

23 September 2022

Tern Plc

("Tern" or the "Company")

Unaudited Interim Results for the six months to 30 June 2022

Tern Plc (AIM: TERN), the company focused on value creation from Internet of Things ("IoT") technology businesses, is pleased to announce its unaudited interim results for the six months to 30 June 2022 (the "Period").

Highlights

- Progress across the network of companies¹ in the Period:
 - Aggregated Monthly Recurring Revenue ("MRR") for the network of companies in the six months to 30 June 2022 increased by 112% which reflects encouraging growth in recurring revenue contracts as the companies further transitioned from configuration work to a licencing model. MRR is recognised over a longer period than initial configuration work and therefore can impact recognised revenue initially. Turnover of the portfolio companies in the six months to 30 June 2022, declined by 12% compared to the first half of 2021 which further reflected that change as short-term one-off revenue (such as configuration work) is being replaced by longer-term recurring revenue (such as licence fees) spread over the life of the contract.
 - The period-on-period increase in the number of employees within the portfolio companies, a key growth measurement, was 52% in the six months to 30 June 2022 (six months ended 30 June 2021: 14%). This was supported by an increase in MRR per employee of 40%, highlighting that the increase in employee growth was matched by a higher growth in MRR.
- £0.8 million (six months to 30 June 2021: £0.7 million) was invested by Tern in its existing network of companies during the Period, supporting their growth and development.
- Assets under management were £30.2 million as at 30 June 2022, which was a marginal decrease from 31 December 2021 (£30.6 million). This included fair value increases for FundamentalVR and Device Authority (exchange rate related) and a fair value decrease for Wyld Networks. Wyld Networks is traded on an active financial market and its fair value is determined by the market price on the reporting date.
- The reduction in assets under management was also a key driver of a reduction in net asset value per share from 9.2p at 31 December 2021 to 8.5p at 30 June 2022.
- During the Period, the Company agreed to participate in a new venture capital fund, the Sure Valley Ventures UK Software Technology Fund, with a commitment to invest up to £5 million over the 10-year life of the fund.

- FundamentalVR raised a total of £7 million in a Series B fund raise from existing investors and a new institutional investor, with the Company securing a valuation uplift of 35% from the previous book valuation. This was followed by an additional £5 million tranche of the Series B at the same valuation in early Q3 2022.
- Wyld Networks raised approximately SEK 25.2 million (approximately £2.0 million) upon exercise of 98.6% of its outstanding T01 Warrants. The business has continued to perform strongly, with further commercial traction. The company also expanded its strategic industry positioning by entering into connectivity partnerships with Eutelsat Communications, Senet Inc and TrakAssure to form the Multimodal IoT Infrastructure Consortium™ ("MMIIC").
- Talking Medicines completed a £1.59 million syndicated equity fundraise during the Period, in which Tern contributed £0.4 million, primarily to support its planned expansion in the USA.
- Device Authority has continued its positive business momentum following the strategic investment from Venafi, announced on 2 December 2021, with the business being particularly focussed on growing its MRR through its subscription base and its modularised licence platform, KeyScaler®.
- InVMA is now trading as Konektio and following the £2.125 million equity fund raise, announced on 20 December 2021, the business has continued to see strong demand for AssetMinder®.

Al Sisto, CEO of Tern Plc, said:

“Despite the current difficult macroeconomic environment, our optimism around the potential in Tern’s investment strategy and our network of companies remains undimmed and we continue to strongly believe that shareholder value will accrue from our exciting network of companies. They have all made strong progress in the period and a number have made substantial steps forward in pivoting their business models away from one-off licence fees, to monthly recurring revenues, as their offerings have gained further market traction and relevance. Growth in this significant repeat business is what we believe is leading to increases in the valuations that they will be able to attract and attracting new investors to participate in the continued growth of our investee companies.

“As customer interest and market interest continue to expand, our companies are proving attractive to a broader set of investors, both those that are existing shareholders in our companies and potential new ones that approach our network of companies’ management teams. The majority of these investors have significantly greater financial firepower than Tern. It is therefore important that we continue to have the resources to invest in our companies, both financially and through the other assistance we provide, in order to protect Tern’s early position, for the benefit of our shareholders.

“Our ‘more than funding’ model has achieved, and is achieving, results. This includes completion of the first Series B round achieved by one of our portfolio companies. The Series B funding round by FundamentalVR, represented the culmination of our change in funding strategy adopted in 2017. We have an evergreen open-ended model, investing in seed, late seed, Series A and in some cases Series B rounds, where we are able to obtain larger ownership positions by investing at these earlier risk

capital stages. Then, using our hands on approach and smaller follow-on investments, we help position our portfolio companies for growth via Series C and beyond investments, which we believe will ultimately result in exits of much greater value for our shareholders and their entrepreneurial founder partners.

“The goal of our model, at the point portfolio companies reach sufficient maturity, is to provide our shareholders with continuous access to returns as we exit investments and an appropriate time and ultimately acquire new early positions in further companies. The proposed acquisition of Pires investments would, in our opinion, have been a strong and exciting example of alternative and faster routes to value creation, although given that the conditions of the recommended all share offer were not satisfied, we are now focused on other ways to build long term value for Tern shareholders.

“These are exciting times for Tern’s portfolio companies and I look forward to reporting on further progress in due course.”

Online Investor Presentation and Q&A Session

Tern's management and management from certain of Tern's network of companies will be hosting an online presentation and Q&A session at 5p.m. BST on Monday 26 September 2022. This session is open to all existing and prospective shareholders.

Those who wish to attend should register via the following link where they will be provided with access details:

https://us02web.zoom.us/webinar/register/WN_Q8BHIKzjSpqKDFwyOPxeiA

Participants will have the opportunity to submit questions during the session, but questions are welcomed in advance and may be submitted to: tern@investor-focus.co.uk.

Note 1: Our ‘network of companies’ or ‘our companies’: Device Authority Limited, Wyld Networks AB, InVMA Limited (trading as Konektio), FVRVS Limited (trading as FundamentalVR) and Talking Medicines Limited, which are companies Tern has interests in and excludes Push Technology Limited, 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 six months of 2022 were a difficult time for capital markets and venture capital investing as a result of the war in Ukraine, political instability, rising inflation and macro-economic headwinds felt across the world. These greater economic uncertainties and geopolitical risks have negatively impacted the economic environment across many sectors. Fortunately, the programmes adopted by our portfolio companies during the Covid pandemic, specifically Product Led Growth, has enabled them to hone their go-to market skills to add new clients, grow the contributions from existing customers and increase the number of strategic partners critical to market expansion and increasing valuation metrics.

For example, notwithstanding the current market turbulence, Talking Medicines successfully completed a £1.59 million syndicated equity fundraise during the Period for its expansion in the USA, resulting in an uplift in valuation of approximately 62% on the amount invested by Tern in Talking Medicines, made in November 2020. Wyld Networks raised approximately SEK 25.2 million (approximately £2.0 million) from the exercise of 98.6% of its outstanding T01 Warrants, and FundamentalVR raised a total of £7 million in a Series B fund raising from existing investors and a new institutional investor resulting in a valuation uplift of 35%. This was followed by an additional £5 million tranche of the Series B at the same valuation in early Q3 2022.

These recent independent third-party investments and uplifts in value recognised across late 2021-early 2022, coupled with the 35% net asset growth accomplished in 2021, are critical proof points that our 'more than funding' model has achieved, and is achieving, results. These results include the completion of the first Series B round achieved by one of our portfolio companies. This Series B funding round by FundamentalVR, represented the culmination of our change in investment strategy adopted in 2017. We have an evergreen open-ended model, investing in seed, late seed, Series A and in some cases Series B rounds, where we are able to obtain larger ownership positions by investing at these earlier risk capital stages. Then using our hands on approach and smaller follow-on investments, we help position our portfolio companies for growth via Series C and beyond, investments which we believe will result in exits over time of much greater value for our shareholders and entrepreneurial founder partners.

The goal of our model is to provide our shareholders with continuous access to increases in our Assets Under Management (AUM) and the eventual proceeds from returns as we exit investments after the late Series C round or beyond and acquire a new early position in new investment opportunities. Therefore, providing an efficient use of capital with a constant focus on long-term value appreciation and returns for our shareholders.

During the Period, we saw an opportunity to accelerate this process via an inorganic step-change in growth for the Company, which we considered would complement the organic growth from the portfolio, via the proposed acquisition of Pires Investments Plc. Following a well-practiced traditional venture capital strategy, this proposed acquisition was designed to provide a spread of funds across various different stages of portfolio company development. This is an important tactic as our current portfolio companies have either concluded, or should in due course conclude, an A round and some should be expected to conclude their B round. Key to the potential value of the transaction was Pires' approximate 20% holding in the €25m SVV1 fund which was fully invested and was transitioning into

its realisation period. The Tern board believed that the Company's hands-on approach, experience and track record of success would have been able to accelerate further value creation and shorten realisation times, resulting in critical cash inflows to the Company to support growth and shareholder value. The Board believed our active approach could have accelerated syndicated third-party validations of the underlying assets and also add synergistic technology holdings that we perceived were included within the Pires and SVV1 portfolios.

Unfortunately, the conditions of the recommended all share offer were not satisfied and the scheme lapsed.

Following the termination of this offer, the Board issued a strategic update that proposed a continuation of our hybrid model and a focus on the organic growth generated by our network of companies. The Board also stated that it was its current intention not to add any new companies to the Tern network of companies, other than to meet any commitment the Company may have in relation to the Sure Valley Ventures UK Software Technology Fund, until it has received a capital return from an exit of one of its current investments. This is the path we are pursuing, however, as our network of companies continue to grow with the help of additional third-party investors, the ability to realise cash is complicated by the external syndicate of investors in each of our companies' desire to achieve maximum value from the growth of customers, MRR/ARR and market share that continues to progress. None of the portfolio companies are yet at the traditional point of exit where value can be maximised.

