Palladyne AI and Red Cat Expand Partnership for Teal Drones

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Partnership Broadened to Encompass Joint Sales and Marketing

Palladyne AI Congratulates Red Cat on U.S. Army's Short Range Reconnaissance Program of Record Award

SALT LAKE CITY--(BUSINESS WIRE)--Nov. 20, 2024-- Palladyne AI Corp. (NASDAQ: PDYN and PDYNW) ("Palladyne AI"), a developer of artificial intelligence software for robotic platforms in the commercial and defense sectors, today announced an expanded partnership with Red Cat Holdings, Inc. (NASDAQ: RCAT) ("Red Cat") and its Teal Drones subsidiary ("Teal"), a drone technology company integrating robotic hardware and software for military, government, and commercial operations. The broadened relationship includes joint go-to-market activities to be coordinated between the companies.

In early October, Palladyne AI and Red Cat announced that they had partnered to embed Palladyne AI's artificial intelligence software into Teal drones, including those already in the field, to enable autonomous operation and expand drone system capabilities to facilitate the creation of a network of collaborating drones and sensors that self-orchestrate to provide superior intelligence, surveillance, and reconnaissance capabilities. Palladyne AI and Teal's expanded partnership will include joint sales and marketing for Palladyne AI's artificial intelligence software on Teal drones. Palladyne Pilot is expected to be available on all Teal drones and will be included in new drones shipped to customers who desire the features and functionality provided by the platform.

Red Cat recently announced it was selected as the winner of the U.S. Army's Short Range Reconnaissance (SRR) Program of Record after a rigorous test and evaluation process for its Teal next generation sUAS, designated as the Black Widow and WEB. The testing and evaluation were completed by the Army Project Management Office for Uncrewed Aircraft Systems, Army Maneuver Battle Lab, and Army Test and Evaluation Command, and the award was based on soldier feedback, technical performance, volume manufacturability, and system cost. The production contract anticipates deliveries beginning in 2025. Palladyne Pilot is expected to be available for all sUAS systems delivered to the Army.

"We are extremely proud to be working with Teal on integrating our Palladyne Pilot artificial intelligence software into Teal's drones and look forward to this expanded relationship to help deliver a best-in-class experience for their defense, public safety, and commercial customers," said Ben Wolff, CEO, Palladyne AI. "Furthermore, we congratulate them on their selection as the winner of the U.S. Army's SRR Program of Record. This contract is extremely well-deserved as Teal sUAS systems exhibit superior capabilities across the board and particularly for complex military operations."

For more information about Palladyne AI, please visit www.palladyneai.com or connect with us on LinkedIn at www.linkedin.com/company/palladyneaicorp. For more information about Red Cat and its Teal drone program, please visit https://redcat.red.

About Palladyne AI Corp.

Palladyne AI Corp. (NASDAQ: PDYN) has developed an advanced artificial intelligence (AI) and machine learning (ML) software platform poised to revolutionize the capabilities of robots, enabling them to observe, learn, reason, and act in a manner akin to human intelligence. Our AI and ML software platform empowers robots to perceive variations or changes in the real-world environment, enabling them to autonomously maneuver and manipulate objects accurately in response.

The Palladyne AI software solution operates on the edge and dramatically reduces the significant effort required to program and deploy robots enabling industrial robots and collaborative robots (cobots) to quickly achieve autonomous capabilities even in dynamic and or complex environments. Designed to achieve precise results with minimal training time, limited data sets, and lower power requirements, compared to current solutions, Palladyne AI believes its software has wide application, including in industries such as automotive, aviation, construction, defense, general manufacturing, infrastructure inspection, logistics and warehousing. Its applicability extends beyond traditional robotics to include Unmanned Aerial Vehicles (UAVs), Unmanned Ground Vehicles (UGVs), and Remotely Operated Vehicles (ROVs). Palladyne AI's approach is expected to elevate the return on investment associated with a diverse range of machines that are fixed, fly, float, or roll.

By enabling autonomy, reducing programming complexity, and enhancing efficiency, we are paving the way for a future where machines can excel in tasks that were once considered beyond their reach.

For more information, please visit www.palladyneai.com and connect with us on LinkedIn at www.linkedin.com/company/palladyneaicorp.

About Red Cat, Inc.

Red Cat (Nasdaq: RCAT) is a drone technology company integrating robotic hardware and software for military, government, and commercial operations. Through two wholly owned subsidiaries, Teal Drones and Flightwave Aerospace, Red Cat has developed a bleeding-edge Family of ISR and Precision Strike Systems including the Teal 2, a small unmanned system offering the highest-resolution thermal imaging in its class, the Edge 130 Blue Tricopter for extended endurance and range, and FANG™, the industry's first line of NDAA compliant FPV drones optimized for military operations with precision strike capabilities. Learn more at www.redcat.red.

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 future collaboration and joint marketing and go-to-market activities between Palladyne AI and Red Cat, future availability of Palladyne Pilot for Army systems, the results of the collaboration between Red Cat and Palladyne AI, capabilities or future capabilities of Palladyne AI's software platform in particular its compatibility with Teal drones, the benefits of Palladyne AI's software platform when used with Teal drones, the industries that could benefit from Palladyne AI's software platform and the applicability of Palladyne AI's software platform to different kinds of

machines (such as UAVs, UGVs and ROVs) including Teal's drones. 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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