



Genasys Inc.

Q4 weak, but solid FY24 guidance. Maui and other wildfires should be catalyst for growth. Lowering P/T to \$4.50.

COMPANY UPDATE

Rating: BUY

Ticker: GNSS

Price: \$1.72

Target: \$4.50
(from \$6.00)

Q4 weak: Genasys recently (on December 7) reported its fiscal Q4 FY23 (ending September) results. Revenue was \$11 million (-33% y-o-y), compared with our estimates of \$12 million and consensus of \$11 million. Pro forma EPS was \$(0.07), compared with our estimates of \$(0.06) and consensus of \$(0.07). Q4 revenue guidance was \$13.5 million. In mid-September, the company lowered its Q4 revenue guidance to “at least” \$10 million from \$13.5 million.

Q4 deals delayed: Q4 revenues were -33% (y-o-y). Software revenue was -3% and hardware revenue was -36% (y-o-y). Several hardware deals expected to be booked in Q4 have been delayed until FY24.

Solid guidance for FY24 revenue: Management did not provide specific FY24 guidance, but did provide initial qualitative guidance for FY24 revenue of around \$58 million (approximately 30% (1H)/70% (2H)). The company expects FY24 EBITDA to improve over FY23’s.

Adjusting estimates: We are maintaining our FY24 revenue estimates of \$53 million, but lowering it for EPS to \$(0.12) from \$(0.07).

Solid momentum in software: Software revenue in FY23 was +23% y-o-y. The company has rapidly expanded its software revenues, and expects it to double in FY24 (from FY23’s \$3.8 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.

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 has begun revenues in Q3 FY23.

Acquires Evertel: 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).

Maui wildfires likely to drive business: The devastating wildfires in Maui in August is likely to drive increased interest in Genasys emergency mass notification software (Genasys Protect). A lack of warnings is one of the biggest criticism from the Maui wildfires.

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.

Capital raise: In October (current Q1), the company raised ~\$10 million selling stock (5.75 million shares at \$2.00/share) to help fund its acquisition of Evertel.

Valuation positive: We are maintaining our BUY rating, but lowering our 12-month price target to \$4.50 from \$6.00, which is based on a forward P/E multiple of ~22.5x our FY26 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

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$1.59 – 4.23
Shares Outstanding (million):	44
Market cap (\$million):	\$76
EV (\$million):	\$56
Debt (\$million):	\$0
Cash (\$million):	\$20
Avg. Daily Trading Vol. (\$million):	\$0.3
Float (million shares):	30
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Dec	8E	11E	10E	
Q2 Mar	9E	12E	12E	
Q3 Jun	17E	16E	17E	
Q4 Sep	<u>19E</u>	<u>14E</u>	<u>19E</u>	
Total	53E		58E	
EV/Revs	1.1x		1.0x	

Earnings per Share (pro forma)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Dec	(0.07)E	(0.04)E	(0.04)E	
Q2 Mar	(0.06)E	(0.01)E	(0.03)E	
Q3 Jun	0.00E	(0.02)E	0.03E	
Q4 Sep	<u>0.01E</u>	<u>0.00E</u>	<u>0.04E</u>	
Total	(0.12)E	(0.07)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 December 7) reported its fiscal Q4 FY23 (ending September) results.
- Revenue was \$11 million (-33% y-o-y), compared with our estimates of \$12 million and consensus of \$11 million.
- Pro forma EPS was \$(0.07) (excluding \$0.20 in deferred tax charges), compared with our estimates of \$(0.06) and consensus of \$(0.07).
- Q4 revenue guidance was \$13.5 million. In mid-September, the company lowered its Q4 revenue guidance to “at least” \$10 million from \$13.5 million.
- Management did not provide specific FY24 guidance, but did provide initial qualitative guidance for FY24 revenue of around \$58 million (approximately 30% (1H)/70% (2H)). The company expects FY24 EBITDA to improve over FY23’s.
- We are maintaining our FY24 revenue estimates of \$53 million, but lowering it for EPS to \$(0.12) from \$(0.07).
- We are initiating our FY25 estimates for revenue of \$58 million, and for EPS of \$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 50%, versus 48% last year and our estimate of 48%.
- Operating expenses were \$8 million, compared with our estimate of \$8 million.
- Operating loss was \$2.6 million, compared with our estimate of a loss of \$2.2 million.
- Pro forma net loss was \$2.6 million, compared with our estimate of a loss of \$2.2 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 \$10 million in cash and no debt, compared with \$7 million in cash and no debt as of June. In October (current Q1), the company raised ~\$10 million selling stock (5.75 million shares at \$2.00/share).

