

23 June 2026

Tern Plc

("Tern" or the "Company")

Audited Results for the year ended 31 December 2025

Notice of GM

Tern Plc (AIM:TERN), the company focused on value creation from Internet of Things ("IoT") technology businesses, announces its audited results for the year ended 31 December 2025.

Availability of Annual Report and Notice of GM

The annual report for the year ended 31 December 2025 will shortly be available from the Company's website <https://ternplc.com/aim-rule-26/> and will be posted to shareholders today.

A General Meeting ("GM") of the Company will be held at 9.30am on Thursday 9 July 2026 at the offices of Allenby Capital, 5 St Helen's Place, London, EC3A 6AB. The notice of GM will shortly be available from the Company's website <https://ternplc.com/aim-rule-26/> and will be posted to shareholders today, together with the form of proxy.

As outlined in the notice of Annual General Meeting dated 6 June 2026, the Company intended to convene a General Meeting following publication of the Annual Report and Accounts. The Board has now convened this General Meeting which will take place on 9 July 2026.

The following ordinary resolutions will be proposed at the GM:

1. Resolution 1, is to receive and adopt the Company's Annual Accounts for the financial year ended 31 December 2025, together with the Directors' Report and Auditors' Report on those accounts.
2. Resolution 2, is to re-appoint Gravita Audit II Limited as auditors to the Company at a remuneration to be determined by the directors.
3. Resolution 3, which will be proposed as an advisory only resolution, is to approve the Company's Directors' Remuneration Report for the financial year ended 31 December 2025, as set out in the Annual Report and Accounts.

Chair's Statement

The past year has been characterised by focus, discipline and progress against our core objective: converting the value built across our portfolio into tangible returns for shareholders.

Against a continued challenging environment for venture capital, particularly for listed vehicles, we have taken decisive steps to align our strategy with both market conditions and shareholder priorities. Rather than relying on ongoing capital raises to fund new investments, we are focused on our existing portfolio, where we believe opportunities for value realisation are developing.

Our portfolio is maturing and we believe it is approaching key inflection points. Each of our core investments continue to progress towards potential strategic outcomes. FundamentalXR and Device Authority are advancing towards liquidity pathways, while Talking Medicines is gaining traction as a differentiated artificial intelligence ("AI") led business. We have seen increasing external interest in Talking Medicines reflecting its commercial progress and positioning within AI-driven healthcare data, analytics and decision intelligence.

analytics, and decision intelligence.

AI is a dominant theme across the global technology landscape. Importantly, our portfolio companies are not addressing AI as a concept alone, but applying AI, machine learning ("ML") and natural language processing ("NLP") within their products and services, with the aim of enhancing product capability, supporting customer adoption and maintaining competitive positioning. This emphasis on applied use cases is intended to drive our portfolio companies' relevance to customers, investors and potential acquirers.

Our role as an active, hands-on investor remains central to this progress. We work closely with our portfolio companies, alongside co-investors and strategic partners, to support commercial execution, encouraging technology adoption, and help guide strategic direction. This approach is designed to support value creation and maintain our position wherever possible within key investment syndicates.

We have not completed exits during 2025 or to date in 2026. The Board believes this reflects timing rather than a lack of underlying progress, and that our portfolio companies are continuing to progress towards transaction windows.

Shareholders will note that the reported fair value of our investment portfolio reduced during the year. Importantly, we are only appraising the value of Tern's holdings and not the entire portfolio company.

During 2025, we enhanced our valuation approach to better reflect the value of Tern's actual holdings in each company, rather than relying primarily on broad company-level valuations. This more detailed method looks at what our specific holdings are realistically worth in different future scenarios.

In doing so, we have taken into account a range of factors that can affect how much value may ultimately flow to Tern, including:

- the type of shares or convertible loan notes that we hold and the rights attached to them,
- the presence of other investors with preferential rights,
- potential dilution from future funding rounds, options and warrants, and
- the impact of recent and prospective bridge financing.

Bridge financing is particularly important. These are typically shorter-term funding instruments used by portfolio companies to support growth between larger funding rounds or potentially ahead of a liquidity event. While they are often essential to sustaining momentum and unlocking longer-term value, they can also introduce additional valuation complexity. For example, they may carry preferential terms, conversion mechanics or discounts that can affect how future value is distributed among shareholders. As a result, while bridge funding can help a company reach a more valuable outcome, it can also reduce the proportion of that value attributable to existing shareholders, including Tern, depending on how those instruments convert.

The combined effect of applying this more realistic, shareholder-specific valuation framework has resulted in a reduction in the reported carrying value of the portfolio.

However, the Board remains confident that the portfolio continues to hold significant long-term value. Our focus is on supporting portfolio companies to reach key milestones and ultimately converting this underlying value into realised returns for shareholders through future liquidity events.

Maintaining appropriate capital has been an important priority. Capital raised during the year, and post period end has enabled us to support certain portfolio companies at critical stages. This is intended to help protect value for Tern and maintain these portfolio companies' competitive position. We are grateful for the continued support of our shareholders.

As we move towards value realisation, our capital allocation approach has evolved. We intend to balance returning capital to shareholders following a material portfolio exit with selective reinvestment, primarily within our existing portfolio companies where we have greater visibility.

Reducing the gap between Tern's share price and the underlying value of the portfolio remains a key priority for the Board. Progress in this area will depend on both delivery through exits and clear evidence

of value creation, and improved communication. During the year, we enhanced our shareholder engagement, including the introduction of a dedicated advisory role, to better understand investor perspectives.

Looking ahead, our priorities for the coming year are:

- Advancing portfolio companies towards liquidity events, including trade sales, or other realisation opportunities;
- Supporting the adoption of applied AI, ML and NLP across the portfolio
- Supporting commercial execution and growth, with a focus on revenue development and partnerships;
- Maintaining disciplined capital allocation, balancing reinvestment with returns of capital following a material exit;
- Seeking to maintain or strengthen our position where possible within key investor syndicates, and
- Enhancing shareholder communication to improve market understanding of portfolio progress and underlying value.

We believe the Company is entering an important phase as the portfolio continues to develop. While outcomes remain subject to market conditions, we consider that the progress made to date provides a basis for future value realisation.

The Board remains focused on delivery, and on seeking to generate returns for shareholders. On behalf of the Board, I would like to thank you for your continued support.

Jane McCracken

Non-Executive Interim Chair

Portfolio Companies and Holdings

As at 31 December 2025

Device Authority Limited ("DA" or "Device Authority")

Valuation £3.9m

Equity ownership 26.6% (before any dilution on exercise of share options and not including convertible loan notes held)

During the year, Device Authority continued to strengthen its position as a provider of identity solutions for the Internet of Things ("IoT"), with its KeyScaler® platform increasingly recognised as a scalable solution for securing devices and data across automotive, medical and industrial sectors.

The company has made good progress in executing its strategy to transition towards a software-led, recurring revenue model through its KeyScaler-as-a-Service ("KSaaS") offering. Platform adoption continues to scale, with growing levels of device authentication and transaction activity demonstrating increasing operational deployment by customers and validating the platform's ability to support large-scale IoT environments. Increasingly larger enterprise customers are looking for a dedicated software cloud service environment managed by Device Authority.

Commercially, DA has continued to build momentum through expansion within existing accounts, with customers moving from initial deployments into production and broader rollouts. This has driven strong growth in orders from existing customers, underpinning a high level of net revenue retention and reflecting the effectiveness of the company's "land and expand" strategy.

The business has also continued to secure new customer engagements and progress a growing pipeline of opportunities, although enterprise sales cycles remain complex and elongated given the technical nature of deployments. Strategic partnerships remain a key component of go-to-market execution, including ongoing collaboration with major ecosystem participants to deliver integrated identity security solutions to IoT and operational technology environments.

During the period, DA further evolved its product strategy to address the emerging "machine identity" and non-human identity ("NHI") security market. The enhancement of KeyScaler to include AI-driven risk

non-human identity (NHI) security market. The enhancement of KeyScaler to include AI-driven risk scoring, compliance monitoring and automated lifecycle management positions the platform to address increasing regulatory requirements and the growing importance of zero trust architectures across connected devices.

Overall, Tern considers that Device Authority continues to demonstrate progress in transitioning to a scalable Software as a Service (SaaS)-led business model, with increasing validation through repeat customer expansion, platform utilisation and alignment to key market trends in IoT security and machine identity management.

