

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 14, 2026

XTI AEROSPACE, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-36404
(Commission File Number)

88-0434915
(I.R.S. Employer
Identification No.)

15505 Wright Brothers Dr. Addison, TX
(Address of principal executive offices)

75001
(Zip Code)

Registrant's telephone number, including area code: (800) 680-7412

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock	XTIA	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 14, 2026, XTI Aerospace, Inc. (the “Company”) issued a press release regarding its financial results for the quarter ended March 31, 2026. A copy of the press release is furnished hereto as Exhibit 99.1. Senior management’s prepared remarks are also furnished hereto as Exhibit 99.2. The Company will post these prepared remarks providing additional detail and context regarding the Company’s financial results and business update, following the issuance of the press release.

The information furnished with this report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and it will not be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.**

Exhibit No.	Description
99.1	Press release, dated May 14, 2026
99.2	XTI Aerospace Inc. 1Q2026 Financial Results Conference Call Prepared Remarks
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XTI AEROSPACE, INC.

Date: May 14, 2026

By: /s/ Brooke Turk
Name: Brooke Turk
Title: Chief Financial Officer



Press Release

XTI Aerospace Reports First Quarter 2026 Results

DALLAS, May 14, 2026 /PRNewswire/ -- XTI Aerospace, Inc. (Nasdaq: XTIA) (“XTI Aerospace,” “XTI,” or the “Company”), an aerospace and advanced technology platform and parent company of Drone Nerds, LLC, (“Drone Nerds”), a leading drone solutions platform serving commercial, enterprise and government customers, today announced financial results for its first quarter ended March 31, 2026, and provided an update on the Company’s outlook for 2026.

2026 first quarter highlights (Inpixon results excluded and reflected in discontinued operations):

- Revenue of \$27.7 million
- Gross profit of \$5.1 million
- Gross profit as a percentage of revenue of 18.6 percent

2026 Financial Outlook and Guidance⁽¹⁾:

The Company expects to achieve the following targets for the full year 2026:

- Full year 2026 revenue of \$160 million or greater
- Full year 2026 gross profit as a percentage of revenue of 19 percent to 21 percent
- Breakeven cash flow in the third quarter 2026
- Cash at year-end in the range of \$15 million to \$17 million
- Drone Nerds earnings before interest, income taxes, depreciation and amortization (“EBITDA”) as a percentage of revenue in the range of 9 percent to 10 percent
- End 2026 with \$5 million to \$10 million of availability under its asset-based lending (“ABL”) facility
- Second-half of 2026 consolidated adjusted EBITDA in the range of \$2 million to \$3 million or greater

(1) Please refer to the “Non-GAAP Measures” and Schedule 1 for the definitions and reconciliations of our Non-GAAP financial measures including “Adjusted EBITDA”.

2026 first quarter events:

- In February 2026, completed the divestiture of the Inpixon RTLS business to further streamline the Company’s focus on its drone platform and core growth initiatives
- In February 2026, secured \$20 million Asset-Based Lending (“ABL”) credit facility with JPMorgan to support growth and liquidity, subject to customary borrowing conditions, covenants and availability
- Received approximately \$7.4 million in net proceeds from the exercise of warrants during the quarter
- Appointed Clinton Weber and Jonathan Ornstein to XTI’s Board of Directors, further enhancing the Board’s aviation, aerospace and unmanned systems experience

“We believe the first quarter demonstrated continued progress in repositioning XTI Aerospace around a more scalable and financially disciplined operating model,” said Scott Pomeroy, Chairman and Chief Executive Officer of XTI Aerospace. “Drone Nerds continued to expand its enterprise and government engagement, pipeline activity strengthened entering the second quarter, and we continued executing against our cost reduction and operational efficiency initiatives. Our focus remains on disciplined execution, margin improvement, liquidity management, and building long-term shareholder value.”

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Liquidity and Capital Resources

As of March 31, 2026, the Company had \$15.2 million of unrestricted cash and cash equivalents, \$4.6 million drawn and \$8.1 million of remaining availability on the borrowing base under its credit facility.

The Company expects to end the year between \$15 million and \$17 million in cash and cash equivalents. From a liquidity and cash flow perspective, the Company has made meaningful progress during the first quarter of 2026 and continued executing on its cost reduction and operational realignment initiatives. Adjusted EBITDA improved significantly compared to prior periods, with adjusted EBITDA loss improving from approximately negative \$10 million in fourth quarter 2025 to approximately negative \$5 million this quarter, reflecting the impact of actions taken to streamline operations, reduce spending and better align its cost structure with the current scale and focus of the business. The Company is on track to cross a key threshold which should result in the permanent transition from its historical cash burn to positive cash flow during the third quarter of 2026. From there, the Company expects to continue to deliver ongoing and increasing positive cash flow during its fourth quarter of 2026 and beyond.

In addition, the Company expects to have between \$5 million and \$10 million in available capacity under its ABL facility as of December 31, 2026.

Based on management's current operating plans and assumptions, including expected cash flows from the Drone Nerds business and availability under the Company's ABL credit facility, the Company believes its existing sources of liquidity are intended to support the ordinary-course operating needs of the Drone Nerds business. The Company may, however, require or seek additional capital to support strategic acquisitions and to address the Company's overall capital structure.

Unaudited Supplemental Combined Financial Information

For purposes of this release, the Company defines "pro forma" as unaudited supplemental combined financial information.

The Company has provided unaudited supplemental financial information of the combined company in this press release. The following financial information combines XTI and Drone Nerds historical operating results as if the businesses had been operated together on a combined basis during prior periods. This financial information is intended to illustrate the current operating footprint of the Company following the acquisition of Drone Nerds and divestiture of the Company's Industrial IoT / Real-Time Location Systems business.