Exhibit 1: Business Outlook (as of December 7, 2023)

Business Outlook

Software pipeline and bookings continue to see robust growth. Recent competitive wins, the addition of Evertel and newly forged partnerships provide added sales pipeline and market differentiation. While our hardware pipeline continues to grow beyond the delayed orders from last fiscal year, lack of budgetary certainty is again expected to skew hardware revenues significantly toward the second half of our fiscal year. In fiscal 2024, Genasys now expects software revenues to more than double year over year, and hardware revenues to approach fiscal 2022 levels. Adjusted EBITDA for the full fiscal year is expected to improve versus fiscal 2023.

Source: Company report

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



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

Exhibit 3: Consensus Expectations (as of December 7, 2023)

	Revenue (mil)			EPS	
	2023E	2024E		2023E	2024E
Q1 Dec	\$11A	\$10E	Q1 Dec	\$(0.10)A	\$(0.07)E
Q2 Mar	\$11A		Q2 Mar	\$(0.09)A	
Q3 Jun	\$14A		Q3 Jun	\$(0.04)A	
Q4 Sep	\$11E		Q4 Sep	\$(0.09)E	
Total	\$47E	\$55E	Total	\$(0.31)E	\$(0.15)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-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	Dec-24	Mar-25	Jun-25	Sep-25	2025
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
Product sales	10.7	13.2	14.2	16.0	54.0	10.5	11.2	14.3	10.7	46.7	7.9	9.3	16.7	18.7	52.6	10.2	11.6	17.2	18.9	58.0
Contract and other	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
Total Revenue	10.7	13.2	14.2	16.0	54.0	10.5	11.2	14.3	10.7	46.7	7.9	9.3	16.7	18.7	52.6	10.2	11.6	17.2	18.9	58.0
Cost of Revenues	5.8	6.2	7.6	8.4	27.9	5.9	6.3	7.6	5.4	25.2	3.9	4.7	8.4	9.4	26.3	4.9	5.5	7.7	8.3	26.4
Gross Profit	4.9	7.0	6.6	7.7	26.1	4.5	4.9	6.7	5.3	21.5	3.9	4.7	8.4	9.4	26.3	5.3	6.2	9.5	10.6	31.5
Selling, general and administ	5.1	5.6	5.5	5.6	21.8	6.1	6.1	6.0	6.2	24.3	5.9	6.0	6.7	7.1	25.7	5.1	5.8	6.2	6.6	23.7
Research and development	1.4	1.9	1.7	1.7	6.7	1.9	2.3	2.1	1.8	8.1	1.5	1.5	1.7	1.9	6.5	1.9	1.9	1.7	1.9	7.4
Restructuring and other				13.2	13.2					0.0					0.0					0.0
Total operating expenses	6.5	7.5	7.2	20.4	41.6	8.0	8.3	8.1	7.9	32.5	7.4	7.5	8.4	9.0	32.3	7.1	7.7	7.9	8.5	31.2
Operating income (loss)	(1.6)	(0.5)	(0.6)	(12.8)	(15.5)	(3.5)	(3.4)	(1.5)	(2.6)	(11.0)	(3.5)	(2.9)	0.0	0.4	(6.0)	(1.7)	(1.5)	1.5	2.1	0.4
Interest income (expense)	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
Other income (expense)	0.3		0.0	0.0	0.3	(0.0)		0.0	(0.0)	(0.0)					0.0					0.0
Income before income taxes	(1.3)	(0.5)	(0.6)	(12.7)	(15.2)	(3.5)	(3.4)	(1.4)	(2.6)	(11.0)	(3.5)	(2.9)	0.0	0.4	(6.0)	(1.7)	(1.5)	1.5	2.1	0.4
Income taxes		(0.0)	(0.0)	1.1	1.0		0.0	(0.0)	7.4	7.4	(0.3)	(0.3)	0.0	0.0	(0.6)	(0.2)	(0.2)	0.2	0.2	0.0
