

SIGMA DESIGNS, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(GAAP)

(In thousands)

	October 28, 2017	January 28, 2017
	<u> </u>	<u> </u>
Assets		
Current Assets:		
Cash and cash equivalents	\$69,219	\$66,425
Short-term marketable securities	-	4,781
Restricted cash	325	303
Accounts receivable, net	19,628	35,860
Inventory	13,679	18,147
Prepaid expenses and other current assets	7,869	8,017
Total current assets	<u>110,720</u>	<u>133,533</u>
Software, equipment and leasehold improvements, net	18,135	18,523
Intangible assets, net	21,957	30,744
Goodwill	10,594	10,594
Deferred tax assets	741	625
Long-term investments	910	2,000
Other non-current assets	4,138	5,755
Total assets	<u>\$167,195</u>	<u>\$201,774</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$14,478	\$14,230
Accrued compensation and related benefits	10,020	8,127
Accrued liabilities	16,147	13,607
Total current liabilities	<u>40,645</u>	<u>35,964</u>
Other long-term liabilities	18,655	22,264
Total liabilities	<u>59,300</u>	<u>58,228</u>
Shareholders' equity	<u>107,895</u>	<u>143,546</u>
Total liabilities and shareholders' equity	<u>\$167,195</u>	<u>\$201,774</u>

SIGMA DESIGNS, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(GAAP)

(In thousands, except per share data)

	Three months ended			Nine months ended	
	October 28, 2017	July 29, 2017	October 29, 2016	October 28, 2017	October 29, 2016
Net revenue	\$ 33,862	\$ 39,508	\$ 62,729	\$ 112,934	\$ 177,820
Cost of revenue	16,746	20,688	31,734	58,374	93,242
Gross profit	17,116	18,820	30,995	54,560	84,578
Gross margin percent	50.5%	47.6%	49.4%	48.3%	47.6%
Operating expenses:					
Research and development	17,218	17,993	18,264	53,380	56,255
Sales and marketing	7,012	5,113	5,984	17,498	17,646
General and administrative	5,744	4,945	4,578	15,899	14,536
Restructuring charges	563	1,723	-	2,529	-
Impairment of IP, mask sets and design tools	5,463	-	-	8,469	300
Total operating expenses	36,000	29,774	28,826	97,775	88,737
(Loss) income from operations	(18,884)	(10,954)	2,169	(43,215)	(4,159)
Interest and other income (expense), net	147	(758)	179	(1,076)	(157)
(Loss) income before income taxes	(18,737)	(11,712)	2,348	(44,291)	(4,316)
Provision for income taxes	347	965	2,127	2,329	5,283
Net (loss) income	<u>\$ (19,084)</u>	<u>\$ (12,677)</u>	<u>\$ 221</u>	<u>\$ (46,620)</u>	<u>\$ (9,599)</u>
Net (loss) income per share:					
Basic	\$ (0.49)	\$ (0.33)	\$ 0.01	\$ (1.22)	\$ (0.26)
Diluted	\$ (0.49)	\$ (0.33)	\$ 0.01	\$ (1.22)	\$ (0.26)
Shares used in computing net loss per share:					
Basic	38,632	38,289	37,666	38,359	37,241
Diluted	38,632	38,289	38,001	38,359	37,241

SIGMA DESIGNS, INC.
RECONCILIATION OF GAAP NET LOSS TO NON-GAAP NET (LOSS) INCOME
(Unaudited)
(In thousands, except per share data)

	<u>Three months ended</u>			<u>Nine months ended</u>	
	<u>October 28, 2017</u>	<u>July 29, 2017</u>	<u>October 29, 2016</u>	<u>October 28, 2017</u>	<u>October 29, 2016</u>
GAAP Net Revenue	\$ 33,862	\$ 39,508	\$ 62,729	\$ 112,934	\$ 177,820
Non-GAAP Net Revenue	\$ 33,862	\$ 39,508	\$ 62,729	\$ 112,934	\$ 177,820
GAAP Cost of Revenue	\$ 16,746	\$ 20,688	\$ 31,734	\$ 58,374	\$ 93,242
Items reconciling GAAP Cost of Revenue to Non-GAAP:					
Stock based compensation expense	(56)	(54)	(61)	(167)	(239)
Amortization of acquired intangibles	(145)	(145)	(938)	(435)	(2,827)
Impairment of IP, mask sets and design tools	(1,200)	-	-	(1,200)	-
GAAP to Non-GAAP adjustments	(1,401)	(199)	(999)	(1,802)	(3,066)
Non-GAAP Cost of Revenue	\$ 15,345	\$ 20,489	\$ 30,735	\$ 56,572	\$ 90,176
GAAP Gross Profit	\$ 17,116	\$ 18,820	\$ 30,995	\$ 54,560	\$ 84,578
GAAP Gross Margin %	50.5%	47.6%	49.4%	48.3%	47.6%
Non-GAAP Gross Profit	\$ 18,517	\$ 19,019	\$ 31,994	\$ 56,362	\$ 87,644
Non-GAAP Gross Margin %	54.7%	48.1%	51.0%	49.9%	49.3%
GAAP Operating Expenses	\$ 36,000	\$ 29,774	\$ 28,826	\$ 97,775	\$ 88,737
Items reconciling GAAP Operating Expenses to Non-GAAP:					
Stock based compensation expense	(1,188)	(1,180)	(1,432)	(3,840)	(4,897)
Amortization of acquired intangibles	(430)	(431)	(692)	(1,292)	(2,087)
Impairment of IP, mask sets and design tools	(5,463)	-	-	(8,469)	(300)
Legal and other professional expenses	(559)	(305)	-	(1,003)	(11)
Restructuring charges	(563)	(1,723)	-	(2,529)	-
GAAP to Non-GAAP adjustments	(8,203)	(3,639)	(2,124)	(17,133)	(7,295)
Non-GAAP Operating Expenses	\$ 27,797	\$ 26,135	\$ 26,702	\$ 80,642	\$ 81,442
GAAP Other Income (Expense) and Tax	\$ (200)	\$ (1,723)	\$ (1,948)	\$ (3,405)	\$ (5,440)
Items reconciling GAAP Other Income (Expense) and Tax to Non-GAAP:					
(Gain on sale) impairment of privately held instruments, net	(110)	-	1	(110)	885
GAAP to Non-GAAP adjustments	(110)	-	1	(110)	885
Non-GAAP Other Income (Expense) and Tax	\$ (310)	\$ (1,723)	\$ (1,947)	\$ (3,515)	\$ (4,555)
Non-GAAP Net (loss) income	\$ (9,590)	\$ (8,839)	\$ 3,345	\$ (27,795)	\$ 1,647
Non-GAAP Net (loss) income per share:					
Basic	\$ (0.25)	\$ (0.23)	\$ 0.09	\$ (0.72)	\$ 0.04
Diluted	\$ (0.25)	\$ (0.23)	\$ 0.09	\$ (0.72)	\$ 0.04
Shares used in computing Non-GAAP net (loss) income per share:					
Basic	38,632	38,289	37,666	38,359	37,241
Diluted	38,632	38,289	38,001	38,359	37,626