# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE FISCAL YEAR ENDED DECEMBER 29, 2019**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 000-22671**

# QUICKLOGIC CORPORATION
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **77-0188504** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |

**2220 Lundy Avenue, San Jose, CA 95131**
**(Address of principal executive offices, including zip code)**

**Registrant's telephone number, including area code:**

**(408) 990-4000**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of Each Class | Trading Symbol | Name of Exchange on which Registered |
|---|---|---|
| Common Stock, $0.001 par value | QUIK | The Nasdaq Capital Market |

Securities registered pursuant to Section 12(g) of the Act: **None**
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No [x]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No [x]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [x] No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | [ ] | Accelerated Filer | [x] |
| Non-accelerated filer | [ ] | Smaller Reporting Company | [x] |
| Emerging growth company | [ ] | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No [X]

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 28, 2019, the registrant's most recently completed second fiscal quarter, was $63,707,054 based upon the last closing price reported for such date on the Nasdaq Capital Market. For purposes of this disclosure, shares of common stock held by persons who hold more than 5% of the outstanding shares of common stock and shares held by executive officers and directors of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination is not necessarily conclusive.

At March 6, 2020, the registrant had 8,379,038 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Item 1 of Part 1 of this Form 10-K, Item 5 of Part II of this Form 10-K and Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K incorporate information by reference from the Proxy Statement for the registrant's Annual Meeting of Stockholders to be held on or about April 22, 2020, the "Proxy Statement". Except with respect to the information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

**QUICKLOGIC CORPORATION**

**TABLE OF CONTENTS**


| | | Page |
|---|---|---|
| **PART I** | | |
| Item 1. | Business | 4 |
| Item 1A. | Risk Factors | 15 |
| Item 1B. | Unresolved Staff Comments | 29 |
| Item 2. | Properties | 29 |
| Item 3. | Legal Proceedings | 29 |
| Item 4. | Mine Safety Disclosures | 29 |
| **PART II** | | |
| Item 5. | Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 30 |
| Item 6. | Selected Financial Data | 32 |
| Item 7. | Management’s Discussion and Analysis of Financial Condition and Results of Operations | 33 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 48 |
| Item 8. | Financial Statements and Supplementary Data | 49 |
| Item 9. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 83 |
| Item 9A. | Controls and Procedures | 83 |
| Item 9B. | Other Information | 84 |
| **PART III** | | |
| Item 10. | Directors, Executive Officers and Corporate Governance | 85 |
| Item 11. | Executive Compensation | 85 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 85 |
| Item 13. | Certain Relationships, Related Transactions and Director Independence | 85 |
| Item 14. | Principal Accounting Fees and Services | 85 |
| **PART IV** | | |
| Item 15. | Exhibits and Financial Statement Schedules | 86 |
| Signatures | | 88 |

**FORWARD-LOOKING STATEMENT**

*This Annual Report on Form 10-K, including the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as information contained in "Risk Factors" in Item 1A and elsewhere in this Annual Report on Form 10-K, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend that these forward-looking statements be subject to the safe harbors created by those provisions. Forward-looking statements are generally written in the future tense and/or are preceded by words such as "will," "may," "should," "forecast," "could," "expect," "suggest," "believe," "anticipate," "intend," "plan," "future," "potential," "target," "seek," "continue," "if" or other similar words. Forward-looking statements include statements regarding (1) our revenue levels, including the commercial success of our solutions, and new products, (2) the conversion of our design opportunities into revenue, (3) our liquidity, (4) our gross profit and breakeven revenue level and factors that affect gross profit and the breakeven revenue level, (5) our level of operating expenses, (6) our research and development efforts, (7) our partners and suppliers, (8) industry and market trends, (9) our manufacturing and product development strategies and (10) our competitive position.*

*The forward-looking statements contained in this Annual Report involve a number of risks and uncertainties, many of which are outside of our control. Factors that could cause actual results to differ materially from projected results include, but are not limited to, risks associated with (i) the conversion of our design opportunities into revenue; (ii) the commercial and technical success of our new products and our successful introduction of products and solutions incorporating emerging technologies or standards; (iii) our dependence on our relationships with third parties to manufacture our products and solutions; (iv) our dependence upon single suppliers to fabricate and assemble our products; (v) the liquidity required to support our future operating and capital requirements; (vi) our ability to accurately estimate quarterly revenue; (vii) our expectations about market and product trends; (viii) our future plans for partnerships and collaborations; (ix) our dependence upon a few customers for a significant portion of our total revenue; (x) our ability to forecast demand for our products; (xi) our dependence on our international business operations; (xii) our ability to attract and retain key personnel; (xiii) our ability to remain competitive in our industry; (xiv) our ability to achieve the expected benefits from our acquisition of SensiML Corporation; (xv) our ability to protect our intellectual property rights; (xvi) our ability to prevent cyberattacks and protect our data; and (xvii) our ability to handle natural disasters and epidemics, such as the recent outbreak of the* COVID-19 virus*. Although we believe that the assumptions underlying the forward-looking statements contained in this Annual Report are reasonable, any of the assumptions could be inaccurate, and therefore there can be no assurance that such statements will be accurate. The risks, uncertainties and assumptions referred to above that could cause our results to differ materially from the results expressed or implied by such forward-looking statements include, but are not limited to, those discussed under the heading "Risk Factors" in Part I, Item 1A hereto and the risks, uncertainties and assumptions discussed from time to time in our other public filings and public announcements. All forward-looking statements included in this document are based on information available to us as of the date hereof. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved. Furthermore, past performance in operations and share price is not necessarily indicative of future performance. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*As used herein, "QuickLogic", the "Company", "we", "our" and similar terms include QuickLogic Corporation and its subsidiaries, unless the context indicates otherwise.*

## PART I

## ITEM 1. BUSINESS

### (a) General Development of Business

QuickLogic Corporation (the "Company") was founded in 1988 and reincorporated in Delaware in 1999.

### (b) Financial Information About Segments

See Item 8, "Financial Statements and Supplementary Data - Note 14 - Information Concerning Product Lines, Geographic Information, Accounts Receivable and Revenue Concentration."

### Overview

QuickLogic Corporation was founded in 1988 and reincorporated in Delaware in 1999. Our vision is to transform the way people and devices interact with each other and their surroundings. Our mission is to provide innovative silicon and software platforms to successfully enable our customers to develop products that fundamentally change the end-user experience. Specifically, we are a fabless semiconductor company that develops a full stack platform for artificial intelligence or AI, voice and sensor processing. The platform is based on our embedded FPGA, or eFPGA, intellectual property or IP, low power, multi-core semiconductor system-on-chips or SoCs, and AI software. Our customers can use our eFPGA IP for hardware acceleration and pre-processing, our SoCs to build their hardware around. The Analytics Toolkit from SensiML Corporation, or SensiML, our wholly-owned subsidiary, provides an 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 mobile, wearable, hearable, consumer, industrial, edge and endpoint IoT.

Our new products include our EOS™, QuickAI™, SensiML Analytics Studio, ArcticLink® III, PolarPro®3, PolarPro II, PolarPro, and Eclipse II products (which together comprise our new product category). Our mature products include primarily FPGA families named pASIC®3 and QuickRAM® as well as programming hardware and design software. In addition to delivering our own semiconductor solutions, we have an IP business that licenses our eFPGA technology for use in other semiconductor companies SoCs. We began delivering our eFPGA IP product ArcticPro™ in 2017, which is included in the new product revenue category. Through the acquisition of SensiML, we now have an AI software platform that includes Software-as-a-Service (SaaS) subscriptions for development, per unit license fees when deployed in production, and proof-of-concept services, all of which are also included in the new product revenue category.

Our solutions typically fall into one of three categories: Sensor Processing, Display and Visual Enhancement, and Smart Connectivity. Our solutions include a unique combination of our silicon platforms, IP cores, software drivers, and in some cases, firmware and application software. All of our silicon platforms are standard devices and must be programmed to be effective in a system. Our IP that enables always-on context-aware sensor applications includes our Flexible Fusion Engine, our Sensor Manager and Communications Manager technologies as well as IP that (i) improves multimedia content, such as our Visual Enhancement Engine, or VEE, technology, and Display Power Optimizer, or DPO, technology; and (ii) implements commonly used mobile system interfaces, such as Low Voltage Differential Signaling, or LVDS, Mobile Industry Processor Interface, or MIPI, and Secure Digital Input Output, or SDIO.

Through the acquisition of SensiML, in January 2019, our core IP also includes the SensiML Analytics Toolkit that enables OEMs to develop AI software for a broad array of resource-constrained time-series sensor endpoint applications. These include a wide range of consumer and industrial sensing applications.

We also work with mobile processor manufacturers, sensor manufacturers, and voice recognition, sensor fusion and context awareness algorithm developers in the development of reference designs. Through reference designs that incorporate our solutions, we believe mobile processor manufacturers, sensor manufacturers, and sensor and voice algorithm companies can expand the available market for their respective products. Furthermore, should a solution developed for a processor manufacturer or sensor and/or sensor algorithm company be applicable to a set of

common OEMs or Original Design Manufacturers or ODMs, we can amortize our Research and Development, or R&D, investment over that set of OEMs or ODMs. There may also be cases when platform providers that intend to use always-on voice recognition will dictate certain performance requirements for the combined software/hardware solution before the platform provider certifies and/or qualifies our product for use by end customers.

We have changed our manufacturing strategies to reduce the cost of our silicon solution platforms to enable their use in high volume, mass customization products. Our EOS S3, EOS S3AI, QuickAI and ArcticLink III silicon platforms combine mixed signal physical functions and hard-wired logic alongside programmable logic. Our EOS S3, EOS S3AI and ArcticLink III solution platforms are manufactured on an advanced process node where we can benefit from smaller die sizes. We typically implement sophisticated logic blocks and mixed signal functions in hard-wired logic because it is very cost-effective and energy efficient. We use small form factor packages, which are less expensive to manufacture and include smaller pin counts. Reduced pin counts result in lower costs for our customer's printed circuit board space and routing. Furthermore, our SRAM reprogrammable silicon platforms can be programmed in-system by our customers, and therefore we do not incur programming cost, lowering the overall cost of ownership to our customers. We expect to continue to invest in silicon solution platforms and manufacturing technologies that make us cost and power consumption effective for high-volume, battery-powered applications.

In addition to working directly with our customers, we partner with other companies that are experts in certain technologies to develop additional IP, reference platforms and system software to provide application solutions, particularly in the area of hardware acceleration for AI-type applications. We also work with mobile processor and communications semiconductor device manufacturers and companies that supply sensor, algorithms and applications. For our sensor processing solutions, we collaborate with sensor manufacturers to ensure interface compatibility. We also collaborate with sensor and voice/audio software companies, helping them optimize their software technology on our silicon platforms in terms of performance, power consumption and user experience.

Our ArcticPro eFPGA IP are currently developed on 65nm, 40nm and 22nm process nodes. The licensable IP is generated by a compiler tool that enables licensees to create an eFPGA block that they can integrate into their SoC without significant involvement by QuickLogic. We believe this flow enables a scalable support model for QuickLogic. For our eFPGA strategy, we typically work with semiconductor manufacturing partners to ensure our eFPGA IP is proven for a given foundry and process node before it is licensed to a SoC company.

In order to grow our revenue from its current level, we depend upon increased revenue from our new products including existing new product platforms, eFPGA IP and platforms currently in development. We expect our business growth to be driven mainly by our silicon solutions, eFPGA IP and SensiML AI Software. Therefore, our revenue growth needs to be strong enough to enable us to sustain profitability while we continue to invest in the development, sales and marketing of our new solution platforms, IP and software.

**Recent Developments**

On November 26, 2019, shareholders of the Company approved an amendment to our Amended and Restated Certificate of Incorporation to effect a reverse stock split of our outstanding shares of common stock, at a reverse stock split ratio from 1-for-5 to 1-for-15 (the "Reverse Stock Split"), as determined by the Board of Directors. On December 6, 2019. our Board of Directors approved the implementation of the Reverse Stock Split at a ratio of 1-for-14. The Reverse Stock Split was intended to bring the Company into compliance with the $1.00 minimum average closing share price requirement for continued listing ("Bid Pricing Rule") on the Nasdaq Capital Market (the "Nasdaq"). On January 9, 2020, the Company received a letter from Nasdaq Stock Market LLC stating that the Company had regained compliance with the Bid Price Rule and it considered the matter closed.

On January 24, 2020, the Company's Board of Directors approveda restructuring plan to lower the annual operating expenses. TheCompany expects that the majority of the cost savings will come from personnel reductions, which were implemented across all parts of the Company and geographies. Thisrestructuring plan will result in a reduction of about 33% of the Company's global workforce.

In conjunction with this restructuring plan, the Company estimates it will incur approximately $500,000 to $600,000 of restructuring expenses, which will result in total cash expenditures of approximately $500,000, with the majority coming in the first quarter of fiscal 2020.

**Available Information**

Our corporate headquarters are located at 2220 Lundy Avenue, San Jose, California 95131. We can be reached at (408) 990-4000, and our website address is *www.quicklogic.com*. The information on our website is not incorporated herein by reference and is not a part of this Form 10-K. Our common stock trades on the Nasdaq under the symbol "QUIK." Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports are available, free of charge, on our website home page as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the Securities and Exchange Commission, or SEC. Copies of the materials filed by the Company with the SEC are also available at the Public Reference Room at 100 F Street, N.E., Washington, D.C., 20549. Information regarding the operation of the Public Reference Room is available by calling the SEC at 1-800-SEC-0330. Reports, proxy and information statements and other information regarding issues that we file electronically with the SEC are also available on the SEC's website at *www.sec.gov*.

**Fiscal Year**

Our fiscal year ends on the Sunday closest to December 31. References to fiscal years 2019, 2018 and 2017 refer to the fiscal years ended December 29, 2019, December 30, 2018 and December 31, 2017, respectively.

**Industry Background**

Consumer Electronics, or CE, products are a strong growth market for semiconductor products and sensor software algorithms, and the needs of this market bring a unique set of requirements. Three important trends in this market are (i) toward mobile devices, either handheld or worn on the body, (ii) an increasing adoption of sensors, and (iii) devices with wireless connectivity to the cloud. Important industry trends affecting the large market for mobile devices include the need for high bandwidth that enables the same user experience consumers are accustomed to on the personal computer, or PC, such as internet browsing, social networking and streaming video, product miniaturization and the need to increase battery life. Increased local computing power in mobile devices, coupled with more ubiquitous wireless access to the cloud and lower cost sensors has been enabling the development of more intelligent software applications and consumer use cases. Many of these product requirements were, and continue to be, driven by innovations from the Smartphone, Wearables and Hearables solutions that OEMs are launching in conjunction with Google Android and Real-Time operating systems, as well as Apple iPhone, Apple iPad, Apple Watch and Apple Airpods.

While advances in cost-effective cloud storage and power-efficient wireless technology have enabled consumer device manufacturers to enhance device connectivity and offload some processing to the cloud, there continues to be a trend for feature-rich mobile devices to suffer from shorter battery lives. This challenge places a burden on the designers and manufacturers of these mobile CE products as they try to tailor multiple products with limited engineering resources. Lastly, the fast pace at which consumer taste for these features changes exacerbates the development challenges and risks in launching successful products to the marketplace.

Another important trend is shrinking product life cycles. This drives a need for faster and lower risk product development. There is intense pressure on the bill of materials, or BOM, cost of these devices, including per unit component costs and non-recurring development costs. As more people experience the advantages of a mobile lifestyle at home, they demand the same advantages in their professional lives. We believe that the trend toward mobile, handheld products that have a PC-like and cloud user experience, small form factor and maximize battery

life will be prominent in the computing, industrial, medical and military markets. One such example is the trend of Smartphone and Tablet makers to offer the new, smaller form factor Wearables.

We believe these industry trends are shifting the demand among different classes of core silicon. The following are the four main classes of non-memory core silicon:

- Microcontrollers, or MCUs, are typically small, low-power devices on a single integrated circuit that contain a processor core, memory and a number of peripherals. They are designed to be programmed with software for embedded applications;
- Application Specific Standard Products, or ASSPs, other than processors, are fixed function devices designed to address a relatively narrow set of applications. These devices typically integrate a number of common peripherals or functions and the functionality of these devices is fixed prior to wafer fabrication;
- Programmable Logic Devices, or PLDs, are general-purpose devices, which can be used by a variety of electronic systems manufacturers and are customized after purchase for a specific application. FPGAs are a subset of PLDs and are typically used to implement complex system functions; and
- Application Specific Integrated Circuits, or ASICs, are custom devices designed and fabricated to meet the needs of one specific application for one end-customer. Structured ASICs, a sub-category of ASICs, provide a limited amount of custom content to broaden the applicability of a device for additional applications.

ASSPs are offered broadly to the market, making it challenging for a system designer to create differentiated products from these devices alone. In many situations, the available ASSPs may not directly implement the desired function and the system designer is required to use a combination of ASSPs to achieve the desired result at the expense of increased cost, product size and power consumption. As standards evolve or new standards are developed, ASSPs may not be available to implement desired functions.

System designers can customize their products using programmable logic ASICs or MCUs. The competitive dynamic between these classes of core silicon are well understood. High development risks, development costs and opportunity costs are incurred when using ASICs to produce custom devices with very low unit production cost. Suppliers of programmable logic devices, which have lower development and market risks and development costs relative to ASICs, have aggressively reduced the unit cost of their products over time, making programmable logic devices the solution of choice for custom products unless the volume is very high. These cost reduction efforts have significantly increased the volume required to justify the total cost of an ASIC.

Consumer devices incorporate complex, rapidly changing technology, require rapid product proliferation, and have short product life and development cycles. Therefore, most mobile designers design their products from a base platform, or reference design, provided to them by the vendor of the processor they have selected for their design. To differentiate their products from their competition, OEMs and ODMs may require some level of customization at either the hardware or software level. Designers have only a few viable options to modify the base platform for their needs. Since mobile system designers require very low power consumption to maximize battery life in their applications, the high power consumption of conventional FPGAs is incompatible with their design goals. This effectively limits the average mobile system designer to ASSPs, small PLDs, mobile-oriented FPGAs, and MCUs to create a virtual level playing field among mobile system designers, and makes product proliferation and differentiation extremely hard to achieve. ASICs with their long development cycles, long lead times and high non-recurring development costs are only used in very high volume mainstream consumer products.

The traditional military and industrial markets are well served by existing core silicon. Much of this market uses complex ASSPs since price, power and size are not particularly critical design considerations. When there is a strong need for a custom solution in high volume applications, designers turn to an ASIC and, in low to medium volume applications, they use FPGAs. QuickLogic FPGAs have a loyal following in certain segments of these markets, particularly when instant-on, energy efficiency, high reliability or intellectual property security is

important. These markets are expected to follow a typical mature product trend, as compared with the predicted growth in our business in the consumer market.

**Markets and Product Technology**

We market our solutions primarily to consumer and industrial device OEMs and ODMs. We have complete solutions incorporating our silicon platforms, IPs, software drivers, SensiML Analytics Toolkit and our system architecture expertise. A solution can be based on our programmable technology, which enables customized designs, low power, flexibility, rapid time-to-market, longer time-in-market and lower total cost of ownership. We are capable of providing complete solutions because of our investment in developing the low power IP and software required to implement specific functions, along with sensor software algorithms optimized for our architecture. In some cases, we develop the IPs and either software or firmware ourselves and, in other cases, we utilize third parties to develop the mixed signal physical layers, logic and/or software.

We market our solutions to OEMs and ODMs offering differentiated mobile products, to processor vendors wishing to expand their served available market, and to sensor manufacturers and sensor processing software companies wishing to expand their ecosystems. Our target mobile markets include Tablets, Wearables, Hearables, Smartphones, Consumer Electronics and Consumer/Industrial IoT. Our solutions typically fall into one of three categories: Sensor Processing, Display and Visual Enhancement, or Smart Connectivity.

By using our silicon platforms, our IPs, our software, and our in-depth architecture knowledge, we can deliver energy efficient custom solutions that blend the benefits of traditional ASSPs with the flexibility, product proliferation, differentiation and low total cost of ownership advantages of programmable logic.

Our product technology consists of five major elements:

First, our programmable logic allows us to hardware customize our platforms. We have two distinct types of programmable logic. We have an SRAM-reprogrammable logic architecture that utilizes a standard CMOS-logic process to meet the specific needs of the sensor and I/O subsystems of mobile devices: very low standby power, low dynamic power, and in-system reprogrammable technology. Our SRAM-reprogrammable logic is the basis of our ArcticPro eFPGA IP Licensing initiative, and is the logic used in our EOS S3, EOS S3 LV, and EOS S3AI products.

We also have our ViaLink programmable logic that uses proprietary and patented technology to meet the specific smart connectivity needs when the characteristics of non-volatility and instant-on, very low standby power, low dynamic power, small form factor, single chip solutions that power cycle easily and quickly are required. Hardware customization gives our devices the ability to execute key actions faster than software implementations, and at lower power.

Second, our ArcticLink and EOS S3, EOS S3 LV, and EOS S3AI platforms combine mixed signal physical functions, hard-wired logic and programmable logic on one device. Mixed signal capability supports the trend toward serial connectivity in mobile applications, where designers benefit from lower pin counts, simplified printed circuit board, or PCB, layouts, simplified PCB interconnect and reduced signal noise. Adding hard-wired IP enables us to deliver more logic at lower cost and lower power while the programmable logic allows us to provide solutions that can be rapidly customized to differentiate products, add features and reduce system development costs. This combination of mixed signal, hard-wired logic and programmable logic enables us to deliver low cost, small form factor solutions that can be customized for particular customer or market requirements while lowering the total cost of ownership.

Third, we develop and integrate innovative IP cores, intelligent data processing IP cores, or standard interfaces used in mobile products. In addition to standards-based IP, we also offer proprietary IP such as:

- *Sensor Processing IPs* such as Flexible Fusion Engine, or FFE, Sensor Manager, or Communications Manager;
- *Hardware Acceleration / Processor Offloading IPs such as various digital filter and matrix multiplication functions.*

Fourth, we develop and optimize a software framework for use in conjunction with our sensor processing silicon platforms.

Fifth, through SensiML, we develop and optimize an end-to-end software suite that provides developers a practical means for developing IoT sensor algorithms using AI. Each component of the software suite handles specific steps to progress from initial raw sensor data collection using prototype hardware to optimized firmware code generation, validation and testing, and post-ship algorithm updates and continuous learning enhancements. SensiML Data Capture Lab is a full-featured client tool that enables rapid, efficient, and collaborative multi-user data collection, cleansing, labeling, and metadata annotation of custom application datasets. SensiML Analytics Studio is a cloud service component that uses labeled datasets to deliver device-optimized firmware for a chosen endpoint product. SensiML Test App is used to quickly and efficiently validate final device firmware and test for the proper behavior, accuracy, and performance of the algorithm empirically on actual endpoint hardware. Lastly, the SensiML Application Programmer’s Interface (API) is a simplified interface to extend the SensiML algorithms and manage advanced features like edge model tuning and continuous learning updates to the cloud.

**Marketing, Sales and Customers**

We are a sub-system integrator that monetizes solutions through silicon sales, eFPGA IP licensing and SensiML Analytics Toolkit subscriptions and per unit royalties. We specialize in enhancing the user experience in leading edge mobile devices and products. For our customers, we enable hardware and sensor algorithmic differentiation quickly, cost-effectively and at low power. For our partners, we expand their reach into new segments and new use cases thereby expanding the served available market for their existing devices.

Our vision is to transform the way people and devices interact with each other and their surroundings. Our mission is to provide innovative platforms to successfully enable our customers to develop products that fundamentally change the end-user experience. Specifically, we develop low power SoCs, FPGAs, embedded FPGA intellectual property and the SensiML Analytics Toolkit for AI Software. QuickLogic’s products enable smartphone, wearable, hearbles, tablet, Consumer Electronics, and Consumer/Industrial IoT device OEMs to deliver highly differentiated, immersive user experiences and long battery life for their customers.

Our multi-core sensor processing products such as ArcticLink 3 S1, ArcticLink 3 S2, EOS 3, EOS S3 LV, and EOS S3AI accomplish this result with general purpose and targeted cores, which provide an extremely power-efficient approach for real-time multi-modal (vision, motion, voice, location, biometric and environmental) sensor processing independently of the cloud. Our embedded FPGA technology gives SoC developers targeting IoT endpoint applications the flexibility to make design changes post production while keeping power consumption low. Our SensiML Analytics Toolkit is cutting-edge software that enables ultra-low power IoT endpoints that implement AI to transform raw sensor data into meaningful insight at the device itself. The Toolkit also provides an end-to-end development platform spanning data collection, labeling, algorithm and firmware auto generation, and testing.

Market leading companies need to deliver new products quickly and cost-effectively. We believe our programmable technology allows us to deliver customizable solutions with low power consumption and high IP security, while meeting system performance and BOM cost requirements. We believe our solutions allow OEMs and ODMs to rapidly bring new and differentiated products to market quickly and cost-effectively. Our solutions enable energy and cost-efficient solutions on design platforms from which a range of products can be introduced.

We recognize that our markets require a range of solutions, and we intend to work with market leading companies to combine silicon solution platforms, packaging technology, sensor software algorithms, software drivers and firmware, to meet the product proliferation, high bandwidth, time-to-market, time-in-market and form factor requirements of mobile device manufacturers. We expect solutions to range from devices that include mixed signal and visual enhancement capability to devices that provide off-load engines from the host processor to save power and extend system battery life. We intend to continue to define and implement compelling solutions for our target customers and partners.

Our business model is two-fold. For the consumer market, it includes a focused customer strategy in which we target market-leading customers, who primarily serve the market for differentiated mobile products. Our belief is

that a large majority of our revenue will continue to come from less than 100 consumer customers aswe transition to this business model. For the consumer customers, we have identified and plan to continue to identify the customers we want to serve with our solutions, and are currently in different stages of engagement with a number of these customers. The other half of the business model is targeted at the IoT customers that are deploying AI solutions. This go-to-market strategy focuses on a broader sales and marketing approach. Unlike the consumer market, the IoT market for AI solutions is made up of hundreds, if not thousands, of individual customers. We have identified reference designs, evaluation systems and evaluation software kits that we can enable our channel sales partners to sell to these customers. We believe our solutions are resonating with our target customers who value the differentiated user experience, lower power consumption, platform design capability, rapid time-to-market, longer time-in-market and low total cost of ownership available through the use of our solutions.

We sell our products through a network of sales managers in North America, Europe and Asia. In addition to our corporate headquarters in San Jose, California, we have international sales operations in China, Japan, Taiwan, South Korea and the United Kingdom. Our sales personnel and independent sales representatives are responsible for sales and application support for a given region, focusing on major strategic accounts, and managing our channel sales partners such as distributors.

Our customers typically order our products through our distributors. Currently, we have two distributors in North America and a network of seventeen distributors and sales representative throughout Europe and Asia to support our international business.

We also have a military, industrial and mobile product customer base that purchases our mature silicon products. We expect to continue to offer silicon devices to these customers.

Two of our customers represented 13% and 10% of our total revenue for the year ended December 29, 2019 and three of our customers represented 12%, 10% and 10% for the year ended December 30, 2018, respectively. In addition, a significant portion of our revenue comes from sales to customers located outside of the United States. See Note 14 to the Consolidated Financial Statements for information on our revenue by geography, market segment and key customers.

In the past, there has not been a predictable seasonal pattern to our business. However, we may experience seasonal patterns in the future due to global economic conditions, the overall volatility of the semiconductor industry and the inherent seasonality of the mobile and consumer markets.

**Backlog**

We do not believe that backlog as of any particular date is indicative of future results. A majority of our quarterly shipments typically are booked during the quarter. Our sales are made primarily pursuant to standard purchase orders issued by OEM customers and distributors.

**Competition**

A number of companies offer products that compete with one or more of our semiconductor products and solutions. Our semiconductor competitors include: (i) suppliers of ASSPs such as DSP Group; (ii) suppliers of mobile and/or application processors; (iii) suppliers of ASICs; (iv) suppliers of mobile-oriented FPGAs such as Lattice; and (v) suppliers of low power microcontrollers such as Atmel (a subsidiary of Microchip Technology), ST Microelectronics and NXP. Our existing competitors for conventional FPGAs include suppliers of low power CPLDs and FPGAs such as Lattice, Xilinx, Intel and MicroSemi (a subsidiary of Microchip Technology).

ASSPs offer proven functionality which reduces development time, risk and cost, but it is difficult to offer a differentiated product using standard devices, and ASSPs that meet the system design objectives are not always available. Conventional programmab le logic may be used to create custom functions that provide product differentiation or make up for deficiencies in available ASSPs. PLDs require more designer input since the designer has to develop and integrate the IP and may have to develop the software to drive the IP. PLDs are more expensive and consume more power than ASSPs or ASICs, but they offer fast time-to-market and are typically

reprogrammable. OEMs have adopted mobile-oriented FPGAs in the mobile product market, but offer very little in termsof hard logic blocks that may decrease power consumption or selling price to the OEM. ASICs have a large development cost and risk and a long time to market. As a result, ASICs are generally only used for single designs with very high volumes. MCUs offer extensive software flexibility, but often do not offer sensor software algorithms, the lowest power, nor any hardware flexibility. Our solutions enable custom functions and system designs with fast time-to-market and longer time-in-market since they are customized by us using our solution platforms that contain programmable logic. In addition, because they are complete solutions, they reduce the system development cost and risk.

Since the AI software market is nascent, particularly for the edge and endpoint applications, there are no direct competitors to the SensiML analytics software platform at this point.

Competitors for our eFPGA IP licensing product include a few of startup companies.

**Research and Development**

We are focused on developing our solutions and platforms. Our solutions combine our silicon platforms with our IPs, software drivers, and other system software, and may include SensiML software for AI applications. Our future success will depend largely on our ability to rapidly develop, enhance and introduce our platform solutions that meet emerging industry standards and satisfy changing customer requirements. We have made and expect to continue to make substantial investments in research and development. Our research and development expenses for the years ended December 29, 2019, December 30, 2018 and December 31, 2017 were $12.4 million (120% of revenue), $9.9 million (79% of revenue), and $9.6 million (79% of revenue), respectively. Our research and development expenses for the year ended December 29, 2019 included the expenses of our newly acquired SensiML Corporation.

As of December 29, 2019, our research and development staff consist of 41 employees located in California, India, and Oregon.

- Our system software group creates the drivers and other system code required to connect our silicon devices to Application Processors, drivers and microcode to support our sensor hubs.
- Our platform engineering group develops low power programmable devices and system IP that can be used in standalone solution platforms such as PolarPro 3E, or combined in solution platforms such as EOS S3.
- Our EDA software group develops the design libraries, interface routines and place and route software that allow our engineers to use third party design environments to develop designs that are incorporated into our programmable devices, and develops the design tools that support algorithm development for our sensor hubs.
- Our hardware group develops and verifies IP Blocks that can be programmed into our programmable logic and develops reference designs to showcase and verify our solutions.
- Our product engineering group oversees product manufacturing and process development with our third party foundries, and is involved in ongoing process improvements to increase yields and optimize device characteristics.
- The Office of the CTO investigates future trends and requirements in order to define the next generation of solutions and platforms.
- Our SensiML group develops and maintains all software with respect to the SensiML Analytics Software Suite.

## Manufacturing

We have close relationships with third-party manufacturers for our wafer fabrication, package assembly, and testing requirements to help us ensure stability in the supply of our products and to allow us to focus our internal efforts on product and solution design and sales.

We currently outsource our wafer manufacturing, primarily to GLOBALFOUNDRIES and Taiwan Semiconductor Manufacturing Company Limited, or TSMC. We outsource our product packaging primarily to Amkor Technology, Inc. and STATS-ChipPAC. GLOBALFOUNDRIES manufactures our EOS S3, EOS S3 LV, and EOS S3AI Sensor Platform in a 40 nm CMOS process, and PolarPro 3E, ArcticLink III VX and BX, and ArcticLink 3 S2 Sensor Hub, in a 65 nm CMOS process. TSMC manufactures our pASIC 3, QuickRAM and certain QuickPCI products, using a 0.35 micron complementary metal oxide semiconductor, or CMOS, process. TSMC also manufactures our Eclipse products on 0.25 micron CMOS process, and other mature products using a 65nm CMOS process on twelve-inch wafers. We purchase products from GLOBALFOUNDRIES, and TSMC on a purchase order basis.

Outsourcing of wafer manufacturing enables us to take advantage of the high volume economies of scale offered by these suppliers. We may establish additional foundry relationships as such arrangements become economically useful or technically necessary.

## Employees

On December 29, 2019, we had 81 employees worldwide. We believe our future success depends in part on our continued ability to attract, hire and retain qualified personnel. None of our employees are represented by a labor union and we believe our employee relations are favorable.

## Intellectual Property

We believe that it is important to maintain a large patent portfolio to protect our innovations. We currently hold twenty-one active U.S. patents and have two pending applications for additional U.S. patents. Our patents contain claims covering various aspects of programmable integrated circuits, programmable interconnect structures and programmable metal devices. In Europe and Asia, we have been granted thirteen patents and have five pending applications. Our issued patents expire between 2020 and 2037.

In most cases, revenue will decline from a decrease in demand for our mature products long before the expiration of pending or issued patents relating to the underlying technology in such products. The decision to cease maintaining a patent is made based on the importance of the patent in our current or future product offerings.

We have seven trademarks registered with the U.S. Patent and Trademark Office.

**Information About Our Executive Officers and Directors**

Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. There are no family relationships among our directors and officers.

The following table sets forth certain information concerning our current executive officers and directors as of March 13, 2020:

| Name | Age | Position |
|---|---|---|
| Brian C. Faith | 45 | President and Chief Executive Officer; Director |
| Suping (Sue) Cheung | 56 | Chief Financial Officer and Vice President, Finance |
| Rajiv Jain | 59 | Vice President, Worldwide Operations |
| Timothy Saxe | 64 | Senior Vice President Engineering and Chief Technology Officer |
| Michael R. Farese | 73 | Chairman of the Board |
| Andrew J. Pease | 69 | Director |
| Arturo Krueger | 80 | Director |
| Daniel A. Rabinovitsj | 55 | Director |
| Christine Russell | 69 | Director |
| Gary H. Tauss | 65 | Director |

*Brian C. Faith* joined QuickLogic in June 1996. Mr. Faith has served as our President and Chief Executive Officer since June 2016 after having served as Vice President of Worldwide Marketing and Vice President of Worldwide Sales & Marketing between 2008 and 2016. Mr. Faith during the last 21 years has held a variety of managerial and executive leadership positions in engineering, product line management, marketing and sales. Mr. Faith has also served as the board member of the Global Semiconductor Alliance (GSA), the Chairman of the Marketing Committee for the CE-ATA Organization. He holds a B.S. degree in Computer Engineering from Santa Clara University and was an Adjunct Lecturer at Santa Clara University for Programmable Logic courses.

*Suping (Sue) Cheung* (Ph.D.) joined QuickLogic in May 2007. Dr. Cheung has served as our Chief Financial Officer, Vice President of Finance, Chief Accounting Officer, and Principal Accounting Officer since May 2015, Corporate Controller from 2007 to 2018. Prior to joining QuickLogic, Dr. Cheung was a Senior Manager of SEC Reporting, Technical Accounting and International Consolidation at Dell SonicWALL from 2006 to 2007 and was the Senior Accounting Manager at VeriFone System, Inc. from 2005 to 2006. Prior to 2005, Dr. Cheung held various senior accounting and financial management roles in both publicly traded and privately held companies. Dr. Cheung began her career with PricewaterhouseCoopers (PWC) where she served as an auditor and as a tax consultant. Dr. Cheung holds a Ph.D. in Business Administration and a Masters in Accounting from the Florida International University in Miami. She is a Certified Public Accountant.

*Rajiv Jain* joined QuickLogic in August 1992. Mr. Jain has served as our Vice President of Worldwide Operations since April 2014. Prior to this role, Mr. Jain served as QuickLogic’s Senior Director of Operations and Development Engineering from 2011 to 2014, Senior Director of System Solutions and Process Technology from 2009 to 2011, Director of Process Technology from 1997 to 2009, and Senior Process Technologist from 1992 to 1997. Prior to joining QuickLogic, Mr. Jain was a Senior Yield Engineer at National Semiconductor from 1991 to 1992, where he focused on BiCMOS product yield improvements, and at Monolithic Memories from 1985 to 1988, where he focused on BiPolar product yield and engineering wafer sort improvements. Mr. Jain holds a Master’s degree in Chemical Engineering from the University of California, Berkeley and a B.S. degree in Chemical Engineering from the University of Illinois, Champaign/Urbana.

*Timothy Saxe (Ph.D.)* joined QuickLogic in May 2001. Dr. Saxe has served as our Senior Vice President of Engineering and Chief Technology Officer since August 2016 and Senior Vice President and Chief Technology Officer since November 2008. Previously, Dr. Saxe has held a variety of executive leadership positions in QuickLogic including Vice President of Engineering and Vice President of Software Engineering. Dr. Saxe was Vice President of FLASH Engineering at Actel Corporation, a semiconductor manufacturing company, from November 2000 to February 2001. Dr. Saxe joined GateField Corporation, a design verification tools and services company formerly known as Zycad, in June 1983 and was a founder of their semiconductor manufacturing division in 1993. Dr. Saxe became GateField's Chief Executive Officer in February 1999 and served in that capacity until Actel Corporation acquired GateField in November 2000. Dr. Saxe holds a B.S.E.E. degree from North Carolina State University, and an M.S.E.E. degree and a Ph.D. in Electrical Engineering from Stanford University.

Information regarding the backgrounds of our directors is set forth under the caption "Proposal One, Election of Directors" in our Proxy Statement, which information is incorporated herein by reference.

## ITEM 1A. RISK FACTORS

In addition to other information in this Annual Report on Form 10-K and in other filings we make with the Securities and Exchange Commission, the following risk factors should be carefully considered in evaluating our business as they may have a significant impact on our business, operating results and financial condition. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects could be materially and adversely affected. Because of the following factors, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.

*If we fail to successfully develop, introduce and sell new products, eFPGA IP Product, SensiML Software subscriptions/licenses, and other new solutions or if our design opportunities do not generate the revenue we expect, we may be unable to compete effectively in the future and our future gross margins and operating results will be lower.*

The market for differentiated consumer devices is highly competitive and dynamic, with short end market product life cycles and rapid obsolescence of existing products. To compete successfully, we must obtain access to advanced fabrication capacity and dedicate significant resources to specify, design, develop, manufacture and sell new or enhanced solutions that provide increasingly higher levels of performance, low power consumption, new features, meeting current and emerging industry standards, reliability and/or cost savings to our customers. Due to the short product life cycle of these devices, our revenue is subject to fluctuation in a short period of time and our ability to grow our business depends on accelerating our design win activity. We often make significant investments in solutions, sensor algorithm software and silicon platform development, selling and marketing, long before we generate revenue, if any, from our efforts. The markets we are targeting typically have higher volumes and greater price pressure than our traditional business. In addition, we quote opportunities in anticipation of future cost reductions and may aggressively price products to gain market share. In order to react quickly to opportunities or to obtain favorable wafer prices, we make significant investments in and commitments to purchase inventories and capital equipment before we have firm commitments from customers.

We expect our business growth to be driven by new products, which currently include EOS™, Quick AI, SensiML, ArcticLink® III, PolarPro®3, PolarPro II, PolarPro, Eclipse II products. We also launched a business that licenses our FPGA technology for use in other semiconductor companies' SoCs and delivered our first eFPGA IP product ArcticPro™ in 2017. The new product revenue growth of our new products and eFPGA IP product needs to be strong enough to achieve profitability. The gross margin associated with our new products is generally lower than the gross margin of our mature products, due primarily to the price-sensitive nature of the higher volume mobile consumer opportunities that we are pursuing with new products and eFPGA IP product. Because the product life cycle of mobile products is short, we must replace revenue at the end of a product life cycle with sales from new design opportunities. While we expect revenue and gross profit growth from new products and eFPGA IP product will offset the expected decline in revenue and gross profit from our mature products, there is no assurance whether or when this will occur. In order to increase our revenue from its current level, we depend upon increased revenue from our existing new products, especially solutions based on our EOS S3, ArcticLink and PolarPro solution platforms, the eFPGA IP product and the development of additional new products and solutions.

If (i) we are unable to design, produce and sell new products, eFPGA IP, SensiML and other products and solutions that meet design specifications, address customer requirements and generate sufficient revenue and gross profit; (ii) market demand for our new products, eFPGA IP product and other products fails to materialize; (iii) we are unable to obtain adequate fabrication capacity on a timely basis; (iv) we are unable to develop new silicon platforms or solutions in a timely manner; or (v) our customers do not successfully introduce products incorporating our devices, or choose a competing offering, our revenue and gross margin of the new products and eFPGA IP product will be materially harmed, which could have an overall adverse and potentially disproportionate effect on our business, results of operations and financial condition.

*Two of our products target new unproven markets, and if these markets do not develop, or if our products do not meet their needs, the loss of or reduction in orders could adversely affect our revenue and harm our business financial condition, operating results and cash flows.*

eFPGA: We have history and experience in developing, selling and supporting FPGA products and incorporating FPGA IP developed by us into our platform solutions. The eFPGA market is a developing market with unknown requirements and demand. Our current FPGA architectures and their performance may not be a good fit for the eFPGA Market. eFPGA IP is designed for specific foundry/process node combinations, and the ones we have chosen to target may be different from what our customers require. The software developed by us for eFPGA may be delayed or may not meet the needs of the eFPGA Market. The support required by a customer to incorporate the eFPGA may be much higher than expected which may delay new engagements or lead to high costs. The incorporated eFPGA IP may have an unexpected result in the customer's chip leading to compensation demands. The expected NRE and royalty rates we expect to charge for the eFPGA may not be competitive, which may have a material adverse effect on our business, results of operations and financial condition.

SensiML: Mainstream AI runs on powerful processors and large FPGAs. SensiML's AI solution targets end point solutions that use low power processors. The end point AI market is a developing market with unknown requirements and demand. The current SensiML solution may not be a good fit to the evolving needs of the end-point AI market. The support required for customer evaluations and implementation may be higher than expected which may delay engagements and lead to higher costs. The expected SaaS licensing fees and royalty rates we expect to charge for the SensiML solutions may not be competitive, which may have a material adverse effect on our business, results of operations and financial condition.

*If our AI products are not low touch, the cost of addressing the fragmented AI market will be high which will delay market penetration, result in reduced revenues or require increased expenses, any of which could adversely affect our revenue and harm our business financial condition, operating results and cash flows.*

The end point AI market consists of many different use cases, with each individual use case having a modest volume even though the aggregate volume is large. This is quite different from the mobile consumer market which consists of a few large customers and use cases. In order to scale in the fragmented AI end point market, our products will have to be extremely low touch so that the cost of support is low and scalable across many customers. The current EOS S3AI solution and SensiML solutions may not be sufficiently low touch to address this market in a cost-effective manner, or in the volume required. Higher than expected costs, or lower than expected volume may have a material adverse effect on our business, results of operations and financial condition.

*We have incurred losses in the past years since 2011 and anticipate that we will incur continued losses through at least the next year, we may not be able to generate sufficient revenue or raise additional financing to fund future losses, and we may not be able to sustain sufficient liquidity to continue to operate as a going concern.*

We have experienced net losses in the past years and expect such losses to continue through at least the year ending January 3, 2021 as we continue to develop new products, applications and technologies. Our new products and products currently under development have been generating lower gross margin as a percentage of revenue than our mature products due to the markets that we have targeted and the larger order quantities associated with these applications. Whether we can achieve cash flow levels sufficient to support our operations cannot be accurately predicted, and our investment portfolio is subject to a degree of interest rate and liquidity risk. Unless such cash flow levels are achieved, in addition to the proceeds that we received on June 21, 2019 from the sale of our equity securities, and the credit line we may be able to draw down from Heritage Bank of Commerce under the Amended and Restated Loan and Security Agreement dated December 21, 2018 and the first amendment to the Amended and Restated Loan and Security Agreement dated November 6, 2019, by and between our company and Heritage Bank of Commerce, we may need to obtain additional funds through strategic divestiture, or sell debt or equity securities, or some combination thereof, to provide funding for our operations. Such additional funding may not be available on commercially reasonable terms, or at all.

If we are unable to generate sufficient sales from its new products or adequate funds are not available when needed, our liquidity, financial condition and operating results would be materially and adversely affected, and we may not be able to operate our business without significant changes in our operations or at all.

*Our products are subject to a lengthy sales cycle and our customers may cancel or change their product plans after we have expended substantial time and resources in the design of their products.*

Our customers often evaluate our products for six months or more before designing them into their systems, and they may not commence volume shipments for up to an additional six to twelve months, if at all. During this lengthy sales cycle, our potential customers may cancel or change their product plans. Customers may also discontinue products incorporating our devices at any time or they may choose to replace our products with lower cost semiconductors. In addition, we are working with leading customers in our target markets to define our future products. If customers cancel, reduce or delay product orders from us, or choose not to release products that incorporate our devices after we have spent substantial time and resources developing products or assisting customers with their product design, our revenue levels may be less than anticipated and our business, results of operations and financial condition may be materially adversely affected.

*We currently depend on a limited number of significant customers, for a significant portion of our revenue and the loss of or reduction in orders from such significant customers could adversely affect our revenue and harm our business financial condition, operating results and cash flows.*

A small number of end-customers represented a significant portion our total revenue in our fiscal year ended December 29, 2019. During our fiscal year ended December 29, 2019, two customers accounted for 13% and 10%, respectively, of our total revenue. We expect to maintain this high level of customer concentration as we continue to market our solutions to leading manufacturers of high-volume mobile applications. As in the past, future demand from these customers may fluctuate significantly from quarter to quarter. These customers typically order products with short requested delivery lead times, and do not provide a commitment to purchase product past the period covered by purchase orders, which may be rescheduled or canceled. In addition, our manufacturing lead times are longer than the delivery lead times requested by these customers, and we make significant purchases of inventory and capital expenditures in anticipation of future demand. If revenue from any significant customer were to decline substantially, we may be unable to offset this decline with increased revenue and gross margin from other customers and we may purchase excess inventories. These factors could have a material adverse impact on our business, results of operations and financial condition.

We may make a significant investment in long-lived assets for the production of our products based upon historical and expected demand. If demand for our products or gross margin generated from our products does not meet our expectations or if we are unable to collect amounts due from significant customers, we may be required to write-off inventories, provide for uncollectible accounts receivable or incur charges against long-lived assets, which may have a material adverse effect on our business, results of operations and financial condition.

*We depend upon partnering with other companies to offer voice, motion, and other solutions into our platform.*

In addition to working directly with our customers, we partner with other companies that are experts in certain technologies to create more complete solutions. The depth of these relationships varies depending on the partner and the dynamics of the end market being targeted, but these relationships are typically a co-marketing relationship that includes joint account calls, promotional activities and/or engineering collaboration and developments. The propriety code provided by these partners may be an integral part of the solutions that we offer our customers. If we are unable to obtain competitive pricing (NRE, royalty) and prompt quality support by our partner, our solution may not be competitive. In addition, if the quality of our partner’s solution does not meet our customer’s requirements, it may delay or prevent the incorporation of our product by the customer. There may also be delays and additional expenses to improve or update the partner’s solution to meet current market needs. If we are unable to maintain a close working relationship with our partners it would hinder our ability to continue to develop and introduce leading solutions effectively in the future, which may have a material adverse effect on our business, results of operations and financial condition.

*We depend on our relationships with third parties to manufacture our new products.*

We depend upon GLOBALFOUNDRIES, TSMC, Amkor and STAT-chipPAC to manufacture our new products. The inability of any one of these companies to continue manufacture of our new products for any reason would require us to identify and qualify a new foundry to manufacture our new products. This would be time consuming, difficult and result in unforeseen operational problems. Alternate foundries might not be available to fabricate our new products, or if available, might be unwilling or unable to offer services on acceptable terms and our ability to operate our business or deliver our products to our customers could be severely impaired.

*We depend upon third parties for silicon IP, detailed registered-transfer level, or RTL, design, physical design, verification and assembly of our silicon platforms and any failure to meet our requirements in a timely fashion may adversely affect our time to market and revenue.*

Our move to a variable cost or outsourced engineering development model allows us access to the best design resources for developing new silicon platforms. This includes access to leading edge silicon IP as well as RTL design and physical design expertise. However, outsourcing the design of a complex silicon platform typically involves multiple companies in multiple locations, which may increase the risk of costly design errors. Any delays or errors in the design of our new silicon platforms could significantly increase the cost of development as well as adversely affect our time to market, which may have a material adverse effect on our business, results of operations and financial condition.

*We depend upon partnering with other companies to develop IP, reference platforms, algorithm and system software.*

In addition to working directly with our customers, we partner with other companies that are experts in certain technologies to develop additional intellectual property, reference platforms, algorithms and system software to provide application solutions. We also work with mobile processor manufacturers and companies that supply sensor, storage, networking or graphics components for embedded systems. The depth of these relationships varies depending on the partner and the dynamics of the end market being targeted, but is typically a co-marketing relationship that includes joint account calls, promotional activities and/or engineering collaboration and developments, such as reference designs. If we are unable to license new technologies, maintain a close working relationship with our partners, fail to continue to develop and introduce leading technologies or if these technologies fail to generate the revenue we expect, we may not be able to compete effectively in the future, which may have a material adverse effect on our business, results of operations and financial condition.

*We depend upon third parties to fabricate, assemble, test and program our products, and to provide logistics services. Any problems at these third parties could adversely affect our business, results of operations and financial condition.*

We contract with third parties to fabricate, assemble, test and program our devices, and vendors for logistics. In general, each of our devices is fabricated, assembled and programmed by a single supplier, and the loss of a supplier, transfer of manufacturing to a new location, expiration of a supply agreement or the inability of our suppliers to manufacture our products to meet volume, performance, quality and cost targets could have a material adverse effect on our business. Our relationship with our suppliers could change as a result of a merger or acquisition. If for any reason these suppliers or any other vendor becomes unable or unwilling to continue to provide services of acceptable quality, at acceptable costs and in a timely manner, our ability to operate our business or deliver our products to our customers could be severely impaired. We would have to identify and qualify substitute suppliers, which could be time consuming, difficult and result in unforeseen operational problems, or we could announce an end-of-life program for these products. Alternate suppliers might not be available to fabricate, assemble, test and program our devices or, if available, might be unwilling or unable to offer services on acceptable terms. In addition, if competition for wafer manufacturing capacity increases, if we need to migrate to more advanced wafer manufacturing technology, or if competition for assembly services increases, we may be required to pay or invest significant amounts to secure access to this capacity. The number of companies that provide these services is limited and some of them have limited operating histories and financial resources. In the event our current suppliers refuse or are unable to continue to provide these services to us, or if we are unable to secure sufficient capacity from our current suppliers on commercially reasonable terms, we may be unable to procure

services from alternate suppliers in a timely manner, if at all. Moreover, our reliance on a limited number of suppliers subjects us to reduced control over delivery schedules, quality assurance and costs. This lack of control may cause unforeseen product shortages or may increase our cost to manufacture and test our products.

We utilize third party logistics services, including transportation, warehouse and shipping services. These service providers are subject to interruptions that affect their ability to service us, including the availability of transportation services, disruptions related to work stoppages, volatility in fuel prices and security incidents or natural events at manufacturing, shipping or receiving points or along transportation routes.

In the event any of our third party suppliers or vendors were to experience financial, operational, production or quality assurance difficulties resulting in a reduction or interruption in supply or providing services to us, our business, results of operations and financial condition may be materially adversely affected.

*If we fail to adequately forecast demand for our products, we may incur product shortages or excess product inventories.*

Our agreements with certain suppliers require us to provide forecasts of our anticipated manufacturing orders, and place binding manufacturing commitments in advance of receiving purchase orders from our customers. We are limited in our ability to increase or decrease our forecasts under such agreements. Other manufacturers supply us with product on a purchase order basis. The allocation of capacity is determined solely by our suppliers, over which we have no direct control. Additionally, we may place orders with our suppliers in advance of customer orders to allow us to quickly respond to changing customer demand or to obtain favorable product costs. Furthermore, we provide our suppliers with equipment that is used to program our products to customer specifications. The programming equipment is manufactured to our specifications and has significant order lead times. These factors may result in product shortages or excess product inventories. Obtaining additional supply in the face of product, programming equipment or capacity shortages may be costly, or not possible, especially in the short-term since most of our products and programming equipment are supplied by a single supplier. If we fail to adequately forecast demand for our products, our business, the relationship with our customers, our results of operations and financial condition could be materially adversely affected.

*We entered into informal partnerships with certain third parties for the development of solutions. Our business could be adversely affected if such informal partnerships fail to grow as we expected.*

Our approach to developing solutions for potential customers involves developing solutions for and aligning our roadmap with application processor, sensor, and flash memory vendors. We have entered into informal partnerships with other parties that involve the development of solutions that interface with their devices or standards. These informal partnerships also may involve joint marketing campaigns and sales calls. If the informal partnerships do not grow as expected or if they are significantly reduced or terminated by acquisition or other means, our business, results of operations and financial condition could be materially adversely effected and we may be required to write-off related inventories and long-lived assets.

*Our business could be adversely affected by undetected errors or defect in our products.*

Difficulties encountered during the complex semiconductor manufacturing process can render a substantial percentage of semiconductor devices nonfunctional. New manufacturing techniques or fluctuations in the manufacturing process may change the performance distribution and yield of our products. We have, in the past, experienced manufacturing runs that have contained substantially reduced or no functioning devices, or that generated devices with below normal performance characteristics. Our reliance on third party suppliers may extend the period of time required to analyze and correct these problems. Once corrected, our customers may be required to redesign or re-qualify their products. As a result, we may incur substantially higher manufacturing costs, shortages of inventories or reduced customer demand.

Yield fluctuations frequently occur in connection with the manufacture of newly introduced products, with changes in product architecture, with manufacturing at new facilities, on new fabrication processes or in conjunction with new backend manufacturing processes. Newly introduced solutions and products are often more complex and

more difficult to produce, increasing the risk of manufacturing related defects. New manufacturing facilities or processes are often more complex and take a period of time to achieve expected quality levels and manufacturing efficiencies. While we test our products, including our software development tools, they may still contain errors or defects that are found after we have commenced commercial production. Undetected errors or defects may also result from new manufacturing processes or when new intellectual property is incorporated into our products. If our products or software development tools contain undetected or unresolved defects, we may lose market share, experience delays in or loss of market acceptance, reserve or scrap inventories or be required to issue a product recall. In addition, we would be at risk of product liability litigation if defects in our products were discovered. Although we attempt to limit our liability to end users through disclaimers of special, consequential and indirect damages and similar provisions, we cannot assure you that such limitations of liability will be legally enforceable.

*We may be unable to accurately estimate quarterly revenue, which could adversely affect the trading price of our stock.*

Due to our relatively long product delivery cycle and the inability of our customers in the rapidly evolving mobile market to confirm product requirements on a timely basis, we may have low visibility to product demand or estimated revenue in any given quarter. If our customers cannot provide us with accurate delivery lead times, we may not be able to deliver product to our customers in a timely fashion. Furthermore, our ability to respond to increased demand is limited to inventories on hand or on order, the capacity available at our contract manufacturers and our capacity to program products to customer specifications. If we fail to accurately estimate customer demand, or if our available capacity is less than needed to meet customer demand, we may not be able to accurately estimate our quarterly revenue, which may have a material adverse effect on our results of operations and financial condition, and our stock price could be materially fluctuate as a result.