Post year end on 22 May 2026, Tern invested US 280,000 (approximately £209,000) in new unsecured convertible loan notes ("CLNs") issued by Device Authority. The CLNs carry an interest rate of 8 per cent. per annum, which is payable only on a redemption. On a fundraising of at least US 5 million (a "Qualifying Fundraise") undertaken by Device Authority the principal amount of the CLNs automatically converts into the most senior class of shares issued at a 25 per cent. discount to the fundraising price. On a fundraise of less than US 5 million (a "Non-qualifying Fundraise"), conversion may occur with the consent of the noteholder majority. If neither a change of control nor a Qualifying Fundraise has occurred by 23 July 2027, the CLNs mature and are redeemable at principal plus accrued interest. In the event of a change of control prior to maturity, the CLNs are redeemable at a three times multiple to their face value plus accrued interest.

FVRVS Limited ("FXR")

Valuation £1.6m

Equity ownership 10.3% (before any dilution on exercise of warrants or share options)

During the year, FXR completed a strategic rebrand from FundamentalVR to Fundamental XR, reflecting its evolution into a broader extended reality ("XR") and AI-enabled platform for scalable medical training and commercial enablement.

The Company is transitioning from a project-led model to a platform-based approach, combining immersive simulation, haptics and data analytics with AI-enabled coaching and assessment. This shift is designed to reduce deployment friction, accelerate adoption and increase recurring revenues.

A key differentiator is FXR's AI-enabled coaching capability, which moves training from episodic sessions to continuous, data-driven learning. The platform provides real-time performance feedback, identifies skill gaps and enables measurable competency tracking at scale, supporting improved clinical outcomes and more effective product adoption for customers.

The benefits of this approach are reflected in strong levels of repeat business, with initial engagements expanding into broader, multi-programme deployments. This "land and expand" model continues to deepen customer relationships and increase lifetime value.

Overall, Tern considers that FXR enters its next phase with a clearer platform strategy, increasing customer validation through repeat engagement, and strong positioning to capitalise on the growing adoption of AI-enabled immersive training solutions.

Talking Medicines Limited ("TM" or "Talking Medicines")

Valuation £1.7m

Equity ownership 23.8% (before any dilution on exercise of share options and not including convertible loan notes held)

Building on strong momentum in 2024, Talking Medicines entered 2025 focused on scaling its specialist AI and predictive intelligence capabilities across the US and UK pharmaceutical markets. This is driven by increasing demand from pharmaceutical companies and healthcare communications agencies for more effective, evidence-led engagement with physicians.

The market opportunity is both significant and urgent. Pharmaceutical companies currently spend approximately US 24 billion¹ annually in the US on physician-focused marketing, yet much of this

approximately 50 per cent. Currently, in the US, on physician-relevant marketing, yet much of this remains inefficient due to a lack of real-time insight into whether messaging is influencing prescribing behaviour. TM's goal is to directly address this "messaging blind spot," providing actionable intelligence where billions of dollars of marketing spend are at risk.

The Board believes the next phase of AI adoption will be driven by domain-specific, regulation-ready solutions rather than general-purpose AI models alone. TM is well positioned within this shift. Its proprietary DrugVoice platform and Predictive HCP (Health Care Practitioner) Intelligence capabilities combine curated real-life data with predictive analytics to deliver differentiated insight based on the "voice of the physician."

Central to this offering is TM's Message Resonance Score™, which enables customers to predict, measure and optimise the impact of messaging on physician behaviour. The Board considers that this capability is increasingly positioning TM as a category leader in "predictive intelligence" for pharmaceutical marketing.

The company continues to strengthen its defensible position through its expanding intellectual property portfolio, including two patent families supporting its proprietary data and modelling capability, alongside ongoing innovation through TMLabs.

Commercially, TM is executing a focused "land and expand" strategy targeting independent, data-driven medical communications agencies in the US, a fast-growing segment that offers both near-term revenue opportunities and access to broader pharmaceutical markets.

With a clear product-market fit, growing commercial traction and exposure to structural growth in healthcare AI, the Board believes TM is well positioned to deliver continued progress and represents a high-potential asset within the portfolio.

On 12 December 2025 the Company was issued with approximately £230,000 of new CLNs by Talking Medicines in return for Tern having agreed to cancel existing short-term loans aggregating to approximately £180,000 provided by Tern to Talking Medicines during 2024 and 2025. In addition, post year end on 26 May 2026 the Company was issued with further CLNs with a principal value of approximately £270,000 in return for Tern having agreed to cancel existing amounts owed to Tern by Talking Medicines aggregating to approximately £87,000 and Tern investing a further approximately £48,000 of new funds.

The CLNs carry an interest rate of 10 per cent. per annum and the CLN's principal amount and accrued interest are convertible on either an exit or a fundraising of at least £2 million undertaken by Talking Medicines, in both cases at a 20 per cent discount to the exit or fundraising price. If neither an exit nor a relevant fundraising has taken place, the CLNs will mature on 21 November 2029.

As at 31 December 2025 Tern had a CLN holding of approximately £0.52 million in Talking Medicines. The holding increased to approximately £0.79 million on 26 May 2026.

¹Research and Markets: Healthcare Advertising Market Report 2026.

Other

Aggregate valuation approximately £0.2m

As at 31 December 2025 the Company held 213,415 shares in Sure Ventures plc, which is a venture capital fund which invests in early-stage software companies in the rapidly growing technology areas of artificial intelligence, augmented reality, virtual reality and the IoT. The Sure Ventures plc shares are listed on the Specialist Fund Segment of the London Stock Exchange and had a value of approximately £149,000 at the closing price on 31 December 2025.

The Company has a small holding in DiffusionData Limited which provides real-time data streaming technology that enables organisations to deliver instant updates across applications and digital channels, supporting dynamic, data driven user experiences. Despite efforts during 2025, the company was unable to secure sufficient additional funding to support its path to profitability. Accordingly, in early 2026, its

shareholders approved the sale of the business to TSS, a Dutch IT group, for total consideration of approximately £1.3 million. Given Tern's minority holding, proceeds attributable to Tern are immaterial.

Financial Review

2025 was a year of significant strategic activity across the portfolio as our investee companies continued to operate within rapidly evolving Internet of Things ("IoT"), cybersecurity and artificial intelligence ("AI") markets. While the wider technology funding environment remained challenging and valuation multiples across private growth companies continued to experience pressure, our portfolio companies continued to develop their technologies, strengthen commercial relationships and pursue opportunities for long-term value creation.

The Board remained focused on supporting portfolio companies, where appropriate, whilst maintaining financial discipline at the Company level. During the year, the Company continued its programme of cost reduction and organisational simplification, resulting in a further reduction in administration costs and a leaner operating structure.

Against this backdrop, the Company recorded a reduction in portfolio value during the year, principally driven by movements in the fair value of certain portfolio investments and the reassessment of the carrying value of the investment held in Sure Valley Ventures Enterprise Capital LP ("SV2").

Statement of Financial Position

Net assets at 31 December 2025 were £6.9 million (31 December 2024: £10.7 million), representing a decrease of £3.8 million during the year.

The reduction in net assets was principally attributable to the decrease in the fair value of investments held at fair value through profit or loss ("FVTPL"), together with the ongoing costs associated with maintaining the Company's admission to trading on AIM.

The Board continued its focus on cost management during the year, resulting in a further reduction in administration costs of 15.7% compared with 2024. This follows an approximately 30% reduction achieved between 2023 and 2024. Whilst opportunities for further efficiencies continue to be evaluated, a significant proportion of the Company's cost base relates to the regulatory, governance and professional requirements associated with maintaining an AIM quotation.

Investments held at FVTPL were valued at £7.3 million at 31 December 2025 (31 December 2024: £10.7 million). During the year, the Company recognised a net fair value reduction of £4.1 million in respect of its investment portfolio. This was partially offset by follow-on investments, accrued interest on certain investment instruments and the new investment in Sure Ventures plc, resulting in a reduction in the carrying value of the portfolio from £10.7 million to £7.3 million.

It is important to note that the fair value of Tern's investments does not represent the enterprise value of the underlying portfolio companies. The valuation methodologies applied under IFRS are designed to determine the value attributable to Tern's specific shareholding and take into account factors such as share class rights, dilution from outstanding options, warrants and convertible instruments, future financing assumptions and the rights of other stakeholders. Consequently, movements in the reported carrying values of investments should not be viewed as a direct indicator of the overall performance or potential value of the underlying portfolio companies.

Cash and cash equivalents at 31 December 2025 were £0.05 million (31 December 2024: £0.4 million), reflecting continued investment into portfolio companies and the funding of the Company's operating activities during the year.

Total liabilities remained broadly consistent with the prior year. Trade and other payables reduced modestly during the year and the Company agreed extensions to certain short-term funding arrangements to support its working capital requirements.

Income Statement and Statement of Comprehensive Income

The Company reported a total comprehensive loss for the year of £5.4 million (2024: loss of £0.8 million).

The Company reported a total comprehensive loss for the year of £5.1 million (2024: loss of £3.8 million).

