

# ***BRINGING MORE INTELLIGENT SENSING TO MOBILE***

ROTH Technology Corporate Access Day

Andy Pease      President & CEO

Sue Cheung, PhD    Principal Accounting Officer & Corporate Controller

November 18, 2015

### **Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

This presentation contains statements that are forward-looking including statements relating to the size of the total addressable market for our products and services, the compound annual growth rate for mobile market sectors, expectations relating to our new products, the time to market for various of our product innovations, expectations relating to our product innovations, our anticipated platform silicon roadmap and the expected timeline related to such roadmap, opportunities for our pipeline and our positioning for long-term, sustainable revenue growth, the benefits of our mobile-specific programmable logic to customers, the benefits of our solutions platforms, our plans with respect to new product revenue growth, our long-term target operating model, our projections related to our revenue, gross margin, expenses, operating income, net income and earnings per share. These forward-looking statements involve risks and uncertainties including but not limited to expectations relating to production targets for our New Products, revenue growth from our new products, our design activity and our ability to convert new design opportunities into customer activity, market acceptance of our customers' products and our expected results. In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These historical and forward-looking non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. QuickLogic's future results could differ materially from the results described in these forward-looking statements. These and other risk factors are detailed in QuickLogic's periodic reports and registration statements filed with the Securities and Exchange Commission. QuickLogic expressly disclaims any obligation to update or revise any forward-looking statements found herein to reflect any changes in Company expectations or results or any change in events.

# CORPORATE BACKGROUND

## Large, High Growth Markets

- Smartphones, Wearables, Tablets, and Mobile Enterprise
- TAM nearly 2B units in 2018

## Top Tier Customer Adoption



## Disruptive Technology

- Lowest power, customizable Sensor Hub solutions enable longer battery life
- Broad spectrum of in-system reprogrammable and non-volatile programmable logic platforms for Smart Connectivity

## Strong Ecosystem



## Corporate

- NASDAQ: QUIK, HQ in Silicon Valley; R&D: Sunnyvale, Bangalore
- Field Sales and Support: South Korea, Japan, China, Taiwan, UK
- Employees - 91, 67% are Technical Staff

**Android  
Smartphones****Wearables****Android  
Tablets****Mobile  
Enterprise****Ultra-low Power  
Sensor Hubs****Programmable  
Smart  
Connectivity****Display  
Bridges**

These markets represent a TAM of more than 2B units

# SUCCESS → MULTIPLE PRODUCTS, MARKETS, & CUSTOMERS

Sensor  
Processing

**FOXCONN**



**runastic**



Telepathy



Top Tier Engagements



Connectivity

**KYOCERA**



**JRC**



**HUAWEI**



**SHARP**



**THINKWARE**



Display  
Bridges

**G'FIVE**  
**WATER WORLD**  
**HiFlyway**



**UNICAIR**  
Communication

**FLY AUDIO**



**SAMSUNG**

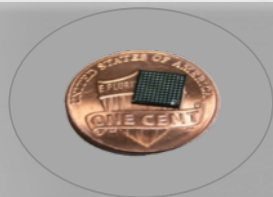


**SHARP**





# SCALABLE BUSINESS STRATEGY



## CSSP

- Customer Specific
- Enables OEM System Differentiation
- Fastest TTM for Custom Solution
- One Design → One OEM



## Catalog CSSP Solutions

- Application Specific & Ready-to-Integrate
- Architected, Developed and Verified with Ecosystem Partners
- One design → Multiple OEMs



