemnify each other for certain breaches of representations, warranties, covenants and other specified matters. Approximately $200,000 in value of the Company's common stock of the purchase price was placed in escrow as security for post-closing working capital adjustments.

Note 6 — Intangible Assets

The following table provides the details of the carrying value of intangible assets recorded from the acquisition of SensiML during the first quarter of 2019 (in thousands):

	March 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technolgy	$ 959	$ (25)	$ 934
Customer relationships	81	(10)	71
Trade names and trade Marks	116	(3)	113
Total acquired identifiable intangible assets	$ 1,156	$ (38)	$ 1,118

The following table provides the details of annual amortization of intangible assets, based upon the current useful lives as of March 31, 2019:

Annual Fiscal Years	Amount (in thousands)
2019 (Remaining period)	$ 111
2020	148
2021	107
2022	107
2023	107
Thereafter	538
Total	$ 1,118

Note 7 — Debt Obligations

Revolving Line of credit

On September 28, 2018, the Company entered into a Loan Agreement with Heritage Bank. The Loan Agreement provided for, among other things, a Revolving Facility with aggregate commitments of $9,000,000, which was increased to $15,000,000 by an amended and restated agreement dated December 21, 2018. The maturity date for loans under the Revolving Facility is September 28, 2020.

On December 21, 2018, the Company entered into an Amended and Restated Loan and Security Agreement, or the Amended and Restated Loan Agreement with the Heritage Bank to replace in its entirety the Loan and Security Agreement entered on September 28, 2018. The Amended and Restated Loan Agreement increases the Revolving Facility from $9,000,000 to $15,000,000. The Amended and Restated Loan Agreement requires the Company to maintain at least $3,000,000 in unrestricted cash at Heritage Bank. The Company was in compliance with all loan covenants under the Amended and Restated Loan Agreement as of the end of the current reporting period.

Loans under the Revolving Facility bear interest at a rate equal to one half of one percentage point (0.50%) above the variable rate of interest, per annum, that appears in The Wall Street Journal from time to time, whether or not such announced rate is the lowest rate available from Heritage Bank. As of March 31, 2019 and December 30, 2018, the Company had $15.0 million of revolving debt outstanding with an interest rate of 6.0% per annum.

The Company's previous line of credit facility with Silicon Valley Bank, which matured on September 24, 2018 was fully paid off in July 2018.

Note 8 — Leases

The Company entered into operating leases for office space for its headquarter, domestic and foreign subsidiaries and sales offices. Finance leases are primarily engineering design software. Operating leases generally have remaining lease terms of 1 year to 5 years. Finance leases are generally 2 years to 3 years.

The following table provides the details of lease costs.

	Three Months Ended March 31, 2019 (in thousands)
Operating lease costs:	
Fixed	$ 152
Variable	-
Short term	18
Finance lease costs:	
Amortization of ROU asset	90
Interest	6
Total lease costs	$ 266

The following table provides the details of supplemental cash flow information:

		Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities		(in thousands)
Operating cash flows from operating leases	$	177
Operating cash flows from finance leases		4
Financing cash flows from financing leases		74
Total	$	255
Right-of-use assets obtained in exchange for obligations		
Operating leases	$	542
Finance leases		433
Total	$	975

The following table provides the details of right-of-use assets and lease liabilities as of March 31, 2019:

		March 31, 2019
		(in thousands)
Right-of-use assets:		
Operating leases	$	542
Finance leases		433
Total	$	975
Lease liabilities:		
Operating leases		589
Finance leases		350
Total	$	939

The following table provided the details of future lease payments for operating and finance leases as of March 31, 2019:

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Annual Fiscal Years		Operating		Finance
2019 (Remaining period)	$	319	$	310
2020		209		64
2021		92		-
Total lease payments		620		374
Less: Interest		(31)		(24)
Present value of lease liabilities	$	589	$	350

To following table provides the details of lease terms and discount rates as of March 31, 2019:

	March 31, 2019
Right-of-use assets:	
Weighted-average remaining lease term (years)	
Operating leases	2.99
Finance leases	1.20
Weighted-average discount rates:	
Operating leases	5.88 %
Finance leases	6.36 %

Note 9 — Fair Value Measurements

Money market funds classified within Level 2 because they are not actively traded, have been valued using quoted market prices or alternative pricing sources and models utilizing observable market inputs. Cash balances in collateral money market account with Heritage Bank earns fixed interest income. Carrying value of this account balance equals to the fair value, hence is not included in the below table.

The following table presents the Company's financial assets that are measured at fair value on a recurring basis as of March 31, 2019 and December 30, 2018, consistent with the fair value hierarchy provisions of the authoritative guidance (in thousands):

	March 31, 2019				December 30, 2018			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Money market funds (1)	$ 6	$ 6	$ —	$ —	$ 262	$ 262	$ —	$ —
Total assets	$ 6	$ 6	$ —	$ —	$ 262	$ 262	$ -	$ —

(1) Money market funds are included in cash and cash equivalents on the accompanying consolidated balance sheets as of March 31, 2019 and December 30, 2018.

Note 10 — Stockholders' Equity

Common Stock and Preferred Stock

As of March 31, 2019, the Company is authorized to issue 200 million shares of common stock and has 10 million shares of authorized but unissued shares of preferred stock. Without any further vote or action by the Company's stockholders, the Board of Directors has the authority to determine the powers, preferences, rights, qualifications, limitations or restrictions granted to or imposed upon any wholly unissued shares of undesignated preferred stock.

Issuance of Common Stock

On March 15, 2019, the Company filed a shelf registration statement on Form S-3, under which the Company may, from time to time, sell securities on one or more offerings up to a total amount of $75 million. The Company’s shelf registration statement was declared effective on March 29, 2019.

Under the shelf registration dated December 6, 2016, as amended on March 15, 2017, and on May 29, 2018, the Company issued an aggregate of 13.5 million shares of common stock, $0.001 par value and warrants to purchase up to an aggregate of 5.4 million shares of common stock in a confidentially marketed underwritten offering. The common stock and warrants were issued in units (the “Units”), with each Unit consisting of (i) one share of common stock and (ii) a warrant to purchase 0.40 of a share of common stock, at a price of $1.15 per Unit. The Company received total net proceeds from the offering of $13.9 million.

The warrants are exercisable any time for a period of 60 months from the date of issuance on May 29, 2018, and are exercisable at a price of $1.38 per share. The Company allocated the proceeds between the common stock and the warrants based on the relative fair value of each on the date of issuance. The estimated grant date fair value was $0.57 per warrant and was calculated based on the following assumptions used in the Black-Scholes model: expected term of 5 years, risk-free interest rate of 2.58%, expected volatility of 52.75% and expected dividend of zero.

Note 11 — Employee Stock Plans

2009 Stock Plan

The 2009 Stock Plan, or the 2009 Plan, was amended and restated by the Board of Directors in January 2015, in February 2017 and in March 15, 2018 and approved by the Company's stockholders on April 23, 2015, on April 26, 2017 and on April 25, 2018 to, among other things, reserve an additional 2.5 million, 1.5 million and 4.0 million shares of common stock, respectively, for issuance under the 2009 Plan. As of March 31, 2019, approximately 16.5 million shares were reserved for issuance under the 2009 Plan. On March 15, 2018, Board of Directors extended the term of the Stock Plan until March 15, 2028.

