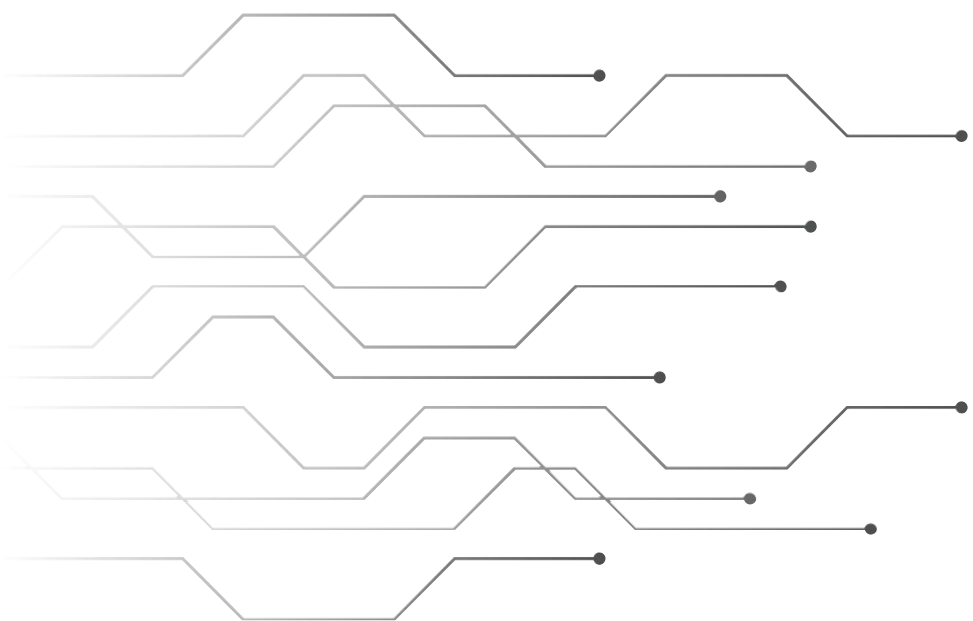




# LANTRONIX®

June 2023



# Forward-Looking Statements

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, but are not limited to, 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 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.

Some of the financial information and data contained in this Presentation, including non-GAAP operating expenses, non-GAAP net income (loss), and non-GAAP earnings (loss) per share, have not been prepared in accordance with United States generally accepted accounting principles (“GAAP”). We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating historical or projected operating results and trends in and in comparing our financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. We do not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and revenue that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and revenue items are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents historical non-GAAP financial measures in connection with GAAP results. 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 of this Presentation.

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# Intelligent IT & IoT Solutions

Lantronix solutions dramatically simplify the creation, development, deployment, and management of IoT projects while providing quality, reliability and security



**Connect**



**Compute**



**Control**

# Investment Highlights

Expansive	Growing IIoT and SaaS market opportunity with billions of devices connected worldwide
Scale	Global geographic reach and extensive product portfolio
Customers	Strong, expanding blue-chip customer base worldwide
Momentum	Strong backlog exiting FQ323, strong revenue growth, increasing operating leverage and profitability
Leadership	Experienced team with strong track record of value creation

