



Red Cat Holdings

(OTC: RCAT)

January 13, 2020
Recent Price: \$1.29

Market Data

Fiscal Year	April
Industry	Technology
Market Cap	\$21.8M
Shares Outstanding	16.9M
Float	2.5M
Avg. Volume (30-day)	3,013

As of January 13, 2020

Financial Data

Revenue (ttm)	\$0.1M
Cash (mrq)	\$0.5M
Debt (mrq)	\$0.6M

<https://www.redcatpropware.com/>

Company Overview

Red Cat Holdings is a leading provider of secure blockchain-based distributed storage, analytics and SaaS solutions for commercial and consumer customers in 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.

Value Proposition

The FAA forecasts the commercial drone industry could triple in size by 2023, with drone use in construction, agriculture, and mining industries leading the growth. According to Drone Industry Insights, an industry trade publication, the total global drone market is expected to surpass \$43 billion by 2024. Red Cat solves a significant unmet need for secure data and analytics in this rapidly evolving market through an integrated, easy-to-use platform offering secure blockchain-based "black box" storage, analytics, and services for commercial and consumer customers. The Company's January 2020 acquisition of Rotor Riot, a partner of drone industry leader DJI, is expected to drive revenue growth in 2020. Management expects Rotor Riot revenue couple surpass \$5 million in 2020 as the companies leverage combined resources and expertise.

Investment Highlights

- **Proprietary technology and big data investment opportunity addressing significant problem in the rapidly growing drone industry**
 - Regulators, insurers, fleet managers, and pilots need secure data and analytics
 - Red Cat's patent-pending simple and secure blockchain-based "black box" storage, analytics, and services fill this void with an integrated, easy-to-use platform
 - FAA forecasts commercial drone market could triple by 2023
 - Total drone market estimated to surpass \$43B by 2024, according to Drone Industry Insights
 - Amazon, Google, Walmart, 7-Eleven, and other major companies experimenting with deliveries via drone
- **Disciplined, accretive acquisitions**
 - Rotor Riot acquisition (expected to close mid-January 2020) provides the resources and combined expertise to drive further growth for both companies
 - Rotor Riot grew revenue 44% YoY to \$2.6M in 2019; management expects revenue could surpass \$5M in 2020
 - Rotor Riot is a leading provider of FPV and drone racing hardware and a trusted resource in the global FPV community
- **Experienced management team with successful financial and technology background**
 - Founder and CEO Jeff Thompson is a serial tech entrepreneur with a long track record of founding and leading companies from startup phase to successful exits and IPOs

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