

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

	September 30,	June 30,
	2023	2023
	<hr/>	<hr/>
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,479	\$ 13,452
Accounts receivable, net	30,105	27,682
Inventories, net	45,796	49,736
Contract manufacturers' receivables	630	3,019
Prepaid expenses and other current assets	2,895	2,662
Total current assets	<hr/>	<hr/>
98,905	96,551	96,551
Property and equipment, net	4,926	4,629
Goodwill	27,824	27,824
Purchased intangible assets, net	9,181	10,565
Lease right-of-use assets	11,102	11,583
Other assets	461	472
Total assets	<hr/> <hr/>	<hr/> <hr/>
\$ 152,399	\$151,624	\$151,624
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,149	\$ 12,401
Accrued payroll and related expenses	2,539	2,431
Current portion of long-term debt, net	3,002	2,743
Other current liabilities	34,062	28,813
Total current liabilities	<hr/>	<hr/>
48,752	46,388	46,388
Long-term debt, net	15,471	16,221
Other non-current liabilities	11,185	11,459
Total liabilities	<hr/> <hr/>	<hr/> <hr/>
75,408	74,068	74,068
 Commitments and contingencies (Note 9)		
 Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	297,007	295,686
Accumulated deficit	(220,391)	(218,505)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<hr/>	<hr/>
76,991	77,556	77,556
Total liabilities and stockholders' equity	<hr/> <hr/>	<hr/> <hr/>
\$ 152,399	\$151,624	\$151,624

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

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Net revenue	\$ 33,031	\$ 34,924	\$ 31,795
Cost of revenue	18,934	21,126	17,759
Gross profit	<u>14,097</u>	<u>13,798</u>	<u>14,036</u>
Operating expenses:			
Selling, general and administrative	9,170	8,032	9,157
Research and development	5,106	4,948	4,526
Restructuring, severance and related charges	20	29	92
Acquisition-related costs	-	-	213
Fair value remeasurement of earnout consideration	(9)	86	-
Amortization of purchased intangible assets	1,384	1,464	1,419
Total operating expenses	<u>15,671</u>	<u>14,559</u>	<u>15,407</u>
Loss from operations	(1,574)	(761)	(1,371)
Interest expense, net	(338)	(404)	(262)
Other income (loss), net	19	(52)	34
Loss before income taxes	<u>(1,893)</u>	<u>(1,217)</u>	<u>(1,599)</u>
Provision (benefit) for income taxes	(7)	436	54
Net loss	<u>\$ (1,886)</u>	<u>\$ (1,653)</u>	<u>\$ (1,653)</u>
Net loss per share - basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.05)</u>	<u>\$ (0.05)</u>
Weighted-average common shares - basic and diluted	<u>36,982</u>	<u>36,719</u>	<u>35,406</u>

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

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
GAAP net loss	\$ (1,886)	\$ (1,653)	\$ (1,653)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	41	(1)	51
Employer portion of withholding taxes on stock grants	4	-	12
Amortization of manufacturing profit in acquired inventory	317	44	24
Depreciation and amortization	86	102	130
Total adjustments to cost of revenue	448	145	217
Selling, general and administrative:			
Share-based compensation	1,273	414	1,405
Employer portion of withholding taxes on stock grants	37	14	132
Depreciation and amortization	334	327	155
Total adjustments to selling, general and administrative	1,644	755	1,692
Research and development:			
Share-based compensation	428	414	332
Employer portion of withholding taxes on stock grants	13	5	22
Depreciation and amortization	108	84	64
Total adjustments to research and development	549	503	418
Restructuring, severance and related charges	20	29	92
Acquisition related costs	-	-	213
Fair value remeasurement of earnout consideration	(9)	86	-
Amortization of purchased intangible assets	1,384	1,464	1,419
Total non-GAAP adjustments to operating expenses	3,588	2,837	3,834
Interest expense, net	338	404	262
Other (income) expense, net	(19)	52	(34)
Provision (benefit) for income taxes	(7)	436	54
Total non-GAAP adjustments	4,348	3,874	4,333
Non-GAAP net income	\$ 2,462	\$ 2,221	\$ 2,680
Non-GAAP net income per share - diluted	\$ 0.07	\$ 0.06	\$ 0.07
Denominator for GAAP net income per share - diluted	36,982	36,719	35,406
Non-GAAP adjustment	693	548	1,777
Denominator for non-GAAP net income per share - diluted	37,675	37,267	37,183

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

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Embedded IoT Solutions	\$ 11,373	\$ 18,818	\$ 15,095
IoT System Solutions	19,036	13,928	14,621
Software & Services	2,622	2,178	2,079
	<u>\$ 33,031</u>	<u>\$ 34,924</u>	<u>\$ 31,795</u>

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Americas	\$ 22,933	\$ 18,844	\$ 20,930
EMEA	6,591	6,800	5,201
Asia Pacific Japan	3,507	9,280	5,664
	<u>\$ 33,031</u>	<u>\$ 34,924</u>	<u>\$ 31,795</u>