*We will be unable to compete effectively if we fail to anticipate product opportunities based upon emerging technologies and standards or fail to develop products and solutions that incorporate these technologies and standards in a timely manner.*

We spend significant resources designing and developing silicon solution platforms, IP and software and reference designs, and adopting emerging technologies. We intend to develop additional products and solutions and to adopt new technologies in the future. If system manufacturers adopt alternative standards or technologies, if an industry standard or emerging technology that we have targeted fails to achieve broad market acceptance, if customers choose low power offerings from our competitors, or if we are unable to bring the technologies or solutions to market in a timely and cost-effective manner, we may be unable to generate significant revenue from our research and development efforts. As a result, our business, results of operations and financial condition could be materially adversely affected, and we may be required to write-off related inventories and long-lived assets.

*The semiconductor business is subject to downward price pressure.*

The market for our products has been characterized by declining selling prices, and we anticipate that our average selling prices will decrease in future periods, although the timing and amount of these decreases cannot be predicted with any certainty. The pricing pressure in the semiconductor industry in past years has been due to a large number of factors, many of which were not easily foreseeable, such as currency crisis, industry-wide excess manufacturing capacity, weak economic growth, the slowdown in capital spending that followed the "dot-com" collapse, the reduction in capital spending by telecom companies and satellite companies, and the effects of the terrorism since September 11, 2001. Similar to past years, recent unfavorable economic conditions have resulted in a tightening of the credit markets. If signs of improvement in the global economy do not progress as expected and global economic conditions worsen, we may experience a decline in our average selling prices. In addition, our competitors have in the past, and may again in the future, lower prices in order to increase their market share. Continued downward price pressure in the industry may harm our competitive position and materially and adversely affect our financial condition, cash flows, and results of operations.

*Our future operating results are likely to fluctuate and therefore may fail to meet expectations, which could cause our stock price to decline.*

Our operating results have varied widely in thepast and are likely to do so in the future. In addition, our past operating results may not be an indicator of future operating results.

Factors that could cause our operating results to fluctuate include, without limitation: (i) successful development and market acceptance of our products and solutions; (ii) our ability to accurately forecast product volumes and mix, and to respond to rapid changes in customer demand; (iii) changes in sales volume or expected sales volume, product mix, average selling prices or production variances that affect gross profit; (iv) the effect of end-of-life programs; (v) a significant change in sales to, or the collectability of accounts receivable from, our largest customers; (vi) our ability to adjust our product features, manufacturing capacity and costs in response to economic and competitive pressures; (vii) our reliance on subcontract manufacturers for product capacity, yield and quality; (viii) our competitors' product portfolio and product pricing policies; (ix) timely implementation of efficient manufacturing technologies; (x) errors in applying or changes in accounting and corporate governance rules; (xi) the issuance of equity compensation awards or changes in the terms of our stock plan or employee stock purchase plan; (xii) mergers or acquisitions; (xiii) the impact of import and export laws and regulations; (xiv) the cyclical nature of the semiconductor industry and general economic, market, political and social conditions in the countries where we sell our products and the related effect on our customers, distributors and suppliers; and (xv) our ability to obtain capital, debt financing and insurance on commercially reasonable terms. Although certain of these factors are out of our immediate control, unless we can anticipate and be prepared with contingency plans that respond to these factors, our business, results of operations and financial condition could be materially adversely affected, which could cause our stock price to significantly fluctuate or decline.

In particular, since we derived in 2019 and expect to continue to derive a significant portion of our revenue from China, our business development plans, results of operations and financial condition may be materially adversely affected by significant political, social and economic developments in China. A slowdown in economic growth in China, such as due to the outbreak of the COVID-19 virus could adversely impact our customers, prospective customers, suppliers, distributors and partners in China, which could have a material adverse effect on our results of the operations and financial condition. There is no guarantee that economic downturns, whether actual or perceived, any further decrease in economic growth rates or an otherwise uncertain economic outlook in China will not occur or persist in the future, that they will not be protracted or that governments will respond adequately to control and reverse such conditions, any of which could materially and adversely affect our business, financial condition and results of operations.

We may also encounter periods of industry wide semiconductor oversupply, resulting in pricing pressure, as well as undersupply, resulting in a risk that we could be unable to fulfill our customers' requirements. The semiconductor industry has historically been characterized by wide fluctuations in the demand for, and supply of, its products. These fluctuations have resulted in circumstances when supply of and demand for semiconductors has been widely out of balance. An industry wide semiconductor oversupply could result in severe downward pricing pressure from customers. In a market with undersupply of manufacturing capacity, we would have to compete with larger foundry and assembly customers for limited manufacturing resources. In such an environment, we may be unable to have our products manufactured in a timely manner, at a cost that generates adequate gross profit or in sufficient quantities. Since we outsource all of our manufacturing and generally have a single source of wafer supply, test, assembly and programming for our products, we are particularly vulnerable to such supply shortages and capacity limitations. As a result, we may be unable to fulfill orders and may lose customers. Any future industry wide oversupply or undersupply of semiconductors could therefore have a material adverse effect on our business, results of operations and financial condition.

*We may be unable to successfully grow our business if we fail to compete effectively with others to attract and retain our executive officers, and other key management or technical personnel.*

We believe our future success depends upon our ability to attract and retain highly competent personnel. Our employees are at-will and not subject to employment contracts. We could potentially lose the services of any of our senior management personnel at any time due to a variety of factors that could include, without limitation, death, incapacity, military service, personal issues, retirement, resignation or competing employers. Our ability to execute current plans could be adversely affected by such a loss. We may fail to attract and retain qualified technical, sales,

marketing and managerial personnel required to continue to operate our business successfully. Personnel with the expertisenecessary for our business are scarce and competition for personnel with proper skills is intense.

In addition, new hires frequently require extensive training before they achieve desired levels of productivity. Additionally, attrition in personnel can result from, among other things, changes related to acquisitions, retirement and disability. We may not be able to retain existing key technical, sales, marketing and managerial employees or be successful in attracting, developing or retaining other highly-qualified technical, sales, marketing and managerial personnel, particularly at such times in the future as we may need to fill a key position. If we are unable to continue to develop and retain existing executive officers or other key employees or are unsuccessful in attracting new highly-qualified employees, our financial condition, cash flows, and results of operations could be materially and adversely affected.

*We may have increasing difficulty attracting and retaining qualified outside board members.*

The directors and management of publicly traded corporations are increasingly concerned with the extent of their personal exposure to lawsuits and shareholder claims, as well as governmental and creditor claims that may be made against them in connection with their positions with publicly held companies. Outside directors are becoming increasingly concerned with the availability of directors' and officers' liability insurance to pay on a timely basis the costs incurred in defending shareholder claims. Directors' and officers' liability insurance is expensive and difficult to obtain. The SEC and the Nasdaq Capital Market have also imposed higher independence standards and certain special requirements on directors of public companies. Accordingly, it may become increasingly difficult to attract and retain qualified outside directors to serve on our board of directors.

*Our company's global operations are subject to risks and uncertainties.*

Most of our products are manufactured outside of the United States at manufacturing facilities operated by our suppliers in Asia and South Asia.

A significant portion of our total revenue comes from sales to customers located outside the United States. We anticipate that sales to customers located outside the United States will continue to represent a significant portion of our total revenue in future periods. In addition, most of our domestic customers sell their products outside of North America, thereby indirectly exposing us to risks associated with foreign commerce and economic instability. In addition to overseas sales offices, we have significant research and development activities in India.

International operations are subject to certain risks inherent in conducting business outside the U.S., such as changes in currency exchange rates, tax laws, price and currency exchange controls, export and import restrictions, environmental regulations, protection of intellectual property rights, nationalization, expropriation and other governmental action. Accordingly, our operations and revenue are subject to a number of risks associated with foreign commerce, including the following: (i) staffing and managing foreign offices; (ii) managing foreign distributors; (iii) collecting amounts due; (iv) political and economic instability; (v) foreign currency exchange fluctuations; (vi) changes in tax laws, import and export regulations, tariffs and freight rates; (vii) timing and availability of export licenses; (viii) supplying products that meet local environmental regulations; and (ix) inadequate protection of intellectual property rights. In addition, we incur costs in foreign countries that may be difficult to reduce quickly because of employee related laws and practices in those foreign countries. Our global operations also may be adversely affected by political events and domestic or international terrorist events and hostilities. Current events, including potential disruption caused by the COVID-19 virus outbreak first identified in China in December 2019, the United Kingdom's exit from the European Union, potential changes in immigration policies and tax reform proposals, create a level of uncertainty for multi-national companies. As U.S. companies continue to expand globally, increased complexity exists due to the possibility of renegotiated trade deals, revised international tax law treaties, and changes to the U.S. corporate tax code. These uncertainties could have a material adverse effect on our business and our results of operations and financial condition. As we continue to expand our business globally, our success will depend, in part, on our ability to anticipate and effectively manage these and other risks.

*Rising concern of international tariffs, including tariffs applied to goods traded between the United States and China,could materially and adversely affect our business and results of operations.*

Since the beginning of 2018, there has been increasing rhetoric, in some cases coupled with legislative or executive action, from several U.S. and foreign leaders regarding tariffs against foreign imports of certain materials. More specifically, there have been several rounds of U.S. tariffs on Chinese goods taking effect in 2018 and 2019, some of which prompted retaliatory Chinese tariffs on U.S. goods. Approximately $1.8 million, or 15%, of our total revenue for the year ended December 30, 2018, and approximately $1.1 million, or 11%, of our total revenue for the year ended December 29, 2019, consisted of sales of our EOS S3 and FPGA products to both OEMs and ODMs in China. The institution of trade tariffs both globally and between the U.S. and China specifically carries the risk of negatively affecting China's overall economic condition, which could have a negative impact on us as we derived and expect to continue to derive a significant amount of revenue from China. Imposition of tariffs could cause a decrease in the sales of our products to customers located in China or other customers selling to Chinese end users, which would directly impact our business and operating results.

*Exchange rate fluctuations could adversely affect our company's results of operations and financial condition.*

We denominate sales of our products to foreign countries exclusively in U.S. dollars. As a result, any increase in the value of the U.S. dollar relative to the local currency of a foreign country will increase the price of our products in that country so that our products become relatively more expensive to customers in their local currency which may cause sales of our products in that foreign country to decline. If the local currency of a foreign country in which we conduct business strengthens against the U.S. dollar, our payroll and other local expenses will be higher, and since sales are transacted in U.S. dollars, would not be offset by any increase in revenue. To the extent any such risks materialize, our business, results of operations and financial condition could be materially adversely affected.

*Our solutions face competition from suppliers of ASSPs, suppliers of integrated application processors, low power FPGAs, low power MCUs, suppliers of ASICs, suppliers of eFPGA IP, and suppliers of sensor algorithm software whose software is running on competitors' devices.*

We face competition from companies that offer ASSPs. While it is difficult to provide a unique solution through the use of ASSPs, ASSPs generally are cost-effective standard products with short lead times. In certain design opportunities, ASSPs can be combined to achieve system design objectives. Manufacturers of integrated application processors often integrate new features when they introduce new products. A system designer could elect the use of an integrated processor that includes the features offered in our solutions and/or a widely accepted feature of our solutions could be integrated into a competitor's ASSP. Some vendors offer low power FPGAs that can be adopted by a mobile device for hardware differentiation that is similar in functionality, physical size, power consumption and price to what we offer with our programmable logic-based solutions. We also face competition from low power MCU companies. While MCUs cannot be customized at the hardware level for product differentiation, they do have the ability to run custom software algorithms written in standard C code, which may yield similar functionality as what we can provide with our products. Companies that supply ASICs, which may be purchased for a lower price at higher volumes and typically have greater logic capacity, additional features and higher performance than our products. In addition, we face competition from companies that provide sensor algorithm software, which may be licensed directly by an OEM, or licensed for use through an MCU company. If we are unable to successfully compete with companies that supply ASSPs, lower power FPGAs, MCUs, ASICs, eFPGA IP, or sensor algorithm software in any of the following areas, our business, results of operations and financial condition will be materially adversely affected: (i) the development of new products, solutions and advanced manufacturing technologies; (ii) the quality, power characteristics, performance characteristics, price and availability of devices, programming hardware and software development tools; (iii) the ability to engage with companies that provide synergistic products and services, including algorithms that may be preloaded into our device at configuration; (iv) the incorporation of industry standards in our products and solutions; (v) the diversity of product offerings available to customers; and (vi) the quality and cost-effectiveness of design, development, manufacturing and marketing efforts.

*Our industry is in the midst of a consolidation phase which could result in stronger and better resourced competitors in the markets in which the company competes.*

Mergers and acquisitions activity is at a high level in the semiconductor industry, as large companies have perceived attractive opportunities in today’s market to acquire new technologies and product lines by buying smaller companies. If our small and mid-sized competitors become targets of M&A activity and some of them are actually acquired by larger companies with much greater resources than us, we would face heightened competition that could result in lost sales and eroded margins.

*We may not be able to achieve the anticipated synergies and benefits from business acquisitions, including our acquisition of SensiML Corporation.*

Part of our business strategy is to acquire businesses that we believe can complement our current business activities, both financially and strategically. Acquisitions, including the SensiML Acquisition, involve many complexities, including, but not limited to, risks associated with the acquired business’ past activities, difficulties in integrating personnel and human resource programs, integrating technology systems and other infrastructures under the Company’s control, unanticipated expenses and liabilities, and the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002. There is no guarantee that our acquisitions will increase the profitability and cash flow of the Company, and our efforts could cause unforeseen complexities and additional cash outflows, including financial losses. As a result, the realization of anticipated synergies or benefits from acquisitions may be delayed or substantially reduced.

*Litigation could adversely impact our consolidated financial position.*

We have been and may be in the future involved in various litigation matters arising in the ordinary course of business, including, but not limited to, litigation relating to employment matters, commercial transactions, intellectual property matters, contracts, environmental matters and matters related to compliance with governmental regulations. Litigation is inherently uncertain and unpredictable. The potential risks and uncertainties include, but are not limited to, such factors as the costs and expenses of litigation and the time and attention required of management to attend to litigation. An unfavorable resolution of any particular legal claim or proceeding, and/or the costs and expenses incurred in connection with a legal claim or proceeding, could have a material and adverse effect on our results of operations and financial condition.

*We may be unable to adequately protect our intellectual property rights and may face significant expenses as a result of future litigation.*

Protection of intellectual property rights is crucial to our business, since that is how we keep others from copying our innovations and those of third parties that are central to our existing and future products. From time to time, we receive letters alleging patent infringement or inviting us to license other parties’ patents. We evaluate these requests on a case-by-case basis. These situations may lead to litigation if we reject the offer to obtain the license.

In the past, we have been involved in litigation relating to our alleged infringement of third party patents or other intellectual property rights. This type of litigation is expensive and consumes large amounts of management time and attention.

Because it is critical to our success that we continue to prevent competitors from copying our innovations, we intend to continue to seek patent and trade secret protection for our products. The process of seeking patent protection can be long and expensive, and we cannot be certain that any currently pending or future applications will actually result in issued patents or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. Furthermore, others may develop technologies that are similar or superior to our technology or design around the patents we own. We also rely on trade secret protection for our technology, in part through confidentiality agreements with our employees, consultants and other third parties. However, these parties may breach these agreements and we may not have adequate remedies for any breach. In any case, others may come to know about or determine our trade secrets through a variety of methods. In

addition, the laws of certain territories in which we develop, manufacture or sell our products may not protect our intellectual property rights to the same extent as the laws of the United States.

*The market price of our common stock may fluctuate significantly and could lead to securities litigation.*

Stock prices for many companies in the technology and emerging growth sectors have experienced wide fluctuations that have often been unrelated to the operating performance of such companies. In the past, securities class action litigation has often been brought against companies following periods of volatility in the market price of its securities. In the future, we may be the subject of similar litigation. Securities litigation could result in substantial costs and divert management’s attention.

*We may engage in manufacturing, distribution or technology agreements that involve numerous risks, including the use of cash, erosion of margins due to royalty obligations or revenue sharing and diversion of resources.*

We have entered into and, in the future, intend to enter into agreements that involve numerous risks, including the use of significant amounts of our cash; royalty obligations or revenue sharing; diversion of resources from other development projects or market opportunities; our ability to collect amounts due under these contracts; and market acceptance of related products and solutions. If we fail to recover the cost of these or other assets from the cash flow generated by the related products, our assets will become impaired and our results of operations and financial condition could be materially adversely affected.

*Our business is subject to political, economic and health risks, natural disasters and other catastrophic events, which could have a material adverse effect on our business operations.*

Our operations and the operations of our suppliers are vulnerable to interruption by fire, earthquake, power loss, flood, terrorist acts and other catastrophic events beyond our control. In particular, our headquarters are located near earthquake fault lines in the San Francisco Bay Area. In addition, we rely on certain suppliers to manufacture our products and would not be able to qualify an alternate supplier of our products for several quarters. Our suppliers often hold significant quantities of our inventories, which, in the event of a disaster, could be destroyed. If there is an earthquake or other catastrophic even near our headquarters, our customers’ facilities, our distributors facilities or our suppliers’ facilities, our business could be seriously harmed.

In addition, any catastrophic event, such as the recent COVID-19 virus outbreak first identified in China, the failure of our computer systems or networks, including due to computer viruses, security breaches, war or acts of terrorism, could significantly disrupt our operations. Specifically, any prolonged health threat globally could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could impact our operating results. The occurrence of any of these events could also affect our customers, distributors and suppliers and produce similar disruptive effects upon their business, which would likely impact our sales and cause a decline in our revenue.

We do not maintain sufficient business interruption and other insurance policies to compensate us for all losses that may occur. Any losses or damages incurred by us as a result of a catastrophic event or any other significant uninsured loss could have a material adverse effect on our business.

*There may be some potential effects of system outages or data security breaches, which could adversely affect our operations, financial results or reputation.*

We face risks from electrical or telecommunications outages, computer hacking or other general system failure. We rely heavily on our internal information and communications systems and on systems or support services from third parties to manage our operations efficiently and effectively. Any of these are subject to failure. System-wide or local failures that affect our information processing could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, a system failure or data security breach could also result in the unintentional disclosure of confidential information about us, our customers or our employees, which could result in our incurring costs for remedial or preventative actions, damage our reputation with customers and reduce demand for our products and services. Further, insurance coverage does not generally protect from

normal wear and tear, which can affect system performance. Any applicable insurance coverage for an occurrence could prove to be inadequate. Coverage may be or become unavailable or inapplicable to any risks then prevalent.

*Our Certificate of Incorporation, Bylaws and Delaware law contain provisions that could discourage a takeover that is beneficial to stockholders.*

Provisions of our Certificate of Incorporation, our Bylaws and Delaware law could have the effect of discouraging takeover attempts that certain stockholders might deem to be in their interest. These anti-takeover provisions may make us a less attractive target for a takeover bid or merger, potentially depriving shareholders of an opportunity to sell their shares of common stock at a premium over prevailing market prices as a result of a takeover bid or merger.

*Changes to existing accounting pronouncements or taxation rules or practices may cause adverse revenue fluctuations, affect our reported financial results or how we conduct our business.*

Generally accepted accounting principles in the United States, or GAAP, are promulgated by, and are subject to the interpretation of the Financial Accounting Standards Board, or FASB, and the SEC. New accounting pronouncements or taxation rules and varying interpretations of accounting pronouncements or taxation practices have occurred and may occur in the future. Any future changes in accounting pronouncements or taxation rules or practices may have a significant effect on how we report our results and may even affect our reporting of transactions completed before the change is effective. In addition, a review of existing or prior accounting practices may result in a change in previously reported amounts. This change to existing rules, future changes, if any, or the questioning of current practices may adversely affect our reported financial results, our ability to remain listed on the Nasdaq, or the way we conduct our business and subject us to regulatory inquiries or litigation.

*If, in the future, we conclude our internal control over financial reporting is not effective, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock.*

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include a report of management on the companies’ internal control over financial reporting in their annual reports on Form 10-K, including an assessment by management of the effectiveness of the filing company’s internal control over financial reporting. In addition, the independent registered public accounting firm auditing a public company’s financial statements must attest to the effectiveness of the company's internal control over financial reporting. There is a risk that in the future we may identify internal control deficiencies that suggest that our controls are no longer effective. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline and make it more difficult for us to finance our operations.

*Both our customers and we are subject to laws, regulations and similar requirements, changes to which may adversely affect our business, results of operations and financial condition.*

Both our customers and we are subject to laws, regulations and similar requirements that affect our business, results of operations and financial condition, including, but not limited to, the areas of commerce, import and export control, financial disclosures, intellectual property, income and other taxes, anti-trust, anti-corruption, labor, environmental, health and safety. Our compliance in these areas may be costly, especially in areas where there are inconsistencies between the various jurisdictions in which we operate. While we have implemented policies and procedures to comply with laws and regulations, there can be no assurance that our employees, contractors, suppliers or agents will not violate such laws and regulations or our policies. Any such violation or alleged violation could materially and adversely affect our business, financial condition, cash flows and results of operations. Any changes or potential changes to laws, regulations or similar requirements, or our ability to respond to these changes, may significantly increase our costs to maintain compliance or result in our decision to limit our business, products or jurisdictions in which we operate, any of which could materially and adversely affect our results of operations and financial condition. Federal and state regulatory agencies, including the United States Federal Communications Commission and the various state public utility commissions and public service commissions, regulate most of our domestic telecommunications customers. Similar government oversight also exists in the international market.

While we may not be directly affected by this legislation, such regulation of our customers may negatively impactour business. For instance, the sale of our products may be affected by the imposition upon certain of our customers of common carrier tariffs and the taxation of telecommunications services. These regulations are continuously reviewed and changed by the various governmental agencies. Changes in current or future laws or regulations, in the United States or elsewhere, could materially and adversely affect our results of operations and financial condition.

The Dodd-Frank Wall Street Reform and Consumer Protection Act includes provisions regarding certain minerals and metals, known as conflict minerals, mined from the Democratic Republic of Congo and adjoining countries. These provisions require companies to undertake due diligence procedures and report on the use of conflict minerals in its products, including products manufactured by third parties. Compliance with these provisions has caused and will continue to cause us to incur costs to determine whether our supply chain is conflict free and we may face difficulties if our suppliers are unwilling or unable to verify the source of their materials. Our ability to source these minerals and metals may also be adversely impacted. In addition, our customers may require that we provide them with a certification and our inability to do so may disqualify us as a supplier.

*We have implemented import and export control procedures to comply with United States regulations but we are still exposed to potential risks from import and export activity.*

Our products, solutions, technology and software are subject to import and export control laws and regulations, which, in some instances, may impose restrictions on business activities, or otherwise require licenses or other authorizations from agencies such as the U.S. Department of State, U.S. Department of Commerce and U.S. Department of the Treasury. These restrictions may impact deliveries to customers or limit development and manufacturing alternatives. We have import and export licensing and compliance procedures in place for purposes of conducting our business consistent with U.S. and applicable international laws and regulations, and we periodically review these procedures to maintain compliance with the requirements relating to import and export regulations. If we are not able to remain in compliance with import and export regulations, we might be subject to investigation, sanctions or penalties by regulatory authorities. Such penalties can include civil, criminal or administrative remedies such as loss of export privileges. We cannot be certain as to the outcome of an evaluation, investigation, inquiry or other action or the impact of these items on our operations. Any such action could adversely affect our financial results and the market price of our common stock.

*We have entered and will continue to enter into strategic licensing and collaborative partnerships and relationships with third parties. The anticipated benefits of these partnerships and relationships may never materialize and these partnerships and relationships may instead disrupt our business and harm our financial condition.*

We have entered into strategic licensing and collaborative partnerships and relationships with third parties and will continue to enter into such partnerships and relationships with the goal of acquiring or gaining access to new and innovative semiconductor products and technologies, as well as other technologies which can be used to add to the differentiation of our emerging products, on a timely basis. Negotiating and performing under these arrangements involves significant time and expense, and we cannot assure you that the anticipated benefits of these arrangements will ever materialize or that the products or technologies involved will ever be commercialized or that, as a result, we will not have written down a portion or all of our investment. The arrangements with some third parties contain conditions and contingencies (such as a condition to raise a certain amount of capital), and we cannot assure you that we will meet all the conditions under these arrangements. We may end up with owing various obligations and commitments to third parties related to these arrangements. Such arrangements can magnify several risks for us, including loss of control over the development and development timeline of products being developed with third parties. Accordingly, we face increased risk that development activities may result in products that are not commercially successful or that are not available in a timely fashion. In addition, any third party with whom we enter into a development, product collaboration or technology licensing arrangement may fail to commit sufficient resources to the project, change its policies or priorities and abandon or fail to perform its obligations related to the collaboration. The failure to timely develop commercially successful products through our development projects or strategic investment activities as a result of any of these and other challenges could have a material adverse effect on our business, results of operations and financial condition. Other challenges and risks presented by use of strategic partnerships include the acquisition of a partner with which we have a strategic relationship by an unaffiliated third party that either delays or jeopardizes the original intent of the partnering relationship or investment.

*Cyberattacks through security vulnerabilities could lead to disruption of business, reduced revenue, increased costs, liability claims, or harm to our reputation or competitive position.*

Security vulnerabilities may arise from our hardware, software, employees, contractors or policies we have deployed, which may result in external parties gaining access to our networks, datacenters, cloud datacenters, corporate computers, manufacturing systems, and or access to accounts we have at our suppliers, vendors, and customers. They may gain access to our data or our users' or customers' data, or attack the networks causing denial of service or attempt to hold our data or systems in ransom. The vulnerability could be caused by inadequate account security practices such as failure to timely remove employee access when terminated. To mitigate these security issues, we have implemented measures throughout our organization, including firewalls, backups, encryption, employee information technology policies and user account policies. However, there can be no assurance these measures will be sufficient to avoid cyberattacks. If any of these types of security breaches were to occur and we were unable to protect sensitive data, our relationships with our business partners and customers could be materially damaged, our reputation could be materially harmed, and we could be exposed to a risk of litigation and possible significant liability.

Further, if we fail to adequately maintain our infrastructure, we may have outages and data loss. Excessive outages may affect our ability to timely and efficiently deliver products to customers or develop new products and solutions. Such disruptions and data loss may adversely impact our ability to fulfill orders, patent our intellectual property or protect our source code, and interrupt other processes. Delayed sales or lost customers resulting from these disruptions could adversely affect our financial results, stock price and reputation.

Effective May 25, 2018, the European Union, or EU, implemented the General Data Protection Regulation, or GDPR, a broad data protection framework that expands the scope of current EU data protection law to non-European Union entities that process, or control the processing of, the personal information of EU subjects. The GDPR allows for the imposition of fines and corrective action on entities that improperly use or disclose the personal information of EU subjects, including through a data security breach. The State of California enacted the California Consumer Privacy Act of 2018, or CCPA, effective on January 1, 2020, which contains requirements similar to GDPR for the handling of personal information of California residents, commencing on January 1, 2020.

Our and our collaborators' and contractors' failure to fully comply with GDPR, CCPA and other laws could lead to significant fines and require onerous corrective action. In addition, data security breaches experienced by us, our collaborators or contractors could result in the loss of trade secrets or other intellectual property, public disclosure of sensitive commercial data, and the exposure of personally identifiable information (including sensitive personal information) of our employees, customers, collaborators and others.

Unauthorized use or disclosure of, or access to, any personal information maintained by us or on our behalf, whether through breach of our systems, breach of the systems of our suppliers or vendors by an unauthorized party, or through employee or contractor error, theft or misuse, or otherwise, could harm our business. If any such unauthorized use or disclosure of, or access to, such personal information was to occur, our operations could be seriously disrupted, and we could be subject to demands, claims and litigation by private parties, and investigations, related actions, and penalties by regulatory authorities. In addition, we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of foreign, federal, state and local laws and regulations relating to the unauthorized access to, or use or disclosure of, personal information. Finally, any perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business, financial condition and results of operations.

*If we do not maintain compliance with the listing requirements of the Nasdaq Capital Market, our common stock could be delisted, which could, among other things, reduce the price of our common stock and the levels of liquidity available to our stockholders.*

Our common stock was originally listed on the Nasdaq Global Market and was transferred to the Nasdaq Capital Market (the "Nasdaq") on July 22, 2019. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and

independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements.

On January 18, 2019, we were notified in writing by the Nasdaq Stock Market LLC  that the average closing bid price of our common stock was below the criteria of the continued listing standards of the Nasdaq Global Market, as the average per share closing price of our common stock over a consecutive 30-trading day period was less than $1.00. To regain compliance, we undertook steps to obtain shareholder approval and the approval of our Board of Directors to effect a reverse stock split of our outstanding shares of common stock, at a ratio of 1-for-14. The Reverse Stock Split was effected on December 23, 2019. On January 9, 2020, the Company received a letter from Nasdaq stating that the Company had regained compliance with the Bid Price Rule and it considered the matter closed.

There can be no assurances that we will be able to maintain compliance with the applicable listing standards of NasdaqIn the event that our common stock is delisted from Nasdaq and is not eligible for quotation on another market or exchange, trading of our common stock could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities, such as the Pink Sheets or the OTC Markets. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a major exchange.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

Our principal administrative, sales, marketing, research and development and final testing facility is located in a building of approximately 24,164 square feet of premises located at 2220 Lundy Avenue, San Jose, California for a period of five years, effective April 15, 2019. Until April 14, 2019, the Company’s principal administrative, sales, marketing, research and development and final testing facility was located at 1277 Orleans Drive, Sunnyvale, CA 94089. The Company exited Sunnyvale premises lease in July 2019.

In October 2018, the Company leased a facility for Research and Development in San Diego, California, the lease of which expires in July 2020. On February 28, 2019, SensiML Corporation, our newly acquired subsidiary, entered into an agreement to lease approximately 925 square feet of facility space in Beaverton, Oregon, which expires in March 2021. Additionally, we lease a 9,400 square foot facility in Bangalore, India for the purpose of software development. This facility is leased through June 2021. We also lease office space in Shanghai, China; in London, England; in Taipei, Taiwan; and in Seongnam City, South Korea. We believe that our existing facilities are adequate for our current needs.

## ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in legal actions arising in the ordinary course of business, including but not limited to intellectual property infringement and collection matters. Absolute assurance cannot be given that third-party assertions will be resolved without costly litigation in a manner that is not adverse to our financial position, results of operations or cash flows or without requiring royalty or other payments in the future, which may adversely impact gross profit. We are not currently a party to any material pending legal proceedings.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

## ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Market Information**

Our common stock is currently traded on the Nasdaq Capital Market under the symbol “QUIK.” From October 15, 1999, the date of our initial public offering to July 21, 2019, our common stock was traded on the Nasdaq Global Market under the same symbol.

**Stockholders**

The closing price of our common stock on the Nasdaq was $5.34 per share on February 24, 2020. As of February 24, 2020, there were 8,378,389 shares of common stock outstanding that were held of record by 155 stockholders. The actual number of stockholders is greater than this number of holders of record since this number does not include stockholders whose shares are held in trust by other entities.

**Dividend Policy**

We have never declared or paid any dividends on our capital stock. We currently expect to retain future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future.

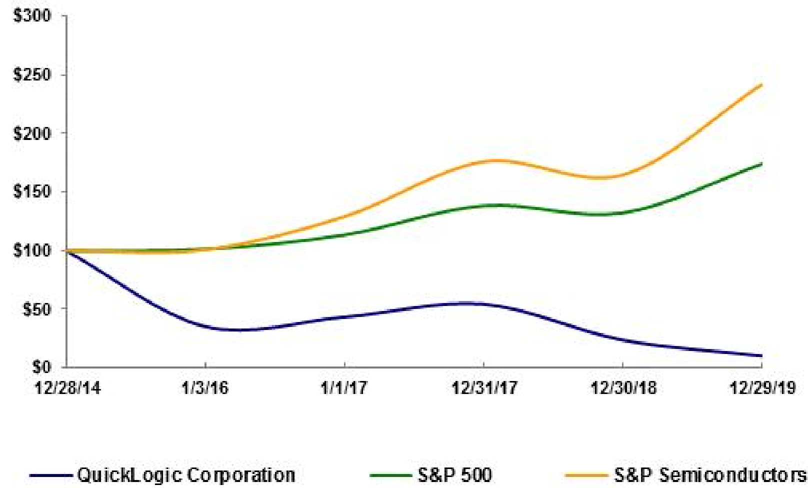
**Equity Compensation Plan Information**

The information required by this item regarding equity compensation plans is set forth under the caption "Equity Compensation Plan Summary" in our Proxy Statement which information is incorporated by reference herein.

**Stock Performance Graph**

The following graph compares the cumulative total return to stockholders of our common stock from December 28, 2014 to December 29, 2019 to the cumulative total return over such period of (i) the S&P 500 Index and (ii) the S&P Semiconductors Index. The graph assumes that $100 was invested on December 28, 2014 in QuickLogic’s common stock and in each of the other two indices and the reinvestment of all dividends, if any, through December 29, 2019

The information contained in the Performance Graph shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that QuickLogic specifically incorporates it by reference into any such filing. The graph is presented in accordance with SEC requirements. Stockholders are cautioned against drawing any conclusions from the data contained therein, as past results are not necessarily indicative of future performance.




| | 12/28/2014 | 1/03/2016 | 1/01/2017 | 12/31/2017 | 12/30/2018 | 12/29/2019 |
|---|---|---|---|---|---|---|
| **QuickLogic Corporation** | **100.00** | **35.31** | **43.44** | **54.37** | **23.78** | **10.22** |
| **S&P 500** | **100.00** | **101.38** | **113.51** | **138.29** | **132.23** | **173.86** |
| **S&P Semiconductor** | **100.00** | **100.88** | **129.07** | **175.96** | **164.72** | **241.74** |

*The stock price performance included in this graph is not necessarily indicative of future stock price performance.*

**ITEM 6. SELECTED FINANCIAL DATA**

| | Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| | (in thousands, except per share amount) | | | | |
| **Statements of Operations:** | | | | | |
| Revenue | $ 10,310 | $ 12,629 | $ 12,149 | $ 11,421 | $ 18,956 |
| Cost of revenue | 4,405 | 6,295 | 6,627 | 7,648 | 11,411 |
| Gross profit | 5,905 | 6,334 | 5,522 | 3,773 | 7,545 |
| Operating expenses: | | | | | |
| Research and development | 12,350 | 9,948 | 9,572 | 12,265 | 14,144 |
| Selling, general and administrative | 8,918 | 9,982 | 9,900 | 10,310 | 10,619 |
| Restructuring costs(1) | — | — | — | — | 295 |
| Loss from operations | (15,363) | (13,596) | (13,950) | (18,802) | (17,513) |
| Interest expense | (350) | (108) | (115) | (175) | (82) |
| Interest income and other expense, net | 189 | 77 | 21 | (106) | (107) |
| Loss before income taxes | (15,524) | (13,627) | (14,044) | (19,083) | (17,702) |
| (Benefit from) Provision for income taxes | (80) | 152 | 87 | 65 | 146 |
| Net loss | $ (15,444) | $ (13,779) | $ (14,131) | $ (19,148) | $ (17,848) |
| Net loss per share: | | | | | |
| Basic and diluted | $ (2.02) | $ (2.16) | $ (2.56) | $ (4.10) | $ (4.42) |
| Weighted average shares: | | | | | |
| Basic and diluted | 7,663 | 6,365 | 5,521 | 4,670 | 4,034 |

| | December 29, 2019 | December 30, 2018 | December 31, 2017 | January 1, 2017 | January 3, 2016 |
|---|---|---|---|---|---|
| | (in thousands) | | | | |
| **Balance Sheet Data:** | | | | | |
| Cash and cash equivalents | $ 21,548 | $ 26,463 | $ 16,527 | $ 14,870 | $ 19,136 |
| Working capital | $ 10,366 | $ 15,576 | $ 12,619 | $ 9,042 | $ 19,132 |
| Total assets | $ 33,404 | $ 36,086 | $ 24,636 | $ 21,844 | $ 28,461 |
| Long-term obligations, excluding current portion | $ 1,583 | $ 124 | $ 369 | $ 49 | $ 2,341 |
| Total stockholders' equity | $ 13,823 | $ 17,255 | $ 14,878 | $ 11,988 | $ 20,325 |

(1) We incurred restructuring costs of $295,000 in 2015. In 2015, we implemented a restructuring plan to re-align the organization to support our sensor processing provider business model and growth strategy.

.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and related notes included in this Annual Report on Form 10-K. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties including those discussed under Part I, Item 1A, "Risk Factors." These risks and uncertainties may cause actual results to differ materially from those discussed in the forward-looking statements.

### Overview

We develop low power, multi-core semiconductor platforms and IP for AI, voice and sensor processing. The solutions include an eFPGA for hardware acceleration and pre-processing, and heterogeneous multi-core SoCs that integrate eFPGA with other processors and peripherals. The SensiML Analytics Toolkit from our recently acquired wholly owned subsidiary, SensiML completes the "full stack" 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 mobile, wearable, hearable, consumer, industrial, edge and endpoint IoT applications.

Our new products include our EOS™, QuickAI™, SensiML Analytics Studio, ArcticLink® III, PolarPro®3, PolarPro II, PolarPro, and Eclipse II products (which together comprise our new product category). Our mature products include primarily FPGA families named pASIC®3 and QuickRAM® as well as programming hardware and design software. In addition to delivering our own semiconductor solutions, we have an IP business that licenses our eFPGA technology for use in other semiconductor companies SoCs. We began delivering our eFPGA IP product ArcticPro™ in 2017, which is included in the new product revenue category. Through the acquisition of SensiML, we now have an IoT AI software platform that includes SaaS subscriptions for development, per unit license fees when deployed in production, and proof-of-concept services – all of which are also included in the new product revenue category.

Our semiconductor solutions typically fall into one of three categories: Sensor Processing, Display and Visual Enhancement, and Smart Connectivity. Our solutions include a unique combination of our silicon platforms, IP cores, software drivers, and in some cases, firmware and application software. All of our silicon platforms are standard devices and must be programmed to be effective in a system. Our IP that enables always-on context-aware sensor applications includes our Flexible Fusion Engine, our Sensor Manager and Communications Manager technologies as well as IP that (i) improves multimedia content, such as our Visual Enhancement Engine, or VEE, technology, and Display Power Optimizer, or DPO, technology; and (ii) implements commonly used mobile system interfaces, such as Low Voltage Differential Signaling, or LVDS, Mobile Industry Processor Interface, or MIPI, and Secure Digital Input Output, or SDIO.

Through the acquisition of SensiML, our core IP also includes the SensiML AI Toolkit that enables OEMs to develop AI software for a broad array of resource-constrained time-series sensor endpoint applications. These include a wide range of consumer and industrial sensing applications.

We also work with mobile processor manufacturers, sensor manufacturers, and voice recognition, sensor fusion and context awareness algorithm developers in the development of reference designs. Through reference designs that incorporate our solutions, we believe mobile processor manufacturers, sensor manufacturers, and sensor and voice algorithm companies can expand the available market for their respective products. Furthermore, should a solution developed for a processor manufacturer or sensor and/or sensor algorithm company be applicable to a set of common OEMs or Original Design Manufacturers, or ODMs, we can amortize our Research and Development, or R&D, investment over that set of OEMs or ODMs. There may also be cases when platform providers that intend to use always-on voice recognition will dictate certain performance requirements for the combined software/hardware solution before the platform provider certifies and/or qualifies our product for use by end customers.

In addition to working directly with our customers, we partner withother companies that are experts in certain technologies to develop additional IP, reference platforms and system software to provide application solutions, particularly in the area of hardware acceleration for AI-type applications. We also work with mobile processor and communications semiconductor device manufacturers and companies that supply sensor, algorithms and applications. For our sensor processing solutions, we collaborate with sensor manufacturers to ensure interface compatibility. We also collaborate with sensor and voice/audio software companies, helping them optimize their software technology on our silicon platforms in terms of performance, power consumption and user experience.

Our ArcticPro eFPGA IP are currently developed on 65nm, 40nm and 22nm process nodes. The licensable IP is generated by a compiler tool that enables licensees to create an eFPGA block that they can integrate into their SoC without significant involvement by QuickLogic. We believe this flow enables a scalable support model for QuickLogic. For our eFPGA strategy, we work with semiconductor manufacturing partners to ensure our eFPGA IP is proven for a given foundry and process node before it is licensed to a SoC company.

In order to grow our revenue from its current level, we depend upon increased revenue from our new products including existing new product platforms, eFPGA IP and platforms currently in development. We expect our business growth to be driven mainly by our silicon solutions, eFPGA IP and SensiML AI Software. Therefore, our revenue growth needs to be strong enough to enable us to sustain profitability while we continue to invest in the development, sales and marketing of our new solution platforms, IP and software. We are expecting revenue growth from EOS S3, SensiML AI SaaS, and eFPGA IP licensing in fiscal year 2020.

We continue to seek to expand our revenue, including pursuing high-volume sales opportunities in our target market segments, by providing solutions incorporating IP, or industry standard interfaces. Our industry is characterized by intense price competition and by lower margins as order volumes increase. While winning large volume sales opportunities will increase our revenue, we believe these opportunities may decrease our gross profit as a percentage of revenue.

During 2019, we generated total revenue of $10.3 million, which represents a 18% decrease from 2018. Our new product revenue during 2019 was $3.1 million, which represents a 46% decrease from 2018, while our mature product revenue during 2019 was $7.2 million, which represents a 4% increase from 2018. We shipped our new products into four of our targeted mobile market segments: Smartphones, Wearables, Mobile Enterprise, and Tablets. In addition, we started to generate SaaS revenue from the new Artificial Intelligence or AI market in 2019. Overall, with the acquisition of SensiML in the beginning of 2019, we reported a net loss of $15.4 million for 2019 compared to a net loss of $13.8 million for 2018.

We have experienced net losses in the recent years and expect such losses to continue through at least the year ending January 3, 2020 as we continue to develop new products, applications and technologies. Whether we can achieve cash flow levels sufficient to support our operations cannot be accurately predicted. Unless such cash flow levels are achieved in addition to the proceeds we received from our recent sale of our equity securities, we may need to borrow additional funds or sell debt or equity securities, or some combination thereof, to provide funding for our operations, and such additional funding may not be available on commercially reasonable terms, or at all.

On December 6, 2019, the Board of Directors of the Company approved a 1-for-14 reverse stock split of the Company's outstanding Common Stock, which became effective on December 23, 2019, which was approved by the Company's shareholders in a special meeting held on November 26, 2019. At the effective time of the Reverse Stock Split, every 14 issued and outstanding shares of the Company Common Stock were automatically combined into one issued and outstanding share of Common Stock without any change in the par value per share. Stockholders who would have otherwise been entitled to fractional shares of Common Stock as a result of the Reverse Stock Split received a cash payment in lieu of receiving fractional shares. All share, equity award, and per share amounts contained in this Form 10-K and the accompanying Consolidated Financial Statements have been adjusted to reflect the Reverse Stock Split for all prior periods presented.

## Critical Accounting Policies and Estimates

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our consolidated financial statements. The SEC has defined critical accounting policies as those that are most important to the portrayal of our financial condition and results of operations and require us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, our critical policies include revenue recognition including determination of the Stand-Alone Selling Price, or SSP, for each distinct performance obligation, sales returns and allowances, valuation of inventories including identification of excess quantities and product obsolescence, allowance for doubtful accounts, valuation of long-lived assets, measurement of stock-based compensation and accounting for income taxes. We believe that we apply judgments and estimates in a consistent manner and that such consistent application results in consolidated financial statements and accompanying notes that fairly represent all periods presented. However, any factual errors or errors in these judgments and estimates may have a material impact on our financial statements.

*Revenue Recognition*

We supply standard products that must be programmed before they can be used in an application. Our products may be programmed by us, distributors, end-customers or third parties.

We adopted Accounting Standards Update, or ASU, No. 2014-09, Revenue from Contracts with Customers (Topic 606) and related ASU No. 2016-08, ASU No. 2016-10, ASU No. 2016-12 and ASU No. 2016-20, which provide supplementary guidance, and clarifications, effective January 1, 2018. We adopted ASC 606 using the modified retrospective method. The results for the reporting period beginning after January 1, 2018, are presented in accordance with the new standard, although comparative information for the prior year has not been restated and continues to be reported under the accounting standards and policies in effect for those periods. Adoption of the new standard did not have a significant impact on the current period revenues or on the prior year Consolidated Financial Statements. No transition adjustment was required to our retained earnings as of January 1, 2018. Under the new standard revenue is recognized as follows:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer,
- Identification of the performance obligations in the contract,
- Determination of the transaction price,
- Allocation of the transaction price to the performance obligations in the contract, and
- Recognition of revenue when, or as, we satisfy a performance obligation.

As part of its assessment of each contract, the Company evaluates certain factors including the customer's ability to pay, or credit risk. For each contract, the Company considers the promise to transfer products, each of which is distinct, to be the identified performance obligations. In determining the transaction price, the price stated on the purchase order is typically fixed and represents the net consideration to which the Company expects to be entitled, and therefore there is no variable consideration. As the Company's standard payment terms are less than one year, the Company has elected, as a practical expedient, to not assess whether a contract has a significant financing component. The Company allocates the transaction price to each distinct product based on its relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable source that depicts the price as if sold to a similar customer in similar circumstances.

*Product Revenue*

We generate most of our revenue by supplying standard hardware products, which must be programmed before they can be used in an application. Our contracts with customers are generally for products only, and do not include other performance obligations such as services, extended warranties or other material rights.

We recognize hardware product revenue at the point of time when control of products is transferred to the customers, when our performance obligation is satisfied, which typically occurs upon shipment from our manufacturing site or our headquarters.

*Intellectual Property and Software License Revenue*

We also generate revenue from licensing IP, software tools and royalty from licensing our technology.

We recognize IP and Software License revenue at the point of time when the control of IP or software license has been transferred.

Some of the IP and Software Licensing contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, type of the customer, customer tier, type of the technology used, customer demographics, geographic locations, and other factors.

*Software as a Service Revenue, or SaaS Revenue*

Software products that are offered to the customers with a right to use the hosted software over the contract period without taking the possession of it are billed on a subscription basis. Revenue that are billed on a subscription basis is recognized ratably over the contract period.

*Maintenance Revenue*

We recognize revenue from maintenance ratably over the term of the underlying maintenance contract term. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the term.

*Royalty Revenue*

We recognize royalty revenue when the later of the following events occurs: a) The subsequent sale or usage occurs; b) The performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied.

*Deferred Revenue*

Receivables are recognized in the period we ship the product. Payment terms on invoiced amounts are based on contractual terms with each customer. When we receive consideration, or such consideration is

unconditionally due, prior to transferring goods or services to the customer under the terms of a sales contract, we record deferred revenue, which represents a contract liability. We recognize deferred revenue as net sales once control of goods and/or services have been transferred to the customer and all revenue recognition criteria have been met and any constraints have been resolved. We defer the product costs until recognition of the related revenue occurs.

*Assets Recognized from Costs to Obtain a Contract with a Customer*

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have concluded that none of the costs we have incurred to obtain and fulfill our FASB Accounting Standards Codification, or ASC, 606 contracts meet the capitalization criteria, and as such, there are no costs deferred and recognized as assets on the consolidated balance sheet at December 29, 2019.

*Practical Expedients and Exemptions*

(i) Taxes collected from customers and remitted to government authorities and that are related to the sales of our products are excluded from revenues.

(ii) Sales commissions are expensed when incurred because the amortization period would have been one year or less. These costs are recorded in Selling, general and administrative expense in the Condensed Consolidated Statements of Income.

(iii) We do not disclose the value of unsatisfied performance obligations for (i) contracts with original expected lengths of one year or less or (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for the services performed.

We record allowance for sales returns. Amounts recorded for sales returns for the year ended December 29, 2019 and December 30, 2018 were $60,000 and $156,000, respectively.

*Revenue Recognition Prior to the Adoption of ASC Topic No. 606 on January 1, 2018*

We supply standard products which must be programmed before they can be used in an application. The Company's products may be programmed by us, distributors, end-customers or third parties.

We recognize revenue as products are shipped if evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, collection of the resulting receivable is reasonably assured and product returns are reasonably estimable. Revenue is recognized upon shipment of programmed and unprogrammed parts to both OEM customers and distributors, provided that legal title and risk of ownership have transferred. Parts held by distributors may be returned for quality reasons only under its standard warranty policy. We record allowance for sales returns.

We account for our IP license revenues and related services in accordance with ASC No. 985-605,*Software Revenue Recognition*. Revenues are recognized when persuasive evidence of an arrangement exists and no further obligation exists, delivery has occurred, the license fee is fixed or determinable, and collection is reasonably assured. A license may be perpetual or time limited in its application. Our IP license agreement contains multiple elements including post-contract customer support. For multiple element arrangements involving software and other software-related deliverables, vendor-specific objective evidence of fair value, or VSOE, must exist to allocate the total fee among all delivered and non-essential undelivered elements of the arrangement. If undelivered elements of the arrangement are essential to the functionality of the product, revenue is deferred until the essential elements are delivered. If VSOE does not exist for one or more non-essential undelivered elements, revenue is deferred until such evidence exists for the undelivered elements, or until all elements are delivered, whichever is earlier. VSOE of each element is based on historical evidence of stand-alone sales of these elements to third parties including substantive renewal rate as stated in the agreement. When VSOE does not exist for undelivered items, the entire arrangement fee is recognized ratably over the performance period.

*Cost of Revenue*

We record all costs associated with its product sales in cost of revenue. These costs include the cost of materials, contract manufacturing fees, shipping costs and quality assurance. Cost of revenue also includes indirect costs such as warranty, excess and obsolete inventory charges, general overhead costs and depreciation.

*Valuation of Inventories*

Inventories are stated at the lower of standard cost or net realizable value. Standard cost approximates actual cost on a first-in, first-out basis. We routinely evaluate quantities and values of our inventories in light of current market conditions and market trends and record reserves for quantities in excess of demand and product obsolescence. The evaluation may take into consideration historic usage, expected demand, anticipated sales price, the stage in the product life cycle of our customers' products, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer design activity, customer concentrations, product merchantability and other factors. Market conditions are subject to change. Actual consumption of inventories could differ from forecasted demand and this difference could have a material impact on our gross margin and inventory balances based on additional provisions for excess or obsolete inventories or a benefit from inventories previously written down. We also regularly review the cost of inventories against estimated market value and record a lower of cost or market reserve for inventories that have a cost in excess of estimated market value, which could have a material impact on our gross margin and inventory balances based on additional write-downs to net realizable value or a benefit from inventories previously written down.

Our semiconductor products have historically had an unusually long product life cycle and obsolescence has not been a significant factor in the valuation of inventories. However, as we pursue opportunities in the mobile market and continue to develop new products, we believe our new product life cycle will be shorter, which could increase the potential for obsolescence. A significant decrease in demand could result in an increase in excess inventory on hand. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand or frequent new product developments could have a significant impact on the value of our inventory and our results of operations.

*Leases*

The Company adopted Accounting Standards Update, or ASU, No. 2016-02,*Leases (Topic 842)* and related ASUs, which provide supplementary guidance and clarifications on December 31, 2018, utilizing the modified retrospective transition method through a cumulative-effect adjustment at the beginning of the first quarter of 2019. Additionally, the Company elected the practical expedient approach and did not reassess whether any contracts that existed prior to adoption have or contain leases or the classification of our existing leases.

Under Topic 842, all significant lease arrangements are generally recognized at lease commencement. Operating lease right-of-use, or ROU, assets and lease liabilities are recognized at the commencement date. A ROU asset and corresponding lease liability is not recorded for leases with an initial term of 12 months or less (short term leases) and the Company recognizes lease expense for these leases as incurred over the lease term.

ROU assets represent the Company's right to use an underlying asset during the reasonably certain lease terms and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company primarily uses its incremental borrowing rate, based on the information available at commencement date, in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments related to initial direct cost and prepayments and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

In accordance with ASU No. 2016-02, the Company recognized right-of-use assets of approximately $975,000 and lease liabilities of approximately $939,000 on the Company's Consolidated Balance Sheet as of

March 31, 2019, with no material impact to its Consolidated Statements ofOperations. As of December 29, 2019, the Company’s right-of-use assets was approximately $2.4 million and lease liability was approximately $2.3 million as presented on the Company’s Consolidated Balance Sheet.

*Business Combinations*

The Company recognizes assets acquired (including goodwill and identifiable intangible assets) and liabilities assumed at fair value on the acquisition date. Subsequent changes to the fair value of such assets acquired and liabilities assumed are recognized in earnings, after the expiration of the measurement period, a period not to exceed 12 months from the acquisition date. Acquisition-related expenses and acquisition-related restructuring costs are recognized in earnings in the period in which they are incurred.

*Goodwill and Intangible Assets*

Goodwill represents the excess fair value of consideration transferred over the fair value of net assets acquired in business combinations. The carrying value of goodwill and indefinite lived intangible assets are not amortized, but are annually tested for impairment and more often if there is an indicator of impairment.

Intangible assets with finite useful lives are amortized on a straight-line basis over the periods benefited. The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets.

*Valuation of Long-Lived Assets*

We assess annually whether the value of identifiable long-lived assets, including property and equipment, have been impaired and when events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. Our assessment of possible impairment is based on our ability to recover the carrying value of an asset or asset group from their expected future pre-tax cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of the asset or asset group, we recognize an impairment loss for the difference between estimated fair value and carrying value, and the carrying value of the related assets is reduced by this difference. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets. Based on this analysis, there are no significant impairments to our long-lived assets.

*Measurement of Stock-Based Compensation*

We account for stock-based compensation under the provisions of the amended authoritative guidance and related interpretations, which require the measurement and recognition of expense related to the fair value of stock-based compensation awards. The fair value of stock-based compensation awards is measured at the grant date and re-measured upon modification, as appropriate. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the date of grant require judgment.

We use the Black-Scholes option pricing model to estimate the fair value of employee stock options and rights to purchase shares under our 2019 Stock Plan, 2009 Stock Plan and 2009 Employee Stock Purchase Plan, or ESPP, consistent with the provisions of the amended authoritative guidance. This fair value is expensed on a straight-line basis over the requisite service period of the award. Using the Black-Scholes pricing model requires us to develop highly subjective assumptions, including the expected term of awards, expected volatility of our stock, expected risk-free interest rate and expected dividend rate over the term of the award. Our expected term of awards is based primarily on our historical experience with similar grants. Our expected stock price volatility for both stock options and ESPP shares is based on the historic volatility of our stock, using the daily average of the opening and closing prices and measured using historical data appropriate for the expected term. The risk-free interest rate assumption approximates the risk-free interest rate of a Treasury Constant Maturity bond with a maturity approximately equal to the expected term of the stock option or ESPP shares.

In addition to the assumptions used in the Black-Scholes pricing model, the amended authoritative guidance requires that we recognize compensation expense only for awards ultimately expected to vest; therefore, we are required to develop an estimate of the historical pre-vest forfeiture experience and apply this to all stock-based awards. The fair value of restricted stock awards, or RSAs, and restricted stock units, or RSUs, is based on the closing price of our common stock on the date of grant. RSA and RSU awards which vest with service are expensed over the requisite service period. RSAs and RSU awards that are expected to vest based on the achievement of a performance goal are expensed over the estimated vesting period. We regularly review the assumptions used to compute the fair value of our stock-based awards and we revise our assumptions as appropriate. In the event that assumptions used to compute the fair value of our stock-based awards are later determined to be inaccurate or if we change our assumptions significantly in future periods, stock-based compensation expense and our results of operations could be materially impacted. See Note 13 to the Consolidated Financial Statements.