## Sensor Qualified Vendor List

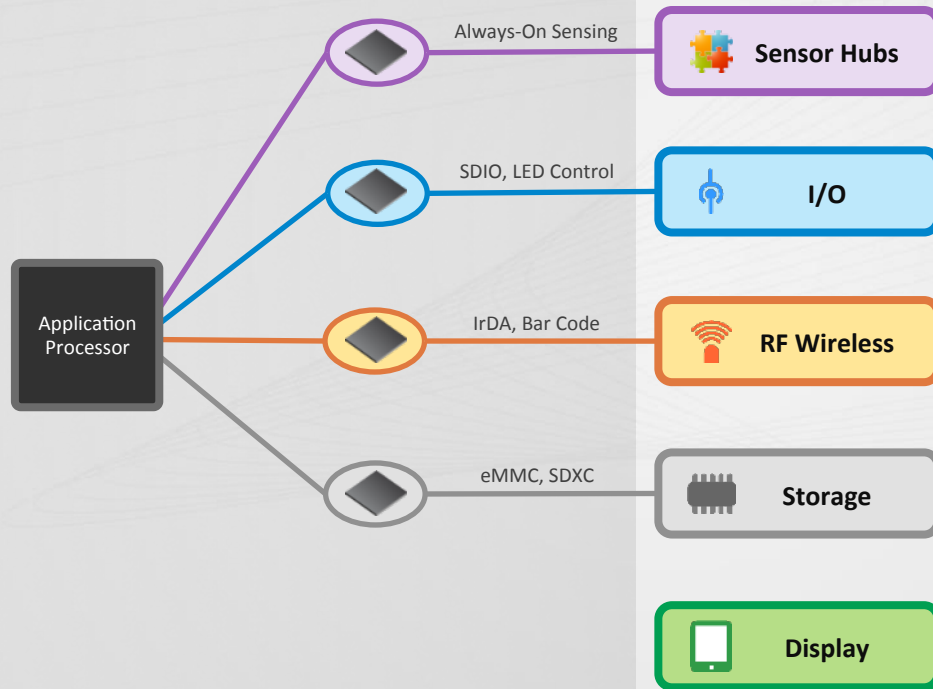


## Processor Qualified Vendor List

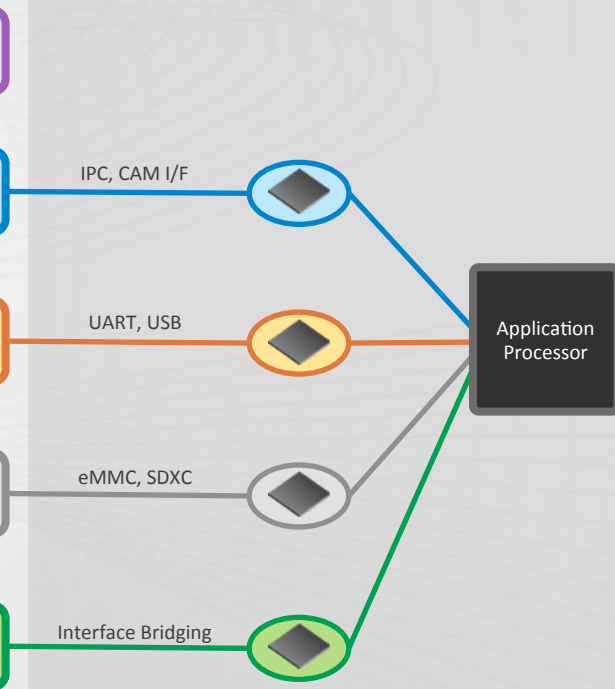


# QUICKLOGIC OFFERS THE BEST OF BOTH WORLDS

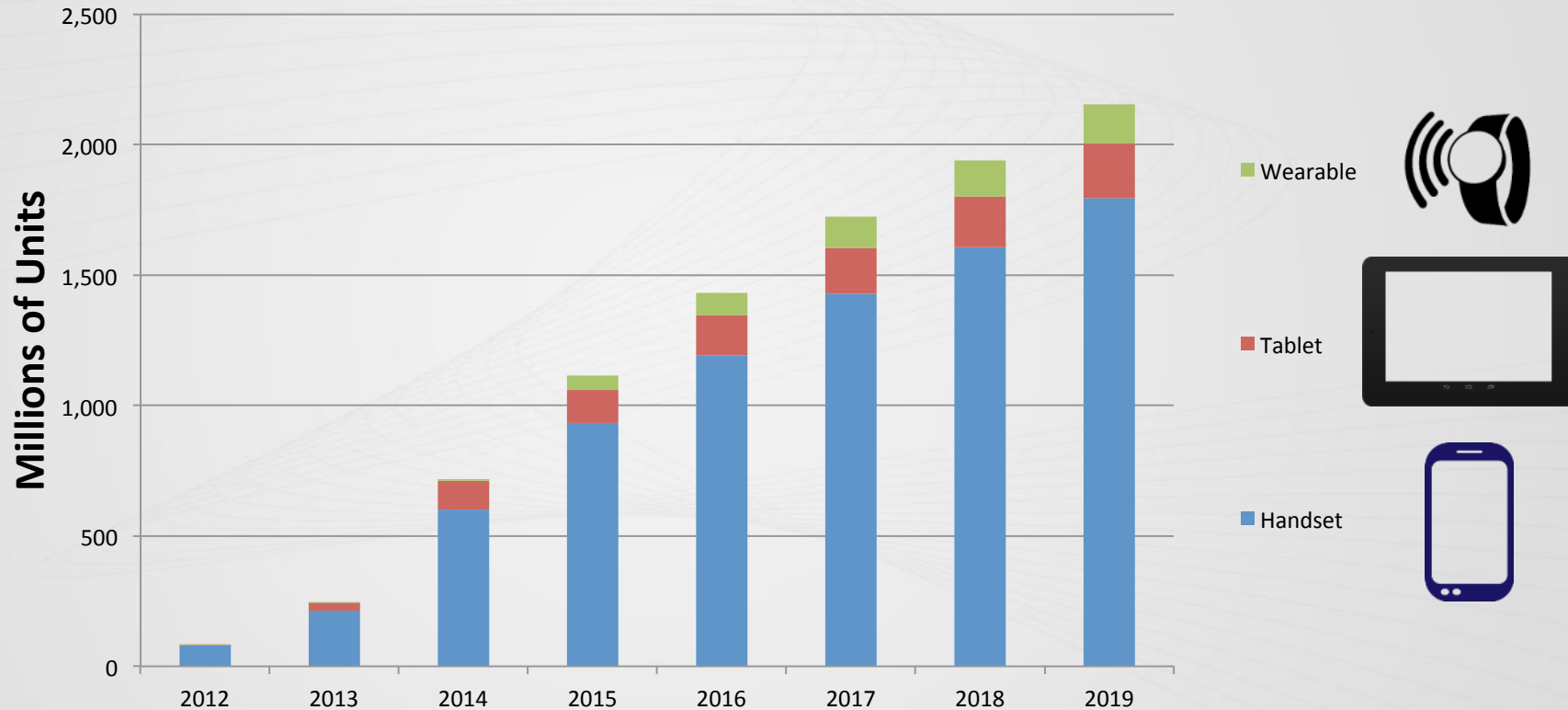
## In-system, Reprogrammable Logic



## Non-volatile, Instant-on Programmable Logic



# SENSOR PROCESSING: RAPID GROWTH, HIGH VOLUME MARKETS



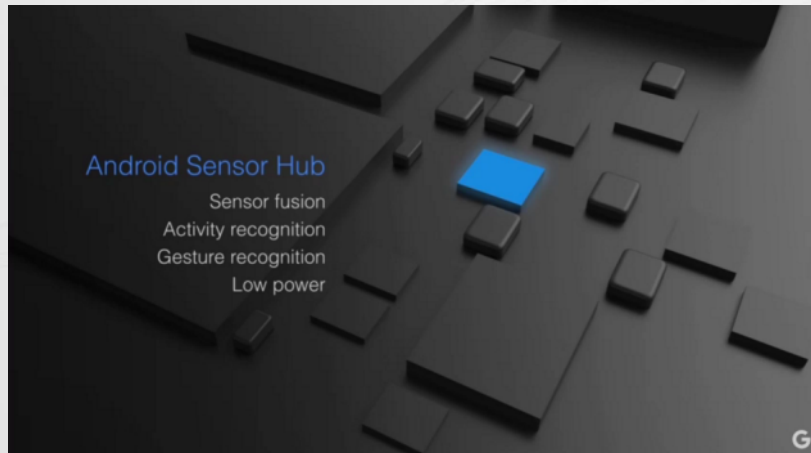
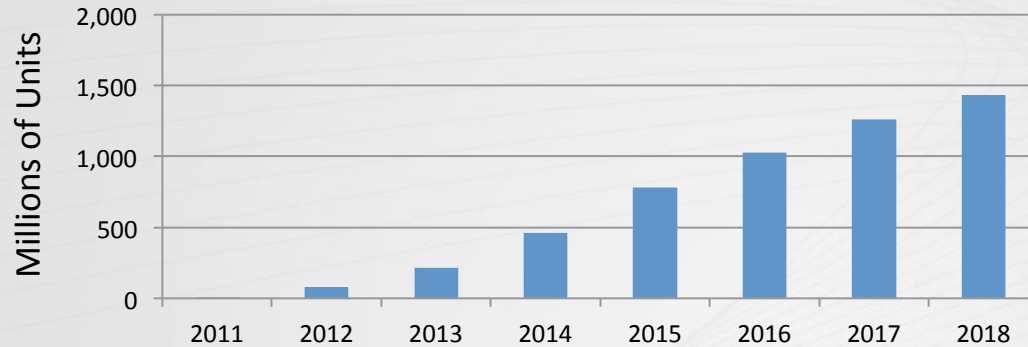
Source: IHS iSuppli Q2 2015

ROTH Conference

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# ANDROID SMARTPHONES – 1.4B UNIT OPPORTUNITY





Nexus 5X

Nexus 6P

“With the launch of the new Nexus 6P and Nexus 5X, **Google is including a new "Sensor Hub" to enable the phones to be even more aware of their surroundings.**”

Engadget – Sept 29 2015 at Google Launch Event

# NEW APPLICATIONS AND USE CASES DRIVING GROWTH

Today's sensor processing tasks are considered **FUNDAMENTAL**

OEMs will differentiate through more **IMMERSIVE** consumer experience



Pedometer and  
User Activity



User  
Transport



Sensor  
Calibration



Android  
Compliance



Motion-  
Compensated  
Heart Rate



Voice Trigger  
and Commands



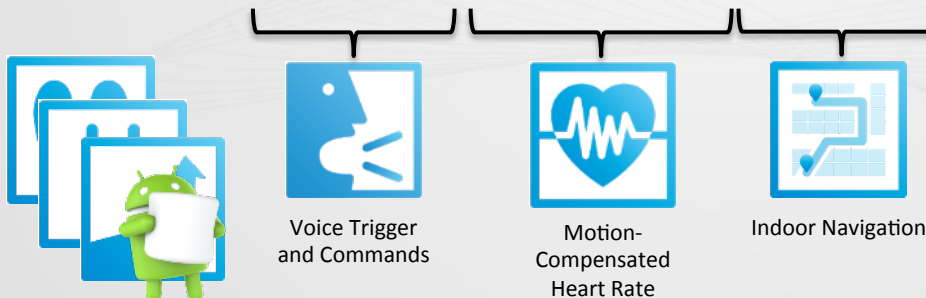
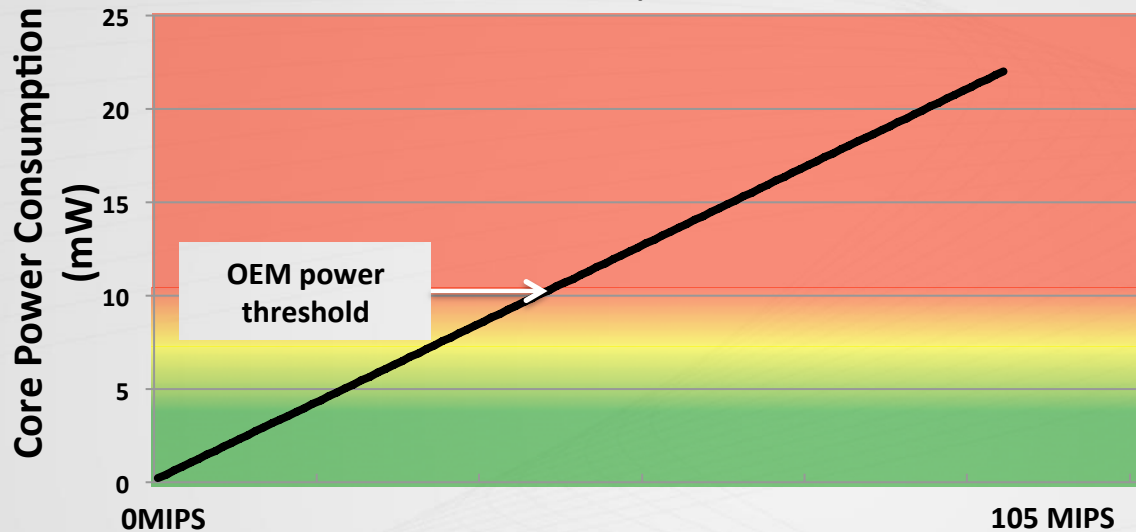
Indoor  
Navigation



