August 14, 2025

Red Cat Reports Financial Results for Second Quarter 2025 and Provides Corporate Update

SAN JUAN, Puerto Rico, Aug. 14, 2025 (GLOBE NEWSWIRE) -- Red Cat Holdings, Inc. (Nasdaq: RCAT) ("Red Cat" or the "Company"), a drone technology company integrating robotic hardware and software for military, government, and commercial operations, reports its financial results for the second quarter ended June 30, 2025 and provides a corporate update.

Recent Operational Highlights

- SRR Black Widow Contract: In July 2025, the company executed the TD3 LRP contract with the U.S. Army to deliver up to 690 SRR Black Widow systems.
- Teal Drones achieved AS9100 certification from NSF International Strategic Registrations (NSF-ISR), a leading global certification body for aerospace and defense quality systems.
- Announced partnership with ESAero to support manufacturing for Teal's Black Widow™.

Second Quarter 2025 Financial Highlights

- Ended the quarter with cash and accounts receivable of $66.9 million.
- Quarterly Revenue of $3.2 million.

"Red Cat is at the forefront of a major transformation in unmanned systems," said Jeff Thompson, CEO of Red Cat. "With our AS9100 certification, strategic partnerships, and expansion into uncrewed surface vessels, we're entering the second half of 2025 in a strong position. Recent developments—including Secretary Hegseth's announcement on drone dominance, the executive order on shipbuilding, our new Army contract, and a significantly expanded 2026 budget for SRR—signal that next year is shaping up to be a breakthrough moment for Red Cat and the industry as a whole."

"Our balance sheet is in a fantastic position to execute our long-term goals," said Chris Ericson, Red Cat CFO. "We have bolstered our quarter-end cash and receivables of $66.9 million in addition to our $21.0 million in inventory and inventory deposits. This liquidity gives us ample strength and ability to execute the demands of the U.S. Army's SRR program, build out our USV division and expand international opportunities for the second half of 2025 and beyond."

About Red Cat Holdings, Inc.

Red Cat (Nasdaq: RCAT) is a U.S.-based provider of advanced all-domain drone and robotic solutions for defense and national security. Through its wholly owned subsidiaries, Teal Drones and FlightWave Aerospace, Red Cat develops American-made hardware and

software that support military, government, and public safety operations across air, land, and sea. Its Family of Systems, led by Black Widow™, delivers unmatched tactical capabilities in small unmanned aircraft systems (sUAS). Expanding into the maritime domain, Red Cat is also innovating in uncrewed surface vessels (USVs), delivering integrated platforms designed to enhance safety and multi-domain mission effectiveness. 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

	June 30, 2025	December 31, 2024
ASSETS		
Cash	$ 65,930,475	$ 9,154,297
Accounts receivable, net	1,012,475	489,316
Inventory, including deposits	20,996,936	13,592,900
Intangible assets including goodwill, net	25,342,156	26,124,133

Other	8,085,809	6,243,621
TOTAL ASSETS	**$ 121,367,851**	**$ 55,604,267**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 3,320,836	$ 3,289,634
Debt obligations	350,000	350,000
Contract liabilities and deposits	565,537	227,484
Operating lease liabilities	2,132,352	1,617,596
Convertible notes payable	19,434,004	—
Total liabilities	25,802,729	5,484,714
Stockholders’ capital	256,712,136	174,864,256
Accumulated deficit/comprehensive loss	(161,147,014)	(124,744,703)
Total stockholders' equity	95,565,122	50,119,553
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 121,367,851**	**$ 55,604,267**

Condensed Consolidated Statements of Operations

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Revenues	$ 3,218,577	$ 6,419,669	$ 4,848,239	$ 13,033,698
Cost of goods sold	2,843,523	6,151,865	5,323,595	11,644,690
Gross profit (loss)	375,054	267,804	(475,356)	1,389,008
Operating Expenses				
Research and development	3,598,267	289,016	7,030,860	2,958,518
Sales and marketing	3,187,585	2,203,522	6,502,333	3,614,028
General and administrative	6,235,749	2,738,285	11,116,197	5,822,780
Impairment loss	—	412,999	—	412,999
Total operating expenses	13,021,601	5,643,822	24,649,390	12,808,325
Operating loss	(12,646,547)	(5,376,018)	(25,124,746)	(11,419,317)
Other expense	632,413	2,784,001	11,277,565	2,148,325

Net loss from continuing operations	(13,278,960)	(8,160,019)	(36,402,311)	(13,567,642)
Loss from discontinued operations	—	—	—	(1,373,457)
Net loss	**$ (13,278,960)**	**(8,160,019)**	**$ (36,402,311)**	**$ (14,941,099)**
Loss per share - basic and diluted	**$ (0.15)**	**$ (0.11)**	**$ (0.41)**	**$ (0.20)**
Weighted average shares outstanding - basic and diluted	**91,295,342**	**74,247,575**	**88,400,431**	**74,226,099**

Condensed Consolidated Statements of Cash Flows

	Six months ended June 30,	
	2025	**2024**
Cash Flows from Operating Activities		
Net loss from continuing operations	$ (36,402,311)	$ (13,567,642)
Non-cash expenses	16,232,815	5,813,615
Changes in operating assets and liabilities	(8,635,160)	1,184,517
Net cash used in operating activities	(28,804,656)	(6,569,510)
Cash Flows from Investing Activities		
Proceeds from divestiture of consumer segment	—	1,000,000
Purchases of property and equipment	(579,626)	(87,063)
Net cash (used in) provided by investing activities	(579,626)	912,937
Cash Flows from Financing Activities		
Proceeds from issuance of common stock through public offerings, net	71,768,044	—
Proceeds from issuance of convertible notes payable, net	14,432,879	—
Payments of convertible notes payable	(1,650,000)	—
Proceeds from exercise of stock options and warrants	1,609,537	—
Payments of debt obligations, net	—	(297,819)
Net cash provided by (used in) financing activities	86,160,460	(297,819)

Net cash used in discontinued operations	—	(194,969)
Net increase (decrease) in Cash	56,776,178	(6,149,361)
Cash, beginning of period	9,154,297	10,245,064
Cash, end of period	$ 65,930,475	$ 4,095,703

Source: Red Cat Holdings, Inc.