

## **Redwire Corporation Second Quarter 2025 Earnings Conference Call**

### **August 07, 2025**

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#### **Presenters**

**Alex Curatolo, Senior Director of Investor Relations**  
**Peter Cannito, President, CEO & Chairman**  
**Jonathan Baliff, CFO & Director**

#### **Q&A Participants**

**Colin Canfield, Cantor Fitzgerald**  
**Greg Konrad, Jefferies**  
**Suji Desilva, Roth Capital Partners**  
**Brian Kinstlinger, Alliance Global Partners**  
**Griffin Boss, B. Riley Securities**  
**Scott Buck, H.C. Wainwright**  
**Austin Moeller, Canaccord Genuity**

#### **Operator**

Greetings and welcome to the Redwire Corporation Second Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance, please press star-zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Alex Curatolo, Senior Director of Investor Relations. Thank you. You may begin.

#### **Alex Curatolo**

Good morning, and thank you, Shamali. Welcome to Redwire's second quarter 2025 earnings call. We hope that you have seen our earnings release, which we issued yesterday afternoon. It has also been posted in the Investor Relations section of our website at RDW.com.

Let me remind everyone that during the call Redwire management may make forward-looking statements that reflect our beliefs, expectations, intentions, or predictions of the future. Our forward-looking statements are subject to risks and uncertainties that are described in more detail on slide three. Additionally, to the extent we discuss non-GAAP measures during the call, please see slide four, our earnings release, or the investor presentation on our website for the calculation of these measures and their reconciliation to U.S. GAAP measures.

I am Alex Curatolo, Redwire's Senior Director of Investor Relations. Joining me on today's call are Peter Cannito, Redwire's Chairman and Chief Executive Officer, and Jonathan Baliff, Redwire's Chief Financial Officer. With that, I would like to turn the call over to Pete. Pete?

**Peter Cannito**

Thank you, Alex. During today's call, I will outline notable items during the second quarter of 2025. Jonathan will then present the financial highlights for the same period and discuss our 2025 outlook. Finally, I will close the call by discussing our creation of a new entity, SpaceMD, to advance the commercialization of our PIL-BOX space pharma strategy, after which we will open the call for Q&A.

Please turn to slide seven. On our last earnings call, I introduced our 2025 growth strategy, which is centered around five key principles:

Providing picks and shovels, which means delivering on our strong foundation of proven products with demonstrated flight heritage that form the building blocks of space missions for our customers;

Delivering multi-domain platforms, which means executing our platform strategy by delivering highly differentiated space and airborne vehicles for critical missions, including multi-domain missions;

Exploring the Moon, Mars, and beyond, which means capitalizing on our decades of experience in providing systems for space exploration and delivering on ambitious missions to the lunar surface, to Mars, and beyond;

Unlocking breakthrough technologies, which means continuing to pursue breakthrough technologies that could unlock new markets with game-changing potential;

And finally, executing accretive M&A, which means building on our proven track record of effectively creating enterprise value by acquiring technologically differentiated companies at accretive values, a key competitive advantage that enables Redwire to rapidly scale as a public platform.

Over the next few slides, I will discuss a key win for each growth area to demonstrate how we are executing against them. Please turn to slide eight. Starting with providing picks and shovels, during the quarter, Redwire successfully completed the first deployment test for one of our Roll Out Solar Array wings for the lunar Gateway's Power and Propulsion Element. These next-generation Gateway ROSAs will generate an unprecedented 60 kilowatts of electricity, making these the most powerful ROSAs ever built.

In the coming months, the pair of wings will undergo additional testing as we prepare to deliver them to Maxar in the fourth quarter of 2025. We are proud to be delivering our well-proven ROSAs to support this key capability. Successful execution on this critical capability continues to underscore our foundational position in advanced power generation.

Please turn to slide nine. Turning next to delivering multi-domain platforms, during the quarter, we closed our acquisition of uncrewed aerial system, or UAS, manufacturer Edge Autonomy, and we are already seeing significant positive conversion of their pipeline. During the second quarter, our Stalker platform was added to the Defense Innovation Unit's UAS Blue List, which contains technology vetted and approved by the Department of Defense for universal use across government agencies. This selection streamlines our ability to deliver combat-proven, commercially developed UAS technology at scale to meet the evolving mission needs of the U.S. government.

Today I would like to give you an update on a critical U.S. Army program called the Long-Range Reconnaissance Program, or LRR. I'll start by providing a high-level description. LRR is a U.S. Army program of record to provide maneuver battalions with a UAS designed to support reconnaissance, surveillance, and target acquisition efforts.

For LRR, systems will have aircraft weight of less than 55 pounds, range of 40 to 60 kilometers, and endurance of 5 to 10 hours, making our Stalker platform well-suited to this specific set of requirements. For fiscal year 2026, the DoD's budget estimate for Army aircraft procurement published this last June included approximately \$325 million in funding for the LRR program. We believe Redwire Edge Autonomy is well-positioned to be a performer on this program.

Please turn to slide 10. As such, we're pleased to announce the award to Redwire Edge Autonomy of a prototype phase agreement by the U.S. Army to develop and deliver Stalker uncrewed aerial systems for the LRR program. Under the terms of the contract, we will deliver the Stalker UASs which will be evaluated by the Army during hands-on flight operations in the coming months. This is a strong signal that the U.S. Army recognizes the Stalker system as a potential future platform for their UAS architecture. We are proud to support this critical program and are committed to meeting the Army's evolving mission needs.

