# Redwire Corporation
# Q3 2026 Earnings Conference Call
# November 4, 2026

**Presenters**
**Alex Curatolo, Senior Director of IR**
**Peter Cannito, CEO and Chairman**
**Chris Edmunds, Chief Financial Officer**

**Q&A Participants**
**Hrishi Kumbhojkar - Guggenheim**
**Suji Desilva - ROTH Capital Partners**
**Brian Kinstlinger - Alliance Global Partners**
**Liam Baker - KeyBanc Capital Markets**
**Adam Samuelson - Jefferies**
**Griffin Boss - B. Riley Securities**
**Colin Canfield - Cantor**
**Alexandra Mandery - Truist Securities**
**Austin Moeller - Canaccord Genuity**
**Andrew Steinhardt - Bank of America**

**Operator**
Greetings and welcome to the Redwire Corporation's Q3 2026 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press Star 0 on your telephone keypad.

As a reminder, this conference is being recorded. I would now like to turn the conference over to Alex Curatolo, Senior Director of Investor Relations. Thank you, Alex. You may begin.

**Alex Curatolo**
Good morning, and thank you, Alicia. Welcome to Redwire's Third Quarter 2026 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 2 and 3.

Additionally, to the extent we discuss non-GAAP measures during the call, please see Slide 3 and the appendix, 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 Chris Edmunds, 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 third quarter of 2026, after which Chris will present the financial highlights for the same period and discuss our outlook for the remainder of the year. We will then open the call for Q&A.

Please turn to Slide 6. Redwire continued to see growing demand with substantial increases in bookings during the third quarter, underscoring the criticality of our solutions. Redwire's Q3 revenue was $109 million, a 5.4% increase compared to Q3 2025. However, revenue timing was a factor as a result of uneven milestones and deliveries that can shift revenue from quarter-to-quarter on a sequential basis.

As Chris will cover in more detail later, this timing resulted in concurrent increases in backlog, WIP, and finished goods. From a revenue quality perspective, I am pleased to report we had another quarter of record gross margins, expanding from 16.3% to 32.3% year-over-year. Five percent growth in revenue year-over-year while doubling gross margins demonstrates our ability to not just grow, but to drive better quality growth. We believe this is a hallmark of an enduring and differentiated enterprise.

Redwire continued to see durable demand across our portfolio, achieving a strong book-to-bill ratio of 1.73. As a result, we ended the quarter with record contracted backlog of $619.7 million, our sixth consecutive quarter of growth in backlog, providing further confidence in our forecast as we move into the final quarter of 2026. Finally, our balance sheet continues to provide a strong financial foundation with $538.9 million in total liquidity to fuel our continued growth.

In summary, Redwire's third quarter was defined by durable and increasing demand for our mission-critical products and solutions across multiple domains, adding quality revenue to our portfolio.

Please turn to Slide 7. On our last earnings call, I introduced the three-pillared investment framework Redwire uses to guide our capital allocation. Today, I would like to provide a brief update on the current landscape. In terms of balance sheet strength, with $538.9 million in total liquidity and only $47.8 million in total debt, we are well positioned to withstand market

perturbations while maintaining optionality to invest in new innovations and strategic M&A. Our prudent balance sheet mitigates risk from higher interest rates and weaker capital markets.

With a diverse portfolio of products, customer types, and geographies, we continue to see attractive opportunities to invest in internal innovation that can compound growth through new product advancement, expanded capacity, and innovation across our portfolio. Our research and development expense increased $6.7 million or 87.1% year-over-year to $14.4 million during the third quarter of 2026, reflecting increased investment in our future growth.

Finally, we continue to keep our eyes open for accretive M&A while remaining disciplined, selective, and patient to find value opportunities. In summary, we like how we are currently postured to foster resiliency and steady growth, while remaining opportunistic as we continue to invest with discipline across all three pillars to drive long-term value for our shareholders.

Please turn to Slide 8. Next, I would like to briefly highlight third quarter achievements and developments across our five value drivers. We will start with our Space segment, which encompasses next-generation spacecraft, large space infrastructure, and microgravity development, and then turn to our Defense Tech segment, which encompasses combat-proven UAS and sensors & payloads.

