

Tonner Drones announces the free allocation of share warrants to all its shareholders

Cannes, July 24, 2024 at 8:00 a.m.

Tonner Drones (FR001400H2X4 - ALTD) (the "**Company**"), a company developing drones and associated technologies, in particular for the logistics, defense and homeland security sectors, announces the issue and free allocation of share subscription warrants (*Bons de Souscription d'Actions* – "**BSA**") to all its shareholders. This operation provides for the allotment of one (1) BSA per share held, 3 BSA giving the right to subscribe for 2 new shares from August 2, 2024 at an exercise price fixed at €0.0125, representing a premium of 13.64% over the closing price on July 23, 2024.

Bradley Taylor, Chief Executive Officer of Tonner Drones, said: "*This free allocation of warrants is designed to provide all Tonner Drones' shareholders with the opportunity to continue to support the Company's funding by associating themselves with the Company's growth potential through this complementary instrument to the share. Tonner Drones has achieved a number of milestones in recent months with a strategic repositioning and financial restructuring, including an agreement to discontinue all instruments providing access to capital at a variable price*".

Pursuant to the delegation of authority granted to it by the Ordinary and Extraordinary General Meetings of Shareholders held on January 27, 2023 (3th resolution), the Board of Directors of the Company, at its meeting held on July 12, 2024, adopted the principle of issuing and granting free share warrants to the shareholders of the Company and subdelegated all powers to the Chief Executive Officer of the Company for this purpose. On July 23, 2024, the Chief Executive Officer decided to issue and grant free share warrants to all shareholders, in accordance with the terms and conditions set out below.

The transaction will benefit all of the Company's shareholders, i.e., the holders of the 226,425,716 shares.

To date, the Company is not aware of the intentions of its major shareholders in relation to the exercise of the BSA.

To the best of the Company's knowledge, the share capital and voting rights of Tonner Drones are as follows:

Shareholders	Nombre d'actions	% du capital	% des droits de vote
Ott Heritage ⁽¹⁾	40,270,000	17.79%	17.79%
Courcelette Holdings ⁽²⁾	30,000	0.01%	0.01%
Treasury stock	30	0.00%	0.00%
Public	186,125,686	82/20%	82.20%
TOTAL	226,425,716	100.00%	100.00%

(1) Company controlled by Mr. Jean-François OTT, Chairman of the Board of Directors of the Company.

(2) Company controlled by Mr. Bradley TAYLOR, CEO of the Company.

DESCRIPTION OF THE TRANSACTION

On August 2, 2024, each shareholder of Tonner Drones will receive, free of charge, one (1) BSA for each share held. Based on the Company's share capital, a maximum of 226,425,716 BSAs will be issued.

Three (3) BSAs will entitle their holders to subscribe for two (2) new shares in Tonner Drones at an exercise price per share of €0.0125, i.e., the potential creation (if all BSA are exercised) of 150,950,477 new shares representing a maximum theoretical capital increase of €1,886,880.9625.

This exercise price of €0.0125 represents a premium of 13.64% over the closing price on July 23, 2024 of €0.0110 and of 55.10% over the closing price less the theoretical value of the BSA calculated on the basis of the ex-BSA share price (i.e., €0.0081 based on a theoretical value of a BSA of €0.0029).

The 226,425,716 warrants will be the subject of an application for admission to listing on the Euronext Growth Paris market. They will therefore be listed on a separate line and entitled "BSA" (ISIN: FR001400RIB4).

The term of the warrants is set at three (3) years from the date of their allotment, i.e., until August 2, 2027 inclusive.

Each request to exercise the BSA must be for a minimum of 135,000 BSA to enable the subscription of a minimum of 90,000 new Tonner Drones shares.

PROCEEDS OF THE TRANSACTION

If all the BSA are exercised, the gross proceeds of the transaction could amount to €1,886,880.9625.

OBJECTIVES OF THE OPERATION

The purpose of this operation to issue warrants, which will be allocated free of charge to all shareholders in proportion to their shareholdings, is to :

- strengthen the loyalty of the Company's existing institutional and individual shareholders,
- attract new investors interested in the optional nature of the share warrants, and
- enable the Company to raise funds when the warrants are exercised. The funds raised would then be used to fund the extend financial visibility and expand investment possibilities.