# Favorable Secular Trends



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

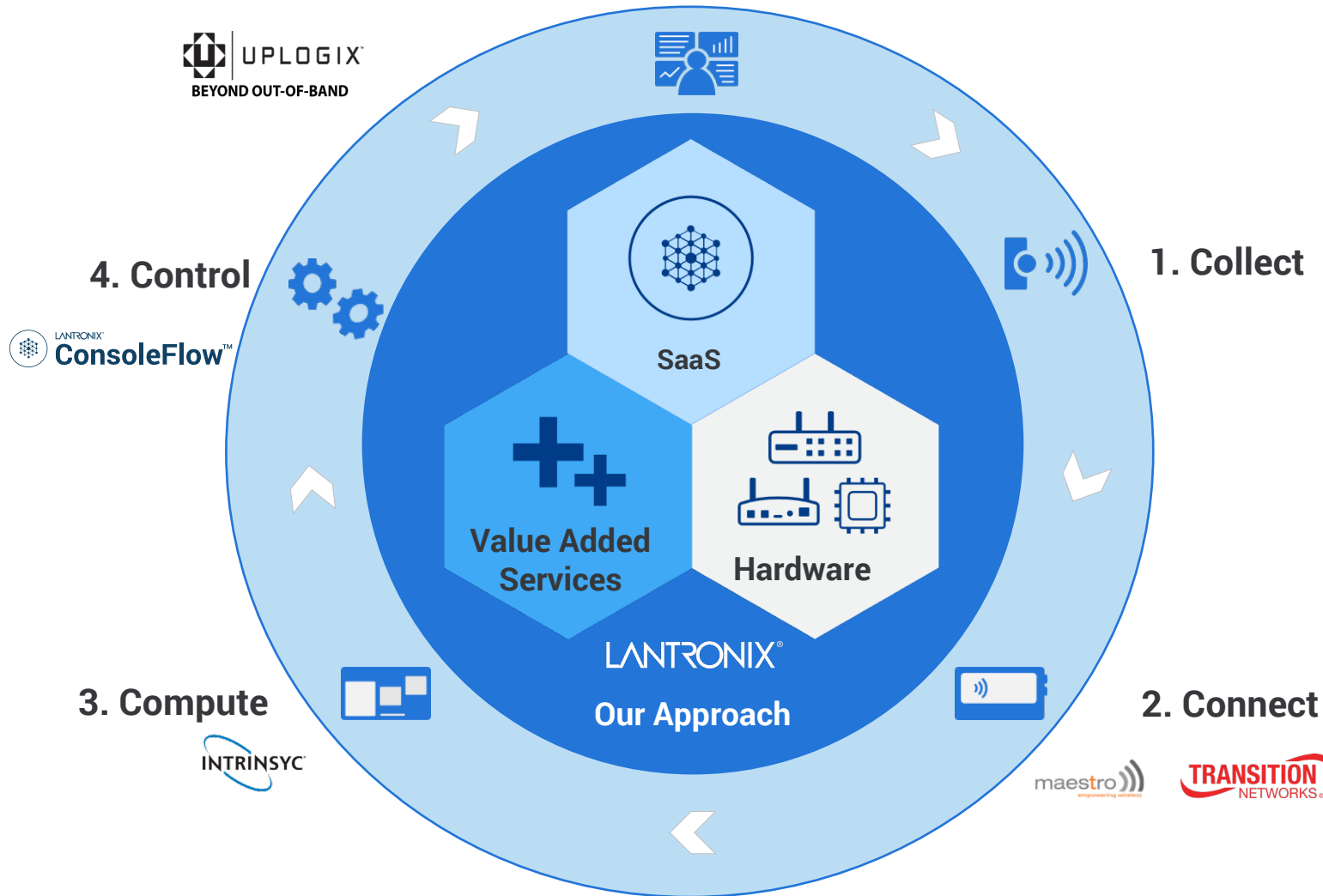
Big Data Store and  
Sort, Predictive  
Analytics



Increased  
Government &  
Defense Spending  
for the Internet of  
Military Things

# 5Cs as an IoT solution to drive revenue growth

## 5. Comprehend



## Lantronix Key Pieces

### SaaS (ConsoleFlow)

- Visibility and Control in an easy single pane of glass application.
- Knowing what is happening across network elements and having the tools to respond.

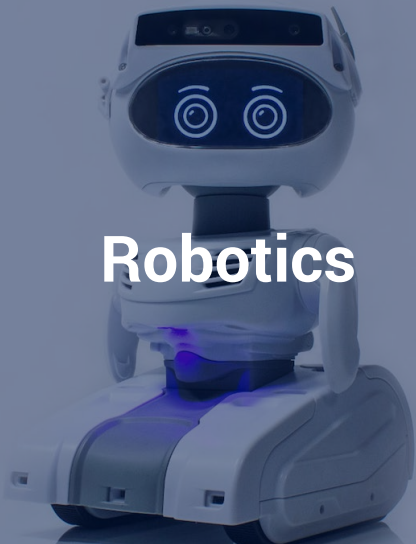
### Value Added Services

- Go beyond just visibility and control by easily selecting the service(s) you need. Provision cellular and VPN services for pick and go worldwide connectivity. Request engineering services for assistance with custom software and hardware projects.

### Hardware

- No solution is complete without matching hardware to achieve specific requirements and real-world applicability.
- Lantronix offers embedded and external devices for the Industrial Internet of Things and Remote Environment Management access solutions.

