

Redwire Corporation
Q1 2025 Earnings Call
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Presenters

Alex Curatolo - Senior Director, Investor Relations
Peter Cannito - Chairman, Chief Executive Officer
Jonathan Baliff - Chief Financial Officer

Q&A Participants

Greg Konrad - Jefferies
Suji DeSilva - Roth Capital Partners
Mike Crawford - B. Riley Securities
Colin Canfield - Cantor Fitzgerald
Brian Kinstlinger - Alliance Global Partners
Scott Buck - H.C. Wainwright

Operator

Greetings. Welcome to the Redwire Corporation First Quarter 2025 Earnings Conference 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 during the conference, please press star-zero on your telephone keypad. Please note this conference is being recorded.

I will now turn the conference over to your host, Alex Curatolo, Senior Director of Investor Relations. Thank you. You may begin.

Alex Curatolo

Good morning, and thank you, Daryl. Welcome to Redwire's first quarter 2025 earnings call. We hope that you have seen our earnings release, which we issued earlier this morning. It has also been posted in the Investor Relations section of our website at Redwirespace.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 our key accomplishments during the first quarter of 2025 and Jonathan will then present the financial highlights for the same period. We will then discuss our 2025 outlook, 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 platforms for critical missions, to include 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 Venture Optionality, which means continuing to pursue breakthrough developments on advanced technologies that could unlock new markets with game changing potential; and finally, Executing Accretive M&A, which means continuing our proven track record of effectively creating enterprise value by acquiring technologically differentiated companies at accretive values, a key competitive advantage of Redwire which enables us to continue to rapidly scale as a public platform. Over the next few slides, I will discuss a recent key success for each growth area to demonstrate how we are executing against these focus areas.

Please turn to slide eight. Starting with Providing Picks and Shovels, during the quarter, Redwire was awarded a contract from Thales Alenia Space to provide four docking systems for European Space Agency's I-Hab habitation module. The Redwire system is branded as the International Berthing and Docking Mechanism, or IBDM.

The IBDM will enable safe transfers of crew and cargo from the visiting spacecraft to I-Hab, supporting continuous operations and missions within the lunar space station. This is a mission-critical element of infrastructure that has applicability to space habitats and both crewed and uncrewed space capsules.

Please turn to slide nine. Turning next to Delivering Multi-Domain Platforms, in February Redwire announced the award of a study contract from ESA to develop the preliminary spacecraft design for the upcoming ARRAKIHS dark matter mission that will image faint galaxies in the nearby universe and provide insight into the nature of dark matter.

Redwire's solution is built around an adapted version of our flight-proven small satellite platform, Hammerhead, shown on the right of this slide. If selected for the implementation phase of the ARRAKIHS mission, Redwire would integrate the full satellite in our state-of-the-art clean room facilities in Belgium, underscoring the maturity of our full mission systems capability in the European market.

These first quarter successes illustrate that Redwire is proudly building on decades of flight heritage, and we continue to play a critical role in developing organic capabilities for the European market as it pivots toward increased independence in space and defense.

Please turn to slide 10. Moving next to Exploring the Moon, Mars, and Beyond, in early April Redwire and ispace-U.S. signed a memorandum of understanding to jointly pursue commercial lunar exploration and science missions for the NASA CLPS initiatives as well as additional private sector customers. Redwire is a prime contractor on this the CLPS IDIQ contract, which has a cumulative amount maximum contract value of \$2.6 billion through 2028.

Redwire is proud to combine our advanced digital engineering, integration and testing, and lunar subsystems and payloads with ispace's proven lunar landing platform and mission operations to create a world-class team to support future lunar missions. This partnership furthers our already robust set of capabilities for commercial lunar exploration.

Please turn to slide 11. Turning to Unlocking Venture Optionality, in April Redwire launched both a new drug development technology and a cancer detection experiment to the International Space Station as we scale our in-space pharmaceutical drug development. Based upon our highly successful PIL-BOX platform, the high-volume Industrial Crystallizer is capable of processing samples that are up to 200 times the volume of what could be processed in the original technology.