INDICATIVE TIMETABLE FOR THE TRANSACTION

July 12, 2024	Decision by the Board of Directors on the principle of issuing share warrants to be allocated free of charge to shareholders (use of the 3 th resolution of the Annual General Meeting of January 27, 2024) and sub-delegating all powers to the Company's Chief Executive Officer for the purpose of the issue.
July 23, 2024	Decision by the Chief Executive Officer concerning the issue and free allocation of share warrants to shareholders, and setting the terms and conditions of the issue.
July 24, 2024	Distribution of the press release relating on the transaction
July 29, 2024	Publication of the notice of allotment of the warrants in the BALO
July 29, 2024	Publication by Euronext of the notice of issue and free allocation of warrants.
July 31, 2024	Listing of the Tonner Drones shares ex-rights Detachment of the BSA right Listing of the BSA on Euronext Growth

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August 1, 2024	"Record date attribution": accounting record date taken into account for the allocation of the BSA.
August 2, 2024	"Payment Date": Delivery of the BSA
August 2, 2024	Start of the exercise period of the BSA
August 2, 2027	End of the BSA exercise period

IMPACT OF THE ISSUE ON THE SITUATION OF A SHAREHOLDER NOT PARTICIPATING IN THE TRANSACTION

As an indication, the impact of the capital increase, if all the warrants are exercised, on the shareholding of a shareholder holding 1% of the share capital of the Company prior to the capital increase (calculations based on the number of shares comprising the share capital of the Company on July 23, 2024) and not participating in the transaction would be as follows:

Shareholder interest (in %):	Non-diluted basis	Diluted basis*
Before issue of new shares resulting from the exercise of warrants	1.00%	0,96%
After issuance of 150,950,477 new shares resulting from the exercise of all the warrants	0.60%	0,58%

*Taking into consideration the share subscription warrants allocated or issued by the Company as of the date of this press release, with the exception of certain equity warrants of Fiducie A where the dilution cannot be determined for the latter because it is notably a function of the average stock market prices before the exercise request.

It should also be noted that the interests of the holders of outstanding financial instruments giving access to the capital will be preserved, protected or adjusted in accordance with the conditions set out in Article L.228-99 of the French Commercial Code and any other legal or regulatory provisions that may be applicable.

By way of indication, the impact of the capital increase, if all the warrants are exercised, on the shareholders' equity (calculated on the basis of the consolidated equity at 31 December 2023, adjusted for the capital increases carried out and reductions in share capital occurring since this date) would be as follows:

Equity per share (in €)	Non-diluted basis	Diluted basis*
Before issue of new shares resulting from the exercise of warrants	€0.0014	€0.0014
After issuance of 150,950,477 new shares resulting from the exercise of all the warrants	€0.0059	€0.0060

*Taking into consideration the share subscription warrants allocated or issued by the Company as of the date of this press release, with the exception of certain equity warrants of Fiducie A where the dilution cannot be determined for the latter because it is notably a function of the average stock market prices before the exercise request.

PROSPECTUS EXEMPTION

In accordance with the provisions of Article L.411-2 of the French Monetary and Financial Code and Article 211-2 of the General Regulations of the *Autorité des Marchés Financiers* ("**AMF**"), the present issue will not be the subject of a prospectus approved by the AMF, as it represents total proceeds of less than €8,000,000 (calculated over a 12-month period).

A notice to shareholders concerning this transaction will be published in the *Bulletin des Annonces Légales et Obligatoires* (BALO) on July 29, 2024.

RISK FACTORS

Investors are referred to the risk factors set out in the annual financial report as at 31 December 2023¹ available on Tonner Drones' website.

Holders of warrants, or investors who decide to acquire warrants on the market during the period in which the warrants are listed, are advised of the specific risk factors relating to these securities, in particular:

1. No market for the warrants

There can be no guarantee that a market will develop for the BSA once they are listed or that their holders will be able to sell them on the secondary market.

There is no obligation to create a market for the BSA.

If a market for the BSA does develop, the warrants may be subject to greater volatility than Tonner Drones shares.

2. The market price of the Company's shares may never reach the exercise price of the warrants.

There can be no assurance that the market price of the Company's shares will exceed the exercise price of the warrants and the subscription price of the new shares issued upon exercise of the warrants. Accordingly, no assurance can be given that investors will be able to sell their shares at a price equal to or greater than the subscription price of the shares issued upon exercise of the BSA upon exercise of the BSA.

3. Risk of loss of the BSA investment

BSA holders who purchase their BSA on the market after the free allocation and who do not sell or exercise their BSA before midnight August 2, 2027 will lose their entire investment.

