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Thank you, Operator. Good afternoon, and thanks to all of you for joining us today. Before we begin with our prepared remarks, I'll take a moment to read our Safe Harbor statement.

During this call we'll make statements that are forward-looking. These forward-looking statements involve risks and uncertainties, including, but not limited to, stated expectations relating to revenue from our new and mature products, statements pertaining to our design activity, and our ability to convert new design opportunities into production shipments, market acceptance of our customers' products, our expected results, and our financial expectations for revenue, gross margin, operating expenses, profitability and cash. QuickLogic's future results could differ materially from the results described in these forward-looking statements. We refer you to the risk factors listed in our annual report on Form 10-K, quarterly reports on Form 10-Q and prior press releases for a description of these and other risk factors. QuickLogic assumes no obligation to update any such forward-looking statements.

This conference call is open to all and is being webcast live.

For the first quarter of 2016, total revenue was \$3.0 million, which was at the low end of our revised guidance range. Our new product revenue was approximately \$1.5 million, reflecting the expected delay of shipments to support two mobile sensor processing solution customers and the expected decline in display bridge solutions. Our mature product revenue was approximately \$1.5 million.

Samsung accounted for 35% of total revenue during the first quarter, compared to 36% during the previous quarter.

Our non-GAAP gross margin for Q1 was 41%, which was within the guidance range.

Non-GAAP operating expenses for Q1 totaled \$5.6 million, which was favorable to our guidance. The lower non-GAAP operating expense was primarily due to the timing of engineering related expenses.

On a non-GAAP basis, the total for other income, expense and taxes was a charge of \$109 thousand. This resulted in a non-GAAP loss of approximately \$4.5 million or \$0.08 per share, which was slightly better than our guidance.

We ended the quarter with approximately \$23.3 million in cash. During the quarter, we raised \$10 million in an equity offering, less \$1.2 million in commissions and other financing expenses. This resulted in \$8.8 million net cash proceeds. We also borrowed an additional \$1.0 million from our Silicon Valley Bank line of credit, resulting in net cash usage for the quarter of approximately \$5.0 million. This was at the favorable end of our guidance range.



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Cash usage during the quarter reflects the operating loss and the capital expenditure payments associated with EOS S3 production, offset by the aforementioned borrowing from our line of credit.

Our Q1 GAAP net loss was \$5.1 million or \$.09 per share, which was in line with the midpoint of our guidance. Our GAAP results include stock based compensation charges of \$562 thousand.

Please see today's press release for a detailed reconciliation of our GAAP to non-GAAP results and other financial statements. In addition, you will find a financial table published on our IR web page that provides current and historical non-GAAP data.

With that, I'll turn the call over to Andy who will update you on the progress of our strategic efforts.

Thank you, Sue.

While Q1 revenue came in at the low end of our adjusted guidance range, our progress towards realizing our strategic goals accelerated during the quarter. We believe this will drive our market penetration and revenue growth in the second half of 2016 and beyond.

Last quarter I mentioned that we won an EOS S3 Sensor Processing Platform design with a Tier One smartphone company for a wearable device, and that we had additional smart connectivity and sensor processing engagements with the same customer.

Since the last conference call, our engagement activity with this tier one customer has expanded substantially. We are intensively engaged with this customer to optimize these opportunities, and we are dedicating resources to ensure a successful launch of their first S3-based design.

We are scheduled to ship preproduction volumes of our S3 platform at the end of Q2 to support this product launch. We look forward to sharing details about our design win activity with this customer later this year.

In addition to these successes, we have continued to expand our engagement activity with other leading smartphone and wearable device manufacturers.

During the last quarter the net number of significant OEM customer engagements increased by approximately 20%. This increase was driven by three new smartphone engagements. Two of these engagements are with top-ten worldwide smartphone OEMs, and the third is



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with a rapidly growing top-ten smartphone OEM in China. As a result, the potential value of our engagements increased substantially more than 20%.

