



# Intrusion, Inc.

Reports Q4 growth. We remain positive as new contract wins and partners should drive strong growth over the next year. Lowering P/T to \$10.

## COMPANY UPDATE

Rating: BUY

Ticker: INTZ

Price: \$0.85

Target: \$10.00  
(from \$11)

**Reports Q4 growth:** Intrusion recently (on February 27) reported its fiscal Q4 2024 (ending December) results. Revenue was \$1.7 million (+23% y-o-y), compared to our estimates of \$2.3 million and consensus of \$2.0 million. EPS was \$(0.36), compared to our estimate of \$(0.21) and consensus of \$(0.23). There was no Q4 guidance.

**Q4 improvement:** The company's Q4 improved strongly y-o-y (+23%) due to increased customer wins and contracts. The company signed 20 new Intrusion Shield logos in 2024 signaling momentum for 2025.

**Major contracts increasing:** In April 2024, the company announced that in partnership with iOne Resources, it won a contract (~\$1 million) to supply the Secure Electronic Transmission Services (SETs) for the 2025 Philippines midterm elections. In October 2023, the company announced a \$5 million contract with a large telecommunications provider to provide Intrusion Shield support for its data centers. In addition, the company recently announced its first major Shield contract with the U.S. government.

**No guidance:** The company did not provide 2025 guidance.

**Adjusting estimates:** We are adjusting our 2025 estimates for revenue to \$8.0 million, from \$10.0 million, and for EPS to \$(0.37) from \$(0.76). We are initiating our 2026 estimates for revenue of \$11.0 million, and for EPS of \$(0.22).

**Focused on cybersecurity:** Intrusion offers businesses of all sizes and industries products and services that leverage across its exclusive threat intelligence database which contains the historical data, known associations, and reputational behavior of over 8.5 billion IP addresses.

**INTRUSION Shield:** The company's flagship product is INTRUSION Shield which is designed to allow businesses to incorporate a Zero Trust, reputation-based security solution into their existing computing infrastructure. INTRUSION Shield observes traffic flow and instantly blocks known malicious or unknown connections from both entering or exiting a network, making it an ideal solution for protecting against Zero-Day and ransomware attacks.

**Large market potential:** There has been an increasing number of high profile and destructive cyberattacks that have caused significant business disruption and billions of dollars in losses. The rise of cloud computing, workforce and people mobility, and growth in connected devices has created a rapid expansion of endpoints that can be used to access a corporate computer network and system.

**Balance sheet improved:** In Q4, the company had \$5 million in cash and \$1 million in debt. In the current Q1 (January), the company raised ~\$7.5 million selling stock.

**Positive high risks versus rewards:** With a strong Q4 (+23% y-o-y), we remain overall positive on the company longer term. We believe recent revenue issues and concerns outweighed by growth prospects and valuation.

**Valuation attractive:** We are maintaining our BUY rating, but lowering our 12-month price target to \$10 from \$11, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities.

### Company Description

Intrusion, based in Plano, TX, is a cybersecurity company protecting companies by leveraging advanced threat intelligence with real-time artificial intelligence to kill cyberattacks as they occur.

United States  
Technology

March 1, 2025

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

### Stock Data

Exchange:	NasdaqCM
52-week Range:	0.35 – 7.34
Shares Outstanding (million):	20
Market cap (\$million):	\$17
EV (\$million):	\$7
Debt (\$million):	\$1
Cash (\$million):	\$11
Avg. Daily Trading Vol. (\$million):	\$8
Float (million shares):	6
Short Interest (million shares):	0.5
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	1.7E	2.0E	2.4E	
Q2 Jun	1.9E	2.3E	2.7E	
Q3 Sep	1.8E	2.3E	2.5E	
Q4 Dec	<u>2.6E</u>	<u>3.4E</u>	<u>3.4E</u>	
Total	<b>8.0E</b>	<b>10.0E</b>	<b>11.0E</b>	
EV/Revs	0.9x		0.6x	

### Earnings per Share (pro forma)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	(0.11)E	(0.25)E	(0.07)E	
Q2 Jun	(0.10)E	(0.15)E	(0.06)E	
Q3 Sep	(0.09)E	(0.20)E	(0.04)E	
Q4 Dec	<u>(0.07)E</u>	<u>(0.16)E</u>	<u>(0.04)E</u>	
Total	<b>(0.37)E</b>	<b>(0.76)E</b>	<b>(0.22)E</b>	
P/E	N/A		N/A	

\*Reflects a 1:20 reverse stock split in March 2024.

### 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 13.

**OVERVIEW**

- Intrusion recently (on February 27) reported its fiscal Q4 2024 (ending December) results.
- Revenue was \$1.7 million (+23% y-o-y), compared to our estimates of \$2.3 million and consensus of \$2.0 million.
- EPS was \$(0.36), compared to our estimate of \$(0.21) and consensus of \$(0.23).
- There was no Q4 guidance.
- The company did not provide 2025 guidance.
- We are adjusting our 2025 estimates for revenue to \$8.0 million, from \$10.0 million, and for EPS to \$(0.37) from \$(0.76).
- We are initiating our 2026 estimates for revenue of \$11.0 million, and for EPS of \$(0.22).