4. Dilution risk

To the extent that shareholders do not exercise their warrants, their percentage interest in the capital and voting rights of Tonner Drones will be reduced if the warrants are exercised by the other holders. A shareholder holding 1% of the capital prior to the free allocation of the BSA to all shareholders and who decides not to exercise the BSA received as part of this transaction would see his stake in the capital fall to 0.60% if all the BSA were exercised. Even if shareholders choose to sell their warrants, the potential consideration they would receive may not be sufficient to compensate for this dilution.

DISCLAIMER

This press release and the information contained herein does not constitute an offer to sell or subscribe for, or the solicitation of an order to buy or subscribe for, shares in Tonner Drones in any jurisdiction. The elements contained in this release may contain forward-looking information that involves risks and uncertainties. The Company's actual results may differ materially from those anticipated in this information as a result of various risk factors and uncertainties.

¹ [Financial Annual Report 2023](#)

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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APPENDIX: DETAILED TERMS AND CONDITIONS OF THE FREE ALLOCATION OF SHARE SUBSCRIPTION WARRANTS

Nature of the transaction

The operation proposed by Tonner Drones consists of the free allocation of 226,425,716 share subscription warrants (*Bons de Souscription d'Actions* – “BSA”) to all shareholders (before neutralization of BSA allocated to treasury shares).

Legal framework of the transaction

At its meeting of July 12, 2024, the Board of Directors of Tonner Drones made use of the delegation of authority granted by the 3th resolution adopted by the Ordinary and Extraordinary General Meetings of Shareholders held on January 23, 2023, to decide on the principle of issuing and granting stock warrants to shareholders free of charge, and sub-delegated all powers to this effect to the Chief Executive Officer of the Company.

Pursuant to this sub-delegation by the Board of Directors, the Chief Executive Officer decided on July 23, 2024 to issue and allot 226,425,716 BSA free of charge to all shareholders in accordance with the terms and conditions set out below.

CHARACTERISTICS OF THE WARRANTS

Form of BSA – BSA will be registered or bearer warrants, at the option of the shareholder.

BSA subscription price – The BSA will be allotted free of charge to all shareholders on the basis of one (1) BSA per share held.

Exercise parity of the BSA – Three (3) BSA will give the right to subscribe for two (2) new shares in the Company with a nominal value of €0.0125 each, at a unit subscription price of €0.0125.

BSA exercise price – €0.0125 per new share, representing a premium of 13.64% to the closing price of €0.0110 on July 23, 2024. The subscription price for the Company's shares issued on exercise of the BSA must be paid in full in cash on exercise of the BSA. In order to exercise their warrants, holders must submit a request to the intermediary with whom their warrants are registered.

BSA Exercise Period – The BSA will be exercisable at any time from the date of allotment until and including August 2, 2027. Warrants that are not exercised by this date will lapse (the "**Exercise Period**").

Minimum number of BSA to be exercised – Each request to exercise BSA must be for a minimum of 135,000 BSA to enable the subscription of a minimum of 90,000 new Tonner Drones shares.

Payment for new shares subscribed upon exercise of BSA and dividend entitlement date – The new shares resulting from the exercise of the BSs must be fully paid up at the time of subscription. The new shares must be paid up in cash.

The new shares resulting from the exercise of the warrants will be entitled to dividends and will be listed on the same quotation line as the existing shares.

Lapse of BSA – BSA not exercised by midnight August 2, 2027 inclusive will lapse and lose all value.

Listing of the BSA – Application will be made for the BSA to be admitted to trading on the Euronext Growth Paris market. The first listing is expected to take place on July 31, 2024 under ISIN code FR001400RIB4.

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Methods of exercise – In order to exercise their BSA, holders must make a request to the intermediary with whom their shares are registered. The exercise request must relate to a minimum of 135,000 BSA to enable the subscription of a minimum of 90,000 new Tonner Drones shares. If a holder does not have sufficient BSA to subscribe for a whole number of shares in the Company, the holder must purchase in the market the number of BSA required to subscribe for such a whole number of shares in the Company. Fractional warrants may be sold on the market during their listing period, but will not entitle their holders to any compensation from the Company.

The exercise of the BSA is centralised by UPTEVIA (Euroclear France member no. 23).

Delivery of the new shares resulting from the exercise of the BSA - The new Tonner Drones shares resulting from the exercise of the BSA will be delivered two trading days after the date of the exercise request received by UPTEVIA and validation of a calculation agent.

