LANTRONIX
CONNECT SMART. DO MORE.

Investor Presentation

19th Annual Needham Growth Conference
January 12, 2017

Forward Looking Statements

This presentation contains forward-looking statements, including statements concerning our business plans, our product development strategies, and our target financial model. 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 expectations, forward-looking statements 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, among others, changes in customer demand, the extent to which we are able to develop successful new products, changes to the rate of decline of our legacy products, and 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.

Our forward looking statements are based on our view as of the date they are made. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof.

Lantronix – Enabling the Enterprise Internet of Things

- Global provider of secure data access and management solutions for enterprise IoT and IT assets
- Innovator known for leading edge connectivity solutions that are easy to deploy and help accelerate time to market
- Millions of devices connected worldwide
- Improving fundamentals
- Based in Irvine California - company founded in 1989
- NASDAQ listed: **LTRX**

New Leadership
Focused on Growth

FY 2016
$40.6M Revenues

Global Revenue
Americas 51%
EMEA 32%
APJ 17%

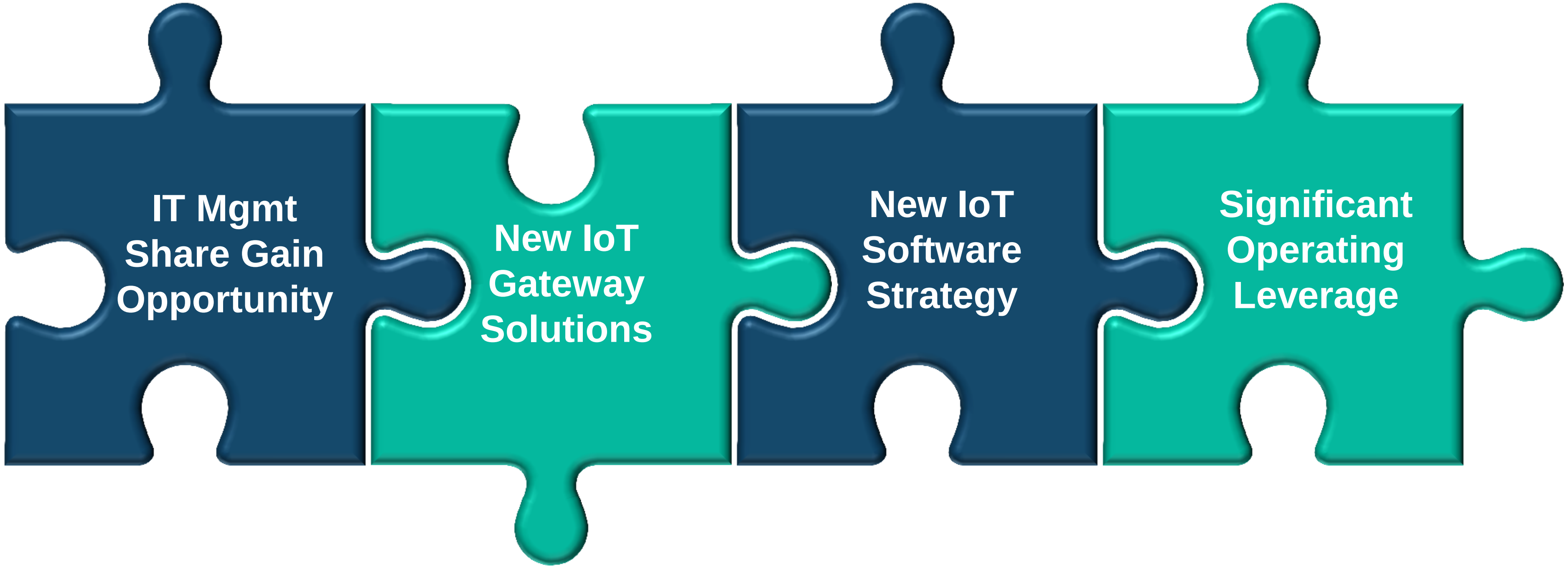
IoT Pure Play
Established public company investing in Growth Market

Our New Mission

CREATING SECURE DATA ACCESS AND MANAGEMENT SOLUTIONS FOR ENTERPRISE IOT AND IT ASSETS

Our mission is to be the leading supplier of IoT gateways that dramatically simplify the creation, deployment, and management of IoT projects while providing secure access to data for applications and people.