2019 Stock Plan

On April 24, 2019, the Company's Board of Directors and shareholders approved the 2019 Stock Plan, or 2019 Plan, to replace the 2009 Plan. Under the 2019 Plan, 5,000,000 shares of common stock are available for grants. The remaining balance of available shares under the 2009 Plan of 4,186,979 were cancelled as of April 24, 2019.

Employee Stock Purchase Plan

The 2009 Employee Stock Purchase Plan, or the 2009 ESPP, was adopted in March 2009. The 2009 ESPP was amended by the Board of Directors in January 2015 and in February 2017, and was approved by the Company's stockholders on April 23, 2015 and April 26, 2017, to reserve an additional 1.0 million and 1.5 million shares of common stock, respectively, for issuance under the 2009 ESPP.

As of March 31, 2019, approximately 4.8 million shares of the Company's common stock were reserved for issuance under the 2009 ESPP. On May 6, 2019, the Board of Directors approved the extension of the term of the 2009 ESSP to March 5, 2029.

Note 12 — Stock-Based Compensation

Stock-based compensation expense included in the Company's consolidated financial statements for the three months ended March 31, 2019 and April 1, 2018 was as follows (in thousands):

	Three Months Ended	
	March 31, 2019	April 1, 2018
Cost of revenue	$ 26	$ 34
Research and development	655	183
Selling, general and administrative	270	215
Total costs and expenses	$ 951	$ 432

No stock-based compensation was capitalized during any period presented above.

No stock options were granted during the three-month periods ended March 31, 2019 and April 1, 2018. As of March 31, 2019 and April 1, 2018, the fair value of unvested stock options, net of expected forfeitures, was approximately $124,000 and $230,000, respectively. The remaining unrecognized stock-based compensation expense relating to stock options is expected to be recognized over a weighted average period of 1.4 years as of March 31, 2019.

Stock-Based Compensation Award Activity

The following table summarizes the activity in the shares available for grant under the 2009 Stock Plan during the three months ended March 31, 2019:

	Shares Available for Grant
	(in thousands)
Balance at December 30, 2018	6,760
Authorized	-
RSUs granted	(3,144)
RSUs forfeited or expired	158
Options forfeited	20
Balance at March 31, 2019	3,794

Stock Options

The following table summarizes stock options outstanding and stock option activity under the 2009 Plan, and the related weighted average exercise price, for the three months ended March 31, 2019:

	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance outstanding at December 30, 2018	3,201	$ 2.18		
Forfeited or expired	(20)	3.12		
Exercised	(4)	0.78		
Balance outstanding at March 31, 2019	3,177	$ 2.18	3.48	$ -
Exercisable at March 31, 2019	2,894	$ 2.30	3.09	$ -
Vested and expected to vest at March 31, 2019	3,144	$ 2.19	3.44	$ -

The aggregate intrinsic value in the table above represents the total pretax intrinsic value, based on the Company's closing stock price of $0.61 as of March 31, 2019, which would have been received by the option holders had all option holders exercised their options as of that date.

The total intrinsic value of options exercised during the three months ended March 31, 2019 and April 1, 2018 was $0 as the stock price was lower than exercise price. Total cash received from employees as a result of employee stock option exercises during the three months ended March 31, 2019 and April 1, 2018 was approximately $3,600 and $0, respectively. The Company settles employee stock option exercises with newly issued common shares. In connection with these exercises, there was no tax benefit realized by the Company due to the Company's current loss position. Total stock-based compensation related to stock options was $25,000 and $38,000 for the three months ended March 31, 2019 and April 1, 2018, respectively.

Restricted Stock Units

The Company grants restricted stock units or RSUs, to employees and board of 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 related to RSUs was $877,000 and $295,000 for three months ended March 31, 2019 and April 1, 2018, respectively. As of March 31, 2019 and April 1, 2018, there was $3.2 million and $2.4 million, respectively, in unrecognized compensation expense related to RSUs. The remaining unrecognized stock-based compensation expense is expected to be recorded over a weighted average period of 1.75 years.

A summary of activity for the Company's RSUs for the three months ended March 31, 2019 and information regarding RSUs outstanding and expected to vest as of March 31, 2019 is as follows:

	RSUs & PRSUs Outstanding	
	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at December 30, 2018	2,570	$ 1.23
Granted	3,143	0.87
Vested	(697)	1.06
Forfeited	(158)	—
Nonvested at March 31, 2019	4,858	$ 1.09

Employee Stock Purchase Plan

The weighted average estimated fair value, as defined by the amended authoritative guidance, of rights issued pursuant to the Company's 2009 ESPP during the quarters ended March 31, 2019 and April 1, 2018, was $0.31 and $0.46 per right, respectively.

As of March 31, 2019, 1.2 million shares remained available for issuance under the 2009 ESPP. For the three months ended March 31, 2019 and April 1, 2018, the Company recorded stock-based compensation expense related to the 2009 ESPP of $49,000 and $54,000 respectively.

The fair value of rights issued pursuant to the Company's 2009 ESPP was estimated on the commencement date of each offering period using the following weighted average assumptions:

	Three Months Ended	
	March 31, 2019	April 1, 2018
Expected term (months)	6.0	6.0
Risk-free interest rate	2.37 %	1.39 %
Volatility	53.77 %	54.87 %
Dividend yield	—	—

As of March 31, 2019, the unrecognized stock-based compensation expense relating to the Company's 2009 ESPP was $24,000 and is expected to be recognized over a weighted average period of approximately 1.5 months.

Note 13 — Income Taxes

The Company recorded a net income tax benefit of $268,000 for the three months ended March 31, 2019, and tax expense of $61,000 for the three months ended April 1, 2018. A majority of the income tax benefit for the first quarter of 2019 relates to the deferred tax benefit arising from Intangible assets acquired from the acquisition of SensiML, which was offset by the income taxes from the Company's foreign subsidiaries, which are cost-plus entities.

The Company believes it is more likely than not that federal and state net deferred tax assets will not be fully realized. In assessing the realizability of deferred tax assets, the Company's management considers whether it is more likely than not that some portion or all of our deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. A valuation allowance is recorded for loss carryforwards and other deferred tax assets where it is more likely than not that such deferred tax assets will not be realized. Accordingly, the Company continues to maintain a valuation allowance against all of U.S. and certain foreign net deferred tax assets as of March 31, 2019. The Company continues to maintain a full valuation allowance against net federal, state and certain foreign deferred tax assets until there is sufficient evidence to support recoverability of the Company's deferred tax assets.

The Company had no unrecognized tax benefits as of March 31, 2019 and December 30, 2018, which would affect the Company's effective tax rate. The Company does not anticipate any material changes to its unrecognized tax benefits during the next 12 months.

Accrued interest and penalties related to unrecognized tax benefits are recognized as part of the income tax provision in the condensed consolidated statements of operations.

The Company is subject to U.S. federal income tax as well as income taxes in many U.S. states and foreign jurisdictions in which the Company operates. The U.S. tax years from 1999 forward remain effectively open to examination due to the carryover of unused net operating losses and tax credits.

Under the Tax Reform Act of 1986, the amount of and the benefit from net operating loss carryforwards and credit carryforwards may be impaired or limited in certain circumstances. Events which may restrict utilization of a company's net operating loss and credit carryforwards include, but are not limited to, certain ownership change limitations as defined in Internal Revenue Code Section 382 and similar state provisions. In the event the Company has had a change of ownership, utilization of carryforwards could be restricted to an annual limitation. The annual limitation may result in the expiration of net operating loss carryforwards and credit carryforwards before utilization.

