

4 September 2025

**Tern Plc**

("Tern" or the "Company")

**Unaudited interim results for the six months to 30 June 2025**

Tern Plc (AIM: TERN), the company focused on value creation from Internet of Things ("IoT") technology businesses, announces its unaudited interim results for the six months to 30 June 2025 (the "Period").

**Enquiries:**

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**Interim Non-Executive Chair's Statement**

The first half of 2025 has been a period of both progress and adjustment for Tern. The loss for the Period improved by 64% compared with the same period in 2024, supported by a further 7% reduction in administration costs. While portfolio valuations were primarily affected by foreign currency movements, we were pleased to invest 60% of funds raised in the Period into our portfolio to meet ongoing commitments and to complete our first new investment in three years, made possible through the continued support of our shareholders.

In January 2025, Tern made a strategic investment of £0.175 million in Sure Ventures plc ("Sure Ventures" or "SV PLC"), acquiring a 2.7% holding. This investment has provided Tern with investment exposure to a complementary portfolio of high-growth technology companies in Artificial Intelligence ("AI"), Augmented Reality ("AR") and Virtual Reality ("VR"), and IoT, at an attractive discount to Sure Ventures' reported net asset value. Importantly, it further broadened our exposure beyond our core portfolio companies, while also strengthening our relationship with the Sure Valley Ventures funds, where we already have a direct interest in Sure Valley Ventures Enterprise Capital LP ("SVV2"). We believe that this investment in Sure Ventures not only enhances diversification and creates opportunities for synergies across our portfolio but also has the potential to generate income for Tern through distributions from portfolio exits. In line with our strategy, it represents a disciplined allocation of capital to areas that we believe will deliver strong long-term value for shareholders.

In January 2025, Tern hosted a well-attended online investor presentation and Q&A session, reinforcing our commitment to transparency and open communication with our shareholders. The event provided an opportunity to share meaningful insights into the strategy and progress of our portfolio, as well as to support shareholders in making informed decisions. Presentations were delivered by several of our portfolio companies, including Device Authority, FundamentalVR, Talking Medicines and Vortex IQ, a portfolio company of SVV2. We intend to conduct further similar sessions in due course, providing additional updates

on the growth trajectories, market opportunities and innovations across our portfolio.

During the first half of 2025, Tern completed two successful fundraises. In February 2025, the Company raised approximately £0.2 million (before expenses) through a placing of new ordinary shares, followed in May 2025 by an underwritten Open Offer, raising approximately £0.3 million, which was significantly oversubscribed. The Board considers that the shareholder participation in both raises reflects continued confidence in Tern's strategy and provides important resources to advance our objectives. The proceeds have allowed Tern to meet our commitment to invest in SVV2, to be able to provide follow-on support to portfolio companies where appropriate, and to strengthen working capital to support the requirements of operating as an AIM-quoted company.

In April 2025, we announced that Bruce Leith, a valued member of the Tern executive team, had been appointed as Executive Chairman of Purple Transform Limited, an investee company of SVV2. This appointment not only strengthened Purple Transform's leadership but also provides a modest income stream to Tern through fees, demonstrating the value of leveraging our team's expertise across the portfolio in a way that contributes both to Company income and investee company growth.

At our Annual General Meeting in June 2025, shareholders approved six out of seven resolutions. The resolution regarding the disapplication of pre-emption rights was not passed. The Board respects this outcome and remains committed to open and constructive dialogue with shareholders, where it is able to, to understand their views. We will continue to seek ways of aligning shareholder expectations with the Company's strategic and financial requirements.

During the first half of 2025, Tern's portfolio continued to deliver strong progress, with several companies achieving significant commercial and operational milestones, seen through peer recognition and industry awards. The Period has been marked by new partnerships and product advancements across the portfolio, demonstrating both resilience and scalability.

Looking forward, the Board remains focused on creating long-term value by supporting our early-stage, disruptive IoT portfolio companies. With careful management of resources, shareholder backing, and a clear governance structure in place, I believe that Tern is well positioned to deliver on its strategic priorities during the remainder of 2025 and beyond.

