

# TERN PLC

## SOFTWARE AND COMPUTER SERVICES

2 March 2022

### TERN.L

10.3p

Market Cap: £36m

#### SHARE PRICE (p)



12m high/low 30.3p/7.7p

Source: LSE Data (priced as at prior close)

#### KEY DATA

Net (Debt)/Cash	£0.4m (at 30/06/21)
Enterprise value	£35.6m
Index/market	AIM
Next news	Full Year, March '22
Shares in Issue (m)	351.6
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.

[www.ternplc.com](http://www.ternplc.com)

TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

#### ANALYSTS

Gareth Evans

+44 (0) 20 7781 5301

gevans@progressive-research.com



Tessa Starmer

+44 (0) 20 7781 5303

tstarmer@progressive-research.com



[www.progressive-research.com](http://www.progressive-research.com)

## Participation in a new venture capital fund

Tern has agreed to participate in a new venture capital fund, the Sure Valley Ventures UK Software Technology Fund (New SVV Fund). The fund is expected to complete its first close with £85m of investment, of which £50m will be from the British Business Bank (BBB) with the balance from other investors. Tern's £5m investment will be drawn down in tranches over the 10-year life of the fund, with only £90k on the first close. In our view, this broadens Tern's exposure to early-stage private UK technology companies with only a modest capital commitment. SVV has a track record of developing a portfolio of technology investments, delivering both cash returns and a steady flow of upward revaluations. We believe that Tern's participation will achieve attractive financial returns while also expanding its pipeline of technology businesses to add to its network of companies, with the potential for additional commitments over and above investments made through the New SVV Fund.

- Low risk and modest capital commitment.** Tern will initially invest approximately £90k on the first close, to fund the New SVV Fund's first investment, which has already been identified. Over the 10-year life of the New SVV Fund, Tern will invest up to £5m in total. Based on expected total investment commitments of £85m, this represents a c.5.9% interest for Tern. In our view, Tern's interest can be sufficiently funded from its existing resources, with no need for additional funds. The total fund investment could increase to £95m, but Tern's investment allocation of £5m will not increase.
- Early-stage access to additional technology businesses** will allow Tern to potentially expand its network of Internet of Things (IOT) technology companies, to generate shareholder value. This announcement follows a positive update on its existing portfolio last month. The update confirmed that recent successful fundraises are already starting to bear fruit in terms of growing monthly recurring revenues, a key metric used in exit valuations.
- Tern remains well-funded.** The successful £4m fundraising in July last year has allowed further investment in its existing businesses, and Tern is benefitting from greater flexibility when it comes to the timing of follow-on rounds, additional raises and M&A. The IPO of portfolio company Wyld Networks last year has also reduced reliance on Tern for funding, providing access to additional capital and an exit strategy over time.

#### INVESTEE COMPANIES



DEVICE  
AUTHORITY

FUNDAMENTALVR



Wyld Networks

KONEKTIO



Talking Medicines

Source: Company Information.

This publication should not be seen as an inducement under MiFID II regulations.  
Please refer to important disclosures at the end of the document.

## Disclaimers and Disclosures

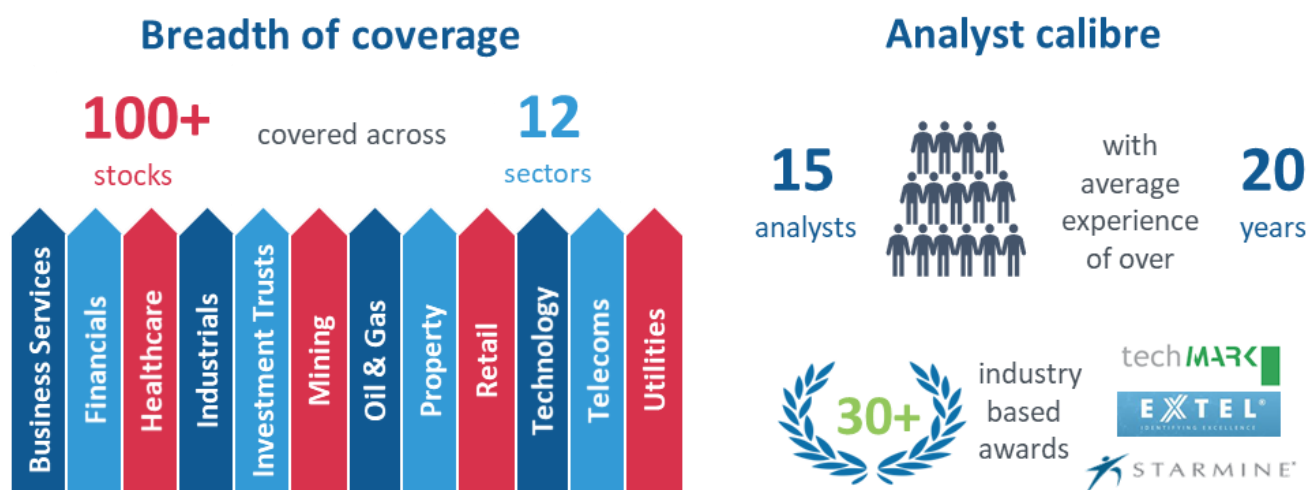
Copyright 2022 Progressive Equity Research Limited (“PERL”). All rights reserved. Progressive’s research is commissioned by the subject company under contract and is freely available to the public and all institutional investors. Progressive does not offer investors the ability to trade securities. Our publications should not, therefore, be considered an inducement under MiFID II regulations. PERL provides professional equity research services, and the companies researched pay a fee in order for this research to be made available. This report has been commissioned by the subject company and prepared and issued by PERL for publication in the United Kingdom only. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; however, PERL does not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of PERL at the time of publication, and any estimates are those of PERL and not of the companies concerned unless specifically sourced otherwise. PERL is authorised and regulated by the Financial Conduct Authority (FCA) of the United Kingdom (registration number 697355).

This document is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. PERL does not make investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. PERL does not undertake to provide updates to any opinions or views expressed in this document.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not subject to any prohibition on dealing ahead of the dissemination of investment research.

PERL does not hold any positions in the securities mentioned in this report. However, PERL’s directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. PERL or its affiliates may perform services or solicit business from any of the companies mentioned in this report.

The value of securities mentioned in this report can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of the shares mentioned in this report may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. It may be difficult to obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.



To arrange a meeting with the management team, or for further information about Progressive, please contact:

Keith Hodgskiss

+44 (0) 20 7781 5300

khodgskiss@progressive-research.com