To validate the new hardware, Redwire launched its Golden Balls nanotechnology manufacturing demonstration, which I discussed on our last earnings call. The goal of the new Industrial Crystallizer technology is to further optimize large-scale production of PIL-BOX pharmaceutical development in space to achieve economies of scale that significantly advance the business model potential.

In addition, today Redwire is proud to announce that we have signed an agreement with a new commercial partner, Aspera Biomedicines, to fly two additional PIL-BOXes to the ISS. Redwire will crystallize a new cancer treatment that Aspera Biomedicines is working on. Redwire and Aspera Biomedicines see this as the start of a long and fruitful we are excited to have a new commercial customer funding advanced biopharma development in space for the benefit of people on Earth.

Please turn to slide 12. Finally, when it comes to Executing Accretive M&A, as many of you know, in January 2025 Redwire announced that it has signed an agreement to acquire Edge Autonomy. In March 2025, we announced that we had received all regulatory approvals needed to complete the transaction. And just this past Friday, May 9th, 2025, we filed our Definitive Proxy with the SEC.

With these critical milestones behind us, we expect to close during the second quarter of 2025, with the Special Meeting scheduled for June 9th, 2025. This transaction is expected to transform

Redwire into a global leader in multi-domain autonomous technology, broadening our portfolio of mission-critical space platforms to include combat proven autonomous airborne platforms.

Please turn to slide 13. Next I would like to discuss tariffs in the context of Redwire's supply chain. Redwire's supply chain provides resiliency in the current environment with a U.S.-based supply chain for our U.S. customer base, particularly on federally funded contracts, and with a European-based supply chain for our international customers.

Our global manufacturing footprint serving local markets is a natural tariff mitigant. As such, we have yet to see notable widespread price increases or shocks due to tariffs. We are addressing one-off cases with suppliers; however, we currently do not expect any material financial impact. Redwire will continue to monitor potential impacts closely as we manage our business through this dynamic environment.

In some instances, we believe that the current trade environment may lead to both increasing investment in U.S. manufacturing and in European space and defense budgets that could benefit Redwire's significant manufacturing presence in both regions.

Please turn to slide 14. As many of you likely saw, the recent Presidential Budget Request includes funding for key space and defense programs like Golden Dome, and Redwire is exploring multiple solutions throughout the Golden Dome layered-defense architecture to help defeat threats targeted at the U.S. Homeland. I'd like to highlight just a few examples of how Redwire's solutions could be leveraged in support of these efforts.

First, Redwire's spacecraft, to include our VLEO, LEO, and GEO capabilities, can be leveraged in a multi-orbit architecture to identify, detect, and potentially mitigate threats. In addition, Redwire's space-based optical sensor capabilities that use the same technologies as developed in the cameras for Firefly's Blue Ghost and Intuitive Machine's IM-2 lunar landers can be leveraged to develop timely threat detection and custody.

And finally, Redwire's Digitally Engineered Mission Systems & Integration, or DEMSI, agent-based digital engineering environment enables end-to-end architecture assessment for threat mitigation. We are particularly well-positioned because we have secure facilities and clearances to operate in this domain.

Redwire is aggressively pursuing multiple Golden Dome opportunities and looks forward to the opportunity to leverage our extensive national security heritage in defense of the United States and is in discussions with relevant stakeholders.

Please turn to slide 15. Turning to our contract awards and backlog, our contract awards during the first quarter of 2025 were \$56.2 million with a book-to-bill ratio of 0.92 times, a significant improvement on both a sequential and year-over-year basis. In addition, backlog remained

relatively flat at \$291.2 million as of March 31st, 2025. 37%, or \$107.2 million, of this contracted backlog is from our international operations in Europe.

As we have continuously reinforced, we often see lumpy contract awards from quarter to quarter. Although we saw key wins for the first quarter coming out of the European market, including the contract for the IBDM I-Hab and ESA study contract for the ARRAKHS mission mentioned previously, we also saw notable delays in awards in the U.S. government market due to the transition of key decision-makers in NASA, SDA, and other agencies, as well as budget uncertainty associated with the new administration priorities.

