
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): **May 15, 2018**

NETLIST, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-33170
(Commission
File Number)

95-4812784
(IRS Employer
Identification Number)

**175 Technology Drive, Suite 150
Irvine, California 92618**
(Address of Principal Executive Offices)

(949) 435-0025
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On May 15, 2018 Netlist, Inc. (the “Company”) issued a press release announcing the Company’s results of operations for the quarter ended March 31, 2018. The press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein in its entirety.

The information included in this Item 2.02 of Current Report on Form 8-K, including the attached Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release of Netlist, Inc., dated May 15, 2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NETLIST, INC.

Date: May 15, 2018

By: /s/ Gail M. Sasaki

Gail M. Sasaki

Vice President and Chief Financial Officer

NETLIST REPORTS FIRST QUARTER 2018 RESULTS

IRVINE, CALIFORNIA , May 15, 2018 - Netlist, Inc. (Nasdaq: NLST) today reported financial results for the first quarter ended March 31, 2018.

Revenues for the first quarter ended March 31, 2018 were \$8.9 million, compared to revenues of \$9.4 million for the quarter ended April 1, 2017. Gross profit for the quarter ended March 31, 2018 was \$0.4 million, or 4.3% of revenues, compared to a gross profit of \$0.7 million, or 7.2% of revenues, for the quarter ended April 1, 2017.

GAAP net loss for the first quarter ended March 31, 2018 was (\$4.7) million, or (\$0.06) loss per share, compared to a net loss in the prior year period of (\$3.3) million, or (\$0.05) loss per share. These results include stock-based compensation expense of \$0.2 million and \$0.3 million for the quarters ended March 31, 2018 and April 1, 2017, respectively.

As of March 31, 2018, cash and cash equivalents and restricted cash were \$8.0 million, total assets were \$16.8 million, working capital was \$5.2 million, total debt, net of debt discount and accrued interest, was \$17.1 million, and stockholders' deficit was (\$8.0) million.

"First quarter performance benefited from steady sales of specialty and legacy memory modules. The bottom line results reflect legal expenses associated with the litigation against SK Hynix and continued cost controls across the business," said C.K. Hong, Netlist's Chief Executive Officer. "The Initial Determination (ID) received in April in the second International Trade Commission (ITC) action against SK hynix was disappointing and, we believe, wrongly decided. We filed a petition asking the ITC Commission to correct the ID and restart the investigation with a proper understanding of our patents. We remain committed to defending our intellectual property through enforcement actions in multiple venues around the world."

Adjusted EBITDA (loss) was (\$4.2) million for the first quarter ended March 31, 2018, compared to adjusted EBITDA (loss) of (\$2.9) million for the quarter ended April 1, 2017. Adjusted EBITDA is a non-GAAP financial measure. Non-GAAP financial measures are described below under "Note Regarding Use of Non-GAAP Financial Measures," and are reconciled to the most directly comparable GAAP financial measure, net loss, below under "Unaudited Schedule Reconciling GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA."

Conference Call Information

C.K. Hong, Chief Executive Officer, and Gail Sasaki, Chief Financial Officer, will host an investor conference call today, March 15, 2018 at 5:00 p.m. Eastern Time to review Netlist's results for the first quarter ended March 31, 2018. The dial-in number for the call is 1-412-317-5443. The live webcast and archived replay of the call can be accessed for 90 days in the Investors section of Netlist's website at www.netlist.com .

Note Regarding Use of Non-GAAP Financial Measures

Certain of the data included in this press release, including EBITDA and adjusted EBITDA, are non-GAAP financial measures. Netlist believes this information is useful to investors because it provides a basis for measuring the operating performance of Netlist's business excluding certain items that it believes

are not attributable to or reflective of its core operating results. Netlist defines EBITDA as net loss calculated and presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”), plus interest expense, net, plus provisions for income taxes, and plus depreciation and amortization; and Netlist defines adjusted EBITDA as EBITDA plus stock-based compensation expense and plus (minus) other expense (income), net. Netlist expects to continue to incur expenses similar to the line items added to or subtracted from net loss to calculate EBITDA and adjusted EBITDA; accordingly, the exclusion of these items in the presentation of these non-GAAP financial measures should not be construed as an inference that these items are unusual, infrequent or non-recurring. Netlist’s management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measure net loss in evaluating Netlist’s operating performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in conformity with GAAP, and non-GAAP financial measures as reported by Netlist may not be comparable to similarly titled amounts reported by other companies.

About Netlist

Netlist provides high-performance modular memory subsystems to customers in diverse industries that require enterprise and storage class memory solutions to empower critical business decisions. Flagship products NVvault® and EXPRESSvault™ enable customers to accelerate data running through their servers and storage and reliably protect enterprise-level cache, metadata and log data by providing near instantaneous recovery in the event of a system failure or power outage. HybriDIMM™, Netlist’s next-generation storage class memory product, addresses the growing need for real-time analytics in Big Data applications, in-memory databases, high-performance computing and advanced data storage solutions. Netlist also resells component products to end-customers that are not reached in the distribution models of the component manufacturers, including storage customers, appliance customers, system builders and cloud and datacenter customers. Netlist holds a portfolio of patents, many seminal, in the areas of hybrid memory, storage class memory, rank multiplication and load reduction. Netlist is part of the Russell Microcap® Index. To learn more, visit www.netlist.com.