*Accounting for Income Taxes*

As part of the process of preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from different tax and accounting treatment of items, such as deferred revenue, allowance for doubtful accounts, the impact of equity awards, depreciation and amortization, and employee-related accruals. These differences result in deferred tax assets and liabilities, which are included on our balance sheets. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in the statements of operations.

Significant management judgment is required in determining our provision for income taxes, deferred tax assets, liabilities and any valuation allowance recorded against our net deferred tax assets. Our deferred tax assets, consisting primarily of net operating loss carryforwards, depreciation and amortization, amounted to $58.0 million, tax effected, as of the end of 2019. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, uncertainty of projecting future taxable income and results of recent operations. As of December 29, 2019, we had federal and state income tax net operating loss, or NOL, carryforwards of approximately $168.7 million and $75.4 million, respectively, which will expire at various dates from 2020 through 2038. Federal NOL generated in 2019 can be carried forward indefinitely. We had research credit carryforwards of approximately $4.0 million for federal and $4.4 million for state income tax purposes as of December 29, 2019. If not utilized, the federal carryforwards will expire at various dates from 2020. The California credit can be carried forward indefinitely. We believe that it is more likely than not that the deferred tax assets and benefits from these federal and state NOL and credit carryforwards will not be realized. In recognition of this risk, we have recorded a valuation allowance of $58.0 million, tax-effected, as of the end of 2019, due to uncertainties related to our ability to utilize our U.S. deferred tax assets before they expire.

**Results of Operations**

The following table sets forth the percentage of revenue for certain items in our statements of operations for the periods indicated:

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Statements of Operations:** | | | |
| Revenue | 100 % | 100 % | 100 % |
| Cost of revenue | 43 % | 50 % | 55 % |
| Gross profit | 57 % | 50 % | 45 % |
| Operating expenses: | | | |
| Research and development | 120 % | 79 % | 79 % |
| Selling, general and administrative | 86 % | 79 % | 81 % |
| Loss from operations | (149 )% | (108 )% | (115 )% |
| Interest expense | (3 )% | (1 )% | (1 )% |
| Interest income and other expense, net | 2 % | 1 % | —% |
| Loss before income taxes | (150 )% | (108 )% | (116 )% |
| Provision for income taxes | 1 % | 1 % | 1 % |
| Net loss | (151 )% | (109 )% | (117 )% |

Impact of inflation and product price changes on our revenue and on income was immaterial in 2019, 2018 and 2017.

**Comparison of Fiscal Years 2019 and 2018**

*Revenue*. The table below sets forth the changes in revenue for fiscal year ended December 29, 2019, as compared to fiscal year ended December 30, 2018 (in thousands, except percentage data):

| | Fiscal Years | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | | |
| | Amount | % of Total Revenues | Amount | % of Total Revenues | Year-Over-Year Change | |
| Revenue by product family (1): | | | | | | |
| New products | $ 3,123 | 30 % | $ 5,735 | 45 % | $ (2,612 ) | (46 )% |
| Mature products | 7,187 | 70 % | 6,894 | 55 % | 293 | 4 % |
| Total revenue | $ 10,310 | 100 % | $ 12,629 | 100 % | $ (2,319 ) | (18 )% |

(1) New products include all products manufactured on 180 nanometer or smaller semiconductor processes, eFPGA IP license, QuickAI and SensiML AI software as a service (SaaS) revenues. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

The 46% decrease in new product revenue in 2019 was primarily due to lower sales from Display Bridge Solution, eFPGA license and connectivity product, which was partially offset by an increase in AI SaaS revenue. The increase in mature product revenue was due primarily to increased orders from our customers in the defense, aerospace, test and instrumentation sectors.

*Gross Profit.* The table below sets forth the changes in gross profit for fiscal year ended December 29, 2019, as compared to fiscal year ended December 30, 2018 (in thousands, except percentage data):

| | Fiscal Years | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | | |
| | Amount | % of Total Revenues | Amount | % of Total Revenues | Year-Over-Year Change | |
| Revenue | $ 10,310 | 100 % | $ 12,629 | 100 % | $ (2,319 ) | (18 )% |
| Cost of revenue | 4,405 | 43 % | 6,295 | 50 % | (1,890 ) | (30 )% |
| Gross profit | $ 5,905 | 57 % | $ 6,334 | 50 % | $ (429 ) | (7 )% |

The increase in gross profit and gross profit percentage was primarily due to (i)product and customer mix, and (ii) additional SaaS revenue in 2019. In 2019, mature product revenue was 70% of total revenue compared to 55% in the prior year.Mature product revenue increased by 4% compared to 2018.The sale of inventories that were previously written-off was $121,000 and $218,000 in 2019 and 2018, respectively. Inventory written-down in 2019 was $94,000 compared to $386,000 in 2018.

Our semiconductor products have historically had a long product life cycle and obsolescence has not been a significant factor in the valuation of inventories. However, as we pursue opportunities in the mobile market and continue to develop new CSSPs and products, we believe our product life cycle will be shorter, which will increase the potential for obsolescence. In general, our standard manufacturing lead times are longer than the binding forecasts we receive from customers.

*Operating Expenses.* The table below sets forth the changes in operating expenses for fiscal year ended December 29, 2019, as compared to fiscal year ended December 30, 2018 (in thousands, except percentage data):

| | Fiscal Years | | | | Year-Over-Year Change | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | | |
| | Amount | % of Total Revenues | Amount | % of Total Revenues | | |
| R&D expenses | $ 12,350 | 120 % | $ 9,948 | 79 % | $ 2,402 | 24 % |
| SG&A expenses | 8,918 | 86 % | 9,982 | 79 % | (1,064 ) | (11 )% |
| Total operating expenses | $ 21,268 | (206 )% | $ 19,930 | 158 % | $ 1,338 | 7 % |

*Research and Development Expenses.* Our research and development, or R&D, expenses consist primarily of personnel, overhead and other costs associated with System on Chip (SoC) and software development, programmable logic design, AI and eFPGA development. R&D expenses were $12.4 million and $9.9 million in 2019 and 2018, respectively, which represented 120% and 79%, respectively, of revenue for those periods. The $2.4 million increase in R&D expenses in 2019 as compared to 2018 is partially attributable to the expanded R&D operations from the acquisition of SensiML and new SoC software team in San Diego. In 2019, the Company capitalized costs of $365,000 associated with internal-use software.

*Selling, General and Administrative Expenses.* Our selling, general and administrative, or SG&A, expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources and general management. SG&A expenses were $8.9 million and $10 million in 2019 and 2018, respectively, which represented 86% and 79% of revenue for those periods. The $1.0 million decrease in SG&A expenses in 2019 as compared to 2018 is attributable to cost savings from new headquarter facility and outside services.

*Interest Expense and Interest Income and Other Expense, net*

The table below sets forth the changes in interest expense and interest income and other expense, net, for the fiscal year ended December 29, 2019, as compared to fiscal year ended December 30, 2018 (in thousands, except percentage data):

| | Fiscal Years | | Year-Over-Year Change | |
|---|---|---|---|---|
| | 2019 | 2018 | Amount | Percentage |
| Interest expense | $ (350 ) | $ (108 ) | $ (242 ) | 224 % |
| Interest income and other expense, net | 189 | 77 | 112 | 145 % |
| | $ (161 ) | $ (31 ) | $ (130 ) | 419 % |

The $242,000 increase in interest expense was attributable to higher line of credit balance in 2019 compared to 2018. The $112,000 increase in interest income and other expenses was attributable to increase in interest income from money market account with Heritage Bank.

*Provision for Income Taxes.* The table below sets forth the changes in provision for income taxes in the fiscal year ended December 29, 2019, as compared to the fiscal year ended December 30, 2018 (in thousands, except percentage data):

| | Fiscal Years | | Year-Over-Year Change | |
|---|---|---|---|---|
| | 2019 | 2018 | Amount | Percentage |
| (Benefit from)/ income tax provision | $ (80) | $ 152 | $ (232) | (153)% |

Income tax benefit for 2019 relates to the deferred tax liability arising from intangible assets acquired from the acquisition of SensiML which offsets and released a portion of the Company's valuation allowance outside of acquisition accounting. The income tax expense for 2018 primarily relates to our foreign operations which are cost-plus entities.

As of the end of 2019, our ability to utilize our U.S. deferred tax assets in future periods is uncertain and, accordingly, we have recorded a full valuation allowance against the related U.S. deferred tax assets. We will continue to assess the realizability of deferred tax assets in future periods.

**Comparison of Fiscal Years 2018 and 2017**

For discussion related to the results of operations and changes in financial condition for fiscal 2018 compared to fiscal 2017, please refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations" in our fiscal 2018 Form 10-K, as amended, which was originally filed with the SEC on March 15, 2019.

***Restructuring***

In January 2020, the Company announced a restructuring plan to lower the annual operating expenses. The restructuring plan was approved by the Company's Board of Directors on January 24, 2020. The majority of the cost savings will come from personnel reductions, which were implemented across all parts of the Company and geographies. This restructuring plan will result in a reduction of workforce of about 33% of the Company's global workforce.

In conjunction with this restructuring plan, the Company estimates it will incur approximately $500,000 to $600,000 of restructuring expenses, which will result in total cash expenditures of approximately $500,000, with the majority coming in the first quarter of fiscal 2020.

**Liquidity and Capital Resources**

We have financed our operating losses and capital investments through sales of common stock, capital and operating leases, a revolving line of credit and cash flows from operations. As of December 29, 2019, the Company's principal sources of liquidity consisted of cash, cash equivalents and restricted cash of $21.5 million, including $15.0 million drawn down from its revolving line of credit, or Revolving Facility, with Heritage Bank of Commerce, or Heritage Bank.

On September 28, 2018, we entered into a Loan and Security Agreement, or Loan Agreement, with Heritage Bank. The Loan Agreement provided for, among other things, the Revolving Facility, with aggregate commitments of $9,000,000

On December 21, 2018, we entered into an Amended and Restated Loan and Security Agreement, or the Amended and Restated Loan Agreement, with Heritage Bank to replace in its entirety the Loan Agreement. The Amended and Restated Loan Agreement increased the Revolving Facility from $9,000,000 to $15,000,000. The Amended and Restated Loan Agreement requires the Company to maintaining at least $3,000,000 in unrestricted cash at Heritage Bank.

On November 6, 2019 the Company entered into a First Amendment to the Amended and Restated Loan Agreement with Heritage Bank to extend the maturity date of the Revolving Facility for one year through September 28, 2021. Under this amendment, the Revolving Facility advances shall bear interest, on the outstanding daily balance thereof, at a rate per annum equal to the greater of (i) one half of one percentage point (0.50%) above the Prime Rate, or (ii) five and one half of one percentage points (5.50%).

On June 21, 2019, the Company closed its underwritten public offering of 1.3 million shares of common stock, $0.001 par value per share at a price of $7.00 per share, which included 171,429 of common stock shares issued pursuant to the underwriters' full exercise of their over-allotment option. The Company received net proceeds from the offering of approximately $8.0 million, net of underwriter's commission and other offering expenses. See Note 11 to the Consolidated Financial Statements for the details.

We expect to use the net proceeds from this public offering for working capital, to accelerate the development of next generation products and for general corporate purposes.

Over the longer term, we anticipate that the generation of sales from our new product offerings, existing cash and cash equivalents, together with financial resources from our Revolving Facility with Heritage Bank and our ability to raise additional capital in the public capital markets will be sufficient to satisfy our operations and capital expenditures. Our Revolving Facility will expire in September 2021 and we expect to renew the Revolving Facility or find an alternative lender prior to the expiration date. Further, any violations of debt covenants may restrict our access to any additional cash draws from the Revolving Facility, and may require our immediate repayment of the outstanding debt amounts. We believe that we will be able to either renew the Revolving Facility or obtain alternative financing on the acceptable terms. We cannot provide any assurance that we will be able to raise additional capital, if required, or that such capital will be available on terms acceptable to us. Our inability to generate sufficient sales from our new product offerings and/or raise additional capital if needed could have a material adverse effect on our operations and financial condition, including our ability to maintain compliance with our lender's financial covenants.

We were in compliance with all loan covenants under the Amended and Restated Loan Agreement, as amended as of the end of the current reporting period. As of December 29, 2019, we had $15.0 million of outstanding revolving line of credit with an interest rate of 5.50%.

As of December 29, 2019, most of our cash and cash equivalents were invested in Heritage Bank Money Market account. As of December 29, 2019, our interest-bearing debt consisted of $471,000 outstanding under finance leases. See Note 8 to the Consolidated Financial Statements for details.

Cash balances held at our foreign subsidiaries were approximately $548,000 and $656,000 at December 29, 2019 and December 30, 2018, respectively. Earnings from our foreign subsidiaries are currently deemed to be indefinitely reinvested. We do not expect such reinvestment to affect our liquidity and capital resources, and we continually evaluate our liquidity needs and ability to meet global cash requirements as a part of our overall capital deployment strategy. Factors which affect our liquidity, capital resources and global capital deployment strategy include anticipated cash flows, the ability to repatriate cash in a tax efficient manner, funding requirements for operations and investment activities, acquisitions and divestitures and capital market conditions.

In summary, our cash flows were as follows (in thousands):

| | Fiscal Year | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Net cash (used in) operating activities | $ (11,594) | $ (12,638) | $ (12,938) |
| Net cash (used in) investing activities | (921) | (288) | (642) |
| Net cash provided by financing activities | 7,600 | 22,862 | 15,237 |

*Net Cash from Operating Activities*

In 2019, net cash used in operating activities was $11.6 million, which was primarily due to a net loss of $15.4 million, adjusted for non-cash charges of $4.3 million. Non-cash charges consisted primarily stock-based compensation expense of $3.1 million and depreciation and amortization of long-lived assets and certain definite-lived intangible assets of $1.2 million. In addition, changes in working capital accounts used cash of $392,000 as a result of a decrease in accounts payable and accrued liabilities of $1.5 million, partially offset by cash inflow from a decrease in inventory of $483,000, a decrease in accounts receivable of $218,000, a decrease in other assets of $229,000 and an increase in deferred revenue of $158,000.

In 2018, net cash used in operating activities was $12.6 million, and resulted primarily from a net loss of $13.8 million, adjusted for non-cash charges of $3.6 million. These non-cash charges included write-downs of inventories in the amount of $386,000 to reflect excess quantities, depreciation and amortization of our long-lived assets of $1.3 million and stock-based compensation of $1.9 million. In addition, changes in working capital accounts used cash of $2.4 million as a result of an increase in accounts receivable of $1.3 million, an increase in gross inventory of $662,000, and an increase in other assets of $879,000, partially offset by an increase in accrued liabilities of $235,000 and an increase in trade payables of $223,000.

In 2017, net cash used in operating activities was $12.9 million, and resulted primarily from a net loss of $14.1 million, adjusted for non-cash charges of $3.1 million. These non-cash charges included write-downs of inventories in the amount of $232,000 to reflect excess quantities, depreciation and amortization of our long-lived assets of $1.4 million and stock-based compensation of $1.4 million. In addition, changes in working capital accounts used cash of $1.9 million as a result of an increase in accounts receivable of $86,000, an increase in gross inventory of $1.8 million, and a decrease of accounts payable of $145,000, partially offset by an increase in accrued liabilities of $72,000.

*Net Cash from Investing Activities*

Net cash used for investing activities in 2019 was $921,000, which was primarily attributable to the leasehold improvements and computer equipment at the new office premises of $576,000 and capitalization of internal use software of $365,000.

Net cash used for investing activities in 2018 was $288,000, primarily for capital expenditures to acquire manufacturing equipment and software, which was partially offset by proceeds from the sale of old equipment.

Net cash used for investing activities in 2017 was $642,000, primarily for capital expenditures to acquire manufacturing equipment and software.

*Net Cash from Financing Activities*

In 2019, net cash provided by financing activities was $7.6 million, primarily attributable to the net proceeds from the issuance of 1.3 million shares of common stock in June 2019. These inflows were partially offset by scheduled repayments of finance lease obligations and tax payments related to net settlement of stock awards.

In 2018, net cash provided by financing activities was $22.9 million, resulting from the additional borrowing of $9.0 million under the line of credit, net cash proceeds of $13.9 million from our common stock offering in May 2018 and proceeds of $676,000 from the issuance of common shares to employees under our equity plans. These proceeds were partially offset by scheduled payments of finance lease obligations and tax payments related to net settlement of stock awards.

In 2017, net cash provided by financing activities was $15.2 million, resulting from the proceeds of $15.2 million from our stock offering in March 2017 and proceeds of $352,000 from the issuance of common shares to employees under our equity plans, net of taxes paid related to net settlement of equity awards of $198,000. These proceeds were partially offset by payments of $344,000 under the terms of our capital software lease obligations.

We require substantial cash to fund our business. However, we believe that our existing cash and cash equivalents, together with available financial resources from the Revolving Facility will be sufficient to satisfy our operations and capital expenditures over the next twelve months. Our Revolving Facility will expire in September 2021, and we expect to renew this line of credit or find an alternative lender prior to the expiration date. Further, any violations of debt covenants may restrict our access to any additional cash draws from the revolving line of credit, and may require our immediate repayment of the outstanding debt amounts. After the next twelve months, our cash requirements will depend on many factors, including our level of revenue and gross profit, the market acceptance of our existing and new products, the levels at which we maintain inventories and accounts receivable, costs of securing access to adequate manufacturing capacity, new product development efforts, capital expenditures and the level of our operating expenses. In order to satisfy our longer term liquidity requirements, we may be required to raise additional equity or debt financing. There can be no assurance that financing will be available at commercially acceptable terms or at all.

**Contractual Obligations and Commercial Commitments**

The following table summarizes our non-cancelable contractual obligations and commercial commitments as of the end of 2019 and the effect such obligations and commitments are expected to have on our liquidity and cash flows in future fiscal periods (in thousands):

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 Years | 4-5 Years | More than 5 Years |
| *Contractual cash obligations:* | | | | | |
| Operating leases | $ 2,040 | $ 611 | $ 902 | $ 527 | $ — |
| Finance software lease obligations | 514 | 214 | 300 | — | — |
| Wafer purchases (1) | 57 | 57 | — | — | — |
| Other purchase commitments | 413 | 386 | 27 | — | — |
| *Total contractual cash obligations* | 3,024 | 1,268 | 1,229 | 527 | — |
| *Other commercial commitments (2):* | | | | | |
| Revolving line of credit | 15,000 | 15,000 | — | — | — |
| *Total commercial commitments* | 15,000 | 15,000 | — | — | — |
| Total contractual obligations and commercial commitments (3) | $ 18,024 | $ 16,268 | $ 1,229 | $ 527 | — |

(1) Certain of our wafer manufacturers require us to forecast wafer starts several months in advance. We are committed to take delivery of and pay for a portion of forecasted wafer volume.

(2) Other commercial commitments are included as liabilities on our consolidated balance sheets as of the end of 2019.

(3) Does not include unrecognized tax benefits of $2.1 million as of the end of 2019. See Note 10 of the Consolidated Financial Statements.

*Concentration of Suppliers*

We depend on a limited number of contract manufacturers, subcontractors, and suppliers for wafer fabrication, assembly, programming and testing of our devices, and for the supply of programming equipment. These services are typically provided by one supplier for each of our devices. We generally purchase these single or limited source services through standard purchase orders. Because we rely on independent subcontractors to perform these services, we cannot directly control product delivery schedules, costs or quality levels. Our future success also depends on the financial viability of our independent subcontractors. These subcontract manufacturers produce products for other companies and we must place orders in advance of expected delivery. As a result, we have only a limited ability to react to fluctuations in demand for our products, which could cause us to have an excess or a shortage of inventories of a particular product, and our ability to respond to changes in demand is limited by these suppliers' ability to provide products with the quantity, quality, cost and timeliness that we require. The decision not to provide these services to us or the inability to supply these services to us, such as in the case of a natural or financial disaster, would have a significant impact on our business. Increased demand from other companies could result in these subcontract manufacturers allocating available capacity to customers that are larger or have long-term

supply contracts in place and we may be unable to obtain adequate foundry and other capacity at acceptable prices, or we may experience delays or interruption in supply. Additionally, volatility of economic, market, social and political conditions in countries where these suppliers operate may be unpredictable and could result in a reduction in product revenue or increase our cost of revenue and could adversely affect our business, financial condition and results of operations.

**Off-Balance Sheet Arrangements**

We do not maintain any off-balance sheet partnerships, arrangements or other relationships with unconsolidated entities or others, often referred to as structured finance or special purpose entities, which are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

**Recently Issued Accounting Pronouncements**

See Note 2 to the Consolidated Financial Statements for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on financial condition and results of operations, which is incorporated herein by reference.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Interest Rate Risk**

Our exposure to market rate risk for changes in interest rates relates primarily to our investment portfolio and variable rate debt. We do not use derivative financial instruments to manage our interest rate risk. We are averse to principal loss and ensure the safety and preservation of invested funds by limiting default, market risk and reinvestment risk. Our investment portfolio is generally comprised of investments that meet high credit quality standards and have active secondary and resale markets. Since these securities are subject to interest rate risk, they could decline in value if interest rates fluctuate or if the liquidity of the investment portfolio were to change. Due to the short duration and conservative nature of our investment portfolio, we do not anticipate any material loss with respect to our investment portfolio. A 10% change in interest rates during 2019 would have had an immaterial effect on our financial position, results of operations and cash flows.

**Foreign Currency Exchange Rate Risk**

All of our sales and cost of manufacturing are transacted in U.S. dollars. We conduct a portion of our research and development activities in India and have sales and marketing offices in several locations outside of the United States. We use the U.S. dollar as our functional currency. Most of the costs incurred at these international locations are in local currency. If these local currencies strengthen against the U.S. dollar, our payroll and other local expenses will be higher than we currently anticipate. Since our sales are transacted in U.S. dollars, this negative impact on expenses would not be offset by any positive effect on revenue. Operating expenses denominated in foreign currencies were approximately 19%, 27% and 25% of total operating expenses in 2019, 2018 and 2017, respectively. A majority of these foreign expenses were incurred in India, the United Kingdom, China, Taiwan and Korea. A currency exchange rate fluctuation of 10% would have caused our operating expenses to change by approximately $413,000 in 2019, $528,000 in 2018 and $486,000 in 2017.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS


| | Page |
|---|---|
| Report of Independent Registered Public Accounting Firm-Moss Adams LLP | 50 |
| Consolidated Balance Sheets as of December 29, 2019 and December 30, 2018 | 52 |
| Consolidated Statements of Operations for the Fiscal Years 2019, 2018 and 2017 | 53 |
| Consolidated Statements of Cash Flows for the Fiscal Years 2019, 2018 and 2017 | 54 |
| Consolidated Statements of Stockholders' Equity for the Fiscal Years 2019, 2018 and 2017 | 55 |
| Notes to Consolidated Financial Statements | 56 |

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of
QuickLogic Corporation

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying *consolidated* balance sheets of Quicklogic Corporation (the "Company") as of *December 29, 2019 and December 30, 2018*, the related *consolidated* statements of *operations, stockholders' equity, and cash flows* for each of the three years in the period ended December 29, 2019, and the related notes and schedules (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of *December 29, 2019*, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the *consolidated* financial statements referred to above present fairly, in all material respects, the *consolidated* financial position of the Company as of *December 29, 2019 and December 30, 2018,* and the *consolidated* results of its operations and its cash flows for each of the three years in the period ended *December 29, 2019*, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of *December 29, 2019*, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

***Change in Accounting Principle***

As discussed in Note 2 to the consolidated financial statements, in 2019 the Company changed its method of accounting for leases due to the adoption of Accounting Standards Codification ("ASC") Topic No. 842, and in 2018 the Company changed its method for revenue recognition due to the adoption of ASC Topic No. 606.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our

audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control Over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Moss Adams LLP

San Francisco, California
March 13, 2020

We have served as the Company’s auditor since 2016.

**QUICKLOGIC CORPORATION**
**CONSOLIDATED BALANCE SHEETS**
**(in thousands, except par value amount)**

| | December 29, 2019 | December 30, 2018 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 21,448 | $ 26,363 |
| Restricted cash | 100 | 100 |
| Accounts receivable, net of allowances for doubtful accounts of $0 | 1,991 | 2,209 |
| Inventories | 3,260 | 3,836 |
| Other current assets | 1,565 | 1,775 |
| Total current assets | 28,364 | 34,283 |
| Property and equipment, net | 830 | 1,449 |
| Capitalized internal-use software, net | 333 | — |
| Right of use assets, net | 2,370 | — |
| Intangible assets, net | 1,008 | — |
| Goodwill | 185 | — |
| Other assets | 314 | 354 |
| **TOTAL ASSETS** | $ 33,404 | $ 36,086 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Revolving line of credit | $ 15,000 | $ 15,000 |
| Trade payables | 1,003 | 1,488 |
| Accrued liabilities | 1,133 | 1,903 |
| Deferred revenue | 158 | — |
| Lease liabilities-current | 704 | 316 |
| Total current liabilities | 17,998 | 18,707 |
| Long-term liabilities: | | |
| Lease liabilities-non-current | 1,583 | 108 |
| Other long-term liabilities | — | 16 |
| Total liabilities | 19,581 | 18,831 |
| Commitments (Note 12) | | |
| Stockholders' equity: | | |
| Preferred stock, $0.001 par value; 10,000 shares authorized; no shares issued or outstanding | — | — |
| Common stock, $0.001 par value; 200,000 and 100,000 shares authorized; 8,331 and 6,823 shares issued and outstanding as of December 29, 2019 and December 30, 2018, respectively (1) | 8 | 7 |
| Additional paid-in capital | 297,073 | 285,062 |
| Accumulated deficit | (283,258 ) | (267,814 ) |
| Total stockholders' equity | 13,823 | 17,255 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 33,404 | $ 36,086 |

(1) Common stock, par value and addition paid-in capital amounts are adjusted to reflect 1-for-14 reverse stock split effected on December 23, 2019.

The accompanying notes form an integral part of these Consolidated Financial Statements.

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

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Statements of Operations:** | | | |
| Revenue | $ 10,310 | $ 12,629 | $ 12,149 |
| Cost of revenue | 4,405 | 6,295 | 6,627 |
| Gross profit | 5,905 | 6,334 | 5,522 |
| Operating expenses: | | | |
| Research and development | 12,350 | 9,948 | 9,572 |
| Selling, general and administrative | 8,918 | 9,982 | 9,900 |
| Loss from operations | (15,363) | (13,596) | (13,950) |
| Interest expense | (350) | (108) | (115) |
| Interest income and other expense, net | 189 | 77 | 21 |
| Loss before income taxes | (15,524) | (13,627) | (14,044) |
| (Benefit from) Provision for income taxes | (80) | 152 | 87 |
| Net loss | $ (15,444) | $ (13,779) | $ (14,131) |
| Net loss per share: (1) | | | |
| Basic and diluted | $ (2.02) | $ (2.16) | $ (2.56) |
| Weighted average shares: | | | |
| Basic and diluted | 7,663 | 6,365 | 5,521 |

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

**(1)** Net loss per share and weighted average shares, basic and diluted are adjusted to reflect 1-for-14 reverse stock split effected on December 23, 2019

The accompanying notes form an integral part of these Consolidated Financial Statements.

**QUICKLOGIC CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands)**

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Cash flows from operating activities: | | | |
| Net loss | $ (15,444) | $ (13,779) | $ (14,131) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization | 1,201 | 1,276 | 1,373 |
| Stock-based compensation | 3,144 | 1,901 | 1,441 |
| Write-down of inventories | 94 | 386 | 232 |
| Write-off of equipment | 4 | 5 | 12 |
| Tax benefit from acquisition | (185) | — | — |
| Gain on disposal of assets | — | (62) | — |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | 218 | (1,284) | (86) |
| Inventories | 483 | (662) | (1,774) |
| Other assets | 229 | (879) | 103 |
| Trade payables | (456) | 223 | (145) |
| Accrued liabilities | (1,024) | 235 | 72 |
| Deferred income | 158 | — | — |
| Other long-term liabilities | (16) | 2 | (35) |
| Net cash used in operating activities | (11,594) | (12,638) | (12,938) |
| Cash flows from investing activities: | | | |
| Capital expenditures for property and equipment | (576) | (351) | (642) |
| Capitalized internal-use software | (365) | — | — |
| Cash received from business acquisition | 20 | — | — |
| Proceeds from sale of assets | — | 63 | — |
| Net cash used in investing activities | (921) | (288) | (642) |
| Cash flows from financing activities: | | | |
| Payment of finance lease obligations | (365) | (407) | (344) |
| Proceeds from line of credit | 46,000 | 36,000 | 18,000 |
| Repayment of line of credit | (46,000) | (27,000) | (18,000) |
| Proceeds from issuance of common stock | 9,437 | 16,215 | 17,550 |
| Stock issuance costs | (1,181) | (1,638) | (1,771) |
| Taxes paid related to net settlement of equity awards | (291) | (308) | (198) |
| Net cash provided by financing activities | 7,600 | 22,862 | 15,237 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (4,915) | 9,936 | 1,657 |
| Cash, cash equivalents and restricted cash at the beginning of the period | 26,463 | 16,527 | 14,870 |
| Cash, cash equivalents, and restricted cash at the end of the period | $ 21,548 | $ 26,463 | $ 16,527 |
| Supplemental disclosures of cash flow information: | | | |
| Interest paid | $ 300 | $ 89 | $ 106 |
| Income taxes paid | $ 126 | $ 171 | $ 157 |
| Supplemental schedule of non-cash investing and financing activities : | | | |
| Fair value of common stock issued as consideration for business acquisition | $ 903 | — | — |
| Finance lease obligation to finance capital expenditures | $ 471 | $ 424 | $ 654 |
| Purchase of equipment included in accounts payable | — | $ 5 | $ 436 |

The accompanying notes form an integral part of these Consolidated Financial Statements.

**QUICKLOGIC CORPORATION**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(in thousands)**

| | Common Stock Par Value (1) | | Additional Paid-In | Accumulated | Total Stockholders' |
|---|---|---|---|---|---|
| | Shares | Amount | Capital | Deficit | Equity |
| Balance at January 1, 2017 | 4,867 | $ 5 | $ 251,887 | $ (239,904 ) | $ 11,988 |
| Common stock issued under stock plans and employee stock purchase plans | 76 | — | 351 | — | 351 |
| Common stock offering, net of issuance costs | 810 | 1 | 15,228 | — | 15,229 |
| Stock-based compensation | — | — | 1,441 | — | 1,441 |
| Net loss | — | — | — | (14,131 ) | (14,131 ) |
| Balance at December 31, 2017 | 5,753 | 6 | 268,907 | (254,035 ) | 14,878 |
| Common stock issued under stock plans and employee stock purchase plans | 105 | — | 353 | — | 353 |
| Common stock offering, net of issuance costs | 965 | 1 | 13,901 | — | 13,902 |
| Stock-based compensation | — | — | 1,901 | — | 1,901 |
| Net loss | — | — | — | (13,779 ) | (13,779 ) |
| Balance at December 30, 2018 | 6,823 | 7 | 285,062 | (267,814 ) | 17,255 |
| Common stock issued under stock plans and employee stock purchase plans | 110 | — | (37 ) | — | (37 ) |
| Common stock offering, net of issuance costs | 1,314 | 1 | 8,001 | — | 8,002 |
| Common stock issued for SensiML acquisition | 84 | — | 903 | — | 903 |
| Stock-based compensation | — | — | 3,144 | — | 3,144 |
| Net loss | — | — | — | (15,444 ) | (15,444 ) |
| Balance at December 29, 2019 | 8,331 | $ 8 | $ 297,073 | $ (283,258 ) | $ 13,823 |

(1) Common stock, par value and additional paid-in capital amounts are adjusted to reflect 1-for-14 reverse stock split effected on December 23, 2019.

The accompanying notes form an integral part of these Consolidated Financial Statements.

**NOTE 1-THE COMPANY AND BASIS OF PRESENTATION**

QuickLogic Corporation, ("QuickLogic", the "Company"), was founded in 1988 and reincorporated in Delaware in 1999. The Company enables Original Equipment Manufacturers or OEMs, to maximize battery life for highly differentiated, immersive user experiences with Smartphone, Wearable, Hearable, Tablet and Internet-of-Things or IoT devices. QuickLogic delivers these benefits through industry leading ultra-low power customer programmable System on Chip or SoC semiconductor solutions, embedded software, and algorithm solutions for always-on voice and sensor processing, and enhanced visual experiences. The Company is a fabless semiconductor provider of comprehensive, flexible sensor processing solutions, ultra-low power display bridges, and ultra-low power Field Programmable Gate Arrays, or FPGAs. The Company's wholly owned subsidiary, SensiML Corporation, or SensiML, provides Analytics Toolkit, which is used in many of the applications where the Company's ArcticPro™, eFPGA intellectual property, or IP plays a critical role. SensiML Analytics toolkit is an end-to-end software suite that provides OEMs a straightforward process for developing pattern matching sensor algorithms using machine learning technology that are optimized for ultra-low power consumption.

QuickLogic's fiscal year ends on the Sunday closest to December 31. Fiscal years 2019, 2018 and 2017 ended on December 29, 2019, December 30, 2018 and December 31, 2017, respectively.

*Liquidity*

The Company has financed its operations and capital investments through sale of common stock, capital and operating leases, a revolving line of credit and cash flows from operations. As of December 29, 2019, the Company's principal sources of liquidity consisted of cash and cash equivalents of $21.5 million including $15.0 million drawn down from its line of credit, or Revolving Facility with Heritage Bank of Commerce, or Heritage Bank. The Company's prior line of credit facility with Silicon Valley Bank, which matured on September 24, 2018 was fully paid off in July 2018.

On September 28, 2018, the Company entered into a Loan and Security Agreement, or the Loan Agreement with Heritage Bank. The Loan Agreement provided for, among other things, a revolving line of credit facility (the "Revolving Facility") with aggregate commitments of $9,000,000

On December 21, 2018, the Company entered into the Amended and Restated Loan Agreement with Heritage Bank to replace in its entirety the Loan Agreement. The Amended and Restated Loan Agreement increases the Revolving Facility from $9,000,000 to $15,000,000. The Amended and Restated Loan Agreement require the Company to maintain at least $3,000,000 in unrestricted cash at Heritage Bank.

On November 6, 2019, the Company entered into a First Amendment to the Revolving Facility with Heritage Bank to extend the maturity date for one year through September 28, 2021. Under this amendment the Revolving Facility advances shall bear interest, on the outstanding daily balance thereof, at a rate per annum equal to the greater of (i) one half of one percentage point (0.50%) above the Prime Rate, or (ii) five and one half of one percentage points (5.50%). The Company was in compliance with all loan covenants as of the end of the current reporting period. As of December 29, 2019, the Company had $15.0 million of outstanding revolving line of credit with an interest rate of 5.50%.

On June 21, 2019, the Company closed its underwritten public offering of 1.3 million shares of common stock, $0.001 par value per share at a price of $7.00 per share, which included 171,429 shares issued pursuant to the underwriters' full exercise of their over-allotment option. The Company received net proceeds of approximately $8.0 million, after deducting underwriting commissions and other offering-related expenses. See Note 11 to the Consolidated Financial Statements for the details.

In May 2018, the Company issued an aggregate of 965,251 shares of common stock, $0.001 par value and warrants to purchase up to an aggregate of 386,100 shares of common stock in an underwritten public offering. The common stock and warrants were issued in units (the "Units"), with each Unit consisting of (i) one share of common stock and (ii) a warrant to purchase 0.40 of a share of common stock, at a combined price of $16.10 per Unit. The Company received total net proceeds from the offering of $13.9 million, net of underwriting discounts and other offering expenses of $1.6 million.

The common stock warrants are exercisable any time for a period of 60 months from the date of issuance on May 29, 2018, and are exercisable at a price of $19.32 per share. The estimated grant date fair value of the common stock warrants was $7.98 per warrant and was calculated based on the following assumptions used in the Black-Scholes model: expected term of 5 years, risk-free interest rate of 2.58%, expected volatility of 52.75% and expected dividend of zero.

The Company currently uses its cash to fund its working capital, to accelerate the development of next generation products and for general corporate purposes. Based on past performance and current expectations, the Company believes that its existing cash and cash equivalents, together with available financial resources from the Revolving Facility with Heritage Bank will be sufficient to fund its operations and capital expenditures and provide adequate working capital for the next twelve months. The Company's Revolving Facility with Heritage Bank will expire in September 2021 and the Company would need to renew this Revolving Facility or find an alternative lender prior to the expiration date. Further, any violations of debt covenants will restrict the Company's access to any additional cash draws from the Revolving Facility, and may require immediate repayment of the outstanding debt amounts. Management believes that it is probable that the Company will be able to either renew the Revolving Facility or obtain alternative financing on the acceptable terms.

Various factors affect the Company's liquidity, including, among others: the level of revenue and gross profit as a result of the cyclicality of the semiconductor industry; the conversion of design opportunities into revenue; market acceptance of existing and new products including solutions based on its ArcticLink® and PolarPro® platforms, eFPGA, EOS S3 SoC, Quick AI solution, and SensiML software; fluctuations in revenue as a result of product end-of-life; fluctuations in revenue as a result of the stage in the product life cycle of its customers' products; costs of securing access to and availability of adequate manufacturing capacity; levels of inventories; wafer purchase commitments; customer credit terms; the amount and timing of research and development expenditures; the timing of new product introductions; production volumes; product quality; sales and marketing efforts; the value and liquidity of its investment portfolio; changes in operating assets and liabilities; the ability to obtain or renew debt financing and to remain in compliance with the terms of existing credit facilities; the ability to raise funds from the sale of equity in the Company; the ability to capitalize on synergies with our newly acquired subsidiary SensiML; the issuance and exercise of stock options and participation in the Company's employee stock purchase plan; and other factors related to the uncertainties of the industry and global economics.

Over the longer term, the Company anticipates that sales generated from its new product offerings, existing cash and cash equivalents, together with financial resources from its Revolving Facility with Heritage Bank, assuming renewal of the Revolving Facility or the Company entering into a new debt agreement with an alternative lender prior to the expiration of the revolving line of credit in September 2021, and its ability to raise additional capital in the public capital markets will be sufficient to satisfy its operations and capital expenditures. However, the Company cannot provide any assurance that it will be able to raise additional capital, if required, or that such capital will be available on terms acceptable to the Company. The inability of the Company to generate sufficient sales from its new product offerings and/or raise additional capital if needed could have a material adverse effect on the Company's operations and financial condition, including its ability to maintain compliance with its lender's financial covenants.

*Principles of Consolidation*

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles, in the United States of America or US GAAP, and the applicable rules and regulations of the Securities and Exchange Commission, or SEC, and include the accounts of QuickLogic and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

*Foreign Currency*

The functional currency of the Company's non-U.S. operations is the U.S. dollar. Accordingly, all monetary assets and liabilities of these foreign operations are translated into U.S. dollars at current period-end exchange rates and non-monetary assets and related elements of expense are translated using historical exchange rates. Income and expense elements are translated to U.S. dollars using the average exchange rates in effect during the period. Gains

and losses from the foreign currency transactions of these subsidiaries are recorded as interest income and other expense, net in the statements of operations.

*Use of Estimates*

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates, particularly in relation to revenue recognition; the allowance for doubtful accounts; sales returns; valuation of long-lived assets including mask sets; valuation of goodwill; capitalized internal-use software and related amortizable lives and intangibles related to the acquisition of SensiML, including the estimated useful lives of acquired intangible assets, valuation of inventories including identification of excess quantities, market value and obsolescence; measurement of stock-based compensation awards; accounting for income taxes and estimating accrued liabilities.

Contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Judgment is required to determine the Stand-alone Selling Price, or SSP, for each distinct performance obligation. The Company uses a range of amounts to estimate SSP when each of the products and services are sold separately and determines the discount to be allocated based on the relative SSP of the various products and services when products and services sold are bundled. In instances where SSP is not directly observable, such as when the Company does not sell the product or service separately, it determines the SSP using information that may include market conditions and other observable inputs. The Company typically has more than one SSP for individual products and services due to the stratification of those products and services by customers. In these instances, the Company may use information such as the size of the customer, customer tier, type of the technology used, customer demographics, geographic region and other factors in determining the SSP.

*Concentration of Risk*

The Company's accounts receivable are denominated in U.S. dollars and are derived primarily from sales to customers located in North America, Asia Pacific, and Europe. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. See Note 14 for information regarding concentrations associated with accounts receivable and revenue.

*Reverse Stock Split*

On December 6, 2019, the Board of Directors of the Company approved a 1-for-14 reverse stock split of the Company's outstanding common stock, which became effective on December 23, 2019. The reverse stock split was previously approved by the Company's shareholders in a special meeting held on November 26, 2019. At the effective time of the reverse stock split, every 14 issued and outstanding shares of common stock of the Company were automatically combined into one issued and outstanding share of common stock without any change in the par value per share. Stockholders who would have otherwise been entitled to fractional shares of common stock as a result of the reverse stock split received a cash payment in lieu of receiving fractional shares. All share, equity awards, and per share amounts contained in this Form 10-K and the accompanying Consolidated Financial Statements have been adjusted to reflect the reverse stock split for all prior periods presented. Warrants issued in connection with the May 2018 stock issuance were also adjusted to reflect the reverse stock split for all periods presented.

**NOTE 2-SIGNIFICANT ACCOUNTING POLICIES**

*Cash Equivalents*

The Company considers all short-term, highly liquid investments with an original or a remaining maturity at purchase of ninety days or less to be cash equivalents. The Company's investment portfolio included in cash equivalents is generally comprised of investments that meet high credit quality standards. The Company's investment portfolio consists of money market accounts and funds. Restricted cash represents amounts pledged as cash security related to the use of credit cards.

*Fair Value*

The guidance for the fair value option for financial assets and financial liabilities provides companies the irrevocable option to measure many financial assets and liabilities at fair value with changes in fair value recognized in earnings or equity. The Company has not elected to measure any financial assets or liabilities at fair value that were not previously required to be measured at fair value.

*Foreign Currency Transactions*

All of the Company's sales and cost of manufacturing are transacted in U.S. dollars. The Company conducts a portion of its research and development activities in India and has sales and marketing activities in various countries outside of the United States. Most of these international expenses are incurred in local currency. Foreign currency transaction gains and losses, which are not significant, are included in interest income and other expense, net, as they occur. Operating expenses denominated in foreign currencies were approximately 19%, 27% and 25% of total operating expenses in 2019, 2018 and 2017 respectively. The Company incurred a majority of these foreign currency expenses in India, the United Kingdom, China, Taiwan and Korea in 2019, 2018 and 2017. The Company has not used derivative financial instruments to hedge its exposure to fluctuations in foreign currency and, therefore, is susceptible to fluctuations in foreign exchange gains or losses in its results of operations in future reporting periods.

*Inventories*

In accordance with the Financial Accounting Standards Board, or FASB Accounting Standards Update, or ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which was adopted by the Company in the first quarter of 2017, inventories are stated at the lower of standard cost or net realizable value. Standard cost approximates actual cost on a first-in, first-out basis. The Company routinely evaluates quantities and values of its inventories in light of current market conditions and market trends and records reserves for quantities in excess of demand and product obsolescence. The evaluation, which inherently involves judgments as to assumptions about expected future demand and the impact of market conditions on these assumptions, takes into consideration historic usage, expected demand, anticipated sales price, the stage in the product life cycle of its customers' products, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer design activity, customer concentrations, product merchantability and other factors. Market conditions are subject to change. Actual consumption of inventories could differ from forecast demand, and this difference could have a material impact on the Company's gross margin and inventory balances based on additional provisions for excess or obsolete inventories or a benefit from inventories previously written down. The Company also regularly reviews the cost of inventories against estimated net realizable value and records a lower of cost or net realizable value reserve for inventories that have a cost in excess of estimated net realizable value (previously market value), which could have a material impact on the Company's gross margin and inventory balances based on additional write-downs to net realizable value or a benefit from inventories previously written down.

The Company's semiconductor products have historically had an unusually long product life cycle and obsolescence has not been a significant factor in the valuation of inventories. However, as the Company pursues opportunities in the mobile market and continues to develop new solutions and products, the Company believes its product life cycle will be shorter which could increase the potential for obsolescence. A significant decrease in demand could result in an increase in excess inventory on hand. Although the Company makes every effort to ensure

the accuracy of its forecasts of future product demand, any significant unanticipated changes in demand or frequent new product developments could have a significant impact on the value of its inventory and its results of operations.

*Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, generally one to seven years. Amortization of leasehold improvements is computed on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, generally one to seven years.

*Capitalized Internal-Use Software*

The Company capitalizes costs related to development of hosted services that the Company provides to its customers and internal use of enterprise-level business and finance software in support of the Company's operational needs. Costs incurred in the application development phase are capitalized and amortized on a straight-line basis over their useful lives, which are generally three to five years. Costs related to planning and other preliminary project activities and post-implementation activities are expensed as incurred. The Company tests these assets for impairment whenever events or changes in circumstances occur that could impact their recoverability.

*Long-Lived Assets*

The Company reviews the recoverability of its long-lived assets, such as property and equipment, annually and when events or changes in circumstances occur that indicate that the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of the asset or asset group, an impairment loss is recognized for the difference between the estimated fair value and the carrying value, and the carrying value of the related assets is reduced by this difference. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets. During 2019, 2018 and 2017 the Company wrote-off equipment with a net book value of $4,000, $5,000 and $12,000, respectively.

*Licensed Intellectual Property*

The Company licenses intellectual property that is incorporated into its products. Costs incurred under license agreements prior to the establishment of technological feasibility are included in research and development expense as incurred. Costs incurred for intellectual property once technological feasibility has been established and that can be used in multiple products are capitalized as a long-term asset. Once a product incorporating licensed intellectual property has production sales, the amount is amortized over the estimated useful life of the asset, generally up to five years.

*Revenue Recognition after adoption of Accounting Standards Codification ("ASC") Topic No. 606*

The Company adopted ASC Topic No. 606 and related ASUs, which provide supplementary guidance, and clarifications, effective January 1, 2018. The Company adopted using the modified retrospective approach. As a result, the Company is required to disclose the accounting policies in effect prior to January 1, 2018, as well as the policies it has applied starting January 1, 2018. The results for the reporting period beginning after January 1, 2018 are presented in accordance with the new standard, although comparative information for the prior year has not been restated and continues to be reported under the accounting standards and policies in effect for those periods. Adoption of the new standard did not have a significant impact on the current period revenues or on the prior year Consolidated Financial Statements. No transition adjustment was required to be recorded as of January 1, 2018. Under the new standard revenue is recognized as follows:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

As part of its assessment of each contract, the Company evaluates certain factors including the customer's ability to pay, or credit risk. For each contract, the Company considers the promise to transfer products, each of which is distinct, to be the identified performance obligations. In determining the transaction price, the price stated on the purchase order is typically fixed and represents the net consideration to which the Company expects to be entitled, and therefore there is no variable consideration. As the Company's standard payment terms are less than one year, the Company has elected, as a practical expedient, to not assess whether a contract has a significant financing component. The Company allocates the transaction price to each distinct product based on its relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable source that depicts the price as if sold to a similar customer in similar circumstances.

*Product Revenue*

The Company generates most of its revenue by supplying standard hardware products, which must be programmed before they can be used in an application. The Company's contracts with customers are generally for product only, and do not include other performance obligations such as services, extended warranties or other material rights.

The Company recognizes hardware product revenue at the point of time when control of products is transferred to the customers, when the Company's performance obligation is satisfied, which typically occurs upon shipment from the Company's manufacturing site or its headquarters.

*Intellectual Property and Software License Revenue*

The Company also generates revenue from licensing their intellectual property or IP, software tools and royalty from licensing its technology.

The Company recognizes IP and Software License revenue at the point of time when the control of IP or software license has been transferred.

Some of the IP and Software Licensing contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, type of the customer, customer tier, type of the technology used, customer demographics, geographic locations, and other factors.

*Software as a Service Revenue, or SaaS Revenue*

Software products that are offered to customers with a right to use the hosted software over the contract period without taking the possession of it are billed on a subscription basis. Revenue that are billed on a subscription basis is recognized ratably over the contract period.

*Maintenance Revenue*

The Company recognizes revenue from maintenance ratably over the term of the underlying maintenance contract term. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the term.

*Royalty Revenue*

The Company recognizes royalty revenue when the later of the following events occurs: (a) The subsequent sale or usage occurs. (b) The performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied.

*Deferred Revenue*

Receivables are recognized in the period the Company ships the product. Payment terms on invoiced amounts are based on contractual terms with each customer. When the Company receives consideration, or such consideration is unconditionally due, prior to transferring goods or services to the customer under the terms of a sales contract, the Company records deferred revenue, which represents a contract liability. The Company recognizes deferred revenue as net sales once control of goods and/or services have been transferred to the customer and all revenue recognition criteria have been met and any constraints have been resolved. The Company defers the product costs until recognition of the related revenue occurs.

*Assets Recognized from Costs to Obtain a Contract with a Customer*

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer, if it expects the benefit of those costs to be longer than one year. The Company has concluded that none of the costs it has incurred to obtain and fulfill its ASC 606 contracts meet the capitalization criteria, and as such, there are no costs deferred and recognized as assets on the consolidated balance sheet at December 29, 2019.

*Practical expedients and exemptions*

(i) Taxes collected from customers and remitted to government authorities and that are related to the sales of the Company's products are excluded from revenues.

(ii) Sales commissions are expensed when incurred because the amortization period would have been one year or less. These costs are recorded in Selling, general and administrative expense in the Condensed Consolidated Statements of Income.

(iii) The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with original expected lengths of one year or less or (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for the services performed.

The Company records allowance for sales returns. Amounts recorded for sales returns for the year ended December 29, 2019 and December 30, 2018 were $60,000 and $156,000 respectively.

*Revenue Recognition Prior to the Adoption of ASC Topic No. 606 on January 1, 2018*

The Company supplies standard products which must be programmed before they can be used in an application. The Company's products may be programmed by us, distributors, end-customers or third parties.

The Company recognizes revenue as products are shipped if evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, collection of the resulting receivable is reasonably assured and product returns are reasonably estimable. Revenue is recognized upon shipment of programmed and unprogrammed parts to both OEM customers and distributors, provided that legal title and risk of ownership have transferred. Parts held by distributors may be returned for quality reasons only under its standard warranty policy. The Company records allowance for sales returns. Amounts recorded for sales returns were not material for the year ended December 31, 2017.

The Company accounts for its Intellectual Property or IP license revenues and related services in accordance with Financial Accounting Standard Board or FASB Accounting Standards Codification or ASC No. 985-605, *Software Revenue Recognition.* Revenues are recognized when persuasive evidence of an arrangement exists and no further obligation exists, delivery has occurred, the license fee is fixed or determinable, and collection is reasonably assured. A license may be perpetual or time limited in its application. The Company's IP license agreement contains multiple elements including post-contract customer support. For multiple element arrangements involving software and other software-related deliverables, vendor-specific objective evidence of fair value ("VSOE") must exist to allocate the total fee among all delivered and non-essential undelivered elements of the arrangement. If undelivered elements of the arrangement are essential to the functionality of the product, revenue is deferred until the essential elements are delivered. If VSOE does not exist for one or more non-essential undelivered elements, revenue is deferred until such evidence exists for the undelivered elements, or until all elements are delivered, whichever is earlier. VSOE of each element is based on historical evidence of stand-alone sales of these elements to third parties including substantive renewal rate as stated in the agreement. When VSOE does not exist for undelivered items, the entire arrangement fee is recognized ratably over the performance period.

*Cost of Revenue*

The Company records all costs associated with its product sales in cost of revenue. These costs include the cost of materials, contract manufacturing fees, shipping costs and quality assurance. Cost of revenue also includes indirect costs such as warranty, excess and obsolete inventory charges, general overhead costs and depreciation.

*Accounts Receivable Allowance*

The Company estimates the amount of uncollectible accounts receivable at the end of each reporting period based on the aging of the receivable balance, current and historical customer trends, and communications with its customers. Amounts are written off only after considerable collection efforts have been made and the amounts are determined to be uncollectible.

*Warranty Costs*

The Company warrants finished goods against defects in material and workmanship under normal use for twelve months from the date of shipment. The Company's liability is limited to the cost of repair or replacement of the defective part. The Company does not consider activities related to such warranties to be a separate performance obligation under ASC 606. The terms and conditions of sale generally do not allow for refunds or product returns other than for warranty repairs. The Company does not have significant product warranty related costs or liabilities.

*Leases*

The Company adopted ASU No. 2016-02,*Leases (Topic 842)* and related ASUs, which provide supplementary guidance and clarifications on December 31, 2018, utilizing the modified retrospective transition method. There was no cumulative-effect adjustment required upon adoption. Additionally, the Company elected the practical expedient approach and did not reassess whether any contracts that existed prior to adoption have or contain leases or the classification of our existing leases.

Under Topic 842, all significant lease arrangements are generally recognized at lease commencement. Operating lease right-of-use, or ROU, assets and lease liabilities are recognized at the commencement date. A ROU asset and corresponding lease liability is not recorded for leases with an initial term of 12 months or less (short term leases) and the Company recognizes lease expense for these leases as incurred over the lease term.

ROU assets represent the Company's right to use an underlying asset during the reasonably certain lease terms and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company primarily uses its incremental borrowing rate, based on the information available at commencement date, in determining the present value of lease payments. The

operating lease ROU asset also includes any lease payments related to initial direct cost and prepayments and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

In accordance with ASU No. 2016-02, the Company recognized right-of-use assets of approximately $975,000 and lease liabilities of approximately $939,000 on the Company's Consolidated Balance Sheet as of March 31, 2019, with no material impact to its Consolidated Statements of Operations. As of December 29, 2019, the Company's right-of-use assets was approximately $2.4 million and lease liability was approximately $2.3 million as presented on the Company's Consolidated Balance Sheet. See Note 8 to the Consolidated Financial Statements for more details.

*Business Combinations*

The Company recognizes assets acquired (including goodwill and identifiable intangible assets) and liabilities assumed at fair value on the acquisition date. Subsequent changes to the fair value of such assets acquired and liabilities assumed are recognized in earnings, after the expiration of the measurement period, a period not to exceed 12 months from the acquisition date. Acquisition-related expenses and acquisition-related restructuring costs are recognized in earnings in the period in which they are incurred.

*Goodwill and Intangible Assets*

Goodwill represents the excess fair value of consideration transferred over the fair value of net assets acquired in business combinations. The carrying value of goodwill and indefinite lived intangible assets are not amortized but are annually tested for impairment and more often if there is an indicator of impairment. In the first quarter of 2019, the Company recognized Goodwill of $282,000 due to tax benefits that arised from intangible assets acquired in the SensiML acquisition. Goodwill was trued-up to $185,000 during the measurement period, which is 12 months from the date of acquisition and therefore the change was accounted for as acquisition accounting.

Intangible assets with finite useful lives are amortized on a straight-line basis over the periods benefited. The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets. No impairment has been recognized to-date.

