Red Cat Holdings Reports Q3 2025 Revenue Growth of 646% Y/Y Sequential Quarterly Revenue Growth of 200%; Guides Q4 Revenue to 1455% Y/Y; FY 2025 Revenue Guidance to 124% Y/Y, Beating Q3 Revenue Consensus Expectations

SAN JUAN, Puerto Rico, November 13, 2025 -- Red Cat Holdings, Inc. (Nasdaq: RCAT) ("Red Cat" or the "Company"), a U.S.-based provider of advanced all-domain drone and robotic solutions for defense and national security, reports its financial results for the third quarter ended September 30, 2025.

Business and Financial Highlights

- Q3 quarterly revenue grew 646% year over year and 200% over the prior quarter to $9.6 million, beating consensus expectations.
- Update on the U.S. Army's SRR UAS Tranche 2 (T2) Program: The Limited Rate Production (LRIP) Tranche 2 contract, signed in July 2025, has been expanded and is now valued at approximately $35 million.
- 2025 annual revenue guidance updated to between $34.5 - $37.5 million, Q4 revenue guided to between $20 -$23 million.
- $212.5 million of cash and accounts receivable at the end of Q3.
- Launched Maritime Division, Blue Ops: Red Cat's new division focused on delivering and further developing a family of battle proven uncrewed surface vessel (USV) weapons systems.
- Blue Ops opened a 155,000 square foot facility in GA with manufacturing capacity of more than 500 vessels per year.
- 2x expansion of manufacturing space in Salt Lake City (Teal) and Los Angeles (FlightWave) facilities. Teal and FlightWave have recently expanded their manufacturing capacity through new and expanded leased facilities.

"Our record-breaking third quarter revenue and the expansion of our contract with the U.S. Army clearly demonstrates the accelerating adoption of our specialized solutions within the defense and national security sectors," said Jeff Thompson, CEO of Red Cat. "We are seeing significant returns on our focused strategy, with our products being validated by major government agencies and NATO allies and necessitating the recent 2x expansion of our drone manufacturing facilities. This expansion allows us to deliver speed and volume at scale to the Department of War and U.S. Allies through FMS (Foreign Military Sales). Also, the recent launch of our USV division, Blue Ops, and the lease of our 155,000 sq foot vessel building facility positions us to be the leader of delivering critical unmanned systems for use over land and sea."

"Our financial performance this quarter demonstrates the operational leverage and discipline as we effectively scale to meet surging demand. We have substantially improved our balance sheet to be able to execute on our long-term goals," said Chris Ericson, Red Cat CFO. "We have bolstered our quarter-end cash and receivables of $212.5 million in addition to our $30.6 million in inventory and inventory deposits. This liquidity gives us the appropriate strength and ability to execute the demands of the U.S. Army's SRR program, continue building out our USV division and take advantage of possible technology acquisitions and international growth opportunities as we look to position ourselves into 2026."

Other Business Updates

- Blue Ops has partnered with Hodgdon Shipbuilding to produce the first five uncrewed surface vessel prototypes at its facilities in the Boothbay Region and in Damariscotta, Maine, with delivery beginning in Q4.
- Apium Swarm Robotics joined Red Cat Holdings' Futures Initiative: Following Red Cat's successful U.S. Army testing of its autonomous swarming technology on Teal drones, the partnership advances scalable, decentralized drone swarming capabilities for tactical operations, enabling real-time mission adaptability without centralized control.
- FANG™ FPV Drone Blue UAS Certification: Red Cat's FANG™ FPV Drone system was officially added to the Department of War's Blue UAS Cleared List, confirming its compliance with stringent cybersecurity and operational requirements for U.S. government use.
- Successful Palantir VNav Flight Testing: The Company successfully completed flight testing of Palantir Technologies' Visual Navigation (VNav) software on its Black Widow™ drone platform, enhancing its capability for operations in GPS-denied environments.
- Strategic Partnership with AeroVironment (AV): Red Cat announced a partnership to enable the deployment of the FANG™ FPV drone from AV's P550™ UAS, marking a significant step toward developing multi-domain, networked drone capabilities.
- Introduced FANG™ - a Low-Cost, NDAA-Compliant FPV Drone Line: Red Cat's first system in the FANG line is the FANG™ F7, a 7-inch retrievable FPV drone optimized for training and tactical use that is now available for purchase by defense and security operators.
- AI Collaboration with Safe Pro Group: Red Cat collaborated with Safe Pro Group to embed Real-Time AI-Powered Threat Detection directly onboard the Black Widow™ drone platform, significantly enhancing battlefield intelligence capabilities.
- NATO NSPA Catalogue Approval: Red Cat's Teal Drones Black Widow™ System was approved for the NATO Support and Procurement Agency (NSPA) Catalogue, paving the way for sales to a broad range of NATO member and partner nations.