Advanced Health and Wellness,  
Environmental Monitoring,  
new ideas and concepts....

# IMMERSIVE ALGORITHMS REQUIRE MORE MIPS

Flash-based MCU w/ ARM® Cortex™-M4

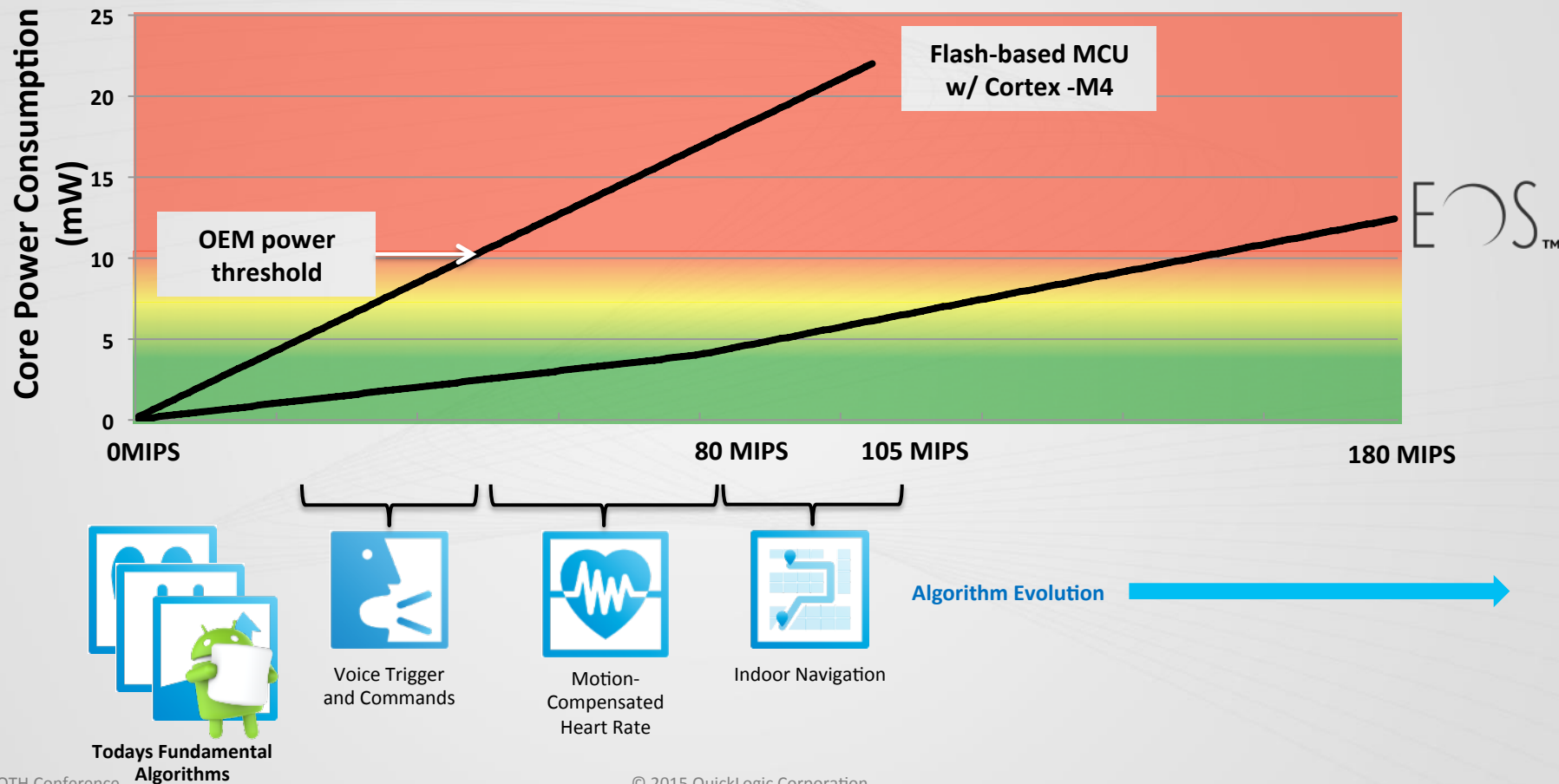


Algorithm Evolution



Today's Fundamental Algorithms

# QUICKLOGIC CHANGES THE POWER EQUATION



# CORNERSTONES OF SENSOR PROCESSING SYSTEM

## Silicon Platforms and Roadmap



## SenseMe™ Sensor Algorithms



Sensor Fusion  
Apps



Gesture  
Recognition



Context  
Classification



Activity  
Monitoring



## Reference Platforms & Design Tools



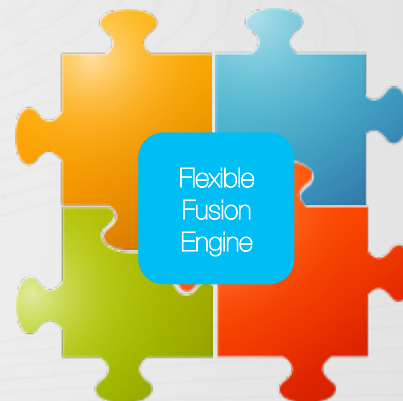
## QVL & Ecosystem Partners



# THE HEART OF OUR SENSOR HUB STRATEGY

## Flexible Fusion Engine

- Patent-pending design
- Integrated into all of our sensor hub platforms
- 70% better power consumption than traditional microcontroller implementations





