

14 September 2021

Tern Plc

("Tern" or the "Company")

Unaudited Interim Results for the six months to 30 June 2021

Tern Plc (AIM: TERN), the AIM quoted investment company specialising in the Internet of Things ("IoT") market, is pleased to announce its unaudited interim results for the six months to 30 June 2021.

Highlights

- Significant progress from all of the Company's principal portfolio companies¹ in the period
 - The period-on-period increase in turnover of the principal portfolio companies¹ in the six months to 30 June 2021 was an encouraging 75% (six months to 30 June 2020: 62%).
 - The period-on-period increase in the number of employees within the principal portfolio companies¹, a key growth measurement, was 14% in the six month period to 30 June 2021 (six months ended 30 June 2020: 7%). This was supported by an increase in revenue per employee of 53%, highlighting that employee growth was matched by a higher growth in revenue.
- £0.7 million was invested in existing portfolio companies during the period, supporting their growth and development. As at 30 June 2021, Tern had £0.4 million in cash which was increased by a post period end fundraising of £4 million (gross) in July 2021.
- IPO of Wyld Networks on NASDAQ First North completed just after the period end on 2 July 2021, following a syndicated funding in January 2021.
- Device Authority continued to accelerate its annual recurring revenue growth through its subscription base and its modularised licence platform, KeyScaler, which launched for Azure Sphere in the Microsoft Azure Marketplace during the period, aided by the increasing focus on IoT security, the launch of product enhancements, the securing of further distribution partnerships and the recruitment of a number of key senior staff.
- Talking Medicines launched its artificial intelligence and natural language processing powered patient intelligence platform, PatientMetRx, to provide a systematic way of measuring the patient experience of medicines for the pharmaceutical industry.
- Significant further contract wins for FundamentalVR and a further investment in FundamentalVR from Tern post period end.
- InVMA continued to enjoy growing sales and a strong sales pipeline, with a focus on the global deployment of AssetMinder®.

Al Sisto, CEO of Tern Plc, said:

“I am delighted by the progress and pace of development that our portfolio companies achieved in these continuing unprecedented times, increasing their relevance in the markets they serve, accelerating their customers’ digital transformation goals and creating new opportunities. The increase in aggregate turnover and portfolio headcount growth reflects our portfolio companies customers’ belief in and adoption of their products and services. I am also pleased how the team at Tern has been able to help guide our investee companies through this period of market expansion and growth. The ‘New Normal’ presents many unique challenges, but with the traction achieved by our portfolio’s emphasis on customer driven Product-Led Growth (“PLG”), which gained real traction in the second half of 2020 and has continued into 2021, our companies are now experiencing significant repeat business from existing customers through internal referrals. This approach has also helped to lower our aggregate portfolio sales cycles and development costs, improving revenue per employee, for example. All of which adds to the underlying prospects and value of the portfolio.

“We were pleased to see one example of the execution of our funding model with the syndication of the Wyld Networks funding early in the year followed by its IPO on Nasdaq First North post period end in July, with Tern retaining a majority interest in the business.

“The opportunities for IoT company investments continues to be remarkably robust as a result of the pandemic requiring companies and governments to adopt digital solutions. We also believe that the increasing ESG focus, particularly around sustainability, will rely on the importance of technology in many aspects of our future.

“Our portfolio companies made significant strides towards cementing their targeted market leadership positions during the first six months of the year, and we believe our objectives for Tern are being met as our portfolio expands in size and value. With our focus on the high growth IoT market, our years of operating expertise, the synergistic benefits of our portfolio composition and our sustainable investment model I believe Tern is very well positioned for the future. In addition, we will continue to aggressively seek the very best IoT technology companies which can provide disruptive solutions to the healthcare and industrial sectors and that add to the synergies between our existing holdings, providing additional value growth for the long term.”

Note 1: Principal portfolio company growth excludes Push Technology, in which Tern has a <1% holding and minimal influence.

Enquiries:

Tern Plc

Al Sisto (CEO)
Sarah Payne (CFO)

via IFC Advisory

Allenby Capital Limited

(Nominated Adviser and Broker)
David Worlidge / Alex Brearley (Corporate Finance)
Matt Butlin / Kelly Gardiner (Sales and Corporate Broking)

Tel: 0203 328 5656

IFC Advisory

(Financial PR and IR)
Tim Metcalfe

Tel: 0203 934 6630
tern@investor-focus.co.uk

Graham Herring
Florence Chandler

Chief Executive's Statement

The first half of 2021 followed an unprecedented year where the global economy learned to operate during a worldwide pandemic, whilst governments struggle to manage the ever-changing discoveries of science and reality in this hyper digitally connected age.

The impact and constant change resulting from the Covid-19 pandemic on humanity is now being better understood, but the impact to the world economy and businesses is still a work in progress. I believe no one could have predicted the far-reaching impact of the pandemic, but it has presented opportunities for Tern and its portfolio companies.

With the onset of the pandemic last year, the Tern team, in conjunction with our portfolio companies, implemented a bi-weekly programme to monitor the state of the portfolio companies' employee bases, programmes to safeguard them, discussions on go-to-market strategies and customer acquisition success stories, in order to leverage the wide range of experiences from these team meetings and maximise the available opportunities, whilst minimizing any disruption. We believe that the portfolio companies' performance in the first half of 2021 was aided by our investment in maintaining a critical dialogue amongst the portfolio company leadership and Tern.