# Customer Use Cases



Robotics



Augmented Reality



Medical



Video Conferencing

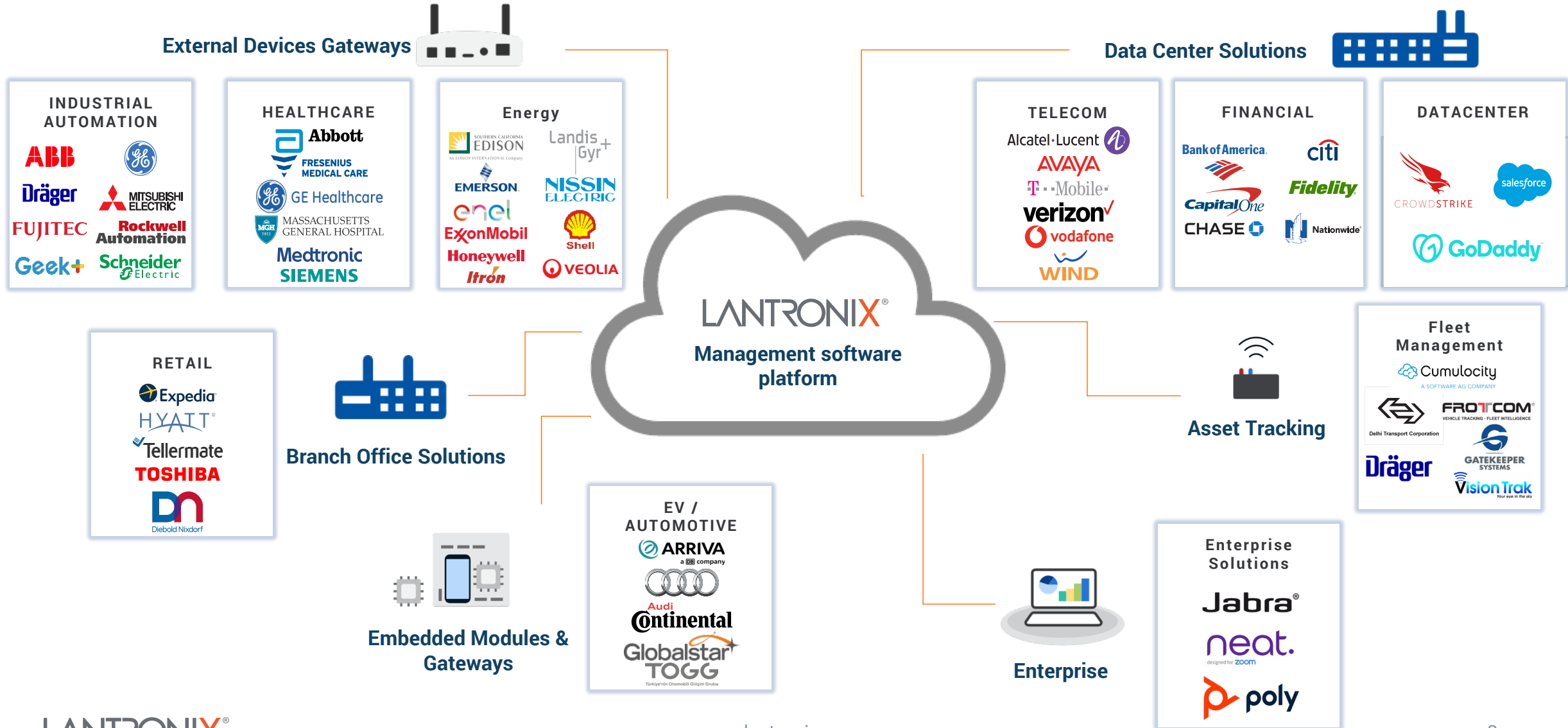


[www.lantronix.com](http://www.lantronix.com)