Environmental, Social and Governance ("ESG")

The Tern Board continues its commitment to conduct its investment and business activities in line with best practice ESG principles. During the first half of 2022 we have further succeeded in developing a culture of awareness throughout our network of companies and now have appointed leaders at each of our companies, driving awareness and actions.

We have enhanced our investment criteria to include ESG company scorecards and review internal policies to ensure they are inclusive, comprehensive and follow our industries' best practices.

Lastly, we have upgraded our board assessment process by utilising a leading software platform to obtain the latest industry best practice and norms in how we measure our performance. Using this new tool, we conducted our annual '360 Board Performance Review', which was completed in August 2022. In addition to using the new software the review also included additional external input and commentary from close advisors.

Our Business and Financial Priorities

We continued to use the tools developed during the pandemic with a particular focus on growing MRR/ARR (Monthly Recurring Revenue/Annual Recurring Revenue) and new order bookings, where appropriate, to add to and refine the metrics of the portfolio companies that we believe drive investment valuation models for their next funding round and eventual exit.

We have also helped our portfolio companies' expansion into North America through our network of partners and resources, including introductions to offshore funding partners to accelerate their global

presence and opportunities. We maintain our goal of improving their infrastructure, teams and processes to help position them as global leaders in their business sector.

Our actions are designed to help them accelerate growth, creating awareness, reduce business risk, increase market value and enhance new opportunities for them to grow in relevance and size. This work includes:

- Opportunities for larger follow-on syndicated Series A and Series B rounds for our portfolio companies, as measured by post-money valuation and invested amounts, as they and IoT (Internet of Things) technology companies as a whole continue to grow in importance and relevance
- The ability to secure additional strategic investor partners from the UK, Europe and the US, while maintaining a position of influence, which we can drive as a result of our portfolio companies' market traction, global market success and specific North America focus
- Seeking to expand our shareholder base into institutional holders, with our non-traditional hybrid VC model and evergreen approach

Outlook

We are optimistic about the second half of 2022, while being aware of the continuing uncertainty due to economic and geopolitical effects on the business environment. We believe that as a result of the current uncertainty and the lessons learned from the pandemic, governments and enterprises will continue to require the acceleration of digital transformation of their operations. We believe that this will be a transformation driven by the types of IoT technology products and services that are the core focus of our network of companies, which are now becoming a critical mandate for success in the New Normal. We are confident that our network of companies will continue to prove their agility and manage the challenges in scaling their businesses with the goal of becoming recognised market leaders.

Al Sisto

Chief Executive Officer

Financial

Highlights

	6 months to 30 June 2022	6 months to 30 June 2021	12 months to 31 December 2021
	£	£	£
Net assets	30,042,449	23,295,920	32,416,549
Current assets	495,675	868,571	2,146,557
Total assets	30,699,907	23,547,031	32,758,604
(Loss)/Profit for the period	(2,414,377)	(718,465)	4,578,321
Net asset value per share	8.5p	7.1p	9.2p

2022 had a positive start, with Talking Medicines completing their Series A fundraise, Wyld Networks receiving approximately £2 million from the exercise of 98.6% of their T01 warrants and FundamentalVR completing their Series B fundraise, following late 2021 fundraises already completed by Device Authority and Konektio. Follow on investment in the Period from Tern into our network of companies was comparable to the first six months of 2021, with £0.8 million invested during the Period, £0.7 million into existing portfolio companies and £0.1 million into a new venture capital fund, the Sure Valley Ventures UK Software Technology Fund (“SVV”), as the first investment from a five year total commitment of £5 million. Portfolio companies continue to focus on cost control as the venture market slowed down during the Period.

The Company had an unaudited cash balance of £0.3 million as at 30 June 2022, although following the Period Tern agreed a short term loan facility of £400,000. The loan is either repayable by 31 December 2022, or it can be settled by a call option on 320,455 shares in Wyld Networks. The period-on-period growth in MRR for the first six months of 2022 was 112% as the mix of revenue continues to change towards an increased focus on value generative monthly recurring revenue contracts (MRR). Monthly recurring contracts are recognised over the period of the contract so have less impact on revenues in the early months of the contract but are secured over a much longer period and therefore provide certainty of revenue in the long term. The value of these longer-term contracts is the reason MRR is typically used as one of the key variables in establishing company valuations. This change has also led to the period-on-period reduction in aggregated turnover of 12% for the six months of 2022 (six months ended 30 June 2021: growth of 75%), as short-term one-off revenue is replaced by longer term recurring revenue spread over the life of the contract.

The period-on-period increase in employees within our network of companies¹, a key growth measurement, was 52% in the six months to June 2022 (six months ended 30 June 2021: 14%). This drove a 40% period-on-period increase in MRR per employee. Again, this indicates that the increase in employee growth was matched by a higher growth in MRR.

