



**ADESTO TECHNOLOGIES CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)  
 (unaudited)

	<b>December 31,</b> <b>2017</b>	<b>December 31,</b> <b>2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 30,078	\$ 19,719
Accounts receivable, net	8,668	6,111
Inventories	5,814	5,182
Prepaid expenses	993	462
Other current assets	52	105
Total current assets	45,605	31,579
Property and equipment, net	6,833	5,962
Intangible assets, net	7,452	8,324
Other non-current assets	900	296
Goodwill	22	22
Total assets	\$ 60,812	\$ 46,183
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	7,075	5,167
Accrued compensation and benefits	2,614	1,599
Accrued expenses and other current liabilities	2,359	2,176
Line of credit, current	1,500	-
Term loan, current	926	6,466
Total current liabilities	14,474	15,408
Line of credit, non-current	-	1,807
Term loan, non-current	10,908	9,775
Other non-current liabilities	75	-
Deferred rent, non-current	2,404	2,826
Deferred tax liability, non-current	1	2
Total liabilities	27,862	29,818
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	133,087	110,749
Accumulated other comprehensive loss	(295)	(230)
Accumulated deficit	(99,844)	(94,156)
Total stockholders' equity	32,950	16,365
Total liabilities and stockholders' equity	\$ 60,812	\$ 46,183

**ADESTO TECHNOLOGIES CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except for share and per share amounts)  
(unaudited)

	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue, net	\$ 16,154	\$ 12,330	\$ 56,112	\$ 43,968
Cost of revenue	8,422	6,087	28,637	22,618
Gross profit	<u>7,732</u>	<u>6,243</u>	<u>27,475</u>	<u>21,350</u>
Operating expenses:				
Research and development	3,441	3,369	14,094	15,896
Sales and marketing	2,656	2,711	11,064	11,026
General and administrative	1,579	1,709	7,148	6,693
Gain from settlement with former foundry supplier	-	-	-	(1,962)
Total operating expenses	<u>7,676</u>	<u>7,789</u>	<u>32,306</u>	<u>31,653</u>
Income (loss) from operations	<u>56</u>	<u>(1,546)</u>	<u>(4,831)</u>	<u>(10,303)</u>
Other income (expense):				
Interest expense, net	(172)	(217)	(753)	(1,275)
Other income (expense), net	(5)	(21)	(3)	(50)
Total other income (expense), net	<u>(177)</u>	<u>(238)</u>	<u>(756)</u>	<u>(1,325)</u>
Loss before provision for income taxes	(121)	(1,784)	(5,587)	(11,628)
Provision for (benefit from) income taxes	44	(62)	101	(16)
Net loss	<u>\$ (165)</u>	<u>\$ (1,722)</u>	<u>\$ (5,688)</u>	<u>\$ (11,612)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.11)</u>	<u>\$ (0.31)</u>	<u>\$ (0.77)</u>
Weighted average number of shares used in computing net loss per share:				
Basic and diluted	<u>21,232,518</u>	<u>15,349,715</u>	<u>18,591,308</u>	<u>15,085,973</u>

**ADESTO TECHNOLOGIES CORPORATION**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION**  
(in thousands, except for share and per share amounts)  
(unaudited)

	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2017</u>
GAAP gross profit	\$ 7,732	\$ 6,243	\$ 27,475	\$ 21,350
Stock-based compensation expense	26	21	112	81
Non-GAAP gross profit	<u>\$ 7,758</u>	<u>\$ 6,264</u>	<u>\$ 27,587</u>	<u>\$ 21,431</u>
GAAP research and development expenses	\$ 3,441	\$ 3,369	\$ 14,094	\$ 15,896
Stock-based compensation expense	(235)	(251)	(1,172)	(1,038)
Amortization of acquisition-related intangible assets	(107)	(121)	(471)	(484)
Non-GAAP research and development expenses	<u>\$ 3,099</u>	<u>\$ 2,997</u>	<u>\$ 12,451</u>	<u>\$ 14,374</u>
GAAP sales and marketing expenses	\$ 2,656	\$ 2,711	\$ 11,064	\$ 11,026
Stock-based compensation expense	(143)	(176)	(764)	(706)
Amortization of acquisition-related intangible assets	(188)	(187)	(751)	(751)
Non-GAAP sales and marketing expenses	<u>\$ 2,325</u>	<u>\$ 2,348</u>	<u>\$ 9,549</u>	<u>\$ 9,569</u>
GAAP general and administrative expenses	\$ 1,579	\$ 1,709	\$ 7,148	\$ 6,693
Stock-based compensation expense	(225)	(387)	(1,454)	(1,518)
Non-GAAP general and administrative expenses	<u>\$ 1,354</u>	<u>\$ 1,322</u>	<u>\$ 5,694</u>	<u>\$ 5,175</u>
GAAP operating expenses	\$ 7,676	\$ 7,789	\$ 32,306	\$ 31,653
Stock-based compensation expense	(603)	(814)	(3,390)	(3,262)
Amortization of acquisition-related intangible assets	(295)	(308)	(1,222)	(1,235)
Gain from settlement with former foundry supplier	-	-	-	1,962
Non-GAAP operating expenses	<u>\$ 6,778</u>	<u>\$ 6,667</u>	<u>\$ 27,694</u>	<u>\$ 29,118</u>
GAAP income (loss) from operations	\$ 56	\$ (1,546)	\$ (4,831)	\$ (10,303)
Stock-based compensation expense	629	835	3,502	3,343
Amortization of acquisition-related intangible assets	295	308	1,222	1,235
Gain from settlement with former foundry supplier	-	-	-	(1,962)
Non-GAAP income (loss) from operations	<u>\$ 980</u>	<u>\$ (403)</u>	<u>\$ (107)</u>	<u>\$ (7,687)</u>
Reconciliation from GAAP net loss to adjusted EBITDA:				
GAAP net loss:	\$ (165)	\$ (1,722)	\$ (5,688)	\$ (11,612)
Stock-based compensation expense	629	835	3,502	3,343
Gain from settlement with former foundry supplier	-	-	-	(1,962)
Amortization of acquisition-related intangible assets	295	308	1,222	1,235
Non-GAAP net income (loss)	<u>759</u>	<u>(579)</u>	<u>(964)</u>	<u>(8,996)</u>
Interest expense	170	227	781	1,321
Provision for (benefit from) income taxes	44	(62)	101	(16)
Depreciation and amortization	380	303	1,384	987
Adjusted EBITDA	<u>\$ 1,353</u>	<u>\$ (111)</u>	<u>\$ 1,302</u>	<u>\$ (6,704)</u>
Non-GAAP diluted net income (loss) per share	\$0.03	(\$0.04)	(\$0.05)	(\$0.60)
<b>Reconciliation of shares used in computing non-GAAP net income (loss) per share:</b>				
Diluted shares:				
Weighted-average shares used in calculating non-GAAP basic net income (loss) per share	21,232,518	15,349,715	18,591,308	15,085,973
Incremental shares upon conversion of stock options, restricted stock units and warrants	<u>1,082,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted-average shares used in calculating non-GAAP diluted net income (loss) per share	<u>22,315,513</u>	<u>15,349,715</u>	<u>18,591,308</u>	<u>15,085,973</u>