The principal contributor to the loss was the £4.1 million reduction in the fair value of investments held at FVTPL, reflecting valuation movements across the portfolio and the reassessment of the carrying value of SVV2. As noted above, this fair value movement differs from the overall reduction in the carrying value of the portfolio due to additional investments and accrued interest recognised during the year.

The Company continues to adopt a supportive approach towards its portfolio companies and therefore maintains modest levels of fee income, preferring that portfolio company resources are directed towards growth and value creation. Fee income increased modestly during the year, principally due to services provided to Purple Transform Limited, a SVV2 portfolio company.

Administration expenses decreased to £1.0 million (2024: £1.2 million), reflecting the benefits of the Board and organisational restructuring undertaken during 2024 and 2025. Other operating expenses increased to £0.1 million (2024: £0.05 million).

Statement of Cash Flows

Net cash utilised in operating activities during the year was £1.6 million as the Company continued to fund its operations and selectively supported portfolio companies.

During the year, the Company invested approximately £0.7 million into its new and existing portfolio, comprising £0.5 million of cash investments and £0.2 million of non-cash investments arising from the conversion of receivables into investment instruments. Accordingly, the Statement of Cash Flows reflects cash investment outflows of £0.5 million.

During the year, £0.08 million of short-term borrowings was repaid (2024: £0.3 million).

The Board continues to actively monitor liquidity and capital allocation, balancing the need to support portfolio companies while maintaining appropriate working capital resources.

Key performance indicators

The Company's financial Key Performance Indicators ("KPIs") are focused on:

- Net asset value ("NAV");
- NAV per share;
- Portfolio value;
- Revenue growth across key portfolio companies; and
- Cash resources.

In addition to financial measures, the Board monitors a number of non-financial indicators, including key portfolio employee numbers and recurring revenue per employee within key portfolio companies. These metrics are considered to provide insight into operational efficiency, scalability and the long-term health of the portfolio.

Financial KPIs

Key Performance Indicators	2025	2024	Movement
Net Asset Value	£6.9m	£10.7m	(36%)
Net Asset Value per Ordinary Share	1.0p	2.0p	(50%)
Investment Portfolio Value	£7.3m	£10.7m	(32%)

Net Asset Value

Net assets at 31 December 2025 were £6.9 million (2024: £10.7 million). The decrease primarily reflects the reduction in the fair value of the Company's investment portfolio during the year. Net asset value per ordinary share decreased to 1.0 pence (2024: 2.0 pence).

While the Company's reported NAV declined during the year, the Board continues to believe that the portfolio contains a number of strategically valuable technology businesses operating in attractive end

markets. The Board's focus remains on supporting portfolio companies in achieving commercial milestones, securing appropriate funding where required and pursuing opportunities to realise value for shareholders over the medium term.

Portfolio Valuation

The Company's investment portfolio was valued at £7.3 million at 31 December 2025.

Investment	2025 £000	2024 £000	Movement £000
Device Authority	3,873	4,276	(403)
FXR	1,576	3,630	(2,054)
Talking Medicines	1,705	2,120	(415)
Sure Ventures	149	-	149
DiffusionData	15	23	(8)
Wyld Networks	1	3	(2)
SW2	-	688	(688)

Device Authority

The valuation decreased as a result of foreign exchange movements during the year together with updates to assumptions applied within the fair value assessment.

FXR

The valuation decreased as a result of changes in the assumptions applied within the fair value assessment.

Talking Medicines

The valuation decreased as a result of changes in fair value assumptions reflecting the company's funding environment and stage of development.

Sure Ventures

During the year, the Company invested £0.175 million in SV plc. The valuation is based on the quoted market price of the shares at the reporting date.

Diffusion Data

The investment continues to be valued using observable transaction data where available.

Wyld Networks

The valuation is based on the quoted market price of the shares at the reporting date.

SW2

During the year ended 31 December 2025, the Company was declared a defaulting investor in relation to its commitment to Sure Valley Ventures Enterprise Capital LP (SVV2) following non-payment of a capital call due in October 2025. A formal default notice was issued in December 2025 in accordance with the terms of the limited partnership agreement. Following this the carrying value of the Company's investment was reduced to nil.

The Board remains mindful of the broader market environment for private technology businesses and continues to apply a disciplined and consistent valuation methodology in accordance with IFRS requirements. Further details regarding fair value measurement and valuation methodologies are provided in the Chair's Statement and in Note 20.

As discussed above and in the Chair's Statement, the fair value of Tern's investments reflects the value attributable to Tern's specific shareholdings rather than the enterprise value of the underlying portfolio companies. Consequently, changes in reported carrying values may differ materially from changes in the underlying value or commercial progress of portfolio companies due to factors such as dilution assumptions, financing structures, share class rights and market valuation inputs.

Portfolio Operational KPIs for key portfolio companies

Portfolio Operational KPIs for key portfolio companies Key Performance Indicators

2025 Movement 2024 Movement

Annual Recurring Revenue Growth	(21%)	(1%)
Employee Growth	(33%)	(45%)
Growth in Annual Recurring Revenue per Employee	8%	69%

The Board monitors annual recurring revenue growth, employee numbers and annual recurring revenue per employee across its key portfolio companies as key indicators of commercial progress and operational efficiency.

During 2025, recurring revenue across the Company's principal portfolio companies decreased by 27%, reflecting the challenging funding and sales environment experienced by many early-stage technology businesses. Employee numbers reduced by 33% during the year as management teams continued to align their cost bases with available resources and market conditions.

Despite these reductions, recurring revenue per employee increased by 8%, which the Board considers demonstrates improved operational efficiency and a continued focus on productivity across the portfolio. The Board considers this metric to be an important indicator of the scalability and resilience of the underlying businesses.

Investing Policy

Tern's investment policy is to invest principally, but not exclusively, in the information technology sector within Europe. The Directors believe that the Company can invest in and acquire information technology businesses, improve them by a combination of new management and investment, and realise the value created which will be returned to shareholders. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. Once a target has been identified, additional funds may need to be raised by the Company to complete a transaction.

The Directors see IT as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this sector. The Company has invested in six investee companies, four of which comprise the principal portfolio companies and the Directors believe there are further opportunities to invest in and acquire established IT businesses which have good technology, marquee customers and could better exploit their assets with the injection of experienced management and new funds with the intention of creating value for shareholders.

Although the main focus of the investment policy has been on the exploitation of IT businesses, which the Directors intend to continue; this will not preclude the Company from considering an investment in suitable projects in other sectors where the Directors believe that there are high-growth opportunities.

The Directors believe the main driver of success for the Company is the expertise that can be provided by the Directors to the management involved in its investee companies and the value creation that the team of people is capable of realising. The Company is, and intends to continue to be, an active investor. Accordingly, it has sought and may seek in future investments, representation on the board of investee companies.

The new capital available to the Company will be used to support and assist its investee companies to grow, where appropriate, and used to locate, evaluate and select investment opportunities that offer satisfactory potential capital returns for shareholders. The Company may require further funds in order to invest further in its principal portfolio companies and take up these opportunities. It is the intention of the Directors to undertake further fundraising if such an opportunity should arise. The Company's investments may take the form of equity, debt, or convertible instruments. Investments may be made in all types of assets falling within the remit of the Investing Policy and there will be no investment restrictions.

The Directors may consider it appropriate to take an equity interest in any proposed investment which may range from a minority position to 100 percent ownership. Proposed investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

The Company has made investments and will seek further investment opportunities that can be developed through the investment of capital or where part of or all of the consideration could be satisfied by the issue of new Ordinary Shares or other securities in the Company. The investments the Company

by the issue of new Ordinary Shares or other securities in the Company. The investments the Company has made and any new opportunities have, or would generally have, some or all of the following characteristics, namely:

- a majority of their revenue derived from IT or the use of IT, and strongly positioned to benefit from market growth;
- a trading history which reflects past profitability or potential for significant capital growth going forward; and
- where all or part of the consideration could be satisfied by the issue of new Ordinary Shares or other securities in the Company.

The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist.

The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of any potential investment will be subject to rigorous due diligence, as appropriate. It is likely that the Company's financial resources will be invested in a small number of projects or investments.