Company Growth Drivers



Product Portfolio

INTERNET OF THINGS (IOT)

IT MANAGEMENT

IoT BUILDING BLOCKS

- Legacy Device Servers & Embedded Modules
- Wired & Wireless Unmanaged Data Access

IoT GATEWAYS

- Next-Gen Secure IoT Connectivity for Enterprise Assets
- High Performance Wi-Fi
- Multiple Machine Interfaces
- Embedded and External

IT Management Solutions

- Next-Gen Modular Out-of-Band Infrastructure Management
- OEM Test Lab Automation
- Branch Office Management

LANTRONIX

Key Verticals

Energy / Utilities

Financial

Health Care

Industrial

Retail

Transportation

LANTRONIX
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Blue Chip Customer Base

T-Mobile
SAMSUNG
BROCADE
Nationwide
xerox
VEEDER-ROOT
Capital One
SIEMENS
verizon
TOSHIBA
Leading Innovation
Symantec.
Rockwell Automation
Medtronic
When Life Depends on Medical Technology
Honeywell
GE
intel
salesforce
Hewlett Packard Enterprise
NetApp
ALLEGION
IGT

Building A Foundation for Growth

Get the right team in place

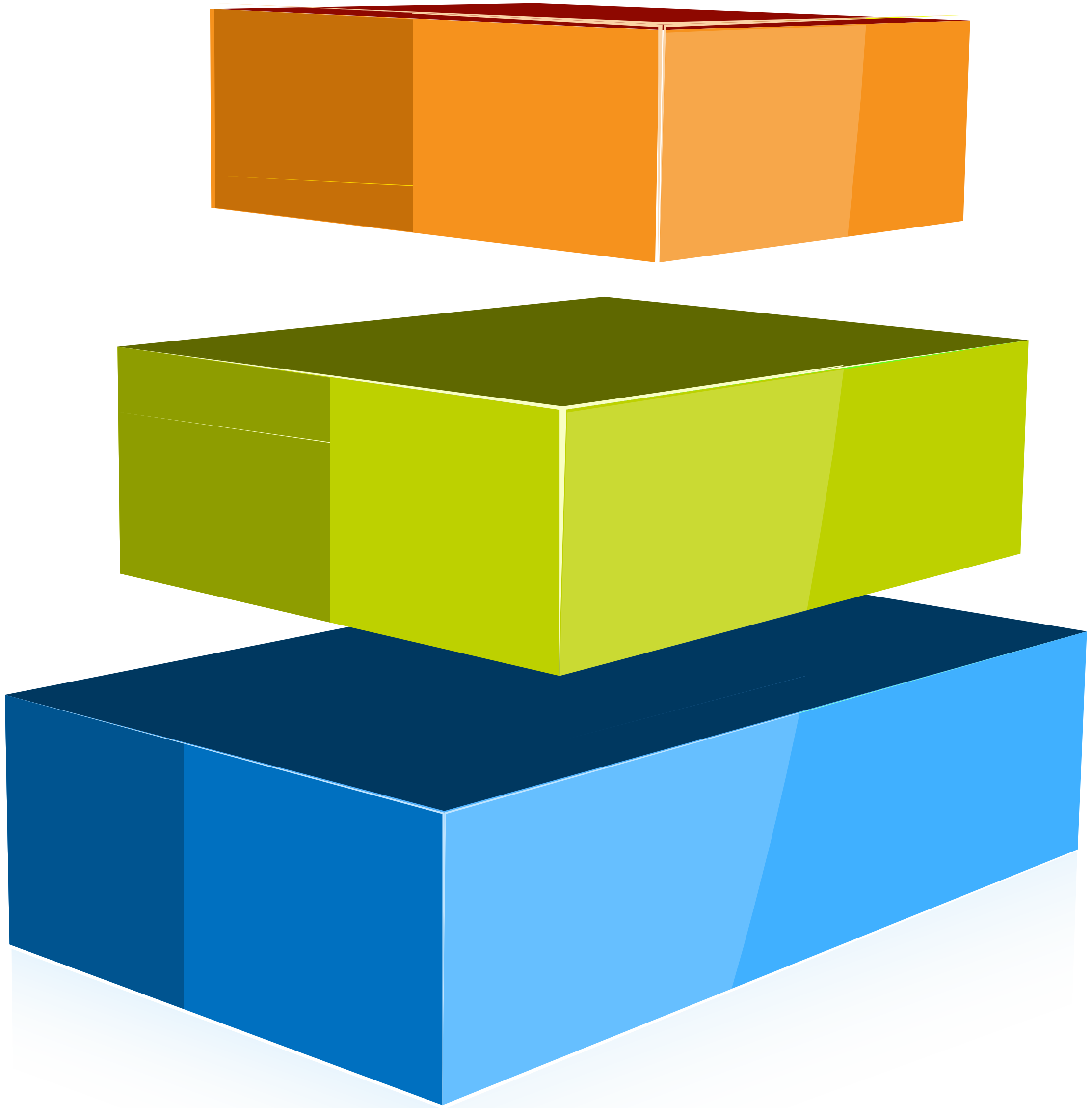
- New CEO, CTO, VP WW Sales, sales and marketing leaders
- Consolidated APAC and Japan

