

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

	<b>December 31,</b>	<b>June 30,</b>
	<b>2023</b>	<b>2023</b>
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 22,146	\$ 13,452
Accounts receivable, net	30,381	27,682
Inventories, net	42,774	49,736
Contract manufacturers' receivables	1,767	3,019
Prepaid expenses and other current assets	2,839	2,662
Total current assets	<u>99,907</u>	<u>96,551</u>
Property and equipment, net	4,815	4,629
Goodwill	27,824	27,824
Intangible assets, net	7,871	10,565
Lease right-of-use assets	10,617	11,583
Other assets	589	472
Total assets	<u>\$ 151,623</u>	<u>\$ 151,624</u>
 <b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 9,595	\$ 12,401
Accrued payroll and related expenses	3,303	2,431
Current portion of long-term debt, net	3,002	2,743
Other current liabilities	32,089	28,813
Total current liabilities	<u>47,989</u>	<u>46,388</u>
Long-term debt, net	14,720	16,221
Other non-current liabilities	12,138	11,459
Total liabilities	<u>74,847</u>	<u>74,068</u>
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	299,385	295,686
Accumulated deficit	(222,984)	(218,505)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>76,776</u>	<u>77,556</u>
Total liabilities and stockholders' equity	<u>\$ 151,623</u>	<u>\$ 151,624</u>

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

	Three Months Ended			Six Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2023	2023	2022	2023	2022
Net revenue	\$ 37,038	\$ 33,031	\$ 31,506	\$ 70,069	\$ 63,301
Cost of revenue	22,007	18,934	17,712	40,941	35,471
Gross profit	15,031	14,097	13,794	29,128	27,830
Operating expenses:					
Selling, general and administrative	10,224	9,170	9,813	19,394	18,970
Research and development	4,725	5,106	5,084	9,831	9,610
Restructuring, severance and related charges	530	20	82	550	174
Acquisition-related costs	-	-	102	-	315
Fair value remeasurement of earnout consideration	-	(9)	(673)	(9)	(673)
Amortization of intangible assets	1,310	1,384	1,497	2,694	2,916
Total operating expenses	16,789	15,671	15,905	32,460	31,312
Loss from operations	(1,758)	(1,574)	(2,111)	(3,332)	(3,482)
Interest expense, net	(232)	(338)	(354)	(570)	(616)
Other income (loss), net	(23)	19	(26)	(4)	8
Loss before income taxes	(2,013)	(1,893)	(2,491)	(3,906)	(4,090)
Provision (benefit) for income taxes	580	(7)	118	573	172
Net loss	\$ (2,593)	\$ (1,886)	\$ (2,609)	\$ (4,479)	\$ (4,262)
Net loss per share - basic and diluted	\$ (0.07)	\$ (0.05)	\$ (0.07)	\$ (0.12)	\$ (0.12)
Weighted-average common shares - basic and diluted	37,354	36,982	36,352	37,170	35,883

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u> <u>2022</u>	
GAAP net loss	\$ (2,593)	\$ (1,886)	\$ (2,609)	\$ (4,479)	\$ (4,262)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	64	41	61	105	112
Employer portion of withholding taxes on stock grants	1	4	-	5	12
Amortization of manufacturing profit in acquired inventory	189	317	80	506	104
Depreciation and amortization	109	86	118	195	248
Total adjustments to cost of revenue	<u>363</u>	<u>448</u>	<u>259</u>	<u>811</u>	<u>476</u>
Selling, general and administrative:					
Share-based compensation	1,628	1,273	1,434	2,901	2,839
Employer portion of withholding taxes on stock grants	10	37	10	47	142
Depreciation and amortization	338	334	260	672	415
Total adjustments to selling, general and administrative	<u>1,976</u>	<u>1,644</u>	<u>1,704</u>	<u>3,620</u>	<u>3,396</u>
Research and development:					
Share-based compensation	484	428	370	912	702
Employer portion of withholding taxes on stock grants	5	13	2	18	24
Depreciation and amortization	52	108	63	160	127
Total adjustments to research and development	<u>541</u>	<u>549</u>	<u>435</u>	<u>1,090</u>	<u>853</u>
Restructuring, severance and related charges	530	20	82	550	174
Acquisition related costs	-	-	102	-	315
Fair value remeasurement of earnout consideration	-	(9)	(673)	(9)	(673)
Amortization of purchased intangible assets	1,310	1,384	1,497	2,694	2,916
Litigation settlement cost	-	-	80	-	80
Total non-GAAP adjustments to operating expenses	<u>4,357</u>	<u>3,588</u>	<u>3,227</u>	<u>7,945</u>	<u>7,061</u>
Interest expense, net	232	338	354	570	616
Other (income) expense, net	23	(19)	26	4	(8)
Provision (benefit) for income taxes	580	(7)	118	573	172
Total non-GAAP adjustments	<u>5,555</u>	<u>4,348</u>	<u>3,984</u>	<u>9,903</u>	<u>8,317</u>
Non-GAAP net income	<u>\$ 2,962</u>	<u>\$ 2,462</u>	<u>\$ 1,375</u>	<u>\$ 5,424</u>	<u>\$ 4,055</u>
Non-GAAP net income per share - diluted	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.11</u>
Denominator for GAAP net income per share - diluted	37,354	36,982	36,352	37,170	35,883
Non-GAAP adjustment	<u>1,228</u>	<u>693</u>	<u>819</u>	<u>938</u>	<u>1,126</u>
Denominator for non-GAAP net income per share - diluted	<u>38,582</u>	<u>37,675</u>	<u>37,171</u>	<u>38,108</u>	<u>37,009</u>

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

	<b>Three Months Ended</b>			<b>Six Months Ended</b>	
	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Embedded IoT Solutions	\$ 11,764	\$ 11,373	\$ 13,668	\$ 23,137	\$ 28,763
IoT System Solutions	23,022	19,036	14,913	42,058	29,534
Software & Services	2,252	2,622	2,925	4,874	5,004
	<u>\$ 37,038</u>	<u>\$ 33,031</u>	<u>\$ 31,506</u>	<u>\$ 70,069</u>	<u>\$ 63,301</u>

	<b>Three Months Ended</b>			<b>Six Months Ended</b>	
	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Americas	\$ 20,601	\$ 22,933	\$ 19,688	\$ 43,534	\$ 40,618
EMEA	12,886	6,591	4,905	19,477	10,106
Asia Pacific Japan	3,551	3,507	6,913	7,058	12,577
	<u>\$ 37,038</u>	<u>\$ 33,031</u>	<u>\$ 31,506</u>	<u>\$ 70,069</u>	<u>\$ 63,301</u>