The Company has not undertaken a study to determine if its net operating losses are limited. In the event the Company previously experienced an ownership change, or should experience an ownership change in the future, the amount of net operating losses and research and development credit carryovers available in any taxable year could be limited and may expire unutilized.

Note 14 — Information Concerning Product Lines, Geographic Information and Revenue Concentration

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

The following is a breakdown of revenue by product line (in thousands):

	Three Months Ended	
	March 31, 2019	April 1, 2018
Revenue by product line(1):		
New products	$ 687	$ 1,300
Mature products	2,507	1,464
Total revenue	$ 3,194	$ 2,764

(1) For all periods presented: New products include all products manufactured on 180 nanometer or smaller semiconductor processes. eFPGA IP license, Quick AI and Software revenues are also included in new product revenue. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

The following is a breakdown of revenue by shipment destination (in thousands):

	Three Months Ended	
	March 31, 2019	April 1, 2018
Revenue by geography:		
Asia Pacific (1)	$ 1,431	$ 921
North America (2)	1,163	1,565
Europe	600	278
Total revenue	$ 3,194	$ 2,764

(1) Asia Pacific includes revenue from China of $953,000, or 30% of total revenue, and $136,000, or 5% of total revenue, for the quarters ended March 31, 2019 and April 1, 2018, respectively. Revenue from Japan was $434,000, or 14% of total revenue and $396,000, or 14% of total revenue, for the quarters ended March 31, 2019 and April 1, 2018, respectively.

(2) North America includes revenue from the United States of $1.1 million, or 36% of total revenue, and $1.5 million, or 56% of total revenue, for the quarters ended March 31, 2019 and April 1, 2018, respectively.

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

	Three Months Ended	
	March 31, 2019	April 1, 2018
Distributor "A"	37 %	42 %
Distributor "C"	16 %	*
Distributor "G"	27 %	*
Customer "G"	*	10 %
Customer "I"	27 %	*
Customer "J"	*	16 %
Customer "K"	14 %	*

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

	March 31, 2019	December 30, 2018
Distributor "A"	24 %	35 %
Distributor “C”	15 %	*
Distributor "G"	35 %	10 %
Customer "M"	12 %	23 %

* Represents less than 10% of accounts receivable as of the date presented.

As of March 31, 2019, 17% of the Company's long-lived assets, including property and equipment and other assets, were located outside the United States.

Note 15 — Commitments and Contingencies

Commitments

The Company's manufacturing suppliers require the forecast of wafer starts several months in advance. The Company is required to take delivery of and pay for a portion of forecasted wafer volume. As of March 31, 2019, and December 30, 2018, the Company had $44,000 and $22,000, respectively, of outstanding commitments for the purchase of wafer and finished goods inventory.

The Company has obligations with certain suppliers for the purchase of other goods and services entered into in the ordinary course of business. As of March 31, 2019, total outstanding purchase obligations for other goods and services were $1.6 million, all of them, except $12,000 were due within the next twelve months.

The Company leases its primary facility in Sunnyvale, California, under an operating lease that expires in March 2020. In October 2018, the Company submitted a nine-month termination notice to the landlord to end the lease in July 2019.

On February 13, 2019, the Company entered into a new agreement to lease approximately 24,164 square feet of premises located at 2220 Lundy Avenue, San Jose, CA 95131 for a period of five years, effective April 15, 2019 to relocate its headquarters.

In October 2018, the Company leased a facility for research and development in San Diego, California, the lease of which expires in July 2020.

On February 28, 2019 the Company entered in to an agreement to lease a facility located at 8285 SW Nimbus Avenue, Beaverton, OR 97008 to relocate its wholly owned subsidiary, SensiML Corporation.

In addition, the Company leases development facilities in India as well as sales offices in Europe and Asia. As of March 31, 2019, future lease commitments relating to operating leases were $2.7 million, $825,000 of which were due within the next twelve months.

Note 16 — 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. As of March 31, 2019, the Company was not involved in any litigations.

Note 17 — Subsequent event

Loan Repayment

The Company repaid $5.0 million on April 2, 2019 and $3 million on April 3, 2019 of its outstanding debt under the Revolving Facility with the Heritage Bank at an interest rate of 6.0%.

2019 Stock Plan

On April 24, 2019, the Company's stockholders approved the 2019 Stock Plan, to replace the 2009 Stock Plan.

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. Forward-looking statements 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 condensed audited consolidated financial statements and notes thereto for the fiscal year ended December 30, 2018, found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on March 15, 2019, as amended. 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

We develop low power, multi-core semiconductor platforms and IP for artificial intelligence, or AI, voice and sensor processing. The solutions include an eFPGA for hardware acceleration and pre-processing, and heterogeneous multi-core SoCs that integrate eFPGA with other processors and peripherals. The SensiML Analytics Toolkit from our recently acquired wholly owned subsidiary, SensiML Corporation, or SensiML, completes the "full stack" end-to-end solution with accurate sensor algorithms using AI technology. The full range of platforms, software tools and eFPGA IP enables the practical and efficient adoption of AI, voice and sensor processing across mobile, wearable, hearable, consumer, industrial, edge and endpoint IoT applications.

Our solutions are created from our new silicon platforms including our EOS™, QuickAI™, SensiML Analytics Studio, ArcticLink® III, PolarPro®3, PolarPro II, PolarPro, and Eclipse II products (which together comprise our new product category). Our mature products include primarily FPGA families named pASIC®3 and QuickRAM® as well as programming hardware and design software. In addition to delivering our own semiconductor solutions, we have an IP business that licenses our eFPGA technology for use in other semiconductor companies SoCs. We began delivering our eFPGA IP product ArcticPro™ in 2017, which is included in the new product revenue category. Through the acquisition of SensiML, we now have an AI software platform that includes Software-as-a-Service, or 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 product revenue category.

Our solutions typically fall into one of three categories: Sensor Processing, Display and Visual Enhancement, and Smart Connectivity. Our solutions include a unique combination of our silicon platforms, IP cores, software drivers, and in some cases, firmware and application software. All of our silicon platforms are standard devices and must be programmed to be effective in a system. Our IP that enables always-on context-aware sensor applications includes our Flexible Fusion Engine, our

Sensor Manager and Communications Manager technologies as well as IP that (i) improves multimedia content, such as our Visual Enhancement Engine, or VEE, technology, and Display Power Optimizer, or DPO, technology; and (ii) implements commonly used mobile system interfaces, such as Low Voltage Differential Signalling, or LVDS, Mobile Industry Processor Interface, or MIPI, and Secure Digital Input Output, or SDIO. We provide complete solutions by first architecting the solution jointly with our customer's or ecosystem partner's engineering group, selecting the appropriate solution platform and Proven System Blocks, or PSBs, providing custom logic, integrating the logic, programming the device with the PSBs and/or firmware, providing software drivers or application software required for the customer's application, and supporting the customer on-site during integration, verification and testing. In many cases, we deliver software algorithms that have been optimized for use in a QuickLogic silicon platform.

Through the acquisition of SensiML, our core IP also includes the SensiML AI Toolkit that enables OEMs to develop AI software for a broad array of resource-constrained time-series sensor endpoint applications. These include a wide range of consumer and industrial sensing applications.