The unaudited supplemental combined financial information is not "pro forma" financial information as that term is used in Article 11 of Regulation S-X. The unaudited supplemental combined financial information was not prepared in accordance with Article 11 of Regulation S-X and differs from the unaudited pro forma condensed combined financial information included in the Current Report on Form 8-K/A filed with the SEC on February 9, 2026 (the "Pro Forma 8-K Filing"), which was prepared in accordance with Article 11 of Regulation S-X. The unaudited supplemental combined financial information was not prepared in accordance with Article 11 of Regulation S-X and is presented for illustrative purposes to assist investors in understanding the operational performance of the combined business, timing and operational impact of the acquisition, and integration of the combined business, and should not be considered a substitute for the pro forma financial information included in the Company's prior filings prepared in accordance with Article 11 of Regulation S-X.

Consequently, the unaudited supplemental combined financial information is intentionally different from, but does not supersede, the pro forma financial information set forth in the Pro Forma 8-K Filing or the pro forma financial information set forth in the Company's most recent annual report on Form 10-K.

In addition, the unaudited supplemental combined financial information does not purport to indicate the results that actually would have been obtained had the companies been operated together during the periods presented, or which may be realized in the future. The unaudited supplemental combined financial information has no impact on XTI's or Drone Nerds' previously reported consolidated balance sheets or statements of operations, cash flows or equity.

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XTI Aerospace, Inc. and Subsidiaries
Pro Forma⁽¹⁾ Combined Financial Data
(Unaudited)

(in thousands, except percentages)	For the Three Months Ended			
	March 31,			
	2026	2025	\$ Change	% Change
(Actual)	(Pro Forma)			
	Amount	Amount		
Revenues	\$ 27,696	\$ 30,587	\$ (2,891)	(9)%
Gross profit	5,146	7,228	(2,082)	(29)%
Gross profit %	18.6%	23.6%	(5.0)%	(21)%
Net loss from continuing operations	(31,746)	(7,265)	(24,481)	(337)%

(1) For information on unaudited supplemental combined financial information presented, see the section titled “Unaudited Supplemental Combined Financial Information” in this press release.

The unaudited supplemental combined financial information excludes non-recurring transaction-related costs associated with the Drone Nerds acquisition.

Conference Call and Webcast (Live Q&A Format)

The Company will post prepared remarks to the Investor Relations section of its website before the market opens on Thursday, May 14, 2026. These remarks are intended to provide additional detail and context regarding the Company’s financial results and business update.

The Company will host a live webcast on Thursday, May 14, 2026 at 3:30 PM CT (4:30 PM ET), which will consist of a video-based question and answer session with Scott Pomeroy, Chief Executive Officer, Jeremy Schneiderman, Chief Executive Officer of Drone Nerds, and Brooke Turk, Chief Financial Officer. As part of this format, prepared remarks will not be read but will be available in the Investor Relations section of the Company’s website at xtiaerospace.com under “IR News & Events.”

Investors and analysts are invited to participate and may register in advance using this link: [XTI Aerospace May 14 Earnings Webcast](#). The registration link is also available in the “Investor Relations” section of the Company’s website under “IR News & Events.” Dial-in information will be included upon registration.

The replay of the event will be publicly available to all investors in the Investor Relations section, under “IR News & Events” section of the Company’s website at xtiaerospace.com following the conclusion of the question and answer session and will remain available for 30 days.

About XTI Aerospace, Inc.

XTI Aerospace, Inc. (Nasdaq: XTIA) is an aerospace company providing unmanned aircraft systems (“UAS”) solutions through its commercial drone solutions division, operated through Drone Nerds, LLC and two development-stage divisions focused on autonomous defense systems and domestic manufacturing of unmanned systems components designed to support federal procurement and sourcing requirements. XTI’s commercial drone solutions business provides hardware distribution, training, service, repair, and lifecycle support to enterprise, public safety and government customers.

XTI Aerospace is headquartered in Addison, Texas. For more information about XTI, please visit xtiaerospace.com and follow XTI on LinkedIn, Instagram, X, and YouTube.

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Cautionary Statement Regarding Forward-Looking Statements

This press release contains certain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact contained in this press release are forward-looking statements.

Forward-looking statements may be identified by words such as “believe,” “continue,” “could,” “would,” “will,” “expect,” “intend,” “plan,” “target,” “estimate,” “project,” or similar expressions. These statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied. Such risks include, but are not limited to, market adoption, regulatory requirements, supply chain conditions, technological development, integration of the acquired businesses, the Company’s liquidity and ability to access additional capital on acceptable terms or at all, the Company’s negative stockholders’ equity and the sufficiency of its capital resources, and changes in applicable laws or regulations, customer demand variability and seasonal purchasing patterns, the Company’s ability to achieve projected gross margins and operating cost reductions, working capital timing and inventory management, the outcome of pending legal proceedings involving the Company and its subsidiaries, the Company’s ability to maintain relationships with key suppliers, restrictions and covenants under the Company’s ABL credit facility, risks related to the Company’s development-stage ADS and ATM divisions which have not generated revenues, and the potential for significant non-cash charges related to changes in the fair value of warrant liabilities as well as the other risks and uncertainties described in the Company’s filings with the SEC. XTI undertakes no obligation to update any forward-looking statements to reflect subsequent events or circumstances, except as required by applicable law. Readers are encouraged to review the risk factors described in XTI’s filings with the SEC, including its most recent Annual Report on Form 10-K and subsequent filings.

