

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

	March 31, 2018	June 30, 2017	
	<u> </u>	<u> </u>	
Assets			
Current assets:			
Cash and cash equivalents	\$ 8,955	\$ 8,073	
Accounts receivable, net	3,834	3,432	
Inventories, net	7,378	6,959	
Contract manufacturers' receivable	721	476	
Prepaid expenses and other current assets	508	440	
Total current assets	<u>21,396</u>	<u>19,380</u>	
Property and equipment, net	1,058	1,218	
Goodwill	9,488	9,488	
Other assets	73	46	
Total assets	<u><u>\$ 32,015</u></u>	<u><u>\$ 30,132</u></u>	
 Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 4,173	\$ 2,717	
Accrued payroll and related expenses	2,125	3,084	
Warranty reserve	113	125	
Other current liabilities	3,406	3,063	
Total current liabilities	<u>9,817</u>	<u>8,989</u>	
Long-term capital lease obligations	11	59	
Other non-current liabilities	321	396	
Total liabilities	<u>10,149</u>	<u>9,444</u>	
 Commitments and contingencies			
 Stockholders' equity:			
Common stock	2	2	
Additional paid-in capital	211,800	210,550	
Accumulated deficit	(190,307)	(190,235)	
Accumulated other comprehensive income	371	371	
Total stockholders' equity	<u>21,866</u>	<u>20,688</u>	
Total liabilities and stockholders' equity	<u><u>\$ 32,015</u></u>	<u><u>\$ 30,132</u></u>	

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

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>	<u>March 31,</u>	
				<u>2018</u>	<u>2017</u>
Net revenue	\$ 11,601	\$ 11,336	\$ 11,524	\$ 33,543	\$ 33,686
Cost of revenue	5,017	5,022	5,126	15,051	15,776
Gross profit	6,584	6,314	6,398	18,492	17,910
Operating expenses:					
Selling, general and administrative	4,241	4,173	4,414	12,400	12,129
Research and development	1,964	1,874	2,126	6,059	5,944
Total operating expenses	6,205	6,047	6,540	18,459	18,073
Income (loss) from operations	379	267	(142)	33	(163)
Interest expense, net	(5)	(5)	(5)	(14)	(18)
Other income, net	(1)	1	2	1	3
Income (loss) before income taxes	373	263	(145)	20	(178)
Provision for income taxes	29	38	17	92	47
Net income (loss)	<u>\$ 344</u>	<u>\$ 225</u>	<u>\$ (162)</u>	<u>\$ (72)</u>	<u>\$ (225)</u>
Net income (loss) per share (basic)	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Net income (loss) per share (diluted)	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted-average common shares (basic)	<u>18,210</u>	<u>18,073</u>	<u>17,522</u>	<u>18,050</u>	<u>17,374</u>
Weighted-average common shares (diluted)	<u>19,118</u>	<u>18,739</u>	<u>17,522</u>	<u>18,050</u>	<u>17,374</u>

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

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>	<u>March 31,</u> <u>2018</u>	<u>2017</u>
GAAP net income (loss)	\$ 344	\$ 225	\$ (162)	\$ (72)	\$ (225)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	14	13	12	40	36
Depreciation and amortization	53	53	87	168	260
Total adjustments to cost of revenue	<u>67</u>	<u>66</u>	<u>99</u>	<u>208</u>	<u>296</u>
Selling, general and administrative:					
Share-based compensation	237	239	169	688	480
Employer portion of withholding taxes on stock grants	4	3	4	9	9
Depreciation and amortization	47	46	56	138	166
Total adjustments to selling, general and administrative	<u>288</u>	<u>288</u>	<u>229</u>	<u>835</u>	<u>655</u>
Research and development:					
Share-based compensation	44	58	43	149	129
Employer portion of withholding taxes on stock grants	-	-	1	1	1
Depreciation and amortization	10	10	8	30	29
Total adjustments to research and development	<u>54</u>	<u>68</u>	<u>52</u>	<u>180</u>	<u>159</u>
Severance and related charges (reversals)	<u>(21)</u>	<u>-</u>	<u>246</u>	<u>506</u>	<u>246</u>
Total non-GAAP adjustments to operating expenses	<u>321</u>	<u>356</u>	<u>527</u>	<u>1,521</u>	<u>1,060</u>
Interest expense, net	5	5	5	14	18
Other income, net	1	(1)	(2)	(1)	(3)
Provision for income taxes	29	38	17	92	47
Total non-GAAP adjustments	<u>423</u>	<u>464</u>	<u>646</u>	<u>1,834</u>	<u>1,418</u>
Non-GAAP net income	<u>\$ 767</u>	<u>\$ 689</u>	<u>\$ 484</u>	<u>\$ 1,762</u>	<u>\$ 1,193</u>

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

	Three Months Ended			Nine Months Ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
IoT	\$ 9,281	\$ 7,971	\$ 8,644	\$ 25,729	\$ 24,817
IT Management	1,964	3,218	2,569	6,971	7,271
Other	356	147	311	843	1,598
	<u>\$ 11,601</u>	<u>\$ 11,336</u>	<u>\$ 11,524</u>	<u>\$ 33,543</u>	<u>\$ 33,686</u>

	Three Months Ended			Nine Months Ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
Americas	\$ 5,832	\$ 6,292	\$ 6,625	\$ 17,821	\$ 19,244
EMEA	4,055	3,172	3,392	10,391	9,615
Asia Pacific Japan	1,714	1,872	1,507	5,331	4,827
	<u>\$ 11,601</u>	<u>\$ 11,336</u>	<u>\$ 11,524</u>	<u>\$ 33,543</u>	<u>\$ 33,686</u>