

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

	<u>September 30,</u> <u>2017</u>	<u>June 30,</u> <u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,223	\$ 8,073
Accounts receivable, net	2,687	3,432
Inventories, net	7,258	6,959
Contract manufacturers' receivable	344	476
Prepaid expenses and other current assets	320	440
Total current assets	<u>18,832</u>	<u>19,380</u>
Property and equipment, net	1,152	1,218
Goodwill	9,488	9,488
Other assets	46	46
Total assets	<u>\$ 29,518</u>	<u>\$ 30,132</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,500	\$ 2,717
Accrued payroll and related expenses	1,815	3,084
Warranty reserve	129	125
Other current liabilities	3,223	3,063
Total current liabilities	<u>8,667</u>	<u>8,989</u>
Long-term capital lease obligations	44	59
Other non-current liabilities	385	396
Total liabilities	<u>9,096</u>	<u>9,444</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	210,925	210,550
Accumulated deficit	(190,876)	(190,235)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>20,422</u>	<u>20,688</u>
Total liabilities and stockholders' equity	<u>\$ 29,518</u>	<u>\$ 30,132</u>

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

	Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
Net revenue	\$ 10,606	\$ 11,044	\$ 10,940
Cost of revenue	5,012	5,374	5,240
Gross profit	5,594	5,670	5,700
Operating expenses:			
Selling, general and administrative	3,986	3,674	3,842
Research and development	2,221	2,016	1,945
Total operating expenses	6,207	5,690	5,787
Loss before income taxes	(613)	(20)	(87)
Interest expense, net	(4)	(5)	(7)
Other income (expense), net	1	(6)	(3)
Loss before income taxes	(616)	(31)	(97)
Provision for income taxes	25	21	7
Net loss	\$ (641)	\$ (52)	\$ (104)
Net loss per share (basic and diluted)	\$ (0.04)	\$ (0.00)	\$ (0.01)
Weighted-average common shares (basic and diluted)	17,867	17,686	17,254

LANTRONIX, INC.
UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS
(In thousands)

	Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
GAAP net loss	\$ (641)	\$ (52)	\$ (104)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	13	12	11
Depreciation and amortization	<u>62</u>	<u>84</u>	<u>89</u>
Total adjustments to cost of revenue	<u>75</u>	<u>96</u>	<u>100</u>
Selling, general and administrative:			
Share-based compensation	212	203	149
Employer portion of withholding taxes on stock grants	2	2	-
Depreciation and amortization	<u>45</u>	<u>48</u>	<u>54</u>
Total adjustments to selling, general and administrative	<u>259</u>	<u>253</u>	<u>203</u>
Research and development:			
Share-based compensation	47	52	41
Employer portion of withholding taxes on stock grants	1	-	-
Depreciation and amortization	<u>10</u>	<u>7</u>	<u>8</u>
Total adjustments to research and development	<u>58</u>	<u>59</u>	<u>49</u>
Severance and related charges	<u>527</u>	<u>-</u>	<u>-</u>
Total non-GAAP adjustments to operating expenses	<u>844</u>	<u>312</u>	<u>252</u>
Interest expense, net	4	5	7
Other income (expense), net	(1)	6	3
Provision for income taxes	<u>25</u>	<u>21</u>	<u>7</u>
Total non-GAAP adjustments	<u>947</u>	<u>440</u>	<u>369</u>
Non-GAAP net income	<u>\$ 306</u>	<u>\$ 388</u>	<u>\$ 265</u>

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

	Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
IoT	\$ 8,477	\$ 8,700	\$ 7,869
IT Management	1,789	2,022	2,437
Other	340	322	634
	\$ 10,606	\$ 11,044	\$ 10,940

	Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
Americas	\$ 5,697	\$ 5,595	\$ 6,166
EMEA	3,164	3,643	3,101
Asia Pacific Japan	1,745	1,806	1,673
	\$ 10,606	\$ 11,044	\$ 10,940