**Jane McCracken**

Interim Non-Executive Chair

**Financial review**

	<b>6 months to 30 June 2025</b>	<b>6 months to 30 June 2024</b>	<b>12 months to 31 December 2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Investments	10,655	11,102	10,740
Net assets	10,286	10,708	10,709
Administration costs	(555)	(595)	(1,197)
Loss for the period	(959)	(2,663)	(3,772)
Net asset value per ordinary share	1.8p	2.5p	2.0p

The Company continues to manage its cash resources very diligently, with strict cost controls in place to preserve value for shareholders. As at 30 June 2025, net assets stood at £10.3 million, compared to £10.7 million at 31 December 2024. This reduction reflects a modest £0.4 million decrease in the fair value of the portfolio, driven primarily by the impact of currency movements on Device Authority and Wyld Networks, which are valued in US Dollars and Swedish Krona respectively. The net asset value (NAV) per share was 1.8 pence at 30 June 2025 (31 December 2024: 2.0 pence).

During the Period, the Company successfully raised £0.5 million before expenses, of which £0.3 million was invested. This included £0.16 million into SVV2 and £0.17 million into Sure Ventures PLC, reflecting the Board's strategy of supporting the growth of Tern's portfolio while meeting its commitments. The investment into Sure Ventures PLC in January 2025 also marked an important new addition to the portfolio, aligning with the Company's long-term objectives.

The Company reported an unaudited cash balance of £0.1 million as at 30 June 2025, underlining the importance of disciplined financial management. A key ongoing priority is ensuring that sufficient liquidity is maintained to meet Tern's operating activities and its investment and loan repayment commitments. The Company recognises the importance of its investment commitments in securing future growth opportunities in the portfolio, while also noting that any default would represent a significant risk to shareholder value. To this end, continuous and careful attention is being paid to manage cash flows in order to honour future obligations. Post-Period, on 31 July 2025, 64,248,646 new ordinary shares were issued at 1p per share for cash as a result of an underwritten Open Offer raising £642,486 before share issue expenses.

For the six-month Period ended 30 June 2025, the Company recorded a total comprehensive loss of £1.0 million, an improvement compared to a loss of £2.7 million in the same period of 2024. The loss included a fair value reduction of £0.4 million (six months to 30 June 2024: fair value reduction of £2.0 million primarily driven by the decline in market value of Wyld). Operating costs for the Period were £0.6 million, consistent with the same period in 2024, reflecting the Company's ongoing efforts to keep expenditure tightly controlled.

New fee income from Purple Transform, a company within the SVV2 portfolio, was generated via nominal management fees for director services, modestly enhancing the Company's recurring income streams.

Overall, the Company remains focused on disciplined cash management, meeting its commitments, and supporting its portfolio companies to deliver long-term shareholder value, despite the headwinds from currency movements and the continued need for strict liquidity management.

### **Portfolio review**

For the six months ended 30 June 2025, the key portfolio companies reported a 17% year-on-year decrease in aggregated annual recurring revenue ("ARR"), compared with growth of 22% in the same period in 2024. This reflects the impact of broader macroeconomic challenges, including tighter enterprise budgets, longer customer decision-making cycles, and continued pressure on technology spend. In response, portfolio companies have taken proactive steps to preserve cash and strengthen operational efficiency, resulting in a 15% year-on-year reduction in headcount within the portfolio, compared with a 25% reduction in the same period last year. Despite these challenges, ARR per employee declined marginally by 2% (six months ending 30 June 2024: 62% increase), highlighting the underlying resilience and productivity of the portfolio businesses during a period of adjustment. The ARR and number of employees data above does not include InVMA Limited, which traded as Konektio, which was placed into administration in March 2024 and from that point Tern's holding in Konektio was held at zero value.

### ***Device Authority Ltd ("Device Authority")***

*Valuation of holding: £4.0 million*

*Holding: 25.3% (before any dilution on exercise of share options)*

In the first half of 2025, Device Authority advanced its strategic growth through a series of important product, partnership, and market developments. In March 2025, Device Authority launched its KeyScaler Discovery Tool, designed to enhance the visibility of unmanaged devices across networks by providing detailed information, such as IP address, MAC address, open ports, and certificate health. This was followed in May 2025 by the integration of KeyScaler AI with Microsoft Copilot, enabling natural language interaction to accelerate security insights and improve key cybersecurity metrics such as mean time to discovery and response. In June 2025, Device Authority released KeyScaler 2025, the latest version of its IoT identity and access management platform, incorporating an enhanced user interface, AI-driven automation, and a new Edge Remote Access Controller to extend security capabilities to industrial and operational environments.

