

TERN PLC

SOFTWARE AND COMPUTER SERVICES

27 August 2020

TERN.L

6.75p

Market Cap: £20.3m

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	£19.5m
Index/market	AIM
Next news	Interims, 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.

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TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

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New CEO and funding to drive InVMA's growth

Tern has announced the appointment by its portfolio company InVMA of a new CEO, Peter Stephens, who will work alongside the company's founders to spearhead the next stage of its growth and development. Stephens has a track record of successfully delivering digital transformation across industries and geographies, making him well-suited to complete InVMA's transformation into a SaaS based software products company. InVMA has also secured a £125,000 UK Future Fund convertible loan, to be matched by Tern, which currently has a 50% equity holding in InVMA. The £0.25m total investment provides the financial resources to kickstart InVMA's planned growth programme, to build on the successful launch of AssetMinder and establish it as a leading product in remote predictive monitoring.

- InVMA is an Industrial Internet of Things (IoT) company that enables customers to digitally improve performance using predictive intelligence. InVMA is currently the third largest investment held by Tern, accounting for 5.6% of the portfolio by value at end-2019. Tern made its first investment in the company in September 2017 and the fair value of Tern's 50% holding in InVMA remains at its £1.0m investment cost as no subsequent funding rounds have taken place to trigger a revaluation.
- Peter Stephens has extensive investment banking experience, most recently focusing on early stage software and technology businesses. He has a proven track record of driving international business growth and value, from senior operational roles at Virgin Group, Bullitt Group and Nectarine Health. Under his leadership, Bullitt Group revenues increased substantially. He also secured an exit for investors at both Bullitt and Nectarine Health. He has the opportunity to secure an equity position of up to 7% of InVMA, by successfully completing key strategic milestones.
- The £0.125m convertible loan investments by the UK Future Fund Scheme and Tern both have the following terms: convertible at a 20% discount to the next round of funding; 8% annual interest rolled up until conversion; convertible immediately on the next liquidity event; three-year term.

In our view, the appointment of Peter Stephens as CEO, taking over the reins from co-founder Patrick Nash, is a very positive development for InVMA, strengthening its executive team to enable it to achieve its growth aspirations, supported by the additional funding secured. We believe that the equity element of Stephens' remuneration package should align his interests with shareholders in creating significant value at the company.

INVESTEE COMPANIES



DEVICE
AUTHORITY

FUNDAMENTALVR

Wyld Networks

InVMA

PUSH
TECHNOLOGY

Seal

InVMA company overview

InVMA empowers industrial and manufacturing companies by converging their physical assets with new transformational digital insights. It has a strong level of in-house intellectual property. The company provides IoT software solutions, communications and consultancy to digitally transform their customers' operations through predictive intelligence that automates manual processes, reduces operating costs, maximises uptime and enables the development of new revenue streams.

During 2019, InVMA focused on transforming its product AssetMinder, which solves critical pain points for monitoring manufacturing processes, oil and other production platforms, and networks of sensors that provide predictive maintenance and performance data; providing alerts in accordance with pre-determined thresholds or rules. AssetMinder is a gateway to and from the Cloud to connect to a client's product.

During 2019, InVMA announced a number of key contract wins, which demonstrated its continuing establishment as a key provider of IoT products and solutions:

- Implementation of Industry 4.0 projects with Heatsense Cables.
- Facilities Management IoT deployments with iaconnects.
- Aerospace and Defence projects, securing an initial order worth £0.25m, working alongside its partner ECA, a leading IT infrastructure specialist.

InVMA continued to develop and grow its partnership network during 2019, announcing new partnerships with Robustel, one of the world's leading manufacturers of industrial quality solutions for the IoT and M2M market; Solid State Supplies (part of Solid State plc), a focused distributor serving the needs of the electronics OEM community in the UK; as well as a partnership with ECA that delivered an early material contract during the year.

The focus on growing AssetMinder product sales to drive value creation was rewarded in a material contract announced in January 2020, where InVMA secured an initial order commitment worth £0.82m over a two-year period to provide its AssetMinder solution to a global, multi-billion Euro revenue supplier to the industrial and construction sectors. This was validation of a deliberate move from being a systems integrator to a product company, underpinning the value being created within the business.

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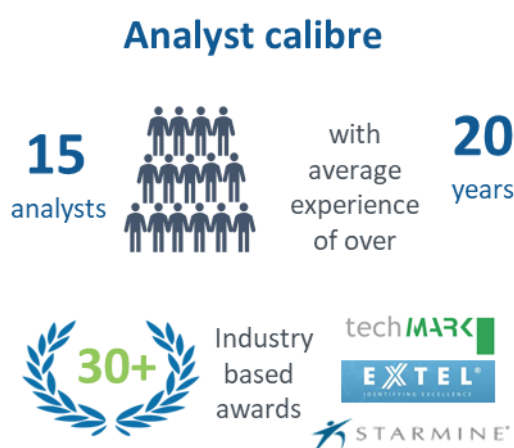
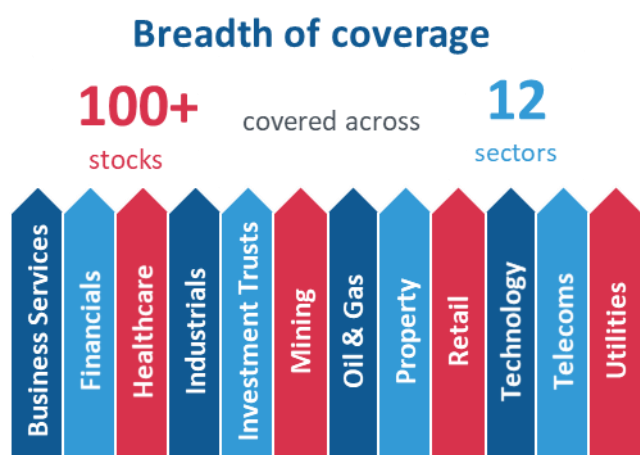
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