

Redwire Corporation
Q3 2025 Earnings Call
November 6, 2025

Presenters

Peter Cannito, CEO

Jonathan Baliff, CFO

Alex Curatolo, Senior Director of IR

Chris Edmunds, Chief Accounting Officer and incoming Chief Financial Officer

Q&A Participants

Suji Desilva – Roth Capital Partners

Greg Konrad – Jeffries

Scott Buck – H.C. Wainwright

Operator

Greetings and welcome to the Redwire Corporation Third Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow a formal presentation. If anyone should require operator assistance during the conference, please press star, zero, on your telephone keypad. Please note that 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, Diego. Welcome to Redwire's Third 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 slides two and three.

Additionally, to the extent we discuss non-GAAP measures during the call, please see slide three, 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; Jonathan Baliff, Redwire's Chief Financial Officer; and Chris Edmunds, Redwire's Chief Accounting Officer and incoming Chief Financial Officer, effective December 1st, 2025.

With that, I would like to call 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 third quarter of 2025. Chris, our incoming Chief Financial Officer, will then present the financial highlights for the same period and discuss our 2026 outlook, after which we will open the call for Q&A. Please turn to slide five.

Now that we have a full quarter of performance from the combination of Redwire space and Edge Autonomy, I would like to continue to emphasize the major transformation underway at Redwire. As you will see in our accomplishments and results, the technical, operational and financial positioning of our platform has been significantly enhanced. As part of this transformation, I am excited to introduce our updated vision statement, reflecting Redwire as an integrated space and defense tech company.

At Redwire, our expanded vision is to pioneer next generation space and defense technologies that empower scientific discovery, advance global industries and strengthen security, transforming how humanity explores, connects and protects, from the skies above to the stars beyond.

Let's now turn to a discussion of highlights from the third quarter of 2025. Please turn to slide seven.

As you can see from the highlights on this slide, the impact of our transformation, including the acquisition of Edge Autonomy, was accretive to our financial performance. During third quarter of 2025, we increased our Adjusted Gross Margin to 27.1% in the third quarter. We also saw sequential improvement of \$24.8 million in our Adjusted EBITDA. Additionally, we recorded significant revenue growth of 67.5% sequentially, and 50.7% year-over-year, to revenues of \$103.4 million during the third quarter. We continue to scale aggressively.

From a growth perspective, we closed a number of key strategic opportunities, adding to our backlog by achieving a book-to-bill ratio of 1.25, resulting in backlog of \$355.6 million as of September 30th, 2025. We are greatly encouraged by our growth, reflected in our strong book-to-bill in Q3 based on strong customer demand for our differentiated products. However, looking forward, we anticipate some issues with near-term timing of awards in Q4, resulting from the ongoing U.S. government shutdown.

In particular, we have seen delays in the U.S. Army's Long Range Reconnaissance and similar UAS programs, as well as a slow start to Golden Dome. We've ramped production capability to meet these needs but have not yet seen awards begin to flow. Therefore, we anticipate the diminished government staff and resulting delay in contracting activity is likely to push a number of our anticipated awards out of the quarter. Notably, however, we do not see a decrease in demand, but rather a temporary, near-term timing impact that supports a strong 2026 as the government returns to full strength.

Please turn to slide eight. As Redwire nears completion of its transformation, expanding from exclusively space subsystems and components to becoming a highly scalable space and defense technology platform, I'd like to reorient investors to our five primary value driving product areas. These value drivers represent the product areas where Redwire has differentiated intellectual property, first mover advantage and recognized thought leadership in rapidly growing domains with sizable total addressable markets. They are:

Differentiated Next-Gen Spacecraft, particularly in VLEO and GEO, like SabreSat, Phantom and Mako and others that support next generation capabilities, such as high-fidelity Earth observation, quantum key distribution, in space refueling, AI imaging and maneuverability;

Large Space Infrastructure, specifically our Roll Out Solar Arrays and International Berthing and Docking Mechanisms, where we provide building blocks for critical space infrastructure like space stations and Moon-to-Mars exploration;

Microgravity Development, where we are a global leader with decades of heritage and hundreds of experiments flown in the areas of biotechnology and advanced materials and manufacturing;

Combat-Proven UAS, namely, the Stalker and Penguin series, where we supply combat-proven autonomous UAS built in the United States and Europe to war fighters in the most challenging battlefield environments; and finally,

Sensors and Payloads, such as optics and radio frequency systems, where we support multi domain missions ranging from airborne ISR to Artemis and the historic commercial moon landings.