This programme's critical objective was to leverage Tern's management's years of operating expertise and to assist in harnessing the value of the underlying synergies and customer relationships between the portfolio companies. These sessions established a forum to help capture customer opportunities and to develop strategies to successfully participate in their customers and prospects pandemic-accelerated transition to digital working practices.

Tern also adopted customer/market driven and product-led growth strategies that helped our portfolio companies to establish a pool of customer advocates, reduce customer churn and accelerate deployments. Product-Led Growth is defined as a go-to-market strategy that relies on using a company's product as the main vehicle to acquire, activate, and retain customers. Metrics which we believe are central to establishing M&A valuation models. This PLG approach, coupled with our 'hands on' investment management, is at various stages of adoption by our companies and has also resulted in creating new investment opportunities for Tern.

We have recently increased our funding capacity with our £4 million (gross) fundraise in July 2021 which will enable us to support of our portfolio companies as they continue to scale. This funding was also to provide us with negotiating strength as we look to syndicate the next growth rounds for our existing portfolio companies as well as potentially add to our portfolio.

We entered 2021 with renewed optimism and now hope that an end to worst of the pandemic is in sight, but we do not believe the 'New Normal', following the disruptions from Covid-19, will alter the basic dynamics of our portfolio companies' growth. As a result of our investment strategy, our portfolio companies are growing in scale and are being recognised as leaders in their targeted markets. They are benefiting from the accelerated adoption of IoT products and services that assist in the

transition to digital and we anticipate that this momentum will continue as global economies transition into a post-Covid-19 contactless environment.

New portfolio company investments

Tern continues to focus on expanding our portfolio to provide a continuum of value creations for our shareholders. We are continuously looking for businesses which have customer or technology synergies with our portfolio companies, seeking to create force multipliers for the group. Our specific technology focus continues with Artificial Intelligence (“AI”), Machine Learning (“ML”), Virtual/Augmented Reality (“VR/AR”) and Data Sciences being leading investment themes, which are accelerating in importance to the IoT and whose resources will add value to our existing investments. We are also seeking to leverage our collective expertise and the aggregate customer base of the portfolio companies in healthcare and the industrial IoT markets with the addition of disruptive IoT companies with strong management teams that can enhance value creation and reduce investment risk for our shareholders.

Our deal flow, or exposure to new investment opportunities, was at record levels during the first half of 2021. We believe our branding efforts and our portfolio companies’ market recognition are establishing Tern as the go-to IoT investor. We are also experiencing more opportunities to undertake syndicated funding efforts with other investors that provide us with a broader access to follow-on capital for our companies from the venture capital and private equity communities in the UK, Europe and the US.

Follow-on portfolio investments and support

We were pleased to announce in the first six months of 2021, both the syndicated financing and the IPO of Wyld Networks on the NASDAQ First North Growth Market. In January we announced the follow-on investment in Wyld Networks, resulting in a step up in our book value from £1.2 million to £4.1 million which represented approximately 2.7 times the capital invested by Tern at that time. Of equal importance, as part of this funding the corporate structure of Wyld was also simplified. As a result, within six months of restructure, we announced the IPO of Wyld Networks on the Nasdaq First North Growth Market. Following the offering in conjunction with the IPO, Tern's holding in Wyld Networks was 60.7% on the commencement of trading at a market value of approximately £4.7 million, based on the offering price. We believe that this is an important milestone for Tern, as it is a clear demonstration of using our expertise to help create value for the long-term benefit of our shareholders.

Another key to value creation for our shareholders is the growth in portfolio company monthly recurring revenues/annual recurring revenue (MRR/ARR). As highlighted above, Tern’s directors are continuing to work with our companies, individually and as a group to stimulate MRR/ARR growth, a key metric in valuing software as a service (SaaS) businesses. For example, Device Authority continued its fourth quarter 2020 focus on health care and industrial/automotive markets to add new customers and to accelerate their existing customers’ rollouts of devices and systems. Device Authority, as part of its strategy, continued to add to its ecosystem of partners, for example with Ericsson and developed specific features in support of its partners, for example support for Microsoft Azure Key Vault. Device Authority also continued to gain industry recognition from ABI Research as a leader in its SPARK Matrix™ for IoT Identity and Access Management (IoT IAM).

In support of the progress being made at FundamentalVR, in July 2021 Tern invested a further £530,000 via a convertible loan note issue totalling £1,160,000 along with the other existing institutional shareholders who participated in the last FundamentalVR syndicated funding round in October 2019. The proceeds will be used by FundamentalVR for a number of key initiatives to expand their platform with advanced simulated soft tissue capabilities with kinesthetic haptics.

Tern also provided InVMA further support in July 2021 with an additional £100,000 convertible loan note to support its market and product development of AssetMinder®. The company is benefiting from the need by industry to make the digital transition to contactless monitoring of machines and processes. The company has recently expanded its operations into the US to meet the growing interest there.

