



Genasys Inc.

Slight Q2 miss and lowered FY23 guidance. However, major contract wins should drive solid growth in FY24. Lowering P/T to \$5.75.

COMPANY UPDATE

Rating: BUY

Ticker: GNSS

Price: \$2.58
(intraday)

Target: \$5.75
(from \$6.00)

Slight Q2 miss: Genasys recently (on May 8) reported its fiscal Q2 FY23 (ending March) results. Revenue was \$11.2 million (-15% y-o-y), compared with our estimates of \$13.3 million and consensus of \$12.3 million. EPS was \$(0.09), compared with our estimates of \$(0.04) and consensus of \$(0.07). There was no Q2 guidance.

Q2 lower hardware revenue: Q2 had lower revenues due to lower hardware revenues of ~\$2 million due to the lower hardware backlog at the start of FY23 compared with the prior year's backlog. Gross margins were negatively affected by higher supply chain costs.

Big Aramco win: In Q2, the company announced a major new client win. In February, Genasys announced a contract with Aramco, the largest energy company in the world, for Genasys Emergency Management (GEM) enterprise services. The Aramco contract should begin revenues in the current Q3 FY23.

Lowered guidance for FY23 revenue: Management now expect revenue to decline "slightly" in FY23 (vs. FY22) compared with prior expectations for growth. It continues to expect operating expenses to increase by ~\$5 million in FY23 as it invests in its SaaS business. FY23 EBITDA is expected to be negative.

Lowering estimates: We are lowering our FY23 estimates for revenue to \$50 million, from \$56 million, and for EPS to \$(0.26) from \$(0.19).

Solid momentum: The company has experienced strong revenue growth the past six years (+24% in FY17, +30% in FY18, +41% in FY19, +16% in FY20, +9% in FY21, and +15% in FY22). The management team has done a good job developing LRAD's core legacy Acoustic Hailing Devices (AHDs) and its newer Mass Notifications (SaaS) systems. This has helped win new product contracts and expand its customer base, and return to solid growth.

FY23 another year of investment: The company plans for significant investment in its business as operating expenses are expected to increase \$5 million versus FY22. The increase was \$6 million in FY22 vs. FY21. The company is investing heavily in its SAAS business as it grows beyond its historical pure hardware business. It also expects to invest heavily in its sales and marketing.

Positive momentum: FY18 revenue growth was +30% (y-o-y), FY19 +41%, FY20 +16%, FY21 +9%, and FY22 was +15%. We believe and estimate this trend will continue with solid growth overall longer term in FY23 (-7%E) and FY24 (+12%E). Solid revenue growth should translate into operating leverage particularly in FY24/25.

Large market potential: We believe there is substantial market demand for Genasys's products due to high government needs for improved communications as well as demands from the public for public safety communications and the high value and technology of the communication products that Genasys designs and manufactures.

Valuation positive: We are maintaining our BUY rating, but lowering our 12-month price target to \$5.75 from \$6.00, which is based on a forward P/E multiple of ~29x our FY25 EPS estimate of \$0.20. We believe this multiple is reasonable as it is its estimated near-term earnings growth rate (implying a PEG ratio of ~1 (P/E to growth rate)). We believe this valuation appropriately balances out the company's risks with the company's growth prospects and large upside opportunities.

Company Description

Based in San Diego, CA, Genasys designs and develops proprietary sound technologies and products that are deployed by the military, public safety, and commercial organizations around the world.

