

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

	<b>September 30, 2019</b>	<b>June 30, 2019</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,028	\$ 18,282
Accounts receivable, net	7,845	7,388
Inventories, net	12,423	10,509
Contract manufacturers' receivable	419	1,324
Prepaid expenses and other current assets	1,274	687
Total current assets	33,989	38,190
Property and equipment, net	1,351	1,199
Goodwill	12,458	9,488
Intangible assets, net	1,768	-
Other assets	1,188	67
Total assets	\$ 50,754	\$ 48,944
 <b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 5,986	\$ 4,716
Accrued payroll and related expenses	2,588	2,060
Warranty reserve	108	116
Other current liabilities	6,296	4,580
Total current liabilities	14,978	11,472
Other non-current liabilities	384	206
Total liabilities	15,362	11,678
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	226,870	226,274
Accumulated deficit	(191,851)	(189,381)
Accumulated other comprehensive income	371	371
Total stockholders' equity	35,392	37,266
Total liabilities and stockholders' equity	\$ 50,754	\$ 48,944

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

	Three Months Ended		
	September 30, 2019	June 30, 2019	September 30, 2018
Net revenue	\$ 12,741	\$ 10,153	\$ 12,279
Cost of revenue	6,546	4,411	5,499
Gross profit	6,195	5,742	6,780
Operating expenses:			
Selling, general and administrative	4,473	3,554	4,271
Research and development	2,621	2,200	2,215
Restructuring, severance and related charges	749	823	323
Acquisition-related costs	643	410	-
Impairment of long-lived asset	-	275	-
Amortization of purchased intangible assets	144	-	-
Total operating expenses	8,630	7,262	6,809
Loss from operations	(2,435)	(1,520)	(29)
Interest income (expense), net	56	89	(4)
Other income (expense), net	(43)	(1)	(10)
Loss before income taxes	(2,422)	(1,432)	(43)
Provision for income taxes	48	27	40
Net loss	\$ (2,470)	\$ (1,459)	\$ (83)
Net loss per share - basic and diluted	\$ (0.11)	\$ (0.06)	\$ (0.00)
Weighted-average common shares - basic and diluted	22,913	22,621	19,323

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

	<b>Three Months Ended</b>		
	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>September 30, 2018</b>
GAAP net loss	\$ (2,470)	\$ (1,459)	\$ (83)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	24	23	17
Employer portion of withholding taxes on stock grants	1	-	-
Depreciation and amortization	67	53	48
Total adjustments to cost of revenue	92	76	65
Selling, general and administrative:			
Share-based compensation	459	491	400
Employer portion of withholding taxes on stock grants	5	-	6
Depreciation and amortization	54	48	46
Total adjustments to selling, general and administrative	518	539	452
Research and development:			
Share-based compensation	95	97	61
Employer portion of withholding taxes on stock grants	4	-	-
Depreciation and amortization	26	22	11
Total adjustments to research and development	125	119	72
Restructuring, severance and related charges	749	823	323
Acquisition related costs	643	410	-
Impairment of long-lived asset	-	275	-
Amortization of purchased intangible assets	144	-	-
Amortization of manufacturing profit in acquired inventory	171	-	-
Total non-GAAP adjustments to operating expenses	2,350	2,166	847
Interest (income) expense, net	(56)	(89)	4
Other expense, net	43	1	10
Provision for income taxes	48	27	40
Total non-GAAP adjustments	2,477	2,181	966
Non-GAAP net income	\$ 7	\$ 722	\$ 883
Non-GAAP net income per share - diluted	\$ 0.00	\$ 0.03	\$ 0.04
Denominator for GAAP net loss per share - diluted	\$ 22,913	\$ 22,621	\$ 19,323
Non-GAAP adjustment	1,834	1,909	2,472
Denominator for non-GAAP net income per share - diluted	\$ 24,747	\$ 24,530	\$ 21,795
GAAP operating expenses	\$ 8,630	\$ 7,262	\$ 6,809
Non-GAAP adjustments to operating expenses	(2,350)	(2,166)	(847)
Non-GAAP operating expenses	\$ 6,280	\$ 5,096	\$ 5,962

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

	<b>Three Months Ended</b>		
	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>September 30, 2018</b>
IoT	\$ 10,221	\$ 8,327	\$ 8,967
IT Management	2,301	1,646	3,101
Other	219	180	211
	\$ 12,741	\$ 10,153	\$ 12,279

	<b>Three Months Ended</b>		
	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>September 30, 2018</b>
Americas	\$ 5,764	\$ 5,217	\$ 6,914
EMEA	4,521	3,229	3,520
Asia Pacific Japan	2,456	1,707	1,845
	\$ 12,741	\$ 10,153	\$ 12,279