Environmental, Social and Governance (“ESG”)

The Tern Board is committed to conducting its investment and business activities in line with best practice ESG principles. We are currently enhancing our investment strategy to include ESG criteria and portfolio company scorecards and are reviewing our internal policies to ensure they are inclusive and comprehensive. We conducted our annual 360 Board Performance Review in August 2021, which included external input, and with a positive overall assessment, readily accept the challenges of further improvement.

Financial Priorities

We have used the first half of 2021 to further help our companies accelerate the metrics of their businesses that we believe drive investment valuation models for their next funding rounds or exits. We have also helped our investee companies expand and improve their infrastructure, teams, and processes. We believe these activities position us well for creating value enhancing opportunities across the portfolio and in expanding it. These include:

- Opportunities for larger syndicated Series A and Series B rounds for our portfolio companies as measured by post-money valuation and investment amounts as they and IoT technology companies as a whole continue to grow in importance and relevance
- The ability to secure additional strategic investors from the UK, Europe and the US which we can lead thanks to our portfolio companies’ market traction, global market ambitions and specific North America focus
- An expansion of our shareholder base with our application to cross trade on the OTC market to improve our profile and liquidity

Outlook

We are optimistic about the second half of 2021, while being aware of the continuing uncertainty due to the ongoing Covid-19 pandemic and its effect on the business environment. The market for IoT technology products and services is now a critical mandate for companies and governments around the globe. Our investee companies have proven to be resilient in managing the change and in scaling their businesses.

We look forward to operating with continued enthusiasm for the rest of the year and beyond. We will continue to build on our model, specifically using third-party funding, working to enhancing our deal flow activities and continuing to strengthen our team.

I would like to extend our deep appreciation to the management of our portfolio companies and their teams for their pragmatism and creativity. Our results and future opportunities are a result of their dedication to the health of their businesses and to the health and wellbeing of their fellow employees during these difficult and uncertain times.

Al Sisto
Chief Executive Officer

Financial

Highlights

	6 months to 30 June 2021	6 months to 30 June 2020	12 months to 31 December 2020
	£	£	£
Net assets	23,295,920	19,900,647	24,000,657
Current assets	868,571	961,566	2,391,467
Total assets	23,547,031	20,089,782	24,296,258
(Loss)/Profit for the period	(718,465)	142,474	803,891
Net asset value per share	7.1p	7.0p	7.3p

2021 has started strongly with a renewed focus on the value enabled by IoT companies in accelerating digital transformation. This was a positive outcome after the uncertainty of the previous year, which required careful monitoring of the pandemic's impact on portfolio company liquidity and performance. The portfolio companies are further building on the performance achieved in the fourth quarter of 2020 and a key focus was continuing to monitor costs closely to ensure overheads were sufficient to match revenues being generated.

Tern had an unaudited cash balance of £0.4 million as at 30 June 2021, which has been strengthened by the net proceeds from the £4 million equity fundraise completed in July 2021. The period-on-period increase in turnover of the principal portfolio companies¹ for the first six months of 2021 showed a very encouraging 75% growth (six months ended 30 June 2020: 62%).

The period-on-period increase in employees within the principal portfolio companies¹, a key growth measurement, was 14% in the six months to June 2021 (six months ended 30 June 2020: 7%). This drove a period-on-period increase in revenue per employee of 53%, highlighting that employee growth was matched by a higher growth in revenue.

During the six months ended 30 June 2021, Tern continued to provide ongoing support to its underlying portfolio base, investing £0.7 million via equity and loan note facilities to provide capital for its entrepreneurial portfolio companies to enable them to continue to grow and develop within

their focused markets, this included supporting Wyld Networks in its IPO on the Nasdaq First North Growth Market.

For the six months to 30 June 2021, Tern recorded a loss of £0.7 million, compared to a profit of £0.1 million in the six months to 30 June 2020. The fair value of the portfolio remained comparable to the year-end position, which included the £0.3 million increase in the fair value of Wyld Networks almost entirely offset by a foreign exchange loss following a strengthening of the pound against the dollar which led to a decrease in the Sterling value of Device Authority which is valued in US Dollars. We remain conservative in our approach to the carrying value of our portfolio companies, with the fair value incorporating valuations validated by third party investments.

Cost management continues to be a focus for the Company. Operating costs rose by £0.2 million compared to the same period in 2020, largely due to the Covid-19 related reduction in costs in 2020. A large part of the increase was due to Director fees increasing by £0.15 million in the period, in part due to the 20% reduction in salaries taken during 2020. Other operating costs were broadly stable with increases in professional and accounting fees partially offset by a decrease in other areas impacted by Covid-19, including travel and meeting costs.

The net asset value per share of 7.1p as at 30 June 2021 was relatively stable compared to 7.0p at 30 June 2020, although this does not reflect the increase achieved with the post period end fundraise priced at 18.8p per share.

Sarah Payne
Chief Financial Officer

Note 1: Principal portfolio company growth excludes Push Technology, in which Tern has a <1% holding and minimal influence.

Portfolio Review

Device Authority Limited (“*Device Authority*”)

Valuation of holding: £12.9 million

Holding: 56.8%

Sector: Security

Invested Since: September 2014

Device Authority is a global leader in Identity and Access Management (“IAM”) cybersecurity, providing edge to enterprise lifecycle automation and management for IoT devices, data and applications at scale, for both retrofit and secure-by-design applications. Their KeyScaler™ platform provides trust across the IoT ecosystem, is cloud agnostic, but Microsoft centric, and includes extensive integration into third party hardware security modules (HSM) and Certificate Authorities (CA) that addresses the complex challenges of securing the IoT.