To underscore our strategic positioning in each area, I will share a brief description of the differentiators, a highlight or two from the third quarter, as well as examples of future growth targets as we move towards 2026.

Please turn to slide nine. Starting with Next-Gen Spacecraft, Redwire's key differentiators are that we have existing funded customers, classified personnel and facilities and a first mover advantage in VLEO, GEO in-space refueling and quantum secure satellites.

During Q3, Redwire announced that we have reached an agreement with Thales Alenia Space to become the prime contractor for ESA's Skimsat Mission, a technology demonstration mission for a spacecraft designed to operate in VLEO. The Skimsat mission leverages Redwire's Phantom spacecraft, an advanced European VLEO platform out of our Belgian facility. With this primeship, we further establish ourselves as a global leader in VLEO capabilities. In addition, we signed an MOU with Honeywell during the quarter for QKDSat. Under this ESA public-private partnership, we aim to combine Redwire's quantum platform technology with Honeywell's quantum optical payload as we build towards a QKD constellation.

As we look for further growth opportunities, VLEO is a relatively untapped orbit with no dominant provider. Redwire is now executing on two prime contracts in VLEO, DARPA's Otter program in the U.S. and ESA's Skimsat mission in Europe. And these funded contracts position us as an early mover and market leader in this exciting orbit. We are leveraging this funded development to position VLEO for Golden Dome and growing European defense spending. In the future, we are targeting opportunities with the intelligence community, Air Force Research Lab, or AFRL, most notably our current Tetra program, Space Force, as well as additional phases for DeepSat and expanding our Honeywell partnership for QKDSat, as just a few examples.

Please turn to slide 10. Another key value driver is our Large Space Infrastructure, where we are differentiated as a key supplier for products like ROSA and IBDM on funded contracts from customers with significant heritage and protected IP such as our Roll-Out design. Our unmatched heritage with ROSA on the ISS continues to translate into follow-on orders for customers that need a proven solution. During the quarter, Redwire was awarded a contract to develop and deliver Roll Out Solar Arrays, or ROSA wings, for Axiom's commercial space station. Power is critical to a sustained presence in low Earth orbit, and another commercial station provider selecting ROSA further underscores our strong positioning in this key capability.

Building on Redwire's heritage from the ISS, DART, Blue Origin's Blue Ring, Thales Alenia Space GEO satellites, the Power and Propulsion Element of Gateway and now Axiom's commercial space station, Redwire is pursuing numerous follow-on opportunities to scale with our existing customers as their businesses grow. Additionally, we are aggressively pursuing orders for large space infrastructure such as ROSA and IBDM for other commercial space stations, as well as other power-intensive space craft programs and Moon-to-Mars infrastructure like Artemis.

Please turn to slide 11. With hundreds of microgravity experiments conducted, proven IP like PIL-BOX and existing funded commercial, governmental and international customers, Redwire is at the forefront of microgravity development. We are decades ahead of many of our competitors. During the third quarter, Redwire launched 14 PIL-BOXes studying 18 molecules to the International Space Station with three different partners, Bristol Myers Squibb, Butler University and Purdue University. These PIL-BOXes are expected to return to Earth in the coming months. With these, Redwire has now flown a total of 42 PIL-BOXes, studying 35 unique molecules as of the end of the third quarter, adding to our extensive heritage in pharmaceutical development on orbit.

