

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in the document or as to the action you should take, you are recommended to seek your own advice from a stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000, if you are a resident of the United Kingdom, or, if not, another appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all of your shares in Tern plc, please forward this document, together with the accompanying documents (except for any personalised forms), as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice of General Meeting

To be held at the offices of Allenby Capital, 5 St Helen's Place
London, EC3A 6AB
on 23 September 2024 at 9.30 a.m.

Tern plc

Notice of General Meeting

Chairman's Letter

Tern plc

Registered office:

27/28 Eastcastle Street
London W1W 8DH
Telephone: 020 3807 0222
Website: ternplc.com
Incorporated in
England and Wales
No. 5131386

5 September 2024

Notice of General Meeting

Dear Shareholder

INTRODUCTION

We are writing to you regarding a general meeting of Tern plc ("**Tern**" or the "**Company**") which is to be held at 9.30 a.m. BST on 23 September 2024 at the offices of Allenby Capital, 5 St Helen's Place, London, EC3A 6AB (the "**General Meeting**").

The resolutions to be proposed at the General Meeting (the "**Resolutions**") are to grant authority to the directors of the Company (the "**Directors**") to issue new ordinary shares of 0.02p in the capital of the Company ("**Ordinary Shares**") and the disapplication of pre-emption rights in relation to such an issue of Ordinary Shares.

The purpose of this circular is to provide you with details of, and the reasons for, the Resolutions.

BACKGROUND AND REASONS FOR THE RESOLUTIONS

At the Company's 2024 Annual General Meeting held on 27 June 2024 (the "**2024 AGM**") the resolution to grant the Directors the authority to issue new Ordinary Shares for cash on a non-preemptive basis did not achieve the requisite number of votes to be passed. Following the failure to pass this resolution at the 2024 AGM, the Directors do not have the authority to issue new Ordinary Shares for cash on a non-preemptive basis.

During 2023 the Company reduced its operating costs by approximately 40 per cent., halving its senior executive leadership team from four to two and moving to a lower cost office, amongst other measures. However, the Company still faces the ongoing costs of being an AIM quoted company and maintaining access to sufficient skilled resource in order to manage its portfolio of early-stage IoT businesses. The Company is also presented, often at relatively short notice, with fundraisings planned by its portfolio companies. If it is not possible for Tern to participate in these fundraisings, the Company could find that either, or both, its shareholdings in the relevant portfolio company is diluted and their valuation reduces, which is likely to then adversely impact upon the Company and the potential returns available for Shareholders.

Post the 2024 AGM, the Board has therefore been investigating ways to appropriately raise funds to protect Tern's position in, and progress, Tern's portfolio companies, whilst also providing Tern with funding as an AIM quoted company. As at 30 June 2024, the Company had unaudited cash of £0.1 million and an outstanding liability under the Facility (details of which were originally announced on 12 June 2023) of

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£0.2 million. On 5 September 2024, the Company announced its unaudited interim results for the six months to 30 June 2024, which contained a portfolio update and an update regarding the Board's strategy to focus on realisations.

On 9 August 2024, the Company announced the disposal of part of its shareholding in Device Authority Limited ("**Device Authority**") for a total cash consideration of £233,000. As a consequence, Tern's holding in Device Authority reduced from 31.7 per cent. to 30.0 per cent. (before any dilution on the exercise of share options and the expected closing of tranche two of the Device Authority fundraising announced on 27 December 2023). This sale of equity in Device Authority equated to approximately 5.3 per cent. of Tern's holding in Device Authority and was appropriate to meet the Company's immediate funding requirements, but additional medium-term funding is required.

The Company's additional funding requirements could potentially be satisfied from further disposals of holdings in the Company's portfolio. However, the Directors believe that any further short-term disposals would potentially be in a manner that may not be in the best long-term interests of the Company and Shareholders. The Company has therefore announced, on 5 September 2024, an open offer to Tern shareholders to raise gross proceeds of up to £600,972 through the issue of up to 48,077,813 new Ordinary Shares (the "**Open Offer**"), utilising substantially all of the Directors' current authority to allot Ordinary Shares without disapplying pre-emption rights, to generate funds to invest further in one or more of Tern's portfolio companies and investments, and for general corporate purposes.

However, in addition to the funds generated from the August 2024 disposal of part of its shareholding in Device Authority and the Open Offer, the Directors believe that having the authority to issue additional new Ordinary Shares is important for an investment company such as Tern as, among other things, it provides the Company with the flexibility to raise, or have access to, further funding, potentially at short notice, to support its portfolio companies as required and for general corporate purposes, where such funding:

- gives the Company negotiating leverage when dealing with potential third-party investors in discussions regarding Tern's portfolio companies; and
- enables the Company to participate, potentially at short notice, in potential fundraisings by its portfolio companies. If this is not possible, the Company could find that either, or both, its shareholdings in its portfolio companies are diluted and their valuation reduces, which may then adversely impact upon the Company.

The Resolutions would provide the Directors with the general authority to allot up to 150,000,000 new Ordinary Shares and an authority to disapply statutory pre-emption rights in relation to an issue of up to 100,000,000 new Ordinary Shares.

GENERAL MEETING

You will find set out at the end of this letter the notice convening the General Meeting to be held on 23 September 2024 at the offices of Allenby Capital, 5 St Helen's Place, London, EC3A 6AB.

