Palladyne AI Secures Contract to Deliver Key Propulsion Subsystem to Major U.S. Defense Prime for Existing U.S. Missile System Program

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Contract is expected to contribute revenue of nearly $1 million in 2026

Further positions the Company to strengthen its relationship with this Prime Contractor and expand its participation in long-life-cycle U.S. missile programs

SALT LAKE CITY--(BUSINESS WIRE)--Feb. 3, 2026-- Palladyne AI Corp. (NASDAQ: PDYN and PDYNW) ("Palladyne AI"), a U.S.-based defense and industrial technology company delivering embodied AI-powered collaborative autonomy solutions, advanced avionics, precision-manufactured components, UAVs, and advanced aerospace engineering services, today announced it has secured a contract with a major U.S. defense prime contractor to deliver a key, mission-critical subsystem supporting missile propulsion for an existing U.S. missile system program.

Ben Wolff, Chief Executive Officer of Palladyne AI, commented:

"This contract win represents a meaningful step in scaling our defense manufacturing revenues and reinforces our strategy of embedding Palladyne AI into long-lifecycle weapons programs. It also reflects the confidence that another leading defense prime has placed in our ability to deliver mission-critical hardware on demanding timelines. Beyond the initial contract, we believe we are well positioned for growing annual revenues from this program."

The defense prime selected the Company based on its proven performance on defense programs, established manufacturing and delivery track record, and ability to meet accelerated time requirements. Palladyne AI expects to complete deliverables by the end of the third quarter of 2026.

The Company expects to generate revenues approaching $1 million, all of which is expected to be recognized in 2026, representing an incremental addition to the Company's growing and diversified defense revenue stream and reflecting strong customer validation of its precision-manufactured, domestically produced components

The contract reinforces the Company's strategy to deepen its integration within the U.S. defense industrial base, supporting sustained demand for reliable, American-made solutions that enhance the resilience, scalability, and readiness of critical national security platforms.

With its track record of execution on complex defense programs and prime contractor relationships, the Company believes it is well-positioned for continued participation in high-value, long-duration defense programs.

About Palladyne AI

Palladyne AI is a U.S.-based technology company developing patented embodied artificial intelligence, collaborative autonomy solutions, advanced avionics, autonomous systems, advanced UAV engineering services, and precision-manufactured components for defense and industrial markets. Palladyne AI delivers secure, American-developed and operated platforms designed to meet the stringent requirements of U.S. government and public-sector customers, including data sovereignty, security, and compliance.

Palladyne AI's embodied AI is designed to operate in complex, contested, and high-risk environments, enabling distributed tasking, human-on-the-loop decision-making, degraded-communications resilience, and multi-domain coordination. Its platform-agnostic autonomy stack combines real-time sensor fusion, adaptive AI models, and edge-native orchestration—without vendor lock-in—to support autonomous and collaborative systems across air, ground, maritime, and industrial domains where performance, resilience, and trust are paramount. For more information about Palladyne AI, including GuideTech and Palladyne Defense, please visit https://www.palladyneai.com/.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding expected contract performance, delivery timelines, anticipated order renewal, expected initial-year revenues, recurring revenue potential, contributions to revenue growth, and Palladyne AI's defense strategy and market expansion. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. These statements may be preceded by, followed by, or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates," "intends" or "continue" or similar expressions. Such forward-looking statements involve risks and uncertainties that may cause actual events, results, or performance to differ materially from those indicated by such statements. These forward-looking statements are based on Palladyne AI's management's current expectations and beliefs, as well as a number of assumptions concerning future events. However, there can be no assurance that the events, results, or trends identified in these forward-looking statements will occur or be achieved. Forward-looking statements speak only as of the date they are made, and Palladyne AI is not under any obligation and expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Readers should carefully review the statements set forth in the reports which Palladyne AI has filed or will file from time to time with the Securities and Exchange Commission (the "SEC"), in particular the risks and uncertainties set forth in the sections of those reports entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements," for a description of risks facing Palladyne AI and that could cause actual events, results or performance to differ from those indicated in the forward-looking statements contained herein. The documents filed by Palladyne AI with the SEC may be obtained free of charge at the SEC's website at www.sec.gov.

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Palladyne AI Investor Contact:
Brian S. Siegel, IRC®, M.B.A.
Senior Managing Director
Hayden IR - Chicago
(346) 396-8696 (o)
brian@haydenir.com
IR@palladyneai.com

Palladyne AI Press Contact:
Heath Meyer
(858) 768-1527
PR@palladyneai.com

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