Please turn to Slide 9. Starting with next-generation spacecraft, today I am very pleased to announce that during the third quarter, Redwire was awarded a $20 million contract from DARPA to complete additional testing and experimentation on a scaled version of SabreSat for a precursor flight in Very Low Earth Orbit, or VLEO, as part of the DARPA Otter Program. This separate award adds a second VLEO flight mission to Redwire's work on Otter and marks a major step towards sustained operations in VLEO, one of space's most challenging and strategically important orbital regimes.

Redwire is creating the platforms, models, and digital infrastructure needed to make VLEO operational at scale, ultimately equipping national security space missions with distinctive operational advantages, from rapid orbital agility to enhanced tactical responsiveness. We continue to compound our early investment in this critical technology across a growing portfolio of VLEO opportunities in both the U.S. and Europe.

Please turn to Slide 10. Turning to large space infrastructure, Redwire was awarded a $15 million contract to deliver ELSA wings to AscendArc, a GEO satellite customer. ELSA expands Redwire's power technology portfolio to support customers with low to medium power applications across all orbits, including volume production programs with faster delivery times. And this award marks the second sale of ELSA we've announced since its introduction earlier this year for a total of $27.8 million of new contracts so far in its first year as a product.

ELSA is a proof point for how investments in internal innovation can drive strong near-term return on investment. Power in space is fundamental. Nothing happens without power.

Redwire is already a recognized leader with ROSA, and with the addition of ELSA to our portfolio, we continue to scale our power position as a reliable, proven, and differentiated source for effective space power solutions.

Please turn to Slide 11. Speaking of ROSA, Redwire was recently awarded a contract to develop and deliver two Roll-Out Solar Array or ROSA wings for Axiom's second space station module. This award is a follow-on to a previously awarded contract for Redwire to build ROSA wings for Axiom's first space station module. These awards are the direct result of our proven performance providing power to the International Space Station and I'm excited to share that Redwire's eighth and final ROSA wing is scheduled to be installed on the International Space Station today by NASA astronaut Anil Menon and Canadian Space Agency astronaut Joshua Kutryk.

Please join me in congratulating our team on completing this historic power modernization effort and thanking our customer Boeing and everyone at NASA who helped us transform ROSA from an innovative idea into reality, especially the astronauts performing today's spacewalk. From satellites to space stations, Redwire is powering humanity's ambitions in space.

Please turn to Slide 12. Turning to our microgravity development value driver, while SpaceMD, a wholly owned subsidiary of Redwire, continues to work on the architecture for its historic SpaceX Starfall spacecraft mission, it simultaneously continues to send microgravity payloads to the ISS.

In October, SpaceMD launched four microgravity investigations to the International Space Station on SpaceX-35, including the first vascular tissue bioprint in microgravity using SpaceMD's BioFabrication Facility, or BFF; also, pharmaceutical investigations that increased the number of pillboxes launched to 58, studying 46 unique compounds; and finally, a plant growth experiment using our Multi-Use Variable Gravity Platform, or MVP. These investigations will be managed from Redwire's new state-of-the-art Payload Operations Control Center and dedicated microgravity facility in Georgetown, Indiana.

NASA's trust in Redwire to support operations directly with the ISS reflects the depth of our experience and proven track record in microgravity. As evidenced by the breadth of capabilities covered by these investigations, SpaceMD continues to move microgravity manufacturing from experimentation towards repeatable, scalable commercial operations, leveraging the microgravity environment of space to improve life here on Earth.

Please turn to Slide 13. Turning next to our combat-proven UAS value driver. During the quarter, Redwire was awarded a $13.8 million contract to deliver Stalker aircraft to the U.S. National Guard. We are proud that the National Guard chose Stalker as a highly reliable modular platform to train incoming soldiers on complex flight operations, field maintenance, and multi-mission payload deployment. We believe this underscores another example of how we are being baselined as a key autonomy platform for the U.S. military.

Please turn to Slide 14. Lastly, moving to our sensors and payloads value driver. Redwire has delivered more than 200 space sensors, including star trackers, sun sensors, and cameras year-to-date through September 30, 2026; a 100% increase on a year-over-year basis.

During the quarter, we also announced the Seeker product line, a European variant of our proven navigation sensors and space cameras manufactured at Redwire's high-volume production facility in Riga, Latvia. Built in Europe, for Europe, the Seeker product line is intended to strengthen Europe's satellite supply chain sovereignty and meet the growing demand across the European Space sector. We are a critical part of the expanding European industrial base for space and defense.

Please turn to Slide 15. With that, I'd now like to turn the call over to Chris Edmunds, Redwire's Chief Financial Officer, to discuss the financial results for the third quarter of 2026.

