August 8, 2024

Red Cat Holdings Reports Financial Results for Fiscal Year Ended April 30, 2024 and Provides Business Update

SAN JUAN, Puerto Rico, Aug. 08, 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 year ended April 30, 2024 and provides a business update

Recent Operational Highlights:

- Certification of Teal 2 as Blue UAS received from U.S. Department of Defense
- Continued global sales expansion into Middle East and Latin American markets
- Selected by U.S. Army as finalist for Short Range Reconnaissance Program of Record
- Launched Red Cat Futures Initiative Drone Industry Consortium
- Introduced new Family of Low-Cost, Portable ISR and Precision Strike Systems
- Formed new industry partnerships to integrate advanced AI and GPS-denied capabilities

Fiscal Year 2024 Financial Highlights:

- Consolidated revenues in fiscal 2024 increased 286% year-over-year to $17.8 million
- Fourth consecutive quarter of record revenues with $6.3 million in the fourth fiscal quarter
- Completed divesture of Consumer segment in February 2024
- Over $10.4 million of combined cash and account receivable balances as of April 30, 2024
- Reduced quarterly cash burn to $1.6 million

"Small Drones have become a crucial tool in modern military operations, offering new capabilities and changing the dynamics of warfare," said Jeff Thompson, Red Cat CEO. "Our singular focus on addressing this shift and innovation that supports the needs of the warfighter has spurred rapid growth for us as a business. We believe that the next six months will be a significant catalyst for mass production of our Family of Systems as governments across the globe begin supplying their armed forces with small drones."

"We are ending the fiscal year in a fundamentally strong position, reporting solid results that include a year-over-year consolidated revenue increase of 286 percent to $17.8 million," said Leah Lunger, Red Cat CFO. "Our performance reflects Red Cat's ability to consistently fulfill existing domestic and international contracts, and we have a robust and growing pipeline of new orders. Additionally, our pending acquisition of FlightWave as well as partnerships through the Red Cat Futures Initiative provide a runway for product diversification, new revenue streams, and continued financial growth."

Conference Call Today

CEO Jeff Thompson and CFO Leah Lunger will host an earnings conference call today (August 8, 2024) at 6:00 p.m. ET 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/10191533/fd3b347206

The conference call will also be available through a live webcast that can be accessed at: https://event.choruscall.com/mediaframe/webcast.html?webcastid=uxH3YdCT

A replay of the webcast will be available until November 8, 2024 and can be accessed through the above link or at www.redcatholdings.com. A telephonic replay will be available until August 22, 2024 by calling 1-877-344-7529 (domestic) or 1-412-317-0088 (international) and using access code 5157974.

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. Red Cat's solutions are designed to "Dominate the Night™" and include the Teal 2, a small unmanned system offering the highest-resolution thermal imaging in its class. Learn more at www.redcatholdings.com.

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 final prospectus related to the public offering filed with the Securities and Exchange Commission. 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.

Contact:

INVESTORS:
E-mail: Investors@redcat.red

NEWS MEDIA:
Phone: (347) 880-2895
Email: peter@indicatemedia.com

RED CAT HOLDINGS
Condensed Consolidated Balance Sheets

	April 30, 2024	April 30, 2023
ASSETS		
Cash and marketable securities	$ 6,067,169	$ 15,987,687
Accounts receivable, net	4,361,090	719,862
Inventory, including deposits	8,610,125	9,280,073
Intangible assets including goodwill, net	12,882,939	23,905,947
Equity method investee	5,142,500	—
Note receivable	4,000,000	—
Other	7,473,789	5,458,207
Assets of discontinued operations	—	5,391,552
TOTAL ASSETS	**$ 48,537,612**	**$ 60,743,328**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 2,703,922	$ 1,957,975
Debt obligations	751,570	1,323,707
Operating lease liabilities	1,517,590	1,641,390
Liabilities of discontinued operations	—	1,052,315
Total liabilities	4,973,082	5,975,387
Stockholders' capital	124,690,641	112,707,161
Accumulated deficit/comprehensive loss	(81,126,111)	(57,939,220)
Total stockholders' equity	43,564,530	54,767,941
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 48,537,612**	**$ 60,743,328**

Condensed Consolidated Statements of Operations

	Year ended April 30,	
	2024	**2023**

Revenues	$ 17,836,382	$ 4,620,834
Cost of goods sold	14,155,836	5,455,145
Gross profit (loss)	3,680,546	(834,311)
Operating Expenses		
Research and development	5,896,037	5,595,281
Sales and marketing	4,568,617	3,731,776
General and administrative	10,679,105	12,383,470
Impairment loss	412,999	2,826,918
Total operating expenses	21,556,758	24,537,445
Operating loss	(17,876,212)	(25,371,756)
Other expense	3,650,484	1,004,887
Net loss from continuing operations	(21,526,696)	(26,376,643)
Loss from discontinued operations	(2,525,933)	(1,730,386)
Net loss	**$ (24,052,629)**	**$ (28,107,029)**
Loss per share - basic and diluted	**$ (0.40)**	**$ (0.52)**
Weighted average shares outstanding - basic and diluted	**60,118,675**	**53,860,199**

Condensed Consolidated Statements of Cash Flows

	Year ended April 30,	
	2024	**2023**
Cash Flows from Operating Activities		
Net loss from continuing operations	$ (21,526,696)	$ (26,376,643)
Non-cash expenses	8,512,449	7,784,364
Changes in operating assets and liabilities	(4,672,816)	(5,721,395)
Net cash used in operating activities	(17,687,063)	(24,313,674)
Cash Flows from Investing Activities		
Proceeds from sale of marketable securities	12,826,217	32,290,448
Other	740,861	(2,700,213)
Net cash provided by investing activities	13,567,078	29,590,235
Cash Flows from Financing Activities		

Payments of debt obligations, net	(572,137)	(633,550)
Payments related to employee equity transactions	(30,599)	(581,775)
Proceeds from issuance of common stock, net	8,404,812	—
Net cash provided by (used in) financing activities	7,802,076	(1,215,325)
Net cash used in discontinued operations	(875,227)	(4,885,746)
Net increase (decrease) in Cash	2,806,864	(824,510)
Cash, beginning of period	3,260,305	4,084,815
Cash, end of period	6,067,169	3,260,305
Less: Cash of discontinued operations	—	(86,656)
Cash of continuing operations, end of period	6,067,169	3,173,649
Marketable securities	—	12,814,038
Cash of continuing operations and marketable securities	$ 6,067,169	$ 15,987,687

Source: Red Cat Holdings, Inc.