

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

	December 31,	June 30,
	2022	2022
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Assets		
Current assets:		
Cash and cash equivalents	\$ 6,805	\$ 17,221
Accounts receivable, net	27,675	26,262
Inventories, net	49,156	37,679
Contract manufacturers' receivables	2,784	3,454
Prepaid expenses and other current assets	3,625	5,417
Total current assets	<u>90,045</u>	<u>90,033</u>
Property and equipment, net	5,081	3,652
Goodwill	27,151	20,768
Purchased intangible assets, net	14,113	14,559
Lease right-of-use assets	10,836	8,037
Other assets	559	325
Total assets	<u>\$ 147,785</u>	<u>\$ 137,374</u>
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 16,717	\$ 20,644
Line of credit	2,000	-
Accrued payroll and related expenses	3,209	4,729
Current portion of long-term debt, net	2,224	1,671
Other current liabilities	15,325	8,477
Total current liabilities	<u>39,475</u>	<u>35,521</u>
Long-term debt, net	17,723	14,274
Other non-current liabilities	11,069	7,683
Total liabilities	<u>68,267</u>	<u>57,478</u>
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	292,930	289,046
Accumulated deficit	(213,787)	(209,525)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>79,518</u>	<u>79,896</u>
Total liabilities and stockholders' equity	<u>\$ 147,785</u>	<u>\$ 137,374</u>

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

	Three Months Ended			Six Months Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	2021
Net revenue	\$ 31,506	\$ 31,795	\$ 33,681	\$ 63,301	\$ 61,386
Cost of revenue	17,712	17,759	19,241	35,471	34,483
Gross profit	<u>13,794</u>	<u>14,036</u>	<u>14,440</u>	<u>27,830</u>	<u>26,903</u>
Operating expenses:					
Selling, general and administrative	9,813	9,157	8,935	18,970	16,841
Research and development	5,084	4,526	4,310	9,610	8,351
Restructuring, severance and related charges	82	92	167	174	709
Acquisition-related costs	102	213	68	315	609
Fair value remeasurement of earnout consideration	(673)	-	1,259	(673)	1,259
Amortization of purchased intangible assets	1,497	1,419	1,440	2,916	2,633
Total operating expenses	<u>15,905</u>	<u>15,407</u>	<u>16,179</u>	<u>31,312</u>	<u>30,402</u>
Loss from operations	(2,111)	(1,371)	(1,739)	(3,482)	(3,499)
Interest expense, net	(354)	(262)	(595)	(616)	(974)
Other income (expense), net	(26)	34	45	8	(57)
Loss before income taxes	<u>(2,491)</u>	<u>(1,599)</u>	<u>(2,289)</u>	<u>(4,090)</u>	<u>(4,530)</u>
Provision for income taxes	118	54	106	172	148
Net loss	<u>\$ (2,609)</u>	<u>\$ (1,653)</u>	<u>\$ (2,395)</u>	<u>\$ (4,262)</u>	<u>\$ (4,678)</u>
Net loss per share - basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ (0.12)</u>	<u>\$ (0.15)</u>
Weighted-average common shares - basic and diluted	<u>36,352</u>	<u>35,406</u>	<u>31,848</u>	<u>35,883</u>	<u>30,540</u>

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

	Three Months Ended			Six Months Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	2021
GAAP net loss	\$ (2,609)	\$ (1,653)	\$ (2,395)	\$ (4,262)	\$ (4,678)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	61	51	100	112	200
Employer portion of withholding taxes on stock grants	-	12	7	12	8
Amortization of manufacturing profit in acquired inventory	80	24	200	104	380
Depreciation and amortization	118	130	128	248	264
Total adjustments to cost of revenue	259	217	435	476	852
Selling, general and administrative:					
Share-based compensation	1,434	1,405	1,178	2,839	2,304
Employer portion of withholding taxes on stock grants	10	132	91	142	104
Depreciation and amortization	260	155	75	415	142
Total adjustments to selling, general and administrative	1,704	1,692	1,344	3,396	2,550
Research and development:					
Share-based compensation	370	332	222	702	477
Employer portion of withholding taxes on stock grants	2	22	10	24	18
Depreciation and amortization	63	64	74	127	145
Total adjustments to research and development	435	418	306	853	640
Restructuring, severance and related charges	82	92	167	174	709
Acquisition related costs	102	213	68	315	609
Fair value remeasurement of earnout consideration	(673)	-	1,259	(673)	1,259
Amortization of purchased intangible assets	1,497	1,419	1,440	2,916	2,633
Litigation settlement cost	80	-	-	80	-
Total non-GAAP adjustments to operating expenses	3,227	3,834	4,584	7,061	8,400
Interest expense, net	354	262	595	616	974
Other (income) expense, net	26	(34)	(45)	(8)	57
Provision for income taxes	118	54	106	172	148
Total non-GAAP adjustments	3,984	4,333	5,675	8,317	10,431
Non-GAAP net income	<u>\$ 1,375</u>	<u>\$ 2,680</u>	<u>\$ 3,280</u>	<u>\$ 4,055</u>	<u>\$ 5,753</u>
Non-GAAP net income per share - diluted	<u>\$ 0.04</u>	<u>\$ 0.07</u>	<u>\$ 0.10</u>	<u>\$ 0.11</u>	<u>\$ 0.18</u>
Denominator for GAAP net loss per share - diluted	36,352	35,406	31,848	35,883	30,540
Non-GAAP adjustment	819	1,777	2,145	1,126	1,964
Denominator for non-GAAP net income per share - diluted	<u>37,171</u>	<u>37,183</u>	<u>33,993</u>	<u>37,009</u>	<u>32,504</u>

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

	Three Months Ended			Six Months Ended	
	December 31	September 30,	December 31	December 31	December 31
	2022	2022	2021	2022	2021
Embedded IoT Solutions	\$ 13,668	\$ 15,095	\$ 15,604	\$ 28,763	\$ 27,980
IoT System Solutions	14,913	14,621	16,366	29,534	29,524
Software & Services	2,925	2,079	1,711	5,004	3,882
	<u>\$ 31,506</u>	<u>\$ 31,795</u>	<u>\$ 33,681</u>	<u>\$ 63,301</u>	<u>\$ 61,386</u>

	Three Months Ended			Six Months Ended	
	December 31	September 30,	December 31	December 31	December 31
	2022	2022	2021	2022	2021
Americas	\$ 19,688	\$ 20,930	\$ 20,073	\$ 40,618	\$ 38,300
EMEA	4,905	5,201	5,751	10,106	10,410
Asia Pacific Japan	6,913	5,664	7,857	12,577	12,676
	<u>\$ 31,506</u>	<u>\$ 31,795</u>	<u>\$ 33,681</u>	<u>\$ 63,301</u>	<u>\$ 61,386</u>