Device Authority also deepened its ecosystem partnerships, most notably through its collaboration with Microsoft and CyberArk, announced in March 2025. This joint solution is targeted at manufacturers and leverages Microsoft Azure IoT, Defender for IoT, and CyberArk's privileged access management capabilities, combined with Device Authority's automated credentialing and identity lifecycle management. The partnership provides a comprehensive approach to device security and the Board believes that this positions Device Authority at the forefront of compliance with the National Institute of Standards and Technology ("NIST") and Zero Trust frameworks.

Together, the Board considers that these developments demonstrate Device Authority's continued commitment to product innovation and strategic alignment with key technology partners. By strengthening its platform capabilities, expanding its relevance across critical industries such as manufacturing, and deepening integrations with leading global providers, Device Authority has reinforced its competitive

positioning in the rapidly growing IoT and operational technology (OT) security markets. The Board expects these initiatives to support further customer adoption, expand recurring revenue opportunities, and deliver long-term value to Tern's shareholders.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in Device Authority decreased to £4.0 million (31 December 2024: £4.3 million), which was due to a £0.3 million fair value decrease, which was a direct effect of the foreign exchange movement on the sterling value of Device Authority which is valued in US Dollars.

***FVRVS Limited ("FundamentalVR")***

*Valuation of holding: £3.6 million*

*Holding: 10.3% (before any dilution on exercise of share options)*

In the first half of 2025, FundamentalVR reinforced its position as a market leader in immersive medical training technologies. FundamentalVR achieved a significant milestone in May 2025 when its flagship platform, Fundamental Surgery, was awarded Best Healthcare & Wellness Solution at the 2025 Auggie Awards. As one of the most recognised Augmented Reality and Virtual Reality industry awards, this award reflects both the quality and impact of FundamentalVR's solutions in transforming surgical training and education.

The award underscores the growing importance of immersive learning platforms within healthcare, particularly as hospitals, universities, and training bodies increasingly seek scalable and cost-effective methods of upskilling medical professionals. By combining virtual reality, haptics, and data-driven performance insights, Fundamental Surgery enables healthcare professionals to practice and refine skills in safe, repeatable environments, bridging the gap between traditional classroom learning and hands-on surgical experience. This value proposition continues to resonate strongly with healthcare providers globally.

Recognition at the Auggie Awards provides more than brand visibility - it also validates FundamentalVR's strategy of embedding extended reality (XR) technology within clinical education and training. Such industry recognition is expected to enhance credibility with institutional partners and strengthen FundamentalVR's ability to pursue new commercial agreements with leading healthcare providers, medical device manufacturers, and academic institutions. The Board believes that it also recognises FundamentalVR's competitive positioning against both established training providers and emerging technology entrants in the healthcare simulation space.

FundamentalVR remains focused on scaling its platform to address the growing global demand for healthcare training solutions, particularly as medical systems continue to face resource pressures and increasing patient complexity. With its innovative technology and expanding reputation, FundamentalVR is considered to be well positioned to capture further market share and deliver long-term value to stakeholders.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in FundamentalVR remained steady at £3.6 million (31 December 2024: £3.6 million).

***Talking Medicines Limited ("Talking Medicines")***

*Valuation of holding: £2.1 million*

*Holding: 23.8%*

*Convertible loan notes of £0.3 million (included in the £2.1 million valuation)*

During the first half of 2025, Talking Medicines made significant progress in both product innovation and international expansion. In January 2025, Talking Medicines advanced its position in healthcare analytics by enhancing its AI-powered platform, Drug-GPT. This technology transforms unstructured conversational data - including social media posts, surveys, forums, and conference discussions - into actionable intelligence on healthcare professionals ("HCPs"). By capturing and analysing these insights, the platform enables healthcare agencies to better understand HCP behaviours, preferences, and emerging themes, thereby improving the effectiveness of engagement and communication strategies.

In March 2025, Talking Medicines strengthened its global footprint by joining a Silicon Valley residency under the Scottish Enterprise MarketBooster Programme. This strategic move marked a key step in Talking Medicines' expansion into the US market, embedding it within one of the world's most dynamic innovation hubs. The residency provided access to technology leaders, talent, and the broader American healthcare ecosystem, supporting Talking Medicines' ambition to scale its AI solutions and build deeper industry collaborations in the United States.