We believe these delays are temporary and based on analysis of the Presidential Budget Request that includes funding for key space and defense programs like Golden Dome, we remain optimistic about the future of U.S. national security space, and defense budgets. In the meantime, we continue to see a strong pipeline with an estimated \$6 billion of identified opportunities, including approximately \$0.5 billion in proposals submitted during the first quarter of 2025.

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 some of these larger opportunities. Because of the success of our transformational investments building the Redwire platform in 2024, 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 first quarter of 2025. Jonathan?

Jonathan Baliff

Thank you, Pete. Before turning to slide 17, I would like to highlight the rendering on this page, which is ESA's Proba-3 spacecraft using a version of Redwire's Hammerhead platform.

During the first quarter, the Proba-3 spacecraft, which launched in late 2024, demonstrated key on-orbit milestones by autonomously acquiring and maintaining spacecraft formation flying over the course of two Earth orbits. This is the world's first on-orbit precision flying mission, with two spacecraft maintaining their relative positions down to less than a millimeter while flying 150 meters apart in space.

This is not only a significant technological achievement, but also a critical step in achieving the mission objectives of studying the Sun's coronal forces. Kudos to our Redwire Space Europe team for making this possible.

Please turn to slide 17. So let's review the results for the first quarter of 2025 starting with revenue. Redwire recorded revenues of \$61.4 million, a decrease both on a sequential and year-

over-year basis. As Pete mentioned, although we saw key wins coming out of our European market, we also saw movement of revenue to the right on existing contracts and delays in awards across our customer classes, but especially in the U.S. during this quarter.

Turning to profitability, during the quarter, we saw a significant sequential improvement in our Adjusted EBITDA, from a negative \$9.2 million in the fourth quarter of 2024 to a negative \$2.3 million in the first quarter of 2025.

Our Adjusted EBITDA included a net unfavorable impact from EACs of \$3.1 million. These net EAC changes were primarily due to additional unplanned labor and increased production costs related to the development of new technologies required to meet customer specifications, especially in our structures and mechanisms core offering, as we transitioned to the new I-Hab contract Pete talked about.

Turning to net loss, we also saw a significant sequential improvement of more than \$60 million, achieving a net loss of \$2.9 million as we continue on our path to profitability.

Looking at our cash and total liquidity, we ended the quarter with a record level of available liquidity - \$89.2 million. This is a 39.2% improvement over the \$64.1 million of total liquidity at the end of last year.

We had an expected increase in year-over-year and sequential use of free cash in the first quarter, and this was inclusive of a \$33.9 million shift in working capital. This shift included one-time payments of \$8 million related to litigation settlements, and \$3.4 million related to M&A activities.

Even with this, overall liquidity was enhanced by the \$82.9 million exercise of our outstanding warrants. This represents an 82.3% exercise rate for the public warrants, and the cleaning up of this takes us a step closer to maturing our capitalization as we complete the Edge Autonomy acquisition.

Please turn to slide 18 for a brief discussion of the outlook for 2025. As part of the announcement of our combination with Edge Autonomy, we provided a financial forecast for fiscal year 2025 as if the transaction closed on 31 December 2024.

In 2025, there has been significant commercial market uncertainty, especially in the U.S. defense and government servicing sector with the incoming new administration, and both Redwire and Edge Autonomy have seen some of our projected wins slip to the right. We acknowledge that there is volatility with the rest of 2025. However, our previous combined forecast was meant to be conservative, and as of today we believe that we are still on track to end 2025 within our previously provided ranges. Therefore, we are reaffirming the combined forecast at this time.

For revenue, as if the transaction had closed on 31 December 2024, Redwire is forecasting full year 2025 combined revenue to be in the range of \$535 million to \$605 million, which represents a 52.9% compound annual growth rate from fiscal year 2023 to fiscal year 2025 at midpoint, and for Adjusted EBITDA to be between \$70 million and \$105 million, which represents 138.8% compound annual growth rate from fiscal year 2023 to fiscal year 2025 at midpoint. Post-closing, we expect to provide guidance for the remainder of 2025.

Please turn to slide 19, and I'll now turn the call back over to Pete.

Peter Cannito

Thank you, Jonathan. I want to thank the entire Redwire team for their contribution to our results during the first quarter of 2025, a truly global effort. We'll 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 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. We ask that you please limit yourself to one question and one follow up question. One moment please for the first question.