**ADDITIONAL DETAILS**

- Gross profit for the quarter was \$1.3 million, compared with our estimate of \$1.7 million.
- Gross margin for the quarter was 75%, versus our expectation of 75% and 79% last year.
- Operating expenses were \$3.2 million, versus our expectation of \$3.4 million.
- Operating loss was \$1.9 million, versus our expectation of a loss of \$1.7 million.
- Net loss was \$2.3 million, versus our expectation of a loss of \$1.7 million.

The company's balance sheet had \$5 million in cash and \$1 million in debt, compared with \$1 million in cash and \$1 million in debt at the end of September. In the current Q1 (January), the company raised ~\$7.5 million selling stock.

Exhibit 1: Intrusion, Inc. Corporate Overview



## Intrusion | at a glance

*Innovative provider of cyberattack prevention solutions including Zero-Days*

- Long heritage in networking and cybersecurity technology
- Established relationships with DoD and Government agencies
- Owns world’s most extensive advanced threat intelligence database with reputation data on over 8.5 Billion active IPs
- New pioneering cybersecurity solution positions Company for high-growth, high-margin recurring revenues
- Uplisted to the NASDAQ in October 2020
- New visionary leadership team to drive growth

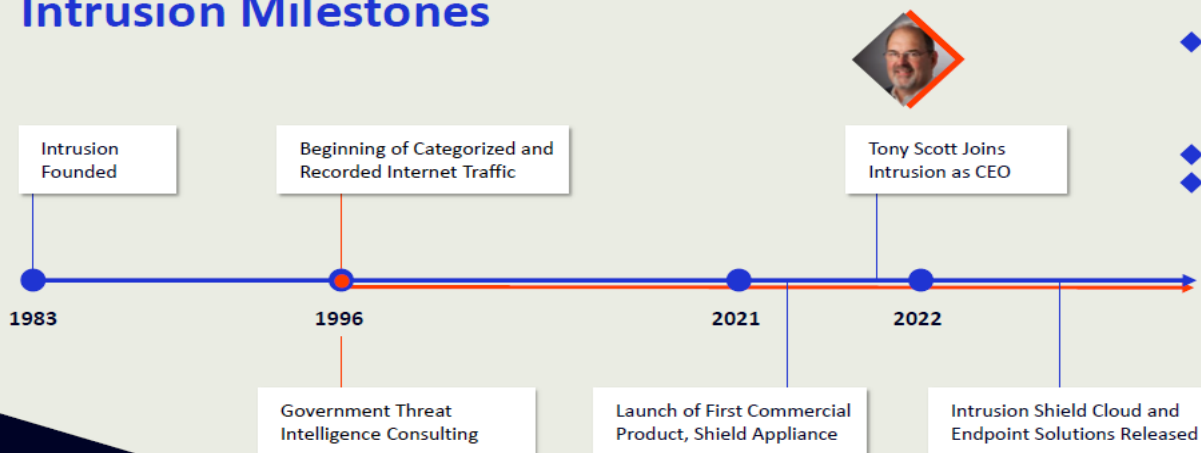
Nasdaq: INTZ

“There are two type of companies: those who have been hacked, and those who don’t yet know they have been hacked.”\*

– John Chambers, Former CEO of Cisco



## Intrusion Milestones



**30 years**  
of securing networks,  
threat hunting, and analysis expertise

Source: Company reports.

**Exhibit 2: INTRUSION Shield Key Takeaways**

Remember

**INTRUSION Shield key takeaways**

- Protects against Zero-Day and Malware-Free attacks
- Highly accurate and effective protection against previously unknown threats
- Real-time AI does deep packet inspection on all connections attempting to enter or exit your network
- Delivers Zero-Trust by killing any connection it's unable to validate as good
- Leverages advanced threat intelligence with 2+ decades of reputation history on 8.5+ billion active IP addresses
- 5.1+ billion known good; 3.4+ billion known malicious
- Does not generate time consuming and ineffective alerts



### What We Do...

- ◆ Protect against threats that are leaking through or evading other parts of the cybersecurity stack already in place
- ◆ Identify threats relevant to the customer's environment in real time
- ◆ Block malicious connections automatically – and without creating false alerts
- ◆ Analyze BOTH incoming and outgoing traffic

**195.211.77.68**  
 Port: 0808  
 Risk Level: 4  
 Status: **Blocked**  
 Reason: Ransomware domain

### Go-To-Market

Utilize proof of concept to demonstrate Intrusion Shield's value proposition

**Integrate Intrusion Shield with the customer's existing networks to detect malware and identify any nefarious IP addresses visited.**

#### Observe Mode

- ◆ After 5 days the customer can see what has been observed on the network.
- ◆ Provide reporting every day to demonstrate what Intrusion Shield has killed and why.
- ◆ Explains what would have been blocked if the customer were in protect mode.

#### Protect Mode

- ◆ After 5 additional days, the customer can see all the traffic that Intrusion Shield blocked.
- ◆ In protect mode, Intrusion Shield is stopping ransomware attacks that would otherwise sit on the network and observe browsing activity.
- ◆ Prevents bad actors from outbound communication that would shut down the customer's network.