Driving operational excellence

- Rationalized channel
- Focused marketing and sales discipline
- Drive market share gains
- Return to non-GAAP profitability

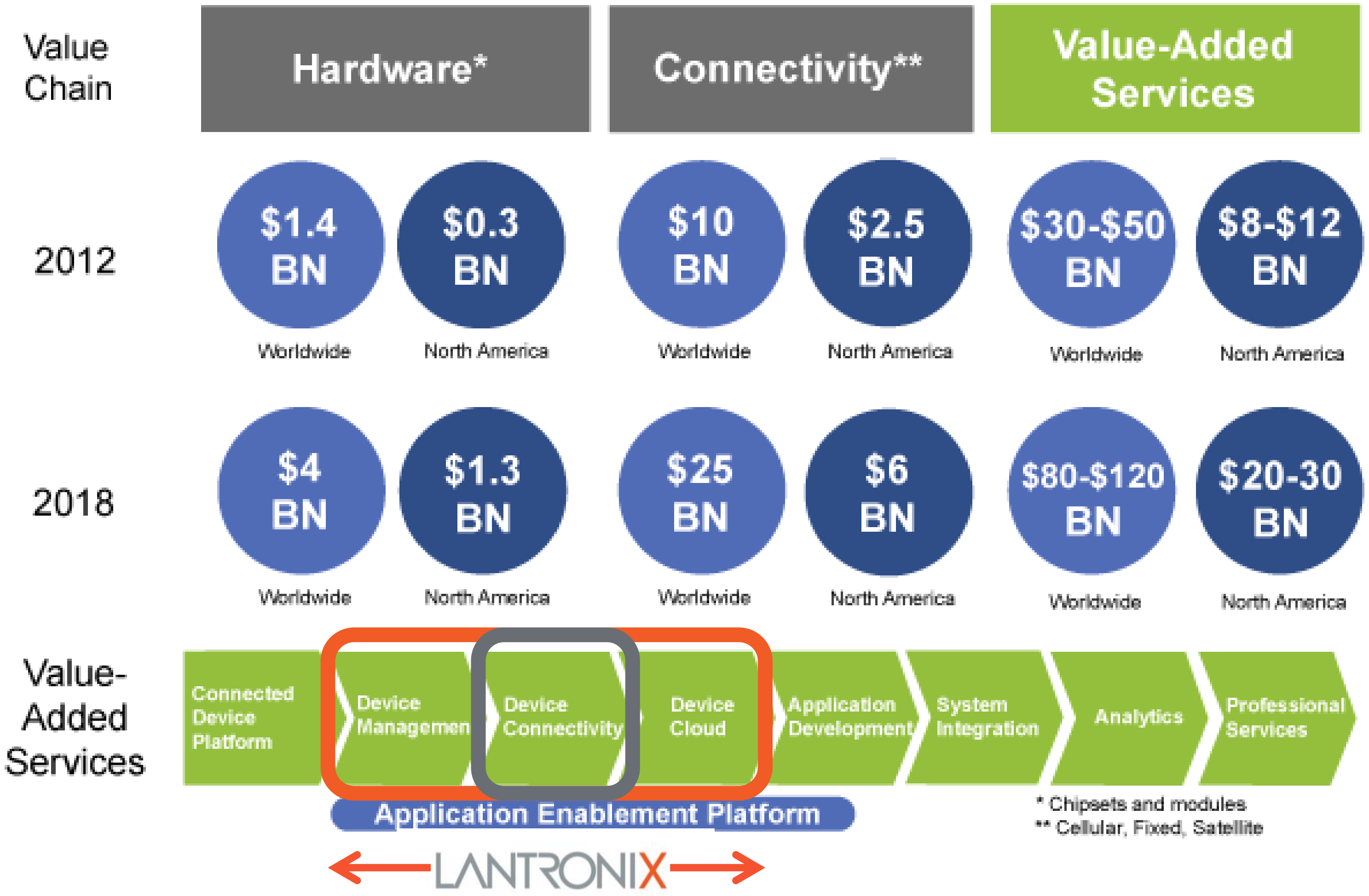
Execute on new product strategy

- Stopped investment in mobile printing
- Opened new India IoT software lab
- Launched new IoT gateway products



Lantronix: Expanding Beyond Device Connectivity in the Growing IoT Market

Figure 23 : M2M/IoT Value Chain - Projected Revenues



IOT HARDWARE ENABLEMENT CAGR: ~18%
Source: Harbor Research

IOT SOFTWARE SOLUTIONS CAGR: 31.5%
Source: BCC Research

Next Generation IoT Gateways

PremiereWave® 2050
IoT Embedded Gateway

- Production-ready secure embedded solution
- High performance Wi-Fi
- Industrial grade security

SGX 5150
IoT Device Gateway

- Secure IoT connectivity for virtually any enterprise asset
- High performance Wi-Fi
- Built-in essential IoT apps

