

REFINITIV

DELTA REPORT

10-K

GNSS - GENASYS INC.

10-K - SEPTEMBER 30, 2024 COMPARED TO 10-K - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3608
CHANGES	190
DELETIONS	1633
ADDITIONS	1785

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2023September 30, 2024

or

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-24248

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GENASYS INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of

Incorporation or organization)

16262 West Bernardo Drive,

San Diego, California

(Address of principal executive offices)

87-0361799

(I.R.S. Employer

Identification No.)

92127

(Zip Code)

Registrant's telephone number, including area code: (858) (858) 676-1112

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.00001 par value per share	GNSS	NASDAQ Capital Market

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

☐

Accelerated filer

☐

Non-accelerated filer

☒

Smaller reporting company

☒

Emerging

growth

Non-accelerated filer ☒

company ☐ ☐

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark, whether the registrant has filed a report on and attestations to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to S240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common stock held by nonaffiliates of the registrant as of **March 31, 2023** **March 29, 2024** (the last business day of the registrant's most recently completed second fiscal quarter) was **\$94,166,457** **\$88.8 million** based upon the closing price of the shares on the NASDAQ Capital Market on that date. This calculation does not reflect a determination that such persons are affiliates for any other purpose.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

44,027,121 44,928,967 shares of common stock, par value \$0.00001 per share, as of December 4, 2023 December 4, 2024

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement filed with the Commission pursuant to Regulation 14A in connection with the registrant's 2024 2025 Annual Meeting of Stockholders, to be filed subsequent to the date of this report, are incorporated by reference into Part III of this report. The definitive proxy statement will be filed with the Commission not later than 120 days after the conclusion of the registrant's fiscal year ended September 30, 2023 September 30, 2024.

TABLE OF CONTENTS

PART I		Page
		B
		1
		P
		A
		R
		T
		I
	ITEM 1.	
ITEM 1A. 1.	Risk Factors Business	121
ITEM 1B. 1A.	Unresolved Staff Comments Risk Factors	2114
ITEM 2. 1B.	Properties Unresolved Staff Comments	2226
ITEM 3. 1C.	Legal Proceedings Cybersecurity	2226
ITEM 4. 2.	Mine Safety Disclosures Properties	22
PART II		26
ITEM 5. 3.	Legal Proceedings	27
ITEM 4.	Mine Safety Disclosures	27
PART II		
ITEM 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	2328
ITEM 6.	Reserved	2328
ITEM 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	2329
ITEM 7A.	Quantitative and Qualitative Disclosures About Market Risk	35
ITEM 8.	Financial Statements and Supplementary Data	41
ITEM 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	3541
ITEM 9A.	Controls and Procedures	3642
ITEM 9B.	Other Information	3642
ITEM 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	36
PART III		42

PART III

ITEM 10.	Directors, Executive Officers and Corporate Governance	3743
ITEM 11.	Executive Compensation	3743
ITEM 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	3743
ITEM 13.	Certain Relationships and Related Transactions, and Director Independence	3743
ITEM 14.	Principal Accounting Accountant Fees and Services	37

PART IV43

PART IV

ITEM 15.	Exhibits and Financial Statement Schedules	3844
	Consolidated Financial Statements	F-1F-i
		S-
		1Sig
		natur
		es

PART I

Forward Looking Statements

This Annual Report on Form 10-K contains forward-looking statements relating to future events or the future performance of our company.Words such as "expects,"expects,"anticipates, "anticipates,"intends, "intends,"plans, "plans,"believes, "believes,"seeks, "seeks,"estimates" "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements but are not the only means of identifying forward-looking statements.Such statements are predictions; actual events or results may differ materially.In evaluating such statements, you should specifically consider various factors identified in this report, including the matters set forth below in "Item"Item 1A. Risk Factors"Factors" of this Annual Report on Form 10-K, which could cause actual results to differ materially from those indicated by such forward-looking statements.

For purposes of this Annual Report, the terms "we,"we,"us, "us,"our""Genasys" "our" "Genasys" and the "Company""Company" refer to Genasys Inc. and its consolidated subsidiaries.

Item 1. Business.

Item1. Business.

Overview

Overview

We are a global provider of Protective Communications™ solutions, including our Genasys Protect™ software platform and Genasys Long Range Acoustic Devices@ Device® ("LRAD@ LRAD®"). products. Our unified software platform receives information from a wide variety of sensors and Internet-of-Things ("IoT") inputs to collect real-time information on developing and active emergency situations. Genasys uses this information to create and disseminate alerts, warnings, notifications, and instructions through multiple channels before, during, and after public safety and enterprise threats, critical events, and other crisis situations.

Genasys Protect provides is a comprehensive portfolio of Protective Communications software and hardware systems serving federal governments and agencies; state and local governmental agencies, and education ("SLED"); and enterprise organizations in sectors including but not limited to oil and gas, utilities, manufacturing, automotive, and healthcare. Genasys Protect solutions have a diverse range of applications, including emergency warning and mass notification for public safety; critical event management for enterprise companies; de-escalation for defense and law enforcement; critical infrastructure protection; zone-based planning for accelerated, precise emergency response; secure and compliant cross-agency collaboration;and automated detection of real-time threats such as active shooters and severe weather.

Genasys LRAD systems provide directed products broadcast audible voice messages with exceptional intelligible vocal clarity from close range out to 5,500 meters. We have a history of successfully delivering innovative products, systems, and solutions in for mission critical situations, pioneering the acoustic hailing device ("AHD") market with the introduction of our first LRAD AHD in 2002 and creating the first multidirectional multi-directional, voice-based public safety mass notification systems in 2012. Building on our proven, best in class, and reliable solutions, and systems, we are launching offer the first and only unified, end-to-end Protective Communications platform.

Background

Background

Genasys entered the Protective Communications market following the October 2000 attack on the USS Cole, which led to the development of the LRAD and AHD products capable of communicating to and determining the intent of potential threats from a safe distance. Genasys LRAD systems products broadcast audible alert tones and exceptionally intelligible voice messages in a focused 30° beam over long distances to specific targets. LRADs were quickly embraced by the U.S. Navy and then other domestic military branches, federal agencies, and police departments, and then throughout the world. By using long-range communication to better manage the escalation of force, LRAD continues to products provide a non-kinetic, non-lethal solution for resolving potentially dangerous or hostile situations.

With a device capable of broadcasting audible alerts and notifications with exceptional vocal clarity over long distances, Genasys engineers enhanced the Company's Protective Communications technology to innovate a new generation of mass notification speaker systems. Most legacy outdoor mass notification systems use sound are sirens, but have limited, if any, voice broadcast capability. Genasys' Genasys' advanced mass notification systems feature the industry's highest Speech Transmission Index ("STI"), large directional and omni-directional broadcast coverage areas, and an array of options that are designed to enable the systems to continue operating when power and telecommunications infrastructure goes down.

Realizing that integrating Company engineers subsequently developed command-and-control software with the to enhance Genasys mass notification speakers would provide further with new technology options and additional functionality, Company engineers developed the Genasys Emergency Management ("GEM") command-and-control software, remote functionality. In addition to remotely activating and controlling Genasys Genasys' advanced speaker systems, which also feature satellite connectivity, battery backup, and solar power options, GEM Genasys' command-and-control software facilitates the dissemination of alerts, warnings, notifications, information and instructions through multiple channels, including location-based Short Message Service ("SMS"), Cell Broadcast Center ("CBC") mobile push, text, email, social media, TV, radio, and digital displays.

1

These systems are used by government emergency services, schools, universities, and businesses to send emergency information and instructions to people at risk before, during, and after public safety and enterprise threats.

Today, the fastest, most direct way to share vital information is often through cell phones and computers. In response to a world where communication methods are becoming increasingly digital and mobile, Genasys expanded its platform to include multiple software-as-a-service ("SaaS") solutions. These solutions include Zonehaven® zone-based evacuation resources, Integrated Mass Notification System ("IMNS") networks that feature advanced integrated mass notification networks powered by Genasys' Genasys command-and-control software, a mobile-ready, secure collaboration platform (via the acquisition of Evertel Technologies ("Evertel")), and the Company's Company's National Emergency Warning System ("NEWS") solution that works with mobile carriers to send emergency communications to the public with no opt-in required. These SaaS solutions are capable of disseminating can disseminate critical alerts and information through text message, email, messages, emails, voice call, calls, push notification, notifications, social media, speaker systems, and other delivery methods. In 2023, Genasys integrated and rebranded each of these solutions into what is now known as the Genasys Protect. Protect platform ("Genasys Protect").

Genasys hardware systems and software solutions are designed to provide operators with the ability to deliver critical information rapidly and effectively through multiple channels.

Genasys' Principal Genasys Characteristics

- Scalable: Genasys hardware products and software systems have been deployed throughout the world and can be scaled to meet the needs of government and enterprise customers.
- Dynamic and Real-time: Emergencies are not static, and neither are effective emergency responses. Genasys emergency management products and systems are designed to constantly receive and analyze new information as a crisis unfolds, leveraging sensor data, dynamic maps, and first responder feedback to deliver notifications that reflect the most up-to-date information. Our evacuation software is built to track wildfires and other natural or man-made disasters and to model how a disaster is expected to move and develop in the critical minutes, hours or days that follow.
- Customized and Focused: Genasys can send specific alerts, pertinent information, and instructions to at-risk individuals or populations based on geographic location, group status, and other classifications.
- Multiplatform Redundancy: Alerts can be distributed using text messages, emails, voice calls, push notifications, social media, speaker systems, and other delivery channels, allowing critical communications to reach the greatest number of people possible.
- Reach and Clarity: Alerts and notifications transmitted through Genasys speaker systems have unprecedented reach and clarity. Genasys speakers attained an STI score of 0.95 out of 1.0, considered excellent by the International Electrotechnical Commission.
- Reliable and Resilient: Genasys hardware products are made with military-grade materials and undergo extensive laboratory testing seeking to ensure reliability and durability in most any environment, regardless of the conditions.
- Extensive Catalog: Genasys offers multiple acoustic device and mass notification speaker options of varying ranges, sizes, weights, and colors. Similarly, we offer a variety of software notification suites, each with unique capabilities. This extensive catalog enables us to provide customized solutions designed to meet our clients' specific needs.
- Global Presence: Genasys has physical offices in North America, Europe, and the Middle East. Sales and support teams at each office have cultural familiarity and a deep understanding of business practices in their region. We believe that our regional presence enables Genasys sales and support teams to develop close relationships with customers to best meet their needs while conducting business professionally and efficiently.
- Proven Quality and Support: All Genasys products are rigorously tested to meet our exacting standards. This commitment to providing the highest quality products earned Genasys ISO 9001 and 27001 certifications, universal indications of excellence and consistency. All Genasys products come with a one-year warranty and our customer service team is available 24/7 for personalized technical support.
- Pioneering Philosophy: Genasys created the AHD market with the invention of the LRAD in 2002. LRAD products have since become the de facto standard of the AHD industry. Genasys continues to develop life safety communication solutions by innovating and enhancing the emergency warning and mass notification industry's only unified Protective Communications platform - Genasys Protect.

