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Thank you Operator, 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 will 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 fourth quarter of 2015, total revenue was \$3.6 million, which was at the low end of our guidance range. Our new product revenue was approximately \$2.1 million, reflecting increased shipments of sensor processing solutions, offset by a larger than expected decline in display bridge solutions. Our mature product revenue was approximately \$1.6 million. Please note the total does not exactly equal the sum of the new and mature revenue above due to rounding errors.

Samsung accounted for 36% of total revenue during the fourth quarter, compared to 57% during the previous quarter.



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Our non-GAAP gross margin for Q4 was 36%, which was below our guidance. The reason for the lower than expected gross margin was a one time inventory write-off, representing 6 percentage points of our gross margin in Q4. Excluding the inventory write-off, our non-GAAP gross margin was 42%, which was in line with our guidance.

Non-GAAP operating expenses for Q4 totaled \$5.4 million, which was favorable to our guidance. The lower non-GAAP operating expense was primarily due to the timing of engineering related expenses, and the reversal of year-end executive bonuses for 2015.

On a non-GAAP basis, the total for other income, expense and taxes was a charge of \$127 thousand. This resulted in a non-GAAP loss of approximately \$4.2 million or \$0.08 per share. Please note that the cost of the aforementioned inventory write-off is included in our non-GAAP numbers.

We ended the quarter with approximately \$19.1 million in cash, which was within our guidance range. Cash usage during the quarter reflects the operating loss and higher working capital requirements, specifically in the timing of payments, which were partially offset by a \$1 million loan from our Silicon Valley Bank line of credit.

Our Q4 GAAP net loss was \$4.8 million or \$.09 per share. Our GAAP results include stock based compensation charges of \$582 thousand, and a restructuring charge of \$49 thousand.

Please see today's press release for a detailed reconciliation of our GAAP to non-GAAP results and other financial tables. In addition, you will find a financial



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table published on our IR web page that provides current and historic non-GAAP data.

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

Thank you, Sue.

While Q4 revenue came in at the low end of our guidance range, our progress towards realizing strategic goals was substantially above our expectations. I'm excited to outline this progress that I believe sets the stage for a very significant second half revenue increase, but first let's take a couple of minutes to review the quarter and our outlook for Q1.

During Q4 our display bridge and mature product revenue declined a little more than expected, and smart connectivity revenue increased a little less than expected. Revenue from our Sensor Processing Solutions increased in line with our expectations, but did not fully offset the lower than expected revenue from the other product groups.

This increase in Sensor Processing Solution revenue was driven by a greater than 50% increase in the number of unique designs we supported with production shipments. As I'll outline in a minute, we are building substantial depth and breadth in our Sensor Processing Solutions customer base.

For Q1 we expect display bridge revenue to be essentially flat. However, for the full year of 2016, our outlook for display bridge revenue has improved since our last conference call.



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Last quarter we forecasted that display bridge revenue would continue through 2016. Subsequent to that, our largest competitor announced it was seeking a buyer for its broad-line semiconductor business, which includes its display bridge product line. Given this new information, we now think demand for our highly versatile display bridge solutions will continue well beyond 2016, and that the second half 2016 display bridge revenue will be above our original expectations.

As a matter of fact, we are already seeing evidence of this trend. We recently won a MIPI to RGB display bridge design in a new smartphone accessory from a top-five smartphone company. This design is expected to move into production this summer.

We are anticipating a sequential decline in smart-connectivity revenue this quarter. This is mostly due to the fact that some of our older smart-connectivity designs are winding down, and the ramp of our new PolarPro® 3 designs will not fully offset the decline in Q1.

For the longer term, we're very encouraged by the level of PolarPro 3 design activity. We believe this will lead to a rebound in smart connectivity revenue beginning in Q2. We think this trend will accelerate during the second half of the year and into 2017. These new design activities include engagements with tier one and high brand-name recognition OEMs.

We believe mature product revenue will decline slightly in Q1, and have adjusted our outlook for 2016 to \$1.5 million plus or minus \$200 thousand per quarter. This is a slight decrease from the \$1.7 million quarterly average we forecasted last quarter.



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We expect that the forecasted decline in smart connectivity revenue will be offset by an increase in Sensor Processing revenue during Q1. As Sue will describe when she provides our guidance, we believe this will lead us to report essentially flat total revenue for the seasonally soft first quarter. There could be an upside to this outlook if some of our new OEM customers pull in schedules that in some cases call for early Q2 shipments. However, I prefer to maintain a conservative outlook that is in line with the schedules we have today.

Last quarter I stated that we had engagements and/or design wins with nine OEMs that have high brand name recognition, and are top tier players within their product sectors. This number has increased by nearly 80% during the last three months.

We're proud of that accomplishment, and think it will drive a very significant increase in our second half new product revenue. To help you better appreciate our standing with these top-tier OEM customers, I've assembled some data from this list of engagements and design wins.

- We believe half have annual volume potential in excess of one million units, and most of those have multimillion annual volume potential.
- Over half are for our new EOS™ S3 Sensor Processing Platform.
- Approximately two thirds use our SenseMe™ software algorithm library along with one of our Sensor Processing Platforms.



