

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

	December 31,	June 30,
	2021	2021
	<hr/>	<hr/>
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,364	\$ 9,739
Accounts receivable, net	23,865	13,515
Inventories	29,369	15,059
Contract manufacturers' receivables	1,752	1,960
Prepaid expenses and other current assets	2,987	2,880
Total current assets	<hr/> 94,337	<hr/> 43,153
Property and equipment, net	1,829	1,577
Goodwill	18,757	15,810
Purchased intangible assets, net	17,516	9,355
Lease right-of-use assets	1,788	2,431
Other assets	251	240
Total assets	<hr/> <hr/> \$ 134,478	<hr/> <hr/> \$ 72,566
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 13,306	\$ 9,122
Accrued payroll and related expenses	5,103	4,942
Current portion of long-term debt, net	1,466	1,472
Other current liabilities	10,288	7,328
Total current liabilities	<hr/> 30,163	<hr/> 22,864
Long-term debt, net	26,520	2,210
Other non-current liabilities	1,286	1,396
Total liabilities	<hr/> <hr/> 57,969	<hr/> <hr/> 26,470
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	284,976	249,885
Accumulated deficit	(208,841)	(204,163)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<hr/> 76,509	<hr/> 46,096
Total liabilities and stockholders' equity	<hr/> <hr/> \$ 134,478	<hr/> <hr/> \$ 72,566

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,	
	2021	2021	2020	2021	2020
Net revenue	\$ 33,681	\$ 27,705	\$ 16,585	\$ 61,386	\$ 33,731
Cost of revenue	19,241	15,242	9,589	34,483	18,496
Gross profit	14,440	12,463	6,996	26,903	15,235
Operating expenses:					
Selling, general and administrative	8,935	7,906	4,853	16,841	9,752
Research and development	4,310	4,041	2,449	8,351	5,021
Restructuring, severance and related charges	167	542	137	709	229
Acquisition-related costs	68	541	-	609	-
Fair value remeasurement of earnout consideration	1,259	-	-	1,259	-
Amortization of purchased intangible assets	1,440	1,193	879	2,633	1,761
Total operating expenses	16,179	14,223	8,318	30,402	16,763
Loss from operations	(1,739)	(1,760)	(1,322)	(3,499)	(1,528)
Interest expense, net	(595)	(379)	(82)	(974)	(167)
Other income (expense), net	45	(102)	2	(57)	41
Loss before income taxes	(2,289)	(2,241)	(1,402)	(4,530)	(1,654)
Provision for income taxes	106	42	57	148	107
Net loss	\$ (2,395)	\$ (2,283)	\$ (1,459)	\$ (4,678)	\$ (1,761)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.08)	\$ (0.05)	\$ (0.15)	\$ (0.06)
Weighted-average common shares - basic and diluted	31,848	29,228	28,661	30,540	28,516

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

	Three Months Ended			Six Months Ended	
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	2020
GAAP net loss	\$ (2,395)	\$ (2,283)	\$ (1,459)	\$ (4,678)	\$ (1,761)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	100	100	85	200	143
Employer portion of withholding taxes on stock grants	7	1	-	8	-
Amortization of manufacturing profit in acquired inventory	200	180	181	380	358
Depreciation and amortization	128	136	-	264	7
Total adjustments to cost of revenue	<u>435</u>	<u>417</u>	<u>266</u>	<u>852</u>	<u>508</u>
Selling, general and administrative:					
Share-based compensation	1,178	1,126	671	2,304	1,116
Employer portion of withholding taxes on stock grants	91	13	6	104	11
Depreciation and amortization	75	67	37	142	92
Total adjustments to selling, general and administrative	<u>1,344</u>	<u>1,206</u>	<u>714</u>	<u>2,550</u>	<u>1,219</u>
Research and development:					
Share-based compensation	222	255	135	477	235
Employer portion of withholding taxes on stock grants	10	8	2	18	8
Depreciation and amortization	74	71	50	145	83
Total adjustments to research and development	<u>306</u>	<u>334</u>	<u>187</u>	<u>640</u>	<u>326</u>
Restructuring, severance and related charges	167	542	137	709	229
Acquisition related costs	68	541	-	609	-
Fair value remeasurement of earnout consideration	1,259	-	-	1,259	-
Amortization of purchased intangible assets	1,440	1,193	879	2,633	1,761
Total non-GAAP adjustments to operating expenses	<u>4,584</u>	<u>3,816</u>	<u>1,917</u>	<u>8,400</u>	<u>3,535</u>
Interest (income) expense, net	595	379	82	974	167
Other (income) expense, net	(45)	102	(2)	57	(41)
Provision for income taxes	106	42	57	148	107
Total non-GAAP adjustments	<u>5,675</u>	<u>4,756</u>	<u>2,320</u>	<u>10,431</u>	<u>4,276</u>
Non-GAAP net income	<u>\$ 3,280</u>	<u>\$ 2,473</u>	<u>\$ 861</u>	<u>\$ 5,753</u>	<u>\$ 2,515</u>
Non-GAAP net income per share - diluted	<u>\$ 0.10</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>	<u>\$ 0.18</u>	<u>\$ 0.08</u>
Denominator for GAAP net income per share - diluted	31,848	29,228	28,661	30,540	28,516
Non-GAAP adjustment	<u>2,145</u>	<u>1,672</u>	<u>1,695</u>	<u>1,964</u>	<u>1,854</u>
Denominator for non-GAAP net income per share - diluted	<u>33,993</u>	<u>30,900</u>	<u>30,356</u>	<u>32,504</u>	<u>30,370</u>
GAAP operating expenses	\$ 16,179	\$ 14,223	\$ 8,318	\$ 30,402	\$ 16,763
Non-GAAP adjustments to operating expenses	<u>(4,584)</u>	<u>(3,816)</u>	<u>(1,917)</u>	<u>(8,400)</u>	<u>(3,535)</u>
Non-GAAP operating expenses	<u>\$ 11,595</u>	<u>\$ 10,407</u>	<u>\$ 6,401</u>	<u>\$ 22,002</u>	<u>\$ 13,228</u>

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

	Three Months Ended			Six Months Ended	
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020
IoT	\$ 28,521	\$ 22,831	\$ 13,402	\$ 51,352	\$ 28,022
REM	4,977	4,766	3,095	9,743	5,497
Other	183	108	88	291	212
	<u>\$ 33,681</u>	<u>\$ 27,705</u>	<u>\$ 16,585</u>	<u>\$ 61,386</u>	<u>\$ 33,731</u>

	Three Months Ended			Six Months Ended	
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Americas	\$ 20,073	\$ 18,227	\$ 8,023	\$ 38,300	\$ 18,952
EMEA	5,751	4,659	4,740	10,410	7,379
Asia Pacific Japan	7,857	4,819	3,822	12,676	7,400
	<u>\$ 33,681</u>	<u>\$ 27,705</u>	<u>\$ 16,585</u>	<u>\$ 61,386</u>	<u>\$ 33,731</u>