



Adesto Announces Acquisition of S3 Semiconductors

May 9, 2018

Transforms Company into Leading Provider of Differentiated Semiconductor Products for the IoT Market

SANTA CLARA, Calif., May 09, 2018 (GLOBE NEWSWIRE) -- [Adesto Technologies](#) (NASDAQ:IOTS), a leading provider of innovative application-specific semiconductors for the IoT era, announced it has acquired Dublin-based [S3 Semiconductors](#), a global supplier of mixed-signal and RF application specific integrated circuits (ASICs) and an extensive library of design IP. The transaction is valued at approximately \$35 million, with an additional earn-out provision based on certain milestones to the end of calendar year 2019.

Highlights of expected benefits of the transaction include:

- Expands Adesto's portfolio of products and technologies with analog, mixed-signal, and RF solutions and IP
- Accelerates revenue and customer growth in communications and industrial IoT with immediate cross-selling opportunities and nominal customer overlap
- Increases dollar content potential for IoT edge nodes
- S3 Semiconductors is a highly-valued design partner of Arm Holdings
- Adds high-value embedded systems expertise and mixed-signal engineering team
- Immediately accretive to gross margin and adjusted EBITDA

"Building on our leadership position in IoT memories, today we take a meaningful step in becoming a supplier of a broad range of innovative semiconductor products and solutions for the IoT markets," said Narbeh Derhacobian, CEO of Adesto. "S3 Semiconductors has a proven track record of designing and delivering differentiated ASIC products, and an extensive IP portfolio developed by a talented team of design engineers over many years. Through this acquisition, we are significantly expanding our customer base and SAM with a broader product portfolio and comprehensive systems expertise to deliver a complete solution to our customers."

Dermot Barry, vice president and general manager of S3 Semiconductors, commented, "Over the years, S3 Semiconductors has built a first-class team that is focused on creating complex, high-quality custom products. Joining forces with Adesto gives us access to a broader sales channel with a diversified group of top-tier customers who will benefit from our ability to deliver highly optimized ASICs with unrivaled cost economies. Moreover, the combined company is well-positioned to gain increasing traction in IoT to drive toward the next phase of innovation and growth."

S3 Semiconductors will become a business unit of Adesto and will continue to operate under its current operating model across existing global sites, including its four design centers in Dublin, Cork, Prague and Lisbon.

Adesto financed the transaction with existing cash and a new credit facility in the amount of \$35 million. Concurrent with the close of the new credit facility, Adesto terminated its former credit facility with Western Alliance Bank, which included paying off an outstanding term loan with a principal amount owed of \$12 million.

ROTH Capital is serving as financial advisor and placement agent to Adesto, and Menalto Advisors is serving as financial advisor to S3 Group.

Conference Call and Slide Presentation Information

Adesto will host a conference call today Wednesday, May 9, 2018 at 2:00 p.m. Pacific Time (5:00pm Eastern Time) in conjunction with the Company's first quarter 2018 earnings conference call. The call will be broadcast live over the Internet and as an archived webcast with a slide presentation that can be accessed by all interested parties in the Investor section of Adesto's website at <http://www.adestotech.com>. Investors and analysts may also join the live call by dialing 1-844-419-1786 and providing confirmation code 6975696. International callers may join the teleconference by dialing +1-216-562-0473 using the same confirmation code.

A telephone replay of the conference call will be available approximately two hours after the conference call until Wednesday, May 16, 2018 at midnight Pacific Time. The replay dial-in number is 1-855-859-2056 and the passcode is 6975696. International callers should dial +1-404-537-3406 and use the same passcode.

About Adesto Technologies

Adesto Technologies (NASDAQ:IOTS) is a leading provider of innovative application-specific semiconductors for the IoT era. The company's technology is used by more than 2,000 customers worldwide who are creating differentiated solutions across industrial, consumer, medical and communications markets. With its growing portfolio of high-value technologies, Adesto is helping its customers usher in the era of the Internet of Things. See: www.adestotech.com.

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About S3 Semiconductors

S3 Semiconductors designs advanced mixed-signal chips and manage every aspect of supplying production devices to its customers using some of the world's most advanced semiconductor production facilities. With more than 20 years' experience designing advanced analog and digital circuitry for hundreds of customers in every major region, S3 Semiconductors delivers a new breed of design-centric semiconductor supplier capable of optimizing its designs for every customer, yet achieving cost economies not thought possible with custom chips designs until now. S3 Semiconductors has its headquarters in Dublin, Ireland, with offices in Cork, the US, Portugal, the Czech Republic, along with representatives worldwide. Visit www.s3semi.com.

Forward looking Statements

Comments in this press release contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to the quotes in this release regarding the acquisition of S3 Semiconductors and the expected benefits to Adesto, S3 Semiconductors and their respective customers and investors from completing the acquisition are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including that the businesses of the Company and S3 Semiconductors may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; the risk that sales of S3 Semiconductors' products will not be as high as anticipated; the expected growth opportunities, increase in dollar content potential for IoT nodes, sales channel improvements or cost savings from the acquisition may not be fully realized or may take longer to realize than expected; customer losses and business disruption following the acquisition, including adverse effects on relationships with former employees of S3 Semiconductors, may be greater than expected; and the risk that the Company may incur unanticipated or unknown losses or liabilities in connection with the acquisition. Additional factors, that could cause actual results to differ materially from those expressed in the forward-looking statements include our ability to predict the timing of design wins entering production and the potential future revenue associated with our design wins; market adoption of our CBRAM-based products; our limited operating history; our rate of growth; our ability to predict customer demand for our existing and future products and to secure adequate manufacturing capacity; consumer demand conditions affecting our end markets; our ability to manage our growth; our ability to hire, retain and motivate employees; the effects of competition, including price competition; technological, regulatory and legal developments; and developments in the economy and financial markets.

For a detailed discussion of these and other risk factors, please refer to the Company's filings with the Securities and Exchange Commission, including the Quarterly Report on Form 10-K for the period ended December 31, 2017, filed with the SEC on March 13, 2018, which are available on our investor relations Web site (ir.adeptotech.com) and on the SEC's Web site (www.sec.gov).

All information provided in this release and in the attachments is as of May 9, 2018, and stockholders of Adesto are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Adesto does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this May 9, 2018 press release, or to reflect the occurrence of unanticipated events.

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