United States
Technology

May 9, 2023

Edward Woo, CFA
(561) 327-9435
ewoo@ascendant.com

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$2.48 – 4.23
Shares Outstanding (million):	37
Market cap (\$million):	\$95
EV (\$million):	\$82
Debt (\$million):	\$0
Cash (\$million):	\$13
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	29
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Dec	11A		12E	11E
Q2 Mar	11A	13E	13E	14E
Q3 Jun	13E	16E	15E	17E
Q4 Sep	<u>15E</u>	<u>17E</u>	<u>17E</u>	<u>18E</u>
Total	50E	56E	56E	60E
EV/Revs	1.6x		1.5x	

Earnings per Share (pro forma)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Dec	(0.10)A		(0.04)E	(0.02)E
Q2 Mar	(0.09)A	(0.04)E	(0.02)E	0.00E
Q3 Jun	(0.07)E	(0.03)E	(0.01)E	0.01E
Q4 Sep	<u>(0.01)E</u>	<u>(0.02)E</u>	<u>0.00E</u>	<u>0.02E</u>
Total	(0.26)E	(0.19)E	(0.06)E	0.01E
P/E	N/A		N/A	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 7.

OVERVIEW

- Genasys recently (on May 8) reported its fiscal Q2 FY23 (ending March) results.
- Revenue was \$11.2 million (-15% y-o-y), compared with our estimates of \$13.3 million and consensus of \$12.3 million.
- EPS was \$(0.09), compared with our estimates of \$(0.04) and consensus of \$(0.07).
- There was no Q2 guidance.
- Management as usual did not provide any specific forward guidance, but now qualitatively expect revenue to decline “slightly” in FY23 (vs. FY22) compared with prior expectations for growth. It continues to expect operating expenses to increase by ~\$5 million in FY23 as it invests in its SaaS business. FY23 EBITDA is expected to be negative.
- Q3 FY23 revenue is expected “to be similar” to Q3 FY22 revenue (\$14.2 million).
- We are lowering our FY23 estimates for revenue to \$50 million, from \$56 million, and for EPS to \$(0.26) from \$(0.19).
- We are lowering our FY24 estimates for revenue to \$56 million, from \$60 million, and for EPS to \$(0.06) from \$0.01.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$5 million, compared with our estimate of \$6 million.
- Gross margin for the quarter was 44%, versus 53% last year and our estimate of 46%.
- Operating expenses were \$8 million, compared with our estimate of \$8 million.
- Operating loss was \$3.4 million, compared with our estimate of a loss of \$1.6 million.
- Net loss was \$3.4 million, compared with our estimate of a loss of \$1.4 million.

The company’s balance sheet is solid with \$13 million in cash and no debt, compared with \$15 million in cash and no debt as of December.

Exhibit 1: Business Outlook (as of May 8, 2023)

Business Outlook

Although Software revenue is tracking in line with internal expectations, due to delays in booking international Hardware orders, Genasys now expects Fiscal 2023 to be down slightly from Fiscal 2022. Fiscal third quarter revenue is now expected to be similar to the prior year quarter. Positive adjusted EBITDA is expected in the second half of fiscal 2023 though full year Adjusted EBITDA is expected to be negative, reflecting the \$5 million in incremental costs to support SaaS business growth discussed at the beginning of the fiscal year.

Source: Company report

Exhibit 2: Genasys Inc. Stock Price (5-Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 3: Consensus Expectations (as of May 8, 2023)

	Revenue (mil)			EPS	
	<u>2023E</u>	<u>2024E</u>		<u>2023E</u>	<u>2024E</u>
Q1 Dec	\$11A		Q1 Dec	\$(0.10)A	
Q2 Mar	\$12E		Q2 Mar	\$(0.07)E	
Q3 Jun	\$15E		Q3 Jun	\$(0.03)E	
Q4 Sep			Q4 Sep		
Total	\$56E	\$60E	Total	\$(0.19)E	\$(0.09)E

**Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.*

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Genasys Inc.