In terms of future growth, we see the potential impact as extraordinary. Pharma has less than a 10% success rate from Phase I trials to approval and a fast-approaching patent cliff that threatens approximately \$350 billion in annual worldwide revenue from drugs losing exclusivity through 2030. We see Redwire's pharmaceutical development on orbit as offering a potential solution to these challenges, as we will take advantage of the unique microgravity environment in space to grow seed crystals using Redwire's flight-proven PIL-BOX technology.

Our subsidiary, SpaceMD, will then sell or license these seed crystals to companies that can use them to create reformulated versions of existing drugs or entirely new therapeutics. We have a template for these commercial agreements and many successes with key partners in the biotech community to build on.

Please turn to slide 12. Next, let's turn to our Combat-Proven UAS. First, I'd like to take a moment to discuss a few key differentiators of the Stalker. The Stalker is a combat-proven UAS that is built on nearly 20 years of heritage, with more than 300,000 flight hours, including in highly contested and harsh environments. The Stalker is silent, enabling covert surveillance and reconnaissance and minimizing detectability in contested or civilian-sensitive environments. The Stalker is also payload agnostic. More than 30 different third-party payloads have been integrated via our Modular Open Systems Approach, which enables plug-and-play integration. And finally, the Stalker Block 40 offers extended endurance of more than 18 hours, critical for long range operations.

We also have significant heritage with our Penguin series built in Riga, Latvia, having delivered more than 200 Penguin aircraft to the Ukraine Armed Forces. European defense spending is growing rapidly, and we are one of a few European-based suppliers with proven performance on the battlefield. During the quarter, we were awarded and delivered Stalkers for the prototype phase agreement of the U.S. Army's Long Range Reconnaissance, or LRR, program. The Stalker has previously been selected for two Programs of Record, the U.S. Marine Corps' Long Range, Long Endurance, and the U.K. Ministry of Defence's TIQUILA program.

In total during the third quarter, we shipped Stalker aircraft to eight different end customers in the United States and other allied countries, showing the global demand for the combat-proven Stalker platform. Clearly, stalker is broadly-fielded for a variety of mission sets with multiple countries and U.S. military branches based on our differentiated capabilities. From "Unleashing American Drone Dominance" in the U.S. to the "European Drone Defence Initiative," the demand signal is strong. With existing production facilities and a broad customer base, we are targeting future growth globally. Redwire is ready with production capacity and fielded aircraft to deliver on key programs like LRR as we move into 2026.

Please turn to slide 13. Finally, moving to Sensors and Payloads. Redwire has decades of heritage, having delivered thousands of space-based sensors and payloads, including antennas, sun sensors, star trackers and cameras for some of the most high-profile missions. Redwire now also has significant heritage with UAS sensors and payloads, having delivered more than 400 Octopus gimbals to the Ukraine Armed Forces, for example. These gimbals are compatible with a wide variety of UAS platforms. These are not just for Stalker and Penguin. We are selling these systems to other platform providers.

During the quarter, Redwire announced a partnership with Red Cat to integrate their Black Widow small UAS onto the Stalker to support U.S. Army Echelon missions. The Black Widow, which was selected by the Army for its Short Range Reconnaissance Tranche 2 program, can be

mounted under the center wing of the Stalker as a deployable payload. By integrating best-of-breed, short and long range reconnaissance systems, this partnership will provide warfighters on the front lines with great mission reach and reliable data for effective decision-making.

Stalker and gimbals are already integrated with controllers such as ATAK and Kutta Technologies. And after Q3, we announced an MOU with UXV Technologies to enhance controller interoperability and align with the EU's ambitions to strengthen its defense industrial base through cross-border industrial cooperation. As we look forward, we see significant growth opportunities for airborne and space-based sensors and payloads. The UAS EO/IR sensor market segment is forecasted to grow from approximately \$1.6 billion in FY23 to approximately \$4.8 billion in FY32, a 12.9% CAGR.