The Company's investing policy was originally adopted in 2013. Tern's investing policy is also available on the Company's website

Enquiries

Tern Plc

Jane McCracken (Interim Non-Executive Chair)

via IFC Advisory

Allenby Capital Limited

(Nominated Adviser and Broker)

Alex Brearley / Ashur Joseph (Corporate Finance)

Kelly Gardiner (Sales and Corporate Broking)

Tel: 0203 328 5656

IFC Advisory

(Financial PR and IR)

Tim Metcalfe

Graham Herring

Florence Staton

Tel: 0203 934 6632

Income Statement and Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 £	2024 £
Fee income		54,000	17,402
Movement in fair value of investments	11	(4,084,278)	(2,459,981)
Loss from investees on disposal		-	(13,374)
Total investment loss		(4,030,278)	(2,455,953)
Administration costs		(1,008,232)	(1,197,146)
Other expenses	6	(93,166)	(65,932)
Movement in fair value of Derivative Financial Instruments	19	-	(83,270)
Operating loss	7	(5,131,676)	(3,802,301)
Finance income	8	42,528	30,281
Loss before tax		(5,089,148)	(3,772,020)
Tax	9	-	-
Loss and total comprehensive income for the period		(5,089,148)	(3,772,020)

Since there is no other comprehensive income, the loss for the year is the same as the total comprehensive income for the year.

LOSS PER SHARE

Basic loss per share	10	(0.85) pence	(0.86) pence
Diluted loss per share	10	(0.85) pence	(0.86) pence

The accompanying accounting policies and notes are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2025

	Notes	2025 £	2024 £
ASSETS			
NON-CURRENT ASSETS			
Investments	11	7,319,136	10,739,631
TOTAL NON-CURRENT ASSETS		7,319,136	10,739,631
CURRENT ASSETS			
Trade and other receivables	12	119,888	184,908
Cash and cash equivalents	13	49,385	382,213
TOTAL CURRENT ASSETS		169,273	567,121
TOTAL ASSETS		7,488,409	11,306,752
EQUITY AND LIABILITIES			
Share capital	14	1,436,110	1,406,566
Share premium	14	36,754,773	35,540,884
Accumulated losses		(31,309,888)	(26,238,315)
TOTAL EQUITY		6,880,995	10,709,135
CURRENT LIABILITIES			
Trade and other payables	16	425,487	436,503
Short Term Loans	18	181,927	161,114
Derivative Financial Instruments	19	-	-
TOTAL CURRENT LIABILITIES		607,414	597,617
TOTAL LIABILITIES		607,414	597,617
TOTAL EQUITY AND LIABILITIES		7,488,409	11,306,752

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2026 and were signed on its behalf by:

2020 and were signed on its behalf by:

Iain Ross

Non-Executive Director

Company number 05131386

Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital £	Share premium £	Accumulated losses £	Total equity £
Balance at 31 December 2023	1,379,503	33,390,997	(22,469,224)	12,301,276
Total comprehensive income	-	-	(3,772,020)	(3,772,020)
TRANSACTIONS WITH OWNERS				
Issue of share capital	27,063	2,260,587	-	2,287,650
Share issue costs	-	(110,700)	-	(110,700)
Share based payment expense (options)	-	-	2,929	2,929
Balance at 31 December 2024	1,406,566	35,540,884	(26,238,315)	10,709,135
Total comprehensive income	-	-	(5,089,148)	(5,089,148)
TRANSACTIONS WITH OWNERS				
Issue of share capital	29,544	1,325,372	-	1,354,916
Share issue costs	-	(111,483)	-	(111,483)
Share based payment expense (options)	-	-	17,575	17,575
Balance at 31 December 2025	1,436,110	36,754,773	(31,309,888)	6,880,995

Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 £	2024 £
OPERATING ACTIVITIES			
Net cash used in operations	23	(1,036,530)	(1,068,970)
Purchase of investments		(453,999)	(656,815)
Cash received from sale of investments		100	250,429
Loans to portfolio companies		(85,000)	(95,000)
Interest received		14	26
Net cash used in operating activities		(1,575,415)	(1,570,330)
FINANCING ACTIVITIES			
Proceeds on issues of shares		1,354,916	2,099,524
Share issue expenses		(111,483)	(110,700)
Loan receipt		77,390	-
Loan repayment		(78,237)	(333,846)
Net cash from financing activities		1,242,587	1,654,978
(Decrease) in cash and cash equivalents		(332,828)	(84,648)
Cash and cash equivalents at beginning of year		382,213	297,565
Cash and cash equivalents at end of year		49,385	382,213

Notes to the Financial Statements

For the year ended 31 December 2025

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out

below.

1.1 General Information

Tern plc is an investing company specialising in private Information Technology companies.

The Company is a public limited company, incorporated in England and Wales, with its shares traded on AIM, a market 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 Pound Sterling, rounded to the nearest pound which is the Company's presentational and functional currency.

1.2 Basis of preparation

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards ("IFRS").

The preparation of financial statements in conformity with these standards requires the use of certain critical accounting estimates and judgements (see note 3). It also requires management to exercise judgement in applying the Company's accounting policies. Estimates and underlying assumptions are based on historical experience and other factors considered to be reasonable under the circumstances. However, actual results may differ from these estimates.

The 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. The principal accounting policies set out below have been applied consistently to all periods presented, unless otherwise stated.

In accordance with IFRS 10 *Consolidated Financial Statements* (paragraph 4B), the Directors have determined that the Company meets the definition of an investment entity. As a result, the Company does not consolidate its subsidiaries and instead measures its investments at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. Consequently, IFRS 3 *Business Combinations* is not applied when the Company obtains control of another entity.

1.3 Going concern

The Company's financial statements have been prepared on a going concern basis. In assessing the appropriateness of this basis, the Directors have considered the Company's cash flow forecasts, liquidity position, and overall prospects for the period of at least 12 months from the date of approval of these financial statements.

The Directors' assessment is based on a number of key assumptions, including: the Company's ability to complete further equity fundraisings, the realisation of value from its investment portfolio through asset disposals, potential access to debt financing, and the receipt of income from investments, including dividends from Sure Ventures plc. The ability to undertake equity fundraisings is dependent, in part, on obtaining shareholder approval for the necessary share allotment authorities at the forthcoming Annual General Meeting.

The Directors acknowledge that the Company does not currently have sufficient committed funding to meet its forecast cash requirements for the assessment period without securing additional funding and/or generating proceeds from asset disposals. The timing and quantum of such funding and realisations are uncertain. In particular, there can be no assurance that shareholder approval of the resolutions relating to share allotment authorities will be obtained at the Annual General Meeting, that additional funding will be available when required, or that it will be available on acceptable terms. Similarly, there is uncertainty as to the timing and value of asset disposals and the receipt of income from investments.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Should the Company be unable to secure additional funding or realise assets in line with current expectations, it may be required to significantly curtail its

operations, delay or reduce investment activity, or realise assets at values below those currently anticipated.

Notwithstanding the above material uncertainty, the Directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis, having regard to the range of funding options available to the Company and the ongoing engagement with shareholders. However, there can be no certainty that these actions will be successful.

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

1.4 Review of future IFRS

International financial reporting standards ("standards") in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued in the year but are not yet effective and are expected to relate to the Company:

- IFRS 7 Financial Instruments: Disclosures: amendments regarding the classification and measurement of financial instruments (issued in May 2024 and effective for annual reporting periods beginning on or after 1 January 2026).
- IFRS 9 Financial Instruments: amendments regarding the classification and measurement of financial instruments (issued in May 2024 and effective for annual reporting periods beginning on or after 1 January 2026).
- IFRS Accounting Standards - Volume 11 (issued in July 2024 and effective for annual reporting periods on or after 1 January 2026).
- IFRS 18 Presentation and Disclosures in Financial Statements: original issue (issued in April 2024 and effective for annual reporting periods beginning on or after 1 January 2027). This is expected to impact the presentation of certain primary financial statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures: original issue (issued in May 2024 and effective for annual reporting periods beginning on or after 1 January 2027).

1.5 Adoption of new and revised standards

Amendments have been made to IFRS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability Financial. The amendment intended to provide guidance on determining exchange rates when a currency is not exchangeable into another currency and introduce additional disclosure requirements.

The Company has adopted all revised standards and there was no impact to the financial statements as a result.

1.6 Fee income

Fee income is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a portfolio company or recharging legal advice to a portfolio company. For each contract with a portfolio company there is only one performance obligation in the contract and the transaction price is readily identifiable. Fee income is recognised as each performance obligation is satisfied in a manner that depicts the transfer to the portfolio company of the goods or services promised.

There is no variable consideration within the transaction price.

Fee income from a contract to provide services is recognised over time as the services are rendered.

Fee income in the year reflects the provision of management and accounting services to investees or former investees.

1.7 Investments

The investments consist of equity investments and convertible loan notes. The convertible loan notes are financial assets with multiple embedded derivatives. These financial assets are measured in their entirety at (FVTPL) fair value through profit or loss.

Changes in foreign exchange rates impact investments valued in a foreign currency.

1.8 Trade receivables

Trade receivables are classified as a financial asset and are valued at amortised cost in accordance with

Trade receivables are classified as a financial asset and are valued at amortised cost in accordance with IFRS 9. A provision will be calculated based on the change in lifetime expected credit losses and recognised in the income statement.