Income Statement (\$ mils)	Dec-20	Mar-21	Jun-21	Sep-21	2021	Dec-21	Mar-22	Jun-22	Sep-22	2022	Dec-22	Mar-23	Jun-23	Sep-23	2023	Dec-23	Mar-24	Jun-24	Sep-24	2024
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Product sales	8.0	11.3	12.6	15.0	47.0	10.7	13.2	14.2	16.0	54.0	10.5	11.2	13.0	15.3	50.0	11.7	12.6	14.5	17.0	55.8
Contract and other					0.0					0.0					0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	8.0	11.3	12.6	15.0	47.0	10.7	13.2	14.2	16.0	54.0	10.5	11.2	13.0	15.3	50.0	11.7	12.6	14.5	17.0	55.8
Cost of Revenues	4.3	6.0	5.9	7.3	23.6	5.8	6.2	7.6	8.4	27.9	5.9	6.3	7.2	7.9	27.3	5.9	6.0	6.6	7.5	26.0
Gross Profit	3.7	5.3	6.7	7.7	23.4	4.9	7.0	6.6	7.7	26.1	4.5	4.9	5.9	7.3	22.7	5.9	6.5	7.8	9.5	29.7
Selling, general and administr	3.3	3.8	4.8	5.5	17.4	5.1	5.6	5.5	5.6	21.8	6.1	6.1	6.5	5.5	24.2	5.4	5.1	6.1	7.1	23.8
Research and development	1.1	1.0	1.4	1.5	4.9	1.4	1.9	1.7	1.7	6.7	1.9	2.3	1.8	2.1	8.2	2.2	2.0	2.0	2.2	8.5
Restructuring and other					0.0				13.2	13.2					0.0					0.0
Total operating expenses	4.4	4.8	6.2	7.0	22.3	6.5	7.5	7.2	20.4	41.6	8.0	8.3	8.3	7.6	32.3	7.6	7.2	8.1	9.4	32.2
Operating income (loss)	(0.7)	0.6	0.5	0.7	1.1	(1.6)	(0.5)	(0.6)	(12.8)	(15.5)	(3.5)	(3.4)	(2.5)	(0.3)	(9.7)	(1.8)	(0.6)	(0.3)	0.2	(2.5)
Interest income (expense)	0.1	(0.0)	(0.0)	(0.0)	0.1	0.0	(0.0)			0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income (expense)					0.0	0.3		0.0	0.0	0.3	(0.0)				(0.0)					0.0
Income before income taxes	(0.6)	0.5	0.5	0.7	1.1	(1.3)	(0.5)	(0.6)	(12.7)	(15.2)	(3.5)	(3.4)	(2.5)	(0.3)	(9.7)	(1.8)	(0.6)	(0.3)	0.2	(2.5)
Income taxes	(0.0)	0.3	0.2	(0.1)	0.4		(0.0)	(0.0)	1.1	1.0		0.0	0.0	0.0	0.0	(0.2)	(0.1)	(0.0)	0.0	(0.3)
Net income (loss)	(0.6)	0.3	0.3	0.8	0.7	(1.3)	(0.5)	(0.6)	(13.8)	(16.2)	(3.5)	(3.4)	(2.5)	(0.3)	(9.7)	(1.6)	(0.6)	(0.3)	0.2	(2.3)
Nonrecurring/noncash adjustments					0.0				13.2	13.2					0.0					0.0
Net income (pro forma)	(0.6)	0.3	0.3	0.8	0.7	(1.3)	(0.5)	(0.6)	(0.7)	(3.1)	(3.5)	(3.4)	(2.5)	(0.3)	(9.7)	(1.6)	(0.6)	(0.3)	0.2	(2.3)
EBITDA	(0.2)	1.2	1.4	1.8	4.1	(0.4)	0.9	0.4	1.6	2.4	(2.4)	(2.3)	(1.3)	0.8	(5.2)	(0.6)	0.5	0.9	1.3	2.1
Shares, Basic	33.6	33.7	34.1	36.2	34.4	36.5	36.4	36.6	36.6	36.5	36.7	36.8	37.0	37.1	36.9	37.2	37.3	37.5	37.6	37.4
