



# Genasys Inc.

*Q4 about inline, but major Puerto Rico contract and large backlog should drive very strong FY25/FY26. Raising P/T to \$5.50.*

## COMPANY UPDATE

**Rating: BUY**

Ticker: GNSS

Price: \$2.70

Target: \$5.50  
(from \$4.75)

**Q4 about inline:** Genasys recently (on December 9) reported its fiscal Q4 FY24 (ending September) results. Revenue was \$6.7 million (-37% y-o-y), compared with our estimates of \$8.5 million and consensus of \$9.0 million. Pro forma EPS was \$(0.16), compared with our and consensus estimates of \$(0.11). There was no Q4 guidance.

**Weak Q4, but major increase in backlog:** Q4 revenues were -37% (y-o-y) as several hardware deals expected to be booked in Q4 have been delayed until FY25. On the plus side, backlog is now at \$40 million, up significantly from \$7 million in Q4 FY23.

**Major Puerto Rico contract win:** Genasys announced in February 2024 that it was selected to provide Early Warning System (EWS) for 37 dams in Puerto Rico. The contract is worth ~\$75 million in revenue for the company with the majority to be recognized in FY25/26. The contract was finalized and signed in August.

**Puerto Rico contract in process:** Contract terms call for deposits of 60% of the value of each approved group of dams to be made in advance of procurement so cash will precede revenue recognition. The company has received approvals for the first three groups of dams, with a total expected value of \$35 million though installation and equipment delivery dates (and revenue recognition) remains highly variable.

**No FY25 guidance:** Management did not provide specific FY25 guidance.

**But expect very strong FY25/26:** The Puerto Rico contract will add ~\$75 million in revenue for the company with the majority to be recognized in FY25/26. This will drive very strong FY25/26 results.

**Initiating strong FY26 estimates:** We are lowering our FY25 estimates for revenue to \$53 million, from \$62 million, and for EPS to \$(0.26) from \$(0.04). We are initiating our FY26 estimates for revenue of \$76 million, and for EPS of \$0.08.

**Solid momentum in software:** Software revenue in FY24 was +93% y-o-y. The company has rapidly expanded its software revenues, and expects strong (but moderating) growth in FY25 (from FY24's \$7.3 million). Its newer Mass Notifications (SaaS) systems are now rebranded as Genasys Protect. Its recent acquisition of Evertel is now rebranded as Genasys Protect CONNECT.

**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 raising our 12-month price target to \$5.50 from \$4.75, which is based on a forward P/E multiple of 22x our FY27 EPS estimate of \$0.25. We believe this multiple is reasonable as it is its estimated long-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

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### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$1.51 – 4.04
Shares Outstanding (million):	45
Market cap (\$million):	\$122
EV (\$million):	\$121
Debt (\$million):	\$12
Cash (\$million):	\$13
Avg. Daily Trading Vol. (\$million):	\$0.5
Float (million shares):	35
Short Interest (million shares):	0.7
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>	<u>2026E</u> <u>(Cur.)</u>	<u>2026E</u> <u>(Old)</u>
Q1 Dec	6E	10E	17E	
Q2 Mar	9E	13E	19E	
Q3 Jun	18E		20E	
Q4 Sep	<u>20E</u>		<u>20E</u>	
Total	<b>53E</b>	<b>62E</b>	<b>76E</b>	
EV/Revs	2.3x		1.6x	

### Earnings per Share (pro forma)

	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>	<u>2026E</u> <u>(Cur.)</u>	<u>2026E</u> <u>(Old)</u>
Q1 Dec	(0.16)E	(0.05)E	(0.00)E	
Q2 Mar	(0.11)E	(0.02)E	0.01E	
Q3 Jun	(0.01)E	0.00E	0.03E	
Q4 Sep	<u>0.02E</u>		<u>0.05E</u>	
Total	<b>(0.26)E</b>	<b>(0.04)E</b>	<b>0.08E</b>	
P/E	N/A		34x	

### 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 8.**

**OVERVIEW**

- Genasys recently (on December 9) reported its fiscal Q4 FY24 (ending September) results.
- Revenue was \$6.7 million (-37% y-o-y), compared with our estimates of \$8.5 million and consensus of \$9.0 million.
- Pro forma EPS was \$(0.16), compared with our and consensus estimates of \$(0.11).
- There was no Q4 guidance.
- Management did not provide specific FY25 guidance.
- We are lowering our FY25 estimates for revenue to \$53 million, from \$62 million, and for EPS to \$(0.26) from \$(0.04).
- We are initiating our FY26 estimates for revenue of \$76 million, and for EPS of \$0.08.