We also work with mobile processor manufacturers, sensor manufacturers, and voice recognition, sensor fusion and context awareness algorithm developers in the development of reference designs. Through reference designs that incorporate our solutions, we believe mobile processor manufacturers, sensor manufacturers, and sensor and voice algorithm companies can expand the available market for their respective products. Furthermore, should a solution developed for a processor manufacturer or sensor and/or sensor algorithm company be applicable to a set of common OEMs or Original Design Manufacturers, or ODMs, we can amortize our Research and Development, or R&D, investment over that set of OEMs or ODMs. There may also be cases when platform providers that intend to use always-on voice recognition will dictate certain performance requirements for the combined software/hardware solution before the platform provider certifies and/or qualifies our product for use by end customers.

Our ArcticPro eFPGA IP are currently developed on 65nm, 40nm and 22nm process nodes. The licensable IP is generated by a compiler tool that enables licensees to create an eFPGA block that they can integrate into their SoC without significant involvement by us. We believe this flow enables a scalable support model for us.

In addition to working directly with our customers, we partner with other companies that are experts in certain technologies to develop additional IP, reference platforms and system software to provide application solutions, particularly in the area of hardware acceleration for AI-type applications. We also work with mobile processor and communications semiconductor device manufacturers and companies that supply sensor, algorithms and applications. The depth of these relationships vary depending on the partner and the dynamics of the end market being targeted, but they are typically a co-marketing relationship that includes joint account calls, promotional activities and/or engineering collaboration and developments, such as reference designs. For our sensor processing solutions, we collaborate with sensor manufacturers to ensure interface compatibility. We also collaborate with sensor and voice/audio software companies, helping them optimize their software technology on our silicon platforms in terms of performance, power consumption and user experience.

For our eFPGA strategy, we work with semiconductor manufacturing partners to ensure our eFPGA IP is proven for a given foundry and process node before it is licensed to an SoC company.

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

During the first quarter of 2019, we generated total revenue of $3.2 million, which was flat compared to the fourth quarter of 2018 and represents an increase of 16% compared to the first quarter of 2018. Our new product revenue in the first quarter was $687,000, a decrease of 48% from the prior quarter and 47% from the first quarter of 2018. Our mature product revenue was $2.5 million in the first quarter of 2019, which represents an increase of 32% from the prior quarter and 71% compared to the first quarter of 2018. We expect our mature product revenue to continue to fluctuate over time.

We devote substantially all of our development, sales and marketing efforts to our new sensor processing solutions using our EOS™ S3 platforms, derivative products based on software-driven features, development of additional new products and solution platforms, our new eFPGA IP licensing and QuickAI initiatives. Overall, we reported a net loss of $3.5 million for the first quarter of 2019 compared to a net loss of $4.0 million for the first quarter of 2018. First quarter 2019 net loss includes operating expenses relating to the new subsidiary SensiML totaling $779,000.

On January 3, 2019, we acquired all of SensiML's issued and outstanding common stock in exchange for the Company's common stock. SensiML will operate as one of our divisions, and continue to develop, expand, and optimize its platform-independent software solutions to support SoCs from other semiconductor companies as well as our SoCs, QuickAI™ Platforms and licensees of our ArcticPro™ eFPGA IP.

Critical Accounting Estimates

The methods, 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 our financial condition and results of operations and require us to make 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 policies include revenue recognition, valuation of inventories, including identification of excess quantities and product obsolescence, valuation of investments, valuation of long-lived assets, valuation of goodwill and intangible assets, including the estimate of related useful lives, measurement of stock-based compensation and estimation of accrued liabilities. We believe that we apply judgments and estimates in a consistent manner and that this 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 months ended March 31, 2019, 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 30, 2018, filed with the SEC on March 15, 2019, as amended, except for the new accounting standards adopted in the first quarter of 2019 as described in Note 2 to the condensed consolidated financial statements as of and for the three months ended March 31, 2019, and except for our estimates relating to goodwill and intangible assets associated with the acquisition of SensiML on January 3,2019, as described in Note 5 to the condensed consolidated financial statements as of and for the three months ended March 31, 2019. For a discussion of critical accounting policies and estimates, please see Item 7 in our Annual Report on Form 10-K for the fiscal year ended December 30, 2018, filed with the SEC on March 15, 2018, as amended. See also Note 2 and 5 to the Unaudited Condensed Consolidated Financial Statements as of and for three months ended March 31, 2019 for the details of the newly adopted accounting standards and acquisition of SensiML.

The Company adopted Accounting Standards Update, or ASU, No. 2016-02,*Leases (Topic 842)* and related ASUs, which provide supplementary guidance and clarifications on December 31, 2018, utilizing the modified retrospective transition method through a cumulative-effect adjustment at the beginning of the first quarter of 2019. Additionally, the Company elected the practical expedient approach and did not reassess whether any contracts that existed prior to adoption have or contain leases or the classification of our existing leases. Upon adoption of ASU 2016-02, the Company recognized right-of-use assets of approximately $975,000 and lease liabilities of approximately $939,000 on the Company's Consolidated Balance Sheets as of March 31, 2019, with no material impact to its Consolidated Statements of operations. See Note 2 and 8 to the Unaudited Consolidated Financial Statements as of and for the three months ended March 31, 2019 for the details.

Results of Operations

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

	Three Months Ended	
	March 31, 2019	**April 1, 2018**
Revenue	100 %	100 %
Cost of revenue	38 %	50 %
Gross profit	62 %	50 %
Operating expenses:		
Research and development	102 %	98 %
Selling, general and administrative	76 %	92 %
Loss from operations	(116)%	(140)%
Interest expense	(3)%	(1)%
Interest income and other (expense), net (1)	2 %	(1)%
Loss before income taxes	(117)%	(142)%
Provision for income taxes	(8)%	2 %
Net loss	(109)%	(144)%

(1) Insignificant percentages are rounded to zero percentage (-%) for disclosure.

Three Months Ended March 31, 2019 and April 1, 2018

Revenue

The table below sets forth the changes in revenue for the three months ended March 31, 2019, as compared to the three months ended April 1, 2018 (in thousands, except percentage data):

	Three Months Ended				Change	
	March 31, 2019		**April 1, 2018**			
	Amount	**% of Total Revenues**	**Amount**	**% of Total Revenues**	**Amount**	**Percentage**
Revenue by product line(1):						
New products	$ 687	22 %	$ 1,300	47 %	$ (613)	(47)%
Mature products	2,507	78 %	1,464	53 %	1,043	71 %
Total revenue	$ 3,194	100 %	$ 2,764	100 %	$ 430	16 %

(1) For all periods presented: New products include all products manufactured on 180 nanometer or smaller semiconductor processes. eFPGA IP license, QuicK AI and Software revenues are also included in new product revenue. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

The net decrease of $613,000 in new product revenue was primarily due to decrease in connectivity and display revenue, which was partially offset by Quick AI and sensor processing solutions revenue. The $1.0 million increase in mature product revenue was primarily driven by higher shipments to military, aviation and industrial products.

Gross Profit

The table below sets forth the changes in gross profit for the three months ended March 31, 2019 as compared to the three months ended April 1, 2018 (in thousands, except percentage data):

	Three Months Ended					
	March 31, 2019		April 1, 2018		Change	
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
Revenue	$ 3,194	100 %	$ 2,764	100 %	$ 430	16 %
Cost of revenue	1,215	38 %	1,375	50 %	(160)	(12)%
Gross Profit	$ 1,979	62 %	$ 1,389	50 %	$ 590	42 %

The $590,000 or 12% increase in gross profit was primarily due to increase in shipments of mature products that carried high margins. In the first quarter of 2019, mature product revenue consists 78% of total revenue compared to 53% in the first quarter of 2018. The sale of previously reserved inventory was $32,000 and $49,000 in the first quarters of 2019 and 2018, respectively.