During the six months ended 30 June 2022, the Company continued to provide ongoing support to its underlying portfolio base. £0.4 million was invested into Talking Medicines in its most recent fundraise, which was reflected in a 62% uplift to the amount originally invested by the Company and included an investment by a Boston based life science investor; and £0.3 million was invested in Wyld Networks AB via an exercise of warrants. During the period, a new investment into the new SVV fund was also made. The profit share arrangements within the new SVV fund are designed to encourage

the involvement of investors alongside the British Business Bank, such that the Company can expect to receive a significantly enhanced share of the total return generated by the new SVV fund compared to industry standard.

For the six months to 30 June 2022, the Company recorded a loss of £2.4 million, compared to a loss of £0.7 million in the six months to 30 June 2021. The value of the overall portfolio remained comparable to the year-end position. This consisted of a £0.8 million investment into existing portfolio companies and a £1.2 million fair value loss. The movement in fair value was due to a £1.2 million increase in FundamentalVR following its successful Series B fundraise and a £1.6 million increase in Device Authority following a weakening of the pound against the dollar which led to an increase in the Sterling value of Device Authority which is valued in US Dollars. These gains were more than offset by a £4 million reduction in the fair value of the Company holding in Wyld Networks which is based on the market price of the shares at the market close on 30 June 2022 plus a small fair value reduction in the new SVV fund due to the initial fees charged against SVV's net asset value. We remain conservative in our approach to the carrying value of our other portfolio companies, with the fair value incorporating valuations validated by third party investments which reflects best practice.

As we have indicated, cost management continues to be a focus for the Company. Operating costs rose marginally by £0.1 million compared to the same period in 2021, with small increases across most categories. Travel, meeting rooms and office costs have begun to recover to nearer historic levels following the removal of COVID restrictions, insurance costs have increased and directors' fees included an RPI increase. Other expenses related primarily to the transaction costs associated with the offer for Pires Investments plc. These costs are below projected levels contained in the offer's scheme of arrangement documentation, as they included contingency fees which were not incurred when the acquisition did not proceed.

The net asset value per share of 8.5p as at 30 June 2022 was above the 7.1p as at 30 June 2021, but below the year end net asset value per share of 9.2p. This is predominantly due to the material reduction in value of Wyld Networks AB. The fair value of this investment is determined by reference to the market price of the company at the reporting date.

Sarah Payne
Chief Financial Officer

Note 1: Our 'network of companies' or 'our portfolio companies': Device Authority Limited, Wyld Networks AB, InVMA Limited (trading as Konektio), FVRVS Limited (trading as FundamentalVR) and Talking Medicines Limited, which are companies Tern has interests in and excludes Push Technology Limited, in which Tern has a <1% holding and minimal influence.

Portfolio Review

Device Authority Limited ("Device Authority")

Valuation of holding: £16.3 million

Holding: 53.8%

Sector: Security

Invested Since: September 2014

Device Authority, a global leader in identity and access management ("IAM") for the IoT, has continued its positive business momentum following the strategic investment from Venafi, announced on 2 December 2021. The business continues to be particularly focussed on growing its customers, key partners and monthly recurring revenues through its modularised subscription licencing of their KeyScaler® platform.

Particularly strong recent demand has come from the automotive and industrial sectors, with opportunities in the retail sector and with the US Government gaining momentum as a result of increasing regulatory pressures. The executive order from US President Biden in May 2021 that tasked the National Telecommunications and Information Administration (NTIA) and the Commerce Department with defining the minimum elements of a SBOM (Software Bill of Materials), considered critical to improving transparency and security in the software supply chain for national infrastructure, continues to provide commercial opportunities for Device Authority. The partnership with Crossroads Innovation Group has led to Device Authority's inclusion in The Virginia Smart Community Testbed, a project focused on IoT Security Standards to secure critical infrastructure. This testbed in Stafford County, Virginia, is home to developing smart technology for the Commonwealth, and is the first Smart City Testbed involving an IoT platform, fully integrated with 5G and other new and emerging technologies for Smart Cities around the country. Led by the Virginia Innovative Partnership Corporation with funding from the Virginia Smart Community Testbed and the Department of Homeland Security, this project has created a showcasing for best-practices and technology standards related to securing IoT infrastructure at the Edge, while addressing the known and emerging challenges of securing critical infrastructure.

To further simplify early customer adoption, Device Authority has also launched their KSaaS (KeyScaler® software as a service) offering, which is built on Microsoft's Azure Cloud, and will be available in the Azure Marketplace to provide additional customer choice in procurement and consumption. KSaaS provides an infrastructure-free alternative to on-premise installations, enabling businesses to achieve total device, data and operational trust without the burden of costly infrastructure or dedicated resources, with quicker time to production that is highly scalable. KSaaS enables initial customers in the automotive, healthcare and retail sectors to more rapidly onboard KeyScaler® and scale in a secure, hosted cloud environment.

