



LANTRONIX
CONNECT SMART. DO MORE.

**Investor
Presentation**
August 2018

Forward-Looking Statements

This presentation contains forward-looking statements, including statements concerning our business plans, our product development strategies, and our target financial model. Any statement relating to our plans, goals, expectations or any future event should be considered a forward-looking statement. While we have based our forward-looking statements on our current expectations, forward-looking statements are subject to substantial risks and uncertainties. As a result, our actual results could differ materially from those indicated in our forward-looking statements, and you should not rely on any of these forward-looking statements.

Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, changes in customer demand, the extent to which we are able to develop successful new products, changes to the rate of decline of our legacy products, and the risks and uncertainties described in “Risk Factors” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, as well as in our other filings with the SEC.

Our forward-looking statements are based on our view as of the date they are made. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof.

Lantronix

Enabling the Industrial Internet of Things

- Global provider of secure data access and management solutions for Industrial IoT
- Innovator known for industry leading connectivity solutions that are easy to deploy and help accelerate time to market
- Millions of devices connected worldwide
- Strong Blue Chip customer base
- Based in Irvine California - company founded in 1989
- NASDAQ listed: LTRX



IoT Pure Play

Established public company
investing in Growth Market



Fiscal Year

Ended June 30, 2018

\$45.6M Revenue



Global Revenue

Americas 55%

EMEA 30%

APJ 15%



Experienced Leadership Team

Focused on Growth

PROVEN LEADERSHIP TEAM



Jeffrey Benck
President & CEO



Jeremy Whitaker
CFO



Kevin Yoder
VP, WW Sales



Shahram Mehraban
VP, Marketing



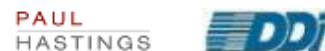
Michael A. Fink
VP, Operations



Fathi Hakam
VP, Engineering



Kurt Scheuerman
VP, General Counsel



Tom Morton
VP, Human Resources





OUR MISSION

CREATING SECURE DATA ACCESS AND MANAGEMENT SOLUTIONS FOR THE INDUSTRIAL IOT

Our mission is to be the leading supplier of IoT solutions that enable companies to dramatically simplify the creation, deployment, and management of IoT projects while providing secure access to data for applications and people.

OUR GROWTH STRATEGY

LANTRONIX

Pursue Market
Share Gains with IT
Management
Products

Grow IoT Revenue
with New
Gateway Products

Expand SaaS IoT
platform with new IoT
and ITM applications



Product Portfolio

IOT GATEWAYS & BUILDING BLOCKS



Connectivity Without Complexity

MANAGEMENT SOFTWARE

MACH10>



Scalable Software Made Simple

IT MANAGEMENT SOLUTIONS



Management of Enterprise
IT Infrastructure

WELL POSITIONED IN KEY MARKET SEGMENTS

Strong base of global blue-chip customers

RETAIL



INDUSTRIAL



HEALTHCARE



ENERGY / UTILITIES



SMART BUILDING



TRANSPORTATION



FINANCIALS



MILITARY & GOV'T



EDUCATION



TELECOM



FAVORABLE SECULAR TRENDS

IoT Product Line

INDUSTRIAL

Increasing automation and connectivity in factories

HEALTHCARE

Greater demands for connectivity in hospitals & remote patient care

ENERGY / UTILITIES

Digitization of the distribution grid due to renewables & electric vehicles

SMART BUILDING

Integrated systems require greater connectivity

ITM Product Line

FINANCIALS

Growth in online and mobile banking and increasing security threats

MILITARY & GOV'T

Increasing connectivity of critical infrastructure systems & defense spending

EDUCATION

Growth on online education requiring higher levels of network uptime

TELECOM

Increasing connectivity of mission critical IoT devices

IOT SOLUTIONS FROM THE DEVICE TO THE DATA CENTER

*New Connected
Devices*



*Lantronix
Embedded Modules
& Gateways*

Network



Data Center



*Lantronix
External Device
Gateways*



Legacy Devices



*Lantronix
IT Management
Solutions*



MACH10>

LANTRONIX IOT GATEWAYS PRODUCT PORTFOLIO

*Secure and certified enterprise-ready
connectivity, network intelligence and
management at scale for industrial and
commercial devices and machines*



XPort Edge
Serial to Ethernet



xPico 250
Mid-range
Ethernet, Wi-Fi
Bluetooth



xPico 240
Mid-range
Ethernet, Wi-Fi



**PremierWave
2050**
Enhanced Ethernet,
Wi-Fi Bluetooth



SGX5150
Ethernet, Wi-Fi
Bluetooth



**PremierWave
XC HSPA+**
Ethernet, Cellular

Embedded IoT Gateways

*Ideal to drop into any new or
inflight design and their tiny
size is perfect for high-volume
integration*

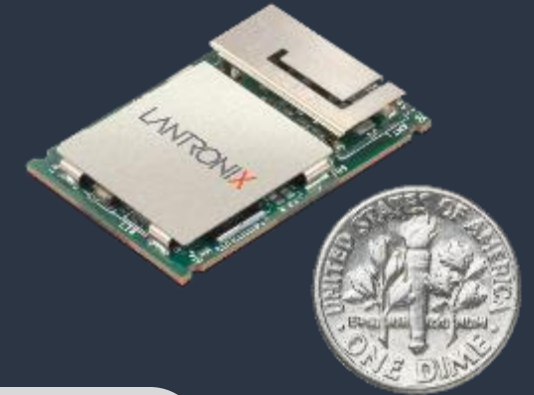
IoT Device Gateways

*Ideal for connecting existing
devices and machines or when it is
desirable to keep connectivity
external to asset*

xPico 200 Series of Embedded IoT Gateways

Best-in-Class Embedded Solution for Managed Industrial Wi-Fi Connectivity

- Seamlessly enable Wi-Fi, Ethernet and Bluetooth connectivity
- Build and deploy with production ready embedded software
- Integrate advanced enterprise security and intelligent networking
- Remotely monitor, manage and maintain your machines with MACH10



Accelerate the development of secure connected machines



Drone



AGV Robot



Connected Weighing Scale



Connected Water Purifier



Medical Scanner

XPort Edge

Next Generation Embedded Ethernet Gateway & Device Server in the same compact form factor as XPort

“Industrial IOT - Accelerated.”

Next generation of the world's best selling embedded Ethernet device server providing full IoT gateway connectivity to any device with serial capability



