

March 3, 2025



# Airship AI Reports Full Year 2024 Financial Results

*2024 Net Revenue of \$23.1 Million, an 87% Increase over FY 2023 Net Revenue of \$12.3 Million*

*No Debt on Balance Sheet Following Conversion of \$2.8 million in Senior Secured Convertible Notes*

*New Pro-U.S. Border Security Administration Provides Additional Macro Tailwinds for 2025 & Beyond*

REDMOND, Wash., March 03, 2025 (GLOBE NEWSWIRE) -- Airship AI Holdings, Inc. (NASDAQ: AISP) ("Airship AI" or the "Company"), a leader in AI-driven video, sensor, and data management surveillance solutions, today reported its financial and operational results for the quarter and year ended December 31, 2024.

## FY 2024 Financial Highlights

- Net revenues were \$23.1 million.
- Gross profit was \$10.5 million.
- Gross margin was 45.7%.
- Operating loss was \$3.5 million, which reflected increased stock-based compensation and transactions costs related to the merger and overall sales levels.

## FY 2024 Financial Highlights

- **Dramatic Revenue Growth:** In 2024, Airship AI delivered 87% year-over-year ("YoY") revenue growth, growing from \$12.3 million to \$23.1 million. Revenue growth was driven mainly by increased sales to federal government customers, with multiple large awards for cloud-based Acropolis offerings and edge-based Outpost AI appliances.
- **Steady Gross Profit Margin:** Full year gross profit as of December 31, 2024 was \$10.5 million, flat YoY, primarily due to the continued high percentages of third-party hardware sales as part of turn-key solutions bundled by Airship AI with Outpost AI included. The Company is already seeing the value of these seeding opportunities in awarded business as well as pipeline opportunity growth.
- **Significant Operational Improvements:** Full year operating loss as of December 31, 2024 was \$3.5 million as compared to a \$6.6 million loss in 2024. Numerous one-time charges were incurred in 2024, resulting from transaction costs associated with the transition to a public company, conversion of a senior secured promissory note, and

partial payments to the founders for previous advances.

- **Strengthened Balance Sheet:** Cash and cash equivalents as of December 31, 2024, was \$11.4 million, along with \$1.2 million in accounts receivable. With the conversion of issued senior secured convertible promissory notes of \$2.8 million, Airship AI enters 2025 with no debt on the balance sheet.

#### **Q4 2024 & Subsequent Operational Highlights**

- Backlog as of December 31, 2024 was \$5.5 million, including orders received late in the second half of 2024 that are expected to be delivered and invoiced across Q1 and Q2 of 2025. Backlog is not indicative of future quarterly revenue as approximately 75% of quarterly revenue is transactional and recognized in the same quarter.
- Total validated pipeline at the year-end of 2024 was approximately \$135 million, consisting of single and multi-year opportunities for AI-driven edge, video, and sensor and data management platform across all our customer verticals. The pipeline includes opportunities at varying stages of progression with expected award timeframes throughout the next 18-24 months.
- Due to the sensitive nature of many customers and deployment use cases, the Company is often restricted from publicly disclosing awards and or limited as to the specifics of the customer and use case. Consequently, most awards are executed on closed or restricted contract vehicles, which further limits the sharing of information that might otherwise be available.
- Multiple large contracts awarded throughout and/or subsequent to the quarter include but are not limited to:
  - \$4.0 million firm-fixed price contract for an agency within the U.S. Department of Homeland Security ("DHS"), for advanced integrated solutions supporting real-time intelligence collection operations along the United States' borders, leveraging the Company's edge IoT appliance, Outpost AI.
  - \$1.2 million firm-fixed price support and maintenance contract for our existing deployment of Acropolis Enterprise Video and Data Management Platform supporting a Fortune 100 Transportation and E-Commerce company' global operations.
  - Follow-on seven-figure one (1) year system maintenance and sustainment contract for an existing Fortune 100 customer leveraging the Company's Acropolis Enterprise Video and Data Management platform supporting operational and physical security requirements.
- We began deploying new infrastructure supporting mission critical requirements along the U.S. southern border; follow-on work to our successful completion of a congressionally driven pilot opportunity earlier in the year. This follow-on work is in support of our single-largest opportunity, valued at more than \$50 million over the next four (4) years. Estimated total contract value is conservatively based on data points from published market research, including size and scope, and pricing approved via awarded procurement efforts.
- Completed \$8.0 million at-the-market public offering with net proceeds to the Company of \$7.0 million after deducting placement agent fees and offering expenses.
- Hired new members of the team, at the C-Suite level and below, and promoted key

