



LANTRONIX, INC.

Unaudited Consolidated Balance Sheets

(In thousands, except share and par value data)

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 13,452	\$ 17,221
Accounts receivable, net	27,682	26,262
Inventories, net	49,736	37,679
Contract manufacturers' receivable	3,019	3,454
Prepaid expenses and other current assets	2,662	5,417
Total current assets	<u>96,551</u>	<u>90,033</u>
Property and equipment, net	4,629	3,652
Goodwill	27,824	20,768
Purchased intangible assets, net	10,565	14,559
Lease right-of-use assets	11,583	8,037
Other assets	472	325
Total assets	<u>\$ 151,624</u>	<u>\$ 137,374</u>
<b>Liabilities and stockholders' equity</b>		
Current Liabilities:		
Accounts payable	\$ 12,401	\$ 20,644
Accrued payroll and related expenses	2,431	4,729
Current portion of long-term debt, net	2,743	1,671
Other current liabilities	28,813	8,477
Total current liabilities	<u>46,388</u>	<u>35,521</u>
Long-term debt, net	16,221	14,274
Other non-current liabilities	11,459	7,683
Total liabilities	<u>74,068</u>	<u>57,478</u>
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; 36,875,586 and 35,129,301 shares issued and outstanding at June 30, 2023 and 2022, respectively	4	4
Additional paid-in capital	295,686	289,046
Accumulated deficit	(218,505)	(209,525)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>77,556</u>	<u>79,896</u>
Total liabilities and stockholders' equity	<u>\$ 151,624</u>	<u>\$ 137,374</u>



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

	<u>Three Months Ended</u>			<u>Years Ended</u>	
	<u>June 30,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u> <u>2022</u>	
Net revenue	\$ 34,924	\$ 32,964	\$ 35,945	\$ 131,189	\$ 129,655
Cost of revenue	21,126	18,328	20,878	74,925	74,069
Gross profit	<u>13,798</u>	<u>14,636</u>	<u>15,067</u>	<u>56,264</u>	<u>55,586</u>
Operating expenses:					
Selling, general and administrative	8,032	9,946	9,362	36,948	34,529
Research and development	4,948	5,067	4,853	19,625	17,687
Restructuring, severance and related charges	29	490	35	693	795
Acquisition-related costs	-	-	126	315	889
Fair value remeasurement of earnout consideration	86	140	(1,355)	(447)	1,107
Amortization of purchased intangible assets	<u>1,464</u>	<u>1,424</u>	<u>1,478</u>	<u>5,804</u>	<u>5,590</u>
Total operating expenses	<u>14,559</u>	<u>17,067</u>	<u>14,499</u>	<u>62,938</u>	<u>60,597</u>
Income (loss) from operations	(761)	(2,431)	568	(6,674)	(5,011)
Interest expense, net	(404)	(465)	(195)	(1,485)	(1,472)
Loss on extinguishment of debt	-	-	-	-	(764)
Other income (expense), net	<u>(52)</u>	<u>(29)</u>	<u>78</u>	<u>(73)</u>	<u>53</u>
Income (loss) before income taxes	(1,217)	(2,925)	451	(8,232)	(7,194)
Provision (benefit) for income taxes	<u>436</u>	<u>140</u>	<u>(2,055)</u>	<u>748</u>	<u>(1,832)</u>
Net income (loss)	<u>\$ (1,653)</u>	<u>\$ (3,065)</u>	<u>\$ 2,506</u>	<u>\$ (8,980)</u>	<u>\$ (5,362)</u>
Net income (loss) per share - basic	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ 0.07</u>	<u>\$ (0.25)</u>	<u>\$ (0.16)</u>
Net income (loss) per share - diluted	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ 0.07</u>	<u>\$ (0.25)</u>	<u>\$ (0.16)</u>
Weighted-average common shares - basic	<u>36,719</u>	<u>36,548</u>	<u>34,933</u>	<u>36,257</u>	<u>32,671</u>
Weighted-average common shares - diluted	<u>36,719</u>	<u>36,548</u>	<u>36,150</u>	<u>36,257</u>	<u>32,671</u>



