

Tonner Drones Exits Last Variable Pricing Instrument

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Tonner Drones (“Tonner Drones” or the “Company”) is pleased to announce that it has reached an agreement with the holders of the Fiducie A trust to end the Company’s last variable pricing instrument.

- Agreement to terminate the Company’s last remaining variable pricing instrument
- Reduction of potential dilution, estimated to be between 15% and 20%
- Reduction of overall debt by an estimation of more than €1M
- Company expects a book profit from repurchasing the Fiducie A debt at a discount
- New selling restrictions imposed on Fiducie A to reduce their influence on the share price
- New bonds, with fixed conversion price, are being negotiated with new investors to finance cash payments to Fiducie A
- Company management likely to take part in the transaction to end variable pricing instrument
- Management strives towards a simpler capital structure

One of management’s key objectives when arriving at Tonner Drones in June of 2023 was to end all legacy variable pricing instruments. Towards those ends, Tonner Drones successfully ended the Company’s longstanding relationship with Yorkville on March 1, 2024¹. Following the successful capital increase announced on April 2, 2024², the Company turned its attention to also ending the contract with Fiducie A as soon as possible.

The outstanding debt to Fiducie A was €2.1M. Tonner Drones reached a discounted deal with the Fiducie A holders for €1.5M.

Fiducie A will receive a first cash payment in the coming days of €300,000 and a second payment on July 17, 2024, of €400,000. Those cash payments will be financed with a new bond that does not include any variable pricing element. The terms of that bond are currently being negotiated with D.M. van den Ouden, one of the Tonner Drones board members, who is likely to participate in funding this bond to allow the Company to make these cash payments. The specific terms of the bond will be disclosed in a separate press release upon execution.

Throughout the month of May, Fiducie A will be permitted to issue conversion notices to the Company for a maximum of 13.3M shares.

Fiducie A will receive an additional total of 20M shares at nominal value of €0.025, through the issuance of four separate installments of 5M shares on the first day of June, July, August, and September 2024.

Taken together, the cash payments to Fiducie A and the converted shares issued over the next five months to Fiducie A will result in an estimated dilution of between 15% and 20%, a significant reduction of the Company’s debt, and the end of variable pricing instruments.

¹https://tonnerdrones.com/wp-content/uploads/2024/03/2024-03-01_Tonner-Drones-Ends-Convertible-Note-Relationship-with-Yorkville.pdf

² https://tonnerdrones.com/wp-content/uploads/2024/04/Tonner-Drones-PR-Capital-Increase-Result_Final.pdf



New measures have also been introduced to limit Fiducie A's ability to influence the share price through aggressive trading. Fiducie A will be restricted to selling a maximum of 13.5% of the daily volume up to 5M of the daily volume, and 10% after 5M of the daily volume. The maximum number of shares that Fiducie A can sell in one day is capped at 1M.

A final calculation will be made on September 30, 2024, to ensure that Fiducie A has received precisely €1.5M. A maximum payment of €400,000 in cash will be made to Fiducie A on October 1, 2024, in the event that the proceeds to Fiducie A fall below €1.5M.

If TonnerDrones does not pay all or part of the cash payments to Fiducie A, then Fiducie A will resume exercising BSAE1 to recover the missed cash amount. Nevertheless, TonnerDrones' intention is to fulfill all cash payments and thereby reduce dilution.

"I'm an investor and have always felt that variable pricing financing instruments are unfair to shareholders. Therefore I decided to make another investment, to enable the Company to buy back this variable pricing instrument from Fiducie A and protect all shareholders, including those who so recently invested in the rights issue (at €0.025) and who are now supporting our mission to rebuild the Company. By repurchasing this variable pricing instrument, the Company lowers its debt so that it can move forward without the pressure of these variable pricing instruments. The Company's debt is now longer term and therefore does not pressure it anymore. Given the history of DeltaDrone's catastrophic reliance on these variable pricing instruments, this is a major milestone for Tonner Drones. Management has invested heavily in the Company in both debt and equity. This critical step is essential to regaining confidence from the market and conclusively breaking from the past. The management and board of directors are fully dedicated to continuing to work hard to make the Company successful and create value for our shareholders." says D.M. van den Ouden, member of the board.

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

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



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