

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

|   | <b>March 31,<br/>2019</b>   | <b>June 30,<br/>2018</b>    |
|---|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> |
| <b>Assets</b>                                   |                             |                             |
| Current assets:                                 |                             |                             |
| Cash and cash equivalents                       | \$ 18,212                   | \$ 9,568                    |
| Accounts receivable, net                        | 8,351                       | 4,244                       |
| Inventories, net                                | 9,809                       | 8,439                       |
| Contract manufacturers' receivable              | 506                         | 649                         |
| Prepaid expenses and other current assets       | 817                         | 370                         |
| Total current assets                            | <u>37,695</u>               | <u>23,270</u>               |
| Property and equipment, net                     | 1,353                       | 1,036                       |
| Goodwill  | 9,488                       | 9,488                       |
| Other assets                                    | 53                          | 61                          |
| Total assets                                    | <u><u>\$ 48,589</u></u>     | <u><u>\$ 33,855</u></u>     |
| <br><b>Liabilities and stockholders' equity</b> |                             |                             |
| Current liabilities:                            |                             |                             |
| Accounts payable                                | \$ 5,012                    | \$ 3,942                    |
| Accrued payroll and related expenses            | 1,808                       | 2,808                       |
| Warranty reserve                                | 110                         | 99                          |
| Other current liabilities                       | 3,956                       | 2,877                       |
| Total current liabilities                       | <u>10,886</u>               | <u>9,726</u>                |
| Other non-current liabilities                   | 228                         | 316                         |
| Total liabilities                               | <u>11,114</u>               | <u>10,042</u>               |
| <br>Commitments and contingencies               |                             |                             |
| <br>Stockholders' equity:                       |                             |                             |
| Common stock                                    | 2                           | 2                           |
| Additional paid-in capital                      | 225,024                     | 212,995                     |
| Accumulated deficit                             | (187,922)                   | (189,555)                   |
| Accumulated other comprehensive income          | 371                         | 371                         |
| Total stockholders' equity                      | <u>37,475</u>               | <u>23,813</u>               |
| Total liabilities and stockholders' equity      | <u><u>\$ 48,589</u></u>     | <u><u>\$ 33,855</u></u>     |

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

|  | Three Months Ended |                      |                   | Nine Months Ended           |                  |
|--|--------------------|----------------------|-------------------|-----------------------------|------------------|
|  | March 31,<br>2019  | December 31,<br>2018 | March 31,<br>2018 | March 31,<br>2019      2018 |                  |
| Net revenue                              | \$ 12,344          | \$ 12,114            | \$ 11,601         | \$ 36,737                   | \$ 33,543        |
| Cost of revenue                          | 5,254              | 5,453                | 5,017             | 16,245                      | 15,051           |
| Gross profit                             | <u>7,090</u>       | <u>6,661</u>         | <u>6,584</u>      | <u>20,492</u>               | <u>18,492</u>    |
| Operating expenses:                      |                    |                      |                   |                             |                  |
| Selling, general and administrative      | 3,867              | 4,159                | 4,241             | 12,498                      | 12,400           |
| Research and development                 | 2,385              | 2,279                | 1,964             | 6,962                       | 6,059            |
| Total operating expenses                 | <u>6,252</u>       | <u>6,438</u>         | <u>6,205</u>      | <u>19,460</u>               | <u>18,459</u>    |
| Income (loss) from operations            | 838                | 223                  | 379               | 1,032                       | 33               |
| Interest income (expense), net           | 91                 | 60                   | (5)               | 147                         | (14)             |
| Other income (expense), net              | (12)               | 8                    | (1)               | (14)                        | 1                |
| Income (loss) before income taxes        | 917                | 291                  | 373               | 1,165                       | 20               |
| Provision for income taxes               | 60                 | 14                   | 29                | 114                         | 92               |
| Net income (loss)                        | <u>\$ 857</u>      | <u>\$ 277</u>        | <u>\$ 344</u>     | <u>\$ 1,051</u>             | <u>\$ (72)</u>   |
| Net income (loss) per share - basic      | <u>\$ 0.04</u>     | <u>\$ 0.01</u>       | <u>\$ 0.02</u>    | <u>\$ 0.05</u>              | <u>\$ (0.00)</u> |
| Net income (loss) per share - diluted    | <u>\$ 0.04</u>     | <u>\$ 0.01</u>       | <u>\$ 0.02</u>    | <u>\$ 0.05</u>              | <u>\$ (0.00)</u> |
| Weighted-average common shares - basic   | <u>22,270</u>      | <u>22,091</u>        | <u>18,210</u>     | <u>21,237</u>               | <u>18,050</u>    |
| Weighted-average common shares - diluted | <u>23,304</u>      | <u>23,442</u>        | <u>19,118</u>     | <u>22,632</u>               | <u>18,050</u>    |