members of the team to increasingly higher levels of strategic responsibility within the Company. Airship AI expects additional hires in 2025 in the sales and product development teams.

- Launched a new routes-to-market strategy targeting business partners and resellers that are looking for differentiated alternatives in new verticals (for Airship AI) as well as partners that can help us scale more rapidly within existing verticals.
- Put in place a marketing and branding campaign for 2025. This bifurcated plan is hyper focused on creating brand awareness in several new targeted verticals through a combination of partner and industry events, enabling partners to monetize that awareness through expanded routes to market.
- We participated in JIFX, or Joint Interagency Field Exercise, an invite only event led by the Naval Post-Graduate School. The JIFX team leads experimentation in alternative methods to enable rapid technological development by cultivating a community of interest and hosting broadly scoped quarterly collaborative field events which enable the Department of Defense (“DoD”), the U.S. government, and allied stakeholders to identify, influence, and accelerate early-stage technology development that address national and collective security challenges.
- We participated in TIDE, or Technology Innovation Discovery Event, an invite only DoD sponsored event that aims to help innovative small businesses and non-traditional DoD performers showcase new hardware and software technologies that can significantly improve existing software or meet new challenges in support of the National Defense Strategy.
- We were a primary sponsor of and participant in UTAC, the premier unmanned aerial and robotic systems tactical event for Police, Public Safety, Government, and Defense agencies. UTAC is a fully immersive training event where public safety, government, enterprise, and defense operators gather to learn best practices, establish procedures, and gain experience with the latest innovations in unmanned aerial, ground, and maritime systems along augmenting technical solutions.

### **Capital Markets Update:**

- Participated at the 13th Annual ROTH Technology Conference and the Benchmark 13<sup>th</sup> Annual Discovery One-on-One Conference.
- Benchmark Company initiated coverage of Airship AI on November 13, 2024, with a Buy rating and price target of \$6.

### **2025 Outlook**

- 2025 net revenues of approximately \$30 million, reflecting 30% revenue growth YoY, supported by a strong and validated pipeline of ~\$135 million, improving gross profit margins, and a strong recurring revenue model.
- Positive cash flow from business operations for the full year.
- Expand AI offerings at the edge running on our Outpost AI platform and announce new offerings running at the datacenter level or in the cloud that increase customer operational efficiency using existing sources of data.
- Continued innovation across our core Acropolis software platform supporting new

workflows for on-premises and cloud-based deployments in highly secure operational environments.

- Announce new offerings around our Digital Evidence Management System (DEMS) called Evidence Discovery Server (EDS) supporting stand-alone operations as well as integrations with other leading DEMS platforms.
- Continue the digital transformation of our back-office operations to improve supply chain management and production-based process efficiencies to help drive continued margin expansion.
- Launch new AI based offerings supporting partner engagement, training, and support as part of our larger strategy to provide differentiated offerings to those existing and to be recruited business partners and resellers.
- Targeted focus on brand awareness and engagement in new verticals through targeted marketing outreach opportunities, social media platforms, Airship AI hosted technology events, and industry tradeshow events.