Our first questions come from the line of Greg Konrad with Jefferies. Please proceed with your questions.

Greg Konrad

Good morning.

Jonathan Baliff

Morning, Greg.

Peter Cannito

Hey, Greg.

Greg Konrad

In the prepared remarks, I mean, one of the things you highlighted was Europe's increased independence in space and defense. Can you maybe talk about some of the risk, given -- I think there's potential for some of the programs that the U.S. and Europe partner on to potentially be pushed out versus maybe the opportunities on that independence and maybe what you're seeing, given some of the award flow out of Europe?

Peter Cannito

Thanks, Greg. That's an excellent question. So, let's break it up first of all into two sides, one on the space side and then one on the defense side, right? So, and of course, we recognize that

there's some overlap between the two. But on the space side, you really see kind of a wake-up call over in Europe on the fact that they've started to fall behind the U.S. and China in terms of having an independent national program for space. And this is resulting in real interest in additional investment in that area.

Now we recognize that, because the partnership between the U.S. and Europe has been so close on some joint programs, that where those dollars flow to, which programs, will be dynamic in the short term. But there's been a number of, both in the press and quite frankly in some of the other companies that work on an international level, in their earnings call, a discussion about, if you take something like Gateway, for instance, Europe may not stop their development just because the U.S. changes their strategy; they may just repurpose or redirect or look for new partners internationally to continue that development.

So I think we see both a positive trend in the fact that there's additional interest in just space spending overall in Europe as well as -- so that if the dollars move, they'll still be there, but it'll just be creating new opportunities as well as some interest in continuing to fund programs that are already underway.

So I think it's too early to say, quite frankly, that some of the current development that Europe is working on is going to go away. But like I said, if it does, it'll just move to something else, which when you look at the way Redwire's positioned with things like ARRAKIS and Mars, which is somewhere where European dollars could pivot more to, we think that we'll be participating strongly regardless as long as the overall trend.

Defense is even more interesting because Europe is going to continue to be a close ally of the US, but they're under a tremendous amount of pressure from their closest allies to actually increase their budgets in defense spending. So Redwire obviously on the space side is well-positioned to capitalize on that increase in defense spending, and of course, with the addition of Edge Autonomy, which has a very large manufacturing presence over in Latvia, supporting European defense spending will be even better positioned there as well.

So recognizing -- and I think this is a theme you'll hear throughout -- that the market is dynamic, so it's difficult to pinpoint exactly what programs dollars are going to go to, the key point is that, in the overall macro environment, both space and defense are growth areas.

Greg Konrad

And then maybe just for a follow up, I mean, I think the lumpiness on the U.S. side is fairly well appreciated. You had a fairly robust submitted bids last year, and it seemed like Q1 was pretty strong in aggregate. Any kind of change as we sit here today in terms of what you see coming out of the US, just given we have the, the skinny budget, the CR in place for '25? Have you seen any change, or is it still relatively constrained as we sit here today?

Peter Cannito

I think, again, I would say the same, a basic theme applies. In the near term, because we don't have a NASA administrator fully in place yet, there's dollar shifting around in defense where some things are being deprioritized while other things like Golden Dome are being highly prioritized. It's a pretty dynamic environment, but we feel pretty confident that, once the prioritizations are set, that both the space budget for the United States, if you include national security and civil space as well as the defense budget focused on space and particularly on drones, are strong growth trends.

So we think we're really well positioned in the right areas where, when the budget shakes out, you're going to see a lot of continuous opportunity. So for us, some of this is just near-term dynamics associated with new decision makers getting into their positions and making decisions. For example, people have talked about changes to the Gateway program in the US. It's important to emphasize that it's just a change in strategy which will ultimately end up with a change in focus, where any changes to the budgets for Gateway will likely be offset with increased funding for direct to lunar infrastructure or potential future Mars missions.

So again, although one of the really resilient and exciting things we believe about Redwire is that, when you're focused on space infrastructure, even when the programs change, there's a really strong role for us to play. As a matter of fact, the reset may give us opportunity to get in on some programs on the ground floor. So highly dynamic environment, but not without great opportunities.

