



Digital Ally and WatchGuard Reach a Resolution of their Pending Patent Infringement Litigation

The Parties Execute a Patent License and Settlement Agreement Resulting in the Dismissal of the Litigation with Prejudice

Lenexa, KS | May 14, 2019

Digital Ally, Inc. (NASDAQ: DGLY), Digital Ally, Inc. (“Digital Ally”) and WatchGuard, Inc. f/k/a Enforcement Video, LLC d/b/a WatchGuard Video (“WatchGuard”) have reached a resolution of the pending patent infringement litigation brought by Digital Ally against WatchGuard. On May 26, 2016, Digital Ally initiated a patent litigation against WatchGuard for alleged infringement of United States Patent Nos. 8,781,292 (the “’292 Patent”), 9,253,452 (the “’452 Patent”), and 9,325,950 (the “’950 Patent”). The action was filed in the U.S. District Court for the District of Kansas. On May 13, 2019, the parties resolved the dispute and executed a settlement agreement in the form of a Patent License and Settlement Agreement. The litigation will be dismissed with prejudice as a result of this settlement.

The resolution of the dispute centers around the following key terms:

- WatchGuard will pay Digital Ally a one-time, lump sum settlement payment of six (6) million dollars.
- Digital Ally has granted WatchGuard a perpetual covenant not to sue if WatchGuard’s products incorporate agreed-upon modified recording functionality.
- Digital Ally has also granted WatchGuard a license to the ’292 Patent and the ’452 Patent (and related patents, now existing and yet-to-issue) through December 31, 2023. The parties have agreed to negotiate in good faith to attempt to resolve any alleged infringement that occurs after the license period expires.
- The Parties have further agreed to release each other from all claims or liabilities pre-existing the settlement.
- As part of the settlement, the parties agreed that WatchGuard is making no admission that it has infringed any of Digital Ally’s patents.

Similar information will be made available through a filing required to be made by Digital Ally with the SEC. Given the confidentiality terms of the settlement agreement, the parties do not expect to be making further public comments about the terms of the settlement agreement not discussed herein.

About Digital Ally

[Digital Ally](#)®, headquartered in Lenexa, KS, specializes in the design and manufacturing of the highest quality video recording equipment and video analytic software. Digital Ally pushes the boundaries of technology in industries such as law enforcement, emergency management, commercial fleets, and consumer use. Digital Ally's complete product solutions include in-car and body cameras, cloud and local management software, and automatic recording technology. These products work seamlessly together and are simple to install and operate. Digital Ally products are sold by domestic direct sales representatives and international distributors worldwide.

For additional news and information please visit www.digitalallyinc.com

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the Company's disclosures. The Company cannot predict or determine after the fact what factors would cause actual results to differ materially from those indicated by the forward-looking statements or other statements. The reader should consider statements that include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", "projects", "should", or other expressions that are predictions of or indicate future events or trends, to be uncertain and forward-looking. The Company does not undertake to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. Additional information respecting factors that could materially affect the Company and its operations are contained in its annual report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission.