# QuickLogic Announces Fiscal 2011 First Quarter Results 

SUNNYVALE, CA -- (MARKET WIRE) -- 05/03/11 -- QuickLogic Corporation (NASDAQ: QUIK), the lowest power Customer Specific Standard Products (CSSPs) leader, today announced the financial results for its fiscal first quarter ended April 3, 2011.

Total revenue for the first quarter of 2011 was $\$ 5.5$ million, down $20 \%$ sequentially and up $2 \%$ from the first quarter of 2010. During the first quarter, new product revenue decreased to $\$ 1.2$ million from $\$ 2.3$ million in the fourth quarter of 2010. New product revenue accounted for $22 \%$ of the total revenue in the first quarter. During the first quarter, mature product revenue decreased $8 \%$ to $\$ 4.3$ million from $\$ 4.7$ million in the fourth quarter of 2010, accounting for $78 \%$ of the total revenue in the first quarter.

Under generally accepted accounting principles (GAAP), the net loss for the first quarter of 2011 was $\$ 0.9$ million, or $\$ 0.02$ per diluted share, compared with a net loss of $\$ 0.1$ million, or $\$ 0.00$ per diluted share, in both the fourth quarter and the first quarter of 2010. Non-GAAP net loss for the first quarter of 2011 was $\$ 0.4$ million, or $\$ 0.01$ per diluted share, compared with a non-GAAP net income of $\$ 0.5$ million, or $\$ 0.01$ per diluted share, in the fourth quarter of 2010 and a non-GAAP net loss of $\$ 0.5$ million, or $\$ 0.01$ per diluted share, in the first quarter of 2010.
"As previously announced, we had a revenue shortfall in the first quarter. While I'm disappointed in our short term results, I am not discouraged about our future success in light of our continued positive progress in the smartphone and tablet markets," said Andy Pease, QuickLogic's President and CEO. "We continue on track toward a mid-year launch of a previously discussed VEE/DPO-enabled smartphone and we continue to make progress on several new VEE/DPO-enabled tablet designs."

## Conference Call

QuickLogic will hold a conference call at 2:30 p.m. Pacific Daylight Time today, May 3, 2011, 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 participate in the conference, please call (877) 377-7094 by 2:20 p.m. Pacific Daylight Time. A recording of the call will be available starting one hour after completion of the call. To access the recording, please call (706) 645-9291 and reference the passcode: 61602795. The call recording will be archived until Friday, May 6, 2011 and the webcast will be available for 12 months.

## About QuickLogic

QuickLogic Corporation (NASDAQ: QUIK) is the inventor and pioneer of innovative, customizable semiconductor solutions for mobile and portable electronics original equipment manufacturers (OEMs) and original design manufacturers (ODMs). These silicon plus software solutions are called Customer Specific Standard Products (CSSPs). CSSPs enable
our customers to bring their products to market more quickly and remain in the market longer, with the low power, cost and size demanded by the mobile and portable electronics market. 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 nonGAAP 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 gain on sale of the Company's investment in TowerJazz Semiconductor Ltd. and the effect of the write-off of long-lived assets and equipment, 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 made by our CEO relating to the revenue generating potential of new products, which is dependent on the market acceptance of our products and the level of customer orders. 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; capacity constraints; and general economic conditions. 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.

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QUICKLOGIC CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share amounts)
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QUICKLOGIC CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP AND NON-GAAP FINANCIAL MEASURES (In thousands, except per share amounts)

|  |  | Three Months Ended |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{gathered} \text { April 3, } \\ 2011 \end{gathered}$ |  | $\begin{gathered} \text { April } 4, \\ 2010 \end{gathered}$ |  | $\begin{gathered} \text { January } 2, \\ 2011 \end{gathered}$ |  |
| GAAP income (loss) from operations | \$ | (802) | \$ | $(1,082)$ | \$ | (79) |
| Adjustment for stock-based compensation within: |  |  |  |  |  |  |
| Cost of revenue |  | 35 |  | 47 |  | 49 |
| Research and development |  | 121 |  | 175 |  | 143 |
| Selling, general and administrative |  | 287 |  | 430 |  | 373 |
| Non-GAAP income (loss) from operations | \$ | (359) | \$ | (430) | \$ | 486 |
| GAAP net income (loss) | \$ | (878) | \$ | (143) | \$ | (69) |
| Adjustment for stock-based compensation within: |  |  |  |  |  |  |
| Cost of revenue |  | 35 |  | 47 |  | 49 |
| Research and development |  | 121 |  | 175 |  | 143 |
| Selling, general and administrative |  | 287 |  | 430 |  | 373 |
| Adjustment for gain on sale of |  |  |  |  |  |  |
| TowerJazz Semiconductor Ltd. shares |  | - |  | (993) |  | - |
| Non-GAAP net income (loss) | \$ | (435) | \$ | (484) | \$ | 496 |
| GAAP net income (loss) per share $\$ 0.02$ ) \$ 0.00 \$ 0.00 |  |  |  |  |  |  |
| Adjustment for stock-based compensation |  |  |  |  |  |  |
| TowerJazz Semiconductor Ltd. <br> shares |  |  |  |  |  |  |
| Non-GAAP net income (loss) per share | \$ | (0.01) | \$ | (0.01) | \$ | 0.01 |
| GAAP gross margin percentage |  | 65.0\% |  | 61.0\% |  | $66.9 \%$ |
| Adjustment for stock-based compensation |  | 0.6 |  | 0.9 |  | 0.7 |
| Non-GAAP gross margin percentage |  | 65.6\% |  | $61.9 \%$ |  | 67.6\% |