# CORNERSTONES OF SENSOR HUB STRATEGY

## Silicon Platforms and Roadmap

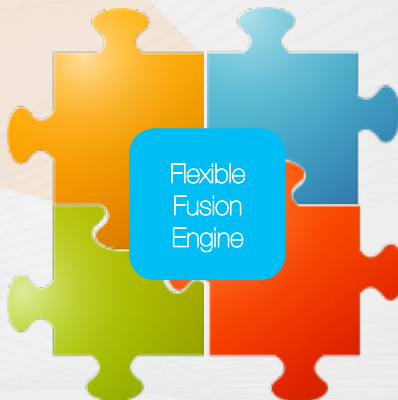


ARTICLINK® 3 S1

ARTICLINK® 3 S2

ARTICLINK® 3 S2 LP

EOS™

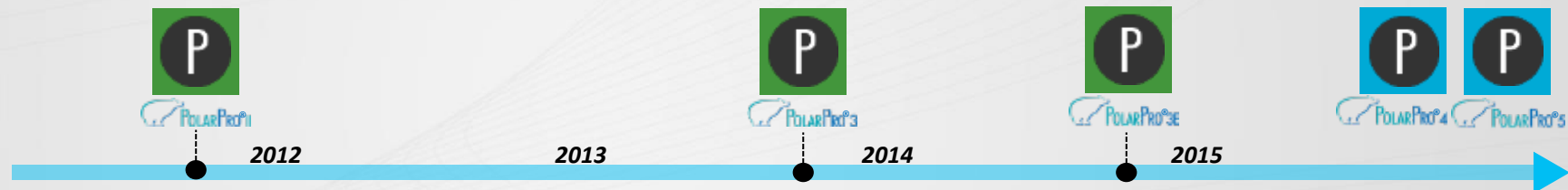


# SILICON PLATFORM ROADMAP

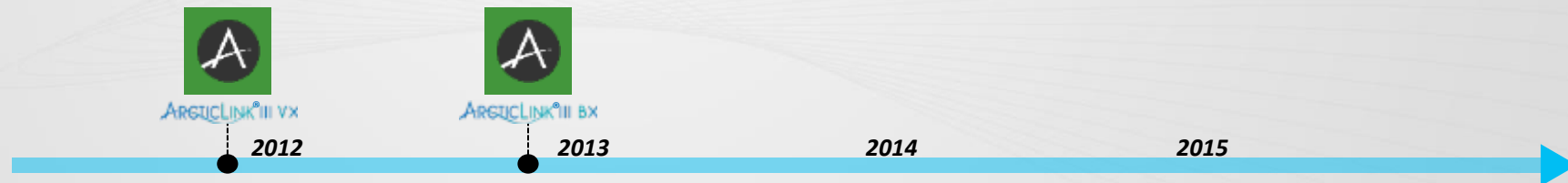
## ULTRA-LOW POWER SENSOR HUB



## SMART CONNECTIVITY



## DISPLAY AND VIDEO ENHANCEMENT



Production



Sampling



Development



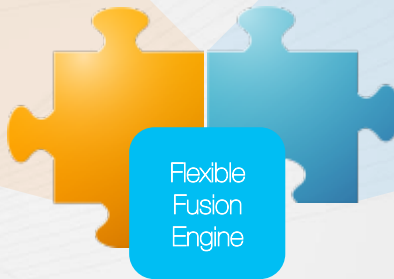
Exploring

# CORNERSTONES OF SENSOR HUB STRATEGY

## Silicon Platforms and Roadmap



ARTICLINK® 3 S1  
ARTICLINK® 3 S2  
ARTICLINK® 3 S2 LP  
EOS™



## Sensor Algorithms



High Value  
Apps



Gesture  
Recognition

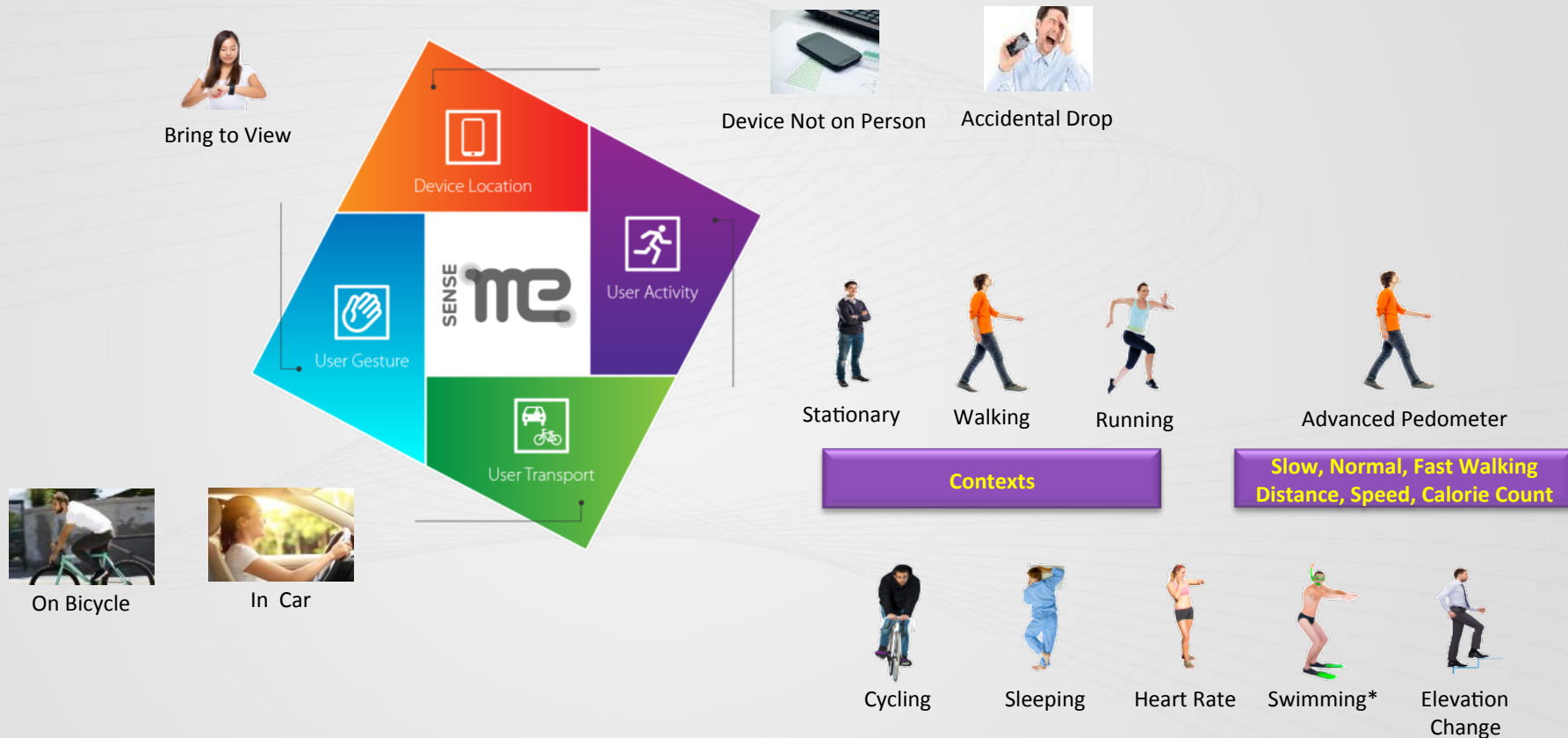


Context  
Classification



Activity  
Monitoring

# SenseMe™ SENSOR ALGORITHMS



\*Under Development

ROTH Conference

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# BEST-IN-CLASS PEDOMETER ACCURACY

- Our patent-pending, enhanced pedometer accuracy surpasses today's leading products for accuracy and false step rejection.



97% Accuracy



Leading  
Fitness  
Band

95% Accuracy



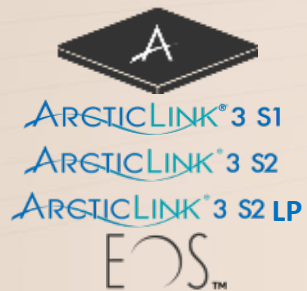
Leading  
Fitness  
Smartwatch

87% Accuracy

- Foundation of today's fitness and wellness applications, and pedestrian dead reckoning in the future.