Shares, Diluted	34.7	34.8	35.3	37.3	35.6	36.5	36.4	36.6	36.6	36.5	36.7	36.8	37.0	37.1	36.9	37.2	37.3	37.5	37.6	37.4
EPS Basic (Pro forma)	(\$0.02)	\$0.01	\$0.01	\$0.02	\$0.02	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.10)	(\$0.09)	(\$0.07)	(\$0.01)	(\$0.26)	(\$0.04)	(\$0.02)	(\$0.01)	\$0.00	(\$0.06)
EPS Diluted (Pro forma)	(\$0.02)	\$0.01	\$0.01	\$0.02	\$0.02	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.10)	(\$0.09)	(\$0.07)	(\$0.01)	(\$0.26)	(\$0.04)	(\$0.02)	(\$0.01)	\$0.00	(\$0.06)
Margins																				
Gross margin	46.1%	47.2%	53.0%	51.2%	49.8%	45.8%	52.9%	46.5%	47.8%	48.3%	43.3%	43.9%	45.0%	48.0%	45.3%	50.0%	52.0%	54.0%	56.0%	53.3%
Selling, general and administr	41.5%	33.8%	37.8%	36.5%	37.1%	48.1%	42.5%	38.9%	34.7%	40.3%	58.1%	54.0%	50.0%	36.0%	48.3%	46.0%	41.0%	42.0%	42.0%	42.6%
Research and development	13.3%	8.5%	11.0%	10.0%	10.5%	12.8%	14.4%	12.1%	10.6%	12.3%	18.5%	20.3%	14.0%	14.0%	16.4%	19.0%	16.0%	14.0%	13.0%	15.2%
Operating margin	-8.6%	4.9%	4.1%	4.7%	2.3%	-15.1%	-4.0%	-4.4%	-79.6%	-28.7%	-33.3%	-30.4%	-19.0%	-2.0%	-19.4%	-15.0%	-5.0%	-2.0%	1.0%	-4.5%
Tax rate, GAAP	0.8%	51.9%	44.0%	-10.3%	38.1%	0.0%	8.4%	5.0%	-8.7%	-6.8%	0.0%	-0.2%	0.0%	0.0%	-0.1%	10.0%	10.0%	10.0%	10.0%	10.0%
Net margin	-7.7%	2.3%	2.3%	5.1%	1.5%	-12.2%	-3.7%	-4.2%	-86.2%	-30.0%	-33.4%	-30.3%	-19.0%	-2.0%	-19.4%	-13.5%	-4.5%	-1.8%	0.9%	-4.0%
YY % change																				
Total Revenue	-9%	37%	5%	8%	9%	33%	17%	12%	7%	15%	-2%	-15%	-8%	-5%	-7%	12%	12%	11%	11%	12%
Gross margin	-20%	33%	3%	2%	3%	32%	30%	-2%	-1%	11%	-7%	-29%	-11%	-4%	-13%	29%	33%	33%	30%	31%
Selling, general and administr	18%	40%	43%	74%	45%	54%	46%	15%	1%	25%	19%	8%	18%	-1%	11%	-11%	-15%	-7%	30%	-2%
Research and development	-2%	1%	16%	14%	8%	28%	97%	23%	13%	36%	41%	20%	7%	26%	23%	15%	-12%	11%	3%	4%
Operating income (loss)	-200%	68%	-73%	-77%	-82%	132%	-195%	-221%	-1913%	-1533%	117%	547%	293%	-98%	-38%	-49%	-82%	-88%	-156%	-74%
Net income (loss)	-200%	-13%	-81%	-92%	-94%	111%	-288%	-303%	-1893%	-2403%	169%	592%	320%	-98%	-40%	-55%	-83%	-89%	-150%	-77%
EPS Diluted (Pro forma)	-197%	-16%	-81%	-92%	-94%	101%	-280%	-296%	-188%	-522%	167%	583%	315%	-55%	214%	-55%	-84%	-90%	-149%	-77%