Further recognition of Talking Medicines' innovation came in May 2025, when Talking Medicines was selected to present at EIE25, Scotland's tech investor showcase, and the Tech Tour Growth Deeptech 2025 events in Edinburgh. These high-profile forums provided a platform to showcase Talking Medicines' technology to

Edinburgh. These high-profile forums provided a platform to showcase Talking Medicines' technology to international investors and industry leaders, while also facilitating discussions regarding the healthcare and AI sectors.

Taken together, these developments underscore Talking Medicines' dual focus on technological advancement and market expansion. With its Drug-GPT platform continuing to differentiate its offering in the healthcare analytics space, and its presence in the US market gaining momentum, the Board considers that Talking Medicines is well positioned to accelerate growth and strengthen its role as a leading provider of AI-driven insights for the pharmaceutical and healthcare industries.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in Talking Medicines remained at £2.1 million (31 December 2024: £2.1 million) however there was a nominal increase in fair value due to the addition of accrued interest from the existing convertible loan notes during the Period.

#### **Sure Valley Ventures Enterprise Capital Fund LP ("SVV2" or the "Fund")**

*Valuation of holding: £0.8 million*

*Holding: 6.1%*

During the first half of 2025, SVV2 made strong progress in expanding and supporting its portfolio. The Fund continued to build on its existing portfolio of innovative early-stage technology companies, including Retinize, Jaid, Captur, Vortex IQ, Ittybit, Phinx Robotics, Purple Transform, Stylus Education, and Vizgard, while also completing a number of new investments. In February and March 2025, Inephany and Capably.AI were added to the SVV2 portfolio, followed by an investment into Literal Labs in June 2025. The Fund also made a follow-on investment into Captur and supported Purple Transform with a further commitment alongside Mercia Ventures. In addition, the Fund closed an investment into Elelem, an innovative analytics platform for generative AI. This takes the total number of SVV2 portfolio companies to 13 at the half-year stage. The Fund remains well positioned to continue this momentum in the second half of 2025, where a further five to six investments are anticipated, taking the SVV2 portfolio towards 19 companies by year-end and on track to deliver investments in around 30 companies by the close of the five-year investment period.

SVV2 continued to strengthen its focus on early-stage investments in AI, immersive technologies, and cybersecurity, aligning with both market demand and evolving UK government policy. In January 2025, the Fund was highlighted by Sure Ventures as being well positioned to benefit from the UK Government's AI Opportunities Action Plan, which seeks to accelerate the development and adoption of AI across key sectors of the economy. Several of the Fund's current portfolio companies were cited by Sure Ventures as examples of how SVV2 is already backing innovative businesses capable of contributing to the UK's AI Growth Zones initiative, spanning education, transportation, and robotics. The Board considers that this validation reinforces the Fund's investment thesis and its role in supporting UK technology innovation at a critical stage of growth.

Together, these developments are considered to highlight the disciplined yet strategic pace at which SVV2 is deploying capital, ensuring that investments are made into companies with strong technological foundations and scalable market opportunities. With its expanding base of early-stage AI technology companies and increasing recognition within the UK's innovation landscape, the Board considers that SVV2 is well positioned to capture further upside in the second half of the year and beyond.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in SVV2 was £0.8 million (31 December 2024: £0.7 million). Tern's additional investment during the Period was in part offset by fees charged by the fund.

#### **Sure Ventures PLC ("SV PLC" or "Sure Ventures")**

*Valuation of holding: £0.2 million*

*Holding: 2.7%*

New to the portfolio in January 2025; SV PLC is a venture capital fund listed on the Specialist Fund Segment of the London Stock Exchange. SV PLC focuses on investing in early-stage software businesses within high-growth technology sectors, including AI, AR, VR, and IoT.

During the first half of 2025, SV PLC delivered a series of significant portfolio and financial developments. A key highlight was the performance of Infinite Reality ("iR"), which completed a \$3 billion equity raise in January 2025, increasing its indicative valuation to \$12.25 billion, which enhanced the value of SV PLC's indirect holdings through its 25.9% interest in Sure Valley Ventures Fund I ("SVV1"), which has an equity shareholding in iR.

Portfolio exits during the Period included the sale by SVV1 of Getvisibility to Forcepoint, which delivered a 4.5x return on SVV1's cash invested. In June 2025, SV PLC stated that the proceeds of the Getvisibility sale had

been used to pay down its outstanding debt position, clear creditors and the residual would be used to continue its investment strategy and alongside other imminent potential exits, a special dividend would be considered by the SV PLC board. While no dividend was declared by SV PLC for the year ended 31 March 2025, consistent with the SV PLC's focus on capital growth, SV PLC reiterated that there may be potential for one-off special dividends to be considered when circumstances and liquidity events allow. SV PLC also stated that it is exploring options to create liquidity from the iR holding, following its substantial valuation uplift.