Source: Company reports.

**Exhibit 3: Cybersecurity Market Opportunities**

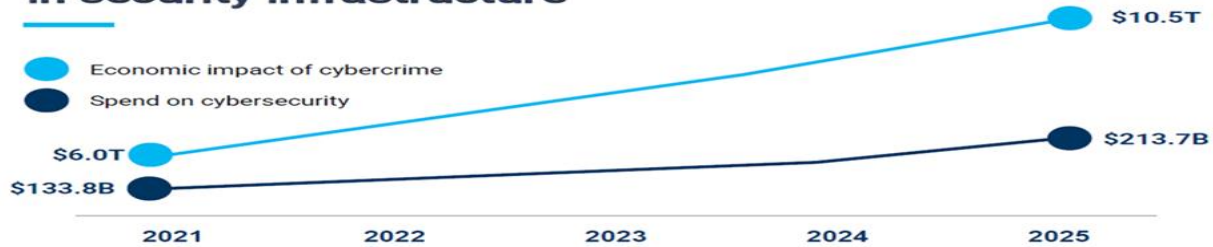
**WHY NOW**

**Why are we seeing so many headlines?**

- 61% of successful attacks use a Zero-Day\*
- 34% of successful attacks use malware-free techniques\*
- Traditional cybersecurity products are ineffective against Zero-Day and Malware-Free attacks
  - Most cybersecurity products work from a known bad or signature basis



**Cyberattacks increasing despite growing investment in security infrastructure**



Source: Spend: Gartner  
Impact: Cybersecurity Ventures

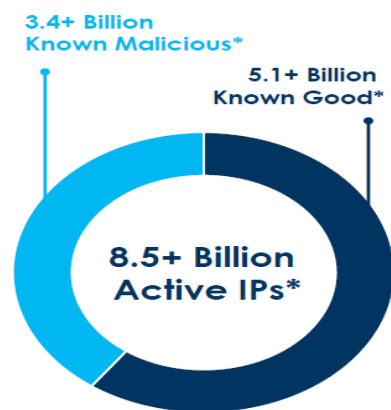
Source: Company reports.

**Exhibit 4: INTRUSION Shield Software Platform**

**DIFFERENTIATION**

**Introducing Zero-Trust INTRUSION Shield**

- **INTRUSION Shield** implements Zero-Trust in a natural and bidirectional way by only allowing known good connections to proceed delivering effective protection from Zero-Day and Malware-Free attacks
- **INTRUSION Shield's** use of patented technologies along with threat intelligence database with 2+ decades of history on active IPs and real-time AI deep packet inspection allow only trusted connections to flow
- **INTRUSION Shield** is a Zero Trust Network Access (ZTNA) solution that kills malicious connections accurately and without creating alerts



Source: Company reports.

---

## Exhibit 5: Recent New Products (Cloud and Endpoint) Launched (both in 9/22) & Shield Mobile (3/23)

### Product Pipeline

Several new Intrusion Shield products are expected to go to market in the second half of 2022, including a cloud-based product and an Intrusion Shield endpoint product



#### Cloud Based Product

- ◆ Reached full demo capabilities in the second quarter of 2022.
- ◆ This product will allow cloud downloads to be protected by Intrusion Shield technology without the requirement for dedicated hardware.
- ◆ Finalizing product launch activities.
- ◆ General availability release of the product remains on track for the third quarter 2022.



#### Endpoint Solution

- ◆ Reached full demo capabilities in the second quarter of 2022.
- ◆ This product will support Windows, iOS, MacOS, and Android clients upon release.
- ◆ Early beta feedback is positive.
- ◆ General availability release remains on track for the third quarter 2022.

## Intrusion Announces the Launch of its Shield Mobile

3/2/2023

PLANO, TX / ACCESSWIRE / March 2, 2023 / Intrusion, Inc, (NASDAQ:INTZ) a leader in cyber-attack prevention solutions, including zero-days, today announced a new mobile app that is now available in the Google Play Store:

**Intrusion Shield Mobile.**

Source: Company reports.

---

---

## Exhibit 6: Intrusion Investment Highlights

### Reasons to Invest in Intrusion

- 1 New and experienced management team brings an **emphasis on execution and profitable growth**
- 2 Intrusion's **proprietary database and IP** have historically been under-monetized
- 3 **New cloud and endpoint solutions** significantly expand the product portfolio and total addressable market
- 4 **Transition to recurring revenue model**, selling through the channel and MSPs, MSSPs, and VARs
- 5 **Long-term roadmap established for product growth** building on core technology assets

Source: Company reports.

---

---

## Exhibit 7: Company Strategic Update (as of January 2022)

The key tenets of the strategy update included:

- Broadening Shield product offering to include cloud and endpoint solutions in the second half of 2022 in addition to high availability/high throughput solutions to satisfy evolving customer needs.
- Focused messaging and marketing efforts to highlight how INTRUSION's Shield products increase the value and effectiveness of existing cybersecurity technologies that an organization already may have in place.
- Repositioning and rightsizing sales and marketing resources to align with Shield's growth opportunities.
- Improved go-to-market strategy focused on strategic partners, VARs, MSPs, and MSSPs.
- Planning capital fund raise to deliver on new market and product opportunities.
- Commitment to investing in and expanding INTRUSION's existing government business with existing and new customers.