Source: Company reports and Ascendant Capital Markets estimates.

Genasys Inc.

Balance Sheet (\$ mils)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	19.6	18.5	14.5	13.2	10.1	9.0	11.7	12.7	7.6	6.4	4.6	(2.0)	3.1	1.1	5.6	(1.2)
Short term investments	5.5	5.5	6.0	5.7	3.9	5.2	5.3	6.4	6.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Accounts receivable, net	3.2	5.4	6.3	7.7	6.8	5.6	5.7	6.7	3.3	3.6	7.5	11.6	5.9	7.1	8.3	12.9
Inventory	7.0	6.5	6.4	6.4	9.1	9.6	8.8	6.0	8.0	9.4	10.7	11.9	10.3	11.0	10.0	11.2
Deferred income taxes											0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	1.0	1.4	1.8	2.5	1.5	1.7	1.3	3.7	3.7	2.4	2.0	2.0	2.1	1.5	2.2	2.2
Total current assets	36.2	37.2	35.0	35.5	31.5	31.1	32.8	35.6	29.1	27.3	30.3	29.1	26.9	26.3	31.7	30.7
Long term securities/investments	3.6	3.6	3.5	1.9	3.4	2.3	2.0	0.8	1.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Property and equipment, net	1.9	1.9	1.8	1.8	1.8	1.7	1.6	1.8	1.8	1.7	1.4	1.0	0.7	0.3	0.0	(0.3)
Intangibles, net	12.2	12.0	37.3	36.6	36.0	35.6	34.6	20.6	20.3	19.8	19.8	19.8	19.8	19.8	19.8	19.8
Deferred income tax	11.1	10.8	10.7	8.0	8.3	8.4	8.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
Other	5.5	5.4	5.2	6.3	6.2	6.0	5.6	5.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Total assets	70.6	70.9	93.6	90.1	87.3	85.1	85.1	71.9	64.5	61.7	64.4	62.8	60.3	59.3	64.4	63.1
Liabilities and stockholders' equity																
Accounts payable	1.6	2.6	2.7	2.2	2.3	3.0	2.5	2.3	2.6	3.5	5.7	2.3	4.3	2.8	6.3	2.5
Accrued expenses	7.8	7.0	13.3	14.1	12.6	10.2	11.8	12.1	8.1	7.4	9.1	10.7	8.2	8.8	10.1	11.9
Deferred revenue											0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax											0.0	0.0	0.0	0.0	0.0	0.0
Other	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
Short term debt	0.3	0.3	0.3	0.3	0.3	0.3					0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	10.6	10.7	17.2	17.5	16.1	14.3	15.2	15.4	11.6	11.9	15.8	13.9	12.5	11.6	16.4	14.4
Deferred income taxes																
Other long term liabilities	7.3	7.1	11.4	6.7	6.5	6.3	6.0	6.1	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Long term debt	0.0	0.0	0.0								0.0	0.0	0.0	0.0	0.0	0.0
Total other liabilities	7.3	7.1	11.4	6.7	6.5	6.3	6.0	6.1	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Common stock											0.5	1.0	1.5	2.1	2.6	3.1
Additional paid-in capital	94.9	95.2	106.6	107.1	107.3	107.5	107.9	108.6	109.0	109.5	109.5	109.5	109.5	109.5	109.5	109.5
Retained earnings	(42.5)	(42.2)	(41.9)	(41.2)	(42.5)	(43.0)	(43.5)	(57.4)	(60.9)	(64.3)	(66.7)	(67.1)	(68.6)	(69.2)	(69.5)	(69.3)
Accumulated other comprehensive in	0.2	0.1	0.3	0.0	(0.1)	(0.1)	(0.5)	(0.8)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Other											0.8	0.8	0.8	0.8	0.8	0.8
Total stockholders' equity	52.7	53.1	65.0	66.0	64.7	64.5	63.9	50.4	47.6	44.8	43.7	43.9	42.8	42.8	43.0	43.7
Total stockholders' equity and liabil	70.6	70.9	93.6	90.1	87.3	85.1	85.1	71.9	64.5	61.702	64.4	62.8	60.3	59.3	64.4	63.1