Commercial IoT

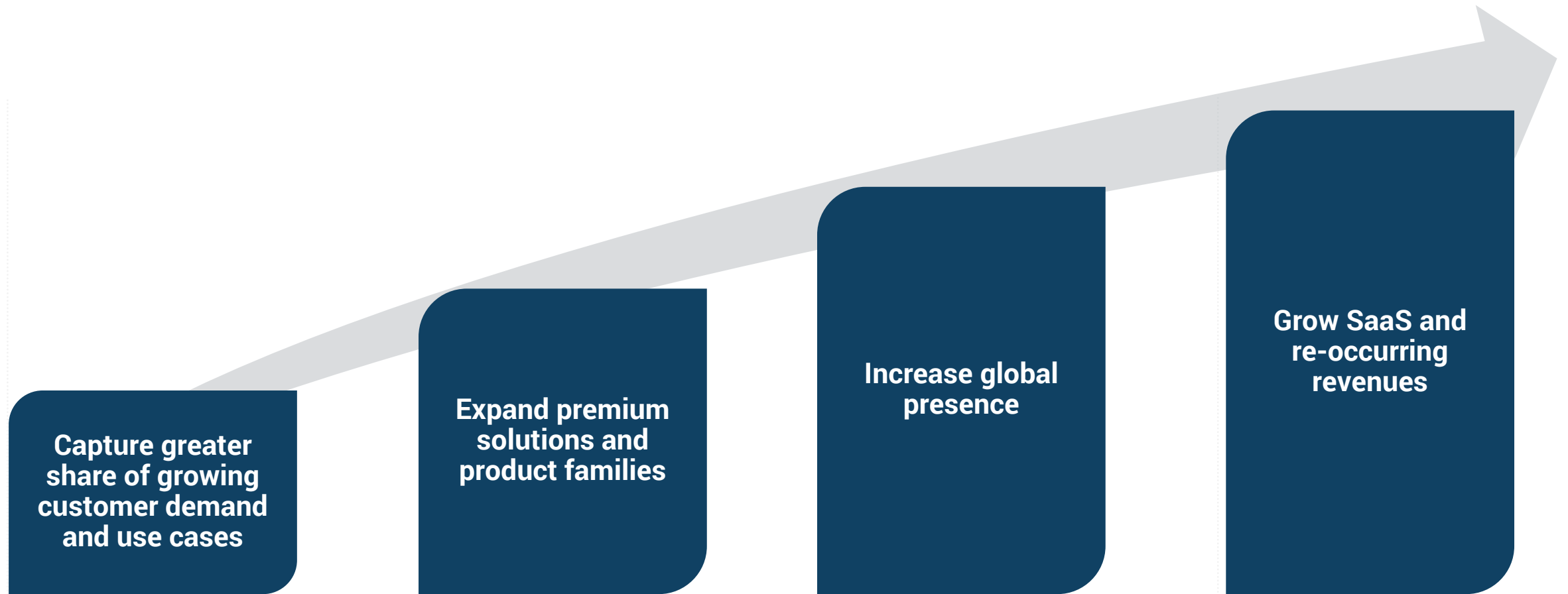
# Key Verticals & Customers





# Growth Strategy

Clear levers for organic growth and track record of accretive acquisitions



