Kratos to be Exclusive U.S. Manufacturer for the Elroy Air Chaparral VTOL Cargo Drone

September 23, 2025

SAN DIEGO, Sept. 23, 2025 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq: KTOS), a Technology Company in the Defense, National Security and Global Markets, today announced that Elroy Air, a leading developer of autonomous aerial cargo systems for middle-mile logistics and military resupply, has selected Kratos as Elroy Air's exclusive U.S. manufacturing partner for the Chaparral in a new five-year strategic manufacturing agreement to accelerate expected high-volume production of the Chaparral hybrid-electric autonomous vertical takeoff-and-landing (VTOL) cargo drone.



Elroy Air's Chaparral, shown here in flight, to be manufactured by Kratos

A photo accompanying this announcement is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/7b26d881-f3c8-4fb5-bee9-f28c41e9f5cb.

"Kratos is an established and trusted producer of military UAS and is unique in their manufacturing focus on affordability. Kratos has produced and delivered thousands of uncrewed aircraft, with a well-established and reliable supply chain for these systems. Their expanded production capabilities make them the ideal partner to bring Chaparral to market at scale," said **Elroy Air CEO Andrew Clare**. "This partnership accelerates our ability to deliver Chaparral systems to the many customers waiting for them, across both defense and commercial markets."

Kratos, a proven leader in the development and production of affordable, jet-powered composite unmanned aircraft for the U.S. Department of Defense, recently expanded its manufacturing capacity to support next-generation drone production. This new partnership leverages Kratos' deep expertise and scaled infrastructure to put the Chaparral into high-volume production.

Eric DeMarco, President and CEO of Kratos, said, "Kratos is the recognized industry leader for rapid development, production, and delivery of affordable, leading technology unmanned aerial drone systems, which is a perfect fit with Elroy Air's UAV roadmap, incredibly large forecasted addressable market and related future high volume production plans, including for the U.S. military. Kratos provides Elroy Air an immediate and unique competitive, customer differentiating, value-multiplier advantage, with Kratos' up and running manufacturing facilities, qualified and executing supply chain and relevant past performance qualifications. Kratos' partnership with Elroy Air is a recent example of Kratos delivering relevant products, not promises, power points and renditions, with expected tangible value creation for our stakeholders."

“We are thrilled to partner with Elroy Air to produce their industry-leading drone for the dual-use market,” said **Steve Fendley, President of Kratos Unmanned Systems Division**. “Elroy Air’s market opportunity for Chaparral is already large and continuing to grow. With this growth, Kratos is ideally suited to transition the system to production. The Kratos team is the best in the world at establishing UAS production lines and optimizing affordability.”

Chaparral is designed to autonomously transport up to 300 pounds of cargo over 300 miles, affordably bridging critical logistics gaps for military resupply, disaster relief, and commercial express delivery. The vehicle’s unique hybrid-electric powertrain enables rapid refueling, extra power for recharging batteries and powering payloads in cruise flight, and longer-range cargo transport than similar-sized battery-electric aircraft.

Kratos will perform initial production of Chaparral at their Sacramento, California aircraft production facility and over time, transition to high-rate production at Kratos’ facilities in Oklahoma City. These efforts are expected to bring aerospace jobs to both regions and expand the current supply chain infrastructure that includes many other states across our nation. The first production Chaparral aircraft are planned to be built in 2026.

“Kratos’ proven ability to produce large, composite drones in high volumes makes them the perfect partner to help us scale production of the Chaparral,” said **Dave Merrill, Elroy Air's Founder and Executive Chairman**. "Our customers are eager to expand their operations with our systems, and Kratos' deep production expertise and track record will enable us to deliver robust, world-class Chaparral vehicles in high volumes.”

Kratos and Elroy Air will have their unmanned aircraft systems on display together at the upcoming Miramar Air Show held September 26-28 at the Marine Corps Air Station Miramar in San Diego, California.

About Kratos Defense & Security Solutions
Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS) is a technology, products, system and software company addressing the defense, national security, and commercial markets. Kratos makes true internally funded research, development, capital and other investments, to rapidly develop, produce and field solutions that address our customers’ mission critical needs and requirements. At Kratos, affordability is a technology, and we seek to utilize proven, leading-edge approaches and technology, not unproven bleeding-edge approaches or technology, with Kratos’ approach designed to reduce cost, schedule and risk, enabling us to be first to market with cost effective solutions. We believe that Kratos is known as an innovative disruptive change agent in the industry, a company that is an expert in designing products and systems up front for successful rapid, large quantity, low-cost future manufacturing which is a value-add competitive differentiator for our large traditional prime system integrator partners and also to our government and commercial customers. Kratos intends to pursue program and contract opportunities as the prime or lead contractor when we believe that our probability of win (PWin) is high and any investment required by Kratos is within our capital resource comfort level. We intend to partner and team with a large, traditional system integrator when our assessment of PWin is greater or required investment is beyond Kratos’ comfort level. Kratos’ primary business areas include virtualized ground systems for satellites and space vehicles including software for command & control (C2) and telemetry, tracking and control (TT&C), jet powered unmanned aerial drone systems, hypersonic vehicles and rocket systems, propulsion systems for drones, missiles, loitering munitions, supersonic systems, space craft and launch systems, C5ISR and microwave electronic products for missile, radar, missile defense, space, satellite, counter UAS, directed energy, communication and other systems, and virtual & augmented reality training systems for the warfighter. For more information, visit http://www.kratosdefense.com.

About Elroy Air
Elroy Air is developing industry-first autonomous aircraft systems and cutting-edge software to revolutionize express shipping. Deploying innovative hybrid-electric and autonomous vehicle technologies, their vertical-takeoff-and-landing (VTOL) aircraft transcend traditional airport limitations, unlocking new frontiers in commercial air cargo, humanitarian aid, and military logistics. From agile, low-risk resupply for troops, to dynamic disaster response and firefighting support, to warehouse-to-warehouse express parcel transport, Elroy Air’s technology reshapes logistics possibilities. With facilities in Byron California, Elroy Air is backed by premier venture capital firms including Diamondstream Partners, Catapult Ventures, Marlinspike Partners, Snowpoint Ventures, and Shield Capital. Strategic investment from industry giants like Lockheed Martin Ventures and support from visionary angel investors including early Uber executives drive the company's mission to provide same-day shipping to every person on the planet. For more information, visit elroyair.com.

Notice Regarding Forward-Looking Statements
Certain statements in this press release may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 29, 2024, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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