1.9 Cash and cash equivalents

Cash and cash equivalents are presented in the statement of financial position and the statement of cashflows. Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

1.10 Trade payables

Trade payables are financial liabilities measured at amortised cost.

1.11 Equity instruments

Equity instruments are recorded at the proceeds received net of direct issue costs.

1.12 Share based payments

The Company issues equity-settled share-based payments in the form of share options to certain directors, employees and advisors. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to retained earnings, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes model as relevant for the terms and conditions of the options. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each Statement of Financial Position date, the Company revises its estimate of the number of options expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

1.13 Loans to portfolio companies

Convertible loans

Convertible loans provided to portfolio companies are measured at FVTPL.

Other loans

The loan facility issued to Talking Medicines is a financial asset designated at FVTPL. Assets measured at fair value at each reporting date, with any movement in fair value taken to profit and loss for the year.

2. Financial risk management

The Company uses a limited number of financial instruments; comprising cash, convertible loans, warrants as derivative instruments and various items such as trade receivables and payables, which arise directly from operations.

The Company does not trade in financial instruments.

2.1 Financial risk factors

The Company's financial instruments comprise its investment portfolio, loans to portfolio companies, cash balances, debtors and creditors that arise directly from its operations. The Company is exposed to market risk through the use of financial instruments and specifically to foreign exchange risk, liquidity risk, market price risk and credit risk, which result from the Company's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Trade and other payables are generally settled within one year. The short-term loan facility and the management loan facility were both due for repayment within twelve months of the reporting date.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years
At 31 December 2025	£	£	£	£	£

At 31 December 2025		£	£	£	years
					£
Trade and other payables	425,487	425,487	425,487	-	-
Short term loan facility	150,738	158,926	158,926	-	-
Management loan	31,190	31,190	31,190	-	-
Total	607,415	615,603	615,603	-	-

The Company primarily invests in private companies and therefore holds investments that are typically illiquid in the short to medium term. Notwithstanding this, the Company is required to maintain sufficient liquidity to meet its ongoing working capital requirements, including those associated with maintaining its public listing.

To support financial flexibility, the Company seeks to maintain an appropriate level of cash reserves. These reserves are intended to enable the Company to support portfolio companies where appropriate and to participate in follow-on funding rounds. The financial performance and funding requirements of portfolio companies are monitored on an ongoing basis to assess the need for additional investment in line with the Company's strategy.

The Company expects to generate liquidity through a combination of sources, including the realisation of investments, the issuance of equity (subject to shareholder approval), and access to external financing.

As part of their risk management processes, the Directors continuously assess the Company's liquidity position and funding requirements. There can be no certainty that additional funding will be available on acceptable terms, or at all. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Notwithstanding this uncertainty, the Directors have a reasonable expectation that the Company will be able to secure sufficient funding to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the Company were unable to continue as a going concern.

The Company's income and operating cash flows are not materially exposed to changes in market interest rates.

Market price risk

The Company is exposed to market price risk in respect of its quoted equity investments, with fluctuations in market prices impacting the valuation of these holdings. This exposure is monitored on a regular basis by the Directors.

As at 31 December 2025, a 3% increase or decrease in market prices, with all other variables held constant, would not have a material impact on the Company's net loss (2024: not significant). This sensitivity reflects the Company's limited exposure to quoted investments at the reporting date.

The Company's unquoted investments are inherently illiquid and are not subject to observable market price movements.

Foreign exchange risk

The Company is exposed to foreign exchange risk through certain monetary assets and liabilities denominated in currencies other than Sterling, its functional currency. These exposures principally comprise cash balances held in foreign currencies and the short-term management loan facility which was denominated in US dollars at the reporting date.

The Company also holds investments in businesses, including Device Authority and Wyld Networks that operate in foreign currencies. The Company's investment valuations are translated into Sterling and recorded at fair value at the reporting date. Future changes in exchange rates may therefore affect the Sterling value of these investments.

The tables below analyse the Company's foreign currency monetary and investment exposure:

Foreign currency monetary exposure

At 31 December 2025	USD £	SEK £	Total £
Cash and cash equivalents	31,162	4,014	35,176
Loan from Albert E. Sisto	(31,190)	-	(31,190)

Net monetary exposure	(28)	4,014	3,986
Foreign currency investment exposure			Carrying value
Investment	Currency of underlying business		£
Device Authority	USD		3,872,663
Wyld Networks	SEK		711
Total			3,873,374

The Company does not currently hedge its exposure to foreign currency risk and is therefore exposed to movements in exchange rates that may impact the reported value of its investments.

As at 31 December 2025, a 5% strengthening in foreign exchange rates against sterling, with all other variables held constant, would increase the Company's net assets and reduce the loss for the year by approximately

£0.2 million (2024: £0.2 million). This sensitivity reflects the Company's exposure to foreign currency movements on its investments in Device Authority and Wyld Networks.

Credit risk

The Company's primary exposure to credit risk arises from loans to portfolio companies and trade receivables. It is also exposed to counterparty risk through financial assets, including cash balances and, where applicable, other financial instruments.

Credit risk is managed through ongoing monitoring of exposures and assessment of the creditworthiness of counterparties. In respect of portfolio company lending, the Company typically seeks to mitigate risk by obtaining security over underlying assets where appropriate. While the risk of counterparty default is considered, no significant non-performance is currently anticipated.

The Company derives a modest level of fee income from one portfolio investment. This income is not considered material and is not expected to fluctuate significantly.

Credit risk associated with loan balances is considered low, as such balances are generally expected to be realised through conversion into equity or upon the realisation of the underlying investments. Exposure to credit risk on trade receivables is also limited due to the low balances outstanding at the reporting date.

The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets, comprising cash at bank, trade receivables and loan investments.

2.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to generate sustainable returns for shareholders, and to maintain an efficient capital structure that minimises the cost of capital while supporting the Company's investment strategy.

Capital is monitored on the basis of total equity and debt as presented in the Statement of Financial Position. In managing its capital structure, the Company may adjust dividend policies, return capital to shareholders, issue new equity, or realise assets to manage or reduce indebtedness, as appropriate.

2.3 Fair value estimation

Refer to note 20 for the fair value measurement accounting policy.

3. Critical accounting estimates and judgements

The preparation of the financial statements requires the use of estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other relevant factors, including reasonable expectations of future events.

The Company makes forward-looking estimates and assumptions and recognises that actual outcomes may differ. The key sources of estimation uncertainty that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year are set out below.

Estimates

Fair value of financial instruments

As disclosed in Note 20, the Company holds unquoted investments with a carrying value of £7.2 million, classified as financial assets at fair value through profit or loss ("FVTPL").

The fair value of Level 2 financial instruments is determined by reference to observable inputs, including recent transaction prices where available. Level 3 financial instruments are valued using appropriate valuation techniques, including discounted cash flow models, market-based approaches and probability-weighted scenario analysis.

Given the early-stage nature of many of the Company's investments, valuation techniques may involve significant unobservable inputs and assumptions. In certain cases, there may be limited or no directly comparable market data, and valuations may not be readily realisable in the short term.

The Company also holds convertible loan notes classified as FVTPL. The valuation of these instruments incorporates an assessment of the probability and timing of potential conversion and redemption scenarios, which are reflected within the overall fair value measurement.

Where the Company holds both convertible loan notes and equity holdings in an investee, these are assessed and valued on a combined basis as the Company expects to realise both forms of investment on the same basis and are considered to form part of the Company's long term interest in the investee. Where the Company make a short term working capital loan to an investee, this is separately presented and disclosed as a receivable assets and not assessed as part of the Company's investment in that investee.

Judgements

IFRS 10 designation as an investment entity

A key judgement is that the Company meets the definition of an investment entity under IFRS 10 and, accordingly, does not consolidate its investees but instead measures them at fair value through profit or loss.

In reaching this conclusion, the Directors considered the criteria set out in IFRS 10 and determined that the Company:

- raises funds from one or more investors for the purpose of providing investment management services;
- has a business purpose of investing funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have also concluded that the Company's investment-related activities do not represent a separate substantial business activity or a significant independent source of income, consistent with the characteristics of an investment entity.

4. Segmental reporting

Operating segments are identified based on internal reports that are regularly reviewed by the chief operating decision maker, being the Board of Directors.

The Directors have determined that the Company operates as a single segment, being investment activities. This reflects the way in which financial information is reported and assessed for decision-making purposes.

Accordingly, no separate segmental analysis is presented, and the information disclosed in the Income Statement and Statement of Financial Position is considered to represent the Company's segmental results and financial position.

