



Genasys Inc.

Q1 weak, but major Puerto Rico contract win should drive very strong FY25. Raising P/T to \$4.75.

COMPANY UPDATE

Rating: BUY

Ticker: GNSS

Price: \$1.99

Target: \$4.75
(from \$4.50)

Q1 weak: Genasys recently (on February 13) reported its fiscal Q1 FY24 (ending December) results. Revenue was \$4 million (-58% y-o-y), compared with our and consensus estimates of \$8 million. Pro forma EPS was \$(0.15), compared with our estimates of \$(0.07) and consensus of \$(0.10). There was no Q1 guidance.

Hardware deals delayed again: Q1 revenues were -58% (y-o-y). Several hardware deals expected to be booked in Q1 have been delayed until late FY24.

Major Puerto Rico contract win: Genasys just announced (in February) that it was selected to provide Early Warning System (EWS) for 37 dams in Puerto Rico. The contract is worth \$60 - 70 million in revenue for the company with the majority to be recognized in FY25.

Maintained guidance for FY24 revenue: Management did not provide specific FY24 guidance, but did maintain qualitative guidance for FY24 revenue of around \$58 million (approximately 30% (1H)/70% (2H)).

Big raise in FY25 estimates: We are lowering our FY24 estimates for revenue to \$49 million, from \$53 million, and for EPS to \$(0.26) from \$(0.12). We are raising our FY25 estimates for revenue to \$82 million, from \$58 million, and for EPS to \$0.25 from \$0.01.

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 FY23, the company announced a major new client win. In February 2023, 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).

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, the company raised ~\$10 million selling stock (5.75 million shares at \$2.00/share) to help fund its acquisition of Evertel. The company's balance sheet is solid with \$14 million in cash and no debt.

Valuation positive: We are maintaining our BUY rating, but raising our 12-month price target to \$4.75 from \$4.50, which is based on a forward P/E multiple of 19x our FY25 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 – 3.92
Shares Outstanding (million):	44
Market cap (\$million):	\$88
EV (\$million):	\$74
Debt (\$million):	\$0
Cash (\$million):	\$14
Avg. Daily Trading Vol. (\$million):	\$0.4
Float (million shares):	35
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Dec	4A	8E	13E	10E
Q2 Mar	6E	9E	17E	12E
Q3 Jun	14E	17E	24E	17E
Q4 Sep	25E	19E	29E	19E
Total	49E	53E	82E	58E
EV/Revs	1.5x		0.9x	

Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Dec	(0.15)A	(0.07)E	(0.02)E	(0.04)E
Q2 Mar	(0.12)E	(0.06)E	0.02E	(0.03)E
Q3 Jun	(0.04)E	0.00E	0.12E	0.03E
Q4 Sep	0.05E	0.01E	0.14E	0.04E
Total	(0.26)E	(0.12)E	0.25E	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 February 13) reported its fiscal Q1 FY24 (ending December) results.
- Revenue was \$4 million (-58% y-o-y), compared with our and consensus estimates of \$8 million.
- Pro forma EPS was \$(0.15), compared with our estimates of \$(0.07) and consensus of \$(0.10).
- There was no Q1 guidance.
- Management did not provide specific FY24 guidance, but did maintain qualitative guidance for FY24 revenue of around \$58 million (approximately 30% (1H)/70% (2H)).
- We are lowering our FY24 estimates for revenue to \$49 million, from \$53 million, and for EPS to \$(0.26) from \$(0.12).
- We are raising our FY25 estimates for revenue to \$82 million, from \$58 million, and for EPS to \$0.25 from \$0.01.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$2 million, compared with our estimate of \$4 million.
- Gross margin for the quarter was 34%, versus 43% last year and our estimate of 50%.
- Operating expenses were \$9 million, compared with our estimate of \$7 million.
- Operating loss was \$7.2 million, compared with our estimate of a loss of \$3.5 million.
- Pro forma net loss was \$6.7 million, compared with our estimate of a loss of \$3.1 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 \$14 million in cash and no debt, compared with \$10 million in cash and no debt as of September. In October, the company raised ~\$10 million selling stock (5.75 million shares at \$2.00/share).

Exhibit 1: Business Outlook (as of February 13, 2024)

Business Outlook

Given the low backlog entering fiscal 2024 and the continuing uncertainty surrounding the US Federal budget and other budget cycles, we continue to expect a very back-end loaded fiscal year with the significant majority of our hardware revenues coming in the second half of fiscal 2024. Sequentially, we expect continued growth in our software revenues, and on the full year, we continue to believe that hardware revenues will approach fiscal 2022 levels.

