

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

|  | <b>June 30,</b><br><b>2024</b> | <b>June 30,</b><br><b>2023</b> |
|--|--------------------------------|--------------------------------|
|  | <u>          </u>              | <u>          </u>              |
| <b>Assets</b>  |                                |                                |
| Current Assets:  |                                |                                |
| Cash and cash equivalents  | \$ 26,237                      | \$ 13,452                      |
| Accounts receivable, net   | 31,279                         | 27,682                         |
| Inventories, net   | 27,698                         | 49,736                         |
| Contract manufacturers' receivable   | 1,401                          | 3,019                          |
| Prepaid expenses and other current assets  | 2,335                          | 2,662                          |
| Total current assets   | <u>88,950</u>                  | <u>96,551</u>                  |
| Property and equipment, net  | 4,016                          | 4,629                          |
| Goodwill   | 27,824                         | 27,824                         |
| Intangible assets, net   | 5,251                          | 10,565                         |
| Lease right-of-use assets  | 9,567                          | 11,583                         |
| Other assets   | 600                            | 472                            |
| Total assets   | <u><u>\$ 136,208</u></u>       | <u><u>\$ 151,624</u></u>       |
| <b>Liabilities and stockholders' equity</b>  |                                |                                |
| Current Liabilities:   |                                |                                |
| Accounts payable   | \$ 10,347                      | \$ 12,401                      |
| Accrued payroll and related expenses   | 5,836                          | 2,431                          |
| Current portion of long-term debt, net   | 3,002                          | 2,743                          |
| Other current liabilities  | 10,971                         | 28,813                         |
| Total current liabilities  | <u>30,156</u>                  | <u>46,388</u>                  |
| Long-term debt, net  | 13,219                         | 16,221                         |
| Other non-current liabilities  | 11,478                         | 11,459                         |
| Total liabilities  | <u>54,853</u>                  | <u>74,068</u>                  |
| Commitments and contingencies  |                                |                                |
| Stockholders' equity:  |                                |                                |
| Preferred stock, \$0.0001 par value; 5,000,000 shares authorized;<br>none issued and outstanding   | -                              | -                              |
| Common stock, \$0.0001 par value; 100,000,000 shares authorized;<br>37,872,883 and 36,875,586 shares issued and outstanding at<br>June 30, 2024 and 2023, respectively | 4                              | 4                              |
| Additional paid-in capital   | 304,001                        | 295,686                        |
| Accumulated deficit  | (223,021)                      | (218,505)                      |
| Accumulated other comprehensive income   | 371                            | 371                            |
| Total stockholders' equity   | <u>81,355</u>                  | <u>77,556</u>                  |
| Total liabilities and stockholders' equity   | <u><u>\$ 136,208</u></u>       | <u><u>\$ 151,624</u></u>       |