**ADDITIONAL DETAILS**

- Gross profit for the quarter was \$3 million, compared with our estimate of \$4 million.
- Gross margin for the quarter was 41%, versus 50% last year and our estimate of 47%.
- Operating expenses were \$10 million, compared with our estimate of \$9 million.
- Operating loss was \$7.1 million, compared with our estimate of a loss of \$4.5 million.
- Pro forma net loss was \$7.2 million, compared with our estimate of a loss of \$4.9 million.

In September 2023, the company announced the acquisition of Evertel Technologies, the leading cross-agency collaboration platform for public safety, for \$5.8 million (25% in cash and 75% in stock). This deal closed in October 2023. Evertel's annual revenue is ~\$1 million.

The company's balance sheet is solid with \$13 million in cash and \$12 million in debt, compared with \$13 million in cash and \$12 million in debt as of June. The company acquired (in Q3) a \$15 million 2-Year term loan (~11% due May 2026).

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## Exhibit 1: Q4 FY24 and Recent Business Highlights (as of December 9, 2024)

### Business Highlights

- Announced \$3.4 million renewal contract for LRAD systems maintenance with the Indian Navy.
- Announced 4-year contract with Los Angeles County for the addition of Genasys ALERT to pre-existing contract for Genasys EVAC.
- Announced 4-year contract with Maui County for Genasys EVAC and TRAFFIC AI
- Announced statewide agreement with Oregon's Office of Resilience and Emergency Management (OREM) for Genasys EVAC.
- Announced Critical Infrastructure Protection (CIP) orders from Hoover Dam, Port of Houston, and Alabama-Coushatta Tribe.
- Expanded project value of previously announced Early Warning System (EWS) for 37 dams on the island of Puerto Rico to approximately \$75 million.

Source: Company report

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## Exhibit 2: Business Outlook (as of December 9, 2024)

