

Update on Core Assets and Strategies

Cannes, 14 June 2024 8:00

Following the publication of its 2023 Annual Report and Audited Accounts, Tonner Drones (“Tonner Drones” or the “Company”) provides this update on its core assets and strategies.

Since new management was appointed and assumed board responsibilities just over a year ago, the Company has stabilized its operations and secured its future funding. Significant cost reductions, coupled with the termination of the Company’s dependence on legacy variable pricing financing instruments, have ensured that Tonner Drones is in a stable financial condition as it enters the second half of 2024.

With this financial restructuring behind it, management is now focused on generating shareholder value through the Company’s minority stakes in French drone companies, the Inhibitor military drone and associated patents, Countbot, potential acquisitions, and the legacy inventory left over from Delta Drone. Towards those ends, the Company provides the following updates:

Minority Stakes in French Drone Companies. Tonner Drones holds minority stakes of between 8% to 15% in several non-listed drone companies located in France, including Donecle, Diodon, and Elistair. Tonner Drones is evaluating which of these companies it will continue to support given an alignment of strategic objectives, and which of these companies it will sell due to disparate strategic objectives. Following the implementation of this strategy, the Company aims to generate between €1 million and €2 million in cash in the next 12 months while maintaining a portfolio that could reach valuations in excess of € 5 million in the next years in those French drone companies.

- **Inhibitor.** When new management arrived on June 5, 2023, it brought with it the Inhibitor military drone technology that had been developed since 2018 at a cost of more than £ 8 million,¹ and included the associated recoil elimination technology patent (that ensures the stability of the drone when firing a projectile) granted in Germany, and several patents pending in other countries. This company and its Inhibitor technology were valued in October of 2021 at more than £ 17 million. Companies associated with Jean-François Ott (Ott Heritage) and Bradley Taylor (Courcelette Holdings) sold Tonner Drones SAS, the company that owned the Inhibitor technology, German patent, and pending patents, to the Company for only € 2 million payable in seller financing through notes convertible into shares and associated earn outs.² Since then, an additional recoil elimination technology patent was granted in the United Kingdom,³ and just last week on 5 June 2024, the Company received correspondence stating that the patent had also been approved in Australia. The Company is dedicated to developing and marketing this technology and its patents with local partners and those in the regions where it has already made inroads, including Ukraine and Niger.
- **Countbot.** Tonner Drones is working closely with engineering partners to evaluate its Countbot warehouse logistics robot with the goal of updating and enhancing its capabilities. This robot, developed by Delta Drone prior to the new management’s arrival, has solid potential and customer demand, but is not currently meeting the high product standards required by the new management team. Following the engineering audit of the Countbot technology, the Company’s aim will be to develop the new Countbot with our engineering partners.

¹ https://tonnerdrones.com/wp-content/uploads/2023/09/DeltaDrone_CP_EN_20.07.2023_VD.pdf

² https://tonnerdrones.com/wp-content/uploads/2023/06/DeltaDrone_CP_closing_07.06.2023_VD.pdf

³ https://tonnerdrones.com/wp-content/uploads/2023/09/BT-2023-09-20_DeltaDrone_UK-patent-for-Recoil-Elimination-Technology_EN_Vdef.pdf

- **Potential Acquisitions.** The Company is regularly contacting and meeting with various companies, in France and internationally, operating in the drone and drone-related technology space, to discuss potential acquisitions or reverse takeovers. At present, despite numerous constructive and promising discussions, Tonner Drones has not entered into any term sheets or letters of intent with any of these potential targets but aims to close on at least one transaction before the end of 2024.
- **Legacy Parts Inventory.** Over the past few weeks, Tonner Drones has successfully consolidated the legacy inventory that it inherited from Delta Drone when new management arrived in June of 2023, and that was located in various places, into the Company's central facility in Cannes. This now allows Tonner Drones, along with its engineering partners, to evaluate the inventory in a single location to determine what inventory continues to be of use and what inventory is obsolete or of no strategic use to the Company such that it can be sold. The Company's aim is to strategically reduce the amount of stored inventory it currently holds through the sales of redundant assets, ultimately supplementing its short-term operational cash requirements.

As set forth in its press release of 4 March 2024,⁴ Tonner Drones became the controlling shareholder of the Swiss company Aero41 via the conversion of its outstanding debt into equity. Aero41 was another company that Delta Drone had invested in prior to new management's arrival and was encountering financial difficulties. Tonner Drones hoped there was a possibility of turning Aero41 around. Unfortunately, Tonner Drones has determined that Aero41 does not have sufficient turnaround potential. As such, Aero41 will enter into bankruptcy proceedings.

Finally, Tonner Drones is pleased to confirm that after being briefly placed on the Euronext penalty bench on 7 June 2024, once it published its annual report and audited financial accounts on 12 June 2024, it exited the Euronext penalty bench on 14 June 2024.

End of press-release.

***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

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⁴https://tonnerdrones.com/wp-content/uploads/2024/03/2024-03-04_TonnerDrones-devient-actionnaire-majoritaire-dAero41_EN.pdf

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