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

|  | January 2, |
| :---: | :---: |
| April 3, 2011 | 2011 (1) |


| Current assets: |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Cash and cash equivalents | \$ | 22,498 | \$ | 21,956 |
| Short-term investment in TowerJazz Semiconductor Ltd. |  | 870 |  | 909 |
| Accounts receivable, net |  | 3,690 |  | 4,143 |
| Inventories |  | 3,962 |  | 3,344 |
| Other current assets |  | 814 |  | 772 |
| Total current assets |  | 31,834 |  | 31,124 |
| Property and equipment, net |  | 2,287 |  | 2,312 |
| Other assets |  | 172 |  | 192 |
| TOTAL ASSETS | \$ | 34,293 | \$ | 33,628 |
| LIABILITIES AND STOCKHOLDERS' EQUITY |  |  |  |  |
| Current liabilities: |  |  |  |  |
| Trade payables |  | 2,138 |  | 2,152 |
| Accrued liabilities |  | 1,091 |  | 1,303 |
| Deferred royalty revenue |  | 453 |  | 328 |
| Current portion of capital lease obligations |  | 243 |  | 408 |
| Total current liabilities |  | 3,925 |  | 4,191 |
| Long-term liabilities: |  |  |  |  |
| Other long-term liabilities |  | 129 |  | 124 |
| Total liabilities |  | 4,054 |  | 4,315 |
| Stockholders' equity: |  |  |  |  |
| Common stock, at par value |  | 38 |  | 38 |
| Additional paid-in capital |  | 188,147 |  | 186,304 |
| Accumulated other comprehensive income |  | 577 |  | 616 |
| Accumulated deficit |  | $(158,523)$ |  | $(157,645)$ |
| Total stockholders' equity |  | 30,239 |  | 29,313 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ | 34,293 | \$ | 33,628 |

(1) Derived from the January 2, 2011 audited balance sheet included in the 2010 Annual Report on Form 10-K of QuickLogic Corporation.

QUICKLOGIC CORPORATION SUPPLEMENTAL DATA
(Unaudited)

| Percentage of Revenue |  |  | Change in Revenue |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  | $\begin{gathered} \text { Q4 } 2010 \\ \text { to } Q 1 \end{gathered}$ | $\begin{gathered} \text { Q1 } 2010 \\ \text { to Q1 } \end{gathered}$ |
| Q1 2011 | Q4 2010 | Q1 2010 | 2011 | 2011 |

COMPOSITION OF REVENUE

| Revenue by product (1): | $22 \%$ | $32 \%$ | $38 \%$ | $-46 \%$ | $-41 \%$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| New products | $78 \%$ | $68 \%$ | $62 \%$ | $-8 \%$ | $29 \%$ |
| Mature products |  |  |  |  |  |
| Revenue by geography: | $51 \%$ | $30 \%$ | $43 \%$ | $36 \%$ | $23 \%$ |
| North America | $13 \%$ | $28 \%$ | $19 \%$ | $-63 \%$ | $-30 \%$ |
| Europe | $25 \%$ | $31 \%$ | $26 \%$ | $-35 \%$ | $-1 \%$ |
| Rest of world | $10 \%$ | $11 \%$ | $12 \%$ | $-25 \%$ | $-15 \%$ |
| Japan |  |  |  |  |  |

(1) New products represent products introduced since 2005, and include ArcticLink, PolarPro II, PolarPro, Eclipse II and QuickPCI II products. Mature products include QuickRAM, pASIC® 3, Eclipse, QuickDSP and QuickFC products, as well as royalty revenue, programming hardware and software. End-of-life products include pASIC 1, pASIC 2, V3, QuickPCI and QuickMIPS products.

Contacts:
Ralph S. Marimon
Vice President of Finance
Chief Financial Officer
(408) 990-4000

Email Contact

Andrea Vedanayagam
(408) 656-4494

Email Contact

## Source: QuickLogic