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Looking Forward: Growth Company

- **Acquisitions:** In October 2023, we completed the acquisition of Evertel Technologies ("Evertel"), a fully compliant cross agency collaboration software solution designed specifically for Emergency managers and first responders. In fiscal 2021, we completed acquisitions of Zonehaven, a software-based evacuation and repopulation management platform, and the assets of Amika Mobile (subsequently renamed "Genasys Communications Canada ULC"), a Physical Security Information Management (PSIM) company. These acquisitions, along with the January 2018 addition of Genasys Spain, expanded Genasys' strong suite of software solutions. We intend to continue making strategic acquisitions, particularly in the SaaS industry.

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Team Expansion: Along with new businesses, we intend to continue to invest in new engineering, sales, marketing, production, and quality assurance talent to support Genasys' expected growth.

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Market Expansion: By acquiring Evertel, Zonehaven, and Amika Mobile, and adding new sales and marketing personnel with connections to previously untapped markets and locations, we expect our critical communications suite to experience significant sales growth.

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Geographical Expansion: In fiscal year 2024, Genasys continued to expand into new regions, including a substantial project to monitor and protect more than 30 dams across the Commonwealth of Puerto Rico, coverage across the states of Oregon and New Hampshire, and expansion with local governments across the central and eastern United States.

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Facilities: Genasys' research and development offices, located in North America and Europe, feature state-of-the art equipment and facilities that help fuel innovation. Notable features include hardware and software development laboratories, an acoustic testing chamber, and mechanical design and manufacturing facilities.

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Continued Software Development: Increased software development and new acquisitions have expanded Genasys' SaaS portfolio. In fiscal year 2025 and beyond, we are focused on expanding and proliferating our unified software and connected-speaker platform.

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Hardware Development: LRAD technological advancements are anticipated to drive product enhancements in fiscal year 2025.

- **Team Expansion:** Along with new businesses, we intend to invest in new engineering, sales, marketing, production, and quality assurance talent to support Genasys' expected growth.
- **Market Expansion:** By acquiring Evertel, Zonehaven and Amika Mobile and adding new sales and marketing personnel with connections to previously untapped markets and locations, we expect our critical communications suite to experience significant sales growth.
- **Facilities:** Genasys' research and development offices, located in North America and Europe, feature state-of-the art equipment and facilities that help fuel innovation. Notable features include hardware and software development laboratories, an acoustic testing chamber, and mechanical design and manufacturing facilities.
- **Continued Software Development:** Increased software development and new acquisitions have expanded Genasys' SaaS portfolio. In fiscal year 2024 and beyond, we are focused on the expansion and proliferation of our unified software and hardware platform.

Software Products

The Genasys Protect Platform

The Complete Protective Communications Platform

The Genasys Protect combines the most comprehensive platform provides a full suite of solutions enabling Protective Communications tools for all hazards, designed to provide targeted emergency communication, data-driven decision making, secure inter-agency collaboration, and more. Genasys Protect help to enable preparedness, responsiveness, and analytics collaboration to keep people, assets, and operations protected against the impacts of natural disasters, terrorism, violent civil unrest, and other dangerous situations, as well as power failures, facility shutdowns, and other non-emergency operational disruptions.

1. **Proven Technology:** Genasys solutions have been on the front lines for more than 40 years, providing targeted communications designed to ensure the right people get the right message - right away.
2. **Modular Suite:** Built on open standards, Genasys software and hardware systems are designed to easily integrate, whether using the full Genasys suite or complementing the notification platforms customers already have in place.

3. **Predictive Simulation:** Genasys Protect is designed to permit customers to test response plans preemptively with advanced simulation of evacuation-level events, including fires and floods, and their impact on infrastructure, including traffic patterns and perimeter establishment.
 4. **Unified Viewpoint:** One common safety operating picture provides real-time visibility into our customers' people, assets, and environment by combining first-party data from asset / people-management platforms and IoT sensors with third-party data sources, including the Federal Emergency Management Agency ("FEMA"), National Oceanic and Atmospheric Administration ("NOAA"), Department of Homeland Security ("DHS"), and more.
 5. **Unmatched Precision:** Customized zone mapping enables targeting of mass notifications at the street level, making it easier to sequence response areas from most to least critical.
 6. **Multi-channel:** Genasys Protect is designed to allow customers to saturate their notification area by simultaneously alerting people across SMS, voice calls, social media, TV, radio, digital signage, and outdoor acoustic devices.
 7. **Network Effect:** Implementation in neighboring municipalities as well as across public- and private-sector organizations within the same municipality extends coverage and enables greater precision when notifying people of threats.
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 2. **Modular Suite:** Built on open standards, Genasys software and hardware systems are designed to easily integrate, whether using the full Genasys suite or complementing the notification platforms customers already have in place.
 3. **Predictive Simulation:** Genasys Protect ALERT is designed to permit customers to test response plans preemptively with advanced simulation of evacuation-level events, including fires and floods, and their impact on infrastructure, including traffic patterns and perimeter establishment.
 4. **Unified Viewpoint:** One common safety operating picture provides real-time visibility into our customers' people, assets, and environment by combining first-party data from asset / people-management platforms and IoT sensors with third-party data sources, including the Federal Emergency Management Agency ("FEMA"), National Oceanic and Atmospheric Administration ("NOAA"), Department of Homeland Security ("DHS"), and more.
 5. **Unmatched Precision:** Customized zone mapping enables targeting of mass notifications at the street level, making it easier to sequence response areas from most to least critical.
 6. **Multichannel:** Genasys Protect is designed to allow operators to saturate their notification area by simultaneously alerting people across location-based SMS, CBC mobile push, text, email, social media, TV, radio, digital displays and acoustic devices.
 7. **Network Effect:** Implementation in neighboring municipalities and across public- and private-sector organizations within the same municipality extends coverage and enables greater precision when notifying people of threats.

Genasys ALERT

Genasys ALERT ("ALERT") - formerly Genasys Emergency Management or GEM - is an interactive, cloud-based SaaS solution that is designed to enable SLED and enterprise customers to send critical information to at-risk individuals or groups when an emergency occurs. ALERT acts as both a communications input and output, receiving information from state-of-the-art sensors and emergency services, and quickly relaying notifications, alerts, and instructions to at-risk populations and first responders. ALERT communications to the public can be enhanced

3

via Genasys Protect ACOUSTICS - connected, voice broadcast speakers - while ALERT communications among first responders and emergency personnel can be augmented and accelerated with Genasys Protect CONNECT (formerly Evertel). ALERT customers can create and send critical, verified, and secure notifications and messages that are geographically specific and targeted using emails, voice calls, location-based SMS, CBC mobile push, text, messages, email, social media, TV, radio, digital displays and acoustic devices, panic buttons, desktop alerts, TV, social media, and more. Additionally, Genasys is a certified provider of Integrated Public Alert and Warning System ("IPAWS") notifications. IPAWS is the federal public notification platform for the United States, which ALERT customers can use to deliver critical communications in multiple languages to specific populations.

Similarly, enterprise customers are able to send critical communications to at-risk employees, contractors, visitors, or groups based on geographic location or team status. Enterprises often use ALERT to distribute targeted notifications to customers, including billing updates, downtime notices, and more. Operated and controlled via a single dashboard that includes two-way polling, duress buttons, field check-ins and recipient locations, ALERT integrates with various data sources, including sensors, panic buttons, emergency services, active directories, human resources, visitor management, and building control systems to find and deliver safety alerts and notifications to residents, employees, staff, contractors, temporary workers, and visitors.

ALERT sends targeted messages based on geographic location, permitting relevant information and instructions to be sent to the appropriate populations. Emergency managers can prepare for natural or man-made disasters by developing evacuation plans that map routes, shelters, traffic control locations, and road closures using ALERT's extensive public safety resources and mapped zones. This information is easily shared with the public and reduces the time it takes to execute emergency evacuations and conduct orderly repopulations. Auto-Discovery, an innovative feature of the platform, locates and connects with anyone on a wired or wireless network in a fixed area with no opt-in required. When discovered, ALERT anonymizes all recipient information and data. When an emergency occurs, these tools allow at-risk groups or individuals to be notified as quickly as possible without sacrificing their privacy.

In addition to disseminating alerts and notifications, ALERT uses two-way communication tools, including polls and check-ins to receive feedback from targeted populations and first responders, for enterprise clients. With direct feedback, operators can survey the safety and status of at-risk individuals, learn of developments, update notifications and/or instructions in response to new information, and more.

ALERT Public Safety Case Study

In fiscal 2023, ALERT coverage has expanded into cities and counties in Arizona, Arkansas, California, Colorado, Indiana, Mississippi, Missouri, Oklahoma, Pennsylvania, South Carolina, 39 states, including the State of New Hampshire, San Diego County, and Texas selected GEM the City of Boston to help safeguard millions of residents during severe storms, tornadoes, wildfires, flooding, flood, debris flows, tsunamis, active shooter incidents, epidemics, civil unrest, and other disasters and life safety threats. By the end of fiscal 2023, Genasys Protect was utilized by agencies covering more than 20 million people in the United States.

