



LANTRONIX
CONNECT SMART. DO MORE.

**Investor
Presentation**
January 2020

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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 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 guarantees 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 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

**TO PROVIDE FULL STACK SOLUTIONS ENABLING
CUSTOMER IOT SOLUTIONS**

To be the go to industry IoT partner, providing full stack solutions comprised of Professional Services, Hardware, and SaaS products, enabling customers to focus on their core product value and related technical expertise.

Lantronix

Secure Solutions for the Internet of Things

- Global provider of secure data access and management solutions for IoT
- Connectivity solutions that are easy to deploy and accelerate time to market
- Growing Market with millions of devices connected worldwide
- Strong Blue Chip customer base
- Significant financial momentum and operating leverage



IoT Market Growth Opportunity



Growth and Improvement in Operating Model


























Strong Global Revenue Base

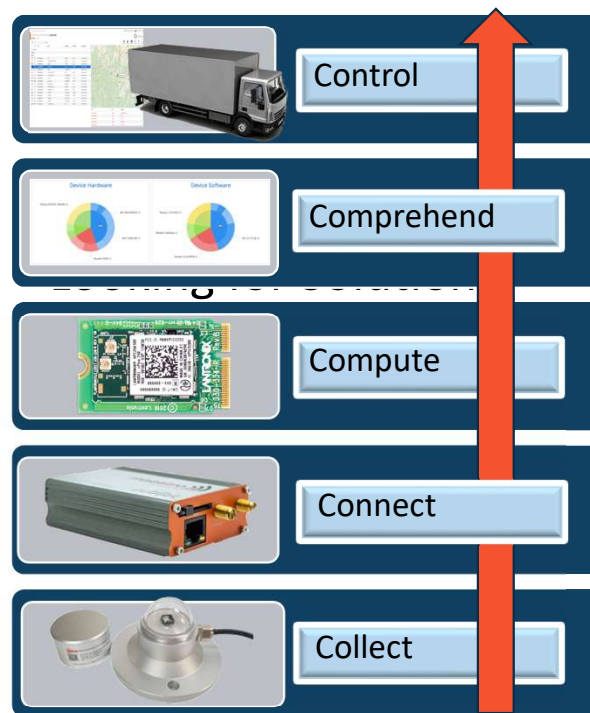


Experienced Leadership Team

