

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 (WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018). UPON THE PUBLICATION OF THIS ANNOUNCEMENT THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE WITHIN THE PUBLIC DOMAIN.

25 April 2023

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

Konektio Fundraise

Tern Plc (AIM:TERN), the investment company specialising in supporting high growth, early-stage disruptive Internet of Things (IoT) technology businesses, announces that its portfolio company, InVMA Limited, which trades as Konektio ("Konektio") has completed a £0.3m equity fundraise (the "Konektio Fundraise"). Tern has invested £0.1m in the Konektio Fundraise, with the remainder provided by Konektio's other institutional investors Mercia and Foresight. Tern has also converted £0.5m of convertible loan notes in Konektio ("Convertible Loan Notes").

Prior to the Konektio Fundraise, Tern had a holding of 36.8% in Konektio and as at 30 June 2022, the date of Tern's last published book valuation, this holding had an unaudited book valuation of £2.2m. Since 30 June 2022, Tern, alongside others, has provided funding to Konektio by subscribing for Convertible Loan Notes, which bore annual interest of 8%, and the entire principal amount and accrued interest have now converted, in line with the Convertible Loan Notes' terms, into new equity in Konektio at a discount of between 10% and 20% to the Konektio Fundraise price. Post the Konektio Fundraise, Tern's holding in Konektio has increased to 39.9% (before any dilution on exercise of any Konektio employee share options) and Tern's holding now has an unaudited book valuation, at the Konektio Fundraise price, of £1.0m.

Including its participation in the Konektio Fundraise and the Convertible Loan Notes, Tern has, to date, invested approximately £2.2m in Konektio. The Konektio Fundraise values Konektio in total at approximately £3m on a post-money basis.

Commenting Al Sisto, CEO of Tern, said:

"The macroeconomic backdrop remains difficult, with high inflation and high interest rates weighing heavily on the technology ecosystem. The landscape for technology company valuations has therefore deteriorated dramatically within the last year. Whilst I am encouraged by the support of our co-investors in working to keep AssetMinder at the forefront of its markets through this modest funding round, I am disappointed to have to report a 55% decline in the fair value of our investment in Konektio. In our view, this fails to reflect the strategic progress that has been made within the business and which we expect to continue over coming months.

"Our direct and hands-on support of Konektio is delivering results, and the business continues to make progress. We are encouraged by the market acceptance of the new release of AssetMinder and the increase in Annual Recurring Revenue (ARR) at the company. The investor group are keen on continuing this progress and look forward to the ability of the business to become self-supporting."

About Konektio

Konektio provides an Industrial IoT Software as a Service (SaaS) platform to Original Equipment Manufacturers (OEMs) and aftermarket customers, as well as the connected product market. The software enables remote asset monitoring and management to drive productivity improvements. Konektio's primary product, AssetMinder, is machine agnostic and allows manufacturers to diagnose issues and proactively prescribe services plans, ultimately reducing downtime and improving operational efficiency. According to the latest filed financial statements for Konektio, for the 12 month period ended 31 December 2021, the business recorded an increase in retained unaudited losses of £0.4m and at that date had unaudited net assets of approximately £1.8m.

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