Suspension of the exercise of the warrants – In the event of the issue of new equity securities or new securities giving access to the Company's share capital, or in the event of a merger or demerger, the Board of Directors reserves the right to suspend the exercise of the BSA for a period not exceeding three months, although this option may not under any circumstances cause warrant holders to lose their rights to subscribe for new shares in the Company.

In this case, a notice will be published in the *Bulletin des Annonces Légales Obligatoires* (BALO) at least seven days before the effective date of the suspension, informing the holders of the BSA of the date on which the exercise of the BSA will be suspended and the date on which it will resume. This information will also be the subject of a notice published by Euronext Paris.

Preservation of the rights of BSA holders – From the date of issue of the BSA and for as long as any outstanding BSA remain valid, the rights of BSA holders will be preserved in accordance with the applicable laws and regulations, in particular Articles L. 228-98 et seq. of the French Commercial Code:

- in the event of a capital reduction due to losses resulting in a reduction in the number of shares, the rights of the holders of warrants with respect to the number of shares to be received upon exercise of the warrants shall be reduced accordingly, as if the said holders had been shareholders since the date of issue of the warrants,
- in the event of a reduction of the share capital by means of a reduction in the nominal value of the shares, the subscription price of the shares to which the warrants give entitlement shall be equal to the nominal value of the share immediately prior to the said reduction of the share capital, the share premium being increased by the amount of the reduction in the nominal value.

In addition :

- in the event of a capital reduction not involving a loss by means of a reduction in the nominal value of the shares, the subscription price of the shares to which the warrants entitle their holders will be reduced accordingly,
- in the event of a capital reduction not motivated by losses by a reduction in the number of shares, the holders of BSA may, upon exercising their BSA, request the repurchase of their shares under the same conditions as if they had been shareholders at the time of the repurchase of the Company's own shares.

If the warrants are not exercised, the Company may carry out one of the transactions described below:

- issue of shares with preferential subscription rights for existing shareholders;
- capital repayment
- change the distribution of profits, in particular by creating preference shares
- the distribution of reserves, in cash or in kind, and of share premiums.

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The Company must also inform BSA holders of such transactions and of any protective measures it may decide to adopt in their favor.

To this end, it shall

1. either enable the holders of BSAs to exercise them when the exercise conditions defined by the Company's Board of Directors are not met, so that they can immediately participate in or benefit from the transactions referred to in the first paragraph, in accordance with the provisions of Article R. 228-87 of the French Commercial Code,

2. or take the necessary measures to enable them, in the event of a subsequent exercise of their warrants, to subscribe for the new securities issued on an irrevocable basis or to obtain an allotment free of charge or to receive cash or assets similar to those distributed, in the same quantities or proportions and under the same conditions, except for the right to dividends, as if they had been shareholders at the time of these transactions, in accordance with the provisions of Articles R. 228-88 and R. 228-89 of the French Commercial Code,

3. or adjust the subscription conditions for the shares to be issued upon the exercise of the initial share warrants to take account of the effects of the above transactions, provided that such adjustment is possible in the light of the conditions for the exercise of the share warrants adopted by the Board of Directors of the Company; the adjustment shall be made by applying the method provided for in Article R. 228-91 of the French Commercial Code, it being specified that the value of the preferential subscription right and the value of the share prior to the detachment of the subscription right shall be determined, if necessary, by the Board of Directors on the basis of the subscription, exchange or sale price per share applied during the last transaction involving the Company's share capital (capital increase, contribution of securities, sale of shares, etc.) during the six (6) trading days preceding the date of the detachment of the subscription right.) during the six (6) months preceding the Board of Directors' meeting or, if no such transaction has taken place during this period, on the basis of any other financial parameter that the Board of Directors deems relevant.

The Company may take the measures provided for in point 1. and point 2. simultaneously. In any event, it may replace them with the adjustment provided for in point 3, if such an adjustment is possible.

In the event of a merger by absorption of the Company, each holder of BSA shall be notified and shall receive the same information as if he were a shareholder so that he may, if he so wishes, exercise his right to subscribe for shares.

The Company may change its legal form, its object and the rules governing the distribution of its profits, as well as redeem its capital and issue preference shares in accordance with Article L. 228-98 of the French Commercial Code.

Representative of BSA holders – Pursuant to Article L. 228-103 of the French Commercial Code, the BSA holders will be grouped together in an entity with legal personality and subject to the same provisions as those set out in articles L. 228-47 to L. 228-64, L.228-66 and L. 228-90 of the same Code.

