

5 September 2024

## **Tern Plc**

("Tern" or the "Company")

### **Unaudited interim results for the six months to 30 June 2024**

Tern Plc (AIM: TERN), the company focused on value creation from Internet of Things ("IoT") technology businesses, announces its unaudited interim results for the six months to 30 June 2024 (the "Period").

#### **Company highlights**

- Net asset value ("NAV") of £10.7 million as at 30 June 2024 (30 June 2023: £22.2 million, 31 December 2023: £12.3 million). This resulted in a reduction in net asset value per share from 3.2p as at 31 December 2023 to 2.5p as at 30 June 2024.
- Portfolio valuation of £11.1 million as at 30 June 2024 (31 December 2023: £12.8 million).
- £1.7 million reduction in the value of the portfolio during the Period since 31 December 2023. This was primarily due to a £2.0 million reduction in the value of Tern's holding in Wyld Networks, reflecting a reduced market price of Wyld Networks' shares as at 30 June 2024.
- £0.3 million was invested by Tern in its existing portfolio companies during the Period (six months to 30 June 2023: £1.1 million), supporting the portfolio companies' growth and development, together with allowing Tern to maintain significant positions in certain portfolio companies.
- Two placings in the period generated gross proceeds of £0.82 million through the issue of new ordinary shares. Additionally, warrants exercised raised a further £0.11 million for the Company.

#### **Portfolio highlights**

- Progress across the portfolio\* in the Period:
  - the year-on-year increase in unaudited aggregated Annual Recurring Revenue ("ARR") of the portfolio, excluding Konektio\*\* was 22% (six months ended 30 June 2023: 46% (43% including Konektio), year ended 31 December 2023: 51% (50% including Konektio)); and
  - the year-on-year decrease in the number of employees within the portfolio, excluding Konektio\* was 25% (six months ended 30 June 2023: 27% increase (23% increase including Konektio)). This supported a year-on-year increase in ARR per employee of 62% (six months ended 30 June 2023: 15% (16% including Konektio)).
- Device Authority remains focused on expanding its partner ecosystem, recently launching new partnerships with PlaxidityX (formerly Argus) and CyberArk. The company's collaboration with Microsoft is also strengthening, with Device Authority being named by Microsoft as part of its next-generation automotive and mobility security solution.

- FundamentalVR strengthened its market position through partnerships and investment in Generative AI (Artificial Intelligence) within the Fundamental Surgery Immersive VR Platform.
- Talking Medicines has achieved significant success in the Period with its Drug-GPT platform, with record revenue bookings and significant advancement of its innovative interface.

*\* In this context Tern's portfolio is: Device Authority Limited, FVRVS Limited (trading as FundamentalVR) and Talking Medicines Limited, which are portfolio companies Tern has interests in as well as Wyld Networks AB, a Tern holding and excludes DiffusionData Limited, in which Tern has a <1% holding and minimal influence, and SVV2.*

*\*\*As announced on 5 March 2024, InVMA Limited, which traded as Konektio, was placed into administration in March 2024 and from that point Tern's holding in Konektio was held at zero value. Konektio has therefore not been included in the ARR and number of employee data for the Period shown above, and is not included in the portfolio review below.*

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#### **Chairman's statement**

The Board remains committed to growing the value of Tern's portfolio companies. While the first six months of 2024 continued to pose challenges for early-stage technology businesses, the majority of our portfolio companies made significant progress. However, we must report a decrease in the unrealised fair value of our investments since 31 December 2023, primarily due to the reduced Wyld Networks share price at the period end. Although we exited our day-to-day involvement with Wyld following their public offering and no longer hold a seat on its board, we remain optimistic in its longer-term prospects.

However, on 2 September 2024, Wyld announced *inter alia* that, subject to approval at an Wyld Networks extraordinary general meeting to be held on 2 October 2024, the board of Wyld Networks had resolved to carry out a new issue of units, containing shares and warrants of series TO6, with preferential rights for existing shareholders, to raise approximately SEK 74.2 million (the "Wyld Networks Rights Issue"). The Tern board does not believe that the Wyld Networks Rights Issue is in the best interests of Wyld Networks' shareholders, including Tern, and does not currently intend to support the resolutions at Wyld Networks' extraordinary general meeting. Tern and its advisers are investigating alternative proposals that may be put to Wyld Networks and its shareholders and further announcements will be made in due course, as appropriate.