*Restricted cash*

Restricted cash represents amounts pledged as cash security related to the Company's credit cards.

*Advertising*

Costs related to advertising and promotion expenditures are charged to "Selling, general and administrative" expense in the consolidated statements of operations as incurred. Costs related to advertising and promotion expenditures were $146,000 in 2019, $93,000 in 2018, and $95,000 in 2017.

*Stock-Based Compensation*

The Company accounts for stock-based compensation under the provisions of the amended authoritative guidance, and related interpretations which require the measurement and recognition of expense related to the fair value of stock-based compensation awards. The fair value of stock-based compensation awards is measured at the grant date and re-measured upon modification, as appropriate. The Company uses the Black-Scholes option pricing model to estimate the fair value of employee stock options and rights to purchase shares under the Company's 1999 Employee Stock Purchase Plan, or ESPP, consistent with the provisions of the amended authoritative guidance. The

fair value of restricted stock awards, or RSAs, and restricted stock units, or RSUs, is based on the closing price of the Company's common stockon the date of grant. Equity compensation awards which vest with service are expensed on a straight-line basis over the requisite service period. Service based performance awards are expensed on a straight-line basis over the vesting period. If performance conditions are other than service, an accelerated method of amortization is used, which treats each vesting tranche as a separate award over the expected life of the unit. The Company regularly reviews the assumptions used to compute the fair value of its stock-based awards and it will revise its assumptions as appropriate. In the event that assumptions used to compute the fair value of its stock-based awards are later determined to be inaccurate or if the Company changes its assumptions significantly in future periods, stock-based compensation expense and the results of operations could be materially impacted. See Note 13 to the Consolidated Financial Statements for further details.

*Accounting for Income Taxes*

The Company is required to estimate its income taxes in each of the jurisdictions in which the Company operates. This process involves estimating the Company's actual current tax exposure together with assessing temporary differences resulting from different tax and accounting treatment of items, such as deferred revenue, allowance for doubtful accounts, the impact of equity awards, depreciation and amortization and employee related accruals. These differences result in deferred tax assets and liabilities, which are included on the Company's balance sheets. The Company must then assess the likelihood that its deferred tax assets will be recovered from future taxable income and to the extent the Company believes that recovery is not likely, it must establish a valuation allowance.

Significant management judgment is required in determining the Company's provision for income taxes, the Company's deferred tax assets and liabilities and any valuation allowance recorded against the Company's net deferred tax assets. The Company's deferred tax assets, consisting primarily of net operating loss carryforwards, amounted to $58 million tax effected as of the end of 2019. The Company has also recorded a valuation allowance of $58 million, tax effected, as of the end of 2019 due to uncertainties related to the Company's ability to utilize its U.S. deferred tax assets before they expire. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, ability to project future taxable income, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the deferred tax assets valuation allowance, which would reduce its provision for income taxes.

The Company accounts for uncertainty in income taxes using a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies the liability for unrecognized tax benefits as current to the extent that it anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes. Accrued interest and penalties are included within the related tax liability line in the Consolidated Balance Sheet.

*Concentrations of Credit and Suppliers*

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents are maintained with high quality institutions. The Company's accounts receivables are denominated in U.S. dollars and are derived primarily from sales to customers located in North America, Europe and Asia Pacific. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. See Note 14 for information regarding concentrations associated with accounts receivable.

The Company depends on a limited number of contract manufacturers, subcontractors, and suppliers for wafer fabrication, assembly, programming and test of its devices, and for the supply of programming equipment, and these services are typically provided by one supplier for each of the Company's devices. The Company generally purchases these single or limited source services through standard purchase orders. Because the Company relies on independent subcontractors to perform these services, it cannot directly control its product delivery schedules, costs

or quality levels. The Company's future success also depends on the financial viability of its independent subcontractors.

*Comprehensive Income (Loss)*

Comprehensive income (loss) includes all temporary changes in equity (net assets) during a period from non-owner sources. The Company's comprehensive loss equaled to net loss for all periods presented.

*Recently Adopted New Accounting Pronouncements:*

In January 2017, the FASB issued Accounting Standards Update ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill. Goodwill impairment will equal the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Furthermore, the ASU eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform step 2 of the goodwill impairment test. The guidance will be applied prospectively, and is effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for any impairment tests performed on testing dates after January 1, 2017. The Company has elected to early adopt this guidance effective December 31, 2018 for the goodwill impairment test, which will be performed annually on December 1st. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2018, FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income.* The new standard provides companies with an option to reclassify stranded tax effects resulting from enactment of the Tax Cuts and Jobs Act, or TCJA, from accumulated other comprehensive income to retained earnings. The guidance will be effective for the Company beginning in the first quarter of 2019 with early adoption permitted, and would be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the tax rate as a result of TCJA is recognized. The Company adopted this ASU on December 31, 2018 with no material impact on its results of operations, financial position and cash flows.

In March 2018, FASB issued ASU No. 2018-05, *Income Taxes (Topic 740).* The new standard allows to insert the SEC's interpretive guidance from Staff Accounting Bulletin, or SAB, No.118, into the income tax accounting codification under U.S. GAAP. The ASU permits companies to use provisional amounts for certain income tax effects of the Tax Act during a one-year measurement period. The provisional accounting impacts for the Company may change in future reporting periods until the accounting analysis is finalized, which will occur no later than the first quarter of fiscal 2019. The Company completed its SAB No.118 analysis with no material impact to the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. Currently, share-based payments to nonemployees are accounted for under Subtopic 505-50, which significantly differs from the guidance for share-based payments to employees under Topic 718. This ASU supersedes Subtopic 505-50 by expanding the scope of Topic 718 to include nonemployee awards and generally aligning the accounting for nonemployee awards with the accounting for employee awards. The effective date for public companies is for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the effective date is fiscal years beginning after December 15, 2019. The Company adopted this ASU on December 31, 2018 with no material impact on its results of operations, financial position and cash flows.

*New Accounting Pronouncements Not Yet Adopted:*

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This new standard modifies certain disclosure requirements on fair value measurements. This new standard will be effective for public companies on January 1, 2020. The Company is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementations Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* Under the new standard, implementations costs related to a cloud computing arrangement will be deferred or expensed as incurred, in accordance with the existing internal-use software guidance for similar costs. The new standard also prescribes the balance sheet, income statement and cash flow classification of the capitalized implementation costs and related amortizations expenses. The effective date for public companies is for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments may be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is currently evaluating the impact ofthe pending adoption of the new standard on the consolidated financial statements.

**NOTE 3-NET LOSS PER SHARE**

Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per share was computed using the weighted average number of common shares outstanding during the period plus potentially dilutive common shares outstanding during the period under the treasury stock method. In computing diluted net loss per share, the weighted average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options and warrants.

For 2019, 2018 and 2017, 563,000 shares, 435,000 shares, and 476,000 shares, respectively, associated with equity awards outstanding and the estimated number of shares to be purchased under the current offering period of the 2009 Employee Stock Purchase Plan were not included in the calculation of diluted net loss per share, as they were considered antidilutive due to the net loss the Company experienced during those years. Warrants to purchase up to 386,000 shares were issued in connection with May 29, 2018 stock offering were also not included in the diluted loss per share calculation for the year ended December 29, 2019 and December 30, 2018 as they were also considered anti-dilutive due to the net loss the Company experienced during these periods.

On December 6, 2019, the Board of Directors of the Company approved a 1-for-14 reverse stock split of the Company's outstanding common stock, which became effective on December 23, 2019. The reverse stock split was previously approved by the Company's shareholders in a special meeting held on November 26, 2019. Accordingly, all share, equity award, and per share amounts have been adjusted to reflect the reverse stock split for all periods presented.

**NOTE 4-BALANCE SHEET COMPONENTS**

| | December 29, 2019 | December 30, 2018 |
|---|---|---|
| | (in thousands) | |
| Inventories: | | |
| Raw material | $ 222 | $ 191 |
| Work-in-process | 2,370 | 2,929 |
| Finished goods | 668 | 716 |
| | $ 3,260 | $ 3,836 |
| Other current assets: | | |
| Prepaid expenses | $ 1,296 | $ 1,483 |
| Other | 269 | 292 |
| | $ 1,565 | $ 1,775 |
| Property and equipment: | | |
| Equipment | $ 10,694 | $ 10,607 |
| Software | 1,789 | 2,788 |
| Furniture and fixtures | 36 | 42 |
| Leasehold improvements | 474 | 712 |
| | 12,993 | 14,149 |
| Accumulated depreciation and amortization | (12,163 ) | (12,700 ) |
| | $ 830 | $ 1,449 |
| Capitalized internal-use software: | | |
| Capitalized during the year | $ 365 | — |
| Accumulated amortization | (32 ) | — |
| | $ 333 | — |
| Accrued liabilities: | | |
| Employee compensation related accruals | 713 | 1,154 |
| Other | 420 | 749 |
| | $ 1,133 | $ 1,903 |

The Company recorded depreciation and amortization expense of $1.2 million, $1.3 million and $1.4 million for the fiscal years 2019, 2018 and 2017, respectively. No interest was capitalized for any period presented. Fiscal year 2019 depreciation and amortization of $1.2 million includes $32,000 of amortization of capitalized internal-use software.

**NOTE 5-BUSINESS ACQUISITION**

*SensiML Acquisition*

On January 3, 2019, the Company entered into a stock purchase agreement, or the Stock Purchase Agreement, with SensiML for the purchase of all of its issued and outstanding common stock in exchange for the Company's common stock, or the SensiML Acquisition.

SensiML has a software toolkit enabling IoT developers to quickly and easily create smart devices, transforming rich sensors into actionable event detectors.

SensiML's Analytics Toolkit is an end-to-end software suite that provides OEMs a straightforward process for developing pattern matching sensor algorithms using machine learning technology that are optimized for ultra-low power consumption. The SensiML Analytics Toolkit enables OEMs to quickly and easily leverage the power of local AI in edge, endpoint and wearable designs without the need for significant Data Science or Firmware Engineering resources.

The results of operations for the Company for the fiscal year ended December 29, 2019 include operating activity for SensiML since its acquisition date of January 3, 2019. For the fiscal year endedDecember 29, 2019, revenues attributable to SensiML included in the condensed consolidated statement of operations were $126,000. For the year ended December 29, 2019, charges of $148,000 were attributable to the amortization of purchased

intangible assets, were included in the statements of operations for respective periods. Deal costs associated with the acquisition were $104,000 for the fiscal year ended December 29, 2019. Deal costs were included in general and administrative expenses in the Company's consolidated results of operations.

*Purchase Price Allocation*

Under the purchase accounting method, the total purchase price was allocated to SensiML's net tangible and intangible assets based upon their estimated fair values as of the acquisition date. The excess purchase price over the value of the net tangible and identified intangible assets was recorded as goodwill. During the measurement period, which can be no more than one year from the date of acquisition, the Company obtained information to determine the final fair value of the net assets acquired at the acquisition date. Assets acquired and liabilities assumed are recorded based on valuations derived from estimated fair value assessments and assumptions used by the Company. The Company finalized the valuation with no change of acquired assets and liabilities as of December 29, 2019. In the first quarter of 2019, the Company recognized a Goodwill of $282,000 due to recording a deferred tax liability that arose from intangible assets acquired in the SensiML acquisition. Goodwill was trued-up at $185,000 during the measurement period, which is 12 months from the date of acquisition and therefore the change was accounted for in acquisition accounting.

Intangible assets associated with the acquisition is primarily attributable to the future technology, market presence and knowledgeable and experienced workforce. The fair value assigned to identifiable intangible assets acquired was determined using the income approach taking into account the Company's consideration of a number of inputs, including an independent third-party analysis that was based upon estimates and assumptions provided by the Company. These estimates and assumptions were determined through established and generally a ccepted valuation techniques. The estimated fair value of the tangible and intangible assets acquired was allocated at SensiML's acquisition date. Goodwill is not amortized for financial accounting purposes and is not expected to be deductible for income tax purposes.

The Stock Purchase Agreement contains customary representations and warranties between the Company and SensiML, who agreed to indemnify each other for certain breaches of representations, warranties, covenants and other specified matters. Approximately $200,000 in value of the Company's common stock of the purchase price was placed in escrow as security for post-closing working capital adjustments, which expired on January 2, 2020.

**NOTE 6-INTANGIBLE ASSETS**

The following table provides the details of the carrying value of intangible assets recorded from the acquisition of SensiML during the year ended December 29, 2019 (in thousands):

| | December 29, 2019 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Developed technology | $ 959 | $ (96) | $ 863 |
| Customer relationships | 81 | (40) | 41 |
| Trade names and trade marks | 116 | (12) | 104 |
| Total acquired identifiable intangible assets | $ 1,156 | $ (148) | $ 1,008 |

The following table provides the details of future annual amortization of intangible assets, based upon the current useful lives as of December 29, 2019 (in thousands):

| Annual Fiscal Years | Amount |
|---|---|
| 2020 | 149 |
| 2021 | 107 |
| 2022 | 107 |
| 2023 | 107 |
| 2024 | 107 |
| Thereafter | 431 |
| Total | $ 1,008 |

## NOTE 7-OBLIGATIONS

***Revolving Line of Credit***

On September 28, 2018, the Company entered into a Loan and Security Agreement, or the Loan Agreement with Heritage Bank. The Loan Agreement provided for, among other things, the Revolving Facility with aggregate commitments of $9,000,000.

On December 21, 2018, the Company entered into an Amended and Restated Loan and Security Agreement, or the Amended and Restated Loan Agreement with Heritage Bank to replace in its entirety the Loan Agreement. The Amended and Restated Loan Agreement increased the Revolving Facility from $9,000,000 to $15,000,000. The Amended and Restated Loan Agreement requires the Company to maintain at least $3,000,000 in unrestricted cash at Heritage Bank.The Company was in compliance with all loan covenants under the Amended and Restated Loan Agreement as of the end of the current reporting period.

On November 6, 2019 the Company entered into a First Amendment to the Amended and Restated Loan Agreement to extend the maturity date of the Revolving Facility for one year through September 28, 2021. Under this amendment, the Revolving Facility advances shall bear interest, on the outstanding daily balance thereof, at a rate per annum equal to the greater of (i) one half of one percentage point (0.50%) above the Prime Rate, or (ii) five and one half of one percentage points (5.50%).

As of December 29, 2019 and December 30, 2018, the Company had $15.0 million of revolving debt outstanding with an interest rates of 5.50% and 6.0% per annum, respectively. On January 2, 2020 and January 6, 2020, the Company repaid $10.0 million and $2.0 million respectively, of its outstanding debt under the Revolving Facility with Heritage Bank.

The Bank has a first priority security interest in substantially all of the Company's tangible and intangible assets to secure any outstanding amounts under the Loan Agreement.

## NOTE 8-LEASES

The Company entered into operating leases for office space for its headquarters, domestic and foreign subsidiaries and sales offices. Finance leases are primarily for engineering design software. Operating leases generally have lease terms of 1 year to 5 years. Finance leases are generally 2 years to 3 years. During the fiscal year ended December 29, 2019, the Company recognized right-of-use assets of approximately $2.4 million and lease liability of approximately $2.3 million relating to the operating leases signed for the premises of its headquarters in San Jose, its San Diego office and its subsidiary SensiML in Oregon. The Company exited Sunnyvale premises lease in July 2019.

During 2018, the Company leased its primary facility under a non-cancelable operating lease that expires in March 2020. In October 2018, the Company submitted a nine months termination notice to the landlord to end the lease in July 2019. On February 13, 2019, the Company entered into an agreement to lease approximately 24,164 square feet of premises located at 2220 Lundy Avenue, San Jose, CA 95131 for a period of five years, effective April 15, 2019 to relocate its headquarters.

In October 2018, the Company leased a facility for research and development in San Diego, California, the lease of which expires in July 2020.

In April 2019, the Company leased a facility for its SensiML subsidiary in Beaverton, Oregon, the lease of which expires in March 2021.

In addition, the Company rents development facilities in India as well as sales offices in Europe and Asia. Total rent expense during 2019, 2018 and 2017 was approximately $798,000, $881,000 and $866,000 respectively.

The following table provides the activity related to operating and finance leases (in thousands

| | Fiscal Year Ended December 29, 2019 |
|---|---|
| Operating lease costs: | |
| Fixed | $ 757 |
| Variable | - |
| Short term | 40 |
| Total | 797 |
| Finance lease costs: | |
| Amortization of ROU asset | 388 |
| Interest | 18 |
| Total | $ 406 |

The following table provides the details of supplemental cash flow information (in thousands):

| | Fiscal Year Ended December 29, 2019 |
|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows used for operating leases | $ 791 |
| Operating cash flows used for finance leases | 24 |
| Financing cash flows used for financing leases | 365 |
| Total | $ 1,180 |
| Right-of-use assets obtained in exchange for obligations: | |
| Operating leases | $ 2,200 |
| Finance leases | 170 |
| Total | $ 2,370 |

The following table provides the details of right-of-use assets and lease liabilities as of December 29, 2019 (in thousands):

| | December 29, 2019 |
|---|---|
| Right-of-use assets: | |
| Operating leases | $ 2,200 |
| Finance leases | 170 |
| Total | $ 2,370 |
| Lease liabilities: | |
| Operating leases | 1,816 |
| Finance leases | 471 |
| Total | $ 2,287 |

The following table provides the details of future lease payments for operating and finance leases as of December 29, 2019 (in thousands):

| **Annual Fiscal Years** | **Operating** | **Finance** |
|---|---|---|
| 2020 | $ 611 | $ 214 |
| 2021 | 493 | 150 |
| 2022 | 409 | 150 |
| 2023 | 421 | — |
| 2024 | 106 | — |
| Total lease payments | 2,040 | 514 |
| Less: Interest | (224 ) | (43 ) |
| Present value of lease liabilities | $ 1,816 | $ 471 |

The following table provides the details of lease terms and discount rates as of December 29, 2019:

| | December 29, 2019 |
|---|---|
| Right-of-use assets: | |
| Weighted-average remaining lease term (years) | |
| Operating leases | 3.81 |
| Finance leases | 2.65 |
| Weighted-average discount rates: | |
| Operating leases | 6.00 % |
| Finance leases | 5.81 % |

**NOTE 9-FAIR VALUE MEASUREMENTS**

Pursuant to the accounting guidance for fair value measurements and its subsequent updates, fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market and it considers assumptions that market participants would use when pricing the asset or liability.

The accounting guidance for fair value measurement also specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the company's own assumption of market participant valuation (unobservable inputs). The fair value hierarchy consists of the following three levels:

- *Level 1* – Inputs are quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- *Level 3* – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Our cash and cash equivalents include money market account balance of $20.9 million and money market funds of $262,000 as of December 29, 2019 and December 30, 2018, respectively. Investment in money market funds was classified within level 1 of the fair value hierarchy because they were valued using quoted market prices for identical assets. Fair value of the money market account balance with Heritage Bank equals to book value.

**NOTE 10-INCOME TAXES**

The following table presents the U.S. and foreign components of consolidated income (loss) before income taxes and the provision for (benefit from) income taxes (in thousands):

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Income (loss) before income taxes: | | | |
| U.S. | $ (15,813) | $ (13,982) | $ (14,253) |
| Foreign | 289 | 355 | 209 |
| Loss before income taxes | $ (15,524) | $ (13,627) | $ (14,044) |
| Provision for (benefit from) income taxes: | | | |
| Current: | | | |
| Federal | $ — | $ (19) | $ — |
| State | 3 | 2 | 2 |
| Foreign | 108 | 169 | 85 |
| Subtotal | 111 | 152 | 87 |
| Deferred: | | | |
| Federal | (141) | — | — |
| State | (44) | — | — |
| Foreign | (6) | — | — |
| Subtotal | (191) | — | — |
| Provision for income taxes | $ (80) | $ 152 | $ 87 |

The following table presents the rate reconciliation between income tax provisions at the U.S. federal statutory rate and the effective rate reflected in the consolidated statements of operations:

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Income tax (benefit) at statutory rate | $ (3,260) | $ (2,862) | $ (4,775) |
| State taxes | (42) | 2 | 2 |
| Stock compensation and other permanent differences | 187 | 252 | 75 |
| Foreign taxes | 42 | 95 | (30) |
| Future benefit of deferred tax assets not recognized | 3,133 | 2,684 | 4,815 |
| Other | (140) | (19) | — |
| Provision for income taxes | $ (80) | $ 152 | $ 87 |

Based on the available objective evidence, management believes it is more likely than not that the U.S. net deferred tax assets will not be fully realizable. Accordingly, the Company has provided a full valuation allowance against its U.S. federal and state deferred tax assets at December 29, 2019. Any future release of the valuation allowance may be recorded as a tax benefit increasing net income. The Company believes it is more likely than not it will be able to realize its foreign deferred tax assets. Deferred tax balances are comprised of the following (in thousands):

| | December 29, 2019 | December 30, 2018 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating losses | $ 40,717 | $ 37,527 |
| Capital losses | — | — |
| Accruals and reserves | 1,345 | 1,370 |
| Credits carryforward | 5,765 | 5,836 |
| Depreciation and amortization | 9,760 | 9,887 |
| Stock-based compensation | 637 | 347 |
| Gross deferred tax assets | 58,224 | 54,967 |
| Deferred tax liabilities: | | |
| Net lease asset/ (liability) | (23) | — |
| Gross deferred tax liabilities | (23) | — |
| Net deferred tax assets/ (liabilities) | 58,201 | 54,967 |
| Valuation allowance | (58,140) | (54,913) |
| Total deferred tax asset/ (liability) | $ 61 | $ 54 |

As of December 29, 2019, the Company had net operating loss carryforwards of approximately $168.7 million for federal and $75.4 million for state income tax purposes.If not utilized, the federal net operating loss for years beginning before January 1, 2018 of $141.6 million will expire beginning in 2020 through 2038, and federal net operating losses beginning after January 1, 2018 of $27.1 million will be carried forward indefinitely (subject to certain limitations). If not utilized, the state net operating losses will expire beginning in 2020 through 2038.

The Company has research credit carryforwards of approximately $4.0 million for federal and $4.4 million for state income tax purposes as of December 29, 2019. If not utilized, the federal carryforwards will expire in various amounts beginning in 2020. The California credit can be carried forward indefinitely.

The Tax Cuts and Jobs Act (the "TCJA") was enacted on December 22, 2017. The Act reduces the US federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. In December 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance on accounting for the income tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting relating to the TCJA under Accounting Standards Codification Topic 740, “Income Taxes” (“ASC 740”). In accordance with SAB 118, the TCJA-related income tax effects that we initially reported as provisional estimates were refined as additional analysis was performed. There was no material impact to the balance sheet and income statement recorded when the analysis was completed in the 2018 fourth quarter. The TCJA also includes a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries. In accordance with U.S. GAAP, the Company has made an accounting policy election to treat taxes due under the GILTI provision as a current period expense.

Events which may restrict utilization of a company’s net operating loss and credit carryforwards include, but are not limited to, certain ownership change limitations as defined in Internal Revenue Code Section 382 and similar state provisions. In the event the Company has had a change of ownership, utilization of carryforwards could be restricted to an annual limitation. The annual limitation may result in the expiration of net operating loss carryforwards and credit carryforwards before utilization.

The Company has not undertaken a study to determine if its net operating losses are limited. In the event the Company previously experienced an ownership change, or should experience an ownership change in the future, the amount of net operating losses and research and development credit carryovers available in any taxable year could be limited and may expire unutilized.

Foreign withholding taxes associated with the repatriation of earnings of foreign subsidiaries were not provided for on the undistributed earnings of certain foreign subsidiaries as of the end of fiscal 2019. The Company intends to reinvest these earnings indefinitely in the Company’s foreign subsidiaries. The Company believes that future domestic cash generation will be sufficient to meet future domestic cash needs. The Company has not recorded a deferred tax liability on the undistributed earnings of non-U.S. subsidiaries. The foreign withholding taxes would not have a material impact on the Company’s financial position and results of operation.

*Uncertain Tax Positions*

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

| | December 29, 2019 | December 30, 2018 | December 31, 2017 |
|---|---|---|---|
| Beginning balance of unrecognized tax benefits | $ 2,161 | $ 2,107 | $ 2,014 |
| Additions for tax positions related to the prior year | (46) | (2) | 16 |
| Additions for tax positions related to the current year | 88 | 125 | 77 |
| Lapse of statutes of limitations | (86) | (69) | — |
| Ending balance of unrecognized tax benefits | $ 2,117 | $ 2,161 | $ 2,107 |

Out of $2.1 million of unrecognized tax benefits, there are no unrecognized tax benefits that would result in a change in the Company's effective tax rate if recognized in future years. The accrued interest and penalties related to uncertain tax positions was not significant for December 29, 2019, December 30, 2018 and December 31, 2017.

The Company is not currently under tax examination and the Company's historical net operating loss and credit carryforwards may be adjusted bythe Internal Revenue Service, and other tax authorities until the statute closes on the year in which such tax attributes are utilized. The Company estimates that its unrecognized tax benefits will not change significantly within the next twelve months.

The Company is subject to U.S. federal income tax as well as income taxes in many U.S. states and foreign jurisdictions in which the Company operates. The U.S. tax years from 1999 forward remain effectively open to examination due to the carryover of unused net operating losses and tax credits.

**NOTE 11-STOCKHOLDERS' EQUITY**

*Common and Preferred Stock*

As of December 29, 2019, the Company is authorized to issue 200 million shares of common stock and has 10 million shares of authorized but unissued undesignated preferred stock. Without any further vote or action by the Company's stockholders, the Board of Directors has the authority to determine the powers, preferences, rights, qualifications, limitations or restrictions granted to or imposed upon any wholly unissued shares of undesignated preferred stock.

*Reverse Stock Split*

On December 6, 2019, the Board of Directors of the Company approved a 1-for-14 reverse stock split of the Company's outstanding common stock, which became effective on December 23, 2019. The reverse stock split was previously approved by the Company's shareholders in a special meeting held on November 26, 2019. At the effective time of the reverse stock split, every 14 issued and outstanding shares of common stock of the Company were automatically combined into one issued and outstanding share of common stock without any change in the par value per share. Stockholders who would have otherwise been entitled to fractional shares of common stock as a result of the reverse stock split received a cash payment in lieu of receiving fractional shares. All share, equity awards, and per share amounts contained in this Form 10-K and the accompanying Consolidated Financial Statements have been adjusted to reflect the reverse stock split for all prior periods presented. Warrants issued in connection with the May 2018 stock issuance were also adjusted to reflect the reverse stock split for all the periods presented.

*Issuance of Common Stock*

On June 21, 2019, the Company closed an underwritten public offering of 1.3 million shares of common stock, $0.001 par value per share at a price of $ 7.00 per share, which included 171,429 shares issued pursuant to the underwriters' full exercise of their over-allotment option. The Company received net proceeds from the offering of approximately $8.0 million, net of underwriter's commission and other offering expenses paid as of the third quarter of 2019.

On March 15, 2019, the Company filed a shelf registration statement on Form S-3, under which the Company may, from time to time, sell securities in one or more offerings up to a total amount of $75 million. The Company's shelf registration statement was declared effective on March 29, 2019.

In May 2018, the Company issued an aggregate of 965,251 shares of common stock, $0.001 par value and warrants to purchase up to an aggregate of 386,100 shares of common stock in an underwritten public offering. The common stock and warrants were issued in units, with each unit consisting of (i) one share of common stock and (ii) a warrant to purchase 0.40 of a share of common stock, at a price of $16.10 per Unit. The Company received total net proceeds from the offering of $13.9 million.

The warrants are exercisable any time for a period of 60 months from the date of issuance on May 29, 2018, and are exercisable at an exercisable price of $19.32 per share. The estimated grant date fair value was $7.98 per warrant and was calculated based on the following assumptions used in the Black-Scholes model: expected term of 5 years, risk-free interest rate of 2.58%, expected volatility of 52.75% and expected dividend of zero.

## NOTE 12-EMPLOYEE STOCK PLANS

*2009 Stock Plan*

The 2009 Stock Plan, or 2009 Plan, was amended and restated by the Board of Directors in January 2015, in February 2017, and in March 15, 2018 and approved by the Company's stockholders on April 23, 2015, on April 26, 2017 and on April 25, 2018 to, among other things, reserve an additional 178,571, 107,143 and 285,714 shares of common stock, respectively, for issuance under the 2009 Plan. On April 24, 2019, 2009 Plan was replaced by 2019 Stock Plan with an extended term of ten years through March 15, 2028. The remaining balance of available shares under the 2009 Plan of 299,070 were cancelled as of April 24, 2019.

*2019 Stock Plan*

On April 24, 2019, the Company's Board of Directors and shareholders approved the 2019 Stock Plan, or 2019 Plan, to replace the 2009 stock Plan, or the 2009 Plan. Under the 2019 Plan, 357,143 shares of common stock are available for grants, plus any shares subject to any outstanding options or other awards granted under the Company's 2009 Plan that expire, are forfeited, cancelled, returned to the Company for failure to satisfy vesting requirements, settled for cash or otherwise terminated without payment being made thereunder. As of December 29, 2019, approximately 271,507 shares of the Company's common stock were reserved for issuance under the 2019 Plan.

Options typically vest at a rate of 25% one year after the vesting commencement date, and one forty-eighth for each month of service thereafter. RSUs typically vest at a rate of 25% one year after the vesting commencement date, and one eighth every six months thereafter. The Company may implement different vesting schedules in the future with respect to any new equity awards.

*Employee Stock Purchase Plan*

The 2009 Employee Stock Purchase Plan, or 2009 ESPP, was adopted in March 2009. The 2009 ESPP was amended by the Board of Directors in January 2015 and in February 2017, and was approved by the Company's stockholders on April 23, 2015 and April 26, 2017, to reserve an additional 71,429 and 107,143 shares of common stock, respectively, for issuance under the 2009 ESPP.

On May 6, 2019, the Board of Directors approved the extension of the term of the 2009 ESPP to March 5, 2029, which also requires the stockholders' ratification within 12 months of the approval by the Board of Directors. The Company plans to submit the extension of the term of the 2009 ESPP for our stockholders to ratify in the next annual general meeting.

As of December 29, 2019, 62,335 shares were reserved for issuance under the 2009 ESPP. The 2009 ESPP provides for six month offering periods. Participants purchase shares through payroll deductions of up to 20% of an employee's total compensation (maximum of 1,429 shares per offering period). The 2009 ESPP permits the Board of Directors to determine, prior to each offering period, whether participants purchase shares at: (i) 85% of the fair market value of the common stock at the end of the offering period; or (ii) 85% of the lower of the fair market value of the common stock at the beginning or the end of an offering period. The Board of Directors has determined that, until further notice, future offering periods will be made at 85% of the lower of the fair market value of the common stock at the beginning or the end of an offering period.

## NOTE 13-STOCK-BASED COMPENSATION

The Company provides stock-based incentive compensation, or awards, to eligible employees and non-employee directors. Awards that may be granted under the program include non-qualified and incentive stock options, restricted stock units, or RSUs, performance-based restricted stock units, or PRSUs, and stock bonus units. To date, awards granted under the program consist of stock options, RSUs and PRSUs. The majority of stock-based awards granted under the program vest over four years. Stock options granted under the program have a maximum contractual term of ten years.

Stock-based compensation expense is recognized in the Company's consolidated statements of operations and includes compensation expense for the stock-based compensation awards granted or modified subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of the amended authoritative guidance. The impact on the Company's results of operations of recording stock-based compensation expense for fiscal years 2019, 2018, and 2017 was as follows (in thousands):

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Cost of revenue | $ 78 | $ 129 | $ 121 |
| Research and development | 2,242 | 760 | 614 |
| Selling, general and administrative | 824 | 1,012 | 706 |
| Total costs and expenses | $ 3,144 | $ 1,901 | $ 1,441 |

No stock-based compensation was capitalized or included in inventories at the end of 2019, 2018 and 2017.

*Stock-Based Compensation Award Activity*

The following table summarizes the shares available for grant under the 2019 Plan and 2009 Plan (in thousands):

| | Shares Available for Grant | |
|---|---|---|
| | 2019 Plan | 2009 Plan |
| Balance at December 30, 2018 | — | 483 |
| Authorized | 357 | — |
| Options granted | — | — |
| Options forfeited or expired | 26 | 2 |
| RSUs granted | (113 ) | (240 ) |
| RSUs forfeited | 2 | 54 |
| Plan Shares expired | — | (299 ) |
| Balance at December 29, 2019 | 272 | — |

*Stock Options*

The following table summarizes stock options outstanding and stock option activity under the 2019 Plan and 2009 Plan, and the related weighted average exercise price, for 2019, 2018 and 2017:

| | Number of Shares (in thousands) | Weighted Average Exercise Price | Weighted Average Remaining Term (in years) | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|---|
| Balance outstanding at January 1, 2017 | 356 | $ 32.90 | 4.06 | |
| Granted | — | — | | |
| Forfeited or expired | (97) | 42.98 | | |
| Exercised | (5) | 18.34 | | |
| Balance outstanding at December 31, 2017 | 254 | 29.26 | 4.34 | |
| Granted | — | — | | |
| Forfeited or expired | (10) | 25.20 | | |
| Exercised | (15) | 12.60 | | |
| Balance outstanding at December 30, 2018 | 229 | 30.52 | 3.70 | |
| Granted | — | — | | |
| Forfeited or expired | (42) | 24.14 | | |
| Exercised | (1) | 10.92 | | |
| Balance outstanding at December 29, 2019 | 186 | $ 32.09 | 3.32 | $ - |
| Exercisable at December 29, 2019 | 176 | $ 33.20 | 3.13 | $ - |
| Vested and expected to vest at December 29, 2019 | 185 | $ 32.15 | 3.31 | $ - |

There was no intrinsic value for the stock options, based on the Company's closing stock price of $4.58 per share as of the end of the Company's current reporting period, which would have been received by the option holders had all option holders exercised their options as of that date.

The total intrinsic value of options exercised during 2019, 2018 and 2017 was not significant. Total cash received from employees as a result of employee stock option exercises during 2019, 2018 and 2017 was approximately $3,600, $195,000 and $85,000, respectively. The Company settles employee stock option exercises with newly issued common shares. In connection with these exercises, there was no tax benefit realized by the Company due to the Company's current net loss position.

Total stock-based compensation expense recognized related to stock options was $117,000, $131,000, and $239,000 for 2019, 2018, and 2017, respectively. No stock options were granted during the fiscal year 2019, 2018 and 2017. As of the end of 2019, the fair value of unvested stock options, net of expected forfeitures, was approximately $37,000. This unrecognized stock-based compensation expense is expected to be recorded over a weighted average period of 0.69 year.

Significant exercise price ranges of options outstanding, related weighted average exercise prices and contractual life information at the end of 2019 were as follows:

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| **Range of Exercise Prices** | **Options Outstanding** | **Weighted Average Remaining Contractual Life** | **Weighted Average Exercise Price** | **Options Vested and Exercisable** | **Weighted Average Exercise Price** |
| | **(in thousands)** | **(in years)** | | **(in thousands)** | |
| $12.05 | 52 | 6.69 | $ 12.05 | 42 | $ 12.05 |
| $18.48 - $31.50 | 20 | 2.89 | 28.24 | 20 | 28.24 |
| $32.20 - $37.10 | 3 | 3.31 | 32.57 | 3 | 32.57 |
| $ 38.92 | 67 | 0.80 | 38.92 | 67 | 38.92 |
| $39.48 - $44.94 | 9 | 3.78 | 42.94 | 9 | 42.94 |
| $46.62 | 5 | 2.64 | 46.62 | 5 | 46.62 |
| $47.04 | 1 | 0.62 | 47.04 | 1 | 47.04 |
| $47.46 | 16 | 3.77 | 47.46 | 16 | 47.46 |
| $48.72 | 8 | 2.36 | 48.72 | 8 | 48.72 |
| $53.48 | 5 | 4.08 | 53.48 | 5 | 53.48 |
| $12.05- $53.48 | 186 | 3.32 | $ 32.09 | 176 | $ 33.20 |

*Valuation Assumptions*

The Company uses the Black-Scholes option pricing model to estimate the fair value of employee stock options and rights to purchase shares under the Company's 2009 ESPP. Using the Black-Scholes pricing model requires the Company to develop highly subjective assumptions including the expected term of awards, expected volatility of its stock, expected risk-free interest rate and expected dividend rate over the term of the award. The Company's expected term of awards assumption is based primarily on its historical experience with similar grants. The Company's expected stock price volatility assumption for both stock options and ESPP shares is based on the historical volatility of the Company's stock, using the daily average of the opening and closing prices and measured using historical data appropriate for the expected term. The risk-free interest rate assumption approximates the risk-free interest rate of a Treasury Constant Maturity bond with a maturity approximately equal to the expected term of the stock option or ESPP shares. This fair value is expensed over the requisite service period of the award. The fair value of RSUs and PRSUs is based on the closing price of the Company's common stock on the date of grant. Equity compensation awards which vest with service are expensed using the straight-line attribution method over the requisite service period.

In addition to the assumptions used in the Black-Scholes pricing model, the amended authoritative guidance requires that the Company recognize expense for awards ultimately expected to vest; therefore, the Company is required to develop an estimate of the number of awards expected to be forfeited prior to vesting, or forfeiture rate. The forfeiture rate is estimated based on historical pre-vest cancellation experience and is applied to all share-based awards.

No stock options were granted during the years 2019, 2018 and 2017.

*Restricted Stock Units*

The Company grants restricted stock units, or RSUs, to employees with various vesting terms. RSUs entitle the holder to receive, at no cost, one common share for each restricted stock unit on the vesting date as it vests. The Company withholds shares in settlement of employee tax withholding obligations upon the vesting of restricted stock units. Stock-based compensation related to grants of vested RSUs and PSUs was $3.0 million, $1.6, million and $1.0 million in 2019, 2018 and 2017, respectively.

The following table summarizes RSU's activity under the 2019 Plan and 2009 Plan, and the related weighted average grant date fair value, for 2019, 2018 and 2017:

| | RSUs & PRSUs Outstanding | |
|---|---|---|
| | Number of Shares | Weighted Average Grant Date Fair Value |
| | (in thousands) | |
| Nonvested at January 1, 2017 | 98 | $ 23.52 |
| Granted | 132 | 19.74 |
| Vested | (43 ) | 20.44 |
| Forfeited | (19 ) | — |
| Nonvested at January 1, 2017 | 168 | 21.56 |
| Granted | 110 | 11.90 |
| Vested | (77 ) | 19.18 |
| Forfeited | (18 ) | — |
| Nonvested at December 30, 2018 | 183 | 17.22 |
| Granted | 353 | 10.77 |
| Vested | (118 ) | 14.48 |
| Forfeited | (41 ) | — |
| Nonvested at December 29, 2019 | 377 | $ 12.55 |

*Employee Stock Purchase Plan*

The weighted average estimated fair value, as defined by the amended authoritative guidance, of rights issued pursuant to the Company's ESPP during 2019, 2018 and 2017 was $4.28, $5.18 and $6.02, respectively. Sales under the ESPP were 24,131 shares of common stock at an average price per share of $9.76 for 2019, 31,306 shares of common stock at an average price per share of $15.40 for 2018, and 38,449 shares of common stock at an average price per share of $12.04 for 2017.

As of December 29, 2019, 62,335 shares under the 2009 ESPP remained available for issuance. The Company recorded compensation expenses related to the ESPP of $60,000, $205,000 and $153,000 in 2019, 2018 and 2017, respectively.

The fair value of rights issued pursuant to the Company's ESPP was estimated on the commencement date of each offering period using the following weighted average assumptions:

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Expected life (months) | 6.0 | 6.0 | 6.1 |
| Risk-free interest rate | 2.37 % | 2.26 % | 1.22 % |
| Volatility | 54 % | 50 % | 53 % |
| Dividend yield | — | — | — |

The methodologies for determining the above values were as follows:

- Expected term: The expected term represents the length of the purchase period contained in the ESPP.
- Risk-free interest rate: The risk-free interest rate assumption is based upon the risk-free rate of a Treasury Constant Maturity bond with a maturity appropriate for the term of the purchase period.

- Volatility: The Company determines expected volatility based on historical volatility of the Company's common stock for the term of the purchase period.
- Dividend Yield: The expected dividend assumption is based on the Company's intent not to issue a dividend under its dividend policy.

**NOTE 14-INFORMATION CONCERNING PRODUCT LINES, GEOGRAPHIC INFORMATION, ACCOUNTS RECEIVABLE AND REVENUE CONCENTRATION**

The Company identifies its business segments based on business activities, management responsibility and geographic location. For all periods presented, the Company operated in a single reportable business segment.

The following is a breakdown of revenue by product family (in thousands):

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| *Revenue by product line*[(1)] *:* | | | |
| New products | $ 3,123 | $ 5,735 | $ 5,853 |
| Mature products | 7,187 | 6,894 | 6,296 |
| Total revenue | $ 10,310 | $ 12,629 | $ 12,149 |

(1) New products include all products manufactured on 180 nanometer or smaller semiconductor processes, eFPGA IP license, QuickAI and SensiML AI software as a service (SaaS) revenues. Mature products include all products produced on semiconductor processes larger than 180 nanometer.

The following is a breakdown of revenue by shipment destination (in thousands):

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| *Revenue by geography:* | | | |
| Asia Pacific [(1)] | $ 3,049 | $ 4,905 | $ 5,810 |
| Europe | 2,459 | 1,280 | 2,015 |
| North America [(2)] | 4,802 | 6,444 | 4,324 |
| Total revenue | $ 10,310 | $ 12,629 | $ 12,149 |

(1) Asia Pacific includes revenue from China $1.1 million or 11% and Japan of $1.8 million or 17% of total revenue in 2019 and $1.8 million or 15% and $1.6 million or 12% of total revenue in 2018, respectively. In 2017, revenue from China and Japan were $1.3 million or 11% and $1.5 million or 12%, respectively.

(2) North America includes revenue from the United States of $4.7 million or 46% of total revenue in 2019, $6.4 million or 50% of total revenue in 2018 and $4.2 million or 34% of total revenue in 2017.

The following distributors and customers accounted for 10% or more of the Company's revenue for the periods presented:

| | Fiscal Years | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Distributor "A" | 40 % | 34 % | 33 % |
| Distributor "C" | 13 % | — | — |
| Customer "B" | 13 % | 12 % | 11 % |
| Customer "E" | 10 % | — | — |
| Customer "G" | — | 10 % | 19 % |
| Customer "J" | — | 10 % | — |

The following distributors and customers accounted for 10% or more of the Company's accounts receivable as of the dates presented:

| | December 29, 2019 | December 30, 2018 |
|---|---|---|
| Distributor "A" | 20 % | 35 % |
| Distributor "C" | 23 % | — |
| Distributor "E" | 12 % | — |
| Distributor "G" | — | 10 % |
| Distributor "J" | 31 | — |
| Customer "M" | — | 23 % |

As of December 29, 2019 and December 30, 2018, approximately 7% of the Company's long-lived assets, including property and equipment and other assets were located outside the United States.

**NOTE 15-COMMITMENTS**

***Commitments***

Certain wafer manufacturers require the Company to forecast wafer starts several months in advance. The Company is committed to take delivery of and pay for a portion of forecasted wafer volume. As of the end of 2019 and 2018, the Company had $57,000 and $22,000 respectively, of outstanding commitments for the purchase of wafer inventory.

The Company has purchase obligations with certain suppliers for the purchase of goods and services entered into in the ordinary course of business. As of December 29, 2019, total outstanding purchase obligations were $413,000 of which $386,000 were due within next twelve months.

**NOTE 16-LITIGATION**

From time to time, the Company may become involved in legal actions arising in the ordinary course of business including, but not limited to, intellectual property infringement and collection matters. Absolute assurance cannot be given that any such third party assertions will be resolved without costly litigation; in a manner that is not adverse to the Company's financial position, results of operations or cash flows; or without requiring royalty or other payments which may adversely impact gross profit.

**NOTE 17-SUBSEQUENT EVENTS**

***Restructuring***

In January 2020, the Company announced a restructuring plan to lower annual operating expenses. The restructuring plan was approved by the Company's Board of Directors on January 24, 2020. The majority of the cost savings will come from personnel reductions, which were implemented across all parts of the Company and geographies. This plan resulted in a reduction of workforce of about 33% of the Company's global workforce.

In conjunction with this restructuring plan, the Company estimates it will incur approximately $500,000 to $600,000 of restructuring expenses, which will result in total cash expenditures of approximately $500,000, with the majority coming in the first quarter of fiscal 2020.

**SUPPLEMENTARY FINANCIAL DATA**
**QUARTERLY DATA (UNAUDITED)**

| | Quarter Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 29, 2019 | September 29, 2019 | June 30, 2019 | March 31, 2019 | December 30, 2018 | September 30, 2018 | July 1, 2018 | April 1, 2018 |
| | (in thousands, except per share amount) | | | | | | | |
| **Statements of Operations:** | | | | | | | | |
| Revenue | $ 2,871 | $ 2,158 | $ 2,087 | $ 3,194 | $ 3,233 | $ 3,510 | $ 3,122 | $ 2,764 |
| Cost of revenue | 1,008 | 1,117 | 1,065 | 1,215 | 1,561 | 1,767 | 1,592 | 1,375 |
| Gross profit (1) | 1,863 | 1,041 | 1,022 | 1,979 | 1,672 | 1,743 | 1,530 | 1,389 |
| Operating expenses: | | | | | | | | |
| Research and development | 2,754 | 3,139 | 3,215 | 3,242 | 2,422 | 2,461 | 2,366 | 2,699 |
| Selling, general and administrative | 2,037 | 2,095 | 2,340 | 2,446 | 2,302 | 2,509 | 2,610 | 2,561 |
| Loss from operations | (2,928) | (4,193) | (4,533) | (3,709) | (3,052) | (3,227) | (3,446) | (3,871) |
| Interest expense | (80) | (63) | (124) | (83) | (31) | (21) | (32) | (24) |
| Interest income and other expense, net | 36 | 55 | 50 | 48 | 51 | 17 | 23 | (14) |
| Loss before taxes | (2,972) | (4,201) | (4,607) | (3,744) | (3,032) | (3,231) | (3,455) | (3,909) |
| Provision for (benefit from) income taxes | 91 | 70 | 27 | (268) | 33 | 29 | 29 | 61 |
| Net loss | $ (3,063) | $ (4,271) | $ (4,634) | $ (3,476) | $ (3,065) | $ (3,260) | $ (3,484) | $ (3,970) |
| Net loss per share: | | | | | | | | |
| Basic and diluted | $ (0.37) | $ (0.51) | $ (0.65) | $ (0.50) | $ (0.45) | $ (0.48) | $ (0.57) | $ (0.69) |
| Weighted average shares: | | | | | | | | |
| Basic and diluted | 8,328 | 8,313 | 7,088 | 6,916 | 6,807 | 6,766 | 6,125 | 5,755 |

(1) Gross profit percentage ranged between 48.2% to 64.9% in the last 8 quarters primarily as a result of changes in customer and product mix, favorable purchase price adjustments, and favorable standard cost variances during these quarters.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Securities and Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has performed an evaluation of our disclosure controls and procedures as required by the applicable rules of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 29, 2019 our disclosure controls and procedures were effective.

**Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, cost-effective internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with established policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of the end of the period covered by this Annual Report on Form 10-K. In making this assessment, we used the criteria based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control - Integrated Framework (2013)." Based on the results of this assessment, management (including our Chief Executive Officer and Chief Financial Officer) has concluded that, as of December 29, 2019 our internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 29, 2019 has been audited by Moss Adams LLP, an independent registered public accounting firm, as stated in their report appearing in this Annual Report on Form 10-K.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

## PART III

Certain information required by Part III is incorporated by reference from the definitive Proxy Statement regarding our 2019 Annual Meeting of Stockholders and will be filed not later than 120 days after the end of the fiscal year covered by this Report.

### ITEM 10. DIRECTORS, EXECUTIVE OFFIC ERS AND CORPORATE GOVERNANCE

Information regarding the backgrounds of our officers is contained herein under Item 1, “Executive Officers and Directors.”

Information regarding the backgrounds of our directors is set forth under the caption “Proposal One, Election of Directors” in our Proxy Statement, which information is incorporated herein by reference.

There are no family relationships between any of our directors, executive officers, or persons nominated or chosen to be a director or officer, and no such persons have been involved during the last ten years, in any legal proceedings material to their abilities or integrity.

Information regarding our Audit Committee, our Audit Committee financial expert, the procedures by which security holders may recommend nominees to our Board and our Code of Conduct and Ethics is hereby incorporated herein by reference from the section entitled “Board Meetings, Committees and Corporate Governance” in the Proxy Statement. A copy of our Code of Conduct and Ethics is posted on our website at http://www.quicklogic.com/corporate/about-us/management. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, this Code of Conduct and Ethics by posting such information on our website http://www.quicklogic.com/corporate/about-us/management.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is set forth under the captions “Compensation Committee Interlocks and Insider Participation,” and “Executive Compensation, Compensation Discussion and Analysis” in our Proxy Statement, which information is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is set forth under the captions “Equity Compensation Plan Summary”, "Post-Employment and Change of Control Compensation" and “Security Ownership” in our Proxy Statement, which information is incorporated herein by reference.

### ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 13 is set forth under the captions “Board Meetings, Committees and Corporate Governance” and “Transactions with Related Persons” in our Proxy Statement, which information is incorporated herein by reference.

### ITEM 14 . PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is set forth under the caption “Fees Billed to QuickLogic by Moss Adams LLP during Fiscal Years 2019 and 2018" in our Proxy Statement, which information is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. *Financial Statements*

Reference is made to Item 8 for a list of all financial statements and schedules filed as a part of this Report.

2. *Financial Statement Schedules*

**QuickLogic Corporation**
**Valuation and Qualifying Accounts**
**(in thousands)**

| | Balance at Beginning of Period | Charged to Costs and Expenses | Deductions/ Write-offs | Balance at End of Period |
|---|---|---|---|---|
| *Allowance for Doubtful Accounts:* | | | | |
| Fiscal Year 2019 | $ — | $ — | $ 5 | $ — |
| Fiscal Year 2018 | $ — | $ — | $ — | $ — |
| Fiscal Year 2017 | $ — | $ — | $ — | $ — |
| | | | | |
| *Allowance for Deferred Tax Assets:* | | | | |
| Fiscal Year 2019 | $ 54,913 | $ 3,227 | $ — | $ 58,140 |
| Fiscal Year 2018 | $ 55,931 | $ — | $ (1,018) | $ 54,913 |
| Fiscal Year 2017 | $ 79,150 | $ — | $ (23,219) | $ 55,931 |

All other schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes hereto.

3. *Exhibits*

The exhibits listed under Item 15(b) hereof are filed as part of this Annual Report on Form 10-K.

(b) *Exhibits*

The following exhibits are filed with or incorporated by reference into this Report:

| Exhibit Number | Description | Form | Exhibit | Filing Date |
|---|---|---|---|---|
| 3.1 | Fourth Amended and Restated Certificate of Incorporation of QuickLogic Corporation. | 8-K | 3.1 | 4/28/2017 |
| 3.2 | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of QuickLogic Corporation. | 8-K | 3.2 | 12/24/2019 |
| 3.3 | Amended and Restated Bylaws of QuickLogic Corporation. | 8-K | 3.2 | 05/02/2005 |
| 3.4 | Certificate of Elimination of the Series A Junior Participating Preferred Stock. | 8-K | 3.1 | 11/26/2013 |
| 4.1 | Specimen Common Stock certificate of QuickLogic Corporation. | S-1/A | 4.1 | 10/12/1999 |
| 4.2 | Form of Common Stock Warrant. | 8-K | 4.1 | 05/29/2018 |
| 4.3** | Description of Securities. | | | |
| 10.1 | Form of Indemnification Agreement for directors and executive officers. | 10-Q | 10.24 | 11/13/2002 |
| 10.2** | Standard Industrial Commercial Multi-Tenant Lease between Lundy Associates, LLC, as Lessor, and QuickLogic Corporation, dated February 13, 2019. | | | |
| 10.3 | Patent Cross License Agreement dated August 25, 1998, between QuickLogic Corporation and Actel Corporation. | S-1/A | 10.18 | 08/10/1999 |

| | | | | |
|---|---|---|---|---|
| 10.4 | Form of Change of Control Severance Agreement. | 10-K | 10.13 | 03/11/2008 |
| 10.5 | Form of Change of Control Severance Agreement for Chief Executive Officer. | 10-K | 10.14 | 03/11/2008 |
| 10.6 | 2005 Executive Bonus Plan, as restated. | 8-K | 10.1 | 04/28/2008 |
| 10.7 | QuickLogic Corporation 2019 Stock Plan. | 10-Q | 10.1 | 05/09/2019 |
| 10.8*** | QuickLogic Corporation 2009 ESPP Plan, as amended | | | |
| 10.9* | QuickLogic Corporation 2019 Stock Plan, as amended. | 10-K/A | 10.7 | 03/19/2019 |
| 10.10* | QuickLogic Corporation 2009 Employee Stock Purchase Plan. | 10-Q | 10.2 | 05/11/2017 |
| 10.11* | Form of Notice of Grant and Stock Option Agreement under the 2009 Stock Plan. | 8-K | 10-26 | 08/04/2009 |
| 10.12* | Form of Notice of Grant of Stock Purchase Rights and Restricted Stock Purchase Agreement under the 2009 Stock Plan. | 8-K | 10-27 | 08/04/2009 |
| 10.13*,** | Form of Notice of Grant of Restricted Stock Unit and Restricted Stock Unit Agreement under the 2009 Stock Plan. | 8-K | 10-28 | 08/04/2009 |
| 10.14*.** | Form of Notice of Grant and Stock Option Agreement under the 2019 Stock Plan. | | | |
| 10.15*,** | Form of Notice of Grant of Restricted Stock Unit and Restricted Stock Unit Agreement under 2019 Stock Plan. | | | |
| 10.16*,** | Form of Notice of Grant of Stock Rights and Restricted Stock Purchase Agreement Under the 2019 Stock Plan. | | | |
| 10.17 | Amended and Restated Loan and Security Agreement between Heritage Bank of Commerce and QuickLogic Corporation, dated as of December 21, 2018. | 8-K | 10.1 | 12/28/2018 |
| 10.18 | First Amendment to Amended and Restated Loan and Security Agreement between Heritage Bank of Commerce and QuickLogic Corporation, dated as of November 6, 2019. | 10-Q | 10.1 | 11/08/2019 |
| 21** | Subsidiaries of QuickLogic Corporation. | | | |
| 23.1** | Consent of Moss Adams LLP, Independent Registered Public Accounting Firm. | | | |
| 24.1** | Power of Attorney (included on the Signature page of this Annual Report on Form 10-K). | | | |
| 31.1** | CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | |
| 31.2** | CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | |
| 32*** | CEO and CFO Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | |
| 101.INS | XBRL Instance Document | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | |

*Indicates management contract or compensatory plan or arrangement.
**Filed herewith.
***Furnished herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this March 13, 2020.