Our semiconductor products have historically had long product life cycles and obsolescence has not been a significant factor in the valuation of inventories. However, as we continue to pursue opportunities in the mobile market and develop new solutions and products, our product life cycle will be shorter 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 for the three months ended March 31, 2019, as compared to the three months ended April 1, 2018 (in thousands, except percentage data):

	Three Months Ended					
	March 31, 2019		April 1, 2018		Change	
	Amount	% of Total Revenues	Amount	% of Total Revenues	Amount	Percentage
R&D expense	$ 3,242	102 %	$ 2,699	98 %	$ 543	20 %
SG&A expense	2,446	77 %	2,561	92 %	(115)	-4 %
Total operating expenses	$ 5,688	179 %	$ 5,260	190 %	$ 428	8 %

Research and Development

Our research and development, or R&D, expenses consist primarily of personnel, overhead and other costs associated with SoC software, Quick AI, and eFPGA development. The $543,000 increase in R&D expenses in the first quarter of 2019, as compared to the first quarter of 2018, was primarily attributable to the addition of personnel acquired as a result of the acquisition of SensiML in January 2019.

Selling, General and Administrative Expense

Our selling, general and administrative, or SG&A, expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources and general management. The $115,000 decrease in SG&A expenses in the first quarter of 2019, as compared to the first quarter of 2018 was primarily attributable to lower compensation expenses as a result of reduced headcount and lower costs of outside services. Acquisition costs relating to the acquisition of SensiML are not material.

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

The table below sets forth the changes in interest expense and interest income and other (expense), net for the three months ended March 31, 2019 as compared to the three months ended April 1, 2018 (in thousands, except percentage data):

	Three Months Ended		Change	
	March 31, 2019	April 1, 2018	Amount	Percentage
Interest expense	$ (83)	$ (24)	$ (59)	246 %
Interest income and other (expense), net	48	(14)	62	(443)%
	$ (35)	$ (38)	$ 3	(8)%

Interest expense relates primarily to the Company's line of credit facility. Interest income relates to the short-term investments of our surplus cash in Money Market funds.

Provision for Income Taxes

The table below sets forth the changes in the provisions for income tax for the three months ended March 31, 2019 as compared to the three months ended April 1, 2018 (in thousands, except percentage data):

	Three Months Ended		Change	
	March 31, 2019	April 1, 2018	Amount	Percentage
Provision for income taxes	$ (268)	$ 61	$ (329)	(539)%

For the three months ended March 31, 2019, the Company recorded a net income tax benefit of $268,000 and tax expense of $61,000 for the three months ended April 1, 2018. The majority of the income tax benefit for the first quarter of 2019 relates to the deferred tax benefit arising from Intangibles assets acquired from the acquisition of SensiML offset by the income taxes from the Company's foreign subsidiaries, which are cost-plus entities.

The Company is subject to U.S. federal income tax as well as income taxes in many U.S. states and foreign jurisdictions in which the Company operates. The U.S. tax years from 1999 forward remain effectively open to examination due to the carryover of unused net operating losses and tax credits.

Liquidity and Capital Resources

We have financed our operating losses and capital investments through sales of common stock, finance leases, a revolving line of credit and cash flows from operations. As of March 31, 2019, the Company's principal sources of liquidity consisted of cash, cash equivalents and restricted cash of $23.2 million and $15.0 million line of credit with Heritage Bank of Commerce. The previous line of credit facility with Silicon Valley Bank, which matured on September 24, 2018 was fully paid off in July 2018.

We currently use our cash to fund our capital expenditure and operating losses. Based on past performance and current expectations, we believe that our existing cash and cash equivalents, together with available financial resources from the Revolving Facility with the Heritage Bank will be sufficient to fund its operations and capital expenditure and provide adequate working capital for the next twelve months.

On September 28, 2018, we entered into a Loan and Security Agreement, or Loan Agreement, with the Heritage Bank of Commerce or the Heritage Bank. The Loan Agreement provided for, among other things, a revolving line of credit facility, or Revolving Facility, with aggregate commitments of $9,000,000. The maturity date for loans under the Revolving Facility is September 28, 2020. Loans under the Revolving Facility will bear interest at a rate equal to one half of one percentage point (0.50%) above the variable rate of interest, per annum, that appears in The Wall Street Journal from time to time, whether or not such announced rate is the lowest rate available from the Heritage Bank.

On December 21, 2018, we entered into an Amended and Restated Loan and Security Agreement, or the Amended and Restated Loan Agreement with the Heritage Bank to replace in its entirety the Loan and Security Agreement entered on September 28, 2018. The Amended and Restated Loan Agreement increases the Revolving Facility from $9,000,000 to

$15,000,000. The Amended and Restated Loan Agreement requires us to maintain at least $3,000,000 in unrestricted cash at the Heritage Bank.We were in compliance with all loan covenants under the Amended and Restated Loan Agreement as of the end of the current reporting period. As of March 31, 2019, we had $15.0 million of outstanding revolving line of credit with an interest rate of 6%.

In May 2018, we issued an aggregate of 13.5 million shares of common stock, and warrants to purchase up to an aggregate of 5.4 million shares of common stock in an underwritten public offering at a combined price of $1.15 per Unit. We received total net proceeds of $13.9 million from the offering. See Note 11 to the Condensed Consolidated Financial Statements for the details.

We used the net proceeds from these public offerings for working capital, to accelerate the development of next generation products and for general corporate purposes.

Over the longer term, we anticipate that the generation of sales from our new product offerings, existing cash and cash equivalents, together with financial resources from our Revolving Facility with the Heritage Bank and our ability to raise additional capital in the public capital markets will be sufficient to satisfy our operations and capital expenditures. Our Revolving Facility with the Heritage Bank will expire in September 2020 and we would need to renew this line of credit or find an alternative lender prior to the expiration date. Further, any violations of debt covenants may restrict our access to any additional cash draws from the revolving line of credit, and may require our immediate repayment of the outstanding debt amounts. We believe that we will be able to either renew the Revolving Facility or obtain alternative financing on the acceptable terms. 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. Our 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 March 31, 2019, most of our cash and cash equivalents were invested in the money market account of the Heritage Bank. As of March 31, 2019, our interest-bearing debt consisted of $350,000 outstanding under finance leases and $15.0 million outstanding under our Revolving Facility. See Note 7 and 8 to the Consolidated Financial Statements for more details.

Cash balances held at our foreign subsidiaries were approximately $948,000 and $656,000 at March 31, 2019 and December 30, 2018, respectively. 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):

	Three Months Ended	
	March 31, 2019	**April 1, 2018**
Net cash used in operating activities	$ (2,916)	$ (3,754)
Net cash used in investing activities	(91)	(48)
Net cash used by financing activities	(237)	(164)

Net cash used in operating activities

Net cash used in operating activities was $2.9 million in the first three months of 2019. The cash used in operating activities was a result of the net loss of $3.5 million during this period and changes in operating assets and liabilities of $481,000, which was partially offset by non-cash charges of $1.3. Non-cash charges consisted primarily of stock-based compensation of $951,000, which includes $514,0000 related to new employees as a result of the acquisition of SensiML, depreciation and amortization of $292,000, and a write-down of inventory of $80,000. The cash used by changes in operating assets and liabilities was mostly due to an increase of trade receivable of $242,000 due to timing of shipments, an increase of other assets of $344,000 and a decrease of accrued liabilities of 391,000, which was partially offset by a decrease of inventory of $185,000 and an increase of trade payables of $327,000. During the first quarter of 2019, we received a tax benefit of $282,000 arising from the intangible assets due to the acquisition of SensiML.

