

LANTRONIX, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	<u>September 30,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,925	\$ 9,568
Accounts receivable, net	5,917	4,244
Inventories, net	8,032	8,439
Contract manufacturers' receivable	554	649
Prepaid expenses and other current assets	794	370
Total current assets	<u>34,222</u>	<u>23,270</u>
Property and equipment, net	1,031	1,036
Goodwill	9,488	9,488
Other assets	57	61
Total assets	<u>\$ 44,798</u>	<u>\$ 33,855</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,986	\$ 3,942
Accrued payroll and related expenses	1,972	2,808
Warranty reserve	92	99
Other current liabilities	3,765	2,877
Total current liabilities	<u>9,815</u>	<u>9,726</u>
Other non-current liabilities	283	316
Total liabilities	<u>10,098</u>	<u>10,042</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	223,383	212,995
Accumulated deficit	(189,056)	(189,555)
Accumulated other comprehensive income	371	371
Total stockholders' equity	<u>34,700</u>	<u>23,813</u>
Total liabilities and stockholders' equity	<u>\$ 44,798</u>	<u>\$ 33,855</u>

LANTRONIX, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended		
	September 30, 2018	June 30, 2018	September 30, 2017
Net revenue	\$ 12,279	\$ 12,037	\$ 10,606
Cost of revenue	5,538	5,161	5,012
Gross profit	6,741	6,876	5,594
Operating expenses:			
Selling, general and administrative	4,472	4,099	3,986
Research and development	2,298	2,006	2,221
Total operating expenses	6,770	6,105	6,207
Income (loss) from operations	(29)	771	(613)
Interest expense, net	(4)	(4)	(4)
Other income (expense), net	(10)	(9)	1
Income (loss) before income taxes	(43)	758	(616)
Provision for income taxes	40	6	25
Net income (loss)	\$ (83)	\$ 752	\$ (641)
Net income (loss) per share -basic	\$ (0.00)	\$ 0.04	\$ (0.04)
Net income (loss) per share - diluted	\$ (0.00)	\$ 0.04	\$ (0.04)
Weighted-average common shares - basic	19,323	18,536	17,867
Weighted-average common shares - diluted	19,323	19,738	17,867

LANTRONIX, INC.
UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS
(In thousands, except per share data)

	Three Months Ended		
	September 30, 2018	June 30, 2018	September 30, 2017
GAAP net income (loss)	\$ (83)	\$ 752	\$ (641)
Non-GAAP adjustments:			
Cost of revenue:			
Share-based compensation	17	13	13
Depreciation and amortization	48	49	62
Total adjustments to cost of revenue	<u>65</u>	<u>62</u>	<u>75</u>
Selling, general and administrative:			
Share-based compensation	400	236	212
Employer portion of withholding taxes on stock grants	6	4	2
Depreciation and amortization	46	46	45
Total adjustments to selling, general and administrative	<u>452</u>	<u>286</u>	<u>259</u>
Research and development:			
Share-based compensation	61	43	47
Employer portion of withholding taxes on stock grants	-	-	1
Depreciation and amortization	11	11	10
Total adjustments to research and development	<u>72</u>	<u>54</u>	<u>58</u>
Severance and related charges	<u>323</u>	<u>-</u>	<u>527</u>
Total non-GAAP adjustments to operating expenses	<u>847</u>	<u>340</u>	<u>844</u>
Interest expense, net	4	4	4
Other expense (income), net	10	9	(1)
Provision for income taxes	40	6	25
Total non-GAAP adjustments	<u>966</u>	<u>421</u>	<u>947</u>
Non-GAAP net income	<u>\$ 883</u>	<u>\$ 1,173</u>	<u>\$ 306</u>
Non-GAAP net income per share - diluted	<u>\$ 0.04</u>	<u>\$ 0.06</u>	<u>\$ 0.02</u>
Denominator for GAAP net income (loss) per share - diluted	19,323	19,738	17,867
Non-GAAP adjustment	<u>2,472</u>	<u>454</u>	<u>1,536</u>
Denominator for non-GAAP net income per share - diluted	<u>21,795</u>	<u>20,192</u>	<u>19,403</u>
GAAP operating expenses	\$ 6,770	\$ 6,105	\$ 6,207
Non-GAAP adjustments to operating expenses	<u>(847)</u>	<u>(340)</u>	<u>(844)</u>
Non-GAAP operating expenses	<u>\$ 5,923</u>	<u>\$ 5,765</u>	<u>\$ 5,363</u>

LANTRONIX, INC.
UNAUDITED NET REVENUES BY PRODUCT LINE AND REGION
(In thousands)

	Three Months Ended		
	September 30, 2018	June 30, 2018	September 30, 2017
IoT	\$ 8,967	\$ 9,088	\$ 8,458
IT Management	3,101	2,694	1,789
Other	211	255	359
	\$ 12,279	\$ 12,037	\$ 10,606

	Three Months Ended		
	September 30, 2018	June 30, 2018	September 30, 2017
Americas	\$ 6,914	\$ 7,109	\$ 5,697
EMEA	3,520	3,222	3,164
Asia Pacific Japan	1,845	1,706	1,745
	\$ 12,279	\$ 12,037	\$ 10,606