



October 28, 2015

QuickLogic Announces Fiscal 2015 Third Quarter Results

SUNNYVALE, CA -- (Marketwired) -- 10/28/15 -- QuickLogic Corporation (NASDAQ: QUIK), the innovator of ultra-low power programmable sensor processing solutions, announced today the financial results for its fiscal third quarter ended September 27, 2015.

Total revenue for the third quarter of 2015 was \$4.2 million, representing a decrease of 16% compared to total revenue of \$5.0 million in the second quarter of 2015 and an increase of \$0.1 million, or 2% compared to the third quarter of 2014. New product revenue for the third quarter of 2015 was \$2.9 million, representing a decrease of 3% compared to \$3.0 million in the second quarter of 2015 and an increase of 28% compared to \$2.2 million in the third quarter of 2014. During the third quarter, mature product revenue was \$1.3 million a decrease of \$0.7 million, or 34% compared to the second quarter of 2015 and down \$0.5 million or 29% compared to the third quarter of 2014. New product revenue accounted for 68% of the total revenue in the third quarter of 2015 compared to 59% in the second quarter of 2015 and 54% in the third quarter of 2014.

Under generally accepted accounting principles in the United States of America (GAAP), the net loss for the third quarter of 2015 was \$5.1 million, or \$0.09 per share, compared with a net loss of \$4.3 million, or \$0.08 per share in the second quarter of 2015 and a net loss of \$3.9 million, or \$0.07 per share, in the third quarter of 2014. Non-GAAP net loss for the third quarter of 2015 was \$4.5 million, or \$0.08 per share, compared with a non-GAAP net loss of \$3.6 million, or \$0.06 per share in the second quarter of 2015, and a non-GAAP net loss of \$3.5 million, or \$0.06 per share, in the third quarter of 2014.

Conference Call

QuickLogic will hold a conference call at 2:30 p.m. Pacific Daylight Time / 5:30 p.m. Eastern Daylight Time today, October 28, 2015, to discuss its current financial results. The conference call is being webcast and can be accessed via QuickLogic's website at www.quicklogic.com. To join the live conference, you may dial (877) 377-7094 by 2:20 p.m. Pacific Standard Time. A recording of the call will be available starting one hour after completion of the call. To access the recording, please call (404) 537-3406 and reference the passcode: 58659789. The call recording will be archived until Wednesday, November 4, 2015 and the webcast will be available for 12 months.

About QuickLogic

QuickLogic Corporation (NASDAQ: QUIK) is the leading provider of ultra-low power, customizable Sensor processing platforms, Display, and Connectivity semiconductor solutions for smartphone, tablet, wearable, and mobile enterprise OEMs. Called Customer Specific Standard Products (CSSPs), these programmable 'silicon plus software' solutions enable our customers to bring hardware-differentiated products to market quickly and cost effectively. For more information about QuickLogic and CSSPs, visit www.quicklogic.com. Code: QUIK-G

Non-GAAP Financial Measures

QuickLogic reports financial information in accordance with GAAP, but believes that non-GAAP financial measures are helpful in evaluating its operating results and comparing its performance to comparable companies. Accordingly, the Company excludes charges related to stock-based compensation, restructuring, the effect of the write-off of long-lived assets and the tax effect on other comprehensive income in calculating non-GAAP (i) income (loss) from operations, (ii) net income (loss), (iii) net income (loss) per share, and (iv) gross margin percentage. The Company provides this non-GAAP information to enable investors to evaluate its operating results in a manner similar to how the Company analyzes its operating results and to provide consistency and comparability with similar companies in the Company's industry.

Management uses the non-GAAP measures, which exclude gains, losses and other charges that are considered by management to be outside of the Company's core operating results, internally to evaluate its operating performance against results in prior periods and its operating plans and forecasts. In addition, the non-GAAP measures are used to plan for the Company's future periods, and serve as a basis for the allocation of Company resources, management of operations and the measurement of profit-dependent cash and equity compensation paid to employees and executive officers.

Investors should note, however, that the non-GAAP financial measures used by QuickLogic may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies. QuickLogic does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures alone or as a substitute for financial information prepared in accordance with GAAP. A reconciliation of GAAP financial measures to non-GAAP financial measures is included in the financial statements portion of this press release. Investors are encouraged to review the related GAAP

financial measures and the reconciliation of non-GAAP financial measures with their most directly comparable GAAP financial measures.