Net cash used in operating activities was $3.8 million in the first three months of 2018. The cash used in operating activities was a result of the net loss of $4.0 million and changes in operating assets and liabilities of $602,000, which was partially offset by non-cash charges of $818,000. Non-cash charges consisted primarily of stock-based compensation of $432,000, depreciation and amortization of $339,000, and a write-down of inventory of $42,000. The cash used by changes in operating assets and liabilities was mostly due to an increase of other assets of $609,000 due to prepayments of leases and other expenses, an increase of accounts receivable of $329,000 due to timing of shipments, a decrease of trade payable of $6,000 and an increase in inventory of $33,000, which was partially offset by an increase of accrued liabilities of $324,000, and an increase of other long term liabilities of $51,000.

Net cash used in investing activities

Net cash used in investing activities in the first three months of 2019 was $91,000, which was primarily due to cash used to pay for computer and test equipment associated with software development of $111,000, which was partially offset by cash received as a result of SensiML acquisition of $20,000. Capital expenditures, which are largely driven by the leasehold improvements in our new leased premises, development of new products and computer equipment are projected to be approximately $343,000 during the remainder of the 2019 fiscal year.

Net cash used in investing activities in the first three months of2018 was $48,000, which was primarily due to cash used to pay computer and test equipment associated with software development and production.

Net cash used in financing activities

Net cash used in financing activities was $237,000 in the first three months of 2019, which was primarily derived from the proceeds of $12 million from the Revolving Facility with the Heritage Bank, which was offset by repayments of $12 million, scheduled repayments of $74,000 for finance lease obligations and tax payments related to net settlement of stock awards of $167,000.

Net cash used in financing activities was $164,000 in the first three months of2018, which was primarily due to repayments of $123,000 for lease obligations and tax payments related to net settlement of stock awards of $41,000.

We currently use our cash to fund capital expenditures and operations. Based on past operating performance and current annual operating plans, we believe that the generation of sales from our new product offerings, existing cash and cash equivalents, together with financial resources from our Revolving Facility with the Heritage Bank and our ability to raise additional capital in the public capital markets will be sufficient to satisfy our operations and capital expenditures, and provide adequate working capital for the next twelve months from the date the unaudited condensed consolidated financial statements as of and for the three-month period ended March 31, 2019. Our Revolving Facility will expire in September 2020 and we would need to renew this line of credit or find an alternative lender prior to the expiration date. Further, any violations of debt covenants before the expiration of the Revolving Facility may restrict our access to any additional cash draws from the Revolving Facility and may require our immediate repayment of the outstanding debt amounts. We believe that we will be able to either renew the Revolving Facility or obtain alternative financing on acceptable terms. 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. Our 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.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations and commercial commitments as of March 31, 2019 and the effect such obligations and commitments are expected to have on our liquidity and cash flows in future fiscal periods (in thousands):

	Payments Due by Period			
	Total	**Less than 1 Year**	**1-3 Years**	**4-5 Years**
Contractual obligations:				
Operating leases	$ 2,695	$ 825	$ 1,033	$ 837
Wafer purchases (1)	44	44	—	—
Other purchase commitments	1,633	1,621	12	—
Total contractual cash obligations	$ 4,372	$ 2,490	$ 1,045	$ 837
Other commercial commitments (2):				
Revolving line of credit	15,000	15,000	—	—
Total commercial commitments	15,000	15,000	-	-
Total contractual obligations and commercial commitments	$ 19,372	$ 17,490	$ 1,045	$ 837

(1) Certain of our wafer manufacturers require us to forecast wafer starts several months in advance. We are committed to accept the delivery of and pay for a portion of forecasted wafer volume.

(2) Other commercial commitments are included as liabilities on our balance sheet as of March 31, 2019.

Concentration of Suppliers

We depend on a limited number of contract manufacturers, subcontractors, and suppliers for wafer fabrication, assembly, programming and testing, and for the supply of programming equipment. These services are typically provided by one supplier for each of our devices. We generally purchase these single or limited source services through standard purchase orders. Because we rely on independent subcontractors to perform these services, we cannot directly control product delivery schedules, costs or quality levels. Our future success also depends on the financial viability of our independent subcontractors. The decision not to provide these services to us or the inability to supply these services to us, such as in the case of a natural or financial disaster, would have a significant impact on our business. In addition, these subcontracted manufacturers produce products for other companies and we must place orders up to several months in advance of expected delivery. Increased demand from other companies could result in these subcontract manufacturers allocating available capacity to customers that are larger or have long-term supply contracts in place and we may be unable to obtain adequate foundry and other capacity at acceptable prices, or we may experience delays or interruption in supply. As a result, we have only a limited ability to react to fluctuations in demand for our products, which could cause us to have an excess or a shortage of inventories of a particular product. Additionally, volatility of economic, market, social and political conditions in countries where these suppliers operate may be unpredictable and could result in a reduction in product revenue or increase our cost of revenue and could adversely affect our business, financial condition and results of operations.

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.

Recently Issued Accounting Pronouncements

See Note 2 to the Unaudited Condensed Consolidated Financial Statements for a description of recent accounting pronouncements, including the respective dates of adoption and expected effects on the results of our operations and financial condition.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates relates primarily to our investment portfolio and variable rate debt. We do not use derivative financial instruments to manage our interest rate risk. We are averse to principal loss and ensure the safety and preservation of invested funds by limiting default, market risk and reinvestment risk. Our investment portfolio is generally comprised of investments that meet high credit quality standards and have active secondary and resale markets. Since these securities are subject to interest rate risk, they could decline in value if interest rates fluctuate or if the liquidity of the investment portfolio were to change. Due to the short duration and conservative nature of our investment portfolio, we do not anticipate any material loss with respect to our investment portfolio. A 10% move in interest rates as of the end of the third quarter of 2018 would have had an immaterial effect on our financial position, results of operations and cash flows.

Foreign Currency Exchange Rate Risk

All of our sales and costs of manufacturing are transacted in U.S. dollars. We conduct a portion of our research and development activities in India and have sales and marketing offices in several locations outside of the United States. We use the U.S. dollar as our functional currency. Most of the costs incurred at these international locations are in local currency. If these local currencies strengthen against the U.S. dollar, our payroll and other local expenses will be higher than we currently anticipate. Since our sales are transacted in U.S. dollars, this negative impact on expenses would not be offset by any positive effect on revenue. Operating expenses denominated in foreign currencies were approximately 24% and 28% of total operating expenses for the first three months of 2019 and 2018, respectively. A currency exchange rate fluctuation of 10% would have caused our operating expenses to change by approximately $137,000 in the first three months of 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation as of March 31, 2019, 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 frauds. 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. See Note 16 of the Unaudited Condensed Consolidated Financial Statements for a description of legal proceedings.

