

**LANTRONIX, INC.**  
**Unaudited Consolidated Balance Sheets**  
(In thousands, except share and par value data)

	<b>June 30,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2019</b>
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 7,691	\$ 18,282
Accounts receivable (net of allowance for doubtful accounts of \$460 and \$36 at June 30, 2020 and 2019, respectively)	11,411	7,388
Inventories, net	13,781	10,509
Contract manufacturers' receivable	337	1,324
Prepaid expenses and other current assets	1,290	687
Total current assets	<u>34,510</u>	<u>38,190</u>
Property and equipment, net	1,587	1,199
Goodwill	15,810	9,488
Purchased intangible assets, net	12,449	-
Other assets	3,577	67
Total assets	<u><u>\$ 67,933</u></u>	<u><u>\$ 48,944</u></u>
<b>Liabilities and stockholders' equity</b>		
Current Liabilities:		
Accounts payable	\$ 5,331	\$ 4,716
Accrued payroll and related expenses	2,658	2,060
Short-term debt, net	1,472	-
Other current liabilities	6,308	4,696
Total current liabilities	<u>15,769</u>	<u>11,472</u>
Long-term debt, net	3,682	-
Other non-current liabilities	1,962	206
Total liabilities	<u>21,413</u>	<u>11,678</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 28,231,054 and 22,811,743 shares issued and outstanding at June 30, 2020 and 2019, respectively	3	2
Additional paid-in capital	246,265	226,274
Accumulated deficit	(200,119)	(189,381)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>46,520</u>	<u>37,266</u>
Total liabilities and stockholders' equity	<u><u>\$ 67,933</u></u>	<u><u>\$ 48,944</u></u>

**LANTRONIX, INC.**  
**Unaudited Consolidated Statements of Operations**  
(In thousands, except per share data)

	<b>Three Months Ended</b>			<b>Years Ended</b>	
	<b>June 30,</b>	<b>March 31,</b>	<b>June 30,</b>	<b>June 30,</b>	
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net revenue	\$17,397	\$ 16,512	\$10,153	\$ 59,878	\$46,890
Cost of revenue	10,846	9,135	4,411	32,978	20,617
Gross profit	<u>6,551</u>	<u>7,377</u>	<u>5,742</u>	<u>26,900</u>	<u>26,273</u>
Operating expenses:					
Selling, general and administrative	4,680	5,558	3,554	19,582	15,851
Research and development	2,010	2,724	2,200	9,691	9,079
Restructuring, severance and related charges	478	2,263	823	3,844	1,146
Acquisition-related costs	38	1,250	410	2,284	410
Impairment of long-lived asset	-	-	275	-	275
Amortization of purchased intangible assets	941	801	-	2,037	-
Total operating expenses	<u>8,147</u>	<u>12,596</u>	<u>7,262</u>	<u>37,438</u>	<u>26,761</u>
Loss from operations	(1,596)	(5,219)	(1,520)	(10,538)	(488)
Interest income (expense), net	(90)	(83)	89	(133)	236
Other income (expense), net	1	129	(1)	77	(15)
Loss before income taxes	<u>(1,685)</u>	<u>(5,173)</u>	<u>(1,432)</u>	<u>(10,594)</u>	<u>(267)</u>
Provision for income taxes	16	43	27	144	141
Net loss	<u><u>\$ (1,701)</u></u>	<u><u>\$ (5,216)</u></u>	<u><u>\$ (1,459)</u></u>	<u><u>\$ (10,738)</u></u>	<u><u>\$ (408)</u></u>
Net loss per share - basic and diluted	<u><u>\$ (0.06)</u></u>	<u><u>\$ (0.19)</u></u>	<u><u>\$ (0.06)</u></u>	<u><u>\$ (0.42)</u></u>	<u><u>\$ (0.02)</u></u>
Weighted-average common shares - basic and diluted	<u>28,046</u>	<u>27,048</u>	<u>22,621</u>	<u>25,281</u>	<u>21,580</u>

