



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

	March 31,	June 30,
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,642	\$ 13,452
Accounts receivable, net	28,542	27,682
Inventories, net	40,552	49,736
Contract manufacturers' receivables	1,562	3,019
Prepaid expenses and other current assets	2,586	2,662
Total current assets	97,884	96,551
Property and equipment, net	4,409	4,629
Goodwill	27,824	27,824
Intangible assets, net	6,561	10,565
Lease right-of-use assets	10,128	11,583
Other assets	586	472
Total assets	<u>\$147,392</u>	<u>\$151,624</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 13,845	\$ 12,401
Accrued payroll and related expenses	4,539	2,431
Current portion of long-term debt, net	3,002	2,743
Other current liabilities	22,188	28,813
Total current liabilities	43,574	46,388
Long-term debt, net	13,970	16,221
Other non-current liabilities	11,763	11,459
Total liabilities	<u>69,307</u>	<u>74,068</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	301,117	295,686
Accumulated deficit	(223,407)	(218,505)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>78,085</u>	<u>77,556</u>
Total liabilities and stockholders' equity	<u>\$147,392</u>	<u>\$151,624</u>



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

	Three Months Ended			Nine Months Ended	
	March 31,	December 31,	March 31,	March 31,	
	2024	2023	2023	2024	2023
Net revenue	\$ 41,183	\$ 37,038	\$ 32,964	\$ 111,252	\$ 96,265
Cost of revenue	24,679	22,007	18,328	65,620	53,799
Gross profit	16,504	15,031	14,636	45,632	42,466
Operating expenses:					
Selling, general and administrative	9,753	10,224	9,946	29,147	28,916
Research and development	5,186	4,725	5,067	15,017	14,677
Restructuring, severance and related charges	350	530	490	900	664
Acquisition-related costs	-	-	-	-	315
Fair value remeasurement of earnout consideration	-	-	140	(9)	(533)
Amortization of intangible assets	1,310	1,310	1,424	4,004	4,340
Total operating expenses	16,599	16,789	17,067	49,059	48,379
Loss from operations	(95)	(1,758)	(2,431)	(3,427)	(5,913)
Interest expense, net	(171)	(232)	(465)	(741)	(1,081)
Other income (loss), net	2	(23)	(29)	(2)	(21)
Loss before income taxes	(264)	(2,013)	(2,925)	(4,170)	(7,015)
Provision (benefit) for income taxes	159	580	140	732	312
Net loss	\$ (423)	\$ (2,593)	\$ (3,065)	\$ (4,902)	\$ (7,327)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.07)	\$ (0.08)	\$ (0.13)	\$ (0.20)
Weighted-average common shares - basic and diluted	37,509	37,354	36,548	37,283	36,105



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

	Three Months Ended			Nine Months Ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	2023
GAAP net loss	\$ (423)	\$ (2,593)	\$ (3,065)	\$ (4,902)	\$ (7,327)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	66	64	47	171	159
Employer portion of withholding taxes on stock grants	1	1	1	6	13
Amortization of manufacturing profit in acquired inventory	190	189	77	696	181
Depreciation and amortization	144	109	116	339	364
Total adjustments to cost of revenue	<u>401</u>	<u>363</u>	<u>241</u>	<u>1,212</u>	<u>717</u>
Selling, general and administrative:					
Share-based compensation	1,337	1,628	1,293	4,238	4,132
Employer portion of withholding taxes on stock grants	21	10	25	68	167
Depreciation and amortization	352	338	280	1,024	695
Total adjustments to selling, general and administrative	<u>1,710</u>	<u>1,976</u>	<u>1,598</u>	<u>5,330</u>	<u>4,994</u>
Research and development:					
Share-based compensation	469	484	388	1,381	1,090
Employer portion of withholding taxes on stock grants	9	5	5	27	29
Depreciation and amortization	76	52	37	236	164
Total adjustments to research and development	<u>554</u>	<u>541</u>	<u>430</u>	<u>1,644</u>	<u>1,283</u>
Restructuring, severance and related charges	350	530	490	900	664
Acquisition related costs	-	-	-	-	315
Fair value remeasurement of earnout consideration	-	-	140	(9)	(533)
Amortization of purchased intangible assets	1,310	1,310	1,424	4,004	4,340
Litigation settlement cost	-	-	250	-	330
Total non-GAAP adjustments to operating expenses	<u>3,924</u>	<u>4,357</u>	<u>4,332</u>	<u>11,869</u>	<u>11,393</u>
Interest expense, net	171	232	465	741	1,081
Other (income) expense, net	(2)	23	29	2	21
Provision for income taxes	159	580	140	732	312
Total non-GAAP adjustments	<u>4,653</u>	<u>5,555</u>	<u>5,207</u>	<u>14,556</u>	<u>13,524</u>
Non-GAAP net income	<u>\$ 4,230</u>	<u>\$ 2,962</u>	<u>\$ 2,142</u>	<u>\$ 9,654</u>	<u>\$ 6,197</u>
Non-GAAP net income per share - diluted	<u>\$ 0.11</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.25</u>	<u>\$ 0.17</u>
Denominator for GAAP net income per share - diluted	37,509	37,354	36,548	37,283	36,105
Non-GAAP adjustment	<u>1,674</u>	<u>1,228</u>	<u>839</u>	<u>1,021</u>	<u>1,066</u>
Denominator for non-GAAP net income per share - diluted	<u>39,183</u>	<u>38,582</u>	<u>37,387</u>	<u>38,304</u>	<u>37,171</u>
GAAP cost of revenue	\$ 24,679	\$ 22,007	\$ 18,328	\$ 65,620	\$ 53,799
Non-GAAP adjustments to cost of revenue	(401)	(363)	(241)	(1,212)	(717)
Non-GAAP cost of revenue	<u>24,278</u>	<u>21,644</u>	<u>18,087</u>	<u>64,408</u>	<u>53,082</u>
Non-GAAP gross profit	<u>\$ 16,905</u>	<u>\$ 15,394</u>	<u>\$ 14,877</u>	<u>\$ 46,844</u>	<u>\$ 43,183</u>
Non-GAAP gross margin	<u>41.0%</u>	<u>41.6%</u>	<u>45.1%</u>	<u>42.1%</u>	<u>44.9%</u>



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

	Three Months Ended			Nine Months Ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
Embedded IoT Solutions	\$ 12,452	\$ 11,764	\$ 16,055	\$ 35,589	\$ 44,818
IoT System Solutions	26,789	23,022	14,034	68,847	43,568
Software & Services	1,942	2,252	2,875	6,816	7,879
	\$ 41,183	\$ 37,038	\$ 32,964	\$ 111,252	\$ 96,265

	Three Months Ended			Nine Months Ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
Americas	\$ 17,543	\$ 20,601	\$ 19,095	\$ 61,077	\$ 59,713
EMEA	18,354	12,886	6,380	37,831	16,486
Asia Pacific Japan	5,286	3,551	7,489	12,344	20,066
	\$ 41,183	\$ 37,038	\$ 32,964	\$ 111,252	\$ 96,265