5. Staff costs

Staff costs for the company during the year, including directors

	2025 £	2024 £
Wages and salaries	391,528	429,017
Social security costs	35,368	48,345
Pension costs	32,116	34,163
Share based payment charge (options)	17,575	2,929
Total staff costs	476,587	514,454

The average number of people (including non-executive directors) employed by the company during the year was:

	2025 No	2024 No
Directors	3	3
Employees	3	3
Total	6	6

Directors' remuneration

Other than directors the Company had three employees as at 31 December 2025. Total remuneration paid to directors during the year was as follows:

	2025 £	2024 £
Directors' remuneration		
- Salaries	70,975	86,877
- Share based payment charge	17,575	2,929
Total directors' remuneration	88,550	89,806
Total remuneration of the highest paid director was	27,500	32,000

A summary of remuneration paid to each director, including pension payments, is included in the Report on Directors' Remuneration.

Key management personnel remuneration

Other than directors the Company recognised one employee as key management personnel as at 31 December 2025. Total remuneration paid to key personnel during the year was as follows:

	2025 £	2024 £
Key management personnel remuneration		
- Salaries and benefits	202,742	235,261
- Pension costs	12,306	13,425
- Share based payment charge	17,575	2,929
Total key management personnel remuneration	232,623	251,615

6. Other expenses

	2025 £	2024 £
Share based payment (options)	17,575	2,929
One-off legal and professional costs	47,678	14,118
Non-recurring ¹	27,913	48,885
	93,166	65,932

¹ 2025 relating to interest fees associated with defaulting investor event in relation to SV2 (see note 17) and implementation fees of the amended £500,000 loan facility, 2024 relating to the fees associated with the implementation and the amendment to the £500,000 loan facility (see note 18 for details).

7. Operating loss

	2025 £	2024 £
Fees payable to the company's auditor for services provided to the company		
- Audit services	48,650	63,000
- Tax compliance services (paid to former auditor)	6,425	7,000
- Advisory services (paid to former auditor)	6,776	1,760
- Audit related services	-	4,000

During the year, additional fees of £22,000 were payable to the Company's former auditor in respect of the audit of the 2024 financial statements.

8. Finance income

	2025 £	2024 £
Bank interest received	14	26
Interest income on loan notes	12,630	2,288
Interest accrued on convertible loan notes	29,884	27,952
	42,528	30,281

9. Taxation

	2025 £	2024 £
Loss before tax	(5,089,148)	(3,772,020)

	(966,938)	(716,684)
Tax at domestic income tax rate of 19% (2024: 19%)	3,739	1,241
Expenses not deductible for tax purposes	776,013	467,396
Fair value movement not taxable	187,186	248,047
Unutilised tax losses		
Tax	-	-

The Company has unutilised losses of approximately £17.2m (2024: £14.5m) resulting in a deferred tax asset not recognised of approximately £4.3m (2024: £3.6m). The losses do not have an expiry date. The Company has not recognised a deferred tax asset in respect of these losses as there is insufficient evidence of future taxable profits. The Company has not recognised a deferred tax liability in respect of fair value gains on investments as most asset sales are expected to be exempt from taxation due to the substantial shareholding exemption (SSE).

The tax reconciliation has been prepared using a rate of 19% (2024: 19%). Whilst the main rate of UK corporation tax was 25% during the year, the Company has significant unrecognised tax losses and no current tax liability. Accordingly, the tax reconciliation is presented on a consistent basis with prior periods and has no impact on the tax charge recognised in the financial statements.

10. Loss per share

	2025 £	2024 £
Loss for the purposes of basic and fully diluted Loss per share	(5,089,148)	(3,772,020)
	2025 Number	2024 Number
Weighted average number of ordinary shares		
For calculation of basic earnings per share	596,531,980	437,148,474
For calculation of fully diluted earnings per share	596,531,980	437,148,474
	2025	2024
Loss per share:		
Basic loss per share	(0.85) pence	(0.86) pence
Diluted loss per share	(0.85) pence	(0.86) pence

In 2025, and 2024, the fully 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 loss per share

11. Non current assets

Investments

	2025 £	2024 £
Fair value of investments brought forward	10,739,631	12,778,617
Interest accrued on convertible loan note	29,884	27,952
Additions	633,999	656,846
Disposals	(100)	(263,803)
Fair value of investments before fair value adjustment	11,403,414	13,199,612
Fair value adjustment to investments	(4,084,278)	(2,459,981)
Fair value of investments carried forward	7,319,136	10,739,631

The difference between additions disclosed above and cash additions in the statement of cash flows relates to £180,000 of short-term loans converted into convertible loan notes during the year. This represented a non-cash transaction and therefore did not result in a cash outflow.

The table below presents a breakdown of the cost, fair value, and percentage ownership for each company within the portfolio. For additional information on the fair value measurement of these investments, refer to Note 20.

	Cost £000	Valuation £000	Equity ownership %
Device Authority Limited	9,305	3,873	25.32
Talking Medicines Limited	1,727	1,705	23.8
FVRVS Limited (FundamentalVR)	2,928	1,576	10.3
Sure Valley Ventures Enterprise Capital Fund	1,275	-	-
Sure Ventures PLC	175	149	2.9
Diffusiondata Limited	120	15	<1
Wyld Networks AB	2,332	1	<1
Tern PLC, Inc.	-	-	100
	17,862	7,319	

The convertible loan facility issued to Talking Medicines is a financial asset with multiple 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 31 December 2025, the principal of the convertible loan outstanding was £467,500 (2024: 287,500).

Tern PLC, Inc. was incorporated in the United States in 2017 and is a wholly owned subsidiary of the Company. The Directors consider that the entity does not undertake investment activities and

the Company. The directors consider that the entity does not undertake investment activities and has no material net assets. Consequently, no value has been assigned to Tern PLC, Inc. within the investment portfolio valuation disclosed above.

12. Trade and other receivables

	2025 £	2024 £
Trade receivables	54,600	24,600
Prepayments	45,739	46,853
Loans to portfolio companies	-	95,000
Interest receivable on loan notes	14,918	2,288
Other receivables	4,631	16,167
Total	119,888	184,908

The directors consider that the carrying amount of trade and other receivables approximates to its fair value.

There is no provision for expected credit losses. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables which all relate to receivables from our investments.

13. Cash and cash equivalents

	2025 £	2024 £
Cash at bank	49,385	382,213

The directors consider that the carrying amount of cash at bank is a reasonable approximation to its fair value.

14. Issued share capital

	Number of shares no.	Nominal value £	Share premium £
Issued and fully paid At 31 December 2024			
Ordinary shares of £0.0002	524,993,062	104,998	
Deferred shares of £29.999	42,247	1,267,368	
Deferred shares of £0.00099	34,545,072	34,200	
	559,580,381	1,406,566	35,540,884
Ordinary shares issued	147,720,643	29,544	1,325,372
Share issue expenses	-	-	(111,483)
	707,301,024	1,436,110	36,754,773
At 31 December 2025			
Ordinary shares of £0.0002	672,713,705	134,542	
Deferred shares of £29.999	42,247	1,267,368	
Deferred shares of £0.00099	34,545,072	34,200	
	707,301,024	1,436,110	36,754,773

Ordinary shares

The 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 table below lists the ordinary shares issued in the year:

Date of issue	Shares issued No.	Price paid per share pence	Purpose of share issuance
26 February 2025	19,230,769	1.15	Placing
8 May 2025	34,013,989	1.00	Allotment of open offer
31 July 2025	64,248,646	1.00	Allotment of open offer
16 October 2025	30,227,239	0.50	Allotment of open offer
	147,720,643		

Deferred shares of £29.999

The shares have no voting or dividend rights. There are no capital distribution (including on winding up) rights, other than to receive the nominal amount paid on the shares, after the ordinary shareholders have received the sum of £100 per share.

Deferred shares of £0.00099

The shares have no voting or dividend rights. There are no capital distribution (including on winding

up) rights, other than to receive the nominal amount paid on the shares. The Company has the right to purchase all the shares for £1.

15. Reserves

Details of the movements in reserves are set out in the Statement of Changes in Equity. A description of each reserve is set out below.

Share capital

The amount subscribed for shares at nominal value.

Share premium

This represents the excess of the amount subscribed for share capital over the nominal value of the respective shares net of share issue expenses.

Accumulated losses

Cumulative loss of the Company.

16. Trade and other payables

	2025 £	2024 £
Trade payables	181,074	182,462
Accruals and deferred income	139,872	81,627
Other taxes and social security	102,231	167,950
Other payables	2,310	4,464
Total	425,487	436,503

The directors consider that the carrying amount of trade payables approximates to its fair value.

17. Contingent Liability and Commitments

Contingent Liability

During the year ended 31 December 2025, the Company was declared a defaulting investor in relation to its commitment to Sure Valley Ventures Enterprise Capital LP (SVV2) following non-payment of a capital call due in October 2025. A formal default notice was issued in December 2025 in accordance with the terms of the limited partnership agreement.