# CORNERSTONES OF SENSOR HUB STRATEGY

## Silicon Platforms and Roadmap



## Sensor Algorithms



High Value  
Apps



Gesture  
Recognition



Context  
Classification



Activity  
Monitoring

Flexible  
Fusion  
Engine

## Reference Designs





# REFERENCE DESIGNS TO ACCELERATE TIME-TO-MARKET

## Smartphone Evaluation Kits



## Wearable Reference Designs

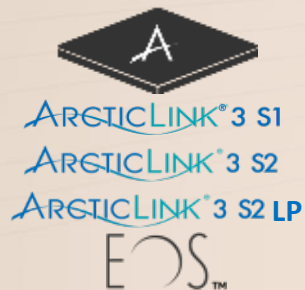


**TAG**

**TAG-N**

# CORNERSTONES OF SENSOR HUB STRATEGY

## Silicon Platforms and Roadmap



## Sensor Algorithms



High Value  
Apps



Gesture  
Recognition



Context  
Classification



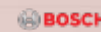
Activity  
Monitoring

Flexible  
Fusion  
Engine

## Reference Platforms



## Qualified Vendor List

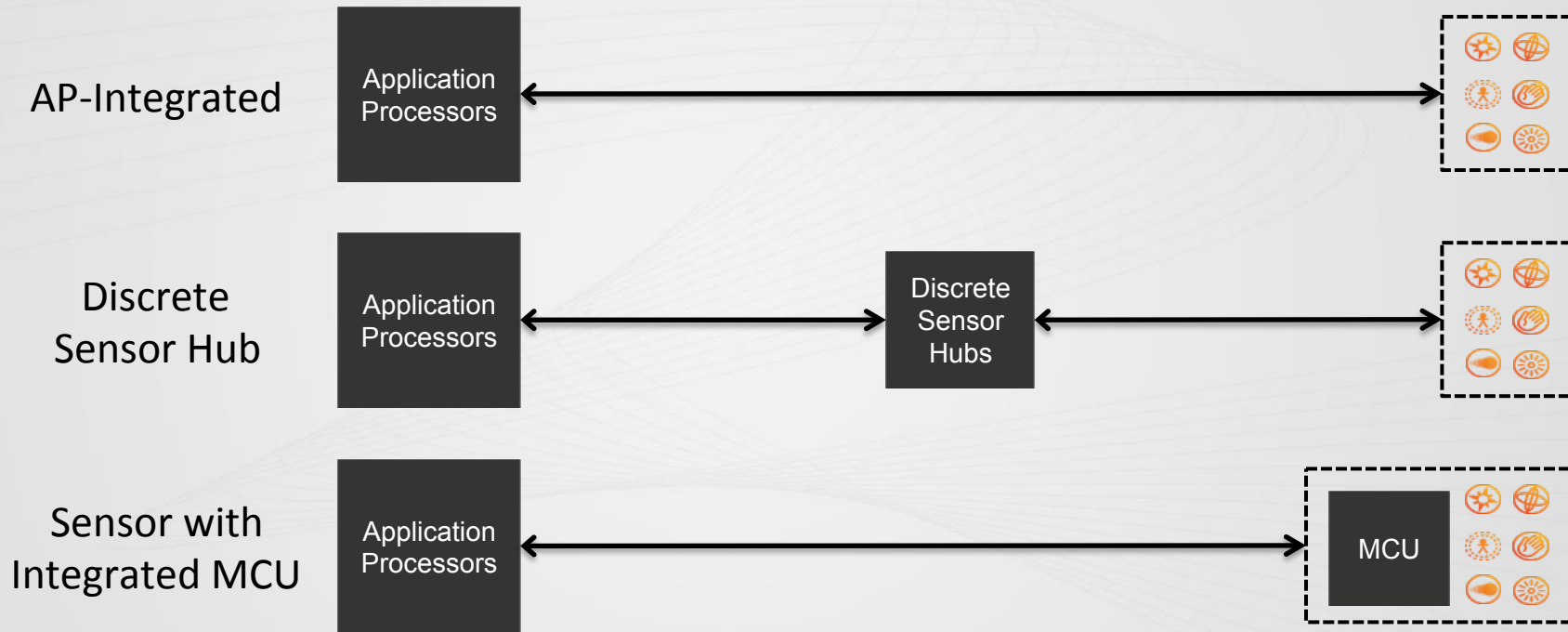


# QUALIFIED VENDOR LIST SPEEDS TIME-TO-MARKET




- Our close collaboration with sensor vendors enables us to deliver solutions to the market as new sensors become available.



# OPTIONAL SENSOR HUB ARCHITECTURES



# SENSOR HUB MARKET SHARE

	<div>Application Processors</div> <div>  </div>	<div>Discrete Sensor Hubs</div> <div>  </div>	<div>MCU</div> <div>  </div>
	AP-Integrated or GPS Device	Traditional, Discrete Sensor Hub	Sensor with Integrated MCU
2016 Market Share	621Mu, 52%	247Mu, 21%	307Mu, 26%
Benefit	<ul style="list-style-type: none"> <li>Integration</li> </ul>	<ul style="list-style-type: none"> <li>Flexibility</li> <li>Differentiation</li> </ul>	<ul style="list-style-type: none"> <li>Integration</li> </ul>
Drawback	<ul style="list-style-type: none"> <li>Power</li> <li>Lacks Differentiation</li> </ul>	<ul style="list-style-type: none"> <li>Power</li> </ul>	<ul style="list-style-type: none"> <li>Power</li> <li>Lacks Flexibility</li> </ul>

# WHY QUICKLOGIC IS DIFFERENT

- We use our patent-pending Flexible Fusion Engine to solve the power consumption problem
- We enable flexibility for OEMs to choose best-in-class sensors and algorithms
- Our in-system reprogrammable architecture and engagement model allows OEMs to achieve true differentiation
- Our SenseMe sensor algorithms enable OEMs without algorithm expertise to deliver compelling products

Discrete  
Sensor  
Hubs



Traditional, Discrete  
Sensor Hub

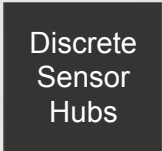

2016 Market Share	247Mu, 21%
Benefit	<ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Differentiation</li> </ul>
Drawback	<ul style="list-style-type: none"> <li>• Power</li> </ul>



# WHY QUICKLOGIC IS DIFFERENT

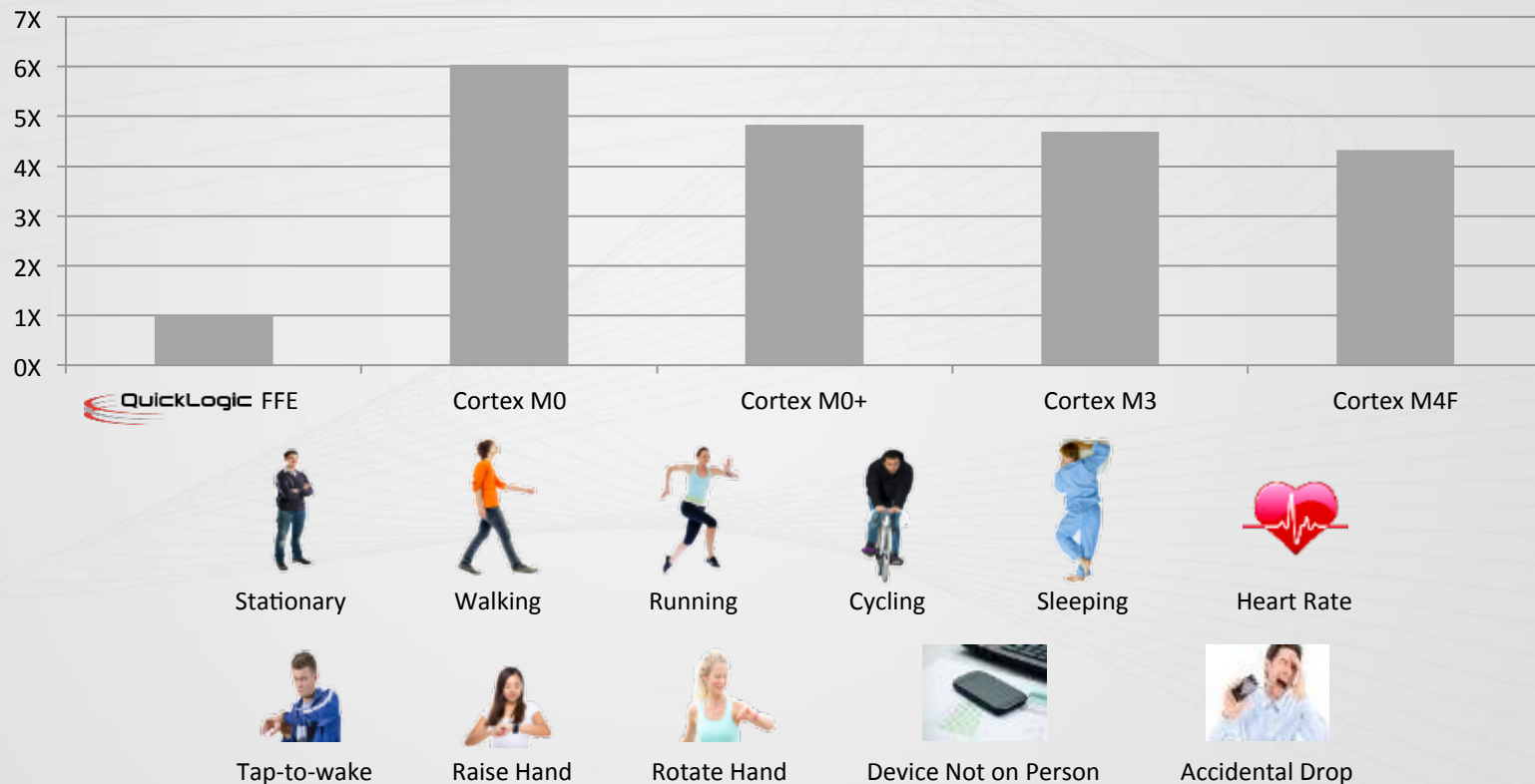
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QuickLogic solves the power problem

