

Tern PLC (TERN)

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**14 September 2018**

**Tern Plc (the "Company", or the "Group")  
Issue of further loan to Device Authority Limited**

Tern Plc (AIM: TERN), the investment company specialising in the Internet of Things ("IoT"), announces that it has provided a further convertible secured loan of US\$525,000 to its portfolio company, Device Authority Limited ("DA"). The loan is repayable on 28 December 2018 (the "DA Loan"). Following this investment, Tern's total convertible secured loan note position with DA is US\$1,700,867.

The total funds secured by DA through this facility from DA's existing shareholders, including Tern, are US\$730,516.

In providing this support, DA's shareholders, including Tern, are pleased with the progress DA continues to make with its partners, including the launch of a connected health solution with Thales and the ongoing recognition of its value in the IoT security market. This was highlighted by being recognised as the 2018 Emerging Star in the global IoT security market by Quadrant Knowledge Solutions. DA also continues to improve KeyScaler, and a recent new release introduces support for Comodo CA and IdenTrust (part of HID Global). These new service connectors offer customers greater flexibility and integration with Certificate Authorities ("CA") for enabling automated certificate provisioning and management for IoT devices.

This fourth tranche of the convertible secured loan note accrues an interest coupon of 5 per cent. per annum and is convertible automatically on completion of an equity fundraising in DA of at least USD\$2.5 million which is completed before 28 December 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 a Qualifying Fundraising is not completed before 28 December 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 have also been issued with 2.6 warrants for each \$1 of loan notes subscribed for by them (rounded down to the nearest whole number). Each warrant, which is exercisable at any time before 13 September 2025, provides each warrant holder with the right to subscribe for one Class A Preference Share of DA for each warrant held 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 December 2018.

**Al Sisto, CEO of Tern, said:** "We are very pleased to be continuing our support of Device Authority following the progress the company has been making with its partners, including the recent product launch with Thales. It is pleasing to see the company achieving recognition within the IoT security market for the products and partnerships being formed and we look forward to reporting on future developments."

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

**Enquiries**

**Tern Plc** via Redleaf Communications  
Al Sisto/Sarah Payne

**Allenby Capital** Tel: 020 3328 5656  
(Nomad and joint broker)  
David Worlidge/Alex Brearley

**Whitman Howard** Tel: 020 7659 1234  
(Joint broker)  
Nick Lovering/Christopher Furness

**Redleaf Communications** Tel: 020 3757 6880

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