Redwire targets future growth, both with the U.S. government and other key OEMs around the world for these products. In space, the proliferation of satellites is expected to continue, with an estimated 70,000 satellites expected to be launched over the next five years. Further, as capabilities like space situational awareness and airborne ISR become increasingly important, Redwire is positioned for continued growth in this area.

Please turn to slide 14. Although in the near-term, we've seen delays from the U.S. government shutdown, which is likely to push key awards into next year, our pipeline of opportunities remains very strong, and we saw a positive trend in contracts awarded during the third quarter as compared with the first half of 2025. Our contract awards during the third quarter of 2025 almost tripled year-over-year, to \$129.8 million, with a book-to-bill ratio of 1.25 times, improving backlog to \$355.6 million, including contracted backlog from international operations of \$128.7 million or 36% of total backlog. As a reminder, we often see lumpy contract awards from quarter-to-quarter. However, we continue to see a strong pipeline, with an estimated \$10 billion of identified opportunities across our space and airborne solutions, including approximately \$3 billion in proposals submitted year-to-date as of September 30th, 2025, inclusive of the year-to-date bids submitted by Edge Autonomy.

Although the U.S. government shutdown is likely to delay timing of Q4 awards into 2026, with key wins during the third quarter and in the intervening weeks, we are pleased with the positive change in our trend line for contracts awarded and believe our pipeline of new opportunities is very strong, positioning us for continued growth for the next 12 months and beyond.

Please turn to slide 15. With that, I'd now like to turn the call over to Chris Edmunds Redwire's Chief Accounting Officer. As previously announced, Chris will succeed Jonathan Baliff to become our Chief Financial Officer, effective December 1st, 2025. Chris brings deep knowledge of our business and significant finance and accounting expertise, and I look forward to working with him in his new role.

Chris will now discuss the financial results for the third quarter of 2025. Chris?

Chris Edmunds

Thank you, Pete. Before turning to slide 16, I want to highlight the photo on this page of the ribbon-cutting for our new 15,000 square foot facility in Albuquerque, New Mexico, adjacent to the Kirkland Air Force Base. This facility will support a wide range of capabilities from space, missile defense and other emerging warfighter domains, as well as support work under the \$45 million contract with the AFRL that was previously disclosed. Redwire is focused on optimizing our operational footprint and smartly investing in locations like Albuquerque, which are key to our nation's defense architecture.

Please turn to slide 16. Let's turn to the financial results for the third quarter of 2025, starting with revenue. Revenues for the third quarter of 2025 increased by 50.7% year-over-year to a record \$103.4 million, with Edge Autonomy contributing \$49.5 million. Turning to profitability, during the quarter, we saw a significant sequential improvement in our Adjusted EBITDA, from a negative \$27.4 million in the second quarter of 2025 to a negative \$2.6 million in the third quarter of 2025. This improvement is largely attributed to the 67.5% sequential increase in revenue and Adjusted Gross Margin of 27.1%, offset by the unfavorable impact of EACs of \$8.3 million.

Finally, turning to cash and total liquidity, we ended the quarter with total liquidity of \$89.3 million, which was comprised of \$52.3 million of cash, \$35 million of undrawn revolver capacity, and \$2 million in restricted cash. Although lower sequentially, this does represent a 46.2% year-over-year improvement in total liquidity.

Please turn to slide 17. I'd like to take a moment to provide some additional detail around third quarter Adjusted Gross Profit and cash used in operating activities. Starting with gross profit, as shown in the left-hand chart, during the quarter, we reported gross profit of \$16.8 million and gross margin of 16.3%. Included within these results was an \$11.2 million non-cash purchase accounting adjustment related to the Edge Autonomy acquisition. This represents the amount of the fair value step up recorded through purchase accounting for the inventory sold this quarter, resulting in Adjusted Gross Profit of \$28 million, with an Adjusted Gross Margin of 27.1%. We believe that this Adjusted Gross Margin is more representative of the potential of the combined business going forward, as we have now fully recognized the inventory fair value step up in earnings, and it will no longer impact future gross margins.

