

Tern PLC (TERN)

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26 September 2019

Tern Plc (the "Company", or the "Group")

**Issue of further convertible loan to Device Authority
H1 2019 results shareholder call details**

Tern Plc (AIM: TERN), the investment company specialising in the Internet of Things ("IoT"), announces that, together with its co-investors, it has committed a further convertible secured loan to its portfolio company, Device Authority Limited ("DA"), which specialises in IoT security. The total funds secured by DA through this loan are US\$418,895, of which Tern has contributed US\$315,000. Tern holds 56.8% of DA's issued share capital.

The Board believes that DA's model is gaining traction and its commercial activity is increasing. Following this investment, Tern's total convertible secured loan note position with DA is US\$2,730,867. The loan is repayable on 31 March 2020. 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 31 March 2020.

The loan note accrues an interest coupon of 5 per cent. per annum and is convertible automatically on completion of an equity fundraising by DA of at least US\$2.5 million if completed before 31 March 2020 ("Qualifying Fundraising"). The conversion will be into the most senior class of shares issued in the Qualifying Fundraising at the lowest fundraising price per share.

If a Qualifying Fundraising is not completed before 31 March 2020, but DA is able to procure an exit for its shareholders, 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.

Tern, together with its co-investors, will also be issued with 2.6 warrants for each US\$1 of loan notes subscribed for by them (rounded down to the nearest whole number). Each warrant, which is exercisable at any time before [25] September 2027, 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.

Al Sisto, CEO of Tern, said: "DA boasts an industry recognised product, blue chip clients and a board which has an intrinsic understanding of the IoT security arena. We are pleased to provide this additional capital and look forward to continuing to working closely with DA's management team as it focuses on building on the recent momentum established."

H1 2019 results shareholder call

A shareholder conference call with accompanying presentation slides will be held at 10:30 AM GMT on Monday 14 October 2019.

The call will be hosted by the Company's CEO, Al Sisto, who will discuss the period under review and answer pre-submitted shareholder questions to the extent that he is able to do so. No new material information or update on trading will be provided.

Full details of how to join the call will be provided shortly but Tern welcomes shareholder questions ahead of this via tern@newgatecomms.com. The Company will be unable to accept questions submitted after 10:30 a.m. UK time on 10 October 2019. Al Sisto will aim to answer as many pre-submitted questions as possible during the call.

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

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