With the increased frequency and sophistication of malicious cyber-attacks on both public and private sector organisations, there has been a marked increase in new EU and US regulation that takes IoT cybersecurity ever more seriously, mandating new minimum-security standards for IoT devices and data. Evolving regulation includes:

- WP.29 - the UN Regulation on uniform provisions for cybersecurity and cybersecurity management systems for the automotive sector;
- The US IoT Cybersecurity Act, which was passed into law in December 2020; and
- President Biden's June 2021 Executive Order for critical infrastructure, which was expedited as a result of the ransomware attacks on Colonial Pipeline, JBS, Washington DC Metropolitan Police and other on major organisations.

Device Authority remains well-positioned to help meet the dynamically evolving cybersecurity challenges that these new regulatory frameworks demand, with a requirement for increasingly higher IoT cybersecurity standards.

Device Authority also continues to gain industry cybersecurity analyst recognition, and the recently released SPARK Matrix for IAM further reinforces Device Authority's market leading position in the upper right quadrant. Additionally, the May 2021 ABI Research IoT Device Onboard and Lifecycle Management report confirmed that Microsoft Azure and AWS continue to dominate cloud deployments and highlighted the importance of critical partnerships with companies including Device Authority to extend market reach through the inclusion of intelligence and automation for a sustainable lifecycle management to secure the entire device identity supply chain.

The market for secure IoT management remains challenging for customers, but as cyber-attack vectors move away from inside the network to IoT devices, IoT onboarding and lifecycle management of trusted device identity becomes increasingly critical. Device Authority continues to align their Keyscaler platform with market leading standards, including the FIDO Alliance, which released their new onboarding standard for securing the Internet of Things, and Device Authority is part of the IoT Technical Working Group that supports the FIDO device onboarding (FDO) standard.

In the first six months of 2021, Device Authority continued to deliver on their strategy of expanding their customer base across the EU and US markets through direct sales, developing a closer partnership with Microsoft and strategic partnerships to extend end-to-end cybersecurity. Extending capability helps solve increasingly complex edge-to-enterprise security issues that customers are facing for the lifecycle automation and management to securely provision IoT devices and data at scale. Device Authority's commercial development focus continued across the core sectors of automotive, healthcare and industrial IoT (IIoT), and as result of evolving regulatory environment, now includes the US Government sector. Key strategic partnerships established in the first six months of 2021 include:

- Crossroads Innovation Group - which helps to expand reach within the US public sector, including government and defence, academic research, and smart city initiatives, leveraging the regulatory drive to modernise IoT security standards.
- Medigate – securing the Internet of Medical Things (IoMT) to deliver to Healthcare Delivery Organizations (HDOs) important new integrated capabilities that address cybersecurity challenges for the healthcare sector.
- FIDO Alliance - Part of the IoT Technical Working Group and supporting the FIDO device onboarding (FDO) specification.

- EPS Global and Intrinsic ID - EPS Global, a worldwide provider of integrated circuit (IC) Programming and Secure Provisioning Services, and Intrinsic-ID, the world's leading provider of security IP for embedded systems based on physical unclonable function (PUF technology).

Device Authority's strategic partnerships have also resulted in a new integration to extend the trust and security from the edge to enterprise applications. Their Enhanced Platform Interface Connector (EPIC) enables a flexible and seamless approach to interfacing to any IoT Application or service across their partner ecosystem. The unique device-bound identity and data security model helps to meet the unified security requirements for critical IoT use cases. The executive order for software bill of materials (SBOM), is designed to reduce federal cybersecurity risk by listing the code used in software-containing devices so that anyone who operates it can check for security vulnerabilities,

Device Authority's shareholders, including Tern, continue to support the ongoing progress of the company, having provided a total of US\$5.9 million by 30 June 2021 in the form of convertible loan notes since November 2017, with US\$4.0 million of this being provided by Tern (US\$0.4 million in the six months to 30 June 2021).

As at 30 June 2021, the fair value of Tern's shareholding in Device Authority remained stable at £12.9 million (31 December 2020: £12.8 million), with the small change reflecting a £0.2 million investment offset by the foreign exchange effects on the sterling value of Device Authority which is valued in US Dollars.

FVRVS Limited ('Fundamental VR')

Valuation of holding: £3 million

Holding: 26.9%

Sector: Healthcare IoT

Invested Since: May 2018

FundamentalVR is a deep IP company working at the intersection of immersive technology, haptics and machine learning. Immersive technology has the ability to change the human/computing interface forever, to transcend geographies and accelerate business deployments. FundamentalVR has created a platform Fundamental Surgery that is the market leading VR medical education and training platform delivering multimodal simulation and education across tethered and all in one VR, mixed reality and mobile.

It is the only global platform of its type to have education accreditation from leading medical institutions such as the American Academy of Orthopaedic Surgeons (AAOS) and Royal College of Surgeons in England.