Non-GAAP Measures:

This press release contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”). XTI uses earnings before interest, income taxes, depreciation amortization (“EBITDA”) and Adjusted EBITDA and important supplemental measures of the Company’s operating performance.

A reconciliation of these non-GAAP measures to the most directly comparable GAAP measures for historical periods is provided in Schedule I. As noted above under “2026 Financial Outlook and Guidance,” the Company is unable to provide a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts due to the inherent difficulty in forecasting and quantifying certain reconciling items, including, without limitation, changes in the fair value of warrant liability.

The Company’s 2026 financial outlook is based on management’s current expectations and assumptions regarding customer demand, product availability, gross margin trends, operating cost levels, and the timing of working capital normalization. These targets are forward-looking statements and are subject to the risks and uncertainties described below and in the Company’s filings with the U.S. Securities and Exchange Commission (the “SEC”), including with respect to pending legal proceedings, liquidity, the Company’s capital structure and the other matters described under “Cautionary Statement Regarding Forward-Looking Statements” below.

The Company has not provided a reconciliation of forward-looking Adjusted EBITDA or other forward-looking non-GAAP measures to the most directly comparable GAAP financial measures because certain reconciling items, including changes in the fair value of warrant liability and other items, depend on future events outside the Company’s control and cannot be reasonably predicted or determined without unreasonable efforts. The variability of these items could have a significant and potentially unpredictable impact on future GAAP results.

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Contacts:

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XTI Aerospace, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2026	2025
Revenues	\$ 27,696	\$ —
Cost of Revenues	22,550	—
Gross Profit	<u>5,146</u>	<u>—</u>
Operating Expenses		
Research and development	1,197	1,124
Sales and marketing	2,363	275
General and administrative	11,746	6,796
Amortization of intangible assets	230	8
Total Operating Expenses	<u>15,536</u>	<u>8,203</u>
Loss from Operations	(10,390)	(8,203)
Other (Expense) Income		
Interest expense, net	(154)	(217)
Loss on extinguishment of debt	—	(421)
Warrant issuance expense	—	(2,016)
Change in fair value of warrant liability	(21,447)	503
Other income (expense), net	245	(344)
Total Other (Expense) Income	<u>(21,356)</u>	<u>(2,495)</u>
Loss from continuing operations before income taxes	(31,746)	(10,698)
Income tax benefit	—	15
Net loss from continuing operations, net of tax	<u>(31,746)</u>	<u>(10,683)</u>
Loss from discontinued operations, net of tax	(3,252)	(2,189)
Net loss	(34,998)	(12,872)
Net income attributable to noncontrolling interest	(272)	—
Net loss attributable to XTI Aerospace, Inc.	<u>(35,270)</u>	<u>(12,872)</u>
Less: Preferred stock dividends	(42)	(29)
Net Loss Attributable to Common Stockholders	<u>\$ (35,312)</u>	<u>\$ (12,901)</u>
Net loss per share - basic and diluted:		
Continuing operations	\$ (0.91)	\$ (3.16)
Discontinued operations	\$ (0.09)	\$ (0.64)
Net loss	\$ (1.00)	\$ (3.80)
Weighted Average Shares Outstanding, Basic and Diluted	35,284,100	3,384,736

Net loss per share from continuing and discontinued operations is calculated based on net loss attributable to common stockholders. Preferred stock dividends and deemed dividends are allocated to continuing and discontinued operations on a proportional basis.

XTI Aerospace, Inc. And Subsidiaries
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	As of March 31, 2026	As of December 31, 2025
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,185	\$ 16,696
Accounts receivable, net of allowance for credit losses	9,051	12,093
Inventories	19,413	15,400
Prepaid expenses and other current assets	6,688	3,989
Current assets of discontinued operations	—	3,645
Total Current Assets	50,337	51,823
Property and equipment, net	417	385
Operating lease right-of-use asset, net	1,677	2,965
Intangible assets, net	9,108	9,338
Goodwill	11,544	11,544
Note receivable	4,330	—
Other assets	929	403
Non-current assets of discontinued operations	—	4,788
Total Assets	\$ 78,342	\$ 81,246
Liabilities		
Current Liabilities		
Accounts payable	\$ 3,413	\$ 5,212
Accrued expenses and other current liabilities	6,879	6,165
Accrued interest	342	391
Customer deposits	2,480	3,071
Warrant liability	64,895	22,561
Operating lease obligation, current	682	550
Note payable-related party	450	—
Short-term debt	10,569	7,931
Income tax payable	1,241	—
Current liabilities of discontinued operations	—	1,722
Total Current Liabilities	90,951	47,603
Long Term Liabilities		
Note payable-related party	—	450
Operating lease obligation, noncurrent	1,020	2,427
Non-current liabilities of discontinued operations	—	322
Total Liabilities	91,971	50,802
Commitments and Contingencies		
Representative and placement agent warrants, net of issuance costs	2,701	2,701
Stockholders' Equity		
Preferred Stock	—	—
Series 4 Convertible Preferred Stock	—	—
Series 5 Convertible Preferred Stock	—	—
Series 10 Convertible Preferred Stock	—	21,793
Common Stock	38	33
Additional paid-in capital	170,948	157,354
Accumulated other comprehensive income	—	881
Accumulated deficit	(197,593)	(162,323)
Total Stockholders' Equity	(26,607)	17,738
Noncontrolling interest	10,277	10,005
Total Equity	(16,330)	27,743
Total Liabilities, Mezzanine Equity and Equity	\$ 78,342	\$ 81,246