Balance Sheet Drivers

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	13%	12%	14%	17%	14%	13%	9%	23%	35%	21%	15%	13%	18%	12%	15%	13%
Accounts payable as % of total rev	20%	23%	21%	14%	21%	22%	18%	15%	25%	31%	44%	15%	37%	22%	44%	15%
Inventories as % of cost of rev	161%	108%	108%	87%	158%	155%	116%	72%	135%	149%	150%	150%	175%	182%	150%	150%
Accrued expenses as % of total rev	98%	62%	105%	94%	118%	77%	84%	75%	77%	66%	70%	70%	70%	70%	70%	70%
Activity Ratios																
A/R Days Sales Outstanding	35	43	45	46	57	38	36	38	28	29	52	68	45	51	52	68
Inventory Turnover	2.5x	3.7x	3.7x	4.6x	2.5x	2.6x	3.4x	5.6x	3.0x	2.7x	2.7x	2.7x	2.3x	2.2x	2.7x	2.7x
A/P Days Payable	34	39	41	26	35	43	30	25	40	50	71	26	66	42	85	30
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$1.52	\$1.53	\$1.84	\$1.77	\$1.78	\$1.77	\$1.75	\$1.38	\$1.30	\$1.22	\$1.18	\$1.18	\$1.15	\$1.15	\$1.15	\$1.16
Cash per Share (diluted)	\$0.83	\$0.79	\$0.68	\$0.56	\$0.48	\$0.45	\$0.52	\$0.54	\$0.41	\$0.34	\$0.29	\$0.11	\$0.25	\$0.19	\$0.31	\$0.13
Net cash per Share (diluted)	\$0.82	\$0.78	\$0.67	\$0.55	\$0.47	\$0.45	\$0.52	\$0.54	\$0.41	\$0.34	\$0.29	\$0.11	\$0.25	\$0.19	\$0.31	\$0.13

Source: Company reports and Ascendant Capital Markets estimates

Genasys Inc.

