LANTRONIX, INC.
Non-GAAP Financial Information

Lantronix believes that the presentation of non-GAAP financial information, when presented in conjunction with the corresponding GAAP measures, provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. Management uses the aforementioned non-GAAP measures to monitor and evaluate ongoing operating results and trends to gain an understanding of our comparative operating performance. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations of the non-GAAP financial measures to the financial measures calculated in accordance with GAAP should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Non-GAAP net income (loss) consists of net income (loss) excluding (i) share-based compensation and the employer portion of withholding taxes on stock grants, (ii) depreciation and amortization, (iii) interest income (expense), (iv) other income (expense), (v) income tax provision (benefit), (vi) severance and restructuring charges, (vii) acquisition related costs (viii) impairment of long lived assets, (ix) amortization of purchased intangibles, (x) fair value remeasurement of earnout consideration, (xi) loss on extinguishment of debt, (xii) litigation settlement costs and (xiii) amortization of manufacturing profit in acquired inventory.

Non-GAAP net income (loss) per share is calculated by dividing non-GAAP net income (loss) by non-GAAP weighted-average shares outstanding (diluted). For purposes of calculating non-GAAP net income (loss) per share, the calculation of GAAP weighted-average shares outstanding (diluted) is adjusted to exclude share-based compensation, which for GAAP purposes is treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.

Non-GAAP gross profit consists of gross profit excluding (i) share-based compensation and the employer portion of withholding taxes on stock grants, (ii) amortization of manufacturing profit in acquired inventory, and (iii) depreciation and amortization. Non-GAAP gross margin is calculated by dividing non-GAAP gross profit by net revenue.

Lantronix, Inc.
Unaudited GAAP Consolidated Statements of Operations
(In thousands, except per share data)

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2026
Net revenue	$ 34,423	$ 31,161	$ 28,500	$ 28,839	$ 29,794	$ 29,774	$ 30,177	$ 31,154	$ 32,369	$ 122,923	$ 120,899
Cost of revenue	19,948	17,877	16,097	17,302	16,448	16,807	17,172	17,549	17,856	71,224	67,976
Gross profit	14,475	13,284	12,403	11,537	13,346	12,967	13,005	13,605	14,513	51,699	52,923
Operating expenses:											
Selling, general and administrative	9,467	8,811	8,959	9,009	9,542	8,740	9,432	9,334	10,010	36,246	37,048
Research and development	4,956	4,984	4,463	4,194	4,598	4,620	4,149	4,187	4,336	18,597	17,554
Restructuring, severance and related charges	900	193	1,581	861	93	43	288	142	89	3,535	566
Acquisition-related costs	29	208	100	34	43	40	48	184	245	371	315
Amortization of intangible assets	1,251	1,248	879	573	597	598	216	150	391	3,951	1,561
Total operating expenses	16,603	15,444	15,982	14,671	14,873	14,041	14,133	13,997	15,071	62,700	57,044
Loss from operations	(2,128)	(2,160)	(3,579)	(3,134)	(1,527)	(1,074)	(1,128)	(392)	(558)	(11,001)	(4,121)
Interest income (expense), net	(119)	(126)	(159)	(107)	(15)	(9)	(2)	159	340	(511)	133
Other income (expense), net	(37)	8	(19)	(52)	183	(4)	(17)	(76)	(51)	(100)	86
Loss before income taxes	(2,284)	(2,278)	(3,757)	(3,293)	(1,359)	(1,087)	(1,147)	(309)	(269)	(11,612)	(3,902)
Provision (benefit) for income taxes	218	94	111	(662)	42	243	34	(40)	194	(239)	279
Net loss	$ (2,502)	$ (2,372)	$ (3,868)	$ (2,631)	$ (1,401)	$ (1,330)	$ (1,181)	$ (269)	$ (463)	$ (11,373)	$ (4,181)
Basic net loss per share	$ (0.07)	$ (0.06)	$ (0.10)	$ (0.07)	$ (0.04)	$ (0.03)	$ (0.03)	$ (0.01)	$ (0.01)	$ (0.29)	$ (0.10)
Diluted net loss per share	$ (0.07)	$ (0.06)	$ (0.10)	$ (0.07)	$ (0.04)	$ (0.03)	$ (0.03)	$ (0.01)	$ (0.01)	$ (0.29)	$ (0.10)
Basic weighted-average shares	38,024	38,631	38,820	38,975	39,188	39,496	39,731	42,186	46,743	38,613	40,145
Diluted weighted-average shares	38,024	38,631	38,820	38,975	39,188	39,496	39,731	42,186	46,743	38,613	40,145
Non-GAAP Information:											
Non-GAAP operating expenses	$ 12,330	$ 11,691	$ 11,521	$ 11,356	$ 12,029	$ 11,458	$ 11,665	$ 11,951	$ 12,434	$ 46,898	$ 47,103
Non-GAAP net income	$ 2,337	$ 1,757	$ 1,061	$ 363	$ 1,478	$ 1,648	$ 1,486	$ 1,799	$ 2,220	$ 5,518	$ 6,411
Non-GAAP basic net income per share	$ 0.06	$ 0.05	$ 0.03	$ 0.01	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.05	$ 0.14	$ 0.16
Non-GAAP diluted net income per share	$ 0.06	$ 0.04	$ 0.03	$ 0.01	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.05	$ 0.14	$ 0.15

