

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 31, 2019**

Red Cat Holdings, Inc.

(Exact name of registrant as specified in charter)

Nevada

(State or other jurisdiction
of incorporation)

000-31587

(Commission
File Number)

86-0490034

(IRS Employer
Identification No.)

**1607 Ponce de Leon Ave, Suite 407
San Juan, PR**

(Address of principal executive offices)

00909

(Zip Code)

Registrant's telephone number, including area code: **(833) 373-3228**

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| None | N/A | N/A |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

On December 31, 2019, Red Cat Holdings, Inc., a Nevada corporation (the “Company”), entered into an Agreement of Merger (the “Merger Agreement”) with Rotor Riot Acquisition Corp., a newly-formed, wholly-owned Ohio subsidiary of the Company (“Acquisition Sub”), Rotor Riot, LLC, an Ohio limited liability company (“Rotor Riot”), and the selling holder signatories thereto (the “Members”). Pursuant to the terms of the Merger Agreement, the issued and outstanding membership interests of Rotor Riot held by the three Members, which represents 100% of Rotor Riot’s issued and outstanding membership interests, will be converted into shares of common stock of the Company. Upon the consummation of the merger contemplated by the Merger Agreement (the “Merger”), the Acquisition Sub will merge with and into Rotor Riot, a provider of high-performance FPV (first-person view) drone technology, with Rotor Riot continuing as the surviving entity and a wholly-owned subsidiary of the Company.

At the closing of the Merger, each Member will receive its pro rata portion of the total number of shares of the Company’s common stock issued based on (A)(i) \$3,700,000 minus, (ii) the aggregate amount of debt and other payables of the Company, which is expected not to exceed \$700,000, divided by (B) the VWAP of the Company’s common stock for the twenty trading days prior to the closing date.

In addition, the Company will agree to pay all obligations of Rotor Riot, expected to be approximately \$700,000. This will include the issuance to the principal Member of Rotor Riot of a promissory note in the principal amount of \$175,000, with \$3,500 to be paid monthly, and the principal and any accrued and unpaid interest being due on the earlier of (A) six months from the date of issuance and (B) the closing of an equity offering by the Company of no less than \$3,000,000. Interest shall accrue on the promissory note at the rate of 4.75% per annum.

The consummation of the Merger is subject to the satisfaction by the parties of all of the closing conditions set forth in the Merger Agreement. The Merger Agreement contains customary representations and warranties and pre- and post-closing covenants of each party and customary closing conditions. Breaches of the representations and warranties will be subject to indemnification provisions; *provided, however*, that the maximum amount that the Company is entitled to recover from Rotor Riot and the Members is 7.5% of the purchase price.

The Merger is intended to be treated as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended.

As of the date of the Merger Agreement, there were no material relationships between the Company or any of its affiliates and Rotor Riot, other than in respect of the Merger Agreement.

The foregoing summary of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, a copy of which will be filed as an exhibit to the Form 8-K the Company plans to file to report the closing of the Merger.

Item 7.01 Regulation FD Disclosure.

On January 3, 2020, the Company issued a press release announcing the entry into the Merger Agreement and proposed acquisition of Rotor Riot. The text of the release is furnished as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 7.01 of this Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any of the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference to this Form 8-K in such filing.

Cautionary Statements

This filing includes “forward-looking statements.” All statements other than statements of historical facts included or incorporated herein may constitute forward-looking statements. Actual results could vary significantly from those expressed or implied in such statements and are subject to a number of risks and uncertainties. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company can give no assurance that such expectations will prove to be correct. The forward-looking statements involve risks and uncertainties that affect the Company’s operations, financial performance, and other factors as discussed in the Company’s filings with the Securities and Exchange Commission (“SEC”). Among the factors that could cause results to differ materially are those risks discussed in the periodic reports the Company files with the SEC. You are urged to carefully review and consider the cautionary statements and other disclosures made in those filings, specifically those under the heading “Risk Factors.” The Company does not undertake any duty to update any forward-looking statement except as required by law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------|
|--------------------|--------------------|

| | |
|------|---------------------------------------|
| 99.1 | Press Release, dated January 3, 2020. |
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: January 3, 2020

RED CAT HOLDINGS, INC.

