TERN PLC
SOFTWARE AND COMPUTER SERVICES
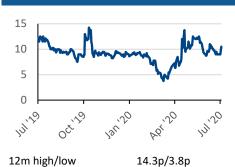
20 July 2020

TERN.L

10.5p

Market Cap: £31.6m

SHARE PRICE (p)

12m high/low	14.3p/3.8p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£0.8m *(at 30/06/20)*
Enterprise value	£30.8m
Index/market	AIM
Next news	Interim results, 21 Sept
Shares in Issue (m)	301.0
Chairman	Ian Ritchie
Chief Executive	Albert E Sisto
Finance Director	Sarah Payne

COMPANY DESCRIPTION

Tern predominantly invests in software companies, with proven technology, based in the UK but with global ambition.
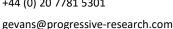
www.ternplc.com

TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

ANALYSTS

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Fundraising to facilitate new investment

Tern has raised £1.5m gross proceeds through a subscription of 17.6m new shares at 8.5p per share, a 19% discount to the 10.5p last closing price. The funds raised are intended to be used to facilitate new investment to expand Tern's portfolio, but also enable prospective follow-on investments in existing portfolio companies. The net proceeds add to Tern's £0.8m cash position at end-June 2020. The directors report a strong new investment pipeline for Tern and anticipate securing at least one new investment before the year-end. CEO Al Sisto believes that Tern's investment thesis to provide an active platform for early-stage, high potential IoT businesses has been validated and sees an exciting opportunity to build out the portfolio with high growth companies, which will also further de-risk the business.

▪ Tern has had a solid H1 2020, with an aggregate 62% y-o-y increase in turnover at portfolio companies, despite the disruptive effects of the COVID-19 pandemic. Costs have been contained, with salary reductions for Tern's directors as well as cost mitigation at portfolio companies, including limited use of furlough schemes and applications for Innovate UK grants. Growth was backed by a 7% y-o-y increase in portfolio company employees, with a deliberate slowdown in recruitment in Q2 2020.

▪ There were a number of significant developments at portfolio companies in H1 2020. Device Authority expanded its sales channel, with KeyScaler now available on the Microsoft Azure Marketplace. Wyld Networks agreed with Highland Health Ventures to test and deploy its Wyld mesh technology into certain care homes in Scotland. FundamentalVR received accreditation from the Royal College of Surgeons of England and the American Academy of Orthopaedic Surgeons. InVMA signed a partnership agreement with Senseye, an industrial software company specialising in predictive maintenance.

▪ In July 2020, Wyld Networks also announced the launch of Wyld Mesh and Fusion, which provides businesses with an innovative way to generate new revenue streams, operate more efficiently, get back to work safely and monitor social distancing practices.

After a period of uncertainty caused by the COVID-19 pandemic, which required cost control to come to the fore, in our view, this fundraising indicates the return to a more positive outlook, through bolstering Tern's balance sheet and signalling a refocus on the pursuit of growth opportunities during the remainder of the year.

INVESTEE COMPANIES

www.progressive-research.com

Disclaimers and Disclosures

To arrange a meeting with the management team, or for further information about Progressive, please contact:
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