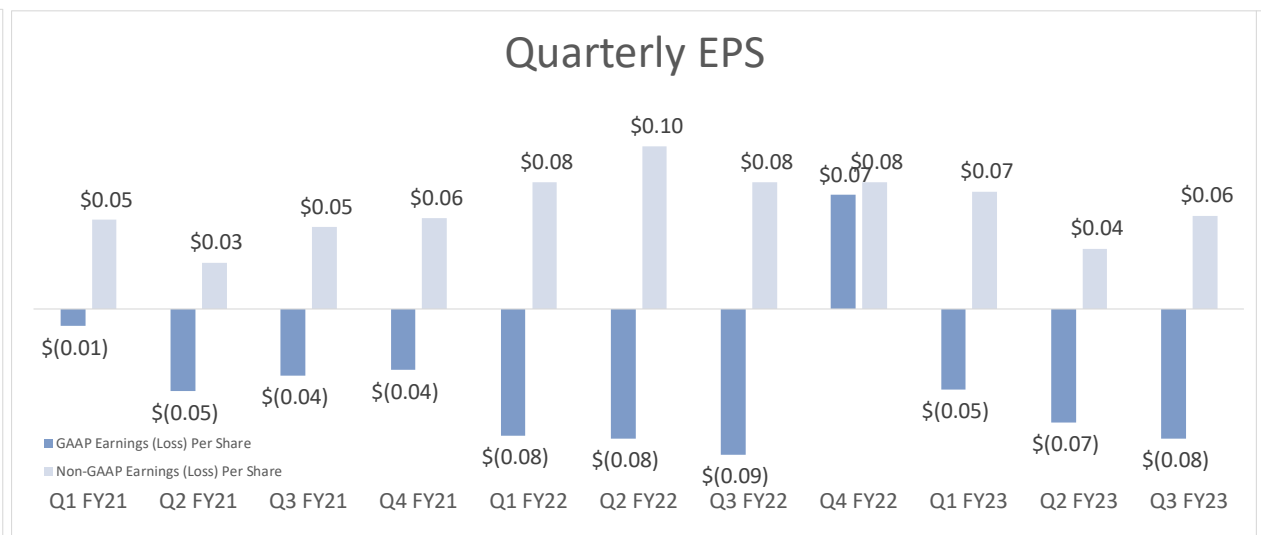
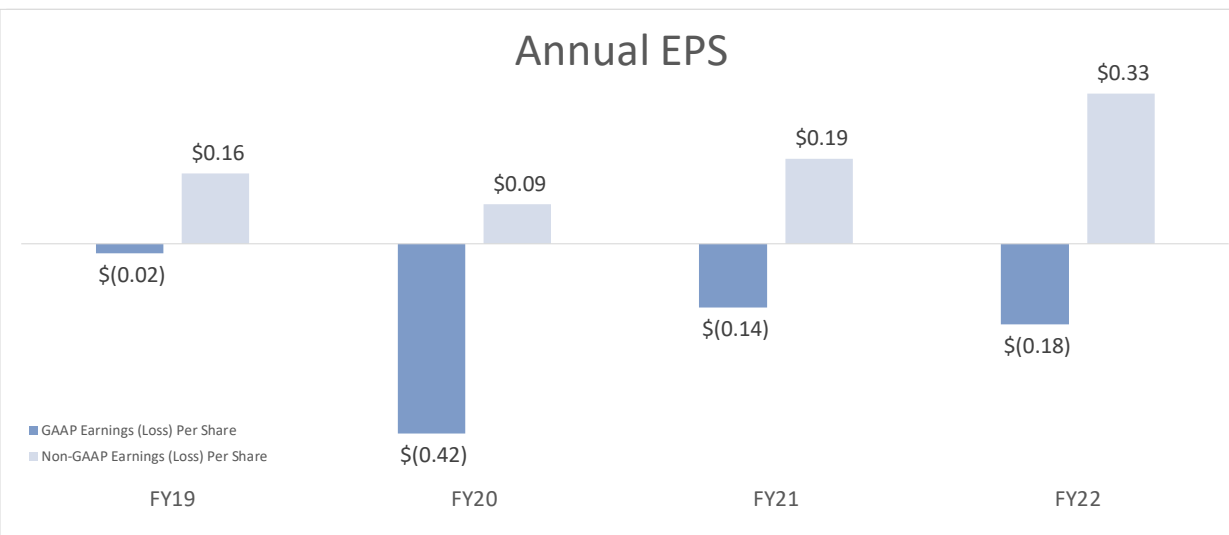
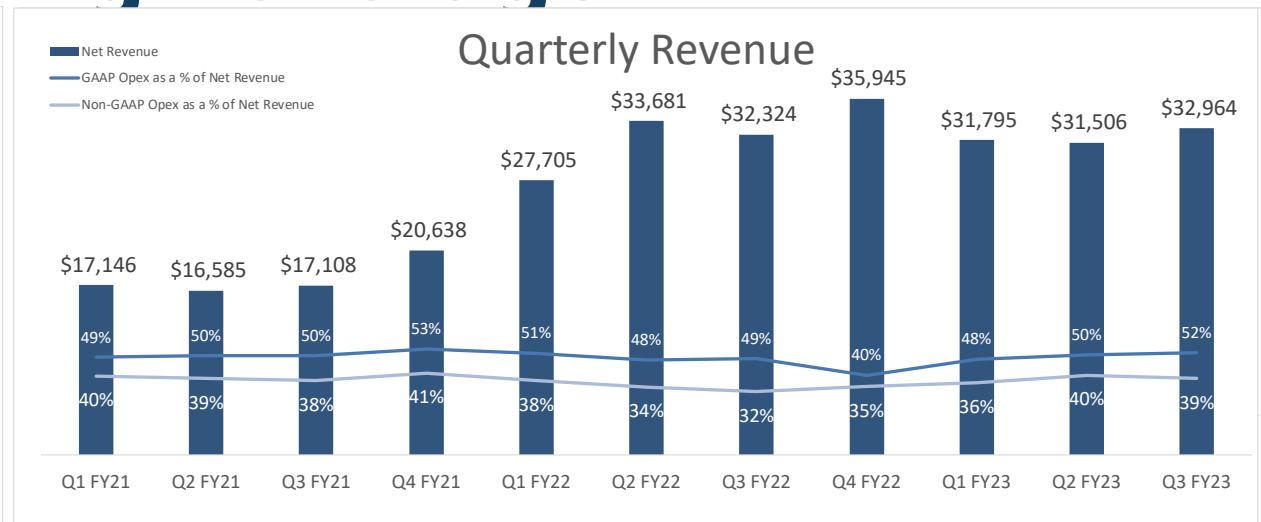
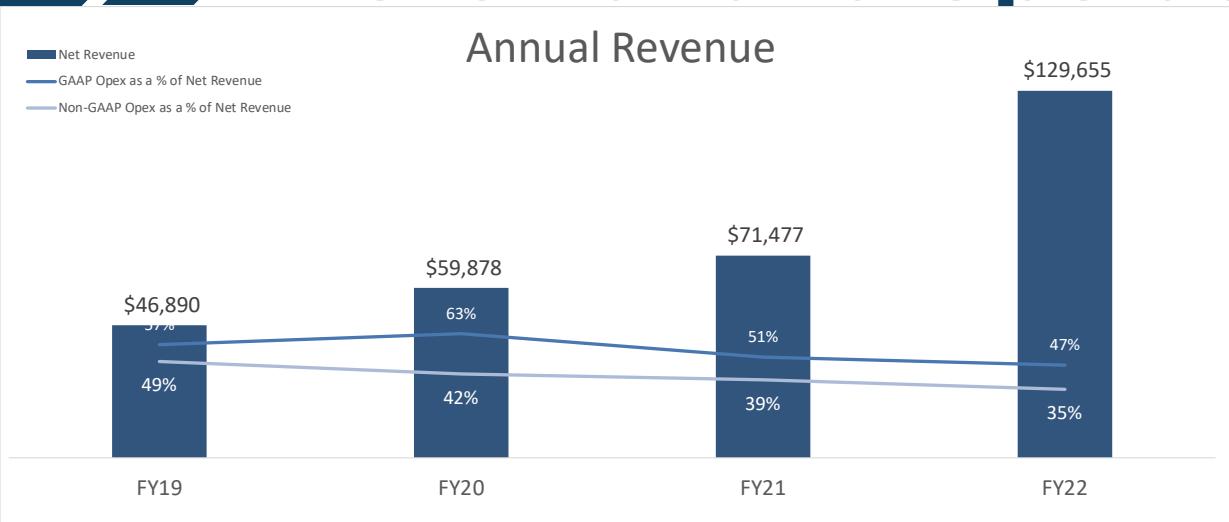
# Financial Highlights