Source: Company report

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



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

Exhibit 3: Consensus Expectations (as of February 13, 2024)

	Revenue (mil)			EPS	
	2024E	2025E		2024E	2025E
Q1 Dec	\$8E		Q1 Dec	\$(0.10)E	
Q2 Mar	\$9E		Q2 Mar	\$(0.09)E	
Q3 Jun			Q3 Jun		
Q4 Sep			Q4 Sep		
Total	\$55E	\$67E	Total	\$(0.15)E	\$0.04E

*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-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	Q1A	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	4.4	5.6	13.7	24.8	48.5	13.1	16.8	24.0	28.5	82.4
Contract and other					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	4.4	5.6	13.7	24.8	48.5	13.1	16.8	24.0	28.5	82.4
Cost of Revenues	5.8	6.2	7.6	8.4	27.9	5.9	6.3	7.6	5.4	25.2	2.9	3.6	7.3	12.4	26.2	5.9	7.4	10.1	11.4	34.8
Gross Profit	4.9	7.0	6.6	7.7	26.1	4.5	4.9	6.7	5.3	21.5	1.5	2.0	6.4	12.4	22.3	7.2	9.4	13.9	17.1	47.6
Selling, general and administrative	5.1	5.6	5.5	5.6	21.8	6.1	6.1	6.0	6.2	24.3	6.5	7.0	6.8	7.4	27.8	6.4	6.9	6.9	8.3	28.5
Research and development	1.4	1.9	1.7	1.7	6.7	1.9	2.3	2.1	1.8	8.1	2.2	0.9	1.4	2.5	6.9	1.7	1.7	1.2	2.0	6.6
Restructuring and other					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	8.7	7.9	8.2	9.9	34.8	8.1	8.6	8.1	10.3	35.1
Operating income (loss)	(1.6)	(0.5)	(0.6)	(12.8)	(15.5)	(3.5)	(3.4)	(1.5)	(2.6)	(11.0)	(7.2)	(5.9)	(1.8)	2.5	(12.5)	(0.9)	0.8	5.8	6.9	12.5
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
Other income (expense)	0.3		0.0	0.0	0.3	(0.0)		0.0	(0.0)	(0.0)	0.1			0.1						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)	(7.2)	(5.9)	(1.8)	2.5	(12.4)	(0.9)	0.8	5.8	6.9	12.5
Income taxes		(0.0)	(0.0)	1.1	1.0		0.0	(0.0)	7.4	7.4	(0.4)	(0.6)	(0.2)	0.2	(1.0)	(0.1)	0.1	0.6	0.7	1.3
Net income (loss)	(1.3)	(0.5)	(0.6)	(13.8)	(16.2)	(3.5)	(3.4)	(1.4)	(10.1)	(18.4)	(6.7)	(5.3)	(1.6)	2.2	(11.4)	(0.8)	0.8	5.2	6.2	11.3
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)	(6.7)	(5.3)	(1.6)	2.2	(11.4)	(0.8)	0.8	5.2	6.2	11.3
EBITDA	(0.4)	0.9	0.4	1.6	2.4	(2.4)	(2.3)	(0.4)	(1.7)	(6.8)	(5.9)	(4.8)	(0.6)	3.7	(7.6)	0.3	2.0	6.9	8.0	17.2
Shares, Basic	36.5	36.4	36.6	36.6	36.5	36.7	36.8	37.1	37.2	36.9	43.7	44.0	44.2	44.3	44.1	44.4	44.5	44.7	44.8	44.6