Source: Company reports.

---

---

Exhibit 8: Q4 2024 and Recent Highlights (as of February 27, 2025)

## Intrusion Inc. Reports Fourth Quarter and Full Year 2024 Results

2025-02-27

Recent balance sheet actions position the Company for future growth

PLANO, TX / **ACCESS Newswire** / February 27, 2025 / Intrusion Inc. (NASDAQ:INTZ) ("Intrusion" or the "Company"), a leader in cyberattack prevention solutions, announced today financial results for the fourth quarter and full year ended December 31, 2024.

### Recent Financial & Business Highlights:

- Took recent actions to improve the strength of the balance sheet, resulting in \$14.5 million in proceeds to the Company and the elimination of \$10.1 million notional value of all Series A Preferred Stock.
- Expanded cybersecurity portfolio with the introduction of Intrusion Shield Sentinel that advances network monitoring for large-scale environments.
- Announced Intrusion Shield Command Hub that harnesses AI for smarter cybersecurity.
- Signed a total of 20 new Intrusion Shield logos during 2024.

"We have continued to make progress toward positioning our business for future sustainable growth and profitability," said Tony Scott, CEO of Intrusion. "Furthermore, we are excited about our improved financial health and our third consecutive quarter of sequential revenue growth. Our enhanced performance was driven by our ability to secure a large contract for a combination of Intrusion Shield and consulting services with the U.S.

Department of Defense and the addition of 20 new commercial Intrusion Shield logos during the year. Looking ahead to 2025, we are excited about the opportunities that lie ahead of us, and it is our belief that we have only scratched the surface of our potential, as our customer base and pipeline continue to grow amid the rising demand for cybersecurity solutions."

Source: Company reports.

---



**Exhibit 9: Intrusion, Inc. Stock Price (5-Years)**


\*Reflects a 1:20 reverse stock split in March 2024

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

**Exhibit 10: Consensus Expectations (as of February 27, 2025)**

	Revenue (mils)			EPS	
	<u>2024E</u>	<u>2025E</u>		<u>2024E</u>	<u>2025E</u>
Q1 Mar	\$1.1A	\$2.0E	Q1 Mar	\$(0.94)A	\$(0.25)E
Q2 Jun	\$1.5A		Q2 Jun	\$(0.53)A	
Q3 Sep	\$1.5A		Q3 Sep	\$(0.35)A	
Q4 Dec	\$2.0E		Q4 Dec	\$(0.23)E	
<b>Total</b>	<b>\$6.0E</b>	<b>\$9.0E</b>	<b>Total</b>	<b>\$(1.64)E</b>	<b>\$(0.70)E</b>