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

|   | Three Months Ended |                   |                  | Years Ended      |            |
|---|--------------------|-------------------|------------------|------------------|------------|
|   | June 30,<br>2024   | March 31,<br>2024 | June 30,<br>2023 | June 30,<br>2024 | 2023       |
| Net revenue                                       | \$ 49,075          | \$ 41,183         | \$ 34,924        | \$ 160,327       | \$ 131,189 |
| Cost of revenue                                   | 30,353             | 24,679            | 21,126           | 95,973           | 74,925     |
| Gross profit                                      | 18,722             | 16,504            | 13,798           | 64,354           | 56,264     |
| Operating expenses:                               |                    |                   |                  |                  |            |
| Selling, general and administrative               | 11,059             | 9,753             | 8,032            | 40,206           | 36,948     |
| Research and development                          | 5,265              | 5,186             | 4,948            | 20,282           | 19,625     |
| Restructuring, severance and related charges      | 523                | 350               | 29               | 1,423            | 693        |
| Acquisition-related costs                         | -                  | -                 | -                | -                | 315        |
| Fair value remeasurement of earnout consideration | -                  | -                 | 86               | (9)              | (447)      |
| Amortization of intangible assets                 | 1,310              | 1,310             | 1,464            | 5,314            | 5,804      |
| Total operating expenses                          | 18,157             | 16,599            | 14,559           | 67,216           | 62,938     |
| Income (loss) from operations                     | 565                | (95)              | (761)            | (2,862)          | (6,674)    |
| Interest expense, net                             | (175)              | (171)             | (404)            | (916)            | (1,485)    |
| Other income (expense), net                       | 9                  | 2                 | (52)             | 7                | (73)       |
| Income (loss) before income taxes                 | 399                | (264)             | (1,217)          | (3,771)          | (8,232)    |
| Provision for income taxes                        | 13                 | 159               | 436              | 745              | 748        |
| Net income (loss)                                 | \$ 386             | \$ (423)          | \$ (1,653)       | \$ (4,516)       | \$ (8,980) |
| Net income (loss) per share - basic               | \$ 0.01            | \$ (0.01)         | \$ (0.05)        | \$ (0.12)        | \$ (0.25)  |
| Net income (loss) per share - diluted             | \$ 0.01            | \$ (0.01)         | \$ (0.05)        | \$ (0.12)        | \$ (0.25)  |
| Weighted-average common shares - basic            | 37,697             | 37,509            | 36,719           | 37,386           | 36,257     |
| Weighted-average common shares - diluted          | 38,096             | 37,509            | 36,719           | 37,386           | 36,257     |