We maintain regular active engagement with our direct investment portfolio companies, helping shape their strategies and tactics. Additionally, we leverage our extensive network to introduce these companies to new markets and investors, particularly in the USA. With Tern's support, with the exception of Konektio, these companies have demonstrated year-over-year growth in annual and monthly recurring revenues during the period, which are key indicators of progress and ultimately realisable value.

Corporately, we have maintained strict control over operational costs. Following our board and management restructuring in 2023, our spending is 42% lower in the Period than in the same period last year. However, as an AIM-quoted company, we still incur substantial professional fees and costs associated with our portfolio companies, many of which are largely fixed.

Following the failure to pass the resolution required to issue new ordinary shares disapplying statutory pre-emption rights at the Annual General Meeting held on 27 June 2024, the Tern board has 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 company. The post-Period sale of a modest proportion of our holding in Device Authority, at no discount to the value that Device Authority raised funds in December 2023 post period end, as announced on 9 August 2024, provided a further £233,000 to our cash resources. However, as an investing company with periodic requirements to provide funding to our portfolio, the Company does require further funding and we are announcing separately today an open offer to existing Tern shareholders to subscribe for up to 48,077,813 new ordinary shares at an issue price of 1.25 pence per share to raise up to £600,972 of additional funding for the Company (the "Open Offer").

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. We are therefore also announcing separately today the convening of a general meeting on 23 September 2024 to seek Shareholder approval for the Directors to have 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.

The focus of the Tern board and executive management is to be on realisations. Our goal is to maximise the value of Tern’s portfolio companies to achieve successful exits from our investments at the appropriate time, ultimately seeking strong returns for our shareholders. In addition, the skills and experience of the Tern team are such that we are being presented with opportunities to assist third parties with their portfolio realisations. We are assessing these investment opportunities on their individual merits and will only get involved where we see that significant incremental value can be added to Tern, for the benefit of its shareholders, without distracting from the primary purpose of delivering value from Tern’s own portfolio.

## Financial review

	<b>6 months to 30 June 2024</b>	<b>6 months to 30 June 2023</b>	<b>12 months to 31 December 2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Investments	11,102	21,825	12,779
Net assets	10,708	22,209	12,302
Administration costs	595	1,023	1,712
Loss for the period	(2,475)	(2,840)	(12,608)
Net asset value per share	2.5p	5.7p	3.2p

During the first half of 2024, the Company focused on managing cash resources whilst supporting the growth and business development of the existing portfolio and allowing Tern to maintain significant positions in certain portfolio companies.

The net asset value during the period fell to £10.7 million (31 December 2022: £12.3 million) The valuation of the portfolio as at 30 June 2024 reflected a £2.0 million reduction in the fair value which was offset by a £0.3 million re-investment into the existing portfolio companies (£0.1 million in Talking Medicines, £0.2 million in SVV 2 and a nominal investment of approximately £33,000 into Wyld Networks for the exercise of 245,699 TO4 warrants). The net asset value per share was 2.5p as at 30 June 2024 (31 December 2023: 3.2p).

Wyld Networks’ fair value decreased by £2.0 million as a result of the decline in the market value of Wyld Networks’ shares. As Wyld Networks is traded on an active financial market, its fair value is determined by the market price as of 30 June 2024.

The Company had an unaudited cash balance of £0.1 million as at 30 June 2024. The Company has a £3 million loan facility which was announced on 12 June 2023. The loan facility was entered into to provide Tern with a stronger negotiating position and access to funding for follow-on investment opportunities in future syndicated fundraises undertaken by Tern’s existing portfolio companies. The Company is currently unable to make further drawdowns under the loan facility until such time as it is able to issue the required warrants as a transaction cost associated with further drawdowns, pursuant to the terms of the loan facility. The issue of any further warrants will require shareholder approval to provide the Directors with authority to allot ordinary shares, disapplying pre-emption rights. As at 30 June 2024, the principal amount outstanding drawn down under the facility is £0.2 million (31 December 2023: £0.4 million). Under the terms of the facility, Tern was required to

maintain in escrow shares in Wyld Networks at a value of not less than 1.5 times the value of outstanding amounts drawn down and accrued interest, as security for the facility. However, on 4 September 2024, the facility provider agreed to amend the terms of the facility to remove this security condition and extend the repayment period by 12 months, in return for a fee equal to 10 per cent. of the outstanding balance currently payable under the facility.

