

6 June 2025

Tern plc

("Tern" or the "Company")

**Notice of AGM
and
Director Retirement**

Tern Plc (AIM:TERN), the company focused on value creation from Internet of Things ("IoT") technology businesses, announces that the Company's Annual General Meeting ("AGM") will be held at 10.30am on Monday 30 June 2025 at the offices of Allenby Capital, 5 St Helen's Place, London, EC3A 6AB.

The notice of AGM (the "Notice of AGM") will shortly be available from the Company's website <https://www.ternplc.com/investors> and will be posted to shareholders today, together with the form of proxy.

Extracts from the Notice of AGM

Background and reasons for the Resolutions

The Resolutions cover routine business, *inter alia*, the approval of the Company's annual report and accounts for the year ended 31 December 2024, the reappointment of the auditors and the re-election of two directors, together with important resolutions to grant the directors of the Company (the "Directors") the authority to issue new Ordinary Shares generally and for cash whilst dis-applying the pre-emption rights of existing shareholders ("Shareholders") in relation to such an issue (the "Share Issuance Resolutions", being Resolutions 5 and 6), and to conduct share buy-backs.

The Share Issuance Resolutions would permit the Directors to issue up to 200,000,000 new Ordinary Shares (representing approximately 34.6 per cent. of the Company's existing issued ordinary share capital) generally and 100,000,000 new Ordinary Shares (representing approximately 17.3 per cent. of the Company's existing issued ordinary share capital) for cash whilst dis-applying the pre-emption rights of Shareholders in relation to such an issue.

In relation to the Share Issuance Resolutions the Directors believe that Shareholders are faced with a pivotal choice, one that will determine the financial stability and strategic flexibility of the Company at what is considered to be a crucial juncture. The Share Issuance Resolutions are not just routine corporate measures; the Directors believe they are essential safeguards that provide the Company with the ability to raise capital efficiently and potentially at short notice, to secure and maximise the value of its portfolio investments, and protect shareholder value.

The Directors believe that failure to approve the Share Issuance Resolutions would have severe shorter-term consequences for the Company:

- Loss of financial leverage - Without the ability and flexibility to issue new ordinary shares, the Company will lose critical negotiation power when investment is sought by its investee companies, putting the Company at a disadvantage in discussions involving third-party investors;
- Forced liquidation of maturing assets - Several of the Company's portfolio investments are approaching maturity, presenting opportunities for strategic exits or reinvestment at attractive valuations. However, without access to additional funding, the Company may be forced to prematurely liquidate holdings, potentially at reduced valuations, which would directly undermine shareholder returns; and

- Increased dilution and strategic weakness - The inability to participate in key funding rounds for portfolio companies, often at relatively short notice, could lead to significant dilution of existing holdings and impair the Company's ability to influence their future direction.

By approving the Share Issuance Resolutions, Shareholders will provide the Company with the financial flexibility that the Directors believe is necessary to defend its market position, maximise the value of maturing investments, and execute on its strategy, without being forced into potentially unfavourable asset sales.

Should the Share Issuance Resolutions not be passed the Company will likely be required to seek to satisfy its further funding requirements from the disposal of holdings in its portfolio in the shorter-term and in a timeframe and potentially in a manner that the Directors consider may not be in the best interests of the Company and its shareholders. In these circumstances the Directors believe that the Company may also suffer greater dilution of its remaining portfolio holdings than if the Company had access to potential funding through the issue of Ordinary Shares. The Directors therefore believe that failure to pass the Share Issuance Resolutions will likely therefore result in a lower value being ultimately achieved for the Company's shareholders than if they are passed.

Resolutions

The following Resolutions will be proposed at the AGM:

1. Resolution 1, which will be proposed as an ordinary resolution, is to receive and adopt the Company's annual accounts for the financial year ended 31 December 2024, together with the Directors' Report and Auditors' Report on those accounts.
2. Resolution 2, which will be proposed as an ordinary resolution, is to re-appoint S&W Partners Audit (nee Evelyn Partners) as auditors to the Company at a remuneration to be determined by the directors.
3. Resolution 3, which will be proposed as an ordinary resolution, is to re-appoint Iain Ross as a director of the Company.
4. Resolution 4, which will be proposed as an ordinary resolution, is to re-appoint Jane McCracken as a director of the Company.
5. Resolution 5, which will be proposed as an ordinary resolution, is to authorise the Directors to allot and grant rights to subscribe for, or convert any security into, Ordinary Shares up to a total nominal value of £40,000 (representing a total of up to 200,000,000 new Ordinary Shares).
6. Resolution 6, which will be proposed as a special resolution and which is subject to the passing of resolution 5, is to disapply statutory pre-emption rights, provided that such authority shall be limited to an aggregate nominal value of £20,000 (representing a total of up to 100,000,000 new Ordinary Shares).
7. Resolution 7, which will be proposed as a special resolution, is to authorise the Company to make market purchases of its Ordinary Shares, subject to certain restrictions.

Recommendation

The Directors consider that the proposed Resolutions are in the interests of the Company and of its shareholders as a whole. The Directors believe that failure to pass the Resolutions will likely result in a lower value being ultimately achieved for Shareholders than if they are passed. Accordingly, they unanimously recommend that you vote in favour of the Resolutions to be proposed at the AGM, as the Directors and members of Tern's senior management team intend to do in respect of their own beneficial shareholdings amounting to 24,458,933 Ordinary Shares, representing approximately 4 per cent. of the issued share capital of the Company.

Capitalised terms used, but not otherwise defined in this announcement, bear the meanings ascribed to them in the Notice of AGM.

Director Retirement

Ian Ritchie, who has been the Company's Non-Executive Chairman since 2017, has decided to retire from the Board at the conclusion of the AGM. The Company would like to thank Ian for his considerable contribution to Tern over the last eight years and wish him well in his retirement.

Assuming Jane McCracken, currently an independent Non-Executive Director of the Company, is re-appointed as a director of the Company at the AGM, she will assume the role as the Company's Chair at the conclusion of the AGM, initially on an interim basis.

The Board of the Company following the conclusion of the AGM, assuming Iain Ross is also re-appointed as a director of the Company at the AGM, will therefore comprise Jane McCracken (Independent Interim Non-Executive Chair) and Iain Ross (Independent Non-Executive Director). The Board will continue to be supported by a non- Board senior management team, led by Al Sisto and Bruce Leith. An overview of Tern's management and governance arrangements can be found in the Company's announcement of 21 November 2023 and biographical details of the members of the Board and the senior management team can be found in the Company's annual report for the year ended 31 December 2024, published yesterday.

The Company notes that whilst it will fulfil the Companies Act requirement as a public company to have at least two directors, the Board is mindful of the Company's needs, having in mind that the Company is admitted to a trading on a UK public market and will look to appoint an additional Non-Executive Director when a suitable candidate is identified.

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