Please turn to slide 11. Moving next to exploring the Moon, Mars, and beyond, in early June Redwire announced that our advanced manufacturing technology, Mason, passed critical design review, or CDR, with NASA participation. Mason is an advanced tool suite designed to operate on the Moon and Mars, and will enable the construction of berms, landing pads, and roads for future lunar and Martian habitats.

This technology can reduce operational risks and protect assets from damage caused by regolith, the material on the surface of the Moon, as lunar surface activity continues to increase. This is a critical milestone that brings Mason one step closer to launch in the future. And having completed the CDR, engineers at Redwire will begin to focus on fabricating a prototype and conducting functional testing of Mason.

Please turn to slide 12. Now let's turn to unlocking breakthrough technologies. During the second quarter, Redwire was selected by NASA to facilitate a space microalgae biotechnology experiment developed by the Indian Space Research Organization, International Centre for InComm Conferencing

Genetic Engineering and Biotechnology, and the National Institute of Plant Genome Research, New Delhi. For this research mission, Redwire will manage mission integration, scientific fulfillment, and on-orbit operations. This is but the latest example of Redwire's reputation as a leader when it comes to microgravity research not only in the U.S., but globally.

Please turn to slide 13. Finally, when it comes to executing accretive M&A, our acquisition of Edge Autonomy was overwhelmingly approved by Redwire's shareholders and closed on June 13th, 2025. With Edge, Redwire is well-positioned to transform the future of multi-domain operations and provide decisive advantages to U.S. and allied warfighters. Integration is well underway, and our goal is to achieve commercial, operational, and financial integration objectives within 12 months.

Please turn to slide 14. Next, I would like to discuss the impact of the U.S. and international budgeting environment in the context of the industries we operate in. As we have previously discussed, delays in the U.S. government budgeting process impacted Redwire during the first half of 2025, and in some cases these delays have pushed out awards previously scheduled for the second half of 2025 into the beginning of 2026.

Despite these delays, however, we have started to see positive trends from both the U.S. and our allies that will present significant growth potential moving forward. Starting in the United States, in the Big Beautiful Bill the U.S. government is funding key programs Redwire could address, including Golden Dome, with funding of approximately \$24 billion, and NASA Gateway, with funding of approximately \$2.6 billion. Further, we see both the July 2025 Unleash U.S. Military Drone Dominance Memo and recently proposed Ukraine aid as positive indicators for our airborne platforms as we move into the back half of 2025 and towards 2026.

Turning to the international environment, during a summit in The Hague that took place this past June, NATO allies committed to invest 5% of gross domestic product annually on core defense requirements and defense and security-related spending by 2035. Given our long-standing existing operations in Europe, we are considered local in multiple countries and are therefore significantly advantaged in our ability to participate in European government programs.

Also in June, Canada announced a plan to increase and accelerate investments in defense, with a cash increase of more than \$9 billion anticipated in fiscal year 2025 to 2026. These developments are positive indicators for continued investment in the national security space and defense budgets both in the U.S. and internationally as we move into the second half of the year and beyond, and Redwire is well-positioned to take advantage of these key trends.

Please turn to slide 15. Turning to our contract awards and backlogs, our contract awards during the second quarter of 2025 were \$90.6 million, with a book-to-bill ratio of 1.47 times and backlog of \$329.5 million as of June 30th, 2025, both an improvement on a sequential basis and inclusive of the backlog from the acquisition of Edge Autonomy.

As a reminder, we often see lumpy contract awards from quarter to quarter. However, we continue to see a strong and growing pipeline with an estimated \$11 billion of identified opportunities across our space and airborne solutions, including approximately \$2.5 billion in proposals submitted year-to-date as of June 30th, 2025, inclusive of the year-to-date bids submitted by Edge Autonomy.

We continue our efforts to increase the average size of the individual opportunities we are pursuing. And as a result, we continue to have a pipeline of bids that could result in a substantial increase in backlog if we land these larger opportunities. Due to the success of our transformational investments building the Redwire platform, we are now positioned to continuously pursue larger opportunities in 2025 and beyond.

Please turn to slide 16. With that, I'd now like to turn the call over to Jonathan Baliff, Redwire's Chief Financial Officer, to discuss the financial results for the second quarter of 2025. Jonathan?

**Jonathan Baliff**

Thank you, Pete. Before turning to slide 17, I would like to highlight the photo on this page, which is of our airborne flight operations team in Riga, Latvia, and they're preparing for the launch of a Penguin C VTOL UAS. With a vertical takeoff and landing and range of approximately 180 kilometers, this aircraft can be rapidly deployed even in harsh environments like the one shown here.

Please turn to slide 17. Let's review the results for the second quarter of 2025 starting with revenue. Redwire's reported revenue of \$61.8 million was up sequentially. 2025 is a transition year for our customers, and we continue to see movement of revenue to the right on existing contracts and delayed awards across our customer classes, especially in the U.S., during the first half of 2025.

Turning to profitability, during the quarter we saw a sequential decrease in our Adjusted EBITDA from a negative \$2.3 million in the first quarter of 2025 to a negative \$27.4 million in the second quarter of 2025. This quarter's Adjusted EBITDA was primarily impacted by net unfavorable EACs of \$25.2 million. And this related primarily to a single program in the company's RF system offerings, as this program saw an increase in estimated costs based on the technical complexity of the work to be performed to meet customer specifications.

Turning to net loss, we saw a sequential decrease to negative \$97.0 million, and this includes the EACs I just spoke about as well as non-cash expenses, transaction costs, and nonroutine activity that we will discuss in additional detail on the next slide.