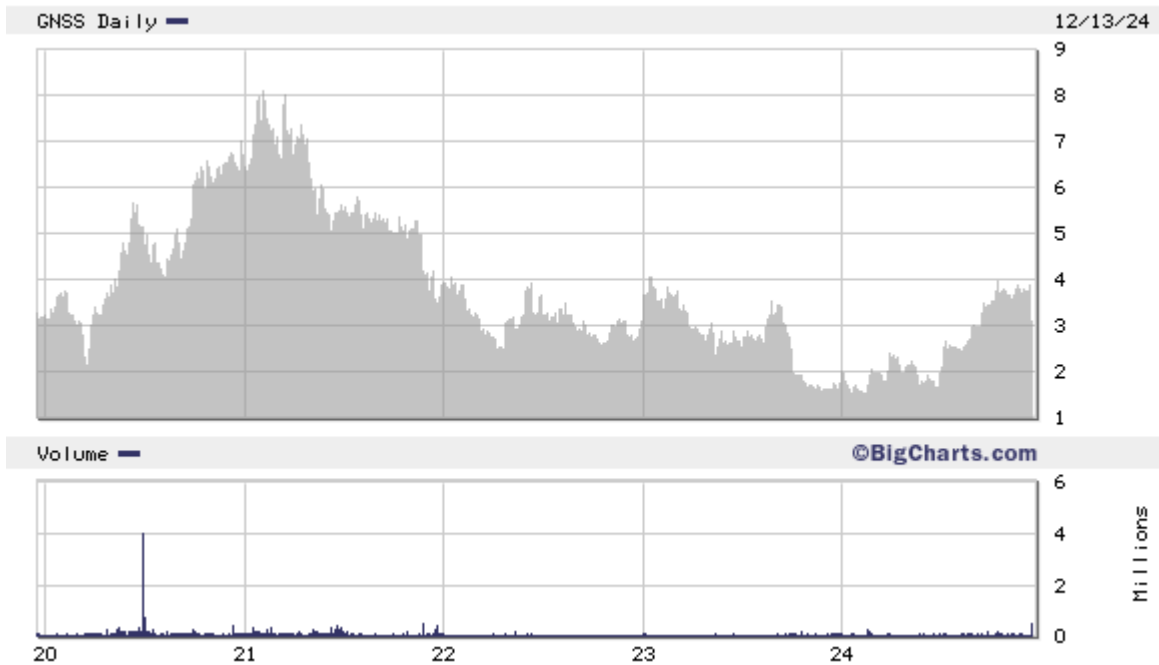
### Business Outlook

Software pipeline and bookings continue to grow. The rate of growth in our fiscal 2025 software revenues is expected to moderate from the triple digit rate experienced in fiscal 2024, partially due to the full year inclusion of Evertel results, and a normalization of growth relative to our resource allocation. Hardware bookings in fiscal 2024, including the substantial award from Puerto Rico, are expected to drive substantial growth in full year fiscal 2025 hardware revenues. Importantly, contract terms call for deposits of 60% of the value of each approved group of dams to be made in advance of procurement and as such, cash on each group of dams will precede revenue recognition for the term of the contract. Although the Company has received approvals for the first three groups of dams, with a total expected value of \$35 million, variability on equipment delivery and installation times prevents specific financial guidance.

Source: Company report

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**Exhibit 3: Genasys Inc. Stock Price (5-Years)**



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

**Exhibit 4: Consensus Expectations (as of December 9, 2024)**

	Revenue (mil)			EPS	
	2024E	2025E		2024E	2025E
Q1 Dec	\$4A	\$9E	Q1 Dec	\$(0.15)A	\$(0.10)E
Q2 Mar	\$6A		Q2 Mar	\$(0.16)A	
Q3 Jun	\$7A		Q3 Jun	\$(0.15)A	
Q4 Sep	\$9E		Q4 Sep	\$(0.11)E	
<b>Total</b>	<b>\$26E</b>	<b>\$63E</b>	<b>Total</b>	<b>\$(0.57)E</b>	<b>\$(0.12)E</b>

