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 MISSION

CREATING SECURE DATA ACCESS & MANAGEMENT SOLUTIONS FOR 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.
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

COMPANY CONFIDENTIAL. DO NOT DISTRIBUTE
PROVEN LEADERSHIP TEAM

Paul Pickle
CEO

Jeremy Whitaker
CFO

Kevin Yoder
VP, WW Sales & Marketing

Jon Shipman
VP, Strategy

Fathi Hakam
VP, Engineering

Michael A. Fink
VP, Operations

David Goren
VP, Business Affairs, Legal

Tom Morton
VP, Human Resources
OUR GROWTH STRATEGY

Targeted Acquisitions
Expand the Lantronix application capability

Organic
Growth through cloud based software solutions

Organic
Growth through innovation and leading-edge hardware products

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Organic
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STRENGTHENING FINANCIALS

Net Revenue by Product Line

Gross Margin and Profitability

Liquidity

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

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

- Strategically Compelling
- Significant Value Creation
- Focused End Markets and Complimentary Customer Base
KEY MARKET POSITIONING

IoT

Mobility & Wireless Solutions

INDUSTRIAL AUTOMATION

HEALTHCARE

ENERGY / UTILITIES

TRACKING & FLEET MANAGEMENT

INDUSTRIAL AUTOMATION

HEALTHCARE

ENERGY / UTILITIES

TRACKING & FLEET MANAGEMENT

Lantronix
CONNECT SMART. DO MORE.
OUR GROWTH OPPORTUNITY

**Cellular IoT Gateway**

- **2017:** $0.8B
- **2023:** $2B
- **CAGR:** 18.2%

**LPWAN IoT Connectivity**

- **2017:** $0.7B
- **2023:** $7B
- **CAGR:** 109%

**Source:**
- Cellular IoT Gateway: Berg Insight, October 2018
- LPWAN IoT Connectivity: IoT Analytics, August 2018
SUMMARY

- Expands Lantronix’s HW capability in IoT to take advantage of high growth applications specifically in Cellular and LPWAN.
- Adds asset tracking software to the portfolio
- Significant cross sell opportunity into a complimentary customer set
- Transaction expected to be accretive to non-GAAP earnings within short period of time as significant synergies are implemented
- Targeting >15% growth in Revenue from FY19 to FY20
- Targeting > 30% growth in non-GAAP EPS from FY19 to FY20
## APPENDIX A: Reconciliation of Non-GAAP Financial Measures

### (In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY18</th>
<th>Q4 FY18</th>
<th>Q1 FY19</th>
<th>Q2 FY19</th>
<th>Q3 FY19</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Net Income (Loss)</td>
<td>$344</td>
<td>$752</td>
<td>$(83)</td>
<td>$277</td>
<td>$857</td>
<td>$(1,962)</td>
<td>$(277)</td>
<td>$680</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based Compensation</td>
<td>295</td>
<td>292</td>
<td>478</td>
<td>451</td>
<td>331</td>
<td>870</td>
<td>912</td>
<td>1,169</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>110</td>
<td>106</td>
<td>105</td>
<td>114</td>
<td>122</td>
<td>759</td>
<td>594</td>
<td>442</td>
</tr>
<tr>
<td>Interest Expense (Income) , Net</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>(60)</td>
<td>(91)</td>
<td>32</td>
<td>23</td>
<td>18</td>
</tr>
<tr>
<td>Other (Income) Expense, Net</td>
<td>1</td>
<td>9</td>
<td>10</td>
<td>(8)</td>
<td>12</td>
<td>(61)</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Withholding Taxes on Stock Grants</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Severance and Restructuring Costs</td>
<td>(21)</td>
<td>-</td>
<td>323</td>
<td>-</td>
<td>-</td>
<td>533</td>
<td>246</td>
<td>506</td>
</tr>
<tr>
<td>Provision (Benefit) for Income Taxes</td>
<td>29</td>
<td>6</td>
<td>40</td>
<td>14</td>
<td>60</td>
<td>63</td>
<td>68</td>
<td>98</td>
</tr>
<tr>
<td><strong>Total Non-GAAP Adjustments</strong></td>
<td>423</td>
<td>421</td>
<td>966</td>
<td>513</td>
<td>438</td>
<td>2,200</td>
<td>1,858</td>
<td>2,255</td>
</tr>
<tr>
<td><strong>Non-GAAP Net Income (Loss)</strong></td>
<td><strong>$767</strong></td>
<td><strong>$1,173</strong></td>
<td><strong>$883</strong></td>
<td><strong>$790</strong></td>
<td><strong>$1,295</strong></td>
<td><strong>$238</strong></td>
<td><strong>$1,581</strong></td>
<td><strong>$2,935</strong></td>
</tr>
</tbody>
</table>

*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.*
### SELECTED INCOME STATEMENT INFORMATION

<table>
<thead>
<tr>
<th>(In thousands)</th>
<th>Q3 FY18</th>
<th>Q4 FY18</th>
<th>Q1 FY19</th>
<th>Q2 FY19</th>
<th>Q3 FY19</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>$11,601</td>
<td>$12,037</td>
<td>$12,279</td>
<td>$12,114</td>
<td>$12,334</td>
<td>$40,592</td>
<td>$44,730</td>
<td>$45,580</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$6,584</td>
<td>$6,876</td>
<td>$6,741</td>
<td>$6,661</td>
<td>$7,090</td>
<td>$19,378</td>
<td>$23,580</td>
<td>$25,368</td>
</tr>
<tr>
<td>% of Net Revenue</td>
<td>56.8%</td>
<td>57.1%</td>
<td>54.9%</td>
<td>55.0%</td>
<td>57.4%</td>
<td>47.7%</td>
<td>52.7%</td>
<td>55.7%</td>
</tr>
<tr>
<td>GAAP Net Income (Loss)</td>
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<td>$2,935</td>
</tr>
</tbody>
</table>

**Q3 FY 2019 HIGHLIGHTS:**
- Maintained gross profit % at mid-50s despite tariff impact
- Continued GAAP profitability
- 13th consecutive quarter of non-GAAP net income

**FY 2018 HIGHLIGHTS:**
- 2nd year of sequential revenue growth
- 300 BP improvement in gross profit%  
- Nearly doubled non-GAAP net income

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