**Chris Edmunds**
Thank you, Pete. Please turn to Slide 16. During the third quarter, we recorded total revenue of $109 million, a 5.4% increase on a quarterly year-over-year basis, but a decrease on a sequential basis. Our Space segment recorded revenue of $61.3 million, a more than 30% organic increase on a year-over-year basis, while our Defense Tech segment recorded revenue of $47.8 million, a year-over-year decrease due to the timing of shipments for our UAS offerings as the team prepares to deliver the next generation of our autonomous platforms.

From a year-to-date perspective, we have recorded total revenue of $323.1 million, a 42.6% increase year-over-year, with 60% of our total revenue from the U.S. market and 40% international; evidence of our global reach and manufacturing footprint.

Please turn to Slide 17. Gross margin improvement is a significant focus area for Redwire, as we believe this is an important quality for a durable and differentiated enterprise capable of creating long-term shareholder value. And I am pleased to report that we achieved record gross margins of 32.3% during the third quarter, with year-over-year and sequential improvements from both our Space and Defense Tech segments.

The gross margin improvement was driven by a change in contract mix, with more than $700 million in new awards over the last twelve months and the near completion of a few lower margin programs within our Space segment. Net loss improved by $18 million on a year-over-year basis to a net loss of $23.2 million, and our third quarter Adjusted EBITDA was negative $5.3 million.

Our internal research and development investment continued during the third quarter, increasing from $7.7 million to $14.4 million on a year-over-year basis. We continue to see this investment as accelerating the maturation of our products and solutions to meet customer demand and timeline as evidenced by the nearly $30 million in ELSA bookings that Pete

referenced, an internally developed product that was released earlier this year. As we continue to execute on the more than $700 million of bookings from the last twelve months, our gross margin is improving.

Please turn to Slide 18. Next, turning to a discussion of liquidity and capital structure. We ended the third quarter of 2026 with total liquidity of $538.9 million, comprised of $488.9 million of cash, cash equivalents and restricted cash, and $50 million in undrawn revolver capacity, a significant year-over-year improvement.

With more than $400 million invested in money market funds, during the third quarter of 2026, we achieved net interest income of $2.7 million versus net interest expense of $6.3 million for the corresponding period in the prior year, a $9 million cash improvement on a year-over-year basis.

Finally, I would note that we did not issue any shares under our existing ATM program during the third quarter. In summary, our balance sheet and capital structure is ready to support future growth.

Please turn to Slide 19. Turning to cash flows, net cash used in operating activities for the nine months ended September 30, 2026, improved by $57.9 million year-over-year. This improvement is largely driven by the improved financial performance over the period, partially offset by an investment in inventory to support near-term customer deliveries.

Please turn to Slide 20. During the third quarter, we saw continued strength in contracts awarded with bookings of $188.7 million, resulting in a book-to-bill ratio for the quarter of 1.73 and a book-to-bill ratio of 1.63 on a last twelve months basis. Our Space segment bookings were $119.9 million, resulting in a book-to-bill ratio for the quarter of 1.96, driven by power and spacecraft bookings. And our Defense Tech bookings were $68.8 million, resulting in a book-to-bill ratio of 1.44 for the quarter, driven by demand for our autonomous platforms, sensors, and payloads.

Turning to backlog, we once again saw growth in this metric as backlog increased by 14.3% on a sequential basis and nearly 75% on a year-over-year basis to a record $619.7 million. As of September 30, 2026, Space backlog was $379.6 million, and Defense Tech backlog was $240.1 million. As a reminder, Redwire's contracted backlog represents the estimated dollar value of remaining work on executed contracts and does not include unexercised contract options or anticipated bookings under IDIQs. We remain proud of our six consecutive quarters of growth in backlog and the durable demand we see for our mission-critical Space and Defense Tech products and solutions around the globe.

Please turn to Slide 21 for a brief discussion of the outlook for the remainder of 2026. I'd like to start by setting context for our reaffirmation of our guidance range, acknowledging that the timing of our revenue has been uneven, as evidenced by the small sequential decrease

between the second and third quarter of 2026. However, there are two primary factors that provide us with confidence as we look to the remainder of the year.

First, during Q3 2026, we achieved a record $619.7 million in backlog, providing a strong underpinning for our future growth and showcasing the durable demand for our mission-critical Space and Defense Tech products and solutions. And second, for our Defense Tech segment, our work in process and finished goods inventory balance has increased by $10.6 million over the last quarter to $46.8 million as our team prepares to deliver customer orders that are nearing completion in the coming weeks.