Overall, the Board considers that the first half of 2025 demonstrated the resilience and growth potential of SV PLC's portfolio, underpinned by strong exposure to high-growth technology sectors including AI, AR, VR, and IoT. The Board also considers that SV PLC remains well positioned to capitalise on strategic opportunities within its portfolio while continuing to deliver value for shareholders through disciplined capital allocation and exit execution.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in SV PLC was £0.2 million. SV PLC's shares are traded on an active financial market and the fair value is therefore determined by reference to the quoted market price at the reporting date.

#### **DiffusionData Limited ("DiffusionData")**

*Valuation of holding: £0.01 million*

*Holding: <1%*

In the early months of 2025, DiffusionData, a provider of enterprise-grade, real-time data streaming and messaging, launched an initiative to attract user adoption and demonstrate its platform's capabilities. In February 2025, DiffusionData announced that its flagship Diffusion Cloud platform would be made available as a one-month free trial, with no deployment costs or obligations. This trial offering is supported by access to service engineers to assist with setup, showcasing DiffusionData's commitment to easing customer onboarding and lowering barriers to adoption.

This strategic move aims to highlight the platform's strengths in supporting real-time, low-latency data distribution-particularly valuable in environments requiring live updates such as streaming pricing, market data feeds, or customer notifications. Diffusion Cloud promises rapid integration with existing infrastructure like Kafka or Redis, backed by in-memory caching and no-code data transformation. These features support reduced development time and operational cost savings.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in DiffusionData decreased to £0.01 million (31 December 2024: £0.02 million). The fair value is assessed using the most recent offer price for a fundraise in April 2025.

#### **Wyld Networks AB ("Wyld Networks" or "Wyld")**

*Valuation of holding: £0.007 million*

*Holding: 0.4%*

In the first half of 2025, Wyld Networks advanced its transition from development into commercial operations, marking the beginning of customer revenues from its satellite IoT solutions. Wyld Networks also continued to streamline its cost base, which has supported a stronger financial position and improved operational efficiency.

During the Period, Wyld continued to expand its patent portfolio and widen its commercial footprint. Wyld received U.S. patent approval for its "Fusion Platform," a key milestone in strengthening its intellectual property portfolio. During the Period, Wyld also secured subscription commitments for warrants of series TO6, raising approximately SEK 6.9 million, with a subscription price set at SEK 0.028. These funds enhanced working capital flexibility and supported ongoing product deliveries. Additionally, late 2024 saw a loan agreement of approximately SEK 4.3 million secured from Olsen Fond & Försäkring, to finance operations and customer deliveries, with repayment due by September 2025.

Post-Period end, Wyld announced the outcome of its July 2025 Rights Issue, which was fully subscribed, raising approximately SEK 17.31 million before costs, through a combination of subscriptions with and without rights as well as allocations to underwriters. In line with underwriting agreements, the company's board also approved a directed compensation issue, allocating 360,665,992 shares to underwriters at SEK 0.01 per share through set-off of underwriting claims.

As at 30 June 2025, the unaudited fair value of Tern's shareholding in Wyld Networks increased to £0.007 million (31 December 2024: £0.003 million) due to a fair value increase (£0.003 million), and a small foreign exchange movement on the Sterling value of Wyld Networks which is valued in Swedish Krona. Wyld Networks' shares are traded on an active financial market and the fair value is therefore determined by reference to the quoted market price at the reporting date.

**Unaudited Income Statement and Statement of Comprehensive Income**  
**For the six months ended 30 June 2025**

	Notes	6 months to 30 June 2025 (Unaudited) £000	6 months to 30 June 2024 (Unaudited) £000	12 months to 31 December 2024 (Audited) £000
Fee income		19	7	17
Movement in fair value of investments	7	(434)	(1,988)	(2,460)
Profit on disposal of assets		-	-	(13)
Total investment deficit		(415)	(1,981)	(2,456)
Administration costs		(555)	(595)	(1,197)
Other expenses		(9)	(17)	(66)
Movement in fair value of derivative financial instruments		-	83	(83)
Operating loss		(979)	(2,676)	(3,802)
Finance income		20	13	30
Loss before tax		(959)	(2,663)	(3,772)
Tax		-	-	-
Loss and total comprehensive loss for the period		(959)	(2,663)	(3,772)
<b>Earnings per share</b>	6			
Basic and diluted loss per share		(0.18)p	(0.64)p	(0.86)p

