



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

	<u>September 30,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,125	\$ 17,221
Accounts receivable, net	26,669	26,262
Inventories, net	45,260	37,679
Contract manufacturers' receivables	932	3,454
Prepaid expenses and other current assets	4,571	5,417
Total current assets	90,557	90,033
Property and equipment, net	4,858	3,652
Goodwill	27,151	20,768
Purchased intangible assets, net	15,610	14,559
Lease right-of-use assets	11,446	8,037
Other assets	510	325
Total assets	\$ 150,132	\$137,374
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 15,378	\$ 20,644
Line of credit	2,000	-
Accrued payroll and related expenses	4,185	4,729
Current portion of long-term debt, net	1,965	1,671
Other current liabilities	16,713	8,477
Total current liabilities	40,241	35,521
Long-term debt, net	18,473	14,274
Other non-current liabilities	11,680	7,683
Total liabilities	70,394	57,478
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	290,541	289,046
Accumulated deficit	(211,178)	(209,525)
Accumulated other comprehensive income	371	371
Total stockholders' equity	79,738	79,896
Total liabilities and stockholders' equity	\$ 150,132	\$137,374



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

	Three Months Ended		
	September 30,	June 30,	September 30,
	2022	2022	2021
Net revenue	\$ 31,795	\$ 35,945	\$ 27,705
Cost of revenue	17,759	20,878	15,242
Gross profit	<u>14,036</u>	<u>15,067</u>	<u>12,463</u>
Operating expenses:			
Selling, general and administrative	9,157	9,362	7,906
Research and development	4,526	4,853	4,041
Restructuring, severance and related charges	92	35	542
Acquisition-related costs	213	126	541
Fair value remeasurement of earnout consideration	-	(1,355)	-
Amortization of purchased intangible assets	<u>1,419</u>	<u>1,478</u>	<u>1,193</u>
Total operating expenses	<u>15,407</u>	<u>14,499</u>	<u>14,223</u>
Income (loss) from operations	(1,371)	568	(1,760)
Interest expense, net	(262)	(195)	(379)
Other income (expense), net	<u>34</u>	<u>78</u>	<u>(102)</u>
Income (loss) before income taxes	(1,599)	451	(2,241)
Provision (benefit) for income taxes	<u>54</u>	<u>(2,055)</u>	<u>42</u>
Net income (loss)	<u>\$ (1,653)</u>	<u>\$ 2,506</u>	<u>\$ (2,283)</u>
Net income (loss) per share - basic	<u>\$ (0.05)</u>	<u>\$ 0.07</u>	<u>\$ (0.08)</u>
Net income (loss) per share - diluted	<u>\$ (0.05)</u>	<u>\$ 0.07</u>	<u>\$ (0.08)</u>
Weighted-average common shares - basic	<u>35,406</u>	<u>34,933</u>	<u>29,228</u>
Weighted-average common shares - diluted	<u>35,406</u>	<u>36,150</u>	<u>29,228</u>



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

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
GAAP net income (loss)	\$ (1,653)	\$ 2,506	\$ (2,283)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	51	89	100
Employer portion of withholding taxes on stock grants	12	-	1
Amortization of manufacturing profit in acquired inventory	24	-	180
Depreciation and amortization	<u>130</u>	<u>146</u>	<u>136</u>
Total adjustments to cost of revenue	<u>217</u>	<u>235</u>	<u>417</u>
Selling, general and administrative:			
Share-based compensation	1,405	1,294	1,126
Employer portion of withholding taxes on stock grants	132	15	13
Depreciation and amortization	<u>155</u>	<u>104</u>	<u>67</u>
Total adjustments to selling, general and administrative	<u>1,692</u>	<u>1,413</u>	<u>1,206</u>
Research and development:			
Share-based compensation	332	270	255
Employer portion of withholding taxes on stock grants	22	6	8
Depreciation and amortization	<u>64</u>	<u>76</u>	<u>71</u>
Total adjustments to research and development	<u>418</u>	<u>352</u>	<u>334</u>
Restructuring, severance and related charges	92	35	542
Acquisition related costs	213	126	541
Fair value remeasurement of earnout consideration	-	(1,355)	-
Amortization of purchased intangible assets	<u>1,419</u>	<u>1,478</u>	<u>1,193</u>
Total non-GAAP adjustments to operating expenses	<u>3,834</u>	<u>2,049</u>	<u>3,816</u>
Interest expense, net	262	195	379
Other (income) expense, net	(34)	(78)	102
Provision (benefit) for income taxes	<u>54</u>	<u>(2,055)</u>	<u>42</u>
Total non-GAAP adjustments	<u>4,333</u>	<u>346</u>	<u>4,756</u>
Non-GAAP net income	<u>\$ 2,680</u>	<u>\$ 2,852</u>	<u>\$ 2,473</u>
Non-GAAP net income per share - diluted	<u>\$ 0.07</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>
Denominator for GAAP net income per share - diluted	35,406	36,150	29,228
Non-GAAP adjustment	<u>1,777</u>	<u>853</u>	<u>1,672</u>
Denominator for non-GAAP net income per share - diluted	<u>37,183</u>	<u>37,003</u>	<u>30,900</u>



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

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Embedded IoT Solutions	\$ 15,095	\$ 18,443	\$ 12,376
IoT System Solutions	14,621	14,633	13,158
Software & Services	2,079	2,869	2,171
	<u>\$ 31,795</u>	<u>\$ 35,945</u>	<u>\$ 27,705</u>

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Americas	\$ 20,930	\$ 19,051	\$ 18,227
EMEA	5,201	7,061	4,659
Asia Pacific Japan	5,664	9,833	4,819
	<u>\$ 31,795</u>	<u>\$ 35,945</u>	<u>\$ 27,705</u>