

Tonner Drones Publishes Half-Year Results

Cannes, December 29, 2023, 6:00 p.m.

Tonner Drones (FR001400H2X4 - ALTD) (the “Company”) has published its half-year financial results for the period from January 1, 2023 to June 30, 2023. These results reflect the situation of the Company under the former management and board of directors before the current board of directors was appointed at the June 5, 2023, Annual General Meeting (the “AGM”)¹.

Following this AGM, the new board immediately began to restructure the Company to remedy the absence of a clear business model, and excessive cash burn rate (the “CBR”). Significant measures were implemented in the second half of the year to make the Company viable. All previous staff members, except one, were replaced. The lease for the oversized and overpriced offices was terminated, the premises were vacated, and operations relocated to more affordable and appropriately sized premises in Cannes. Contracts executed by the former management team are also being renegotiated. In parallel, on July 20, 2023, the Company announced its decision to focus on the military and security sector. The initial CBR of approximately €200,000/month has been reduced to about €50,000/month.

The Company also holds minority stakes in four promising drone companies and those will be actively managed to create value for Tonner Drones’ shareholders in 2024, either through joint ventures or capital increases, partnerships with other minority shareholders, or exits.

Sales to June 30, 2023 (in euros)	Operating income to June 30, 2023 (in euros)	Net income to June 30, 2023 (in euros)
88,216	(2,751,918)	(8,829,451)

All write-offs taken on the balance sheet are non-cash events.

Tonner Drones’ restructuring is scheduled to be completed by December 31, 2023. The new board, comprised of Jean-François OTT as chairman, along with Brad TAYLOR and Diede van den OUDEN, has decided to streamline and simplify the Company's structure, and to dissolve the following five subsidiaries, without liquidation through a universal transfer of assets:

- 1) UDT UNITED DRONE TECHNOLOGIES SAS (894 015 940 RCS LYON)
- 2) DELTA DRONE EXPERTS SAS (843 003 484 RCS LYON)
- 3) TECHNI DRONE SAS (791 372 600 RCS LYON)
- 4) MTSI SAS (435 029 780 RCS LYON)
- 5) TONNER DRONES SAS (922 212 469 RCS CANNES)

Tonner Drones’ management is focusing its attention on markets of the future, particularly in the defense and homeland security sectors. Towards those ends, a partnership with Ukrainian military drone manufacturer Techaviacom was announced on September 27, 2023². Five truckloads of equipment were delivered to Ukraine in the second half of the year with the aim of producing and testing our drones on site. Today, tens of thousands of military drones are used every month in all areas of military operations. The patents held by Tonner Drones as well as several patents pending are

¹https://tonnerdrones.com/wp-content/uploads/2023/06/DeltaDrone_CP_closing_07.06.2023_VD.pdf

²https://tonnerdrones.com/wp-content/uploads/2023/09/2023-09-27_Delta-Drone-signe-un-accord-de-vente-et-dachat-avec-Techaviacom_Vdef.pdf



extremely valuable. In particular, Tonner Drones' German and UK recoil elimination patents originally developed for UK special forces have a broad range of drone applications in the civilian and military sectors to reduce the risks to operators and frontline troops. Tonner Drones has already initiated several discussions to leverage these patents in the context of technological partnerships with manufacturers of small arms and military drones.

The results published today focus on the first half of 2023. However, the Company would also like to make it clear that in the second half of 2023, it has had to incur significant legal costs in implementing the restructuring. As a result of these additional legal costs, shareholders should anticipate a loss for the second half of 2023.

As significant shareholders in the Company, management continues its commitment to eliminating variable pricing financing instruments by meeting its obligations towards YA II PN, Ltd ("**Yorkville**") as announced in its press release of June 27, 2023³. A further payment of €80,000 will be made to Yorkville before the end of the year as scheduled, leaving a balance of €140,000. The Company is investigating several options to finance this balance, as well as its working capital.

About Tonner Drones: Tonner Drones (formerly Delta Drone) develops UAVs and associated technologies for the defense and homeland security sectors. Tonner Drones holds valuable stakes in some of France's leading civilian and military drone manufacturers. Tonner Drones' strategy is to leverage its shareholdings in these companies through active asset management, a private equity fund, and by teaming up with other private equity funds to become a significant industry consolidator. Additional revenues can be achieved through royalties from patents held by Tonner Drones to recognized manufacturers. Tonner Drones does not plan on owning a factory; however, it is determined to retain R&D for its products and systems in France.

Tonner Drones' shares are listed on Euronext Growth Paris (ISIN code: FR001400H2X4).

More information at www.tonnerdrones.com

If you would like to find out more, or if you are interested in a partnership: contact@tonnerdrones.com

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³ https://tonnerdrones.com/wp-content/uploads/2023/09/DeltaDrone_CP_DeltaDrone_Yorkville_27.06.2023_EN_VD.pdf