At the core of the FundamentalVR tech stack is their 'Haptic Intelligence Engine', HapticVR™, a unique, patent protected software modelling system that delivers high fidelity physical interaction. The Haptic Intelligence Engine is a hardware agnostic software engine that delivers full kinesthetic force feedback haptics into a variety of handheld devices ranging from base station held instruments through to haptic gloves.

With HapticVR™ FVR is able to accelerate skills acquisition, lighten the cognitive load and deliver significantly enhanced user experiences. Within its medical education platform, Fundamental Surgery,

this capability has been validated to increase skills development by enabling surgeons to learn true muscle memory.

FundamentalVR's market position is being recognised and recent awards and accreditation include being awarded number one 'Virtual Healthcare Education Programme' by Healthcare Global Magazine and 'VR Healthcare of the Year' at the VR Awards.

Since the realisation that working practices need to change as a result of the pandemic, FundamentalVR has seen the take-up of its solutions accelerate, with signed committed revenues in the year running at approximately two times last year's performance, including significant orders from leading robotics companies and gene therapy implantation specialists, cementing its position as the leading specialist haptic VR company.

Wyld Networks AB ("Wyld Networks")

Valuation of holding: £4.7 million

Holding: 60.7%

Sector: IoT enablement

Invested Since: June 2016

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, as well as connecting people to people in mobile mesh networks for location aware social networks with its Wyld Mesh solution even where there is no Wi-Fi or 4G / 5G.

During the first half of 2021 Wyld Networks completed preparations for its admission to trading on the NASDAQ First North Growth Market in Stockholm, which occurred post period end on 2 July 2021, together with conducting an oversubscribed fund raising (the "Offering"). Wyld Networks received SEK 25 million (approximately £2.1 million) from the Offering, before issue costs and the proceeds from any future exercise of warrants issued as part of the Offering. This included approximately £300,000 from Tern which was paid in June 2021 and further amounts from certain of Tern's Directors (amounting to approximately £55,000) and Wyld Networks' management. A maximum of a further approximately SEK 69 million (approximately £5.8 million) could potentially be raised by Wyld Networks if all of the warrants granted pursuant to the Offering (as described in Tern's announcement of 9 June 2021) were to be exercised. Following the Offering, Tern's holding in Wyld Networks reduced from 78.7% to 60.7% on the commencement of trading on NASDAQ First North, which was valued at approximately £4.7 million on the basis of the Offering price.

The Offering followed a £750,000 syndicated equity fundraise for Wyld Networks announced by Tern on 28 January 2021, including £150,000 from Tern and £600,000 from the same third-party institutional investor who previously subscribed for £400,000 of convertible loan notes in Wyld Networks, as announced on 7 May 2020, at a significant valuation uplift from the previous book valuation of Tern's holding.

Post period end on 25 August 2021, in light of Wyld Networks' strong recent performance, including winning new contracts with significant customers, it put in place an accelerated operating plan and entered into a loan agreement for SEK 12 million (approximately £1 million) with Formue Nord Fokus A/S (the "Lender"). This financing was secured to bring forward the recruitment of additional sales and development resources to assist with accelerating the commercialisation of Wyld Networks' solutions in global markets. Alongside the loan, Wyld Networks issued warrants to the Lender and free of charge to existing Wyld Networks shareholders, including Tern.

Wyld Connect solution - Terrestrial networks only cover 20%¹ of the Earth's surface and this lack of global connectivity in the other 80%¹ of the world's surface is holding back the growth of IoT networks from contributing towards adding an estimated US\$ 2 to US\$ 3 trillion to global GDP over the next decade². Wyld Connect is a hybrid satellite and terrestrial solution connecting IoT devices and sensors to terrestrial networks if available, and to LEO satellites where there is no terrestrial network, aimed at providing 100% global coverage. Wyld Connect is suitable for applications in agriculture, maritime, the environment, transportation and oil and gas, amongst others.

Wyld Mesh solution - Congested internet connectivity impacts global GDP, most notably in e-commerce. Wyld Mesh is a software solution to allow businesses to build wireless networks to deliver relevant and location aware content to end users, as well as ensuring that content is effectively delivered by adding an additional layer of wireless connectivity by connecting smartphones directly to smartphones and IoT devices in a mesh network where there is no or poor 4G/5G or WiFi networks. The solution has applications in retail, events, transportations hubs and stadiums, to enhance the customer experience and increase revenues.

In the first six months of 2021 Wyld Networks has in part focused deploying its Wyld Mesh solution in the healthcare market and on signing agreements and partnerships with the following companies in advance of the planned commercial launch of Wyld Connect its satellite IoT solution:

- Chevron - one of the world's largest energy companies with revenues of approximately US\$98bn in 2020
- Rijk Zwaan – a Dutch vegetable breeding and seed production company with a market share of 9% making it the number four vegetable breeding company worldwide
- Eastwest Seeds – an Asian seed supplier in the agricultural sector
- Fujitsu - a global IT organisation headquartered in Japan employing over 126,000 people with annual revenues in excess of US\$33 billion
- CFG - An association of fruit producers in South America that focuses on leveraging technology to improve production yield in crops
- Agrisound – a UK based IoT company, that combines acoustic technology with environmental sensors, to help maintain an optimal pollination environment to increase the yield from crops
- Agrocognitive – a South American company that provides data analytics for the agricultural sector

- KWS - a company based in Germany that focuses on plant breeding with activities in about 70 countries. KWS is the fourth largest seed producer worldwide based on sales for agricultural crops
- Wezen Group - a leading provider of infrastructure, networking and operations services in South America with a focus on agriculture

Additionally, in June 2021 Wyld delivered the first five test terminals to Eutelsat, its satellite partner, as part of the internal test phase of the satellite IoT solution currently in development.