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

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

## FINANCIAL MODEL

### Genasys Inc.

Income Statement (\$ mils)	Dec-22	Mar-23	Jun-23	Sep-23	2023	Dec-23	Mar-24	Jun-24	Sep-24	2024	Dec-24	Mar-25	Jun-25	Sep-25	2025	Dec-25	Mar-26	Jun-26	Sep-26	2026
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	10.5	11.2	14.3	10.7	46.7	4.4	5.7	7.2	6.7	24.0	5.8	8.6	18.4	20.2	53.0	17.4	18.6	19.8	20.2	76.0
Cost of Revenues	5.9	6.3	7.6	5.4	25.2	2.9	3.6	3.4	4.0	13.8	3.5	3.9	8.1	8.5	23.9	6.1	6.5	6.5	6.7	25.8
Gross Profit	4.5	4.9	6.7	5.3	21.5	1.5	2.2	3.8	2.7	10.2	2.3	4.7	10.3	11.7	29.1	11.3	12.1	13.3	13.5	50.2
Selling, general and administrative	6.1	6.1	6.0	6.2	24.3	6.5	6.6	6.6	7.5	27.3	7.0	8.6	9.2	8.9	33.7	8.7	9.3	9.9	9.1	37.0
Research and development	1.9	2.3	2.1	1.8	8.1	2.2	2.5	2.5	2.4	9.6	2.9	0.9	0.9	1.4	6.2	2.3	1.9	1.0	1.4	6.5
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	8.0	8.3	8.1	7.9	32.5	8.7	9.2	9.1	9.9	36.9	9.9	9.6	10.1	10.3	39.8	11.0	11.1	10.9	10.5	43.5
<b>Operating income (loss)</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(1.5)</b>	<b>(2.6)</b>	<b>(11.0)</b>	<b>(7.2)</b>	<b>(7.0)</b>	<b>(5.4)</b>	<b>(7.1)</b>	<b>(26.7)</b>	<b>(7.5)</b>	<b>(4.8)</b>	<b>0.2</b>	<b>1.4</b>	<b>(10.8)</b>	<b>0.3</b>	<b>0.9</b>	<b>2.4</b>	<b>3.0</b>	<b>6.7</b>
Interest income (expense)		0.0			0.0					0.0	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)
Other income (expense)	(0.0)		0.0	(0.0)	(0.0)	0.1	0.1	(1.4)	(4.2)	(5.4)					0.0					0.0
Income before income taxes	(3.5)	(3.4)	(1.4)	(2.6)	(11.0)	(7.2)	(6.9)	(6.7)	(11.3)	(32.1)	(8.1)	(5.4)	(0.4)	0.8	(13.2)	(0.3)	0.3	1.8	2.4	4.3
Income taxes		0.0	(0.0)	7.4	7.4	(0.4)	(0.0)	(0.0)	0.1	(0.4)	(0.8)	(0.5)	(0.0)	0.1	(1.3)	(0.0)	0.0	0.2	0.2	0.4
Net income (loss)	(3.5)	(3.4)	(1.4)	(10.1)	(18.4)	(6.7)	(6.9)	(6.7)	(11.4)	(31.7)	(7.3)	(4.9)	(0.4)	0.7	(11.8)	(0.2)	0.3	1.6	2.2	3.9
Nonrecurring/noncash adjustments				7.4	7.4				4.2	4.2					0.0					0.0
<b>Net income (pro forma)</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(1.4)</b>	<b>(2.6)</b>	<b>(11.0)</b>	<b>(6.7)</b>	<b>(6.9)</b>	<b>(6.7)</b>	<b>(7.2)</b>	<b>(27.5)</b>	<b>(7.3)</b>	<b>(4.9)</b>	<b>(0.4)</b>	<b>0.7</b>	<b>(11.8)</b>	<b>(0.2)</b>	<b>0.3</b>	<b>1.6</b>	<b>2.2</b>	<b>3.9</b>
EBITDA	(2.4)	(2.3)	(0.4)	(1.7)	(6.8)	(6.1)	(5.7)	(4.3)	(6.0)	(22.1)	(6.5)	(3.8)	1.2	2.4	(6.6)	1.4	2.0	3.4	4.1	10.8
Shares, Basic	36.7	36.8	37.1	37.2	36.9	43.7	44.2	44.6	44.6	44.3	45.0	45.1	45.3	45.4	45.2	45.5	45.6	45.8	45.9	45.7
Shares, Diluted	36.7	36.8	37.1	37.2	36.9	43.7	44.2	44.6	44.6	44.3	45.0	45.1	45.3	45.4	45.2	45.5	45.6	45.8	45.9	45.7
EPS Basic (Pro forma)	(\$0.10)	(\$0.09)	(\$0.04)	(\$0.07)	(\$0.30)	(\$0.15)	(\$0.16)	(\$0.15)	(\$0.16)	(\$0.62)	(\$0.16)	(\$0.11)	(\$0.01)	\$0.02	(\$0.26)	(\$0.00)	\$0.01	\$0.03	\$0.05	\$0.08
EPS Diluted (Pro forma)	(\$0.10)	(\$0.09)	(\$0.04)	(\$0.07)	(\$0.30)	(\$0.15)	(\$0.16)	(\$0.15)	(\$0.16)	(\$0.62)	(\$0.16)	(\$0.11)	(\$0.01)	\$0.02	(\$0.26)	(\$0.00)	\$0.01	\$0.03	\$0.05	\$0.08
<b>Margins</b>																				
Gross margin	43.3%	43.9%	46.9%	49.6%	46.0%	33.9%	37.9%	52.8%	40.8%	42.4%	40.0%	55.0%	56.0%	58.0%	54.9%	65.0%	65.0%	67.0%	67.0%	66.1%
Selling, general and administrative	58.1%	54.0%	42.1%	57.7%	52.1%	149.5%	115.7%	92.8%	110.6%	113.5%	120.0%	100.0%	50.0%	44.0%	63.5%	50.0%	50.0%	50.0%	45.0%	48.7%
Research and development	18.5%	20.3%	15.0%	16.5%	17.4%	50.2%	44.1%	34.8%	36.0%	40.2%	50.0%	11.0%	5.0%	7.0%	11.7%	13.0%	10.0%	5.0%	7.0%	8.6%
Operating margin	-33.3%	-30.4%	-10.2%	-24.7%	-23.5%	-165.8%	-121.9%	-74.8%	-105.8%	-111.3%	#####	-56.0%	1.0%	7.0%	-20.3%	2.0%	5.0%	12.0%	15.0%	8.8%
Tax rate, GAAP	0.0%	-0.2%	1.8%	-280.4%	-67.3%	6.0%	0.1%	0.6%	-0.6%	1.3%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net margin	-33.4%	-30.3%	-10.0%	-94.0%	-39.4%	-154.2%	-120.9%	-93.2%	-168.9%	-132.2%	#####	-56.7%	-2.0%	3.6%	-22.3%	-1.3%	1.6%	8.1%	10.8%	5.1%
<b>Y/Y % change</b>																				
Total Revenue	-2%	-15%	1%	-33%	-14%	-58%	-49%	-50%	-37%	-49%	33%	50%	157%	200%	121%	200%	116%	8%	0%	43%
Gross margin	-7%	-29%	2%	-31%	-18%	-67%	-56%	-43%	-48%	-53%	57%	117%	172%	327%	185%	388%	155%	29%	16%	73%
Selling, general and administrative	19%	8%	9%	11%	12%	7%	10%	11%	21%	12%	7%	30%	38%	19%	23%	25%	8%	8%	2%	10%
Research and development	41%	20%	25%	4%	22%	13%	11%	17%	37%	19%	32%	-63%	-63%	-42%	-36%	-22%	96%	8%	0%	6%
Operating income (loss)	117%	547%	131%	-79%	-29%	107%	105%	270%	170%	143%	4%	-31%	-103%	-120%	-60%	-105%	-119%	1194%	114%	-162%
Net income (loss)	169%	592%	142%	-27%	13%	92%	104%	370%	13%	72%	9%	-30%	-94%	-106%	-63%	-97%	-106%	-528%	198%	-133%
EPS Diluted (Pro forma)	167%	583%	138%	292%	256%	61%	70%	290%	127%	109%	6%	-31%	-94%	-110%	-58%	-97%	-106%	-523%	195%	-132%

