

TERN PLC

SOFTWARE AND COMPUTER SERVICES

11 August 2022

TERN.L

11.8p

Market Cap: £41.4m

SHARE PRICE (p)



12m high/low 23.3p/9.9p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£2.0m (at 31/12/21)
Enterprise value	£39.4m
Index/market	AIM
Next news	Interims Sep 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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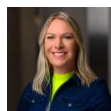
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FundamentalVR fundraise at material uplift

Tern's portfolio company FundamentalVR, the immersive technology and haptics specialist, has successfully closed the second tranche of its Series B fundraising. This tranche adds £5m new investment to the £7m raised in the first tranche in May, also at a significant uplift to Tern's book valuation. The announcement demonstrates the success of the group's investment strategy and hybrid VC model (see our [note](#)), delivering value from the portfolio and reducing dependence on Tern for future funding. Tern's stake in FundamentalVR equity falls to 16.6% from 26.9% prior to the first tranche, with a book value of £4.8m, up 35% on the 31 December 2021 book value and a 62% uplift on the amount invested by Tern in FundamentalVR to date.

- **FundamentalVR has raised a total of £13.2m in Series B funding** from existing and new investors, securing the £5m second tranche from a new institutional investor at the same valuation as the first tranche.
- **Tern has invested no new money in this tranche** but will continue to participate in the value creation of the business, with management seeing FundamentalVR as "an attractive target for a trade buyer or for an IPO in due course". The Series B provides funding to enable FundamentalVR to focus on accelerating its annual recurring revenue growth through pipeline opportunities, while launching new data & analytical products and establishing an artificial intelligence innovation centre in the US.
- **FundamentalVR has focused on the commercialisation of its haptics virtual reality simulation solutions.** Social distancing and the reduction in elective surgeries as a result of Covid-19 have accelerated the adoption of FundamentalVR's solutions. Trading has been strong over the past year with significant new business wins, long-term contracts secured and increasing annual recurring revenues.
- **The series of recent fundraisings announced by Tern** will help its portfolio companies continue to grow recurring revenues, a key metric used in exit valuations, which should in turn help to maximise shareholder value. In February, Tern announced a successful fundraise for Talking Medicines at a significant uplift to book value. In late 2021, Tern introduced a strategic investor to Device Authority and also undertook a value-enhancing syndicated funding round for Konektio (INVMA).

This fundraise demonstrates Tern's strong focus on maximising shareholder value and reducing reliance on Tern for funding, and in our view is a positive signal of success. We believe that recurring revenue growth will attract additional strategic interest and look forward to further positive newsflow.

TERN'S NETWORK OF COMPANIES



DEVICE
AUTHORITY

FUNDAMENTALVR

Wyld Networks

KONEKTIO



Source: Company Information.

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Disclaimers and Disclosures

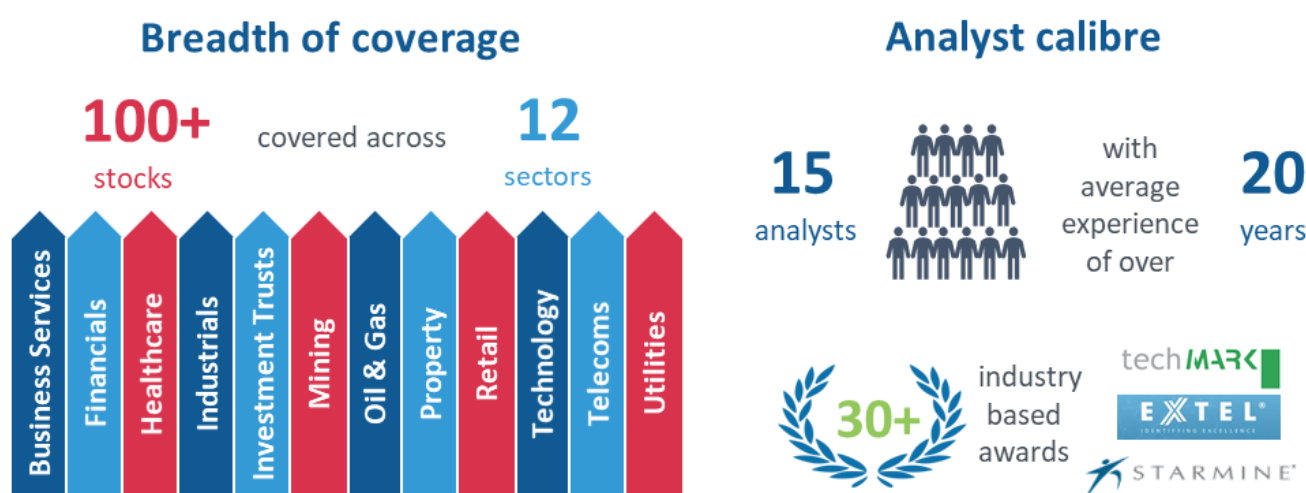
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