Looking at our cash and total liquidity, we ended the quarter with a record level of total liquidity of \$113.6 million, which was comprised of \$76.5 million of cash, \$35 million in undrawn revolver capacity, and \$2.1 million of restricted cash. This is a 27.4% improvement over the \$89.2 million

in total liquidity at the end of the first quarter of 2025, and 103.4% year-over-year improvement in total liquidity.

We had an expected increase in year-over-year and sequential use of operating and free cash flow in the second quarter, but this is related to transaction and other investments, which, again, I'll go over on the next slide. And we expect these levels of cash use to decrease in the second half of 2025.

Please turn to slide 18. The transformational aspects of the Edge Autonomy transaction as well as our organic opportunities for growth provide significant benefits, including an improved balance sheet and capitalization, so let's talk about some of these.

The completion of the transaction had the issuance of approximately \$260 million of equity, and that repaid \$120 million of debt and the repurchase of \$61.5 million of the preferred securities, significantly reducing the fixed charges for the company and improved our capitalization ratios while also increasing shareholders' equity from a negative \$68.1 million in the first quarter of 2025 to a positive \$907.6 million in the second quarter of 2025.

However, there have been second quarter impacts associated with these changes which improve the balance sheet, and therefore we wanted to provide additional detail of the drivers of these changes, specifically on our net loss for the second quarter of 2025 as compared to the second quarter of 2024.

As you can see on this slide, in addition to the EACs already discussed, Redwire's Q2 2025 net loss and cash flow was impacted by significant transaction-related and non-routine activity, and the net income was also impacted by some non-cash charges. Key among these were, first, the \$29.6 million increase in equity-based compensation, primarily from the acquisition of Edge Autonomy; second, a \$20 million increase in interest expense from the repayment of debt to finance the Edge Autonomy transaction; and third, a \$16.4 million increase in transaction expenses between the second quarter in 2024 and '25 which, again, primarily relates to the accretive acquisition of Edge Autonomy. We do not expect this magnitude of non-cash, transaction-related and non-routine activity during the remainder of 2025.

Please turn to slide 19 for a brief discussion of the outlook for the rest of 2025. Our acquisition of Edge Autonomy closed on June 13th, 2025, so we are now for the first time providing full year Redwire 2025 guidance including the Edge Autonomy from the close date, again, June 13th, 2025, through December 31st, 2025, and this will be a range of \$385 million to \$445 million, which represents a 30.5% compound annual growth rate from fiscal year '23 to fiscal year '25 revenue at midpoint.

In line with the Redwire post-acquisition range provided today, let's discuss the impact to the combined forecast range which we had provided before. As part of the announcement of our combination with Edge Autonomy, we provided a combined financial forecast for fiscal year 2025

as if the transaction had closed on December 31st, 2024. We are now revising our full year combined revenue forecast to be in the range of \$470 million to \$530 million, which still represents a 43.2% compound annual growth rate from 2023 to '25 at midpoint. This represents less than a 13% reduction to our previously provided combined forecast at the midpoint.

Please turn to slide 20 and I'll discuss the drivers of this revised revenue, as well the impact they had on Adjusted EBITDA for 2025. First, as we mentioned earlier, Redwire's first half of 2025 was impacted by the uncertain timing of government contracting, including delays in the U.S. government budget process related to a transition in administrations. We have seen some of our projected awards slip to the right and, in some cases, out of the year, for both our space and airborne platforms, products, and solutions.

Second, as discussed, our second quarter 2025 saw a net unfavorable impact from EAC changes of \$25.2 million, primarily related to a single program in our RF system offering, which is a development phase program, and I want to spend a moment to double-click on this topic. As part of our moving up the value chain growth strategy, Redwire manages the risk associated with non-recurring engineering, or NRE, on development programs.

Generally, these are developed programs that can anchor Redwire into the production tail for validated requirements from our customers. An example of these pursuits that we've seen this dynamic in play include moving from providing just antennas to providing full RF payloads and also breaking into emerging markets such as low voltage distribution units.

Once the NRE is complete, Redwire generally both owns the intellectual property and is spec'd in on our production programs with high switching costs for our customers, thus resulting in a much lower risk of losses moving forward. Furthermore, subsequent orders for these products tend to have much more predictable gross margins.

At the same time, we recognize the need to manage the risk associated with these programs and are highly focused on minimizing EAC changes that impact our results in the future. Ultimately, we see such programs as having a short-term negative impact on profitability similar to IRAD, while enabling future growth and profitability.

So, given these drivers for 2025, and at this time, we are withdrawing our previously provided Adjusted EBITDA combined forecast for the full year 2025. Despite the revisions to our outlook in 2025, we believe that we are well-positioned to capitalize on high-growth trends in the future.

It's important also to note that our acquisition of Edge Autonomy lowers the proportion of our business exposed to EAC volatility. Our contracted backlog as of June 30th, 2025, as Pete talked about, now includes almost \$90 million in remaining contract value from contracts which recognize revenue at point in time instead of percent of completion revenue recognition. These budgetary movements we have begun to see, combined with positioning and diversification of our space and now airborne product offerings, provide us momentum heading towards 2026.



Please turn to slide 21 and I'll now turn the call over back to Pete. Pete?

**Peter Cannito**

Thank you, Jonathan. For those of you who have been following Redwire, you know that unlocking venture optionality has been a strategic opportunity. On Monday of this week, we announced our next major milestone in these endeavors to drive shareholder value, the creation of SpaceMD as a separate entity within Redwire to focus on commercializing drug development in space by partnering with pharmaceutical companies, scientists, and research institutions to develop a novel pipeline of innovative drugs and therapeutics.