Source: Company reports and Ascendant Capital Markets estimates.

**Genasys Inc.**

Balance Sheet (\$ mils)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	7.6	6.4	3.0	8.7	4.8	3.5	8.7	4.9	3.7	(1.6)	(0.9)	(8.4)	1.8	(0.7)	7.3	1.2
Short term investments	6.6	5.6	3.5	1.5	8.8	3.0	4.0	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Accounts receivable, net	3.3	3.6	10.4	6.0	4.4	2.8	5.7	3.3	2.9	4.9	10.6	15.3	8.8	10.5	11.5	15.3
Inventory	8.0	9.4	8.0	6.5	6.9	6.6	7.3	7.3	6.1	7.1	12.1	12.7	10.7	11.8	9.8	10.0
Deferred income taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	3.7	2.4	2.4	2.6	2.1	6.3	5.9	2.7	1.0	1.0	2.8	2.7	3.0	2.3	3.0	2.7
<b>Total current assets</b>	<b>29.1</b>	<b>27.3</b>	<b>27.3</b>	<b>25.2</b>	<b>27.0</b>	<b>22.3</b>	<b>31.6</b>	<b>26.1</b>	<b>21.6</b>	<b>19.3</b>	<b>32.6</b>	<b>30.3</b>	<b>32.2</b>	<b>31.8</b>	<b>39.5</b>	<b>37.1</b>
Long term securities/investments	1.0	0.6	0.4		0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Property and equipment, net	1.8	1.7	1.7	1.6	1.6	1.5	1.4	1.3	0.9	0.4	(0.0)	(0.4)	(0.9)	(1.3)	(1.7)	(2.2)
Intangibles, net	20.3	19.8	19.3	18.7	23.5	23.0	22.4	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8
Deferred income tax	7.4	7.4	7.4						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	4.9	4.9	4.7	4.4	4.2	3.9	3.7	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
<b>Total assets</b>	<b>64.5</b>	<b>61.7</b>	<b>60.8</b>	<b>49.9</b>	<b>56.6</b>	<b>51.0</b>	<b>59.4</b>	<b>53.9</b>	<b>49.0</b>	<b>46.2</b>	<b>59.1</b>	<b>56.4</b>	<b>57.8</b>	<b>57.0</b>	<b>64.3</b>	<b>61.4</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	2.6	3.5	3.3	2.8	1.9	2.6	3.6	4.0	2.1	1.9	8.0	3.0	6.4	4.1	8.6	3.0
Accrued expenses	8.1	7.4	8.2	7.5	8.6	8.3	7.7	9.0	4.1	6.0	12.9	14.2	12.2	13.0	13.9	14.2
Deferred revenue									0.0	0.0	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	0.0	0.0
Other	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term debt									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>11.6</b>	<b>11.9</b>	<b>12.5</b>	<b>11.3</b>	<b>11.5</b>	<b>11.9</b>	<b>12.3</b>	<b>14.1</b>	<b>6.2</b>	<b>7.9</b>	<b>20.9</b>	<b>17.2</b>	<b>18.5</b>	<b>17.1</b>	<b>22.5</b>	<b>17.2</b>
Deferred income taxes																
Warrant liability							3.1	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Other long term liabilities	5.2	5.0	4.7	4.8	4.5	4.2	3.9	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Long term debt							11.7	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
<b>Total other liabilities</b>	<b>5.2</b>	<b>5.0</b>	<b>4.7</b>	<b>4.8</b>	<b>4.5</b>	<b>4.2</b>	<b>18.7</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>
Common stock									0.3	0.6	0.9	1.2	1.5	1.8	2.1	2.4
Additional paid-in capital	109.0	109.5	110.0	110.4	123.7	125.1	125.4	125.7	125.7	125.7	125.7	125.7	125.7	125.7	125.7	125.7
Retained earnings	(60.9)	(64.3)	(66.0)	(76.1)	(82.8)	(89.7)	(96.4)	(107.8)	(115.1)	(120.0)	(120.4)	(119.6)	(119.9)	(119.6)	(118.0)	(115.8)
Accumulated other comprehensive in	(0.5)	(0.4)	(0.4)	(0.5)	(0.4)	(0.4)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Other									10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>Total stockholders' equity</b>	<b>47.6</b>	<b>44.8</b>	<b>43.6</b>	<b>33.8</b>	<b>40.6</b>	<b>34.9</b>	<b>28.5</b>	<b>17.6</b>	<b>20.5</b>	<b>16.0</b>	<b>15.9</b>	<b>16.9</b>	<b>17.0</b>	<b>17.6</b>	<b>19.5</b>	<b>22.0</b>
<b>Total stockholders' equity and liabil</b>	<b>64.5</b>	<b>61.702</b>	<b>60.8</b>	<b>49.9</b>	<b>56.6</b>	<b>51.0</b>	<b>59.4</b>	<b>53.9</b>	<b>49.0</b>	<b>46.2</b>	<b>59.1</b>	<b>56.4</b>	<b>57.8</b>	<b>57.0</b>	<b>64.3</b>	<b>61.4</b>