During 2022, Device Authority has entered into partnership agreements with a number of additional key strategic partners, including Avnet, BSI, Crossroads Innovation Group, Entrust and ST Microelectronics. The Entrust-Device Authority partnership has resulted in integrating the KeyScaler® IoT IAM platform with public key infrastructure (PKI) services from Entrust, extending the existing collaboration for Hardware Security Module (HSM) services, to provide device trust, data trust and automation at IoT scale. This enables security operations across device attestation, onboarding,

Machine Identity Lifecycle Management, certificate signing and cryptographic operations, connecting to FIPs compliant Entrust PKI and HSM services. It also automates security operations into any cloud application and platform by utilizing KeyScaler's pre-built service connectors or flexible integration framework. This strategic partnership simplifies, automates and enhances IoT machine identity security for both existing and new customers, which the two companies will proactively market.

KeyScaler® enables full end-to-end security life cycle management from Edge to Enterprise into IoT cloud applications such as Microsoft Azure, Avnet IoTConnect, AWS, Ericsson, PTC ThingWorx and Google, providing IoT deployments with robust device security combined with scalability to meet the needs of new and legacy device deployments.

ABI Research has recently released its annual 'Top Technology Companies' Whitepaper which highlights the market leaders across the enterprise sectors of augmented reality, 5G telco cloud-native platforms, supply chain management and logistics and IoT, among others. This is an independent report, not paid for by the companies featured, which aims to provide an authoritative view on the market-leaders, combined with the top innovators and implementers in each of the perspective category sectors. Device Authority has been named as the 'Overall Leader' in IoT Device Identity Lifecycle Management, in addition to a 'Top Innovator and Implementer' in this category, moving ahead of their significantly larger competitors from last year's report. The ABI Research report can be downloaded at: <https://www.deviceauthority.com/wp-content/uploads/2022/08/37-Technology-Companies-Leading-the-Way-in-2022.pdf>.

Complementary to Device Authority's recognition and progress, multiple investment firms who focus on the cybersecurity sector have approached Device Authority with a view to initiating a next round of funding. Their objective is to provide further funding to build on Device Authority's 2022 progress, and further enhance their global growth trajectory through increased sales development of both partner and direct channels and strategic marketing, particularly in North America.

Device Authority continues to further develop its products and recently launched a new release of KeyScaler® Edge, in addition to other platform integration and product enhancements.

As at 30 June 2022, the fair value of Tern's shareholding in Device Authority increased to £16.3 million (31 December 2021: £14.7 million), with a £1.6 million movement as a result of the foreign exchange effects on the sterling value of Device Authority which is valued in US Dollars.

FVRVS Limited ("FundamentalVR")

Valuation of holding: £4.8 million

Holding: 20.0% (reducing to 16.58% post-Period)

Sector: Healthcare IoT

Invested Since: May 2018

FundamentalVR is a leading virtual reality and data analysis technology platform led by surgical training experts and leading technologists with a mission to revolutionise surgical training by bringing simulation into the hands of medical professionals around the world, using low cost and easily accessible technology.

FundamentalVR's software platform takes advantage of readily available virtual reality software and devices, such as the Meta owned Oculus Quest and combines it with cutting edge haptics (being technology based on the sense of touch) to create a simulation system that can be used on any modern computer set up. Using computer learning, the software platform works together with haptic hardware devices to simulate the physical sensation of operating on human tissue. It also has the capability to provide artificial intelligence (AI) driven real-time feedback, procedure correction data and best practice insight. The result is a simulation system that provides surgeons with a more hands-on experience and aims to better prepare them for real life situations, resulting in better patient outcomes.

During the first half of 2022, FundamentalVR raised a total of £7 million in a Series B fund raising from existing investors and a new institutional investor, with an additional £1.2 million of convertible loan notes being converted. This was followed by an additional £5 million tranche of the Series B at the same valuation in early Q3 2022.

FundamentalVR continued to receive recognition for their leading platform, announcing success at numerous awards, including being recognised as Best Mixed Reality Solution at the XR Awards and winner of science category at the BOLD awards. And commercial traction continued, including news of the Versius Virtual Reality training created in partnership with CMR Surgical.

As at 30 June 2022, the fair value of Tern's shareholding in FundamentalVR increased to £4.8 million (31 December 2021: £3.6 million).

Wyld Networks AB ("Wyld Networks" or "Wyld")

Valuation of holding: £5.0 million

Holding: 49.2%

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.

In the first half of 2022, Wyld Networks continued its focus on the development of Wyld Connect (a satellite IoT terminal and module) and Wyld Fusion (a provisioning and payment platform). In particular, Wyld completed the hardware development of Wyld Connect, the world's first Long Range-Frequency Hopping Spread Spectrum (LR-FHSS) sensor-to-satellite modem, to enable satellites to connect to devices/sectors across remote areas around the globe. Wyld is also continuing with the development of Wyld Fusion in preparation for the commercial launch of Wyld's end-to-end satellite IoT solution, planned for later this year.