Please turn to slide 22. With decades of experience and 28 PIL-BOXes flown to date, we continue to establish ourself as a true leader in microgravity operations, particularly when it comes to pharmaceutical research. Utilizing Redwire's proven PIL-BOX technology, the team will develop a pipeline of new and modified drugs uniquely manufactured in microgravity, accelerating solutions for disease treatment and generating new revenue streams from sale or licensing.

SpaceMD represents the evolution of our venture optionality strategy moving from experimentation to full commercialization, with significant upstream revenue potential unlocking value for our shareholders.

Please turn to slide 23. I want to emphasize that the technology and processes underlying SpaceMD are proven, and we are entering the commercialization phase. During the second quarter, we signed an agreement with Aspera Biomedicines, a new commercial partner, to conduct space-based pharma research and analysis to advance the development of a cutting-edge cancer treatment, rebecsinib, a small molecule ADAR1 inhibitor.

Please turn to slide 24. In addition, I am excited to announce that Redwire's SpaceMD has executed a trailblazing commercial royalty agreement for space drug research with ExesaLibero Pharma. Under the terms of this agreement, Redwire's SpaceMD expects to receive royalties from the commercial sales of resulting pharmaceutical products.

This agreement signals a revolutionary paradigm shift for commercial utilization of microgravity. SpaceMD is translating the benefits of microgravity research into product value for our end customers, with the goal of transforming the future of therapeutics while creating value for our shareholders. Through SpaceMD, Redwire has created a new business model for the monetization of critical IP generated by future PIL-BOX missions.

Please turn to slide 25. In closing, I would like to acknowledge that Q2 was a disappointing quarter for Adjusted EBITDA compared to our expectations. We had one project, as Jonathan mentioned, in particular that encountered challenges which led to an adverse EAC change with an outsized impact on revenue and profitability for the quarter. Space is hard. The team has taken numerous



steps to address the challenges to get the program back on track. We are investing significant focus on operational execution.

Despite this setback, there were also numerous achievements that we discussed that we believe position Redwire for long-term success. Space is a long-term investment. The path to success is not linear. Our strategic horizon is measured in years, not months. There is strength in the diversity of our business, and the fundamental foundations of our strategy remain positive.

With that, I want to thank the entire and integrated Redwire team, to include our new employees from Edge Autonomy, for their contribution to our results during the second quarter of 2025, a truly global effort.

We will now open the floor for questions.

**Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star-one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star-two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. We also ask those who are in the queue to limit themselves to only one question and one follow-up to allow others a chance to ask questions. One moment, please, while we poll for questions.

Our first question comes from the line of Colin Canfield with Cantor Fitzgerald. Please proceed with your question.

**Colin Canfield**

Hey, thank you for the question. As you think about the work that needs to get done here, how do you think about the balance of work that needs to be done between accounting controls and the complexity of the engineering solution? And then maybe if you could talk about kind of what are the key dynamics that you need to see before being able to reinstate your Adjusted EBITDA guidance. Thank you.

**Peter Cannito**

Yes, that's a good question. And it's a good first question, because obviously a big part of this quarter was associated with the accounting of our acquisition that has a direct impact, of course, on our reported numbers, as well as the accounting of our programs. And I think that's why Jonathan took the time to try to articulate just how our developmental programs work in terms of EACs, because it's possible many of our shareholders don't understand what EAC, Estimate At Completion, really means and how you account for a development program that's already happening in midstream.

And the fact of the matter is, when you have a large number of development programs like you have in the space industry, EACs introduce a level of volatility during the development phase, because what you're essentially doing is you are bidding a development program that in many cases has never been done before on a firm-fixed-price contract.

And that's how our customers buy. So, the result sometimes is, as you move through the program, you can encounter technical challenges that affect what you are projecting will be the ultimate cost to the program at any given time based on the percentage of completion of the program. And this is how EACs are calculated. There's an estimate at completion that occurs.

Because of this, we endeavor to follow all, obviously, the rules and general principles of accounting for these correctly. But it can add some level of unpredictability, when you'll have a large portfolio of these first of a kind technologies in their development phase.

As Jonathan tried to articulate, in many cases, these development programs are moving towards production contracts. So, despite the volatility of EACs, we remain optimistic overall on these programs because it's moving towards a production phase that tends to have--where the technological risk has now been significantly burned down and you move into just generating units in more of a production business model.

But as we started to look at the impacts of EACs, especially late in the second quarter and some of the changes that rapidly emerged associated with those, we decided that it would be prudent to do a complete portfolio review to understand this EAC dynamic that we have now seen for two quarters in a row before we continue to give EBITDA guidance.

And so, I'm going to turn it over to Jonathan to expound on that. But the idea is, when you combine some of that variability that we're seeing on these development programs, that are in many cases technological firsts, with the uncertainty in the environment associated with things like CRs and delays in budgets and not having clear visibility into which programs are going to get funded, the idea of there not being a current NASA--fulltime NASA appointed administrator in place, that's why we decided to remove our EBITDA guidance for the remainder of year. As some of that uncertainty, regardless of the EAC, starts to go away specifically in the budgetary environment, that'll, of course, give us a higher confidence to do predictions in the future as well.

Jonathan, anything you want to add?

**Jonathan Baliff**

I want to be very clear that you asked how did the team think about our accounting controls. Our accounting controls have improved significantly. On top of that, the issues associated with this one product line or product offering, with the RF, was part of a third quarter review that was completed just recently. We're being conservative. We're taking the EAC in that program in our second quarter Q and disclosure because those controls have significantly improved, and I believe that the team is excellent.