XTI Aerospace, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2026	2025
Cash Flows Used in Operating Activities		
Net loss	\$ (34,998)	\$ (12,872)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	56	32
Amortization of intangible assets	230	91
Amortization of right-of-use asset	223	53
Non-cash interest (income), expense, net	(82)	145
Stock-based compensation	4,847	455
Impairment of intangible assets	—	531
Loss on extinguishment of debt	—	421
Warrant issuance expense	—	2,016
Change in fair value of warrant liability	21,447	(503)
Loss on disposal of Inpixon Business	831	—
Other income	(250)	—
Other	(2)	3
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	4,335	157
Inventories	(3,994)	(19)
Prepaid expenses and other current assets	(2,729)	(594)
Other assets	12	348
Accounts payable	(1,854)	(624)
Related party payables	—	(51)
Accrued expenses and other current liabilities	2,136	(4,892)
Accrued interest	(49)	67
Deferred revenue	(416)	46
Operating lease obligation	(197)	(52)
Net Cash Used in Operating Activities	<u>(10,454)</u>	<u>(15,242)</u>
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(131)	(45)
Net cash paid on disposal of the Inpixon Business	(694)	—
Net Cash Used in Investing Activities	<u>(825)</u>	<u>(45)</u>
Cash Flows Provided by Financing Activities		
Net proceeds from the exercise of liability classified warrants	7,439	1
Net proceeds from sale of common stock and pre-funded warrants via public offerings	—	21,651
Net proceeds from ATM stock offerings	—	1,667
Redemptions of Series 9 Preferred Stock	—	(1,427)
Net borrowings on line-of-credit	4,638	—
Payment of debt issuance costs	(565)	—
Repayments of promissory notes	(2,000)	(2,719)
Net Cash Provided by Financing Activities	<u>9,512</u>	<u>19,173</u>
Effect of Foreign Exchange Rate on Changes on Cash	<u>33</u>	<u>17</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(1,734)</u>	<u>3,903</u>
Cash and Cash Equivalents – Beginning of period	16,919	4,105
Cash and Cash Equivalents – End of period	<u>\$ 15,185</u>	<u>\$ 8,008</u>

XTI Aerospace, Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
(In thousands)
(Unaudited)

(in thousands)	For the Three Months Ended March 31, 2025			
	GAAP	Drone Nerds Pre-Acquisition Activity	Transaction Accounting Adjustments	Proforma
Revenues	\$ —	\$ 30,587	\$ —	30,587
Cost of revenues	—	23,359	—	23,359
Gross profit	—	7,228	—	7,228
Operating expenses	8,203	3,177	201 a	11,581
(Loss) income from operations	(8,203)	4,051	(201)	(4,353)
Other expense	(2,495)	(246)	(186) b	(2,927)
Net (loss) income, before tax	(10,698)	3,805	(387)	(7,280)
Income tax benefit	15	—	—	15
Net (loss) income	\$ (10,683)	\$ 3,805	\$ (387)	\$ (7,265)

- a) Amortization of the purchase price allocation for intangible assets identified for Drone Nerds
b) Interest on the promissory notes issued as part of the Drone Nerds acquisition consideration

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Schedule 1
XTI Aerospace, Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
EBITDA and Adjusted EBITDA
(In thousands)
(Unaudited)

EBITDA and Adjusted EBITDA

XTI Aerospace defines EBITDA as net income (loss) before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for certain items including, (i) non-cash stock-based compensation expense; (ii) severance and restructuring charges; (iii) change in the fair value of warrant liability; and (iv) selected charges that are unusual or non-recurring.

The Company believes that EBITDA and Adjusted EBITDA financial measures assist our board of directors, management, investors, and lenders in comparing our operating performance and establishing operational goals on a consistent basis across periods by removing the effects of our capital structure and other items that impact the comparability of financial results from period to period. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP. EBITDA and Adjusted EBITDA are non-GAAP financial measures and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. These non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies. The most comparable GAAP financial measures, net income, and information reconciling the GAAP and non-GAAP financial measures are included in the table below:

	For the Three Months Ended	
	March 31,	
	2026	2025
Net loss from continuing operations, net of tax, as reported (GAAP)	\$ (31,746)	\$ (10,683)
Interest expense, net	154	217
Income tax benefit	—	(15)
Depreciation and amortization	279	19
EBITDA	(31,313)	(10,462)
Non-cash stock-based compensation	4,675	412
Severance and restructuring charges	263	—
Change in fair value of warrant liability	21,447	(503)
Selected charges that are unusual or non-recurring	—	2,781 ^a
Adjusted EBITDA	\$ (4,928)	\$ (7,772)

a) Consists of warrant issuance expense, change in fair value of investment, and loss on debt extinguishment

	For the Three Months Ended	
	March 31,	December 31,
	2026	2025
Net loss from continuing operations, net of tax, as reported (GAAP)	\$ (31,746)	\$ (14,355)
Interest expense, net	154	51
Income tax benefit	—	(4)
Depreciation and amortization	279	165
EBITDA	(31,313)	(14,143)
Non-cash stock-based compensation	4,675	4,405
Severance and restructuring charges	263	—
Change in fair value of warrant liability	21,447	(2,684)
Selected charges that are unusual or non-recurring	—	2,039 ^a
Adjusted EBITDA	\$ (4,928)	\$ (10,383)

a) Consists of the provision for credit loss on convertible promissory note receivable



First Quarter 2026 Earnings Conference Call – CEO Prepared Remarks – Scott Pomeroy

Format note: These prepared remarks are posted to our Investor Relations website alongside the earnings news release and slide presentation in advance of the earnings call. Rather than reading these remarks during the call, we will host a live, video-based earnings webcast to engage directly with investors and respond to questions in real time.