The following Resolutions will be proposed at the General Meeting:

1. Resolution 1, 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 £30,000 (representing a total of up to 150,000,000 new Ordinary Shares); and
2. Resolution 2, which will be proposed as a special resolution and which is subject to the passing of resolution 1, 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).

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ACTION TO BE TAKEN

The Form of Proxy for use at the General Meeting is enclosed with this letter.

The Form of Proxy should be returned to the Company's registrars, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX as soon as possible and, in any event, so as not to arrive later than 9.30 a.m. on 19 September 2024 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the notice of General Meeting and the Form of Proxy.

RECOMMENDATION

The Directors consider that the proposed Resolutions are in the interests of the Company and of its shareholders as a whole. Accordingly, they unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors and members of Tern's senior management team intend to do in respect of their own current beneficial shareholdings amounting to 21,444,230 Ordinary Shares, representing approximately 5.0 per cent. of the issued share capital of the Company (as at the date of this letter).

Yours sincerely

Ian Ritchie

Chairman

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NOTICE IS HEREBY GIVEN that a General Meeting of Tern plc (the "Company") will be held at 9.30 a.m. on 23 September 2024 at the offices of Allenby Capital, 5 St Helen's Place, London, EC3A 6AB.

BUSINESS OF THE MEETING

To consider, and if thought fit, to pass the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. That for the purpose of section 551 of the Companies Act 2006 ("the Act"), the directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £30,000, provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant equity securities to be allotted after such expiry and the board may allot relevant equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

This authority is in substitution for all subsisting authorities previously conferred upon the directors for the purposes of section 551 of the Act, without prejudice to any allotments made pursuant to the terms of such authorities.

SPECIAL RESOLUTION

2. That, subject to the passing of resolution 1 above, the directors of the Company be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 1 above as if section 561 of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to:
 - a) the allotment of equity securities for cash in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities subject only to such exclusions or other arrangements as the board may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and
 - b) the allotment (otherwise than pursuant to sub-paragraph a) of this resolution (2) of equity securities up to an aggregate nominal value of £20,000.

The power conferred by this resolution 2 shall expire (unless previously renewed, revoked or varied by the Company in general meeting), at such time as the general authority conferred on the board by resolution 1 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot or sell equity securities for cash in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

By Order of the Board

MSP Corporate Services Limited

Company Secretary

5 September 2024

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Notes to the General Meeting notice

1. Shareholders will only be entitled to attend and vote at the General Meeting if they are registered as the holders of Ordinary Shares at 9.30 a.m. on 19 September 2024. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to vote at the adjourned meeting is 48 hours (ignoring any part of a day that is not a working day) prior to the date and time fixed for the adjourned meeting. Changes to entries on the register of members of the Company later than the time and date falling 48 hours (ignoring any part of a day that is not a working day) prior to the meeting (or any adjournment thereof) will be disregarded in determining the rights of any person to vote at the meeting.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, vote and speak at the meeting provided each proxy is appointed to exercise rights attached to different shares. A proxy need not be a shareholder of the Company.
3. You can register your vote(s) for the General Meeting either:
 - by visiting www.shareregistrars.uk.com, clicking on the “Proxy Vote” button and then following the on-screen instructions (you can locate your user name and access code on the top of the proxy form);
 - by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the proxy form accompanying this notice;
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in notes 6 – 9 below.

In order for a proxy appointment to be valid the proxy must be received by Share Registrars Limited by 9.30 a.m. on 19 September 2024.

4. Shareholders can:
 - appoint a proxy or proxies and give proxy instructions by voting online or returning the enclosed form of proxy by post (see note 5); or
 - if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see notes 6-9).
5. A form of proxy is enclosed for use by the shareholders of the Company. To be effective, it must be deposited with the Company’s registrars, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX so as to be received no later than 48 hours (ignoring any part of a day that is not a working day) before the time appointed for holding the meeting. Completion of the proxy does not preclude a shareholder from subsequently attending and voting at the meeting if he or she so wishes. In the case of a shareholder which is a company, the form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy of such power or authority) must be included with the form of proxy.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. For a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy

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or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID:7RA36) no later than 9.30 a.m. on 19 September 2024, or, in the event of an adjournment of the General Meeting, 48 hours (ignoring any part of a day that is not a working day) before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
11. The notes to the form of proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.
12. To change your proxy instructions, simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If the Company receives more than one appointment of a proxy in respect of any one share, the appointment received last revokes each earlier appointment and the Company's decision as to which appointment was received last is final.
13. In order to revoke a proxy appointment, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Share Registrars Limited no later than 9.30 a.m. on 19 September 2024, or 48 hours (ignoring any part of a day that is not a working day) before any adjourned meeting.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
15. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

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16. Any person to whom this Notice of Meeting is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such Proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of Proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company.
17. Any shareholder attending a meeting of the Company has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if:
 1. to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 2. the answer has already been given on a website in the form of an answer to a question; or
 3. it is undesirable in the interests of the Company or the good order of the meeting that the questions be answered
18. As at 4 September 2024, being the latest practicable date before publication of this notice, the Company had 432,700,318 Ordinary Shares in issue. Each Ordinary Share carries one vote.