

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 (WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018). UPON THE PUBLICATION OF THIS ANNOUNCEMENT THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE WITHIN THE PUBLIC DOMAIN.**

12 June 2023

**Tern Plc**  
**("Tern" or the "Company")**

**Funding facility**

Tern Plc (AIM:TERN), the investment company specialising in supporting high growth, early-stage, disruptive Internet of Things ("IoT") technology businesses, announces that it has signed a loan facility agreement (the "Facility") with an investor (the "Investor") to provide a loan facility of up to £3.0 million, available for up to 36 months.

The Directors intend that the Facility will be used to provide Tern with a stronger negotiating position and access to funding for follow-on investment opportunities in future syndicated fundraises undertaken by Tern's existing portfolio companies.

The Facility provides for an initial drawdown (the "Initial Advance") of £500,000, which the Company has drawn down, with further drawdowns being subject to the conditions of the Facility at that point in time.

Funds advanced under the Facility will attract a fixed interest rate of 1.0% per calendar month and will be repayable with accrued interest, in equal monthly instalments, commencing 180 days from the date of drawdown until the end of the 18 month term of each drawdown.

The Company may repay any amounts drawn down under the Facility in cash and it is the Directors' current intention that any amounts drawn down under the Facility will be repaid from the proceeds from the full or partial exit of one or more of its current investments.

Alternatively, the Company may settle any outstanding amounts owed as monthly repayments through the issue of new ordinary shares of 0.02p each in the Company (the "Ordinary Shares") (a "Non-cash Repayment"). Following any decision by the Company to make a Non-cash Repayment, the Investor will be automatically granted conversion rights over such drawdown principal and interest balances that were due pursuant to a repayment (the "Conversion Rights"). Pursuant to such Conversion Rights, the Investor will then have the right for 12-months to convert such amounts into Ordinary Shares. For the first 10 trading days following a Non-cash Repayment, the Investor may require that the Company satisfies the principal and interest balances that are due via the sale of shares in Wyld Networks AB ("Wyld") held via the Wyld Escrow Facility (as defined below). Following these 10 trading days, the Investor may exercise its Conversion Rights and subscribe for Ordinary Shares to satisfy the principal and interest balances that remain outstanding. In respect of its Conversion Rights, the Investor may subscribe for Ordinary Shares at a price per share equal to the lower of: (i) 90% of the average of the lowest five daily volume weighted average share prices of the Ordinary Shares on AIM ("VWAPs") in the 20 trading days preceding a Non-cash Repayment (the "Adjusted Issue Price"); or (ii) an amount equal to 130% of the average of the daily VWAPs for the 5 trading days immediately prior to the applicable drawdown date. If at the end of the relevant 12 month period such conversion has not occurred and/or repayment has not been satisfied via the sale of shares in Wyld held via the Wyld Escrow Facility (as defined below), then any balance outstanding shall be paid to the Investor in cash by the Company.

The Investor shall receive warrants (the "Warrants") equal to 50% of the value of each drawdown divided by the average of the daily VWAP for the five trading days immediately prior to the applicable drawdown date (the "Reference Price"), with a 36-month term to expiry from the date of issuance. The warrants are exercisable into new Ordinary Shares at a subscription price being equal to 150% of the then prevailing Reference Price. With regards to the Initial Advance, the Investor has received 5,524,007 warrants with an exercise price of 6.78855 pence per Ordinary Share. If these Warrants were to subsequently be exercised in full, it would result in the issue of 5,524,007 new Ordinary Shares raising gross proceeds of £375,000 for the Company. In the event that the Company prepays the Facility, in whole or in part, then the Warrants shall be repriced to the average of the daily VWAPs for the five trading days prior to the date of the prepayment, if such value is less than the existing exercise price of the Warrants. If the Company issues and allots new Ordinary Shares at an issue price that is below the exercise prices of the Warrants (other than pursuant to the Facility) within 18 months of each drawdown, the exercise prices of the relevant Warrants shall be amended to be equivalent to that issue price to the extent any Warrants remain unexercised.

Pursuant to the Facility's terms, for the Initial Advance the Company has issued new Ordinary Shares in settlement of a Facility implementation fee of £50,000 in the amount of 1,104,801 new Ordinary Shares.

settlement of a Facility implementation fee of £50,000 in the amount of 1,104,001 new Ordinary Shares at a deemed price of 4.5257 pence per share (the "Implementation Fee Shares") being a price equivalent to the daily VWAPs for the five trading days prior to the date of the Facility. Any further drawdowns under the Facility will incur a Facility implementation fee equal to 7% of the amount drawn down if paid in cash, or 10% of the amount drawn down if settled via the issue of new Ordinary Shares in the Company at an issue price equivalent to the daily VWAPs for the five trading days prior to the date of such draw down (the mechanism of settlement in Ordinary Shares or cash is at the election of the Company).

As security for the Facility, the Company will, *inter alia*, place in an escrow account shares in Wyld owned by the Company, which are to be maintained at a value not less than 1.5 times the value of any outstanding amount drawn down and accrued interest under the Facility ("the Wyld Escrow Facility").

The Company has provided a number of warranties and undertakings to the Investor pursuant to the Facility. The Facility is also subject to certain events of default and default processes, which include demanding repayment of the Facility's principal and interest, and the Investor being able to satisfy such repayment via the sale of shares in Wyld utilising the security arrangements via the Wyld Escrow Facility and/or following a continuing event of default the Investor may subscribe for Ordinary Shares at a discounted price per share. In the event of a default, the Facility also provides for additional monthly interest, applicable to any and all outstanding principal, interest and fees that have become payable.

The Company shall be entitled to prepay the Facility at any time, in whole or in part, provided that a prepayment fee representing 10% of the balance being repaid is paid at the time of such prepayment. Once repaid or prepaid the Facility may not be redrawn unilaterally by the Company.

#### **Admission and Total Voting Rights**

Application will be made for the Implementation Fee Shares to be admitted to trading on AIM ("Admission") and it is expected that Admission will take place on or around 16 June 2023.

In accordance with the Financial Conduct Authority's Disclosure, Guidance and Transparency Rules, the Company confirms that following Admission, the Company's enlarged issued ordinary share capital will comprise 389,676,311 Ordinary Shares. The Company does not hold any shares in Treasury. Therefore, from Admission, the total number of voting rights in the Company will be 389,676,311 and this figure may be used by shareholders in the Company as the denominator for the calculations to determine if they are required to notify their interest in, or a change to their interest in the Company, under the Disclosure Guidance and Transparency Rules.

#### **Enquiries**

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