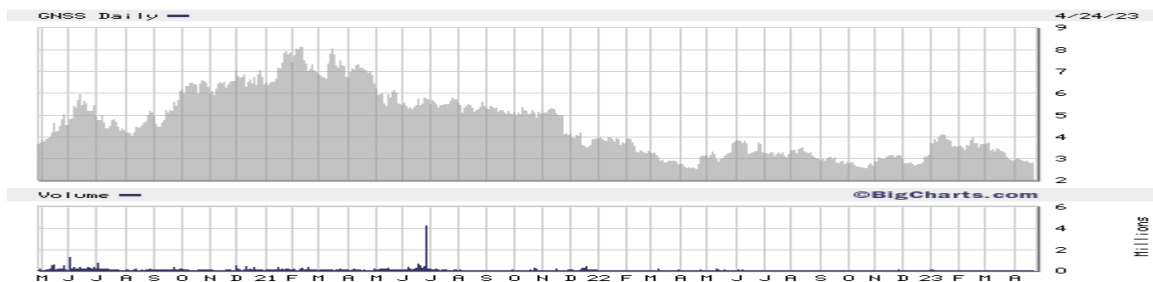
Cash Flow Statement (\$ mils)	Dec-19	Mar-20	Jun-20	Sep-20	2020	Dec-20	Mar-21	Jun-21	Sep-21	2021	Dec-21	Mar-22	Jun-22	Sep-22	2022	Dec-22	Mar-23	Jun-23	Sep-23	2023	Dec-23	Mar-24	Jun-24	Sep-24	2024	
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																										
Net income	0.6	0.3	1.5	9.4	11.9	(0.6)	0.3	0.3	0.8	0.7	(1.3)	(0.5)	(0.6)	(13.8)	(16.2)	(3.5)	(3.4)	(2.5)	(0.3)	(9.7)	(1.6)	(0.6)	(0.3)	0.2	(2.3)	
Depreciation	0.2	0.2	0.2	0.2	0.8	0.3	0.3	0.4	0.6	1.6	0.6	0.6	0.6	0.6	2.6	0.6	0.6	0.6	0.6	2.6	0.6	0.6	0.6	0.6	0.6	2.6
Amortization	0.1	0.1	0.2	(0.4)	0.0	0.2	(0.2)	0.0	0.0	0.0	0.0	0.4	0.2	0.2	0.8	0.2	0.2			0.4						0.0
Stock comp	0.2	0.3	0.3	0.2	1.0	0.2	0.3	0.4	0.5	1.4	0.6	0.7	0.4	0.6	2.2	0.4	0.5	0.5	0.5	2.0	0.5	0.5	0.5	0.5	0.5	2.1
Provision for bad debts				0.0	0.0					0.0					0.1					0.1						0.0
Deferred income taxes	0.2	0.1	0.5	(6.5)	(5.7)	(0.0)	0.3	0.3	(0.1)	0.4	(0.3)	(0.0)	(0.0)	1.0	0.7			0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Warranty provision	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0			0.1						0.0
Inventory obsolescence	0.1	0.0	0.0	0.2	0.4	0.1	0.1	0.1	0.1	0.4	0.0	0.0	0.1	0.2	0.3	0.0	0.0			0.1						0.0
Other gains/losses				0.1	0.1	(0.1)	0.0	(0.0)		(0.1)					13.2					0.0						0.0
Other				0.6	0.6		0.4	0.2	0.2	0.7	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0			0.0						0.0
Changes in operating assets and liabilities:																										
Accounts receivable	(2.3)	0.1	(0.5)	0.9	(1.8)	2.3	(2.3)	(0.6)	(1.6)	(2.1)	0.9	1.2	(0.2)	(1.1)	0.8	3.5	(0.3)	(3.9)	(4.1)	(4.8)	5.7	(1.2)	(1.3)	(4.5)	(1.3)	
Inventory	(0.3)	(0.9)	(0.5)	1.1	(0.5)	(1.1)	0.4	(0.1)	(0.1)	(0.8)	(2.8)	(0.5)	0.7	2.6	0.1	(2.0)	(1.4)	(1.4)	(1.2)	(6.0)	1.6	(0.7)	1.0	(1.3)	0.7	
Prepaid expenses & other curre	0.8	0.0	(0.1)	0.2	0.9	0.1	(0.4)	(0.4)	(1.0)	(1.6)	1.0	(0.2)	0.3	(0.8)	0.2	0.6	1.2	0.4	(0.1)	2.2	(0.1)	0.5	(0.6)	(0.1)	(0.2)	
Other assets				0.0	0.0					0.0					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.6	0.5	1.0	(1.6)	0.5	0.2	1.0	(0.1)	(0.5)	0.6	0.1	0.7	(0.4)	(0.2)	0.2	0.2	0.9	2.2	(3.4)	(0.1)	2.0	(1.5)	3.5	(3.8)	0.3	
Accrued expenses	(1.9)	(1.1)	3.2	(1.4)	(1.2)	(0.3)	(1.0)	7.4	(1.1)	4.9	(1.7)	(2.7)	1.4	(1.6)	(4.6)	(5.0)	(1.0)	1.7	1.6	(2.7)	(2.5)	0.6	1.3	1.8	1.2	
Warranty settlements				0.0	0.0					0.0					0.0					0.0						0.0
Deferred revenue				0.0	0.0					0.0					0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities				0.0	0.0					0.0					0.0			0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	(1.0)	
Net cash (used in) provided by	(1.8)	(0.3)	5.8	3.2	6.9	1.3	(0.9)	8.0	(2.2)	6.2	(2.7)	(0.4)	2.5	1.0	0.5	(4.9)	(2.6)	(2.3)	(6.3)	(16.1)	5.4	(1.7)	4.8	(6.5)	2.0	
Cash flow from investing activities																										
Purchases of property and equip	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(0.0)	(0.0)	(0.2)	(0.4)	(0.1)	(0.1)	(0.3)	(0.3)	(0.8)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	