Additional personnel, both technical and commercial, have been recruited, including a recently appointed sales manager in Brazil to support the South American region and a global Head of Sales and Marketing to support all of Wyld's commercial activities.

Wyld Networks has recently started to sign agreements with customers in new market areas, outside of the previous focus on energy and agriculture with customers such as Chevron and Bayer, as well as with system integrators such as Fujitsu and Wezen. Recently, Wyld has also signed agreements with some of the world's largest terrestrial LoRaWAN® IoT operators including American Tower and Senet.

Wyld Networks, together with Eutelsat Communications, Senet Inc and TrakAssure, is a founder member of the Multimodal IoT Infrastructure Consortium™ ("MMIIC"). The consortium was set up to bring integrated and interoperable terrestrial and satellite LoRaWAN® IoT connectivity to customers across the globe, as announced by Wyld Networks and Tern on 11 January 2022. Additional partnerships were recently signed ahead of the commercial launch include agreements with AgriSound in the UK and Treevia in Brazil.

Additionally, Wyld Networks joined the LoRa Alliance®, the global association of companies backing the open LoRaWAN® standard* for the IoT in November 2021. In December 2021, LoRaWAN® was officially approved as a standard for low power wide area networking (LPWAN) by the International Telecommunication Union, the United Nations specialised agency for information and communication technologies. The LoRa Alliance® also provides a platform for Wyld to showcase its technology to over 500 member companies.

As at 30 June 2022, the fair value of Tern's shareholding in Wyld Networks decreased to £5.0 million (31 December 2021: £8.7 million). Wyld Networks' shares are traded on an active financial market and the fair value is therefore determined by reference to the appropriate quoted market price at the reporting date.

**The LoRaWAN® specification, developed and maintained by the LoRa Alliance®, is a Low Power, Wide Area networking protocol designed to wirelessly connect battery operated 'things' to the internet in regional, national or global networks, and targets key IoT requirements such as bi-directional communication, end-to-end security, mobility and localisation services.*

InVMA Limited (trading as "Konektio")

Valuation of holding: £2.2 million

Holding: 36.8%

Sector: IoT enablement

Invested Since: September 2017

Konektio's AssetMinder® is a modular, industry 4.0, IoT (software as a service) SaaS platform, using a wide range of analytical tools and algorithms to connect up whole factory floors and processes, as well as managing resources into and out of the factory. AssetMinder® assesses the effectiveness and efficiencies of entire operations, putting customers in control of their assets and therefore directly impacting productivity, efficiency and business outcomes.

AssetMinder® captures usage and performance data from smart sensors, providing advanced insights to unlock data-driven intelligence that optimises processes, condition monitoring, machine uptime

and profitability across a range of industries including manufacturing, transportation, utilities, smart infrastructure, and food processing. AssetMinder's technology is already deployed across thousands of assets, providing valuable insights and recommendations to people maintaining and managing critical devices and infrastructure.

The business has continued to add new customers with strong demand for its Industrial IoT connected asset software as a service (SaaS) product, as customers look to connect their assets to AssetMinder®.

Konektio also announced the appointment of Dr Ron Black as its Non-Executive Chairman, following a £2.1 million fund-raise for Konektio in December 2021 and a rebrand from InVMA to Konektio.

As at 30 June 2022, the fair value of Tern's shareholding in Konektio was £2.2 million (31 December 2021: £2.2 million).

Talking Medicines Limited ("Talking Medicines")

Valuation of holding: £1.8 million

Holding: 23.8%

Sector: Data distribution software

Invested Since: November 2020

Talking Medicines, based in Glasgow, London and New Jersey, is a patient intelligence company designed specifically to curate the 'Voice of the Patient' as a data service to the healthcare industry. Through a combination of artificial intelligence and industry expertise to structure signals from social platforms, Talking Medicines has developed a next generation data platform, PatientMetRx®, to deliver insights on patient experience for pharmaceutical drug brands. Its cloud-based SaaS service is driven by artificial intelligence models that use machine learning and natural language processing real world data collection at a scale that is transformational versus traditional research.

Talking Medicines welcomed Boston-based life science investor Mark Bamforth in January 2022, when his family office joined existing investors to invest in the £1.59 million funding round. This provided Talking Medicines with the funds to support its expansion, particularly in the United States. Following this investment, the company has been able to scale its US operation, hiring an experienced US based Chief Customer Officer to spearhead the commercial uptake of the PatientMetRx® service. A pivot of selling to healthcare advertising and communication agencies has successfully accelerated the adoption of the solution in North America amongst some of the world's largest Advertising Agencies acting as the outsource partners for pharmaceutical marketing. New features have been added to PatientMetRx® service to anticipate the needs of this market and to reinforce the proposition of driving efficiency and effectiveness through the service.

