

# TERN PLC

## SOFTWARE AND COMPUTER SERVICES

30 October 2019

### TERN.L

13.75p

Market Cap: £35.0m

#### SHARE PRICE (p)



12m high/low 20.3p/7.1p

Source: LSE Data

#### KEY DATA

Net (Debt)/Cash	£1.9m (as at 31/12/18)
Enterprise value	£33.1m
Index/market	AIM
Next news	Interim results
Shares in Issue (m)	254.3
Chairman	Ian Ritchie
Chief Executive	Albert E Sisto
Finance Director	Sarah Payne

#### COMPANY DESCRIPTION

Tern predominantly invests in software companies, with proven technology, based in the UK but with global ambition.

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TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

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## Dual fundraises endorse Tern's strategy

Tern has completed a c.£1.75 million fundraise at 11.15p to support its investment strategy and maintain its 'positions of influence' in its investee companies as they participate in follow-on funding rounds. In an immediate example of the latter, one of those investees, FundamentalVR, has closed a £4.3 million fundraising including the conversion, by Tern, of £0.5 million in convertible loan notes. The post-money valuation of £11.3 million implies a 27% uplift on Tern's investment of £1.9 million in May and October 2018. Following this funding round, Tern's shareholding in FundamentalVR will be 26.9%, with a valuation of £3.0 million, producing a fair value increase of £0.6 million. As Tern CEO Al Sisto notes, FundamentalVR's funding round epitomises Tern's strategy of focusing on investing in strong ideas and management teams of UK and European businesses active in the Internet of Things arena. The investors in this round included institutional money from Downing and others, and trade investment from both the US and Europe – in our view a strong vindication of both FundamentalVR and Tern.

- FundamentalVR provides a suite of online simulations which combine virtual reality experience with feedback via sense of touch to create a near-real operating experience. It also delivers customised simulations for medical device, pharmaceutical and healthcare companies.
- The FundamentalVR platform delivers both education and accreditation for medical professionals – it can help train surgeons on new devices, and it can measure and assess their performance in simulated operations.
- Leading medical institutions participating in the funding round include the Mayo Clinic, one of America's leading centres of medical excellence and a current customer of FundamentalVR, and Sana Kliniken, one of Europe's leading medical organisations. Their involvement provides a strong endorsement of the business's solutions in a fast-growing market.
- In conjunction with this funding round, Tern has converted, at a 20% discount to the current fundraising price, £0.5 million of convertible loan notes (plus interest) which Tern advanced to FundamentalVR as bridging loans between April and September 2019.

FundamentalVR's fundraise provides a material (27%) uplift on Tern's investment, but in our view is even more important for its validation – both of FundamentalVR's market proposition, and of Tern's investment process which is now attracting follow-on funding from both trade and institutional players. Tern's own parallel raise will enable it to fund further investments while continuing to support the six companies in its current portfolio.

#### FYE DEC (£M)



DEVICE  
AUTHORITY

FUNDAMENTALVR

Wyld Networks

InVMA

PUSH  
TECHNOLOGY

Seal

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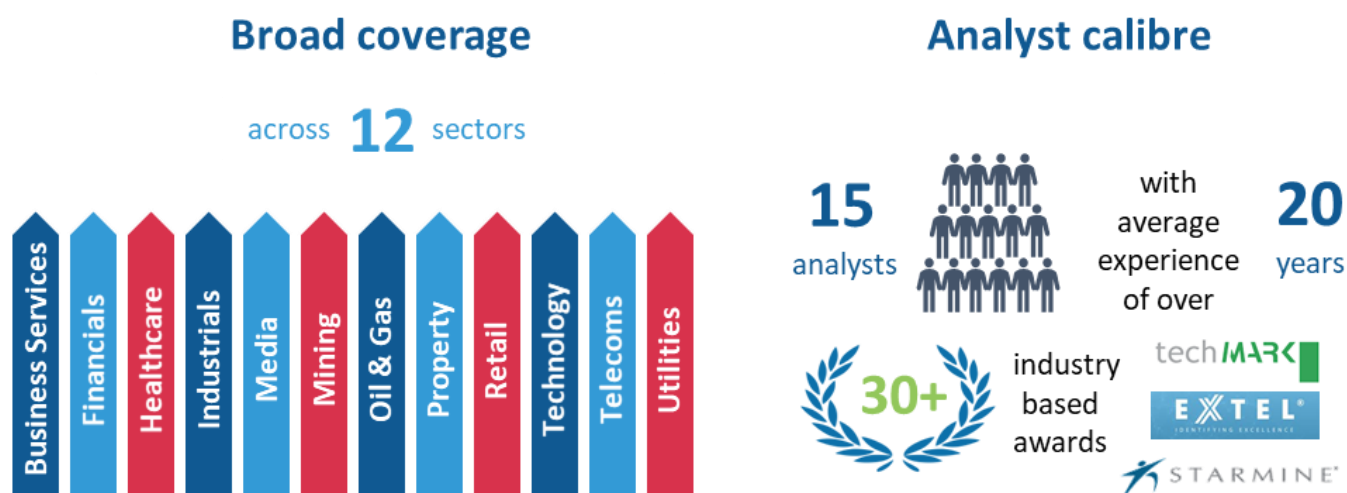
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