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

\*Reflects a 1:20 reverse stock split in March 2024

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

## FINANCIAL MODEL

### Intrusion Inc.

Income Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	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>	1.3	1.5	1.5	1.4	5.6	1.1	1.5	1.5	1.7	5.8	1.7	1.9	1.8	2.6	8.0	2.4	2.7	2.5	3.4	11.0
<u>Cost of Revenues</u>	0.3	0.3	0.3	0.3	1.3	0.2	0.4	0.3	0.4	1.3	0.4	0.5	0.4	0.5	1.8	0.5	0.5	0.5	0.7	2.2
Gross Profit	1.0	1.1	1.1	1.1	4.4	0.9	1.1	1.2	1.3	4.4	1.3	1.4	1.5	2.1	6.2	1.9	2.1	2.0	2.7	8.8
Sales and marketing	1.7	1.4	1.4	1.2	5.7	1.2	1.2	1.2	1.2	4.7	1.1	1.1	1.1	1.2	4.5	1.1	1.1	1.0	1.2	4.4
Research & development	1.8	1.5	1.2	1.1	5.6	1.0	1.0	1.2	1.2	4.4	1.1	1.1	1.1	1.2	4.5	1.1	1.1	1.0	1.2	4.4
General and administrative	1.5	1.2	1.3	1.2	5.2	1.2	1.0	0.8	0.7	3.7	1.1	1.1	1.1	1.2	4.5	1.1	1.1	1.0	1.2	4.4
Depreciation and amortization					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	5.0	4.1	3.8	3.5	16.4	3.4	3.1	3.2	3.2	12.9	3.3	3.4	3.3	3.5	13.5	3.2	3.3	2.9	3.6	13.1
<b>Operating income (loss)</b>	<b>(4.0)</b>	<b>(2.9)</b>	<b>(2.7)</b>	<b>(2.4)</b>	<b>(12.0)</b>	<b>(2.5)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(1.9)</b>	<b>(8.4)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>(1.4)</b>	<b>(7.3)</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(4.3)</b>
Interest income (expense)	(0.7)	(0.2)	(0.5)	(0.4)	(1.8)	(0.2)	(0.0)	(0.0)	(0.1)	(0.3)	(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	1.0				1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(4.7)	(3.1)	(3.2)	(2.8)	(13.9)	(1.7)	(2.1)	(2.1)	(2.0)	(7.8)	(2.0)	(2.0)	(1.8)	(1.4)	(7.3)	(1.3)	(1.2)	(0.9)	(0.9)	(4.3)
Income taxes					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(4.7)	(3.1)	(3.2)	(2.8)	(13.9)	(1.7)	(2.1)	(2.1)	(2.0)	(7.8)	(2.0)	(2.0)	(1.8)	(1.4)	(7.3)	(1.3)	(1.2)	(0.9)	(0.9)	(4.3)
Nonrecurring/noncash adjustments					0.0	(0.0)	(0.2)	(0.3)	(0.3)	(1.4)					0.0					0.0
<b>Net income (pro forma)</b>	<b>(4.7)</b>	<b>(3.1)</b>	<b>(3.2)</b>	<b>(2.8)</b>	<b>(13.9)</b>	<b>(1.7)</b>	<b>(2.3)</b>	<b>(2.3)</b>	<b>(2.3)</b>	<b>(9.2)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>(1.4)</b>	<b>(7.3)</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(4.3)</b>
EBITDA	(3.6)	(2.2)	(2.0)	(1.7)	(9.4)	(1.8)	(1.7)	(1.6)	(1.4)	(6.5)	(1.9)	(1.8)	(1.6)	(1.2)	(6.6)	(1.1)	(1.0)	(0.7)	(0.7)	(3.5)
Shares, Basic	1.1	1.1	1.2	1.6	1.2	1.9	4.3	6.6	6.2	5.3	19.4	19.5	19.6	19.7	19.6	19.8	19.9	20.0	20.1	20.0
Shares, Diluted	1.1	1.1	1.2	1.6	1.2	1.9	4.3	6.6	6.2	5.3	19.4	19.5	19.6	19.7	19.6	19.8	19.9	20.0	20.1	20.0
EPS Basic (pro forma)	(\$4.49)	(\$2.93)	(\$2.78)	(\$1.80)	(\$11.46)	(\$0.94)	(\$0.53)	(\$0.35)	(\$0.36)	(\$1.74)	(\$0.11)	(\$0.10)	(\$0.09)	(\$0.07)	(\$0.37)	(\$0.07)	(\$0.06)	(\$0.04)	(\$0.04)	(\$0.22)
EPS Diluted (pro forma)	(\$4.49)	(\$2.93)	(\$2.78)	(\$1.80)	(\$11.46)	(\$0.94)	(\$0.53)	(\$0.35)	(\$0.36)	(\$1.74)	(\$0.11)	(\$0.10)	(\$0.09)	(\$0.07)	(\$0.37)	(\$0.07)	(\$0.06)	(\$0.04)	(\$0.04)	(\$0.22)
<b>Margins</b>																				
Gross margin	76%	78%	78%	79%	78%	80%	76%	77%	75%	77%	75%	75%	80%	80%	78%	80%	80%	80%	80%	80%
Sales and marketing	133%	97%	92%	84%	101%	104%	79%	80%	71%	82%	65%	60%	60%	45%	56%	45%	42%	38%	35%	40%
Research & development	137%	99%	80%	83%	99%	90%	71%	76%	73%	77%	65%	60%	60%	45%	56%	45%	42%	38%	35%	40%
General and administrative	115%	81%	89%	86%	92%	104%	65%	56%	44%	64%	65%	60%	60%	45%	56%	45%	42%	38%	35%	40%
Operating margin	-309%	-199%	-183%	-175%	-215%	-219%	-139%	-136%	-114%	-146%	-120%	-105%	-100%	-55%	-91%	-55%	-46%	-34%	-25%	-39%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-362%	-213%	-219%	-206%	-248%	-152%	-142%	-136%	-117%	-135%	-121%	-106%	-101%	-55%	-91%	-56%	-46%	-34%	-25%	-39%
<b>YY % change</b>																				
Total Revenue	-29%	-29%	-33%	-5%	-25%	-14%	-1%	2%	23%	3%	50%	30%	21%	55%	39%	40%	40%	40%	32%	37%
Gross margin	-16%	-18%	-4%	19%	-7%	-9%	-2%	1%	17%	2%	41%	28%	26%	65%	40%	49%	49%	40%	32%	41%
Sales and marketing	19%	-22%	-21%	-43%	-19%	-32%	-19%	-11%	4%	-16%	-6%	-2%	-10%	-2%	-5%	-3%	-2%	-11%	3%	-3%
Research & development	9%	-2%	-20%	-39%	-14%	-43%	-29%	-2%	8%	-20%	8%	10%	-5%	-5%	1%	-3%	-2%	-11%	3%	-3%
General and administrative	-27%	-42%	-29%	-23%	-31%	-22%	-20%	-36%	-38%	-28%	-7%	20%	30%	59%	21%	-3%	-2%	-11%	3%	-3%
Operating income (loss)	2%	-26%	-30%	-47%	-26%	-39%	-30%	-24%	-20%	-30%	-18%	-2%	-11%	-25%	-14%	-36%	-39%	-52%	-40%	-42%
Net income (loss)	17%	-23%	10%	-46%	-14%	-64%	-34%	-36%	-31%	-44%	19%	-3%	-11%	-27%	-6%	-36%	-38%	-52%	-40%	-41%
EPS Diluted (pro forma)	6%	-30%	-5%	-64%	-30%	-79%	-82%	-87%	-80%	-85%	-89%	-80%	-73%	-80%	-78%	-37%	-40%	-53%	-41%	-42%

Source: Company reports and Ascendant Capital Markets estimates.