ALERT Enterprise Case Study

Two global auto manufacturers and Aramco, the world's largest oil and gas company, rely on ALERT to create, manage, and deliver geo-targeted, multichannel notifications to thousands of employees in North America and the Middle East, respectively.

ALERT integrates with active directories, Human Resources, visitor management, and building control systems to empower enterprise customers to protect workers, traveling employees, contractors, and visitors. By adding a powerful and intuitive orchestration and management layer on top of existing physical and digital infrastructure, ALERT extends the clarity, reach and range of Protective Communications.

Genasys EVAC

Genasys Protect EVAC

Genasys Protect EVAC ("EVAC") - formerly Zonehaven - enables responding agencies to react swiftly, make collaborative decisions, and communicate event status in real-time real time to other agencies, businesses, and the public. EVAC determines and communicates the proper scope of a response or evacuation by replacing guesswork with data-driven, zone-based intelligence. EVAC enhances safety levels for first responders, communities, and large campuses by providing:

- Intelligent zones to improve evacuation planning and communication. EVAC users can build, edit, and act upon geographical location data, including shelters, facilities and traffic;
- Modeling behaviors to plan for effective responses and/or evacuation scenarios covering emergencies that include wildfires, floods, active shooters, hurricanes, and more;
- Actionable communication through the Genasys Protect mobile app to keep people informed before, during, and after a critical event;
- A common operating picture across agencies to reduce response times as much as 90%; and
- Targeted notifications and updates to community members through a public website and free mobile app.

4

- intelligent zones to improve evacuation planning and communication. EVAC users can build, edit, and act upon geographical location data, including shelters, facilities, and traffic;
- modeling behaviors to plan for effective responses and/or evacuation scenarios covering emergencies that include wildfires, floods, active shooters, hurricanes, and more;
- actionable communication through the Genasys Protect mobile app to keep people informed before, during, and after a critical event;
- a common operating picture across agencies to reduce response times; and
- targeted alerting across multiple channels, including intelligible, outdoor speakers for timely, efficient evacuation and public safety notifications.

EVAC Public Safety Case Study

EVAC continues to proliferate across the western United States, with the vast majority of California, including Los Angeles County, now covered by EVAC. In August 2024, the state of Oregon selected EVAC to provide zone-based planning and response to wildfires and all emergencies. EVAC continues to grow into the eastern United States, with covered areas expanding into Texas, South Carolina, and Tennessee.

During December 2022 and January 2023, counties across California experienced multiple flooding and storm-surge events related to atmospheric river conditions. These atmospheric river storms created unprecedented rainfall, which had been preceded by wildfire scar damage that exacerbated debris flows, mudslides, and avalanches. First responders and emergency managers were dealing with multiple events happening simultaneously.

More than tenIn fiscal 2024 many counties, including Los Angeles, San Diego, Kern, Humboldt, and Santa Cruz, and others used EVAC for multi-agency coordination and to manage and deliver evacuation alerts, warnings, and orders. EVAC was also used to communicate other critical information to the public, including road closures, power outages, storm warnings, and more.

Genasys CONNECT

Genasys Protect CONNECT

Genasys Protect CONNECT ("CONNECT") - formerly Evertel Technologies - is a leading cross-agency, CJIS compliant, collaboration platform that streamlines and secures team and one-on-one communications for first responders and public safety agencies. With real-time intelligence sharing that exceeds regulatory privacy requirements for public agencies, CONNECT's instant communication platform empowers first responders and public safety personnel to collaborate and share information in a single space with text, videos, images, and audio from any location. CONNECT provides a secure space where professionals can exchange information, make decisions, and collaborate with trust in data security. Record retention policies drive compliance that allows agencies and personnel to communicate in confidence.

Enabling public safety professionals to collaborate with other agencies throughout their region, state, and country, CONNECT provides real-time interoperability to address critical events and crisis situations more quickly through coordinated efforts. Compliant with all federal and state-level legal requirements for public safety communications, CONNECT data is protected and secured through high-level data encryption within a secure, U.S. based, government-only cloud environment.

Hardware Products

Genasys ACOUSTICS

Genasys Protect ACOUSTICS

The Genasys Protect ACOUSTICS ("ACOUSTICS") – formerly Integrated Mass Notification Systems or IMNS – unites Genasys' next generation of mass notification speaker systems with Genasys Protect command-and-control software. Most legacy mass notification systems are sirens with limited, if any, voice broadcast capability. ACOUSTICS systems feature the industry's highest STI, large directional and omni-directional broadcast coverage areas, and an array of options, including solar power, battery backup, and satellite connectivity that enable the systems to continue to operate when power and telecommunications infrastructure goes down.

ACOUSTICS gives operators the ability to send critical alerts and notifications from emergency operations centers, and authorized computers or smart phones. Emergency alerts ACOUSTICS provides highly audible, clear voice messaging thousands of meters away, staying on and information can be sent via individual, grouped or connected even during broad power outages and network failures. ACOUSTICS are networked, ACOUSTICS installations, text messages, emails, IPAWS, desktop alerts, TV, remotely operated devices optimized with advanced driver and waveguide technology so that voice calls, and social media. Genasys Protect's layered redundancy helps to ensure the maximum number of people receive Protective Communications and critical notifications.

Genasys LRAD

LRAD is the world's leading AHD, with the ability to project alert tones and audible voice messages with exceptional vocal clarity in a 30° beam from close range to 5,500 meters. LRADs are used throughout the world in multiple applications and circumstances to safely hail, warn, inform, direct, prevent misunderstandings, determine intent, establish large safety zones, resolve uncertain situations, and save lives. LRADs have been deployed on military vehicles, at corporate headquarters, critical infrastructure, in hostage negotiations, aboard private yachts, and in numerous installations and applications where clear and intelligible voice communications are essential.

Several LRAD models are available in varying audio outputs, communication coverage areas, sizes, and functionalities. Several options and accessories (cameras, searchlights, mounts, and more) are also available to enhance LRAD capabilities.

All LRAD systems are defined by their unparalleled audio output and clarity. LRADs use Genasys' proprietary XL driver technology, which generates higher audio output in a smaller, lighter form factor. The technology also helps ensure voice messages and alert tones cut through background noise and broadcasts are clearly heard and understood. These competitive advantages, understood above loud background noise and over long distances. Acoustics' reliability enables a constant innovation, have made LRAD the de facto standard stream of the global AHD industry. information, providing redundancy when key infrastructure fails during critical events.

ACOUSTICS Case Study

Faced with wildfires, flooding, debris flows, earthquakes, tsunamis, severe weather, and other public safety threats, the city of Laguna Beach, California, selected ACOUSTICS to deliver emergency alerts and notifications to its 23,000 residents and 6 million annual visitors. More than 20 ACOUSTICS installations are in place throughout the city with more installations planned. The installations can be activated individually, in groups, or simultaneously to provide area specific or citywide emergency warning coverage. The ACOUSTICS outdoor speaker installations are equipped with solar power, battery backup, and satellite connectivity in the event power and telecommunications infrastructure failure. goes down.

Genasys LRAD

LRAD is the world's leading AHD, with the ability to project alert tones and audible voice messages with exceptional vocal clarity in a 30° beam from close range to 5,500 meters. LRADs are used throughout the world in multiple applications and circumstances to safely hail, warn, inform, direct, prevent misunderstandings, determine intent, establish large safety zones, resolve uncertain situations, and save lives. LRADs have been deployed in defense, law enforcement, fire rescue, critical infrastructure protection, maritime, border, and homeland security installations and applications where clear, intelligible voice communications are essential.

LRAD product models are available in varying audio outputs, communication coverage areas, sizes, functionalities, and mounting options. Several accessories and options (cameras, searchlights, mounts, and more) are also available to enhance LRAD capabilities.

All LRAD products are defined by their unparalleled audio output and clarity. LRADs use Genasys' proprietary XL driver technology, which generates higher audio output in a smaller, lighter form factor. The technology also enables voice messages and alert tones to cut through background noise and be clearly heard and understood. These competitive advantages, and constant innovation, have made LRAD the de facto standard of the global AHD industry.

LRAD Case Study

SWAT teams respond to potentially dangerous situations where communication is vital. Previously, SWAT teams used bullhorns and vehicle public address ("PA") systems to communicate with violent suspects. Because of the poor intelligibility and limited broadcast range of bullhorns and vehicle PA these systems, SWAT team members often had to closely engage with suspects, putting themselves, suspects, and bystanders in harm's way.

Many SWAT teams now use LRAD for serving high risk warrants, and during hostage and barricaded suspect negotiations, active shooter situations, and other SWAT operations. LRAD systems are portable and adaptable in most any situation to provide clear voice broadcasts over long distances. By effectively communicating from safe standoff distances, LRAD helps resolve uncertain situations, safeguards operators, and protects the public.

End Markets

Government

Government

Genasys Protect provides state, local, and federal agencies with a feature-rich system that combines physical security integrations with multichannel emergency alerting. Automated integrations include fire system, access control, IPAWS, and mobile and desktop panic buttons. Output channels include 2-way SMS, email, pop-ups, callouts, PA speakers, and land mobile radio outputs.

ALERT can be used by state, local, or national agencies to deliver emergency alerts and life safety information to residents in certain areas, regionally, or countrywide. EVAC is used by state and local governments to produce data-driven zones for planning and targeted community notifications. CONNECT enables real-time, inter- and intra-agency collaboration across a secure, compliant platform. ACOUSTICS broadcasts highly audible and clear voice messaging thousands of meters away, staying on and connected even during broad power outages and network downtime.

Partnering with national governments and mobile telecom networks, Genasys Protect NEWS delivers CBC alerts and geo-targeted SMS notifications that can be sent to anyone, anywhere, with no recipient opt-in, registration, or download required.

LRAD systems enhance the safety and security of government-owned critical infrastructure, including dams, power plants, water treatment plants, and government facilities. Unlike traditional monitoring and surveillance networks, LRAD systems provide a vital first response capability missing from observe-only integrated security installations. LRAD turns passive monitoring systems into first responders by broadcasting attention-commanding alerts, warnings, and critical notifications with industry-leading audibility and clarity.

