

18 April 2023

Tern Plc
("Tern" or the "Company")

Portfolio Update and Investor Presentation

Tern Plc (AIM:TERN), the company focused on value creation from Internet of Things ("IoT") technology businesses, is pleased to provide an update on the Company and its portfolio companies.

Highlights

- Further significant progress across Tern's portfolio companies during 2022
- 97% year-on-year growth in the aggregate value of portfolio companies' annual recurring revenue (ARR) contracts
- Tern's portfolio companies increased employee numbers in aggregate by 66% to 219 (31 December 2021: 132) and annual recurring revenue per employee increased by 19%

In 2022 and into the current year Tern's portfolio companies have shown resilient performance, with revenues growing, increases in headcounts and all winning important new customers. Tern's portfolio companies delivered year-on-year growth in both revenue of 5% and 97% in ARR. As discussed in our interim report, the key focus for our network of companies is on recurring revenue as it is the primary indicator of valuation growth. As a result of the successful transition, we will only continue to report on aggregated recurring revenue growth in future.

Particular highlights have included Device Authority's growth in multi-year bookings and recurring revenues from its software security platform, KeyScaler®; Wyld Networks launching its pioneering satellite IoT network service providing 100% global connectivity for the IoT; FundamentalVR being the first of Tern's investee companies to achieve a Series B growth equity financing round; Konektio adding scale to its business and driving sales of its AssetMinder® platform; and a number of global advertising agencies and networks engaging Talking Medicines for proof of concept and paid subscriptions.

However, the landscape for technology companies has changed dramatically in the last year. Low, or near zero interest rates had created cheap capital that drove asset values to record highs. This was particularly true of technology companies. With rising interest rates and the end to inexpensive and readily available capital, technology companies, and those investing in them, have now had to adapt their approach. The recent collapse of Silicon Valley Bank has also sent further shockwaves through the technology sector, compounding the issues faced both in the UK, the US and elsewhere.

Cognisant of this environment, Tern is driving and assisting its portfolio companies with their efforts to achieve breakeven as soon as possible, *in lieu* of seeking growth at any cost. In a period of lower valuations and capital availability achieving break-even and having the ability to stand alone, without needing the support of investors to survive, is believed to be particularly important. It is also important to note that none of Tern's companies are at the breakeven point yet and will need the continued support of Tern and its other co-investors to achieve their full potential and arrive at break-even.

In line with many companies Tern's audit timetable has been extended this year and the Company currently expects to release its results for the year ended 31 December 2022 in late May 2023, with the Company's Annual General Meeting taking place in June 2023.

Commenting Al Sisto, CEO of Tern, said:

"It is encouraging to see such a resilient performance from our portfolio companies, with revenues growing, increases in headcounts and all winning important new customers during a time when technology company valuations are under pressure across the global market. However, despite these headwinds, in tougher times there is often a flight to quality and we believe that Tern and its portfolio of companies is well placed to weather the storm.

"At Tern it is also our goal to be ultimately self-financing. The 2021 IPO of Wyld Networks on NASDAQ First North in Stockholm was a successful transaction for Tern. Today, Wyld Networks is a standalone company and is being successful in its targeted markets. Going forward, we intend to take advantage of this at the appropriate times and in stages, in order to provide capital for investment elsewhere, to date Tern has realised approximately £370k by orderly sales into the market. At the current market valuation of Wyld Network's, Tern's holding is valued at approximately 2.5 times the capital we have invested. We are firm believers in the future potential of Wyld Networks to deliver substantial shareholder returns, but with Wyld Networks being a publicly quoted company Tern's investors now have the opportunity to directly participate in its equity

publicly quoted company Tern's investors now have the opportunity to directly participate in its equity themselves rather than needing an investment company such as Tern to access it.

"Tern's long-term goal continues to be to provide our shareholders with access to returns as we achieve liquidity events with our portfolio companies at the point they reach sufficient maturity and when the market dynamics are appropriate. We are confident of their unique market positions and the robustness of our portfolio companies' business models. We believe that they are the sorts of companies that will emerge stronger from these difficult and uncertain economic times. Downturns occur and have to be carefully navigated through, with practicality and patience shown. It is not our intention to hold our portfolio companies forever, but to fully or partially exit them when the appropriate opportunities are available.

"I look forward to updating further at the time of the release of our 2022 results in late May."

Note: 'Tern's portfolio companies' or 'its companies' or 'our portfolio companies' or 'our companies' are: 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 SVV in which Tern has a 5% holding and Push Technology Limited, in which Tern has a <1% holding and minimal influence.

OTC

On 17 June 2021 the Company announced its intention to file an application with the OTC Markets Group for the Company's Ordinary Shares to be publicly cross-traded on the OTCQB Market based in the United States. It was further stated in the 2022 AGM Statement on 27 April 2022 that *inter alia*, "whilst the process is ongoing, progress has been frustratingly slow whilst it is ascertained whether or not Tern's specific structure and classification under the AIM Rules enables the Company to be eligible to be publicly cross-traded in the United States under applicable US securities laws. We continue to take advice in this regard and look forward to a final determination being made."

Further advice was sought, including engaging specialist legal teams focused on SEC laws and regulations, and detailed discussions held with the OTC Markets Group. Following this process, it has been concluded that because of Tern's status as an Investment Company, relative to the US 1940 Investment Company Act, it is unlikely that Tern's Ordinary Shares will be able to qualify to be publicly cross-traded on the OTCQB Market. The Company has therefore ceased any further investment of time and resources in this process.

Online Investor Presentation and Q&A Session

Tern's management and management from certain of Tern's portfolio companies will be hosting an online presentation and Q&A session at 5 p.m. BST on 27 April 2023. 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_84NY9ZQZSqMARJLMPWLlg

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.

Enquiries

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