In total, we now have engagements with four of the top-ten smartphone companies in the world. In addition to these, we are also closely engaged with several of the largest and most widely recognized wearable device manufacturers in the world. We view this as further evidence that our Sensor Processing Solution strategy is resonating with market leaders.

Given our growing optimism regarding the outcome of these potentially high volume engagements, we have further prioritized our resources towards our strategic engagements with top-tier OEMs and ODMs. The potential benefits of this strategy are obvious, but the tradeoff is that we have shifted our attention away from some of the quicker turn design opportunities with second and third tier players.

With that said, we are forecasting that increased revenue from sensor processing solutions will fully offset anticipated declines in smart connectivity, display bridge and mature product revenue in Q2.

We have made substantial progress in strategic Asian markets this year, and we are now engaged with most of the top-tier smartphone OEMs in China.

Most of these top-tier OEMs in China who want to adopt our silicon solutions are using either internally developed algorithms, or other third party algorithms. This aligns well with our core algorithm-agnostic strategy, and we have taken steps to leverage that strength.

To help the customers who are using third party algorithms adopt our silicon platforms more quickly, we have established agreements with their incumbent algorithm providers. With these agreements we can more efficiently port their algorithms to our silicon, and give the customers the added assurance of a proven solution. We believe this approach will accelerate our design win penetration with these targeted customers.

In addition to accelerating the design win process, we believe these agreements will deliver broad strategic and tactical benefits. These benefits include bundling widely accepted 3rd party algorithms with our silicon solutions, extending our customer reach, and providing leverage to our operating model.

As you may have gathered from our April press release covering the InFocus W201 smartwatch, we have continued to expand our relationship and design base with Foxconn. We view Foxconn as a strategic customer, and continue to work closely with its management and design engineers as we move forward with ongoing mobile engagements.



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Due to NDA constraints we have with our S3 Alpha smartphone OEMs, there are no material updates that I can provide today beyond assuring you that both engagements are active and progressing well.

I am in a similar position with regards to our engagement with a large semiconductor company for a smartphone companion device that we mentioned during last quarter's call. We consider this a design win that has very high volume potential. This companion device is scheduled to move into production late this year.

We shipped samples of the production version of our S3 silicon platform in early March. Full production qualification testing for the S3 is moving forward on schedule, and the data from our testing and customer feedback are encouraging.

We continue to target production availability this quarter, and anticipate shipping a modest quantity of the S3 solutions to support preproduction requirements for our wearable design with a tier one smartphone company late this quarter. We will provide you with more color on the S3 platform following its release to production.

To accelerate the adoption of our new S3 Sensor Processing Solution we introduced the S3 Reference Design Platform last March. While it has been in the market less than two months, it is already being used in many of our smartphone and wearable engagements. It is also being used in third-party product development efforts to accelerate their time to market.

This comprehensive design tool includes an S3 silicon platform, a variety of sensors and microphones, and support for Sensory voice triggering and voice recognition technology. It is also compatible with the Android Lollipop and Marshmallow operating systems, and provides a direct connection to a Google Nexus 5 smartphone for easy evaluation and design development.

With these capabilities, customers can evaluate our S3 silicon platform, software and SenseMe algorithms in an efficient and intuitive environment that clearly illustrates the substantial advantages of our S3 Sensor Processing Solution. When a customer moves forward with a project, the engineers can leverage the experience gained during the evaluation process, and use the reference design for product development.

We are rapidly building traction with some of the largest companies in our targeted markets. These companies are embracing the most significant competitive advantages of our Sensor Processing Solutions.