**QUICKLOGIC CORPORATION**

By: /s/ Brian C. Faith
Brian C. Faith
*President and Chief Executive Officer*

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Brian C. Faith and Suping (Sue) Cheung and each of them singly, as true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities to sign this Annual Report on Form 10-K filed herewith and any or all amendments to said report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission granting unto said attorneys-in-fact and agents the full power and authority to do and perform each and every act and the thing requisite and necessary to be done in and about the foregoing, as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated below.

| Signature | Title | Date |
|---|---|---|
| /s/ BRIAN C. FAITH<br>Brian C. Faith | President and Chief Executive Officer; Director<br>*(Principal Executive Officer)* | March 13, 2020 |
| /s/ SUPING (SUE) CHEUNG<br>Suping (Sue) Cheung | Vice President, Finance and Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)* | March 13, 2020 |
| /s/ MICHAEL R. FARESE<br>Michael R. Farese | Chairman of the Board | March 13, 2020 |
| /s/ ANDREW J. PEASE<br>Andrew J. Pease | Director | March 13, 2020 |
| /s/ ARTURO KRUEGER<br>Arturo Krueger | Director | March 13, 2020 |
| /s/ DANIEL A. RABINOVITSJ<br>Daniel A. Rabinovitsj | Director | March 13, 2020 |
| /s/ CHRISTINE RUSSELL<br>Christine Russell | Director | March 13, 2020 |
| /s/ GARY H. TAUSS<br>Gary H. Tauss | Director | March 13, 2020 |

**Exhibit 4.3**

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of March 13, 2020, QuickLogic Corporation (the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: common stock, par value $0.001 par value per share (the "common stock").

The following summary description sets forth some of the general terms and provisions of the common stock. It is subject to and qualified in its entirety by reference to the provisions of the Company's Amended and Restated Certificate of Incorporation, as amended ("Certificate of Incorporation") and Amended and Restated Bylaws, ("Bylaws"), which are filed as Exhibit 3.1, Exhibit 3.2 and Exhibit 3.3 to the Annual Report on Form 10-K, and applicable provisions of the Delaware General Corporation Law. The Company encourages you to read the Certificate of Incorporation, the Bylaws and the applicable provisions of the Delaware General Corporation Law for additional information. The authorized capital stock of the Company consists of 210,000,000 shares. Those shares consist of (1) 200,000,000 shares designated as common stock, $0.001 par value, and (2) 10,000,000 shares designated as preferred stock, $0.001 par value. All outstanding shares of common stock are fully paid and nonassessable. Currently, no shares of preferred stock are outstanding. The board of directors has the authority to adopt, amend or repeal the Bylaws, subject to certain limitations set forth in the Bylaws.\

**Voting Rights**

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available for that purpose.

**Liquidation, Dissolution or Similar Rights**

In the event of a liquidation, dissolution or winding up of the corporation, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

**No Preemptive, Conversion or Redemption Rights**

The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

**Preferred Stock**

The board of directors has the authority, without further action by the stockholders, to issue shares of preferred stock in one or more classes or series. The board of directors may designate the rights, preferences and privileges of each series, any or all of which may be greater than the rights of the common stock. Although the actual effect of any issuance of preferred stock will not be known until the board of directors determines the specific rights of the holders of shares of preferred stock, such issuance could potentially affect the voting power, dividend or other rights of the holders of shares of common stock and, under certain circumstances, delay, defer or prevent a change-in-control or other corporate takeover.

---

**Anti-Takeover Effects on Delaware Law and the Certificate of Incorporation and Bylaws**

Certain provisions of Delaware law and our Certificate of Incorporation and Bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise and to remove incumbent officers and directors. These provisions are summarized below.

The Company is subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not for determining the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock.

Our Certificate of Incorporation and Bylaws require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of the stockholders and may not be effected by a consent in writing. In addition, special meetings of our stockholders may be called only by the board of directors, chairperson of the board, chief executive officer or president (in the absence of a chief executive officer). No business may be transacted at an annual or special meeting of stockholders other than the business specified in the notice to stockholders with respect to such meeting. Our Bylaws require advance notice of any director nominations or other stockholder proposals to be brought before an annual stockholders meeting. Our Certificate of Incorporation provides that our board of directors be divided into three classes, with each class serving staggered three-year terms. Our certificate of incorporation further provides that certain amendments of the certificate of incorporation require the approval of holders of at least 66-2/3% of the voting power of all outstanding stock.

**Listing**

Our common stock is listed on the Nasdaq Capital Market under the symbol "QUIK."

**Transfer Agent**

The transfer agent and registrar for the common stock is American Stock Transfer & Trust Company. Its address is 6201 15th Ave, Brooklyn, NY 11219, and its telephone number is 800-937-5449.

# /\ I R CR!

## STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - NET

1. . Basic Provisions ("Basic Provisions").

**1.1** Parties. This lease ("Lease"), dated for reference purposes only February 13, 2019, is mad e by and between Lundy Associates, LLC **("Lessor")and** QuickLogic Corporation, a Delaware corporation, which is doing business **in** California as Delaware Quicklogic Corporation **("lessee"),(collectivelythe"Parties",** or individu ally **a** **" Party").**

1.2(a) Premises: That certain real property, indudlng all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known as (st reet add ress , un it /s uite, city, state): 2220 Lundy Avenue, San Jose, California **("Premises").** The Premises **are** locate d in the County of Santa Clara , and are generally described as (describe briefly the nature of the Premises and the "Project"): Approxirna tely 24,164 square feet of a 35,549 squa e - f oo t building .lnadditiontoLessee'srightstouseandoccupythePremisesas he re inafter specified, Less ee shall have non-exclus ive rights to any utility racewa ys of the build ing containing the Premises {"Building") and to the Common Area s las defined in Paragraph 2.7 below), but shall not have any rights to the roof, or exterior walls of the Bullding or to any other buildings In the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and Improvements thereon, are herein collectively referred to as the **"Project."** (See also Paragraph 2)

1.2(b) **Parking:** 68% of existing parking on an unreserved vehicle park ing - basis. (se e also Para graph 2.6)

1.3 Term: Five (5) yearsand zer o (0) months ("Orlglnal Term")comm e ncing April 15, 2019 ("CommencementDate") and ending April 14, 2024 **('Expiration Date").** (See also Paragraph 3)

1.4 Early Possession: lfthe Premises are available Le ssee may have non-exclusive possession of the Premises commencing upon full execution of Lease **("Early Possession Date").** (See also Paragra phs 3.2 and 3.3)

1.5 5 **Base f\ef1t:** $31, 413. 30 per month **("Base Rent"),** payable on the fifteenth (15th) day of eac h month comme ncing April 15, 2019 . (See also Paragraph **4)**

" J: If this box is checked, there ar e provisi o ns in this Leas e for the Base Rent to be adjusted. See Paragraph 5 0__ _

1.6 Lessee's Share of Common Area Operating Expenses: Sixty-eight percent ( 68 %) ("Lessee's Share'l In the event that the size of the Premises and/or the Project are modified dur i ng the term of this Lea se , Lessor shal l recalculate Lessee's Share to refle ct such modification.

1.7 Base Rent and Other Monies Paid Upon Exe<:ution:

- **(a) BaseRent** $31,413.30 for the period April 15, 2019 - May 14, 2019 ,
- (b) **CommonAreaOperatingExpenses:** $6,067.17 lortheperiod April 15. 2019 - May 14, 2019
- (c) **Security Deposit:** $112, 4 41 . 41 **("Security Deposit").** (See also Paragraph 5)
- (d) Other : N / Afor_
- (e) Total Due Upon Execution of this Lease: $14 9 , 921 . 8 8

1.8 Agreed use : General office use, research and development, laboratory, light manufacturing, warehouse, shipping and receiving, and all ancillary uses related thereto . (See also Paragraph 6)

1.9 Insuring Party . lessor is the "Insu ring Party ". (See also Paragraph 8)

1.10 **Real Estate Brokers.** {See also Paragraph 15 and 25)

(a) Representa tion : Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this Lease with the following real estate brokers (" Bro ke r(s )") and/or their agents {"Agen t(s Y-):

le ssor 's Brokerage Firm Colliers International License No. 00490878 Is the brokerof(check one): the Lesso r; or both the Lessee and Lessor (dual agent).

Le sso r 's Agent Joe Elliott License No . 010 64626 Is (check one): ..: t he Lesso r's Agen t( salespe rson or broker associate); or both the Lessee's Agent and the Les so r's Agent (dual agent).

Lessee 's Brokerage Firm Colliers International Lice nse No. _ _ _ _ ls the brokerof (ch ec k one): Le ssee and Lesso r (dual agent} .
the Lessee ; o r; ;J:_ both theLessee's Agent Jeff Nochimson License No. 00819335 Is (ch e ck one): the Le sse e's Agent (s a le spe rson or broker associate); or both the lessee 's Agent and the Lesso r's Agent (dual agent).
(b)

I

I

Payment to Brokers. Upon execution and delivery of th is Lease by both Parties, Les so r shall pay to the Bro ke rs the brokerage fee agreed to in a separate written agre e ment (or if there is no sirch agreement, the s11rn of or -1 of the total Base Rent) for the brokerage services rendered by the Bro kers.

1 11 G11acantoc The obligations of tbe I essee 11oder this I ease ace to be g11franteed bu("Gna cant oc") (See a/so Paragmph 37)
1.12 Attachments. Atta ched hereto are the following, all of which constitute a part of this Leas e :

: .,./_ an Addendum consisting of Paragraphs 50 through --'-7-'0'-----
;),j a site plan depicting the Premises;
a site plan dep ic ting the Project;
a current set of the Rules and Regulations for the Project;
a current set of the Rules and Reg ulati ons adopted by the o wne rs' assoc ia tio n;
a Work Letter ;
other (specify):_

2. Premises.

2.1 Letting. Lessor hereby le ase s to Lessee, and Lessee hereby leases from Lessor, th e Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in th is L ase. While the approximate square footage of th e Premises may have bee n used in the marketing of the Prem is es for purposes of co mpar ison , the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be dete rmined to be differe nt. NOTE: Lessee is advised to verify the actual size prior to executing this Lease.

2.2 Condi tion . Lessor shall deliver that portion of the Premises contained within th e Building (" Unit") to Lessee broom dean and free of debris on the Commencement Date o r the Ea rly Posses sio n Date , whichever first occurs ("Start Date "), and , so long as the required service contracts described in Paragraph 7.l (b) below are obta ined by Lessee and in effec t within thirty days following the Start Dat e, warrants thatthe existing electrical, plumbing, fire spri nk le r, lighting, heating , ventilating and air conditioning systems ("HVAC"), loading doo rs, sump pumps, if any, and all other such elements In the Unit, other than those constructed by Less ee, s ha ll be in good operating condition on said date, that the structural e le me nts of the roo f, bearing walls and foundation of the Unit shall be fre e of mater ia l defe cts , and that the Unit does not contain hazardous levels of any mo ld or fungi defined as toxic under applic ab le state or federal law. If a non -com plia nce with such warranty exists as of th e Start Date, or if one of such systems or ele ment s should ma lt u_nc tion or fail wlthln the appropriate warranty period, Le s so r sha ll, as Lesso r's sole obligation with respect to such matter , except as otherwise provided in this Lease, pro mpt ly after receipt of written notice from Lessee .setting forth with

days ~~months~~ as
required notice within the app

ature and extent of such non -comp lian ce, malfunction or failure, rectify sam e at Less o r's expense. The warranty periods shall be as follows: {i) 60 as to the HVAC systems, and (ii) 60 iO days as to the remaining systems and other ele ment s of the Unit. If Less ee does not give Lessor the ppro priate warranty period, correction of any such non-co mp liance, malfunction or failure sha ll be the obligation of lesse e at lessee's soleost and expense (exce pt for the re pairs to the fire sprink le r systems, roof , fou nda tions , and/or bearing walls • see Paragraph 7). Lesso r also warrants, that u nle ss otherw i se speci fied in writi ng, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delin quent amounts due under any loan secured by the Premlses; and (iii) any bankr upt cy proceeding affecting the Premises.

2.3 Comp Ha nce . Les so r warrants that to the actual knowledge of Lessor the impro veme nts o n the Premi ses comply with the b uild ing codes,

I

app lic ab le laws, covenants or restrictions of record , regulations, and ordinance s (" Applicable Re quirements ") that were in effect at the time that each Improvement, or portion t hereo f, was constructed. Said warranty does not app ly to the use to which Lessee will put the Premises, mod ifica tions which may be req u ired by the Americans wit h Disabilities Act or any sim ilar la ws as a res ult o f Les se e's use (see Paragraph 49), o r to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Le sse e. NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning are appropriate for Less ee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If $ho Pr&FRicar do Rot C8FAjillp ,,1i\h caid warr:c:mty, Lenw dnll, • •apt ,c othorulce pi:o uid■d, filFgR'lpth/ a1f=tor: re;eipt of mrittliln s:ioti;c fmm Lorrao catting ku:th with specific•ty tho n;atnFe ilRd aNtent of cud:! non COP1plia1r cc-rect;if:; ;tho nme ?t Lerr or's axponce If Larrea does noteiue LHsorwcittcR ciotícc of a nor=i ;c,mpliance with tl:iir wai=r;antvwitbin 5 r;pontbs followina t e iiar:t Cata, seFra&iic;R ef ihst Ren i.empliar:isa ,hall be tho oblif!latii.R af L.a,seo ai bessn's sols s;st rmd snp0REiB If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the co ns t ruction of an addition to or an alteration of the Unit , Premises and/or Bui lding, the remediation of any Haza rdou s Substance , or the rein rorcem ent o r ot her physical modification of the Unit , Premises and/ o r Building ("Capital Expe nditure "), Le ssor and Lessee shall

allo cate th e cost of such work as follo ws:

(a) Subject to Paragraph 2.3(c) below, If such Ca pit al Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with use s by tenant s in genera l, lesse e shall be fully responsibte for the cost thereof, provided, however, that if such Capital Expe nditure is required during the last 2 yea rs of th is lease and the cost thereof exceeds 6 months' Base Rent, lessee may instead terminate this Lease unless Le sso r no tifie s Lessee , in writing, within 10 days a er rece ipt of Lessee's termination notice that Lessor has elected to pay the difference betwe e n the actual cost thereof and the amount equal to 6 months' Base Re nt. If Le ssee elects ter mination, Lesse e shall immediately cease the use of the Prem ise s which requires such Capital Expenditure and de live r to Lesso r written notic e specifying a term ina tion dat e at least90 days the rea fter. Such terminaition date shall, howeve r, i n no event be earlie r than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expend it ure is not the result of the spe cific and unique use of the Prem is es by Le s see (such as, governmenta lly mandated seismic modification s), then Le s so r shall pay for such Capital Expen diture and le ssee shall only be obligated to pay, each mont h during the remainder of the term of this lease or anyextension thereof, on the date that on which the Base Rent is du e, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Prem ises . Less ee shall pay Interest on the balance but may prepay its obligation at any time. If, ho weve r, such Ca pita l Expend it ure is required during the last 2 years of this lease or if lessor reasonably determines that rt is not economicallv feasible to pay its share th ere o f, lessor shall have the option to terminate this lease upon 90 day,s prior written notice to Lessee unless Less e e notifies Le sso r, in writing, within 10 days after receipt of Lessor's termination notice that Less ee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, lessee may advance such funds and deduct same, wlt h Interest , from Rent unttl Lessor 's share of such costs have been fully paid. If Le ss ee is unable to finance Less o r' s s hare, or if the balan ce of th e Rent due and payable fo r the remainder of t his Lea s e is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall ha ve the right to terminate this Lease upon 30 days written notice to Lessor.

(c} Not wlt hstand ln g the above , the provis io ns con ce rning Ca pita l Expenditures a re intended to app ly only to non-voluntary, une xpected , and new Applicable Req uirem e nts . If the Ca pital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or mod ificatio n to the Premises then, and in that event , Lessee sha ll either: {i) immediately cease such changed use or inte nsity of use and/or take such other steps as maybe necessary to eliminate the requirement for such Ca pita l Expenditure, or (ll} complete such Capital Expenditure at its own expense. Les se e shall not have any right to te rmina te this Lease .

2.4 Acknowledgements. Lessee acknowledges that: (a) it has been given an opportunity to Inspect and measure the Premis es , (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (includin g but not limited to the e lect rical , HVAC and fire sprinkler systems, security, environmental aspects, and compHance with Ap plicab le Requirements and the Americans wjth Disa bilitie s Act}, and their suitability for Lessee's intended use , (c) lessee hasmade such inve stiga tion as it deems necessary with rererence to such matters and assumes all respon s ibility therefor as the same relate to its occupancy of the Premises, (d) it ls not relying on any representatton as to the size of the Premise s made by Brokers or Lesso r, (e) the square footage of the Premises was not mater ia l to Lessee's decision to lease the Premises and pay the Rent stated here in, and (f) neither Less o r, Lessor's agents , nor Broker s have mad e

I

any oral or written representations or warranties with respect to said ma tte rs other than as set forth in this Lease. In addition, Le sso r acknowledges that : Ii) Brok ers have made no representations, promise s or warranties concerning Lesse e's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to inve stigate the financial capab ility and/or suitability of all proposed te nants .

2 ii lessee as Prior Or:nerJQcca1part Ihlil uncnntics made b'f I ecsoc in Paragraph J sh;a)) be of notar:cc: or effect if immediate\• pr:inc to the Start Cate Lessee mar thee nora:F a:,,wji'ant a:ftha Pr;ei:nise, IF1, 1;A ,war:it, L.e,,ei. ,t:iall bo ro&ji'OAliible tar any R0Gos&iilFY &OFFa;t;iua wi.Fk

2.6 Vehicle Parking. Lessee shall be entitled to use the number of Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Less o r for parking. Lessee shall not use more parking space s than satd numbe r. Said parking•spaces shall be used for parking by vehicles no la rger than full-size passenger automobiles or pic k-up trucks , herein called "Permitted Size Vehicles ." Lessor may regulate the loading and unloading of vehicles by adopting Rules and Reg ula tions as p rovided In Paragraph 2.9. No vehicles other than Per mitte d Size Vehicles may be parked in the Common Area without the prior written pe rmiss ion of Lessor. In addition :

(a) le ssee shall not permrtor allow any vehicles that belong to or are controlled by Less ee or lesse e 's employees, suppliers, shippe rs, customers, cont ractors or invitee s to be loaded, unloaded, or parked in areas other than tho se designated by Lessor for such activities.

(b) Les see s ha ll not service or store any vehicles in the Common Areas .

(c) tf Lessee permits or allows any of the prohibited activities described in th is Paragraph 2.6, the n Lessor shall have the rig ht, without notice, in add ition to such othe r rights and remed ies that it may have, to remov e or tow away the vehicle involved and charge the cost to Le ss ee, which cost shall be immediatelv payable upon demand bv Lessor.

2.7 Common Areas- Definition . The term "Common Areas " is defined as all areas and facilities outskle the Premises and within the exterior boundary line of the Project and inte rio r utility raceways and installations withi n the Un it t ha t are provided and designated by the Lessor from time to time for the general non exclus ive use of Les so r, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and inv itees , including

parking area s, loadinc and un loadi ng area s, trash areas, roofs, ro adways , walkways, driveways and la ndsc aped areas .

2.8 Common Areas- Lessee's Rights. lessor grants to Less ee , for the benefit of Lessee and its employees, suppliers, shippers, contractors, cust o mers and invitees, during the term of this Lease, the non-exclusive right to use, in common with other s entitled to such use, the Common Areas *as* they exist from time to time, subject to any rig hts , powers, and priv ileges reserved by Lessor under the terms hereof or under the te rms of any rules and reg ulatio ns or restrictions governing the use of the Project. Under no circu msta nces shall the right he rein granted to use the Commo n Areas be deemed to include the right to store any prop erty, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prio r written consent of Le sso r or Lessor's desig nate d agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the rig ht, without no tice, In addition to such other rig hts and remedies that it may have , to remove the prope rtv and cha rge the cost to Less ee , w hich cost shall be immediatelv payable upon demand by le sso r.

2.9 Common Areas- Rules and Regulatfons . Les sor or such other pe rson( s ) as le ss o r may appoint shall have the exclusive control and management of the Co mmon Areas and sha ll have the right, from time to time, to establish, modify, amend and enforce reasonable rules and reg ulatio ns !"Rules and Regulations") for the management, safety, care , an d cleanliness of the grounds, the parking a nd un lo ad ing of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and th e Project and their i nvite es. Lessee agrees to abide by and conform to all such Rules and Re gu latio ns, and shall use its best efforts to cause its emp lo yees , supp lie rs, sh ippe rs, c usto mers , contractors and invitees to so abide and conform. Lessor shall not be responsible to Lesse e for the non •comp liance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Oi anges . Lessor shall have the right, in Lesso r's reasonable disc retio n, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and numb e r of driveways, entrances, parking spaces, parking areas, loading and unloading areas , ingress , egress , d lre ct1o n of t raffic, landscaped areas, walkways and utility raceways ;

(b) To d o se temporarily any of the Common Areas for maintenance purposes so long as reaso nab le a ccess to the Premise s rema ins ava ila ble and such closure does not unreasonably disturb Lessee's use or peaceful enjoyment of the Project;

(cl To designate o the r land outside the boundar ie s of the Pro ject to bea part of the Common Areas , provided any addition ofland does not increase Lessee's Share of Common Area Operating Expenses ;

(d) To add additional buildings and i mprovement s to the Common Areas;

(e} To use the Common Areas while engaged in making additional improvemen ts, repairs or alterations to the Project, or any portion thereof provided such use d not unr easonably disturb Lessee's use or peaceful enjoyment of the Project; and

To do and perform such other acts and make s uch other changes in, to or with respect to the Common Area s and Project as Lessor may, in the s und business judgment, dee m to be appropriate

3. Term.

3.1 Term. The Commencement Date , Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3 .

3.2 Early Possession. Any provisio n herein granting le sse e Early Possess io n of the Premises is subject to and conditioned upon the Premises being availa ble for such possess io n prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Less ee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay lessee's Share of Common Area Operating Ex pe nses , Real Property Taxes and insura nce premiums and to ma inta in the Premises) shall be in effect du ring such period. Any such Early Possession shall not affect the Expiration Date.

3.3 Delay In Possession. les sor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to le ssee by the Commencement Date. If, despite said efforts, Lessor *is* unable to de liver possessio n by such date, Lessor sha ll not be s u bject to any liability therefor , nor shall such failure affect the validity of th is Le as e qr cha nge the Expiration Date . Les see shall not , however , be obligated to pay Rent or perform its othe r obligations unti l Lessor delivers possession of the Prem ise s and any period of rent abatement thilt Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a•pe riod equal to what Lessee would otherwise have enjoyed under the te rms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 30 iQ days after the Commencement Date , as the same may be extended under the terms of any Work Letter executed by Parties, lessee may, at its option, by notice in writing within 10 business days after the end of such 60 day period , cancel this Lease, in which event the Parties shall be disc ha rged from all obligations here under . If such written notice is not received by lessor within said 10 business day period, Lessee's right to cancel sha ll terminate. If possession of the Premises Is not delivered within 60 days after the Commencement Date, th is Lease shall terminate un le ss other agreements are reached between Lessor and Lessee , in writing.

3.4 Lessee Compliance. les so r shall not be req uire d to tende r possession of the Premises to Less ee until Lessee compl ies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Le ss ee shall be required to perform all of its obligations under this Lease from and after the I St11 rt Date, including the payment of Rent, notwit rtandirg I euor's 9lo;tion to 'flitl:il:iold ?osscssion pet'ldirs r9ceipt of s11cl:i euidcncc of Irr,INT Ace Further, if Lessee is required to perform any other cond itions prior to or concurrent with the Start Date , the Start Date shall occur but Lessor may e lect to withhold possession until such conditions are satisfied .

4. Rent.

4.1. Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent I';Re nt"). 4.2 Common Area Operating Expenses . Lessee shall pay to Lessor during the term hereof, in addition to the Base Re nt, Lessee 's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as he re inafter defined , during each calendar yea r of th e t erm of th is Lease, in acco rdance with the following provisions:

(a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs relating to the ownership and operation of the Project , including, but not limited to, the follo wing:

(i} The ope ration , repair and ma intenance , in neat, dean, good order and condition, and if necessary the replace ment, of the fo llow lng: (aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas , trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, Irrigation systems, Common Area lighting facilities, fences and gates, ele vato rs, roofs, exterior walls of the buildings, bu lldln g system s and roof drainage systems.

(bb) Exterior signs and any tenan t directorie s. (cc) Any fire sprinkler systems.

(dd) All other areas and improvements that are within the exterior boundaries of the Project but out s ide of the Premises and/or any other space occupied by a tenant.

(ii) The cost of water, gas, e lect ricity and telephone to service the common Areas and any utilities not separately metered .

(iii) The cost of trash disposal, pest control services, property management, security services, owne rs' association dues and fees, the cost to repaint the exterior of any structures and the cost of any environmental inspections.

(iv) Reserves set aside for maintenance, re pai r and/or replacement of Common Area improvements and equipment.

(v) Real Property Taxes (as defined in Paragraph 10).

(vi) The cost of th e premiums for the insu ran ce maintained by lessor pursuant to Paragraph 8.

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

I iii) A ti1&tiSeFS', a&e&1omtutE' aRS a eFR8/fi' Jees an sests ralite!CI t9 she e eFa eR, FAaiF1t enan&1 repair and Feplasoment ef O,e P iGt

(ix) The cost of any capital impr ove ment to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; howe ver, that Lessor shall all oc ate the cost of any such capital impr ovement ove r a 12 year period and Less ee shall not be required to pay more than lessee's Share of 1/144th of the cost of such capital improvement in any given month. lessee shall pay Interest on the unamortized balance but may prepay Its obligation at any time.

(x) The cost of any other services to be provided by lessor that arestated elsewhere in this Lease to be a Common Area Operating Expense.

Operating Expenses shall not include costs for (1) repair, replacements and general maintenance paid by proceeds of insurance or by Lessee or other third parties; (2) interest, amortization or other payments on loans to Lessor; (3) depreciation; (4) leasing commissions, leasing commissions, brokerage commissions, finders fees, marketing costs and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with lessees or other occupants of th e Project; (5) legal expenses for services (including any legal expenses in collecting rents, evicting tenants or other occupants and costs incurred in legal proceedings with or against any tenant or other occupant or to enforce the provisions of any lease of space in the Project), other than those that benefit the Project tenants generally (e.g., negotiation of vendor contracts); (6) renovating or otherwise improving space for specific occupants of the Project or vacant Ieasable space in the Project includin g perm it, license and inspection costs, but excluding costs for repairs, maintenance and compliance with Applicable Laws provided or made available to the Project tenants generally; (7) truces, other than Real Property Taxes; (8) federal income taxes imposed on or measured by the income of Lessor from the operation of the Project; (9) services or other benefits which are not offered to Lessee (orfor which Lessee is charged directly), but which are provided to another lessee or occupant of the Project; (10) costs incurred by Lessor due to the violation by Lessor or any lessee (other than Lessee) or other occupant of the terms and conditions of any leas e of space in th e project ; and (11) advertising and promotional expendit ures, and costs of signs in or on the Project identifying the owner of the Project.

( b} Any Common Area Opera ting Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof , shall be allocated entirely to such U nit , Building, or other building. Ho wever, any Co mm o n Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building orto anyother building or to the operation , repair and maintenance

the reof , shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion ofthe Improvements, facilities and services set forth in Subparagraph 4.2(a} shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Les so r already provides the services, or Lessor has agreed else whe re in this Lease to provide the same or some of them .

(d} Lessee ' s Share of Common Areil Operating Expenses is payable monthly on the same day as the Ba se Rent is due here under. The am ount of such P,ayments shall be based on Le sso r's es timate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) lessor sha ll deliver to Lessee a rea so nab ly d e tal led st at e ment showing Lessee's Share of the actual Common Area Operating Expenses for the pre ced ing year. If

Lessee's payments during such year exceed Lessee 's Share , Le sso r shall pay to Lessee the amount of the deficiency within 30 days after

delivery of such statement. &;H1 it ;t:ie aR1ewnt af s111i;h er pa11;r11snt agiliAEit beasee's Ji,,tw Ri pi 1 FRenii If Lessee's payments during s uch year were less t han Lessee's Share , Lessee shall pay to Lessor the amount of the deficiency within 30...lO days after delivery by Lessor to Lessee of the statement.

(e) Common Area Operating Expen ses s ha ll not include any expenses paid by any tenant directly to third parties, or as to which Lesso r is otherwise reimbursed by any third pa rty, other te nant , or insurance proceeds.

4.3 Payment. lessee shall cause payment of Rent to be received by lessor in lawful money of the Un ite d States, without offset or ded uction (exce pt as specifically itted in this Lease), on or before the day on which it is due. All r::Ronctilqt arA011nts df?I! bo re, 1Rdtd to tl:ia Reara-twl:lole dolla r In the event that any all b ade to lessor pursuant to Paragra ph 58 at it s address state d herein orto such other persons or place as Lessor may from time to time

designate in writing. Accepta nce of a payment which is less than the amount then due shall not be a waiver of les sor's rights to the balance of such Rent, regardless of lessor's endorsement of any check so stating . In the event that any check, draft, or other instrument of payment given by less ee to less or is dishonored for any reason, les see agrees to pay to Lessor the sum of $25 in addition to any late Charge and lessor, at Its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges If:ld 1tt;irA1•/£ fQgc, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any othe r outstanding charges or costs.

S. Security Deposit. lessee shall deposit with l esso r upon execution hereof the Security Deposit as security for lessee's faithful performance of its obligations under this lease. If lessee fails to pay Re nt , or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the fut ure , and / orto reimburse or com pensate Lessor for any liability, expe nse , loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit , Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to resto re said Securltv Deposit to the full amount required by t his le ase. If the Base Pont lrcmarns

s;l1a1ring tl:le toF,fl of 1iRis lzeass, l.16'H iil:lall, 11pgn uritten Feqwes1i fFo lz:gs1;sr, r.ts,..;r51i 1uh1iitianal FRliilAiGc with bosser li9 dmttl::ia tio1ial 1J:Ro1.1r:1tof til::io ioc.wFit,,• [;IBFl&ilt ,hall at all t:ii;;iu laartho nR=ie i;mportion to 1il::ie ini;;ra1GGGI ia,o Rant ;1; the inithl Sec:11rity Cepocit lotors 1io thg initial Saca Rant Shou ld the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or ass ig nee , lesso r shall have the right to increase the Security Deposit to the extent nece ssa ry, in Lesso r's reasonable judgment, to account for any increased wear and tear that the Premi ses may suffer as a resolt thereof. If a shangg •n ,ontf:4.1 gf b&Ei99 Q&s 1rs r.t 1riRR thir bH&a and f.Qllo'Hing ,ucl=l ,1:!anga t,t.,a finaR,i1I ,an;lit:igR ef L.g"gg ic, in bG&£QF ' t Faa£snaklaj11dgFRont, ,ignifi,antl; rgs;l1,1csi.t, Leuga ,h1B dcpocit ,,,cl::! ad.fit:i;,1=131 r.:i;rnie, ...ith l..o"or a, cha ll be G11 ,;iont tg ;111n tl:ie }oc,rrity Cepsclt to boat a ;or.:irr:er;iilly r:01nm1blo la>!Ql ba,gd en "1cl::i ;hango iA fing;ial canr.tltlon lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security De posit not used or applied by Lessor and bessersl=lall w sn ritli@n F@5!West provide lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit sh.ill be considered to be held in trust, to bear interest orto be pre payment for any monies to be paid by Lessee und er this lease . THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

**6. Use.**

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use , or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that ls un la wfu l, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neigh boring premises or properties. Other than guide, signa l and see ing eye dogs , lessee shall not keep or allow in the Premises any pets, an ima ls , birds, fish, or reptiles. Lessor sha ll not unreasonably withhold or delay its consent to any written request for a modification of the Agree d Use, so long as the same will not impair the structural integrity of the Building or the mechanical or electrical syste ms therein, and/or is not significantly more burdensome to the Project. If Lessor elects to withhold consent, Le sso r shall within 7 days after such request give written notification of same, which notice shall include an explanation of lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances .

(a) Reportable Uses Require Con sent . The term "Hazardous Substance,. as us ed in th is Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or In combination with other mater ia ls expected to be on the Prem ises, is either: (i} potentially injurious to the public health, safety a.c....walfa.ce the environment or the Premises, (ii} regulated or monitorl!d by any governmental authority, or (iii) classified or considered to be hazardous, toxic, or dangerous under any Applicable Law relating to the health or safety or persons on the Premises or in the Project a ba&ic tsr fi'91i8At:ill liability of bO££OF1iO •n, SQ @FRR10Rtll ;lQEIR&\ orthir;I pi 1a1nder an, applis;;aQlo c1iatwie Gr &0 R10R lJwtlllooP; Haza rdou s substances sha ll include , but not be limlted to, hydrocarbons, petroleum, gasoli ne, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Haza rdou s Substances without the express prior written consent of Lessor and timely compliance (at Lessee' s e xpense) with all Applicable Requirements. "Reporta ble Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage , use, tra ns portation , or dis posa l of a Hazardous Substance that requires a permit from , or with respect to whic h a re port, notice, registration or business plan is required to be filed with, any governme nta l a uthor it y, and/or (iii) the presence at the Premises of a Hazardou s substance with respect to which any Appllcabte Requirements requires that a notice be given to persons entering or occupying the Premi ses or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordina ry and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid pape r, glue, etc,) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Le sso r to any liability therefor. In add itio n, Lessor may condition its consent to any Reportable Use upon receiving such additional assurance s as Lessor reasonably deems necessary to protect itse lf, the publ ic, the Premises and/or the environment against damage, contamina tion, inj ury and/or liab ility, including, but not limited to, the installation (and removal on or before Lease e>Cpiration or termination) of protective modifications (such as conc ret e encasements) and/or increasing the Security Deposit.

(b) Duty to Inform Lessor. If Lessee knows, or has reaso nab le cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Prem ises , other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a co pyof any report , notice, claim or ot her documentation which It has concerning the presence of such Hazardous Substance.

(c) Lessee Remed iation . Lessee shall not cause or permit any Hazardou s Substance to be spilled or released in, on, und e r, or about the Premises (including through the plu mbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigato ry and/or remedial action reasonably recommended, whether or not formally ordered or required, for the deanupof any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring prope rties , that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this lease, by or for lessee, or any third party .

{d} Lessee Indemnification. lessee shall indemni fy, defend and hold Lessor , its agents , emplo yee s, lenders and ground lessor , if a ny, harmle ss from and against any and all loss of rents and/or damages, lia bilities, judgmen ts, claims, expenses, penalties, and reasonable and actual attorneys' and consultants' fees arising out of or Involvi ng any Hazardous Substance brought onto the Premises by or for lessee , or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substa nee under the Premises from areas outside of the Project not caused or contributed to by Lessee}. Lesse e's obligations shall include, but not be limited to, thl!effects of any contam inatio n or injury to person, property or the environment create d or suffered by Lessee , and the cost of inves tigatio n, remo val, remed iation, restoration and/or abatement, and shall survive the expiration or termination of this Le ase . No termination, cancellation or releas e agreement entered into by Lessor and Les see shall release le ssee from its obligations under th is Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(el lessor Indemnification. Except as ot he rwise provided in paragraph 8.7, Lessor and its successors and assigns shall Indemnify, defend , reimburse and ho ld Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of re med ia tion, which are suffered as a direct result of Hazardous Substances on the Prem ises prior to Lessee taking possession or which are caused by the gross negligence or willful miscond uct of Lessor, its agents or emplo yees. Lesso r's ob lig ation s, as and when required by the Applicable Req uirements , sha ll include, but not be limited to, the cost of investigation, removal, remediati o n, restoration and/o r abatement, and shall survive the ex piratlo n or te rmina tio n of this Le ase .

{f) Investigations and Remediations. Lessor shall retain the responsibility and pay for any investigations or remediation measures require d by governmental entities having jurisdiction with respect to the existence of Hazardou s Substances on the Premises prior to the Lessee takin g possess io n, unless such remediation measure is required as a result of l essee' s use (includlng "Alte rations", as defined in paragraph 7.3(a) below) of the Pre mis es, in which event Lessee shall be responsible for such payment. Lessee shall coo perate fully in any such activ itie s atthe req ue st o f Lessor , including allowing le sso r and Lesso r's ae:ents to have re aso nable access to the Premise s at reasonable times in order to carrv out Lessor's Investigative and remedial responsibilities.

(g) Lessor Termination Option. If a Hazardous Substance Condition (see Paragraph 9.l(e)) occurs during the term of this lease, unless Le ssee is legally responsible ther efo r (in which case Lessee shall make the inves tigation and remed ia tio n thereof required by the Applic ab le Requirements and this Lease shall cont1nu e in full force and effect, but subject to lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Les s or's option, either (I) Investigate and remediate such Hazardous Substance Cond ition, if required, as soon as reasonab ly possible at Lesso r's ex pe nse , in which event this Leas e shall continue in full force and effect, or (ii) If the es timat ed cost to remediate such con di tion exceeds 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to lessee , within 30 days afte r receipt by Lessor of knowle dge of th e occurrence of such Haz ard o us Substance Condition, of Lessor's desire to terminate this lease as of the date 60 days fol lo wing the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of th e remediation of such Hazardous Substance Conditlon exceeds an amount equal to 12 times the then

monthly Base Rent or $100,000, whichever is greater. Lessee shall provide lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full fo rce and effect, and Le ssor s hall proceed to make such remediation as soon as reasonab ly possible after the required funds are available. If Lessee does not give such notke and provide the required funds or assurance thereof within the time provided , this lease shall f the date specified in Lesso r's notice of term ina tion .

Lessee's Compliance with Applicable Requirements. Except as otherwise provided in thls Lease, lessee shall, at lessee's sole expense, fully, diligently and mann er, materially comply with all Applicable Re quire ment s, the requirements of any applicable fire insurance underwriter or rating bureau, and the

ecommendations of Lessa r.s engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents , and other information •ev idenc ing Lessee 's compliance with any Applicable Requirements specified by Lesso r, and shall immediately upon receipt, notify Le sso r in writing (with copies of any documents involved} of any threatened or actual claim, notice , citation , warning, complaint or report pertaining to or involving the failure of lessee or the Premises to comply with any App1icab Requirements. likewise, Lessee shall immed iate ly give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii} any mustiness or other odors that might indicate the presence of mold in the Premises.

I

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" {as defined in Parasraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of .an emergency, and otherwise at reasonable times after 24 hours' notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this lease. The cost of any such Inspections shall be paid by lessor, unless a

violation of Applicable Requirements, ora Hazardous Substance Condition (see Paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is

I reasonably related to the violation or contamination at the Premises caused by Lessee. In addition, Lessee shall provide copies of all relevant material

safety data sheets (MSOS) to Lessor within 10 days of the receipt of written request therefor. Lessee ac kn ow le dges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially causP! lessor to incur costs not contemplated by this lease, the extent of which will be ext remely difficult to ascertain. Acmrd!ogly sho11ld the I essee fail to a!law s11cb iaspectioos aod(or testing in a tirnehr fashion the Base Rent shall be a11tomatically iocreased wltbo,,t iRI/ req11irement for Rotica to I essss bi/an arno1mt 1q112I to 10:½ of tl:ietl:ien existing Aase Rent or $100, whicl:ieuer irsrtater forthe mmainderto tho I oHe The Parties agree that s1:ch increase in Aase Rent represents fair and r:easonable compensation foe the additional rirk./-oorts that I essorwill inc,,c b.y reason of I essee's failure to allow swb inspection and(or testins swb Increase In Base Rent shall in no eueot cons:Ntl!tc a wahrer of I essee's Oefa11lt or Aceach with cespectto rncb bi111ro nor pPi11ronttbe exer:cis, of any of tl:iv otber rightr and re5'<ledies &GZnted hero1.1nder

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 **Lessee's Obligations.**

{a) In General. Subjectto the provisions of Paragraph 2.2 !Condition), 2.3 {Comp liance) , 6.3 ILessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 {Damage or Destruction), and 14 {Condemnation), lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises rP!quiring repa irs , o r the means of repairing the same, are reasonably or readily accessIble to lessee, and whether or not the need far such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portfon of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Parasraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required b-y Parag raph 7.l(b) below. lessee's obligations shall include resto rations, replacements or renewals when necessary to keep the Premises and all impro ents thereon or a part thereof In good order, condition and state of repair:

I

{b) SeNlce Contracts. lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintP!nance of the followlng equipment and improvements, if any, if and when installed on the Premises: (ii HVAC equi pment, (iii boiler and pressure vessels, and (iii) clarifiers. However, Lessor reserves the rig ht, other than with respect to the HVAC

equipment, upon notice to Lessee, to procure and maintain any or all of such service contract s, and lessee shall rP!imburse Lessor , upoo demand , for the cost thP!reof.

I

{c) Fallure to Perform. If Lessee fails to perform lessee's obligations under this Paragraph 7.1, lessor may enter upon thP! Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, In which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and lessee shall promptly pay to lessor a sum equal to 1l <UJ.5.% of the cost thereof.

(d} Replacement. Subject to Lessee's Indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving lessee of liability resulting from Lessee s failure to exercise and perform good maintenance practices, if an item described in Parasraph 7.l(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date an which Base Rent is due, an amount equal ta the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (iP!. l/144th of the cost per month). Lessee shall pay Interest on the unamortized balance but may prepay Its obligation at anytime.

7.2 lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee s Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, extP!rior roof, fire sprlnkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parkins lots, walkways, parkways, dr iveways, la ndscap ins, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there Is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterk>r or interior surfaces of exterior walls nor shall lessor be obligated to maintain, repair or replace windows , doorsor plate glassof the Premis es .

7.3 Utility Installations; Trade Fi•tures; Alterations.

la) Definitions. The term "Ub1ity Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, llght1ng fixtures, HVAC equipment, plumbing, and fencing in or on thP! Premises. The term nrrade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing materlal damage to the Premises. The term "Alterations" shall mean any modification of the impro vements , other than Utility Installations or Trade Fixtures, whether by addition or de letio n, "Lessee Owned Alterations and/or Utility Installations" are- defined as Alterations and/or utility Installations made by lessee that are not yet owned by lessor pursuant to Paragraph 7.4(a}.

(b) Consent. Lessee shall not make arr; Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety sy;!,tems, do not trigger the requirement for additionzr l modifications and/or improvements to the Premises result1ns from Applicable Requirements, such as compliance with Title 24, and/or life safety systems, and the cumulative cost thereof during this lease as extended does not exceed a sum equal to 3 month's

I

Base Rent in the aggregate ora sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of lessor. Lessor may, as a precondition to granting such approval, require lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to lessor In written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: {i) acquiring all applicable governmental permits, (ii) furn lishing lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which co.sts an amount In excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a liP!n and completion bond in an amount equal to 1.iO

125% of the estimated cost of such Alteration or Utility Installation aRdtar 1poR t OCGeo'c polrliing DR additional ier.uritt,i Co ocitu<it 1..acsor

(c) Uens; Bonds. Lessee shall pay, when due, all clalms for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein . lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about thP! Premises , and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expen.sP! defend and protect itself, lessor and the PremisP!S against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before thereof. If lessor shall require, Lessee

7.4 Ownership; Removal; Surrender, and Restoration.

(a) OwNership. Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the ownP!rof all or any specified part of the lessee Owned Alterations and Utility I nsta ll ations . Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Le ase , become the property of lessor and be surrendered by lessee with the Prem ises .

(b) Removal. By delivery to lessee of written notice from Lessor not earlier than 90 and not later than 30days prior to the end of the term of this lease, ire that any or all Lessee owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the ime all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

; Restoration. Lessee shall surrender the Premises by th4:!LSonDate or any earlier termination date, with all of the improvements,

parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing and the provisions of Paragraph 7.l(a), if the Lessee occup ie s the Premises for 12 months or less, then Le ss ee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. l essee shall repair any damage occasioned by the installa tion, maintenance or removal of

Trade Fixtures, Lessee owned Alterations and/or Utility l ns ta llations furn is hings, and equipment as well as the remova l of any storage tank installed by or for Lessee . Lessee shall a ls o remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party {except Hazardous Substances which were deposited via underground migration from areas outside of the Project) to the level specified In Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by le ssee and may be disposed of or retained by lessor as Lessor may des ire . The failure by Lessee to timely vacate the Premises pursut1nt to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provis ions of Paragraph 26 below.

urance ; Indemnity.

Payment of Premiums. The cost of the premiums for the insurance policies required to be carried by Lessor , pursuant to Paragraphs 8.2(b), 8 .3(a) and

Ins 8.1
for e .

8.

3(b), shall be a Common Area Operating Expense . Premiums coincide with the corresponding Start Date or Expiration Dat

policy periods commencing prior to, or extending beyond, the term of this lease shall be prorate

.

d

to

8,2 liability Insurance.

{a) Carried by Lessee. Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Ll!ssor as an additional insured against claims for bodily injury, persona I injury and property damage based upon or arising out of the ownership, use, occupancy or maintena nee of the Premises and all areas appurtenant thereto . Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an annual aggregate of not le ss than $2,000,000. lessee shall add lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organ ization's "Additiona l Insured-Managers or lessors of Premises" Endors e ment. The p icy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liabillty assumed unde this Lease as an "Insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that Its insurance shall be primary to and not contributory with any similar insurance carrted by les sor, whose insurance shall be considered excess insurance on ly.

(b) Carried *by* Lessor. lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not In lleu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a)

|

Building and Improvements. lessor shall obtain and keep in force a policy or policies of insurance In the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises , as the same shall exist from time to time, or the amount required by any lender, but in no event more than the comme rcially reasonable and available insu rab le value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by lessee notby Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage !except the perils of flood and tac eartbq1 12ke ,mless req11ired ht/ a I ender) Including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demo litio n reconstruction or replacement of any portion of the Premi ses as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provisk>n in lieu of any coinsurance clau se waiver of .su brogation, and inflation guard protection ca using an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U. S. Department of Labor Consumer Price Index for A.II Urban Consumers for the city nearest to whe re the Premises are located. If such insura nee coverage has a deductible clause, the deductible a mount shall not exceed $5,000 per occurrence.

(b) Rental Value. Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said Insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by lessee, for the next 12 month period .

(c) Adjacent Premises. Lessee shall pay for any incrl!ase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said Increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) Lessee's Improvements. Since Lessor is the Insuring Party, Lessor shall not be required to insure Le s see Owned Alterations and Utility Installations unless the item In question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Busjness Interruption Insurance; Worker's Compensation In surance .

(a)

|

Property Damage. Lessee shall obtain and maintain insurance coverage on all of lessee's personal property, Trade Fixtures, and lessee Owned A.Iterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $5,0 00 J.,..000 per occurrence. Thi! proceeds from any such insurance shall be used by Lessee for the replacement of personal prope rty, Trade Fixtures and lessee Owned Alterations and Utility Installations.

{bl Business Interruption. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts c1s will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such per ils .

(c) Worker's Compensation Insurance. Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such pollcy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) No Representation of Adequate Cove rage. Lessor makes no representation that the limlts or forms of coverage of insurance specified herein are adequate to cover Lessee•s property, business operations or obligations under this Le ase .

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term .a "General Policyholders Rating" of at least A-, VII, as set forth in the most current is s ue of "Best's Insurance Guide", or such other ratin asmay be required by a Lender. lessee shall not do or permit to be done anything which Invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such Insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insuran ce. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to lesso r. Lessee shall, at least 10 days prior to the expiration of such policil!S, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is les s . If either Party shall fail to procure and maintaln the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, lessee and Lessor each hereby release and relieve the other , and waive their entire right to recover damages against the other, for loss of or damage to its property aris ing out of or incident to the perils required to be insur ed against he rein . The effect of such releases and waivers Is not limited by the amount of i nsu rance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross neg lige nce or willful misconduct, Lessee shall inde mn ify, protect, defend and hold harmless the Prnm lsec , 1.essor and its agents, lessor 's master or ground lessor, partners and lenders , from and against any and all claims, loss of rents and/or damages, liens , judg me nts , pe nalties , attorneys' and consultants' fees , e)(penses and/or liabilities arisi ng out of, i nvo lvin g, or in connection with, a Breach of the Lease by Lessee and/or the useand/or occupancy of the Premises and/or Project by Les s ee and/or by Lessee 's employees, contractors or Invitees. If any action or proceeding Is brought against lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the neg lige nce or breach of this lease by lessor or itsagents, neither lessor nor its agents shall be liable under any circumstances for: (ii injury or damage to the person or goods, wares, mercha ndise or other property of lessee, Lessee's employees, contractors, invitees, customers , or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to lessee's business or for any loss of income or profit the refrom. I nstead , it is intended that Lessee ' s s recou rse in th e eve nt of s uch da mage s or inju ry be to file a cla im on t he i ns u ra nce polic y{ie s ) t hat Lessee is required to maintain pursuant to the of paragra ph 8.

il o Provid e Insurance. Le s se e acknowledges that anyfailure on lt s part to obtain or maintain the Insurance required herein will expose Lessor to risks and potentialtycause Lessor to incu r costs not contemplated by this Lease , the extent of which will be extremely difficult to ascertain. **Definitions.**

(a} " Premises Partial Dam age" shall mean damage or destruction to the impro ve ment s on the Premises, other than

(bj "Premises Total Destruction" shall mean damage or destruction to the improvements on the Premises , other than Lessee owned Alterations and Utility Installations and Trade Fixtu res, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month' s Base Rent. Lessor shall notify Lessee In writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Tota l.

(c) "Insured Loss " shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Insta lla tions and Trade Fixtures, which was caused by an event re quired to be covered by the insurance described in Paragraph 8.3(a), i rres pective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by lessor at the time of the oc currence to their condition existing immediately prior thereto, includlng demolition, debris removal and upgrading required by the operation of Applicable Re quirement s, and without deduction *for* depreciation.

(c) "Ha zardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contam ination by a Hazardous Substance, in, on, or under the Premises which requires rest o ra tion .

8.1

Partial Damage- Insured Loss . If a Premises Partial Damage that is an Insured loss occurs, then lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonabty possib andthis Lease shall continue in f ull force and effect ; prov ide d, however , that Lessee shall, at lessor's election, make the repair of any damage ordestructton the total cost to repair of which is $10,000 or less, and, in such event, Lessor shall make any appllcable insurance proceeds avallable to lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, lf the required insurance was not in force or the Insurance proceeds are not sufficient to effect such repa ir, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said re pairs. In the event, however, such shortage was due to the fact that , by reas.on of the unique nature of the improvement s, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage In Insurance proceeds or

to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cove r same, or adequate assurance thereof, within 10 bus ness days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 business day period, the party respons ibl e for making the repairs shall complete them as soon as reasonably possible and this lease sha ll remain i full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commerd a lly reasonable with Lessor paying any short.age in proceeds , in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party,

8.2 Partial Damage- Uninsured Loss . If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee {in which event lessee shall make the repa irs at Lessee's expense), lessor may either: (l) repair such damage as soon as reasonably possible at lessor's expense (subject to reimburs em ent pursuant to Paragraph 4.2}, in which event this lea se shall continue in full force and effect, or (ii} terminate this Lease by giving written notice to

Le ssee within 30 days after recei pt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 business days after receipt of the termination notice to give written

notice to Lessor of Lessee s commitment to pay for the repair of such damage without reimbursement from Lesso r. lessee sha ll provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this lease shall continue in full force and effect, and Lesso r shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this lease .shall terminate as of the date specified in the termination notice.

8.3 Total Destruction . Notwithstanding any other provision he reo f, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee , Le ss o r shall have the right to recover lessor's damages from Lessee , except as provided in Paragraph 8.6.

8.4 Damage Near End of Term. If at any time during the last 6 months of this lease there is damage for which the cost to repair exceeds one month's Base

Rent, whether or not an Insured Loss, Le ssor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the forego ing, if lessee at that time has an exercisable option to extend this Lease or to purchase the Prem ises , then Lessee may preserve this Lease by, (a) exercising such option and (b} providing Lessor with any shortage

in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of {i) the date which is 10 business days after Lessee 's receipt of lessor's written notice purportin, to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exer cis es such option during such period and provides lessor with funds (or adequate assurance thereof) to cover any shortage In insuran ce procee ds, Lessor shall, at Lessor's commercially reasonabl e expense, repair such dam;)ge as soon as reasonably possible and this Lease sha ll co ntinu e in full force and effect. If Lessee falls to exe rcise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified In the termination notice and Lessee's option shall be extinguished.

8.5 Abate nt of Rent; Lessee's ft(!medies.

(a) Abatement. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which lessee's useof the Prem ises is impaired, but not to exceed the proceeds received from the Rental Value insu rance . All other obligations of Lessee hereunder shall be performed by Lessee, and lessor shall have no liability for any such damage, destruction, remed iation , repair or restoration except as provided herein.

lb) Remedies. Jf Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or resto ration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Le ss ee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified In said notice . If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect "Commen ce" shall mean either the unconditional au tho riza tio n of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

8.6 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g} or Parag raph 9, an equitable adjustment shall be made concerning ad vance Base Rent and any other advance payments made by Lessee to lessor. Lessor shall, in addition, return to Les see so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

9. Real Property Taxes.

included in
10.3 Addition

9.1 De fin ition . As. used herein, the term "Real Property Taxes " shall include any form of assessment; real estate, general, special, Of'dinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes}; improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Le ss or in the Project, Lesso r s right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the fu nds are generated with reference to the Project add ress . The term "Re al Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase there in: (i) imposed by reason of events occurring during the term of this Lease, indudlng but not limited to, a change in the ownership of the Project, (ii} a change in the improvements thereon, and/or (iii) levied or asses sed on machinery or equipment provided by lessor to Lessee pursuant to this lease. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate taxyear shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

ent of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments in the calculation of Common Area Operating Expenses In accordance with the provis io ns of Paragraph 4.2.

nal Improvements. Common Area Operating Expenses shall not Include Real Property la xe s spe cified in the tax assessors records and work sheets

as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees . Notwithstanding Paragraph 10 .2 hereof, Lessee s ha ll, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alte ration s, Trade Fixtures or Utility Installations placed up on the Premises by Le ssee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable pro portion of the Real

Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective

valuatio_ns assigned int • asse sso r's work sheets or such other information as may be rea sonably available , which determination shall be made by Lessor In good faith. Lasso r's rea£8Ril le &tatai:R=liRitlEIFI l=iero;Ji iR gee&t fait , liihiilll Be 89RSl1::1!fr•e.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all ta xes assessed against and levied upon Lessee Owned Alterations and Utility Insta llations , Trade Fixtures, furn is hings, equipment and all pers onal property of Lessee contained in the Prem ises . When possible, Lessee shall cause tts lessee Owned Altera tions and Utility Installations, Trade Fixtures, fu rnis hings , equipment and all other personal property to be assessed and billed se pa rate ly from the real property of Lessor. If any of Lessee's said property sha ll be assessed with lessor' s real property, lessee shall pay Lessor the taxes attributable to lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to les see's prope rty.

Utilities and Services. Lessee shall pay for all water, gas, heat, light, power, telephone, trash dis posa l and other utilities and services supplied to the Premises,

together with any taxes thereon . Notw it hs tand ing the provis ions of Paragraph 4.2, ifat anytime in Le sso r's re as o n a b } e.sola judgment, Lessor determines that lessee Is using a disproportionate amount of wate r, electricity or other commonly metered utilities, or that le ssee is generating such a large volume of tr ash as to re quire an increase in the size of the trash receptacle and/or an increase in the number of times per month that It is emptied, then Lessor may increase lessee 's Base Rent by an amount equal to such Increased costs. There shall be no abatement of Rent and Lessor sha ll not be liable in any respect whatsoever for the Inadequacy , stoppage, int rruption or discontinuance of any utility or service due to riot, st rike, labor disp ute, breakdown, ac c ident , repair or other cause beyond le sso r's reasonable control or In cooperation with governmental request or directions.

