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Teal Drones Secures Exclusive License to Use Autonomous Drone Software and Technology from Autonodyne

Autonodyne Software on Golden Eagle Platform Increases Red Cat Margins Dramatically

SAN JUAN, Puerto Rico, Aug. 23, 2022 (GLOBE NEWSWIRE) -- Red Cat Holdings, Inc. (Nasdaq: RCAT)("Red Cat" or the "Company), a hardware-enabled software provider to the drone industry, announces today a licensing agreement with Autonodyne, LLC. that will enable Red Cat subsidiary Teal Drones, Inc. to ship its drone for government and military segments – the Golden Eagle – with exclusive autonomous capabilities in late 2022.

Combining Teal's drones and Autonodyne technology positions Red Cat as a leader in multi-vehicle and autonomous drone operation. Teal's Golden Eagle drone with Autonodyne software has already successfully demonstrated drone "swarms" and provides features like "unlimited surveillance" that seamlessly rotates multiple drones over a single point of interest for 24/7 coverage.

Under the terms of the license, Teal has secured exclusive right to Autonodyne's software suite for "*autonomy and exchange of control among humans and machines to perform tasks involving crewed and/or uncrewed vehicles.*" Autonodyne has agreed to exclusively provide its software to Teal's current and prospective customers for single vehicles, multi-vehicles, and linked multi-vehicles, whether existing or planned in the future, and includes Autonodyne's patents and unpatented technology.

Red Cat CEO Jeff Thompson said, "Teal's products have repeatedly proven in testing that they can handle difficult mission-specific assignments with ease and offer autonomous capabilities that are superior to other drones. Autonodyne is the first of multiple development partners we plan to integrate and test with for prospective applications in the government and military segments served by our Teal division. Under the terms of the agreement, Autonodyne software will only be made available to Teal, effectively jumping Teal ahead of other drone companies seeking to provide multi-vehicle control or capabilities like unlimited surveillance. Competitors will have to develop their own software or secure licenses from others with inferior test performance.

"Adding Autonodyne software to the Golden Eagle is as significant to our Company's financial success as it is to our customers' mission success. At 42%, the gross margin on the Golden Eagle is certainly good, but adding Autonodyne software to the Golden Eagle increases our gross margin to over 60%," concluded Thompson.

George Matus, founder of Teal, said, "Red Cat has immediate potential to be a leader in this industry's government and military segments. Golden Eagle was selected as one of only a handful of drones certified for U.S. Government procurement and it is continuously being

improved, with a new version to be announced soon. Our hardware-enabled software approach allows us to meet or exceed the security and performance requirements for military operation, border control, public safety, and more. As shown by recent international events, small drones irrefutably make a major difference in front-line outcomes. With fleet level operation at just a few thousand dollars per mission versus millions for larger scale equipment, the attraction of our products is clear."

About Red Cat Holdings, Inc.

Red Cat provides drone-based products, services, and solutions through its five subsidiaries and services the enterprise, military and consumer markets. Teal Drones is a leader in unmanned aircraft systems (UAS), and its Golden Eagle is one of only five drones approved by the Department of Defense for reconnaissance, public safety and inspection applications. Skypersonic's technology enables drones to complete inspection services in locations where GPS is not available, yet still record and transmit data even while being operated from thousands of miles away. Fat Shark is a leading provider of First Person View (FPV) video goggles. Rotor Riot, LLC is a reseller of FPV drones and equipment, primarily to the consumer marketplace. Learn more at www.redcatholdings.com.

Forward Looking Statements

This press release contains "forward-looking statements" that are subject to substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this press release are forward-looking statements. Forward-looking statements contained in this press release may be identified by the use of words such as "anticipate," "believe," "contemplate," "could," "estimate," "expect," "intend," "seek," "may," "might," "plan," "potential," "predict," "project," "target," "aim," "should," "will" "would," or the negative of these words or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are based on Red Cat Holdings, Inc.'s current expectations and are subject to inherent uncertainties, risks and assumptions that are difficult to predict. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. These and other risks and uncertainties are described more fully in the section titled "Risk Factors" in the final prospectus related to the public offering filed with the Securities and Exchange Commission. Forward-looking statements contained in this announcement are made as of this date, and Red Cat Holdings, Inc. undertakes no duty to update such information except as required under applicable law. Currently, federal regulations also require a single operator to maintain effective control and operation of a single drone in line of sight when in domestic use which could limit the applicability for non-government and non-military applications.

Contact:
INVESTORS:
CORE IR
Phone: (516) 222-2560
Email: Investors@redcat.red
Website: https://www.redcatholdings.com

MEDIA:
Anthony Priwer

Dalton Agency
Phone: (615) 515-4891
Email: apriwer@daltonagency.com

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