Gaming Machines



Connected Door Locks



Commercial Smart Meter



Connected Cash Drawer



Connected Parking Meter

LANTRONIX GATEWAY CENTRAL

Cloud-powered Configuration, Management And Monitoring For Lantronix Gateways



Centralized Directory for IoT Gateways



Automate Updates



Monitor Network Statistics and Configure Alerts



Seamless Upgrade to Global Device Manager



**MINIMIZE TRUCK ROLLS.
INCREASE EQUIPMENT UPTIME.**

Device Management SaaS Offering for Lantronix Gateways

Lantronix IT Management Product Portfolio



ADVANCED CONSOLE MANAGER



BRANCH OFFICE MANAGER



REMOTE KVM-OVER-IP



Enterprise Data Centers &
Development Labs



Retail Store & Branch Offices

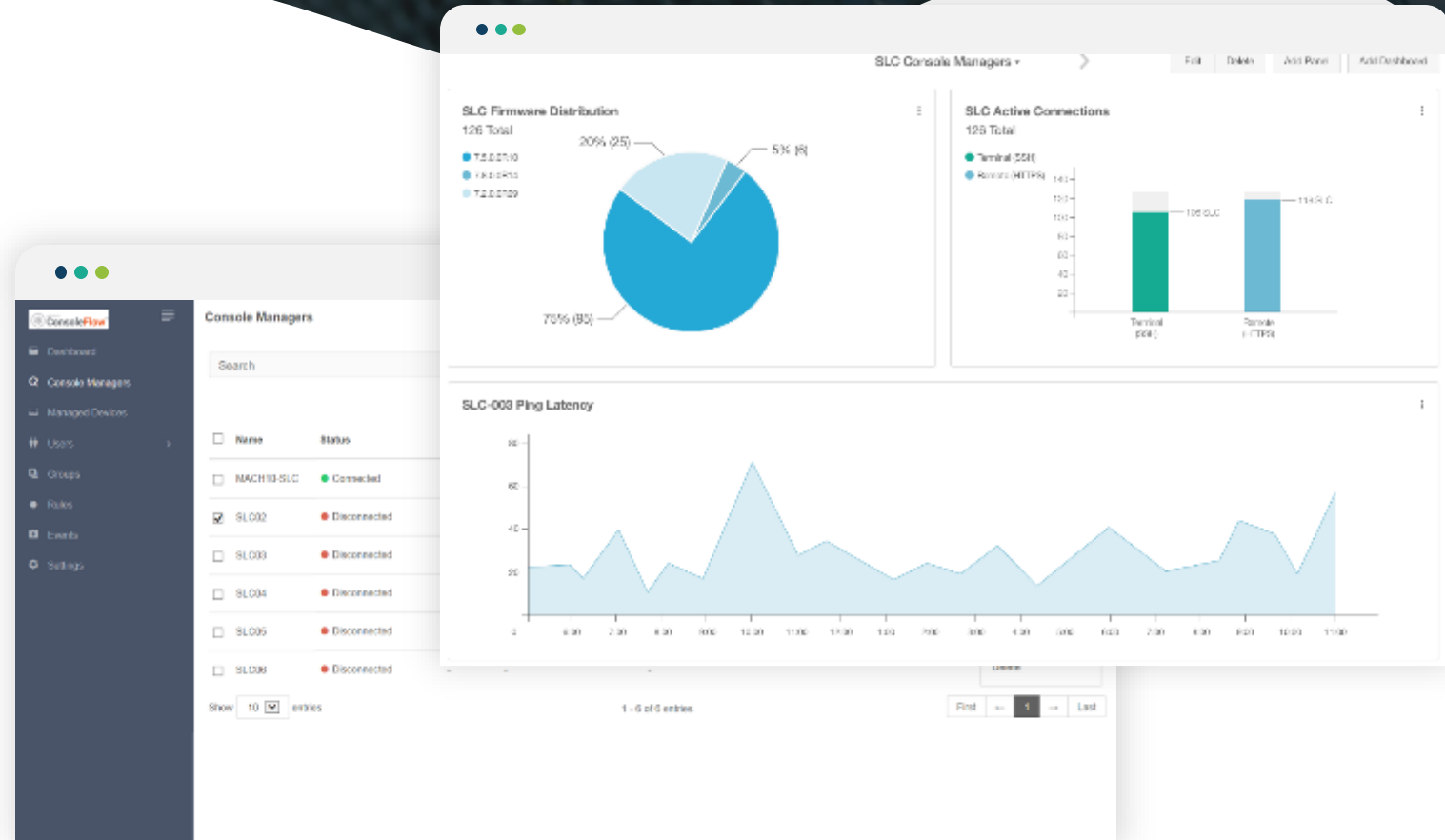


Kiosks, Digital Signs, Test Labs

Lantronix ConsoleFlow

Bringing In-band Productivity to Out-of-Band Networks

- Cloud-based or on-premise software with mobile app
- Centralized management of Lantronix console managers
- Secure remote access, automated monitoring, and real-time notifications



LANTRONIX: AN IOT INNOVATOR



Industry's 1st
802.11AC certified
intelligent gateway

Industry's 1st Multi-
Dimensional IoT
Application Development
& Deployment Platform

Embedded & External
IoT Gateways with
Integrated Global
Device Management

Recognized by CRN®, a brand of The Channel Company, in its 2018 Internet of Things 50 list, which recognizes companies whose innovative offerings are helping connect objects, computing devices, infrastructure, data storage and data analytics that will transform our everyday lives.