Please turn to Slide 22. In summary, with $323.1 million of recorded revenue during the first nine months of 2026, supported by our record $619.7 million in backlog and $46.8 million in work in process and finished goods inventory, we are reaffirming our full year 2026 revenue forecast in the range of $450 million to $500 million, which represents a 41.6% year-over-year growth at the midpoint.

With that, please turn to Slide 23, and I'll now turn the call back over to Pete.

**Peter Cannito**
Thank you, Chris. To summarize, with record backlog, record gross margin, and a balance sheet that is ready to support future growth, Redwire's third quarter was defined by growing demand and quality revenue.

With that, I'd like to thank the entire Redwire team for their achievements during the third quarter of 2026. We will now open the floor for questions.

**Operator**
Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press Star 1 on your telephone keypad. A confirmation tone will indicate your line is the question queue. You may press Star 2 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.

So that we may address questions from as many participants as possible, we ask that you limit yourself to one question. If you have additional questions, you may requeue and, time permitting, those questions will be addressed.

One moment please while we poll for questions. Thank you. Our first question comes from the line of Hrishi Kumbhojkar with Guggenheim. Please proceed.

**Hrishi Kumbhojkar**
Good morning, Alex, Peter, and Chris. One question on the gross margins. So, the gross margins were up solidly last year in 3Q 2025, and you reported an Adjusted Gross Margin this quarter of

27%. Maybe you can provide more of an apples-to-apples comparison and what drove the 520 bps of expansion.

**Chris Edmunds**
Just a quick clarification, I think it was 27% with the Adjusted Gross Margin in 2025 versus the 32% for this quarter. There was a purchase accounting nuance that we added back last year to show that apples-to-apples comparison. It was talked about on the call, gross margin improvement has been a key focus area this year. And we looked at the progress we've made. We started the year off in the first quarter at [27%][1], working it up to 28% in the second quarter, then obviously coming in where we are today. A lot of that strength is coming out of our Space portfolio.

We've talked about increasing the portfolio gross margin as we have had a really strong booking profile in that segment this quarter, this year, excuse me. And so that is bringing that gross margin up for the Space portfolio. So, in Q3 of last year on an apples-to-apples basis, they were at 4%. They're at 18% for this quarter, whereas our Defense Tech business on an apples-to-apples basis was 45% last year and 50% this year.[2] So, we're seeing a significant increase in our gross margin on the Space side, and that's a result of some of the new orders that we've had this year, and we're seeing the gross margins hold but also grow in the Defense Tech side.

**Peter Cannito**
Yes, and as I mentioned, I'll add, we've seen in the past that the industry was really focused just on the top line. It's strategically important from Redwire's perspective that we focus on unit economics and strong gross margins as well. So, we've been putting a lot of emphasis on being more discriminatory in how we bid and who we're willing to bid against in terms of making sure that long term we can sustain continuous improvements in the gross margins until we reach our final objective.

**Hrishi Kumbhojkar**
Appreciate the color. Thank you.

**Operator**
Thank you. Our next question comes from the line of Suji Desilva with ROTH Capital Partners. Please proceed.

**Suji Desilva**
Hi, Pete. Hi, Chris. Congrats on the bookings growth. Can you please discuss the EBITDA loss here? And step back a little, what the bridge is here to breakeven, Chris, given the step-up in operating expenses?

[1] During the call, this figure was inadvertently stated as 24% and has been corrected in this transcript.
[2] For reader clarification, “apples-to-apples basis” in this statement refers to Adjusted Gross Margin.

**Chris Edmunds**
Yes, so as we kind of play out the last question, gross profit has been a big area of focus for us. But we talked about earlier this year about really ramping up our internal investment. Pete talked on that earlier in the call as well. I mean, look at IRAD this year. We're up $30 million in investment on some really, really interesting capabilities. We talked about ELSA coming to market. It was a very fast-to-market investment that we've made with almost $30 million of bookings this year.

That's a meaningful contributor to the Space backlog. And so, as we think about those high-ROI type opportunities, we're going to keep leaning forward responsibly into our IRAD line. But if we look back and say, we've increased IRAD $30 million this year. Our Adjusted EBITDA acknowledging that year-to-date is ($18) million, but really where we are is we're focusing on tomorrow, we're focusing on the capabilities of where we see the market going. And so, that really is the big explanation for the EBITDA walk as we see it right now.

