March 31, 2025

Red Cat Holdings Reports Financial Results for the 2024 Transition Period (as of December 31, 2024 and the eight months then ended) and Provides Corporate Update

SAN JUAN, Puerto Rico, March 31, 2025 (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 2024 Transition Period (as of December 31, 2024 and the eight months then ended) and provides a corporate update.

Recent Operational Highlights:

- Black Widow selected as the sole winner and provider of the U.S. Army's Short Range Reconnaissance (SRR) Program of Record.
- Closed the acquisition of FlightWave Aerospace Systems Corporation. The acquisition officially brings the Edge 130, FlightWave's Blue UAS approved military-grade tri-copter, into Red Cat's Family of Systems.
- Partnered with Palantir to integrate Visual Navigation software (VNav) into Red Cat's Black Widow drones. This collaboration will transform autonomous sUAS operations for modern warfare by utilizing Palantir's Visual Navigation in GPS denied environments.
- Partnered with Palantir to deploy Warp Speed, Palantir's manufacturing OS. This collaboration will transform our supply and manufacturing operations with Palantir's AI enabled monitoring, process flow enhancement and comprehensive data analysis. Palantir's Warp Speed will optimize Red Cat's production and streamline its supply chain, change management, and quality assurance, ultimately reducing costs and improving margins.
- Announced that the Black Widow drone and FlightWave Edge 130 were included on the list of 23 platforms and 14 unique components and capabilities selected as winners of the Blue UAS Refresh. The platforms will undergo National Defense Authorization Act (NDAA) verification and cyber security review with the ultimate goal of joining the Blue UAS List.
- Introduced our Black Widow™ short-range reconnaissance drone and Edge 130 Tricopter to the Middle East market at the International Defense Exhibition and Conference in Abu Dhabi, UAE, Feb 17-21 2025.
- Will be introducing Black Widow™ and Edge 130 drones to the Latin American market at LAAD 2025 in Rio De Janeiro, Brazil in April 2025.
- Introduced Black Widow™ to the Asia Pacific Market at the AISSE conference in

Putrajaya, Malaysia in January 2025.

- Expanded our Red Cat Futures Industry Consortium to include Palantir and Palladyne to boost AI capabilities in contested environments, including visual navigation.

2024 Transition Period (as of December 31, 2024 and the eight months then ended) Financial Highlights:

- Transition period revenue of $4.9 million
- Ended the period with cash and accounts receivable of $9.6 million
- Closed an additional $6 million financing since prior quarter end
- Guidance of $80-$120 million for calendar year 2025 , which consists of:
    - $25 million in Non-SRR Black Widow sales
    - $25 million in Edge 130 sales
    - $5 million in Fang FPV sales
    - $25 to $65 million in SRR-related Black Widow sales

“Red Cat’s partnerships and global expansion strategy is already yielding strong results. Over the past few months, we’ve introduced the Black Widow and Edge 130 drones to key international markets, including the Middle East, Asia Pacific, and soon Latin America,” said Jeff Thompson, Red Cat CEO. “This momentum underscores growing global interest in our Family of Systems. The ongoing development of Black Widow for the U.S. Army’s SRR Program of Record, bolstered by AI partners like Palantir and Palladyne, we’re not only meeting immediate defense needs—we're ensuring our warfighters and allies are well equipped for rapidly-evolving battlefield.”

“Our financial position remains solid as we scale to meet increased demand,” added Thompson. “With over $9 million in cash and receivables and the recently secured debt financing of $15 million, we’ve significantly strengthened our capital position heading into a pivotal year. This infusion of non-dilutive capital allows us to aggressively scale production, and meet accelerating demand tied to the U.S. Army’s SRR program and international opportunities. Combined with our strong cash balance and operational discipline, we are confident in our ability to support 2025 revenue guidance and deliver long-term shareholder value.”

Conference Call Today

CEO Jeff Thompson will host an earnings conference call at 4:30 p.m. ET on Monday, March 31, 2025 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 attend the conference call through a live webcast that can be accessed at:
https://event.choruscall.com/mediaframe/webcast.html?webcastid=kOCu4DoZ.

About Red Cat Holdings, 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 leading-edge Family of Systems. This includes the flagship Black Widow™, a small unmanned ISR

system that was awarded the U.S. Army's Short Range Reconnaissance (SRR) Program of Record contract. The Family of Systems also includes TRICHON™, a fixed wing VTOL 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

	December 31, 2024	April 30, 2024
ASSETS		
Cash	$ 9,154,297	$ 6,067,169
Accounts receivable, net	489,316	4,361,090
Inventory, including deposits	13,592,900	8,610,125
Intangible assets including goodwill, net	26,124,133	12,882,939

Equity method investee	—	5,142,500
Note receivable	—	4,000,000
Other	6,243,621	7,473,789
TOTAL ASSETS	**$ 55,604,267**	**$ 48,537,612**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 3,517,118	$ 2,703,922
Debt obligations	350,000	751,570
Operating lease liabilities	1,617,596	1,517,590
Total liabilities	5,484,714	4,973,082
Stockholders’ capital	174,864,256	124,690,641
Accumulated deficit/comprehensive loss	(124,744,703)	(81,126,111)
Total stockholders' equity	50,119,553	43,564,530
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 55,604,267**	**$ 48,537,612**

Condensed Consolidated Statements of Operations

	For the Eight Months Ended December 31, 2024	For the Year Ended April 30, 2024
Revenues	$ 4,850,304	$ 17,836,382
Cost of goods sold	6,206,378	14,155,836
Gross (loss) profit	(1,356,074)	3,680,546
Operating Expenses		
Research and development	6,610,980	6,266,129
Sales and marketing	6,321,763	5,086,600
General and administrative	11,459,442	11,214,154
Impairment loss	93,050	412,999
Total operating expenses	24,485,235	22,979,882
Operating loss	(25,841,309)	(19,299,336)

Other expense	17,772,662	2,227,360
Net loss from continuing operations	(43,613,971)	(21,526,696)
Loss from discontinued operations	—	(2,525,933)
Net loss	**$(43,613,971)**	**$(24,052,629)**
Loss per share - basic and diluted	**$ (0.57)**	**$ (0.40)**
Weighted average shares outstanding - basic and diluted	**77,039,869**	**60,118,675**

Condensed Consolidated Statements of Cash Flows

	For the Eight Months Ended December 31, 2024	For the Year Ended April 30, 2024
Cash Flows from Operating Activities		
Net loss from continuing operations	$ (43,613,971)	$ (21,526,696)
Non-cash expenses	22,633,786	8,479,195
Changes in operating assets and liabilities	444,208	(4,672,816)
Net cash used in operating activities	(20,535,977)	(17,720,317)
Cash Flows from Investing Activities		
Proceeds from sale of marketable securities	—	12,826,217
Proceeds from sale of equity method investment and note receivable	4,400,000	—
Other	(163,555)	740,861
Net cash provided by investing activities	4,236,445	13,567,078
Cash Flows from Financing Activities		
Proceeds from issuance of convertible notes payable, net	13,456,000	—
Payments of debt obligations, net	(394,606)	(572,137)
Proceeds from exercise of stock options	1,350,267	2,655
Proceeds from exercise of warrants	4,974,999	—
Proceeds from issuance of common stock, net	—	8,404,812
Net cash provided by financing activities	19,386,660	7,835,330

Net cash used in discontinued operations	—	(875,227)
Net increase in Cash	3,087,128	2,806,864
Cash, beginning of period	6,067,169	3,260,305
Cash, end of period	**$ 9,154,297**	**$ 6,067,169**

Source: Red Cat Holdings, Inc.