Within fifteen days of Lessor's written request, Les s ee ag ree s to deliver to Lessor such information, doc ument s and/or authorization as Lessor needs in order for Lessor to comply with new or existing Applicable Requirements rela ti ng to co mmer cial building energy usage, ratings, and/or the reporting thereof.

11. Assignment and Subletting.

11.1 Lessor's Consent Required.

la) Lessee shall not voluntarllyor by operation of law assign , transfer, mortgage or encumber (colle ctive ly, "as !.ignor ass ignment ") or subl et all or any part of Lessee 's intere st in this Lease or in the Premises without Le ssor's prior written consent ., which shall not be unreasonably withheld and further defined below.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee sha ll constitute an

assignment requiring consent. The t ransfer , on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) An assignment or subletting without consent shall, at Lessor's option, bea Default curable after notice per Paragraph 13.1 (d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletti ng as a noncurab le Brea ch, Lessor may e it her :{i) terminate th is Lease , or (ii) upon 30 days written notice , increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 1100/4 of the price previously in effect, and (ii) all ffxed and non-fixed rental adjustments scheduled during the remainder of the Lease term sha ll be increased to 110% of the scheduled adjusted rent .

(d) lessee's remedy for any breach of Paragraph 12.1 by Les s or shall be limited to compensatory damages and/or injunctive relief.

{fl Lessor may reasonably withhold consent to a proposed assignment or subletting if lessee is in Default at the time consent is requested,

(gl Notwithstanding the foregoing, allowing a de minimis portion of the Premi se s, ie. 20 s quare feet or less , to be used by a third party vendor in co nnec tion with the Installation of a vending machine or payphone shall not constitute a subletting,

11.2 Terms and Conditions Applicable to Assignment and Subletting.

{a) Regardless of Lessor ›s consent, no assignment or subletting sha ll : (i) be effective wit hout the express written assumption by such assig nee or sublessee of the obligations of Lessee under this Leas e, (ii) release Lessee of any obligations he reu nde r, or (iii) alter the prima ry liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee,

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an ass ig nmen t. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppe l of Lesso r's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

Id} In the event of any Default or Breach by Lessee, lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of lessee's obligations under this lease, including any assignee or sublessee, without first exhausting Lesso r's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing , accomP<tnied by information re le vant to Lessor's dete rminati o n as to the financial and operational responsi bility and appropr iate ness of the proposed assignee or suble ss ee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for lessor' s considering and processing said request. Lessee agrees to provide Lessor wlth such other or addlttonal information and/or documentation as may be reasonably req ue sted. (See also Paragraph 36)

I

(f} Any assignee of, or su essee under , this lease shall, by reason of accepting such assig nment. entering into such sublease, or entering into possessio n of the Premises or any portion the reof, be deemed to have ass umed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisio ns of an assignment or sublease to which Les so r has s peci fically consented to in writing.

11.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Le ssee of all or any partof the Premises and shall be deemed included in all subleases under this Lease whe t he r or not expressly incorporated there in:

(a] lessee hereby assigns and transfers to Lessor all of Le ssee 's interest in all Rent payable on any sublease, and lessor may collect such Rent and apply same toward Lessee' s obligations under this Le ase ; provided, however , that until a Breach shall occur In the performance of Lessee's ob ligations , Lessee may collect said Rent. In the event that the amount collected by lessor exceeds lessee's then outstanding obligations any such excess shall be refunded to Lessee. l es sor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sub lessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such su blessee , upon receipt of a written notice from Lessor stating that a Breach exist s in the performance of Lessee 's ob ligatio ns under this lea se , to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from les so r and shall pay all Rents to Lesso r without any obllgation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

{b) In the event of a Breach by lessee , Lessor may, at its op tion, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the subl esso r under such sublease from the time of the exercise of sa id option to the expiration of such sublease; provided, however, Lessor shall no t be liable for any prepaid rents or security de posit paid by such sublessee to such sublessor or for any prior De fau lt s or Breaches of such sub lessor.

(c} Any matter requ ir ing the consent of the sublessor under a sublease shall also require the consent of Lessor .

tdl No subtessee shall f urthe r assign or sublet all or any part of the Pre mises w it ho ut le ssor's prior written consent.

{e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the De fa ult of Le s see within the grace period, if any, specified In such notice. The sublessee shall have a right ofreimbursement and offset from and against Les s ee for any such Defaults cured by

13. Default; Brea

13.1 Default;

le ssee.

e ach; Re medies .

lt; Brea ch. A " Defau lt" Is defined as a failure by the Le sse e to comply with or perform any of the terms. covenant s, co nditions or Rules and Regulations under thi5 Lease. A "Breach " is defined as the occurrence of one or more of the following Defau lts , and the failure of Lessee to cure such Default within any applicable grace period:

(a) The vacating of the Premises where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential

I

vandalism. For the avoidance of doubt, Lessee's vacating of the Premises or cessation of operations in the Premises shall not constitute a Default so long as Lessee complies with the other terms of this Lease.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, orto fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to lessee . THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHTTO RECOVER POSSESSIDN OF THE PREMISES.

(cl The failure of Lessee to allow Lessor and/or its agents access to the Premises as required by and in accordance with this Lease or

I

the commisslon of waste, act or acts constituting public or private nuisance , artd/or an illegal activity on the Premises by lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal 21ctivity a second time then , the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

Id) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements as required by the terms of this Lease, (ii) the service contracts as required by the terms of this Lease, (iii) the rescission of an unauthorized assignment or suble tti ng, (iv) an Estoppel Certificate or financial statements, {v} a requested subordination, {vii evidence concerning any guaranty and/or Guarantor as required by this Lease. (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix} any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

{e} A Default by lessee as to the terms, covenants, condi tions or provisions of this Lease , or of the rules adopted under Parae:raph 2.9 hereof, other than those described in subparagraphs 13.l(a), (bl, (c) or {d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30day period and thereafter diligently prosecutes such cure to completion.

(fl The occurrence of any of the following events: (I) the making of any general arrangement or assignment for the benefit of cred ito rs; (ii} becoming a "debtor" as defined in 11 U.S.C. § 101 or any succe ssor statute thereto (unless, in the case of a petttion filed against lessee , the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take posse-ssion of substantially all of lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days ; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that anyfinancial statement of Les s ee orof any Guarantor given to Les sor was materially false.

{h) If the performance of Lessee's obllgations under this lease is guaranteed : (i} the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, lll) a Guarantor's becoming Insolvent or the subject of a bankruptcy filing, (iv) a Gua ranto r's refusal to honor the guaranty, or {v) a Gua rantor 's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, wlt hin 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13,2 Remedies. If Lessee fails to perform any of its affirmative duties or obliga tio ns , within 10 days after written notice (or in case of an emergency , without notice), lessor may, at its option, perform such duty or obligation on lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or govemmental licenses, permits or approvals. lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Bre-ach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means , in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination;

(ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term *after* the time of award exceeds the amount of such rental loss that the lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the lessee's failure to perform its obligations under this Lease or which in the ordinary

course of things would be likely to result theref rom , including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Prem ises , reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor In connection with this Lease a ppHcable to the unexpired term of this Le ase . The worth at the time of award of the amount referred to in provision (lii) of the immediate ly preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of thls lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease Is obtained through the provisional remedy of unlawful deta iner Lessor shall have the right to recover
In such proceeding any unpaid Rent and damages as are recoverable t here in, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a
notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or q uit or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall co ns titute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee ' s right to possess io n and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the lessee's right to possession.

(cJ Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are locat ed . The expiratio n or termination of this lea se and/or the termination of Lessee's right to posses.sion shall not relieve Lessee from liability under any indemnity provisions of this lease as to matters occurring or accruing during the term hereof or by reason of lessee's occupancy of the Premises.

13.3 fnduc2ment Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for lessee paid for or performed by
Lesso r, or for the giving or paying by lessor to or for Lessee of any **be retroactively recaptured by Lessor upon a Breach.** The acceptance by Lessor of rent or the cure of the **Breach** which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless speclffcally so stated in writing by lessor at the time of such acceptance.

13.4 late Charges. Lessee hereby acknowledges that late payment by lessee of Rent will cause Lessor to Incur costs not contemplated by this lease , the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be Imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any
requ irement for notice to Lessee, Lessee shall immed iate ly pay to Lessor a one-time la t e c ha rge equal to 10% of each such overdue amount or $100, whk:hever is greater . The parties hereby agree that suchlate charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment.
Acceptance of such late charge by Lessor shall in no event const1tute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutfve installments of Base Re nt, then notwithstanding any provision of this Lease to the contra ry, Base Rent shall, at Lessor 's o ption, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day
after it was due. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest Is potential late charge provided for in **les sa**

be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any lender whose name and address shall *have* been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of lessor's obligation is such that more than 30days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

I

(b) Performance by lessee on Behalf of Lessor. In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice,

or if having commenced said cure they do not diligently pursue itto completion, then Lessee may elect to cure said breach at lessee's e)(pense and offset from Rent
115 % of the a,.wal and re.a, s Ralale cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement *from* lessor for any such expense in excess of such offset. lessee shall document the cost of said cure and supply said documentation to Lessor.

I

Con demnation . If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), thls Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit , or more than 25% of the parking spaces is taken by Condemnation, Lessee may, at Lessee's option , to be exercised in

writing within 10 business days after Lessor shall have given Lessee written notice of such taking lor in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If lessee does not terminate this Lease in accordance with the foregoing, this lease shall remain In full force and effect as to the portion of the Premises remaining, except that the Base Rent shall
be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that lessee shall be entitled to any compensation paid by the condemnorfor Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises
by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and lessee shall be entitled to any and all compensation which is payable therefor. In the event that this lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises c used by such Condemnation.

**15. Brokerage Fees.**

15 l AdditioAal CDA1mi55lon In .addition to t.1:le pa)<R'lentr ov ad p:rm,aRtto 14rasrapb l 10 abg•ra, I osror agrees that• (a) if Lonee ewrciser any Option, {b} if Lonee or am,1one affiliated witb I osseo acq11lres from I essor ?N/ rights to the Brernisss orotber premises owned blf I error and located witl:iin the Project c) if I essee remains in possession of the Premises, with the consent of I essor; after the expiration of this I ease cc,d) it Base Rent is increased, mhetber bv aareernent or operation of an escab:ttoo cla11se herein, then I essor shall pay Brokers a fee in accordance with the tee scbed,,le of the Brokers in effect at the time the l ease was

15 2 AH l ▪AipdoA of OhHptions Am,r b:n;er or transferee g,f Lea:sor's interest in this l ezse shall be doomed to ba1re ass11med I error's obligation bere11r:,der Amkerr shall be third party beneficiaries of the provisions of Daraenpbs 1 10, 15 22 and 3 1 If I essoc £ails to pay to Brokers am/ amo,mts d,,ear andforbrokerage feilE pertaining tg tl:lis Lean ,ul:lsan dYe, 1il:len Gr:sl:i awe11Rtc shall ?:GGFI re lntonu;1i In additien, if Len;rbilr :tg pay anv awn,:Rtc :to Lecseo•r iroker ucl:lan dYa, L.a;ne's Broker may a?Ad urritton n;tica tg I rror and Leccea of cir'.R faHt rn -nd If I escor hi's to pily ,, 1c:h ar::nc11nt; wi:thin I D d.ar;r af:ter nid notim, t arcee shall pay raid
l!RPAiar to its Broker end offset w+ amo,rntr aeainst Rent In addition, I en:ee'r Srokur sbal' be deemed to be a third party beneficiaPf of aR•/ commirrioA agreernert entered into by and½c behueeo I essocand I error'r Broker for the limited p11rpose of crllectine ?Pl/ brokerage fee rn1ced

15.3 Representations and Indemnities of Broker Relationships. Lessee and lessor each represent arid warrant to the other that it has had no dealings with any person, firm, broker, agent or finder (other than the Brokers and Agents, if any} in connection with this Lease, and that nooneother than said named Brokers and Agents is entitled to any commission or finder's fee in connection herewith. lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

**16. Estoppel Certificates.**

(a) Each Partv (as **"Responding Party' )** shall within 10 business days after written notice from the other Partv (the **"Requesting Party")** execute, acknowledge and dellver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published BY AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 business day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance , and (iiiJ if Lessor is the Requesting Party> not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party 's Estoppel Certificate , and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In add itio n, Lessee acknowledges that anyfailure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which wlll be e>:tremely difficult to ascertain.
Accordineht sho11ld the I essee fail to exec,:te andlocdelhcer a ceq,1ested Fstoppel Certificate in a tirnelv fashion the monthly Base Rent shall ho 21,tomattcally Increased witbrn1t anv req11icernent foe notice to I essee h¥ an amount eq:,al to10% oftbe then existing Base Rent oc $100 whichever is greater toe cemaindecof the I ease TheDartias agreetl:lat s11rb increase in Bare Rent rapmlieAtr fair and masonable mn,pensation for the additional risk,lcosts tl:iat Le;sgrmill inc::r bv ruson of I essee s fail1 1re to pt01dde the Fstoppel Certificate S11cb increase in Bart Rent shall in no eveotconstit11te .a waiver of I essee's Oe£a11ltcr Breach uritb respect to the failr ire to provide the Fstoppel Certificate nor pre11ent the exercise of any of the other rights a ad remedies granted here• mdec

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereo f, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial stat ments as may be reasonably required by such lender or purchaser, induding but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, If this is a sublease, of the lessee's interest in the prior lease. In the event of a transfer of Lessor's title or Interest in the Premises or this lease, lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor.

Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18.Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall In no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used In this lease shall mean and refer to calendar days.

20. Limitation on Uabllity. The obligations of Lessor under this lease shall not constitute personal obligations of Lessor, or its partners, members , directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of lessor, for the satisfaction of any liability of Lessor with respect to this Lease, a_nd sha II not seek recourse against Lessor's partners , members, directors, officers or shareholders, or any of their personal assets for such satisfac tion .

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and 1s relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person {by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service E>:press Mail, with postage prepaid, or by facsimile transmission, or by email, and

I

shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted at Paragraph 58 adiaGoRtto a P>i:t';', ,i9Aat11F1 OR

shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute lessee's address for notice. A copy ofall notices to Lessor shall be concurrently nsmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 te of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the or if no delivery date is shown, the po.stmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and ma ile d with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees ne)(t day delivery shall deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23.3 Options. Notwithstanding the foregoing, in order to exercise any Options (see paragraph 39), the Notice must be sent by Certified Mail (return receipt requested), Exp ress Mail (signature req uire d), courier (signature required) or some other methodology that provides a receipt establishing the date the notice was received by the lessor.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee , shall be deemed a waiver of any other term, cove nant or condition hereof , or of any subsequent Default or Breach by Lessee of the same or of any othe r term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shaH not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lesso r, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MA TTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

l5 Cis,lvnrns Posautlnglhe Natum Df a Rn! Estate Aoeno, Ralativnd:ilp

(a) Wh■R &RtflFiRg iRte a Qiss11ssieR itR a Fliliil1 &,ta1'ia ageRt regaFdiAg a Faal fil&:1iat■1'ir:.R&aetlen, a bHSGilF er be&&H ,ho1,1ld irel'f1 the gutsa1'i wRden;taAd •1:iat rpe gf agliiRC'l i:elaUonchip OF r::1pr1c1Rtat;ioR It Ras •••ith tRe ageRt or:; JB,tRtc iR the tFaR&a&t:IGilR L.eccer:; ais:1d L.eccee asJmg,ecledge beiA& ad••iHd Jl/tl:iu iFgken iA thic tFaRca,ticn, ac follcwr•

li) !@& IU's 1,9eJ1tf. P es!!er's ag9Rt wRBer a llstiAg agreefflert it the bessoraets as the age111tfertl;te bessar en!:, o bessor's age At or swl:!ageAt utRe fella ulAg affirR1a e eBlieatier::i,• tJ:,e"'9,; A fidweiaP, etu sf utR1est &il r:■, 1n1'iogrit;, hol'lestu ilRet le•;alv,i iR 9ealiRgs \l it:h the be&&er. W t e J.95See &IQ9 ttla l.1i"G&9r' !a) Qilie:ent e11u,ir;o s,f ea" nable ,klls ilRB eare in por:f.EIFFF1aR,e gf tho ageRt', dutiar; (I;) Ad 1:t,. gf i:,gRoct an& fair dealiRg ?Rd 8"""' f:.iitl:i (sl A dw:t;i 1'ie dic,l?Go all ta,tc kRo,uR W tl:io agent watoi:iallva cting tl:,a ••alwa 'ii'IF dociFilbllity gf tRe pFoperty tRat aFo not kRg11cn to, or:uitl:iiR the diligoRt at:teRt:IQR and obrePcticn of, the Parties AA asent ic not obli5ated to re:1011 to either Party any confidential infuctRation obtained from the other Party111hich doer not imrohre the affirmatiae d1,ttes set forth above

Iii) lessees 4gent Ao agent cao agree to act as ageot Inc the l essee oolv IP these sit•,atioos the ageot ls not the l essor s ageol e>ICD if h1; agreement the agent mat; recebie compensation tar seprices rendered either In fs1!1 or In part from the I essac An agent actin& onlu foe a I essee basthe following atfinnatt:ee ob!lgations To the l essee• A fid1ician1 d11b1of 11troct care intesdty booarty and \olptty in dealings 1uitbtbe I essee I? the f erree andtbe I error- (a) Dilieentexeccise of rearonable skillc and cam in pcdormance oftbe agent's d11tie s (h A dtW/ of honest and fair dealing and gogd faith Jc) A d1rtytodlsclose all £act s knoum to the agent rnaterially affecting the ml11e or desirability of the property that are not knoum to or within the di/igent attention and obseoration of the Parties An aggnt ic not gbligated to Fe11&12l to efti:.gr Party any COARdontial ii:ifcrma:tign obtaiRed trnr:s:i the ,otha Party which does not in11ol1re the af:fii:r:Rati>re d:1tiec sot forth

(ii9 1gent Reorerentfnq Roth c error and/ erree A real estate agent, either acting direrth/ or thro1rgh OPB or more associate licenses, can legal be theasent of both the I essor and the I essee in a transaction b11tonly with the knowledge and mnsent of both the I essar and the I essee In a d11al aecncy sitr1ation the agent hu the fQUomiR8 affirrAatiuo obligation, to botl:i tl:,e Leuor and the I usoa• (al A tid, "iaP/ dirty of :rtmost care, intogi:iP;, bone&ti{ and le-pit/ In the deannas wltb eitl:ier l error or the I essgg (b) Other duties to the I eccor and thg I essee as stated above in s11bpangnphc (ii or pi) !r representtne both I escor and t eccee, the asent mav not, u•itbcrrt the express permission of the respacti,,e Darty dicclose tg the other Party mnfidentiaf information, incl11dine b1¢ not limited to bets relating to eitbet I essee's or f essar's:financial position motivations ba,;gainiog position or other personal Information that may imp?Ct rent inch1ding I essor's willingness to accept a rent lacs tbn tho listins mqtor 1 esreo's 'Tillinenus to pay rnt g:reaterthan tho rent cffeccd The ■bou4 d11tier cf the agent In a r:caal estate tnncactioR do not reli9'•e a I esscr or I essee from the rucponsibility to protect their own interests I error and f essee sbo1rld cai:ef,11b; read all asreemertc to ass11re that they adcq1rateb12vpress their 11ndtlTbndine of the transaction 0 real esbte agent is a person qrralified to ad,,ice abo11t real estate If leeal or tax advice is desired consr11t a Mmpatar:it prof.9rsigRal !lgtl:, L.o"or and L.essae ,t.1011ld rti:gr::igly sar:i,idgr obtairiRgtax 1dvi,e fi:oR' a WA'lpit0Rt r-rofauional bgc21.1ce tl:ie fede1al and ,tat& taK corsog11en,or gf a t anca,Hor car be rnmplex and et11iye,t tg ,h2A89

,bJ Brokers hmm no responsibilit¥witl:i cecpect to am/ dehtllt or breach hereof byeitber Party lhe Parties ■e me that nolanm,it m otl:,,r lega l

"'"*'

proceeding imrohdng anv breach ofd11ty error orcm\ssioo cehting to this I ease m;ay be bro11gbt against Broker mace than one -;ear aftortbe Start Date and tb;at the liabilit;c linch,diAg ,g1.1rt and attorAeyc' koc), of iilR'f irokerwlth r-ospect to anv s11cli lau" rit andtor: leoal pmreediRS shall Rot eMcoad ♦hik e F@ceitsod by S'lch Broker p11i:a;112nt to this I earn; prnrid:d, ho1e1e1•oi; tRat the tore5oin9 liR2itation or ea,h liimker's li2bilibJ shall ciot be applk;able to an•/ grosr nee;lisenco oi: willf1i1 r:niccond• ,ct of fl icb Broker

Ii.} besc;,r ?Rd busoo agF0S ta i @Rt:iP(ta lli:elsai:c ac "CeRfidel'l il" ii'RJ &er:RFR 1Ri,at:ioR gr iAfBFRl!a eR Ri"@R 9Fgkai. that is GBA51Sered br GUQl:ti Par-tyto tic con£id@Rtial

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. ln the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediatety preceding the e,cpiratton or termination. Holdover Base Rent shall be calculated on monthly basis. Nothing contained herein shall be construed as consent by lessor to any holding over by Lessee.

27, Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. tn construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it .

29. Binding Effect; Choice of Law. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non Disturbance.

30.1 Subordination. This Lease and any Opt1on granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device Icollectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, mod ifications , and extensions thereof. lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/o r any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee , whereupon this Lease and such Options shall be deemed prior to such Security De vice , notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises , or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter Into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the elect1on of the new owner, this Lease will automatically become a new lease between lessee andsuch new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner sha!l assume all of Lessor's obllgations, except that such new owner shall not: (a) be liable for any act or omiss ion of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses wh ic h lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee 's subordination of this Lease shall be subject to receiving a commercially reasonable non•disturbance agreement (a "Non-Disturbance Agreement") from the lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Leas e, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a No n-Distur bance Agreement from the holder of any pre•existing Security Device which is secured by the Premises. In the 96467811689that L or is unab toprov ide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact lender and attempt e r the execution and delivery of a Non-Disturbance Agre e ment

Self-Executing. The agreements contained in this Paragraph 30 shall be effective with out the execution of any further documents ; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination , attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker bring s an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare right s he re under, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit , whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation , a Party or Broker who substantially obta in s or defeats the relief so ught , as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully re imbur se all attorneys' fees reasonably inc urred . In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred In the preparation and service of notices of Defau lt and consultations in conn ecti on therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

Lessor's Access ; Showing Premises; Repairs. Lessor and Lesso r's agents shall have the right to enter the Premises at any time, in the case of an emerge ncy, and otherwise at reasonable times after 24 hours prior notice for the purpose of showing the same to prospective purchasers, or le nde rs, , and

making such alterations, re pair s, Improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of uti lities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. Lessor and Lessor's agents shall have the right to enter the Premises at any reasonable times after 24 hours prior notice to Lessee, during the last nine (9) months of the Term, to show the

Premises to prospective tenants.

33. Auctfons. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obllgated to exercise any standard of reasonableness in determining whether to permit an auction.

Signs. Lessor may place on the Premises ordinary "For Sale" signs at anv time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except fo ro rdinary "For Sublease" signs which may b e placed only on _th e rem ises, Lessee shall not place any sign upon the Project without Lessor's prior written consent ,

which shall not be unreasonable withheld, conditioned, or delayed. All signs must comply with all Applicable Req uirements .

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Le s so r for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Prem ises ; p rovided , however, that Lessor may elect to continue any one or all existing subtenancies. lessor's failure within 10 days following any such event to elect to the contrary by writte n notice to the holder of any such lesser interest, shall constitute Lessor ' s election to have such event constitute the termination of such Inte rest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Part y is required to an act by f or for the other Pa rty, such consent shall not be unreasonabty wit hheld , conditioned or delayed. Lessor's actual reasonable costs and expenses (including but not limited to arch itects' , attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limlted to consents to an assignment, a subletting or the presence or use ofa Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and sup porting documentation therefor. Lesso r's consent to any act, assignment or subletting shall not constitute an ackno wledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existinc Default or Breach, except as may be otherv.1ise speclfically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Less o r at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably req ue sts the reasons for such dete rmina tio n, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

i:7 Guar,ntor

37 1 Execution Tbs G11arantocs if ?P'/ shall each exec11te a e112ranty in tbe form most recently p11b!ished 8¥ AIR CRF

37 2 Oef,a ▪lt It shall consttt,,+e a Peta, rlt oftbe l essee 1£ any G1rarantor£ails or refi1ses ,,pan ceq,restto provide• (a) evidence of tbe exeC'1tion of the e11araoty iRGl 1diRgtbe 111tbci:itl/ of the parb/ rigAine AA Gi111i:1Atoc's behalftg gbUeato ti111ranto as:id iR the cace of a mi:porete Gin:ai:.m:tor, a certified cop.,-/ eta i:esolr.,t:ign of itr boar:d of directors 111tborizine the rAakiRS of nicb e111ran:b;, (h) c,1rizmt ftnanci1I statements, is) ar Estoppal Gertificate, or (d) writwn confirmation tbattbe 9111renb/ i s rtill in effect

38.Quiet Possession. Subject t.o payment by lessee of the Rent and performance of all of the covenan ts , conditions and provisions on Les s ee's part t.o be observed and performed under this Lease , Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 Definition . "Option° shall mean : (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b} the right of first refusal or first offer to lease either the Premises or other property of lessor; le) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease Is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original lessee and only while the origin al lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Le ase, a late r Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on** Options.

(a) Lessee shall have no right to exercise an Option : li) during the period commencing with the giving of any notice of Default and continuing until said

Default is cvred, (ii) during the period of time any Rent is unpaid {without regard to wheth er notice thereof is given Lessee), or (iii) during the time lessee is in Breac h of this Le ase ., GilF (he) In +Ra uueAt that L.urroo ha, QeR siuer:, a ::,r FROF'i nc;,th;:o, gf cgpar?Jto Default, whether ::,r not the i;)afa, lltr aP1 cwrod, "'r.,,:ing tho 1;;, FRonth peFigd i A::1ediatal11 pre,mdiAS ti:10 atiordse gftho OptioR

{b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lesse e's inability to e,cercise an Option because of the provisions of Par graph 39.4(a).

(cl An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise

and prior to the commencement of the extended term or completion of the purchase, (i} Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof) and such failure to pay Rent is not cured within the applicable cure period or (ii) if Lessee commits a Breach of this Lease.

40. Sea.irlty Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Le ss ee, its agents and invitees and their property from the acts of third parties.

41.

Reservations. lessor reserves the right: (i) to grant, without the consent or Joinderof Lessee, such easements, rights and dedications that Lessor deems necessary, {ii} to cause the recordation of parcel maps and restrictions, and (iii} to create and/or install new utility raceways , so long as such easements, rights, dications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Prem ise s by Lessee . Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rig hts , and Lessee's actual reasonable costs and expenses (including attorneys' fees) incurred in the consideration or signing of such documents shall be paid by Lessor upon receipt of an invoice and

supporting documentation therefor.

42.Performance Under Protest. If at anytime a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom *the* obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment sha ll not be regarded as a voluntary payment and there shall survive the right on the part of said Party to Institute suit for recovery of such sum . If it shall be adjudged that there

n on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much there of as it was not

A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to

43. Authority; Multiple Parties; Execution.

(a ) If either Party hereto ls a co rporation, trust, limited liability company, partnership, or similar entity, each ind iv idua l executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to exe cute and deliver this Lease on its behalf. Each Party shall, within 30 days after reque st, deliver to the other Party satisfactory evidence of suc h aut hor it y.

(a) If t his Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severa lly liable hereunder . It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named lesse es, and Lessor may rely on the same as if all of the named lessees hadexecuted such doc ument .

{c) This lease may be executed by t he Parties in counte rpar ts, each of which shall be deemed an original and all of which togethe r shall constitute one and the same instrument.

44.Conflict. Any conflict between the printed provisions of this lease and the typewritten or handwritten provisions sha ll be controlled by the typewritten or handwritten provisions.

45.Offer. Preparation of this Lease by eit he r party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Le ase is not Intended to be binding until executed and delivered by all Parties hereto.

46. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. Ac lang as t l:!e 1 ele net aterial\ ,Rango bH H a'c e91igai:igni; Rara n'i'lu, benH agroe. to Jl,e ,w,R FOHvnalil& nen Rl!Ginot.1pt i:J11iHlific1tionr to tt:11& baa&o J& ay be p,aronabl, FO"WiFoS bi a Lendor 1 iA coAAGr.ticq 1uith tl:n obtaining of RCFFRil fiRaRcing or i:ofin11=11,iR:li cf the ProPli&Q&

47 . Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN AI,['{ ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48 . Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes betwee n the Parties and/or Brokers arising out of this Lease attached to this Lease .

**49.** Accesslbllity; Americans with Disabilities Act.

(a) The Premises:

isj i not

; ,J_i have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Acce ss Specialist (CASp) ca n inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obta ining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tena nt , if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correc t violations of construction-related accessibility standards within the premises.

have undergone an inspection by a Certified Access Spedallst (CASp) and it was determined that the Prem ises met all applicable construction-related i!lCCessibillty standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep suc h report confidential.

have undergone an ins pection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agree s to keep such report confidentlal except as necessary to complete repairs and corrections of violations of construction related accessibility sta ndards .

In the event that the Premises have been Issued an inspection report by a CASp the lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this lease .

ib) Since co mp liance with the Amer ica ns with Disabilities Act (ADA) and other state and local acces si bi lit y statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifica tions or additions to the Premises In order to be in compliance with ADA or other accessibility statutes , lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSEIIIT THERETO. THE PARTIES HEREBY AGREE TI!AT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE TI!E INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO TI!E PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF TI!IS LEASE OR THE TRANSACTION TO WHICH IT RELATESTI!E PARTIES ARE URGED TO:
1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2 . RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, TI!E STRUCTURAI INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTI!ER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH TI!E LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place an on the dates spec1 d above their respective signatures.

(:

;

/'

On 2—13-19

# A I R CR:

## OPTION{S) TO EXTEND

**STANDARD LEASE ADDENDUM**

**D ed:** February 13, 2019
**By and Between**
**Lessor:** Lundy Associates. LLC
**Lessee:** Qui c kL o g i c Corporation, a Delaware corporation, which is doi ng business in Ca l i f or ni a as Delaware Ouicklogic Corporation
**PropertyAddress:** 2220 Lundy Avenue, San Jose, Ca l i f o r ni a
(s tree t address, city, state , zip)

Paragraph: -"'5'"'4,..._

A. OPTION(St TO **EXTEND:**
lessor hereby grants to Lessee the option to extend the term of this Lease for 1 -- add iti o na l 3 6 -- month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

fi) In ordl!!!r to exercise an option to extend, Lessee mustgtve written notice of such election to lessor and Lessor must receive the same at least --'9 _ but not more than 12 months prior to the date that the option period would commence, time being of th e essence. If proper no tifica tion of the exerc ise of an option Is not give n and/or rece ived, such option shall automatically expire. Options (If there are more than one ) may only be exercised consecutively.

(ii) The provisions of paragraph 39, Including those relating to lessee's Default set forth in paragraph 39.4 of th is Leas e, are conditions of th is Option.

(iii) ) Except for the provisions of this Lease granting an optio n or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by th is option shall a pply.

liv) This Option is personal to the original Lessee , and ca nno t be assig ned or exe rcised by a nyone other than said or iginal Lessee and only while the original lessee is in full possess ion of the Premises and without the intention of therea fte r ass ig ni ng or suble tting.

(v) The monthly rent for each month of the option period shall be calculated as follo ws, us ing the method{s) indicated below:

{Check Method(s) to be Used and Fill in Appropriate ly)

**Co,t ofllol•s Adj11otA1o•tl•IICOI "I**
OR ,f::ill iA COi a Dat0t)•

CPI 11 (• 1111, ••

Con"IA=l'irt) tor (Fill in I lrbar Orea)• All Items (1982 198 l 100) herein reterred to u "CRI"

b +he rAontl:1ly S?Se Pont pavable IA ac::cor:daAco with paragraph 0 I a of thir 0ddonduA:1 rhall bg calc11lated ar foll01ers• the Bass PoAt &et forth IR paragraph 1 i sf '.'iRB 111 asl:!eBI l:ease, sl=lall l:ie FRYltiplled b, a fraGt:ieR 'libs R UR1'ii1Fatar sf hish shall L;s 'liha CPI ef tl::ie saleRdar FtlBFlt:h ::! ff8Fl1'il=ls i,,rier te tRs FRenth •I &pil&i ail in paragraph o l ! abeu, d riRg hish the a&ijbl&tn:ient iii te tak& o#a,t, ,nd tl:ie deAe>FRiAator sfwl:iiwh 1,hall b t • CPI of tl:t1 calei:,dar JROAth •ttRlaR le a FRantl::ic FJriorts

(cglect ORe}•the first msnth of tha torw of tl:tit Laara a&set forth iR paragraph l 3 (,,Base A1oRth") or• '(lzill iA Other "iilua 1>1oRtl:l")•The sttm co calc11latcd dull COR&titi,tc tRc ROW s:AOAthi\• iilase Rant hos:ouRdu, b11t iR RO ouoAt, dnll iRf c::cb ROW FROAU:1111 Bass RcAt bo lcu tRaA tl::la iilace Rant pa•1abla for the FR?n:tR irPtRediatsl,, precoding tbs r:er:it adj,1EtA:1eAt

I

a IA tfc:la e• e1t1tthe CQFRpila en and,(sr publi.;atien af tRe GPI sl::iall he ,raRsJerreEf 1:e an, et:l=lsrge erAFRental dep;utFRSRt er bwi:;at1 ei:ageR1ir ersRall l!le clicceAtim1ed, tReA the i1=1do11 n:10,t r1oarly tho nFRe æ tl:io (;Ill rl:iall be :Þt• d to 1;1akQ c1.1ch •alc1.1latleA Ir tho e••cntthatthli1 Pai:t:icr cannet agrao OR ,,1,h JltorAa ••lil ir::icflilx, tbaA the rRattn rball be GI tbmittscl fur dccirii;:A to thil l\rRaricaR A rbitrat:ioR Association iA 1c,012;h Rea 111itR tl:to then ri lies of nicf ernciattor aRef tho docirioA of tba arbitrators shall ba biAdiAS 1:pan the partier Tho co,t of Eiilicf Arbitnrtion rhall be paid eq1,ally bvtha Dartior

• 11.
a.

**Market Rental Value Adjustment(s) (MRV)**

On **(Fill** In MRV Adjustment Date(s)) 4 / 15 /2 0 2 4 the Base Rent shall be adjusted to the ' Market Re ntal Value" of the property **as** follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date . If agreement cannot be reached, within thirty days, then:

(a) lessor and Lessee shall immediately appoint a mutually acceptable a ppra ise r or broker to establish the new MRV within th e next 30 days. Any asso ciat ed costs will be split equally between the Parties, or

(b) Both lessor and Lessee s hall eac h immed iat e ly ma ke a reasonable determination of the MRV and s ubm it such determ ina tion in writing, to arbitration in acco rdance with the following provis io ns:

(i} Within 15 days thereafter, Lessor and Lessee shall each select an independent third party appraiser or

J ; broker ("Consu lta nt -check one) of their choice to act as an arbitrator (Note: the parties may not select either of the Brokers that wasinvolved in negotiating the Lea s e} . The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbi trator s sh a l l within 30 days of the appo i ntment of the third arbitrator reach a decision as to what the actual MRV for the Premises is , and whether Less or's or Le ss ee 's s ubmitted MRV Is the closest thereto. The de cisio n of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) ) If either of the Partie s fails to appoint an arbltrator within the specified 15 days, the arbitrator timely appointed by one of them shall rea c h a decision on his or her own, and said decision shall be binding on the Part1es.

(Iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, ie. the one that Is NOT the closest to the actual MRV.

2) When determining MRV, the les sor, Lessee and Consultants shall co nside r the t er ms of comparable market transactions which s hall include, but not limited to, rent , rental ad justme nts, abated rent, lea se term and financ ial condition of te nants .

3) Notwithstanding the foregoing, the new Base Rent sha ll not be Jess than t he rent payab le for the month Immediately preceding the re nt adjustment.

b. Upon the establishment of each New Market Rental Va lue ;

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and

**ADDENDUM TO STANDARD INDUSTRIAL COMMERCIAL MULTI-TENANT LEASE-NET**

THIS ADDENDUM **("Addendum")** is made by and between LUNDY ASSOCIATES , LLC, a California limited liability company **("Lessor"),** and QUICKLOGIC CORPORATION, a Delaware corporation **("Lessee"),** to be part of the certain AIR Standard Industrial/Commercial Multi-Tenant Lease - Net dated _, 2019 (the **"Lease Form")** between Lessor and Lessee concerning the Premises located at 2220 Lundy Avenue, San Jose, Santa Clara County, California. Lessor and Lessee agree that, notwithstanding anything to the contrary set forth in the Lease Form, the Lease Form is hereby modified and supplemented as set forth below. All terms with initial capital letters used herein as defined terms shall have the meanings ascribed to them in the Lease Form, unless specifically defined herei n. In the event of any conflict between the terms ofthe Lease Form and the terms of this Addendum , the terms of this Addendum shall govern. The Lease Form and the Addendum shall be collectively referred to as the **"Lease".**

**50.** **Rent Schedule.** Lessee shall commence paying Base Rent under the Lease on the Commencement Date, subject to abatement as set forth below.

| Period | Monthly Base Rent |
|---|---|
| 4/15/19 to 4/14/20 | $31,413.20 |
| 4/15/20 to 4/14/21 | $32,379.76 |
| 4/15/21 to 4/14/22 | $33,351.15 |
| 4/15/22 to 4/14/23 | $34,351.69 |
| 4/15/23 to 4/14/24 | $35,382.24 |

- Notwithstanding the foregoing, so long as Lessee shall not then be in default beyond applicable notice and cure periods, Lessee shall be entitled to a full abatement of Base Rent for the following periods of the Term: 9/15/19 to 10/14/19, and 9/15/20 to 10/14/20.

**51.** **Agreed Use; Hazardous Substances Disclosure.** Lessee may use the Premises for general office, research and development, laboratory, light manufacturing, warehouse, and shipping and receiving, and ancillary uses related thereto, and for no other purpose. Lessee's use of the Premises shall be in compliance with all Applicable Requirements. Prior to executing this Lease (or concurrently with the execution of the Lease), Lessee has completed, executed and delivered to Lessor a Hazardous Substances Disclosure Certificate **("Initial Disclosure Certificate"),** a fully completed copy of which is attached hereto as **Exhibit A** to this Addendum and incorporated herein by this reference. The completed Hazardous Substances Disclosure Certificate shall be deemed incorporated into this Lease for all purposes, and Lessor shall be entitled to rely fully on the information contained therein. Lessee represents that, as of the Commencement Date, the list of Hazardous Substances attached as Schedule 1 to the Initial Disclosure Certificate is a complete list of all Hazardous Substances that will be brought onto the Premises, and accurately represents the quantities of such Hazardous Substances to be brought onto the Premises.

**52.** **HVAC Maintenance.** Notwithstanding anything to the contrary in the Lease Form, Lessee shall, at Lessee's sole cost and expense, maintain the HVAC system serving the Premises with a licensed HYAC contractor selected by Lessee. Lessee shall provide Lessor with a copy of the HVAC maintenance contract for Lessor's reasonable review and approval. Lessor and/or Lessor's representative shall have the right to enter the

Premises twice a year to inspect the HVAC system.

**53. Management Fee.** Notwithstanding anything to the contrary in the Lease Form, any property management fee charged by Lessor to Lessee as a Common Area Operating Expense shall not exceed four percent (4%) of the annual Base Rent payable under the Lease.

**54. Audit of Common Area Operating Expenses.** In the event Lessee disputes the amount of the Common Area Operating Expenses set forth in a statement (each, a **"Statement")** delivered by Lessor to Lessee, Lessee shall have the right, but not more frequently than once during any calendar year, at Lessee's cost, after thirty (30) days prior written notice to Lessor, to have Lessee's authorized employees or agents insp ect, at Lessor's office (or Lessor's property manager ' s office) during normal business hours, Lessor's books, records and supporting documents concerning the Common Area Operating Expenses set forth in such Statement; provided, however, Lessee shall have no right to conduct such inspection, have an audit performed by the Accountant as described below, or object to or otherwise dispute the amount of the Common Area Operating Expenses set forth in any such Statement, unless Lessee notifies Lessor of such objection and dispute , and completes such inspection, and commences any audit within four (4) months immediately following Lessor's delivery of the particular Statement in question (the **"Review Period");** provided, further, that notwithstanding any such timely objection, inspection and/or audit, and as a condition precedent to Lessee's exercise of its right of objection, dispute , inspection and/or audit as set forth in this Section 54, Lessee shall not be permitted to withhold payment of, and Lessee shall timely pay to Lessor, the full amounts as required by the provisions of this Lease in accordance with such Statement. However, any such payment made by Lessee may be made under protest pending the outcome of any audit which may be performed by the Accountant as described below. In connection with any such inspection by Lessee, Lessor and Lessee shall reasonably cooperate with each other so that such inspection can be performed pursuant to a mutually acceptable schedule, in an expeditious manner and without undue interference with Lessor's operation and management of the Building. If after such inspection and/or request for documentation, Lessee still disputes the amount of the Common Area Operating Expenses set forth in the Statement, Lessee shall have the right, within the Review Period, to cause an independent certified public accountant which is not paid on a contingency basis and which is mutually approved by Lessor and Lessee (the **"Accountant")** to commence an audit of Lessor's books and records pertaining to Common Area Operating Expenses to determine the proper amount of the Common Area Operating Expenses incurred and amounts payable by Lessee for the calendar year which is the subject of such Statement. Such audit by the Accountant shall be final and binding upon Lessor and Lessee. If Lessor and Lessee cannot mutually agree as to the identity of the Accountant within ninety (90) days after Lessee notifies Lessor that Lessee desires an audit to be performed, then the Accountant shall be one of the "Big 4" accounting firms, which is not paid on a contingency basis and which is selected by Lessee and reasonably approved by Lessor. If such audit reveals that Lessor has over-charged Lessee, then within thirty (30) days after the results of such audit are made available to Lessor, Lessor shall reimburse to Lessee the amount of such over-charge. If the audit reveals that the Lessee was under-charged, then within thirty (30) days after the results of such audit are made available to Lessee, Lessee shall reimburse to Lessor the amount of such under charge. Lessee agrees to pay the cost of such audit unless it is subsequently determined that Lessor's original Statement which was the subject of such audit was in error to Lessee's disadvantage by five percent (5%) or more of the total Common Area Operating Expenses which was the subject of such audit. The failure of Lessee to object to any Statement and/or have the Accountant commence the audit as described above prior to the expiration of the Review Period shall be conclusively deemed Lessee's approval of the Statement in question and the amount of Common Area Operating Expenses shown thereon. In connection with any inspection and/or audit conducted by Lessee pursuant to this Section 54. Lessee agrees to keep, and to cause all of Lessee's employees and consultants and the Accountant to keep, all of Lessor's books and records and the Lin fonnation pertaining thereto and the results thereof, strictly confidential, and on therewith, Lessee shall cause such employees, consultants and the Accountant to execute such reasonable confidentiality agreements as Lessor may require prior to conducting any such inspections and/or audits.

**55. Condition of Premises.** Notwithstanding anything to the contrary in the Lease Form, Lessor shall deliver all Building systems serving the Premises, including without limitation, the electrical, plumbing, fire sprinkler, lighting, HVAC, loading doors, and sump pumps, if any, to Lessee in good working condition, and Lessor warrants

the same for the first sixty (60) days of the Term. Upon receipt of written notice from Lessee that any Building system is defective during such 60-day period, Lessor shall repair the same, at Lessor's cost.

**56. Tenant Improvements.** Lessee shall be entitled to a one-time tenant improvement allowance (the **"Tenant Improvement Allowance")** in the amount ofup to Twenty-Four Thousand One Hundred Sixty-Four and 00/100 Dollars ($24,164.00) (based on$ 1.00 per square foot in the Premises) to reimburse Lessee for the costs relating to the initial design and construction of Lessee's improvements which are permanently affixed to the interior of the Premises (other than specialty equipment or improvements) for which Lessee shall be solely responsible for cost thereof) (the **"Tenant Improvements").** Lessee, through a contractor reasonably acceptable to Lessor, shall construct the Tenant Improvements, and there shall no supervision or construction management fee charged by Lessor. In no event shall Lessor be obligated to make disbursements pursuant to this Section 56 in a total amount which exceeds the Tenant Improvement Allowance. Lessee shall not be entitled to receive any cash payment or credit against Rent or otherwise for any portion of the Tenant Improvement Allowance which is not used to pay for the Tenant Improvement Allowance Items (as such term is defined below). Notwithstanding anything to the contrary contained herein, any portion of the Tenant Improvement Allowance remaining after the date that is eighteen (18) months after the Commencement Date shall be forfeited by Lessee and, consistent therewith, shall not be available for use by Lessee, and Lessor shall have no further obligation to pay the same. Lessee may use the Tenant Improvement Allowance for Lessee's hard and soft construction costs, including without limitation, architect fees, permits, materials, labor and improvements to the Premises (the **"Tenant Improvement Allowance Items").** The Tenant Improvements shall be constructed in accordance with Section 7.3 of the Lease Form. Lessor shall disburse the Tenant Improvement Allowance upon completion of the Tenant Improvements and Lessee's submission to Lessor of lien waivers from the contractor and its sub-contractors, and delivery of final permits and a certificate of occupancy. At Lessee's election, such balance of the Tenant Improvement Allowance may be paid in the form of a credit against Base Rent.

**57. Reduction of Security Deposit.**

(a) Notwithstanding anything to the contrary provided herein, so long as Lessee is not in default of Lessee's obligations hereunder beyond applicable notice and cure periods, and so long as Lessee has a positive EBITDA margin over the prior two financial quarters (as evidenced by financial statements delivered by Lessee to Lessor at least five (5) business days prior to the first day of the month in which the abatement is to occur), the amount of the Security Deposit listed in Section 1.7(c) of the Lease Form shall be amended and reduced by an amount equal to Thirty Seven Thousand Four Hundred Eighty and 37/100 Dollars ($37,480.37) on the first day of the 25th month of the Term. At Lessor's election, such reduction may be given to Lessee in the form of a credit against Rent for the 25th month of the Term.

(b) Notwithstanding anything to the contrary provided herein, so long as Lessee is not in default of Lessee's obligations hereunder beyond applicable notice and cure periods, and so long as Lessee has a positive EBITDA margin over the prior two financial quarters (as evidenced by financial statements delivered by Lessee to Lessor at least five (5) business days prior to the first day of the month in which the abatement is to occur), the amount of the Security Deposit listed in Section l.7(c) of the Lease Form (as such amount may already be reduced during the 25th month of the Term in accordance with the terms of Paragraph 57(a)) shall be amended an amount equal to Thirty Seven Thousand Four Hundred Eighty and 37/100 Do ($37,480.37) on the first day of the 37th month of the Term. At Lessor's election, such reduction may be given to Lessee in the form of a credit against Rent for the 37th month of the Term, and after such reduction, the Security Deposit shall equal Thirty Seven Thousand Four Hundred Eighty and 47/100 Dollars ($37,480.47) for the remainder of the Term. For the avoidance of doubt, in the event the Security Deposit is not reduced during the 25th month pursuant to Paragraph 57(a), Lessee shall still be entitled to a $37,480.37 reduction in the Security Deposit during the 37th month of the Term pursuant to and in accordance with the terms and conditions of this Paragraph 57(b).

**58. Notices and Rent Payments.** All notices given under the Lease shall be sent to Lessor and Lessee at the following address:

Lessor:

Lundy Associates, LLC 4 Navajo Place
Portola Valley, CA 94028 Attention: Patty
Turnquist

Lessee:

The Premises

All payments of Rent and payment of the Security Deposit shall be made by wire transfer to Lessor pursuant to the wiring instructions for Lessor's bank (First Republic Bank), which may be changed by Lessor on no less than thirty (30) days' written notice to Lessee.

**59. Option to Extend.** Lessee shall be granted one (1) option to extend the lease for an additional three (3) years, in accordance with the terms and conditions of that certain AIRCR Option To Extend - Standard Lease Addendum attached to the Lease Form.

**60. Lessor Insurance.** In addition to the insurance listed in Section 8 of the Lease Form, Lessor may, at Lessor's option, carry earthquake insurance and flood insurance in such commercially reasonable amounts as is customary for office bui Idings similar to the Building within the geographic area of San Jose, California, and Lessee shall reimburse Lessor for the cost of such insurance as additional Rent.

**61. Assignment and Subletting.** The following provisions shall be added to Section 12 of the LeaseForm:

A. Recapture Right. ln the event Lessor's consent is required for the sublease or assignment of any portion of the Premises under the Lease, and Lessee requests such consent from Lessor to sublease or assign any portion of the Premises at any time during the Term, as may be extended, Lessor shall have the right to recapture such applicable portion of the Premises, and terminate the Lease as to such applicable portion of the Premises. Landlord shall have no recapture rights for a transfer pursuant to Section 61(C) below.

B. Bonus Rent. Any excess proceeds over and above the Base Rent **("Bonus Rent")** received by Lessee for a sublease or assignment to a third party shall be split 50/50 between Lessor and Lessee after Lessee deducts costs reasonably incurred by Lessee, including commission, brokerage fees, reasonable legal fees, improvement costs in connection with the proposed sublease or assignment.

C. Affiliate Transfer and Permitted Transferee. Lessee may sublet all or a portion of the Premises or assign this Lease without the Lessor's consent but with not less than (I 0) business days prior written notice to Lessor (or if Lessee is precluded by applicable Federal laws or regulations from giving such prior notice, Lessee shall provide such notice within ten (10) days after the effective date of such sublease or assignment), to an Affiliate or a Permitted Transferee, provided that such sublease or assignment is not for the purpose of avoiding liability pursuant to this Lease and that the net worth of its assignee is at least equal to the net worth of Lessee as of the date of this Lease. Lessee shall provide Lessor with a fully executed sublease or assignment at least ten (10) business days prior to the effective date of such sublease or assignment (or if Lessee is precluded by applicable Federal laws or regulations from giving such prior notice, Lessee shall provide such notice within ten (10) days after the effective date of such sublease or assignment). **"Affiliate"** of Lessee means a person or entity "controlling," "controlled" by or under common "control" with Lessee. The words "controlling," "controlled" and "control" shall have the meanings given them under the Securities Exchange Act of 1934, as amended. For the purposes of the Lease, the term **"Permitted Transferee"** means (i) any company which purchases all or substantially all of the assets of Lessee, or (ii) any entity which acquires the stock or ownership interest in Lessee in connection with a merger, sale or consolidation.

**62. Damage or Destruction.** The following provision is hereby added as Section 9.8 of the Lease Form: "In the

event of damage or destruction to the Premises or the Project, Lessee waives the provisions of California Civil Code sections 1932(2) and 1933(4), and agrees that Lessee's remedies of the event of such damage or destruction shall instead be governed by the terms of this Lease."

63. **Holding Over.** The following provision is hereby added to the end of Section 26 of the Lease Form: "In the event of any holding over by Lessee after the expiration or earlier termination of the Lease, then this Lease shall be a month-to-month tenancy and Lessee shall pay rent at the rate set forth in Section 26 of the Lease; provided, however, if Lessee does not vacate the Premises after written notice from Lessor then Lessor may evict Lessee from the Premises and recover damages including consequential damages caused by wrongful holdover. Lessee shall indemnify, defend and hold harmless Lessor for any loss, cost, liability, expenses, or damages suffered by Lessor (including reasonable attorneys' fees) resulting from Lessee's failure to timely vacate the Premises."

64. **Monument Sign.** Lessee shall have right to individual signage at the Premises and the Project, and the exclusive use of the existing monument sign for the Project. All such signage shall be maintained by Lessor as part of its Common Area maintenance obligations; provided, however, Lessee shall reimburse Lessor for 100% of the cost of maintaining the monument sign. Notwithstanding the foregoing, Lessee's exclusive use of the existing monument sign for the Project shall be at Lessee's cost and expense, and subject to the terms and conditions of Section 34 of the Lease Form. All such signage shall be installed in accordance with Applicable Requirements.

65. **Furniture, Fixtures and Equipment.** All furniture, fixtures and equipment (collectively, **"Furniture")** existing in the Premises as of the Commencement Date listed on **Exhibit C** attached hereto shall remain in the Premises, and Lessee shall have the use thereof during the Term at no additional cost. Upon the expiration or earlier termination of this Lease, Lessee shall return the Furniture to Lessor in good condition and repair, reasonable wear and tear excepted. Lessee shall accept the Furniture in its "AS-IS" condition, without any warranty as to the condition or serviceability.

66. **Site Plan of the Premises.** Lessee acknowledges and agrees that the Site Plan of the Premises attached to the Lease Form is for reference purposes only, and is not to scale and should not be relied upon or used in connection with any improvements or alterations to be made by Lessee to the Premises or otherwise. Lessor makes no epresentations or warranties regarding the Site Plan or the accuracy thereof.

67. **Keys to the Premises.** Lessee shall provide Lessor and Lessor's property manager (ifrequested by Lessor) with a set of all keys to the Premises, or, in the event Lessee installs a card key access system or similar access system, a set of card keys to the Premises.

68. **No Recordation.** In no event shall Lessee record this Lease or any memorandum or short form thereof be recorded, and any violation of this covenant by Lessee shall be a default under the Lease.

69. **Rules and Regulations.** Lessee shall comply with the rules and regulations attached hereto as **Exhibit B** during the Term of the Lease.

70. **Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signatures and initials to this Lease created by the signer by electronic means and/or transmitted by telecopy or other electronic transmission shall be valid and effective to bind the party so signing. Counterparts may be delivered via facsimile or electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com or echosign, etc.) and any counterpart so delivered shall be deemed to have been duly and validly delivered, valid and effective for all purposes and binding upon the parties hereto. Each party agrees to promptly deliver an execution original to this Lease with its actual signature and initials to the other party, but a failure to do so shall not affect the enforceability of this Lease, it being expressly agreed that each party to this Lease shall be bound by its own electronically created and/or telecopied or electronically transmitted signature and initials and shall accept the electronically created and/or telecopied or electronically

transmitted signature and initials of the other party to this Lease.

IN WITNESS WHEREOF, LESSOR AND LESSEE HAVE EXECUTED THIS ADDENDUM AS OF THE DATE SET FORTH ABOVE.