## **Management Commentary**

"The past year has been an exciting journey as we completed our first full year as a public company amid significant shifts in domestic and global economic, social, and political landscapes," said Paul Allen, President of Airship AI. "With this dynamic backdrop, we set ambitious goals for 2024, focusing on substantial revenue growth and strengthening our balance sheet to position the business for positive cash flow operations. The great news is that we made meaningful progress on both the top and bottom lines. We delivered 87% year-over-year revenue growth of \$23.1 million at a gross margin of 46%. We ended the year with \$11.4 million in cash and cash equivalents and \$1.2 million in accounts receivable.

"Our recently completed capital raise has significantly enhanced our ability to execute many of the anticipated large transactions in our pipeline, particularly those involving substantial up-front costs of goods sold. The capital raise has also enabled us to expand our sales, business development, and partner marketing capabilities by bringing in specialized industry expertise and experience in managing these large-scale defense programs. We have already made progress toward this objective with the addition of several high-caliber team members, and we are in the process of bringing on even more talent to further strengthen our capabilities.

"As we entered 2025, we have a new administration in place that has stressed from day one that the focus is going to be on securing the border and strengthening public safety and security across the homeland. While the safety of the homeland has and should always be a bi-partisan issue, the approach to how it is done varies. The new administration has made clear many of its policies and approaches to this problem already, with technology itself and technology-based solutions playing a key role in most if not all of them. Specifically, the January 20th Secure Our Borders Executive Order states that the United States will establish a physical wall and other barriers monitored and supported by adequate personnel and technology.

"To that point, we remain under the cloud of Continuing Resolution, which affects the whole of government to fund its ability to execute daily, at least beyond that which it was approved

to do so the prior year. While the budget to fund this and other related activities is being addressed, we remain engaged with our customers already focused on these challenges, engagement which includes already funded efforts or those which are already budgeted.

“While we are heavily focused on the agencies directly tasked to solve these challenges, we also have a larger existing business with other agencies and commercial customers that we remain focused on as well. These customers are involved daily in similarly protecting the homeland, ranging from countering the illegal trafficking of narcotics with a focus on fentanyl, protecting critical infrastructure such as courthouses, office buildings, and sensitive sites, and enforcing the laws of the land on the streets of mainstream America.

“With the work we have already done, and the relationships we have established, we believe we are well positioned in 2025 and for the next several years to be an integral part of providing a solution for a well-defined and challenging problem that impacts every one of our shareholders.

“Lastly, we look forward to seeing some of you at our upcoming Analyst Technology Showcase on Friday, March 14, 2025, in Dripping Springs, Texas,” concluded Mr. Allen.

### **About Airship AI Holdings, Inc.**

Founded in 2006, Airship AI (NASDAQ: AISP) is a U.S. owned and operated technology company headquartered in Redmond, Washington. Airship AI is an AI-driven video, sensor and data management surveillance platform that improves public safety and operational efficiency for public sector and commercial customers by providing predictive analysis of events before they occur and meaningful intelligence to decision makers. Airship AI’s product suite includes Outpost AI edge hardware and software offerings, Acropolis enterprise management software stack, and Command family of visualization tools.

For more information, visit <https://airship.ai>.

### **Forward-Looking Statements**

The disclosure herein includes certain statements that are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “project,” “forecast,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook,” and similar expressions that predict or indicate future events or trends or that are not statements of historical matters, but the absence of these words does not mean that a statement is not forward looking. These forward-looking statements include, but are not limited to, (1) statements regarding estimates and forecasts of financial, performance and operational metrics and projections of market opportunity; (2) changes in the market for Airship AI’s services and technology, expansion plans and opportunities; (3) the projected technological developments of Airship AI; and (4) current and future potential commercial and customer relationships. These statements are based on various assumptions, whether or not identified in this press release, and on the current expectations of Airship AI’s management and are not predictions of actual performance. These forward-looking statements are also subject to a number of risks and uncertainties, as set forth in the section entitled “Risk Factors” in its Annual Report on Form 10-K for the year

ended December 31, 2024, filed with the SEC on February 28, 2025, and the other documents that the Company has filed, or will file, with the SEC. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. In addition, forward looking statements reflect the Company's expectations, plans or forecasts of future events and views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its assessments to change. However, while it may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's assessments as of any date subsequent to the date of this press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