	 
	Traditional, Discrete Sensor Hub
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# BEST-IN-CLASS POWER ENABLES LONGER BATTERY LIFE

## Power Consumption When Running QuickLogic SenseMe Algorithms



# SOLUTIONS FOR LARGE, HIGH-GROWTH MOBILE MARKETS

## Android Smartphones

## Wearables

## Android Tablets

## Mobile Enterprise

### Ultra-low Power Sensor Hubs

- New Ultra-low Power Sensor Processing Solutions
- Aggressive Roadmap
- Rapidly Developing Ecosystem

### Programmable Smart Connectivity

- Leverage Current Platforms
- Expand SAM with New Architecture
- Focus on Technology Synergy with Sensor Processing

### Display Bridges

- Leverage Tier 1 OEM Success
- Expand China IDH
- Expand into Adjacent Markets

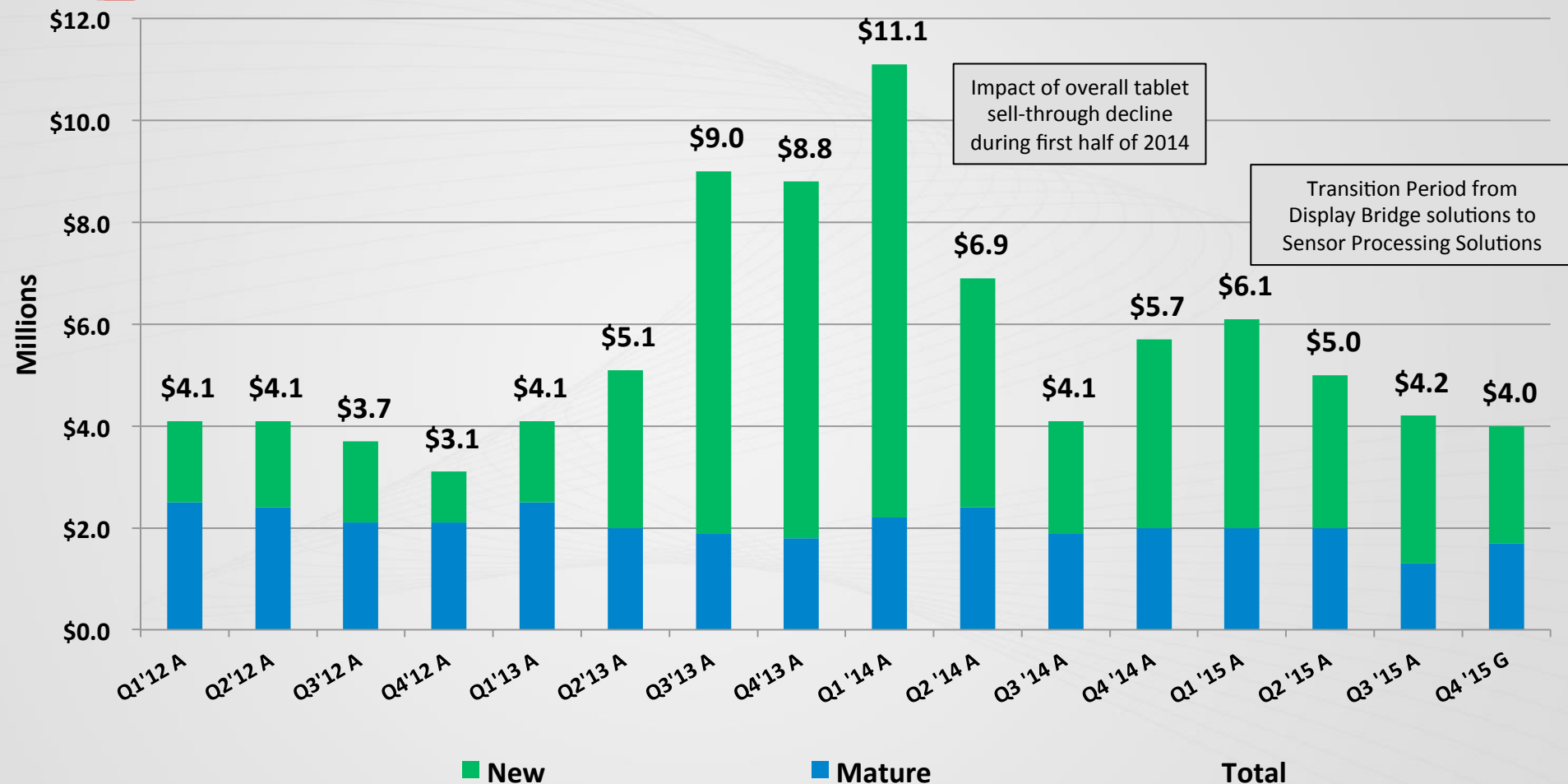
- Catalog CSSPs with Reference Designs and Sensor QVL