Shares, Diluted	36.5	36.4	36.6	36.6	36.5	36.7	36.8	37.1	37.2	36.9	43.7	44.0	44.2	44.3	44.1	44.4	44.5	44.7	44.8	44.6
EPS Basic (Pro forma)	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.10)	(\$0.09)	(\$0.04)	(\$0.07)	(\$0.30)	(\$0.15)	(\$0.12)	(\$0.04)	\$0.05	(\$0.26)	(\$0.02)	\$0.02	\$0.12	\$0.14	\$0.25
EPS Diluted (Pro forma)	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.10)	(\$0.09)	(\$0.04)	(\$0.07)	(\$0.30)	(\$0.15)	(\$0.12)	(\$0.04)	\$0.05	(\$0.26)	(\$0.02)	\$0.02	\$0.12	\$0.14	\$0.25
Margins																				
Gross margin	45.8%	52.9%	46.5%	47.8%	48.3%	43.3%	43.9%	46.9%	49.6%	46.0%	33.9%	35.0%	47.0%	50.0%	46.0%	55.0%	56.0%	58.0%	60.0%	57.8%
Selling, general and administrative	48.1%	42.5%	38.9%	34.7%	40.3%	58.1%	54.0%	42.1%	57.7%	52.1%	149.5%	125.0%	50.0%	30.0%	57.4%	49.0%	41.0%	29.0%	29.0%	34.6%
Research and development	12.8%	14.4%	12.1%	10.6%	12.3%	18.5%	20.3%	15.0%	16.5%	17.4%	50.2%	16.0%	10.0%	10.0%	14.3%	13.0%	10.0%	5.0%	7.0%	8.0%
Operating margin	-15.1%	-4.0%	-4.4%	-79.6%	-28.7%	-33.3%	-30.4%	-10.2%	-24.7%	-23.5%	-165.8%	#####	-13.0%	10.0%	-25.7%	-7.0%	5.0%	24.0%	24.0%	15.2%
Tax rate, GAAP	0.0%	8.4%	5.0%	-8.7%	-6.8%	0.0%	-0.2%	1.8%	-280.4%	-67.3%	6.0%	10.0%	10.0%	10.0%	7.7%	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%	-154.2%	-95.4%	-11.7%	9.0%	-23.6%	-6.3%	4.5%	21.6%	21.6%	13.7%
YY % change																				
Total Revenue	33%	17%	12%	7%	15%	-2%	-15%	1%	-33%	-14%	-58%	-50%	-4%	132%	4%	200%	200%	75%	15%	70%
Gross margin	32%	30%	-2%	-1%	11%	-7%	-29%	2%	-31%	-18%	-67%	-60%	-4%	134%	4%	387%	380%	116%	38%	114%
Selling, general and administrative	54%	46%	15%	1%	25%	19%	8%	9%	11%	12%	7%	16%	14%	21%	14%	-2%	-2%	1%	11%	3%
Research and development	28%	97%	23%	13%	36%	41%	20%	25%	4%	22%	13%	-61%	-36%	40%	-15%	-22%	88%	-13%	-20%	-5%
Operating income (loss)	132%	-195%	-221%	-1913%	-1533%	117%	547%	131%	-79%	-29%	107%	74%	23%	-194%	14%	-87%	-114%	-423%	176%	-200%
Net income (loss)	111%	-288%	-303%	-1893%	-2403%	169%	592%	142%	-27%	13%	92%	57%	13%	-122%	-38%	-88%	-114%	-423%	176%	-199%
EPS Diluted (Pro forma)	101%	-280%	-296%	-188%	-522%	167%	583%	138%	292%	256%	61%	32%	-6%	-171%	-13%	-88%	-114%	-419%	173%	-197%