# Q3 FY23 Highlights

- **Continued business momentum amidst challenging supply chain dynamics**
  - Strong design win momentum and demand across technologies, use cases and geographies
- **Revenues of \$33 million, 2% Y/Y and 5% sequentially**
- **GAAP Gross Margin of 44.4%**
  - Continuing to see some improvements in supply chain costs
- **Operating leverage and non-GAAP profitability**
  - GAAP net loss per share improved to (\$0.08) compared to (\$0.09) in prior year period
  - Non-GAAP net income per share of \$0.06 compared to \$0.08 in prior year period

# Growth and Operating Leverage



• See the Appendix for a reconciliation of the non-GAAP financial measures used in this presentation. Dollars in thousands.

# Clean Balance Sheet

## Balance Sheet Highlights – March 31, 2023

- Cash of \$12.8 million
- Working capital of \$49.9 million
- LT Debt of \$17.0 million
  - \$7.5mm Revolver and \$19.5mm Term Loan (SOFR+1.50-2.50%)

## Quarterly Balance Sheet

(\$MM)	Q2 FY23	Q3 FY23
Cash	\$6.8	\$12.8
Working Capital	\$50.6	\$49.9
Short-term debt	\$4.2	\$2.5
Long-term debt	\$17.7	\$17.0

# Investment Highlights



**Well positioned in IIoT amidst expanding use case/end markets**



**Strong backlog and high visibility for growth**



**Software and recurring revenues**



**Increasing operating leverage**

# Appendix



# Discussion of Non-GAAP Financial Measures

Non-GAAP net income consists of net loss excluding (i) share-based compensation and the employer portion of withholding taxes on stock grants, (ii) depreciation and amortization, (iii) interest income (expense), (iv) other income (expense), (v) income tax provision (benefit), (vi) restructuring, severance and related charges, (vii) acquisition related costs, (viii) impairment of long-lived assets, (ix) amortization of purchased intangibles, and (x) amortization of manufacturing profit in acquired inventory.

Non-GAAP net income per share is calculated by dividing non-GAAP net loss by non-GAAP weighted-average shares outstanding (diluted). For purposes of calculating non-GAAP net income per share, the calculation of GAAP weighted-average shares outstanding (diluted) is adjusted to exclude share-based compensation, which for GAAP purposes is treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.