1. <https://www.abiresearch.com/press/new-satellite-networks-will-enable-24-million-iot-connections-and-provide-seamless-global-connectivity-2024/>
2. <https://www.mckinsey.com/industries/agriculture/our-insights/agricultures-connected-future-how-technology-can-yield-new-growth>

InVMA Limited (“InVMA”)

Valuation of holding: £1.2 million

Holding: 50%

Sector: IoT enablement

Invested Since: September 2017

InVMA is an Industrial Internet of Things (“IIoT”) software solutions company, helping industrial and manufacturing companies prosper by converging their physical assets with new transformational digital insights. InVMA’s AssetMinder® is a modular, industry 4.0, IoT SaaS platform, using a wide range of analytical tools and AI and machine learning algorithms to connect up whole factory floors and processes as well as managing resources into and out of the factory.

AssetMinder® is a unique customisable platform enabling customers to remotely collect, aggregate and monitor real-time data across both factory and remote assets, devices and equipment; providing analytics and predictive insights that drive intelligence-based decisions for individual machines, entire manufacturing lines, and across a portfolio of facilities.

Covid-19 has accelerated the demand for, and deployment of, remote condition monitoring with remote monitoring moving to the forefront of industrial and manufacturing agendas. AssetMinder® has been well placed to extend remote capability to existing customers, and to deploy extended capability across a range of new clients. InVMA’s customer pipeline continues to increase, across both direct and partner channels. The partnership with PTC has continued to develop, with several new joint customer opportunities achieved. A focus on developing the partner channel has resulted in commercial growth across the UK, EU and US, and several new partnerships established. InVMA has established a wholly owned US entity, AssetMinder Inc, registered as a Delaware B Corp, as they look to expand into the US markets.

During the first half of 2021, InVMA announced that the partnership agreement with Dexis Consulting Group (“Dexis”), signed in January 2020, was expanded to offer Assetminder® to customers in Belgium and France across a range of verticals, including major utilities, industrials, quarries and energy. Since January 2020, the number of Dexis AssetMinder® installations has grown, and continues to grow, with thousands of devices now being monitored across a large amount of critical assets.

As at 30 June 2021, Tern had an outstanding convertible loan balance of £175,000 (31 December 2020: £175,000) with InVMA, in addition to its equity holding. The convertible loan has been included within the investment fair value. Post period end in July 2021, Tern advanced a further £100,000 of convertible loan notes to InVMA, which carry a coupon rate of 8% per annum and are convertible into InVMA shares at a 20% discount to any future third party fundraising.

Talking Medicines Limited (“Talking Medicines”)

Valuation of holding: £0.9 million

Holding: 23.4%

Sector: Data distribution software

Invested Since: November 2020

Talking Medicines is a data technology company using Artificial Intelligence, Natural Language Processing and Machine Learning to give patients a voice. Talking Medicines uses leading technologies to structure and decode what patients are saying by medicine brand for the first time as a systematic data service. The signals are sourced from social media, health forums and groups at scale. This addresses the blind spot that global pharmaceutical marketers have toward their patients despite spending approximately US\$30 billion annually on marketing. Talking Medicines has launched its PatientMetRx® platform on a subscription basis for pharmaceutical companies in H1 2021. This ground-breaking platform features access to calculated real world ‘Patient Confidence Scores’ by medicine.

PatientMetRx® provides actionable data that is needed to support the new decision-making support systems being designed by pharma companies to bring agility into brand management. To date the sector has made decisions based on historic data, PatientMetRx® offers the possibility of staying engaged with what is happening in real time. The smart data from PatientMetRx® is designed to be used by marketers as a leading indicator to course correct, benchmark and seek opportunities for global brand marketing by medicine driving better patient outcomes.

The commercial strategy for Talking Medicines in H1 2021 following the launch of PatientMetRx® has been to seed uptake in ‘top 20’ pharma companies to create credible use cases and facilitate the start of formal procurement processes. To date, Talking Medicines has made significant progress with five top global pharma companies to spearhead this adoption, with the first such company contracted. In addition, Talking Medicines is working with agency partners where there are established relationships within the pharmaceutical sector. The agreement with Closing Delta was the first of these partnerships.

In H1 2021 Talking Medicines has additionally grown its team to bring in new employees at the leadership level, alongside launching PatientMetRx®. The senior hires include those with skills in the areas of sales, engineering, and data. A UK patent has also been filed to protect Talking Medicines’ IP. This is anticipated to establish further value for the models that have been built to filter to and isolate the voice of the patient matched to regulated medicines. We believe that the PatientMetRx® platform is well placed to play a leading role in the post-pandemic digital transformation in the pharma sector.

In H2 2021, the focus will be on commercial uptake and working with strategic partners to accelerate the global roll out and adoption of PatientMetRx®.

