November 15, 2022

QuickLogic Reports Fiscal 2022 Third Quarter Results

Execution of Recently Awarded $6.9 million eFPGA contract began in September, significant contribution to results expected in the fourth quarter

SAN JOSE, Calif., Nov. 15, 2022 /PRNewswire/ -- QuickLogic Corporation (NASDAQ: QUIK) ("QuickLogic" or the "Company"), a developer of ultra-low power multi-core voice enabled SoCs, embedded FPGA IP, and Endpoint AI solutions, today announced its financial results for the third quarter of fiscal 2022, ended October 2, 2022.

Recent Highlights

- As previously announced, on August 8, 2022, the Company signed a $6.9 million government contract for Strategic Radiation Hardened FPGA Technology. The Company's deliverables will be due over the course of twelve months. In addition, subject to completion of such deliverables and at the option of the customer, the total contract value has the potential to increase an additional $72 million over the span of four years.

- Raised approximately $3.2 million with strategic investment by institutional investors.

Fiscal 2022 Third Quarter Financial Results

Total revenue for the third quarter of fiscal 2022 was $3.5 million, a decrease of 23.8% compared with the second quarter of 2022, and a decrease of 10.3% compared with the third quarter of 2021.

New product revenue was approximately $2.3 million in the third quarter of 2022, a decrease of $0.9 million, or 28.1%, compared with the second quarter of 2022, and a decrease of $0.5 million, or 18.3%, compared with the third quarter of 2021. The decrease in new product revenue from the same period a year ago was primarily due to a reduction in smart connectivity and sensor product revenues offset by higher eFPGA IP license and professional services revenue. Additionally, signing the aforementioned $6.9 million government contract later in the quarter delayed some of the revenue to subsequent quarters.

Mature product revenue was $1.2 million in the third quarter of 2022, a decrease of 14.4% compared with the second quarter of 2022, and an increase of 9.7% compared with the third quarter of 2021.

Third quarter 2022 GAAP gross margin was 48.5% compared with 56.0% in the second quarter of 2022, and 70.8% in the third quarter of 2021.

Third quarter 2022 non-GAAP gross margin was 49.8% compared with 58.6% in the second quarter of 2022, and 72.8% in the third quarter of 2021.

Third quarter 2022 GAAP operating expenses were $2.9 million, compared with $3.2 million the second quarter of 2022, and $4.0 million in the third quarter of 2021.

Third quarter 2022 non-GAAP operating expenses were $2.5 million, compared with $2.8 million in the second quarter of 2022, and $3.2 million in the third quarter of 2021.

Third quarter 2022 GAAP net loss was $1.3 million, or $0.11 per share, compared with a net loss of $0.5 million, or $0.04 per share, in the second quarter of 2022, and a net loss of $1.3 million, or $0.11 per share, in the third quarter of 2021.

Third quarter 2022 non-GAAP net loss was $0.9 million, or $0.07 per share, compared with a net loss of $47 thousand, or $0.00 per share, in the second quarter of 2022, and a net loss of $0.4 million, or $0.03 per share, in the third quarter of 2021.

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Conference Call

QuickLogic will hold a conference call at 2:30 p.m. Pacific Time / 5:30 p.m. Eastern Time today, November 15, 2022, to discuss its current financial results. The conference call will be webcast on QuickLogic's IR Site Events Page at https://ir.quicklogic.com/ir-calendar. To join the live conference, you may dial (877) 407-0792 and international participants should dial (201) 689-8263 by 2:20 p.m. Pacific Time. No Passcode is needed to join the conference call. A recording of the call will be available starting approximately one hour after completion. To access the recording, please call (412) 317-6671 and reference the passcode 13733707.

The call recording, which can be accessed by phone, will be archived through November 22, 2022, and the webcast will be available for 12 months on the Company's website.