The only thing I would add to what Pete has said, and just to repeat, the acquisition of Edge Autonomy brings down the amount of contracts and revenue pretty significantly that's exposed to these fixed-price contracts, which, again, we have shown in the past to be both profitable and also free cash flow positive as we move forward and scale the business.

**Colin Canfield**

Got it. Got it. And then maybe if you could just talk about the due diligence process that you conducted as part of the Edge Autonomy acquisition as well as the investor due diligence of that acquisition during your recent raise with regards to the free cash flow profitability. So, you discussed free cash flow right now. Is it still fair, just considering kind of that due diligence of both parties, to expect free cash flow positive next year?

**Jonathan Baliff**

So, first of all, it's a company that has unique technologies and has been both growing and also achieving higher levels of gross margin as they are in a more mature production phase with these technologies. And again, the announcement of the LRR prototype contract is a proof point of that.

[Second,]<sup>1</sup> it is a company that has been able to achieve free cash flow positive, and we expect that to happen in the future, especially as we scale the business. We'll in the future give more details about that. But that business is providing the financial results that we expected in due diligence.

**Colin Canfield**

Got it. Appreciate the color.

**Operator**

Thank you. Our next question comes from the line of Greg Konrad with Jefferies. Please proceed with your question.

**Greg Konrad**

Good morning.

**Peter Cannito**

Hey, Greg.

**Greg Konrad**

Maybe just to go back to the EACs, I mean, sometimes when we hear the word fixed-price development, you know, there's a negative connotation. You know, when you think about retiring that risk, I mean, has there been a shift in just overall mix? I mean, when you think about

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<sup>1</sup> Bracketed language added for reader clarification.

retiring that, does the portion of the business that's fixed-price development programs go down relative to production? Just trying to get a sense of if some of this is just tied to changes in the mix of development versus production programs.

**Peter Cannito**

Well, so no, I don't think it's tied to the changes in the mix. Actually, going forward, the mix--part of what we believe is one of the financial synergies of Edge Autonomy is the diversification of the kind of contracts we perform on. And Jonathan hit that, development percent complete programs versus production point in time, which Edge Autonomy brings predominantly production point in time. So, our mix going forward will actually be better.

Essentially, we believe that this is just a function of where the space industry is right now. These contracts are left firm-fixed-price. If you want to compete on them, you have to bid a firm-fixed-price job. In many cases, when you look at an opportunity that comes up, you're trying to determine--you're comparing it, especially when you're trying to break into new markets with a technology that's never been done before, to just purely developing the entire thing on IRAD.

For contrast, I'll give you an example. If you were--if a customer had a requirement to do something and they were willing to pay a firm-fixed-price for it, we could essentially build the entire thing on IRAD, expense it, and then once we know exactly how much it would cost, we could set that price for the customer, assuming that price is lower--assuming they want to wait that long and assuming that the price is lower than what other people would bid, which usually isn't the case.

What happens usually instead in the space industry, and again, I think this is just where the industry is right now with a lot of these first of a kind emerging tech programs, is you bid the project and with the intent to be profitable but, because it's a development project, you try to estimate that variability and include things like MR and other aspects to manage your risk. But sometimes--because you don't see many cost-plus fixed fee projects anymore, but because they're firm-fixed-price, you can encounter a technological hurdle that the team didn't anticipate because it's a first of its kind type of development that can impact your profitability on the program.

Our perspective is that this latter approach is better than just spending IRAD out right. In the vast majority of our contracts, we retain the same level of IP through the contract as if we had done it entirely with our own money on IRAD. And we feel that sometimes the impacts that you incur with these riskier development projects in the aggregate is less than the amount of total IRAD that you would have to spend to do more of a develop on your own money first and then sell as a unit price later on. Does that answer your question?

**Greg Konrad**

That's helpful. And then maybe just to go back to the Blue List for Edge Autonomy, obviously a lot of excitement around UAS and drones. I mean, what does that really mean for Edge InComm Conferencing

Autonomy? How does that change, you know, conversations with customers? And any read through in the impact to the international opportunity set with the addition on that list?

**Peter Cannito**

I think getting included on the Blue List is kind of table stakes now for competing for U.S. government contracts in the UAS market. So, although we usually win, and we have programs of record with the Marine Corps in particular and other allies at scale that saw the advantages of our UAS platforms regardless--and the differentiation regardless of whether we were on a Blue List or not, this I think gives us an additional credibility and makes it easier for the customer to check a box and say that this is a legitimate platform for a federal agency, not only in the DoD but across all federal agencies, to acquire.

So, the Blue List and DIU has taken on the initial vetting process, and our presumption is that federal agencies go to that list first when they're considering who they're going to include in future procurements.

**Greg Konrad**

Cool. And then maybe just to sneak one last one in on SpaceMD, I mean, what changes with that business going forward as a new entity? You know, was the structure required to capture royalties, and maybe how are you thinking about that opportunity going forward, you know, as that gets separated out?

**Peter Cannito**

It's a great question. And quite frankly, much of the strategic thinking around this came from questions on earnings calls from you all, as well as investor questions and questions from our own board, about what does this strategic pillar that I talked about in 2024 called unlocking venture optionality really mean.

And to be explicit about it, it was how do you unlock that venture potential and take it from being optionality to an actual value creating part of the business. And so, as we started contemplating that, and we've had previous questions on calls about the business model and whether there was opportunity for generating royalties, we were working very hard on putting that together. The ExesaLibero agreement gave us a proof point that this was in fact a viable business model and there are pharmaceutical companies out there that see the value of it, that they would be willing to sign an agreement of this type.