Reflects a 1:20 reverse stock split in March 2024

**Intrusion Inc.**

Balance Sheet (\$ mils)	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	Dec-26
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	0.4	0.3	0.2	0.1	0.1	1.5	1.1	4.9	10.6	8.4	6.2	5.2	3.4	2.5	0.7	(0.2)
Short term investments									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	0.5	0.2	0.5	0.4	0.3	0.7	0.9	0.2	0.9	1.1	1.0	1.4	1.3	1.5	1.4	1.9
Deferred income taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	0.4	0.4	0.3	0.6	0.4	0.4	0.5	0.5	0.4	0.5	0.5	0.6	0.6	0.7	0.6	0.9
Total current assets	1.3	0.9	0.9	1.1	0.8	2.6	2.5	5.5	12.0	9.9	7.7	7.3	5.4	4.6	2.7	2.5
Property and equipment, net	2.5	2.5	2.8	2.9	3.0	3.0	3.1	3.8	3.8	4.1	4.6	4.5	4.9	4.9	5.8	6.3
Intangibles, net									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	1.5	1.2	0.9	2.2	2.0	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>Total assets</b>	<b>5.2</b>	<b>4.7</b>	<b>4.7</b>	<b>6.2</b>	<b>5.7</b>	<b>7.5</b>	<b>7.4</b>	<b>11.5</b>	<b>17.9</b>	<b>16.2</b>	<b>14.4</b>	<b>13.9</b>	<b>12.4</b>	<b>11.6</b>	<b>10.7</b>	<b>10.9</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	1.5	1.8	2.5	2.2	1.9	1.4	1.1	1.5	1.0	1.1	1.1	1.6	1.4	1.6	1.5	2.1
Accrued expenses	0.5	0.2	0.6	0.2	0.4	0.2	0.4	0.3	1.0	1.1	1.1	1.6	1.4	1.6	1.5	2.1
Deferred revenue	0.2	1.1	0.9	0.4	0.9	0.6	0.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Deferred income tax									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.9	0.8	0.7	0.6	0.5	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Short term debt	10.7	10.9	11.0	10.8	1.7	0.5	1.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Total current liabilities</b>	<b>13.8</b>	<b>14.8</b>	<b>15.7</b>	<b>14.3</b>	<b>5.4</b>	<b>3.1</b>	<b>3.5</b>	<b>3.7</b>	<b>3.9</b>	<b>4.2</b>	<b>4.1</b>	<b>5.0</b>	<b>4.7</b>	<b>5.1</b>	<b>4.9</b>	<b>6.0</b>
Deferred income taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	0.2	0.1	1.5	1.5	1.4	1.4	1.6	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Deferred revenue									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt			0.4						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total other liabilities</b>	<b>0.2</b>	<b>0.2</b>	<b>0.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>	<b>1.6</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>
Preferred stock					9.3	9.0	8.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Common stock	0.2	0.2	0.2	(0.3)	(0.3)	(0.3)	(0.3)	(2.1)	(2.0)	(1.9)	(1.8)	(1.8)	(1.7)	(1.6)	(1.5)	(1.4)
Additional paid-in capital	92.4	94.0	96.0	101.0	101.9	108.3	110.0	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6
Retained earnings	(101.1)	(104.2)	(107.4)	(110.2)	(111.9)	(114.0)	(116.1)	(118.0)	(120.1)	(122.1)	(123.9)	(125.3)	(126.6)	(127.9)	(128.8)	(129.6)
Other	(0.4)	(0.4)	(0.4)						7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Accumulated other comprehensive income	(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)	(0.0)	(0.0)	(0.0)
<b>Total stockholders' equity</b>	<b>(8.8)</b>	<b>(10.3)</b>	<b>(11.5)</b>	<b>(9.6)</b>	<b>(1.2)</b>	<b>2.9</b>	<b>2.6</b>	<b>6.3</b>	<b>11.8</b>	<b>9.9</b>	<b>8.1</b>	<b>6.7</b>	<b>5.5</b>	<b>4.4</b>	<b>3.6</b>	<b>2.8</b>
<b>Total stockholders' equity and liabilities</b>	<b>5.2</b>	<b>4.7</b>	<b>4.7</b>	<b>6.2</b>	<b>5.7</b>	<b>7.5</b>	<b>7.4</b>	<b>11.5</b>	<b>17.9</b>	<b>16.2</b>	<b>14.4</b>	<b>13.9</b>	<b>12.4</b>	<b>11.6</b>	<b>10.7</b>	<b>10.9</b>

