



# LANTRONIX

CONNECT SMART. DO MORE.™

## Investor Presentation January 2021

# FORWARD LOOKING STATEMENTS

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This presentation contains forward-looking statements, including statements concerning our business and product development plans and strategies, the perceived benefits of our products and corporate acquisitions, and our future growth and financial performance. 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 assumptions and expectations, forward-looking statements are not guarantee of future performance and 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 the impact of the COVID-19 pandemic; volatility in global economic conditions; product development and marketing risks; risks related to manufacturing and international operations; difficulties associated with our suppliers, distributors or resellers; intense competition in our industry; changes in applicable U.S. and foreign government laws, regulations, and tariffs; risks associated with acquisitions, divestitures, mergers, or joint ventures; intellectual property and cybersecurity risks; the outcome of legal proceedings; and other 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. In addition, new risks emerge from time-to-time and we cannot predict all future risks or assess the impact of all risks to our business. Our forward-looking statements are based on our view as of the date they are made. Except as required by law, we expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof because of new information, future events or otherwise.

This presentation references certain non-GAAP financial measures, including non-GAAP net income (loss). A reconciliation of the non-GAAP financial measures to the corresponding GAAP financial measures, along with important information regarding our disclosure of the non-GAAP financials, is provided in Appendix A.

# OUR VISION

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## TO PROVIDE TURNKEY CUSTOMER SOLUTIONS FOR IIoT AND REMOTE ENVIRONMENT MANAGEMENT

Lantronix aims to be the go-to industry IoT and REM partner, providing full stack turnkey solutions comprised of SaaS products and features, Professional Services, and Hardware.

Customers get a "one stop shop" experience enabled by ease of purchase, activation, deployment, and management, leaving them to focus on their core products and business.

# SECURE TURNKEY SOLUTIONS FOR THE INDUSTRIAL IoT

- Global provider of secure turnkey management solutions for IIoT
- Connectivity products and SaaS services which are easy to deploy and manage, and accelerate customer time to market
- Growing Market opportunity with billions of devices connected worldwide\*
- Strong Blue-Chip customer base
- Partnerships with top SOC manufacturers\*\*
- Significant financial momentum and operating leverage



**IIoT and SaaS Market  
Growth Opportunity**



**Growth and  
Improvement in  
Operating Model**



**Strong Global Revenue  
Base**



**Experienced  
Leadership Team**

# PROVEN LEADERSHIP TEAM



**Paul Pickle**  
CEO



**Jeremy Whitaker**  
CFO



**Roger Holliday**  
VP, WW Sales



**Jon Shipman**  
VP, Strategy



**Fathi Hakam**  
VP, Engineering



**David Goren**  
VP, Business Affairs & HR



**Robert Adams**  
Head of BD &  
Investor Relations



**Michael A. Fink**  
VP, Operations



# FAVORABLE SECULAR TRENDS

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Monitoring and  
Management

Energy &  
Distributed  
Utilities



Healthcare &  
Remote Patient  
Monitoring  
Commercial  
Applications



IoT Smart Cities

Building  
Infrastructure  
Integration



Rise of Robotics

Automation in  
Industrial  
Manufacturing  
and Logistics



Edge Compute,  
Computer Vision  
& AI

Big Data Store and  
Sort, Predictive  
Analytics



Increased  
Government &  
Defense Spending  
for the Internet of  
Military Things

# OUR GROWTH STRATEGY

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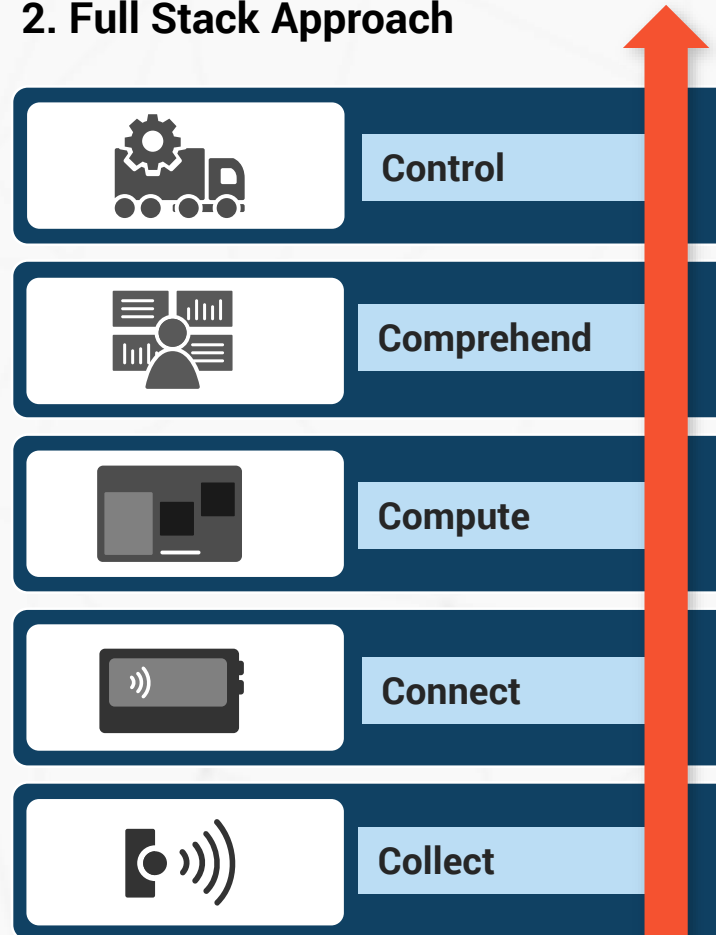