Next up are plans to grow the subscription base in North America and consolidate the team based there; along with plans to bring in new product capabilities for segmentation and prediction in the months ahead, opening further opportunities for growth.

As at 30 June 2022, the fair value of Tern's shareholding in Talking Medicines increased to £1.8 million (31 December 2021: £1.4 million).

Sure Valley Ventures UK Software Technology Fund (“SVV”)

Valuation of holding: £55,956

Holding: 5.9%

Sector: Technology sourcing – Tern deal creation

Invested since: March 2022

SVV is a new venture capital fund investing in a range of private UK software companies with a focus on companies in the immersive technology and metaverse sectors, including augmented and virtual reality, artificial intelligence, the IoT and security, which are of importance to Tern and its network of companies.

The principal investor in the New SVV Fund is the British Business Bank (‘BBB’), an investment arm of the UK Government. The first close of this fund will amount to £85 million, with the BBB investing up to £50 million and other investors, including Tern, investing up to £35 million over the 10-year life of the fund. Tern has made a commitment to invest up to £5 million over the life of the fund, which would equate to a c.5.9% interest in the fund. Thus far Tern has invested approximately £90,000 on the fund’s first close.

The fund offers Tern, and other non-BBB investors, a significantly enhanced share of total return generated by the fund compared to industry standards as well as a means of deal curation and a partnership with a team that has already led a successful early-stage technology fund based in Ireland.

The first investment is a £2 million seed investment round, with SVV providing a £1 million investment in RETiníZE Limited (“RETiníZE”), an award-winning creative-technology company.

As at 30 June 2022, the fair value of Tern’s shareholding in SVV was £0.06 million.

Push Technology Limited (“Push Technology”)

Valuation of holding: £22,652

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.

As at 30 June 2022, the fair value of Tern’s shareholding in Push Technology was £0.02 million (31 December 2021: £0.02 million).

Unaudited Income Statement and Statement of Comprehensive Income
For the six months ended 30 June 2022

	Notes	6 months to 30 June 2022 (Unaudited) £	6 months to 30 June 2021 (Unaudited) £	12 months to 31 December 2021 (Audited) £
Fee income		20,000	41,950	63,783
Movement in fair value of investments	7	(1,233,024)	25,688	6,240,095
Loss on disposal		-	-	(199,115)
Total investment income		(1,213,024)	67,638	6,104,763
Administration costs		(947,016)	(832,991)	(1,635,058)
Other expenses		(294,104)	(21,328)	(75,372)
Operating (loss)/profit		(2,454,144)	(786,681)	4,394,333
Finance income		39,767	68,216	183,988
(Loss)/profit before tax		(2,414,377)	(718,465)	4,578,321
Tax		-	-	-
(Loss)/profit and total comprehensive (loss)/income for the period		(2,414,377)	(718,465)	4,578,321
Earnings per share	6			
Basic (loss)/earnings per share		(0.69)p	(0.22)p	1.35p
Diluted (loss)/earnings per share		(0.69)p	(0.22)p	1.33p

Unaudited Statement of Financial Position
As at 30 June 2022

	Note	30 June 2022 (Unaudited) £	30 June 2021 (Unaudited) £	31 December 2021 (Audited) £
Assets				
Non-current assets				
Investments	7	30,204,232	22,678,460	30,612,047
		<u>30,204,232</u>	<u>22,678,460</u>	<u>30,612,047</u>
Current assets				
Trade and other receivables		205,259	420,785	189,354
Cash and cash equivalents		290,416	447,786	1,957,203
		<u>495,675</u>	<u>868,571</u>	<u>2,146,557</u>
Total assets		<u>30,699,907</u>	<u>23,547,031</u>	<u>32,758,604</u>
Equity and liabilities				
Share capital	8	1,371,970	1,367,635	1,371,970
Share premium		30,546,569	26,740,789	30,546,569
Retained earnings		(1,876,090)	(4,812,504)	498,010
		<u>30,042,449</u>	<u>23,295,920</u>	<u>32,416,549</u>
Current liabilities				
Trade and other payables		657,458	251,111	342,055
Total liabilities		<u>657,458</u>	<u>251,111</u>	<u>342,055</u>
Total equity and liabilities		<u>30,699,907</u>	<u>23,547,031</u>	<u>32,758,604</u>

Unaudited Statement of Changes in Equity
For the six months ended 30 June 2022

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
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
Total comprehensive income	—	—	5,296,786	5,296,786
Transactions with owners				
Issue of share capital	4,335	4,031,665	—	4,036,000
Share issue costs	—	(225,885)	—	(225,885)
Share based payment charge	—	—	13,728	13,728
Balance at 31 December 2021	1,371,970	30,546,569	498,010	32,416,549
Total comprehensive income	—	—	(2,414,377)	(2,414,377)
Transactions with owners				
Share based payment charge	—	—	40,277	40,277
Balance at 30 June 2022	1,371,970	30,546,569	(1,876,090)	30,042,449