# Selected Financial Information

(In thousands, except per share values)	QUARTERLY												FISCAL YEAR			
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	FY19	FY20	FY21	FY22	
<b>Selected Income Statement Information:</b>																
Net Revenue	\$ 17,146	\$ 16,585	\$ 17,108	\$ 20,638	\$ 27,705	\$ 33,681	\$ 32,324	\$ 35,945	\$ 31,795	\$ 31,506	\$ 32,964	\$ 46,890	\$ 59,878	\$ 71,477	\$ 129,655	
Y/Y Change	35%	25%	4%	19%	62%	103%	89%	74%	15%	(6%)	2%	3%	28%	19%	81%	
Sequential Change	(1%)	(3%)	3%	21%	34%	22%	(4%)	11%	(12%)	(1%)	5%					
Gross Profit	\$ 8,239	\$ 6,996	\$ 7,718	\$ 10,072	\$ 12,463	\$ 14,440	\$ 13,616	\$ 15,067	\$ 14,036	\$ 13,794	\$ 14,628	\$ 26,273	\$ 26,900	\$ 33,025	\$ 55,586	
% of Net Revenue	48.1%	42.2%	45.1%	48.8%	45.0%	42.9%	42.1%	41.9%	44.1%	43.8%	44.4%	56.0%	44.9%	46.2%	42.9%	
GAAP Operating Expenses	8,445	8,318	8,566	11,033	14,223	16,179	15,696	14,499	15,407	15,905	17,067	\$ 26,761	\$ 37,438	\$ 36,362	\$ 60,597	
GAAP Opex as a % of Net Revenue	49%	50%	50%	53%	51%	48%	49%	40%	48%	50%	52%	57%	63%	51%	47%	
GAAP Net Income (Loss)	\$ (302)	\$ (1,459)	\$ (1,187)	\$ (1,096)	\$ (2,283)	\$ (2,395)	\$ (3,190)	\$ 2,506	\$ (1,653)	\$ (2,609)	\$ (3,065)	\$ (408)	\$ (10,738)	\$ (4,044)	\$ (5,362)	
% of Net Revenue	-2%	-9%	-7%	-5%	-8%	-7%	-10%	7%	-5%	-8%	-9%	-1%	-18%	-6%	-4%	
GAAP Earnings (Loss) Per Share	\$ (0.01)	\$ (0.05)	\$ (0.04)	\$ (0.04)	\$ (0.08)	\$ (0.08)	\$ (0.09)	\$ 0.07	\$ (0.05)	\$ (0.07)	\$ (0.08)	\$ (0.02)	\$ (0.42)	\$ (0.14)	\$ (0.18)	
<b>Non-GAAP Measures:</b>																
Non-GAAP Operating Expenses	\$ 6,827	\$ 6,401	\$ 6,422	\$ 8,538	\$ 10,407	\$ 11,595	\$ 10,321	\$ 12,450	\$ 11,573	\$ 12,678	\$ 12,735	\$ 22,865	\$ 25,376	\$ 28,188	\$ 44,773	
Non-GAAP Opex as a % of Net Revenue	40%	39%	38%	41%	38%	34%	32%	35%	36%	40%	39%	49%	42%	39%	35%	
Non-GAAP Net Income (Loss)	\$ 1,654	\$ 860	\$ 1,539	\$ 1,709	\$ 2,473	\$ 3,280	\$ 2,773	\$ 2,852	\$ 2,680	\$ 1,375	\$ 2,142	\$ 3,690	\$ 2,476	\$ 5,762	\$ 11,378	
% of Net Revenue	10%	5%	9%	8%	9%	10%	9%	8%	8%	4%	6%	8%	4%	8%	9%	
Non-GAAP Earnings (Loss) Per Share	\$ 0.05	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.08	\$ 0.08	\$ 0.07	\$ 0.04	\$ 0.06	\$ 0.16	\$ 0.09	\$ 0.19	\$ 0.33	
<b>Selected Balance Sheet Information:</b>																
Cash	\$ 7,709	\$ 7,621	\$ 8,277	\$ 9,739	\$ 10,270	\$ 36,364	\$ 22,782	\$ 17,221	\$ 13,125	\$ 6,805	\$ 12,795	\$ 18,282	\$ 7,691	\$ 9,739	\$ 17,221	
Long-term Debt	\$ 3,314	\$ 2,946	\$ 2,578	\$ 2,210	\$ 27,075	\$ 26,520	\$ 14,691	\$ 14,274	\$ 18,473	\$ 17,723	\$ 16,972	\$ -	\$ 3,682	\$ 2,210	\$ 14,274	
Working Capital	\$ 19,306	\$ 19,422	\$ 19,851	\$ 20,289	\$ 32,191	\$ 64,174	\$ 51,821	\$ 54,512	\$ 50,316	\$ 50,570	\$ 49,937	\$ 26,718	\$ 18,741	\$ 20,289	\$ 54,512	