Greg Konrad

Thank you.

Operator

Thank you. Our next questions come from the line of Suji DeSilva with Roth Capital Partners. Please proceed with your questions.

Suji DeSilva

Hi, Pete. Hi, Jonathan. Congrats on keeping the guidance in a really tough environment here. So, yeah, so maybe you could talk about the prioritization in the U.S. government of programs. Can you talk about where drones is fitting in there anecdotally in terms of international, domestic spend given the Edge Autonomy acquisition coming near close?

Peter Cannito

Well, I think two points that I'll make about that is, number one, is drones have proven themselves at this point, I think it's safe to say, as a force multiplier in combat via the conflict in Ukraine. You can open up almost any news source, and you're going to read about the effectiveness of that capability. So drones are here to stay, and I would say it's an area for growth in terms of defense spending.

AUSA, the Army's big conference, was recently held, and there was a lot of talk of how critical drones are, particularly at the tactical level where Edge plays, are to the future of U.S. Army war fighting and how additional investments are required in that area. There's a lot out there in the press about that. So we're really excited about those developments, and quite frankly, that's why we started looking at Edge Autonomy is because we saw those trend and wanted to engage in that as well as the idea that these drones are going to be closely integrated into a multi-domain mission environment that'll include space, as well.

So I think, like I said, it's safe to say that drones are going to be a big part of defense spending, not only in the U.S. but in the European market, as well.

Suji DeSilva

Great. Thanks, Pete. And my other question, you guys made a MOU announcement with ispace at Space Symposium. Curious what milestones we should watch there and how you think your combined approach to lunar missions may be differentiated in the marketplace? Thanks.

Peter Cannito

Good question. I know it hasn't been really emphasized that Redwire is a prime on the CLPS contract that has been funding missions from Firefly - Blue Ghost and Intuitive Machines. Heretofore, we've been a critical subsystem and component provider for those missions and proudly so. Opportunity presented itself because ispace-U.S. is not a prime contractor to take a much larger role.

So it's a natural progression for us as we take on bigger and bigger opportunities to lead a full mission underpinned by their lunar lander. And there's a lot of technologies that Redwire brings to bear, specifically around digital engineering, subsystems and payloads and just the ability to run a really strong prime lead on CLPS that we're going to be unlocking here with this new partnership. So we're really excited about that and look forward to seeing the direction it heads.

I'd say the next big milestone would be watching the team start to bid and win CLPS task orders and missions.

Suji DeSilva

Got it. All right, great. Thanks, Pete. Thanks, everybody.

Peter Cannito

Thank you.

Operator

Thank you. Our next questions come from the line of Mike Crawford with B. Riley Securities. Please proceed with your questions.

Mike Crawford

Thank you. And regarding the retained pro forma annual guidance for 2025, can you just fill us in on some details on what's going on with Edge today, approximately what revenue and EBITDA did the company obtain Q1, and how's the pipeline looking, etc.?

Peter Cannito

Jonathan?

Jonathan Baliff

Sure. So, Mike, thanks for the question. And again, we are not disclosing their first quarter at the time because when we will receive that information in a U.S. GAAP format, we will disclose it. And there's an ability to do that later. But I will say we have provided in the proxy that was final on Friday a lot of historic information about their revenues and Adjusted EBITDA, and I would point you in that direction. I would also point you in direction that the company did increase its backlog from what we disclosed when we announced the transaction in mid-January to today. Their current backlog has grown to \$99.4 million¹ from low 70s.

So it is a combined forecast, not guidance. Once we close the transaction, we know the exact date of the closing, we will then provide the Street guidance for 2025 when the transaction closes.

But take a look at the historical information concerning their revenues and their profitability and cash generation. And again, this is a company that's been able to grow pretty significantly and achieve a level of operating leverage that has gross margins that will be accretive to Redwire. And so we're excited to get the transaction closed.

Mike Crawford

Okay, thank you. And then follow up is just on your own pipeline if you can't talk about Edge's pipeline. So can you characterize any -- can you give us any additional color on the past -- on the -- what was it -- like half a billion bids submitted so far this year and any other big opportunities we should be tracking?