During the Period, the Company recorded a loss of £2.7 million, compared to a loss of £2.8 million in the six months to 30 June 2023. The loss included the fair value reduction of £2.0 million (six months to 30 June 2023: reduction of £2.0 million).

Overall operating costs reduced to £0.6 million compared to £1.1 million for the same period in 2023. Staff costs fell by 49% following the Board restructuring in August 2023, compared to the same period in 2023, as well as a significant reduction of all other comparable operating expenses.

## **Portfolio review**

The portfolio\* achieved a 22% year-on-year growth in annual recurring revenue (ARR) for the six months ended 30 June 2024 (six months ended 30 June 2023: 46%, or 43% including Konektio).

Despite a year-on-year decrease of 25% in the number of employees within the portfolio\* during this Period (six months ended 30 June 2023: a 27% increase, or 23% including Konektio), this reduction—an intentional strategy to control burn rate and expedite the path to profitability—took place in conjunction with ARR growth. As a result, ARR per employee saw a significant 62% year-on-year increase (six months ended 30 June 2023: 15%, or 16% including Konektio).

### ***Device Authority Limited (“Device Authority”)***

*Valuation of holding: £4.5 million*

*Holding: 31.7% (reducing to 30.0% post period end)*

Device Authority, a global leader in identity and access management (IAM) for the IoT, has sustained strong business momentum in the first half of the year.

The company's KeyScaler® and KeyScaler Edge® solutions deliver comprehensive end-to-end security lifecycle management, from Edge to Enterprise, for leading IoT cloud platforms such as Microsoft Azure, Avnet IoTConnect, AWS, PTC ThingWorx, and Google. These solutions ensure robust device security while offering the scalability needed to support both new and legacy IoT deployments.

Device Authority secures the connected future by automating Zero Trust security at scale and is a recognized global leader in IAM for Enterprise IoT ecosystems catering to Industrial, Automotive, Healthcare, and Critical Infrastructure markets.

Its KeyScaler-as-a-Service (KSaaS®) solution enables organizations to reduce human error, accelerate incident response and minimize risk, ensuring complete device and data trust. It's innovative KeyScaler AI functionality also enables trusted AI in any connected environment. This cloud-first approach saw Device Authority make a strong start to the year with new blue-chip customers coming on board as well as a number of Proof of Concept and pilot projects from recognised Enterprise companies. These companies are recognising the benefits of the scalable and cost-effective solution that can automate

the security of new as well as remote and brownfield devices, authenticating, issuing certificates and registering them in under 10 seconds which is 60 times faster than a human.

Device Authority's partner ecosystem continues to be a focus for the company, having recently launched a partnership with PlaxidityX (formerly Argus) as well as with CyberArk. Its partnership with Microsoft also continues to grow with the company being named by Microsoft as part of its next generation automotive and mobility security solution.

Device Authority has also received significant external recognition for its innovative solutions, including IoThinkTank's IoT Security Product of the Year, IoT HealthTech's Innovation Award and the IoTSP's IoT Security Champion Award. The company was also named as a Leader in the Quadrant Knowledge Solutions Spark Matrix for IoT IAM for the fifth consecutive year, ranking the highest in the industry for Technology Excellence.

As at 30 June 2024, the unaudited fair value of Tern's shareholding in Device Authority increased to £4.5 million (31 December 2023: £4.4 million), which was due to a £0.1 million fair value increase due to the foreign exchange movement on the sterling value of Device Authority which is valued in US Dollars.

***FVRVS Limited ("FundamentalVR")***

*Valuation of holding: £3.6 million*

*Holding: 12.1% (reducing to 10.3% post period end)*

FundamentalVR is a leading virtual reality and data analysis platform, driven by surgical training experts and top technologists, with a mission to revolutionize surgical education globally. By making surgical simulation accessible and affordable, FundamentalVR empowers medical professionals worldwide with cutting-edge tools.

The platform leverages widely available virtual reality (VR) devices, such as Meta's Oculus Quest, and integrates advanced haptics technology to create a highly realistic simulation system compatible with any modern computer setup. This innovative system offers surgeons a more immersive, hands-on training experience, better preparing them for real-life scenarios and ultimately leading to improved patient outcomes.

Recent published data presented in the Journal of Robotic Surgery supports the value of immersive VR for robotics training, by showing favourable results when training in an operating room set-up with CMR's Versius robot, a long term FundamentalVR customer.

