RNS Number : 0470O
Tern PLC
28 July 2026

28 July 2026

Tern Plc

("Tern" or the "Company")

Investment in Talking Medicines Convertible Loan Notes

Increased Distribution Commitment

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 £117,195 in new unsecured convertible loan notes (the "CLNs") issued by Talking Medicines Limited ("Talking Medicines"). The CLNs provide Tern with an uplifted principal value of £234,389, being approximately double the value of the new funds that Tern has invested. Tern's investment in the Talking Medicines CLNs has been funded from the proceeds of the Company's recent placing, announced on 15 July 2026.

The CLNs carry an interest rate of 10 per cent. per annum and the CLNs' principal amount and accrued interest are convertible on either an exit or a fundraising of at least £2 million undertaken by Talking Medicines, in both cases at a 20 per cent discount to the exit or fundraising price. If neither an exit nor a relevant fundraising has taken place, the CLNs will mature on 21 November 2029, in line with the approximately £0.79 million of convertible loan notes that the Company already holds in Talking Medicines.

As at 31 December 2025, the date of Tern's last published book valuation, Tern's equity and convertible loan note holding in Talking Medicines had a total audited book value of approximately £1.7 million. Following the issue of the CLNs, Tern's equity holding in Talking Medicines will be unchanged and Tern will continue to hold approximately 23.8% of Talking Medicines' equity, but now with an increased total convertible loan note holding of approximately £1.02 million.

Increased Distribution Commitment

On 9 October 2025 the Company announced that the Tern board (the "Board") were committed to shareholders receiving 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).

Following further review, the Board is now pleased to commit that Tern shareholders will receive a distribution or capital return of at least 70% 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).

As a purely illustrative example (using an illustrative amount received and level of estimated professional costs associated with the disposal and Tern performing a distribution process), were the Company to receive gross proceeds of £5 million from the sale of an individual investment, the distribution would be calculated as follows*:

Gross proceeds received	£5,000,000
Illustrative costs of disposal and distribution process (third party fees and expenses)	£350,000
Net proceeds received	£4,650,000
Net proceeds above £1 million	£3,650,000
Minimum 70% distribution of net proceeds above £1 million to Tern shareholders	£2,555,000

shareholders	

** The Board believes the portfolio companies continue to make progress towards potential transaction opportunities. As with any such process, there can be no certainty regarding the timing, terms and outcome of any potential transaction.*

Jane McCracken, Interim Non-Executive Chair of Tern, said: *"This investment further strengthens Tern's position in Talking Medicines, a business that continues to make encouraging commercial progress in the rapidly evolving field of artificial intelligence within healthcare. By investing through these convertible loan notes, we have been able to increase our economic exposure on attractive terms, whilst maintaining a prudent approach to capital allocation following our recent fundraisings.*

"At the same time, we are pleased to enhance our commitment to shareholder returns by increasing the minimum proportion of net proceeds from qualifying portfolio exits that we intend to distribute or return to shareholders from 50% to 70%. This reflects the Board's confidence in the maturity of the Tern portfolio and our continued focus on delivering value for shareholders through realisations while retaining sufficient flexibility to support the Company in the longer term."

Further information on Talking Medicines

Talking Medicines uses Advanced Data Science and Artificial Intelligence to empower healthcare advertising agencies, enabling them to consistently win and retain their Pharma clients whilst achieving improved productivity, with swift project delivery. Talking Medicines is seeking to revolutionise the over US 23bn healthcare advertising market (Research and Markets, Healthcare Advertising Market Report 2025), through unlocking strategic intelligence within conversational data. Talking Medicines empowers customers to gain strategic advantages in analysis, measurement, and enhanced brand equity through structuring conversational data.

Based on Talking Medicines' latest statutory accounts for the year ended 31 December 2024, as at that date it had unaudited net liabilities of approximately £1.4 million and incurred an unaudited loss for the year of approximately £0.51 million. Given the historic nature of these figures, Tern does not consider this to be representative of the current business, trading performance and prospects of Talking Medicines.

Enquiries

Tern Plc Jane McCracken (Interim Non-Executive Chair)	via IFC Advisory
Allenby Capital Limited (Nominated Adviser and Broker) Alex Brearley / Ashur Joseph (Corporate Finance) Kelly Gardiner (Sales and Corporate Broking)	Tel: 0203 328 5656
IFC Advisory (Financial PR and IR) Tim Metcalfe Graham Herring Florence Staton	Tel: 0203 934 6632

MSCQDLFLQDLFBBV