**Peter Cannito**
Yes, and strategically, our goal is to keep EBITDA within inside IRAD. IRAD is a discretionary lever that we can pull up and down on a relatively short-term basis based on what we see in the market. Right now we see a lot of really high-return, high-potential ROI returns on some internal innovations and Redwire is a fairly diversified company, so we've got a lot of really great technologies that we can deliver.

ELSA is a perfect example of that, right? So from our perspective, it's not so much about a bridge to breakeven. It's about using that lever to ramp up and down IRAD based on the market circumstances and the number of really quality internal opportunities that we have.

**Suji Desilva**
Helpful, color. Thanks Pete, thanks Chris.

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

**Brian Kinstlinger**
Great, thanks so much for taking my question. You mentioned milestones for revenue recognition, which I think suggests the Space sector. I could be wrong. And then you also mentioned delays in deliveries given your next-generation UAS platform. Maybe you can add some more details on each and are either of these continuing to be challenges in the current quarter or the next few months?

**Peter Cannito**
Yes. Hey, Brian. So, we included milestones and deliveries because that's just the context of our business. We were not trying to indicate one versus the other. As you can basically see from the

numbers, Defense Tech is a little bit down. So, in this particular case, as I think Chris mentioned, it was about deliveries, right? So, the past year has been a major transition period as we move from the Stalker Block 30 to the Stalker Block 40 and to the Penguin Mk3. So, we're going to run into issues as we're developing.

And when you run into things, simple things like an export control approval that doesn't come in or a supplier that delivers late, because our orders are so big, the good news is we get big, chunky orders like the National Guard order of [$13.8 million].[3] The bad news is if you get caught up around something like export control or a part of the supply chain that is behind, it can move the quarter across periods. So, we tried to emphasize that, we tried to foot-stomp that, if you will, around the growth in WIP and finished goods. So, that's basically what we mean by timing of deliveries. Chris, anything you want to add?

**Chris Edmunds**
I think the only thing I'd say is the demand signals are still there, sitting at a 1.6 book-to-bill on both segments. So, as we think about the demand signals, they remain solid. We're working on moving the product out the door, as Pete said.

**Peter Cannito**
Yes, I think our bookings have doubled year-over-year on Defense Tech. So, you can see that it's in the bookings, it's in the finished goods and WIPs, and that's what we mean by the timing issue.

**Chris Edmunds**
Again, it's a doubling of the backlog.

**Peter Cannito**
Yes, I'm sorry, doubling of the backlog.

**Operator**
Thank you. Our next question comes from the line of Liam Baker with KeyBanc Capital Markets. Please proceed.

**Liam Baker**
Thanks for taking my question. With the midterm elections now behind us, how are you thinking about the cadence of government awards from here? Were there anything meaningful in the Space and Defense Tech opportunity bucket that got pushed to the right? And how do you expect to move forward over the next few quarters? Thanks.

[3] During the call, this was stated as a rounded figure of $15 million; for reader clarification the actual figure of $13.8 million has been included in this transcript.

**Peter Cannito**
Yes, good question. Obviously, we're all watching the same thing happen in real time here, right? So, there's a lot of predictions around what does this mean for passing the budget. It's early days. The transition is only a day old. I do believe both Space and Defense Tech are bipartisan issues. So, I don't think long-term it's going to have any effect, but there may be a little bit of a grind here in the near term as Washington flips over. Having said that, because Redwire is already really well established on a number of programs like Otter, the vast majority of our programs are not new starts, right? So, you can see that the Otter Program, they're able to continue to grow that. They will be able to continue to grow that under a continuing resolution if that's where all of this ends up.

I'd also like to point out that 40% of our revenue comes from Europe. So, although there may or may not be any short-term perturbations in the defense budget or budgets writ large inside the U.S., again, that's only 60% of our portfolio. So, when you add up the fact that 40% of our revenues come from Europe, and the fact that we already have a really broad base of existing programs that are funded with really strong backlog, I think whatever happens, we'll be able to weather through it and come out the other end without losing any momentum.