FundamentalVR is building awareness in the medical device marketplace, receiving recognition for their award-winning platform. Partnerships and new capabilities developed with the newly released Apple Vision Pro, as well as Logitech's Stylus MX INK, have strengthened its market positioning in the field of immersive training and spatial computing.

The company continues to invest in Generative AI, and recently launched Maia, a virtual tutor designed to support learners throughout their training journey, which has been implemented into the Fundamental Surgery Immersive VR Platform.

In the first half of 2024, the company won two of the prestigious digital BOLD Awards in the EdTech and Metaverse categories for its partnership with AbioMed and with Sana Kliniken, for advancing clinical education throughout the care continuum.

FundamentalVR continued to build its ARR during the first half of 2024, with important wins from existing customers across a variety of procedural areas including ophthalmology, robotics and endovascular.

As at 30 June 2024, the unaudited fair value of Tern's shareholding in FundamentalVR remained steady at £3.6 million (31 December 2023: £3.6 million).

Post-Period end, FundamentalVR secured an additional £5.5 million from existing third party institutional investors as a follow on tranche of its Series B financing. Tern did not participate in the funding round, leading to a reduction in its holding, although the unaudited fair value of Tern's shareholding in FundamentalVR is expected to remain unchanged.

***Wyld Networks AB*** ("*Wyld Networks*" or "*Wyld*")

*Valuation of holding: £0.4 million*

*Holding: 19.9%*

Wyld Networks, quoted on the NASDAQ First North Growth Market in Stockholm, enables affordable connectivity across the globe in areas where wireless coverage is unavailable or congested. The company specialises in providing wireless connectivity between IoT sensors and low Earth orbit ("LEO") satellites with its Wyld Connect solution (a satellite IoT terminal and module).

In the first half of 2024, Wyld Networks continued to see growth in securing new customers. The Company launched its L-Band product into the market, a significant milestone in providing customers with global IoT connectivity. Post period end, Wyld also launched a satellite IoT tracker product with an initial application in tracking moving assets.

Wyld Networks entered into an agreement with Brazil-based GeoApis to monitor bee colonies using Wyld's low-orbit satellites to increase yields and improve sustainability for beekeepers. Wyld Networks partnered with innovative British company SugaROx that develops biostimulant products that increases crop productivity and resilience in Brazil. The company signed a partnership with Harper Adams University – a leading university in the UK for agriculture, animal and rural management and environmental management. The aim is to monitor soil for crops with an initial project to deliver soil moisture data for cabbage crops within the 550-hectare research fields at Harper Adams in Shropshire, UK.

In addition, the company partnered with Actility - the global leader in IoT connectivity platforms. This partnership leverages Actility's ThingPark Exchange, the industry's first and leading global LoRaWAN® peering hub.

The company has focused its geographical commercial coverage predominately in South America, North America, Africa and the Middle East and has now engaged in Asia Pacific initially in Australia.

During the Period Wyld Networks received approximately SEK 6.4 million (approximately £0.5 million) from the exercise of its TO4 warrants, which had the effect of diluting Tern's holding in Wyld Networks.

As outlined above, Wyld announced, post Period end, on 2 September 2024, the proposed Wyld Networks Rights Issue to raise approximately SEK 74.2 million. The Tern board does not believe that the Wyld Networks Rights Issue is in the best interests of Wyld Networks' shareholders, including Tern, and Tern and its advisers are investigating alternative proposals that may be put to Wyld Networks and its shareholders.

As at 30 June 2024, the unaudited fair value of Tern's shareholding in Wyld Networks decreased to £0.4 million (31 December 2023: £2.4 million) primarily due to the fair value decrease (£2.0 million), which included a £0.02 million foreign exchange movement on the Sterling value of Wyld Networks which is valued in Swedish Krona. Wyld Networks' shares are traded on an active financial market and the fair value is therefore determined by reference to the quoted market price at the reporting date.

***Talking Medicines Limited*** ("*Talking Medicines*")

*Valuation of holding: £2.1 million*

*Holding: 23.8%*

*Convertible loan notes of £0.3 million*

Talking Medicines, a pioneering leader in healthcare intelligence leveraging Advanced Data Science and Artificial Intelligence, showed significant progress in the first half of 2024 for its innovative interface Drug-GPT. The Company is headquartered in Glasgow with a growing sales presence in New Jersey/New York/Philadelphia.

