May 14, 2025

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

SAN JUAN, Puerto Rico, May 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 first quarter ended March 31, 2025 and provides a corporate update.

Recent Operational Highlights

- Announced the expansion of our multi-domain Family of Systems with a new line of Unmanned Surface Vessels (USVs). This strategic move marks Red Cat's official entry into the rapidly evolving maritime autonomy market and reinforces its position as a provider of comprehensive, interoperable unmanned systems for air, land, and sea operations.
- Expanded our Red Cat Futures Industry Consortium to include Palantir and Palladyne to boost AI capabilities in contested environments, including visual navigation.
- Introducing Black Widow™ and Edge 130 drones to the Latin American market at LAAD 2025 in Rio De Janeiro, Brazil in April 2025.
- 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.
- Introduced Black Widow™ to the Asia Pacific Market at the AISSE conference in Putrajaya, Malaysia in January 2025.
- 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.
- 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.

First Quarter 2025 Financial Highlights

- Quarterly Revenue of $1.7 million
- Ended the quarter with cash and accounts receivable of $9.3 million
- In addition, closed funding of $30.0 million subsequent to quarter end
- Reiterate 2025 annual revenue guidance of $80 to $120 million for calendar year 2025, which consists of:
    - $25 to $65 million in SRR-related Black Widow sales
    - $25 million in Non-SRR Black Widow sales
    - $25 million in Edge 130 sales
    - $5m in Fang FPV sales

“Red Cat’s momentum continues to build as we execute on our strategy to deliver advanced, AI-enabled unmanned systems across air, land, and sea," said Jeff Thompson, Red Cat CEO. "Our partnership with Palantir to deploy Warp Speed is optimizing our manufacturing and cost efficiency, while our expansion into maritime autonomy with Unmanned Surface Vessels significantly expands our Family of Systems. A strong balance sheet bolstered by a recent $30 million capital raise positions us strongly to meet growing domestic and international demand in the second half of 2025.”

“Our balance sheet remains strong as we transition to production and delivery of our new Black Widow drones,” said Chris Ericson, Red Cat CFO. “We have bolstered our quarter-end cash and receivables of $9 million with an additional $30 million from a capital raise executed soon after quarter-end. This liquidity has given us ample strength and ability to expand manufacturing to meet the impending demands of the U.S. Army’s SRR program and international opportunities for the second half of 2025.”

Conference Call Today

CEO Jeff Thompson and CFO Chris Ericson will host an earnings conference call at 4:30 p.m. ET on Wednesday, May 14, 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=OqffyYp4

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 Family of Systems. This includes the 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

	March 31, 2025	December 31, 2024
ASSETS		
Cash	$ 7,722,410	$ 9,154,297
Accounts receivable, net	1,554,295	489,316
Inventory, including deposits	17,107,860	13,592,900
Intangible assets including goodwill, net	25,718,450	26,124,133
Other	7,552,833	6,243,621
TOTAL ASSETS	**$ 59,655,848**	**$ 55,604,267**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 2,712,333	$ 3,289,634
Debt obligations	350,000	350,000
Customer deposits	220,517	227,484

Operating lease liabilities	2,329,194	1,617,596
Convertible notes payable	25,132,556	—
Total liabilities	30,744,600	5,484,714
Stockholders' capital	176,779,302	174,864,256
Accumulated deficit/comprehensive loss	(147,868,054)	(124,744,703)
Total stockholders' equity	28,911,248	50,119,553
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 59,655,848**	**$ 55,604,267**

Condensed Consolidated Statements of Operations

	Three months ended March 31,	
	2025	**2024**
Revenues	$ 1,629,662	$ 6,614,029
Cost of goods sold	2,480,072	5,492,825
Gross (loss) profit	(850,410)	1,121,204
Operating Expenses		
Research and development	3,432,593	2,669,502
Sales and marketing	3,314,748	1,410,506
General and administrative	4,880,448	3,084,495
Total operating expenses	11,627,789	7,164,503
Operating loss	(12,478,199)	(6,043,299)
Other expense (income)	10,645,152	(635,676)
Net loss from continuing operations	(23,123,351)	(5,407,623)
Loss from discontinued operations	—	(1,373,457)
Net loss	**$(23,123,351)**	**$ (6,781,080)**
Loss per share - basic and diluted	**$ (0.27)**	**$ (0.09)**
Weighted average shares outstanding - basic and diluted	**85,505,520**	**74,204,622**

Condensed Consolidated Statements of Cash Flows

	Three months ended March 31,	
	2025	**2024**
Cash Flows from Operating Activities		
Net loss from continuing operations	$ (23,123,351)	$ (5,407,623)
Non-cash expenses	12,886,204	1,129,679
Changes in operating assets and liabilities	(5,670,590)	(97,316)
Net cash used in operating activities	(15,907,737)	(4,375,260)
Cash Flows from Investing Activities		
Proceeds from divestiture of consumer segment	—	1,000,000
Purchases of property and equipment	(273,103)	(75,991)
Net cash (used in) provided by investing activities	(273,103)	924,009
Cash Flows from Financing Activities		
Proceeds from issuance of convertible notes payable, net	14,432,879	—
Proceeds from exercise of stock options	316,074	—
Payments of debt obligations, net	—	(147,147)
Net cash provided by (used in) financing activities	14,748,953	(147,147)
Net cash used in discontinued operations	—	(194,969)
Net decrease in Cash	(1,431,887)	(3,793,367)
Cash, beginning of period	9,154,297	10,245,064
Cash, end of period	$ 7,722,410	$ 6,451,697

RED CAT
Defining the Future of Aerial Intelligence

Source: Red Cat Holdings, Inc.