Net income (loss)	(1.3)	(0.5)	(0.6)	(13.8)	(16.2)	(3.5)	(3.4)	(1.4)	(10.1)	(18.4)	(3.1)	(2.6)	0.0	0.3	(5.4)	(1.6)	(1.4)	1.4	1.9	0.3
Nonrecurring/noncash adjustments				13.2	13.2				7.4	7.4					0.0					0.0
Net income (pro forma)	(1.3)	(0.5)	(0.6)	(0.7)	(3.1)	(3.5)	(3.4)	(1.4)	(2.6)	(11.0)	(3.1)	(2.6)	0.0	0.3	(5.4)	(1.6)	(1.4)	1.4	1.9	0.3
EBITDA	(0.4)	0.9	0.4	1.6	2.4	(2.4)	(2.3)	(0.4)	(1.7)	(6.8)	(2.5)	(1.9)	1.0	1.3	(2.2)	(0.8)	(0.6)	2.5	3.0	4.2
Shares, Basic	36.5	36.4	36.6	36.6	36.5	36.7	36.8	37.1	37.2	36.9	44.0	44.1	44.3	44.4	44.2	44.5	44.6	44.8	44.9	44.7
Shares, Diluted	36.5	36.4	36.6	36.6	36.5	36.7	36.8	37.1	37.2	36.9	44.0	44.1	44.3	44.4	44.2	44.5	44.6	44.8	44.9	44.7
EPS Basic (Pro forma)	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.10)	(\$0.09)	(\$0.04)	(\$0.07)	(\$0.30)	(\$0.07)	(\$0.06)	\$0.00	\$0.01	(\$0.12)	(\$0.04)	(\$0.03)	\$0.03	\$0.04	\$0.01
EPS Diluted (Pro forma)	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.10)	(\$0.09)	(\$0.04)	(\$0.07)	(\$0.30)	(\$0.07)	(\$0.06)	\$0.00	\$0.01	(\$0.12)	(\$0.04)	(\$0.03)	\$0.03	\$0.04	\$0.01
Margins																				
Gross margin	45.8%	52.9%	46.5%	47.8%	48.3%	43.3%	43.9%	46.9%	49.6%	46.0%	50.0%	50.0%	50.0%	50.0%	50.0%	52.0%	53.0%	55.0%	56.0%	54.4%
Selling, general and administ	48.1%	42.5%	38.9%	34.7%	40.3%	58.1%	54.0%	42.1%	57.7%	52.1%	75.0%	65.0%	40.0%	38.0%	48.9%	50.0%	50.0%	36.0%	35.0%	41.0%
Research and development	12.8%	14.4%	12.1%	10.6%	12.3%	18.5%	20.3%	15.0%	16.5%	17.4%	19.0%	16.0%	10.0%	10.0%	12.4%	19.0%	16.0%	10.0%	10.0%	12.8%
Operating margin	-15.1%	-4.0%	-4.4%	-79.6%	-28.7%	-33.3%	-30.4%	-10.2%	-24.7%	-23.5%	-44.0%	-31.0%	0.0%	2.0%	-11.3%	-17.0%	-13.0%	9.0%	11.0%	0.7%
Tax rate, GAAP	0.0%	8.4%	5.0%	-8.7%	-6.8%	0.0%	-0.2%	1.8%	-280.4%	-67.3%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net margin	-12.2%	-3.7%	-4.2%	-86.2%	-30.0%	-33.4%	-30.3%	-10.0%	-94.0%	-39.4%	-39.6%	-27.9%	0.0%	1.8%	-10.2%	-15.3%	-11.7%	8.1%	9.9%	0.6%
YY % change																				
Total Revenue	33%	17%	12%	7%	15%	-2%	-15%	1%	-33%	-14%	-25%	-17%	17%	75%	13%	30%	25%	3%	1%	10%
Gross margin	32%	30%	-2%	-1%	11%	-7%	-29%	2%	-31%	-18%	-13%	-6%	25%	76%	23%	35%	33%	13%	13%	20%
Selling, general and administ	54%	46%	15%	1%	25%	19%	8%	9%	11%	12%	-3%	0%	11%	15%	6%	-13%	-4%	-7%	-7%	-8%
Research and development	28%	97%	23%	13%	36%	41%	20%	25%	4%	22%	-23%	-35%	-22%	6%	-20%	30%	25%	3%	1%	14%
Operating income (loss)	132%	-195%	-221%	-1913%	-1533%	117%	547%	131%	-79%	-29%	-1%	-15%	-100%	-114%	-46%	-50%	-48% #DIV/0!	456%	-106%	
Net income (loss)	111%	-288%	-303%	-1893%	-2403%	169%	592%	142%	-27%	13%	-11%	-24%	-100%	-103%	-71%	-50%	-48% #DIV/0!	456%	-106%	
EPS Diluted (Pro forma)	101%	-280%	-296%	-188%	-522%	167%	583%	138%	292%	256%	-26%	-36%	-100%	-111%	-59%	-50%	-48% #DIV/0!	449%	-106%	