Before we begin, please note that certain statements made during today's call may be considered forward-looking statements within the meaning of the federal securities laws. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Additional information regarding these risks and uncertainties can be found in the Company's filings with the Securities and Exchange Commission. The forward-looking statements made today speak only as of today, and the Company undertakes no obligation to update these statements except as required by law. In addition, during this call, we will make reference to certain non-GAAP financial measures. A reconciliation of these non-GAAP financial measures are available on the Investor Relations section of our website.

Today, the Company posted its earnings news release, slide presentation and prepared remarks to the Investor Relations section of its website. Today's session will be conducted as a live, video-based earnings call. Scott Pomeroy, CEO, Brooke Turk, CFO, and Jeremy Schneiderman, CEO of Drone Nerds will be responding to questions from participants. The discussion today will focus on first quarter 2026 results. Additional information may be referenced from the materials available on the Company's Investor Relations website.

TO SCOTT POMEROY, CEO of XTI AEROSPACE

Good afternoon, everyone, and thank you for joining us today.

Since January 2026, XTI Aerospace has undergone a significant strategic transformation following the acquisition of Drone Nerds and the repositioning of the Company around a broader unmanned systems platform. Today's discussion is focused on how we are executing against that transition, improving the operating profile of the business, and positioning the Company for sustainable long-term growth and cash flow improvement.

The theme for today's discussion is execution, operating discipline, and cash flow improvement.

Let me briefly outline today's discussion. I will begin with an overview of the business, our strategic priorities, and key developments during the first quarter. **Jeremy Schneiderman**, our **CEO of Drone Nerds** will then review the operational performance of Drone Nerds and provide additional detail around customer activity, market trends, and go-to-market execution. **Brooke Turk**, our **CFO**, will then review our first quarter 2026 financial results, liquidity position, and outlook for the remainder of the year. I will return afterward with a few closing remarks before we open the call for questions.

Strategic Transformation and Operating Focus

Since November 2025, we have been in the process of a significant transformation of the business. XTI has evolved from a long-term, capital-intensive aircraft development company into a revenue-generating operating platform centered around Drone Nerds and the broader unmanned systems ecosystem.

As we sit here today, the core focus of the Company is the performance and execution of Drone Nerds as the operating foundation of the platform. The key question we are focused on answering for investors is straightforward:

Why do we believe Drone Nerds can continue to grow at attractive rates over time, expand margins meaningfully, and support a path toward positive average monthly cash flow?

We recognize that our investors are looking at our operating performance, not simply long-term concepts, and our focus this year is on demonstrating measurable operational progress quarter by quarter.

The first quarter of 2026 is the first full quarter of operations since we closed the acquisition of Drone Nerds in November 2025, and the first full quarter following the Company's strategic transition.

Cost Structure, Cash Flow and Capital Allocation

Over the past quarter, we have been systematically reducing our operating cost structure and lowering cash burn across the organization as we align the business around the operating platform we have today rather than the development-stage structure we operated under historically.

Based on our current operating plan and assumptions, we expect to achieve positive and growing cash flow from operations by Q3 FY2026, with continued growth expected through the balance of the year as we scale revenue and deliver EBITDA growth.

Importantly, our near-term priorities remain centered on growing revenue within our Drone Nerds operating platform and driving sustained financial performance and cash flows from operations.

While we continue to evaluate opportunities across defense applications and manufacturing, those initiatives are being approached selectively and with financial discipline. Said simply, any investment in those strategic opportunities is limited to a small number of key personnel, advisors and specialty consultants and all related costs are embedded in our guided numbers.

Our focus remains clear: improve margins, eliminate cash burn, strengthen liquidity, and continue building long-term shareholder value through disciplined execution.

With that, I'll turn the call over to Jeremy to provide additional detail on our operational performance during the first quarter.

First Quarter 2026 Operational Performance

Thank you, Scott.

We believe the first quarter provided important validation of the direction we outlined earlier this year.

At the operating level, Drone Nerds continued to execute well across the core business, with performance supported by continued momentum in our direct (enterprise/B2B) channel, representing approximately 28% of total revenue during the quarter. We expect to drive disproportionate growth in 2026 and have invested significantly in building our sales and marketing team over the past several months to support our revenue growth objectives.

Sales activity remained broad-based across government, public safety, infrastructure and surveying, energy and utilities, agriculture, education, mining, broadcasting, and other enterprise end markets. We believe this diversification continues to strengthen the overall quality and durability of the platform while reducing dependence on any single customer category or market vertical.

During the quarter, we secured new public-sector relationships across multiple state and county agencies including the states of: Colorado, Ohio, Texas, and Florida, along with new education partnerships with Oregon State University and Hinds Community College.

We also executed several product and partnership launches during the quarter spanning NDAA-compliant enterprise platforms, agricultural drone solutions, professional imaging technologies, and adjacent workflow offerings that we believe strengthen the platform and broaden our enterprise positioning.

We believe the combination of enterprise channel expansion, increased direct customer engagement, accelerating sales activity exiting the quarter, continued new-logo additions, and expanding enterprise solution offerings reflect the operating focus we have been executing against and supports our expectations for continued growth through the balance of the year.

Importantly, we do not view Drone Nerds as simply a reseller or transactional distribution business. We believe the combination of enterprise relationships, technical integration expertise, OEM-agnostic positioning, recurring customer engagement, and real-time market intelligence creates a differentiated platform that becomes increasingly difficult to replicate at scale.

Market Trends and NDAA Demand Environment

We continue to believe the broader drone and unmanned systems market remains in the early stages of long-term adoption growth.