Item 1A. Risk Factors

Our 2018 Annual Report on Form 10-K for the year ended December 30, 2018, filed with the SEC on March 15, 2019, as amended, 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.

The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial may also adversely affect our business and results from operations.

Item 6. Exhibits

a. Exhibits

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

Exhibit Number	Description
10.1	QuickLogic Corporation 2019 Stock Plan, effective April 24, 2019.
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 Suping (Sue) Cheung, 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 Suping (Sue) Cheung, 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	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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/ Suping (Sue) Cheung
Date: May 9, 2019	Suping (Sue) Cheung ***Chief Financial Officer*** *(as Principal Accounting and Financial Officer and on behalf of the Registrant)*

QUICKLOGIC CORPORATION

2019 STOCK PLAN

1. Purposes of the Plan. The purposes of this 2019 Stock Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility;
- to provide additional incentive to Employees, Directors and Consultants; and
- to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Appreciation Rights, Restricted Stock and Restricted Stock Units may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any Committee as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U. S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock or Restricted Stock Units.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(e) "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein shall be a reference to any successor or amended section of the Code.

(g) "Committee" means a committee of Directors or other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 of the Plan.

(h) "Common Stock" means the common stock of the Company.

(i) (i) "Company" means QuickLogic Corporation, a Delaware corporation.

(j) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(k) "Director" means a member of the Board.

(l) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(m) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any le ave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Market, the Nasdaq Global Select Market or the Nasdaq Capital Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day on or before the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day on or before the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(p) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(q) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(r) "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Award. The Notice of Grant is part of the Award Agreement.

(s) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means an agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(v) "Option Exchange Program" means a program whereby outstanding Options are surrendered in exchange for Options with a lower exercise price.

(w) "Optioned Stock" means the Common Stock subject to an Award.

(x) "Optionee" means the holder of an outstanding Option granted under the Plan.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means the holder of an outstanding Award granted under the Plan.

(aa) "Performance Goals" means the goal(s) (or combined goal(s)) determined by the Administrator (in its discretion) to be applicable to a Participant with respect to an Award.

(bb) "Plan" means this QuickLogic Corporation 2019 Stock Plan.

(cc) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 12 of the Plan, or issued pursuant to the early exercise of an Option.

(dd) "Restricted Stock Purchase Agreement" means a written or electronic agreement between the Company and the Participant evidencing the terms and restrictions applying to Shares purchased under a Restricted Stock award. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(ee) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 13. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(ff) "Restricted Stock Unit Agreement" means a written or electronic agreement between the Company and the Participant evidencing the terms and restrictions applying to an individual grant of Restricted Stock Units. The Restricted Stock Unit Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(gg) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(hh) "Section 16(b)" means Section 16(b) of the Exchange Act.

(ii) "Service Provider" means an Employee, Director or Consultant.

(jj) "Share" means a share of the Common Stock, as adjusted in accordance with Section 15 of the Plan.

(kk) "Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with a related Option, that pursuant to Section 11 is designated as a SAR.

(ll) "Stock Appreciation Right Agreement" means a written or electronic agreement between the Company and the Participant evidencing the terms and restrictions applying to Shares purchased under a SAR. The Stock Appreciation Right Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(mm) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 15 of the Plan, the maximum aggregate number of Shares which may be awarded and sold under the Plan is 5,000,000 Shares plus any Shares subject to any outstanding options or other awards granted under the Company's 2009 Stock Plan (the "2009 Plan") that expire, are forfeited, cancelled, returned to the Company for failure to satisfy vesting requirements, settled for cash or otherwise terminated without payment being made thereunder. Any Shares that again become available for grant will be added back as one share to the Plan share reserve. The Shares may be authorized, but unissued, or reacquired Common Stock. Following approval of this Plan by the Company's stockholders, no further awards will be granted pursuant to the Company's 2009 Plan.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, or with respect to Restricted Stock or Restricted Stock Units, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased or unissued Shares (or for Awards other than Options or SARs, the forfeited or repurchased Shares) which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). Upon exercise of a SAR settled in Shares, the gross number of Shares covered by the portion of the Award so exercised will cease to be available under the Plan. Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan; provided, however, that if unvested Shares issued pursuant to Awards of Restricted Stock or Restricted Stock Units are repurchased by the Company at their original purchase price or are forfeited to the Company due to the failure to vest, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 15, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in the immediately preceding paragraph above, plus, to the extent allowable under Code Section 422 and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to this paragraph.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(iv) Delegation of Authority for Day-to-Day Administration. Except to the extent prohibited by Applicable Laws, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award relating thereto granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or SARs may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture or repurchase restrictions, and any restriction or limitation regarding any Award or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws or satisfying applicable foreign laws;

(viii) to modify or amend each Award (subject to Section 17(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options or SARs longer than is otherwise provided for in the Plan;

(ix) to allow, in the Administrator's discretion, Participants to satisfy withholding tax, fringe benefits tax or national insurance contributions tax obligations by having the Company withhold from the Shares or cash to be issued upon exercise or vesting of an Award that number of Shares or cash having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. Any decisions to have Shares or cash withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator; and

(xi) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Participants and any other holders of an Award.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Limitations.

(a) ISO $100,000 Rule. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) No Rights as a Service Provider. Neither the Plan nor any Award shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall they interfere in any way with the right of the Participant or the right of the Company or its Parent or Subsidiaries to terminate such relationship at any time, with or without cause.

(3) Individual Director Limits. Notwithstanding anything in this Plan to the contrary, no non-employee Director will be granted, in any period of one calendar year, awards under the Plan (excluding awards made at the election of the Director in lieu of all or a portion of annual and committee cash retainers) having an aggregate maximum value at the Date of Grant (calculating the value of any such awards based on the grant date fair value for financial reporting purposes), taken together with any cash fees payable to such non-employee Director during the fiscal year, in excess of $200,000. Notwithstanding the foregoing, in the event of extraordinary circumstances (as determined by the Board), the amount set forth in the preceding sentence shall be increased to $300,000, provided that such increase may apply only if any non-employee Director receiving additional compensation as a result of such extraordinary circumstances does not participate in the determination that extraordinary circumstances exist, in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

7. Term of Plan. Subject to Section 21 of the Plan, the Plan shall become effective upon its adoption by the Board and the Company's stockholders. It will continue in effect until April 24, 2029, unless sooner terminated under Section 17 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Option Agreement. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration, to the extent permitted by Applicable Laws, may consist entirely of:

(i) cash;

(ii) check;

(iii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(v) any combination of the foregoing methods of payment; or

(vi) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

(4) No Dividend Equivalents. No Option shall provide for the payment or accrual of dividend equivalents.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider or Provision of Notice of Employment Termination. If an Optionee (i) ceases to provide ongoing service as a Service Provider (for any reason and regardless of any appropriate court finding such termination unfair or irregular on any basis whatsoever), other than upon the Optionee's death or Disability, or (ii) is provided with notice of termination of employment (for any reason and regardless of any appropriate court finding the related termination unfair or irregular on any basis whatsoever) and ceases to provide ongoing service during the notice period, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the earlier of the date of such cessation as a Service Provider or the last date of ongoing service after receiving a notice of termination of employment or such later date as required by Applicable Laws (the earlier of these dates or such later date required by Applicable Laws is referred to herein as the "Vesting Cessation Date", as reasonably fixed and determined by the

Administrator), but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Vesting Cessation Date, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. If, on the Vesting Cessation Date, the Optionee is not vested as to hi s or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan (unless the Administrator determines otherwise). At the sole discretion of Company, subject to Applicable Laws, Grantee may be paid a lump sum for their cash compensation in lieu of notice. If, after the Vesting Cessation Date, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

11. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Service Providers at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the number of SARs granted to any Participant.