Source: Company reports and Ascendant Capital Markets estimates.

Genasys Inc.

Balance Sheet (\$ mils) Fiscal Year End: September 30	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	
Assets																	
Cash and cash equivalents	10.1	9.0	11.7	12.7	7.6	6.4	3.0	8.7	16.1	11.7	13.0	4.9	14.1	10.8	15.5	9.4	
Short term investments	3.9	5.2	5.3	6.4	6.6	5.6	3.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
Accounts receivable, net	6.8	5.6	5.7	6.7	3.3	3.6	10.4	6.0	4.0	5.3	9.7	14.2	5.1	6.6	9.9	14.3	
Inventory	9.1	9.6	8.8	6.0	8.0	9.4	8.0	6.5	6.9	8.5	12.5	14.0	8.6	10.0	11.6	12.5	
Deferred income taxes									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Prepaid expenses and other	1.5	1.7	1.3	3.7	3.7	2.4	2.4	2.6	1.4	1.1	2.5	2.5	1.8	1.4	2.6	2.5	
Total current assets	31.5	31.1	32.8	35.6	29.1	27.3	27.3	25.2	29.8	28.1	39.1	37.0	31.1	30.3	41.1	40.1	
Long term securities/investments	3.4	2.3	2.0	0.8	1.0	0.6	0.4		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Property and equipment, net	1.8	1.7	1.6	1.8	1.8	1.7	1.7	1.6	1.2	0.9	0.5	0.2	(0.1)	(0.5)	(0.8)	(1.2)	
Intangibles, net	36.0	35.6	34.6	20.6	20.3	19.8	19.3	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	
Deferred income tax	8.3	8.4	8.4	7.4	7.4	7.4	7.4		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	6.2	6.0	5.6	5.8	4.9	4.9	4.7	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	
Total assets	87.3	85.1	85.1	71.9	64.5	61.7	60.8	49.9	54.2	52.1	62.8	60.4	54.1	52.9	63.4	62.1	
Liabilities and stockholders' equity																	
Accounts payable	2.3	3.0	2.5	2.3	2.6	3.5	3.3	2.8	2.9	2.1	7.3	2.8	3.7	2.6	7.5	2.8	
Accrued expenses	12.6	10.2	11.8	12.1	8.1	7.4	8.2	7.5	5.5	6.5	11.7	13.1	7.2	8.1	12.1	13.2	
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	0.9	0.9	0.9	0.9	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	0.3	0.3							0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total current liabilities	16.1	14.3	15.2	15.4	11.6	11.9	12.5	11.3	8.4	8.6	19.0	15.9	10.9	10.7	19.5	16.0	
Deferred income taxes																	
Other long term liabilities	6.5	6.3	6.0	6.1	5.2	5.0	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	
Long term debt									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total other liabilities	6.5	6.3	6.0	6.1	5.2	5.0	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	
Common stock									0.3	0.6	0.9	1.3	1.6	1.9	2.2	2.5	
Additional paid-in capital	107.3	107.5	107.9	108.6	109.0	109.5	110.0	110.4	110.4	110.4	110.4	110.4	110.4	110.4	110.4	110.4	
Retained earnings	(42.5)	(43.0)	(43.5)	(57.4)	(60.9)	(64.3)	(66.0)	(76.1)	(79.2)	(81.8)	(81.8)	(81.4)	(83.0)	(84.4)	(83.0)	(81.1)	
Accumulated other comprehensive in	(0.1)	(0.1)	(0.5)	(0.8)	(0.5)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	
Other									10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	
Total stockholders' equity	64.7	64.5	63.9	50.4	47.6	44.8	43.6	33.8	41.0	38.7	39.0	39.6	38.4	37.3	39.1	41.2	
Total stockholders' equity and liabil	87.3	85.1	85.1	71.9	64.5	61.702	60.8	49.9	54.2	52.1	62.8	60.4	54.1	52.9	63.4	62.1	

