

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

	<u>March 31,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,795	\$ 17,221
Accounts receivable, net	25,609	26,262
Inventories, net	51,725	37,679
Contract manufacturers' receivables	2,315	3,454
Prepaid expenses and other current assets	3,445	5,417
Total current assets	<u>95,889</u>	<u>90,033</u>
Property and equipment, net	4,813	3,652
Goodwill	27,858	20,768
Purchased intangible assets, net	12,029	14,559
Lease right-of-use assets	10,413	8,037
Other assets	485	325
Total assets	<u>\$ 151,487</u>	<u>\$ 137,374</u>
 <b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 15,189	\$ 20,644
Line of credit	-	-
Accrued payroll and related expenses	3,073	4,729
Current portion of long-term debt, net	2,484	1,671
Other current liabilities	25,206	8,477
Total current liabilities	<u>45,952</u>	<u>35,521</u>
Long-term debt, net	16,972	14,274
Other non-current liabilities	10,535	7,683
Total liabilities	<u>73,459</u>	<u>57,478</u>
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	294,505	289,046
Accumulated deficit	(216,852)	(209,525)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>78,028</u>	<u>79,896</u>
Total liabilities and stockholders' equity	<u>\$ 151,487</u>	<u>\$ 137,374</u>

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

	Three Months Ended			Nine Months Ended	
	March 31,	December 31,	March 31,	March 31,	
	2023	2022	2022	2023	2022
Net revenue	\$ 32,964	\$ 31,506	\$ 32,324	\$ 96,265	\$ 93,710
Cost of revenue	18,328	17,712	18,708	53,799	53,191
Gross profit	14,636	13,794	13,616	42,466	40,519
Operating expenses:					
Selling, general and administrative	9,946	9,813	8,326	28,916	25,167
Research and development	5,067	5,084	4,483	14,677	12,834
Restructuring, severance and related charges	490	82	51	664	760
Acquisition-related costs	-	102	154	315	763
Fair value remeasurement of earnout consideration	140	(673)	1,203	(533)	2,462
Amortization of purchased intangible assets	1,424	1,497	1,479	4,340	4,112
Total operating expenses	17,067	15,905	15,696	48,379	46,098
Loss from operations	(2,431)	(2,111)	(2,080)	(5,913)	(5,579)
Interest expense, net	(465)	(354)	(303)	(1,081)	(1,277)
Loss on extinguishment of debt	-	-	(764)	-	(764)
Other income (expense), net	(29)	(26)	32	(21)	(25)
Income (loss) before income taxes	(2,925)	(2,491)	(3,115)	(7,015)	(7,645)
Provision for income taxes	140	118	75	312	223
Net income (loss)	\$ (3,065)	\$ (2,609)	\$ (3,190)	\$ (7,327)	\$ (7,868)
Net income (loss) per share - basic and diluted	\$ (0.08)	\$ (0.07)	\$ (0.09)	\$ (0.20)	\$ (0.25)
Weighted-average common shares - basic and diluted	36,548	36,352	34,695	36,105	31,925

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

	Three Months Ended			Nine Months Ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023      2022	
GAAP net income (loss)	\$ (3,065)	\$ (2,609)	\$ (3,190)	\$ (7,327)	\$ (7,868)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	47	61	80	159	280
Employer portion of withholding taxes on stock grants	1	-	1	13	9
Amortization of manufacturing profit in acquired inventory	77	80	-	181	380
Depreciation and amortization	116	118	161	364	425
Total adjustments to cost of revenue	241	259	242	717	1,094
Selling, general and administrative:					
Share-based compensation	1,293	1,434	1,264	4,132	3,568
Employer portion of withholding taxes on stock grants	25	10	25	167	129
Depreciation and amortization	280	260	78	695	220
Total adjustments to selling, general and administrative	1,598	1,704	1,367	4,994	3,917
Research and development:					
Share-based compensation	388	370	268	1,090	745
Employer portion of withholding taxes on stock grants	5	2	10	29	28
Depreciation and amortization	37	63	79	164	224
Total adjustments to research and development	430	435	357	1,283	997
Restructuring, severance and related charges	490	82	51	664	760
Acquisition related costs	-	102	154	315	763
Fair value remeasurement of earnout consideration	140	(673)	1,203	(533)	2,462
Loss on extinguishment of debt	-	-	764	-	764
Amortization of purchased intangible assets	1,424	1,497	1,479	4,340	4,112
Litigation settlement cost	250	80	-	330	-
Total non-GAAP adjustments to operating expenses	4,332	3,227	5,375	11,393	13,775
Interest expense, net	465	354	303	1,081	1,277
Other (income) expense, net	29	26	(32)	21	25
Provision (benefit) for income taxes	140	118	75	312	223
Total non-GAAP adjustments	5,207	3,984	5,963	13,524	16,394
Non-GAAP net income	\$ 2,142	\$ 1,375	\$ 2,773	\$ 6,197	\$ 8,526
Non-GAAP net income per share - diluted	\$ 0.06	\$ 0.04	\$ 0.08	\$ 0.17	\$ 0.25
Denominator for GAAP net income per share - diluted	36,548	36,352	34,695	36,105	31,925
Non-GAAP adjustment	839	819	1,992	1,066	1,967
Denominator for non-GAAP net income per share - diluted	37,387	37,171	36,687	37,171	33,892

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

	Three Months Ended			Nine Months Ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Embedded IoT Solutions	\$ 16,055	\$ 13,668	\$ 15,349	\$ 44,818
IoT System Solutions	14,034	14,913	14,862	43,568	44,386
Software & Services	2,875	2,925	2,113	7,879	5,995
	\$ 32,964	\$ 31,506	\$ 32,324	\$ 96,265	\$ 93,710

	Three Months Ended			Nine Months Ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Americas	\$ 19,095	\$ 19,688	\$ 20,448	\$ 59,713
EMEA	6,380	4,905	5,071	16,486	15,481
Asia Pacific Japan	7,489	6,913	6,805	20,066	19,481
	\$ 32,964	\$ 31,506	\$ 32,324	\$ 96,265	\$ 93,710