Second, as shown on the right-hand chart, we saw a significant and expected reduction in net cash used in operating activities during the third quarter of 2025, as compared with the first two quarters. During the quarter, our use of cash from operations decreased significantly on a sequential basis, from a use of \$87.7 million during the second quarter of 2025 to a use of \$20.3 million during the third quarter, an improvement of \$67.3 million.

Even excluding the impact of acquisition related costs included in our Q2 2025 operating cash flows, this represents a sequential improvement of approximately \$30 million. Although this quarter represents a sequential improvement, we continue to focus on profitably expanding revenue and gross margin and driving efficient SG&A as we sharpen execution and we achieve

profitability, including positive cash from operations. In regards to capital allocation, we remain committed to a disciplined approach to fund our growth initiatives and maintain a prudent balance sheet. In line with this long-term capital sourcing strategy, we expect to file a prospective supplement for a \$250 million at-the-market or “ATM” equity offering program in the coming days.

Please turn to slide 18 for a brief discussion of the outlook for the remainder of 2025. Although we are benefiting from a diversification and geographical customer mix, and despite the improved book-to-bill of 1.25 during the third quarter, and the strong bookings we have seen thus far in October, the ongoing U.S. government shutdown has pushed a number of anticipated awards out of the fourth quarter and into 2026. As a result, for the twelve months ending December 31st, 2025, including Edge Autonomy from the date of close, we are adjusting to a narrower expected revenue range of \$320 million to \$340 million. In closing, I'd like to reiterate that although impacts from the U.S. government shutdown have necessitated a prudent revision in revenue guidance, we believe that these anticipated orders have been pushed out of the quarter and into 2026. They have not been lost.

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

Peter Cannito

Thank you, Chris. The transformation of Redwire with addition of Edge Autonomy has already been accretive to our financial profile, reflected in our year-over-year revenue growth of 50.7%, 27.1% Adjusted Gross Margin and strong book-to-bill of 1.25 times. Finally, before we move to our question-and-answer session, as we announced in early October, our CFO Jonathan Baliff will be retiring from Redwire effective November 30th, 2025. I'd like to take a moment to thank Jonathan for his leadership and valuable contributions throughout his tenure as he guided Redwire through critical phases of our evolution, both in his role as CFO and as a member of our Board. Thank you, Jonathan.

With that, I want to thank the entire Redwire team for their contribution to our results during the third quarter of 2025. We will now open the floor for questions.

Operator

Thank you, and at this time, we'll conduct our question-and-answer session. To all questioners, please limit yourselves to one question for today's session. To ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate that 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.

And your first question comes from Suji Desilva with Roth Capital Partners. Please state your question.

Suji Desilva

Good morning, everyone. And Jonathan, best of luck with the transition. And Chris, congrats and good luck in the new role here. So starting with the revised guidance, appreciating that you did revise it down, what does that mean for the business looking toward 2026, given what you've seen happening during the second half of '25?

Peter Cannito

Hi, Suji, thank you. So I think, as Chris emphasized there in the paragraph on the guidance, these are not lost awards. These are just timing issues, particularly, as I mentioned, with the LRR program. The Army announced publicly right after the award of our prototyping contract, that they would be awarding production capability towards the end of this year, and that has not occurred. And we believe the reason that that hasn't occurred is because of the ongoing government shutdown.

So we do expect those awards, once the government shutdown ends, to start to flow. But unfortunately, we only have approximately seven weeks or so of production time left in the quarter, and that includes two holiday weeks, with Thanksgiving and Christmas. So once the government reopens and we believe the Army will start placing orders for the production element of LRR, we'll start producing those. And that would lead you to believe that -- and we also believe that -- that is setting us up for a strong 2026.

Chris, anything you want to add?

Chris Edmunds

No, I think this is the first quarter we've got the combined results, and I think that's a stepping-off point as the baseline as we start to go forward, right? So as we think about stepping from today forward, and as the government reopens with our diversification in geography, we are looking at '26 to be obviously a marked improvement on where we are, and I think we can start to see those trends lines as we're moving out.