Unaudited Statement of Cash Flows

For the six months ended 30 June 2022

		6 months to 30 June 2022 (Unaudited) £	6 months to 30 June 2021 (Unaudited) £	12 months to 31 December 2021 (Audited) £
	Note			
OPERATING ACTIVITIES				
Net cash used in operations	9	(881,510)	(898,409)	(1,535,722)
Purchase of investments		(785,277)	(684,971)	(2,504,185)
Loan to investee companies		—	(99,000)	—
Interest received		—	—	56,829
Net cash used in operating activities		<u>(1,666,787)</u>	<u>(1,682,380)</u>	<u>(3,983,078)</u>
FINANCING ACTIVITIES				
Proceeds on issue of shares		—	—	4,000,000
Share issue expenses		—	—	(225,885)
Proceeds from exercise of options		—	—	36,000
Net cash from financing activities		<u>—</u>	<u>—</u>	<u>3,810,115</u>
(Decrease) in cash and cash equivalents		(1,666,787)	(1,682,380)	(172,963)
Cash and cash equivalents at beginning of period		1,957,203	2,130,166	2,130,166
Cash and cash equivalents at end of period		<u>290,416</u>	<u>447,786</u>	<u>1,957,203</u>

Notes to the Unaudited Interim Statements

For the six months ended 30 June 2022

1. General information

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

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 in accordance with UK-adopted international accounting standards. The financial statements have been prepared on the basis of the recognition and measurement principles of the IFRS that were applicable at 30 June 2022. 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 2021. The financial information for the year ended 31 December 2021 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 2021 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.

In the event that additional funding was required, management is confident that they would be able to obtain additional funds from various sources. For example, the Company can exit part of its investment in its held level one investments with the risk that such transactions are determined by an inherent and undetermined market risk.

4. Investments

The investment valuation consists of equity investments.

In accordance with IFRS 10, paragraph 4B, 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. 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 unquoted investments of £25.2 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 and 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.

JUDGEMENTS

Investments held at FVTPL

The critical judgement is the assessment that 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.

6. 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 2022	6 months to 30 June 2021	12 months to 31 December 2021
	£	£	£
(Loss)/profit for the purposes of basic and fully diluted loss per share	(2,414,377)	(718,465)	4,578,321
<hr/>			
Weighted average number of ordinary shares (see note below):	Number	Number	Number
For calculation of basic earnings/(loss) per share	352,014,701	330,338,101	339,559,205
For calculation of fully diluted earnings/(loss) per share	352,014,701	330,338,101	342,975,205
<hr/>			
(Loss)/Earnings per share			
Basic (loss)/earnings per share	(0.69)p	(0.22)p	1.35p
Diluted (loss)/earnings per share	(0.69)p	(0.22)p	1.33p

In June 2021 and June 2022 the fully diluted earnings per share is the same as the basic earnings per share as the share options were underwater which would have an anti-dilutive effect on earnings per share.

7. Investments

	30 June 2022	30 June 2021	31 December 2021
	£	£	£
Fair value of investments brought forward	30,612,047	21,904,791	21,904,791
Interest accrued on convertible loan note	39,932	63,010	162,091
Additions	785,277	684,971	2,504,185
Disposals	—	—	(199,115)
Cost of investments carried forward	31,437,256	22,652,772	24,371,952
Fair value adjustment to investments	(1,233,024)	25,688	6,240,095
Fair value of investments carried forward	30,204,232	22,678,460	30,612,047

On 31 May 2022, the convertible loan facility issued to FVRVS Limited was converted into equity with any movements in fair value taken to profit or loss for the period.

8. Issued share capital

There have been no share issues in the period.

9. Cash flow from operations

	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	12 months to 31 Dec 2021 (Audited)
	£	£	£
(Loss)/profit for the period	(2,414,377)	(718,465)	4,578,321
Adjustments for items not included in cash flow:			
Movement in fair value of investments	1,233,024	(25,688)	(6,240,095)
Loss on disposal	-	—	199,115
Share-based payment charge	40,277	13,728	27,456
Finance income	(39,767)	(68,216)	(183,988)
Operating cash flows before movements in working capital	(1,180,843)	(798,641)	(1,619,191)
Adjustments for changes in working capital:			
- (Increase)/decrease in trade and other receivables (excluding loan to investee companies)	(16,070)	(55,278)	37,015
- Increase/(decrease) in trade and other payables	315,403	(44,490)	46,454
Cash used in operations	(881,510)	(898,409)	(1,535,722)

10. Events after the reporting period

On 11 August 2022, it was announced that FVRVS Limited successfully closed a second tranche of its Series B fund raising round, securing an additional £5 million in new investment. The Company did not participate in this tranche of the fund raise.

Tern agreed a short-term loan facility of £400,000 in July 2022. The loan bears interest of 10% and is either repayable by 31 December 2022, or it can be settled by a call option on 320,455 shares in Wyld Networks.

11. Availability of interim results

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