By: */s/ Jeffrey Thompson*

Jeffrey Thompson

President and Chief Executive Officer

Red Cat to Acquire Rotor Riot

Company announces merger agreement with leader of high-performance FPV drone technology

SANTURCE, Puerto Rico -- January 3, 2020 -- [Red Cat](#) Holdings, Inc. (OTC: RCAT), a leading provider of distributed data storage, analytics and services for the drone industry, today announced it has entered into an agreement to acquire [Rotor Riot](#) in a stock and cash transaction. The companies expect the deal to close in mid-January.

"We believe this deal is another significant milestone in our strategy to fuel rapid growth," said Jeff Thompson, CEO of Red Cat. "Rotor Riot is not only a leading provider of FPV and drone racing hardware, but the company is also a trusted resource and deeply embedded in the global FPV community. Combining our companies will further align our SaaS platform and data capabilities with cutting edge hardware available today, and provide a solid foundation for us to develop and engineer new and exciting technologies for both the drone hobby lifestyle and commercial industry."

Rotor Riot's revenue grew approximately 44% year-over-year from 2018 to 2019 to approximately \$2.6 million. This transaction will provide the resources and combined expertise to drive further growth for both companies. Red Cat will continue to build and accelerate its drone black box and SaaS business and utilize its existing data analytics platform to develop a robust customer support system for Rotor Riot. As part of the deal, Chad Kapper will continue as Rotor Riot's CEO.

"We have unwavering confidence in the Rotor Riot team to continue building their brand, loyal community, and market-leading products under the steadfast leadership of Chad Kapper and [Drew Camden](#)," added Thompson.

"Rotor Riot was started from the ground up to be a premier source for FPV freestyle drone content and products for the hobby and sport," said Chad Kapper, CEO of Rotor Riot. "We've built a large online subscriber base and our goal is to continue to educate, entertain and inspire the FPV community."

"As an FPV pilot myself, getting to see Rotor Riot into this next phase is exhilarating. Our dream is to bring FPV drone sports to the mainstream by inspiring people to embrace this hobby and help them overcome the barriers to entry. It's exciting to partner with Red Cat because they share this vision and their resources will help us double down on our efforts," said Drew Camden, President of Rotor Riot.

In 2019, [DJI](#), the market leader in easy-to-fly drones and aerial photography systems, made a significant entry into the FPV space with a new system that is helping more people than ever get into hobby. Rotor Riot worked closely with DJI to create content that demonstrates the new system's capabilities and both companies plan to further support each other moving forward.

Following this partnership with DJI, Rotor Riot saw record sales during Q4 2019. Rotor Riot also furthered its expansion into the mainstream consumer retail market with its [wired video game and drone controller](#) now also available in the Apple Store and Best Buy.

On the professional FPV racing front, Rotor Riot Team Pilot [Alex Vanover](#) won the Drone Racing League World Championships on December 29th, 2019. Alex is the youngest pilot in DRL at age 19, with MultiGP National Championships to his name. The Rotor Riot gear and set up that Vanover uses can be found here: <https://rotorriot.com/collections/captain-vanovers-setup>.

About Red Cat

Red Cat (OTC: RCAT) is a leading provider of secure blockchain-based distributed storage, analytics and SaaS for the drone industry. Through its innovative products and leadership, Red Cat provides solutions for regulators to track and review flight data, insurance companies to insure drones, and pilots to become compliant with regulations. Red Cat's success is driven by a commitment to deliver unrivaled innovation that makes drones trackable, accountable and the sky a safer place. Red Cat is headquartered in San Juan, Puerto Rico. For more information, visit www.redcatpropware.com.

Forward-Looking Statements

Certain statements contained in this press release are "forward-looking statements" within the meaning of applicable federal securities laws, including, without limitation, anything relating or referring to future financial results and plans for future business development activities, and are thus prospective. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified based on current expectations. Such risks and uncertainties include, without limitation, the risks and uncertainties set forth from time to time in reports filed by the Company with the Securities and Exchange Commission. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Consequently, future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward the forward-looking statements contained herein. The Company undertakes no obligation to publicly release statements made to reflect events or circumstances after the date hereof.

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