

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

	September 30, 2015	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,718	\$ 4,989
Accounts receivable, net	2,970	2,658
Inventories, net	8,988	9,503
Contract manufacturers' receivable	365	369
Prepaid expenses and other current assets	315	400
Total current assets	17,356	17,919
Property and equipment, net	1,476	1,471
Goodwill	9,488	9,488
Deferred tax assets	442	442
Other assets	60	93
Total assets	\$ 28,822	\$ 29,413
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,922	\$ 3,633
Line of credit	700	700
Accrued payroll and related expenses	1,800	1,685
Warranty reserve	127	163
Deferred tax liabilities	442	442
Other current liabilities	3,790	3,849
Total current liabilities	9,781	10,472
Long-term capital lease obligations	138	152
Other non-current liabilities	308	80
Total liabilities	10,227	10,704
Commitments and contingencies		
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	206,543	206,326
Accumulated deficit	(188,321)	(187,990)
Accumulated other comprehensive income	371	371
Total stockholders' equity	18,595	18,709
Total liabilities and stockholders' equity	\$ 28,822	\$ 29,413

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

	Three Months Ended		
	September 30, 2015	June 30, 2015	September 30, 2014
Net revenue (1)	\$ 10,573	\$ 10,231	\$ 11,536
Cost of revenue	5,506	5,411	5,937
Gross profit	<u>5,067</u>	<u>4,820</u>	<u>5,599</u>
Operating expenses:			
Selling, general and administrative	3,725	4,060	4,075
Research and development	1,671	1,778	1,744
Total operating expenses	<u>5,396</u>	<u>5,838</u>	<u>5,819</u>
Loss from operations	(329)	(1,018)	(220)
Interest expense, net	(6)	(5)	(5)
Other income (expense), net	19	(5)	(21)
Loss before income taxes	(316)	(1,028)	(246)
Provision for income taxes	15	10	16
Net loss and comprehensive loss	<u>\$ (331)</u>	<u>\$ (1,038)</u>	<u>\$ (262)</u>
Net loss per share (basic and diluted)	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>	<u>\$ (0.02)</u>
Weighted-average common shares (basic and diluted)	<u>15,103</u>	<u>15,012</u>	<u>14,787</u>
Net revenue from related parties	<u>\$ 68</u>	<u>\$ 79</u>	<u>\$ 79</u>

(1) Includes net revenue from related parties

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

	Three Months Ended		
	September 30, 2015	June 30, 2015	September 30, 2014
GAAP net loss	\$ (331)	\$ (1,038)	\$ (262)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	18	16	20
Depreciation and amortization	146	140	139
Total adjustments to cost of revenue	<u>164</u>	<u>156</u>	<u>159</u>
Selling, general and administrative:			
Share-based compensation	171	187	174
Employer portion of withholding taxes on stock grants	2	-	-
Depreciation and amortization	51	37	65
Total adjustments to selling, general and administrative	<u>224</u>	<u>224</u>	<u>239</u>
Research and development:			
Share-based compensation	44	42	61
Depreciation and amortization	21	21	25
Total adjustments to research and development	<u>65</u>	<u>63</u>	<u>86</u>
Total non-GAAP adjustments to operating expenses	<u>289</u>	<u>287</u>	<u>325</u>
Interest expense, net	6	5	5
Other income (expense), net	(19)	5	21
Provision for income taxes	15	10	16
Total non-GAAP adjustments	<u>455</u>	<u>463</u>	<u>526</u>
Non-GAAP net income (loss)	<u>\$ 124</u>	<u>\$ (575)</u>	<u>\$ 264</u>
Non-GAAP net income (loss) per share (diluted)	<u>\$ 0.01</u>	<u>\$ (0.04)</u>	<u>\$ 0.02</u>
Denominator for GAAP net income (loss) per share (diluted)	15,103	15,012	14,787
Non-GAAP adjustment	117	-	396
Denominator for non-GAAP net income (loss) per share (diluted)	<u>15,220</u>	<u>15,012</u>	<u>15,183</u>
GAAP operating expenses	\$ 5,396	\$ 5,838	\$ 5,819
Non-GAAP adjustments to operating expenses	<u>(289)</u>	<u>(287)</u>	<u>(325)</u>
Non-GAAP operating expenses	<u>\$ 5,107</u>	<u>\$ 5,551</u>	<u>\$ 5,494</u>

LANTRONIX, INC.
Unaudited Net Revenues by Product Line and Region
(In thousands)

	Three Months Ended								
	September 30, 2015			June 30, 2015			September 30, 2014		
	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total
New Products	\$ 480	\$ 1,273	\$ 1,753	\$ 318	\$ 1,429	\$ 1,747	\$ 184	\$ 1,536	\$ 1,720
Legacy Products	4,752	4,068	8,820	4,757	3,727	8,484	5,444	4,372	9,816
	<u>\$ 5,232</u>	<u>\$ 5,341</u>	<u>\$ 10,573</u>	<u>\$ 5,075</u>	<u>\$ 5,156</u>	<u>\$ 10,231</u>	<u>\$ 5,628</u>	<u>\$ 5,908</u>	<u>\$ 11,536</u>

	Three Months Ended								
	September 30, 2015			June 30, 2015			September 30, 2014		
	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total
Americas	\$ 1,664	\$ 3,445	\$ 5,109	\$ 2,133	\$ 3,469	\$ 5,602	\$ 2,409	\$ 4,150	\$ 6,559
EMEA	2,572	1,249	3,821	1,915	1,097	3,012	2,169	1,125	3,294
Asia Pacific	517	384	901	518	288	806	617	312	929
Japan	479	263	742	509	302	811	433	321	754
	<u>\$ 5,232</u>	<u>\$ 5,341</u>	<u>\$ 10,573</u>	<u>\$ 5,075</u>	<u>\$ 5,156</u>	<u>\$ 10,231</u>	<u>\$ 5,628</u>	<u>\$ 5,908</u>	<u>\$ 11,536</u>