

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

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 9,739	\$ 7,691
Accounts receivable (net of allowance for doubtful accounts of \$321 and \$460 at June 30, 2021 and 2020, respectively)	13,515	11,411
Inventories, net	15,059	13,781
Contract manufacturers' receivable	1,960	337
Prepaid expenses and other current assets	2,880	1,290
Total current assets	43,153	34,510
Property and equipment, net	1,577	1,587
Goodwill	15,810	15,810
Purchased intangible assets, net	9,355	12,449
Lease right-of-use assets	2,431	3,345
Other assets	240	232
Total assets	\$ 72,566	\$ 67,933
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	\$ 9,122	\$ 5,331
Accrued payroll and related expenses	4,942	2,658
Short-term debt, net	1,472	1,472
Other current liabilities	7,328	6,308
Total current liabilities	22,864	15,769
Long-term debt, net	2,210	3,682
Other non-current liabilities	1,396	1,962
Total liabilities	26,470	21,413
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; 29,087,714 and 28,231,054 shares issued and outstanding at June 30, 2021 and 2020, respectively	3	3
Additional paid-in capital	249,885	246,265
Accumulated deficit	(204,163)	(200,119)
Accumulated other comprehensive income	371	371
Total stockholders' equity	46,096	46,520
Total liabilities and stockholders' equity	\$ 72,566	\$ 67,933

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

	Three Months Ended			Years Ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	2020
Net revenue	\$ 20,638	\$ 17,108	\$ 17,397	\$ 71,477	\$ 59,878
Cost of revenue	10,566	9,390	10,846	38,452	32,978
Gross profit	10,072	7,718	6,551	33,025	26,900
Operating expenses:					
Selling, general and administrative	6,061	4,995	4,680	20,808	19,582
Research and development	3,573	2,519	2,010	11,113	9,691
Restructuring, severance and related charges	157	120	478	506	3,844
Acquisition-related costs	663	178	38	841	2,284
Amortization of purchased intangible assets	579	754	941	3,094	2,037
Total operating expenses	11,033	8,566	8,147	36,362	37,438
Loss from operations	(961)	(848)	(1,596)	(3,337)	(10,538)
Interest income (expense), net	(71)	(77)	(90)	(315)	(133)
Other income (expense), net	(14)	(224)	1	(197)	77
Loss before income taxes	(1,046)	(1,149)	(1,685)	(3,849)	(10,594)
Provision for income taxes	50	38	16	195	144
Net loss	<u>\$ (1,096)</u>	<u>\$ (1,187)</u>	<u>\$ (1,701)</u>	<u>\$ (4,044)</u>	<u>\$ (10,738)</u>
Net loss per share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>	<u>\$ (0.14)</u>	<u>\$ (0.42)</u>
Weighted-average common shares - basic and diluted	<u>28,979</u>	<u>28,819</u>	<u>28,046</u>	<u>28,708</u>	<u>25,281</u>

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

	<u>Three Months Ended</u>			<u>Years Ended</u>	
	<u>June 30,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2021</u>	<u>2020</u>
GAAP net income (loss)	\$ (1,096)	\$ (1,187)	\$ (1,701)	\$ (4,044)	\$ (10,738)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	69	70	85	281	227
Employer portion of withholding taxes on stock grants	2	3	-	5	2
Depreciation and amortization	<u>104</u>	<u>170</u>	<u>179</u>	<u>632</u>	<u>468</u>
Total adjustment to costs of revenue	<u>175</u>	<u>243</u>	<u>264</u>	<u>918</u>	<u>697</u>
Selling, general and administrative:					
Share-based compensation	800	803	783	2,719	2,959
Employer portion of withholding taxes on stock grants	13	19	12	43	21
Depreciation and amortization	<u>40</u>	<u>38</u>	<u>69</u>	<u>170</u>	<u>257</u>
Total adjustments to selling, general and administrative	<u>853</u>	<u>860</u>	<u>864</u>	<u>2,932</u>	<u>3,237</u>
Research and development:					
Share-based compensation	179	170	122	584	453
Employer portion of withholding taxes on stock grants	6	5	2	19	10
Depreciation and amortization	<u>58</u>	<u>57</u>	<u>27</u>	<u>198</u>	<u>122</u>
Total adjustments to research and development	<u>243</u>	<u>232</u>	<u>151</u>	<u>801</u>	<u>585</u>
Restructuring, severance and related charges	157	120	478	506	3,844
Acquisition related costs	663	178	38	841	2,284
Amortization of purchased intangible assets	579	754	941	3,094	2,037
Litigation settlement cost	-	-	-	-	75
Amortization of manufacturing profit in acquired inventory	<u>-</u>	<u>-</u>	<u>51</u>	<u>7</u>	<u>255</u>
Total non-GAAP adjustments to operating expenses	<u>2,495</u>	<u>2,144</u>	<u>2,523</u>	<u>8,181</u>	<u>12,317</u>
Interest (income) expense, net	71	77	90	315	133
Other expense, net	14	224	(1)	197	(77)
Provision for income taxes	<u>50</u>	<u>38</u>	<u>16</u>	<u>195</u>	<u>144</u>
Total Non-GAAP adjustments	<u>2,805</u>	<u>2,726</u>	<u>2,892</u>	<u>9,806</u>	<u>13,214</u>
Non-GAAP net income	<u>\$ 1,709</u>	<u>\$ 1,539</u>	<u>\$ 1,191</u>	<u>\$ 5,762</u>	<u>\$ 2,476</u>
Non-GAAP net income per share (diluted)	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.19</u>	<u>\$ 0.09</u>
Denominator for GAAP net income (loss) per share (diluted)	28,979	28,819	28,046	28,708	25,281
Non-GAAP adjustment	<u>1,716</u>	<u>1,700</u>	<u>1,959</u>	<u>1,689</u>	<u>1,603</u>
Denominator for non-GAAP net income per share (diluted)	<u>30,695</u>	<u>30,519</u>	<u>30,005</u>	<u>30,397</u>	<u>26,884</u>
GAAP operating expenses	\$ 11,033	\$ 8,566	\$ 8,147	\$ 36,362	\$ 37,438
Non-GAAP adjustments to operating expenses	<u>(2,495)</u>	<u>(2,144)</u>	<u>(2,523)</u>	<u>(8,181)</u>	<u>(12,317)</u>
Non-GAAP operating expenses	<u>\$ 8,538</u>	<u>\$ 6,422</u>	<u>\$ 5,624</u>	<u>\$ 28,181</u>	<u>\$ 25,121</u>

LANTRONIX, INC.
Unaudited Net Revenues by Product Line and Region
(In thousands)

	Three Months Ended			Years Ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
IoT	\$ 17,484	\$ 13,661	\$ 14,588	\$ 59,167	\$ 49,911
REM	3,041	3,305	2,671	11,843	9,228
Other	113	142	138	467	739
	\$ 20,638	\$ 17,108	\$ 17,397	\$ 71,477	\$ 59,878

	Three Months Ended			Years Ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Americas	\$ 11,071	\$ 8,615	\$ 11,549	\$ 38,638	\$ 33,279
EMEA	5,711	4,096	3,093	17,186	15,588
APJ	3,856	4,397	2,755	15,653	11,011
	\$ 20,638	\$ 17,108	\$ 17,397	\$ 71,477	\$ 59,878