**Les**

By:
Its:

**Lessee:** QUICKLOGIC CORPORATION,
a Delaware corporation, doing business as Delaware Quicklogic Corporation

By: Its:

Date:

**EXHIBIT A**

**HAZARDOUS SUBSTANCES DISCLOSURE CERTIFICATE**

Lessee's cooperation in this matter is appreciated . Initially, the information provided by you in this Hazardous Substances Disclosure Certificate is necessary for the Lessor to evaluate your proposed uses of the Premises. If the Lease is signed by Lessee and Lessor, Lessee agrees to provide on an annual basis to Lessor an updated Hazardous Substances Disclosure Certificate if the information initially provided by Lessee in this certificate changes over the course of the Term of the Lease. Any questions regarding this certificate should be directed to, and when
complet ed, the certificate should be delivered to the Lessor at the address set forth in the Lease:

Name of (Prospective) Lessee: QUICKLOGIC CORPORA TTON

Mailing Address:

Contact Person, Title and Telephone Number(s):

Contact Person for Hazardous Waste Materials Management and Manifests and Telephone Number(s):

Address of (Prospective) Premises:

Length of (Prospective) initial Term:

1. GENERAL INFORMATION:

Describe the proposed operations to take place in, on, or about the Premises, including, without limitation, principal products processed, manufactured or assembled, and services and activities to be provided or otherwise conducted. Existing tenants should describe any proposed changes to on-going operations.

2. USE, STORAGE AND DISPOSAL OF HAZARDOUS SUBSTANCES

2.1 Will any Hazardous Substances (as hereinafter defined) be used, generated, treated, stored or disposed of in, on or about the Premises? Existing tenants should describe any Hazardous Substances which continue to be used, generated , treated, stored or disposed of in, on or about the Premises.

Wastes Yes ☐ No D Yes ☐ No ☐ Yes ☐ No ☐

Chemical Products Other

If Yes is marked, please explain:

2.2 If Yes is marked in Section 2.1, attach a list of any Hazardous Substances to be used, generated, treated, stored or disposed of in, on or about the Premises, including the applicable hazard class and an estimate of the quantities of such Hazardous Substances to be present on or about the Premises at any given time; estimated annual throughput; the proposed location(s) and method of storage (excluding nominal amounts of ordinary household cleaners and janitorial supplies which are not regulated by any Environmental Laws, as hereinafter defined); and the proposed location(s) and method(s) of treatment or disposal for each Hazardous Substance, including, the estimated frequency, and the proposed contractors or subcontractors. Existing tenants should attach a list setting forth the information requested above and such list should include actual data from on-going operations and the identification of any variations in such information from the prior year's certificate.

**3.** STORAGE TANKS AND SUMPS

Is any above or below ground storage or treatment of gasoline, diesel, petroleum, or other Hazardous Substances in tanks or sumps proposed in, on or about the Premises? Existing tenants should describe any such actual or proposed activities.

Yes ☐ No ☐

If yes, please explain:_ _

**4.** WASTE MANAGEMENT

4.1 Has your company been issued an EPA Hazardous Waste Generator I.D. Number? Existing tenants should describe any additional identification numbers issued since the previous certificate.

Yes ☐ No ☐

4.2 Has your company filed a biennial or quarterly reports as a hazardous waste generator? Existing tenants should describe any new reports filed.

Yes ☐ No ☐

If yes, attach a copy of the most recent report filed.

5. WASTEWATER TREATMENT AND DISCHARGE

5.1 Will your company discharge wastewater or other wastes to:

storm drain? sewer?

surface water?

no wastewater or other wastes discharged.

Existing tenants should indicate any actual discharges. If so, describe the nature of any proposed or actual discharge(s).

5.2 Will any such wastewater or waste be treated before discharge?

Yes ☐ No ☐

If yes, describe the type of treatment proposed to be conducted. Existing tenants should describe the actual treatment conducted.

6. AIR DISCHARGES

6.1 Do you plan for any air filtration systems or stacks to be used in your company's operations in, on or about the Premises that will discharge into the air; and will such air emissions be monitored? Existing tenants should indicate whether or not there are any such air filtration systems or stacks in use in, on or about the Premises which discharge into the air and whether such air emissions are being monitored.

Yes D No ☐

If yes, please explain:

6.2 Do you propose to operate any of the following types of equipment, or any other equipment requiring an air emissions permit? Existing tenants should specify any such equipment being operated in, on or about the Premises.

Spray booth(s) Incinerator(s)

_ _ Dip tank(s) _ _ Other (Please describe)

Drying oven(s) No Equipment Requiring Air Permits

If yes, please explain: _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

6.3 Please describe (and submit copies of with this Hazardous Substances Disclosure Certificate) any reports you have filed in the past thirty-six months with any governmental or quasi-governmental agencies or authorities related to air discharges or clean air requirements and any such reports which have been issued during such period by any such agencies or authorities with respect to you or your business operations.

7. HAZARDOUS SUBSTANCES DISCLOSURES

7.1 Has your company prepared or will it be required to prepare a Hazardous Substances management plan **("Management Plan")** or Hazardous Substances Business Plan and Inventory **("Business Plan")** pursuant to Fire Department or other governmental or regulatory agencies' requirements? Existing tenants should indicate whether or not a Management Plan is required and has been prepared.

Yes ☐ No ☐

If yes, attach a copy of the Management Plan or Business Plan. Existing tenants should attach a copy of any required updates to the Management Plan or Business Plan.

7.2 Are any of the Hazardous Substances, and in particular chemicals, proposed to be used in your operationsin, on or about the Premises listed or regulated under Proposition 65? Existing tenants should indicate whether or not there are any new Hazardous Substances being so used which are listed or regulated under Proposition 65.

Yes ☐ No ☐

If yes, please explain:

8. ENFORCEMENT ACTIONS AND COMPLAINTS

8.1 **With** respect to Hazardous Substances or Environmental Laws, has your company ever been subject to any agency enforcement actions, administrative orders, or consent decrees or has your company received requests for information, notice or demand letters, or any other inquiries regarding its operations? Existing tenants should indicate whether or not any such actions, orders or decrees have been, or are in the process of being, undertaken or if any such requests have been received.

Yes **D** No ☐

If yes, describe the actions, orders or decrees and any continuing compliance obligations imposed as a result of these actions, orders or decrees and also describe any requests, notices or demands, and attach a copy of all such documents. Existing tenants should describe and attach a copy of any new actions, orders, decrees, requests, notices or demands not already delivered to Lessor pursuant to the Lease.

8.2 Have there ever been, or are there now pending, any lawsuits against your company regarding any environmental or health and safetyconcerns?

Yes ☐ No ☐

If yes, describe any such lawsuits and attach copies of the complaint(s), cross-complaint(s), pleadings and other documents related thereto as requested by Lessor. Existing tenants should describe and attach a copy of any new complaint(s), cross-complaint(s), pleadings and other related documents not already delivered to Lessor pursuant to the Lease.

8.3 Have there been any problems or complaints from adjacent tenants, owners or other neighbors at your company's current facility with regard to environmental or health and safety concerns? Existing tenants should indicate whether or not there have been any such problems or complaints from adjacent tenants, owners or other neighbors at, about or near the Premises and the current status of any such problems or complaints.

Yes D No ☐

If yes, please describe. Existing tenants should describe any such problems or complaints not already disclosed to Lessor under the provisions of the signed Lease and the current status of any such problems or complaints.

9. PERMITS AND LICENSES

Attach copies of all permits and licenses issued to your company with respect to its proposed operations in, on or about the Premises, including, without limitation, any Hazardous Substances permits, wastewater discharge permits, air emissions permits, and use permits or approvals. Existing tenants should attach copies of any new permits and licenses as well as any renewals of permits or licenses previously issued.

As used herein, "Hazardous Substances" shall have the meaning given to such terms in the Lease. "Environmental Laws" means all laws, regulations and ordinances governing Hazardous Substances.

The undersigned hereby acknowledges and agrees that this Hazardous Substances Disclosure Certificate is being delivered to Lessor in connection with the evaluation of a Lease and, if such Lease is executed, will be attached thereto as an exhibit. The undersigned further acknowledges and agrees that if such Lease is executed, this Hazardous Substances Disclosure Certificate will be updated from time to time in accordance with the Lease. The undersigned further acknowledges and agrees that the Lessor and its partners, lenders and representatives may rely upon the statements, representations, warranties, and certifications made herein and the truthfulness thereof in entering into the Lease and the continuance thereof throughout the term, and any renewals thereof, of the Lease.

Lessee hereby certifies, represents and warrants that the information contained in this certificate is true and correct.

LESSEE:

QUICKLOGIC CORPORATION

<u>Chief Financial Officer</u> Title:

**EXHIBIT B**

**RULES AND REGULA TIONS**

The terms, conditions and provisions of this Exhibit Bare hereby incorporated into and are made a part of the Lease. Any capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms as set forth in the Lease.

**1.** Except as set forth in the Lease, no advertisement, picture or sign of any sort shall be displayed on or outside the Premises or the Building without the prior written consent of Lessor, which shall not be unreasonably withheld, conditioned or delayed. Lessor shall have the right to remove any such unapproved item without notice and at Lessee's expense.

**2.** Lessee shall not regularly park motor vehicles in designated parking areas after the conclusion of Lessee's normal daily business activity.

**3.** Lessee shall not use any method of heating or air conditioning other than that supplied by Lessor without the prior written consent of Lessor.

**4.** All window coverings installed by Lessee and visible from the outside of the Building require the prior written approval of Lessor, which shall not be unreasonably withheld, conditioned or delayed.

**5.** Lessee shall not use, keep or permit to be used or kept any foul or noxious gas or substance or any flammable or combustible materials on or around the Premises, the Building or the Project.

**6.** Lessee shall not alter any lock or install any new locks or bolts on any door at the Premises without the prior consent of Lessor, which shall not be unreasonably withheld, conditioned or delayed. Lessee shall be permitted to install a card access or other security system at Lessee's sole cost and expense.

**7.** Lessee agrees not to make any duplicate keys without the prior consent of Lessor, which shall not be unreasonably withheld, conditioned or delayed.

**8.** Lessee shall park motor vehicles in those general parking areas as designated by Lessor except for loading and unloading. During those periods of loading and unloading, Lessee shall not unreasonably interfere with traffic flow within the Project.

**9.** No person shall go on the roof without Lessor's permission, which permission shall not be unreasonably withheld, conditioned or delayed.

**10.** Business machines and mechanical equipment belonging to Lessee which cause noise or vibration that may be transmitted to the structure of the Building to such a degree as to be objectionable to Lessor or neighboring properties, shall be placed and maintained by Lessee, at Lessee's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration.

**11.** All goods, including material used to store goods, delivered to the Premises of Lessee shall be immediately moved into the Premises and shall not be left in parking or receiving areas overnight.

**12.** Except as set forth in the Lease, Lessee is responsible for the storage and removal of all trash and refuse. All such trash and refuse shall be contained in suitable receptacles stored behind screened enclosures at locations approved by Lessor.

**13.** Lessee shall not store or permit the storage or placement of goods, or merchandise or pallets or equipment of any sort outside of the Premises nor in or around the Building, or the Project.

**14.** Lessee shall not permit any animals (other than seeing eye dogs), including, but not limited to, any household pets, to be brought or kept in or about the Premises, the Building, the Project or any of the Common Areas of the foregoing.

**15.** Neither Lessee nor any of Lessee's employees, invitees, contractors or agents shall smoke in the Building or in the area in front of the entrance to the Building. Smoking shall only be permitted outside in the back area in Lessor's designated smoking area.

**16.** Lessee shall not pennit any motor vehicles to be washed on any portion of the Premises or in the Project, nor shall Lessee permit mechanical work or maintenance of motor vehicles to be performed on any portion of the Premises or the Project.

**<u>EXHIBIT C</u> LIST OF FURNITURE**

<u>Conference Room:</u>

large granite conference table IO conference chairs

<u>Recep tion Area</u>:

custom built reception desk 2 upholstered "guest" chairs
small corner table bookshelf

<u>Warehouse:</u>

floor level fork lift elevated fork lift metal
caging

## SITE PLAN DEPICTING PREMISES

* Floor plan not to scale

**2220 Lundy Avenue San Jose, CA**
**Approx. 24,16-1 RSF**
(including Tenant's pro rata share of electrical room)

## DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIPS (Page 1 of 2)
(as required by the Civil Code)

**DISCLOSURE FORM NEEDS TO BE COMPLETED AND PROVIDED AS FOLLOWS:**

a) Listing Agent to the Seller before entering into a listing agreement;
b) Buyer's Agent to the Buyer as soon as practicable before signing an offer;
c) Buyer's Agent to the Seller before presenting an offer;
d) Listing Agent, when acting as a dual agent, to the Buyer as soon as practicable before the Buyer signs an offer.

***Please note that the terms "Seller" and "Buyer" are defined by the Civil Code to include a Lessor and Lessee, respectively.***

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship you wish to have with the agent(s) in the transactio.n

**SELLER'S AGENT**

A Seller's agent under a listing agreement with the Selleracts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

**To the Seller:** A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller.

**To the Buyer and the Seller:** (a) Diligent exercise of reasonable skill and care in performance of the agen'ts duties; (b) A duty of honest and fair dealing and good faith;
(a) A duty to disclose all facts known to the agent materially affecting the value or desirability of the Property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

**BUYER'S AGENT**

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may

receivecompensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

**To the Buyer:** A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer.

**To the Buyer and the Seller:** (a) Diligent exercise of reasonable skill and care in performance of the agent's duties; (b) A duty of honest and fair dealing and good faith;
(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the Property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential infonmation obtained from the other party that does not involvethe affirmative duties set forth above.

**AGENT REPRESENTING BOTH SELLER AND BUYER**

A real estate agent, either acting directly or through one or more associatelicensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affinmative obligations to both the Seller and the Buyer:
(a) A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with either the Seller or the Buyer
(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater that the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction A real estate agent is a person quafified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure fonn, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than acasual relationship to present you with this disclosure fonm. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction.

This disclosure form includes the provisions of Section 2079.13 to 2079.24, inclusive, of the Civil Code set forth on the reverse side hereof. Read it carefully.

If the transaction involves one-to-four dwelling residential property(s), including a mobile home, this Disclosure form must be provided in a listing, sale, exchange, installment land contract or lease over one year.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).

ARTICLE 2, CHAPTER 3 OF TITLE 6 OF PART 4 OF DIVISION 3 OF THE CIVIL CODE

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions ofTille 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained.

(b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Sectlon 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered Into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who Is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions.

{c) "Buyer" means a transferee in a real property transaction, ood includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee.

(d) "Commercial real property' means all real property in the state, except single-looiily residential real property, dwelling untts made subject to Chapter 2 {commencing with Section 1940) or Title 5, roobilehomes, as defined in Section 798.3, or recreational vehicles, as defined inSectiion 799.29.

(e) ' Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction.

(Q 'Listing agreement" means acontract between an owner of real property ood an agent, by 11mich the agent has been aulhorized to sell the real property or to find or obtain a buyer.

(g) ' Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation.

{h) 'Listing price' is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent.

{ii "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property.

OJ "Offer to purchase", means a written contract executed by a buyer acting through a sellingagent that becomes the contract for the sale of the real property upon acceptance by the seller.

{k) "Real property' means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types or property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code.

{l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase

(m) "Sell", "sale", or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges or real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration.

(n) ' Seller' means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent of behalf of another. "Seller" includes both a vendor and a lessor.

(o) 'Selling agent" means a listing agent *11mo* acts alone, or an agent who acts in cooperation with a listing a<Jent, and who sells or finds and obtains a buyer for the real property, or an agent .mo locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller.

(p) "Subagenr means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent' does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

(a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement.

(b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with acopy or the disclosure form pursuant to subdivision (a).

(c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowiedgement of receipt obtained for the selling agent from the seller)by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowiedgennent of receipt is required.

(d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the seling agent, the salting agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives *the* offer to purchase from the buyer.

Listing agents and seling agents shall provide the seller and buyer in a real property transaction with acopy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision {c), shall obtain a signed acknowledgment of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows:
2079.14

In any circumstance in which the seller or buyer refuses to sign an acknov.4edgement of receipt pursuant to Section 2079.14, the agent, or an associate Hcensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.
Reproduced on Page **1** of this form.

{a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exdusively as the buyer's agent, exclusively as the seUer's agent, or as a dual agent representing both the buyer and sener. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively.

(b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent or as a dual agent

representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

(c) The confirmation required by subdivisions (a} and (b) shall be in the following form:

DO NOT COMPLETE, SAMPLE ONLY is the agent of (check one): D the seller oxclus;,,,oly: or D both tho buyer and lhe seler. D the buyer e<elus;,,,ely
JName of lolirlg Agent)

DO NOT COMPLETE. SAMPLE ONLY is the agent of (chock one): D the seller exclusively: or D both the buyer and tho solar. D tho buyer exclus;,,,ely
(tune. of Seling Apool if mt the same as Ile Usfing Agent)

(d) The disclosures and confirmation required by this section shafl be in addition to the disclosure required by Section 2079.14.
No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the !sting agent in the transaction.
The payment of compensatiion or the obligation to pay compensation to an agent by the seller or buyer is not **necessanly** determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a seUing agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms or any such agreement shall not necessarily be determinative of a particular relationship.
Nothing in this article prevents an agent from selecting, as a condition of the agent's employme n ta specific fonT of agency relationship not specifically prohibited by this article if the requireme nts of Section 2079.14 and Section 2079.17 are complied with.
A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This. section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than the price.
Nothing in this article precludes a listing agent from also being a selling agent, and the combination or these functions in one agent does not, of itself, make that agent a dual agent.
{a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the olbject of the agency with the written consent of the parties to the agency relationship. (b) A lender or an auction company retained by a lender to control aspects of a transaction*of* real property subject to this part, including validating the sales price, shall not require, as a condiUon of receiving the lender'sapproval of the transacti n, the homeowner or listing agent to defend or indemnily the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violaUonor this subdivision is against public policy, void, and unenforceable.
Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associates licenses, subagents, and employees or to relieve agenll; and their associate licensees, subagents. and employees from liability for **thei'** conduct in connection with the acts governed by this article or for any breach or a fiduciary duty or a duty of disclosures.

## AGENCY CONFIRMATION

**(per California Civil** Code §2079.17)

**Property Address:** 2220 Lundy Ave., San Jose, CA

The following agency relationship(s) is/are hereby confirmed for this specific transaction:

**Colliers International is the agent of (check one):**

The Seller/Lessor/Sublessor exclusively; or
The Buyer/Lessee/Sublessee exclusively; or
Both the Buyer/Lessee/Sublessee and the Seller/Lessor/Sublessor.

## DUAL AGENCY AGREEMENT

As agreed by the parties to the sale or lease transaction, Colliers International and the Agent(s) identified below (Colliers and the identified agent(s) are referred lo collectively as "Agent") are serving in a dual agency capacity, representing both the Seller/Lessor and the Buyer/Lessee for the sale or lease of the Property. The undersigned parties acknowledge that they were informed of the possibility of this type of representation and that they are authorized to execute this Dual Agency Agreement on behalf of the below named Seller/Lessor and Buyer/Lessee.

*Seller/Lesso:r Seller/Lesso'rs Agent: Buyer/Lessee: Buyer/Lessee 's Agent: Property:*

Lundy Asso ciates, LLC

Joe Elliot

QuickLogic Corporation

JeffNochimson

2220 Lundy Ave., San Jose, CA

The Seller/Lessor and Buyer/Lessee consent to and authorize Colliers International to engage in this dual agency, with the understanding that Agent will handle these responsibilities in the manner described in this agreement:

> In the negotiation of a sale or lease, Agent shall not disclose the best terms upon which Buyer/Lessee is willing to purchase or lease the Property, unless authorized to do so by the Buyer/Lessee. Similarly, Agent shall not disclose the best terms upon which the Seller/Lessor is willing to sell or iease the Property, unless authorized to do so by the Seller/Lessor.

> It is acknowledged and agreed that Agent's disclosure responsibilities to Buyer/Lessee will be met by Agent's disclosure to Buyer/Lessee of all material facts provided by Seller/Lessor or known by Agent and that Agent has not undertaken to investigate the Property or to verify the accuracy of the information provided by Seller/Lessor. Both Seller/Lessor and Buyer/Lessee acknowledge that Expert Matters are to be addressed by the parties and not by Agent.

Each of the undersigned parties acknowledges the above understanding and consent to Agent's service as a du on behalf of b9 h Seller/Lessor and Buyer/Lessee.

*Buyer/Lessee: Authorized Signature*

*Buyer/Lessee: Authorized Signature*
*Date*

*Seller/Lessor: Authorized Signature*
*Date*
*Buyer/Lessee: Pn'nted Name of Signer*

*Seller/Lessor: Printed Name of Signer*

Buyer/Lessee: Printed NameoSigner

## DISCLOSURES, EXPERT MATTERS AND RESPONSIBILITIES OF PARTIES

The following is intended to describe the responsibilities undertaken by Colliers International (Broker) and by Client with regard to disclosure issues and expert matters as described below:

EXPERT **MATTERS:** There are a number of potentially significant matters related to commercial properties, which may be material to a particular transaction, the evaluation of which would require specialized expertise which is beyond the expertise and/or responsibility of the Broker ("Expert Matters; . Broker recommends that parties to a potential lease or sale transaction obtain the advice of qualified professionals and experts prior to the consummation of any transaation. Parties to a sale or lease transaction should not and will not rely on Broker with regard to Expert Matters, but instead will rely entirely on their own investigation and those of qualified professionals and experts.

Expert Matters may include, but are not limited to, the following: the use, generation, storage or presence of hazardous or toxic substances and underground storage tanks; natural hazards, such as fire, flood, or earthquake; building safety and structural integrity of roof, walls, and foundations or any improvements located on the Property; operation or condition of mechanical, plumbing, utility or life safety systems; "clean rooms" {including, but not limited to, classification, operation and/or condition); mold, fungus, water damage, or effects of moisture; compliance with Americans with Disabilities Act (ADA); compliance with building, zoning and fire codes; tax, accounting, or legal effects or consequences of the proposed transaction; survey, linear or area measurements of the Property; availability and/or adequacy of utilities and utility connections and panels, adequacy, availability and condition of sewer lines and/or connections, public transportation, or other infrastructure; *zoning* and permitted land uses; insurance policies and premiums; architectural design or engineering; geotechnical/soil condition; termites or other pests or rodents; statements of income and expense or other financial statements; the financial soundness of a prospective tenant or subtenant; condition of title; or existing taxes, assessments or liens.

Broker has no responsibility to, has not made and will not make an independent investigation or determination with respect to any Expert Matters. Any information communicated by Broker regarding any of the Expert Matters arises from third party sources and has not been and will not be independently verified by Broker.

**DISCLOSURES:** Owners of real estate must comply with California law for the disclosure of any and all known material facts concerning their property to prospective tenants or buyers as well as any other items required by California law. To meet this requirement, Broker recommends that Owners of real estate obtain legal advice from a qualified legal professional. Broker shall have no responsibUity for property disclosures beyond the delivery and/or disclosure of infonnaUon provided by the Owner or known to the Broker. Parties to a sale or lease transaction should not and will not rely on Broker with regard to matters of disclosure required by Owners, but instead will rely entirely on their own investigation and that of qualified professionals and experts.

Matters requiring disclosure may include, but are not limited to, the following: Natural Hazard Disclosures (including whether or not the property is located in a flood hazard area, fire hazard severity zone, forest fire risk area, earthquake fault zone, or a seismic hazard zone), toxic mold disclosures, known material defects, presence or proximity to hazardous materials, compliance with the Americans with Disabilities Act (ADA), compliance with zoning laws, whether or not the property is located in a special tax zone {such as a Mello-Roos Community Facilities District) or a special assessment district, as well as historic energy use and the existence and results of Certified Access Specialist (CASp) inspections.

February 13, 2019
*Date*

Joe Elliott
*Associate Licensee: Printed Name*

*Clfent: Authorized Signature* *Date*

*Client: Printed Name of Signer*

D Client and Broker agree that the foregoing shall be an Addendum that is expressly made a part of and incorporated into that certain

written agreement between the parties entiUed,_ dated_ _ and that the specific provisions set forth herein shall control over and supersede any inconsistent provisions contained therein or in any other form of agreement which is contemporaneously entered into by these parties relating to the Property.

**QUICKLOGIC CORPORATION**

**2019 STOCK PLAN**

1. Purposes of the Plan. The purposes of this 2019 Stock Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility;
- to provide additional incentive to Employees, Directors and Consultants; and
- to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Appreciation Rights, Restricted Stock and Restricted Stock Units may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any Committee as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U. S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock or Restricted Stock Units.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(e) "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein shall be a reference to any successor or amended section of the Code.

(g) "Committee" means a committee of Directors or other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 of the Plan.

(h) "Common Stock" means the common stock of the Company.

(i) (i) "Company" means QuickLogic Corporation, a Delaware corporation.

(j) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(k) "Director" means a member of the Board.

(l) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(m) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Market, the Nasdaq Global Select Market or the Nasdaq Capital Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day on or before the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day on or before the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(p) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(q) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(r) "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Award. The Notice of Grant is part of the Award Agreement.

(s) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means an agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

---

(v) "Option Exchange Program" means a program whereby outstanding Options are surrendered in exchange for Options with a lower exercise price.

(w) "Optioned Stock" means the Common Stock subject to an Award.

(x) "Optionee" means the holder of an outstanding Option granted under the Plan.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means the holder of an outstanding Award granted under the Plan.

(aa) "Performance Goals" means the goal(s) (or combined goal(s)) determined by the Administrator (in its discretion) to be applicable to a Participant with respect to an Award.

(bb) "Plan" means this QuickLogic Corporation 2019 Stock Plan.

(cc) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 12 of the Plan, or issued pursuant to the early exercise of an Option.

(dd) "Restricted Stock Purchase Agreement" means a written or electronic agreement between the Company and the Participant evidencing the terms and restrictions applying to Shares purchased under a Restricted Stock award. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(ee) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 13. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(ff) "Restricted Stock Unit Agreement" means a written or electronic agreement between the Company and the Participant evidencing the terms and restrictions applying to an individual grant of Restricted Stock Units. The Restricted Stock Unit Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(gg) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(hh) "Section 16(b)" means Section 16(b) of the Exchange Act.

(ii) "Service Provider" means an Employee, Director or Consultant.

(jj) "Share" means a share of the Common Stock, as adjusted in accordance with Section 15 of the Plan.

(kk) "Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with a related Option, that pursuant to Section 11 is designated as a SAR.

(ll) "Stock Appreciation Right Agreement" means a written or electronic agreement between the Company and the Participant evidencing the terms and restrictions applying to Shares purchased under a SAR. The Stock Appreciation Right Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(mm) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 15 of the Plan, the maximum aggregate number of Shares which may be awarded and sold under the Plan is 357,143 Shares plus any Shares subject to any outstanding options or other awards granted under the Company's 2009 Stock Plan (the "2009 Plan") that expire, are forfeited, cancelled, returned to the Company for failure to satisfy vesting requirements, settled for cash or otherwise terminated without payment being made thereunder. Any Shares that again become available for grant will be added back as one share to the Plan share reserve. The Shares may be authorized, but unissued, or reacquired Common Stock. Following approval of this Plan by the Company's stockholders, no further awards will be granted pursuant to the Company's 2009 Plan.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, or with respect to Restricted Stock or Restricted Stock Units, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased or unissued Shares (or for Awards other than Options or SARs, the forfeited or repurchased Shares) which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). Upon exercise of a SAR settled in Shares, the gross number of Shares covered by the portion of the Award so exercised will cease to be available under the Plan. Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan; provided, however, that if unvested Shares issued pursuant to Awards of Restricted Stock or Restricted Stock Units are repurchased by the Company at their original purchase price or are forfeited to the Company due to the failure to vest, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 15, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in the immediately preceding paragraph above, plus, to the extent allowable under Code Section 422 and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to this paragraph.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(iv) Delegation of Authority for Day-to-Day Administration. Except to the extent prohibited by Applicable Laws, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award relating thereto granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or SARs may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture or repurchase restrictions, and any restriction or limitation regarding any Award or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws or satisfying applicable foreign laws;

(viii) to modify or amend each Award (subject to Section 17(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options or SARs longer than is otherwise provided for in the Plan;

(ix) to allow, in the Administrator's discretion, Participants to satisfy withholding tax, fringe benefits tax or national insurance contributions tax obligations by having the Company withhold from the Shares or cash to be issued upon exercise or vesting of an Award that number of Shares or cash having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. Any decisions to have Shares or cash withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator; and

(xi) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Participants and any other holders of an Award.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Limitations.

(a) ISO $100,000 Rule. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) No Rights as a Service Provider. Neither the Plan nor any Award shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall

they interfere in any way with the right of the Participant or the right of the Company or its Parent or Subsidiaries to terminate such relationship at any time, with or without cause.

(3) Individual Director Limits. Notwithstanding anything in this Plan to the contrary, no non-employee Director will be granted, in any period of one calendar year, awards under the Plan (excluding awards made at the election of the Director in lieu of all or a portion of annual and committee cash retainers) having an aggregate maximum value at the Date of Grant (calculating the value of any such awards based on the grant date fair value for financial reporting purposes), taken together with any cash fees payable to such non-employee Director during the fiscal year, in excess of $200,000. Notwithstanding the foregoing, in the event of extraordinary circumstances (as determined by the Board), the amount set forth in the preceding sentence shall be increased to $300,000, provided that such increase may apply only if any non-employee Director receiving additional compensation as a result of such extraordinary circumstances does not participate in the determination that extraordinary circumstances exist, in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

7. Term of Plan. Subject to Section 21 of the Plan, the Plan shall become effective upon its adoption by the Board and the Company's stockholders. It will continue in effect until April 24, 2029, unless sooner terminated under Section 17 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Option Agreement. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration, to the extent permitted by Applicable Laws, may consist entirely of:

(i) cash;

(ii) check;

(iii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(v) any combination of the foregoing methods of payment; or

(vi) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

(4) No Dividend Equivalents. No Option shall provide for the payment or accrual of dividend equivalents.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider or Provision of Notice of Employment Termination. If an Optionee (i) ceases to provide ongoing service as a Service Provider (for any reason and regardless of any appropriate court finding such termination unfair or irregular on any basis whatsoever), other than upon the Optionee's death or Disability, or (ii) is provided with notice of termination of employment (for any reason and regardless of any appropriate court finding the related termination unfair or irregular on any basis whatsoever) and ceases to provide ongoing service during the notice period, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the earlier of the date of such cessation as a Service Provider or the last date of ongoing service after receiving a notice of termination of employment or such later date as required by Applicable Laws (the earlier of these dates or such later date required by Applicable Laws is referred to herein as the "Vesting Cessation Date", as reasonably fixed and determined by the

Administrator), but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Vesting Cessation Date, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. If, on the Vesting Cessation Date, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan (unless the Administrator determines otherwise). At the sole discretion of Company, subject to Applicable Laws, Grantee may be paid a lump sum for their cash compensation in lieu of notice. If, after the Vesting Cessation Date, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

11. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Service Providers at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the number of SARs granted to any Participant.

(b) Exercise Price and other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, that no SAR may have a term of more than ten (10) years from the date of grant; provided, further that SARs may not have an exercise price below 100% of the Fair Market Value of the underlying shares on the grant date.

(c) Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying.

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) the number of Shares with respect to which the SAR is exercised.

(d) Payment upon Exercise of SAR. At the discretion of the Administrator, payment for a SAR may be in cash, Shares or a combination thereof.

---

(e) SAR Agreement. Each SAR grant shall be evidenced by a Stock Appreciation Right Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(f) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Stock Appreciation Right Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Notwithstanding the foregoing, the rules of Section 10 will also apply to SARs.

(7) No Dividend Equivalents. No SAR shall provide for the payment or accrual of dividend equivalents.

12. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and conditions of the Plan, Restricted Stock may be granted either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Restricted Stock under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the grant, including the number of Shares of Restricted Stock granted to the Participant and the conditions that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component, upon which is conditioned the grant or vesting of Restricted Stock. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon and after the Vesting Cessation Date or upon termination of the purchaser's service with the Company due to death or Disability. Unless the Administrator provides otherwise, the purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Shareholder. Once the Restricted Stock is granted, the Participant shall have the rights equivalent to those of a shareholder, and shall be a shareholder when the grant is entered upon the records of the duly authorized transfer agent of the Company.

(5) Dividends. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is granted, except as provided in Section 15 of the Plan. Restricted Stock may provide for the payment or accrual of dividends, provided that any dividends accrued by the Company with respect to the Restricted Stock shall be paid to the Participant only if and when such Restricted Stock becomes free from the restrictions on transferability and forfeitability that apply to such Restricted Stock and, if so payable, shall be paid at the time as provided in the Restricted Stock Purchase Agreement.

13. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it shall advise the Participant in a Restricted Stock Unit Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator shall set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that

will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant shall be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units shall be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Restricted Stock Unit Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Restricted Stock Unit Agreement, all unearned Restricted Stock Units shall be forfeited to the Company.

(6) Dividend Equivalents. Restricted Stock Units may provide for the payment or accrual of dividend equivalents, provided that any dividend equivalents accrued by the Company with respect to the Restricted Stock Unit shall be paid to the Participant only if and when such Restricted Stock Unit becomes free from the restrictions on transferability and forfeitability that apply to such Restricted Stock Unit and, if so payable, shall be paid at the time as provided in the Restricted Stock Unit Agreement.

14. Non-Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award shall contain such additional terms and conditions as the Administrator deems appropriate. In no event may an Award granted hereunder be transferred in exchange for consideration.

15. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Award, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation, expiration, repurchase or forfeiture of an Award, as well as the price per share of Common Stock covered by each such outstanding Award shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for a Participant to have the right to exercise his or her Option or SAR until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any Award shall lapse 100% , and that any Award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, or, with respect to Restricted Stock, all

restrictions have not lapsed, or, with respect to a Restricted Stock Unit, all units have not vested, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale.

(i) Stock Options and SARs. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and SAR shall be assumed or an equivalent option or SAR substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or SAR, the Participant shall fully vest in and have the right to exercise the Option or SAR as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or SAR becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Participant in writing or electronically that the Option or SAR shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and the Option or SAR shall terminate upon the expiration of such period, or such earlier date as specified in the Award Agreement. For the purposes of this paragraph, the Option or SAR shall be considered assumed if, following the merger or sale of assets, the option or stock appreciation right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option or SAR immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or SAR, for each Share of Optioned Stock subject to the Option or SAR, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

(ii) Restricted Stock and Restricted Stock Units. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Restricted Stock and Restricted Stock Unit award shall be assumed or an equivalent Restricted Stock or Restricted Stock Unit award substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Restricted Stock or Restricted Stock Unit award, the Participant shall fully vest in the Restricted Stock Unit, including shares which would not otherwise be vested, and all restrictions on Restricted Stock will lapse immediately prior to the closing date of the transaction. For the purposes of this paragraph, a Restricted Stock or Restricted Stock Unit award shall be considered assumed if, following the merger or sale of assets, the award confers the right to purchase or receive, for each Share subject to the Restricted Stock or Restricted Stock Unit award immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received, for each Share subject to the Restricted Stock or Restricted Stock Unit award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

16. Date of Grant. The date of grant of an Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Participant within a reasonable time after the date of such grant.

17. Amendment and Termination of the Plan.

---

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination or Shares issued under the Plan.

The Company will administer the Plan from the United States of America, and any disputes will be settled in the U.S. according to U.S. law. This Plan and all awards are governed by the internal substantive laws, but not the choice of law principles, of the State of California, United States of America.

18. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Appreciation Right or pursuant to the vesting of a Restricted Stock or Restricted Stock Unit award unless the exercise of such Option or Stock Appreciation Right or the vesting of a Restricted Stock or Restricted Stock Unit award and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or receipt of an Award, the Company may require the person exercising or receiving such Award to represent and warrant at the time of any such exercise or receipt that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

19. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue, sell or release from escrow such Shares as to which such requisite authority shall not have been obtained.

20. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

21. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under Applicable Laws.

22. No Repricing. Other than pursuant to an adjustment in connection with a change in capitalization as described in Section 15, the exercise price for an Option or SAR may not be reduced without the prior consent of the Company's stockholders. This shall include, without limitation, a repricing of the Option or SAR as well as an Option or SAR exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, SAR or other Award or cash payment. Moreover, if the exercise price of an Option or SAR is reduced (other than pursuant to Section 15), the transaction will be treated as a cancellation of the Option or SAR and the grant of a new Option or SAR.

23. Section 409A Compliance. Awards granted hereunder are intended to comply with or be exempt from the requirements of Section 409A of the Code to the extent Section 409A of the Code applies to such Awards and the terms of the Plan and any Award granted under the Plan shall be interpreted, operated and administered in a manner consistent with this intention to the extent the Administrator deems necessary or advisable in its sole discretion. Notwithstanding any other provision in the Plan, the Administrator, to the extent it unilaterally deems necessary or

advisable in its sole discretion, reserves the right, but shall not be required, to amend or modify the Plan and any Award granted under the Plan so that the Award qualifies for exemption from or complies with Section 409A of the Code; provided, however, that the Company makes no representation that the Awards granted under the Plan shall be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to Awards granted under the Plan.

Exhibit 10.8

# QUICKLOGIC CORPORATION
# 2009 EMPLOYEE STOCK PURCHASE PLAN
# (As Amended on March 6, 2019)

1. PURPOSE. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an “Employee Stock Purchase Plan” under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. DEFINITIONS.

(a) “Applicable Laws” shall mean the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or shall be, granted under the Plan.

(b) “Board” shall mean the Board of Directors of the Company or any committee thereof designated by the Board in accordance with Section 14 of the Plan.

(c) “Code” shall mean the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein shall be a reference to any successor or amended section of the Code.

(d) “Common Stock” shall mean the common stock of the Company.

(e) “Company” shall mean QuickLogic Corporation, a Delaware corporation.

(f) “Compensation” shall mean all base straight time gross earnings, overtime and incentive/variable compensation, but exclusive of bonuses and other compensation.

(g) “Designated Subsidiary” shall mean any Subsidiary which has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

(h) “Eligible Employee” shall mean any individual who is a common law employee of the Company or any of its Designated Subsidiaries and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Company or such Designated Subsidiary. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or the Designated Subsidiary. Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Board, in its discretion, from time to time may, prior to an Offering Date for all options to be granted on such Offering Date, determine (on a uniform and nondiscriminatory basis) that the definition of Eligible Employee shall or shall not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Board in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Board in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Board in its discretion), (iv) is an executive, officer or other manager, or (v) is a highly compensated employee under Section 414(q) of the Code.

(i) "Enrollment Date" shall mean the first Trading Day of each Offering Period.

(j) "Exercise Date" shall mean the last Trading Day of each Offering Period.

(k) "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day on the date of such determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(l) "New Exercise Date" means a new Exercise Date set by shortening any Offering Period then in progress.

(m) "Offering Periods" shall mean the periods of approximately six (6) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after May 15 and November 15 of each year and terminating on the last Trading Day in the periods ending six months later. For example, an Offering Period under the Plan shall commence with the first Trading Day on or after May 15, 2009 and end on the last Trading Day on or before November 14, 2009. The duration and timing of Offering Periods may be changed pursuant to Sections 4 and 20 of this Plan.

(n) "Parent" shall mean a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(o) "Participant" means an Eligible Employee who (a) has become a Participant in the Plan pursuant to Section 5 and (b) has not ceased to be a Participant pursuant to Section 10 or Section 11.

(p) "Plan" shall mean this 2009 Employee Stock Purchase Plan.

(q) "Purchase Price" shall mean 85% of the Fair Market Value of a share of Common Stock as determined pursuant to Section 4; provided, however, that the Purchase Price may be adjusted by the Board pursuant to Section 20.

(r) "Reserves" shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(s) "Subsidiary" shall mean a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(t) "Trading Day" shall mean a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

3. ELIGIBILITY.

(a) Any individual who is an Eligible Employee on a given Enrollment Date shall be eligible to participate in the Plan. This Plan shall not confer upon any Eligible Employee any right with respect to the continuation of his or her employment with the Company or any Designated Subsidiary, nor shall it restrict, limit, or interfere in any way with the right of the Company or any Designated Subsidiary to terminate the employment relationship of any Eligible Employee at any time, with or without cause.

(b) Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate which exceeds Twenty-Five Thousand Dollars ($25,000) worth of stock (determined at the Fair Market Value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. OFFERING PERIODS.

(a) The Plan shall be implemented by either of the following Offering Periods, which shall be determined by the Board prior to the applicable Offering Period:

(i) A six (6) month Offering Period commencing on the first Trading Day on or after May 15 and November 15 each year, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof or changed pursuant to this Section 4(a) and with a Purchase Price equal to 85% of the Fair Market Value of a share of Common Stock on the Exercise Date (a “Purchase Date Offering Period”); or

(ii) A six (6) month Offering Period commencing on the first Trading Day on or after May 15 and November 15 each year, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof or changed pursuant to this Section 4(a) and with a Purchase Price equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower (a “Look-Back Offering Period”).

Notwithstanding the foregoing, if the Board does not determine the type of Offering Period prior to the start of the applicable Offering Period, the default Offering Period shall be the Purchase Date Offering Period as described in Section 4(a)(i) above.

(b) The Board shall have the power to change the duration of Offering Periods (including the commencement dates thereof) and to implement Offering Periods with multiple purchase periods with respect to future offerings without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. PARTICIPATION.

(a) An Eligible Employee may become a Participant in the Plan only by (i) submitting a subscription agreement authorizing payroll deductions in a form determined by the Board (which may be similar to the form attached hereto as Exhibit A) to the Company’s payroll office (or its designee), on or before a date prescribed by the Board prior to an applicable Enrollment Date, or (ii) following an electronic or other enrollment procedure prescribed by the Board. Participants in the offering period under the Company’s 1999 Employee Stock Purchase Plan (the “1999 ESPP”) beginning on or about November 15, 2008 will automatically be enrolled in the initial Offering Period under this Plan commencing on the first Trading Day on or after May 15, 2009 at the same contribution levels as last elected under the 1999 ESPP.

6. PAYROLL DEDUCTIONS.

(a) At the time a Participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding twenty percent (20%) of the Compensation which he or she receives on each pay day during the Offering Period.

(b) Payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

(c) All payroll deductions made for a Participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may (i) increase or decrease the rate of his or her payroll deductions during a Purchase Date Offering Period, or (ii) only decrease the rate of his or her payroll deductions during a Offering Period, in either case by (A) properly completing and submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Board prior to an applicable Exercise Date, a new subscription agreement authorizing a change in payroll deduction rate in the form provided by the Board for such purpose, or (B) following an electronic or other procedure prescribed by the Board. If a Participant has not followed such procedures to change the rate of payroll deductions, the rate of his or her payroll deductions shall continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Board may, in its discretion, limit the number of payroll deduction rate changes that may be made by Participants during any Offering Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in payroll deduction rate made pursuant to this Section 6(d) shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new subscription agreement unless the Company, in its sole discretion, elects to process a given change in payroll deduction rate more quickly. A Participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof; provided, however, that in the event a Participant changes his or her rate of payroll deductions during an Offering Period to zero percent (0%) and does not withdraw pursuant to Section 10 prior to the beginning of the subsequent Offering Period, the Participant's payroll deductions shall recommence for the subsequent Offering Period at the rate originally elected by the Participant as of the beginning of the prior Offering Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code and Section 3(b) hereof, payroll deductions shall recommence at the rate originally elected by the Participant effective as of the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10 hereof.

(f) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for amounts not in excess of the minimum statutory federal, state, or any other tax liability payable to any authority, national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company or the employing Designated Subsidiary, as applicable, may, but shall not be obligated to, withhold from the Participant's compensation amounts not in excess of the applicable minimum statutory withholding obligations, including any withholding required to make available to the Company or the employing Designated Subsidiary, as applicable, any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. If the Company allows the Participant to settle such tax withholding obligations by remitting to the Company shares of Common Stock issued upon exercise, then the Participant may not elect to withhold amounts in excess of the applicable minimum statutory federal, state, or other tax obligations withheld at the time of exercise or disposal.

7. GRANT OF OPTION. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Eligible Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall an Eligible Employee be permitted to purchase during each Offering Period more than 1,428 shares of the Company's Common Stock (subject to any adjustment pursuant to Section 19), and provided further that such purchase shall be subject to the limitations set forth in Sections 3(b) and 13 hereof. The Board may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of the Company's Common Stock an Eligible Employee may purchase during each Offering Period. Exercise of the option shall occur as provided in Section 8 hereof, unless the Participant has withdrawn pursuant to Section 10 hereof. The option shall expire on the last day of the Offering Period.

8. EXERCISE OF OPTION.

(a) Unless a Participant withdraws from the Plan as provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's account which are not sufficient to purchase a full share shall be retained in the Participant's account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Any other monies left over in a Participant's account after the Exercise Date shall be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Board determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Board may in its sole discretion (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect, or (y) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such Enrollment Date.

9. DELIVERY. As promptly as reasonably practicable after each Exercise Date on which a purchase of shares occurs, the Company shall arrange the delivery to each Participant, as appropriate, the shares purchased upon exercise of his or her option in a form determined by the Board (in its sole discretion) and pursuant to rules established by the Board. The Company may permit or require that shares be deposited with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant shall have any voting, dividend, or other shareholder rights with respect to such shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. WITHDRAWAL.

(a) A Participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's payroll office (or its designee) a written notice of withdrawal in the form prescribed by the Board for such purpose

(which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure prescribed by the Board. All of the Participant's payroll deductions credited to his or her account shall be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

11. TERMINATION OF EMPLOYMENT. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's account during the Offering Period but not yet used to purchase shares under the Plan shall be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such Participant's option shall be automatically terminated.

12. INTEREST. No interest shall accrue on the payroll deductions of a Participant in the Plan.

13. STOCK.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 842,857 shares of Common Stock.

(b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant shall only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan shall be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. ADMINISTRATION. The Plan shall be administered by the Board or a committee of members of the Board appointed by the Board, which shall be constituted to comply with Applicable Laws. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties. Notwithstanding any provision to the contrary in this Plan, the Board or its committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States. Without limiting the generality of the foregoing, the Board or its committee is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of payroll deductions, making of contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold payroll deductions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates which vary with local requirements.

15. DESIGNATION OF BENEFICIARY.

(a) A Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Board. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations shall be in such form and manner as the Board may designate from time to time.

16. TRANSFERABILITY. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. USE OF FUNDS. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions. Until shares of Common Stock are issued, Participants shall only have the rights of an unsecured creditor with respect to such shares.

18. REPORTS. Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be given to participating Eligible Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, DISSOLUTION, LIQUIDATION, MERGER OR ASSET SALE.

(a) Changes in Capitalization. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other similar change in the corporate structure of the Company affecting the Common Stock occurs, the number and class of Common Stock of the Reserves, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 7 and 13 shall be automatically proportionately adjusted.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date, and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the

Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Offering Periods then in progress shall be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date shall occur before the date of the Company's proposed sale or merger. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. AMENDMENT OR TERMINATION.

(a) The Board of Directors of the Company, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Board, in its sole discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Board in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts which have not been used to purchase shares of Common Stock shall be returned to the Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable.

(b) Without shareholder consent and without limiting Section 20(a), the Board (or its committee) shall be entitled to change the Offering Periods (however, in no event shall an Offering Period exceed 12 months), limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under Statement of Financial Accounting Standards 123(R), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period by setting a New Exercise Date, including an Offering Period underway at the time of the Board action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as payroll deductions; and

(v) reducing the maximum number of shares a Participant may purchase during any Offering Period.

Such modifications or amendments shall not require shareholder approval or the consent of any Plan Participants.

21. NOTICES. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. CONDITIONS UPON ISSUANCE OF SHARES. Shares of Common Stock shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. TERM OF PLAN. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years until March 5, 2029, unless sooner terminated under Section 20 hereof.

# EXHIBIT A
# QUICKLOGIC CORPORATION

## 2009 EMPLOYEE STOCK PURCHASE PLAN
## SUBSCRIPTION AGREEMENT

_____ Purchase Period:

Original Application (New Enrollment)    Enrollment Date:
Change in Payroll Deduction Rate
Change of Beneficiary(ies)

1. hereby elects to participate in the QuickLogic Corporation 2009 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Employee Stock Purchase Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount of________% of my Compensation on each payday (from 0 to 20%) during the Offering Period in accordance with the Employee Stock Purchase Plan. (Please note that no fractional percentages are permitted and only one reduction is allowed during each 6-month period according to our plan document.)

3. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Employee Stock Purchase Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option and purchase Common Stock under the Employee Stock Purchase Plan.

4. I have received a copy of the complete Employee Stock Purchase Plan and its accompanying prospectus. I understand that my participation in the Employee Stock Purchase Plan is in all respects subject to the terms of the Plan.

5. Shares of Common Stock purchased for me under the Employee Stock Purchase Plan should be issued in the name(s) of(Eligible Employee or Eligible Employee and Spouse only).

6. I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares) or 1 year after the Exercise Date, whichever is later, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price which I paid for the shares. **I hereby agree to notify the Company in writing within 30 days after the date of any disposition of my shares and I will make adequate provisions for Federal, state or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock.** The Company may, but will not be obligated to, withhold from my compensation the minimum statutory amounts of applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the 2-year and 1-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (b) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I hereby agree to be bound by the terms of the Employee Stock Purchase Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Employee Stock Purchase Plan.

---

8. In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due me under the Employee Stock Purchase Plan:

NAME: (Please print)

---------------------------------------------
(First) (Middle) (Last)

-------------------------------------- -------------------------------------
Relationship

-------------------------------------
(Address)

Employee's Social
Security Number:
----------------------------------------------------
Employee's Address:
----------------------------------------------------

----------------------------------------------------

----------------------------------------------------

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated:
---------------- ----------------------------------------------------
Signature of Employee

-----------------------------------------------------
Spouse's Signature (If beneficiary other than spouse)

**EXHIBIT B**
**QUICKLOGIC CORPORATION**

**2009 EMPLOYEE STOCK PURCHASE PLAN**
**NOTICE OF WITHDRAWAL**

The undersigned Participant in the Offering Period of the QuickLogic Corporation 2009 Employee Stock Purchase Plan which began on ____________, ______ (the "Enrollment Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned shall be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

------------------------------------------

------------------------------------------

------------------------------------------

Signature:

------------------------------------------

Date:
-------------------------------------------

**Exhibit 10.14**

**QUICKLOGIC CORPORATION**

**2019 STOCK PLAN**

**NOTICE OF GRANT OF STOCK OPTIONS**

Unless otherwise defined herein, the terms defined in the 2019 Stock Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Stock Options (the "Notice of Grant") and the Stock Option Agreement, attached hereto as Exhibit A (the "Stock Option Agreement" or "Agreement").

QuickLogic Corporation is pleased to inform you that you, the undersigned Optionee, have been granted an option ("Option") to purchase common stock (hereinafter referred to as the "Shares") of the Company, subject to the terms and conditions of the Plan and this Agreement, as follows:

**Optionee:**
**Grant Number:**
**Date of Grant:**
**Vesting Commencement Date:**
**Exercise Price, per Share:**
**Number of Shares Granted:**
**Term of Option:**

**Type of Option:** **Incentive Stock Option** **Nonstatutory Stock Option**

**Vesting Schedule:** The option may be exercised as it vests. The options will vest in accordance with the following vesting schedule, so long as a Vesting Cessation Date (as defined herein) has not occurred.

25% of the Shares subject to the Option shall vest twelve months after the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest each month thereafter. Fully vested in four years.

25% of the Shares subject to the Option shall vest twelve months after the Vesting Commencement Date, and 1/8 of the Shares subject to the Option shall vest fifteen months after the Vesting Commencement Date and each six months thereafter. Fully vested in 15 quarters.

1/12 th of the Shares subject to the Option shall vest for each full month of Service after the Vesting Commencement Date. Fully vested in one year.

l/24th of the Shares subject to the Option shall vest for each full month of Service after the Vesting Commencement Date. Fully vested in two years.

1/ of the Shares subject to the Option shall vest after the Vesting Commencement Date. Thereafter, 1/ of the Shares shall vest for each full of Service. Fully vested in .

1/ of the Shares subject to the Option shall vest for each full of Service after the Vesting Commencement Date.

100% of the Shares subject to the Option shall be fully vested on the grant date.

Termination of Relationship as a Service Provider or Provision of Notice of Employment Termination; Vesting Cessation Date. If Optionee (i) ceases to provide ongoing service as a Service Provider (for any reason and regardless of any appropriate court finding such termination unfair or irregular on any basis whatsoever), or (ii) is provided with notice of termination of employment (for any reason and regardless of any appropriate court finding

the related termination unfair or irregular on any basis whatsoever) and ceases to provide ongoing service during the notice period, the Optionee may exercise his or her Option for a three month period beginning (a) the earlier of the date of such cessation as a Service Provider or the last date of ongoing service after receiving a notice of termination of employment, or (b) such later date as required by Applicable Law (the earlier of these dates or such later date required by Applicable Law is referred to herein as the "Vesting Cessation Date," as reasonably fixed and determined by the Administrator). Such exercise period shall automatically extend from three to twelve months in the event Optionee ceases to be a Service Provider as a result of Optionee's death or Disability. In no event shall this Option be exercised later than the expiration of the term of such Option as set forth in the Option Agreement. Optionee further acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as a Service Provider for the vesting period or for any other period and shall not interfere with Optionee's right or the Company's right to terminate Optionee's relationship as a Service Provider at any time, with or without notice, except as otherwise required by Applicable Law. At the sole discretion of Company, subject to Applicable Law, Optionee may be paid a lump sum for their cash compensation in lieu of notice. Options which do not vest by the Vesting Cessation Date shall automatically become void and without further effect. In such event, the underlying Shares shall be returned to the Plan.

The Stock Option Agreement included as Exhibit A and the Plan are incorporated herein by reference. The Plan, Stock Option Agreement and this Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and the Optionee. The Company will administer the Plan from the United States of America, and any disputes will be settled in the U.S. according to U.S. law. This Notice of Grant, Stock Option Agreement, Plan and all awards are governed by the internal substantive laws,

but not the choice of law principles, of the State of California, United States of America.

By Optionee's signature and the signature of the Company's representative below, Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, the Stock Option Agreement and this Notice of Grant. Optionee has reviewed the Plan, the Stock Option Agreement and this Notice of Grant in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Plan, the Stock Option Agreement and this Notice of Grant. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan, the Stock Option Agreement and this Notice of Grant.

| **OPTIONEE:** | **QUICKLOGIC CORPORATION** |
| --- | --- |
| ______________________________ | By: ______________________________ |
| Signature | |
| ______________________________ | Title: ______________________________ |
| Print Name | |
| Date: ______________________________ | Date: ______________________________ |

**OPTIONEE ADDRESS:**

______________________________

______________________________

**BENEFICIARY:**

______________________________
Print Name

______________________________
Date:

*Consent of spouse required if beneficiary is someone other than spouse:*

Signature: ______________________________

Print Name: ______________________________

Date: ______________________________

Please return this Notice of Grant of Stock Options to the Stock Administrator of the Company.

**EXHIBIT A**

**STOCK OPTION AGREEMENT**

1. Grant of Option. The Plan Administrator of the Company hereby grants to the person named in the Notice of Grant under the Plan (the "Optionee") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Notice of Grant, this Stock Option Agreement and the Plan, which is incorporated by reference. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail. If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an ISO under Section 422 of the Code. However, any Option that exceeds the $100,000 rule of Code Section 422(d) shall be treated as a Nonstatutory Stock Option ("NSO").