So, once we had the proof point associated with the strategy, we looked at some of the ways that competitors were positioning themselves, companies like Varda, and the associated valuation and shareholder accretion that were generated by those businesses, and we thought to ourselves, well, perhaps by making it very distinct, we can unlock the venture optionality by putting significant focus and getting the right people with the right story focused on going out to the pharma industry to create the partnerships as part of this separate branding, because, in

some cases when you approach a pharma company as Redwire, they see you as a space infrastructure company less than as a development company.

This gives us a vehicle to work inside those markets in the most streamlined and direct way possible. And again, like I said, the Aspera Biomedicine is a proof point, albeit that's a more traditional model where we're paid to run the facility. But certainly, the ExesaLibero is what we hope is the first of these proof points that show that this kind of model for microgravity drug development has finally come of age.

**Greg Konrad**

Thank you.

**Operator**

Thank you. Our next question comes from the line of Suji Desilva with Roth Capital Partners. Please proceed with your question.

**Suji Desilva**

Hi, Pete. Hi, Jonathan.

**Jonathan Baliff**

Hi, Suji.

**Suji Desilva**

Jonathan, you said--hey, morning, guys. You guys said, I think, you're conducting reviews of all your programs for kind of EACs and the assumptions baked in. Is that an ongoing effort right now, and when do you think that review process would conclude?

**Jonathan Baliff**

I mean, let's be clear, Suji, we by nature of our programs, we conduct these reviews very regularly, right? What we're trying to say is we were conducting the reviews as part of--after the second quarter was completed in July. And as part of those reviews, both operational and financial, this is when the [net] EAC [adjustment for this contract]<sup>2</sup> became evident, but, again, these are part of the normal reviews that we believe are excellent accounting controls in partnership with our operations.

Go ahead, Pete.

**Peter Cannito**

I'm glad you brought that up, because I don't want to be misinterpreted. The reviews are systemic to what we do. This is what we do, and we will always do it this way. I think the greater focus is

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<sup>2</sup> Bracketed language added for reader clarification.

on trying to characterize the whole EAC dynamic in our forecasting and making sure that we have the best processes in place to ensure that we capture any variability as early as possible.

**Suji Desilva**

Okay, and I appreciate that clarification. I understand these are, you know, first of their kind projects which, you know, are fixed fee. So, this is a new kind of world for this.

And then separately, you know, congrats on the win for the Stalker. I'm curious, you know, as you've been down selected or the prototype has been awarded, are you the only one providing a prototype? Are there multiple? And just remind us the competitive advantage of Stalker that may have helped you get an edge in this program. I think it's the battery tech, but you can clarify that.

**Peter Cannito**

That's correct. We do not know who has been awarded prototype contracts, so we just don't know. The competitive advantage of Edge is, as you said, the range and duration of flight that we can achieve with our battery intellectual property. That gives us best in class duration and range and duration for our group category in the UAS group two category.

**Suji Desilva**

Okay. All right, great. Thanks, Pete. Thanks, John.

**Peter Cannito**

I'd probably add to that too that the combat-proven operational performance is a key part of it too. I think sometimes people overlook that the Marine Corps and Special Forces have already been using Stalker pretty extensively. So, I can't speak for the Army, but I imagine that they looked at that as well.

**Suji Desilva**

I'm sure they did. Great. Thanks, guys.

**Operator**

Thank you. Our next question comes from the line of Brian Kinstlinger with Alliance Global Partners. Please proceed with your question.

**Brian Kinstlinger**

Thanks for taking my question.

**Jonathan Baliff**

No problem.



**Brian Kinstlinger**

The--as it relates to the contract with the large number of EACs, is it still ongoing? And if so, how should we think about the margin profile going forward on that if you've already exceeded the cost? Will they all be EACs? Will it, now that you've taking EAC, start fresh and have normal gross margins? Just wanted to kind of understand the impact in the second half of the year if it's still ongoing.

**Jonathan Baliff**

So, Brian, when we talk about taking this large EAC we have been very conservative as part of this. And in any type of EAC, you have an ability over time to both, again, continue to get cash flow, continue to get margin.

For this particular contract, and without getting into too much detail contract-by-contract, we generally want to be very conservative when we take it so that, over time as we perform, both cash flow comes in, obviously, at a better margin than what we've already taken. And that's kind of the history. That's why, as part of most of our EACs, we then work as the project-and the program is going to be ongoing to move forward.

**Brian Kinstlinger**

Okay. As it relates to the LRR program, that \$325 million of initial funding, is that for one year, for fiscal '26, or is that your margin? It will be \$325 million for multiple years?

**Peter Cannito**

It's the 2026 one-year governmental budget line.

**Brian Kinstlinger**

Okay.

**Peter Cannito**

And as I understand it, they budget--.

**Brian Kinstlinger**

--That's only--.

**Peter Cannito**

--They budget on a year-by-year basis for the procurement to be spent in that year.

**Brian Kinstlinger**

Yeah. And how long is the evaluation period, do you think, of the prototype?

**Peter Cannito**

I don't have any--we don't--.

**Jonathan Baliff**

Look, historically in all of these prototype phases, it doesn't go out very long, right? These are meant to then move into an operational phase. That's the way it's always--.

**Peter Cannito**

I think we're thinking about it as, if you look at the administration and the Department of Defense position on U.S. drone dominance, I don't think they're being given a lot of time. The sentiment that we understand is that this is a major priority for this administration, and they want to see UAS dominance in the near-term.

**Brian Kinstlinger**

Okay. Thank you.