**LANTRONIX, INC.**  
**Unaudited Reconciliation of Non-GAAP Adjustments**  
(In thousands)

	Three Months Ended			Years Ended	
	June 30,	March 31,	June 30,	June 30,	
	2020	2020	2019	2020	2019
GAAP net income (loss)	\$ (1,701)	\$ (5,216)	\$ (1,459)	\$ (10,738)	\$ (408)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	85	70	23	227	85
Employer portion of withholding taxes on stock grants	-	1	-	2	-
Depreciation and amortization	179	149	53	468	197
Total adjustment to costs of revenue	<u>264</u>	<u>220</u>	<u>76</u>	<u>697</u>	<u>282</u>
Selling, general and administrative:					
Share-based compensation	783	939	491	2,959	1,441
Employer portion of withholding taxes on stock grants	12	3	-	21	12
Depreciation and amortization	69	81	48	257	192
Total adjustments to selling, general and administrative	<u>864</u>	<u>1,023</u>	<u>539</u>	<u>3,237</u>	<u>1,645</u>
Research and development:					
Share-based compensation	122	123	97	453	345
Employer portion of withholding taxes on stock grants	2	3	-	10	-
Depreciation and amortization	27	39	22	122	75
Total adjustments to research and development	<u>151</u>	<u>165</u>	<u>119</u>	<u>585</u>	<u>420</u>
Restructuring, severance and related charges	478	2,263	823	3,844	1,146
Acquisition related costs	38	1,250	410	2,284	410
Amortization of purchased intangible assets	941	801	-	2,037	-
Litigation settlement cost	-	75	-	75	-
Amortization of manufacturing profit in acquired inventory	51	33	-	255	-
Impairment of long-lived asset	-	-	275	-	275
Total non-GAAP adjustments to operating expenses	<u>2,523</u>	<u>5,610</u>	<u>2,166</u>	<u>12,317</u>	<u>3,896</u>
Interest (income) expense, net	90	83	(89)	133	(236)
Other (income) expense, net	(1)	(129)	1	(77)	15
Provision for income taxes	16	43	27	144	141
Total Non-GAAP adjustments	<u>2,892</u>	<u>5,827</u>	<u>2,181</u>	<u>13,214</u>	<u>4,098</u>
Non-GAAP net income	<u>\$ 1,191</u>	<u>\$ 611</u>	<u>\$ 722</u>	<u>\$ 2,476</u>	<u>\$ 3,690</u>
Non-GAAP net income per share (diluted)	<u>\$ 0.04</u>	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.09</u>	<u>\$ 0.16</u>
Denominator for GAAP net income (loss) per share (diluted)	28,046	27,048	22,621	25,281	21,580
Non-GAAP adjustment	1,959	1,641	1,909	1,603	1,998
Denominator for non-GAAP net income per share (diluted)	<u>30,005</u>	<u>28,689</u>	<u>24,530</u>	<u>26,884</u>	<u>23,578</u>
GAAP operating expenses	\$ 8,147	\$ 12,596	\$ 7,262	\$ 37,438	\$ 26,761
Non-GAAP adjustments to operating expenses	(2,523)	(5,610)	(2,166)	(12,317)	(3,896)
Non-GAAP operating expenses	<u>\$ 5,624</u>	<u>\$ 6,986</u>	<u>\$ 5,096</u>	<u>\$ 25,121</u>	<u>\$ 22,865</u>

**LANTRONIX, INC.**

**Unaudited Net Revenues by Product Line and Region**

(In thousands)

	<b>Three Months Ended</b>			<b>Years Ended</b>	
	<b>June 30, 2020</b>	<b>March 31, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
IoT	\$ 14,588	\$ 13,922	\$ 8,327	\$ 49,911	\$ 35,299
REM	2,671	2,424	1,646	9,228	10,845
Other	138	166	180	739	746
	<u>\$ 17,397</u>	<u>\$ 16,512</u>	<u>\$ 10,153</u>	<u>\$ 59,878</u>	<u>\$ 46,890</u>

	<b>Three Months Ended</b>			<b>Years Ended</b>	
	<b>June 30, 2020</b>	<b>March 31, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Americas	\$ 11,549	\$ 10,126	\$ 5,217	\$ 33,279	\$ 25,179
EMEA	3,093	3,612	3,229	15,588	14,586
APJ	2,755	2,774	1,707	11,011	7,125
	<u>\$ 17,397</u>	<u>\$ 16,512</u>	<u>\$ 10,153</u>	<u>\$ 59,878</u>	<u>\$ 46,890</u>