2. Exercise of Option. This Option is exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Stock Option Agreement. This Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise from the person entitled to exercise the Option; and (ii) full payment of the Exercise Price, as defined herein, for Shares exercised. The form of written notice of exercise is attached as Exhibit A-1. The forms of consideration acceptable for the payment of the aggregate Exercise Price are described in the Plan, Section 9(c).

3. Term of Option. This Option may be exercised only within the Term of Option set out in the Notice of Grant, and in accordance with the terms of the Plan and this Option Agreement.

4. Tax Withholding and Consequences. Regardless of any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding, fringe benefit tax ("FBT") or National Insurance Contribution ("NIC") tax paid or payable in respect of the grant, vesting, exercise, cancellation, transfer of the Options or issuance of the Shares ("Tax-Related Items"), Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by Optionee are and remain Optionee's responsibility and that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant, vesting, exercise or delivery of options or related Shares, the subsequent sale of Shares and/or the receipt of any dividends; and (b) does not commit to structure the terms of a option grant to reduce or eliminate Optionee's liability for Tax-Related Items. Optionee should consult a tax adviser and the Plan in order to determine the tax consequences before exercising this Option or disposing of the Shares.

5. Tax Matters. If the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition, and shall promptly provide any information

that may be requested by the Company and/or the Company's consultant regarding such sale or other disposition of the Shares. The Optionee agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to the Optionee.

6. Tax Obligations. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) in accordance with the procedures offered by the Company for the satisfaction of all federal, state, local and foreign income and employment tax withholding requirements, FBT and NIC applicable to the grant, vesting or exercise of the Options and issuance of the Shares. Optionee also agrees to reimburse or pay the Company (including its Subsidiaries) in full, any liability that the Company incurs towards any FBT or NIC paid or payable in respect of the grant, vesting, exercise or cancellation of the Option or transfer or delivery of the Shares, within the time and in the manner prescribed by the Company. The Administrator may in its sole discretion determine amounts and whether the withholding taxes and/or FBT and/or NIC with respect to such Option and related Shares will be paid by cash, exercising and selling a portion of a vested Option, electing to have the Company withhold otherwise deliverable Shares having a value equal to the minimum amount statutorily required to be withheld, selling a sufficient number of such Shares otherwise deliverable to Optionee through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) having a Fair Market Value equal to the amount required, by directing of a portion of the proceeds to the Company, by payroll withholding, by delivering already vested and owned Shares to the Company, by delivering net shares, by direct payment from the Optionee to the Company, by some other method, or by some combination thereof. Optionee agrees to execute any additional documents requested by the Company for such reimbursement of such taxes to the Company.

Optionee grants to the Company the irrevocable authority, as agent of Optionee and on Optionee's behalf, to sell or procure the sale of sufficient Shares subject to this Option so that the net proceeds receivable by the Company are as far as possible equal to but not less than the amount of any withholding tax, FBT or NIC the Optionee is liable for (including pursuant to the preceding paragraph) and the Company will account to Optionee for any balance.

Optionee acknowledges and agrees that the Company may refuse to allow the exercise of Options or the delivery of Shares if Optionee has not made appropriate arrangements with the Company to satisfy tax withholding requirements, FBT or NIC.

7. No Guarantee of Continued Service. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S SERVICE PROVIDER STATUS AT ANY TIME, WITH OR WITHOUT CAUSE, EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW. ACCORDINGLY, OPTIONEE DOES NOT HAVE ANY ENTITLEMENT TO AN OPTION IF

OPTIONEE RESIGNS OR IF THERE IS A VESTING CESSATION DATE FOR ANY REASON PRIOR TO THE DATE THAT THE OPTION VESTS.

8. Data Privacy. By accepting this Stock Option Agreement or any Shares upon exercise thereof, Optionee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee's personal data as described in this document by and among, as applicable, the Company, its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan. For the purpose of implementing, administering and managing the Plan, Optionee understands that the Company holds certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, Tax ID or other identification number, salary, nationality, job title, any equity or directorships held in the Company, details of all equity awards or any entitlement to Shares awarded,

canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Optionee's country or elsewhere. The Company, as a global company, may transfer Optionee's personal data to countries that may not provide an adequate level of protection. The Company, however, is committed to providing a suitable and consistent level of protection for Optionee's personal data regardless of the country in which it resides. Optionee understands that Optionee may request information regarding the Company's stock plan administration by contacting Human Resources, the Chief Financial Officer or their designee. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Optionee deposits any Shares issued at exercise of an option. Optionee understands that Data will be held as long as is necessary to implement, administer and manage the Plan. Optionee understands that Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Human Resources or the Chief Financial Officer. Optionee understands, however, that refusing or withdrawing Optionee's consent may affect Optionee's ability to participate in the Plan. For more information on the consequences of Optionee's refusal to consent or withdrawal of consent, Optionee understands that he or she may contact Human Resources, the Chief Financial Officer or their designee.

9. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Option or issuance of Shares and participation in the Plan or future Stock Option Agreements that may be awarded under the Plan by electronic means or to request Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

10. Payments after Death. Any distribution or delivery to be made to the Optionee under this Agreement will, if the Optionee is then deceased, be made to the administrator or executor of the Optionee's estate or, if none, to the persons entitled to receive such distribution or delivery under the

Optionee's will or the laws of descent or distribution. Any such recipient must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

11. Option is Not Transferable. Except to the limited extent provided in paragraph 10 of this Agreement, this Option and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this Option and the rights and privileges conferred hereby immediately will become null and void.

12. Rights as Stockholder. Neither the Optionee nor any person claiming under or through the Optionee will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Optionee or Optionee's broker or had the Shares electronically transferred to Optionee's account.

13. Acknowledgments. The Optionee expressly acknowledges the following:

(a) The Company (whether or not Optionee's employer) is granting the Option. That the Option, future grants of Options, and benefits and rights provided under the Plan are at the complete discretion of the Company and do not constitute regular or periodic payments, or remuneration under the terms of employment. No grant of Options will be deemed to create any obligation to grant any further options, whether or not such a reservation is explicitly stated at the time of such a grant. The benefits and rights provided under the Plan are not to be considered part of Optionee's salary or total compensation for purposes of determining Optionee's entitlement upon termination and will not be included for purposes of calculating any severance, resignation, termination, redundancy or other end of service payments, vacation, bonuses, long-term service awards,

indemnification, pension or retirement benefits, life insurance, 401(k) profit sharing or any other payments, benefits or rights of any kind. Optionee waives any and all rights to compensation or damages as a result of the termination of employment with the Company or its subsidiaries and the administration of the Plan and this grant for any reason whatsoever insofar as those rights result or may result from:

(i) the loss or diminution in value of such rights under the Plan, or

(ii) Optionee ceasing to have any rights under, or ceasing to be entitled to any rights under the Plan as a result of such termination or administration.

(b) The Company has the right, at any time to amend, suspend or terminate the Plan. The Plan will not be deemed to constitute, and will not be construed by Optionee to constitute, part of the terms and conditions of employment, and that the Company will not incur any liability of

any kind to Optionee as a result of any change or amendment, or any cancellation, of the Plan at any time.

(c) The Optionee's employment with the Company and its Subsidiaries is not affected at all by any grant and it is agreed by the Optionee not to create an entitlement and will not be included in the Optionee's entitlement at common law for damages during any reasonable notice period. Accordingly, the terms of the Optionee's employment with the Company and its Subsidiaries will be determined from time to time by the Company or the Subsidiary employing the Optionee (as the case may be), and the Company or the Subsidiary will have the right, which is hereby expressly reserved, to terminate or change the terms of the employment of the Optionee at any time for any reason whatsoever, with or without good cause or notice, and to determine when Optionee is no longer providing ongoing service to the Company for purposes of administering Optionee's Option, except as may be expressly prohibited by the laws of the jurisdiction in which the Optionee is employed.

(d) The future value of the Shares is unknown and cannot be predicted with certainty.

(e) Choice of Language.

(i) For Employees of Canadian Locations: The undersigned agrees that it is his or her express wish that this form and all documents relating to his or her participation in the scheme be drawn in the English language only. Le soussigné convient que sa volonté expresse est que ce formulaire ainsi que tous les documents se rapportant à sa participation au régime soient rédigés en langue anglaise seulement.

(ii) For Employees of Locations Other than Canada: Optionee has received this Agreement and any other related communications and consents to having received these documents solely in English.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Optionee (or Optionee's estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

16. Administrator Authority. The Administrator has the power to interpret the Plan, the Notice of Grant and this Agreement and to adopt such rules for the administration, interpretation and

application thereof as are consistent therewith and to interpret or revoke any such rules. Any dispute regarding the interpretation of this Agreement will be submitted by Optionee or by the Company forthwith to the Administrator which will review such dispute at its next regular meeting. All actions taken and all interpretations and

determinations made by the Administrator in good faith will be final and binding upon Optionee, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, the Notice of Grant or this Agreement.

17. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be made in writing and deemed effective: (i) upon delivery when delivered in person; or (iii) when delivered by registered or certified mail, postage prepaid, return receipt requested, addressed to the Company at 2220 Lundy Avenue, San Jose, CA 95131, Attn: Stock Administrator, or at such other address as the Company may hereafter designate in writing or electronically.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

19. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

20. Modifications to the Agreement. This Agreement constitutes the entire understanding of the parties on the subjects covered. Optionee expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Optionee, to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection with this Option.

21. No Waiver. Either party’s failure to enforce any provision or provisions of this Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and will not constitute a waiver of either party’s right to assert all other legal remedies available to it under the circumstances.

**Exhibit A-1**

**QUICKLOGIC CORPORATION**
**2019 STOCK PLAN**
**STOCK OPTION EXERCISE FORM**

***Your completed form should be returned by fax or mail to: Stock Administration. Phone: (408) 990-4120.***
***Fax: (408) 990-4276. Incomplete forms may cause a delay in processing/receipt of funds.***

**Date:** ______________ **Country in Which You Work:** ______________ **Dept. #:** ______________________ **Emp. ID:** ________________

**Name:** ________________________________________ **SS#:** ________________________________ **Work Phone:** ____________________________

**Home Address:** ________________________________________________________________________
**(Number and Street)**

________________________________________________________________________
**(City, State, Zip Code/Postal Code, Country)**

1. **I hereby elect to exercise the following stock option(s):**

| Grant # | Grant Date | Grant Type (ISO/NQ) | Grant Price Per Share | # of Shares to Exercise | Amount Due For Stock | Amount Due For Taxes ** |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | **TOTALS** | ________ | ________ | ________ |

2. **Method of Exercise (Please Check One):**

**_______Cash Exercise (Exercise-and-Hold)**
**_______Same-Day-Sale (Exercise and sell all shares)**

***It is your responsibility to contact a broker to sell your stock option shares.***
***Stock Administration will not contact a broker for you.***

****Tax Due: (U.S. employees ONLY)** ***For NQ option exercise - We are required to collect Federal Income Tax, Applicable State Income Tax, Medicare, Social Security, and SDI.***

3. **Please deliver all shares to: (If shares are to be delivered to a broker, you must establish an account prior to delivery.)**

_____ **Broker Name:** ______________________ **Acct.#:** ______________________

**Broker DTC#:** ______________________ **Broker Phone:** ______________________

**______ Mail stock certificate to my home address as listed above (make sure the address is legible.)**

4. **I understand that Stock Administration will not process my exercise until all information has been provided.**

**I understand that I should read a current copy of the Company's Prospectus prior to making any investment; and that, if necessary, I can contact the Company directly to obtain one.**

**I understand that, if I am an officer or director of the Company, I may be subject to additional requirements under Federal securities regulation which pertain to this type of transaction.**

______________________________ ______________________________
**Signature** **Print Name**

EXHIBIT 10.15

# QUICKLOGIC CORPORATION

## 2019 STOCK PLAN

## NOTICE OF GRANT OF RESTRICTED STOCK UNITS

Unless otherwise defined herein, the terms defined in the 2019 Stock Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Restricted Stock Units (the "Notice of Grant") and the Restricted Stock Unit Agreement, attached hereto as Exhibit A (the "Restricted Stock Unit Agreement" or "Agreement").

**Grantee:** **%%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%**

**Address:** **%%ADDRESS_LINE_1%-%**
**%%ADDRESS_LINE_2%-%**
**%%ADDRESS_LINE_3%-%**

**%%CITY%-%, %%STATE%-% %%COUNTRY%-% %%ZIPCODE%-%**

Grantee has been granted the right to receive an award of Restricted Stock Units ("RSUs"), subject to the terms and conditions of the Plan and the Agreement, as follows:

Grant Number %%OPTION_NUMBER%-%

Date of Grant %%OPTION_DATE,'MM/DD/YYYY'%-%

Vesting Commencement Date %%VEST_BASE_DATE,'MM/DD/YYYY'%-%

Number of Restricted Stock Units %%TOTAL_SHARES_GRANTED,'999,999,999'%-%

Vesting Schedule:

A Grantee vests in the RSUs in accordance with the following vesting schedule, so long as a Vesting Cessation Date (as defined herein) has not yet occurred:

This RSU will vest, in whole or in part, according to the following vesting schedule:

_X_ Scheduled 25% then bi-annual vesting over four years. 25% of the RSUs shall vest on the one-year anniversary of the grant date and one eighth (1/8th) of the RSUs shall vest every six months thereafter, subject to the individual's continued employment with the Company.

Term of Service Vesting RSUs. Service vesting RSUs shall automatically expire, to the extent then unvested, on the Vesting Cessation Date. RSUs which expire shall automatically become void and without further effect. In such event, the underlying Shares shall be returned to the Plan.

The maximum term of a RSU is ten (10) years.

The Restricted Stock Unit Agreement included as Exhibit A and the Plan are incorporated herein by reference. The Plan, Restricted Stock Unit Agreement and this Notice of Grant constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and Grantee. The Company will administer the Plan from the United States of America, and any disputes will be settled in the U.S. according to U.S. law. This Notice of Grant, Restricted Stock Unit Agreement, Plan and all awards are governed by the internal substantive laws, but not the choice of law principles, of the State of California, United States of America.

By Grantee's signature, Grantee agrees that this award is granted under and governed by the terms and conditions of the Plan, the Restricted Stock Unit Agreement and this Notice of Grant. Grantee has reviewed the Plan, the Restricted Stock Unit Agreement and this Notice of Grant in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Plan, the Restricted Stock Unit Agreement and this Notice of Grant. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan, the Restricted Stock Unit Agreement and this Notice of Grant.

**GRANTEE** **QUICKLOGIC CORPORATION**

| | |
|---|---|
| ______________________________<br>Signature | By:________________________________ |
| ______________________________<br>Print Name | Title:________________________________ |
| Date:_________________________ | Date:________________________________ |

**GRANTEE ADDRESS:**

**BENEFICIARY:**

Print Name

Date: ___________________________

*Consent of spouse required if beneficiary is someone other than spouse*

Signature:

Print Name:

Date:

**EXHIBIT A**

**RESTRICTED STOCK UNIT AGREEMENT**

1. Grant of Restricted Stock Units. The Company hereby grants to the Grantee named in the Notice of Grant under the Plan an award of Restricted Stock Units ("RSUs"), subject to all of the terms and conditions in this Restricted Stock Unit Agreement and the Plan, which is incorporated herein by reference. Subject to Section 16(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation. Each RSU represents the right to receive a Share in accordance with the vesting schedule in the attached Notice of Grant. Unless and until the RSUs vest, the Grantee will have no right to receive Shares underlying such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting Schedule. Subject to paragraph 4 of this Agreement, the RSUs awarded by this Agreement will vest and all restrictions lapse according to the vesting schedule specified in the Notice of Grant.

4. Forfeiture upon Termination as a Service Provider. Notwithstanding any contrary provision of this Agreement or the Notice of Grant, if the RSU expires for any or no reason prior to vesting, the unvested RSUs awarded by the Notice of Grant and this Agreement will thereupon be forfeited at no cost to the Company.

5. Payment after Vesting. Any RSUs that vest in accordance with paragraph 3 of this Agreement will be paid to the Grantee (or in the event of the Grantee's death, to Grantee's estate) in Shares, provided that to the extent determined appropriate by the Company, any federal, state and local withholding taxes, fringe benefit tax ("FBT") or National Insurance Contribution ("NIC") tax with respect to such RSUs will be paid by the Grantee in the manner allowed by the Company.

6. Tax Withholding and Consequences. Regardless of any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding, FBT or NIC paid or payable in respect of the grant, vesting, release, cancellation, transfer of the RSUs or issuance of the related Shares ("Tax-Related Items"), Grantee acknowledges that the ultimate liability for all Tax-Related Items legally due by Grantee are and remain Grantee's responsibility and that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant, vesting or delivery of RSUs or related Shares, the subsequent sale of Shares and/or the receipt of any dividends; and (b) does not commit to structure the terms of a RSU grant to reduce or eliminate Grantee's liability for Tax-Related Items. Set forth below is a brief summary as of the date of grant of this Restricted Stock Unit Agreement of some of the United States federal tax consequences of vesting of this RSU and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE.

As the RSUs vest, Grantee will immediately recognize compensation income in an amount equal to the Fair Market Value of the vesting Shares (the "Vest Date Fair Market Value") if Grantee is a U.S taxpayer. If Grantee is a non-U.S. taxpayer, Grantee will be subject to applicable taxes in Grantee's jurisdiction.

If Grantee is an Employee or former Employee, the Vest Date Fair Market Value will be subject to tax withholding by the Company, and the Company will generally be entitled to a tax deduction in the amount at the time the Grantee recognizes ordinary income with respect to a Restricted Stock Unit Agreement.

7. Tax Obligations. Grantee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Grantee) in accordance with the procedures offered by the Company for the satisfaction of all federal, state, local and foreign income and employment tax withholding requirements, FBT and NIC applicable to the grant, vesting or issuance of Shares pursuant to an award of RSUs. Grantee also agrees to reimburse or pay the Company (including its subsidiaries) in full, any liability that the Company incurs towards any FBT or NIC paid or payable in respect of the grant, vesting, release, cancellation, transfer or delivery of the RSU or related Shares, within the time and in the manner prescribed by the Company. The Administrator may in its sole discretion determine amounts and whether the withholding taxes and/or FBT and/or NIC with respect to such RSUs and related Shares will be paid by cash, selling a portion of vested shares, electing to have the Company withhold otherwise deliverable Shares having a value equal to the minimum amount statutorily required to be withheld, selling a sufficient number of such Shares otherwise deliverable to Grantee through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) having a Fair Market Value equal to the amount required, by directing a portion of the proceeds to the Company, by payroll withholding, by delivering already vested and owned Shares to the Company, by delivering net shares, by direct payment from the Grantee to the Company, by some other method, or by some combination thereof. Grantee agrees to execute any additional documents requested by the Company for such reimbursement of such taxes to the Company.

Grantee grants to the Company the irrevocable authority, as agent of Grantee and on Grantee's behalf, to sell or procure the sale of sufficient Shares subject to this award of RSUs so that the net proceeds receivable by the Company are as far as possible equal to but not less than the amount of any withholding tax, FBT or NIC the Grantee is liable for (including pursuant to the preceding paragraph) and the Company will account to Grantee for any balance.

Grantee acknowledges and agrees that the Company may refuse to deliver Shares if Grantee has not made appropriate arrangements with the Company to satisfy tax withholding requirements, FBT or NIC.

8. No Guarantee of Continued Service. GRANTEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF RSUs PURSUANT TO THE NOTICE OF GRANT OF RSUs HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED). GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE

TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE WITH GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE GRANTEE'S SERVICE PROVIDER STATUS AT ANY TIME, WITH OR WITHOUT CAUSE, EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW. ACCORDINGLY, GRANTEE DOES NOT HAVE ANY ENTITLEMENT TO A RSU IF GRANTEE RESIGNS OR IF THERE IS A VESTING CESSATION DATE FOR ANY REASON PRIOR TO THE DATE THAT THE RSU VESTS.

9. Data Privacy. By accepting this Restricted Stock Unit Agreement or any Shares upon vesting thereof, Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in this document by and among, as applicable, the Company, its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan. For the purpose of implementing, administering and managing the Plan, Grantee understands that the Company holds certain personal information about Grantee, including, but not limited to, Grantee's name, home address and telephone number, date of birth, Tax ID or other identification number, salary, nationality, job title, any equity or directorships held in the Company, details of all equity awards or any entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor, for the purpose of implementing, administering and managing the Plan ("Data"). Grantee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Grantee's country or elsewhere. The Company, as a global company, may transfer Grantee's personal data to countries that may not provide an adequate level of protection. The Company, however, is committed to providing a suitable and consistent level of protection for Grantee's personal data regardless of the country in which it resides. Grantee understands that Grantee may request information regarding the Company's stock plan administration by contacting Human Resources, the Chief Financial Officer or their designee. Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Grantee deposits any Shares issued at vesting or other scheduled payout. Grantee understands that Data will be held as long as is necessary to implement, administer and manage the Plan. Grantee understands that Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Human Resources or the Chief Financial Officer. Grantee understands, however, that refusing or withdrawing Grantee's consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that he or she may contact Human Resources, the Chief Financial Officer or their designee.

10. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the award of RSUs or issuance of Shares and participation in the Plan or future Restricted Stock Unit Agreements that may be awarded under the Plan by electronic means or to

request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

11. Payments after Death. Any distribution or delivery to be made to the Grantee under this Agreement will, if the Grantee is then deceased, be made to the administrator or executor of the Grantee's estate or, if none, to the persons entitled to received such distribution or delivery under the Grantee's will or the laws of descent or distribution. Any such recipient must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

12. Grant is Not Transferable. Except to the limited extent provided in paragraph 11 of this Agreement, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

13. Rights as Stockholder. Neither the Grantee nor any person claiming under or through the Grantee will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Grantee or Grantee's broker or had the Shares electronically transferred to Grantee's account.

14. Acknowledgments. The Grantee expressly acknowledges the following:

(a) The Company (whether or not Grantee's employer) is granting the award of RSUs. That the grant of the award, future grants of awards, and benefits and rights provided under the Plan are at the complete discretion of the Company and do not constitute regular or periodic payments, or remuneration under the terms of employment. No grant of awards will be deemed to create any obligation to grant any further awards, whether or not such a reservation is explicitly stated at the time of such a grant. The benefits and rights provided under the Plan are not to be considered part of Grantee's salary or total compensation for purposes of determining Grantee's entitlement upon termination and will not be included for purposes of calculating any severance, resignation, termination, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, life insurance, 401(k) profit sharing or any other payments, benefits or rights of any kind. Grantee waives any and all rights to compensation or damages as a result of the termination of employment with the Company or its subsidiaries and the administration of the Plan and this grant for any reason whatsoever insofar as those rights result or may result from:

(i) the loss or diminution in value of such rights under the Plan, or

(ii) Grantee ceasing to have any rights under, or ceasing to be entitled to any rights under the Plan as a result of such termination or administration.

(b)The Company has the right, at any time to amend, suspend or terminate the Plan. The Plan will not be deemed to constitute, and will not be construed by Grantee to constitute, part of the terms and conditions of employment, and that the Company will not incur any liability of any kind to Grantee as a result of any change or amendment, or any cancellation, of the Plan at any time.

(c) The Grantee's employment with the Company and its Subsidiaries is not affected at all by any award and it is agreed by the Grantee not to create an entitlement and will not be included in the Grantee's entitlement at common law for damages during any reasonable notice period. Accordingly, the terms of the Grantee's employment with the Company and its Subsidiaries will be determined from time to time by the Company or the Subsidiary employing the Grantee (as the case may be), and the Company or the Subsidiary will have the right, which is hereby expressly reserved, to terminate or change the terms of the employment of the Grantee at any time for any reason whatsoever, with or without good cause or notice, and to determine when Grantee is no longer providing ongoing service to the Company for purposes of administering Grantee's grant of RSUs, except as may be expressly prohibited by the laws of the jurisdiction in which the Grantee is employed.

(d) The future value of the Shares is unknown and cannot be predicted with certainty.

(e) Choice of Language.

(i) For Employees of Canadian Locations: The undersigned agrees that it is his or her express wish that this form and all documents relating to his or her participation in the scheme be drawn in the English language only. Le soussigné convient que sa volonté expresse est que ce formulaire ainsi que tous les documents se rapportant à sa participation au régime soient rédigés en langue anglaise seulement.

(ii) For Employees of Locations Other than Canada: Grantee has received this Agreement and any other related communications and consents to having received these documents solely in English.

15. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

16. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Grantee (or Grantee's estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not

acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

17. Administrator Authority. The Administrator has the power to interpret the Plan, the Notice of Grant and this Agreement and to adopt such rules for the administration, interpretation and application thereof as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). Any dispute regarding the interpretation of this Agreement will be submitted by Grantee or by the Company forthwith to the Administrator which will review such dispute at its next regular meeting. All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Grantee, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, the Notice of Grant or this Agreement.

18. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be made in writing and deemed effective: (i) upon delivery when delivered in person; or (iii) when delivered by registered or certified mail, postage prepaid, return receipt requested, addressed to the Company at 1277 Orleans Drive, Sunnyvale, CA 94089, Attn: Stock Administrator, or at such other address as the Company may hereafter designate in writing or electronically.

19. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

20. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

21. Modifications to the Agreement. This Agreement constitutes the entire understanding of the parties on the subjects covered. Grantee expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Grantee, to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this award of RSUs.

22. No Waiver. Either party's failure to enforce any provision or provisions of this Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and will not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

**Exhibit 10.16**

**QUICKLOGIC CORPORATION**

**2019 STOCK PLAN**

**NOTICE OF GRANT OF STOCK PURCHASE RIGHT**

Unless otherwise defined herein, the terms defined in the 2019 Stock Plan (the "Plan") will have the same defined meanings in this Notice of Grant of Stock Purchase Right and the Restricted Stock Purchase Agreement, attached hereto as Exhibit A (the "Restricted Stock Purchase Agreement" or "Agreement").

QuickLogic Corporation is pleased to inform you that you, the undersigned Purchaser, have been granted a right to purchase Restricted Stock (hereinafter referred to as the "Shares") of the Company, subject to the terms and conditions of the Plan and this Agreement, as follows:

**Purchaser:**
**Grant Number:**
**Date of Grant:**
**Expiration Date:**
**Vesting Commencement Date:**
**Exercise Price, per Share:**
**Number of Shares Granted:**

**Vesting Schedule (Check one):**

Exercise and Vesting Schedule: This grant is exercisable immediately, in whole or in part, and the Restricted Stock shall vest according to the following vesting schedule. Purchaser will generally be taxed when the Restricted Stock vests and the Company's repurchase option has lapsed. The Restricted Stock is intended (but not guaranteed) to vest in an open trading window under the Company's insider trading policy. This should help enable the Purchaser to sell a portion of the delivered shares to cover the Purchaser's tax obligations. If the trading window is closed on a scheduled vesting date, vesting of the Restricted Stock will be delayed until the trading window is open. A Purchaser vests in the Restricted Stock in accordance with the following vesting schedule, so long as a Vesting Cessation Date has not yet occurred:

25% of the shares will vest on the first open trading day under the Company's insider trading policy occurring on or after the one year anniversary of the Vesting Commencement Date; thereafter, 1/16 of the Shares will vest on the first open trading day under the Company's insider trading policy on or after each successive quarter following the first anniversary, so as to be 100% vested on the first open trading day on or after the fourth anniversary of the Vesting Commencement Date.

25% of the shares are scheduled to vest on the first open trading day under the Company's insider trading policy on or after each quarter following the Vesting Commencement Date, so as to be 100% vested on the first open trading day on or after the first anniversary of the Vesting Commencement Date.

The shares are immediately vested upon grant.

Other:

In no event shall the Shares vest after the 10th anniversary of the Date of Grant.

For instance, assume a Purchaser received a stock purchase right to acquire 160 shares on 2/15/06 under scheduled vesting date alternative 1, and that the Purchaser exercised the purchase right. If the trading window under the Company's insider trading policy is open on 2/15/07, 5/15/07 and 8/15/07, the Purchaser would vest 40

shares on 2/15/07, 10 shares on 5/15/07 and 10 shares on 8/15/07. If the trading window was closed 3/1/07 and reopened 8/20/07, the Purchaser would vest 40 shares on 2/15/07 and 20 shares on 8/20/07.

In these examples, if the Purchaser ceased providing services to the Company as a director, employee or consultant on 6/1/07, the individual would have vested in 50 shares in the open trading window scenario, and in 40 shares under the closed trading window scenario.

YOU MUST EXERCISE THIS STOCK PURCHASE RIGHT BEFORE THE EXPIRATION DATE OR IT WILL TERMINATE AND YOU WILL HAVE NO FURTHER RIGHT TO PURCHASE THE SHARES.

Non-Transferability of Stock Purchase Right. This Stock Purchase Right may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Purchaser only by Purchaser. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Stock Purchase Right or the unreleased shares, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this right and the rights and privileges conferred hereby immediately will become null and void. The terms of the Restricted Stock Purchase Agreement, Plan and Notice of Grant of Stock Purchase Right will be binding upon the executors, administrators, heirs, successors and assigns of the Purchaser.

Termination of Relationship as a Service Provider or Provision of Notice of Employment Termination; Vesting Cessation Date. If Purchaser (i) ceases to provide ongoing service as a Service Provider (for any reason and regardless of any appropriate court finding such termination unfair or irregular on any basis whatsoever), or (ii) the Purchaser is provided with notice of termination of employment (for any reason and regardless of any appropriate court finding the related termination unfair or irregular on any basis whatsoever) and ceases to provide ongoing service during the notice period, the Company will, in the period commencing (a) on the earlier of the date of such cessation as a Service Provider or the last date of ongoing service after receiving a notice of termination of employment, or (b) such later date as required by Applicable

Law (the earlier of these dates or such later date required by Applicable Law is referred to herein as the “Vesting Cessation Date”, as reasonably fixed and determined by the Administrator) and ending three months later, have an irrevocable, exclusive option to repurchase up to that number of Shares which constitute the Unreleased Shares (as defined in Section 4) at the original Exercise Price per share (the “Repurchase Price”) (the “Repurchase Option”). At the sole discretion of Company, subject to Applicable Law, Purchaser may be paid a lump sum for their cash compensation in lieu of notice.

The Restricted Stock Purchase Agreement (including exhibits A-1 to A-3) and the Plan are incorporated herein by reference. This Notice of Grant, the Plan and Restricted Stock Purchase Agreement (including exhibits A-1 to A-3 referenced therein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser’s interest except by means of an express written contract signed by the Company and Purchaser. The Company will administer the Plan from the United States of America, and any disputes will be settled in the U.S. according to U.S. law. This Notice of Grant of Stock Purchase Right, Restricted Stock Purchase Agreement (including exhibits A-1 to A-3), Plan and all awards are governed by the internal substantive laws, but not the choice of law principles, of the State of California, United States of America. Notwithstanding anything to the contrary in the Plan or the Agreement (including exhibits A-1 to A-3), the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without Purchaser’s consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A prior to the actual issuance of Restricted Stock or prior to the lapse of repurchase rights under this Agreement.

By Purchaser’s signature and the signature of the Company’s representative below, Purchaser and the Company agree that this Stock Purchase Right is granted under and governed by the terms and conditions of the Plan, the Restricted Stock Purchase Agreement (including exhibits A-1 to A-3) and this Notice of Grant of Stock Purchase Right. Purchaser has reviewed the Plan, the Restricted Stock Purchase Agreement (including exhibits A-1 to A-3) and this Notice of Grant of Stock Purchase Right, has had an opportunity to obtain the advice of counsel

---

prior to executing this Agreement and fully understands all provisions of the Plan, the Restricted Stock Purchase Agreement (including exhibits A-1 to A-3) and this Notice of Grant of Stock Purchase Right. Purchaser agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan, the Restricted Stock Purchase Agreement (including exhibits A-1 to A-3) and this Notice of Grant of Stock Purchase Right. Purchaser further agrees to notify the Company upon any change in the residence indicated in the Notice of Grant of Stock Purchase Right.

| **PURCHASER** | | **QUICKLOGIC CORPORATION** | |
|---|---|---|---|
| ______________________ | | By: | ______________________ |
| Signature | | | |
| ______________________ | | Title: | ______________________ |
| Print Name | | | |
| Date: | ______________________ | Date: | ______________________ |

**PURCHASER ADDRESS:**

______________________

______________________

**BENEFICIARY:**

______________________

Print Name

Date: ______________________

*Consent of spouse required if beneficiary is someone other than spouse:*

Signature: ______________________

Print Name: ______________________

Date: ______________________

Please return this Notice of Grant of Stock Purchase Right, Assignment Separate from Certificate, and Joint Escrow Instructions to the Stock Administrator of the Company.

**EXHIBIT A**

**RESTRICTED STOCK PURCHASE AGREEMENT**

1. Sale of Stock. The Company hereby agrees to sell to the individual named in the Notice of Grant of Stock Purchase Right (the “Purchaser”), and the Purchaser hereby agrees to purchase the number of Shares set forth in the Notice of Grant of Stock Purchase Right, at the exercise price per share set forth in the Notice of Grant of Stock Purchase Right (the “Exercise Price”), and subject to the terms and conditions of the Plan, which is

incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan will prevail.

2. Payment of Purchase Price. Upon exercise of the Stock Purchase Right, Purchaser shall deliver to the Company the aggregate Exercise Price for the Shares by cash or check, together with any and all withholding taxes due in connection with the purchase of the Shares.

3. Repurchase Option.

(a) The Repurchase Option may be exercised by the Company by delivering written notice to the Purchaser or the Purchaser's executor (with a copy to the Escrow Holder (as defined in Section 7)) AND, at the Company's option, (i) by delivering to the Purchaser or the Purchaser's executor a check in the amount of the aggregate Repurchase Price, or (ii) by the Company canceling an amount of the Purchaser's indebtedness to the Company equal to the aggregate Repurchase Price, or (iii) by a combination of (i) and (ii) so that the combined payment and cancellation of indebtedness equals such aggregate Repurchase Price. Upon delivery of such notice and the payment of the aggregate Repurchase Price in any of the ways described above, the Company will become the legal and beneficial owner of the Unreleased Shares being repurchased and all rights and interests therein or relating thereto, and the Company will have the right to retain and transfer to its own name the number of Unreleased Shares being repurchased by the Company.

(b) If no cash consideration was used to pay for the Restricted Stock (for example, if the Shares were purchased by prior Service), the Repurchase Option will be exercised by the Company by delivering written notice to the Purchaser or the Purchaser's executor (with a copy to the Escrow Holder (as defined in Section 7)). Upon delivery of such notice, the Company will become the legal and beneficial owner of the Unreleased Shares being repurchased and all rights and interests therein or relating thereto, and the Company will have the right to retain and transfer to its own name the number of Unreleased Shares being repurchased by the Company.

(c) Whenever the Company will have the right to repurchase the Unreleased Shares hereunder, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations to exercise all or a part of the Company's Repurchase Option to purchase all or a part of the Unreleased Shares. If the Fair Market Value of the Unreleased Shares to be repurchased on the date of such designation or assignment (the "Repurchase FMV") exceeds the aggregate Repurchase Price of the

Unreleased Shares, then the Administrator may require each such designee or assignee to pay the Company cash equal to the difference between the Repurchase FMV and the aggregate Repurchase Price of Unreleased Shares to be purchased.

(d) If the Company or its assignee does not elect to exercise the Repurchase Option conferred above by giving the requisite notice within three (3) months following Purchaser's Vesting Cessation Date, the Repurchase Option will terminate.

4. Release of Shares From Repurchase Option.

(a) The Repurchase Option shall lapse as the Shares vest, as set forth in the Notice of Grant of Stock Purchase Right, or any other duly authorized written agreement between Company and Purchaser.

(b) Any of the Shares which have not yet been released from the Company's Repurchase Option are referred to herein as "Unreleased Shares".

(c) The Shares which have been released from the Company's Repurchase Option will be delivered to the Purchaser at the Purchaser's request (see Section 7).

5. Payment after Vesting. Any Restricted Stock that vests in accordance with the Notice of Grant of Stock Purchase Right will be released from escrow to Purchaser (or in the event of the Purchaser's death, to Purchaser's estate), provided that to the extent determined appropriate by the Company, any federal, state and local

withholding taxes, fringe benefit tax ("FBT") or National Insurance Contribution ("NIC") tax with respect to such Restricted Stock will be paid by the Purchaser in the manner allowed by the Company.

6. Restriction on Transfer. Except for the escrow described in Section 7 or transfer of the Shares to the Company or its assignees contemplated by this Agreement, none of the Shares or any beneficial interest therein will be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process, encumbered or otherwise disposed of in any way until the release of such Shares from the Company's Repurchase Option in accordance with the provisions of this Agreement, other than by will or the laws of descent and distribution. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

7. Escrow of Shares.

(a) To ensure the availability for delivery of the Purchaser's Unreleased Shares upon exercise of the Repurchase Option by the Company, the Purchaser will, upon exercise of the Stock Purchase Right, deliver and deposit with an escrow holder designated by the Company (the "Escrow Holder") the share certificates representing the Unreleased Shares, together with the Assignment Separate from Certificate (the "Stock Assignment") duly endorsed in blank, attached hereto as Exhibit A-1. The Unreleased Shares and Stock Assignment will be

held by the Escrow Holder, pursuant to the Joint Escrow Instructions of the Company and Purchaser attached as Exhibit A-2 hereto, until such time as the Company's Repurchase Option expires.

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Unreleased Shares in escrow and while acting in good faith and in the exercise of its judgment.

(c) If the Company or any assignee exercises its Repurchase Option hereunder, the Escrow Holder, upon receipt of written notice of such option exercise from the proposed transferee, will take all steps necessary to accomplish such transfer.

(d) When the Repurchase Option has been exercised or expires unexercised or a portion of the Shares has been released from such Repurchase Option, upon Purchaser's request the Escrow Holder will promptly cause a new certificate to be issued for such released Shares and will deliver such certificate to the Company or the Purchaser, as the case may be.

(e) Subject to the terms hereof, once the Stock Purchase Right is exercised, the Purchaser will have all the rights of a shareholder, and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company, including without limitation, the right to vote the Shares and receive any cash dividends declared thereon. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Repurchase Right is exercised, except as provided in Section 14 of the Plan. If, from time to time during the term of the Company's Repurchase Option, there is (i) any stock dividend, stock split or other change in the Shares, or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company, any and all new, substituted or additional securities to which the Purchaser is entitled by reason of the Purchaser's ownership of the Shares will be immediately subject to this escrow, deposited with the Escrow Holder and included thereafter as "Shares" for purposes of this Agreement and the Company's Repurchase Option, in an amount proportional to the Unreleased Shares.

8. Restrictive Legends; Stop-Transfer Orders; Refusal to Transfer.

(a) Purchaser understands and agrees that the Company will cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares

together with any other legends that may be required by the Company or by applicable state or federal securities laws:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A REPURCHASE OPTION HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE RESTRICTED STOCK PURCHASE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS, RIGHT OF FIRST REFUSAL AND

REPURCHASE OPTION ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Purchaser agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares will have been so transferred.

9. Tax Withholding and Consequences. Regardless of any action the Company takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding, fringe benefit tax ("FBT") or National Insurance Contribution ("NIC") relating to the grant, vesting, release, cancellation or transfer of the related Shares ("Tax-Related Items"), Purchaser acknowledges that the ultimate liability for all Tax-Related Items legally due by Purchaser are and remain Purchaser's responsibility and that the Company (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant of Restricted Stock, including the grant of a Stock Purchase Right, vesting and lapse of repurchase rights, the subsequent sale of shares and/or the receipt of any dividends; and (ii) do not commit to structure the terms of the grant of a Stock Purchase Right or the terms of underlying Restricted Stock to reduce or eliminate Purchaser's liability for Tax-Related Items.

Purchaser agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Purchaser) in accordance with the procedures offered by the Company for the satisfaction of all federal, state, local and foreign income and employment tax withholding requirements, FBT or NIC tax applicable to the grant, vesting or delivery of Shares pursuant to this award of Stock Purchase Rights. Purchaser also agrees to reimburse or pay the Company (including its Subsidiaries) in full, any liability that the Company incurs towards any FBT or NIC paid or payable in respect of the grant, vesting, release, cancellation, transfer or delivery of the Shares, within the time and in the manner prescribed by the Company. The Administrator may in its sole discretion determine amounts and whether the withholding taxes and/or FBT and/or NIC with respect to such Shares will be paid by cash, selling a portion of vested shares, electing to have the Company withhold otherwise deliverable Shares having a value equal to the minimum amount statutorily required to be withheld, selling a sufficient number of such Shares otherwise deliverable to Purchaser through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) having a Fair Market Value equal to the amount required, by directing of a portion of the proceeds to the Company, by payroll withholding, by delivering already vested and owned Shares to the Company, by delivering net shares, by direct payment from the Purchaser to the Company, by some other method, or by some combination thereof. Purchaser agrees to execute any additional documents requested by the Company for such reimbursement of such taxes to the Company.

Purchaser grants to the Company the irrevocable authority, as agent of Purchaser and on Purchaser's behalf, to sell or procure the sale of sufficient Shares subject to this award of Stock Purchase Rights so that the net proceeds receivable by the Company are as far as possible equal to but not less than the amount of any withholding

tax, FBT or NIC the Purchaser is liable for (including pursuant to the preceding paragraph) and the Company will account to Purchaser for any balance.

Purchaser acknowledges and agrees that the Company may refuse to deliver Shares if Purchaser has not made appropriate arrangements with the Company to satisfy tax withholding requirements, FBT or NIC.

Set forth below is a brief summary as of the date of grant of this Stock Purchase Right of some of the federal tax consequences of exercise of this Stock Purchase Right and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE.

As the Company's repurchase right lapses, Purchaser will immediately recognize compensation income in an amount equal to the difference between the Fair Market Value of the stock at the time the Company's repurchase right lapses and the amount paid for the stock, if any (the "Spread"), if you are a U.S taxpayer. If you are a non-U.S. taxpayer, you will be subject to applicable taxes in your jurisdiction.

Alternatively, for U.S. taxpayers the Spread on all of the Shares will be recognized by Purchaser in connection with the exercise of the stock purchase right for shares subject to the Repurchase Option, if an election under Section 83(b) of the Code is filed with the Internal Revenue Service within thirty (30) days of the date of exercise of the right to purchase stock. The form for making this election is attached as Exhibit A-3 hereto.

If Purchaser is an Employee or former Employee, the Spread will be subject to tax withholding by the Company, and the Company will be entitled to a tax deduction in the amount at the time the Purchaser recognizes ordinary income with respect to a Stock Purchase Right. Purchaser agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Purchaser) for the satisfaction of all federal, state, and local income and employment tax withholding requirements applicable to the purchase of Shares or the lapse of repurchase rights hereunder. Purchaser acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of purchase.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit the Purchaser to satisfy such tax withholding obligation, in whole or in part by one or more of the following (without limitation): (i) paying cash, (ii) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the minimum amount statutorily required to be withheld, (iii) electing to have the Company withhold otherwise deliverable Shares having a value equal to the minimum amount statutorily required to be withheld, or (iv) selling a sufficient number of such Shares otherwise deliverable to Purchaser through such means as the Company may determine in its sole discretion (whether through a

broker or otherwise) having a Fair Market Value equal to the minimum amount required to be withheld.

PURCHASER ACKNOWLEDGES THAT IT IS THE PURCHASER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF THE PURCHASER REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE PURCHASER'S BEHALF.

10. No Guarantee of Continued Service. PURCHASER ACKNOWLEDGES AND AGREES THAT THE RELEASE OF SHARES FROM THE REPURCHASE OPTION OF THE COMPANY PURSUANT TO SECTION 4 HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED OR PURCHASING SHARES HEREUNDER). PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE WITH PURCHASER'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE PURCHASER'S CONTINUOUS STATUS AT ANY TIME, WITH OR WITHOUT CAUSE, EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW. ACCORDINGLY, PURCHASER DOES NOT HAVE ANY

ENTITLEMENT TO THE UNDERLYING SHARES IF PURCHASER RESIGNS OR IF THERE IS A VESTING CESSATION DATE FOR ANY REASON PRIOR TO THE DATE THAT THE RESTRICTED STOCK VESTS.

(a) Nature of Grant. In accepting the offer to acquire Shares, Purchaser acknowledges that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (b) the grant of a Stock Purchase Right and Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of Stock Purchase Rights or Restricted Stock, or benefits in lieu of such grants even if such awards have been granted repeatedly in the past; (c) all decisions with respect to future Stock Purchase Rights, if any, will be at the sole discretion of the Company; (d) Purchaser is voluntarily participating in the Plan; (e) the grant of Stock Purchase Rights and Restricted Stock is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company; (f) the Stock Purchase Right and Restricted Stock are not part of normal or expected compensation or salary for any purposes, including, but not limited to, resignation, termination, redundancy, bonuses, long-service awards, pension or retirement benefits, life insurance, 401(k) profit sharing or similar payments; (g) the future value of the Shares is unknown and cannot be predicted with certainty; and (h) that the Company will have the exclusive discretion to determine when Purchaser is no longer providing ongoing service to the Company for purposes of administering Purchaser’s grant of Stock Purchase Rights or Restricted Stock.

(b) Data Privacy. By accepting this Stock Purchase Right or any Restricted Stock in payment thereof, Purchaser explicitly and unambiguously consents to the collection, use

and transfer, in electronic or other form, of Purchaser’s personal data as described in this document by and among, as applicable, the Company, its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing Purchaser’s participation in the Plan. For the purpose of implementing, administering and managing the Plan, Purchaser understands that the Company holds certain personal information about Purchaser, including, but not limited to, Purchaser’s name, home address and telephone number, date of birth, Tax ID or other identification number, salary, nationality, job title, any equity or directorships held in the Company, details of all equity awards or any entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Purchaser’s favor, for the purpose of implementing, administering and managing the Plan (“Data”). Purchaser understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Purchaser’s country or elsewhere. The Company, as a global company, may transfer Purchaser’s personal data to countries which may not provide an adequate level of protection. The Company, however, is committed to providing a suitable and consistent level of protection for Purchaser’s personal data regardless of the country in which it resides. Purchaser understands that he or she may request information regarding the Company’s stock plan administration by contacting Human Resources, the Chief Financial Officer or their designee. Purchaser authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Purchaser’s participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Purchaser deposits any Shares issued at vesting or other scheduled payout. Purchaser understands that Data will be held as long as is necessary to implement, administer and manage the Plan. Purchaser understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Human Resources or the Chief Financial Officer. Purchaser understands, however, that refusing or withdrawing his or her consent may affect Purchaser’s ability to participate in the Plan. For more information on the consequences of Purchaser’s refusal to consent or withdrawal of consent, Purchaser understands that he or she may contact Human Resources, the Chief Financial Officer or their designee.

(c) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the award of Stock Purchase Rights or issuance of Restricted Stock and participation in the Plan or future Stock Purchase Rights or Restricted Stock that may be awarded under the Plan by electronic means or to request Purchaser’s consent to participate in the Plan by electronic means. Purchaser hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

---

(d) Value of Shares. The future value of the Shares is unknown and cannot be predicted with certainty.

(e) Choice of Language.

(i) For Employees of Canadian Locations: The undersigned agrees that it is his or her express wish that this form and all documents relating to his or her participation in the scheme be drawn in the English language only. Le soussigné convient que sa volonté expresse est que ce formulaire ainsi que tous les documents se rapportant à sa participation au régime soient rédigés en langue anglaise seulement.

(ii) For Employees of Locations Other than Canada: Purchaser has received this Agreement and any other related communications and consents to having received these documents solely in English.

11. Notices. Any notice, demand or request required or permitted to be given by either the Company or the Purchaser pursuant to the terms of this Agreement will be in writing and will be deemed given when delivered personally or deposited in the U.S. mail, First Class with postage prepaid, and addressed to the parties at the addresses of the parties set forth at the end of this Agreement or such other address as a party may request by notifying the other in writing, or when delivered electronically pursuant to Section 9(c).

Any notice to the Escrow Holder will be sent to the Company's address with a copy to the other party not sending the notice.

12. No Waiver. Either party's failure to enforce any provision or provisions of this Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and will not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

13. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement will be binding upon Purchaser and his or her heirs, executors, administrators, successors and assigns.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Purchaser (or Purchaser's estate) or the release from escrow, such issuance or release from escrow will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

16. Administrator Authority. The Administrator has the power to interpret the Plan, the Notice of Grant and this Agreement and to adopt such rules for the administration, interpretation and application thereof as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Stock Purchase Rights have vested). Any dispute regarding the interpretation of this Agreement will be submitted by Purchaser or by the Company forthwith to the Administrator which will review such dispute at its next regular meeting. All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Purchaser, the Company and all other interested persons. No member of

the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, the Notice of Grant or this Agreement.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

18. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

19. Modifications to the Agreement. This Agreement constitutes the entire understanding of the parties on the subjects covered. Purchaser expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Purchaser, to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this award of Stock Purchase Rights.

20. No Waiver. Either party's failure to enforce any provision or provisions of this Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and will not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

## EXHIBIT A-1

### ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, , hereby sell, assign and transfer unto QuickLogic Corporation shares of the Common Stock of QuickLogic Corporation standing in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Purchase Agreement between QuickLogic Corporation and the undersigned dated , (the "Agreement").

Dated: , Signature: ______________________________

**INSTRUCTIONS:** Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its Repurchase Option as set forth in the Agreement, without requiring additional signatures on the part of the Purchaser.

**<u>EXHIBIT A-2</u>**

**JOINT ESCROW INSTRUCTIONS**

,

QuickLogic Corporation
2220 Lundy Avenue
San Jose, CA 95131

Attention: Corporate Secretary

Dear Corporate Secretary:

As Escrow Agent for both QuickLogic Corporation (the "Company") and the undersigned purchaser of stock of the Company (the "Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Purchase Agreement ("Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's repurchase option set forth in the Agreement (the "Repurchase Option"), the Company will give to Purchaser and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver same, together with the certificate evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, a check, or some combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Repurchase Option.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as Purchaser's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated. Subject to the provisions of this paragraph 3, Purchaser will exercise all rights and privileges of a shareholder of the Company while the stock is held by you.

4. Upon written request of the Purchaser, unless the Company's Repurchase Option has been exercised, you will deliver to Purchaser a certificate or certificates representing so many shares of stock as are not then subject to the Company's Repurchase Option. Within four (4) months after cessation of Purchaser's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to Purchaser a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or its assignees pursuant to exercise of the Company's Repurchase Option.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you will deliver all of the same to Purchaser and will be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You will be obligated only for the performance of such duties as are specifically set forth herein and may rely and will be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You will not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys will be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you will not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You will not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You will not be liable for the outlawing of any rights under the Statute of Limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You will be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefore.

12. Your responsibilities as Escrow Agent hereunder will terminate if you will cease to be an officer or agent of the Company or if you will resign by written notice to each party. In the event of any such termination, the Company will appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto will join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes will have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you will be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder will be given in writing and will be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other addresses as a party may designate by ten (10) days advance written notice to each of the other parties hereto.

COMPANY: QuickLogic Corporation
2220 Lundy Avenue
San Jose, CA 95131
Attention: Corporate Secretary

PURCHASER:

---

ESCROW AGENT: QuickLogic Corporation
2220 Lundy Avenue
San Jose, CA 95131
Attention: Corporate Secretary

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument will be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. The Restricted Stock Purchase Agreement is incorporated herein by reference. These Joint Escrow Instructions, the 2019 Stock Plan and the Restricted Stock Purchase Agreement (including the exhibits referenced therein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Escrow Agent, the Purchaser and the Company with respect to the subject matter hereof, and may not be modified except by means of a writing signed by the Escrow Agent, the Purchaser and the Company.

19. These Joint Escrow Instructions will be governed by, and construed and enforced in accordance with, the laws of the State of California.

Very truly yours,

QUICKLOGIC CORPORATION

By: ______________________________

Title: ______________________________

PURCHASER:

______________________________
(Signature)

______________________________
(Typed or Printed Name)

ESCROW AGENT:

______________________________
Corporate Secretary

**EXHIBIT A-3**

ELECTION UNDER SECTION 83(b)
OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby elects, pursuant to the above-referenced Federal Tax Code, to include in taxpayer's gross income for the current taxable year, the amount of any compensation taxable to taxpayer in connection with his receipt of the property described below:

1. The name, address, taxpayer identification number and taxable year of the undersigned are as follows:

NAME: TAXPAYER: SPOUSE:

ADDRESS:

IDENTIFICATION NO.: TAXPAYER: SPOUSE:

TAXABLE YEAR:

2. The property with respect to which the election is made is described as follows: shares (the “Shares”) of the Common Stock of QuickLogic Corporation (the “Company”).

3. The date on which the property was transferred is: , .

4. The property is subject to the following restrictions:

The Shares may be repurchased by the Company, or its assignee, on certain events. This right lapses with regard to a portion of the Shares based on the continued performance of services by the taxpayer over time.

5. The fair market value at the time of transfer, determined without regard to any restriction other than a restriction which by its terms will never lapse, of such property is: $

6. The amount (if any) paid for such property is:

$

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned’s receipt of the above-described property. The transferee of such property is the person performing the services in connection with the transfer of said property.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner.

Dated: ,

, Taxpayer

The undersigned spouse of taxpayer joins in this election.
Dated: ,

**EXHIBIT 21**

**Subsidiaries of QuickLogic Corporation**

| Name | Jurisdiction |
| --- | --- |
| QuickLogic International, Inc. | Delaware |
| QuickLogic Kabushiki Kaisha | Japan |
| QuickLogic (India) Private Limited | India |
| QuickLogic (Shanghai) Trading Limited | China |
| SensiML Corporation | USA |

**EXHIBIT 23.1**

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-230352) and Form S-8 (Nos. 333-34898, 333-34900, 333-34902, 333-76022, 333-123515, 333-159498, 333-208060 and 333-231806) of our report dated March 13, 2020, relating to the consolidated financial statements and schedule of QuickLogic Corporation, which report expresses an unqualified opinion and includes an explanatory paragraph relating to a change in the method of accounting for leases and a change in the method of accounting for revenue recognition, and the effectiveness of internal control over financial reporting of QuickLogic Corporation, appearing in this Annual Report on Form 10-K for the year ended December 29, 2019.

/s/ Moss Adams LLP

San Francisco, California

March 13, 2020

**EXHIBIT 31.1**

I, Brian C. Faith, certify that:

1. I have reviewed this annual report on Form 10-K of QuickLogic Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

/s/ Brian C. Faith
Brian C. Faith
*President and Chief Executive Officer*

**EXHIBIT 31.2**

I, Suping (Sue) Cheung, certify that:

1. I have reviewed this annual report on Form 10-K of QuickLogic Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role
   in the registrant's internal control over financial reporting.

Date: March 13, 2020

/s/ Suping (Sue) Cheung
Suping (Sue) Cheung
*Vice President, Finance and Chief Financial Officer*

**EXHIBIT 32**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian C. Faith, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of QuickLogic Corporation on Form 10-K for the fiscal year ended December 29, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of QuickLogic Corporation.

By: /s/ Brian C. Faith
Date: March 13, 2020
Name: Brian C. Faith
Title: *President and Chief Executive Officer*

I, Suping (Sue) Cheung, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of QuickLogic Corporation on Form 10-K for the fiscal year ended December 29, 2019, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of QuickLogic Corporation.

By: /s/ Suping (Sue) Cheung
Date: March 13, 2020
Name: Suping (Sue) Cheung
Title: *Vice President, Finance and Chief Financial Officer*