Across both enterprise and government customers, we continue to see increasing focus on operational deployment, automation, inspection workflows, public safety applications, infrastructure monitoring, and secure domestic sourcing requirements. Customer conversations are increasingly centered around scalability, compliance, reliability, and long-term platform support rather than early-stage experimentation.

Customer focus on NDAA compliance and domestic sourcing also continues to accelerate across government, public safety, infrastructure, utilities, education, and other critical industry verticals.

Following the Federal Communications Commission's ("FCC") December 2025 action related to foreign-produced unmanned aircraft systems, customers are increasingly evaluating compliant and domestically aligned drone solutions, particularly where federal funding or critical infrastructure requirements are involved.

We continue to see enterprise customers adopting mixed-fleet strategies, utilizing existing platforms where permitted while simultaneously building compliant solutions for federally connected work and long-term operational requirements.

We believe Drone Nerds is well positioned within that environment given our OEM-agnostic platform, enterprise relationships, market visibility, and growing portfolio of NDAA-aligned and compliant solutions.

Sales Pipeline and Go-to-Market Expansion

Looking ahead, our pipeline entering the second quarter and second half of the year remains active across both enterprise and government channels.

Sales pipeline activity strengthened throughout the first quarter and accelerated entering the second quarter. New enterprise B2B opportunities in Q1 totaled approximately 2,990 units, up approximately 8% year over year, with momentum continuing into April.

We continue to see encouraging activity levels across both new customer opportunities and existing account expansion.

As we have discussed previously, portions of the drone industry tend to be weighted toward the second half of the year due to customer budgeting cycles, government procurement timing, infrastructure deployment schedules, agricultural seasonality, and broader operational timing across several end markets.

Operationally, we have fulfilled our planned expansion of our sales and marketing teams to drive planned growth through the balance of the year.

At the same time, we selectively increased our investments in other sales and marketing initiatives supporting the demand generation initiatives producing the strongest returns across the enterprise platform.

We also continued investing selectively in enterprise sales coverage, government channel development, industry engagement, and demand generation programs supporting our direct B2B growth initiatives.

Margin Expansion and Operating Efficiency

We continue to see opportunities for margin improvement through operating leverage, enterprise mix expansion, services growth, procurement efficiencies, software-enabled workflows, and broader platform scale over time.

As the business mix continues shifting toward direct enterprise engagement, services, training, support, and higher-value integrated solutions, we believe the platform has the ability to generate structurally higher margins over time.

We are confident in our sales growth pacing through the balance of the year to achieve our planned revenue growth, with full year gross profit margins in the 19% to 21% range, and EBITDA margins in the 9.0% to 10.0% range.

With that, I'll now turn the call over to Brooke to review our first quarter financial results and outlook.

First Quarter 2026 Earnings Conference Call — CFO Prepared Remarks

Good afternoon, everyone.

The first quarter of 2026 reflected further execution against the strategic and financial initiatives we outlined earlier this year. During the quarter, we streamlined the business through the divestiture of the Inpixon RTLS business, strengthened our liquidity position with the establishment of a \$20 million ABL facility with JPMorgan, and received approximately \$7.4 million in net proceeds from warrant exercises.

As we move through 2026, we remain focused on disciplined execution, driving the growth of our Drone Nerds platform, improving operating performance, and transitioning to positive adjusted EBITDA and cash flow.

With that context, I will walk through our first quarter financial results, including revenue performance, margins, operating expenses, cash flow, and balance sheet activity, followed by additional commentary on our outlook for the remainder of 2026.

First Quarter 2026 Results

Revenue for the first quarter 2026 was \$27.7 million, driven by the performance of its UAS solutions platform following the acquisition of Drone Nerds in November 2025. The Company had no revenue in 2025.

The \$27.7 million revenue in the first quarter of 2026 is in line with our expectations. As a reminder, the first quarter of each year is typically the lowest for us, while the fourth quarter is normally the highest for us due to seasonality factors Jeremy just noted.

Gross profit was \$5.1 million, representing a gross margin of 18.6%. This margin reflects the product mix and operating model of our UAS distribution and services business, which includes hardware sales, accessories, and related support services. As the enterprise services component of our product mix grows, including training, maintenance, and fleet sustainment, we would expect margin improvement over time, based on our current assumptions, as services have higher margins than hardware distribution.

General and Administrative Expenses

G&A expenses for the first quarter of 2026 were \$11.7 million, compared to \$6.8 million in the prior year. The increase was driven by higher personnel-related costs including stock-based compensation, and operating expenses attributable to the Drone Nerds acquisition.

Other Income (Expense)

Other expense, net was \$21.4 million in the first quarter of 2026, compared to \$2.5 million in 2025. The change between periods was primarily due to the recognition of a \$21.4 million loss related to the change in fair value of the warrants in 2026, partially offset by \$2.0 million of warrant issuance expense related to financing transactions in 2025.

Net Loss and Earnings Per Share

Net loss from continuing operations was \$31.7 million for the first quarter of 2026, compared to \$10.7 million for the same period last year. Net loss from continuing operations per share was \$0.91 during 2026, compared to \$3.16 per share during 2025. The increase in net loss was primarily due to a \$21.4 million change in the fair market value of the warrants in 2026.

The change in net loss per share was also impacted by the additional issuance of common shares during 2025.

Segment Reporting

Beginning in early 2026, the Company operated through two reportable segments: UAS and Autonomous Defense Systems (“ADS”). The UAS segment reflects the operations of Drone Nerds beginning on November 10, 2025, while the ADS segment is now building a core capability around the design, development, and production of unmanned platforms, with an emphasis on serving defense customers and supporting domestic procurement initiatives aligned with U.S. national security priorities.