Industry's 1st M2M
Module with
Enterprise Wi-Fi
Security

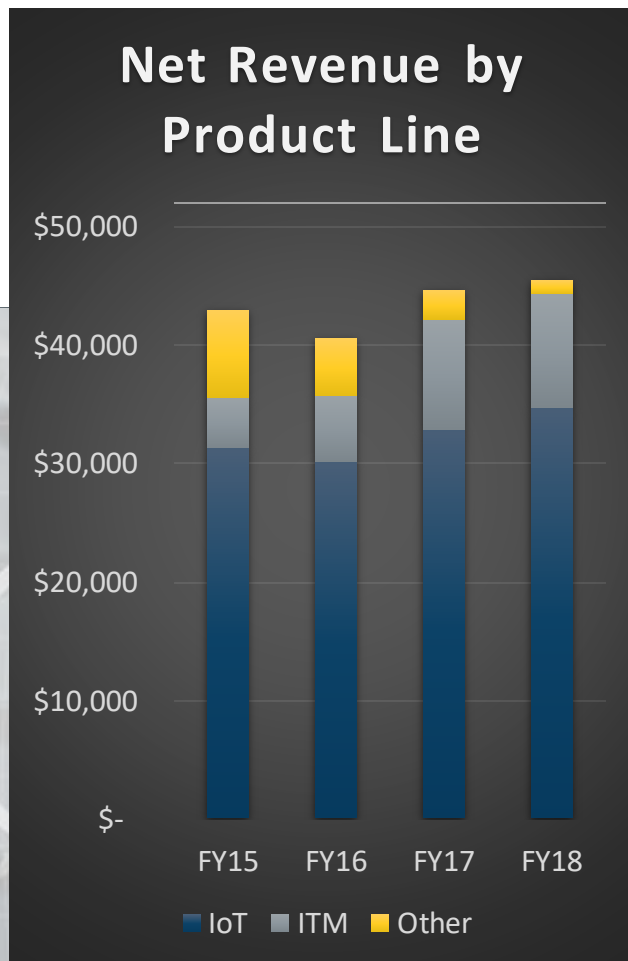
Industry's 1st
embedded server with
simultaneous soft AP &
client Wi-Fi mode