Lantronix Inc.
Unaudited Reconciliation of Non-GAAP Adjustments
(In thousands, except per share data)

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2026
GAAP net loss	$ (2,502)	$ (2,372)	$ (3,868)	$ (2,631)	$ (1,401)	$ (1,330)	$ (1,181)	$ (269)	$ (463)	$ (11,373)	$ (4,181)
Non-GAAP adjustments:											
Cost of revenue:											
Share-based compensation	64	48	34	40	35	29	36	41	31	186	141
Employer portion of withholding taxes on stock grants	5	2	-	1	2	4	2	2	1	8	10
Amortization of manufacturing profit in acquired inventory	-	-	44	44	18	-	-	-	12	88	18
Depreciation and amortization	123	114	101	97	106	106	108	102	97	435	422
Total adjustments to cost of revenue	192	164	179	182	161	139	146	145	141	717	591
Selling, general and administrative:											
Share-based compensation	1,126	1,044	1,159	1,095	1,454	1,354	1,358	1,067	1,372	4,424	5,233
Employer portion of withholding taxes on stock grants	78	20	13	14	27	38	51	36	55	125	152
Depreciation and amortization	351	348	345	316	290	252	246	211	230	1,360	999
Total adjustments to selling, general and administrative	1,555	1,412	1,517	1,425	1,771	1,644	1,655	1,314	1,657	5,909	6,384
Research and development:											
Share-based compensation	410	421	324	367	284	197	207	208	205	1,522	896
Employer portion of withholding taxes on stock grants	19	2	4	2	6	12	13	7	9	27	38
Depreciation and amortization	69	111	56	53	50	49	41	41	41	289	181
Total adjustments to research and development	498	534	384	422	340	258	261	256	255	1,838	1,115
Restructuring, severance and related charges	900	193	1,581	861	93	43	288	142	89	3,535	566
Litigation settlement cost	40	158	-	-	-	-				198	-
Acquisition related costs	29	208	100	34	43	40	48	184	245	371	315
Amortization of purchased intangible assets	1,251	1,248	879	573	597	598	216	150	391	3,951	1,561
Total non-GAAP adjustments to operating expenses	4,273	3,753	4,461	3,315	2,844	2,583	2,468	2,046	2,637	15,802	9,941
Non-GAAP operating expenses	12,330	11,691	11,521	11,356	12,029	11,458	11,665	11,951	12,434	46,898	47,103
Interest expense (income), net	119	126	159	107	15	9	2	(159)	(340)	511	(133)
Other (income) expense, net	37	(8)	19	52	(183)	4	17	76	51	100	(86)
Provision (benefit) for income taxes	218	94	111	(662)	42	243	34	(40)	194	(239)	279
Total non-GAAP adjustments	4,839	4,129	4,929	2,994	2,879	2,978	2,667	2,068	2,683	16,891	10,592
Non-GAAP net income	$ 2,337	$ 1,757	$ 1,061	$ 363	$ 1,478	$ 1,648	$ 1,486	$ 1,799	$ 2,220	$ 5,518	$ 6,411
Non-GAAP net income per share - diluted	$ 0.06	$ 0.04	$ 0.03	$ 0.01	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.05	$ 0.14	$ 0.15
Non-GAAP gross margin											
GAAP cost of revenue	$ 19,948	$ 17,877	$ 16,097	$ 17,302	$ 16,448	$ 16,807	$ 17,172	$ 17,549	$ 17,856	$ 71,224	$ 67,976
Non-GAAP adjustments to cost of revenue	(192)	(164)	(179)	(182)	(161)	(139)	(146)	(145)	(141)	(717)	(591)
Non-GAAP cost of revenue	19,756	17,713	15,918	17,120	16,287	16,668	17,026	17,404	17,715	70,507	67,385
Non-GAAP gross profit	$ 14,667	$ 13,448	$ 12,582	$ 11,719	$ 13,507	$ 13,106	$ 13,151	$ 13,750	$ 14,654	$ 52,416	$ 53,514
Non-GAAP gross margin	42.6%	43.2%	44.1%	40.6%	45.3%	44.0%	43.6%	44.1%	45.3%	42.6%	44.3%
Denominator for GAAP net loss per share - diluted	38,024	38,631	38,820	38,975	39,188	39,496	39,731	42,186	46,743	38,613	40,145
Non-GAAP adjustment	1,257	953	1,300	108	2,214	2,209	2,134	2,040	1,617	820	2,193
Denominator for non-GAAP net income per share - diluted	39,281	39,584	40,120	39,083	41,402	41,705	41,865	44,226	48,360	39,433	42,338