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**AIRSHIP AI HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS**

As of December 31, 2024 and 2023

	December 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 11,414,830	\$ 3,124,413
Accounts receivable, net of allowance for credit losses of \$0	1,226,757	1,648,904
Prepaid expenses and other	17,883	18,368
Income tax receivable	-	7,230
Total current assets	<u>12,659,470</u>	<u>4,798,915</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	-	1,861
<b>OTHER ASSETS</b>		
Other assets	165,960	182,333
Operating lease right of use asset	<u>882,024</u>	<u>1,104,804</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 13,707,454</u></u>	<u><u>\$ 6,087,913</u></u>

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES:**

Accounts payable - trade	\$ 759,480	\$ 2,908,472
Advances from founders	1,300,000	1,750,000
Accrued expenses	51,649	200,531
Senior Secured Convertible Promissory Notes	-	2,825,366
Current portion of operating lease liability	305,178	174,876
Deferred revenue- current portion	3,238,483	4,008,654
Total current liabilities	<u>5,654,790</u>	<u>11,867,899</u>

**NON-CURRENT LIABILITIES:**

Operating lease liability, net of current portion	638,525	943,702
Warrant liability	34,180,618	667,985
Earnout liability	23,304,808	5,133,428
Deferred revenue- non-current	2,951,850	4,962,126
Total liabilities	<u>66,730,591</u>	<u>23,575,140</u>

**COMMITMENTS AND CONTINGENCIES (Note 9)****STOCKHOLDERS' DEFICIT:**

Preferred stock - no par value, 5,000,000 shares authorized, 0 shares issued and outstanding as of December 31, 2024 and December 31, 2023	-	-
Common stock - \$0.0001 par value, 200,000,000 shares authorized, 30,588,413 and 22,812,048 shares issued and outstanding as of December 31, 2024 and 2023	3,056	2,281
Additional paid in capital	21,918,867	-
Accumulated deficit	(74,941,590)	(17,476,700)
Accumulated other comprehensive loss	(3,470)	(12,808)
Total stockholders' deficit	<u>(53,023,137)</u>	<u>(17,487,227)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u><b>\$ 13,707,454</b></u>	<u><b>\$ 6,087,913</b></u>

**AIRSHIP AI HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)**  
**INCOME**

For the years ended December 31, 2024 and 2023

	Year Ended December 31, 2024	Yar Ended December 31, 2023
<b>NET REVENUES:</b>		
Product	\$ 18,716,196	\$ 7,439,045

Post contract support	4,334,017	4,692,487
Other services	-	168,052
Revenues	<u>23,050,213</u>	<u>12,299,584</u>
COST OF NET REVENUES:		
Cost of Sales	10,843,766	4,767,159
Post contract support	1,679,692	1,681,267
Other services	-	86,841
Cost of revenue	<u>12,523,458</u>	<u>6,535,267</u>
GROSS PROFIT	10,526,755	5,764,317
RESEARCH AND DEVELOPMENT EXPENSES	2,804,894	2,729,492
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	11,226,974	9,675,190
TOTAL OPERATING EXPENSES	<u>14,031,868</u>	<u>12,404,682</u>
OPERATING LOSS	<u>(3,505,113)</u>	<u>(6,640,365)</u>
OTHER (EXPENSE) INCOME:		
(Loss) gain from change in fair value of earnout liability	(18,171,380)	21,976,349
(Loss) gain from change in fair value of warrant liability	(33,512,633)	1,341,120
Loss from change in fair value of convertible debt	(141,636)	(240,784)
Loss on note conversion	(1,144,676)	-
Interest expense, net	(1,003,096)	(55,685)
Other income (expense)	13,644	(9,501)
Total other (expense) income, net	<u>(53,959,777)</u>	<u>23,011,499</u>
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES	(57,464,890)	16,371,134
Provision for income taxes	-	-
NET (LOSS) INCOME	(57,464,890)	16,371,134
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation income (loss), net	<u>9,338</u>	<u>(2,702)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME	<u><u>\$(57,455,552)</u></u>	<u><u>\$ 16,368,432</u></u>
NET (LOSS) INCOME PER SHARE:		
Basic	<u><u>\$ (2.34)</u></u>	<u><u>\$ 1.20</u></u>
Diluted	<u><u>\$ (2.34)</u></u>	<u><u>\$ 0.80</u></u>
Weighted average shares of common stock outstanding		
Basic	24,585,955	13,671,376
Diluted	24,585,955	20,390,663