Industry's 1st
Enterprise Grade 5G
Wi-Fi embedded IoT
gateway

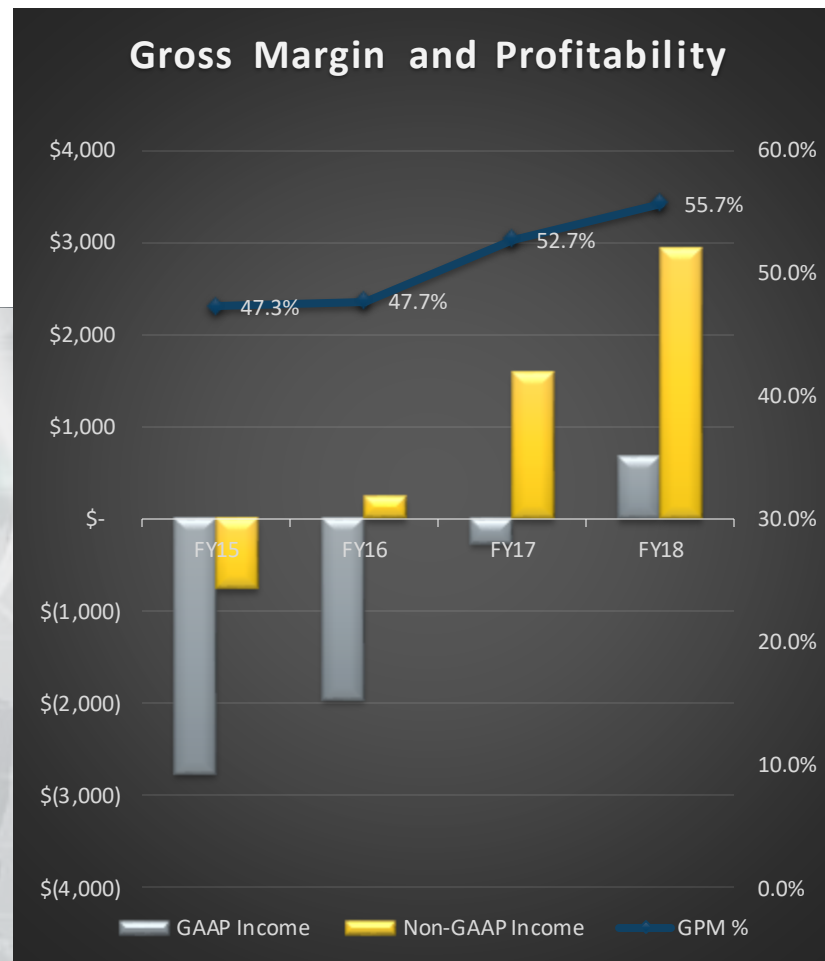


Operating Results

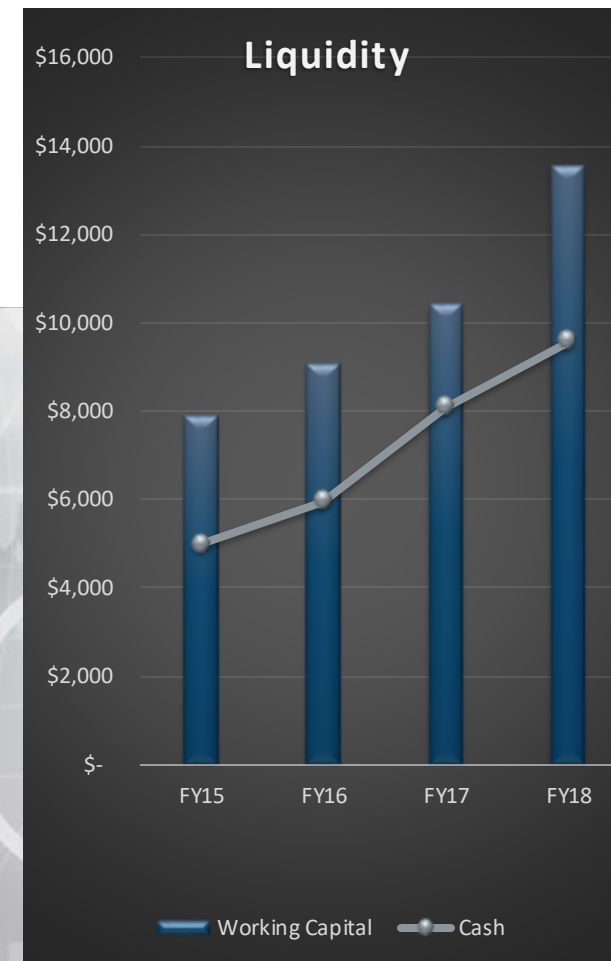
SELECTED FISCAL YEAR FINANCIAL PERFORMANCE



- In FY18, IoT and ITM grew by 6% and 4%, respectively
- Drag on topline from Other (EOL) nearly gone
- Reversed 3 years of revenue decline w/ growth in FY18 & FY17