About QuickLogic

QuickLogic is a fabless semiconductor company that develops low power, multi-core semiconductor platforms and Intellectual Property (IP) for Artificial Intelligence (AI), voice and sensor processing. The solutions include an embedded FPGA IP (eFPGA) for hardware acceleration and pre-processing, and heterogeneous multi-core SoCs that integrate eFPGA with other processors and peripherals. The Analytics Toolkit from the Company's wholly owned subsidiary, SensiML Corporation, completes the 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 the multitude of mobile, wearable, hearable, consumer, industrial, edge and endpoint IoT applications. For more information,
visit www.quicklogic.com and https://www.quicklogic.com/blog/.

QuickLogic uses its website (www.quicklogic.com), the company blog (https://www.quicklogic.com/blog/), corporate Twitter account (@QuickLogic_Corp),

Facebook page (https://www.facebook.com/QuickLogic), and LinkedIn page (https://www.linkedin.com/company/13512/) as channels of distribution of information about its products, its planned financial and other announcements, its attendance at upcoming investor and industry conferences, and other matters. Such information may be deemed material information, and QuickLogic may use these channels to comply with its disclosure obligations under Regulation FD. Therefore, investors should monitor the Company's website and its social media accounts in addition to following the Company's press releases, SEC filings, public conference calls, and webcasts.

Non-GAAP Financial Measures

QuickLogic reports financial information in accordance with United States Generally Accepted Accounting Principles, or U.S. 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 certain 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) loss from operations, (ii) net loss, (iii) net 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 the Company's 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 U.S. GAAP. A reconciliation of U.S. 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 U.S. GAAP financial measures and the reconciliation of non-GAAP financial measures with their most directly comparable U.S. GAAP financial measures.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, expectations regarding our future business, and actual results may differ due to a variety of factors including: 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 by competitors; our ability to hire and retain qualified personnel; our ability to capitalize on synergies with our subsidiary SensiML Corporation; changes in product demand or supply; general economic conditions; political events, international trade disputes, natural disasters and other business interruptions that could disrupt supply or delivery of, or demand for, the Company's products; the unpredictable and ongoing impact of the COVID-19 pandemic; and changes in tax rates and exposure to additional tax liabilities. These and other potential factors and uncertainties that could cause actual results to differ materially from the results contemplated or implied are described in more detail in the Company's public reports filed with the Securities and Exchange Commission (the "SEC"), including the risks discussed in the "Risk Factors" section in the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and in the Company's prior press releases, which are available on the Company's Investor Relations website at http://ir.quicklogic.com/, and on the SEC website at www.sec.gov. In addition, please note that the date of this press release is November 15, 2022, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. We undertake no obligation to update these statements as a result of new information or future events.

QuickLogic and logo are registered trademarks of QuickLogic. All other trademarks are the property of their respective holders and should be treated as such.

CODE: QUIK-E

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

	Three Months Ended			Nine Months Ended	
	October 2, 2022	October 3, 2021	July 3, 2022	October 2, 2022	October 3, 2021
Revenue	$ 3,459	$ 3,858	$ 4,541	$ 12,096	$ 8,980
Cost of revenue	1,781	1,126	1,997	5,413	3,638
Gross profit	1,678	2,732	2,544	6,683	5,342
Operating expenses:					
Research and development	1,018	1,807	1,190	3,541	5,346
Selling, general and administrative	1,900	2,186	1,981	6,018	5,927
Total operating expense	2,918	3,993	3,171	9,559	11,273
Loss from operations	(1,240)	(1,261)	(627)	(2,876)	(5,931)
Interest expense	(44)	(35)	(22)	(98)	(99)
Gain on forgiveness of debt	—	—	—	—	1,192
Interest and other (expense) income, net	(60)	(7)	142	(42)	(59)
Loss before income taxes	(1,344)	(1,303)	(507)	(3,016)	(4,897)
Provision for (benefit from) income taxes	3	(21)	17	19	136
Net loss	$ (1,347)	$ (1,282)	$ (524)	$ (3,035)	$ (5,033)
Net loss per share:					
Basic and Diluted	$ (0.11)	$ (0.11)	$ (0.04)	$ (0.24)	$ (0.44)
Weighted average shares:					
Basic and Diluted	12,664	11,573	12,412	12,401	11,441

Note: Net loss equals to comprehensive loss for all periods presented.

