

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

	<b>June 30, 2018 (unaudited)</b>	<b>September 30, 2017</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 12,030	\$ 12,764
Short-term marketable securities	3,662	4,360
Restricted cash	346	40
Accounts receivable, net	6,583	5,682
Inventories, net	5,405	5,257
Prepaid expenses and other	863	983
<b>Total current assets</b>	<b>28,889</b>	<b>29,086</b>
<b>Long-term marketable securities</b>	<b>1,270</b>	<b>711</b>
<b>Deferred tax assets, net</b>	<b>98</b>	<b>8,331</b>
<b>Long-term restricted cash</b>	<b>5,537</b>	<b>-</b>
<b>Property and equipment, net</b>	<b>497</b>	<b>510</b>
<b>Goodwill</b>	<b>2,456</b>	<b>-</b>
<b>Intangible assets, net</b>	<b>1,654</b>	<b>56</b>
<b>Prepaid expenses and other - noncurrent</b>	<b>242</b>	<b>164</b>
<b>Total assets</b>	<b>\$ 40,643</b>	<b>\$ 38,858</b>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,754	\$ 1,112
Accrued liabilities	3,530	2,562
Notes payable, current portion	533	-
<b>Total current liabilities</b>	<b>5,817</b>	<b>3,674</b>
Notes payable, less current portion	208	-
<b>Total liabilities</b>	<b>6,025</b>	<b>3,674</b>
 <b>Total stockholders' equity</b>	 <b>34,618</b>	 <b>35,184</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 40,643</b>	<b>\$ 38,858</b>

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

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
<b>Revenues</b>	\$ 7,514	\$ 4,129	\$ 23,011	\$ 12,813
<b>Cost of revenues</b>	3,815	2,420	11,319	6,945
<b>Gross profit</b>	<u>3,699</u>	<u>1,709</u>	<u>11,692</u>	<u>5,868</u>
<b>Operating expenses:</b>				
Selling, general and administrative	2,904	2,040	7,610	5,899
Research and development	973	666	2,665	1,859
<b>Total operating expenses</b>	<u>3,877</u>	<u>2,706</u>	<u>10,275</u>	<u>7,758</u>
Income (loss) from operations	-178	-997	1,417	-1,890
Other income and expense, net	24	33	74	95
Income (loss) before income taxes	-154	-964	1,491	-1,795
Income tax expense (benefit)	(74)	(436)	2,794	(753)
<b>Net loss</b>	<u>\$ (80)</u>	<u>\$ (528)</u>	<u>\$ (1,303)</u>	<u>\$ (1,042)</u>
<b>Net loss per common share - basic and diluted</b>	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.03)
<b>Weighted average common shares outstanding:</b>				
Basic and diluted	<u>32,306,207</u>	<u>31,861,916</u>	<u>32,314,038</u>	<u>31,820,632</u>