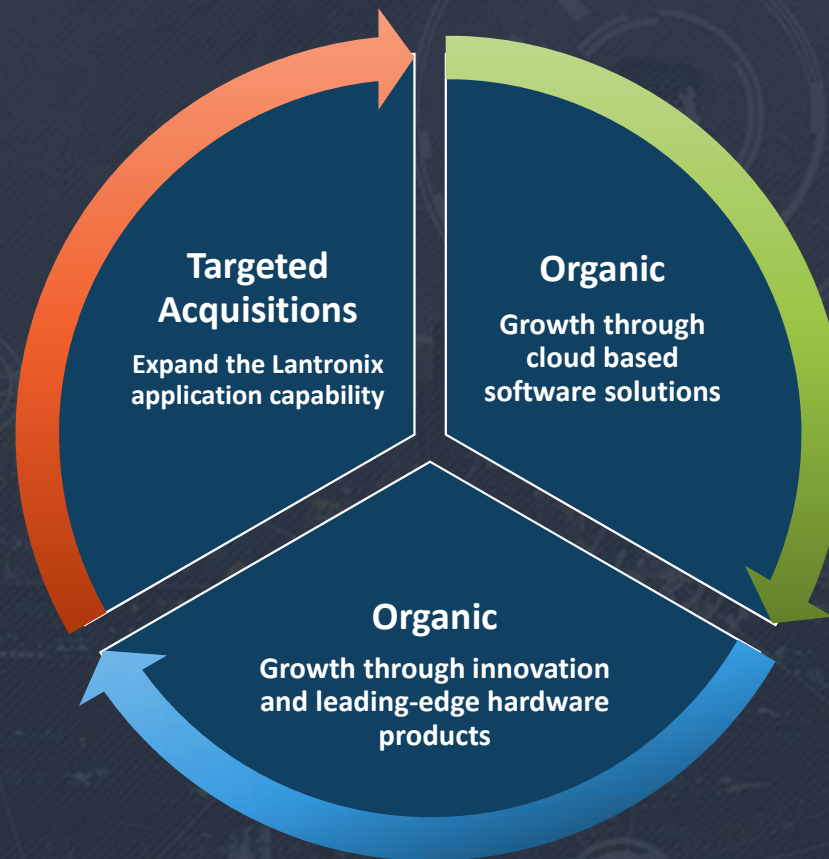
PROVEN LEADERSHIP TEAM

	<p>Paul Pickle CEO</p> <p></p>		<p>Jeremy Whitaker CFO</p> <p> </p>		<p>Kevin Yoder VP, WW Sales & Marketing</p> <p>  </p>
	<p>Jon Shipman VP, Strategy</p> <p>  </p>		<p>Fathi Hakam VP, Engineering</p> <p>  </p>		
	<p>David Goren VP, Business Affairs, Legal & Human Resources</p> <p></p>				
		<p>  </p>			

IoT SUPPLIERS SIMPLIFIED



OUR GROWTH STRATEGY



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Acquires asset tracking solutions, IoT Cellular Gateway, and LoRa/LPWAN capability

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Cloud Management Solution



Strategically Compelling



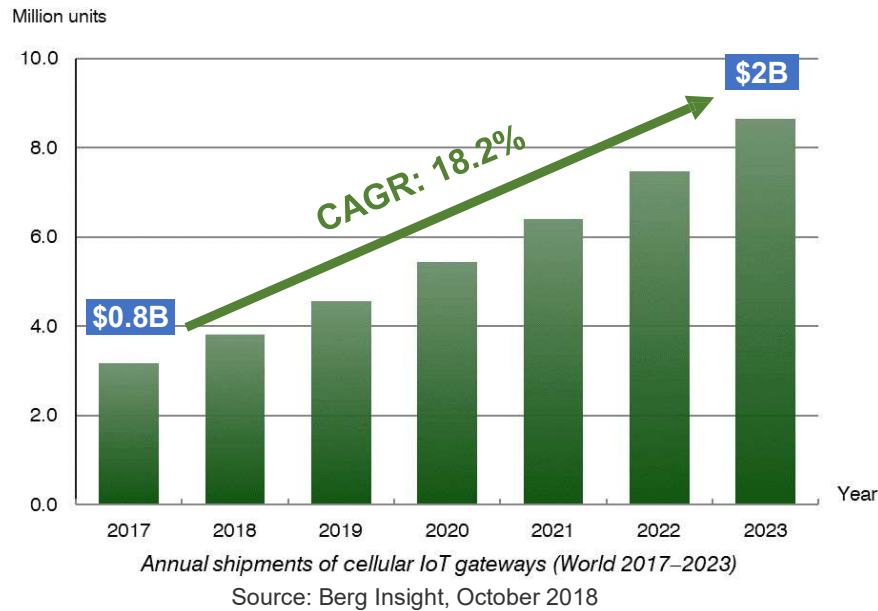
Significant Value Creation



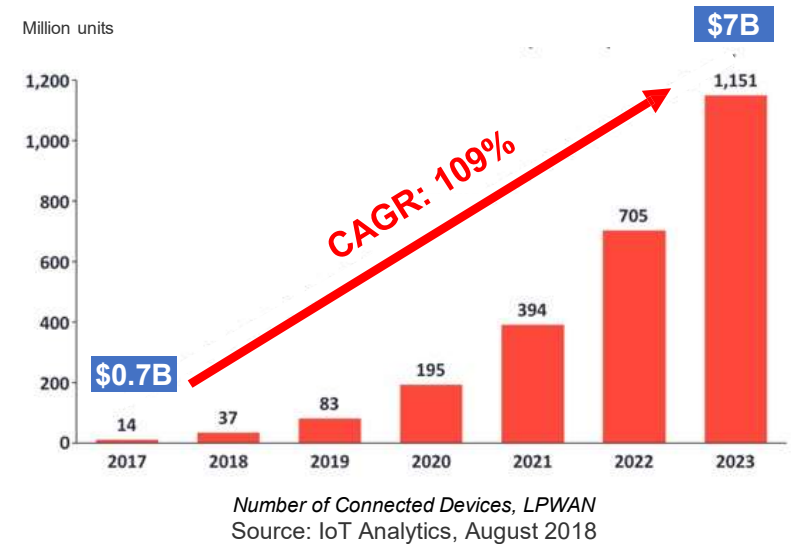
Focused End Markets and Complementary Customer Base

GROWTH OPPORTUNITY

Cellular IoT Gateway



LPWAN IoT Connectivity

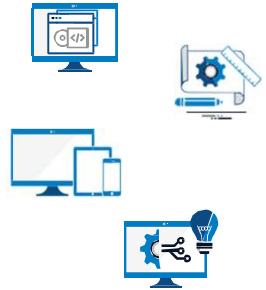


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Announced agreement to acquire embedded high-end edge compute solutions provider to expand embedded hardware portfolio, software engineering, AI / Machine Learning, and rapid prototyping capabilities.