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

|  | Three Months Ended |                      |                   | Nine Months Ended |                  |
|--|--------------------|----------------------|-------------------|-------------------|------------------|
|  | March 31,<br>2019  | December 31,<br>2018 | March 31,<br>2018 | March 31,<br>2019 | 2018             |
| GAAP net income (loss)                                     | \$ 857             | \$ 277               | \$ 344            | \$ 1,051          | \$ (72)          |
| Non-GAAP adjustments:                                      |                    |                      |                   |                   |                  |
| Cost of revenue:   |                    |                      |                   |                   |                  |
| Share-based compensation                                   | 22                 | 23                   | 14                | 62                | 40               |
| Depreciation and amortization                              | 51                 | 45                   | 53                | 144               | 168              |
| Total adjustments to cost of revenue                       | 73                 | 68                   | 67                | 206               | 208              |
| Selling, general and administrative:                       |                    |                      |                   |                   |                  |
| Share-based compensation                                   | 213                | 337                  | 237               | 950               | 688              |
| Employer portion of withholding taxes on stock grants      | 4                  | 2                    | 4                 | 12                | 9                |
| Depreciation and amortization                              | 50                 | 48                   | 47                | 144               | 138              |
| Total adjustments to selling, general and administrative   | 267                | 387                  | 288               | 1,106             | 835              |
| Research and development:                                  |                    |                      |                   |                   |                  |
| Share-based compensation                                   | 96                 | 91                   | 44                | 248               | 149              |
| Employer portion of withholding taxes on stock grants      | -                  | -                    | -                 | -                 | 1                |
| Depreciation and amortization                              | 21                 | 21                   | 10                | 53                | 30               |
| Total adjustments to research and development              | 117                | 112                  | 54                | 301               | 180              |
| Severance and related charges                              | -                  | -                    | (21)              | 323               | 506              |
| Total non-GAAP adjustments to operating expenses           | 384                | 499                  | 321               | 1,730             | 1,521            |
| Interest (income) expense, net                             | (91)               | (60)                 | 5                 | (147)             | 14               |
| Other (income) expense, net                                | 12                 | (8)                  | 1                 | 14                | (1)              |
| Provision for income taxes                                 | 60                 | 14                   | 29                | 114               | 92               |
| Total non-GAAP adjustments                                 | 438                | 513                  | 423               | 1,917             | 1,834            |
| Non-GAAP net income  | <u>\$ 1,295</u>    | <u>\$ 790</u>        | <u>\$ 767</u>     | <u>\$ 2,968</u>   | <u>\$ 1,762</u>  |
| <br>   |                    |                      |                   |                   |                  |
| Non-GAAP net income per share - diluted                    | <u>\$ 0.05</u>     | <u>\$ 0.03</u>       | <u>\$ 0.04</u>    | <u>\$ 0.13</u>    | <u>\$ 0.09</u>   |
| <br>   |                    |                      |                   |                   |                  |
| Denominator for GAAP net income (loss) per share - diluted | 23,304             | 23,442               | 19,118            | 22,632            | 18,050           |
| Non-GAAP adjustment  | 893                | 824                  | 541               | 655               | 1,420            |
| Denominator for non-GAAP net income per share - diluted    | <u>24,197</u>      | <u>24,266</u>        | <u>19,659</u>     | <u>23,287</u>     | <u>19,470</u>    |
| <br>   |                    |                      |                   |                   |                  |
| GAAP operating expenses                                    | \$ 6,252           | \$ 6,438             | \$ 6,205          | \$ 19,460         | \$ 18,459        |
| Non-GAAP adjustments to operating expenses                 | (384)              | (499)                | (321)             | (1,730)           | (1,521)          |
| Non-GAAP operating expenses                                | <u>\$ 5,868</u>    | <u>\$ 5,939</u>      | <u>\$ 5,884</u>   | <u>\$ 17,730</u>  | <u>\$ 16,938</u> |

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

|               | <b>Three Months Ended</b> |                              |                           | <b>Nine Months Ended</b>  |                           |
|---------------|---------------------------|------------------------------|---------------------------|---------------------------|---------------------------|
|               | <b>March 31,<br/>2019</b> | <b>December 31,<br/>2018</b> | <b>March 31,<br/>2018</b> | <b>March 31,<br/>2019</b> | <b>March 31,<br/>2018</b> |
| IoT           | \$ 8,935                  | \$ 9,070                     | \$ 9,235                  | \$ 26,972                 | \$ 25,654                 |
| IT Management | 3,210                     | 2,888                        | 1,964                     | 9,199                     | 6,971                     |
| Other         | 199                       | 156                          | 402                       | 566                       | 918                       |
|               | <u>\$ 12,344</u>          | <u>\$ 12,114</u>             | <u>\$ 11,601</u>          | <u>\$ 36,737</u>          | <u>\$ 33,543</u>          |

|          | <b>Three Months Ended</b> |                              |                           | <b>Nine Months Ended</b>  |                           |
|----------|---------------------------|------------------------------|---------------------------|---------------------------|---------------------------|
|          | <b>March 31,<br/>2019</b> | <b>December 31,<br/>2018</b> | <b>March 31,<br/>2018</b> | <b>March 31,<br/>2019</b> | <b>March 31,<br/>2018</b> |
| Americas | \$ 6,866                  | \$ 6,182                     | \$ 5,832                  | \$ 19,962                 | \$ 17,821                 |
| EMEA     | 3,757                     | 4,080                        | 4,055                     | 11,357                    | 10,391                    |
| APJ      | 1,721                     | 1,852                        | 1,714                     | 5,418                     | 5,331                     |
|          | <u>\$ 12,344</u>          | <u>\$ 12,114</u>             | <u>\$ 11,601</u>          | <u>\$ 36,737</u>          | <u>\$ 33,543</u>          |