(b) Exercise Price and other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, that no SAR may have a term of more than ten (10) years from the date of grant; provided, further that SARs may not have an exercise price below 100% of the Fair Market Value of the underlying shares on the grant date.

(c) Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying.

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) the number of Shares with respect to which the SAR is exercised.

(d) Payment upon Exercise of SAR. At the discretion of the Administrator, payment for a SAR may be in cash, Shares or a combination thereof.

(e) SAR Agreement. Each SAR grant shall be evidenced by a Stock Appreciation Right Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(f) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Stock Appreciation Right Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Notwithstanding the foregoing, the rules of Section 10 will also apply to SARs.

(7) No Dividend Equivalents. No SAR shall provide for the payment or accrual of dividend equivalents.

12. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and conditions of the Plan, Restricted Stock may be granted either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Restricted Stock under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the grant, including the number of Shares of Restricted Stock granted to the Participant and the conditions that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component, upon which is conditioned the grant or vesting of Restricted Stock. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon and after the Vesting Cessation Date or upon termination of the purchaser's service with the Company due to death or Disability. Unless the Administrator provides otherwise, the purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Shareholder. Once the Restricted Stock is granted, the Participant shall have the rights equivalent to those of a shareholder, and shall be a shareholder when the grant is entered upon the records of the duly authorized transfer agent of the Company.

(5) Dividends. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is granted, except as provided in Section 15 of the Plan. Restricted Stock may provide for the payment or accrual of dividends, provided that any dividends accrued by the Company with respect to the Restricted Stock shall be paid to the Participant only if and when such Restricted Stock becomes free from the restrictions on transferability and forfeitability that apply to such Restricted Stock and, if so payable, shall be paid at the time as provided in the Restricted Stock Purchase Agreement.

13. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it shall advise the Participant in a Restricted Stock Unit Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator shall set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant shall be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units shall be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Restricted Stock Unit Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Restricted Stock Unit Agreement, all unearned Restricted Stock Units shall be forfeited to the Company.

(6) Dividend Equivalents. Restricted Stock Units may provide for the payment or accrual of dividend equivalents, provided that any dividend equivalents accrued by the Company with respect to the Restricted Stock Unit shall be paid to the Participant only if and when such Restricted Stock Unit becomes free from the restrictions on transferability and forfeitability that apply to such Restricted Stock Unit and, if so payable, shall be paid at the time as provided in the Restricted Stock Unit Agreement.

14. Non-Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award shall contain such additional terms and conditions as the Administrator deems appropriate. In no event may an Award granted hereunder be transferred in exchange for consideration.

15. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Award, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation, expiration, repurchase or forfeiture of an Award, as well as the price per share of Common Stock covered by each such outstanding Award shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for a Participant to have the right to exercise his or her Option or SAR until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any Award shall lapse 100% , and that any Award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, or, with respect to Restricted Stock, all restrictions have not lapsed, or, with respect to a Restricted Stock Unit, all units have not vested, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale.

(i) Stock Options and SARs. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and SAR shall be assumed or an equivalent option or SAR substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or SAR, the Participant shall fully vest in and have the right to exercise the Option or SAR as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or SAR becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Participant in writing or electronically that the Option or SAR shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and the Option or SAR shall terminate upon the expiration of such period, or such earlier date as specified in the Award Agreement. For the purposes of this paragraph, the Option or SAR shall be considered assumed if, following the merger or sale of assets, the option or stock appreciation right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option or SAR immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or SAR, for each Share of Optioned Stock subject to the Option or SAR, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

(ii) Restricted Stock and Restricted Stock Units. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Restricted Stock and Restricted Stock Unit award shall be assumed or an equivalent Restricted Stock or Restricted Stock Unit award substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Restricted Stock or Restricted Stock Unit award, the Participant shall fully vest in the Restricted Stock Unit, including shares which would not otherwise be vested, and all restrictions on Restricted Stock will lapse immediately prior to the closing date of the transaction. For the purposes of this paragraph, a Restricted Stock or Restricted Stock Unit award shall be considered assumed if, following the merger or sale of assets, the award confers the right to purchase or receive, for each Share subject to the Restricted Stock or Restricted Stock Unit award immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received, for each Share subject to the Restricted Stock or Restricted Stock Unit award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

16. Date of Grant. The date of grant of an Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Participant within a reasonable time after the date of such grant.

17. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination or Shares issued under the Plan.

The Company will administer the Plan from the United States of America, and any disputes will be settled in the U.S. according to U.S. law. This Plan and all awards are governed by the internal substantive laws, but not the choice of law principles, of the State of California, United States of America.

18. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Appreciation Right or pursuant to the vesting of a Restricted Stock or Restricted Stock Unit award unless the exercise of such Option or Stock Appreciation Right or the vesting of a Restricted Stock or Restricted Stock Unit award and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or receipt of an Award, the Company may require the person exercising or receiving such Award to represent and warrant at the time of any such exercise or receipt that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

19. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue, sell or release from escrow such Shares as to which such requisite authority shall not have been obtained.

20. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

21. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under Applicable Laws.

22. No Repricing. Other than pursuant to an adjustment in connection with a change in capitalization as described in Section 15, the exercise price for an Option or SAR may not be reduced without the prior consent of the Company's stockholders. This shall include, without limitation, a repricing of the Option or SAR as well as an Option or SAR exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, SAR or other Award or cash payment. Moreover, if the exercise price of an Option or SAR is reduced (other than pursuant to Section 15), the transaction will be treated as a cancellation of the Option or SAR and the grant of a new Option or SAR.

23. Section 409A Compliance. Awards granted hereunder are intended to comply with or be exempt from the requirements of Section 409A of the Code to the extent Section 409A of the Code applies to such Awards and the terms of the Plan and any Award granted under the Plan shall be interpreted, operated and administered in a manner consistent with this intention to the extent the Administrator deems necessary or advisable in its sole discretion. Notwithstanding any other provision in the Plan, the Administrator, to the extent it unilaterally deems necessary or

advisable in its sole discretion, reserves the right, but shall not be required, to amend or modify the Plan and any Award granted under the Plan so that the Award qualifies for exemption from or complies with Section 409A of the Code; provided, however, that the Company makes no representation that the Awards granted under the Plan shall be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to Awards granted under the Plan.

Exhibit 31.1

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: May 9, 2019

/s/ Brian C. Faith

Brain C. Faith

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Suping (Sue) Cheung, 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: May 9, 2019

/s/ Suping (Sue) Cheung

Suping (Sue) Cheung

Vice President, Finance and Chief Financial Officer

Exhibit 32.1

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 March 31, 2019 (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:	May 9, 2019	By:	/s/ Brian C. Faith
		Name:	Brian C. Faith
		Title:	*President and Chief Executive Officer*

Exhibit 32.2

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

I, Suping (Sue) Cheung, Chief Financial 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 March 31, 2019 (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:	May 9, 2019	By:	/s/ Suping (Sue) Cheung
		Name:	Suping (Sue) Cheung
		Title:	*Vice President, Finance and Chief Financial Officer*