**Peter Cannito**

That's how we interpreted the [July 10, 2025 "Unleashing U.S. Military Drone Dominance"]<sup>3</sup> memo. I encourage anybody who is out there who's interested in the UAS market, go and read that memo.

**Jonathan Baliff**

And just for all the investors out there, we plan on, obviously, coming out after this earnings announcement with more information about our UAS business, which we are really excited about. Tremendous growth wedge as part of the business--some of it we've talked about. Now that the combined companies are there, we plan on giving more information about this in the future. Pretty exciting.

**Operator**

Thank you. Our next question comes from the line of Griffin Boss with B. Riley Securities. Please proceed with your question.

**Griffin Boss**

Hi. Good morning. Thanks for taking my question. So, is there anything more you could provide today as to what Edge's results were for the full second quarter and what its proportion of backlog is, given that you said you included that in the backlog as well?

**Jonathan Baliff**

So, Griffin, again, to remind everybody that the transaction closed on June 13th. So, the results that are in the current disclosure, and we'll release the 10-Q later today allows you to see a very small amount of results from Edge. For the rest of the year and then into '26, we'll obviously show the full results of Edge.

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<sup>3</sup> Bracketed language added for reader clarification.

However, as part of our disclosure, we'll disclose revenue and net income/loss recognized for Edge from the acquisition 6/30 and pro forma results for the same three and six month period, for June 30th, both 2025 and June 30th, 2024. As you'll see when the 10-Q is filed, you can calculate the Q2 revenue for Edge, which was approximately \$58 million. And so, you'll be able to do that as part of when the Q comes out, and then we'll be able to talk about that over the next number of months as we disclose more information about this exciting and accretive acquisition.

**Griffin Boss**

Got it. Great. Thanks, Jonathan, for that. And then, yeah, next for me, and apologize if this was covered earlier on, but regarding LRR, do you have any idea how many companies could potentially be down selected on that program? And also, given that this is a program of record, how soon we could perhaps expect to see any potential award there?

**Peter Cannito**

We do not know how many could be selected. We see us having a purchase - by the way, this wasn't just an invite to prototype - they're actually procuring the aircraft, as having us well-positioned. But whether it's a winner take all or a couple awards, we don't have insight into the Army's plan there.

What was the second part of your question?

**Griffin Boss**

It was if you had any potential expectation for when we could see an award, given it's a program of record, so shouldn't be affected by the CRR?

**Peter Cannito**

We don't know, but we do believe that the DoD has gotten very aggressive about making drone dominance a priority. So, we're optimistic that it's not going to linger for long. I think maybe the most simplistic way I can answer this that government fiscal years start in October, October 1st. So, when we talk about it being in budget for 2026, we don't mean after January. We mean in a month and a half here or whatever it is, will be when the budget for 2026 will be active.

But obviously, there's been a lot of uncertainty around the timing of government programs associated with the budgeting process, as we articulated. So, when they will actually get to executing the contracts out of that October 2026 budget start, we're not trying to predict.

**Griffin Boss**

Sure. Understood. Make sense. Thanks for taking my questions. Appreciate it.

**Peter Cannito**

Of course.

**Operator**

Thank you. Our next question comes from the line of Scott Buck with H.C. Wainwright. Please proceed with your question.

**Scott Buck**

Hi. Good morning, guys. Thanks for the time. Just one for me. With the closing of Edge, can you provide us with a little bit of color on what the information share looks like across legacy Redwire and Edge today, and maybe a bit of a roadmap on integration through the remainder of the year? That'd be great. Thank you.

**Peter Cannito**

Well, I'll take the second half first, and then Jonathan can take the first half. In terms of the roadmap for integration, obviously the number one thing that we start from an integration perspective is the financial integration for reporting. So, that is obviously very well underway and has gone extremely well, and that has been our initial focus.

As we continue to progress, I would say the next big thing is looking at aligning strategic roadmaps and the allocation of investment and looking for those combined BD opportunities where multi-domain provides a highly strategic differentiator for us. And that, of course, is also well underway.

And then we have a very robust integration framework, as you can imagine. We've done this-- this is our 11th acquisition, so we're following our playbook. And I, as I think I articulated in the script, look to have it completed in about 12 months.

**Jonathan Baliff**

I mean, Scott, I'll just say from a financial information standpoint, and consistent with previous, especially the large acquisition that we did two and a half years ago [of QinetiQ Space NV],<sup>4</sup> the financial community will see and has already seen the information on Edge Autonomy as part of our proxy that we filed about two months ago. And so, you're able to see that information.

As part of our 10-Qs and our 10-Ks, you'll also be able to see pro forma information similar to what I just spoke about in answering a previous question, in which you'll see a full Q2. You'll see that comparison to 2024. And then you'll see the same thing for subsequent quarters and the full year.

So, we do expect you to be able to understand that business. It is a higher margin business on a gross basis at this current state, because they're mature into production. But just use that as a guide in what we've already shown. And again, it's a very accretive transaction and, again, operating the way that we saw already with nice growth, high margins.

**Scott Buck**

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<sup>4</sup> Bracketed language added for reader clarification.

Perfect. I appreciate it, guys. That's all I have. Thank you.

**Peter Cannito**

Thank you.

**Operator**

Thank you. And our last question comes from the line of Austin Moeller with Canaccord Genuity. Please proceed with your question.

**Austin Moeller**

Hi. Good morning, Pete and Jonathan. So, my first question, how do you view NASA's new directive on future contract awards for the Commercial LEO Destinations program? And how do you expect that may impact your revenues versus the restored funding from Congress for the ISS?