Balance Sheet Drivers

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	14%	13%	9%	23%	35%	21%	17%	24%	18%	12%	15%	13%	18%	12%	15%	13%
Accounts payable as % of total rev	21%	22%	18%	15%	25%	31%	23%	26%	37%	22%	44%	15%	37%	22%	44%	15%
Inventories as % of cost of rev	158%	155%	116%	72%	135%	149%	105%	121%	175%	182%	150%	150%	175%	182%	150%	150%
Accrued expenses as % of total rev	118%	77%	84%	75%	77%	66%	57%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Activity Ratios																
A/R Days Sales Outstanding	57	38	36	38	28	29	65	50	45	51	52	68	45	51	52	68
Inventory Turnover	2.5x	2.6x	3.4x	5.6x	3.0x	2.7x	3.8x	3.3x	2.3x	2.2x	2.7x	2.7x	2.3x	2.2x	2.7x	2.7x
A/P Days Payable	35	43	30	25	40	50	40	46	66	40	78	27	69	43	87	30
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$1.78	\$1.77	\$1.75	\$1.38	\$1.30	\$1.22	\$1.18	\$0.91	\$0.93	\$0.88	\$0.88	\$0.89	\$0.86	\$0.84	\$0.87	\$0.92
Cash per Share (diluted)	\$0.48	\$0.45	\$0.52	\$0.54	\$0.41	\$0.34	\$0.19	\$0.27	\$0.40	\$0.30	\$0.33	\$0.14	\$0.35	\$0.28	\$0.38	\$0.24
Net cash per Share (diluted)	\$0.47	\$0.45	\$0.52	\$0.54	\$0.41	\$0.34	\$0.19	\$0.27	\$0.40	\$0.30	\$0.33	\$0.14	\$0.35	\$0.28	\$0.38	\$0.24

Source: Company reports and Ascendant Capital Markets estimates

Genasys Inc.

