

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

	<b>June 30, 2018</b>	<b>June 30, 2017</b>	
	<u>          </u>	<u>          </u>	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 9,568	\$ 8,073	
Accounts receivable, net	4,244	3,432	
Inventories, net	8,439	6,959	
Contract manufacturers' receivable	649	476	
Prepaid expenses and other current assets	370	440	
Total current assets	<u>23,270</u>	<u>19,380</u>	
Property and equipment, net	1,036	1,218	
Goodwill	9,488	9,488	
Other assets	61	46	
Total assets	<u><u>\$ 33,855</u></u>	<u><u>\$ 30,132</u></u>	
 <b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 3,942	\$ 2,717	
Accrued payroll and related expenses	2,808	3,084	
Warranty reserve	99	125	
Other current liabilities	2,877	3,063	
Total current liabilities	<u>9,726</u>	<u>8,989</u>	
Long-term capital lease obligations	4	59	
Other non-current liabilities	312	396	
Total liabilities	<u>10,042</u>	<u>9,444</u>	
 Commitments and contingencies			
 Stockholders' equity:			
Common stock	2	2	
Additional paid-in capital	212,995	210,550	
Accumulated deficit	(189,555)	(190,235)	
Accumulated other comprehensive income	371	371	
Total stockholders' equity	<u>23,813</u>	<u>20,688</u>	
Total liabilities and stockholders' equity	<u><u>\$ 33,855</u></u>	<u><u>\$ 30,132</u></u>	

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

	Three Months Ended			Years Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	2017
Net revenue	\$ 12,037	\$ 11,601	\$ 11,044	\$ 45,580	\$ 44,730
Cost of revenue	5,161	5,017	5,374	20,212	21,150
Gross profit	6,876	6,584	5,670	25,368	23,580
Operating expenses:					
Selling, general and administrative	4,099	4,241	3,674	16,499	15,803
Research and development	2,006	1,964	2,016	8,065	7,960
Total operating expenses	6,105	6,205	5,690	24,564	23,763
Income (loss) from operations	771	379	(20)	804	(183)
Interest expense, net	(4)	(5)	(5)	(18)	(23)
Other expense, net	(9)	(1)	(6)	(8)	(3)
Income (loss) before income taxes	758	373	(31)	778	(209)
Provision for income taxes	6	29	21	98	68
Net income (loss)	\$ 752	\$ 344	\$ (52)	\$ 680	\$ (277)
Net income (loss) per share - basic	\$ 0.04	\$ 0.02	\$ (0.00)	\$ 0.04	\$ (0.02)
Net income (loss) per share - diluted	\$ 0.04	\$ 0.02	\$ (0.00)	\$ 0.04	\$ (0.02)
Weighted-average common shares - basic	18,536	18,210	17,686	18,171	17,451
Weighted-average common shares - diluted	19,738	19,118	17,686	19,158	17,451

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

	<u>Three Months Ended</u>			<u>Years Ended</u>	
	<u>June 30,</u> <u>2018</u>	<u>March 31,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2018</u>	<u>2017</u>
GAAP net income (loss)	\$ 752	\$ 344	\$ (52)	\$ 680	\$ (277)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	13	14	12	53	48
Depreciation and amortization	49	53	84	217	344
Total adjustments to cost of revenue	<u>62</u>	<u>67</u>	<u>96</u>	<u>270</u>	<u>392</u>
Selling, general and administrative:					
Share-based compensation	236	237	203	924	683
Employer portion of withholding taxes on stock grants	4	4	2	13	11
Depreciation and amortization	46	47	48	184	214
Total adjustments to selling, general and administrative	<u>286</u>	<u>288</u>	<u>253</u>	<u>1,121</u>	<u>908</u>
Research and development:					
Share-based compensation	43	44	52	192	181
Employer portion of withholding taxes on stock grants	-	-	-	1	1
Depreciation and amortization	11	10	7	41	36
Total adjustments to research and development	<u>54</u>	<u>54</u>	<u>59</u>	<u>234</u>	<u>218</u>
Severance and related charges (reversals)	-	(21)	-	506	246
Total non-GAAP adjustments to operating expenses	<u>340</u>	<u>321</u>	<u>312</u>	<u>1,861</u>	<u>1,372</u>
Interest expense, net	4	5	5	18	23
Other expense, net	9	1	6	8	3
Provision for income taxes	6	29	21	98	68
Total non-GAAP adjustments	<u>421</u>	<u>423</u>	<u>440</u>	<u>2,255</u>	<u>1,858</u>
Non-GAAP net income	<u>\$ 1,173</u>	<u>\$ 767</u>	<u>\$ 388</u>	<u>\$ 2,935</u>	<u>\$ 1,581</u>

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

	Three Months Ended			Years Ended	
	March 31,				
	June 30, 2018	2018	June 30, 2017	June 30, 2018	June 30, 2017
IoT	\$ 9,088	\$ 9,235	\$ 8,596	\$ 34,742	\$ 32,795
IT Management	2,694	1,964	2,022	9,666	9,292
Other	255	402	426	1,172	2,643
	\$ 12,037	\$ 11,601	\$ 11,044	\$ 45,580	\$ 44,730

	Three Months Ended			Years Ended	
	March 31,				
	June 30, 2018	2018	June 30, 2017	June 30, 2018	June 30, 2017
Americas	\$ 7,109	\$ 5,832	\$ 5,595	\$ 24,930	\$ 24,835
EMEA	3,222	4,055	3,643	13,613	13,258
Asia Pacific Japan	1,706	1,714	1,806	7,037	6,637
	\$ 12,037	\$ 11,601	\$ 11,044	\$ 45,580	\$ 44,730