

**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 Gridiron, One Pancras Square, London N1C 4AG  
on 2 June 2021 at 10.30 a.m.

In light of the prevailing guidance from the UK Government in relation to the COVID-19 pandemic and specifically the restrictions on unnecessary travel and large gatherings, the General Meeting will be convened with the minimum quorum of shareholders (which will be facilitated by the Company's management) in order to conduct the business of the meeting and voting on each resolution at the meeting will be by poll and will include all valid proxy votes received. Accordingly, the Company strongly encourages all shareholders to submit their Form of Proxy in advance of the meeting, appointing the Chairman of the General Meeting as proxy rather than a named person. In the interests of safety and in accordance with applicable UK Government guidance, entry to the General Meeting will be refused to any Shareholder, proxy or corporate representative (other than those required for a quorum to exist) who attempt to attend the General Meeting in person. The Company will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the General Meeting, any such changes will be notified to Shareholders through the Company's website at [www.ternplc.com](http://www.ternplc.com) and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

## 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

17 May 2021

## Notice of General Meeting

Dear Shareholder

### INTRODUCTION

We are writing to you regarding a general meeting of Tern plc (the "**Company**") which is to be held at 10.30 a.m. on 2 June 2021 at the Company's offices at Gridiron, One Pancras Square, London N1C 4AG (the "**General Meeting**"). The General Meeting is being convened following the withdrawal of certain resolutions from the Company's Annual General Meeting ("**AGM**") held on 4 May 2021.

The resolutions to be proposed at the General Meeting (the "**Resolutions**") relate to the authority to be granted 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. Following consultation with a number of the Company's larger shareholders and feedback kindly submitted by others, the resolutions have been revised to permit a lower number of Ordinary Shares to be authorised for potential issue by the Directors than was originally sought in the resolutions which were withdrawn at the AGM.

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

### BACKGROUND AND REASONS FOR THE RESOLUTIONS

As previously announced, although a majority of the votes received in advance of the AGM were in favour of the resolutions authorising the Directors to issue new Ordinary Shares and disapply pre-emption rights, the Chairman of the AGM, Ian Ritchie, after consultation with the Board, decided to withdraw these resolutions from being voted on at the AGM. The resolutions were withdrawn due to the low number of shareholder votes received and given that, on the basis of the proxy votes cast, resolution numbered 6 (to grant the Directors the authority to issue new Ordinary Shares for cash) would not have achieved the requisite number of votes to be passed.

Following the withdrawal of these resolutions at the AGM, the Directors do not currently have the authority to issue any new Ordinary Shares for cash or generally.

The Directors believe that having the authority to issue new Ordinary Shares is important for an investment company such as Tern as it:

- provides the Company with the flexibility to support its portfolio companies as required;
- gives the Company negotiating leverage when dealing with potential third-party investors in discussions about the portfolio companies;
- enables the Company to participate at short notice in potential fundraisings by its portfolio companies. If this is not possible, the Company could find its shareholdings in its portfolio companies are diluted and/or a lower valuation might be achieved in any such fundraising, which may then adversely impact upon the Company; and
- allows the Company to react quickly should an appropriate need for additional capital arise, particularly given the anticipated development pathways of many of the Company's portfolio companies and any appropriate potential investment opportunities that may arise.

The Resolutions would permit the Directors to issue up to 50 million new Ordinary Shares (representing approximately 15 per cent. of the Company's existing issued ordinary share capital) generally and for cash whilst dis-applying the pre-emption rights of existing shareholders in relation to such an issue.

Should the Company seek to raise funds utilising the authorities that would be granted by the Resolutions through the issue of new Ordinary Shares it would use reasonable endeavours to utilise a platform such as PrimaryBid, as part of any offering, to allow retail shareholders the opportunity to participate in such fundraisings at the same price as other participants.

## **GENERAL MEETING**

You will find set out at the end of this letter the notice convening the General Meeting to be held on 2 June 2021 at the Company's offices at Gridiron, One Pancras Square, London N1C 4AG.

