Palladyne AI Announces U.S. Air Force Exercise of Additional $2.9 Million STRATFI Contract Option Using Palladyne IQ Embodied AI Architecture for Autonomous Robotic Systems, Bringing Total Award to $10.6 Million

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Palladyne AI (NASDAQ: PDYN), 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 that the U.S. Air Force has exercised a contractual option on its STRATFI (Strategic Funding Increase) contract, adding $2.9 million in new funding and increasing the total contract value to over $10.6 million. The option exercise reflects the Air Force's continued satisfaction with the performance and progress of Palladyne AI's Palladyne IQ™ embodied AI architecture for autonomous robotic systems.

Ben Wolff, President and Chief Executive Officer of Palladyne AI, commented: "This option exercise is exactly the kind of milestone we set out to achieve. When a customer like the U.S. Air Force commits nearly $3 million more after seeing your technology perform, that is an unambiguous signal. Palladyne IQ's AI architecture is working. The Air Force is a demanding customer operating in complex, real-world environments, and it has extended the contract. We believe this program is the proof point for what Palladyne IQ and its architecture can do at scale, and for the enormous market opportunity that lies ahead in autonomous defense robotics."

The STRATFI program, formally titled "Cybernetic Training for Autonomous Robots – Human Augmentation via Generalizable Mobile Autonomous Robot Dexterity (C-H)," was originally awarded in September 2023. Since then, the Air Force has increased its investment as the technology has matured and demonstrated results, including completion of the first phase in October 2024 and additional funding in April 2025. This latest option exercise continues that pattern of performance-driven reinvestment.

The newly obligated funding covers a set of advanced demonstration milestones, including:

- Human-guided machine learning on real robotic platforms, enabling robots to learn complex manipulation tasks autonomously with minimal demonstrations.
- Mixed-reality teleoperation enabling seamless collaboration between human operators and remote subject matter experts.
- Autonomous task execution on robotic platforms in Air Force-relevant mission scenarios.

Palladyne IQ is Palladyne AI's flagship embodied AI platform, purpose-built to deliver closed-loop autonomy for robotic systems operating in dynamic, unstructured, and contested environments. Unlike conventional automation, Palladyne IQ enables robots to learn from as few as one to five human demonstrations, generalize that learning across variations in environment and task, and execute autonomously without cloud connectivity, a critical capability for defense applications where communications may be degraded or denied.

The platform is hardware-agnostic, integrating across robotic systems and sensor suites, and supports real-time sensor fusion and adaptive AI at the edge. These characteristics make Palladyne IQ well-suited not only for the Air Force's evolving requirements in autonomous robotics, but for a broad range of defense and industrial applications.

The U.S. military's investment in autonomous robotic systems is accelerating. The Air Force's continued commitment to this program, now totaling over $10.6 million, reflects a customer that views Palladyne IQ and its architecture as a platform with operational relevance.

About Palladyne AI

Palladyne AI is a U.S.-based technology company developing patented embodied artificial intelligence, collaborative autonomy solutions, and autonomous systems 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 to support autonomous and collaborative systems across air, ground, maritime, and industrial domains. For more information about Palladyne AI, including GuideTech and Palladyne Aerospace and Defense, please visit 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 the expected development, performance, testing, validation, and capabilities of Palladyne IQ; anticipated benefits and outcomes of STRATFI; the potential applicability of Palladyne IQ to future government and commercial opportunities; future deployments, procurements, or contract awards; market opportunities for Palladyne IQ; and Palladyne AI's growth initiatives. 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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