

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

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,282	\$ 9,568
Accounts receivable, net	7,388	4,244
Inventories, net	10,509	8,439
Contract manufacturers' receivable	1,324	649
Prepaid expenses and other current assets	687	370
Total current assets	38,190	23,270
Property and equipment, net	1,199	1,036
Goodwill	9,488	9,488
Other assets	67	61
Total assets	\$ 48,944	\$ 33,855
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 4,716	\$ 3,942
Accrued payroll and related expenses	2,060	2,808
Warranty reserve	116	99
Other current liabilities	4,580	2,877
Total current liabilities	11,472	9,726
Long-term capital lease obligations	-	4
Other non-current liabilities	206	312
Total liabilities	11,678	10,042
 Commitments and contingencies		
 Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	226,274	212,995
Accumulated deficit	(189,381)	(189,555)
Accumulated other comprehensive income	371	371
Total stockholders' equity	37,266	23,813
Total liabilities and stockholders' equity	\$ 48,944	\$ 33,855

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

	Three Months Ended			Years Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	2018
Net revenue	\$ 10,153	\$ 12,344	\$ 12,037	\$ 46,890	\$ 45,580
Cost of revenue	4,411	5,254	5,161	20,617	20,174
Gross profit	5,742	7,090	6,876	26,273	25,406
Operating expenses:					
Selling, general and administrative	3,554	3,867	4,099	15,851	16,345
Research and development	2,200	2,385	2,006	9,079	7,751
Restructuring, severance and related charges	823	-	-	1,146	506
Acquisition-related costs	410	-	-	410	-
Impairment of long-lived asset	275	-	-	275	-
Total operating expenses	7,262	6,252	6,105	26,761	24,602
Income (loss) from operations	(1,520)	838	771	(488)	804
Interest income (expense), net	89	91	(4)	236	(18)
Other expense, net	(1)	(12)	(9)	(15)	(8)
Income (loss) before income taxes	(1,432)	917	758	(267)	778
Provision for income taxes	27	60	6	141	98
Net income (loss)	\$ (1,459)	\$ 857	\$ 752	\$ (408)	\$ 680
Net income (loss) per share - basic	\$ (0.06)	\$ 0.04	\$ 0.04	\$ (0.02)	\$ 0.04
Net income (loss) per share - diluted	\$ (0.06)	\$ 0.04	\$ 0.04	\$ (0.02)	\$ 0.04
Weighted-average common shares - basic	22,621	22,270	18,536	21,580	18,171
Weighted-average common shares - diluted	22,621	23,304	19,738	21,580	19,158

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

	Three Months Ended			Years Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	2018
GAAP net income (loss)	\$ (1,459)	\$ 857	\$ 752	\$ (408)	\$ 680
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	23	22	13	85	53
Depreciation and amortization	53	51	49	197	217
Total adjustments to cost of revenue	76	73	62	282	270
Selling, general and administrative:					
Share-based compensation	491	213	236	1,441	924
Employer portion of withholding taxes on stock grants	-	4	4	12	13
Depreciation and amortization	48	50	46	192	184
Total adjustments to selling, general and administrative	539	267	286	1,645	1,121
Research and development:					
Share-based compensation	97	96	43	345	192
Employer portion of withholding taxes on stock grants	-	-	-	-	1
Depreciation and amortization	22	21	11	75	41
Total adjustments to research and development	119	117	54	420	234
Restructuring, severance and related charges	823	-	-	1,146	506
Acquisition related costs	410	-	-	410	-
Impairment of long-lived asset	275	-	-	275	-
Total non-GAAP adjustments to operating expenses	2,166	384	340	3,896	1,861
Interest (income) expense, net	(89)	(91)	4	(236)	18
Other expense, net	1	12	9	15	8
Provision for income taxes	27	60	6	141	98
Total non-GAAP adjustments	2,181	438	421	4,098	2,255
Non-GAAP net income	\$ 722	\$ 1,295	\$ 1,173	\$ 3,690	\$ 2,935

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

	Three Months Ended			Years Ended	
	March 31,			June 30, 2019	June 30, 2018
	June 30, 2019	2019	June 30, 2018		
IoT	\$ 8,327	\$ 8,935	\$ 9,088	\$ 35,299	\$ 34,742
IT Management	1,646	3,210	2,694	10,845	9,666
Other	180	199	255	746	1,172
	\$ 10,153	\$ 12,344	\$ 12,037	\$ 46,890	\$ 45,580

	Three Months Ended			Years Ended	
	March 31,			June 30, 2019	June 30, 2018
	June 30, 2019	2019	June 30, 2018		
Americas	\$ 5,217	\$ 6,866	\$ 7,109	\$ 25,179	\$ 24,930
EMEA	3,229	3,757	3,222	14,586	13,613
Asia Pacific Japan	1,707	1,721	1,706	7,125	7,037
	\$ 10,153	\$ 12,344	\$ 12,037	\$ 46,890	\$ 45,580