

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

	<b>March 31, 2016</b>	<b>June 30, 2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,056	\$ 4,989
Accounts receivable, net	3,131	2,658
Inventories, net	7,275	9,503
Contract manufacturers' receivable	321	369
Prepaid expenses and other current assets	568	400
Total current assets	15,351	17,919
Property and equipment, net	1,593	1,471
Goodwill	9,488	9,488
Other assets	54	93
Total assets	\$ 26,486	\$ 28,971
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,527	\$ 3,633
Line of credit	700	700
Accrued payroll and related expenses	1,435	1,685
Warranty reserve	139	163
Other current liabilities	3,513	3,849
Total current liabilities	8,314	10,030
Long-term capital lease obligations	134	152
Other non-current liabilities	324	80
Total liabilities	8,772	10,262
Commitments and contingencies		
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	207,046	206,326
Accumulated deficit	(189,705)	(187,990)
Accumulated other comprehensive income	371	371
Total stockholders' equity	17,714	18,709
Total liabilities and stockholders' equity	\$ 26,486	\$ 28,971

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

	Three Months Ended			Nine Months Ended	
	March 31,	December 31,	March 31,	March 31,	
	2016	2015	2015	2016	2015
Net revenue (1)	\$ 9,964	\$ 9,540	\$ 10,444	\$ 30,077	\$ 32,715
Cost of revenue	5,186	4,951	5,735	15,643	17,237
Gross profit	4,778	4,589	4,709	14,434	15,478
Operating expenses:					
Selling, general and administrative	3,469	3,814	3,914	11,008	11,981
Research and development	1,744	1,716	1,619	5,131	5,145
Total operating expenses	5,213	5,530	5,533	16,139	17,126
Loss from operations	(435)	(941)	(824)	(1,705)	(1,648)
Interest expense, net	(8)	(9)	(4)	(23)	(12)
Other income (expense), net	-	28	(5)	47	(25)
Loss before income taxes	(443)	(922)	(833)	(1,681)	(1,685)
Provision for income taxes	13	6	6	34	48
Net loss	\$ (456)	\$ (928)	\$ (839)	\$ (1,715)	\$ (1,733)
Net loss per share (basic and diluted)	\$ (0.03)	\$ (0.06)	\$ (0.06)	\$ (0.11)	\$ (0.12)
Weighted-average common shares (basic and diluted)	15,225	15,160	14,942	15,163	14,868
Net revenue from related parties	\$ -	\$ 45	\$ 28	\$ 113	\$ 219

(1) Includes net revenue from related parties

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

	Three Months Ended			Nine Months Ended	
	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	2015
GAAP net loss	\$ (456)	\$ (928)	\$ (839)	\$ (1,715)	\$ (1,733)
Non-GAAP adjustments:					
Cost of revenue:					
Share-based compensation	14	20	17	52	53
Depreciation and amortization	120	127	143	393	431
Total adjustments to cost of revenue	134	147	160	445	484
Selling, general and administrative:					
Share-based compensation	131	182	189	484	558
Employer portion of withholding taxes on stock grants	-	2	-	4	-
Depreciation and amortization	55	65	52	171	180
Total adjustments to selling, general and administrative	186	249	241	659	738
Research and development:					
Share-based compensation	41	50	44	135	159
Employer portion of withholding taxes on stock grants	-	-	-	-	6
Depreciation and amortization	16	13	22	50	69
Total adjustments to research and development	57	63	66	185	234
Severance charges	-	286	-	286	-
Restructuring charges	247	-	-	247	-
Total non-GAAP adjustments to operating expenses	490	598	307	1,377	972
Interest expense, net	8	9	4	23	12
Other income (expense), net	-	(28)	5	(47)	25
Provision for income taxes	13	6	6	34	48
Total non-GAAP adjustments	645	732	482	1,832	1,541
Non-GAAP net income (loss)	\$ 189	\$ (196)	\$ (357)	\$ 117	\$ (192)
Non-GAAP net income (loss) per share (diluted)	\$ 0.01	\$ (0.01)	\$ (0.02)	\$ 0.01	\$ (0.01)
Denominator for GAAP net income (loss) per share (diluted)	15,225	15,160	14,942	15,163	14,868
Non-GAAP adjustment	88	-	-	87	-
Denominator for non-GAAP net income (loss) per share (diluted)	15,313	15,160	14,942	15,250	14,868
GAAP operating expenses	\$ 5,213	\$ 5,530	\$ 5,533	\$ 16,139	\$ 17,126
Non-GAAP adjustments to operating expenses	(490)	(598)	(307)	(1,377)	(972)
Non-GAAP operating expenses	\$ 4,723	\$ 4,932	\$ 5,226	\$ 14,762	\$ 16,154

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

	Three Months Ended								
	March 31, 2016			December 31, 2015			March 31, 2015		
	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total
New Products	\$ 492	\$ 1,714	\$ 2,206	\$ 447	\$ 1,382	\$ 1,829	\$ 495	\$ 1,157	\$ 1,652
Legacy Products	4,748	3,010	7,758	4,449	3,262	7,711	4,734	4,058	8,792
	<u>\$ 5,240</u>	<u>\$ 4,724</u>	<u>\$ 9,964</u>	<u>\$ 4,896</u>	<u>\$ 4,644</u>	<u>\$ 9,540</u>	<u>\$ 5,229</u>	<u>\$ 5,215</u>	<u>\$ 10,444</u>

	Three Months Ended								
	March 31, 2016			December 31, 2015			March 31, 2015		
	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total
Americas	\$ 1,869	\$ 3,158	\$ 5,027	\$ 2,186	\$ 3,017	\$ 5,203	\$ 1,978	\$ 3,407	\$ 5,385
EMEA	2,172	1,018	3,190	1,746	1,074	2,820	2,151	1,172	3,323
Asia Pacific Japan	1,199	548	1,747	964	553	1,517	1,100	636	1,736
	<u>\$ 5,240</u>	<u>\$ 4,724</u>	<u>\$ 9,964</u>	<u>\$ 4,896</u>	<u>\$ 4,644</u>	<u>\$ 9,540</u>	<u>\$ 5,229</u>	<u>\$ 5,215</u>	<u>\$ 10,444</u>

	Nine Months Ended March 31,					
	2016			2015		
	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total
New Products	\$ 1,419	\$ 4,369	\$ 5,788	\$ 970	\$ 4,045	\$ 5,015
Legacy Products	13,949	10,340	24,289	15,185	12,515	27,700
	<u>\$ 15,368</u>	<u>\$ 14,709</u>	<u>\$ 30,077</u>	<u>\$ 16,155</u>	<u>\$ 16,560</u>	<u>\$ 32,715</u>

	Nine Months Ended March 31,					
	2016			2015		
	IoT Modules	Enterprise Solutions	Total	IoT Modules	Enterprise Solutions	Total
Americas	\$ 5,719	\$ 9,620	\$ 15,339	\$ 6,358	\$ 11,219	\$ 17,577
EMEA	6,490	3,341	9,831	6,474	3,447	9,921
Asia Pacific Japan	3,159	1,748	4,907	3,323	1,894	5,217
	<u>\$ 15,368</u>	<u>\$ 14,709</u>	<u>\$ 30,077</u>	<u>\$ 16,155</u>	<u>\$ 16,560</u>	<u>\$ 32,715</u>