

22 May 2026

Tern Plc

("Tern" or the "Company")

Investment in Device Authority Convertible Loan Notes

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 invested US 280,000 (approximately £209,000) in new unsecured convertible loan notes (the "CLNs") issued by Device Authority Limited ("Device Authority"). The investment in the Device Authority CLNs will be funded from the proceeds of the Company's recent Open Offer.

The CLNs carry an interest rate of 8 per cent. per annum and the CLNs' principal amount and accrued interest are convertible on either a change of control of Device Authority, or a fundraising of at least US 5 million (a "Qualifying Fundraise") undertaken by Device Authority, or, if neither have occurred on 30 June 2027. On a change of control, the CLNs are convertible at a three times multiple to their face value and the value of accrued interest. On a Qualifying Fundraise the CLNs are convertible at a 25 per cent discount to the Qualifying Fundraise price. If neither a change of control nor a Qualifying Fundraise has taken place, the CLNs will mature on 30 June 2027.

As at 30 June 2025, the date of Tern's last published book valuation, Tern's holding in Device Authority had a total unaudited book value of £4.0 million. Following the issue of the CLN, Tern's equity holding in Device Authority will be unchanged and Tern will continue to hold approximately 25.3% of Device Authority's equity (before any dilution on exercise of share options), although now with a CLN holding of approximately £0.21 million.

As part of the same overall funding round, Device Authority is in the process of raising up to US 1.6 million of funding from existing investors through the issue of CLNs on the same terms.

Jane McCracken, Interim Non-Executive Chair of Tern, said: *"We are pleased to be able to provide this further funding to Device Authority, which is part of a larger fundraise by the business to ensure they have sufficient working capital to service significant contracts expected in the near term. We remain very excited by the potential of Device Authority and our other portfolio companies, and are focused on realising value from them as soon as is appropriate."*

Further information on Device Authority

Device Authority is a global leader in Identity and Access Management ("IAM") for the IoT; focused on the automotive, medical device ("IoMT") and industrial ("IIoT") sectors. Device Authority's KeyScaler™ platform provides zero touch provisioning and complete automated lifecycle management for securing IoT devices and data at scale, with frictionless deployment across device provisioning, authentication, credential management, policy based end-to-end data security/encryption and secure OTA (over the air) and HSM (hardware security module) updates.

Based on Device Authority's latest statutory accounts for the year ended 31 December 2025, as at that date it had net assets of approximately £11,609,000 and incurred a loss for the year of approximately £1,750,000. Given the historic and statutory nature of these figures, Tern does not consider this to be representative of the current business, trading performance and prospects of Device Authority.

Enquiries

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