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

|  | Three Months Ended |                  |                  | Years Ended      |                  |
|--|--------------------|------------------|------------------|------------------|------------------|
|  | June 30,           | March 31,        | June 30,         | June 30,         |                  |
|  | 2024               | 2024             | 2023             | 2024             | 2023             |
| GAAP net income (loss)                                     | \$ 386             | \$ (423)         | \$ (1,653)       | \$ (4,516)       | \$ (8,980)       |
| Non-GAAP adjustments:                                      |                    |                  |                  |                  |                  |
| Cost of revenue:   |                    |                  |                  |                  |                  |
| Share-based compensation                                   | 66                 | 66               | (1)              | 237              | 158              |
| Employer portion of withholding taxes on stock grants      | 1                  | 1                | -                | 7                | 13               |
| Amortization of manufacturing profit in acquired inventory | 126                | 190              | 44               | 822              | 225              |
| Depreciation and amortization                              | 124                | 144              | 102              | 463              | 466              |
| Total adjustment to costs of revenue                       | 317                | 401              | 145              | 1,529            | 862              |
| Selling, general and administrative:                       |                    |                  |                  |                  |                  |
| Share-based compensation                                   | 2,010              | 1,337            | 414              | 6,248            | 4,546            |
| Employer portion of withholding taxes on stock grants      | 19                 | 21               | 14               | 87               | 181              |
| Depreciation and amortization                              | 369                | 352              | 327              | 1,393            | 1,022            |
| Total adjustments to selling, general and administrative   | 2,398              | 1,710            | 755              | 7,728            | 5,749            |
| Research and development:                                  |                    |                  |                  |                  |                  |
| Share-based compensation                                   | 471                | 469              | 414              | 1,852            | 1,504            |
| Employer portion of withholding taxes on stock grants      | 4                  | 9                | 5                | 31               | 34               |
| Depreciation and amortization                              | 72                 | 76               | 84               | 308              | 248              |
| Total adjustments to research and development              | 547                | 554              | 503              | 2,191            | 1,786            |
| Restructuring, severance and related charges               | 523                | 350              | 29               | 1,423            | 693              |
| Acquisition related costs                                  | -                  | -                | -                | -                | 315              |
| Fair value remeasurement of earnout consideration          | -                  | -                | 86               | (9)              | (447)            |
| Amortization of purchased intangible assets                | 1,310              | 1,310            | 1,464            | 5,314            | 5,804            |
| Litigation settlement cost                                 | 115                | -                | -                | 115              | 330              |
| Total non-GAAP adjustments to operating expenses           | 4,893              | 3,924            | 2,837            | 16,762           | 14,230           |
| Interest expense, net                                      | 175                | 171              | 404              | 916              | 1,485            |
| Other expense (income), net                                | (9)                | (2)              | 52               | (7)              | 73               |
| Provision for income taxes                                 | 13                 | 159              | 436              | 745              | 748              |
| Total Non-GAAP adjustments                                 | 5,389              | 4,653            | 3,874            | 19,945           | 17,398           |
| Non-GAAP net income  | <u>\$ 5,775</u>    | <u>\$ 4,230</u>  | <u>\$ 2,221</u>  | <u>\$ 15,429</u> | <u>\$ 8,418</u>  |
| Non-GAAP net income per share (diluted)                    | <u>\$ 0.15</u>     | <u>\$ 0.11</u>   | <u>\$ 0.06</u>   | <u>\$ 0.40</u>   | <u>\$ 0.23</u>   |
| Denominator for GAAP net income (loss) per share (diluted) | 38,096             | 37,509           | 36,719           | 37,386           | 36,257           |
| Non-GAAP adjustment  | 771                | 1,674            | 548              | 1,367            | 932              |
| Denominator for non-GAAP net income per share (diluted)    | <u>38,867</u>      | <u>39,183</u>    | <u>37,267</u>    | <u>38,753</u>    | <u>37,189</u>    |
| GAAP cost of revenue                                       | \$ 30,353          | \$ 24,679        | \$ 21,126        | \$ 95,973        | \$ 74,925        |
| Non-GAAP adjustments to cost of revenue                    | (317)              | (401)            | (145)            | (1,529)          | (862)            |
| Non-GAAP cost of revenue                                   | 30,036             | 24,278           | 20,981           | 94,444           | 74,063           |
| Non-GAAP gross profit                                      | <u>\$ 19,039</u>   | <u>\$ 16,905</u> | <u>\$ 13,943</u> | <u>\$ 65,883</u> | <u>\$ 57,126</u> |
| Non-GAAP gross margin                                      | <u>38.8%</u>       | <u>41.0%</u>     | <u>39.9%</u>     | <u>41.1%</u>     | <u>43.5%</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,<br/>2024</b>  | <b>March 31,<br/>2024</b> | <b>June 30,<br/>2023</b> | <b>June 30,<br/>2024</b> | <b>June 30,<br/>2023</b> |
| Embedded IoT Solutions | \$ 11,364                 | \$ 12,452                 | \$ 18,818                | \$ 46,953                | \$ 63,636                |
| IoT System Solutions   | 35,603                    | 26,789                    | 13,928                   | 104,450                  | 57,496                   |
| Software & Services    | 2,108                     | 1,942                     | 2,178                    | 8,924                    | 10,057                   |
|                        | <u>\$ 49,075</u>          | <u>\$ 41,183</u>          | <u>\$ 34,924</u>         | <u>\$ 160,327</u>        | <u>\$ 131,189</u>        |
|                        | <b>June 30,<br/>2024</b>  | <b>March 31,<br/>2024</b> | <b>June 30,<br/>2023</b> | <b>June 30,<br/>2024</b> | <b>June 30,<br/>2023</b> |
| Americas               | \$ 17,126                 | \$ 17,543                 | \$ 18,844                | \$ 78,203                | \$ 78,557                |
| EMEA                   | 26,194                    | 18,354                    | 6,800                    | 64,025                   | 23,286                   |
| APJ                    | 5,755                     | 5,286                     | 9,280                    | 18,099                   | 29,346                   |
|                        | <u>\$ 49,075</u>          | <u>\$ 41,183</u>          | <u>\$ 34,924</u>         | <u>\$ 160,327</u>        | <u>\$ 131,189</u>        |