**Liam Baker**
Okay, helpful. Thank you so much.

**Operator**
Thank you. Our next question comes from the line of Adam Samuelson with Jefferies. Please proceed.

**Adam Samuelson**
Yes thank you. Good morning, everyone. I wanted to maybe dig in a little bit on defense. And some of this, I think, was addressed, but just to clarify, Defense Tech revenue is down 16% or so year-over-year. If we compare that just to the growth, is the growth in inventory sequentially a rough proxy for the revenue pushout into the fourth quarter? If it's not, maybe you can give a little more color on the orders and revenues just by programs, geographies, and different parts of the business in there. I'm just trying to make sense of it as a discrete manufacturing kind of shipment issue, kind of where the business is tracking its constituent pieces.

**Chris Edmunds**
Adam, I think you're right on. I mean, you look at the revenue earnings potential, if you want to think about it that way, from the inventory that we do have on hand. We did talk about in the second quarter call that we were purposely bringing inventory levels up as a strategic advantage, to be able to respond quickly to our customer orders. Autonomous platforms are moving quite quickly and we want to make sure that our capabilities are positioned really well to be responsive to our customer orders.

But as we think about the timing of orders into the fourth quarter, as I mentioned earlier in the call, inventory, both the WIP and the finished goods, are up about $10 million-$10.5 million or so. That gives you an idea of the conversion opportunities as we look in the fourth quarter. Now, we've got to get the inventory moved, and revenue is recognized as we ship the product, which is different than the vast majority of the Space business, which is the overtime revenue recognition model.

So, we've got to get the products finalized, and as Pete mentioned, get all the licenses if we need those for a particular customer in hand to get the revenue recorded. But the $46.8 million of WIP and finished goods inventory as of September 30 gives us the line of sight as we round out the year here and looking to finish strong.

**Peter Cannito**
The story is in the numbers, right? Just look at backlog, WIP, finished goods and where the revenue landed. It's not dollar-for-dollar, but it shows you, I think, that's the broader context that you need to think about in terms of seeing the trajectory of the Defense Tech growth.

**Chris Edmunds**
Yes, but the demand is there at the 1.63 LTM book-to-bill.

**Adam Samuelson**
All right, that's all very helpful. I'll pass it on. Thank you.

**Chris Edmunds**
Thanks, Adam.

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

**Griffin Boss**
Hi, good morning. I'll just start off. Pete, you mentioned Space and Defense Tech being bipartisan issues. I think we would agree there, but I'd like to dig into that and get your take on whether you see certain areas of Golden Dome also as bipartisan. It'd be helpful to get some color as to how you look at that.

**Peter Cannito**
Yes, great question. And again, I read the same headlines you do. So, I think certainly there's a question mark around Golden Dome. So, if you're a business that's built 100% around the success or not of Golden Dome, I think that would be something to watch. Fortunately, Redwire is not that. I mentioned 40% coming out of Europe. We're highly diversified.

I think the way I think about that stuff is whether it's called Golden Dome or not, this idea of having additional protections in terms of missile defense, whether at home or abroad, is still a capability that is bipartisan. So, will the name Golden Dome persist or not? I have no idea. That's a better question for the politicos. But do I think that if you're building capability that is relevant to missile defense, then you're probably leaning into a market that has durability going into the future.

**Griffin Boss**
Got it. Yes, thanks. Appreciate the thoughts there, Pete. And if I could just have a follow-up on the guide. I just want to dig into the puts and takes there for the low and the high end. Obviously, I know revenue can be lumpy quarter to quarter, but are there maybe one or two big Space programs that are the driving force of that $50 million delta? I would suspect it's not on the Defense Tech side, but maybe if there's any color you can give as to what programs could cause that $50 million delta, that'd be helpful.

**Chris Edmunds**
Yes, one of the nice things about where Redwire is, just based on the breadth of capabilities, we've got a pretty wide spread of programs that we're working on across the globe. So, not necessarily one program that's binary kind of on or off. We've got a lot of programs that are in motion right now that we need to continue to execute on. But as we talked about earlier, Defense Tech, right, with the inventory being up, is a key area of focus that we're driving hard on to get the shipments out the door before the end of the year.

**Griffin Boss**
Got it. Great, Chris. Thanks. I appreciate you taking my questions.

**Chris Edmunds**
Thanks, Griffin.

**Operator**
Thank you. Our next question comes from the line of Colin Canfield with Cantor. Please proceed.

**Colin Canfield**
Can you talk a little bit about M&A and in terms of how you're looking at the market, where you're looking, where you're seeing kind of the best cash trades versus revenue growth, and really kind of how you think about M&A as a tool to drive free cash flow improvement? And then maybe just kind of juxtapose that versus the $500 million of cash and just how you think about that as a strategic asset, and then any flexibility of whether there's bigger or smaller stuff in the market that you think can help free cash flow. Thank you.