Under the terms of the agreement, the Company may be liable for certain costs, interest and other amounts arising as a consequence of the default, including indemnification of the partnership, the general partner and/or the manager for losses, expenses and fees incurred.

Claims have been asserted against the Company in respect of such amounts, including legal and enforcement costs and other charges. The Company disputes certain elements of these claims, including the scope and quantum of amounts recoverable under the agreement.

At the reporting date, the existence and extent of a portion of these obligations remain uncertain and are subject to ongoing discussions and potential legal resolution. Accordingly, no provision has been recognised in respect of these disputed amounts.

Based on information currently available, the Directors estimate that the possible financial effect of these contingent liabilities could be up to approximately £200,000, although the ultimate outcome may differ from this estimate. This amount includes potential legal costs, interest and other claims that may arise under the partnership agreement.

The Directors consider that, while an outflow of economic benefits is possible, it is not currently probable for the disputed elements or capable of being measured with sufficient reliability to recognise a provision. The Company continues to assess these matters and will recognise a provision in future periods if and when the recognition criteria under IAS 37 are met.

At the date of approval of these financial statements, the Company is in advanced discussions regarding a potential settlement of this matter. The Directors currently expect that any settlement amount would be significantly lower than the maximum exposure referred to above, although the matter has not yet been concluded and the final outcome cannot be determined with certainty.

Commitments

On 9 October 2025, the Company announced revised remuneration arrangements for certain members of senior management and directors. As part of these arrangements, eligible individuals may become entitled to in 12.5% of net proceeds realised by the Company from future portfolio investment exits, subject to the terms and conditions of the relevant agreements.

Any amounts payable under these arrangements are contingent upon the successful realisation of investments and the generation of proceeds above specified thresholds. As at 31 December 2025, no qualifying realisation events had occurred and accordingly no liability has been recognised in these financial statements.

The potential amount payable, if any, will depend on the timing, value and structure of future investment realisations and therefore cannot be estimated reliably at the reporting date.

Additionally, the Board has committed that shareholders will receive a distribution or capital return of at least 50% of the net proceeds received by the Company from the exit of any individual investment over £1 million subject to the Company having sufficient distributable reserves and no legal or regulatory impediment to undertaking such an action.

Lease commitments

The Company holds a lease of a motor vehicle which is provided as part of remuneration arrangements for an employee. As at 31 December 2025 the total future minimum lease payments were £35,194 to be paid in equal monthly instalments over three years.

18. Short Term Loans

	2025 £	2024 £
Short Term Loan	150,738	161,114
Management Loan	31,190	-
Total	181,928	161,114

During the year, the Company utilised a short-term unsecured loan facility originally entered into on 12 June 2023. In September 2025, the repayment date of the facility was extended from 15 September 2025 to 5 March 2026. Approximately £150,000 remained outstanding under the facility at that date, together with accrued interest at 1.0% per calendar month.

Subsequently, as announced on 5 March 2026, the repayment date of the facility was further extended to 11 September 2026. Following a partial repayment and payment of a loan extension fee, £120,000 plus accrued interest remained outstanding under the facility.

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

During the period, the Company entered into a short-term unsecured cash facility with a company controlled by Albert Sisto in order to support the Company's short-term working capital requirements. The facility was provided on an interest-free basis. The loan was denominated in USD.

The balance outstanding under the management loan facility at 31 December 2025 was £31,190.

The loan was subsequently repaid on 2 March 2026 by way of non-cash consideration through the application of Albert Sisto's personal entitlement under the Company's April 2026 Open Offer. Accordingly, no cash repayment was made by the Company and the facility was extinguished in full following completion of the Open Offer.

19. Derivative Financial Instruments

	2025 £	2024 £
Fair value brought forward	-	104,855
Fair value movement of derivative financial instruments	-	83,270
Exercise of derivative financial instruments	-	(188,125)
Fair value carried forward	-	-

Warrants

There were no warrants outstanding at 31 December 2025 (2024: none)

20. Fair value measurement

Financial assets and financial liabilities

The Company classifies its financial instruments in accordance with IFRS 9 based on the business model for managing the assets and the contractual cash flow characteristics of the instrument. Financial assets are initially recognised at fair value and subsequently measured either at amortised cost or at fair value through profit or loss ("FVTPL"). Financial liabilities are measured at amortised cost unless required to be measured at FVTPL.

The Company's investment portfolio is designated at fair value through profit or loss, as the investments are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy. Investments are recognised on the trade date and transaction costs are expensed as incurred. Subsequent to initial recognition, investments are remeasured to fair value at each reporting date, with gains and losses arising from changes in fair value recognised in the Statement of Comprehensive Income.

Where investments are quoted in an active market, fair value is determined by reference to quoted bid prices at the reporting date. In the absence of an active market, fair value is determined using appropriate valuation techniques, including recent arm's length transactions, market comparables, discounted cash flow models and probability-weighted scenario analyses, taking into account the specific circumstances of each investment.

Trade and other receivables are classified at amortised cost where they are held to collect contractual cash flows and those cash flows represent solely payments of principal and interest. Such assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured using the effective interest method, less any expected credit loss allowance.

Financial liabilities, including trade and other payables and borrowings, are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Fair value hierarchy

IFRS 13 requires financial instruments measured at fair value to be classified according to the following hierarchy based on the observability of the inputs used in determining fair value:

LEVEL 1 -quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

LEVEL 2 -inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or valuation techniques where all significant inputs are based on observable market data.

LEVEL 3 - valuation techniques using inputs that are not based on observable market data and where one or more significant inputs are unobservable. Such instruments include investments in private companies and are valued using techniques including earnings or revenue multiples, discounted cash flow models and probability-weighted expected return methodologies.

The Directors review the valuation methodologies, assumptions and classification of investments within the fair value hierarchy at each reporting date. Transfers between levels are recognised at the end of the reporting period during which the transfer occurs.

Level 3 investment valuations

The Company's Level 3 investment valuations represent the estimated fair value of Tern's specific shareholding or financial interest in each portfolio company at the reporting date. They should not be interpreted as representing the overall enterprise value of the underlying portfolio company as a whole.

In determining the fair value of an individual investment, the Directors consider the rights and characteristics attaching to the specific instruments held by Tern, together with the impact of the capital structure of the relevant portfolio company. This includes consideration of factors such as:

- the class of shares or instruments held by Tern;
- the price paid in recent equity funding rounds;
- any preferential rights attaching to different share classes;
- the potential dilution arising from outstanding warrants, share options or convertible loan notes ("CLNs");
- the probability and timing of future funding rounds or conversion events; and
- the expected proceeds attributable specifically to Tern's holding under different valuation scenarios.

As a result, the implied value of a portfolio company may differ materially from the value attributable to Tern's investment interest. In particular, where portfolio companies have complex capital structures, the economic value attributable to ordinary shareholders may be significantly affected by the existence of preference shares, conversion rights, warrants, employee share options and other potentially dilutive instruments.

The Directors therefore apply valuation methodologies that are intended to estimate the fair value of Tern's actual economic interest in each investment, rather than applying a simple percentage ownership calculation to an assumed overall company valuation.

The table below analyses financial instruments carried at fair value by valuation hierarchy as at 31 December 2025.

	Level 1	Level 2	Level 3
	£	£	£
Device Authority Limited	-	-	3,872,663
FVRVS Limited	-	-	1,576,210
Talking Medicines Limited	-	-	1,705,597
Diffusiondata Limited	-	14,565	-
Sure Ventures PLC	149,390	-	-
Wyld Networks AB	711	-	-
	150,101	14,565	7,154,470

For Level 2 investments, the fair value assessment was made by the directors using the price of the shares in the most recent fundraising within the last 12 months.

Sensitivity of Level 3 valuations

The sensitivity analysis presented below applies to Level 3 investments for which observable market data was not available. The principal unobservable inputs used in determining fair value included:

- Probability weighting applied to valuation scenarios;
- Revenue multiples applied in exit scenarios;
- Discount rates applied to future cash flows and exit values;
- Expected future revenue growth assumptions;
- Assumed timing and probability of future financing or exit events;
- Expected dilution arising from convertible loan notes ("CLNs"), warrants and share options; and

- Estimated recovery values in downside or failure scenarios.

The following table presents the sensitivity of the fair value of the Company's Level 3 investments to reasonably possible changes in significant unobservable inputs used within the valuation models at 31 December 2025. The sensitivities shown below are calculated independently and may not be representative of actual outcomes, as changes in assumptions may be interrelated.

