

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

	<b>Three Months Ended</b>			
	<b>December 31, 2015</b>	<b>September 30, 2015</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>
Revenue	\$ 11,826	\$ 11,143	\$ 10,600	\$ 9,690
Cost of revenue	6,429	6,110	6,406	5,830
Gross profit	<u>5,397</u>	<u>5,033</u>	<u>4,194</u>	<u>3,860</u>
Operating expenses:				
Research and development	3,482	3,217	3,132	2,964
Sales and marketing	2,156	2,126	2,086	1,977
General and administrative	1,389	919	822	848
Total operating expenses	<u>7,027</u>	<u>6,262</u>	<u>6,040</u>	<u>5,789</u>
Loss from operations	<u>(1,630)</u>	<u>(1,229)</u>	<u>(1,846)</u>	<u>(1,929)</u>
Other income (expense):				
Interest expense, net	(293)	(336)	(305)	(181)
Other income (expense), net	(1,478)	494	407	(118)
Total other income (expense), net	<u>(1,771)</u>	<u>158</u>	<u>102</u>	<u>(299)</u>
Loss before provision for (benefit from) income taxes	<u>(3,401)</u>	<u>(1,071)</u>	<u>(1,744)</u>	<u>(2,228)</u>
Provision for (benefit from) income taxes	(137)	5	22	49
Net loss attributable to common stockholders	<u>\$ (3,264)</u>	<u>\$ (1,076)</u>	<u>\$ (1,766)</u>	<u>\$ (2,277)</u>
Net loss per share attributable to common stockholders				
Basic and diluted	<u>\$ (0.32)</u>	<u>\$ (1.90)</u>	<u>\$ (3.14)</u>	<u>\$ (4.07)</u>
Weighted average number of shares used in computing net loss per share attributable to common stockholders				
Basic and diluted	<u>10,265,617</u>	<u>564,896</u>	<u>561,830</u>	<u>559,554</u>

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

	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
GAAP gross margin	\$ 5,397	\$ 5,033	\$ 4,194	\$ 3,860
Stock-based compensation expense	13	3	2	1
Amortization of acquisition-related intangible assets	-	-	-	-
Non-GAAP gross margin	<u>\$ 5,410</u>	<u>\$ 5,036</u>	<u>\$ 4,196</u>	<u>\$ 3,861</u>
GAAP research and development expenses	\$ 3,482	\$ 3,217	\$ 3,132	\$ 2,964
Stock-based compensation expense	(197)	(26)	(27)	(14)
Amortization of acquisition-related intangible assets	(121)	(121)	(121)	(121)
Non-GAAP research and development expenses	<u>\$ 3,164</u>	<u>\$ 3,070</u>	<u>\$ 2,984</u>	<u>\$ 2,829</u>
GAAP sales and marketing expenses	\$ 2,156	\$ 2,126	\$ 2,086	\$ 1,977
Stock-based compensation expense	(116)	(16)	(14)	(7)
Amortization of acquisition-related intangible assets	(188)	(188)	(188)	(188)
Non-GAAP sales and marketing expenses	<u>\$ 1,852</u>	<u>\$ 1,922</u>	<u>\$ 1,884</u>	<u>\$ 1,782</u>
GAAP general and administrative expenses	\$ 1,389	\$ 919	\$ 822	\$ 848
Stock-based compensation expense	(264)	(40)	(27)	(20)
Amortization of acquisition-related intangible assets	-	-	-	-
Non-GAAP general and administrative expenses	<u>\$ 1,125</u>	<u>\$ 879</u>	<u>\$ 795</u>	<u>\$ 828</u>
GAAP operating expenses	\$ 7,027	\$ 6,262	\$ 6,040	\$ 5,789
Stock-based compensation expense	(577)	(82)	(68)	(41)
Amortization of acquisition-related intangible assets	(309)	(309)	(309)	(309)
Non-GAAP operating expenses	<u>\$ 6,141</u>	<u>\$ 5,871</u>	<u>\$ 5,663</u>	<u>\$ 5,439</u>
GAAP loss from operations	\$ (1,630)	\$ (1,229)	\$ (1,846)	\$ (1,929)
Stock-based compensation expense	590	85	70	42
Amortization of acquisition-related intangible assets	309	309	309	309
Non-GAAP loss from operations	<u>\$ (731)</u>	<u>\$ (835)</u>	<u>\$ (1,467)</u>	<u>\$ (1,578)</u>
Reconciliation from GAAP net loss to adjusted EBITDA:				
GAAP net loss:	\$ (3,264)	\$ (1,076)	\$ (1,766)	\$ (2,277)
Stock-based compensation expense	590	85	70	42
Revaluation of preferred stock warrants	1,428	(441)	(72)	(9)
Amortization of acquisition-related intangible assets	309	309	309	309
Non-GAAP net loss	(937)	(1,123)	(1,459)	(1,935)
Interest expense	300	336	305	181
Provision for (benefit from) income taxes	(137)	5	22	49
Depreciation and amortization	280	346	396	431
Adjusted EBITDA	<u>\$ (494)</u>	<u>\$ (436)</u>	<u>\$ (736)</u>	<u>\$ (1,274)</u>
Non-GAAP diluted net loss per share	(\$0.07)	(\$0.12)	(\$0.15)	(\$0.20)
<b>Reconciliation of shares used in computing non-GAAP net loss per share:</b>				
Diluted shares:				
Weighted-average shares used in calculating				
GAAP diluted net loss per share	10,265,617	564,896	561,830	559,554
Incremental shares upon conversion of convertible preferred stock in connection with IPO	<u>2,972,198</u>	<u>9,114,739</u>	<u>9,114,739</u>	<u>9,114,739</u>
Weighted-average shares used in calculating non-GAAP diluted net loss per share	<u>13,237,815</u>	<u>9,679,635</u>	<u>9,676,569</u>	<u>9,674,293</u>

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

(in thousands)

(unaudited)

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 23,089	\$ 5,972
Accounts receivable, net	6,536	1,994
Inventories	7,368	7,453
Prepaid expenses	1,155	239
Deferred tax asset, current	-	291
Other current assets	1,186	1,095
Total current assets	<u>39,334</u>	<u>17,044</u>
Property and equipment, net	909	1,725
Deferred tax assets, non-current	-	1,861
Intangible assets, net	9,559	10,795
Other non-current assets	114	-
Goodwill	22	22
Total assets	<u>\$ 49,938</u>	<u>\$ 31,447</u>
<b>Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Revolving line of credit	\$ -	\$ 4,273
Accounts payable	9,680	7,814
Income taxes payable	52	134
Accrued compensation and benefits	893	877
Accrued expenses and other current liabilities	1,413	1,334
Deferred tax liability, current	-	726
Term loan	5,606	6,476
Total current liabilities	<u>17,644</u>	<u>21,634</u>
Preferred stock warrant liability	-	122
Term loan	7,814	-
Deferred tax liability, non-current	1	1,453
Other liabilities, non-current	-	23
Total liabilities	<u>25,459</u>	<u>23,232</u>
Convertible preferred stock	<u>-</u>	<u>78,467</u>
Stockholders' equity (deficit)		
Common stock	2	-
Additional paid-in capital	107,167	3,912
Accumulated other comprehensive income	(146)	(3)
Accumulated deficit	(82,544)	(74,161)
Total stockholders' equity (deficit)	<u>24,479</u>	<u>(70,252)</u>
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	<u>\$ 49,938</u>	<u>\$ 31,447</u>