**Peter Cannito**

Well, I'll take the latter part first. The restored funding for the ISS is obviously good for us. We do a lot of work on the International Space Station. That leads to more shots on goal with PIL-BOX and our other microgravity innovations. So, we're excited about that, and we're excited about the recognition that having a presence in low Earth orbit is really important to not only the U.S. but our allies as well.

And some of the variability that we've talked about in terms of uncertainty in the timing of things is--to put a finer point on it--is ESA, which is a very big customer of ours, looking to see what direction NASA is going to go in with some of the programs like the ISS as well as the longer-term programs associated with Artemis like Gateway. But I think we're starting to see, through the budgetary process, that the programs are going to be healthy here going forward.

In terms of CLD, I think it's good that we're seeing additional clarity there. I would point to, as we've discussed previously, Redwire is positioned to be what we colloquially refer to as the orbital outfitter for government and commercial space stations. So, as these space stations come online and the investment goes into building them out, whether it's funded by NASA or funded by individual companies, we're clearly an important subsystem provider for that since we have the proven Roll Out Solar Array capabilities on the International Space Station now.

Through a number of press releases with our associations with Vast and others, it's been well-established that we're positioned to be providing onboard capability like our PIL-BOX and other microgravity capabilities for anyone who successfully executes their plan.

**Austin Moeller**

Okay, and just a follow-up. Presumably, you view the funding opportunity in fiscal year '26 as more favorable than the CR this year. Do you expect any Golden Dome contract awards that

you're bidding on to be issued more in the first half or the second half of '26? And are you bidding as a prime contractor, a subcontractor, or both?

**Peter Cannito**

So, I can't discuss the details of our bidding strategy on Golden Dome other than to say we are actively bidding into Golden Dome in a variety of ways based on the early industry conferences that we have been invited to to-date. So, we're an active participant in the Golden Dome acquisition.

In terms of timeline for Golden Dome, again, I think one of the major themes of the uncertainty in the second half of 2025 is there isn't a lot of insight right now as to when these programs are going to be awarded. But General Guetlein, who is leading the Golden Dome effort, they only have three years that they've outlined to accomplish their goal, so I believe they will move out quickly.

But, again, if you look at the fact that sitting in this chair last year, if you had asked me what the number one national security space program opportunity would be, I would have said the SDA tranches coming out of the Space Development Agency. There has been a lot of uncertainty around that, and it seems be kind of an on-again/off-again thing that's going on out there.

How those funds and the funding and the architecture and all of that kind of stuff transitions into a new, yet to be defined Golden Dome architecture does introduce an element of uncertainty. But all I can say, similar to LRR, is that we are very focused that these are the Department of Defense's priorities. So, we're not, fortunately, a business that is--even though there's uncertainty around it, we're not a business that's focusing on de-prioritized trends. We have a lot to offer to these prioritized initiatives.

**Austin Moeller**

Great. Thank you for taking my question.

**Operator**

Thank you. We have reached the end of the question-and-answer session, and I would like to turn the floor back to Jonathan Baliff for closing remarks.

**Jonathan Baliff**

Thank you for your questions. Before we conclude today's Q&A, and as we've done the last several quarters, we'd like to ask a select question drawn from our retail investor community. Today's question comes from Reddit. Redwire owns a new domain, RDW.com. Are you moving away from Redwirespace.com? Pete?

**Peter Cannito**

I'm always amazed by the attention to detail from the retail investor. They really do an incredible job noticing some of these moves. And I think it's an insightful question, because we are moving

forward as RDW.com. Of course, we're still Redwire, but Redwire has both Redwire Space as well as Edge Autonomy. And perhaps symbolically, the move to RDW.com really just underscores that Redwire is no longer just a pure play space company. We are a space and defense tech company, and there's a lot of reasons why that is highly strategic.

But I think in the context of the discussion we've had today, the thing I'd like to highlight most is Redwire has always had this position of being diversified across what we call things that are happening today that are generating revenue and profit today, as well as things that are happening in the bold future.

And it's a bit of a hybrid, because there are some companies who are more towards or completely towards the venture side of things. They don't generate much near-term revenue. Certainly, profitability doesn't tend to be a focus area for those kind of companies. And then there's other companies who have great traditional revenue streams but don't have a bold vision for the future.

We're a hybrid, and that's what we've always tried to articulate that when we talk our picks and shovels side of the business of providing subsystems and components as well as our unlocking breakthrough technologies part of our strategy in terms of the biotech.

The pivot to RDW is really just an extension of that. We look at the similarities between defense tech and space, and we recognize that defense tech in many cases is a much more mature market than the emerging space industry is; and therefore, expanding the vision to include both high-tech things in space as well as high-tech things like UASs allows us to continue that tradition of trying to have that portfolio effect be our diversified strategy of things that are being procured now and that have really strong demand in the immediate future with things that have a much longer tail.

And in my closing remarks at the end, I talked about that. Space is a long-term investment, and it has to be viewed that way in terms of how--or we certainly, I should say, view it that way in terms of how things are going to play out. And--but the pivot to RDW.com underscores that we also see a lot of value in having a strong base in the defense tech area that enables us to be patient, to see how some of these programs like SpaceMD and others play out over the long-term.

So, I appreciate that question. And again, our retail investors have a keen eye for that kind of thing, and I think that question in particular was insightful because it was a great way for me to use a symbolic change to underscore a much broader strategic pivot.

So, with that, thank you all for the questions. And as always, it's great to engage with the retail investor community as well as all of you. And with that, we appreciate everybody taking the time to listen today, and go Redwire.



**Operator**

Thank you. And this concludes today's conference and you may disconnect your line at this time.  
We thank you for your participation.