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- Over a third are for smartphone applications.
- And while this means nearly two thirds of the engagements and design wins are in wearable devices, these designs with large OEMs have significantly higher volume potential than the IDH designs we've won in the past. These include:
 - An EOS S3 design win with a tier one smartphone customer for a new wearable device. We expect to begin shipping product to support initial production late in Q2. In addition to this design win, we have other ongoing smart connectivity and sensor processing solution engagements with the same customer.
 - In addition to this design win, we have an EOS S3 evaluation with a world leader in wearable fitness tracking solutions that has significant volume potential. This customer has already prepared an evaluation board for our new EOS S3 samples that we are scheduled to deliver later this month. With those samples, we expect the design win process to be completed in Q2.
- We signed a SenseMe agreement with Casio last quarter, and we have four additional SenseMe pending agreements with very large and well-recognized OEMs. Out of this total of five, we believe three have the potential to also become Sensor Processing Platform customers this year.



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- In addition to these OEM activities, we are also engaged with a large semiconductor company on a companion device for a smartphone application using our S2 Sensor Processing Platform.
- The majority of our design wins and engagements with large OEMs are leveraging the programmable logic that is embedded in our S2 and S3 Sensor Processing Platforms. This is a very big deal. Since none of the competitors in the market today offer programmable logic in their sensor hubs, this gives us a substantial and durable competitive advantage.

In addition to the significant increase in engagements and design wins we have realized with top-tier OEMs, we are seeing continued design activity with our targeted IDH and ODM customers.

With this significant increase in engagement activity, we are very pleased that our customers that are now involved in their second or third designs are effectively leveraging the knowledge they gained during their first design efforts. This lessens the investment in our engineering resources that we need to make with these customers to drive new design opportunities into production, and demonstrates the leverage inherent in our business model. This is consistent with the strategic goals we covered in our last conference call.

I am pleased to announce that we received samples of our second EOS S3 spin ahead of schedule. This platform is in our engineering lab going through verification and characterization, and we expect to begin shipping it to our strategic customers by the end of this month.



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The early data shows the refinements we implemented in this version of EOS S3 are delivering even lower power consumption than the data we shared during our July 2015 conference call.

These refinements have also enabled us to introduce a new member to the EOS family – the EOS S3 LP. With its significantly lower power consumption, the LP platform further differentiates us in the Wearables and IoT markets. We will provide you with more color on the EOS S3 LP in an upcoming press release.

In conjunction with these new devices, we are releasing an upgrade to our Integrated Development Environment and software framework. This will be particularly helpful for our large OEM customers, and further reduce the amount of QuickLogic engineering time it takes to win new designs, and drive those designs into production.

Several of our customers have been waiting for new EOS S3 samples and our upgraded Integrated Development Environment tool to complete their designs. We believe that once we get these samples in our customers' hands our design win activity will accelerate, and we'll get a much clearer picture of our customers' production schedules for 2016 and beyond.

With that, I'll turn the call back over to Sue for our Q1 guidance. Following that, I'll rejoin you for my closing comments.

Thank you, Andy.

Our guidance for Q1 2016 is for total revenue of \$3.6 million, plus or minus 10%.



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The total revenue is expected to be comprised of approximately \$2.1 million of new product revenue and \$1.5 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 start dates, could push or pull shipments between Q1 and Q2 2016 and impact our actual results significantly.

On a non-GAAP basis, we expect gross margin to be approximately 42% plus or minus 3 percent. The anticipated increase in gross margin reflects the absence of the inventory write-off we took in the fourth quarter.

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 the EOS S3 platform and ongoing development of our EOS hardware and software 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 \$4.6 million or \$0.08 per share.

Our stock based compensation expense during Q1 is expected to be approximately \$500 thousand. As was the case last quarter, our non-GAAP results will not reflect these charges.



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Including the favorable impact of an additional \$1 million loan from our bank line of credit, we expect to use approximately \$5.0 - \$5.5 million in cash. The increase in cash usage in Q1 is primarily driven by anticipated increases in working capital requirements, and the expected payment of a mask set cost associated with EOS S3 production.

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

In conjunction with our earnings release, you will see that we have filed an 8K on favorable amendments to the loan covenants with our Silicon Valley Bank line of credit. This follows the 50% increase in our credit line we announced last September. We are very pleased that Silicon Valley Bank has understood our business model, and is acknowledging the progress we've made towards realizing our strategic goals.

I hope that you are as enthusiastic as I am about the progress of our Sensor Processing Solutions with large, name brand OEMs. Particularly exciting is the win with the tier 1 smartphone OEM for their wearable product that is scheduled to start production next quarter, and ongoing design activity we have with this customer. In short, I think we are getting very near to a very positive tipping point.

Another encouraging trend I can't emphasize enough is that the vast majority of our large customers are utilizing the programmable logic that is embedded in our sensor processing platforms. We believe this further differentiates our Sensor Processing Solutions in ways that cannot be duplicated by other discrete or even integrated solutions in the market today.



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While we will have much more schedule clarity by the end of next quarter, given the design wins and traction we already have with large OEM customers, I believe we are well positioned to deliver very significant revenue growth in the second half of this year, and that the trend will accelerate as we move into 2017.

With that, we'll turn the call back over to the operator, and open the floor for your questions.

We will be participating in a number of industry events during the next 3 months:

- Dr. Timothy Saxe will be presenting at the Wearable Technology Show, March 15th-16th at the London ExCel.
 - o Dr Saxe will also be participating in a panel discussion titled "Wearables at the Heart of The Smart Home" on March 15th
- Sue, Brian and I will be at the 28th Annual ROTH Conference in Dana Point on March 13th to the 16th, 2016

Details will be included in our upcoming Media Alerts.

During the next few weeks, we will also be issuing several press releases providing more color on the new EOS S3 LP, Reference Designs for EOS S3, the upgraded Integrated Development Environment, collaboration with certain ecosystem partners, and multiple customer wins.

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 May 4th, 2016.