Drug-GPT with its innovative technology has garnered substantial interest and significant revenue from leading global healthcare advertising agencies, who recognize its potential to transform strategies for their pharmaceutical clients, in the context of the US\$30 billion (annual) spend on US Drug Marketing. External forces are propelling change in the industry in 2024, including the mass adoption of Generative AI, alongside Pharmaceutical Companies moving toward precision and personalised medicine helping to drive need and momentum, changing away from traditional generalist data insight collection methods such as focus groups, toward AI solutions. Drug-GPT offers an 80% uplift in productivity that continues to be validated by clients, enhancing the efficiency and effectiveness of intelligence gathering through high quality curated results.

Among Talking Medicines' clients are some of the world's most prominent healthcare ad agency networks, reaffirming the efficacy for Drug-GPT in providing key intelligence derived from aggregated patient and healthcare professional conversations. By tapping into previously unseen data, Talking Medicines empowers its clients to drive better strategies and make informed decisions in relation to



the pharmaceutical landscape. In both onboarding new clients and expanding its role with existing ones, the company has been able to grow its US based client list, with opportunities for further expansion in the second half of 2024 into 2025.

Partnerships are playing a key role in both working with data communities to source raw data for clients, as well as with clients themselves as they look for a competitive advantage. Drug-GPT will continue to evolve, led by data science. The Talking Medicines team continue to publish on academic forums to share their leading knowledge and points of differentiation, the latest publication is a comparative study on Patient Language across Therapeutic Domains. This scientific R&D enhances the protective IP moat around the use of Advanced Data Science and AI by Talking Medicines in Healthcare.

Looking ahead, Talking Medicines remains committed to driving its customer base and US presence, seeking a thought leadership position on AI in Healthcare Intelligence. Enhanced features within Drug-GPT will, Talking Medicines management believes, continue to excite customers, with Talking Medicines positioning itself as the preferred partner for patient and Health Care Practitioner intelligence to achieve healthcare marketing excellence.

As at 30 June 2024, the unaudited fair value of Tern's shareholding in Talking Medicines increased to £2.1 million (31 December 2023: £2.0 million) due to additional investments from Tern of approximately £0.1 million via convertible loan notes during the Period.

### **Sure Valley Ventures Enterprise Capital Fund ("SVV2" or the "Fund")**

*Valuation of holding: £0.4 million*

*Holding: 5.9%*

SVV2 is a venture capital fund that invests in a diverse portfolio of private UK software companies, with a particular emphasis on those in the immersive technology and metaverse sectors. This includes companies specializing in augmented and virtual reality, artificial intelligence, and security.

In the first half of the year, the Fund had invested £6 million across five companies. The Fund's first investment was £1 million in RETiníZE Limited, a creative tech company based in Belfast, made in March 2022. In June 2024, an additional £500,000 was allocated as follow-on capital for RETiníZE, expected to be completed in Q3. In November 2022, the Fund made its second investment of £1.05 million in Jaid (trading as Opsmatix Limited), an innovative technology firm specializing in AI-powered human communication solutions. The Fund also had the option to invest an additional £350,000 within six months under the same terms, which it exercised in Q2 this year. Additionally, the Fund agreed to invest a further £1 million in the form of convertible loan notes, with £300,000 called in June 2024 and set to be deployed in Q3 2024.

The third company in the portfolio, Captur, received a £1.5 million investment in September 2023. Captur is an AI company that leverages Computer Vision for AI-powered workflow automation. Q2 2024 marked the most successful investment period to date, with three new investments closed, two follow-on rounds completed, and three additional prospective deals in the legal process.

In June 2024, SVV2 closed a £750,000 investment in Vortex IQ (formerly Saasvortex), a high-demand deal as the company recently graduated from the Techstars London Accelerator. The first Manchester-based investment occurred in June 2024, with a £650,000 investment in Ittybit, an innovative AI media optimization platform. Finally, the Fund committed £1 million to Phinx Robotics, a promising AI robotics startup, with the funds called and deployed post period end in July 2024.

As at 30 June 2024, the unaudited fair value of Tern's shareholding in SVV2 was £0.4 million (31 December 2023: £0.3 million). Tern's additional investment during the Period was in part offset by fees charged by the fund.

**DiffusionData Limited ("DiffusionData")**

*Valuation of holding: £0.02 million*

*Holding: <1%*

DiffusionData is a leader in real-time data streaming and messaging solutions. Established to address the global challenges of real-time systems, application connectivity, and data distribution, the company has a diverse international team of business and technology experts. Its flagship product, the Diffusion® Intelligent Data Platform, simplifies the process of consuming, enriching, and reliably delivering data.