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- First, mobile device manufacturers are increasingly focusing on power consumption, and our S3 Platform is the lowest system power sensor processing solution in the market today.
- Second, voice trigger and speech recognition is rapidly becoming a requirement in most smartphone designs. Our S3 Platform is the first to market with a hardware-optimized version of Sensory's Low Power Sound Detection feature. With this hardware implementation, we enable longer battery life for products that incorporate Sensory's market leading voice trigger and speech recognition technology.
- Third, customers want to maintain as much design flexibility as possible. We are committed to being sensor and algorithm agnostic. With this strategy our customers are not captive to integrated sensors, and can use any combination of proprietary, third party or SenseMe algorithms.
- And finally, many mobile customers are embracing programmable logic as a means to optimize system architecture – and accelerate the introduction of differentiating features. ALL of our sensor processing platforms include ultra-low power in-system reprogrammable logic, and the majority of our design wins and engagements are using or target the use of this unique architecture. Since none of the competitors in the sensor processor market today have programmable logic technology, we continue to see this as a very significant and durable competitive advantage.

With that, I'll turn the call back over to Sue so that she can provide our Q2 guidance. I'll return after that with my closing comments, and following that, we will open the call for your questions.

Thank you, Andy.

As Andy noted, we are expecting that increased revenue from Sensor Processing Solutions will offset anticipated revenue decreases in Smart Connectivity, Display Bridge Solutions, and Mature product during Q2. As a result, our forecast is that total Q2 revenue will be approximately flat at \$3.0 million plus or minus 10%.

The \$3.0 million in total revenue is expected to be comprised of approximately \$1.6 million of new product revenue and \$1.4 million of mature product revenue.

As in prior quarters, our actual results may vary significantly due to schedule variations from our customers, which are beyond our control. Schedule changes, and projected production



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start dates, could push or pull shipments between Q2 and Q3 2016 and impact our actual results significantly.

On a non-GAAP basis, we expect gross margin to be approximately 40% plus or minus 3 percent. Gross margin is driven primarily by the mix of customers and products shipped during the quarter, and continued unfavorable absorption of operational overhead.

We are currently forecasting non-GAAP operating expenses at \$6.0 million, plus or minus \$300 thousand. The expected increase in OPEX is primarily driven by engineering expenses associated with the release of, and ongoing support for S3-based Sensor Processing Solutions.

Non-GAAP R&D expenses are forecasted to be approximately \$3.6 million and our non-GAAP SG&A expenses are forecasted to be approximately \$2.4 million.

Our other income, expense and taxes will be a charge of up to \$60 thousand.

At the midpoint of our guidance, our non-GAAP loss is expected to be approximately \$4.9 million or \$0.08 per share.

Our stock based compensation expense for the second quarter is expected to be approximately \$500 thousand. As was the case last quarter, our non-GAAP results will not reflect this charge.

Including the favorable impact of an additional \$1 million of borrowing from our bank line of credit, we expect net cash usage to be approximately \$4.8 - \$5.3 million. The forecasted cash usage in Q2 is primarily due to our working capital needs and payments associated with our new product development costs.

With that, let me now turn the call back over to Andy for his closing remarks.

- Last month we announced Bob Schoenfield joined us as our Vice President of Worldwide Sales. Bob has spent most of his career in the wireless and mobile markets. He is a highly experienced and accomplished executive who has very strong relationships with many of the executives at our targeted customers. We are already enjoying early benefits from these relationships.
- We believe the depth of our engagements with some of the largest smartphone and wearable device manufacturers in the world validates the value and potential of our Sensor Processing Solutions strategy.



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- While we still don't have enough data to predict the timing or shape of the revenue ramp that we think these engagements will deliver, we continue to believe they will lead to a very significant increase in the second half of this year, and accelerating growth into 2017.

We will be exhibiting at the Sensors Expo and Conference at the San Jose Convention Center on June 21-23.

Sue, Brian and I will be at the Benchmark Company One-on-One Conference in Milwaukee on June 2nd.

Details will be included in our upcoming Media Alerts.

Bob will also be at Mobile World Congress Shanghai June 29th through July 1st.

We thank you for your continued support and I look forward to reporting our strategic progress on the next earnings call which is scheduled for Wednesday August 3rd, 2016.