\* Note: Refer to Appendix A for Reconciliation of Non-GAAP Measures

# Appendix A: Non-GAAP Reconciliation

(In thousands, except per share values)	QUARTERLY											FISCAL YEAR			
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	FY19	FY20	FY21	FY22
GAAP net income (loss)	\$ (302)	\$ (1,459)	\$ (1,187)	\$ (1,096)	\$ (2,283)	\$ (2,395)	\$ (3,190)	\$ 2,506	\$ (1,653)	\$ (2,609)	\$ (3,065)	\$ (408)	\$ (10,738)	\$ (4,044)	\$ (5,362)
Non-GAAP adjustments:															
Cost of revenue:															
Share-based compensation	58	84	70	69	100	100	80	89	51	61	47	85	227	281	369
Employer portion of withholding taxes on stock grants	-	-	3	2	1	7	1	-	12	-	1	-	2	5	9
Amortization of manufacturing profit in acquired inventory	7	-	-	-	180	200	-	-	24	80	77	-	255	7	380
Depreciation and amortization	177	181	170	104	136	128	161	146	130	118	116	197	468	632	571
Total adjustments to cost of revenue	242	265	243	175	417	435	242	235	217	259	241	282	952	925	1,329
Selling, general and administrative:															
Share-based compensation and related withholding taxes	445	671	803	800	1,126	1,178	1,264	1,294	1,405	1,434	1,293	1,441	2,959	2,719	4,862
Employer portion of withholding taxes on stock grants	5	6	19	13	13	91	25	15	132	10	25	12	21	43	144
Depreciation and amortization	55	37	38	40	67	75	78	104	155	260	280	192	257	170	324
Total adjustments to selling, general and administrative	505	714	860	853	1,206	1,344	1,367	1,413	1,692	1,704	1,598	1,645	3,237	2,932	5,330
Research and development:															
Share-based compensation	100	135	170	179	255	222	268	270	332	370	388	345	453	584	1,015
Employer portion of withholding taxes on stock grants	6	2	5	6	8	10	10	6	22	2	5	-	10	19	34
Depreciation and amortization	33	50	57	58	71	74	79	76	64	63	37	75	122	198	300
Total adjustments to research and development	139	187	232	243	334	306	357	352	418	435	430	420	585	801	1,349
Restructuring, severance and related charges	92	137	120	157	542	167	51	35	92	82	490	1,146	3,844	506	956
Litigation settlement cost (recovery)	-	-	-	-	-	-	-	-	-	80	250	-	75	-	-
Acquisition related costs	-	-	178	663	541	68	154	126	213	102	-	410	2,284	841	889
Impairment of long-lived asset	-	-	-	-	-	-	764	(1,355)	-	(673)	140	275	-	-	(591)
Amortization of purchased intangible assets	882	879	754	579	1,193	1,440	1,479	-	-	-	-	-	2,037	3,094	4,112
Fair value remeasurement of earnout consideration	-	-	-	-	-	1,259	1,203	1,478	1,419	1,497	1,424	-	-	-	3,940
Total non-GAAP adjustments to operating expenses	1,618	1,917	2,144	2,495	3,816	4,584	5,375	2,049	3,834	3,227	4,332	3,896	12,062	8,174	15,985
Non-GAAP operating expenses	6,827	6,401	6,422	8,538	10,407	11,595	10,321	12,450	11,573	12,678	12,735	22,865	25,376	28,188	44,612
Interest expense (income), net	85	82	77	71	379	595	303	195	262	354	465	(236)	133	315	1,472
Other (income) expense, net	(39)	(2)	224	14	102	(45)	(32)	(78)	(34)	26	29	15	(77)	197	(53)
Provision (benefit) for income taxes	50	57	38	50	42	106	75	(2,055)	54	118	140	141	144	195	(1,832)
Total non-GAAP adjustments	1,956	2,319	2,726	2,805	4,756	5,675	5,963	346	4,333	3,984	5,207	4,098	13,214	9,806	16,901
Non-GAAP net income (loss)	\$ 1,654	\$ 860	\$ 1,539	\$ 1,709	\$ 2,473	\$ 3,280	\$ 2,773	\$ 2,852	\$ 2,680	\$ 1,375	\$ 2,142	\$ 3,690	\$ 2,476	\$ 5,762	\$ 11,539
Non-GAAP net income (loss) per share - diluted	\$ 0.05	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.08	\$ 0.08	\$ 0.07	\$ 0.04	\$ 0.06	\$ 0.16	\$ 0.09	\$ 0.19	\$ 0.21
Reconciliation of non-GAAP operating expenses:															
GAAP operating expenses	8,445	8,318	8,566	11,033	14,223	16,179	15,696	14,499	15,407	15,905	17,067	26,761	37,438	36,362	60,597
Non-GAAP adjustments to operating expenses	(1,618)	(1,917)	(2,144)	(2,495)	(3,816)	(4,584)	(5,375)	(2,049)	(3,834)	(3,227)	(4,332)	(3,896)	(12,062)	(8,174)	1,891
Non-GAAP operating expenses	\$ 6,827	\$ 6,401	\$ 6,422	\$ 8,538	\$ 10,407	\$ 11,595	\$ 10,321	\$ 12,450	\$ 11,573	\$ 12,678	\$ 12,735	\$ 22,865	\$ 25,376	\$ 28,188	\$ 62,488
Reconciliation of denominator for non-GAAP net income (loss) per share - diluted :															
Denominator for GAAP net income (loss) per share - diluted	28,371	28,661	28,819	28,979	29,228	31,848	34,695	36,150	35,406	36,352	36,548	21,580	25,281	28,708	32,671
Non-GAAP adjustment	1,833	1,695	1,700	1,716	1,672	2,145	1,992	853	1,777	819	839	1,998	1,603	1,689	1,891
Denominator for non-GAAP net income (loss) per share - diluted	30,204	30,356	30,519	30,695	30,900	33,993	36,687	37,003	37,183	37,171	37,387	23,578	26,884	30,397	34,562