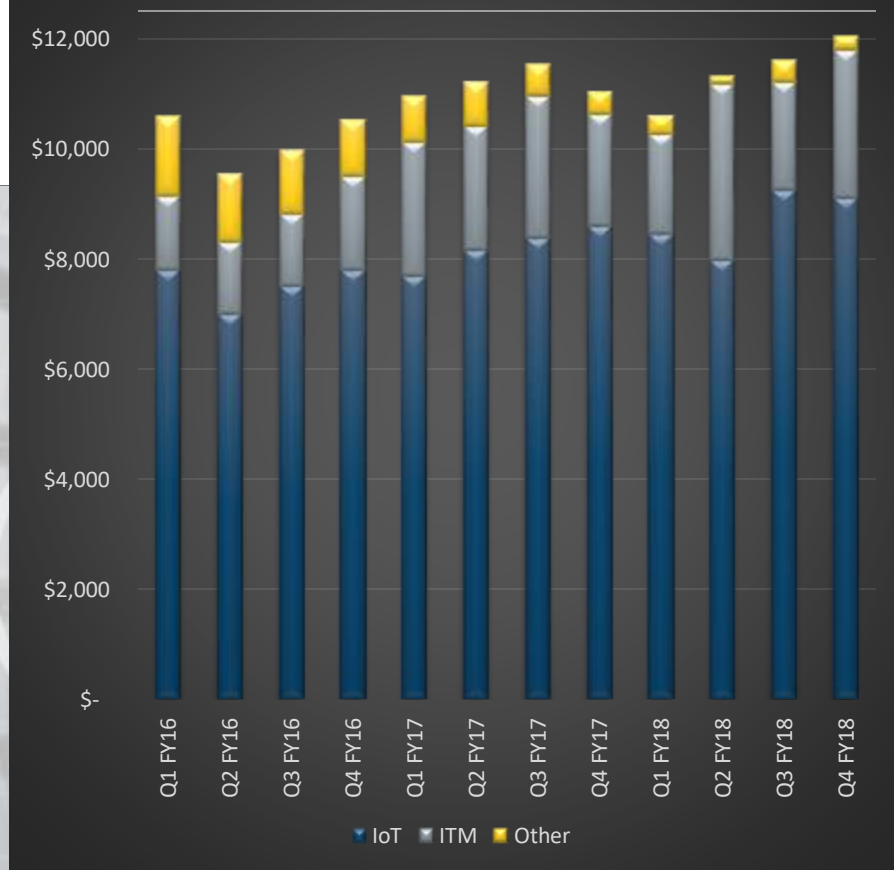
- 1st annual GAAP profit in 18 years
- Nearly 200% growth in non-GAAP income in FY18
- FY18 GAAP gross profit margin - 300 BP improvement from FY17 & 800 BP improvement from FY16