**Unaudited Statement of Financial Position**  
**As at 30 June 2025**

	Note	30 June 2025 (Unaudited) £000	30 June 2024 (Unaudited) £000	31 December 2024 (Audited) £000
<b>Assets</b>				
<b>Non-current assets</b>				
Investments	7	10,655	11,102	10,740
		10,655	11,102	10,740
<b>Current assets</b>				
Trade and other receivables		212	71	185
Cash and cash equivalents		74	121	382
		286	192	567
<b>Total assets</b>		<b>10,941</b>	<b>11,294</b>	<b>11,307</b>
<b>Equity and liabilities</b>				
Share capital	8	1.417	1.389	1.406

Share premium	-	36,057	34,451	35,541
Retained losses		(27,188)	(25,132)	(26,238)
		<b>10,286</b>	<b>10,708</b>	<b>10,709</b>
<b>Current liabilities</b>				
Trade and other payables		485	384	436
Short Term Loan	9	170	202	161
<b>Total current liabilities</b>		<b>655</b>	<b>586</b>	<b>597</b>
<b>Total liabilities</b>		<b>655</b>	<b>586</b>	<b>597</b>
<b>Total equity and liabilities</b>		<b>10,941</b>	<b>11,294</b>	<b>11,307</b>

**Unaudited Statement of Changes in Equity**  
**For the six months ended 30 June 2025**

	Share capital £000	Share premium £000	Retained losses £000	Total equity £000
Balance at 31 December 2023	1,380	33,391	(22,469)	12,302
Total comprehensive loss	-	-	(2,663)	(2,663)
Transactions with owners				
Issue of share capital	8	813	-	821
Issue of shares upon exercise of warrants	1	296	-	297
Share issue costs	-	(49)	-	(49)
Balance at 30 June 2024	1,389	34,451	(25,132)	10,708
Total comprehensive loss	-	-	(1,109)	(1,109)
Transactions with owners				
Issue of share capital	17	1,152	-	1,169
Share issue costs	-	(62)	-	(62)
Share based payment charge	-	-	3	3
Balance at 31 December 2024	1,406	35,541	(26,238)	10,709
Total comprehensive loss	-	-	(959)	(959)
Transactions with owners				
Issue of share capital	11	551	-	562
Share issue costs	-	(35)	-	(35)
Share based payment charge	-	-	9	9
Balance at 30 June 2025	1,417	36,057	(27,188)	10,286

**Unaudited Statement of Cash Flows**  
**For the six months ended 30 June 2025**

		6 months to 30 June 2025 (Unaudited) £000	6 months to 30 June 2024 (Unaudited) £000	12 months to 31 December 2024 (Audited) £000
	Note			
<b>OPERATING ACTIVITIES</b>				
Net cash used in operations	10	(500)	(507)	(1,069)
Purchase of investments		(335)	(303)	(657)
Cash received from sale of investments		-	4	250
Loans to portfolio companies		-	-	(95)
Interest received		-	-	-
<b>Net cash used in operating activities</b>		<b>(835)</b>	<b>(806)</b>	<b>(1,571)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds on issue of shares		562	821	2,100



Proceeds on issue of shares	551	551	2,100
Share issue expenses	(35)	(49)	(111)
Proceeds on the exercise of warrants	-	110	-
Loan repayment	-	(253)	(334)
<b>Net cash from financing activities</b>	<b>527</b>	<b>629</b>	<b>1,655</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(308)</b>	<b>(177)</b>	<b>84</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>382</b>	<b>298</b>	<b>298</b>
<b>Cash and cash equivalents at end of period</b>	<b>74</b>	<b>121</b>	<b>382</b>

## Notes to the Unaudited Interim Financial Statements

For the six months ended 30 June 2025

### 1. General information

Tern is an investing company specialising in technology companies, predominantly in the Internet of Things (IoT).

The Company is a public limited company, incorporated in England and Wales, with its shares admitted to trading on AIM, a market of that name operated by the London Stock Exchange.

The address of Tern's registered office is 27/28 Eastcastle Street, London W1W 8DH. Items included in the financial statements of the Company are measured in Pounds Sterling, which is the Company's presentational and functional currency.