Enterprise

Enterprise

Genasys Protect provides full redundancy businesses the ability to communicate with all stakeholders, enhance safety levels, and high resilience in workforce safety improve business continuity, boosting credibility with customers and messaging during everyday duties and critical business events, within the industry. Enterprises use Genasys Protect's accountability and real-time situational awareness translates to effective keep stakeholders safe through quick, targeted communications that can be delivered via voice calls, SMS messages, emails, desktop reach individuals, groups, or everyone within facilities in the event of unexpected critical events. Facilities take advantage of integrated external sensors to automate alerts WhatsApp, and other corporate communication channels when dangerous readings are detected, greatly accelerating response times to reach workers, on-premises visitors, and contractors with no opt-in required.

potential points of failure. Businesses use Genasys Protect to tackle unexpected interruptions in operations for events ranging from large scale disasters to smaller infrastructure or machinery failures.

Employees can be operated make use of integrated panic buttons to alert Genasys users and controlled via a single dashboard that includes two-way polling, duress buttons, field check-ins relevant teams, further improving safety for lone workers on the move. ALERT communications directed to customers keep them informed and recipient locations. Genasys Protect enterprise solutions integrate with data sources, including active directories, human resources, visitor management can address even day-to-day communications such as delinquent billing. EVAC uses targeted zones to segment facilities and building control systems campuses to find and reach employees, staff, contractors, temporary workers and visitors, keep communications focused to those in need.

LRAD systems are being used for commercial security applications at large data centers, manufacturing plants, and other enterprise facilities.

6

Gas, Oil, Utilities

Genasys Protect integrates with a variety of industrial technologies, including gas leak sensors, 'man down' alarms, access control systems, and badge scanners for workforce safety and accountability. Genasys Protect delivers notifications to employees, contractors, visitors, and guests in corporate offices and at field sites. When integrated with human resources systems, Genasys Protect provides employee notifications, guest management systems for contractors and visitors, auto discovery alerts to anyone present on-site, and SMS opt-in for temporary enrollment to receive alerts and notifications.

Two-way enterprise-ready feedback built into ALERT helps ensure safety during an emergency. EVAC helps large facilities target communication by building, campus, or area. In addition to providing real-time safety alerts and notifications through multiple channels, Genasys Protect provides service outage, system maintenance, and other utility customer communications.

ACOUSTICS is being used for emergency warning, industrial safety notification, and facility public address. ACOUSTICS can be integrated with gas detection and other sensors to provide automated alerts that protect workers and minimize infrastructure damage. ACOUSTICS alert tones and voice messages cut through mechanical and ambient background noise to be clearly heard and understood, before, during, and in the aftermath of emergency events.

LRAD systems enhance perimeter security by providing a vital first response capability missing from observe-only integrated security installations. LRAD turns passive monitoring systems into first responders by broadcasting attention-commanding alerts, warnings, and commands to direct fishing boats away from offshore platforms and trespassers from critical infrastructure . infrastructure.

Campuses

Campuses

ACOUSTICS Genasys Protect unifies software emergency alerting software and highly intelligible indoor/outdoor speaker systems to provide providing multiple channels to deliver notifications, instructions, and information to students, staff, faculty, and employees. Using ALERT command-and- control software, safety warnings can be delivered campus-wide across several channels, or to specific areas and student populations using select channels. EVAC helps break large campuses into zones to send targeted messages when emergencies arise. CONNECT enables campus security teams to communicate safely and securely and collaborate with public safety and law enforcement agencies.

LRADs are used by campus police and security to broadcast clear communications to students, visitors, and activists present on campus. As centers for activism and protests, campus police rely on LRAD for communication while de-escalating tense civil protests.

Towns, Cities, Counties

Genasys Protect's scalable ALERT notification software is used by communities of all sizes to issue emergency warnings, provide important instructions, and receive community feedback quickly and directly.

Genasys Protect serves communities by providing digital communications through SMS, email, social media, and other channels, and broadcasting audible messages through Genasys ACOUSTICS installations. During wildfires, flooding, tornadoes, hurricanes and other emergencies, power and telecom outages frequently disrupt legacy emergency warning systems. Genasys' ACOUSTICS systems are made with rugged, military-grade materials that can withstand the elements, and feature solar power, satellite connectivity, and battery backup options that enable emergency services personnel to disseminate critical information even when power and telecommunications infrastructure goes down.

EVAC is used by communities and counties to create disaster response plans, track emergency events, and execute timely emergency evacuations and orderly repopulations. CONNECT and EVAC allow empowers emergency services to effectively collaborate across jurisdictions to respond quickly and efficiently to disasters. CONNECT is a fully CJIS compliant solution that enables collaboration in a secure platform across or within agencies. Genasys Protect emergency services include notifications, alerts, and instructions sent

directly to community members through several channels, including SMS, email, Waze, and more. Genasys clients use the Genasys Protect citizen-facing website and mobile app to keep communities informed and updated.

Industrial Facilities

When integrated with software and/or hardware sensors, ACOUSTICS Genasys solutions provide facility managers actionable the data and information tools to either remotely or automatically initiate critical safety notifications. These notifications can be delivered throughout a facility or only targeted to areas affected by industrial accidents, hazmat incidents, unauthorized entries, and other worker safety threats. ALERT can send multichannel communications, and ACOUSTICS and LRAD can broadcast messages across facilities, into distant buildings, and over loud machinery noise. EVAC can segment large industrial complexes into targeted zones for precise actions and communication.

7

Defense

Defense

LRADs broadcast audible warning tones and voice messages with exceptional clarity from close range to 5,500 meters. This allows LRAD meters, enabling operators on the ground, in vehicles, on ships, or in helicopters, to increase the decision time and distance to differentiate between security threats and non-combatants, resolve uncertain situations, respond safely, and limit the escalation of force.

First Response

Genasys Protect accelerates and optimizes emergency management and response to protect civilians and make first responders' duties safer. Genasys Protect's geographically tailored automated map zones enable public safety personnel to make and communicate quick decisions, and direct evacuations easily. A common operating picture accelerates information sharing among first responders and emergency managers during the initial attack phase of a disaster and beyond. This information includes traffic monitoring, road closures, disaster paths, event simulation and modeling, and more. CONNECT helps law enforcement and other agencies to collaborate securely and is fully compliant with federal and state data retention guidelines.

Police and fire departments are using LRAD systems in everyday duties and elevated risk operations to issue warnings, commands, and notifications that are clearly heard and understood above crowd, engine, and background noise. Rugged, reliable, and easy to operate, LRAD systems resolve uncertain situations, safeguard the public, and protect first responders.

Stadiums and Events

Wildlife & Assets

Certain Genasys Protect keeps attendees, fans, participants, and staff safe through audible broadcasts, quick decision-making, team coordination, and cohesive emergency communications that can reach everyone at an event. With ALERT, event managers use voice calls, SMS messages, images, video, email, stadium Wi-Fi, IPAWS, and Wireless Emergency Alerts ("WEA"), to contact anyone in or near a stadium. ALERT helps contact individuals, without the need for opt-in, through Wi-Fi auto discovery, ACOUSTICS, and digital signage. Satellite connected, solar powered ACOUSTICS systems broadcast live or prerecorded voice messages over loud background noise and into buildings, even if power and telecommunications fail. EVAC can segment stadiums into zoned sections, target facilities and infrastructure face wildlife challenges that can threaten assets or pose health risks to employees and/or local populations. LRADs are easily programmed to broadcast a near infinite variety of tones event buildings, and predator calls to help prevent habituation, communicate safely deter and protect wildlife from potential hazards, and humanely move wildlife away from critical assets and people. When integrated with cameras, motion sensors, night vision, and radar, LRAD systems can be automated and remotely operated across an IP network to provide critical asset operators a completely unmanned perimeter protection solution capable of safely deterring wildlife and human trespassing, in emergencies.

Strategy

Strategy

Our products, systems and solutions continue to gain worldwide awareness and recognition through increased marketing efforts, product demonstrations, and word of mouth as a result because of positive responses and increased acceptance. We believe we have a solid global brand, technology, and product foundation, which we continue to expand to serve new markets and customers for greater business growth. We believe we have strong market opportunities for our product offerings throughout the world in the defense, public safety, emergency warning, mass notification, critical event management, enterprise safety, and law enforcement sectors as a result of increasing threats to government, commerce, law enforcement, homeland security, and critical infrastructure. Our products, systems, and solutions also have many applications within the fire rescue, maritime, asset protection, and wildlife control and preservation business segments.

Genasys has developed a global market and an increasing demand for LRAD communications systems. We have a reputation for producing quality products that feature industry-leading broadcast area coverage, vocal intelligibility, and product reliability. We plan to continue building on our AHD market leadership position by offering enhanced voice broadcast systems and accessories for an expanding range of applications. In executing our strategy, we use direct sales to governments, militaries, large end-users, system integrators, and prime vendors. We have built a worldwide distribution channel consisting of partners and resellers that have significant expertise and experience selling integrated communication solutions into our various target markets. As our primary AHD sales opportunities are with domestic and international governments, military branches, and law enforcement agencies, we are subject to each customer's unique budget cycle, which leads to long selling cycles and uneven revenue flow, complicating our product planning.

The proliferation of natural and man-made disasters, emergency events and civil unrest require technologically advanced, multichannel solutions to deliver clear and timely critical communications to help keep people safe during crisis situations. Businesses are also incorporating critical communication and emergency management systems that locate and help safeguard employees when crises occur.

By providing the only SaaS platform that unifies sensors and IoT inputs with **geographically-specific** multichannel, multiagency alerting and notifications, Genasys seeks to deliver reliable, fast, and intuitive solutions for creating and disseminating warnings, information and instructions before, during, and after public safety and enterprise threats.

While the software and hardware mass notification markets are **more** mature with many established manufacturers and suppliers, we believe that our advanced technology and unified platform provides opportunities to succeed in the large and growing public safety, emergency warning, and Protective Communications markets.

8

In fiscal **2024, 2025**, we intend to continue pursuing domestic and international business opportunities with the support of business development consultants, key representatives, and resellers. We plan to grow our revenues through increased direct sales to governments and agencies that desire to integrate our communication technologies into their homeland security and public safety systems. This includes building on fiscal **2023 2024** domestic defense sales by pursuing further U.S. military opportunities. We also plan to pursue both domestic and international emergency warning, enterprise and critical event management, government, law enforcement, fire rescue, homeland and international security, private and commercial security, border security, maritime security, and wildlife preservation and control business opportunities.

