

TERN PLC

SOFTWARE AND COMPUTER SERVICES

6 April 2022

TERN.L

13.3p

Market Cap: £46.7m

SHARE PRICE (p)



12m high/low 30.3p/8.8p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£2.0m (at 31/12/21)
Enterprise value	£44.7m
Index/market	AIM
Next news	AGM 27 April 2022
Shares in Issue (m)	352.1
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

TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

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Wyld Networks warrants exercised

Tern has announced that 98.6% of the Wyld Networks AB outstanding TO1 Warrants have been exercised, providing approximately SEK 25.2m (£2.0m) to Wyld, before costs. Tern invested in Wyld in June 2016, and the completion of the TO1 Warrant exercises reduces Tern's equity stake in Wyld from 58.7% to 49.2%. Wyld is reaping the benefits of its IPO on the NASDAQ First North Growth Market in July 2021. This represents a phased exit from the business for Tern, with access to capital in the future and share value appreciation through Wyld's continued success. Wyld is seeing ongoing purchase orders and further commercial traction, including entering into a connectivity partnership with Eutelsat Communications, Senet Inc and TrakAssure. The recent commercial launch of Wyld Connect, a satellite IoT product range, has created strong customer demand, with purchase orders of more than SEK 28m as launch partners gear up for the start of the commercial service, planned for the second half of 2022.

- Purchase orders of more than SEK 28m for Wyld Connect.** Wyld has received a SEK 17m purchase order from a South African company operating in the agricultural sector, to be delivered over a four-year period starting in April 2022. A further SEK 11.3m purchase order has been received from a Brazilian company operating in the forestry sector, over a three-year period starting in 2022.
- Recurring revenue potential.** The current orders that have been announced are for the Wyld Connect terminal and do not include the monthly service fee payable on the launch of the full network service, highlighting the magnitude of the revenue potential. With an estimated data cost of \$5 per unit per month, Wyld will generate approximately SEK 3.1m per month when all current purchased units are deployed.
- Consortium formed.** Wyld has entered into a partnership with Eutelsat, TrakAssure and Senet to form the Multimodal IoT Infrastructure Consortium (MMIIC). The purpose is to combine Senet's terrestrial LoRaWAN network with Wyld's and Eutelsat's satellite-based LoRaWAN network capacity to provide coverage over the entire Earth's surface.
- Recent IPO represents a phased exit from the business for Tern,** with access to capital in the future. At the full-year results in March, for the year ended 31 December, Tern reported a 35% increase in total net assets to £32.4m (2020: £24.0m). The main valuation driver was a £4.7m uplift in the value of Tern's investment in Wyld Networks to £8.7m, following the successful IPO.

TERN'S NETWORK OF 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.

Successful launch of Wyld Connect sees strong order intake and new partnerships formed

Wyld Networks' recent commercial launch of Wyld Connect, its satellite IoT product range, has been well received, with launch partners investing in the physical sensors required ahead of the commercial launch of the end-to-end satellite IoT solution, planned for the second half of 2022. Wyld has received purchase orders of more than SEK 28m. These orders are for the Wyld Connect terminal and do not include the monthly service fee payable on the launch of the full network service, highlighting the magnitude of the revenue potential for Wyld, with the recurring revenue from data a contributing factor for the expected increase in profitability over the short to medium term.

With an estimated data cost of \$5 per unit per month, Wyld will generate approximately SEK 3.1m per month when all current purchased units are deployed.

Launch partners were able to test the product before launch and include global companies such as Bayer, Chevron, and American Tower, which all need to collect data from their IoT solutions in the agricultural, energy and transportation sectors – particularly in areas of the world lacking internet access.

Two of these companies, Eutelsat and Bayer Crop Science, have purchased solutions before launch, which indicates confidence in Wyld's products and services.

Large orders in the Agricultural and Forestry sectors

Wyld has received a purchase order from a South African company operating in the agricultural sector for its IoT modules, which are to be delivered over a four-year period starting in April 2022. The total value corresponds to SEK 17m.

Wyld has also received a purchase order from a Brazilian company operating in the forestry sector for its IoT modules. The purchase order has a total value of SEK11.3m (approximately £900,000) over a three-year period starting in 2022.

Multimodal IoT Infrastructure Consortium™ (MMIIC) consortium

A major part of the commercial launch programme is the creation of the Multimodal IoT Infrastructure Consortium™ (MMIIC) consortium, formed through the partnership of Wyld, Senet Inc, Eutelsat and TrakAssure. We understand that this will enable Wyld to establish its products and services globally. The consortium is focused on the commercial delivery of supply chain solutions (asset tracking) to provide 100% global LoRaWAN® coverage, using both terrestrial and satellite IoT, which will be the first of its kind on the market. Asset tracking is a high-growth market expected to grow from to \$10bn to \$33bn between 2020 and 2025, according to market research firm Juniper Research.

Wyld Networks fully funded to breakeven

The recent IPO has improved liquidity and access to finance for Wyld. Wyld Networks started trading on NASDAQ First North in July 2021 following the successful IPO. The initial offer was oversubscribed, raising SEK 25m, with Tern investing an additional £0.3m (through exercising its warrants) and maintaining a majority interest.

The exercising of the subscription warrants has provided approximately SEK 25.2m (£2.0m), before issuing costs, to Wyld Networks. We believe that Wyld will not require any further capital until breakeven.

Disclaimers and Disclosures

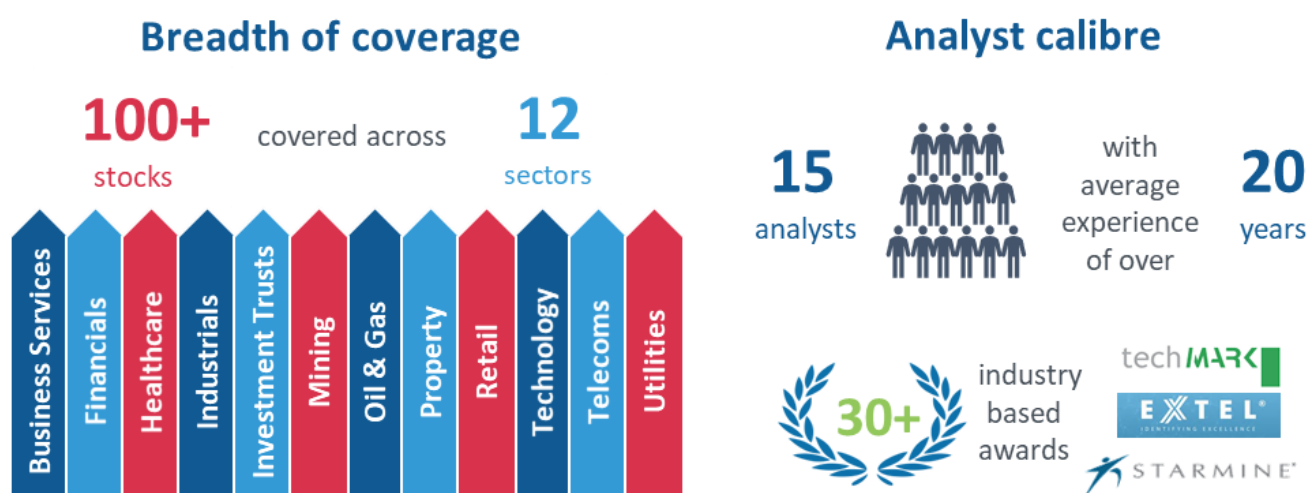
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