Source: Company reports and Ascendant Capital Markets estimates.

Genasys Inc.

Balance Sheet (\$ mils)	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	
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	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	4.8	(1.7)	(2.5)	(13.7)	(0.3)	(2.9)	7.3	1.4	
Short term investments	3.9	5.2	5.3	6.4	6.6	5.6	3.5	1.5	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	
Accounts receivable, net	6.8	5.6	5.7	6.7	3.3	3.6	10.4	6.0	4.4	3.2	7.9	18.8	6.6	9.5	13.8	21.6	
Inventory	9.1	9.6	8.8	6.0	8.0	9.4	8.0	6.5	6.9	6.6	10.9	18.6	10.3	13.5	15.1	17.1	
Deferred income taxes										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	2.1	0.7	2.1	3.3	2.3	2.0	3.6	3.7	
Total current assets	31.5	31.1	32.8	35.6	29.1	27.3	27.3	25.2	27.0	17.5	27.2	35.8	27.7	30.9	48.6	52.7	
Long term securities/investments	3.4	2.3	2.0	0.8	1.0	0.6	0.4		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Property and equipment, net	1.8	1.7	1.6	1.8	1.8	1.7	1.7	1.6	1.6	1.2	0.7	0.3	(0.1)	(0.6)	1.0	(1.4)	
Intangibles, net	36.0	35.6	34.6	20.6	20.3	19.8	19.3	18.7	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	
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	
Other	6.2	6.0	5.6	5.8	4.9	4.9	4.7	4.4	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	
Total assets	87.3	85.1	85.1	71.9	64.5	61.7	60.8	49.9	56.6	46.7	56.0	64.1	55.6	58.4	75.7	79.3	
Liabilities and stockholders' equity																	
Accounts payable	2.3	3.0	2.5	2.3	2.6	3.5	3.3	2.8	1.9	1.3	6.0	3.7	4.8	3.8	10.4	4.2	
Accrued expenses	12.6	10.2	11.8	12.1	8.1	7.4	8.2	7.5	8.6	3.9	9.6	17.4	9.2	11.8	16.8	20.0	
Deferred revenue										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	
Other	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	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	
Total current liabilities	16.1	14.3	15.2	15.4	11.6	11.9	12.5	11.3	11.5	6.2	16.6	22.1	13.9	15.5	27.2	24.2	
Deferred income taxes																	
Other long term liabilities	6.5	6.3	6.0	6.1	5.2	5.0	4.7	4.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
Long term debt										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	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
Common stock										0.4	0.9	1.3	1.8	2.2	2.7	3.1	
Additional paid-in capital	107.3	107.5	107.9	108.6	109.0	109.5	110.0	110.4	123.7	123.7	123.7	123.7	123.7	123.7	123.7	123.7	
Retained earnings	(42.5)	(43.0)	(43.5)	(57.4)	(60.9)	(64.3)	(66.0)	(76.1)	(82.8)	(88.1)	(89.7)	(87.5)	(88.3)	(87.6)	(82.4)	(76.2)	
Accumulated other comprehensive income	(0.1)	(0.1)	(0.5)	(0.8)	(0.5)	(0.4)	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	
Other										0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Total stockholders' equity	64.7	64.5	63.9	50.4	47.6	44.8	43.6	33.8	40.6	36.0	34.8	37.5	37.1	38.3	44.0	50.6	
Total stockholders' equity and liabilities	87.3	85.1	85.1	71.9	64.5	61.702	60.8	49.9	56.6	46.7	56.0	64.1	55.6	58.4	75.7	79.3	

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	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	14%	13%	9%	23%	35%	21%	17%	24%	48%	12%	15%	13%	18%	12%	15%	13%
Accounts payable as % of total rev	21%	22%	18%	15%	25%	31%	23%	26%	43%	22%	44%	15%	37%	22%	44%	15%
Inventories as % of cost of rev	158%	155%	116%	72%	135%	149%	105%	121%	239%	182%	150%	150%	175%	182%	150%	150%
Accrued expenses as % of total rev	118%	77%	84%	75%	77%	66%	57%	70%	198%	70%	70%	70%	70%	70%	70%	70%
Activity Ratios																
A/R Days Sales Outstanding	57	38	36	38	28	29	65	50	92	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	1.7x	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	59	31	74	27	73	46	93	33
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	\$0.82	\$0.79	\$0.85	\$0.84	\$0.86	\$0.98	\$1.13
Cash per Share (diluted)	\$0.48	\$0.45	\$0.52	\$0.54	\$0.41	\$0.34	\$0.19	\$0.27	\$0.32	\$0.17	\$0.15	-\$0.10	\$0.20	\$0.14	\$0.37	\$0.24
Net cash per Share (diluted)	\$0.47	\$0.45	\$0.52	\$0.54	\$0.41	\$0.34	\$0.19	\$0.27	\$0.32	\$0.17	\$0.15	-\$0.10	\$0.20	\$0.14	\$0.37	\$0.24

Source: Company reports and Ascendant Capital Markets estimates

Genasys Inc.