Peter Cannito

Without getting into the specific contracts that we don't share for competitive reasons, I think the notable thing is, if you look at our strategy in 2024 of moving up the value chain and the moves that we've made to go from being a primarily a subsystems and components merchant supplier to having still that strong foundation of picks and shovels but adding to it these spacecraft platforms and VLEO, LEO, GEO, and even obviously highly sought after for Mars and

¹ For reader clarification, \$99.4 million is the Edge Autonomy backlog as of December 31, 2024, the most recent period shown in the Definitive Proxy filed with the SEC on May 9, 2025. Low 70s refers to the \$78 million Edge Autonomy backlog as of September 30, 2024 disclosed in the Investor Presentation filed with the SEC on January 21, 2025.

Deep Space missions like LightShip and ARRAKHS, that strategy is allowing us to bid as prime on larger full mission spacecraft programs and an example of this, as Suji pointed out, is priming a CLPS mission for instance.

So without getting into the specific opportunities, you can see or what I would point to is the execution of that moving up the value chain leading to larger and larger bids.

Mike Crawford

Great. Thanks, Pete.

Peter Cannito

Thank you.

Operator

Thank you. Our next questions come from the line of Colin Canfield with Cantor Fitzgerald. Please proceed with your questions.

Colin Canfield

Hey, thanks. Just looking through the forecast numbers on Edge Autonomy with respect to cash flow, looks like they're kind of on course to do maybe \$60 million of free cash flow this year. So if you could maybe talk us through how we should think about organic Redwire and the moving pieces on free cash flow, specifically how we think about kind of 2Q and the cadence through the rest of the year? Thank you.

Jonathan Baliff

Sure, I'll take that one, Colin. Thanks for your question. For us, there was always an expectation, when you looked at the book to bill in the full year 2024 that, as we said, we expected to have a use of cash in this quarter. You can see there was builds on the balance sheet both on the asset and the liability side somewhat unusually. And so for us, we expect for, one, revenues to -- some of the revenues that are moving into the second and third and fourth quarter to come about. We obviously have a certain level of bidding that we're doing that provides [some cash flow] once you win.

You also see milestone payments start to come in where that provides cash flow. So you start to see some of the contract assets that you saw build in the first quarter start to come down. So we do expect cash flow to improve. We don't give guidance for free or operating cash flow, but we do expect it on the Redwire side to improve as we go through the year.

Colin Canfield

Got it. And then maybe if you could talk through—

Jonathan Baliff--

Also, our -- and just by the way -- you mentioned Free Cash Flows. Sorry, I did want to -- because I want to answer your question completely. CapEx, again, will remain fairly low compared to other industrial companies.

Our CapEx position, although we've made pretty significant investments in the first quarter, almost \$4.1 million, we expect it to continue to be moderate. And we don't have very high levels of maintenance CapEx, and so again, we always said we'd be less than 2%, 2.5% of revenue generally.

Colin Canfield

Got it. Appreciate that. And then for the EAC dynamics, maybe talking us through the mechanics of the recovery, what are the big moving pieces, how do we think about that in '25 versus '26 in terms of getting that back via pricing?

Jonathan Baliff

Sure. I mean, again, I think we've been very explicit that we want and are working quite hard, both project management, working with our clients, to bring these EACs down from last year's levels. That being said, the EACs that we took net unfavorable in first quarter, really was due to a transition of the I-Hab contract from a PATP to a full contract. Not talking about that specific contract in the future, but all the contracts, we always look forward to working with our clients on that.

Pete, I don't know if there's something you want to say.

Peter Cannito

Well, I was just going to add that one of the things we emphasize on almost every call, it feels like is this idea of balancing growth and profitability, right, and Redwire really tries to focus on balance. And some of the EACs are fundamentally part of growing pains when you're growing at double digit CAGR growth rates. If you think about -- or I will articulate to you, how we think about the evolution of some of the technologies that we're developing. Space is still relatively new from an emerging technology perspective. So in many cases, we're bidding on things that have never been done before, that are going through a development phase which is a little less predictable, that will ultimately move into a production phase that will be highly predictable.