UAS Segment

For the three months ended March 31, 2026, the UAS segment generated revenue of \$27.7 million and gross profit of \$5.1 million, representing a gross margin of 18.6 percent. This segment accounted for 100 percent of consolidated revenue for the period. Operating expenses consisted primarily of sales and marketing expenses associated with distribution activities and general and administrative expenses required to support the operations of Drone Nerds following the acquisition. There was no revenue or gross profit from this segment in the prior year period.

Autonomous Defense Systems (“ADS”) Segment

For the three months ended March 31, 2026, the ADS segment did not generate revenue. Operating expenses for this segment consisted primarily of research and development costs related to unmanned platforms, with an emphasis on serving defense customers and supporting domestic procurement initiatives aligned with U.S. national security priorities, as well as general corporate expenses supporting ongoing efforts.

Cash Flows

Operating Activities

Net cash used in operating activities for the three months ended March 31, 2026, was \$10.5 million, compared to \$15.2 million in the prior year. The decrease in cash used in operating activities between the periods was primarily related to cash provided by the UAS segment and reductions in cash used in the ADS segment and corporate overhead, offset in part by the aggregate impact of changes in operating assets and liabilities.

Investing Activities

Net cash used in investing activities was \$0.8 million in 2026, compared to \$0.1 million in 2025. During 2026 and 2025, we invested \$0.1 million in capex for property and equipment. During 2026, we paid \$0.7 million related to the disposal of Inpixon. We expect our 2026 capital spending to be relatively limited based on our current operating plan and assumptions.

Financing Activities

Net cash provided by financing activities in 2026 was \$9.5 million, compared to \$19.2 million in 2025. During 2026, the Company received \$7.4 million from the exercise of warrants. Additionally, we borrowed \$4.6 million on the line of credit entered into earlier this year. We repaid \$2.0 million of debt in 2026.

During 2025, we received \$21.7 million from the issuance of common stock and pre-funded warrants as well as \$1.7 million from the ATM stock offering. These inflows were partially offset by the repayment of debt and preferred stock redemptions totaling \$4.1 million in 2025.

Balance Sheet and Liquidity

As of March 31, 2026, the Company held \$15.2 million of unrestricted cash and cash equivalents.

Total debt as of March 31, 2026, was \$10.6 million. Over the next twelve months, we expect to use our cash and operating cash flows to support continued organic growth of XTI based on our current operating plan and assumptions.

In February 2026, we entered into a \$20 million asset-based revolving credit facility with JPMorgan Chase. As of March 31, 2026, there was \$4.6 million drawn under the revolving credit facility and \$8.1 million of remaining availability on the borrowing base.

Unaudited Supplemental Combined Financial Information

The Company has provided unaudited supplemental financial information of the combined company in its earnings press release and its earnings presentation. Such financial information combines XTI and Drone Nerds historical operating results as if the businesses had been operated together on a combined basis during prior periods. This financial information is intended to illustrate the current operating footprint of the Company following the acquisition of Drone Nerds and divestiture of the Company's Industrial IoT / Real-Time Location Systems business.

For the avoidance of doubt, the unaudited supplemental combined financial information was not prepared in accordance with Article 11 of Regulation S-X and differs from the unaudited Pro Forma condensed combined financial information included in the Pro Forma 8-K/A filing dated February 9, 2026 filed with the SEC (the "Pro Forma 8-K Filing"), which was prepared in accordance with Article 11 of Regulation S-X. Accordingly, the unaudited supplemental combined financial information was not prepared in accordance with Article 11 of Regulation S-X and is presented for illustrative purposes to assist investors in understanding the operational performance of the combined business, timing and operational impact of the acquisition, and integration of the combined business, and should not be considered a substitute for the Pro Forma financial information included in the Company's prior filings prepared in accordance with Article 11 of Regulation S-X.

Consequently, the unaudited supplemental combined financial information is intentionally different from, but does not supersede, the Pro Forma financial information set forth in the Pro Forma 8-K Filing or the Pro Forma financial information set forth in the Company's most recent annual report on Form 10-K.

In addition, the unaudited supplemental combined financial information does not purport to indicate the results that actually would have been obtained had the companies been operated together during the periods presented, or which may be realized in the future. The unaudited supplemental combined financial information has no impact on XTI or Drone Nerds previously reported consolidated balance sheets or statements of operations, cash flows or equity.

1Q 2026 vs. 1Q 2025 Pro Forma Comparison

Generally accepted accounting principles ("GAAP") revenue was \$27.7 million for the three months ended March 31, 2026, compared to Pro Forma revenue of \$30.6 million for the same period in 2025. It is important to note that revenue trends during Pro Forma periods of the fourth quarter of 2024, first quarter of 2025, and fourth quarter of 2025 were all affected by unusual timing factors and did not follow our normal seasonal patterns, which I'll explain further below:

The Pro Forma first quarter of 2025 benefited from sales that were delayed from late 2024 because of product supply shortages. Once products became available again, many of those delayed sales were completed in the first quarter of 2025.

In contrast, some sales that normally would have occurred in the first quarter of 2026 instead happened earlier, during late 2025, as customers accelerated purchases ahead of expected FCC regulations related to foreign-made drones. As a result, in the first quarter of 2026 revenue was lower compared to the unusually strong Pro Forma revenue in the first quarter of 2025.

GAAP gross profit was \$5.1 million for the three months ended March 31, 2026, compared to Pro Forma gross profit of \$7.2 million for the three months ended March 31, 2025. GAAP gross profit as a percentage of revenue was 18.6 percent, compared to 23.6 percent for Pro Forma gross profit as a percentage of revenue for the three months ended March 31, 2025. The decrease in gross profit is due to the same unusual timing factors mentioned above. Additionally, as products became available, we focused on higher margin sales.