**Peter Cannito**
So, there's a lot to unpack there, but we have our investment framework that includes retaining a strong balance sheet, internal innovation, and M&A. We look at everything from a return on investment when we do our capital allocation, right? So, we look at what we have internally that could drive growth and good ROI, and we look at what is out there externally that can drive good ROI.

Certainly we look at areas that are gaps that we could fill, both strategically from a product and market perspective, as well as financially in terms of, I think, as you're referencing, this idea of using M&A to get a cash generator. And yes, that's all part of the evaluation. You know, the M&A market right now is going to be a little bit choppy in the near term. It kind of will follow some of what's going on with the changes in government, especially when you look at smaller M&A, because you can have organizations that have leaned forward into one area or another that might not be popular, that aren't as diversified as Redwire is and may have exposure as a result.

But broadly, it's a simpler framework than you might expect in the sense that we evaluate our internal opportunities and our external opportunities against an ROI calculation, while being mindful of our intent to keep a strong balance sheet so we can remain opportunistic over a long period and not go out and expend a lot of our dry powder in one fell swoop. Chris, anything you want to add?

**Chris Edmunds**
No, I think you hit everything. We focus on heritage, we focus on battle-proven capabilities, we talked about gross margin being a key focus area. So, I mean, there's a lot of interesting things there, but we're going to remain disciplined and focused and look for the right opportunities to continue to grow and scale Redwire in a real meaningful way.

**Colin Canfield**
Got it, thank you.

**Chris Edmunds**
Thanks, Colin.

**Operator**
Thank you. Our next question comes from the line of Alexandra Mandery with Truist Securities. Please proceed.

**Alexandra Mandery**
Hey, good morning and thank you for taking my question. Following the latest DARPA award, what milestones and timeline would enable transition to an operational program? And also, how large could the VLEO opportunity be in three to five years? And how do you think about

investing in that opportunity with what mix of organic investment and M&A needed to capture that?

**Peter Cannito**
Can you repeat the first part of your question? I didn't totally understand that.

**Alexandra Mandery**
Yes, I guess like what are the key milestones and maybe timeline that would enable the DARPA program to maybe transition an operational program?

**Peter Cannito**
Got it, okay, great, so, it's really a broad question about VLEO and the market opportunities in general. Yes, adding a second flight is huge, right? So, that's a key milestone. And it's earlier than expected. It's coming much earlier in the program than we had originally anticipated. So, that's also a really good indicator. But success is ultimately the milestones you want to look for, right? Like getting flights, getting operational, and awards focused on VLEO.

So, to the degree that in concert with our customers we have the ability to talk about our awards, we try to do that to give the market indication that we're making progress in that area. In terms of the size of VLEO, I think the size of VLEO is equivalent to the size of LEO or the size of UAS, pick the market that you would like to use as your analogy. All VLEO is, is a portion of the space above us that provides opportunities just the way airborne markets provide opportunities, and LEO and GEO and beyond that, Cislunar provides opportunities.

People have in the past referred to our SabreSat capability as an orbital drone, and I think the opportunity for VLEO is as big as any of the other areas in the space above Earth that can deliver real benefit from a national security as well as commercial and scientific perspective as well. That's how we think about it.

**Alexandra Mandery**
Great, thanks.

**Operator**
Thank you. Our next question comes from the line of Austin Moeller with Canaccord Genuity. Please proceed.

**Austin Moeller**
Hi, good morning. Just given the announcement around the Stalker sale to the National Guard, what does the sales pipeline and timing look like for some other well-funded federal customers like DHS that are not going to be impacted by a potential CR?

**Peter Cannito**
Hey, Austin, how are you? It's difficult sometimes to project at a large scale, or at a point scale, I should say, specific procurements, right? But we see drone procurements in the U.S. government, and quite frankly in international governments, moving up and to the right broadly over time, right? And that's how we think about it. So, the timing of DHS or any individual procurement can be difficult to prognosticate. However, it's all moving in a direction that is beneficial for Redwire.

One of the things that I really like about the National Guard award that I think is significant that I mentioned in my comments is that I think it underscores that we're being baselined as a capability in the U.S. military arsenal. Not as an experiment, not as a prototype, not as a come to our exercise and demonstrate your capability. We are being baselined as a capability. And in this particular case, what I think is interesting is we're being baselined in the schoolhouse.