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Complementary Portfolios
Enable More Complete IoT
Solution Capability



Diversifies Revenue Base and
Expands Customer
Engagement

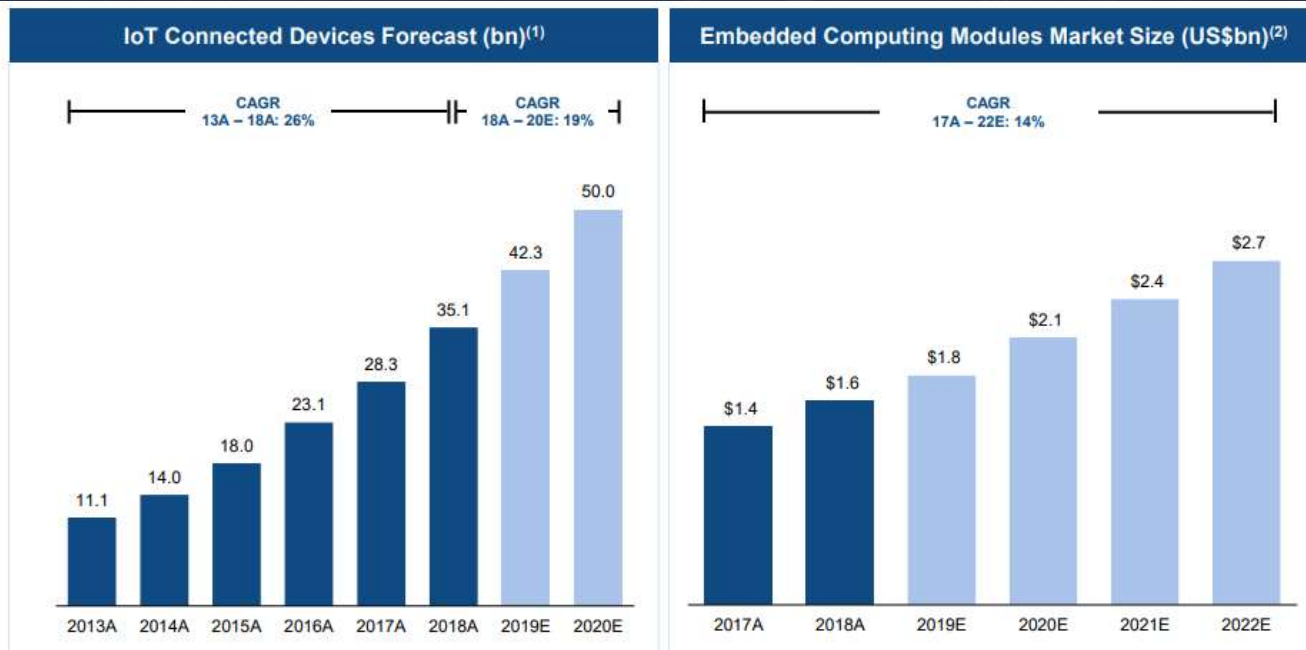


Combined R&D Teams
Accelerate IoT Product
Leadership



Increased Scale and
Efficiencies Drive
Significant Accretion

EXPANDED GROWTH OPPORTUNITY



Significant growth expected to continue in overall IoT with embedded computing modules representing a US\$2.7 billion total addressable market for IoT Computing Solutions by 2022

(1) Source: Siemens

(2) Source: QYR Electronics Research Center

SIGNIFICANT DESIGN & DEVELOPMENT OPPORTUNITY

1400+ customer projects on **85+** different silicon platforms
using **various HLOS**