Operating Results

Solid Q1 FY2017 Results – Improving Trends

TOP LINE

$10.9M

+3% YOY

+4% QoQ

3rd sequential quarter of revenue growth

MARGIN

Improved gross margins

DISCIPLINE

Managing OPEX closely while investing for growth

CASH FLOW

Stopped cash burn

BOTTOM LINE

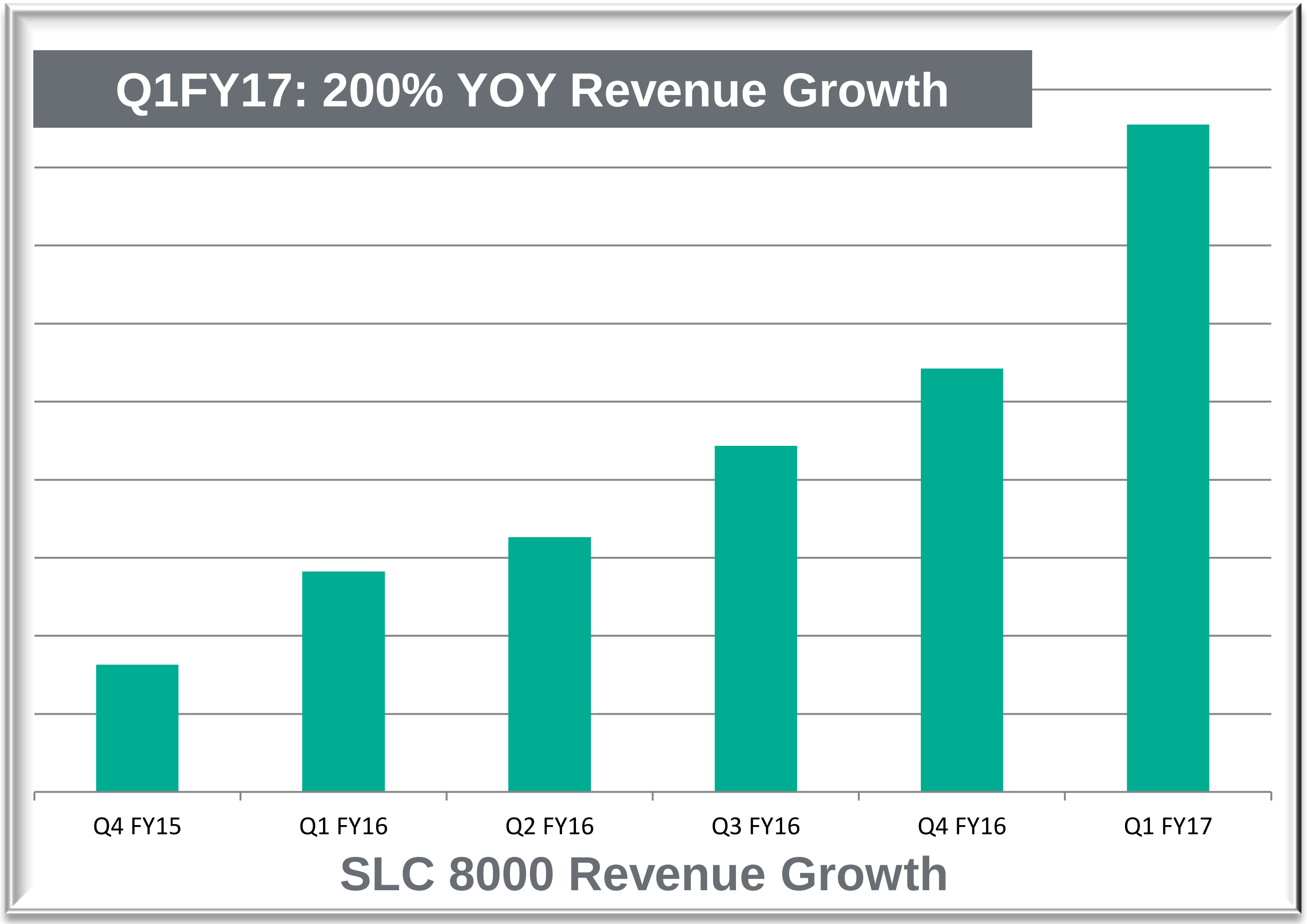
$(0.01) GAAP

$0.01 non-GAAP

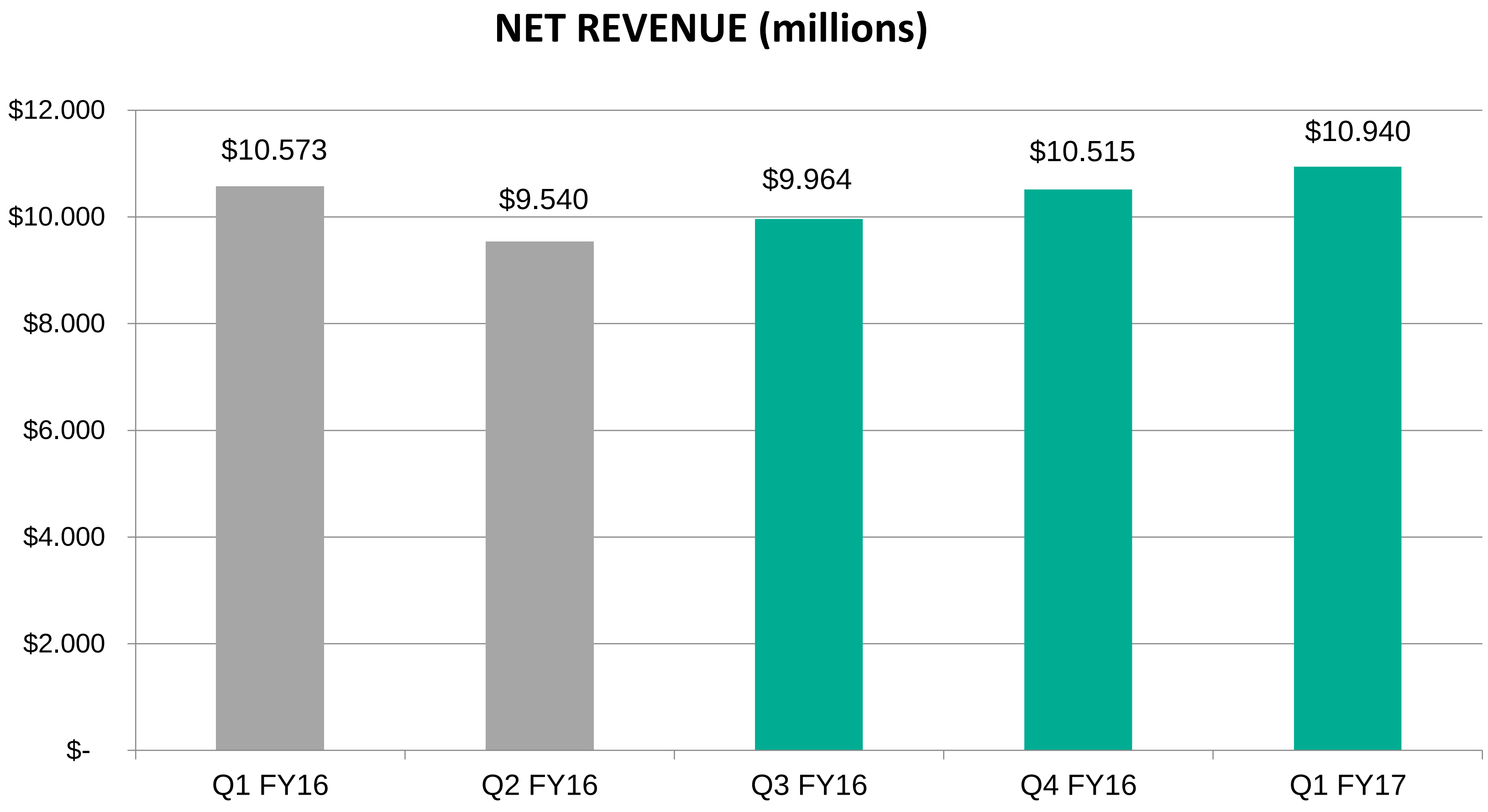
Approaching GAAP profitability

SLC8000 - Share Gain Momentum

Select Customers:



Recovering Top Line Growth



Q1 FY 17: Strongest Topline Results in Eight Quarters

Selected Income Statement Information

(In millions)	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17
Net Revenue	$ 10.6	$ 9.5	$ 10.0	$ 10.5	$ 10.9
Gross Profit	$ 5.1	$ 4.6	$ 4.8	$ 4.9	$ 5.7
% of Net Revenue	*47.9%*	*48.1%*	*48.0%*	*47.0%*	*52.1%*
GAAP Net Income (Loss)	$ (0.3)	$ (0.9)	$ (0.5)	$ (0.2)	$ (0.1)
Non-GAAP Net Income (Loss)	$ 0.1	$ (0.2)	$ 0.2	$ 0.1	$ 0.3

Q1 FY 2017 HIGHLIGHTS

- 3% YOY Net Revenue Growth; 3rd Quarter of Sequential Net Revenue Growth
- Gross Margin Improvement to 52.1%
- Approaching GAAP Profitability
- 3rd Consecutive Quarter of Non-GAAP Profitability

Preliminary Q2 FY17 Net Revenue

- Net revenue expected to be in the range of $10.9 to $11.1 million
- YoY quarterly growth expected to be in the range of 14% to 16%
- Continued momentum with quarterly YoY growth in IoT and IT management product lines
- Expect to report full Q2 results on January 26, 2017