So, if you think about when a new UAS operator focused on Group 2 joins the National Guard and comes in, the first aircraft - UAS, that they're going to have their hands on is the Stalker. And I think that's a really good, beneficial place to be in terms of getting mindshare with the end user, which I think ultimately, when you peel back all the different noise in the market, is where the decision will get made and what will drive growth ultimately. So, I like where we are positioned. I like our approach. I like our adoption and uptake, how it's occurring, but predicting the timing of any specific award is, I think, foolhardy.

**Austin Moeller**
Okay. And does the change in Congress prioritize commercial space more than Defense Tech as you review your M&A options, or is that not the right way to think about it?

**Peter Cannito**
Yes, I wouldn't think about it that way. First of all, the Democratic Congress hasn't come out with what their agenda and their priorities are. I thought four priorities that they did talk about weren't necessarily tech-related. So, I think there are certain mandatory capabilities that the U.S. has to invest in to stay ahead of our near-peer adversaries. And I think those will continue to garner funding, regardless of who's sitting in Congress. That's the way we think about it.

**Austin Moeller**
Great. I'll pass it back there. Thank you.

**Operator**
Thank you. Our next question comes from the line of Ronald Epstein with Bank of America. Please proceed.

**Andrew Steinhardt**
Hey, Pete, Chris, Alex. Good morning. This is Andrew Steinhardt on for Ron. Thanks for taking my questions. I just wanted to ask about Defense Tech margins, just given there's been

sequential variability there. And I could appreciate the color you guys provided earlier, just around the lumpiness of that business as of late. I guess, Pete or Chris, can you guys just elaborate on the composition of the backlog and Q3 quarterly bookings, specifically within Defense Tech, between UAS, gimbals, sensors? I'm just trying to understand how we should think about the mix in Defense Tech going into Q4 and 2027.

**Chris Edmunds**
Yes, great question. So, just to clarify, from a backlog standpoint, Space has got about $380 million and Defense Tech's got $240 million for the total $620 million. We haven't broken that backlog out by capabilities and something we'll continue to evaluate as we move forward. Obviously we provide a lot more visibility with our segmented financial statements this year than we ever have.

When I think about gross margin, as I mentioned earlier, we're showing progress, not declaring victory, but showing progress. The Defense Tech business has historically kind of been around the mid-40s range. Obviously this quarter, they're at 50%. And the Space segment also showed some progress. As we see it, the Defense Tech gross margin has shown some durability in that mid-40s range. Which when you look at the combination of the two segments, it is moving us into kind of the mid-20s, moving up into the upper 20s as we move forward and continue to drive more bookings into our portfolio. But Defense Tech margins, like I said, have remained relatively stable there in the mid-40s, obviously showing a great quarter this quarter at about 50% gross margin.

**Peter Cannito**
I do want to highlight, and I think this harkens back to a question I got earlier about using M&A to build cash flows, that in a way we have already done that in a very material way. People talk about top-line growth on the Defense Tech side, and I think it is something that we've addressed now and you want to look at in context in terms of doubling our backlog. But in terms of using M&A as a tool to materially change your unit economics and financials, the Edge Autonomy acquisition has been very successful, and you're seeing that show up now as that has a bigger part of our portfolio in the overall gross margins if you're looking at a two to three-year timeline.

So, I'm very pleased with the balance, and I think it is, thinking back to that question, a fantastic example of how you can use M&A to both fill a strategic capability hole, as well as to complement your existing portfolio. Space and UAS, for me, from an economic perspective, is very complementary. Space is a high-growth area with still a lot of risk in it as people are maturing the technology, but will move up in terms of gross margins as the technologies mature and move from development into full-rate production. And you can see that in the UAS industry as well.

So, I thought it was a good question, but in terms of margins as well, I think what people have to think about is over the journey of the last five years, how that has evolved, particularly in the Defense Tech segment.

**Andrew Steinhardt**
I appreciate all that color. Thanks, guys. I'll pass it back.

**Chris Edmunds**
Thank you.

**Operator**
Thank you. That concludes today's Q&A session. I'd like to turn the floor back over to Peter for closing remarks.

**Peter Cannito**
All right. Well, thank you for your questions and engagement this morning. We appreciate everyone taking the time to listen today, and go Redwire.

**Operator**
This concludes today's teleconference. You may now disconnect your lines at this time. Thank you for your participation.