**In light of the prevailing guidance from the UK Government in relation to the COVID-19 pandemic and specifically the restrictions on unnecessary travel and large gatherings, the General Meeting will be convened with the minimum quorum of shareholders (which will be facilitated by the Company's management) in order to conduct the business of the meeting. Entry to the General Meeting will be refused to any shareholder, proxy or corporate representative (other than those required for a quorum to exist) who attempt to attend the General Meeting in person. The Company will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the General Meeting, any such changes will be notified to shareholders through the Company's website and, where appropriate, by announcement made by the Company to a Regulatory Information Service. Voting on each resolution at the General Meeting will be by poll and will include all valid proxy votes received.**

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, shares up to a total nominal value of £10,000; 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 £10,000.

### **ACTION TO BE TAKEN**

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

**You are strongly encouraged to complete the Form of Proxy (and beneficial holders are encouraged to instruct their nominee holder to vote on their behalf) appointing the Chairman of the General Meeting as proxy rather than a named person. The Form of Proxy should be returned to the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR as soon as possible and, in any event, so as not to arrive later than 10.30 a.m. on 28 May 2021 (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 they intend to do in respect of their own beneficial shareholdings amounting to 21,100,898 Ordinary Shares, representing approximately 6.4 per cent. of the issued share capital of the Company.

Yours sincerely

**Ian Ritchie**  
Chairman

## **Notice of General Meeting**

NOTICE IS HEREBY GIVEN that a General Meeting of Tern plc (“the Company”) will be held at 10.30 a.m. on Wednesday 2 June 2021 at the Company’s offices at Gridiron, One Pancras Square, London N1C 4AG.

### **IMPORTANT INFORMATION – IMPACT OF THE COVID-19 PANDEMIC ON THE GENERAL MEETING**

In light of the prevailing guidance from the UK Government in relation to the COVID-19 pandemic and specifically the restrictions on unnecessary travel and large gatherings, the General Meeting will be convened with the minimum quorum of shareholders (which will be facilitated by the Company’s management) in order to conduct the business of the meeting and voting on each resolution at the meeting will be by poll and will include all valid proxy votes received. Accordingly, the Company strongly encourages all shareholders to submit their Form of Proxy in advance of the meeting to Share Registrars at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR by no later than 10.30 a.m. on 28 May 2021 (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), appointing the Chairman of the General Meeting as proxy rather than a named person. In the interests of safety and in accordance with applicable UK Government guidance, entry to the General Meeting will be refused to any Shareholder, proxy or corporate representative (other than those required for a quorum to exist) who attempt to attend the General Meeting in person. The Company will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the General Meeting, any such changes will be notified to Shareholders through the Company’s website at [www.ternplc.com](http://www.ternplc.com) and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

### **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 £10,000 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 570 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:

- 2.1 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
- 2.2 the allotment (otherwise than pursuant to sub-paragraph 2.1 of this resolution (2)) of equity securities up to an aggregate nominal value of £10,000.

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

**Sarah Payne**  
Company Secretary

17 May 2021

#### **Notes to the General Meeting notice**

1. Given the current Coronavirus (COVID-19) situation, and to ensure adherence to current Government requirements, attendance in person at the general meeting will not be possible. Shareholders are requested to appoint the Chairman of the meeting as their proxy as any other person so appointed will not be permitted to attend the general meeting. The below notes are to be read subject to this COVID-19 related proviso.
2. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and by paragraph 18(c) of The Companies Act (Consequential Amendments) (Uncertificated Securities) Order 2009, only those members entered on the Company's register of members not later than 10.30 a.m. on 28 May 2021, or if the meeting is adjourned, Shareholders entered on the Company's register of members not later than 2 days before the time fixed for the adjourned meeting (excluding non-business days) shall be entitled to attend and vote at the meeting.
3. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy (or proxies) to vote in their place. A proxy need not be a member of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. To be effective, the Form of Proxy must be deposited at the office of the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR so as to be received not later than 10.30 a.m. on 28 May 2021, or if the meeting is adjourned, not later than 48 hours before the time fixed for the adjourned meeting.
5. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the Form of Proxy. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy and would like to change the instructions, please contact the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR.

6. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. 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.

In either case, the revocation notice must be received by the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR no later than 10.30.a.m. on 28 May 2021.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified above, then your proxy appointment will remain valid.

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to 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 our agent Share Registrars (ID 7RA36) by the latest time(s) for receipt of proxy appointments specified in the notice of 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. 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. 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 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.