Conference Call Details

Red Cat will host a live webcast and conference call to discuss the third quarter 2025 earnings at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) on November 13, 2025. Those wishing to participate via the webcast should access the call through the Investor Relations sections of the Red Cat website. Those wishing to participate via the telephone may dial in at 1-844-413-3977 (USA) or 1-412-317-1803 (International). The webcast replay will be available through the Investor Relations section of the Company's website.

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 through Blue Ops, Inc., 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. Such statements include, but are not limited to, statements relating to our intended use of proceeds from the offering, annual revenue guidance, future manufacturing capacities and future market demand. 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-KT filed with the Securities and Exchange Commission on March 31, 2025. 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 (Unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Cash	$ 206,425,996	$ 9,154,297
Accounts receivable, net	6,106,951	489,316
Inventory, including deposits	30,595,667	13,592,900
Intangible assets including goodwill, net	24,965,863	26,124,133
Operating lease right-of-use assets	8,435,706	1,491,345
Other	9,494,183	4,752,276
TOTAL ASSETS	**$ 286,024,366**	**$ 55,604,267**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 9,167,634	$ 3,289,634
Debt obligations	350,000	350,000
Contract liabilities and deposits	467,914	227,484
Operating lease liabilities	8,719,387	1,617,596
Deferred income taxes	694,562	—
Convertible notes payable	13,351,000	—
Total liabilities	32,750,497	5,484,714
Stockholders' capital	430,437,331	174,864,256
Accumulated deficit	(177,163,462)	(124,744,703)
Total stockholders' equity	253,273,869	50,119,553
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 286,024,366**	**$ 55,604,267**

Condensed Consolidated Statements of Operations (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenues	$ 9,646,392	$ 1,292,447	$ 14,494,631	$ 14,326,145
Cost of goods sold	9,008,890	1,684,410	14,332,485	13,329,100
Gross profit (loss)	637,502	(391,963)	162,146	997,045
Operating Expenses				
Research and development	5,968,131	1,879,486	12,998,991	4,838,004
Sales and marketing	2,984,677	1,968,441	9,487,010	5,582,469
General and administrative	9,215,783	4,108,844	20,331,980	9,931,624
Impairment loss	—	93,050	—	506,049
Total operating expenses	18,168,591	8,049,821	42,817,981	20,858,146
Operating loss	(17,531,089)	(8,441,784)	(42,655,835)	(19,861,101)
Other (income) expense	(2,209,203)	3,991,934	9,068,362	6,140,259
Provision for income taxes	694,562	—	694,562	—
Net loss from continuing operations	(16,016,448)	(12,433,718)	(52,418,759)	(26,001,360)
Loss from discontinued operations	—	—	—	(1,373,457)
Net loss	**$ (16,016,448)**	**(12,433,718)**	**$ (52,418,759)**	**$ (27,374,817)**
Loss per share - basic and diluted	**$ (0.16)**	**$ (0.16)**	**$ (0.57)**	**$ (0.37)**
Weighted average shares outstanding - basic and diluted	**99,581,172**	**75,743,971**	**92,127,345**	**74,732,056**

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Nine months ended September 30,	
	2025	2024
Cash Flows from Operating Activities		
Net loss from continuing operations	$ (52,418,759)	$ (26,001,360)
Non-cash expenses	20,094,751	11,135,324
Changes in operating assets and liabilities	(20,332,672)	173,270
Net cash used in operating activities	(52,656,680)	(14,692,766)
Cash Flows from Investing Activities		
Proceeds from divestiture of consumer segment	—	1,000,000
Proceeds from sale of equity method investment and note receivable	—	4,400,000
Purchases of property and equipment	(1,249,217)	(149,686)
Net cash (used in) provided by investing activities	(1,249,217)	5,250,314
Cash Flows from Financing Activities		
Proceeds from issuance of common stock through public offerings, net	234,348,506	—
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	4,046,211	—
Payments of debt obligations, net	—	(588,003)
Net cash provided by (used in) financing activities	251,177,596	(588,003)
Net cash used in discontinued operations	—	(194,969)
Net increase (decrease) in Cash	197,271,699	(10,225,424)
Cash, beginning of period	9,154,297	10,245,064
Cash, end of period	$ 206,425,996	$ 19,640