Safe Harbor Statement Under The Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements. Actual results could differ materially from the results described in these forward-looking statements. Factors that could cause actual results to differ materially include: delays in the market acceptance of the Company's new products; the ability to convert design opportunities into customer revenue; our ability to replace revenue from end-of-life products; the level and timing of customer design activity; the market acceptance of our customers' products; the risk that new orders may not result in future revenue; our ability to introduce and produce new products based on advanced wafer technology on a timely basis; our ability to adequately market the low power, competitive pricing and short time-to-market of our new products; intense competition, including the introduction of new products by competitors; our ability to hire and retain qualified personnel; changes in product demand or supply; and capacity constraints. These factors and others are described in more detail in the Company's public reports filed with the Securities and Exchange Commission, including the risks discussed in the "Risk Factors" section in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and in the Company's prior press releases.

QuickLogic is a registered trademark and the QuickLogic logo is a trademark of QuickLogic Corporation.

QUICKLOGIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>September 27, 2015</u>	<u>September 28, 2014</u>	<u>June 28, 2015,</u>	<u>September 27, 2015</u>	<u>September 28, 2014</u>
Revenue	\$ 4,194	\$ 4,124	\$ 4,973	\$ 15,326	\$ 22,124
Cost of revenue, excluding inventory write-down	2,951	2,364	2,834	9,048	13,191
Inventory write-down	<u>1</u>	<u>(3)</u>	<u>(4)</u>	<u>14</u>	<u>96</u>
Gross profit	1,242	1,763	2,143	6,264	8,837
Operating expenses:					
Research and development	3,684	3,057	3,493	10,654	8,754
Selling, general and administrative	2,508	2,579	2,690	8,158	8,892
Restructuring cost	<u>77</u>	<u>-</u>	<u>169</u>	<u>246</u>	<u>-</u>
Total operating expenses	<u>6,269</u>	<u>5,636</u>	<u>6,352</u>	<u>19,058</u>	<u>17,646</u>
Loss from operations	(5,027)	(3,873)	(4,209)	(12,794)	(8,809)
Interest expense	(35)	(34)	(15)	(64)	(67)
Interest income and other (expense), net	<u>(39)</u>	<u>(17)</u>	<u>(33)</u>	<u>(98)</u>	<u>(79)</u>
Loss before income taxes	(5,101)	(3,924)	(4,257)	(12,956)	(8,955)
Provision for (benefit from) income taxes	<u>(15)</u>	<u>6</u>	<u>21</u>	<u>46</u>	<u>(18)</u>
Net loss	<u>\$ (5,086)</u>	<u>\$ (3,930)</u>	<u>\$ (4,278)</u>	<u>\$ (13,002)</u>	<u>\$ (8,937)</u>
Net loss per share:					
Basic	<u>\$ (0.09)</u>	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>	<u>\$ (0.23)</u>	<u>\$ (0.16)</u>
Diluted	<u>\$ (0.09)</u>	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>	<u>\$ (0.23)</u>	<u>\$ (0.16)</u>
Weighted average shares:					
Basic	<u>56,588</u>	<u>55,812</u>	<u>56,359</u>	<u>56,379</u>	<u>55,208</u>
Diluted	<u>56,588</u>	<u>55,812</u>	<u>56,359</u>	<u>56,379</u>	<u>55,208</u>

QUICKLOGIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	<u>September 27, 2015</u>	<u>December 28, 2014</u> (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,441	\$ 30,050
Accounts receivable, net	1,633	1,552
Inventories	2,372	4,952
Other current assets	833	1,146
Total current assets	<u>28,279</u>	<u>37,700</u>
Property and equipment, net	2,563	3,217
Other assets	231	222
TOTAL ASSETS	<u>\$ 31,073</u>	<u>\$ 41,139</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	3,020	2,506
Accrued liabilities	2,029	1,574
Deferred revenue	82	-
Current portion of capital lease obligations	229	225
Total current liabilities	<u>5,360</u>	<u>4,305</u>
Long-term liabilities:		
Revolving line of credit	1,000	1,000
Capital lease obligations, less current portion	120	191
Other long-term liabilities	127	76
Total liabilities	<u>6,607</u>	<u>5,572</u>
Stockholders' equity:		
Common stock, at par value	57	56
Additional paid-in capital	240,319	238,419
Accumulated deficit	(215,910)	(202,908)
Total stockholders' equity	<u>24,466</u>	<u>35,567</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 31,073</u>	<u>\$ 41,139</u>

(1) Derived from the December 28, 2014 audited balance sheet included in the 2014 Annual Report on Form 10-K of QuickLogic Corporation.

