September 23, 2024

Red Cat Holdings Reports Financial Results for Fiscal First Quarter 2025 and Provides Corporate Update

SAN JUAN, Puerto Rico, Sept. 23, 2024 (GLOBE NEWSWIRE) -- Red Cat Holdings, Inc. (Nasdaq: RCAT) ("Red Cat" or "Company"), a drone technology company integrating robotic hardware and software for military, government, and commercial operations, reports its financial results for the fiscal first quarter ended July 31, 2024 and provides a corporate update.

Recent Operational Highlights:

- Presented drone solutions to high-level officials, at multiple Defense Conferences, including the U.S Marine Corps (Modern Day Marine), domestic and international Special Operations Forces (SOF Week), and European Union and NATO forces at Eurosatory 2024 in Paris, France.
- Announced development of a new Family of Small ISR and Precision Strike Systems at Eurosatory 2024.
- Recently closed FlightWave asset purchase agreement.
- Launched Robotics and Autonomous Systems Industry Consortium called Red Cat Futures Initiative.

First Quarter 2025 Financial Highlights:

- Quarterly revenue of $2.8 million, representing 59% year-over-year growth.
- Ended the quarter with cash of $7.7 million.
- Guidance of $50-$55 million for calendar year 2025 exclusive of government or NATO programs of record.
- Record backlog of $13 million.

"Red Cat continues to see significant global demand and year-over-year growth with a strong pipeline and backlog," said Jeff Thompson, Red Cat Chairman and Chief Executive Officer. "This is being driven by strong domestic and international adoption and sales across our entire Family of Systems, which now includes the Edge 130 Blue. Our guidance for the upcoming 2025 calendar year of $50 - $55 million will continue our growth trend as we await news around the U.S. Army's Short-Range Reconnaissance Program of Record and prepare to scale up production capacity."

"We are reporting 59% year-over-year growth and $13 million in backlog for the first quarter of fiscal 2025," stated Leah Lunger, Chief Financial Officer. "Having officially closed the acquisition of FlightWave Aerospace System, we look forward to integrating the Edge 130 Blue into our Family of Systems, which will open new revenue streams and partnership opportunities with companies in our Futures Initiative. We also have significant market potential for NDAA compliant FPV precision strike drones within our innovation roadmap."

Conference Call Today

CEO Jeff Thompson and CFO Leah Lunger will host an earnings conference call at 4:30 p.m. ET on Tuesday, September 23, 2024 to review financial results and provide an update on corporate developments. Following management's formal remarks, there will be a question-and-answer session.

Interested parties can listen to the conference call by dialing 1-844-413-3977 (within the U.S.) or 1-412-317-1803 (international). Callers should dial in approximately ten minutes prior to the start time and ask to be connected to the Red Cat conference call. Participants can also pre-register for the call using the following link: https://dpregister.com/sreg/10192508/fd6e5cff60

The conference call will also be available through a live webcast that can be accessed at: https://event.choruscall.com/mediaframe/webcast.html?webcastid=TD6F4UVA

A replay of the webcast will be available until December 22, 2024 and can be accessed through the above link or at www.redcatholdings.com. A telephonic replay will be available until October 7, 2024 by calling 1-877-344-7529 (domestic) or 1-412-317-0088 (international) and using access code 2058195.

About Red Cat, Inc.
Red Cat (Nasdaq: RCAT) is a drone technology company integrating robotic hardware and software for military, government, and commercial operations. Through two wholly owned subsidiaries, Teal Drones and FlightWave Aerospace, Red Cat has developed a bleeding-edge Family of ISR and Precision Strike Systems including the Teal 2, a small unmanned system offering the highest-resolution thermal imaging in its class, the Edge 130 Blue Tricopter for extended endurance and range, and FANG™, the industry's first line of NDAA compliant FPV drones optimized for military operations with precision strike capabilities. Learn more at www.redcat.red.