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

	October 2, 2022	January 2, 2022
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	$ 20,036	$ 19,605
Accounts receivable, net(1)	3,905	1,294
Inventories	2,201	2,078
Other current assets	1,357	1,181
Total current assets	27,499	24,158
Property and equipment, net	514	499
Capitalized internal-use software, net	1,451	1,241
Right of use assets	944	1,529
Intangible assets, net	672	752
Goodwill	185	185
Investment In Non-Affiliate	300	300
Other assets	191	309
TOTAL ASSETS	$ **31,756**	$ **28,973**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	$ 15,000	$ 15,000
Trade payables	1,602	934
Accrued liabilities	1,513	1,665
Deferred revenue	216	455
Lease liabilities, current	646	819
Total current liabilities	18,977	18,873
Long-term liabilities:		
Lease liabilities, non-current	346	744
Other long-term liabilities	125	147
Total liabilities	19,448	19,764
Stockholders' equity:		
Common stock, par value	13	12
Additional paid-in capital	316,355	310,222
Accumulated deficit	(304,060)	(301,025)
Total stockholders' equity	12,308	9,209
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ **31,756**	$ **28,973**

(1) Accounts receivables includes contract assets of $1,459 and $243, respectively

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

	Three Months Ended			Nine Months Ended	
	October 2, 2022	October 3, 2021	July 3, 2022	October 2, 2022	October 3, 2021
US GAAP loss from operations	**$ (1,240)**	**$ (1,261)**	**$ (627)**	**$ (2,876)**	**$ (5,931)**
Adjustment for stock-based compensation within:					
Cost of revenue	44	78	117	217	132
Research and development	149	282	91	325	521
Selling, general and administrative	294	525	269	805	802
Non-GAAP loss from operations	**$ (753)**	**$ (376)**	**$ (150)**	**$ (1,529)**	**$ (4,476)**
US GAAP net loss	**$ (1,347)**	**$ (1,282)**	**$ (524)**	**$ (3,035)**	**$ (5,033)**
Adjustment for stock-based compensation within:					
Cost of revenue	44	78	117	217	132
Research and development	149	282	91	325	521
Selling, general and administrative	294	525	269	805	802
Non-GAAP net loss	**$ (860)**	**$ (397)**	**$ (47)**	**$ (1,688)**	**$ (3,578)**
US GAAP net loss per share, basic and diluted	**$ (0.11)**	**$ (0.11)**	**$ (0.04)**	**$ (0.24)**	**$ (0.44)**
Adjustment for stock-based compensation	0.04	0.08	0.04	0.10	0.13
Non-GAAP net loss per share, basic and diluted	**$ (0.07)**	**$ (0.03)**	**$ —**	**$ (0.14)**	**$ (0.31)**
US GAAP gross margin percentage	**48.5 %**	**70.8 %**	**56.0 %**	**55.2 %**	**59.5 %**
Adjustment for stock-based compensation included in cost of revenue	1.3 %	2.0 %	2.6 %	1.8 %	1.5 %
Non-GAAP gross margin percentage	**49.8 %**	**72.8 %**	**58.6 %**	**57.0 %**	**61.0 %**

QUICKLOGIC CORPORATION
SUPPLEMENTAL DATA
(Unaudited)

	Percentage of Revenue			Change in Revenue	
	Q3 2022	Q3 2021	Q2 2022	Q3 2022 to Q3 2021	Q3 2022 to Q2 2022
COMPOSITION OF REVENUE					
Revenue by product: (1)					
New products	65 %	71 %	69 %	(18) %	(28) %
Mature products	35 %	29 %	31 %	10 %	(14) %
Revenue by geography:					
Asia Pacific	23 %	20 %	18 %	3 %	(7) %
North America	69 %	67 %	68 %	(8) %	(22) %
Europe	8 %	13 %	14 %	(41) %	(54) %

(1) New products include all products manufactured on 180 nanometer or smaller semiconductor processes, eFPGA intellectual property, professional services, and QuickAI and SensiML AI software as a service (SaaS) revenue. Mature products include all products produced on semiconductor processes larger than 180 nanometer and includes related royalty revenue.

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