

## Tern PLC (TERN)

12-Nov-2019 / 07:05 GMT/BST

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12 November 2019

### **Tern Plc ("Tern" or the "Company") Portfolio and Investments Update**

Tern Plc (AIM:TERN), the investment company specialising in the Internet of Things ("IoT"), is pleased to provide an update on the activities of the Company and its six portfolio companies since 30 June 2019, being the date which marks Tern's half year end.

Since 30 June 2019 to date, Tern has invested £1.1 million in its portfolio companies, predominantly in the form of convertible debt. The Company has also raised a further £1.75 million through an equity subscription in November 2019.

Turnover of Tern's principal portfolio companies\* for the nine months ended 30 September 2019 was ahead compared to the comparable period in 2018. As is common in early stage businesses, the majority of revenue attainment is often delivered within the fourth quarter and our principal portfolio companies have opportunities that, if concluded, will enable them to meet the Company's expectation that the year-on-year turnover of principal portfolio companies will increase by 50%. We also anticipate continued growth in employee headcount within the principal portfolio companies\* by the year end, particularly in the light of the recent further funding of FundamentalVR and DA.

The Company is in discussions regarding several potential new investments although none of these are at an advanced stage of negotiation.

*\* Principal portfolio company growth excludes Seal Software Group Limited and Push Technology Limited, in which Tern has a <1% holding and minimal influence.*

#### **Device Authority Limited ("DA")**

*Tern holding: 56.8%*

*Sector: Security*

*Invested Since: September 2014*

Tern has a 56.8% holding in DA, which specialises in IoT security. The investor group, which Tern leads, committed a further convertible secured loan to DA in November 2019 amounting to US\$775,000, of which Tern contributed approximately US\$583,000. This is in addition to the \$315,000 convertible secured loan provided to DA in September 2019, as announced on 26 September 2019. Following this investment, Tern's total convertible secured loan note position with DA is US\$3,313,650. The recent loan is repayable on 31 March 2020, in line with all other outstanding loans. This funding is in line with the investor group's support of the success that the business has achieved and the continued development underway at the company. On 31 October 2019, DA disclosed it had been accepted into the Venafi Machine Identity and Protection Development Fund, a US\$12.5 million initiative to protect all machine identities, established by Venafi, a leading provider of machine identity protection.

Since 30 June 2019, DA has continued to strengthen its active partner base and on 3 September 2019, DA announced its latest KeyScaler software release with more support for Microsoft Azure IoT and a new solution for managing Hardware Security Modules (HSM) called "HSM Access Controller", which delivers granular authentication and authorization controls for IoT devices and enterprise services connecting to HSM platforms.

#### **FVRVS Limited ("FundamentalVR")**

*Tern holding: 26.9%*

*Sector: Healthcare IoT*

*Invested Since: May 2018*

Tern's shareholding in FundamentalVR is now 26.9% with a valuation of £3.0 million. FundamentalVR is a leading virtual reality ("VR") training and data analysis technology platform. FundamentalVR's award-winning platform combines immersive VR with cutting-edge haptics (the sense of touch) to create realistic simulator experiences. It is a revolutionary way to allow medical device and pharma companies to accelerate skills development for medical practitioners with the goal of accelerating their product adoption.

FVR announced a £4.3 million Series A fundraising, including a £0.5 million convertible loan note conversion by Tern, on 30 October 2019, at a post-money valuation of £11.3 million. This fundraising was significant in that it encompassed both financial and industry participants and resulted in a fair value increase in Tern's investment of £0.6 million. FundamentalVR has also continued to build revenue with new contracts and a strong pipeline of new business.

Since 30 June 2019, FundamentalVR has received Continuing Professional Development ("CPD") accreditation for its entire current portfolio of surgical training simulations by the Royal College of Surgeons of England. It has expanded its team including a new Vice President of Client Solutions and Partnerships for North America and as announced with the interim results on 25 September 2019, FundamentalVR secured significant commercial contract (worth approximately £0.5 million) with a leading pharmaceutical company to create an additional VR simulation.

#### **InVMA Limited ("InVMA")**

*Holding: 50%*

*Sector: IoT enablement*

*Invested Since: September 2017*

Tern has a 50% holding in InVMA, which delivers IoT products and applications based on the industry leading PTC/Thingworx development platform, delivering manufacturing and industrial process intelligence to create competitive advantage for its customers.

Since 30 June 2019, InVMA has announced that it is one of the initial companies to work on part of the Made Smarter initiative, helping customers to implement factory optimisation. Made Smarter is a £20 million national programme partnering government and industry to maximise the benefit from increasing adoption of digital technology with match-funding, specialist advice, student placements and leadership training.

InVMA used its PTC based product, AssetMinder(R), in its initial Made Smarter implementation, in conjunction with the UK's leading specialist thermocouple cable manufacturer, Heatsense Cables(R).

#### **Wyld Networks Limited ("Wyld Networks")**

*Holding: 100%*

*Sector: IoT enablement*

*Invested Since: June 2016*

Wyld Networks, a company delivering secure intelligent mesh technology, empowering resilient IoT and 5G networks and creating value for people, places and things, is a wholly owned Tern investment.

Since 30 June 2019, Wyld Network's new CEO has joined the company and has been driving the business forward. This is evidenced by Wyld Networks securing a framework contract with Delta-T Devices, a world leader in the development of sensors for the Agritech sector with an initial purchase order valued at £105,000 to develop and supply Low-Power Wide-Area Network (LPWAN) connectivity for Delta-T's state of the art soil moisture sensors. Wyld Networks' experience in designing successful, efficient projects with communication industry standards (LoRa, LoRaWAN, NBIoT, LTE, CatM1, BLE) and Bluetooth makes Wyld Networks uniquely placed to deliver embedded networks with gateways to carry data long distances at low energy.

#### **Al Sisto, CEO of Tern, said:**

"I am pleased to report on the progress Tern is making in increasing the value of our investment portfolio, as our principal portfolio companies continue to make progress in achieving their objectives. DA's IoT security offering and Wyld Network's solutions continue to be recognised by industry leaders such as Venafi and Delta-T Services, and we are very pleased to see InVMA selected to participate in a major government backed project to help implement technology solutions. These developments, together with the recent news of a successfully syndicated Series A fundraise for FundamentalVR, which attracted significant funding from both trade and institutional players, demonstrate the positive headway that our investee companies can make in a short period of time. We look forward to Tern and its shareholders benefitting from their growth in the months and years ahead."

#### **Enquiries**

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ISIN: GB00BFPMV798  
Category Code:UPD  
TIDM: TERN  
LEI Code: 2138005F87SODHL9CQ36  
Sequence No.: 28578  
EQS News ID: 910317

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