**Balance Sheet Drivers**

	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	Dec-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	28%	29%	21%	46%	34%	28%	33%	31%	25%	25%	25%	25%	25%	25%	25%	25%
A/P as % of total rev	115%	122%	170%	162%	167%	96%	76%	90%	60%	60%	60%	60%	60%	60%	60%	60%
Accrued exp related as % of total rev	40%	14%	43%	16%	31%	16%	27%	17%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	32	13	28	24	20	44	55	9	50	50	50	50	50	50	50	50
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	(\$8.39)	(\$9.65)	(\$10.00)	(\$6.12)	(\$0.63)	\$0.68	\$0.39	\$1.01	\$0.61	\$0.51	\$0.41	\$0.34	\$0.28	\$0.22	\$0.18	\$0.14
Cash per Share (diluted)	\$0.39	\$0.28	\$0.15	\$0.09	\$0.07	\$0.35	\$0.16	\$0.78	\$0.55	\$0.43	\$0.32	\$0.26	\$0.17	\$0.12	\$0.03	(\$0.01)
Net cash per Share (diluted)	(\$9.80)	(\$9.91)	(\$9.73)	(\$6.84)	(\$0.86)	\$0.23	(\$0.01)	\$0.70	\$0.52	\$0.40	\$0.29	\$0.24	\$0.15	\$0.10	\$0.01	(\$0.04)