Suji Desilva

Great. Thanks, Pete and Chris. And just understanding that, was the EAC in the quarter, was that related to the government shutdown push-outs, primarily?

Chris Edmunds

No.

Peter Cannito

No. The EAC was, again, a marked improvement quarter-over-quarter as we continue to sharpen our execution. We put a lot of effort into that, but there remain a few space programs that we're right-sizing in terms of our delivery.

Suji Desilva

OK. Great. And my other question here is on the pipeline and bidding activity numbers you provided. And thanks, Pete, for the five areas and clarifying kind of the focuses going forward. Which of those five areas would you say maybe are the larger emphasis of the pipeline and bidding activity that you have in place today on a relative basis?

Peter Cannito

Well, it's a good question, and we are trying to -- I appreciate you acknowledging that, because we're really trying to point out where the value is being driven at Redwire, so people have more clarity on that. The good news is all five of them are areas with extraordinary potential. Now, as we just talked about, the UAS orders, this is something -- is a major priority for the Army and, quite frankly, the Department of Defense in general. Our existing customers, the Marine Corps, and U.S. SOCOM also have strong needs for UAS.

So in terms of -- ironically, even though this is where we saw a push-out in the fourth quarter into 2026, that still remains to be an area that has strong growth potential. But there's been a bit of slow start to Golden Dome as well, and we think the VLEO orbit in particular will have a role to play in that defense architecture, so we're really excited about that as well. Those can be sizable orders when you order a large VLEO spacecraft. We believe, with the now nomination of Jared Isaacman, who has shown in the past a strong disposition for commercial LEO destinations or commercial space stations, that funding may ramp up for the CLD program, for those space stations, and you can see that Axiom is leaning forward.

We're obviously in talks with all the commercial station providers because of our heritage on the ISS, so we think that's really exciting as well. And over the longer term, we're just getting started. We continue to have a strong drum beat in microgravity. It's not our largest revenue driver, but in terms of the potential for some of the pharmaceutical molecules that we've been working on, we see a lot of growth there. And even in sensors and payloads, that's a tried-and-true element of both the space and airborne market. And because we sell our payloads, and not only use them on our own platforms, but sell them to other OEMs, we see strong growth there, as not only coming from us selling more Stalkers and Penguins for UASs, but other people selling UASs in different categories that leverage our Octopus EO/IR sensors.

So I guess it's kind of a long answer to your question, but the nice thing about it is we have many paths to victory here. It's just a matter of timing for us.

Suji Desilva

It's good to hear the diversity. Thanks, Pete, for the detailed color.

Peter Cannito

Thank you.

Operator

And your next question comes from Greg Konrad with Jeffries. Please state your question.

Greg Konrad

Good morning. Maybe just sticking to one question, I think you had called out the gross margin improvement, which was noted, but you still had some level of EACs. I mean, how do you think about the right level of gross margins as the business comes back? And then, just to reiterate, the fair value purchase adjustments, so that's gone going forward. That is just a one quarter adjustment?

Peter Cannito

That's correct. So starting with the last part first, 27% to 30% gross margins should be our forward runway. The only reason it wasn't reflected to that, and why we call it Adjusted Gross Margin is because of that purchase accounting element. 30% is where we have in the past, said is our stated goal for gross margins and where we think the business should be run rate forward, inclusive of any EAC adjustments. Now, having said that, we are hyper focused on sharpening our execution. So should we be able to continue to reduce the number of EACs we see on some of these space development programs, and as we move out of development and more of our revenue comes from production contracts on the space side, we could do better than 30%, but I think 30% is the right forecasting run rate for us.

Chris, I don't know if there's anything you want to add there?

Chris Edmunds

I think you hit it right. As we're looking at the balance of our product mix, we'll continue to make investments where we see expansion in this gross margin. But based on where we are, as Pete said, with the repeat orders, like we've seen recently with the announcement of the Roll Out Solar Arrays with Axiom, again, repeat product line, we'll continue to see that gross margin profile continue to land around that 30% margin, Greg.

