

DYNTEK, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except share and per share data)

	September 30, 2017	June 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,644	\$ 2,647
Accounts receivable, net	48,495	71,261
Work in process	6,640	4,352
Prepaid expenses and other current assets	567	620
Deferred income taxes	1,553	1,563
TOTAL CURRENT ASSETS	59,899	80,443
PROPERTY AND EQUIPMENT, net	200	232
DEFERRED INCOME TAXES	3,519	3,548
OTHER NON CURRENT ASSETS	14,843	7,343
TOTAL ASSETS	\$ 78,461	\$ 91,566
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving line of credit	\$ 14,000	\$ 22,000
Accounts payable	33,077	38,022
Accrued expenses	3,693	3,925
Deferred revenue	1,292	1,587
TOTAL CURRENT LIABILITIES	52,061	65,534
OTHER NON CURRENT LIABILITIES	540	90
TOTAL LIABILITIES	52,601	65,624
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.0001 par value, 600,000 shares authorized; no shares issued or outstanding	-	-
Class A Common stock, \$.0001 par value, 5,400,000 shares authorized; 2,255,724 and 2,264,390 shares issued and outstanding as of September 30, 2017 and June 30, 2017 respectively	-	-
Additional paid-in capital	173,305	173,467
Accumulated deficit	(147,445)	(147,525)
TOTAL STOCKHOLDERS' EQUITY	25,860	25,943
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 78,461	\$ 91,566

DYNTEK, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except share and per share data)

	For the Quarter Ended September 30, 2017	For the Quarter Ended September 30, 2016
REVENUES		
Product revenues	\$ 40,836	\$ 21,313
Service revenues	7,157	8,414
TOTAL REVENUES	<u>47,993</u>	<u>29,727</u>
COST OF REVENUES		
Cost of products	33,286	17,661
Cost of services	6,069	6,790
TOTAL COST OF REVENUES	<u>39,355</u>	<u>24,451</u>
GROSS PROFIT	<u>8,639</u>	<u>5,277</u>
OPERATING EXPENSES:		
Selling	5,199	3,903
General and administrative	3,095	883
Depreciation and amortization	32	47
TOTAL OPERATING EXPENSES	<u>8,325</u>	<u>4,832</u>
INCOME FROM OPERATIONS	313	445
OTHER INCOME (EXPENSE):		
Interest expense	(183)	(301)
TOTAL OTHER EXPENSE	<u>(183)</u>	<u>(301)</u>
INCOME BEFORE INCOME TAXES	130	144
Income tax provision	<u>51</u>	<u>58</u>
NET INCOME	<u>\$ 79</u>	<u>\$ 86</u>
NET INCOME PER SHARE:		
Basic	<u>\$ 0.04</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.04</u>
WEIGHTED AVERAGE NUMBER OF SHARES:		
Basic	<u>2,257,641</u>	<u>2,264,668</u>
Diluted	<u>2,360,566</u>	<u>2,420,445</u>

DYNTEK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited, in thousands)

	For the Quarter Ended September 30, 2017	For the Quarter Ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 79	\$ 86
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32	46
Non-cash interest	(37)	-
Provision for bad debt	198	(81)
Stock-based compensation	1,685	53
Deferred income taxes	39	43
Changes in operating assets and liabilities:		
Accounts receivable	22,568	8,800
Work in process	(2,288)	(2,234)
Prepaid expenses and other current assets	53	907
Other non current assets	(7,725)	2,202
Accounts payable	(4,944)	(13,609)
Accrued expenses	(232)	(2,120)
Deferred revenue	(295)	(145)
Other long term liabilities	450	3
Total Adjustments	9,503	(6,135)
NET CASH PROVIDED BY (USED IN) OPERATIONS	9,582	(6,049)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (repayments) under line of credit, net	(8,000)	5,600
Buyback of stock options and shares	(1,626)	-
Exercise of stock options	41	41
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(9,585)	5,641
NET DECREASE IN OPERATING CASH	(3)	(408)
CASH AT BEGINNING OF PERIOD	2,647	2,841
CASH AT END OF PERIOD	\$ 2,644	\$ 2,433