**AIRSHIP AI HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2024 and 2023

	Year Ended December 31, 2024	Year Ended December 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (57,464,890)	\$ 16,371,134
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,861	14,879
Stock-based compensation	1,078,344	715,727
Stock-based compensation- warrants	284,478	2,136,115
Amortization of operating lease right of use asset	222,780	596,556
Accelerated amortization of ROU asset - lease termination	-	265,130
Gain from lease termination	-	(344,093)
Issuance of common stock for services	198,500	-
Noncash interest expense	1,008,419	-
Loss (gain) from change in fair value of warrant liability	33,512,633	(1,341,120)
Loss (gain) from change in fair value of earnout liability	18,171,380	(21,976,349)
Loss from change in fair value of convertible note	141,636	240,784
Loss on note conversion	1,144,676	-
Non cash interest, net	-	65,487
Changes in operating assets and liabilities:		
Accounts receivable	422,147	(943,152)
Prepaid expenses and other	485	(2,329)
Other assets	16,373	(182,333)
Operating lease liability	(174,875)	(531,621)
Payroll and income tax receivable	7,230	960,383
Accounts payable - trade and accrued expenses	(2,294,698)	666,136
Deferred revenue	(2,780,447)	(2,667)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(6,503,968)</b>	<b>(3,291,333)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of common stock and warrants for offering, net	7,290,000	-
Proceeds from convertible promissory note	-	2,584,582
Proceeds from warrant exercise, net	7,704,540	-
Advances from founders, net	(450,000)	1,150,000
Proceeds from reverse recapitalization	-	2,809,792
Proceeds from stock option exercises	240,507	-
Repayment of small business loan and line of credit	-	(424,540)

NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>14,785,047</u>	<u>6,119,834</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,281,079	2,828,501
Effect from exchange rate on cash	9,338	(2,702)
CASH AND CASH EQUIVALENTS, beginning of period	<u>3,124,413</u>	<u>298,614</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 11,414,830</u></u>	<u><u>\$ 3,124,413</u></u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 11,913	\$ 21,438
Taxes paid	\$ 2,410	\$ 17,247
Noncash investing and financing		
Elimination of advances to founders in connection with contribution of Zeppelin by shareholders	\$ -	\$ 1,100,000
Elimination of payables to founders in connection with contribution of Zeppelin by shareholders	\$ -	\$ 1,100,000
Issuance of common stock for debt interest payment	\$ 1,008,442	\$ -
Issuance of common stock for debt conversion	\$ 4,114,831	\$ -
Recognition of warrant liability	\$ -	\$ 15,418
Recognition of right-of-use asset	\$ -	\$ 1,162,152
Recognition of operating lease liability	\$ -	\$ 1,162,152
Noncash activity related to Merger-		
Recognition of warrant liability	\$ -	\$ 2,009,105
Recognition of earnout liability	\$ -	\$ 27,109,777
Recognition of accounts payable	\$ -	\$ 1,500,000



Source: Airship AI