Cash Flow Statement (\$ mils)	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	Dec-24	Mar-25	Jun-25	Sep-25	2025	
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	
Cash flow from operating activities																					
Net income	(1.3)	(0.5)	(0.6)	(13.8)	(16.2)	(3.5)	(3.4)	(1.4)	(10.1)	(18.4)	(3.1)	(2.6)	0.0	0.3	(5.4)	(1.6)	(1.4)	1.4	1.9	0.3	
Depreciation	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	2.6	0.6	0.6	0.6	0.6	0.6	2.6
Amortization	0.0	0.4	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8					0.0						0.0
Stock comp	0.6	0.7	0.4	0.6	2.2	0.4	0.5	0.4	0.3	1.6	0.3	0.3	0.3	0.3	1.3	0.3	0.3	0.3	0.3	0.3	1.3
Provision for bad debts				0.1	0.1					0.0					0.0						0.0
Deferred income taxes	(0.3)	(0.0)	(0.0)	1.0	0.7			(0.0)	7.4	7.4	0.0	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	0.1	0.0	0.0	0.0	(0.0)	0.0					0.0						0.0
Inventory obsolescence	0.0	0.0	0.1	0.2	0.3	0.0	0.0	0.1	0.1	0.3					0.0						0.0
Other gains/losses				13.2	13.2					0.0					0.0						0.0
Other	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					0.0						0.0
Changes in operating assets and liabilities:																					
Accounts receivable	0.9	1.2	(0.2)	(1.1)	0.8	3.5	(0.3)	(6.7)	4.4	0.8	2.0	(1.3)	(4.4)	(4.5)	(8.2)	9.0	(1.4)	(3.4)	(4.4)	(0.1)	
Inventory	(2.8)	(0.5)	0.7	2.6	0.1	(2.0)	(1.4)	1.3	1.3	(0.8)	(0.4)	(1.6)	(4.1)	(1.5)	(7.5)	5.5	(1.4)	(1.7)	(0.9)	1.6	
Prepaid expenses & other curre	1.0	(0.2)	0.3	(0.8)	0.2	0.6	1.2	(0.1)	(0.1)	1.7	1.2	0.2	(1.4)	0.0	0.2	0.7	0.4	(1.2)	0.1	(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	0.1	0.7	(0.4)	(0.2)	0.2	0.2	0.9	(0.2)	(0.5)	0.4	0.1	(0.8)	5.2	(4.5)	(0.0)	1.0	(1.1)	4.9	(4.7)	0.0	
Accrued expenses	(1.7)	(2.7)	1.4	(1.6)	(4.6)	(5.0)	(1.0)	0.4	(0.5)	(6.1)	(2.0)	1.0	5.2	1.4	5.6	(6.0)	1.0	3.9	1.2	0.1	
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					0.0	(1.0)	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	(2.7)	(0.4)	2.5	1.0	0.5	(4.9)	(2.6)	(5.4)	3.2	(9.6)	(2.2)	(4.1)	1.5	(7.8)	(12.6)	9.6	(3.0)	5.0	(5.8)	5.7	
Cash flow from investing activities																					
Purchases of property and equij	(0.2)	(0.0)	(0.0)	(0.2)	(0.4)	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	
Purchases of short-term investn	0.2	(0.2)	0.2	0.1	0.3	(0.4)	1.5	2.2	2.5	5.8					0.0					0.0	
Acquisitions					0.0					0.0	(1.5)				(1.5)					0.0	
Other					0.0					0.0					0.0					0.0	
Net cash used in investing activ	0.1	(0.2)	0.2	(0.1)	(0.1)	(0.5)	1.4	2.2	2.5	5.5	(1.8)	(0.3)	(0.3)	(0.3)	(2.7)	(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)	(0.3)		(0.3)					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	0.0	
Repurchase of common stock	(0.4)	(0.6)	(0.1)	0.0	(1.1)					0.0					0.0					0.0	
Proceeds from stock option exe	0.0	0.1	0.2	0.0	0.3	0.0	0.0	(0.2)	0.1	(0.1)					0.0					0.0	
Other					0.0					0.0	10.6				10.6					0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
Cash provided by (used in) fina	(0.4)	(0.5)	(0.2)	0.0	(1.1)	0.0	0.0	(0.2)	0.1	(0.1)	10.6	0.0	0.0	0.0	10.6	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	0.0	0.0	0.0	(0.0)	0.0					0.0					0.0	
Net increase (decrease) in cash	(3.0)	(1.2)	2.5	0.9	(0.9)	(5.3)	(1.2)	(3.4)	5.7	(4.1)	6.6	(4.4)	1.2	(8.1)	(4.7)	9.3	(3.3)	4.7	(6.1)	4.5	
Beginning cash and equivalents	14.5	11.5	10.3	12.8	14.5	13.7	8.4	7.2	3.8	13.7	9.5	16.1	11.7	13.0	9.5	4.9	14.1	10.8	15.5	4.9	
Ending cash and equivalents	11.5	10.3	12.8	13.7	13.7	8.4	7.2	3.8	9.5	9.5	16.1	11.7	13.0	4.9	4.9	14.1	10.8	15.5	9.4	9.4	

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

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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 13, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	19	37%

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