As at 30 June 2024, the unaudited fair value of Tern's shareholding in DiffusionData was £0.02 million (31 December 2023: £0.02 million).

**Unaudited Income Statement and Statement of Comprehensive Income**  
**For the six months ended 30 June 2024**

	Notes	6 months to 30 June 2024 (Unaudited) £000	6 months to 30 June 2023 (Unaudited) £000	12 months to 31 December 2023 (Audited) £000
Fee income		7	156	199
Movement in fair value of investments	7	(1,988)	(1,988)	(11,047)
Profit on disposal		—	9	29
Total investment deficit		(1,981)	(1,823)	(10,819)
Administration costs		(595)	(1,023)	(1,712)
Other expenses		(17)	(29)	(194)
Movement in fair value of derivative financial instruments		(83)	—	36
Operating loss		(2,676)	(2,875)	(12,689)
Finance income		13	35	81
Loss before tax		(2,663)	(2,840)	(12,608)
Tax		—	—	—
Loss and total comprehensive loss for the period		(2,663)	(2,840)	(12,608)
<b>Earnings per share</b>	6			
Basic and diluted loss per share		(0.64)p	(0.73)p	(3.24)p

**Unaudited Statement of Financial Position**  
**As at 30 June 2024**

	Note	30 June 2024 (Unaudited) £000	30 June 2023 (Unaudited) £000	31 December 2023 (Audited) £000
<b>Assets</b>				
<b>Non-current assets</b>				
Investments	7	11,102	21,825	12,779
		<u>11,102</u>	<u>21,825</u>	<u>12,779</u>
<b>Current assets</b>				
Trade and other receivables		71	352	73
Cash and cash equivalents		121	741	298
		<u>192</u>	<u>1,093</u>	<u>371</u>
<b>Total assets</b>		<b><u>11,294</u></b>	<b><u>22,918</u></b>	<b><u>13,150</u></b>
<b>Equity and liabilities</b>				
Share capital	8	1,389	1,380	1,380
Share premium		34,451	33,391	33,391
Share warrant reserve		—	140	—
Retained earnings		(25,132)	(12,702)	(22,469)
		<u>10,708</u>	<u>22,209</u>	<u>12,302</u>
<b>Current liabilities</b>				
Trade and other payables		384	346	325
Short Term Loan	9	202	191	418
Derivative Financial Instruments		—	—	105
<b>Total current liabilities</b>		<b><u>586</u></b>	<b><u>537</u></b>	<b><u>848</u></b>
Borrowings	9	—	172	—
<b>Total non-current liabilities</b>		<b><u>—</u></b>	<b><u>172</u></b>	<b><u>—</u></b>
<b>Total liabilities</b>		<b><u>586</u></b>	<b><u>709</u></b>	<b><u>848</u></b>
<b>Total equity and liabilities</b>		<b><u>11,294</u></b>	<b><u>22,918</u></b>	<b><u>13,150</u></b>

**Unaudited Statement of Changes in Equity  
For the six months ended 30 June 2024**

	Share capital £000	Share premium £000	Share warrant reserve £000	Retained earnings £000	Total equity £000
Balance at 31 December 2022	1,379	33,341	—	(9,868)	24,852
Total comprehensive income	—	—	—	(2,840)	(2,840)
Transactions with owners					
Issue of share capital	1	50	—	—	51
Issue of warrants	—	—	140	—	140
Share based payment charge	—	—	—	6	6
Balance at 30 June 2023	1,380	33,391	140	(12,702)	22,209
Total comprehensive income	—	—	—	(9,768)	(9,768)
Transactions with owners	—	—	—	—	—
Issue of warrants	—	—	(140)	—	(140)
Share based payment charge	—	—	—	1	1
Balance at 31 December 2023	1,380	33,391	—	(22,469)	12,302
Total comprehensive income	—	—	—	(2,663)	(2,663)
Transactions with owners					
Issue of share capital	8	813	—	—	821
Issue of shares upon exercise of warrants	1	296	—	—	297
Share issue costs	—	(49)	—	—	(49)
Balance at 30 June 2024	1,389	34,451	—	(25,132)	10,708