Adjusted EBITDA was negative \$4.9 million for the three months ended March 31, 2026, compared to negative \$7.8 million for the three months ended March 31, 2025. The decrease in adjusted EBITDA was primarily due to an increase in personnel-related costs including stock-based compensation, professional fees and public company costs.

Outlook: Full Year 2026

As we look ahead to 2026, we continue to operate from a significantly different foundation than in prior years following the transformation of the business and the addition of Drone Nerds. As a result, our financial profile, operating priorities and growth opportunities have evolved meaningfully compared to prior periods.

Based on our current operating plan and assumptions, we continue to expect full-year 2026 revenue of approximately \$160 million or greater, gross profit margins of 19% to 21% and EBITDA margins for the UAS division of 9% to 10%. Our outlook reflects expected contribution from existing customer relationships within Drone Nerds, continued pipeline activity across enterprise and government channels, expanding product offerings and ongoing opportunities within defense-related markets.

Revenue: Full Year 2026

I also want to provide some additional context around the cadence of our revenue throughout 2026, as we recognize this is an important area of focus for investors. Demand patterns within the enterprise, government and defense drone markets are not evenly distributed across the year and tend to build as procurement and deployment cycles progress. Government agencies typically move through budgeting and purchasing processes over several quarters, with purchasing activity and deployments often increasing in the second half of the year. In addition, our business has historically experienced seasonal trends that result in a stronger fourth quarter relative to earlier periods in the year.

As a result, we would expect revenue in the first half of the year to be more moderate relative to the back half of the year, consistent with historical operating patterns and our current planning assumptions. During the first half, we continue to invest in customer relationships, certifications, product offerings, and strategic initiatives that we believe position the business for stronger activity later in the year. Based on our current assumptions and operating plan, we continue to expect full-year revenue of \$160 million or greater and will provide updates as the year progresses.

Liquidity Structure and Capital Allocation

As of March 31, 2026, the Company had \$15.2 million of unrestricted cash and cash equivalents, \$4.6 million drawn and \$8.1 million of remaining availability on the borrowing base under its credit facility.

We intend to execute a capital strategy that is designed to support disciplined growth, fund targeted acquisitions, and invest in the development of our operating divisions. We will work in coordination with our financial advisors to evaluate financing alternatives that optimize flexibility and preserve shareholder value.

We expect to end the year between \$15 million and \$17 million in cash and cash equivalents. From a liquidity and cash flow perspective, we made meaningful progress during the first quarter as we continued executing on our cost reduction and operational realignment initiatives. Adjusted EBITDA improved significantly compared to prior periods, with our adjusted EBITDA loss improving from approximately negative \$10 million in fourth quarter 2025 to approximately negative \$5 million this quarter, reflecting the impact of actions taken to streamline operations, reduce spending and better align our cost structure with the current scale and focus of the business. Therefore, we are on track to cross the key threshold which should result in the permanent transition from our historical cash burn to positive cash flow during the third quarter of 2026. From there, we expect to continue to deliver ongoing and increasing positive cash flow during our fourth quarter of 2026 and beyond.

In addition, we expect to have between \$5 million and \$10 million in available capacity under our ABL facility as of December 31, 2026.

Share Count and Capital Structure

I want to address our capitalization directly, as I know this is a topic of interest. Our current share structure includes common shares outstanding, pre-funded warrants, and common shares issuable upon the exchange of Class B units beginning May 1, 2026. Our fully diluted share count reflects these instruments.

Before we open the call for questions, I want to leave investors with a few key takeaways about where we are as a company and how we are approaching the business going forward.

First, we believe the transformation of XTI Aerospace since the beginning of the year has fundamentally changed the operating profile of the Company.

Today, XTI is centered around a revenue-generating operating platform led by Drone Nerds, supported by enterprise relationships, recurring customer engagement, and growing market visibility across the unmanned systems ecosystem.

That shift has changed how we allocate capital, evaluate opportunities, and measure execution internally. Our primary focus today is operational performance, margin improvement, cash flow discipline, and building a sustainable platform capable of generating long-term shareholder value.

Second, we believe the first quarter provided important evidence that the platform continues moving in the right direction.

We saw continued expansion in our enterprise B2B business, growing public-sector engagement, increasing demand for NDAA-compliant and domestically aligned solutions, improving pipeline activity entering the second quarter, and continued progress on our restructuring and cost reduction initiatives.

We believe these actions are helping reposition the Company around a more scalable and financially disciplined operating structure while supporting our objective of achieving positive consolidated adjusted EBITDA and cash flow during the third quarter of 2026 based on our current operating plan and assumptions.

Third, we continue to believe the broader industry backdrop remains favorable.

Across enterprise, government, public safety, infrastructure, energy, agriculture, and defense markets, unmanned systems are increasingly moving from early-stage adoption into operational deployment at scale. At the same time, demand for compliant, secure, and domestically aligned drone solutions continues to increase across the market.

We believe Drone Nerds is well positioned within that environment given its OEM-agnostic platform, enterprise relationships, technical integration capabilities, and real-time market intelligence across multiple verticals.

And finally, we remain disciplined and measured in how we approach future growth opportunities.

Our focus remains clear: improve margins, grow positive cash flow, strengthen liquidity and continue building long-term shareholder value through disciplined execution.

I want to thank our employees, customers, partners, and shareholders for their continued support.

Thank you.

Scott Pomeroy
Chief Executive Officer
XTI Aerospace, Inc.