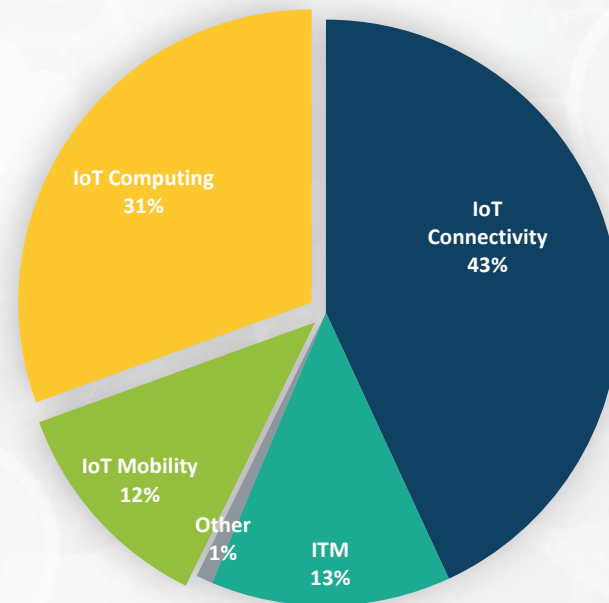
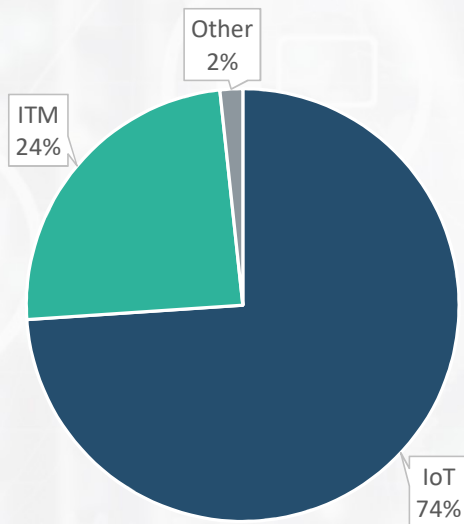
Compute Solutions has successfully delivered over 1,400 client projects and is North America's product design and development leader for higher performance, intelligent connected products

EXPANDING INTO THE IoT STACK



IoT Computing
Solutions

Mobility & Wireless
Solutions



Based on Fiscal 2019 Revenues as Reported

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KEY MARKET POSITIONING

LANTRONIX
CONNECT SMART. DO MORE.

