



NEWS RELEASE

SPARC AI and Rate Manufacturing Partner to Scale GPS-Denied Drone Capability

Vancouver, Canada – May 20, 2026 — SPARC AI Inc. (the “Company”) (CSE: SPAI) (OTCQB: SPAIF) (Frankfurt: 5OV0) today announced a strategic partnership with Rate Manufacturing, a U.S. based defense manufacturer, to integrate SPARC AI’s Overwatch platform into Rate’s Model-F multi-mission drone systems and future platforms. The new partnership was announced at SOF Week in Tampa, Florida.

The collaboration brings together Rate Manufacturing’s drone platform designed for scaling cost-effective drone manufacturing with SPARC AI’s software layer built to solve one of the core constraints of small UAS (sUAS) – maintaining accurate positioning and targeting when GPS is degraded or denied. Rate’s Model-F system emphasizes modularity, reliability, and scalable production, while SPARC AI Overwatch uses onboard inertial sensors and AI to reduce drift and maintain usable accuracy without reliance on external signals or additional hardware.

“Rate Manufacturing’s mission is to deliver drone systems that are reliable, intuitive, and affordable – built to succeed in the world’s most demanding environments,” said Jamie Waller, CEO of Rate Manufacturing. “SPARC AI’s Overwatch fits that mission directly. It puts GPS-denied positioning and targeting in the hands of every operator without adding hardware, weight, or training time, which is how we keep capability scaling alongside production.”

“We are actively solving for what we see as the next bottleneck – effectiveness in contested environments. Knowing where you are and what you’re targeting when GPS can be relied upon,” said Matt McCrann, U.S. CEO, SPARC AI. “Rate Manufacturing is building innovative systems that can be manufactured and deployed at scale, which is where the market is going. Our role is making sure those systems still work when GNSS and other positioning systems don’t. Low-cost inertial systems drift too quickly on their own, so SPARC AI’s software-only approach stabilizes the existing sensors and gives you usable positioning and targeting without additional hardware or payloads. As U.S. and allied partners look to scale their domestic drone production, we want to ensure mission effectiveness scales too.”

As platforms scale, resilient positioning and targeting is emerging as a required layer across next-generation systems, rather than a differentiating feature.

This partnership reflects that shift toward systems designed to be produced at volume and remain effective under electronic warfare conditions. Initial efforts will focus on integration, joint demonstrations, and pilot programs with U.S. and allied defense customers, with expansion into production and broader deployment as opportunities mature.

This collaboration directly supports emerging U.S. Department of War priorities under initiatives such as the Drone Dominance Program, which emphasize deployable, attritable systems capable of operating in contested and electromagnetically degraded environments. The combined Model-F and Overwatch capability is designed to meet these and similar requirements by pairing scalable hardware with a resilient, software-defined positioning and targeting layer.

This announcement follows SPARC AI's recent momentum in operationally relevant environments, including expanded activity supporting defense applications in Ukraine and growing engagement across allied markets. These efforts reflect a broader transition of GPS-denied capability from a specialized feature to a baseline requirement across deployed drone systems.

About SPARC AI Inc.

SPARC AI is a defence technology company solving one of the most critical challenges in modern autonomous systems: accurate navigation and targeting when GPS is unavailable. The company's AI-powered platform transforms the low-cost inertial sensors already inside commercial drones into precision instruments without additional hardware, external signals, or complex integration. SPARC AI's software-only approach enables GPS-denied capability at the scale and cost required for modern drone operations.

For more information: www.sparcai.co

About Rate Manufacturing

Rate Manufacturing is a U.S.-based, veteran-owned defense manufacturer specializing in small unmanned aerial systems designed for reliability, modularity, and scalable production using domestically sourced components.

For more information: www.ratemanufacturing.com

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