**Balance Sheet Drivers**

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	35%	21%	17%	24%	48%	110%	83%	39%	18%	12%	15%	13%	18%	12%	15%	13%
Accounts payable as % of total rev	25%	31%	23%	26%	43%	45%	50%	60%	37%	22%	44%	15%	37%	22%	44%	15%
Inventories as % of cost of rev	135%	149%	105%	121%	239%	184%	216%	183%	175%	182%	150%	150%	175%	182%	150%	150%
Accrued expenses as % of total rev	77%	66%	57%	70%	198%	145%	107%	134%	70%	70%	70%	70%	70%	70%	70%	70%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	28	29	65	50	92	44	71	44	45	51	52	68	45	51	52	68
Inventory Turnover	3.0x	2.7x	3.8x	3.3x	1.7x	2.2x	1.8x	2.2x	2.3x	2.2x	2.7x	2.7x	2.3x	2.2x	2.7x	2.7x
A/P Days Payable	40	50	40	46	59	66	95	91	55	45	89	32	94	57	119	40
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$1.30	\$1.22	\$1.18	\$0.91	\$0.93	\$0.79	\$0.64	\$0.39	\$0.46	\$0.35	\$0.35	\$0.37	\$0.37	\$0.39	\$0.43	\$0.48
Cash per Share (diluted)	\$0.41	\$0.34	\$0.19	\$0.27	\$0.32	\$0.16	\$0.29	\$0.29	\$0.26	\$0.15	\$0.16	\$0.00	\$0.22	\$0.16	\$0.34	\$0.20
Net cash per Share (diluted)	\$0.41	\$0.34	\$0.19	\$0.27	\$0.32	\$0.16	\$0.03	\$0.03	\$0.00	-\$0.12	-\$0.10	-\$0.27	-\$0.04	-\$0.10	\$0.08	-\$0.06