Our research and development strategy includes incorporating further innovations and capabilities into our Genasys Protect **systems, solutions**, and LRAD products, **systems, and solutions** to meet the needs of our target markets.

Our Genasys Protect software solutions are more complex offerings. We are pursuing certain certifications, which are often required when bidding on government and mass notification opportunities. We intend to invest engineering resources to enhance our Genasys Protect software solutions to compete for larger emergency warning and critical communications business opportunities. We are also configuring alternative solutions to achieve lower price points to meet the needs of certain customers or applications. We also engage in ongoing value engineering to reduce the cost and simplify the manufacturing of our products.

We intend to continue operating with financial discipline **in order** to create value for our shareholders.

Manufacturing and Suppliers

Manufacturing

Manufacturing

As an ISO 9001:2015 manufacturer, we believe maintaining quality manufacturing capacity is essential to the performance of our products and the growth of our business. Our technologies are different from mass-produced designs, and our manufacturing and assembly involves unique processes and materials. We contract with third-party suppliers to produce various components and sub-assemblies. In our facility, we complete the final assembly, test, and ship our products. We have refined our internal processes to improve how we design, test, and qualify products. We continue to implement rigorous manufacturing and quality processes to track production and field failures. We also perform third-party testing and certification of our products to ensure that they meet rigorous military and commercial specifications. We implement design and component changes periodically to reduce our product costs and improve product reliability and manufacturability.

Suppliers

Suppliers

We minimize inventories and maximize the efficiency of our supply chain by having a large number of components and sub-assemblies produced by outside suppliers mainly located within 50 miles of our facility. The Company relies on one supplier for compression drivers for its LRAD products and is working to obtain alternative suppliers to reduce such reliance. The Company's ability to manufacture its products could be adversely affected if it were to lose this sole source supplier and was unable to find an alternative supplier. We also purchase several key components and sub-assemblies from foreign suppliers. Consequently, we are subject to the impact that supply chain issues and economic conditions can have on such suppliers. The fluctuations of foreign currency exchange rates could also impact our lead times and product costs. We have developed strong relationships with a

number of our key suppliers. If these suppliers experience supply chain issues, quality problems or part shortages, our production schedules could be significantly delayed, or our costs could significantly increase.

Sales and Marketing

We market and sell products and services through our salesforce based in Alabama, California, Colorado, Florida, Maryland, Nevada, New York, North Carolina, Oregon, Utah, Wisconsin, Spain, United Kingdom, and the U.A.E., as well as through a full-time business consultant in Germany. Our corporate and administrative offices are located in San Diego, California.

We sell directly to governments, militaries, large end-users, and commercial companies. We use independent representatives on a commission basis to assist in our direct sales efforts. We also use a channel distribution model, in which we sell our products directly to independent resellers and system integrators around the world, who then sell (or integrate products with other systems and then sell) to end-user customers. We are focusing our internal business development resources on building relationships with governments and other large direct customers. In addition, we utilize part-time consultants with expertise in various government and defense sectors to advise us on procedures and budgetary policies in an effort to be successful in these areas.

We have a global reputation for providing high quality, innovative voice broadcast systems and mobile alert solutions that have made Genasys and LRAD internationally recognized product brands. We actively promote our brands and products through our website, social media, podcasts, trade shows, media journals and publications, and advertising. We intend to increase the use of our trademarks

9

throughout our product distribution chain and believe growing brand awareness will assist in expanding our business. We believe our reputation for technological expertise, quality products, and strong service and support provide us competitive advantages.

Customer Concentration

For the fiscal year ended September 30, 2024, one customer accounted for 18% of revenues, with no other single customer accounting for more than 10% of revenues. For the fiscal year ended September 30, 2023, one customer accounted for 54% of revenues, with no other single customer accounting for more than 10% of revenues. For the fiscal year ended September 30, 2022, one customer accounted for 68% of revenues, with no other single customer accounting for more than 10% of revenues.

Our revenues to date have relied on a few major customers. The loss of any customer could have a materially adverse effect on our financial condition, results of operations, and cash flows. We have made progress diversifying our revenues and expect to continue to do so in future periods.

Partnerships

Backlog We partner with leading businesses to market our solutions, integrate our software for feature enhancement, and to provide additional channels to drive sales. Our partnerships include Esri, Intterra, First Due, Watch Duty, Tablet Command, Ladris AI, Waze, the NOAA, and more.

Backlog

Our order backlog for products that are deliverable in the next 12 months was approximately \$40.3 million as of September 30, 2024 largely related to one customer, compared with \$7.0 million as of September 30, 2023, compared with \$21.7 million as of September 30, 2022. The amount of backlog at any point in time is dependent upon scheduled delivery dates to our customers and product lead times. Our backlog orders are supported by firm purchase orders.

Warranties

Warranties

We generally warrant our products to be free from material and workmanship defects for a period up to one year from the date of purchase. The warranty is generally a limited warranty, and in some instances imposes certain shipping costs on the customer. We generally provide direct warranty service, but at times we may establish warranty service through third parties.

We also provide repair and maintenance agreements and extended warranty contracts at market rates, with terms ranging from one year to several years, as an additional source of revenue and to provide increased customer satisfaction.

Competition

Competition

Our technologies and products compete with those of other companies. Our LRAD AHDs and ACOUSTICS systems are part of the commercial and government audio industry and mass notification markets that are fragmented and include numerous manufacturers with products that vary widely in price, quality, and distribution channels. Present and potential competitors have, or may have, substantially greater resources to devote to product development. We believe we compete primarily on the originality of our products, the uniqueness of our technology and designs, and our responsiveness to customers and the ability to meet their needs. We believe the quality, reliability, and superior performance of our products, which have been developed by incorporating feedback from our customers and our desire to provide the highest quality products, also provide us with competitive advantages.

Our LRAD product line products includes the leading long-range voice broadcast systems for military and other applications. Our AHD competitors include Ultra Electronics/USSI, IML Sound Commander, and others. We do not believe these competitors have achieved significant global market penetration in the AHD market to date. We believe our LRAD product line has products have demonstrated acceptance, has performed extremely well in harsh environments, and can continue to compete on the basis of technical features, performance, ease of use, quality, and cost. As we continue to grow this market, future competitors may enter, which could impact our competitiveness.

Our advanced ACOUSTICS mass notification systems compete against several domestic and international companies, including Federal Signal, Whelen Engineering Company, Hoermann, and others. We believe our industry-leading voice intelligibility and area coverage, as well as our satellite connectivity and solar power options, provide key advantages that distinguish us from our competitors. When integrated with our Genasys Protect command-and-control software to provide multiple remote activation and control options, we believe our mass notification speakers are among the most technologically advanced and easiest to operate in the world.

In the more mature and established critical communications and event management software markets, we compete against several competitors, including Everbridge, OnSolve, Rave Mobile Safety, Alert, and others. We believe our ability to unify sensors and IoT inputs with the multichannel, multiagency dissemination of geolocation-targeted alerts, notifications and instructions before, during, and after public safety and enterprise threats, critical events, and other crisis situations, gives us significant competitive advantages against these

10

established organizations. Our reliable, fast, and intuitive solution for sending warnings and information via location-based SMS, CBC, mobile push, text, email, social media, TV, radio, digital displays, sirens and speaker arrays, and our platform's compatibility with major emergency warning protocols, including IPAWS, Wireless Emergency Alerts ("WEA"), WEA, and others, provide additional competitive advantages. We believe the domestic and international markets for public safety, emergency warning, and critical communications are substantial and growing.

Seasonality

Seasonality

Because our sales are primarily to domestic and international government departments or agencies, our selling cycles tend to be long and difficult to forecast. We have not experienced any significant seasonality trends to date, but we may experience increased seasonality in the future.

Government Regulation

We are subject to a variety of government laws and regulations that apply to companies engaged in international operations, including, among others, the Foreign Corrupt Practices Act, U.S. Department of Commerce export controls, local government regulations, and procurement policies and practices (including regulations relating to import-export control, investments, exchange controls, and repatriation of earnings). We maintain controls and procedures to comply with laws and regulations associated with our international operations. If we are unable to remain compliant with such laws and regulations, our business may be adversely affected.

Our products are produced to comply with standard product safety requirements for sale in the U.S. and similar requirements for sale in Europe and Canada. We expect to meet the electrical and other regulatory requirements for electronic systems or components we sell throughout the world.

Financial Information about Segments and Geographic Areas

Financial information regarding our segments and the geographic areas in which we operate is contained in Note 18, 19, Segment Information, and Note 19, 20, Major Customers, Suppliers and Related Information to in our consolidated financial statements. statements included in this report.

Intellectual Property Rights and Proprietary Information

We operate in an industry where innovation, investment in new ideas, and protection of resulting intellectual property rights are important drivers of success. We rely on a variety of intellectual property protections for our products and technologies, including patent, trademark and trade secret laws, and contractual obligations. We pursue a policy of vigorously enforcing our intellectual property rights.

In addition to such factors as innovation, technological expertise, and experienced personnel, we believe strong product offerings that are continually upgraded and enhanced will keep us competitive, and we seek patent protection on important technological improvements that we make. We have an ongoing policy of filing patent applications to seek protection for novel features of our products and technologies. Prior to the filing and granting of patents, our policy is to disclose key features to patent counsel and maintain these features as trade secrets prior to product introduction. Patent applications may not result in issued patents covering **all-important all important** claims and could be denied in their entirety. **We In addition to issued patents and patent filings, we** also file for trade name and trademark protection when appropriate. We are the owner of several registered trademarks, many of which have earned worldwide brand recognition.

Our policy is to enter into nondisclosure agreements with each employee and consultant or third party to whom any of our proprietary information is disclosed. These agreements prohibit the disclosure of confidential information to others, both during and subsequent to employment, or the duration of the working relationship. These agreements may not prevent disclosure of confidential information or provide adequate remedies for any breach.