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

	Three Months Ended			Years Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	2022
GAAP net income (loss)	\$ (1,653)	\$ (3,065)	\$ 2,506	\$ (8,980)	\$ (5,362)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	(1)	47	89	158	369
Employer portion of withholding taxes on stock grants	-	1	-	13	9
Amortization of manufacturing profit in acquired inventory	44	77	-	225	380
Depreciation and amortization	<u>102</u>	<u>116</u>	<u>146</u>	<u>466</u>	<u>571</u>
Total adjustment to costs of revenue	<u>145</u>	<u>241</u>	<u>235</u>	<u>862</u>	<u>1,329</u>
Selling, general and administrative:					
Share-based compensation	414	1,293	1,294	4,546	4,862
Employer portion of withholding taxes on stock grants	14	25	15	181	144
Depreciation and amortization	<u>327</u>	<u>280</u>	<u>104</u>	<u>1,022</u>	<u>324</u>
Total adjustments to selling, general and administrative	<u>755</u>	<u>1,598</u>	<u>1,413</u>	<u>5,749</u>	<u>5,330</u>
Research and development:					
Share-based compensation	414	388	270	1,504	1,015
Employer portion of withholding taxes on stock grants	5	5	6	34	34
Depreciation and amortization	<u>84</u>	<u>37</u>	<u>76</u>	<u>248</u>	<u>300</u>
Total adjustments to research and development	<u>503</u>	<u>430</u>	<u>352</u>	<u>1,786</u>	<u>1,349</u>
Restructuring, severance and related charges	29	490	35	693	795
Acquisition related costs	-	-	126	315	889
Fair value remeasurement of earnout consideration	86	140	(1,355)	(447)	1,107
Loss on extinguishment of debt	-	-	-	-	764
Amortization of purchased intangible assets	1,464	1,424	1,478	5,804	5,590
Litigation settlement cost	<u>-</u>	<u>250</u>	<u>-</u>	<u>330</u>	<u>-</u>
Total non-GAAP adjustments to operating expenses	<u>2,837</u>	<u>4,332</u>	<u>2,049</u>	<u>14,230</u>	<u>15,824</u>
Interest expense, net	404	465	195	1,485	1,472
Other expense (income), net	52	29	(78)	73	(53)
Provision (benefit) for income taxes	<u>436</u>	<u>140</u>	<u>(2,055)</u>	<u>748</u>	<u>(1,832)</u>
Total Non-GAAP adjustments	<u>3,874</u>	<u>5,207</u>	<u>346</u>	<u>17,398</u>	<u>16,740</u>
Non-GAAP net income	<u>\$ 2,221</u>	<u>\$ 2,142</u>	<u>\$ 2,852</u>	<u>\$ 8,418</u>	<u>\$ 11,378</u>
Non-GAAP net income per share (diluted)	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.08</u>	<u>\$ 0.23</u>	<u>\$ 0.33</u>
Denominator for GAAP net income (loss) per share (diluted)	36,719	36,548	36,150	36,257	32,671
Non-GAAP adjustment	<u>548</u>	<u>839</u>	<u>853</u>	<u>932</u>	<u>1,891</u>
Denominator for non-GAAP net income per share (diluted)	<u>37,267</u>	<u>37,387</u>	<u>37,003</u>	<u>37,189</u>	<u>34,562</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, 2023</b>	<b>March 31, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Embedded IoT Solutions	\$ 18,818	\$ 16,055	\$ 18,443	\$ 63,636	\$ 61,773
IoT System Solutions	13,928	14,034	14,633	57,496	59,019
Software & Services	2,178	2,875	2,869	10,057	8,863
	<u>\$ 34,924</u>	<u>\$ 32,964</u>	<u>\$ 35,945</u>	<u>\$ 131,189</u>	<u>\$ 129,655</u>

	<b>Three Months Ended</b>			<b>Years Ended</b>	
	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Americas	\$ 18,844	\$ 19,095	\$ 19,051	\$ 78,557	\$ 77,799
EMEA	6,800	6,380	7,061	23,286	22,542
APJ	9,280	7,489	9,833	29,346	29,314
	<u>\$ 34,924</u>	<u>\$ 32,964</u>	<u>\$ 35,945</u>	<u>\$ 131,189</u>	<u>\$ 129,655</u>