

9 October 2025

Tern Plc

("Tern" or the "Company")

Reductions in Board and Executive Management Fixed Remuneration and Distribution Commitment

Tern Plc (AIM:TERN), the investment company specialising in supporting high growth, early-stage, disruptive Internet of Things ("IoT") technology businesses, announces a reduction in the fixed remuneration of Tern's board (the "Board") and its executive management, together with a distribution commitment for when significant proceeds are received from exits of the Company's investments.

As previously announced, the focus of the Board and Tern's executive management team is on realisations and specifically seeking to maximise the value that can be realised from Tern's portfolio companies and investments through successful exits from its investments at the appropriate time, ultimately seeking strong returns for shareholders. At the same time the Company is maintaining strict control over operational costs and looking to make further savings where appropriate, in addition to the significant savings made in 2024 and the current financial year.

The Board have examined ways in which the operational costs of the Company can be further reduced, whilst aligning the interests of Tern's Board and executive management with those of shareholders. The Board, with the agreement of the executive management, have therefore resolved that:

- **Fixed remuneration reduction:** From 1 November 2025 there will be a 50 per cent reduction in the salaries of the two Board directors, Jane McCracken and Iain Ross, and Tern's executive managers Al Sisto and Bruce Leith. This is expected to provide a saving of approximately £153,000 on an annualised basis.
- **Performance-aligned remuneration policy:** The Board has adopted a remuneration policy whereby 12.5% of the net proceeds of any exit of the Company's investments will be allocated to the executive team and Board, being those directly responsible for the Company's capital allocation, strategy, and execution.
- **Shareholder distribution commitment:** The Board has committed that shareholders will receive a distribution or capital return of at least 50% of the net proceeds received by the Company from the exit of any individual investment over £1 million (subject to the Company having sufficient distributable reserves and no legal or regulatory impediment to undertaking such an action).

Commenting, Jane McCracken, Interim Non-Executive Chair of Tern, said: *"We recognise that it is very important that management and shareholder interests are aligned, particularly during this capital-intensive phase of development of Tern's investments. The decision to reduce Board and executive management salaries by 50% will only have a modest financial impact on Tern, but coupling this with a fixed performance-based component of remuneration reflects our desire to signal a clear alignment of interests with shareholders. This is not a discretionary bonus scheme, but a lean, outcome-driven policy designed to reflect the team's scale of responsibility and the nature of our mandate."*

"Our focus remains on realisations and we wish to give shareholders a clearer indication of what they can expect when we receive proceeds from exiting investments. The Tern Board and management team are all working hard to deliver shareholder value and I look forward to providing further updates in due course."

Enquiries

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