Source: Company reports and Ascendant Capital Markets estimates

**Genasys Inc.**

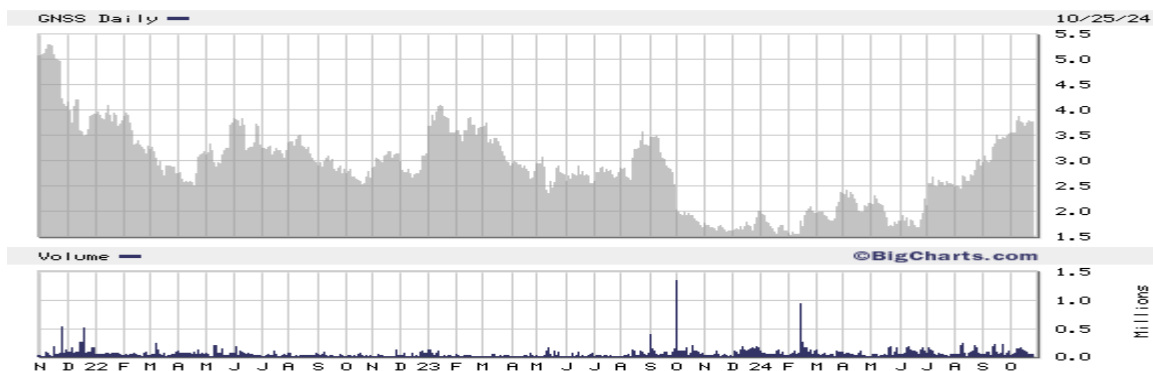
Cash Flow Statement (\$ mils)	Dec-22	Mar-23	Jun-23	Sep-23	2023	Dec-23	Mar-24	Jun-24	Sep-24	2024	Dec-24	Mar-25	Jun-25	Sep-25	2025	Dec-25	Mar-26	Jun-26	Sep-26	2025	
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	(3.5)	(3.4)	(1.4)	(10.1)	(18.4)	(6.7)	(6.9)	(6.7)	(11.4)	(31.7)	(7.3)	(4.9)	(0.4)	0.7	(11.8)	(0.2)	0.3	1.6	2.2	3.9	
Depreciation	0.6	0.6	0.6	0.6	2.6	0.7	0.7	0.7	0.7	2.9	0.7	0.7	0.7	0.7	2.9	0.7	0.7	0.7	0.7	2.9	
Amortization	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2		0.6				0.0						0.0	
Stock comp	0.4	0.5	0.4	0.3	1.6	0.4	0.5	0.3	0.3	1.6	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2	
Provision for bad debts					0.0					0.0					0.0					0.0	
Deferred income taxes			(0.0)	7.4	7.4			(0.5)	0.0	(0.5)	0.0	0.0	0.0	0.0	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)		(0.1)				0.0						0.0	
Inventory obsolescence	0.0	0.0	0.1	0.1	0.3	0.0	0.0	0.1		0.1				0.0						0.0	
Warrants revaluation					0.0			0.1		0.1				0.0						0.0	
Other gains/losses				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	(0.5)	(0.0)	0.5		(0.0)	10.0			10.0						0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	3.5	(0.3)	(6.7)	4.4	0.8	1.7	1.6	(2.8)	2.4	2.8	0.4	(1.9)	(5.8)	(4.7)	(12.0)	6.6	(1.7)	(1.0)	(3.9)	0.0	
Inventory	(2.0)	(1.4)	1.3	1.3	(0.8)	(0.4)	0.3	(0.8)	0.0	(0.9)	1.2	(1.0)	(5.1)	(0.6)	(5.4)	2.1	(1.2)	2.0	(0.2)	2.7	
Prepaid expenses & other curre	0.6	1.2	(0.1)	(0.1)	1.7	(0.2)	(4.2)	0.4	3.3	(0.7)	1.6	(0.0)	(1.7)	0.1	0.0	(0.4)	0.8	(0.7)	0.3	0.0	
Other assets					0.0				(0.7)	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	0.2	0.9	(0.2)	(0.5)	0.4	(0.9)	0.7	2.0	0.5	2.2	(1.9)	(0.2)	6.1	(5.0)	(1.0)	3.4	(2.2)	4.5	(5.6)	0.0	
Accrued expenses	(5.0)	(1.0)	0.4	(0.5)	(6.1)	(0.0)	0.3	(0.9)	1.3	0.7	(5.0)	2.0	6.9	1.3	5.1	(2.0)	0.8	0.9	0.3	0.0	
Warranty settlements					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	
Other liabilities					0.0				(0.2)	(0.2)	(1.0)	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	
<b>Net cash (used in) provided by</b>	<b>(4.9)</b>	<b>(2.6)</b>	<b>(5.4)</b>	<b>3.2</b>	<b>(9.6)</b>	<b>(5.7)</b>	<b>(6.8)</b>	<b>(7.5)</b>	<b>(3.8)</b>	<b>(23.8)</b>	<b>(1.0)</b>	<b>(5.0)</b>	<b>1.0</b>	<b>(7.2)</b>	<b>(12.1)</b>	<b>10.4</b>	<b>(2.2)</b>	<b>8.3</b>	<b>(5.9)</b>	<b>10.7</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equij	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)	(0.0)	(0.0)	(0.3)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	
Purchases of short-term investr	(0.4)	1.5	2.2	2.5	5.8	(7.3)	5.8	(1.0)		(2.6)				0.0						0.0	
Acquisitions					0.0	(0.9)	0.0			(0.9)				0.0						0.0	
Other					0.0	(0.8)				(0.8)				0.0						0.0	
