

**LRAD Corporation and Subsidiary**  
**Consolidated Balance Sheets**  
**(000's omitted)**

	<b>December 31, 2017 (unaudited)</b>	<b>September 30, 2017</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 15,118	\$ 12,804
Short-term marketable securities	3,602	4,360
Accounts receivable, net	5,678	5,682
Inventories, net	5,260	5,257
Prepaid expenses and other	590	983
<b>Total current assets</b>	30,248	29,086
<b>Long-term marketable securities</b>	1,006	711
<b>Deferred tax assets, net</b>	5,622	8,331
<b>Property and equipment, net</b>	505	510
<b>Intangible assets, net</b>	54	56
<b>Prepaid expenses and other - noncurrent</b>	117	164
<b>Total assets</b>	\$ 37,552	\$ 38,858
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,903	\$ 1,112
Accrued liabilities	1,858	2,562
<b>Total liabilities</b>	3,761	3,674
 <b>Total stockholders' equity</b>	33,791	35,184
<b>Total liabilities and stockholders' equity</b>	\$ 37,552	\$ 38,858

**LRAD Corporation and Subsidiary**  
**Consolidated Statements of Operations**  
(000's omitted except share and per share amounts)

	<b>Three months ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>	\$ 7,629	\$ 2,941
<b>Cost of revenues</b>	<u>3,671</u>	<u>1,716</u>
<b>Gross profit</b>	<u>3,958</u>	<u>1,225</u>
<b>Operating expenses:</b>		
Selling, general and administrative	2,189	1,967
Research and development	<u>778</u>	<u>587</u>
Total operating expenses	<u>2,967</u>	<u>2,554</u>
Income (loss) from operations	991	(1,329)
Other income	<u>35</u>	<u>30</u>
Income (loss) from operations before income taxes	1,026	(1,299)
Income tax expense (benefit)	<u>2,709</u>	<u>(486)</u>
<b>Net loss</b>	<u>\$ (1,683)</u>	<u>\$ (813)</u>
<b>Net loss per common share - basic and diluted</b>	\$ (0.05)	\$ (0.03)
<b>Weighted average common shares outstanding:</b>		
<b>Basic and diluted</b>	<u>32,236,039</u>	<u>31,800,103</u>