An example of that is, if you look at the early stages, years ago of ROSA, when it was an emerging tech, there was a lot of programs that had more variability associated with developing out the ROSA baseline. Now that ROSA is moving more into a production capability, you see more stable profitability and execution on the program. So I'd just like to note, some of these EACs are a result of leaning forward and bidding programs that are emerging tech programs that will result in some variability in cost in the near-term, but once they move into production and scale, we'll recuperate some of those costs in future orders. Does that help?

Colin Canfield

Got it. Thank you. Appreciate it.

Operator

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

Brian Kinstlinger

Great. Thanks so much. During 2024, Redwire submitted just over \$4 billion of proposals. Can you share what the total value of bids outstanding are at this time, and what TCV of the awards you referenced that were delayed? And then as you look at the bids, how do you think about the gross margin mix versus what your gross margin looks like, maybe in the trailing 12 months?

Peter Cannito

Do you want to take that one?

Jonathan Baliff

I'll take that one. Thanks, Brian. So when you look at the bid submitted, the one question you're asking, we don't publicly disclose that information, specifically about the margins. Again, the only thing I would say is we are bidding on larger projects, and it's a mix. It's a mix, but there is a definitive desire as we bid these, that they would be higher margin than what we've been getting over the last 12 months.

As far as the bids today, the \$529.6 million that we bid, if you look at the last 12 months of those bids, which I think you brought about, many of those are still being adjudicated. You saw the actual amount of bidding stay flat, kind of year-over-year on a quarterly basis. You've seen our pipeline come down a little bit, but that's really due to the lumpiness and probably delays as the U.S. government executive transition is happening. But for the most part, we're still seeing pretty large projects, as Pete said, continuing to bid, especially in Europe, right? If you look at the large win that we had in the first quarter with I-Hab, we're continuing to see Europe start to catch up. And so a large amount of our pipeline is global and continues to either be with commercial customers.

If you look at our revenue mix, it was pretty interesting in the first quarter on just the quarterly revenue mix, which is kind of pointing in the direction of our trending. We saw national security, on a year-over-year basis, go from 16% of total revenue on a quarterly basis to 32%. You saw commercial revenue stay roughly, kind of in and around our largest at around 40%. And then, obviously, our civil business continue to be less than a third of our business. So the bottom line is, that's kind of the direction of our bidding also, and again, we're trying to get higher margins as we bid some of these larger projects.

Brian Kinstlinger

Great.

Peter Cannito

And I'll add to that about kind of the portfolio effect of how we're managing margins inside some of these bids. Like I said, we're constantly bidding -- or we're constantly balancing revenue, steep revenue growth with profitability. So there are some bids that we put in that are things that we've done for a long time in the portfolio, that have really great gross margins. And then there's other large bids that may have substantial materials associated with it that may bring down gross margin percentage but increase gross profit in an absolute value perspective.

And so that's why it can be challenging to make a definitive statement across the whole portfolio, because we're managing it to optimize for both long-term revenue growth and profitability. But you do have instances where a really large win could reduce your gross margin percentage, but add to your gross margin absolute value, which that scaling effect enhances your EBITDA, because the G&A doesn't grow at the same slope of the curve as your revenue does. So even though they might be a slightly lower gross margin on a percentage basis, overall, you're creating value, if that makes sense.

Brian Kinstlinger

Yep. Great. And then my follow-up, maybe you could share what percentage in the trailing 12 months of revenue was funded by NASA, and then a ballpark, what percentage of your \$6 billion pipeline is NASA related?

Jonathan Baliff

Let me take the first one. I kind of answered the first one. The civil business mix was roughly 29% of overall quarterly revenue. If you look at it on a LTM basis, it's slightly lower than that. A pretty nice percentage of that, we don't give publicly what that is, is NASA. Obviously, we have ESA as part of it, and there's some other small space administrations, but at least gives you, directionally, what we're talking about. As far as the pipeline is concerned, we don't, for competitive reasons, give the specifics of whether it be civil or just specifically to NASA. I will say again, our commercial business, which has both national security and also some level of commercial business associated with satellites, like, for example, the Thales ROSAs that we're building out are also a meaningful part of our revenue growth today and in the future.

Brian Kinstlinger

Okay. Thank you.

