

Tern PLC (TERN)

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11 June 2018

Tern Plc (the "Company", or the "Group")
Issue of Loan to Device Authority

Tern Plc (AIM:TERN), the investment company specialising in the Internet of Things ("IoT"), announces that it has paid US\$303,954 to its portfolio company, Device Authority ("DA"), representing a convertible secured loan (the "DA Loan"). Following this payment, Tern's total convertible loan note position with DA is US\$1,175,867.

The total funds secured by DA through this facility are US\$425,000 from DA's existing shareholders, including Tern.

In providing this support, DA's shareholders, including Tern, are pleased by the continued progress DA is making in the form of partnerships and the implementation of its KeyScaler platform.

This third tranche of the convertible loan note accrues an interest coupon of 5% and is convertible automatically on an equity fundraising in DA of at least USD\$2.5 million to be completed before 28 September 2018 ("Qualifying Fundraising"). The conversion will be into the most senior class of shares issued on the Qualified Fundraising at the lowest fundraising price per share.

If the Qualifying Fundraising is not completed before 28 September 2018, but DA is able to procure an exit, the providers of the loan can elect to either receive 300% of the principal amount of the loan notes held by them in addition to the accrued interest, or to convert the loan and accrued interest into Class A Preference Shares of DA at a conversion price of £0.036681585 per share.

Providers of the DA loan shall also be issued 2.6 warrants ("Warrants") for each \$1 of loan notes subscribed for by them (rounded down to the nearest whole number). The Warrants shall have a term of seven years and be exercisable from now and give each Warrant holder the right to subscribe for one Class A Preference Share of DA for each Warrant held by them at an exercise price of £0.036681585 per share.

As part of this process, it has been agreed by all noteholders that all previous convertible loan notes provided to DA have their maturity date extended to 28 September 2018.

Al Sisto, CEO of Tern, said:

"Given the positive progress we have seen from DA through its recent partnerships and product launches, we are pleased to utilise our solid cash position to support this exciting company. All our portfolio companies are strengthening their market position, and we are financially well positioned to continue supporting them during the next 12 months. With this in mind, we look forward to reporting their future developments."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

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