Source: Company reports and Ascendant Capital Markets estimates

**Intrusion Inc.**

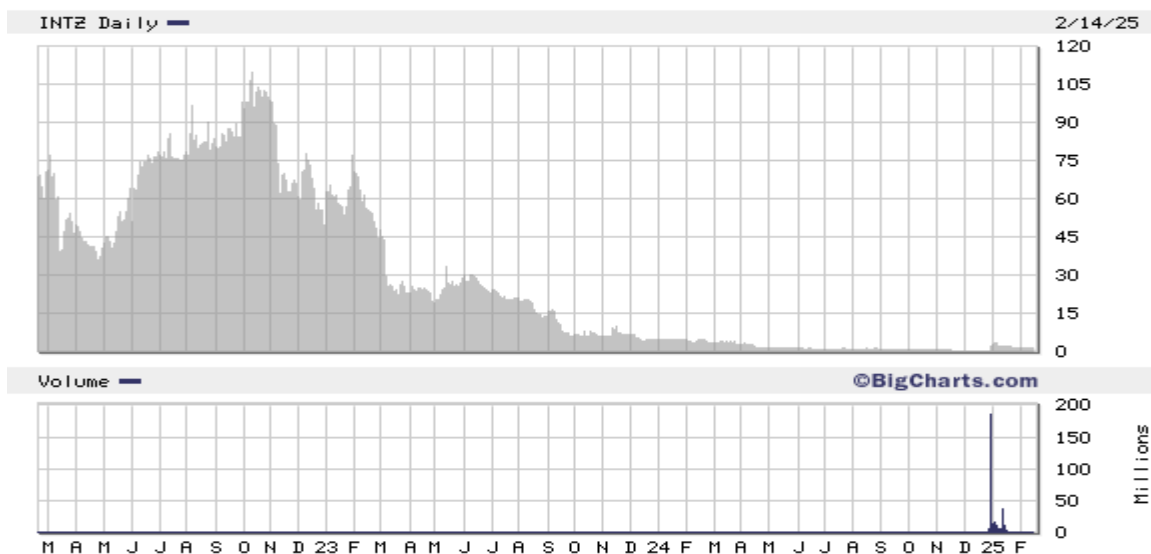
Cash Flow Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																				
Net income	(4.7)	(3.1)	(3.2)	(2.8)	(13.9)	(1.7)	(2.1)	(2.1)	(2.0)	(7.8)	(2.0)	(2.0)	(1.8)	(1.4)	(7.3)	(1.3)	(1.2)	(0.9)	(0.9)	(4.3)
Depreciation	0.4	0.4	0.4	0.4	1.7	0.4	0.4	0.4	0.5	1.6	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Amortization					0.0	0.1	(0.1)	0.0	0.0	0.0					0.0					0.0
Debt related amortization expen	0.6	0.2	0.6	0.3	1.7	(0.8)	0.2	(0.1)	(0.1)	(0.8)					0.0					0.0
Stock comp	0.1	0.3	0.3	0.3	1.0	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.3
A/R reserves		0.0	(0.0)	0.1	0.1			0.0	0.1	0.1					0.0					0.0
Deferred income taxes					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Writedowns and impairments					0.0					0.0					0.0					0.0
Other gains/losses					0.0			0.3	(0.3)	0.0					0.0					0.0
Other	0.1	0.1	0.1	0.1	0.3				0.5	0.5					0.0					0.0
Changes in operating assets and liabilities:																				
Accounts receivable	0.1	0.2	(0.3)	0.1	0.1	0.1	(0.5)	(0.2)	0.7	0.1	(0.8)	(0.1)	0.0	(0.4)	(1.3)	0.1	(0.2)	0.1	(0.5)	(0.5)
Inventory					0.0					0.0					0.0					0.0
Prepaid expenses & other curre	1.5	(0.1)	0.1	(0.4)	1.2	0.3	(0.1)	(0.1)	(0.0)	0.1	0.1	(0.1)	0.0	(0.2)	(0.1)	0.1	(0.1)	0.0	(0.2)	(0.2)
Income tax					0.0					0.0					0.0					0.0
Other assets					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.1	0.9	(0.6)	0.4	(0.1)	(0.5)	0.1	0.1	(0.5)	(0.5)	0.1	(0.0)	0.5	0.0	(0.1)	0.2	(0.1)	0.5	0.5
Accrued expenses					0.0					0.0	0.7	0.1	(0.0)	0.5	1.3	(0.1)	0.2	(0.1)	0.5	0.5
Deferred revenue	(0.3)	1.0	(0.3)	(0.4)	(0.0)	0.5	(0.3)	(0.3)	0.4	0.3					0.0					0.0
Other liabilities	(0.1)	(0.1)	(0.1)	0.0	(0.3)	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	0.6	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
<b>Net cash (used in) provided by</b>	<b>(2.3)</b>	<b>(1.0)</b>	<b>(1.5)</b>	<b>(3.0)</b>	<b>(7.8)</b>	<b>(1.1)</b>	<b>(2.9)</b>	<b>(2.1)</b>	<b>(0.2)</b>	<b>(6.3)</b>	<b>(1.7)</b>	<b>(1.7)</b>	<b>(1.7)</b>	<b>(1.0)</b>	<b>(6.1)</b>	<b>(1.2)</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>(0.3)</b>	<b>(3.3)</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equi	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.1)	0.0	(0.0)	(0.5)	(0.5)	(0.0)	(0.5)	(0.5)	(0.0)	(1.1)	(0.5)	(0.0)	(1.1)	(0.5)	(2.2)
Purchases of short-term investments					0.0					0.0					0.0					0.0
Acquisitions					0.0					0.0					0.0					0.0
Other	(0.3)	(0.4)	(0.3)	(0.3)	(1.3)	(0.4)	(0.3)	(0.3)	(0.3)	(1.3)					0.0					0.0
<b>Net cash used in investing activ</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(1.4)</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.8)</b>	<b>(1.8)</b>	<b>(0.0)</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(0.0)</b>	<b>(1.1)</b>	<b>(0.5)</b>	<b>(0.0)</b>	<b>(1.1)</b>	<b>(0.5)</b>	<b>(2.2)</b>
<b>Cash flow from financing activities</b>																				
Issuance of debt					0.0	1.3		0.5		1.8	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	(0.7)	(0.7)	(0.3)	(1.4)	(0.1)	(0.6)	(2.4)					0.0					0.0
Issuance of stock	0.0	1.3	1.7	4.0	7.0	0.5	5.5	1.6	4.9	12.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from stock option exe	0.0			0.0	0.0		0.6		0.4	1.0					0.0					0.0
Other		(0.1)	(0.0)	0.1	0.0					0.0	7.5				7.5					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>1.3</b>	<b>1.7</b>	<b>3.4</b>	<b>6.3</b>	<b>1.5</b>	<b>4.6</b>	<b>2.0</b>	<b>4.7</b>	<b>12.8</b>	<b>7.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.5</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
<b>Net increase (decrease) in cash</b>	<b>(2.6)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>(2.9)</b>	<b>(0.0)</b>	<b>1.4</b>	<b>(0.5)</b>	<b>3.8</b>	<b>4.7</b>	<b>5.8</b>	<b>(2.2)</b>	<b>(2.2)</b>	<b>(1.0)</b>	<b>0.3</b>	<b>(1.8)</b>	<b>(1.0)</b>	<b>(1.8)</b>	<b>(0.9)</b>	<b>(5.4)</b>
<b>Beginning cash and equivalents</b>	<b>3.0</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>3.0</b>	<b>0.1</b>	<b>0.1</b>	<b>1.5</b>	<b>1.1</b>	<b>0.1</b>	<b>4.9</b>	<b>10.6</b>	<b>8.4</b>	<b>6.2</b>	<b>4.9</b>	<b>5.2</b>	<b>3.4</b>	<b>2.5</b>	<b>0.7</b>	<b>5.2</b>
<b>Ending cash and equivalents</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>1.5</b>	<b>1.1</b>	<b>4.9</b>	<b>4.9</b>	<b>10.6</b>	<b>8.4</b>	<b>6.2</b>	<b>5.2</b>	<b>5.2</b>	<b>3.4</b>	<b>2.5</b>	<b>0.7</b>	<b>(0.2)</b>	<b>(0.2)</b>

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.

## Intrusion, Inc.



\*Reflects a 1:20 reverse stock split in March 2024

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

	Report Date		Price
Report	Date	Rating	Target
1	7/25/2022	Buy	120.00
2	8/7/2022	Buy	125.00
3	11/19/2022	Buy	130.00
4	3/7/2023	Buy	120.00
5	6/1/2023	Buy	110.00
6	9/5/2023	Buy	100.00
7	11/23/2023	Buy	90.00
8	4/29/2024	Buy	20.00
9	6/1/2024	Buy	16.00
10	8/29/2024	Buy	14.00
11	12/3/2024	Buy	11.00

- Ascendant Capital Markets, LLC has received compensation for advisory or 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 balance sheet/liquidity risks, technological changes, customer demand for cybersecurity and software technologies, investor sentiment for investing in technology stocks, consumer and stock market sentiment, industry growth for software and technology companies, competition, changing macroeconomic factors, and changes in government regulations.

## **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 January 10, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	56	98%	20	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	57	100%	20	35%

### 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.