<b>Net cash used in investing acti</b>	<b>(0.5)</b>	<b>1.4</b>	<b>2.2</b>	<b>2.5</b>	<b>5.5</b>	<b>(9.1)</b>	<b>5.8</b>	<b>(1.0)</b>	<b>(0.3)</b>	<b>(4.7)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(1.2)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(1.2)</b>	
<b>Cash flow from financing activities</b>																					
Issuance of debt					0.0			13.7	0.3	14.0	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	
Issuance of stock					0.0	10.4			(0.3)	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repurchase of common stock					0.0					0.0					0.0					0.0	
Proceeds from stock option exe	0.0	0.0	(0.2)	0.1	(0.1)		(0.0)			(0.0)				0.0						0.0	
Other					0.0		(0.2)		0.0	(0.2)				0.0						0.0	
Dividends and distributions					0.0					0.0				0.0						0.0	
<b>Cash provided by (used in) fina</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>10.4</b>	<b>(0.2)</b>	<b>13.7</b>	<b>0.0</b>	<b>24.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Effect of exchange rate on cash	0.0	0.0	0.0	(0.0)	0.0	0.0	(0.0)	(0.0)		(0.0)				0.0						0.0	
<b>Net increase (decrease) in cash</b>	<b>(5.3)</b>	<b>(1.2)</b>	<b>(3.4)</b>	<b>5.7</b>	<b>(4.1)</b>	<b>(4.4)</b>	<b>(1.2)</b>	<b>5.1</b>	<b>(4.1)</b>	<b>(4.6)</b>	<b>(1.3)</b>	<b>(5.3)</b>	<b>0.7</b>	<b>(7.5)</b>	<b>(13.3)</b>	<b>10.1</b>	<b>(2.5)</b>	<b>8.0</b>	<b>(6.2)</b>	<b>9.5</b>	
<b>Beginning cash and equivalents</b>	<b>13.7</b>	<b>8.4</b>	<b>7.2</b>	<b>3.8</b>	<b>13.7</b>	<b>9.5</b>	<b>5.1</b>	<b>3.9</b>	<b>9.0</b>	<b>9.5</b>	<b>4.9</b>	<b>3.7</b>	<b>(1.6)</b>	<b>(0.9)</b>	<b>4.9</b>	<b>(8.4)</b>	<b>1.8</b>	<b>(0.7)</b>	<b>7.3</b>	<b>(8.4)</b>	
<b>Ending cash and equivalents</b>	<b>8.4</b>	<b>7.2</b>	<b>3.8</b>	<b>9.5</b>	<b>9.5</b>	<b>5.1</b>	<b>3.9</b>	<b>9.0</b>	<b>4.9</b>	<b>4.9</b>	<b>3.7</b>	<b>(1.6)</b>	<b>(0.9)</b>	<b>(8.4)</b>	<b>(8.4)</b>	<b>1.8</b>	<b>(0.7)</b>	<b>7.3</b>	<b>1.2</b>	<b>1.2</b>	

Source: Company reports and Ascendant Capital Markets estimates

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## 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
24	5/9/2023	B	5.75
25	8/27/2023	B	6.00
26	12/8/2023	B	4.50
27	2/26/2024	B	4.75
28	5/31/2024	B	4.25
29	8/17/2024	B	4.75

- Ascendant Capital Markets, LLC has received compensation for investment banking services from the company in the past 12 months.

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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.

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**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 October 11, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	58	98%	25	43%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	25	42%

### **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.

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