

## Market Data

### Red Cat Holdings Nasdaq: RCAT

Fiscal Year	April
Industry	Drone
Recent Price	\$4.28
Market Cap	\$145.1M
Shares Out.	33.9M
Float	9.1M
Avg. Volume (30-day)	512,440
Revenue (ttm)	\$3.5M
Cash (proforma)	\$16M
Debt (mrq)	\$0

As of July 14, 2021  
 \* proforma cash includes proceeds from May 2021 offering

redcatholdings.com

## Company Overview

Red Cat Holdings, through its four wholly owned subsidiaries, Fat Shark, Dronebox, Skypersonic, and Rotor Riot provides products, services, and solutions to the drone industry. Fat Shark makes First Person View (FPV) video goggles for the drone industry and has the largest market share for drone video goggles. Dronebox is developing software that performs flight data analytics, flight data storage, diagnostics, and problem prevention. Skypersonic is a provider of drone products and software solutions designed to "Fly Anywhere" and "Inspect the Impossible". Rotor Riot is a drone media, education, and ecommerce store. In July 2021, Red Cat signed a definitive agreement to acquire Teal Drones, a leader in commercial and government unmanned aerial vehicle technology.

## Value Proposition

According to Business Insider Intelligence, the commercial use of drones will reach 2.4 million by 2023, growing at a 66% CAGR, driven by increased adoption by agriculture, construction, mining, insurance, media, and telecommunications industries. The drone services market is expected to grow to over \$60 billion by 2025, up from \$4.4 billion in 2018, and consumer drone shipments could reach 29 million in 2021 while the market for small drones is projected to increase to \$40 billion by 2025. Through its 2020 acquisitions of Rotor Riot and Fat Shark, as well as its 2021 acquisition of Skypersonic and definitive agreement to acquire Teal Drones, Red Cat has positioned itself for rapid growth across the drone industry ecosystem. Red Cat reported record revenue in the third quarter ended March 31, 2021. Set to drive further growth, Red Cat's Dronebox solution, a blockchain technology that records, stores and analyzes flight data and information from a drone, much like the "black box" utilized by the airline industry, could be a game-changer in the larger commercial markets. As of July 2021, Red Cat was trading for well less than half its peer group price-to-sales multiple, representing triple-digit upside potential.



**A SOFTWARE PLATFORM**  
 that enables immediate compliance and data feeds for all drone operations



**A NETWORK OF PILOTS**  
 for us to quickly connect and schedule a professional and certified pilot for our operations



**DOWNLINK TECHNOLOGY**  
 which enables low latency telemetry technologies for FPV piloted flights



**GPS-DENIED FLIGHT OPERATIONS**  
 for high-risk drone flights by 100% remotely piloted operators over the internet



The capabilities we leveraged from our subsidiaries allowed us to assemble a comprehensive offering of remote drone

## Investment Highlights

- **Diverse operations targeting multiple segments of the high-growth drone market**
  - Building a fully integrated drone business with a strong supply chain
  - Fat Shark is the leader in the design, development and marketing of head-mounted displays (digital goggles) for drones; Fat Shark has an estimated 85% share of its market
  - Rotor Riot ecommerce platforms supported by a robust social media presence and major competitive sponsorships
  - Skypersonic's patented software and hardware solutions allow for inspection services in restricted spaces where GPS is not allowed or available
  - Dronebox SaaS (beta testing underway) is expected to be marketed to a significantly larger marketplace, namely fleet operators, insurance, and government, including military, commercial and civil aviation
  - Teal Drones (definitive agreement) is a leading US drone manufacturer since 2014, providing superior aerial surveillance and awareness for inspections and short-range reconnaissance
- **Drone market opportunity could surpass \$100 billion by 2025**
  - The drone services market expected to reach \$60B by 2025, up from \$4.4B in 2018
  - The market for small drones is projected to increase to \$40B by 2025
  - Spending on drones is projected to reach more than \$16B in 2020 and experience a compounded annual growth rate of 33% through 2025
  - The FAA has forecasted a 300% increase in commercial drones from 2019 to 2023
- **Growing IP portfolio**
  - 11 patents granted in and 7 pending in US and internationally
- **Experienced management team executing disciplined, accretive acquisition strategy**
  - 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
  - CFO Joseph Hernon's 30-year financial career includes CFO positions at multiple Nasdaq-traded companies
  - Rotor Riot, Fat Shark, and Skypersonic acquisitions clearly demonstrate the Company's ability to execute on its acquisition strategy