Why Lantronix

- Great technology and established blue chip customer base
- Fast growing IoT market with double digit CAGRs
- New leadership team w/ significant enterprise experience
- Improving fundamentals
- Business model with significant operating leverage
- Clean capital structure and no debt
- Substantial Federal NOL carryovers ($88.4M as of 6/30/2016)
- Invest in one of the few public company IoT pure plays
- Value opportunity: Enterprise Value to Sales < 1.0

THANK YOU!

investors@lantronix.com

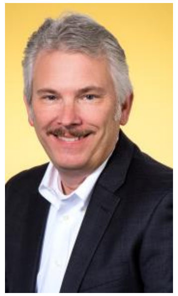
Management Team

Jeffrey Benck, *President & CEO, Director*

- 25+ years of networking, enterprise experience
- Former CEO of Emulex
- Executive leadership and operational experience at QLogic, IBM

Sanjeev Datla, *Chief Technology Officer*

- Nearly 20 years of experience in developing networking, connectivity and IoT solutions
- Former experience at Emulex, Broadcom, NEC and start-ups



Daryl Miller, *VP, Engineering*

- 30+ years experience in engineering, embedded systems, software, and networking
- Former experience at Tektronix and NCD

Tom Morton, *VP, Human Resources*

- 30+ years human resource experience
- Former experience at Mindspeed, Conexant, Rockwell

Jeremy Whitaker, *CFO*

- Former Lantronix Vice President of Finance
- Broad perspective with both outside auditor (Ernst & Young) and internal finance and accounting experience at multiple publicly traded companies

Kevin Yoder, *VP, Worldwide Sales*

- 25+ years of enterprise sales experience
- Excellent background in embedded technologies
- Former experience at Avago Technologies, XMOS, Analog Devices, Texas Instruments & CoWare

Michael Fink, *VP, Operations*

- 20 years operations management experience
- Formerly held key positions at Inphi Corp, Sierra Monolithics, and Mindspeed

Kurt Scheuerman, *VP, General Counsel & Secretary*

- 20+ years of legal experience
- Experience practicing corporate law with major international law firm (Paul Hastings)
- Formerly General Counsel of publicly-traded electronics manufacturing company

Appendix A: Reconciliation of Non-GAAP Financial Measures

(In thousands)	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17
GAAP net income (loss)	$ (331)	$ (928)	$ (456)	$ (247)	$ (104)
Non-GAAP adjustments:					
Share-based compensation	233	252	186	199	201
Depreciation and amortization	218	205	191	145	151
Interest expense, net	6	9	8	9	7
Other income (expense), net	(19)	(28)	-	(14)	3
Withholding taxes on stock grants	2	2	-	-	-
Severance and restructuring charges	-	286	247	-	-
Provision (benefit) for income taxes	15	6	13	29	7
Total non-GAAP adjustments	455	732	645	368	369
Non-GAAP net income (loss)	$ 124	$ (196)	$ 189	$ 121	$ 265

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 operating expenses, non-GAAP net income (loss) and non-GAAP net income (loss) per share are important measures of the Company's business. Management uses the aforementioned non-GAAP measures to monitor and evaluate ongoing operating results and trends to gain an understanding of our comparative operating performance. Non-GAAP operating expenses consist of operating expenses excluding (i) share-based compensation and related payroll taxes (ii) depreciation and amortization; and (iii) restructuring and severance charges. Non-GAAP net income (loss) consists of net income (loss) excluding (i) non-GAAP adjustments to operating expenses, (ii) interest income (expense), (iii) other income (expense), and (iv) income tax provision (benefit). Non-GAAP net income (loss) per share is calculated by dividing non-GAAP net income (loss) by non-GAAP weighted-average shares outstanding (diluted). For purposes of calculating non-GAAP net income (loss) per share, the calculation of GAAP weighted-average shares outstanding (diluted) is adjusted to exclude share-based compensation, which for GAAP purposes is treated as proceeds assumed to be used to repurchase shares under the GAAP treasury stock method.