- Longer Product Lifecycles, Higher Gross Margins

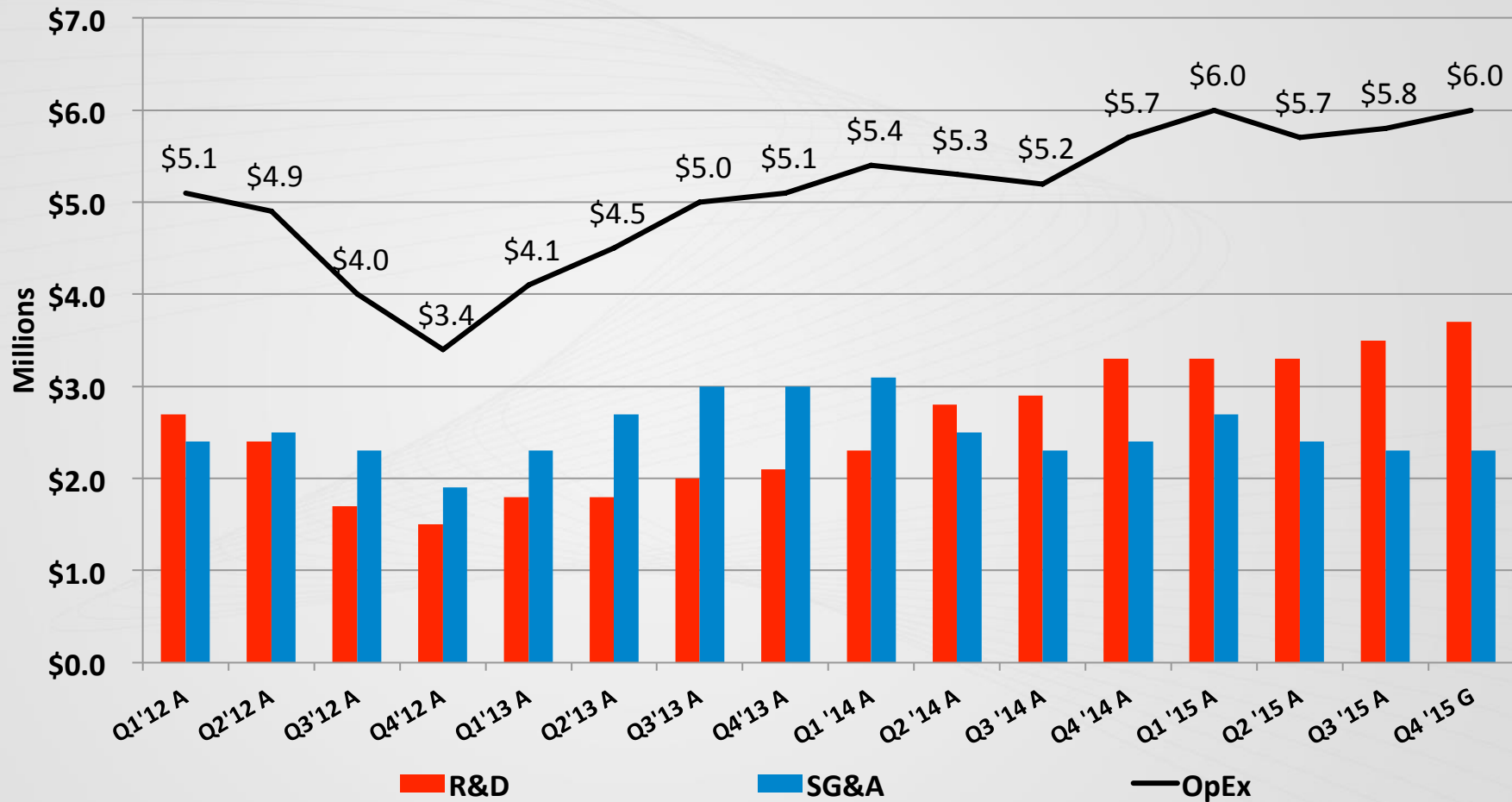
- Catalog CSSPs with AP Reference Designs

Next 6 to 12 Months

Mid to Long Term



# NON-GAAP OPERATING EXPENSE TREND



Non-GAAP Results Millions (except for EPS)	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual		Q1'15 Actual	Q2'15 Actual	Q3'15 Actual	Q4'15 Guidance	FY 2015 Forecast
New Product Revenue	5.9	\$18.2	\$19.3		\$4.1	\$3.0	\$2.9	\$2.3	\$12.3
Mature Revenue	9.0	\$7.9	\$8.4		\$2.0	\$2.0	\$1.3	\$1.7	\$7.0
Total Revenue	14.9	\$26.1	\$27.8		\$6.1	\$5.0	\$4.2	\$4.0	\$19.3
Gross Margin %	49%	35%	40%		47%	44%	31%	42%	42%
Research & Development	8.3	\$7.7	\$11.3		\$3.3	\$3.3	\$3.5	\$3.7	\$13.8
SG&A	9.1	\$10.9	\$10.3		\$2.7	\$2.4	\$2.3	\$2.3	\$9.7
Total Operating Expense	17.4	\$18.6	\$21.7		\$6.0	\$5.7	\$5.8	\$6.0	\$23.5
Operating Income (Loss)	(\$10.1)	(\$9.5)	(\$10.5)		(\$3.1)	(\$3.5)	(\$4.5)	(\$4.3)	(\$15.3)
Net Income (Loss)	(\$10.3)	(\$9.9)	(\$10.8)		(\$3.1)	(\$3.6)	(\$4.5)	(\$4.3)	(\$15.6)
EPS	(\$0.25)	(\$0.22)	(\$0.19)		(\$0.06)	(\$0.06)	(\$0.08)	(\$0.08)	(\$0.28)

→ R&D investment increased 47% from 2013 to 2014 and expects to increase 22% in 2015 for new sensor platform development



Targets	Mid Term	Long Term
Revenue Growth	Revenue Growth Expectations Outpace Spending Growth	
Gross Margin *	Trending to Long Term Model	50%
Operating Margin *	NA	10%+
Cash Flow	Cash Burn Decreasing	Positive Cash Flow

\* Non-GAAP Measures

**NOTE:** These projections are subject to a number of assumptions, risks, uncertainties and other factors that may cause our actual results to differ materially from such projections

# BALANCE SHEET & CAPITALIZATION TABLE

(Millions)	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	Q1'15 Actual	Q2'15 Actual	Q3'15 Actual
Cash	\$22.6	\$37.4	\$30.0	\$28.2	\$26.4	\$23.4
Current Assets (less cash)	\$5.6	\$8.7	\$7.7	\$6.1	\$5.5	\$4.9
Total Current Assets	\$28.2	\$46.1	\$37.7	\$34.3	\$31.9	\$28.3
<b>Total Assets</b>	<b>\$31.0</b>	<b>\$49.1</b>	<b>\$41.1</b>	<b>\$37.5</b>	<b>\$34.8</b>	<b>\$31.1</b>
Total Current Liabilities	\$3.3	\$8.3	\$4.3	\$3.8	\$5.5	\$5.4
<b>Total Liabilities *</b>	<b>\$3.7</b>	<b>\$8.5</b>	<b>\$5.6</b>	<b>\$5.1</b>	<b>\$5.7</b>	<b>\$6.6</b>
<b>Shareholders Equity</b>	<b>\$27.3</b>	<b>\$40.6</b>	<b>\$35.5</b>	<b>\$32.4</b>	<b>\$29.1</b>	<b>\$24.5</b>

\* Includes \$1M borrowing from SVB \$12M Line of Credit

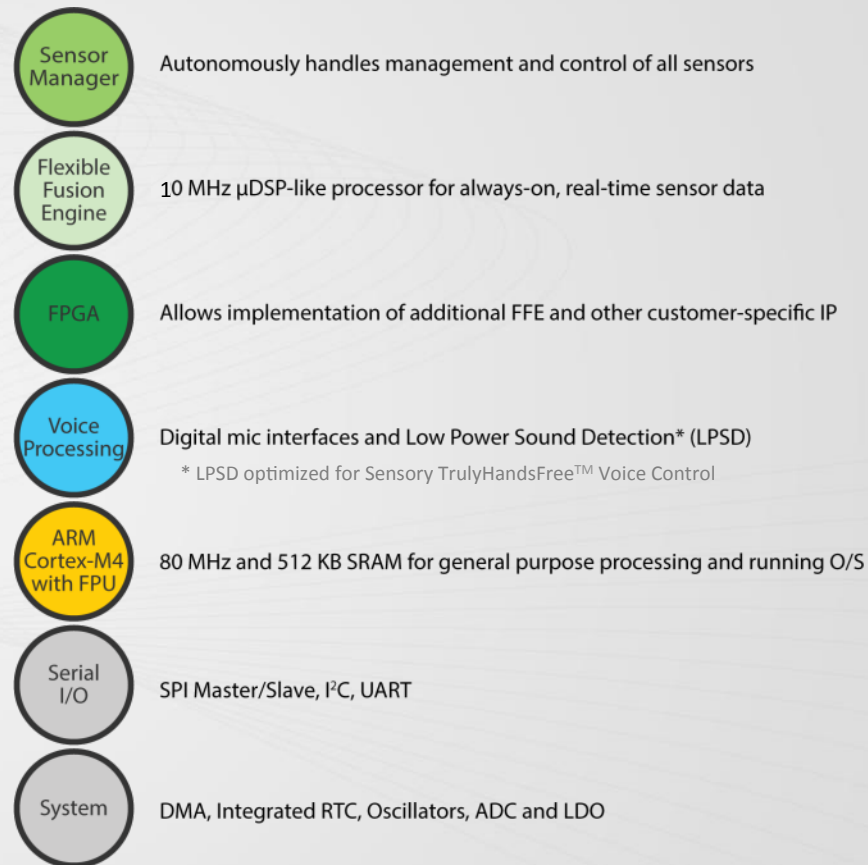
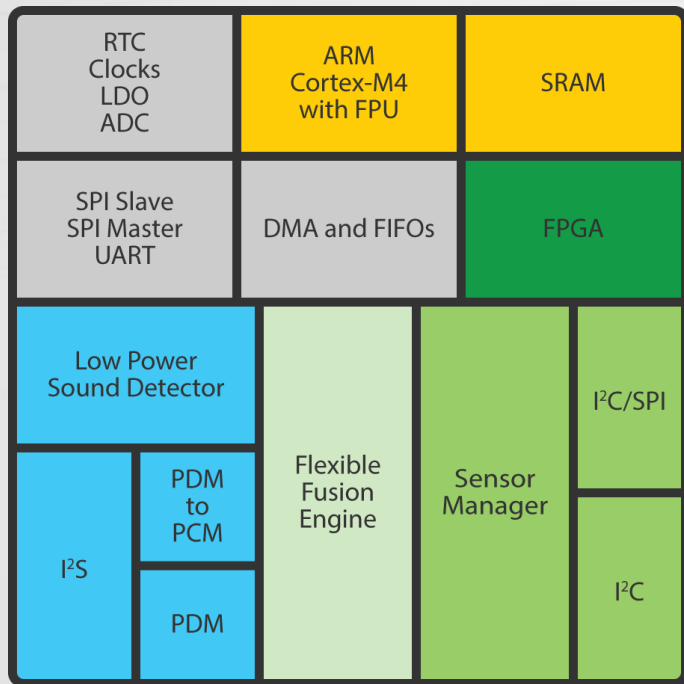
Capitalization Table Highlights		
Common Stock Outstanding	56.6M	as of 9/27/2015
Market Cap	\$91.7M	as of 9/27/2015 (200 day avg price \$1.62)
Options Outstanding	6.0M	as of 9/27/2015 (weighted avg price \$2.68)
RSUs Outstanding	0.8M	as of 9/27/2015
Warrants Outstanding	2.3M	@ \$2.98, expire 6/2017

