

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

	<u>September 30,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,709	\$ 7,691
Accounts receivable, net	12,345	11,411
Inventories, net	13,888	13,781
Contract manufacturers' receivable	551	337
Prepaid expenses and other current assets	1,690	1,290
Total current assets	<u>36,183</u>	<u>34,510</u>
Property and equipment, net	1,555	1,587
Goodwill	15,810	15,810
Purchased intangible assets, net	11,567	12,449
Lease right-of-use assets	2,974	3,345
Other assets	241	232
Total assets	<u>\$ 68,330</u>	<u>\$ 67,933</u>
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 6,676	\$ 5,331
Accrued payroll and related expenses	2,390	2,658
Short-term debt, net	1,472	1,472
Other current liabilities	6,339	6,308
Total current liabilities	<u>16,877</u>	<u>15,769</u>
Long-term debt, net	3,314	3,682
Other non-current liabilities	1,640	1,962
Total liabilities	<u>21,831</u>	<u>21,413</u>
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	246,546	246,265
Accumulated deficit	(200,421)	(200,119)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>46,499</u>	<u>46,520</u>
Total liabilities and stockholders' equity	<u>\$ 68,330</u>	<u>\$ 67,933</u>

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

	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Net revenue	\$ 17,146	\$ 17,397	\$ 12,741
Cost of revenue	8,907	10,846	6,546
Gross profit	8,239	6,551	6,195
Operating expenses:			
Selling, general and administrative	4,899	4,680	4,473
Research and development	2,572	2,010	2,621
Restructuring, severance and related charges	92	478	749
Acquisition-related costs	-	38	643
Amortization of purchased intangible assets	882	941	144
Total operating expenses	8,445	8,147	8,630
Loss from operations	(206)	(1,596)	(2,435)
Interest income (expense), net	(85)	(90)	56
Other income (expense), net	39	1	(43)
Loss before income taxes	(252)	(1,685)	(2,422)
Provision for income taxes	50	16	48
Net loss	\$ (302)	\$ (1,701)	\$ (2,470)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.06)	\$ (0.11)
Weighted-average common shares - basic and diluted	28,371	28,046	22,913

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

	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
GAAP net loss	\$ (302)	\$ (1,701)	\$ (2,470)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	58	85	24
Employer portion of withholding taxes on stock grants	-	-	1
Depreciation and amortization	<u>177</u>	<u>179</u>	<u>67</u>
Total adjustments to cost of revenue	<u>235</u>	<u>264</u>	<u>92</u>
Selling, general and administrative:			
Share-based compensation	445	783	459
Employer portion of withholding taxes on stock grants	5	12	5
Depreciation and amortization	<u>55</u>	<u>69</u>	<u>54</u>
Total adjustments to selling, general and administrative	<u>505</u>	<u>864</u>	<u>518</u>
Research and development:			
Share-based compensation	100	122	95
Employer portion of withholding taxes on stock grants	6	2	4
Depreciation and amortization	<u>33</u>	<u>27</u>	<u>26</u>
Total adjustments to research and development	<u>139</u>	<u>151</u>	<u>125</u>
Restructuring, severance and related charges	92	478	749
Acquisition related costs	-	38	643
Amortization of purchased intangible assets	882	941	144
Amortization of manufacturing profit in acquired inventory	<u>7</u>	<u>51</u>	<u>171</u>
Total non-GAAP adjustments to operating expenses	<u>1,625</u>	<u>2,523</u>	<u>2,350</u>
Interest (income) expense, net	85	90	(56)
Other (income) expense, net	(39)	(1)	43
Provision for income taxes	<u>50</u>	<u>16</u>	<u>48</u>
Total non-GAAP adjustments	<u>1,956</u>	<u>2,892</u>	<u>2,477</u>
Non-GAAP net income	<u>\$ 1,654</u>	<u>\$ 1,191</u>	<u>\$ 7</u>
Non-GAAP net income per share - diluted	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.00</u>
Denominator for GAAP net income per share - basic	28,371	28,046	22,913
Non-GAAP adjustment	<u>1,833</u>	<u>1,959</u>	<u>1,834</u>
Denominator for non-GAAP net income per share - diluted	<u>30,204</u>	<u>30,005</u>	<u>24,747</u>
GAAP operating expenses	\$ 8,445	\$ 8,147	\$ 8,630
Non-GAAP adjustments to operating expenses	<u>(1,625)</u>	<u>(2,523)</u>	<u>(2,350)</u>
Non-GAAP operating expenses	<u>\$ 6,820</u>	<u>\$ 5,624</u>	<u>\$ 6,280</u>

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

	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
IoT	\$ 14,620	\$ 14,588	\$ 10,221
REM	2,402	2,671	2,301
Other	124	138	219
	\$ 17,146	\$ 17,397	\$ 12,741

	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Americas	\$ 10,929	\$ 11,549	\$ 5,764
EMEA	2,639	3,093	4,521
Asia Pacific Japan	3,578	2,755	2,456
	\$ 17,146	\$ 17,397	\$ 12,741