Push Technology Limited (“*Push Technology*”)

Valuation of holding: £34,205

Holding: <1%

Sector: Data distribution

Invested since: July 2014

For organisations worldwide, Push Technology’s software product, Diffusion, powers the real-time applications and systems critical to their business expansion, revenue growth, and optimal ongoing business operations. Diffusion simplifies and speeds development, deployment, and scaling of customers’ systems, providing peace of mind that data is securely managed and efficiently delivered in real-time.

Unaudited Income Statement and Statement of Comprehensive Income
For the six months ended 30 June 2021

	Notes	6 months to 30 June 2021 (Unaudited) £	6 months to 30 June 2020 (Unaudited) £	12 months to 31 December 2020 (Audited) £
Fee income		41,950	42,076	151,159
Movement in fair value of investments	9	25,688	736,470	1,992,891
Total investment income		67,638	778,546	2,144,050
Administration costs		(832,991)	(632,644)	(1,341,802)
Other Expenses		(21,328)	(95,857)	(206,845)
Operating (loss)/profit		(786,681)	50,045	595,403
Finance income		68,216	92,429	208,488
(Loss)/profit before tax		(718,465)	142,474	803,891
Tax		-	-	-
(Loss)/profit and total comprehensive (loss)/income for the period		(718,465)	142,474	803,891
Earnings per share	8			
Basic and diluted (loss)/earnings per share		(0.2)p	0.1p	0.3p

Unaudited Statement of Financial Position
As at 30 June 2021

	Note	30 June 2021 (Unaudited) £	30 June 2020 (Unaudited) £	31 December 2020 (Audited) £
Assets				
Non-current assets				
Investments	9	22,678,460	19,128,216	21,904,791
		<u>22,678,460</u>	<u>19,128,216</u>	<u>21,904,791</u>
Current assets				
Trade and other receivables		420,785	172,024	261,301
Cash and cash equivalents		447,786	789,542	2,130,166
		<u>868,571</u>	<u>961,566</u>	<u>2,391,467</u>
Total assets		<u>23,547,031</u>	<u>20,089,782</u>	<u>24,296,258</u>
Equity and liabilities				
Share capital	10	1,367,635	1,358,238	1,367,635
Share premium		26,740,789	23,335,580	26,740,789
Retained earnings		(4,812,504)	(4,793,171)	(4,107,767)
		<u>23,295,920</u>	<u>19,900,647</u>	<u>24,000,657</u>
Current liabilities				
Trade and other payables		251,111	189,135	295,601
Total liabilities		<u>251,111</u>	<u>189,135</u>	<u>295,601</u>
Total equity and liabilities		<u>23,547,031</u>	<u>20,089,782</u>	<u>24,296,258</u>

**Unaudited Statement of Changes in Equity
For the six months ended 30 June 2021**

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
Balance at 31 December 2019	1,355,571	22,578,619	(5,021,113)	18,913,077
Total comprehensive income	—	—	142,474	142,474
Transactions with owners				
Issue of share capital	2,667	797,333	—	800,000
Share issue costs	—	(40,372)	—	(40,372)
Share based payment charge	—	—	85,468	85,468
Balance at 30 June 2020	1,358,238	23,335,580	(4,793,171)	19,900,647
Total comprehensive income	—	—	661,417	661,417
Transactions with owners				
Issue of share capital	9,397	3,691,003	—	3,700,400
Share issue costs	—	(285,794)	—	(285,794)
Share based payment charge	—	—	23,987	23,987
Balance at 31 December 2020	1,367,635	26,740,789	(4,107,767)	24,000,657
Total comprehensive income	—	—	(718,465)	(718,465)
Transactions with owners				
Share based payment charge	—	—	13,728	13,728
Balance at 30 June 2021	1,367,635	26,740,789	(4,812,504)	23,295,920

Unaudited Statement of Cash Flows

For the six months ended 30 June 2021

		6 months to 30 June 2021 (Unaudited) £	6 months to 30 June 2020 (Unaudited) £	12 months to 31 December 2020 (Audited) £
OPERATING ACTIVITIES				
Net cash used in operations	11	(898,409)	(554,777)	(1,189,481)
Purchase of investments		(684,971)	(517,221)	(1,957,248)
Cash received from sale of investments		—	92,864	93,421
Loan to investee companies		(99,000)	—	—
Interest received		—	1,083	1,275
Net cash used in operating activities		<u>(1,682,380)</u>	<u>(978,051)</u>	<u>(3,052,033)</u>
FINANCING ACTIVITIES				
Proceeds on issue of shares		—	800,000	4,500,400
Share issue expenses		—	(40,372)	(326,166)
Net cash from financing activities		<u>—</u>	<u>759,628</u>	<u>4,174,234</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,682,380)</u>	<u>(218,423)</u>	<u>1,122,201</u>
Cash and cash equivalents at beginning of period		<u>2,130,166</u>	<u>1,007,965</u>	<u>1,007,965</u>
Cash and cash equivalents at end of period		<u>447,786</u>	<u>789,542</u>	<u>2,130,166</u>

Notes to the Unaudited Interim Statements

For the six months ended 30 June 2021

1. General information

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

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 using accounting policies consistent with IFRS as adopted by the United Kingdom. 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 2020. The financial information for the year ended 31 December 2020 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 2020 have been filed with the Registrar of Companies and can be found on the Company's website: 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.

The Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements. The post period end fundraise and the impact of Covid-19 has been considered as part of the Directors' assessment.

4. Investments

The investment valuation consists of equity investments and convertible loan notes and loans issued to a portfolio company.

In accordance with IFRS 10, paragraph 4, 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. Convertible Loans

Financial assets

Convertible loans provided to investee companies are evaluated with reference to IFRS 9. The convertible loan facility issued to Device Authority is a financial asset with multiple embedded derivatives and a warrant instrument. The convertible loan facilities issued to InVMA and Wyld Networks are financial assets with multiple embedded derivatives. IFRS 9 permits the entire contract for all loans to be designated at FVTPL.

6. 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 investments of £22.7 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 to 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.

Device Authority has maintained its US dollar valuation compared to 2020 without a bid price comparison in the period. It is an early-stage business in an emerging market where there is a lack of comparative businesses available on which to provide a comparable valuation and therefore valuation was based on a combination of factors including the independent valuation of Device Authority's patent portfolio, an independent comparison to transaction multiples in comparable market sectors and an evaluation of sales pipeline and 2021 trading forecast. This supported a valuation in line with 2020, although an exchange rate loss was recognised on translation at the balance sheet date.

The Company holds financial assets that have been held at FVTPL. The value of the convertible loan note has been estimated by assessing the probability of each possible redemption or conversion scenario and accounting for this within the overall fair value assessment.

JUDGEMENTS

Investments held at FVTPL

The critical judgement is the assessment whether the investments should 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.

7. Segmental reporting

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment and therefore the figures presented on the face of the Income Statement and Statement of Comprehensive Income represent the segmental information.

8. Earnings/(Loss) per share

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

	6 months to 30 June 2021	6 months to 30 June 2020	12 months to 31 December 2020
	£	£	£
(Loss)/profit for the purposes of basic and fully diluted loss per share	(718,465)	142,474	803,891
Weighted average number of ordinary shares (see note below):	Number	Number	Number
For calculation of basic earnings/(loss) per share	330,338,101	277,271,791	290,768,708
For calculation of fully diluted earnings/(loss) per share	330,338,101	278,608,041	290,768,708
(Loss)/Earnings per share			
Basic and diluted (loss)/earnings per share	(0.2)p	0.1p	0.3p

9. Investments

30 June 2021	30 June 2020	31 December 2020
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	£	£	£
Fair value of investments brought forward	21,904,791	17,882,660	17,882,660
Interest accrued on convertible loan note	63,010	91,346	171,473
Additions	684,971	517,221	1,957,248
Disposals	—	(99,481)	(99,481)
Cost of investments carried forward	22,652,772	18,391,746	19,911,900
Fair value adjustment to investments	25,688	736,470	1,992,891
Fair value of investments carried forward	22,678,460	19,128,216	21,904,791

The convertible loan facility issued to Device Authority 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 period. As at 30 June 2021 the value of the convertible loan outstanding was £3,117,136 (31 December 2020: £2,925,900). The convertible loan note has been secured with a charge over Device Authority's intellectual property.

The convertible loan facility issued to InVMA 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 period. As at 30 June 2021 the value of the convertible loan outstanding was £175,000 (30 December 2020: £175,000).

The convertible loan facility issued to Wyld Networks was converted into equity with any movements in fair value taken to profit or loss for the period.

10. Issued share capital

There have been no share issues in the period.

11. Cash flow from operations

	6 months to 30 June 2021 (Unaudited) £	6 months to 30 June 2020 (Unaudited) £	12 months to 31 Dec 2020 (Audited) £
(Loss)/profit for the period	(718,465)	142,474	803,891
Adjustments for items not included in cash flow:			
Movement in fair value of investments	(25,688)	(736,470)	(1,992,891)
Share-based payment charge	13,728	85,468	109,455
Deferred cash on sale of investment	—	6,617	6,060
Finance income	(68,216)	(92,429)	(208,488)
Operating cash flows before movements in working capital	(798,641)	(594,340)	(1,281,973)
Adjustments for changes in working capital:			

- (Increase)/decrease in trade and other receivables (excluding loan to investee companies)	(55,278)	2,462	(51,075)
- (Decrease)/increase in trade and other payables	(44,490)	37,101	143,567
Cash used in operations	(898,409)	(554,777)	(1,189,481)

12. Events after the reporting period

On 2 July 2021, it was announced that the admission of trading on the NASDAQ First North Growth Market of the newly incorporated holding company of Wyld Networks Limited, Wyld Networks AB was approved and commenced trading. Tern currently holds 60.7% of Wyld Networks issued share capital.

On 13 July 2021, it was announced that the Company had raised approximately £4 million before expenses through a subscription of 21,276,600 new ordinary shares of 0.02p each at a price of 18.8 pence per new ordinary share.

On 16 August 2021, it was announced that FVRVS Limited had completed a £1,160,000 fundraise in the form of convertible loan notes. The Company has subscribed for £530,000.

13. Availability of interim results

Copies of this report will be available from the Company's website www.ternplc.com.