Safe Harbor Statement

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical facts and often address future events or Netlist’s future performance. Forward-looking statements contained in this news release include statements about, among other things, trends in Netlist’s performance; Netlist’s efforts to expand and strengthen its patent portfolio; Netlist’s strategy to license or otherwise monetize its intellectual property; Netlist’s pending legal proceedings; customer interest in and market acceptance of Netlist’s products, as well as Netlist’s efforts to support increases in such interest and acceptance; and Netlist’s ability to execute its other strategic initiatives.

All forward-looking statements reflect management’s present assumptions, expectations and beliefs regarding future events and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by any forward-looking statements. These risks, uncertainties and other factors include, among others: risks associated with Netlist’s product sales, including, among others, the market and demand for products sold or resold by Netlist and its ability to successfully develop, launch and stimulate customer demand for new products that are attractive to the market; risks associated with patent infringement litigation initiated by Netlist, such as its ongoing proceedings against SK hynix Inc., or by others against Netlist, as well as the costs and unpredictability of any such litigation and Netlist’s strategies in connection with such litigation; risks related to Netlist’s plans for its intellectual property, including its goals of monetizing, licensing,

expanding and defending its patent portfolio; the level of success of any strategic partnerships Netlist may establish, including its relationship with Samsung Electronics Co., Ltd.; risks related to the availability of additional capital if and as needed; the competitive landscape of Netlist's industry; and general economic, political and market conditions. These and other risks and uncertainties are described in Netlist's annual report on Form 10-K for its most recently completed fiscal year and the other filings it makes with the U.S. Securities and Exchange Commission from time to time, including any subsequently filed quarterly and current reports. In light of these risks, uncertainties and other factors, our forward-looking statements should not be relied on as predictions of future events. All forward-looking statements reflect Netlist's assumptions, expectations and beliefs only as of the date they are made, and except as required by law, Netlist undertakes no obligation to revise or update any forward-looking statements for any reason.

(Tables Follow)

For more information, please contact:

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Netlist, Inc.
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Chief Financial Officer
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Netlist, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands)

	March 31, 2018 (unaudited)	December 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,912	\$ 6,720
Restricted cash	1,100	2,800
Accounts receivable, net	2,761	2,997
Inventories	3,407	4,105
Prepaid expenses and other current assets	791	303
Total current assets	<u>14,971</u>	<u>16,925</u>
Property and equipment, net	426	459
Other assets	1,399	1,406
Total assets	<u>\$ 16,796</u>	<u>\$ 18,790</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 6,619	\$ 6,120
Revolving line of credit	1,980	2,024
Accrued payroll and related liabilities	670	807
Accrued expenses and other current liabilities	303	338
Note payable	230	—
Total current liabilities	<u>9,802</u>	<u>9,289</u>
Convertible promissory note, net of debt discount, and accrued interest	14,895	14,766
Long-term warranty liability	63	61
Total liabilities	<u>24,760</u>	<u>24,116</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock	—	—
Common stock	85	80
Additional paid-in capital	154,670	152,640
Accumulated deficit	(162,719)	(158,046)
Total stockholders' deficit	<u>(7,964)</u>	<u>(5,326)</u>
Total liabilities and stockholders' deficit	<u>\$ 16,796</u>	<u>\$ 18,790</u>

Netlist, Inc. and Subsidiaries
Unaudited Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three Months Ended	
	March 31, 2018	April 1, 2017
Net sales	\$ 8,879	\$ 9,426
Cost of sales(1)	8,500	8,746
Gross profit	379	680
Operating expenses:		
Research and development(1)	1,008	1,496
Intellectual property legal fees	2,211	466
Selling, general and administrative(1)	1,691	1,914
Total operating expenses	4,910	3,876
Operating loss	(4,531)	(3,196)
Other income (expense):		
Interest expense, net	(147)	(148)
Other income, net	5	2
Total other expense, net	(142)	(146)
Loss before provision for income taxes	(4,673)	(3,342)
Provision for income taxes	—	—
Net loss	\$ (4,673)	\$ (3,342)
Net loss per common share:		
Basic and diluted	\$ (0.06)	\$ (0.05)
Weighted-average common shares outstanding:		
Basic and diluted	82,461	61,681

(1) Amounts include stock-based compensation expense as follows:

Cost of sales	\$ 6	\$ 16
Research and development	80	66
Selling, general and administrative	155	182
Total stock-based compensation	\$ 241	\$ 264

Netlist, Inc. and Subsidiaries
Unaudited Schedule Reconciling GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA
(in thousands)

	Three Months Ended	
	March 31, 2018	April 1, 2017
GAAP net loss	\$ (4,673)	\$ (3,342)
Interest expense, net	147	148
Provision for income taxes	—	—
Depreciation and amortization	67	73
EBITDA (loss)	(4,459)	(3,121)
Stock-based compensation	241	264
Other income, net	(5)	(2)
Adjusted EBITDA (loss)	\$ (4,223)	\$ (2,859)