- Targeting a 2Bu+, high growth mobile consumer market where battery life matters
- Disruptive, patented low power, in-system programmable logic optimized for mobile
- Highly differentiated sensor processing (hardware & software) solutions enable significantly longer battery life

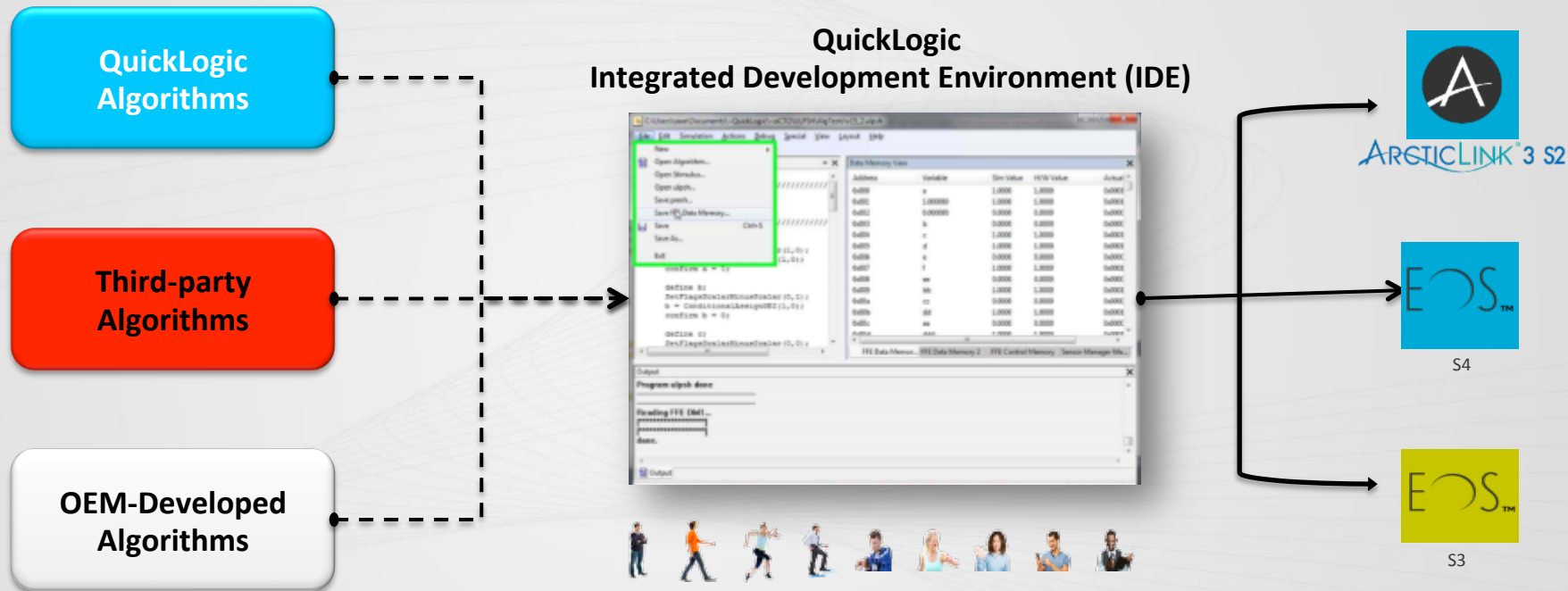
# BACKUP



# EOS S3 MULTI-CORE SOC PLATFORM



# MIX-AND-MATCH ALGORITHM APPROACH



IDE provides software engineers an easy-to-use, familiar method for deploying algorithms to our hardware

# CASE STUDY: FOXCONN SMART WATCH

**FOXCONN**



**QuickLogic's ArcticLink 3 S2 enables a number of gesture-activated features and functions, including a pedometer and unique gaming features.** The JUMPY smartwatch features a variety of sensor-based interactive applications that help children learn on their own and through interacting with their peers and parents.

# CASE STUDY: RUNTASTIC SMART WATCH



"In our view, the wearable devices in the market today represent an unnecessary compromise of form, function and ease of use," said Florian Gschwandtner, CEO and co-founder of Runtastic. "By combining the classic elegance of a fashionable analog watch with our world class activity tracking and the **ultra-long battery life we get from using QuickLogic's unique products**, we believe the Runtastic Moment will be a disruptive force in wearable technology."



## PROVEN MANAGEMENT TEAM



### **Andy Pease** +30 yrs Exp

*President and CEO*

- VP WW Sales, Broadcom Corporation
- VP WW Sales, Vantis Corporation (AMD owned)



### **Tim Saxe, PhD** +30 yrs Exp

*SVP, CTO*

- SVP Engineering, QuickLogic
- VP of FLASH Engineering, Actel Corporation



### **Sue Cheung** +20 yrs Exp

*Principal Accounting Officer*

- Corporate Controller, QuickLogic
- Sr Mgr SEC Reporting /Accounting Dell SonicWALL



### **Catherine Simin Rousteau** +20 yrs Exp

*VP, Human Resources*

- Director, HR, Ericsson
- Director, HR, Qualcomm



### **Maxime Bouvat-Merlin** +20 yrs Exp

*VP, Worldwide Engineering*

- Director, Product Management, Qualcomm
- Director, Technical Program Mgmt, Broadcom



### **Brian Faith** +20 yrs Exp

*VP, Worldwide Marketing*

- VP, WW Sales and Marketing, QuickLogic
- Director Product Marketing, QuickLogic



### **Rajiv Jain** +30 yrs Exp

*VP, Worldwide Operations*

- Sr Dir, Operations/Dev Engineering, QuickLogic
- Director, Process Technology, QuickLogic



### **Mark Sprague** +20 yrs Exp

*VP, Worldwide Sales*

- Dir, WW Sales, Trimble Navigation
- Sales Mgmt, RFMD

# HEADCOUNT

## QuickLogic: 97