Forward Looking Statements
This press release contains "forward-looking statements" that are subject to substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this press release are forward-looking statements. Forward-looking statements contained in this press release may be identified by the use of words such as "anticipate," "believe," "contemplate," "could," "estimate," "expect," "intend," "seek," "may," "might," "plan," "potential," "predict," "project," "target," "aim," "should," "will" "would," or the negative of these words or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are based on Red Cat Holdings, Inc.'s current expectations and are subject to inherent uncertainties, risks and assumptions that are difficult to predict. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. These and other risks and uncertainties are described more fully in the section titled "Risk Factors" in the Form 10-K filed with the Securities and Exchange Commission on July 27, 2023. Forward-looking statements contained in this announcement are made as of this date, and Red Cat Holdings, Inc. undertakes no duty to update such information except as required under applicable law.

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RED CAT HOLDINGS
Condensed Consolidated Balance Sheets

	July 31, 2024	April 30, 2024
ASSETS		
Cash and marketable securities	$ 7,732,763	$ 6,067,169
Accounts receivable, net	681,775	4,361,090
Inventory, including deposits	10,667,676	8,610,125
Intangible assets including goodwill, net	12,612,560	12,882,939
Other	6,260,457	7,473,789
Equity method investee	—	5,142,500
Note receivable	—	4,000,000
TOTAL ASSETS	**$ 37,955,231**	**$ 48,537,612**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 3,428,538	$ 2,703,922
Debt obligations	599,570	751,570
Operating lease liabilities	1,471,589	1,517,590
Total liabilities	5,499,697	4,973,082
Stockholders' capital	126,002,642	124,690,641
Accumulated deficit/comprehensive loss	(93,547,108)	(81,126,111)
Total stockholders' equity	32,455,534	43,564,530
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 37,955,231**	**$ 48,537,612**

Condensed Consolidated Statements of Operations

	Three months ended July 31,	
	2024	**2023**

Revenues	$ 2,776,535	$ 1,748,129
Cost of goods sold	3,259,926	1,573,464
Gross (loss) profit	(483,391)	174,665
Operating Expenses		
Research and development	1,626,440	1,353,551
Sales and marketing	2,041,511	1,288,760
General and administrative	3,483,095	2,863,758
Impairment loss	93,050	—
Total operating expenses	7,244,096	5,506,069
Operating loss	(7,727,487)	(5,331,404)
Other expense	4,688,889	262,891
Net loss from continuing operations	(12,416,376)	(5,594,295)
Loss from discontinued operations	—	(242,573)
Net loss	$(12,416,376)	$ (5,836,868)
Loss per share - basic and diluted	$ (0.17)	$ (0.11)
Weighted average shares outstanding - basic and diluted	74,500,480	54,935,339

Condensed Consolidated Statements of Cash Flows

	Three months ended July 31,	
	2024	**2023**
Cash Flows from Operating Activities		
Net loss from continuing operations	$(12,416,376)	$(5,594,295)
Non-cash expenses	6,755,639	1,522,611
Changes in operating assets and liabilities	3,312,325	(2,854,385)
Net cash used in operating activities	(2,348,412)	(6,926,069)
Cash Flows from Investing Activities		
Proceeds from sale of equity method investment and note receivable	4,400,000	—
Proceeds from sale of marketable securities	—	4,888,399
Other	(99,957)	(5,054)

Net cash provided by investing activities	4,300,043	4,883,345
Cash Flows from Financing Activities		
Payments of debt obligations, net	(152,000)	(137,989)
Payments related to employee equity transactions	(134,037)	(8,520)
Net cash used in financing activities	(286,037)	(146,509)
Net cash used in discontinued operations	—	(118,295)
Net increase (decrease) in Cash	1,665,594	(2,307,528)
Cash, beginning of period	6,067,169	3,260,305
Cash, end of period	7,732,763	952,777
Less: Cash of discontinued operations	—	(15,021)
Cash of continuing operations, end of period	7,732,763	937,756
Marketable securities	—	7,922,392
Cash of continuing operations and marketable securities	$ 7,732,763	$ 8,860,148

RED CAT
Defining the Future of Aerial Intelligence

Source: Red Cat Holdings, Inc.