- Consistent improvement in cash & working capital

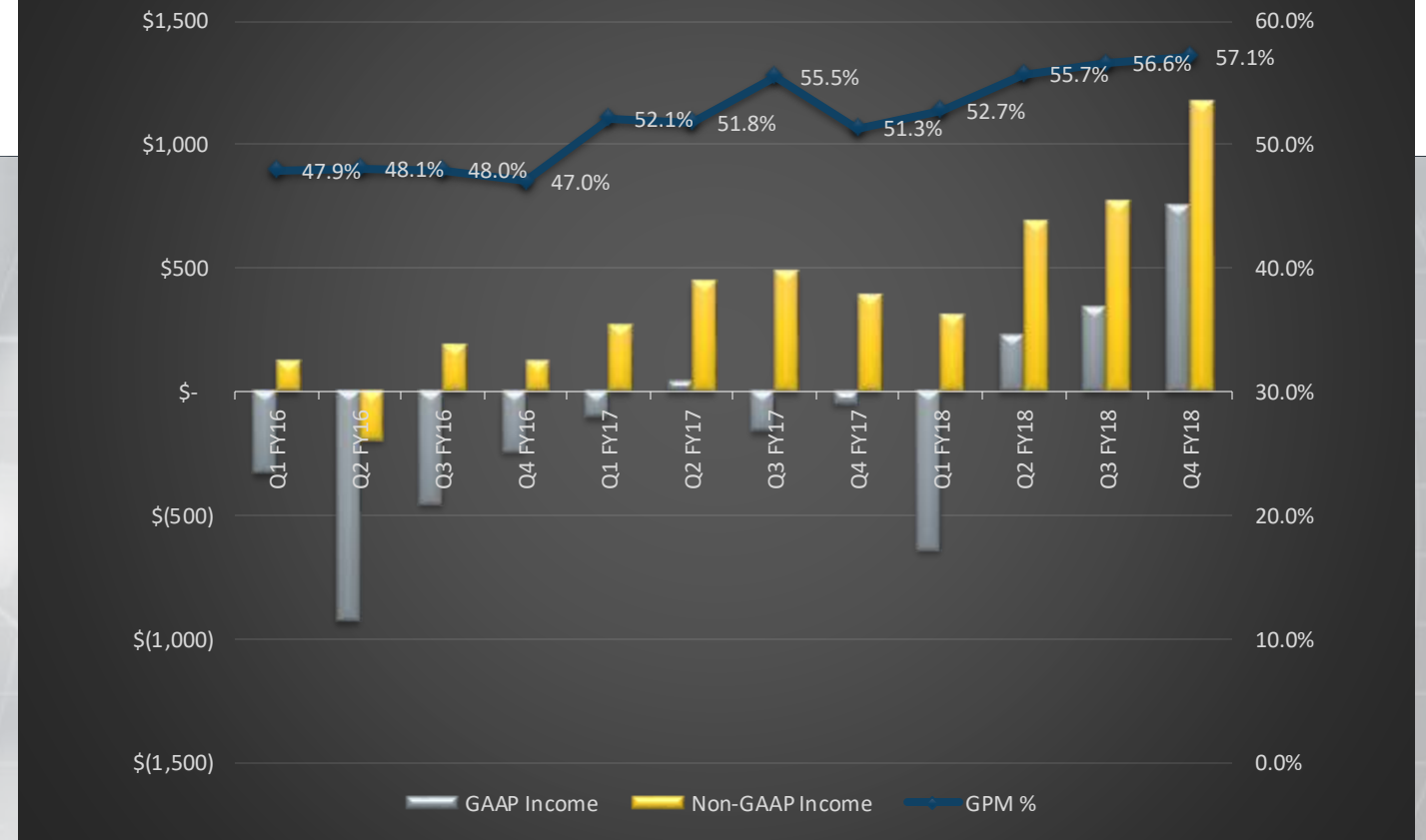
SELECTED QUARTERLY FINANCIAL PERFORMANCE

Net Revenue by Product Line



- Net revenue above \$12M for first time in 20 quarters
- Drag from Other (EOL) nearly gone

Improving Margins and Profitability



- 900+ basis point improvement in GAAP gross profit margin over last 3 years
- 3 sequential quarters of GAAP income
- 10 sequential quarters of non-GAAP income

SELECTED INCOME STATEMENT INFORMATION

<i>(In thousands)</i>	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY16	FY17	FY18
Net Revenue	\$ 11,044	\$ 10,606	\$ 11,336	\$ 11,601	\$ 12,037	\$ 40,592	\$ 44,730	\$ 45,580
Gross Profit	\$ 5,670	\$ 5,594	\$ 6,314	\$ 6,584	\$ 6,876	\$ 19,378	\$ 23,580	\$ 25,368
% of Net Revenue	51.3%	52.7%	55.7%	56.8%	57.1%	47.7%	52.7%	55.7%
GAAP Net Income (Loss)	\$ (52)	\$ (641)	\$ 225	\$ 344	\$ 752	\$ (1,962)	\$ (277)	\$ 680
Non-GAAP Net Income (Loss)	\$ 388	\$ 306	\$ 689	\$ 767	\$ 1,173	\$ 238	\$ 1,581	\$2,935

Q4 FY 2018 HIGHLIGHTS:

- Highest net revenue in 20 quarters
- Record GM%
- 3rd consecutive quarter of GAAP profitability
- 10th consecutive quarter of non-GAAP profitability

FY 2018 HIGHLIGHTS:

- 2nd year of sequential revenue growth
- 300 BP improvement in GM%
- Nearly doubled non-GAAP profit



SELECTED BALANCE SHEET INFORMATION

<i>(In thousands except price per share data)</i>	June 30, 2017	June 30, 2018
Cash and Cash Equivalents	\$ 8,073	\$ 9,568
Accounts Receivable, Net	3,432	4,244
Inventories, Net	6,959	8,439
Total Current Assets	19,380	23,270
Current Liabilities	8,989	9,726
Working Capital	10,391	13,544
Common Shares Outstanding	17,809	18,908
RSUs Outstanding	300	140
Stock Options Outstanding	4,184	3,931
Weighted Average Exercise Price Per Option	\$ 1.78	\$ 1.73

SUMMARY



Invest in one of the few public company IoT pure plays

- Established global IoT solutions provider with blue chip customer base
- Seasoned leadership team w/ significant enterprise experience
- Pursuing fast growing IoT market with double digit CAGRs
- MACH10 platform and related software applications enable incremental growth opportunity



Solid operational execution and improving fundamentals

- Reversed 3 years of revenue declines with 2% & 10% growth during FY18 & FY17, respectively
- In FY18, reported GAAP profit & nearly doubled non-GAAP profit
- 3rd quarter of GAAP profitability & 10th quarter of non-GAAP profitability
- Business model with significant operating leverage
- No long-term debt, nine consecutive quarters of increased cash
- Substantial NOL federal carryover



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APPENDIX A: Reconciliation of Non-GAAP Financial Measures

<i>(In thousands)</i>	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY16	FY17	FY18
GAAP Net Income (Loss)	\$ (52)	\$ (641)	\$ 225	\$ 344	\$ 752	\$ (1,962)	\$ (277)	\$ 680
Non-GAAP Adjustments:								
Share-based Compensation	267	272	310	295	292	870	912	1,169
Depreciation and Amortization	139	117	109	110	106	759	594	442
Interest Expense, Net	5	4	5	5	4	32	23	18
Other (Income) Expense, Net	6	(1)	(1)	1	9	(61)	3	8
Withholding Taxes on Stock Grants	2	3	3	4	4	4	12	13
Severance and Restructuring Costs	-	527	-	(21)	-	533	246	506
Provision (Benefit) for Income Taxes	<u>21</u>	<u>25</u>	<u>38</u>	<u>29</u>	<u>6</u>	<u>63</u>	<u>68</u>	<u>98</u>
Total Non-GAAP Adjustments	<u>440</u>	<u>947</u>	<u>464</u>	<u>423</u>	<u>421</u>	<u>2,200</u>	<u>1,858</u>	<u>2,255</u>
Non-GAAP Net Income (Loss)	<u>\$ 388</u>	<u>\$ 306</u>	<u>\$ 689</u>	<u>\$ 767</u>	<u>\$ 1,173</u>	<u>\$ 238</u>	<u>\$ 1,581</u>	<u>\$ 2,935</u>

Lantronix believes that the presentation of non-GAAP financial information, when presented in conjunction with the corresponding GAAP measures, provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations of the non-GAAP financial measures to the financial measures calculated in accordance with GAAP should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures. Management believes that non-GAAP operating expenses, non-GAAP net income (loss) and non-GAAP net income (loss) per share are important measures of the Company's business. Management uses the aforementioned non-GAAP measures to monitor and evaluate ongoing operating results and trends to gain an understanding of our comparative operating performance. Non-GAAP operating expenses consist of operating expenses excluding (i) share-based compensation and related payroll taxes (ii) depreciation and amortization; and (iii) restructuring and severance charges. Non-GAAP net income (loss) consists of net income (loss) excluding (i) non-GAAP adjustments to operating expenses, (ii) interest income (expense), (iii) other income (expense), and (iv) income tax provision (benefit).