Lantronix, Inc.
Unaudited GAAP Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026	June 30, 2025	June 30, 2026
Assets											
Current assets:											
Cash and cash equivalents	$ 26,395	$ 19,210	$ 19,999	$ 20,098	$ 22,191	$ 22,964	$ 23,515	$ 60,466	$ 37,620	$ 20,098	$ 60,466
Marketable securities	-	-	-	-	-	-	-	-	13,836	-	-
Accounts receivable, net	30,801	30,472	23,648	25,092	21,925	23,261	23,510	25,317	28,894	25,092	25,317
Inventories, net	29,533	29,070	28,151	26,371	26,755	27,074	26,422	25,804	31,161	26,371	25,804
Contract manufacturers' receivable	2,722	3,473	1,637	3,071	452	1,114	884	3,500	4,738	3,071	3,500
Prepaid expenses and other current assets	3,169	3,329	3,029	2,761	3,101	3,488	2,647	2,347	3,218	2,761	2,347
Total current assets	92,620	85,554	76,464	77,393	74,424	77,901	76,978	117,434	119,467	77,393	117,434
Property and equipment, net	3,642	3,155	2,768	2,456	2,107	1,818	1,673	1,453	2,197	2,456	1,453
Goodwill	27,824	30,491	31,089	31,089	31,089	31,089	31,089	31,089	34,383	31,089	31,089
Intangible assets, net	4,000	4,910	4,310	3,738	3,141	2,543	2,327	2,177	8,684	3,738	2,177
Lease right-of-use assets	9,165	9,430	8,974	8,422	8,114	7,713	7,307	7,428	7,192	8,422	7,428
Other assets	607	683	584	624	693	667	643	755	720	624	755
Total assets	$ 137,858	$ 134,223	$ 124,189	$ 123,722	$ 119,568	$ 121,731	$ 120,017	$ 160,336	$ 172,643	$ 123,722	$ 160,336
Liabilities and stockholders' equity											
Current liabilities:											
Accounts payable	$ 17,149	$ 15,975	$ 11,005	$ 13,259	$ 9,634	$ 12,669	$ 13,729	$ 16,971	$ 22,989	$ 13,259	$ 16,971
Accrued payroll and related expenses	3,440	2,968	3,905	3,471	3,830	4,163	3,860	4,820	3,799	3,471	4,820
Current portion of long-term debt, net	3,057	3,056	3,063	3,070	-	-	-	-	250	3,070	-
Other current liabilities	11,859	11,436	10,594	10,622	11,259	11,536	10,503	10,284	12,901	10,622	10,284
Total current liabilities	35,505	33,435	28,567	30,422	24,723	28,368	28,092	32,075	39,939	30,422	32,075
Long-term debt, net	12,409	11,630	9,458	8,684	10,662	9,677	8,691	-	4,541	8,684	-
Other non-current liabilities	11,014	11,245	10,694	10,238	9,733	9,265	8,764	8,985	8,728	10,238	8,985
Total liabilities	58,928	56,310	48,719	49,344	45,118	47,310	45,547	41,060	53,208	49,344	41,060
Commitments and contingencies											
Stockholders' equity:											
Common Stock	4	4	4	4	4	4	4	5	5	4	5
Additional paid-in capital	304,078	305,433	306,858	308,397	309,870	311,171	312,428	357,502	358,131	308,397	357,502
Accumulated deficit	(225,523)	(227,895)	(231,763)	(234,394)	(235,795)	(237,125)	(238,306)	(238,575)	(239,038)	(234,394)	(238,575)
Accumulated other comprehensive income	371	371	371	371	371	371	344	344	337	371	344
Total stockholders' equity	78,930	77,913	75,470	74,378	74,450	74,421	74,470	119,276	119,435	74,378	119,276
Total liabilities and stockholders' equity	$ 137,858	$ 134,223	$ 124,189	$ 123,722	$ 119,568	$ 121,731	$ 120,017	$ 160,336	$ 172,643	$ 123,722	$ 160,336