

LANTRONIX, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31,	June 30,
	2020	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,621	\$ 7,691
Accounts receivable, net	13,298	11,411
Inventories	14,304	13,781
Contract manufacturers' receivables	646	337
Prepaid expenses and other current assets	1,622	1,290
Total current assets	37,491	34,510
Property and equipment, net	1,589	1,587
Goodwill	15,810	15,810
Purchased intangible assets, net	10,688	12,449
Lease right-of-use assets	2,599	3,345
Other assets	244	232
Total assets	\$ 68,421	\$ 67,933
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 7,472	\$ 5,331
Accrued payroll and related expenses	2,317	2,658
Short-term debt, net	1,472	1,472
Other current liabilities	6,808	6,308
Total current liabilities	18,069	15,769
Long-term debt, net	2,946	3,682
Other non-current liabilities	1,293	1,962
Total liabilities	22,308	21,413
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	247,619	246,265
Accumulated deficit	(201,880)	(200,119)
Accumulated other comprehensive income	371	371
Total stockholders' equity	46,113	46,520
Total liabilities and stockholders' equity	\$ 68,421	\$ 67,933

LANTRONIX, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2020	2020	2019	2020	2019
Net revenue	\$ 16,585	\$ 17,146	\$ 13,228	\$ 33,731	\$ 25,969
Cost of revenue	9,589	8,907	6,451	18,496	12,997
Gross profit	6,996	8,239	6,777	15,235	12,972
Operating expenses:					
Selling, general and administrative	4,853	4,899	4,871	9,752	9,344
Research and development	2,449	2,572	2,336	5,021	4,957
Restructuring, severance and related charges	137	92	354	229	1,103
Acquisition-related costs	-	-	353	-	996
Amortization of purchased intangible assets	879	882	151	1,761	295
Total operating expenses	8,318	8,445	8,065	16,763	16,695
Loss from operations	(1,322)	(206)	(1,288)	(1,528)	(3,723)
Interest income (expense), net	(82)	(85)	(16)	(167)	40
Other income (expense), net	2	39	(10)	41	(53)
Loss before income taxes	(1,402)	(252)	(1,314)	(1,654)	(3,736)
Provision for income taxes	57	50	37	107	85
Net loss	\$ (1,459)	\$ (302)	\$ (1,351)	\$ (1,761)	\$ (3,821)
Net loss per share - basic and diluted	\$ (0.05)	\$ (0.01)	\$ (0.06)	\$ (0.06)	\$ (0.17)
Weighted-average common shares - basic and diluted	28,661	28,371	23,145	28,516	23,029

LANTRONIX, INC.
UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS
(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	2019
GAAP net loss	\$ (1,459)	\$ (302)	\$ (1,351)	\$ (1,761)	\$ (3,821)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	85	58	48	143	72
Employer portion of withholding taxes on stock grants	-	-	-	-	1
Depreciation and amortization	181	177	73	358	140
Total adjustments to cost of revenue	266	235	121	501	213
Selling, general and administrative:					
Share-based compensation	671	445	777	1,116	1,236
Employer portion of withholding taxes on stock grants	6	5	1	11	6
Depreciation and amortization	37	55	53	92	107
Total adjustments to selling, general and administrative	714	505	831	1,219	1,349
Research and development:					
Share-based compensation	135	100	113	235	208
Employer portion of withholding taxes on stock grants	2	6	1	8	5
Depreciation and amortization	50	33	30	83	56
Total adjustments to research and development	187	139	144	326	269
Restructuring, severance and related charges	137	92	354	229	##### ##
Acquisition related costs	-	-	353	-	996
Amortization of purchased intangible assets	879	882	151	##### ##	295
Amortization of manufacturing profit in acquired inventory	-	7	-	7	171
Total non-GAAP adjustments to operating expenses	1,917	1,625	1,833	##### ##	##### ##
Interest (income) expense, net	82	85	16	167	(40)
Other (income) expense, net	(2)	(39)	10	(41)	53
Provision for income taxes	57	50	37	107	85
Total non-GAAP adjustments	2,320	1,956	2,017	4,276	4,494
Non-GAAP net income	\$ 861	\$ 1,654	\$ 666	\$ 2,515	\$ 673
Non-GAAP net income per share - diluted	\$ 0.03	\$ 0.05	\$ 0.03	\$ 0.08	\$ 0.03
Denominator for GAAP net income per share - basic	28,661	28,371	23,145	28,516	23,029
Non-GAAP adjustment	1,695	1,833	1,848	1,854	1,791
Denominator for non-GAAP net income per share - diluted	30,356	30,204	24,993	30,370	24,820
GAAP operating expenses	\$ 8,318	\$ 8,445	\$ 8,065	\$ 16,763	\$ 16,695
Non-GAAP adjustments to operating expenses	(1,917)	(1,625)	(1,833)	(3,542)	(4,183)
Non-GAAP operating expenses	\$ 6,401	\$ 6,820	\$ 6,232	\$ 13,221	\$ 12,512

LANTRONIX, INC.
UNAUDITED NET REVENUES BY PRODUCT LINE AND REGION
(In thousands)

	Three Months Ended			Six Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
IoT	\$ 13,402	\$ 14,620	\$ 11,180	\$ 28,022	\$ 21,401
REM	3,095	2,402	1,832	5,497	4,133
Other	88	124	216	212	435
	<u>\$ 16,585</u>	<u>\$ 17,146</u>	<u>\$ 13,228</u>	<u>\$ 33,731</u>	<u>\$ 25,969</u>

	Three Months Ended			Six Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Americas	\$ 8,023	\$ 10,929	\$ 5,840	\$ 18,952	\$ 11,604
EMEA	4,740	2,639	4,362	7,379	8,883
Asia Pacific Japan	3,822	3,578	3,026	7,400	5,482
	<u>\$ 16,585</u>	<u>\$ 17,146</u>	<u>\$ 13,228</u>	<u>\$ 33,731</u>	<u>\$ 25,969</u>