Investment	Valuation technique	Significant unobservable input	Reasonably possible change in input	Increase in fair value	Decrease in fair value
Talking Medicines	PWERM*	Revenue multiple	+ / - 0.5x	£151,038	(£422,111)
		Probability weighting of upside scenario	+ / - 10%	£193,864	(£193,864)
		Discount rate	- / + 5%	£151,038	(£227,766)
FVRVS	PWERM	Revenue multiple	+ / - 1x	£221,938	(£240,311)
		Probability weighting of upside scenario	+ / - 10%	£80,051	(£80,051)
		Discount rate	- / + 5%	£151,038	(£227,766)
Device Authority	PWERM	Probability weighting of upside scenario	+ / - 10%	£180,804	(£180,804)
		Revenue multiple on exit	+ / - 1%	£445,122	(£445,122)
		Discount rate	- / + 5%	£1,367,378	(£936,565)

* Probability Weighted Expected Return Model ("PWERM"). Given the nature of the technique, multiple interdependent assumptions are applied in each valuation and, therefore, ranges for certain inputs are not presented in isolation.

*Where applicable, PWERM scenarios were discounted using rates ranging from 20% to 30%.

In general, increases in revenue or exit multiples, strategic exit valuations and the probability weighting assigned to successful outcomes would result in higher fair value measurements. Conversely, increases in discount rates or dilution assumptions would generally reduce the fair value attributable to the Company's investment interests.

The sensitivity analysis reflects the impact on the value of the Company's individual investment holdings rather than the implied enterprise value of the underlying portfolio companies.

Convertible loan notes held within portfolio companies are considered as part of the overall valuation of the Company's investment interests. Where applicable, valuation models incorporate the impact of conversion rights, liquidation preferences, dilution arising from warrants and share options, and other contractual features in determining the fair value attributable to the Company's holding at the reporting date.

As at 31 December 2025, the Level 2 investment was valued using publicly available market data, specifically the share price from the most recent fundraising round within the past 12 months.

21. Share based payments

Options

The Company operates an equity settled share based remuneration scheme for directors, employees and advisors. Under the director and employees' scheme, options are granted to purchase shares which must be exercised within ten years from the date of the grant.

The options are capable of exercise on the third anniversary of the grant date according to the increase in share price on the vesting date. If at any point prior to the third anniversary of the grant date, the share price increases by 100%, then 100% of the shares vest immediately. If there has been no increase in share price by the third anniversary, then 0% of the shares vest. Between these two points the options will vest on a straight-line basis.

Under the previous scheme, which is still in place for the non- executive directors and previous directors, shares were granted which must be exercised within seven years from the date of grant. These options vest immediately on issue. As at the date the accounts were signed, all these options have lapsed.

In 2017 share options were issued to a professional adviser as part of their fees. Under the advisor's scheme options may be granted to purchase shares which must be exercised within ten years from the date of grant. The advisor options are fully vested.

The Black Scholes method was used to calculate the fair value of the director and employees' scheme to calculate the fair value of options at the date of grant.

A total share based payment charge of £17,575 was recognised in 2025 (2024: £2,929). The table below lists the inputs to the model used for the options granted in 2024 and 2020:

	2024 Employees	2020 Employees
Weighted average share price at date of grant	2.45 pence	8.15 pence
Weighted average exercise price	2.45 pence	8.15 pence
Expected volatility	100%	100%
Vesting period	3	3
Contractual life	10	10
Risk free rate	1.94%	1.94%

The share options held as at 31 December 2025 are set out in the table

The share options held as at 31 December 2023 are set out in the table below:

	Outstanding at 31 December 2024	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2025	Option Price	Exercisable on or before
Directors	5,000,000	-	-	-	5,000,000	8.5p	18 May 2027
	2,400,000	-	-	-	2,400,000	2.45p	29 Oct 2034
Total directors	7,400,000	-	-	-	7,400,000		
Employees	500,000	-	-	-	500,000	8.15p	22 July 2030
Other	100,000	-	-	-	100,000	8.5p	18 May 2027
Total Options	8,000,000	-	-	-	8,000,000		

22. Related party transactions

The Company considers the following businesses to be related parties and details in the table below, all related party transactions for the period as at 31 December.

	2025 Revenue recognised £	Investment* £	2024 Revenue recognised £	Investment £
Talking Medicines Limited	21,000	180,000	16,500	100,000

* Investments comprise new equity subscriptions and convertible loan note investments made during the year.

The table below sets out the outstanding balances with related parties as at 31 December.

	2025 Payable £	Receivable £	2024 Payable £	Receivable £
Directors' remuneration and Key Management Personnel	11,666	-	26,192	-
Albert E. Sisto - management loan	33,146	-	-	-
Talking Medicines Limited - trade receivables	-	49,800	-	24,600
Talking Medicines - loan	-	-	-	95,000
Tern PLC, Inc.	52,596	-	42,390	-

The management loan facility, denominated in USD (USD42,000), was unsecured, interest free and repayable within 30 days. Following the year end, the outstanding balance was settled through the issue of ordinary open offer shares.

On 26 May 2026, the outstanding trade receivable due from Talking Medicines Limited was fully settled through the issue of unsecured convertible loan notes and, accordingly, no cash was received by the Company.

The balance payable to Tern PLC, Inc. relates to administrative expenses incurred on behalf of the Company and is unsecured, interest free and repayable on demand.

Equity shareholdings are detailed in Note 11.

23. Cash flow from operations

	2025 £	2024 £
Loss for the year	(5,089,148)	(3,772,020)
Adjustments for items not included in cash flow		
Movement in fair value of investments	4,084,278	2,459,981
Loss/profit on disposal	-	13,374
Share based payment charge	17,575	2,929
Amortisation of loan implementation fee ¹	-	33,333
Amortisation of loan extension fee	3,750	-
Movement in fair value of derivative financial instrument	-	83,270
Finance expense	17,909	43,407
Finance income	(42,528)	(30,281)
Operating cash flows before movements in working capital	(1,008,164)	(1,166,007)
Adjustments for changes in working capital		
(Increase)/decrease in trade and other receivables ²	(17,350)	(14,087)
(Decrease) in trade and other payables	(11,016)	111,124
Cash used in operations	(1,036,530)	(1,068,970)

¹ Implementation fee was a non-cash transaction fee for the issuance of shares relating to the loan facility.

² Excludes cash loans and interest receivable from portfolio companies.

24. Financial instruments

The Company uses financial instruments, other than derivatives, to provide funding for the Company's operations.

Categories of financial instruments

The IFRS 9 categories of financial assets included in the Statement of Financial Position, along with their respective headings, are set out below. All financial assets are classified as current.

	2025 £	2024 £
Financial assets		
Cash at bank	49,385	382,213
Trade receivables	54,600	24,600
Other receivables	4,631	16,167
Fair value through profit or loss (FVTPL)		
Investments	7,319,136	10,739,631

Financial liabilities

The IFRS 9 categories of financial liabilities presented in the Statement of Financial Position, along with their respective headings, are outlined below. All financial liabilities are classified as current.

	2025 £	2024 £
Financial liabilities		
Trade Payables	181,074	182,462
Accruals	99,278	77,044
Financial Liabilities at amortised cost		
Short term loans	181,928	161,114

25. Events after the reporting period

On 15 January 2026, it was announced that the Company, following its default under the SVV2 Limited Partnership Agreement, had ceased to be a limited partner in Sure Valley Ventures Enterprise Capital Fund LP. The potential financial consequences arising from this matter remain uncertain at the date of approval of these financial statements and have therefore been disclosed as a contingent liability. Further details are provided in Note 17.

On 4 March 2026, 78,163,662 new ordinary shares were issued at 0.4p per share for cash as a result of an Open Offer raising £312,654 before any share issue expenses.

On 5 March 2026, it was announced that the company entered into an amendment to the 2023 loan facility to extend the repayment date to September 2026.

On 14 May 2026, 67,666,314 new ordinary shares were issued at 0.6p per share for cash as a result of an Open Offer raising £406,000 before any share issue expenses.

On 8 May 2026, shareholders approved all resolutions proposed at the General Meeting, including resolutions authorising the Directors to allot up to 107,268,195 new ordinary shares and disapplying statutory pre-emption rights in connection with the Open Offer.

On 22 May 2026, 37,000,000 new ordinary shares were issued at 0.6p per share for cash as the result of a private placing raising £222,000 before any share issue expenses.

On 22 May 2026, it was announced that the Company had invested US 280,000 (£209,408) in new unsecured convertible loan notes issued by Device Authority Limited ("Device Authority").

On 26 May 2026, it was announced that the Company subscribed for approximately £270,000 of new unsecured convertible loan notes in Talking Medicines Limited through the conversion of approximately £87,000 of existing balances owed to Tern and a further cash investment of approximately £48,000.

26. Ultimate controlling party

The directors do not consider there to be a single ultimate controlling party.

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