

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

	December 31,	June 30,
	2024	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,210	\$ 26,237
Accounts receivable, net	30,472	31,279
Inventories, net	29,070	27,698
Contract manufacturers' receivables	3,473	1,401
Prepaid expenses and other current assets	3,329	2,335
Total current assets	85,554	88,950
Property and equipment, net	3,155	4,016
Goodwill	30,491	27,824
Intangible assets, net	4,910	5,251
Lease right-of-use assets	9,430	9,567
Other assets	683	600
Total assets	<u>\$134,223</u>	<u>\$136,208</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 15,975	\$ 10,347
Accrued payroll and related expenses	2,968	5,836
Current portion of long-term debt, net	3,056	3,002
Other current liabilities	11,436	10,971
Total current liabilities	33,435	30,156
Long-term debt, net	11,630	13,219
Other non-current liabilities	11,245	11,478
Total liabilities	<u>56,310</u>	<u>54,853</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	305,433	304,001
Accumulated deficit	(227,895)	(223,021)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>77,913</u>	<u>81,355</u>
Total liabilities and stockholders' equity	<u>\$134,223</u>	<u>\$136,208</u>

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,	
	2024	2024	2023	2024	2023
Net revenue	\$ 31,161	\$ 34,423	\$ 37,038	\$ 65,584	\$ 70,069
Cost of revenue	17,877	19,948	22,007	37,825	40,941
Gross profit	13,284	14,475	15,031	27,759	29,128
Operating expenses:					
Selling, general and administrative	8,811	9,467	10,224	18,278	19,394
Research and development	4,984	4,956	4,725	9,940	9,831
Restructuring, severance and related charges	193	900	530	1,093	550
Acquisition-related costs	208	29	-	237	-
Fair value remeasurement of earnout consideration	-	-	-	-	(9)
Amortization of intangible assets	1,248	1,251	1,310	2,499	2,694
Total operating expenses	15,444	16,603	16,789	32,047	32,460
Income (loss) from operations	(2,160)	(2,128)	(1,758)	(4,288)	(3,332)
Interest expense, net	(126)	(119)	(232)	(245)	(570)
Other income (loss), net	8	(37)	(23)	(29)	(4)
Income (loss) before income taxes	(2,278)	(2,284)	(2,013)	(4,562)	(3,906)
Provision (benefit) for income taxes	94	218	580	312	573
Net income (loss)	\$ (2,372)	\$ (2,502)	\$ (2,593)	\$ (4,874)	\$ (4,479)
Net income (loss) per share - basic	\$ (0.06)	\$ (0.07)	\$ (0.07)	\$ (0.13)	\$ (0.12)
Weighted-average common shares - diluted	38,631	38,024	37,354	38,330	37,170

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

	Three Months Ended			Six Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2024	2024	2023	2024	2023
GAAP net income (loss)	\$ (2,372)	\$ (2,502)	\$ (2,593)	\$ (4,874)	\$ (4,479)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	48	64	64	112	105
Employer portion of withholding taxes on stock grants	2	5	1	7	5
Amortization of manufacturing profit in acquired inventory	-	-	189	-	506
Depreciation and amortization	114	123	109	237	195
Total adjustments to cost of revenue	164	192	363	356	811
Selling, general and administrative:					
Share-based compensation	1,044	1,126	1,628	2,170	2,901
Employer portion of withholding taxes on stock grants	20	78	10	98	47
Depreciation and amortization	348	351	338	699	672
Total adjustments to selling, general and administrative	1,412	1,555	1,976	2,967	3,620
Research and development:					
Share-based compensation	421	410	484	831	912
Employer portion of withholding taxes on stock grants	2	19	5	21	18
Depreciation and amortization	111	69	52	180	160
Total adjustments to research and development	534	498	541	1,032	1,090
Restructuring, severance and related charges	193	900	530	1,093	550
Acquisition related costs	208	29	-	237	-
Fair value remeasurement of earnout consideration	-	-	-	-	(9)
Amortization of purchased intangible assets	1,248	1,251	1,310	2,499	2,694
Litigation settlement cost	158	40	-	198	-
Total non-GAAP adjustments to operating expenses	3,753	4,273	4,357	8,026	7,945
Interest expense, net	126	119	232	245	570
Other (income) expense, net	(8)	37	23	29	4
Provision (benefit) for income taxes	94	218	580	312	573
Total non-GAAP adjustments	4,129	4,839	5,555	8,968	9,903
Non-GAAP net income	\$ 1,757	\$ 2,337	\$ 2,962	\$ 4,094	\$ 5,424
Non-GAAP net income per share - diluted	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.14
Denominator for GAAP net income (loss) per share - diluted	38,631	38,024	37,354	38,330	37,170
Non-GAAP adjustment	953	1,257	1,228	901	938
Denominator for non-GAAP net income per share - diluted	39,584	39,281	38,582	39,231	38,108
GAAP cost of revenue	\$ 17,877	\$ 19,948	\$ 22,007	\$ 37,825	\$ 40,941
Non-GAAP adjustments to cost of revenue	(164)	(192)	(363)	(356)	(811)
Non-GAAP cost of revenue	17,713	19,756	21,644	37,469	40,130
Non-GAAP gross profit	\$ 13,448	\$ 14,667	\$ 15,394	\$ 28,115	\$ 29,939
Non-GAAP gross margin	43.2%	42.6%	41.6%	42.9%	42.7%

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

	Three Months Ended			Six Months Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Embedded IoT Solutions	\$ 10,784	\$ 13,387	\$ 11,764	\$ 24,171	\$ 23,137
IoT System Solutions	18,592	18,759	23,022	37,351	42,058
Software & Services	1,785	2,277	2,252	4,062	4,874
	<u>\$ 31,161</u>	<u>\$ 34,423</u>	<u>\$ 37,038</u>	<u>\$ 65,584</u>	<u>\$ 70,069</u>

	Three Months Ended			Six Months Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Americas	\$ 16,386	\$ 17,420	\$ 20,601	\$ 33,806	\$ 43,534
EMEA	9,036	10,484	12,886	19,520	19,477
Asia Pacific Japan	5,739	6,519	3,551	12,258	7,058
	<u>\$ 31,161</u>	<u>\$ 34,423</u>	<u>\$ 37,038</u>	<u>\$ 65,584</u>	<u>\$ 70,069</u>