Pursuant to article L. 228-47 of the French Commercial Code, the sole representative of the group of BSA holders (the "**Representative of the BSA Holders**") is appointed as follows: Mr. Jelle Ypma.

The Representative of the BSA Holders shall have full and unrestricted power to perform all acts of management on behalf of the BSA holders in defence of their common interests.

He shall hold office until his resignation, his removal by the General Meeting of BSA holders or the occurrence of an incompatibility. His term of office shall automatically expiry two months after the

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end of the Exercise Period. Where applicable, this term of office shall be automatically extended until the final resolution of any legal proceedings in which the representative is involved and the execution of any decisions or settlements reached.

The Representative of the BSA Holders will not receive any remuneration.

Settlement of fractional shares – Each holder of BSA exercising his rights under the warrants may subscribe for a number of new shares in the Company calculated by applying the current exercise ratio to the number of BSA presented.

If, as a result of one of the transactions referred to in the previous paragraph, the holder of BSA exercising his rights is entitled to a number of new shares that constitutes a "fractional entitlement", he may request that he be allocated one or all of the new shares immediately:

- or the whole number of new shares immediately below, in which case the Company will pay the holder a cash compensation equal to the fraction of the share constituting the fractional entitlement multiplied by the value of the share. The value of the share is calculated on the basis of the opening price of the Company's shares on Euronext Growth Paris or on any other market on which the Company's shares are listed during the trading session preceding the date of the request to exercise the rights attached to the warrants;
- or the whole number of new shares immediately above, provided that the Company is paid an amount equal to the value of the additional fractional share thus requested, valued on the basis of the previous paragraph.

Information to warrant holders in the event of an adjustment – In the event of an adjustment, the new exercise conditions will be brought to the attention of the holders of the warrants resulting from this issue by means of a notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO).

The Board of Directors will report on the calculation and results of the adjustment in the first annual report following the adjustment.

Purchases by the Company and cancellation of BSA – The Company reserves the right to purchase BSAs on or off the stock market at any time, without limitation as to price or quantity, or to make public offers to purchase or exchange BSAs. BSAs purchased on or off the stock market or through public offers will no longer be considered outstanding and will be cancelled, in accordance with Article L.225-149-2 of the French Commercial Code.

Other markets and stock exchanges – None.

CHARACTERISTICS OF THE NEW SHARES RESULTING FROM THE EXERCISE OF THE WARRANTS

Issue date of the new shares – The new shares will be issued as and when the BSA are exercised, between August 2, 2024 and August 2, 2027.

Number of new shares to be issued – For information purposes, if all of the BSA are exercised, a maximum of 150,950,477 new shares will be created in the Company, representing a capital increase of €1,886,880.9625 including the issue premium (before neutralisation of treasury shares). The number of new shares will be announced by Euronext Paris and published in a press release at the end of the BSA exercise period, i.e. August 2, 2027.

Listing and nature of the new shares resulting from the exercise of the BSA – The new shares resulting from the exercise of the BSA will be ordinary shares in the Company of the same class as the Company's existing shares. Once admitted to trading on Euronext Growth Paris, they will be treated in the same way as the Company's existing shares.

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The new shares resulting from the exercise of the BSA will be subject to periodic applications for admission to trading on Euronext Growth Paris and will be tradable on the same line as the existing shares. They will be traded under the same ISIN code as the Company's existing shares, i.e., ISIN FR001400H2X4.

Publication of results – At the end of the BSA exercise period, the Company will issue a press release stating the number of new shares and the total amount of funds raised through the subscription of the new shares resulting from the exercise of the BSA.

Dilution – A shareholder holding 1.00% of the Company's share capital prior to the allotment of the BSA and who elects not to exercise the BSA received under this operation will see his holding fall to 0.60% if all of the BSAs are exercised.

Dividend Entitlement Date – The new shares resulting from the exercise of the BSA will be entitled to dividends and will be listed on the same quotation line as the existing shares.

Form – The new shares may be held in registered or bearer form, at the option of the holders.

Negotiability of the new shares – There is no clause in the Articles of Association restricting the free negotiability of the shares constituting the share capital of the Company. The new shares will therefore be freely negotiable.

Applicable law and jurisdiction – The BSA and the new shares are governed by French law. In the event of a dispute, the courts at the registered office of the Company will have jurisdiction if it is the defendant and will be designated according to the nature of the dispute, unless otherwise provided by the Code of Civil Procedure.