Jonathan Baliff

You bet.

Operator

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

Scott Buck

Hey. Good morning, guys. Thanks for taking my questions. I guess I just have one this morning. Curious, with the entrance to the UAV space with Edge, is that complete with just Edge, or is there interest in expanding the capabilities similar to what you've done with legacy Redwire?

Peter Cannito

I think it's fair to say that we're not going to change our strategy in that regard. We're making a transformation from being a pure play space company, to both space and defense tech, particularly targeting those multi domain missions that utilize space and autonomous systems. So I won't comment on any specifics for our strategy in autonomous systems in general, especially enabled by AI, but I think it's fair to say, if you look at the history of Redwire, where we often have a land and expand strategy to any of the markets we enter, that is how we think about markets in the long-term.

Scott Buck

Okay. Peter, is there a preference between future deals being on the space side or unmanned, or is it just simply being opportunistic, looking across the spectrum?

Peter Cannito

I think it's more the latter. We have a very distinct formula for what we go after to include it being accretive. So valuation matters very much to us. We don't just buy into high growth trends at any cost. So some of it is driven by opportunistic, but I would say it's fair that when you look at the public platform that we've established here and the difficulty that many companies are now having getting into the public markets, especially subscale companies, there's an opportunity in both segments of the business here to expand through M&A.

Scott Buck

Great. Well, I appreciate the added color, guys, that's it from me.

Peter Cannito

Thank you.

Jonathan Baliff

Thanks, Scott.

Operator

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

Jonathan Baliff

Thank you for the questions. Before we conclude today's Q&A, we'd like to continue the initiative we introduced on our fourth quarter call, where Redwire asked a select question drawn from our InComm Conferencing

retail investor community. Here's today's question, which once again comes from Reddit. Can you elaborate on how your space infrastructure technologies, like in space manufacturing or advanced deployables, are positioning Redwire to win future contracts? Pete?

Peter Cannito

Thanks, Jonathan, and yes, I'm very excited to continue to incorporate the voice of the retail investor in our earnings call. We got a lot of really positive feedback the last time we did this, so thank you all for the continued support. We value our retail investors and thank you for this great question.

The first thing that I'll say when you talk about breaking down this question is, can you elaborate on how your space infrastructure technology will position Redwire to win future contracts, and I think it's important to really understand the answer to this question, to understand the different total addressable markets associated with space. If you look at a pie chart of the TAMs in space, you'll quickly realize that in space, infrastructure is one of the largest, if not the largest, TAM.

Now, admittedly, the rocket guys get the best headlines because that's super exciting. And we love them all because they're essentially our ride to space. But over the long-term, the future contracts are associated with building out infrastructure in LEO, VLEO, as Redwire is starting to unlock that new orbit, GEO, cislunar, on the lunar surface, missions to Mars, ultimately on the Mars surface, deep space, there's just this tremendous growth in the future of space infrastructure. So that's really exciting from a Redwire perspective, when you talk about winning future contracts, because there's a lot of opportunity.

And one of the number one core lessons, and anyone who's out there is going to start a business or get into the business, is focus on the big TAM opportunities, and we certainly are. You mentioned, though, how are we going to be competitive in things like through our technologies, like in space manufacturing and advanced deployables, and the important thing to note there is those are fundamental building blocks of space. So these are not obscure parts of this massive future expansion that we anticipate in space infrastructure.

We're focusing on things like deployables that are applicable to LEO, GEO, cislunar, on the lunar surface, Mars, deep space, all these things, and we're not a startup in these places either. So it's the virtuous cycle that is created by having demonstrated technologies that work that are going to position us for this expansion in future space infrastructure, whether it's through NASA, ESA, international customers, national security customers. These fundamental building blocks, and the fact that we're a proven player, is what I think is going to position us for those future contracts.

So thank you for that question. I think it was a great question that gets fundamentally to our heritage plus innovation strategy, being a proven provider that knows how to operate in space and has many successes, but continuing to be that innovator as that space infrastructure expands into the future.

So with that, I'd like to thank everyone for their questions and appreciate taking the time to listen today and go Redwire.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines at this time. Have a wonderful day.