QUICKLOGIC CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP AND NON-GAAP FINANCIAL MEASURES
(In thousands, except per share amounts and percentages)
(Unaudited)

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>September</u> <u>27, 2015</u>	<u>September</u> <u>28, 2014</u>	<u>June 28,</u> <u>2015</u>	<u>September</u> <u>27, 2015</u>	<u>September</u> <u>28, 2014</u>
GAAP loss from operations	\$ (5,027)	\$ (3,873)	\$ (4,209)	\$ (12,794)	\$ (8,809)
Adjustment for stock-based compensation within:					
Cost of revenue	29	32	27	95	110
Research and development	210	176	212	613	750
Selling, general and administrative	240	244	252	759	890
Adjustment for the write-off of equipment within:					
Cost of revenue	8	-	-	8	-
Selling, general and administrative	-	5	-	-	5

Adjustment for restructuring costs	77	-	169	246	-
Non-GAAP loss from operations	<u>\$ (4,463)</u>	<u>\$ (3,416)</u>	<u>\$ (3,549)</u>	<u>\$ (11,073)</u>	<u>\$ (7,054)</u>
GAAP net loss	<u>\$ (5,086)</u>	<u>\$ (3,930)</u>	<u>\$ (4,278)</u>	<u>\$ (13,002)</u>	<u>\$ (8,937)</u>
Adjustment for stock-based compensation within:					
Cost of revenue	29	32	27	95	110
Research and development	210	176	212	613	750
Selling, general and administrative	240	244	252	759	890
Adjustment for the write-off of equipment within:					
Cost of revenue	8	-	-	8	-
Selling, general and administrative	-	5	-	-	5
Adjustment for restructuring costs	77	-	169	246	-
Non-GAAP net loss	<u>\$ (4,522)</u>	<u>\$ (3,473)</u>	<u>\$ (3,618)</u>	<u>\$ (11,281)</u>	<u>\$ (7,182)</u>
GAAP net loss per share	\$ (0.09)	\$ (0.07)	\$ (0.08)	\$ (0.23)	\$ (0.16)
Adjustment for stock-based compensation	0.01	0.01	0.01	0.03	0.03
Adjustment for the write-off of equipment	*	*	-	*	*
Adjustment for restructuring costs	*	-	0.01	*	-
Non-GAAP net loss per share	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ (0.20)</u>	<u>\$ (0.13)</u>
GAAP gross margin percentage	29.6 %	42.7 %	43.1 %	40.9 %	39.9 %
Adjustment for stock-based compensation	0.7 %	0.8 %	0.5 %	0.6 %	0.5 %
Adjustment for the write-off of equipment	0.2 %	-	-	*	-
Non-GAAP gross margin percentage	<u>30.5 %</u>	<u>43.5 %</u>	<u>43.6 %</u>	<u>41.5 %</u>	<u>40.4 %</u>

* Figures were not considered for reconciliation due to the insignificant amount.

QUICKLOGIC CORPORATION

SUPPLEMENTAL DATA

(Unaudited)

	<u>Percentage of Revenue</u>			<u>Change in Revenue</u>	
	<u>Q3 2015</u>	<u>Q3 2014</u>	<u>Q2 2015</u>	<u>Q3 2014 to Q3 2015</u>	<u>Q2 2015 to Q3 2015</u>
COMPOSITION OF REVENUE					
Revenue by product: ⁽¹⁾					
New products	68 %	54 %	59 %	28 %	(3) %
Mature products	32 %	46 %	41 %	(29) %	(34) %
Revenue by geography:					
Asia Pacific	73 %	57 %	70 %	30 %	(13) %
North America	16 %	26 %	22 %	(36) %	(37) %
Europe	11 %	17 %	8 %	(34) %	14 %

(1) New products include all products manufactured on 180 nanometer or smaller semiconductor processes. Mature products include all products produced on semiconductor processes larger than 180 nanometers.

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