Research and Development

The software and sound reproduction markets are subject to rapid changes in technology and design with frequent improvements and new product introductions, as well as customized solutions for specific customer applications. We believe our future success will depend on our ability to enhance and improve existing technologies and to introduce new technologies and products on a competitive basis that meet the needs of our customers. Accordingly, we are continuing to invest in significant research and new product development activities.

For the fiscal years ended **September 30, 2023** **September 30, 2024** and **2022, 2023**, we spent approximately **\$8.1 million** **\$9.6 million** and **\$7.0 million** **\$8.1 million**, respectively, on company-sponsored research and development. Future levels of research and development **expenditures** **expenditure** will vary depending on the

11

timing of further new product development and the availability of funds to carry **on out** additional research and development on currently owned technologies or in other areas.

Executive Officers and Board of Directors

The current executive officers and members of the Board of Directors of Genasys Inc. and their ages and business experience are set forth below.

Richard S. Danforth, age **64** **65**, was appointed Chief Executive Officer in August 2016. Mr. Danforth formed the strategic business consulting firm, RsD Aero, Ltd., in 2014, which provided consulting services for the Defense, Aerospace, Space and Transportation sectors, with an emphasis on M&A and Transatlantic trade. He served at DRS Technologies as Group President of DRS Integrated Defense Systems & Service (2013 – 2014); Chief Executive Officer, President and Board Member of DRS Defense Solutions (2008 – 2012); President, Command Control & Communication (2005 – 2008); President, Navy Electronics & Intelligence Systems (2004 – 2005); and Executive Vice President, Electronics Systems Group (2002 – 2004). He began his career at Raytheon in 1982 and held various manufacturing, quality assurance and program manager positions until 1996. Mr. Danforth was then appointed Vice President of Operations for Raytheon Aircraft Company (1996 – 2000). In 2000, he was named Senior Vice President of Raytheon Aircraft Company's Commercial Aircraft Business division, where he led a staff of 370 sales, marketing and customer service personnel. Mr. Danforth holds a Bachelor of Science in Industrial Technology from the University of Massachusetts Lowell and a Masters in Engineering Management from Western New England College.

Dennis D. Klahn, age **65** **66**, was appointed Chief Financial Officer in September 2017. Mr. Klahn has more than 30 years of accounting, finance and operations experience, which includes serving as Controller or CFO at publicly traded companies. He was most recently a Group Controller at Teledyne RD Instruments, a subsidiary of Teledyne Technologies Incorporated, between 2011 and August 2017. Prior to that role, he served as Controller or CFO at several companies including, ISE Corporation, Overland Storage, Inc., Anacom, Inc., and International Lottery & Totalizer Systems, Inc. Mr. Klahn is a certified public accountant in Illinois and began his career as a Staff Accountant at Coopers & Lybrand after receiving his B.A. in Accounting from St. Ambrose University.

Richard H. Osgood III, age **68** **70**, has been a member of the Board since July 2013 and was appointed Chairman of our Board in November 2021. Mr. Osgood retired in 2012 after serving as Head of Equity Capital Markets for Wedbush Securities since January 2009. Mr. Osgood joined Wedbush Securities when it acquired Pacific Growth Equities, which Mr. Osgood founded in 1991. Mr. Osgood served in various capacities with Pacific Growth Equities prior to its acquisition, including President, Chief Executive Officer, Chief Operating Officer, Chairman and Executive Chairman. Prior to founding Pacific Growth Equities, Mr. Osgood was the Head of Capital Markets, Sales and Trading at Volpe, Welty and Company, a company he also co-founded in 1986. Previously, Mr. Osgood held senior positions in institutional sales at Montgomery Securities, Rotan Mosely and Smith Barney. Mr. Osgood holds a **B.A. B.S.** in Psychology **and a B.S. in Biology** from the University of the South. Mr. Osgood's capital markets and securities industry expertise, as well as his management and strategic experience qualify him to serve on our Board.

Scott L. Anchin, age 48, has been a member of the Board since March 2016. Mr. Anchin has served as the Chief Financial Officer of PF Franchisee Holdings, LLC since May 2022. From October 2018 to May 2022, Mr. Anchin was a partner at Meadow Hill Place, LLC, which provides management advisory services to growth stage companies. He also

served as a Managing Director with Opportune LLP from March 2016 to October 2018, where he provided restructuring advisory services to companies and stakeholders in distressed situations. From 2009 to February 2016, Mr. Anchin was employed by Alvarez & Marsal North America, LLC, a global professional services firm specializing in turnaround and interim management and performance improvement. Mr. Anchin currently serves as a director of Kopin Corporation (Nasdaq: KOPN). He is a non-practicing Certified Public Accountant in the State of New York and holds a B.S. in Accounting from the Wharton School of Business at the University of Pennsylvania and an M.B.A. with a concentration in Management from Columbia Business School. Mr. Anchin's accounting, management and restructuring experience and background, and his expertise in advising companies and stakeholders in difficult circumstances qualify him to serve on our Board.

Susan Lee Schmeiser, age 46, has been a member of the Board since September 2021. Ms. Lee has over 20 years of experience in digital marketing software, media, data analytics, and strategic partnerships. Prior to May 2023, Ms. Lee has served as Group President of Digital Marketing & Technology Solutions at Vericast, a MacAndrews & Forbes company, since November 2020. Prior to her current position, from April 2020 to November 2020, Ms. Lee served as Chief Product Officer and Senior Executive Vice President at Vericast. From 2017 to 2020, Ms. Lee was Senior Vice President of Business Development and Strategy at Valassis, a leader in marketing technology and consumer engagement. From 2011 to 2017, Ms. Lee served as the Vice President of Corporate Development and Strategy of MaxPoint Interactive, Inc., which was acquired by Valassis after going public in 2017. Ms. Lee served as Vice President, Ad Sales Strategy at Univision from 2007 to 2011. She also held the role of Vice President at MTV Networks from 2004 to 2007. She began her career as a Financial Analyst in the Financial Sponsors Group of Morgan Stanley's Investment Banking Division. Ms. Lee earned a B.A. in Economics from New York University and an M.B.A. in General Management from Harvard Business School. Ms. Lee's leadership experience, and expertise in corporate development and strategy qualify her to serve on our Board.

Caltha Seymour, William H. Dodd, age 45, has been a member of the Board since September 2021. Ms. Seymour serves May 2024. Mr. Dodd served in the California State Senate from December 2016 to December 2024. He finished his second term as Chair of the Government Organization Committee, a member of the Transportation Committee, Energy Utilities and Communications Committee, the Business Professions Committee, and the Insurance Committee. From November 2014 to November 2016, Mr. Dodd served in the California State Assembly. Mr. Dodd began public service in March 2000, serving on the Napa County Board of Supervisors until December 2014. Prior to his time in elected office, Mr. Dodd owned and operated a full-service water company and served as president of the water quality industry's state and national trade associations. Mr. Dodd earned a B.S. in Business Administration from California State University, Chico. Mr. Dodd's extensive government service and experience, and industry and business management background, qualify him to serve on our Board.

W. Craig Fugate, age 65, has been a member of the Board since May 2024. Prior to starting Craig Fugate Consulting in March 2017 to pursue building a more resilient nation and train the next generation of emergency managers, Mr. Fugate served as Administrator of the Federal Emergency Management Agency (FEMA) from May 2009 to January 2017. Mr. Fugate led FEMA and

12

oversaw the federal government's response to major disasters, including the Joplin and Moore tornadoes, Hurricane Sandy, Hurricane Matthew, and Louisiana flooding. From October 2001 to May 2009, Mr. Fugate served as Director of Global Business Development and Strategic Planning, Mission Systems the Florida Division of Eaton Corporation, Emergency Management, leading the state of Florida's emergency response to 11 declared disasters. Mr. Fugate began his emergency management career as a diversified, multinational power volunteer firefighter, paramedic, and a lieutenant with the Alachua County Fire Rescue before serving as Emergency Manager for Alachua County in Gainesville, Florida from 1987 to 1997. Mr. Fugate's local, state, and national leadership and substantial emergency management solutions company experience qualify him to serve on our Board.

Mark Culhane, age 64, has been a member of the Board since July 2024. Mr. Culhane has been the Managing Partner of Culhane Advisory since 2016. From 2018 April 2017 to April 2022, Mr. Culhane served on the Board of Directors and was Audit Committee Chair of UserZoom. From November 2017 to June 2021, Ms. Seymour Mr. Culhane was Executive Vice President and Chief Financial Officer at Teradata Corporation. Mr. Culhane also the National Channel Manager for Eaton's Industrial Control Division, where she was responsible for developing served as Chief Financial Officer at Lithium Technologies from December 2012 to August 2016; Executive Vice President and executing \$262M distribution channel partner sales Chief Financial Officer at DemandTec from August 2001 to May 2012; Chief Financial Officer at iManage from 1998 to 2001; Chief Financial Officer at SciClone Pharmaceuticals from 1992 to 1998; and marketing strategic initiatives, as well as other programs from 1982 to help cultivate sales growth and increase profitability. From 2016 to 2018, Ms. Seymour managed new product development, including 1992 held various positions with Pricewaterhouse Coopers. Mr. Culhane holds a cross-functional role for Eaton's \$2.5B commercial vehicle product line. Prior to joining Eaton, Ms. Seymour leveraged her leadership and management skills B.S. in operations and consulting positions for the National Football League and the United States Military Academy at West Point. Ms. Seymour has earned a B.A. in Education Management Business Administration from the University of Delaware, an M.S. in Sports Administration from Delaware State University, South Dakota. Mr. Culhane's extensive accounting and a Global M.B.A. in International Business & Finance from Tulane University. Ms. Seymour's extensive management financial reporting expertise and business leadership experience as well as her expertise in marketing, diverse business operations, and strategic initiatives qualify her him to serve on our Board.

Human Capital

As of September 30, 2023 September 30, 2024, we employed a total of 187 202 full-time employees, of which 105 113 were located in the United States and 82 89 were located internationally. Our full-time employees include: 90 include: 100 in engineering, 27 25 in production, quality assurance and materials control, 20 22 in general and administrative and 50 55 in sales and marketing. We contract technical and production personnel from time to time on an as needed basis and use outside consultants for various services. In addition, we have an extensive worldwide network of independent representatives and resellers who actively market and sell our products. We have not experienced any work stoppages and are not a party to a collective bargaining agreement.

