

Tern PLC (TERN)

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26 March 2020

Tern Plc ("Tern" or the "Company")
Statement re COVID-19 and Portfolio Update

Tern Plc (AIM:TERN), the investment company specialising in the Internet of Things ("IoT"), provides an update on the impact of COVID-19 on the Company and the measures being taken by the Company and its principal portfolio companies along with a general update on its principal portfolio companies.

Tern is taking every precaution to protect its employees, advisors, suppliers and other stakeholders from COVID-19.

This is an unprecedented situation which is evolving daily. Tern has been working closely with its portfolio companies, all of which are now working remotely, since the outbreak was declared to ensure that they are well prepared to navigate the months ahead. Tern has been providing operational support and advice, helping each company to implement creative, pragmatic solutions and to develop dynamic financial models in response to COVID-19. Tern's management has also been holding regular sessions with the senior leadership teams of its principal portfolio companies to share insights regarding which methods and resources are delivering the best results.

Tern is monitoring the UK Government's support initiatives carefully as they become clearer and their mechanisms are put in place for our effective use. Tern has recently improved its cash position following the recent completion of its £0.8 million fundraise, announced on 9 March 2020. Tern maintains a positive view of the long-term growth potential of its portfolio and the ability of its portfolio companies to generate additional value.

Portfolio update

FundamentalVR ("FVR")

Tern holding: 26.9%

Sector: Healthcare IoT

Invested Since: May 2018

Surgical simulation company FVR continues to work with its customers to complete the simulations that they need to deliver their medical device and pharma-based products. Its virtual reality-based platform can keep the learner safe from unnecessary potential exposure to COVID-19, provide an endless supply of virtual patients and measure the performance of the healthcare professional in achieving the necessary operational skill levels helping to create a more agile healthcare workforce.

The company has recently secured an additional contract with a leading pharmaceutical company to provide a training platform for a new application of their leading drug product.

Device Authority ("DA")

Tern holding: 56.8%

Outstanding loan: \$3.6 million

Sector: Security

Invested Since: September 2014

DA recently announced the launch of KeyScaler as a Service ("KSaaS") hosted in Microsoft Azure Cloud and four essential connectors to Microsoft Azure's IoT Edge, IoT Central, Azure Key Vault and Active Directory Certificate Services ("ADCS") products. These new Azure connectors are in addition to Azure IoT Hub, Device Provisioning Service ("DPS") and Event Hub connectors that are already part of the KeyScaler platform.

The recent shift to remote working has reinforced the importance of having robust cloud computing infrastructure to the global business community, in order to maintain business continuity and to manage Internet infrastructures. Cloud computing makes this easier and the new DA products make it more secure.

DA has recently secured a contract to provide security services to a leading international automotive design and manufacturing company in conjunction with its use of the Azure platform.

Further to the announcement on 9 March 2020, the maturity date for all convertible loan notes provided to DA by Tern and others has been extended to 30 September 2020.

Wyld Networks ("Wyld")

Holding: 100%

Outstanding loan: £1 million

Sector: IoT enablement

Invested Since: June 2016

Wyld has signed a cooperation agreement with one of the largest global satellite operators to co-design, develop, test and market Low Power Wide Area Network ("LPWAN") connectivity solutions for satellite communications enabled IoT. Wyld will develop a terrestrial LPWAN satellite terminal solution, to connect fixed and mobile IoT services direct to low earth orbiting ("LEO") satellite constellations. Satellite IoT as a service will provide connectivity to underserved areas in agriculture, transportation and industrial verticals.

Wyld has filed a patent application for its disruptive mesh (Wyld Mesh) and data curation (Wyld Fusion) technology platform to protect its IP and further establish value.

InVMA

Holding: 50%

Outstanding loan: £50,000

Sector: IoT enablement

Invested Since: September 2017

InVMA continues to support its industrial and manufacturing customers, many of whom are in the food and beverage industry or have seen significant changes to normal manufacturing processes. Furthermore, InVMA's AssetMinder^(c) product continues to gain traction following the £0.8 million global partnership deal announced on 13 January 2020.

Seal Software Group ("Seal")

Holding: less than 1%

Sector: contract/document management

Invested Since: 2014

The sale of Seal to DocuSign Inc for \$188 million in cash, as announced by Tern on 3 March 2020, continues to progress. Tern invested £50,000 in the company and its investment was valued at £115,145 at 30 June 2019. The proceeds from this sale are expected to be broadly in line with the Company's valuation.

Al Sisto, CEO of Tern, said:

"Tern has been quick to implement measures which protect our principal portfolio companies and our people from COVID-19. As investors in disruptive technologies, we believe technology companies will provide a significant contribution in leading the way out of the current public health and economic situation. We therefore stand ready to support our portfolio companies during this unprecedented crisis and, following our recent fundraise, are prepared to tackle potential future liquidity challenges should the need arise. Reassuringly, our portfolio companies are serving diversified high-growth markets and generating revenues, with DA and FVR having strong investor syndicates."

"Tern and the leaders of our principal portfolio businesses are facing new hurdles and we are very pleased with the agility and selflessness demonstrated by our business leadership and staff. Although there is not enough clarity about the situation to finalise a robust new plan just yet, we are implementing strategies and leveraging our portfolio company network to ensure that the teams are sharing information and collaborating, in order to make efficient use of everyone's time."

"Steering the ship in times of crisis will require course corrections and smaller maneuvers which we are modeling and reviewing our investment strategy and its execution regularly. We stand behind our high growth portfolio companies and feel that they will emerge stronger when the economy eventually improves."

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