IoT

Mobility
Solutions

Compute
Solutions



INDUSTRIAL/ AUTOMATION



HEALTHCARE



TRACKING & FLEET MGT ENERGY / UTILITIES



INFLIGHT ENTERTAINMENT INDUSTRIAL & WEARABLES



FAVORABLE SECULAR TRENDS

Integration of
Renewables &
Distributed
Energy



Connected
Healthcare &
Remote
Patient
Monitoring



Smart Building
Integration



Rise of
Robotics &
Automation



M2M, Big
Data, Analytics



Increase
Government &
Defense
Spending



BROAD SUITE OF IOT SOLUTIONS

IOT GATEWAYS & BUILDING BLOCKS



Connectivity Without Complexity

MANAGEMENT SOFTWARE



Scalable Software Made Simple

IT MANAGEMENT SOLUTIONS



Management of Enterprise IT Infrastructure

INTELLIGENT EDGE COMPUTING



Application Development



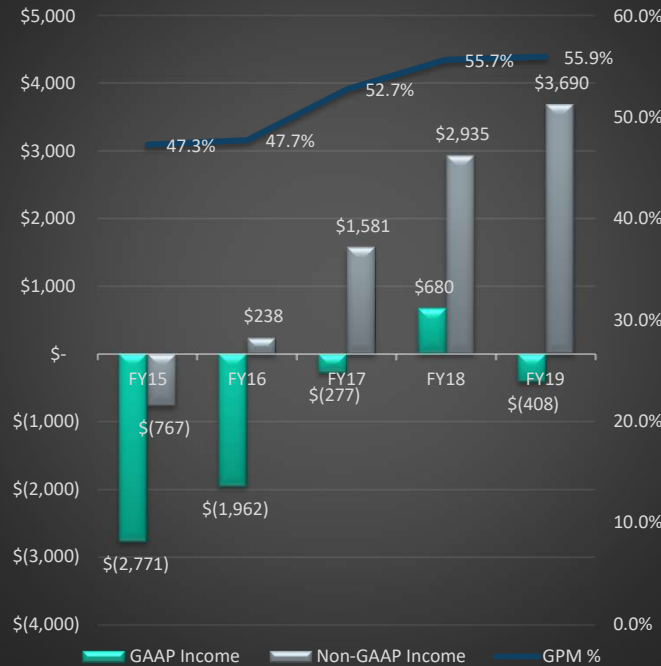
Operating Results

STRENGTHENING FINANCIALS

Net Revenue by Product Line



Improving Margins and Profitability



Liquidity



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

SELECTED INCOME STATEMENT INFORMATION

<i>(In thousands)</i>	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	FY17	FY18	FY19
Net Revenue	\$ 12,279	\$ 12,114	\$ 12,334	\$ 10,153	\$ 12,741	\$ 44,730	\$ 45,580	\$ 46,890
Gross Profit	\$ 6,741	\$ 6,661	\$ 7,090	\$ 5,742	\$ 6,195	\$ 23,580	\$ 25,368	\$26,273
% of Net Revenue	54.9%	55.0%	57.4%	56.6%	48.6%	52.7%	55.7%	56.0%
GAAP Net Income (Loss)	\$ (83)	\$ 277	\$ 857	\$ (1,459)	\$ (2,470)	\$ (277)	\$ 680	\$ (408)
Non-GAAP Net Income (Loss)	\$ 883	\$ 790	\$ 1,295	\$ 722	\$ 7	\$ 1,581	\$2,935	\$3,690



Q1 FY 2020 HIGHLIGHTS:

- Sequential revenue growth primarily due to revenue contribution from recent acquisition of Maestro
- Gross profit as percentage of net revenue includes non-cash charge of \$171K related to Maestro acquisition

FY 2019 HIGHLIGHTS:

- 3% revenue growth
- Improved gross profit % despite impact from tariff costs
- 26% improvement in non-GAAP net income

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

SELECTED BALANCE SHEET INFORMATION

<i>(In thousands except price per share data)</i>	June 30, 2019	September 30, 2019
Cash and Cash Equivalents	\$ 18,282	\$ 12,028
Accounts Receivable, Net	7,388	7,845
Inventories, Net	10,509	12,423
Total Current Assets	38,190	33,989
Current Liabilities	11,472	14,978
Working Capital	26,718	19,011
Common Shares Outstanding	22,812	22,913
RSUs Outstanding	866	962
Stock Options Outstanding	3,147	2,924
Weighted Average Exercise Price Per Option	\$ 2.29	\$ 2.32

SUMMARY

- Established global IoT solutions provider with blue chip customer base
- Seasoned leadership team w/ significant enterprise experience
- Focused on organic and inorganic growth, scale, and profit efficiencies
- Maestro acquisition significantly increases IoT SAM with addition of cellular, tracking and LoRa product lines
- Intrinsyc acquisition adds intelligent compute hardware portfolio and custom application development capability
- SaaS cloud platform creates complete solution enabling incremental growth opportunity and driving customer stickiness
- Business model with potential for significant operating leverage



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APPENDIX A: Reconciliation of Non-GAAP Financial Measures

<i>(In thousands)</i>	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	FY17	FY18	FY19
GAAP Net Income (Loss)	\$ (83)	\$ 277	\$ 857	\$ (1,459)	\$ (2,470)	\$ (277)	\$ 680	\$ (408)
Non-GAAP Adjustments:								
Share-based Compensation	478	451	331	611	578	912	1,169	1,871
Depreciation and Amortization	105	114	122	123	147	594	442	464
Interest Expense (Income) , Net	4	(60)	(91)	(89)	(56)	23	18	(236)
Other (Income) Expense, Net	10	(8)	12	1	43	3	8	15
Withholding Taxes on Stock Grants	6	2	4	-	10	12	14	12
Severance and Restructuring Costs	323	-	-	823	749	246	506	1,146
Acquisition Related Costs	-	-	-	410	643	-	-	410
Impairment of Long-Lived Asset	-	-	-	275	-	-	-	275
Provision (Benefit) for Income Taxes	<u>40</u>	<u>14</u>	<u>60</u>	<u>27</u>	<u>48</u>	<u>68</u>	<u>98</u>	<u>141</u>
Total Non-GAAP Adjustments	<u>966</u>	<u>513</u>	<u>438</u>	<u>2,181</u>	<u>2,477</u>	<u>1,858</u>	<u>2,255</u>	<u>4,098</u>
Non-GAAP Net Income (Loss)	<u>\$ 883</u>	<u>\$ 790</u>	<u>\$ 1,295</u>	<u>\$ 722</u>	<u>\$ 7</u>	<u>\$ 1,581</u>	<u>\$2,935</u>	<u>\$ 3,690</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.