Purchases of short-term investr	(0.1)	0.0	(2.3)	(0.7)	(3.0)	0.1	0.0	(0.3)	0.7	0.5	0.2	(0.2)	0.2	0.1	0.3	(0.4)	1.5			1.1					0.0	
Acquisitions				0.0	0.0	(4.4)		(11.5)		(15.8)					0.0					0.0					0.0	
Other				0.0	0.0					0.0					0.0					0.0					0.0	
Net cash used in investing acth	(0.1)	(0.0)	(2.3)	(0.7)	(3.1)	(4.3)	(0.1)	(11.9)	0.7	(15.6)	0.1	(0.2)	0.2	(0.1)	(0.1)	(0.5)	1.4	(0.3)	(0.3)	0.3	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	
Cash flow from financing activities																										
Issuance of debt					0.0					0.0					0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt		(0.0)	(0.0)	0.0	(0.0)		(0.1)	0.0	0.0	(0.1)		(0.0)	(0.3)		(0.3)					0.0	0.0	0.0	0.0	0.0	0.0	
Issuance of stock					0.0					0.0					0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repurchase of common stock		(0.4)			(0.4)					0.0	(0.4)	(0.6)	(0.1)	0.0	(1.1)					0.0	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exe	0.1	0.1	0.8	0.1	1.1	0.1	(0.0)	0.0	0.0	0.1	0.0	0.1	0.2	0.0	0.3	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	
Other					0.0					0.0					0.0					0.0					0.0	
Dividends and distributions					0.0					0.0					0.0					0.0					0.0	
Cash provided by (used in) fina	0.1	(0.3)	0.7	0.1	0.7	0.1	(0.1)	0.0	0.0	0.0	(0.4)	(0.5)	(0.2)	0.0	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash	0.0	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	(0.1)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	0.0	0.0			0.1					0.0	
Net increase (decrease) in cash	(1.8)	(0.7)	4.3	2.7	4.5	(2.9)	(1.1)	(3.9)	(1.5)	(9.5)	(3.0)	(1.2)	2.5	0.9	(0.9)	(5.3)	(1.2)	(2.6)	(6.6)	(15.7)	5.1	(2.0)	4.5	(6.8)	0.8	
Beginning cash and equivalents	19.5	17.8	17.1	21.3	19.5	24.0	21.1	19.9	16.0	24.0	14.5	11.5	10.3	12.8	14.5	13.7	8.4	7.2	4.6	13.7	(2.0)	3.1	1.1	5.6	(2.0)	
Ending cash and equivalents	17.8	17.1	21.3	24.0	24.0	21.1	19.9	16.0	14.5	14.5	11.5	10.3	12.8	13.7	13.7	8.4	7.2	4.6	(2.0)	(2.0)	3.1	1.1	5.6	(1.2)	(1.2)	

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Genasys Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
1	1/16/2018	B	3.50
2	2/9/2018	B	3.50
3	5/16/2018	B	3.75
4	8/15/2018	B	4.00
5	8/23/2018	B	4.50
6	12/14/2018	B	4.00
7	2/17/2019	B	4.25
8	5/8/2019	B	4.50
9	8/13/2019	B	4.75
10	12/15/2019	B	4.50
11	2/11/2020	B	4.75
12	5/12/2020	B	5.50
13	8/11/2020	B	5.75
14	12/14/2020	B	8.50
15	2/13/2021	B	8.75
16	5/17/2021	B	9.00
17	8/7/2021	B	9.50
18	11/23/2021	B	8.50
19	3/2/2022	B	8.00
20	5/14/2022	B	7.50
21	8/17/2022	B	8.00
22	12/5/2022	B	7.00
23	3/7/2023	B	6.00

- Ascendant Capital Markets, LLC has not received compensation for investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include changes and demand for technology, investor sentiment for investing in technology stocks, and consumer sentiment and industry growth for technology manufacturing companies, competition, changing macroeconomic factors, and changes in government budgets and political priorities.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	49	98%	18	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.