### 2. Basis of preparation

The Company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

These interim financial statements have been prepared in accordance with the recognition and measurement principles of IFRS applicable as at 30 June 2025. They do not include all the disclosures required for full annual financial statements and should be read in conjunction with Tern's audited financial statements for the year ended 31 December 2024.

The financial information for the year ended 31 December 2024 included in this interim report does not constitute statutory accounts as defined under Section 434 of the Companies Act 2006. The statutory financial statements for that year have been filed with the Registrar of Companies and are available on the Company's website at [www.ternplc.com](http://www.ternplc.com). The auditor's report on those financial statements was unqualified and did not contain any statements under Section 498(2) or 498(3) of the Companies Act 2006.

These interim financial statements have been prepared on a historical cost basis, except for investments and certain financial instruments, which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### 3. Going concern

The financial statements have been prepared on a going concern basis, following an assessment by the Board of the Company's cash flow, liquidity, and future prospects. The Directors consider this basis appropriate, supported by four key factors:

- Anticipated shareholder support for future equity fund raises;
- Demonstrated ability to generate cash through asset disposals;
- Potential access to additional debt funding; and
- Potential dividend income from Sure Ventures plc.

Despite this assessment, the Directors acknowledge that material uncertainty exists, as the Company's ability to continue as a going concern is dependent on the successful execution of one or more of the following: further fundraising, realisation of assets, or receipt of investment income. These factors are, to some extent, outside the Company's direct control. Failure to achieve them may result in the need to dispose of assets at reduced values or to accept unfavourable borrowing terms. There is no certainty that equity or debt funding will be available, or if available, that it will be on acceptable terms.

These circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the Directors remain confident that sufficient cash flow can be generated within an appropriate timeframe. Accordingly, they consider it appropriate to prepare the financial statements on a going concern basis.

The interim financial statements do not include the adjustments that would be required if the Company were unable to continue as a going concern.

#### **4. Investments**

The investment portfolio primarily comprises equity investments.

In accordance with IFRS 10, paragraph 4B, and the guidance set out in IFRS 9, these investments are measured at fair value through profit or loss (FVTPL).

Valuations of investments denominated in foreign currencies are subject to fluctuations in exchange rates, which can impact their reported fair value.

#### **5. Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated, drawing on historical experience and other relevant factors, including reasonable expectations of future events.

The Company makes forward-looking estimates and assumptions, acknowledging that actual outcomes may differ from these projections. The key areas of estimation uncertainty that could result in material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### **JUDGEMENTS**

###### **IFRS 10 designation as an investment entity**

A key judgement affecting the basis of preparation of the Company's financial statements is that its activities are those of an investment entity. This determination is made at each reporting date by reference to the criteria for classification as an investment entity under IFRS 10. The Company was assessed to meet the definition of an investment entity based on the following factors:

- It raises capital from one or more investors for the purpose of providing investment management services;
- Its sole business purpose is to invest funds solely for capital appreciation and investment income; and
- It measures and evaluates the performance of the majority of its investments on a fair value basis.

Furthermore, the Company concluded that its investment-related activities do not represent a separate substantial business activity, nor do they generate a significant independent source of income for the investment entity.

##### **ESTIMATES**

###### **Fair value of financial instruments**

The Company holds unquoted investments valued at £10.5 million, designated as held for trading upon initial recognition. The fair value of unquoted financial instruments is primarily determined using the most recent transaction price within the past six months. Where no recent funding rounds have occurred, valuations are derived using alternative methodologies, including discounted cash flow (DCF) analysis, supported by the most recent offer prices for investments where available. The fair value of the investment in SVV2 is based on valuations provided by the fund manager.

Due to the early-stage nature of these investments, alternative valuation methods such as DCF analysis may not always be supported by observable market inputs and, in many cases, may not be immediately realisable.

The Company also holds other financial assets measured at fair value through profit or loss (FVTPL), including convertible loan notes. The valuation of these instruments incorporates an assessment of the probability of different redemption or conversion outcomes, which are factored into the fair value calculation.