**Unaudited Statement of Cash Flows**  
**For the six months ended 30 June 2024**

		<b>6 months to 30 June 2024 (Unaudited) £000</b>	<b>6 months to 30 June 2023 (Unaudited) £000</b>	<b>12 months to 31 December 2023 (Audited) £000</b>
	<b>Note</b>			
<b>OPERATING ACTIVITIES</b>				
Net cash used in operations	<b>10</b>	(507)	(846)	(1,373)
Purchase of investments		(303)	(1,133)	(1,383)
Cash received from sale of investments		4	1,238	1,535
Loans to portfolio companies		—	—	136
Interest received		—	—	19
<b>Net cash used in operating activities</b>		<u>(806)</u>	<u>(741)</u>	<u>(1,066)</u>
<b>FINANCING ACTIVITIES</b>				
Proceeds on issue of shares		821	50	—
Share issue expenses		(49)	—	—
Proceeds on the exercise of warrants		110	—	—
Loan receipt		—	500	500
Loan repayment		(253)	—	(68)
<b>Net cash from financing activities</b>		<u>629</u>	<u>550</u>	<u>432</u>
<b>(Decrease) in cash and cash equivalents</b>		(177)	(191)	(634)
<b>Cash and cash equivalents at beginning of period</b>		298	932	932
<b>Cash and cash equivalents at end of period</b>		<u>121</u>	<u>741</u>	<u>298</u>

## **Notes to the Unaudited Interim Statements For the six months ended 30 June 2024**

### **1. General information**

Tern is an investing company specialising in private software companies, predominantly in the Internet of Things (IoT).

The Company is a public limited company, incorporated in England and Wales, with its shares traded on AIM, a market of that name operated by the London Stock Exchange.

The address of Tern's registered office is 27/28 Eastcastle Street, London W1W 8DH. Items included in the financial statements of the Company are measured in Pounds Sterling, which is the Company's presentational and functional currency.

### **2. Basis of preparation**

The interim financial information in this report has been prepared in accordance with UK-adopted international accounting standards. The financial statements have been prepared on the basis of the recognition and measurement principles of the IFRS that were applicable at 30 June 2024. They do not include all of the information required for full annual financial statements and should be read in conjunction with Tern's audited financial statements for the year ended 31 December 2023. The financial information for the year ended 31 December 2023 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Company's statutory financial statements for the year ended 31 December 2023 have been filed with the Registrar of Companies and can be found on the Company's website: [www.ternplc.com](http://www.ternplc.com). The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006. These interim financial statements have been prepared under the historical cost convention as adjusted for the valuation of investments and have been approved for issue by the Board of Directors.

### **3. Going concern**

The financial statements have been prepared on the going concern basis, as the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. This has been assessed using detailed cash flow analysis so that the Board can conclude that the Company has sufficient working capital resources available from a variety of sources to continue for at least 12 months from the approval of the financial statements.

Following the results of the June 2024 Annual General Meeting (AGM), the directors have had to apply additional judgment on the capital resources available. As noted in the Chairman's statement the Company does require further funding and this analysis assumes that further funding is available. The directors are confident that the Company can secure the necessary funding either by way of the allotment of equity securities, or through the partial sale of its portfolio holdings, or a combination of the two.

### **4. Investments**

The investment valuation consists primarily of equity investments.

In accordance with IFRS 10, paragraph 4B, investments are recognised at fair value through profit and loss (FVTPL) in line with guidance set out in IFRS 9. Changes in foreign exchange rates impact investments valued in a foreign currency.

## **5. Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### **ESTIMATES**

#### **Fair value of financial instruments**

The Company holds unquoted investments of £10.7 million that have been designated as held for trading on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Given the nature of the investments being early-stage businesses, other valuation methods such as discounted cash flow analysis to assess estimates of future cash flows and derive fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately at that value.

### **JUDGEMENTS**

#### **Investments held at FVTPL**

The critical judgement is the assessment that the investments should not be consolidated. This assessment was reached following a review of all the key conditions for an investment entity, as set out in IFRS 10 and the Company was judged to have met those key conditions as follows:

- The Company obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- The Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- The Company measures and evaluates the performance of substantially all its investments on a fair value basis.

In coming to this conclusion, the Company also judged that its investment-related activities do not represent a separate substantial business activity or a separate substantial source of income to the investment entity.