We are dedicated to preserving operational excellence and remaining an employer of choice. We provide and maintain a work environment that is designed to attract, develop, and retain top talent through offering our employees an engaging work experience that contributes to their career development. We recognize that our success is based on the collective talents and dedication of those we employ, and we are highly invested in their success.

Available Information

Our shares of common stock trade on the NASDAQ Capital Market under the symbol "GNSS". Our address is 16262 West Bernardo Drive, San Diego, California, 92127, our telephone number is 858-676-1112, and our website is located at www.genasys.com. We make available, free of charge through our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, reports filed by our directors, executive officers and certain significant shareholders pursuant to Section 16 of the Securities Exchange Act, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as soon as reasonably practical after the reports are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). The information on our website is not incorporated by reference into this report nor is it part of this report.

13

Item 1A. Risk Factors

Item 1A. Risk Factors

An investment in our company involves a high degree of risk. In addition to the other information included in this report, you should carefully consider the following risk factors in evaluating an investment in our company. You should consider these matters in conjunction with the other information included or incorporated by reference in this report. Our results of operations or financial condition could be seriously harmed, and the trading price of our common stock may decline due to any of these or other risks.

Risks Related to Our Business and Industry

General economic and political conditions may adversely affect our business, operating results and financial condition

Our operations and performance depend significantly on worldwide economic and political conditions and their impact on levels of capital investment and government spending. Global economic and political uncertainties and foreign currency rate fluctuations could adversely influence demand for our products leading to reduced levels of investments, reductions in government spending and budgets and changes in spending priorities and behavior.

Risks related to global economic instability, including global supply chain issues, inflation, labor costs, and fuel and energy costs, may affect the Company's business.

The volatile global economic environment has created market uncertainty. A slowdown in the financial markets or other economic conditions, including but not limited to global supply chain issues, inflation, fuel and energy costs, freight costs, lack of available credit, interest rates, and tax rates, may adversely affect the Company's growth and profitability. Fluctuation of prices and availability of commodities and materials used in the manufacture of our products may affect the cost of operations. In addition, increasing wage inflation and challenges hiring qualified personnel may impact our ability to meet customer demand. While we expect the impacts of market uncertainty and inflation could have an effect on our business, financial condition and results of operations, we are unable to predict the extent or nature of these impacts at this time.

We may need additional capital for growth.

We may need additional capital to support our growth. While we expect to generate these funds from operations, we may not be able to do so. Principal factors that could affect the availability of our internally generated funds include:

- failure of sales to government, military and commercial markets to meet planned projections;
- government spending levels impacting sales of our products;
- political uncertainty;
- foreign currency fluctuations;
- working capital requirements to support business growth;
- our ability to control spending;
- our ability to integrate future acquisitions;

- management of new business opportunities;
- introduction of new competing technologies;
- product mix and effect on margins; and
- acceptance of our existing and future products in existing and new markets.

Should we require additional funds, general market conditions or the then-current market price of our common stock may not support capital raising transactions and any such financing may require advance approval of our stockholders under the rules of the NASDAQ Stock Market. Our ability to obtain financing may be further constrained by prevailing economic conditions. We may be required to reduce costs, including the scaling back of research and development into new products, which could have a negative impact on our ability to compete and to innovate. If we raise additional funds by selling additional shares of our capital stock or securities convertible into or exercisable for common stock (assuming we are able to obtain additional financing), the ownership interest of our stockholders will be diluted, which could have a material negative impact on the market value of our common stock.

We have historically had a high concentration of revenues from a limited number of customers. We expect to continue to be dependent on a limited number of customers.

In fiscal year 2023, 2024, one customer accounted for 54% 18% of revenues and no other customers accounted for more than 10% of revenues. Historically, our revenues have been dependent upon a limited number of customers, and we expect that we will continue to have some significant customers in future years. We do not have long-term purchase commitments with these or other significant customers, and our customers have the right to cease doing business with us at any time. Military contracts that we have been awarded have terms of indefinite delivery/indefinite quantity during the term of the contract, so there are no guaranteed purchases under these contracts. No assurance can be given that these or other customers will continue to do business with us or that they will maintain their historical levels of business. If our relationship with any material customer were to cease, then our revenues would decline and negatively impact our results of operations. Any such decline could result in us increasing our accumulated deficit and a need to raise additional capital to fund our operations. If our expectations regarding future sales are inaccurate, we may be unable to reduce costs in a timely manner to adjust for sales shortfalls.

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- government spending levels impacting sales of our products;
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- foreign currency fluctuations;
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General economic and political conditions may adversely affect our business, operating results and financial condition.

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Risks related to global economic instability, including global supply chain issues, inflation, labor costs, and fuel and energy costs, may affect the Company's business.

The volatile global economic environment has created market uncertainty. A slowdown in the financial markets or other economic conditions, including but not limited to global supply chain issues, inflation, fuel and energy costs, freight costs, lack of available credit, interest rates, and tax rates, may adversely affect the Company's growth and profitability. Fluctuation of prices and availability of commodities and materials used in the manufacture of our products may affect the cost of operations. In addition, increasing wage inflation and challenges hiring qualified personnel may impact our ability to meet customer demand. While we expect the impacts of market uncertainty and inflation could have an effect on our business, financial condition and results of operations, we are unable to predict the extent or nature of these impacts at this time.

Actual or perceived failures or breaches of our information and security systems, or those of our customers, suppliers or business partners, could expose us to losses.

We rely on computer systems, hardware, software, technology infrastructure and online sites and networks (collectively, "IT Systems") for both internal and external operations that are critical to our business. We own and manage some of these IT Systems but also rely on third parties for a range of IT Systems and related products and services.

We have experienced cybersecurity incidents in the past, though none have materially impacted our Company, including our operations or financial condition. There can be no guarantee that future cyberattacks or incidents will not materially impact our Company generally or our IT Systems or data or that of critical service providers specifically. We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our IT Systems and data. Those risks include data security incidents, cybersecurity events, data breaches, ransomware attacks or other compromises of the IT Systems that we or our vendors use to provide services or process data on our behalf, which may lead to compromised network security and misappropriation or compromise of our information, our customer's information or that of third parties, to system disruptions or to shutdowns. Cyberattack actors include criminal hackers, hacktivists, state-sponsored intrusions, and may involve industrial espionage, employee malfeasance and human or technological error. Computer hackers and others routinely attempt to breach the security of technology products, services and systems, and to fraudulently induce employees, customers and other third parties to disclose information or unwittingly provide access to systems or data. The risk of such attacks includes attempted breaches not only of our own products, services and systems, but also those of customers, contractors, business partners, vendors and other third parties.

Our products, services and systems may be used in critical company, customer, government or other third-party operations, or involve the storage, processing and transmission of sensitive data, including valuable intellectual property, classified information, other proprietary or confidential data, regulated data and personal information of employees, customers and others. In our command-and-control software systems, we process, store and transmit data provided by our customers, which is vital to our customer's businesses and operations and may include sensitive and personal data. We also manage, store, transmit and otherwise process various sensitive personal or confidential data related to our company and our employees in the regular course of business. Successful breaches, employee malfeasance or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss or destruction of company, customer, government or other third party data or systems; theft of sensitive, regulated, classified or confidential data including personal information and intellectual property; the loss of access to critical data or systems through distributed denial-of-service attacks, denial-of-service attacks, ransomware attacks, supply chain attacks, destructive attacks or other means; and business delays, service or system disruptions or denials of service. Further, hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could interfere with the operation of such systems. Given the nature of complex systems, software and services like ours, and the scanning tools that we deploy across our networks, infrastructure and products, we regularly identify and track security vulnerabilities. We are unable to comprehensively guarantee patches or confirm that measures are in place to mitigate all such vulnerabilities, or that patches will be applied before vulnerabilities are exploited by a threat actor. If attackers are able to exploit critical vulnerabilities before patches are installed or mitigating measures are implemented, significant compromises could impact our and our customers' systems and data.

The information technology systems we and our vendors use are vulnerable to outages, breakdowns or other damage or interruption from service interruptions, system malfunction, natural disasters, terrorism, war, and telecommunication and electrical failures. For example, in July 2024, a software update by CrowdStrike Holdings, Inc. ("CrowdStrike"), a cybersecurity technology company, caused widespread crashes of Windows systems into which it was integrated. Although we have not experienced any material impacts as a result of the CrowdStrike software update, we could in the future experience similar third-party software-induced interruptions to our operations, which would adversely affect our business, results of operations and financial condition.

Cyberattacks are expected to accelerate on a global basis in both frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools (including AI) that circumvent controls, evade detection and even remove forensic evidence. Further, the use of AI by us, our customers, suppliers, and third-party service providers, among others, may also

introduce unique vulnerabilities. As a result, there can be no assurance that the systems we have designed to protect against cyberattacks, or our cybersecurity risk management program and processes, will be fully implemented, complied with or sufficient to identify, detect or prevent material consequences arising from such attacks in the future. In addition,

we have acquired and continue to acquire companies that may have cybersecurity vulnerabilities and/or unsophisticated security measures, which could expose us to significant cybersecurity, operational, and financial risks.

The costs to address product defects or any of the foregoing security problems and security vulnerabilities before or after a cyber incident could be significant. Remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. We could lose existing or potential customers for outsourcing services or other information technology solutions in connection with any actual or perceived security vulnerabilities in our products. In addition, breaches of our IT Systems or security measures and the unapproved dissemination of proprietary information or sensitive or confidential data about us or our customers or other third parties could expose us, our customers or other third parties affected to a risk of loss or misuse of this information, result in regulatory enforcement, litigation and potential liability, damage our brand and reputation or otherwise harm our business. Further, we rely in certain limited capacities on third-party data management providers and other vendors whose own security vulnerabilities or problems may have similar detrimental effects on us.

Actual or perceived non-compliance with applicable data privacy and security laws, or that of our customers, suppliers or business partners, could expose us to losses.