#### **6. Loss per share**

Loss per share is calculated by reference to the weighted average number of ordinary shares in issue as follows:

	6 months to 30 June 2025	6 months to 30 June 2024	12 months to 31 December 2024
	£000	£000	£000
<b>Loss for the purposes of basic and diluted loss per share</b>	(959)	(2,663)	(3,772)
<b>Weighted average number of ordinary shares (see note below):</b>	Number	Number	Number
For calculation of basic and diluted loss per share	548,127,630	414,309,389	437,148,474
<b>Loss per share</b>			
Basic and diluted loss per share	(0.18)p	(0.64)p	(0.86)p

At 30 June 2025, 31 December 2024 and 30 June 2024 the diluted loss per share is the same as the basic loss per share as the share options were underwater which would have an anti-dilutive effect on the reported loss per share.

## 7. Investments

	30 June 2025	30 June 2024	31 December 2024
	£000	£000	£000
Fair value of investments brought forward	10,740	12,779	12,779
Interest accrued on convertible loan notes	14	12	28
Additions	335	303	657
Disposals	-	(4)	(264)
	11,089	13,090	13,200
Fair value adjustment to investments	(434)	(1,988)	(2,460)
Fair value of investments carried forward	10,655	11,102	10,740

The convertible loan facility issued to Talking Medicines is a financial asset with multiple embedded derivatives and the entire contract has been designated at FVTPL, with any movement in fair value taken to profit or loss for the year. As at 30 June 2025, the principal of the convertible loan outstanding was £287,500 (30 June 2024: £287,500).

## 8. Issued share capital

	30 June 2025	30 June 2024	31 December 2024
	Number	Number	Number
Issued and fully paid:			
Ordinary shares of £0.0002	578,237,820	432,700,318	524,993,062
Deferred shares of £29.999	42,247	42,247	42,247
Deferred shares of £0.00099	34,545,072	34,545,072	34,545,072
	£000	£000	£000
Issued and fully paid:			
Ordinary shares of £0.0002	116	88	105
Deferred shares of £29.999	1,267	1,267	1,267
Deferred shares of £0.00099	34	34	34
	<u>1,417</u>	<u>1,389</u>	<u>1,406</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

The deferred shares have no voting or dividend rights. The deferred shares are not quoted on the AIM market of the London Stock Exchange.

On 26 February 2025, 19,230,769 new ordinary shares were issued at 1.15p per share for cash as a result of a

placing raising approximately £0.2 million before any share issue expenses.

On 8 May 2025, 34,013,989 new ordinary shares were issued at 1p per share for cash as a result of an underwritten Open Offer raising approximately £0.3 million before any share issue expenses.

## 9. Short Term Loan

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	31 Dec 2024 (Audited)
	£000	£000	£000
Short term loan	170	202	161

As at 30 June 2025, the outstanding principal on the loan was £0.16 million (31 December 2024: £0.16 million). In September 2024, the security requirement on the short-term loan facility was removed, and the repayment period was extended by 12 months.

The loan is classified as a financial liability measured at amortised cost and carries a rate of interest of 12%. Following the amendment to the agreement, the loan (including both principal and accrued interest) is due for full repayment in September 2025.

The amendment to the loan agreement does not qualify as a substantial modification in accordance with IFRS 9.

## 10. Cash flow from operations

	6 months to 30 June 2025 (Unaudited)	6 months to 30 June 2024 (Unaudited)	12 months to 31 Dec 2024 (Audited)
	£000	£000	£000
Loss for the period	(959)	(2,663)	(3,772)
Adjustments for items not included in cash flow:			
Movement in fair value of investments	434	1,988	2,460
(Profit) on disposal	-	-	13
Share-based payment charge	9	-	3
Amortisation of loan implementation fee	-	17	33
Movement in fair value of derivative financial instrument	-	83	83
Finance expenses	9	20	44
Finance income	(20)	(13)	(30)
Operating cash flows before movements in working capital	(527)	(568)	(1,166)
Adjustments for changes in working capital:			
- (Increase)/decrease in trade and other receivables (excluding loans to investee companies)	(22)	2	(14)
- Increase in trade and other payables	49	59	111
Cash used in operations	(500)	(507)	(1,069)

## 11. Events after the reporting period

On 31 July 2025, 64,248,646 new ordinary shares were issued at 1p per share for cash as a result of an underwritten Open Offer raising £642,486 before any share issue expenses.

On 24 July 2025, it was announced that the Company had received a bridging loan for approximately £45,000 with an effective annual interest rate of 12%. The loan was fully repaid on 1 August 2025.

## 12. Availability of interim results

Copies of this report will be available from the Company's website [www.ternplc.com](http://www.ternplc.com).

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