# IoT APPROACH SIMPLIFIED

## 1. Identify Customer Need



## 2. Full Stack Approach



## 3. Turnkey Solutions



**Market Application**  
Vertically Aligned



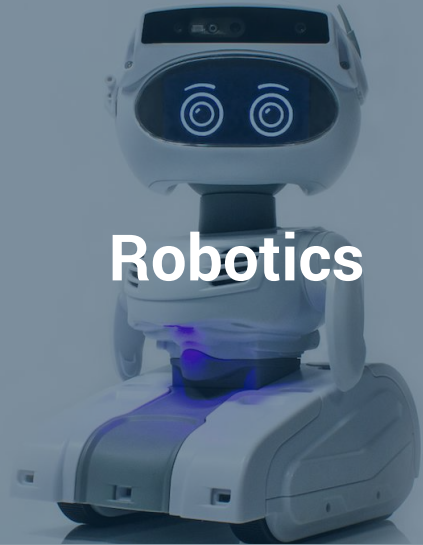
**Business Operations**  
Analytics, Insights, Predictions



**Infrastructure**  
Monitoring & Management



# CUSTOMER USE CASES



**Robotics**



**Augmented Reality**



**Medical**



**Video Conferencing**



**Commercial IoT**

# OPERATING RESULTS

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# SELECTED INCOME STATEMENT INFORMATION

<i>(In thousands)</i>	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	FY18	FY19	FY20
Net Revenue	\$ 12,741	\$ 13,228	\$ 16,512	\$ 17,397	\$ 17,146	\$ 45,580	\$ 46,890	\$ 59,878
Gross Profit	\$ 6,195	\$ 6,777	\$ 7,377	\$ 6,551	\$ 8,239	\$ 25,406	\$26,273	\$26,900
% of Net Revenue	48.6%	51.2%	44.7%	37.7%	48.1%	55.7%	56.0%	44.9%
GAAP Net Income (Loss)	\$ (2,470)	\$ (1,351)	\$ (5,216)	\$ (1,701)	\$ (302)	\$ 680	\$ (408)	\$ (10,738)
Non-GAAP Net Income (Loss)	\$ 7	\$ 666	\$ 611	\$ 1,191	\$ 1,654	\$2,935	\$3,690	\$2,476



## FY 2020 HIGHLIGHTS

- 28% revenue growth
- Change in gross profit as percentage of net revenue primarily due to product mix from acquisitions
- Non-GAAP opex as a percent of revenue down from 49% in FY19 to 42% in FY20

\* Refer to Appendix for reconciliation of Non-GAAP financial measures

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## APPENDIX A: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(In thousands)</i>	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	FY19	FY20
GAAP Net Income (Loss)	\$ (2,470)	\$ (1,351)	\$ (5,216)	\$ (1,701)	\$ (302)	\$ (408)	\$ (10,738)
Non-GAAP Adjustments:							
Share-based Compensation	578	938	1,132	990	603	1,871	3,639
Withholding Taxes on Stock Grants	10	2	7	14	11	12	33
Depreciation and Amortization	147	156	269	275	265	464	847
Severance and Restructuring Costs	749	354	2,263	478	92	1,146	3,844
Acquisition Related Costs	643	353	1,250	38	-	410	2,284
Impairment of Long-Lived Asset	-	-	-	-	-	275	-
Amortization of Purchased Intangible Assets	144	151	801	941	882	-	2,037
Amortization of Manufacturing Profit in Acquired Inventory	171	-	33	51	7	-	255
Litigation Settlement Cost	-	-	75	-	-	-	75
Interest Expense (Income) , Net	(56)	16	83	90	85	(236)	133
Other (Income) Expense, Net	43	10	(129)	(1)	(39)	15	(77)
Provision (Benefit) for Income Taxes	<u>48</u>	<u>37</u>	<u>43</u>	<u>16</u>	<u>50</u>	<u>141</u>	<u>144</u>
Total Non-GAAP Adjustments	<u>2,477</u>	<u>2,017</u>	<u>5,827</u>	<u>2,892</u>	<u>1,956</u>	<u>4,098</u>	<u>13,214</u>
Non-GAAP Net Income (Loss)	<u>\$ 7</u>	<u>\$ 666</u>	<u>\$ 611</u>	<u>\$ 1,191</u>	<u>\$ 1,654</u>	<u>\$ 3,690</u>	<u>\$2,476</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 net income (loss) is an important measure of the Company's business. Management uses this financial measure to monitor and evaluate ongoing operating results and trends to gain an understanding of our comparative operating performance.