Greg Konrad

Cool. I'll keep it at one. Thank you.

Chris Edmunds

Thanks, Greg.

Operator

Your next question comes from Scott Buck with H.C. Wainwright. Please state your question.

Scott Buck

Hi, good morning, guys. Thanks for taking my question. I just want to ask about the commentary around the cost-cutting. Have you completed that cost cutting process? And if so, what is the annual cost savings target?

Peter Cannito

Well, I'll answer the first part, and then I'll turn it over to Chris here. So the short answer is, no, we have not completed it. Whenever you do a major acquisition, it's an opportunity to completely review your overall structure. One of the core principles of our acquisition is that we're able to scale, to get operating leverage, particularly around SG&A, on a much larger platform. So we're going to continue to look at that, and quite frankly, we have a LEAN culture that we've been implementing, and we've been moving a lot of our engineering and development operations towards LEAN principles. And so that'll be a part of who we are going forward.

In terms of size and scope, Chris, do you have any comments on that?

Chris Edmunds

Playing off of the LEAN culture we've gone through, continuing to evaluate all of our processes across the company. And really, the cost control is kind of balanced across all the various elements of the P&L. We are stepping off and making a commitment to a \$10 million run rate savings here, across the portfolio. We are seeing, obviously, investments where it makes sense, but being smart about where we can be more efficient getting operating leverage as we continue to grow the top end of our P&L, we will continue to run the LEAN program that we've invested in. We do see additional cost savings, again, from production efficiencies as we continue to grow the top end. But no, we're happy where we are. We see margin expansions, as we've said on the last comment, and we'll continue to see operating leverage with our G&A as we go.

Scott Buck

Great.

Jonathan Baliff

One other thing, Scott. I have to mention cash as I retire from the company. This will have -- what Chris has said will also benefit our cash and cash from operations as we look into the future too. We saw, obviously, sequential improvement in cash from ops and Free Cash Flow. But all of the things that Pete and Chris are talking about are really meant to, obviously, decrease the cash burn and eventually become free cash flow positive.

Scott Buck

Great. Well, I appreciate all the added color, guys. Thanks a lot.

Peter Cannito

Thank you.

Operator

Thank you. And we have reached the end of the question-and-answer session. I will now turn the call over to Chris Edmunds for closing remarks.

Chris Edmunds

Well, thank you all for your questions. Before concluding today's Q&A, as we've done the last quarters, we'd like to ask a select question from our retail community: Government contractors have been inconsistent as to whether they have been impacted by the government shutdown in 2025. Why do you expect to be impacted? Pete?

Peter Cannito

Thanks, Chris. As usual, a very poignant and observant question from our astute retail investor base. It's a good one. It's interesting, like the question states, we've seen a lot of different feedback on the government shutdown. Quite frankly, I'm a little bit surprised that it hasn't impacted everybody in the government contracting sector. But for us, specifically, I think it really comes down to the impact on the LRR program. As I stated earlier, the Army had put out an article that they expected production to occur in the latter part of this year for LRR, and that hasn't occurred because the government hasn't passed a budget. So those were not 2025 funds that they were playing off of.

I also think that in many of our programs, it just happened to line up that we were expecting contract awards to happen in the fourth quarter, and those contracts didn't come for some key programs. And for the large defense contractor, maybe I should say for each defense and government contractor, it probably has to do with where you are in your contract cycle. So maybe some folks that are burning off backlog don't see quite the impact, but we invested a lot in being ready for production for the fourth quarter to meet the operational demands for the drone initiatives that were out there, and I'm confident they're coming. But that didn't materialize in the fourth quarter, and with only seven weeks left for production, we think it's prudent at this time to revise down for ourselves.

So thank you for that question, and of course, all the engagement we get. With that, we appreciate everyone taking the time to listen today and go Redwire.

Operator

Thank you. And that concludes today's call. All parties may disconnect. Have a good day.