## 6. Loss per share

Loss per share is calculated by reference to the weighted average shares in issue as follows:

	6 months to 30 June 2024	6 months to 30 June 2023	12 months to 31 December 2023
	£000	£000	£000
<b>Loss for the purposes of basic and fully diluted loss per share</b>	(2,663)	(2,480)	(12,608)
<b>Weighted average number of ordinary shares (see note below):</b>	Number	Number	Number
For calculation of basic and fully diluted loss per share	414,309,389	388,681,380	389,182,934
<b>Loss per share</b>			
Basic and diluted loss per share	(0.64)p	(0.73)p	(3.24)p

At 30 June 2024, 31 December 2023 and 30 June 2023 the fully diluted loss per share is the same as the basic loss per share as the share options were underwater which would have an anti-dilutive effect on earnings per share.

## 7. Investments

	30 June 2024	30 June 2023	31 December 2023
	£000	£000	£000
Fair value of investments brought forward	12,779	23,882	23,882
Interest accrued on convertible loan notes	12	27	67
Additions	303	1,133	1,383
Disposals	(4)	(1,229)	(1,506)
	13,090	23,813	23,825
Fair value adjustment to investments	(1,988)	(1,988)	(11,047)
Fair value of investments carried forward	11,102	21,825	12,779

The convertible loan facility issued to Talking Medicines is a financial asset with multiple derivatives and the entire contract has been designated at FVTPL, with any movement in fair value taken to profit or loss for the year. As at 30 June 2024, the principal of the convertible loan outstanding was £287,500 (30 June 2023: £187,500)

## 8. Issued share capital

	30 June 2024	30 June 2023	31 December 2023
	Number	Number	Number
Issued and fully paid:			
Ordinary shares of £0.0002	432,700,318	389,676,311	389,676,311
Deferred shares of £29.999	42,247	42,247	42,247
Deferred shares of £0.00099	34,545,072	34,545,072	34,545,072
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Issued and fully paid:			
Ordinary shares of £0.0002	88	79	79
Deferred shares of £29.999	1,267	1,267	1,267
Deferred shares of £0.00099	34	34	34
	<u>1,389</u>	<u>1,380</u>	<u>1,380</u>

The deferred shares have no voting or dividend rights. The deferred shares are not quoted on the AIM market of the London Stock Exchange.

On 30 January 2024, 20,000,000 ordinary shares were issued at 2p per share raising £0.4million in cash before expenses.

On 18 April 2024, 17,500,000 ordinary shares were issued at 2.4p per share raising £0.4million in cash before expenses.

On 22 May 2024, 5,524,007 warrants over ordinary shares were exercised at 2.0p per share raising £0.1million in cash.

## 9. Short Term Loan

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	31 Dec 2023 (Audited)
	£000	£000	£000
Short term loan	<u>202</u>	<u>191</u>	<u>418</u>

As at 30 June 2024, the principal outstanding of the loan is £0.2 million (31 December 2023: £0.4 million). As per the agreement, the loan was secured against Wyld Networks AB shares equal to 1.5 times the value of the outstanding loan balance. Post period-end, the security condition of the loan was removed and the repayment period extended by 12 months. The short term loan is held at amortised cost with a market rate of interest of 12%.

The Company is currently unable to make further drawdowns under the loan facility until such time as it is able to issue the required warrants as a transaction cost associated with further drawdowns, pursuant to the terms of the loan facility. The issue of any further warrants will require shareholder

approval to provide the Directors with authority to allot ordinary shares, disapplying pre-emption rights.

## 10. Cash flow from operations

	6 months to 30 June 2024 (Unaudited) £000	6 months to 30 June 2023 (Unaudited) £000	12 months to 31 Dec 2023 (Audited) £000
(Loss) for the period	(2,663)	(2,840)	(12,608)
Adjustments for items not included in cash flow:			
Movement in fair value of investments	1,988	1,988	11,047
(Profit) on disposal	—	(9)	(29)
Share-based payment charge	—	6	7
Amortisation of loan implementation fee	17	—	17
Derivative financial instrument costs	—	—	140
Movement in fair value of derivative financial instrument	83	—	(36)
Finance expenses	20	3	20
Finance income	(13)	(35)	(81)
Operating cash flows before movements in working capital	(568)	(887)	(1,523)
Adjustments for changes in working capital:			
- Decrease in trade and other receivables (excluding loans to investee companies)	2	20	153
- Increase/(decrease) in trade and other payables	59	21	(3)
Cash used in operations	(507)	(846)	(1,373)

## 11. Events after the reporting period

On 9 August 2024, the Company announced that it has sold 5.3% of its shareholding in Device Authority Limited for a total cash consideration of £233,000.

## 12. Availability of interim results

Copies of this report will be available from the Company's website [www.ternplc.com](http://www.ternplc.com).