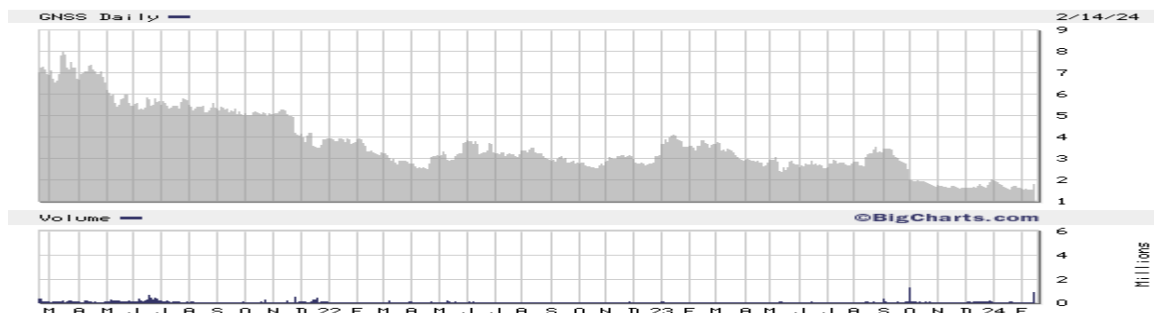
Cash Flow Statement (\$ mils)	Dec-21	Mar-22	Jun-22	Sep-22	2022	Dec-22	Mar-23	Jun-23	Sep-23	2023	Dec-23	Mar-24	Jun-24	Sep-24	2024	Dec-24	Mar-25	Jun-25	Sep-25	2025	
Fiscal Year End: September 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(1.3)	(0.5)	(0.6)	(13.8)	(16.2)	(3.5)	(3.4)	(1.4)	(10.1)	(18.4)	(6.7)	(5.3)	(1.6)	2.2	(11.4)	(0.8)	0.8	5.2	6.2	11.3	
Depreciation	0.6	0.6	0.6	0.6	2.6	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	
Amortization	0.0	0.4	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.2				0.2					0.0	
Stock comp	0.6	0.7	0.4	0.6	2.2	0.4	0.5	0.4	0.3	1.6	0.4	0.4	0.4	0.4	1.8	0.4	0.4	0.4	0.4	1.8	
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	
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)					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					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	(0.5)				(0.5)					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	1.7	1.3	(4.7)	(10.9)	(12.7)	12.2	(2.9)	(4.3)	(7.8)	(2.8)	
Inventory	(2.8)	(0.5)	0.7	2.6	0.1	(2.0)	(1.4)	1.3	1.3	(0.8)	(0.4)	0.2	(4.2)	(7.7)	(12.2)	8.3	(3.2)	(1.6)	(2.0)	1.5	
Prepaid expenses & other curre	1.0	(0.2)	0.3	(0.8)	0.2	0.6	1.2	(0.1)	(0.1)	1.7	(0.2)	1.4	(1.4)	(1.2)	(1.4)	1.0	0.3	(1.5)	(0.2)	(0.5)	
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	0.1	0.7	(0.4)	(0.2)	0.2	0.2	0.9	(0.2)	(0.5)	0.4	(0.9)	(0.6)	4.7	(2.3)	0.9	1.1	(1.0)	6.7	(6.2)	0.6	
Accrued expenses	(1.7)	(2.7)	1.4	(1.6)	(4.6)	(5.0)	(1.0)	0.4	(0.5)	(6.1)	(0.0)	(4.7)	5.7	7.8	8.7	(8.2)	2.6	5.0	3.2	2.6	
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	
Other liabilities					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	(2.7)	(0.4)	2.5	1.0	0.5	(4.9)	(2.6)	(5.4)	3.2	(9.6)	(5.7)	(6.6)	(0.4)	(10.9)	(23.6)	13.7	(2.3)	10.5	(5.6)	16.3	
Cash flow from investing activities																					
Purchases of property and equi	(0.2)	(0.0)	(0.0)	(0.2)	(0.4)	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(1.0)	(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	(7.3)				(7.3)					0.0	
Acquisitions					0.0					0.0	(0.9)				(0.9)					0.0	
Other					0.0					0.0	(0.8)				(0.8)					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	(9.1)	(0.3)	(0.3)	(0.3)	(10.0)	(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	
Repayment of debt		(0.0)	(0.3)		(0.3)					0.0					0.0					0.0	
Issuance of stock					0.0					0.0	10.4	0.0	0.0	0.0	10.4	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					0.0					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)	10.4	0.0	0.0	0.0	10.4	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					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)	(4.393)	(6.9)	(0.7)	(11.2)	(23.2)	13.4	(2.6)	10.2	(5.9)	15.1	
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	5.1	(1.7)	(2.5)	9.5	(13.7)	(0.3)	(2.9)	7.3	(13.7)	
Ending cash and equivalents	11.5	10.3	12.8	13.7	13.7	8.4	7.2	3.8	9.5	9.5	5.1	(1.7)	(2.5)	(13.7)	(13.7)	(0.3)	(2.9)	7.3	1.4	1.4	

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
26	12/8/2023	B	4.50

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

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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 January 15, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

Other Important Disclosures

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