We are subject to laws, rules and regulations in the United States and other countries relating to the collection, use, transmission, processing and security of user and other data. Our ability to execute transactions and to possess, process, transmit and use personal information and data in conducting our business, for example with respect to our marketing efforts, which include email marketing and telemarketing, subjects us to legislative and regulatory obligations that, among other things, may require us to expend time, financial and other resources to monitor and interpret ever-evolving and complex data privacy and security laws.

In particular, certain states have adopted new or modified privacy and security laws and regulations that may apply to our business, for example, the California Consumer Privacy Act ("CCPA") imposes obligations on businesses that process personal information of California residents. Among other things, the CCPA: requires disclosures to such residents about the data collection, use and disclosure practices of covered businesses; provides such individuals expanded rights to access, delete and correct their personal information and opt-out of certain transfers of personal information; and provides such individuals with a private right of action and statutory damages for data breaches. The enactment of the CCPA has prompted a wave of similar laws being passed in the United States, which creates the potential for a patchwork of overlapping but different state laws. For example, since the CCPA went into effect, other states, including Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, Nebraska, Nevada, New Hampshire, Oregon, Rhode Island, Tennessee, Texas, Utah and Virginia, have all enacted comprehensive data privacy legislation. We cannot predict the full impact of these laws on our business or operations. Many other states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information related to individuals for marketing purposes or otherwise, and there remains increased interest at the federal level as well. Additionally, other jurisdictions outside of the United States have or have recently enacted privacy and cybersecurity laws, such as the EU and the European Union where the General Data Protection Regulation ("GDPR") took effect in 2018, creating the potential for a patchwork of overlapping but different laws.

We have incurred, and will continue to incur, significant expenses to comply with mandatory privacy and security standards and protocols under applicable laws, regulations, industry standards and contractual obligations. Despite such expenditures, we may face regulatory and other legal actions in the event of perceived or actual non-compliance with such applicable obligations. Many of these laws would also require us to notify regulators and customers, employees or other individuals of any data security breach as described above. The various data privacy enactments impose significant obligations and compliance with these requirements depends in part on how particular regulators apply and interpret them. Even though we believe we are generally in compliance with applicable laws, rules and regulations relating to privacy and data security, these laws are in some cases relatively new and the interpretation and application of these laws are uncertain. Any failure or perceived failure by us to comply with data privacy laws, rules, regulations, industry standards and other requirements could result in proceedings or actions against us by individuals, consumer rights groups, government agencies or others. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of these events were to occur, our business, results of operations and financial condition could be materially adversely affected.

We have current government contracts, and our future growth is dependent, in large part, on continued sales to U.S. and international governments and businesses that sell to governments.

In fiscal year 2024, direct and indirect sales to the U.S. government accounted for approximately 29% of our total net sales, compared with 59% of our total net sales in fiscal year 2023. Changes in defense spending could have an adverse effect on our current and future revenues. Sales of our products to U.S. government agencies and organizations are subject to the overall U.S. government budget and congressional appropriation decisions and processes which are driven by numerous factors, including geo-political events and macroeconomic conditions, and are beyond our control. Even awards granted may not result in orders due to spending constraints. Similar issues apply to sales to international governments. We have no assurance that military interest in communication devices to minimize unnecessary use of force will continue or will provide future growth opportunities for our business.

Disruption and fluctuations in financial and currency markets could have a negative effect on our business.

Financial markets in the U.S., Europe, and Asia have experienced extreme volatility and uncertainty in recent years. Governments have taken unprecedented actions intended to address these market conditions. It is difficult to assess the extent to which these conditions have impacted our business, and the **affect effect** this has had on certain of our customers and suppliers. These economic developments affect businesses **such as like** ours in a number of ways. Any tightening of credit in financial markets may adversely affect the ability of commercial customers to finance purchases and operations and could result in a decrease in orders and spending for our products as well as create supplier disruptions. Reductions in tax revenues, rating downgrades, and other economic developments could also reduce future government spending on our products. There can be no assurance that there will not be further volatility and uncertainty in financial markets, which can then lead to challenges in the operation of our business. We are unable to predict the likely effects that negative economic conditions will have on our business and financial condition.

We purchase a number of key components and sub-assemblies from foreign suppliers. Consequently, we are subject to the impact economic conditions can have on such suppliers and fluctuations in foreign currency exchange rates. Increases in our cost of purchasing these items could negatively impact our financial results if we are not able to pass these increased costs on to our customers.

We have current government contracts, and our future growth is dependent, in large part, on continued sales to U.S. and international governments and businesses that sell to governments.

In fiscal year 2023, direct and indirect sales to the U.S. government accounted for approximately 59% of our total net sales, compared with 71% of our total net sales in fiscal year 2022, and 68% in fiscal year 2021. Changes in defense spending could have an adverse effect on our current and future revenues. Sales of our products to U.S. government agencies and organizations are subject to the overall U.S. government budget and congressional appropriation decisions and processes which are driven by numerous factors, including geo-political events and macroeconomic conditions, and are beyond our control. Even awards granted may not result in orders due to spending constraints. Similar issues apply to sales to international governments. We have no assurance that military interest in communication devices to minimize unnecessary use of force will continue or will provide future growth opportunities for our business.

Worldwide armed conflicts and the related implications may negatively impact our operations.

Current conflicts around the world, including Ukraine and Israel, and related sanctions could damage or disrupt international commerce and the global economy. It is not possible to predict the broader or longer-term consequences of these conflicts or the impact of sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, currency exchange rates, and financial markets. Such geopolitical instability and uncertainty could have a negative impact on our ability to sell, ship products, collect payments, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions, supply disruptions, and logistics restrictions, including closures of air space, and could increase the costs, risks, and adverse impacts from supply chain and logistics challenges. Given the evolving nature of these conflicts, the related sanctions, potential governmental actions and economic impact, such potential impacts remain uncertain. While we expect the impacts of these conflicts could have an effect on our business, financial condition, and results of operations, we are unable to predict the extent or nature of these impacts at this time.

Our future success depends **on upon our ability to execute our business strategy, **and** to continue to innovate and improve our existing products as well as design, **develop**, and produce new products to provide protective communications **solutions.solutions**.**

Our future success significantly depends on our ability to execute our business strategy, continue to innovate, improve our existing products, and design, develop, and produce innovative new products and solutions, including those that may incorporate, or are based upon, artificial intelligence technology. Product design, development, innovation, and enhancement is often a complex, time-consuming, and costly process involving significant investment in research and development with no assurance of return on investment. There can be no assurance that we will be able to develop and introduce new and improved products in a timely or efficient manner or that new and improved products, if developed, will achieve market acceptance. Our products generally must conform to various evolving and sometimes competing industry standards, which may adversely affect our ability to compete in certain markets or require us to incur significant costs. In addition, our customers generally impose very high quality and reliability standards on our products, which often change and may be difficult or costly to satisfy. Any inability to satisfy customer quality and reliability standards or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations.

We must expand our customer base **in order to grow our business.**

To grow our business, in addition to continuing to obtain additional orders from our existing customers, we must develop relationships with new customers and obtain and fulfill orders from new customers. We are competing against a number of large competitors in the mass notification market, and we need to establish our product offerings as competitive to win awards against these competitors, increase our customer base, and gain market share. We cannot guarantee that we will be able to increase our customer base.

Further, even if we do obtain new customers, we cannot guarantee that those customers will purchase from us in sufficient quantities or at product prices that will enable us to recover our costs in acquiring those customers and fulfilling those orders. Whether we will be able to sell more of our products will depend on **a number of several** factors, including:

- our ability to design and manufacture reliable products that have the features that are required by our customers;
- the global economy;
- our ability to expand relationships with existing customers and to develop relationships with new customers that will lead to additional orders for our products;
- our ability to develop and expand new markets for directed sound products, mobile mass messaging services, and integrated solutions; and
- our ability to design and manufacture reliable products that have the features that are required by our customers;

- our ability to develop international product distribution directly or through strategic partners.
- the global economy;
- our ability to expand relationships with existing customers and to develop relationships with new customers that will lead to additional orders for our products;
- our ability to develop and expand new markets for directed sound products, mobile mass messaging services, and integrated solutions;
- our ability to develop international product distribution directly or through strategic partners.
- We may not be able to successfully integrate acquisitions in the future, and we may not be able to realize anticipated cost savings, revenue enhancements, or synergies from such acquisitions. On January 18, 2018, Since early 2018, we acquired all of the outstanding shares of capital stock of several acquisitions, including Genasys Holding S.L. ("Genasys Spain"), on October 2, 2020, we acquired substantially all of the assets and business of Spain, Amika Mobile Corporation ("Amika Mobile"), demands on management related to changes in the size and possible locations of our businesses and employees; diversion of management's attention from the management of daily operations; difficult in the assimilation of different corporate culture; and business practices

on June 7, 2021, we completed the acquisition of Zonehaven Inc. ("Zonehaven") and on October 4, 2023, we completed the acquisition of Evertel Technologies ("Evertel"). most recently Evertel. Our ability to successfully implement our business plan and achieve targeted financial results and other benefits including, among other things, greater market presence and development, and enhancements to our product portfolio and customer base, is dependent on our ability to successfully identify, consummate and integrate acquisitions, including Genasys Spain, Amika Mobile, Zonehaven and Evertel, as well as other businesses we may acquire in the future. acquisitions. We may not realize the intended benefits of the Genasys Spain, Amika Mobile, Zonehaven or Evertel these acquisitions, or the acquisition of other businesses in the

future as rapidly as, or to the extent, anticipated by our management.

There can be no assurance that we will be able to successfully integrate the Genasys Spain, Amika Mobile, Zonehaven or Evertel businesses or any other acquired these

businesses, products or technologies without substantial expenses, delays or other operational or financial problems.

Acquisitions including our acquisition of Genasys Spain, Amika Mobile, Zonehaven and Evertel, involve a number of risks, some or all which could have a material adverse effect on our acquired businesses, products or technologies.

Furthermore, there can be no assurance that the Genasys Spain, Amika Mobile, Zonehaven and Evertel these

businesses, or any other acquired business, product, or technology will be profitable or achieve anticipated revenues and income. Our failure

to manage our acquisition and integration strategy successfully could have a material adverse effect on our business, results of operations, and financial condition. The process of integrating an acquired business involves risks, including but not limited to:

