

August 5, 2025



Airship AI Reports Second Quarter 2025 Financial Results

Second Quarter 2025 Net Revenues of \$2.1 Million, Gross Profit of \$1.5 Million and Gross Margin of 71%

Significant Customer Engagement Activities Throughout the Quarter Provide Strong Tailwinds Heading into Government Fiscal Year End

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

REDMOND, Wash., Aug. 05, 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 second quarter ended June 30, 2025.

Q2 2025 Financial Highlights

- Net revenues for the quarter ended June 30, 2025, were \$2.1 million.
- Gross profits for the quarter ended June 30, 2025, were \$1.5 million.
- Gross margin percentage was 71% for the quarter ended June 30, 2025.
- Operating loss was \$2.0 million for the quarter ended June 30, 2025 reflected in non-cash expenses of \$0.5 million. The Company increased sales and marketing, research and development and technical support expenses which is expected to increase future sales.
- Other expense was \$21.7 million for the quarter ended June 30, 2025, primarily due to a loss from the change in the fair value of earnout and warrant liabilities. The Company's share price increased during the quarter ended June 30, 2025.
- Net cash used in operating activities was \$3.9 million in the quarter ended June 30, 2025.
- Cash and cash equivalents was \$6.3 million as of June 30, 2025.

Q2 2025 & Subsequent Operational Highlights

- Our total validated pipeline at the end of the quarter was approximately \$128 million, consisting of single and multi-year opportunities for AI-driven edge, video, and sensor and data management platform across all our customer verticals. Our 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 of our customers and deployment use cases, we are often restricted from publicly disclosing awards and or limited as to the specifics of the customer and use case. Consequently, most of our awards are executed on closed or restricted contract vehicles, which further limits the sharing of information that might otherwise be available.
- We significantly grew our internal sales and sales engineering force, adding seasoned sales professionals with deep industry expertise, partner relationships, and customer knowledge that we expect will allow us to ramp up quickly.
- We participated in multiple customer facing tradeshows during the quarter including brand new industry wide and vertically focused shows where we had a significantly increased level of participation and visibility as compared to historical participation.
- As part of our transition to a partner driven sales model, we participated in several partner shows and events, including those sponsored by integrators and dealers, and those by manufacturers of hardware sensors and solutions that we integrate with and manage for our customers.
- On April 23, 2025, the Company entered into an At the Market Offering Agreement with Roth Capital Partners, LLC, as sales agent, pursuant to which we may, from time to time, offer and sell shares of our common stock up to a maximum of \$25 million. The shares that may be issued pursuant to this offering is a part of a registration statement that the Company filed with the U.S. Securities and Exchange Commission (the "SEC"), using a "shelf" registration process. Under this shelf registration process, the Company may offer to sell any of the securities, or any combination of the securities, described in such prospectus, in each case, in one or more offerings, up to \$50 million.
- Featured in [Fox News Article](#).

2025 Outlook

- 30% revenue growth and positive cash flow expected for calendar year 2025 supported by a strong and validated pipeline of ~\$128 million, improving gross profit margins, and a strong recurring revenue model.
- Make tactical and strategic investments across our sales and business development organizations through organic cash flow from business operations and the potential cash exercise of public warrants.
- Release new Outpost AI product offerings as well as expand custom-trained AI models supporting emerging edge analytic workflows.

- Continue innovation across our core Acropolis software platform supporting new workflows for cloud-based deployments in highly secure operational environments.
- Develop and execute expansionary opportunities in the commercial and retail markets, particularly around those companies involved in combating organized retail crime (“ORC”).
- Improve sourcing, supply chain management and production-based process efficiencies to help drive continued margin expansion.
- 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 second quarter of 2025 was incredibly busy with the Full-Year Continuing Appropriations and Extensions Act of 2025 being passed, as well as the passage of the Big Beautiful Bill (P.L. 119-21) (“BBB”), which provided substantial additional funding to federal agencies across the Department of Homeland Security and Department of Justice,” said Paul Allen, President of Airship AI. “With the full year continuing resolution approval and BBB passage, supported agencies were finally able to begin procurement activities in support of several critical efforts that Airship AI has been working on during the last twelve to eighteen months.

“Included in the BBB was more than \$70 billion over the next four years in supplemental funding for U.S. Customs and Border Protection (“CBP”), which includes \$6.2 billion for border security technology, specifically calling out artificial intelligence, machine learning, and “other innovative technologies” to combat the trafficking of illicit substances. Also included was \$46.55 billion for physical barriers along the southern and northern borders, which includes cameras, lights, sensors and more, as well \$5 billion for the construction and improvement of CBP facilities, which includes new, enhanced, or upgraded video surveillance capabilities.

“Based on the increased procurement activities we saw as we exited the second quarter, and the follow-on activities we have seen through the third quarter thus far, we are anticipating a very busy close to the September 30 of fiscal year end for our U.S. Government partnered federal agencies.

“In the commercial segment, our strategic push into new market verticals, driven by partnerships with integrators and business collaborators, has continued to result in pipeline expansion beyond our traditional customer segments. Early wins around our AI driven differentiated physical security solution have led to further expansionary opportunities across retail, logistics, healthcare, and oil and gas customer verticals.”

“With our AI digital transformation strategy fully underway, the efficiencies created are allowing us to roll out new models at the edge at an increasingly faster rate, while in parallel build out more advanced back-end AI tools to create efficiencies for our customers who are already overwhelmed with the sheer volume of video and associated data being collected. Most notably, our natural language generative AI based approach to interfacing with our

software stack is creating significant interest as we change the way customers think about their data and how they best extract real-time information from it.

“With these significant tailwinds in place, we expect to leave the third quarter with a significant backlog of awarded business. Due to our digital transformation efforts already underway, we believe we have the tools and processes in place that allow us to promptly execute to-be awarded business. Additionally, we have started to pre-order and position critical components that will be needed, as well as lock in deal registration through strategic partnership plans with our OEM vendors and sub-contractors. We believe these preparatory actions will allow us to best execute in a timely manner against urgent customer requirements as we head into the fourth quarter,” 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.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2025 and December 31, 2024

	June 30, 2025	December 31, 2024 (1)
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,306,274	\$ 11,414,830
Accounts receivable, net of allowance for credit losses of \$0	2,557,427	1,226,757
Prepaid expenses and other	50,090	17,883
Total current assets	8,913,791	12,659,470
OTHER ASSETS		
Other assets	160,528	165,960
Operating lease right of use asset	1,006,359	882,024
TOTAL ASSETS	<u>\$ 10,080,678</u>	<u>\$ 13,707,454</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 393,341	\$ 759,480
Advances from founders	-	1,300,000
Accrued expenses	48,731	51,649
Current portion of operating lease liability	416,583	305,178
Deferred revenue- current portion	4,629,075	3,238,483
Total current liabilities	<u>5,487,730</u>	<u>5,654,790</u>

NON-CURRENT LIABILITIES:

Operating lease liability, net of current portion	650,748	638,525
Warrant liability	33,153,619	34,180,618
Earnout liability	15,500,664	23,304,808
Deferred revenue- non-current	2,167,307	2,951,850
Total liabilities	<u>56,960,068</u>	<u>66,730,591</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 June 30, 2025 and December 31, 2024	-	-
Common stock - \$0.0001 par value, 200,000,000 shares authorized, 31,909,096 and 30,588,413 shares issued and outstanding as of June 30, 2025 and December 31, 2024	3,188	3,056
Additional paid in capital	28,118,957	21,918,867
Accumulated deficit	(74,990,656)	(74,941,590)
Accumulated other comprehensive loss	(10,879)	(3,470)
Total stockholders' deficit	<u>(46,879,390)</u>	<u>(53,023,137)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 10,080,678</u>	<u>\$ 13,707,454</u>

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

For the three and six months ended June 30, 2025 and 2024
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	Unaudited	Unaudited	Unaudited	Unaudited
NET REVENUES:				
Product	\$ 728,978	\$ 5,358,808	\$ 4,770,694	\$ 14,757,584
Post contract support	1,375,372	1,042,223	2,828,947	2,218,462
Other services	42,540	-	50,277	-
	<u>2,146,890</u>	<u>6,401,031</u>	<u>7,649,918</u>	<u>16,976,046</u>
COST OF NET REVENUES:				
Cost of Sales	273,721	1,306,386	3,217,328	9,095,795

Post contract support	332,769	588,438	624,270	745,917
Other services	<u>7,883</u>	<u>-</u>	<u>40,799</u>	<u>-</u>
	<u>614,373</u>	<u>1,894,824</u>	<u>3,882,397</u>	<u>9,841,712</u>
GROSS PROFIT	<u>1,532,517</u>	<u>4,506,207</u>	<u>3,767,521</u>	<u>7,134,334</u>
RESEARCH AND DEVELOPMENT EXPENSES	740,571	702,771	1,459,953	1,398,137
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>2,813,827</u>	<u>2,827,120</u>	<u>6,043,806</u>	<u>6,162,414</u>
TOTAL OPERATING EXPENSES	<u>3,554,398</u>	<u>3,529,891</u>	<u>7,503,759</u>	<u>7,560,551</u>
OPERATING (LOSS) INCOME	<u>(2,021,881)</u>	<u>976,316</u>	<u>(3,736,238)</u>	<u>(426,217)</u>
OTHER INCOME (EXPENSE) :				
(Loss) gain from change in fair value of earnout liability	(7,301,585)	14,876,927	2,522,020	(6,607,923)
(Loss) gain from change in fair value of warrant liability	(14,494,184)	1,542,347	1,026,999	(5,304,744)
Gain (loss) from change in fair value of convertible debt	-	1,527,193	-	(512,184)
Loss on note conversion	-	-	-	(158,794)
Interest income (expense), net	60,599	(421,500)	138,153	(453,324)
Other expense	<u>-</u>	<u>(39,288)</u>	<u>-</u>	<u>(39,288)</u>
Total other (expense) income, net	<u>(21,735,170)</u>	<u>17,485,679</u>	<u>3,687,172</u>	<u>(13,076,257)</u>
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES	(23,757,051)	18,461,995	(49,066)	(13,502,474)
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET (LOSS) INCOME	(23,757,051)	18,461,995	(49,066)	(13,502,474)
OTHER COMPREHENSIVE (LOSS) INCOME				
Foreign currency translation (loss) income, net	<u>-</u>	<u>3,239</u>	<u>(7,409)</u>	<u>8,984</u>
TOTAL COMPREHENSIVE (LOSS) INCOME	<u><u>\$(23,757,051)</u></u>	<u><u>\$ 18,465,234</u></u>	<u><u>\$ (56,475)</u></u>	<u><u>\$(13,493,490)</u></u>
NET (LOSS) INCOME PER SHARE:				
Basic	<u><u>\$ (0.75)</u></u>	<u><u>\$ 0.80</u></u>	<u><u>\$ (0.00)</u></u>	<u><u>\$ (0.59)</u></u>

Diluted	<u>\$ (0.75)</u>	<u>\$ 0.61</u>	<u>\$ (0.00)</u>	<u>\$ (0.59)</u>
Weighted average shares of common stock outstanding				
Basic	31,873,639	23,220,709	31,789,346	23,059,598
Diluted	31,873,639	30,272,228	31,789,346	23,059,598

AIRSHIP AI HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2025 and 2024
(Unaudited)

	Six Months Ended	
	June 30, 2025	June 30, 2024
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (49,066)	\$ (13,502,474)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	-	1,861
Stock-based compensation	800,425	530,625
Amortization of operating lease right of use asset	180,004	151,091
Issuance of common stock for services	-	198,500
Noncash interest expense	-	521,582
(Gain) loss from change in fair value of warrant liability	(1,026,999)	5,304,744
(Gain) loss from change in fair value of earnout liability	(2,522,020)	6,607,923
Loss from change in fair value of convertible note	-	512,184
Loss on note conversion	-	158,794
Changes in operating assets and liabilities:		
Accounts receivable	(1,330,670)	(1,791,217)
Prepaid expenses and other	(32,207)	11,394
Other assets	5,432	1,901
Operating lease liability	(180,711)	(124,583)
Payroll and income tax receivable	-	(2,410)
Accounts payable - trade and accrued expenses	(369,056)	(1,426,970)
Deferred revenue	606,049	(1,299,813)
NET CASH USED IN OPERATING ACTIVITIES	<u>(3,918,819)</u>	<u>(4,146,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from warrant exercise, net	59,850	293,249

(Repayment of) proceeds from advances from founders	(1,300,000)	800,000
Proceeds from stock option exercises	<u>57,822</u>	<u>146,972</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(1,182,328)</u>	<u>1,240,221</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,101,147)	(2,906,647)
Effect from exchange rate on cash	(7,409)	8,984
CASH AND CASH EQUIVALENTS, beginning of period	<u>11,414,830</u>	<u>3,124,413</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 6,306,274</u></u>	<u><u>\$ 226,750</u></u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ 2,410
Noncash investing and financing		
Issuance of common stock for debt conversion	\$ -	\$ 835,610
Issuance of common stock for debt interest payment	\$ -	\$ 487,642
Issuance of common stock for earnout shares	\$ 5,282,125	\$ -
Recognition of operating right-of-use asset	\$ 304,339	\$ -
Recognition of operating lease liability	\$ 304,339	\$ -



Source: Airship AI