



Creating Value from Technology

Interims

September 2018

Private and Confidential



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Tern at a Glance

- AIM listed investment company created in 2013
- Investment Focus: The Internet of Things (IoT)
- Six portfolio companies including Device Authority and InVMA which are making strong headway in the growing IoT security space
- Emphasis on active participation in portfolio companies
- Initial funding from Founders followed by placements totalling £12.2m



Significant shareholders

John Mahtani	6.7%
Al Sisto (CEO)	4.1%
Bruce Leith (Business Development Director)	3.7%
Canaccord Genuity Group Inc	3.1%



Vision

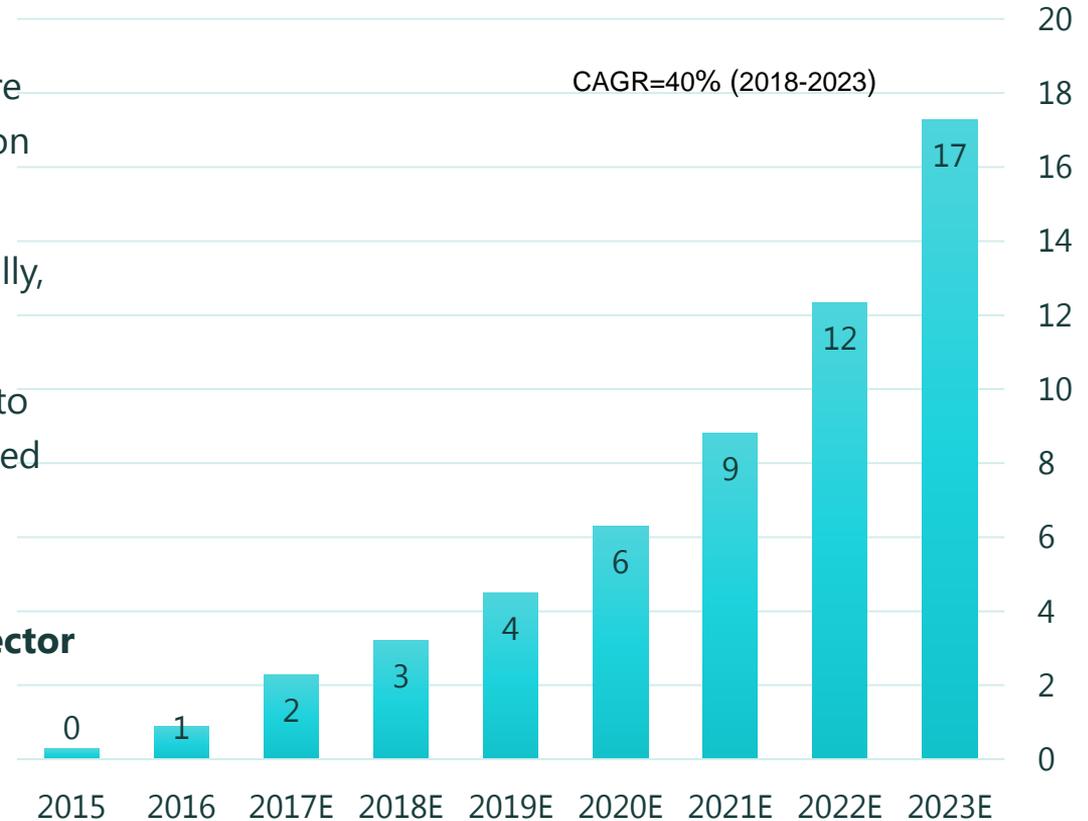
"to become the leading investment company specialising in IoT by unlocking opportunities others haven't seen or thought possible to deliver significant returns for shareholders"



Key Trends in the IoT

- Companies offering IoT platform software and services will bring in nearly \$18 billion annually by 2023
- Translating to \$0.44 per IoT device globally, up from \$0.32 per device in 2018
- As the number of IoT devices continues to rise, demand for software and cloud-based systems to manage them will correspondingly increase

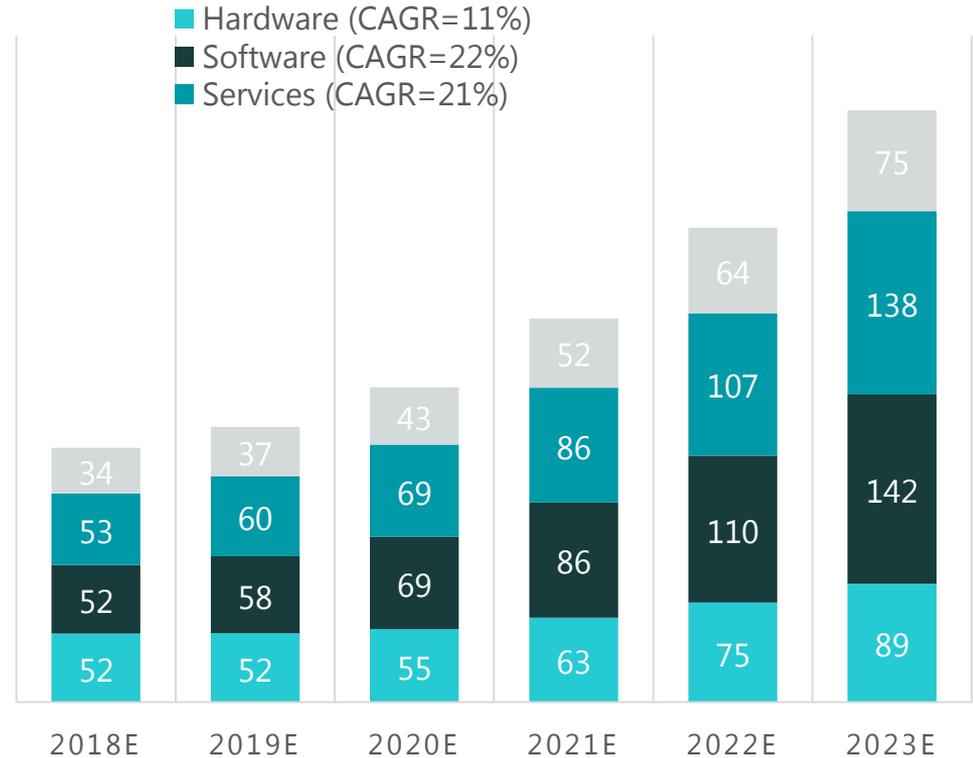
Leading companies in this fast-growing sector include Amazon, PTC, and IBM



Global Spending: Manufacturing by Type (\$b)

- Hardware spending at manufacturers will drop from 27% of the sector's IoT spending in 2018 to 20% by 2023
- Software and services will make up more of the total, at 32% and 31%, respectively

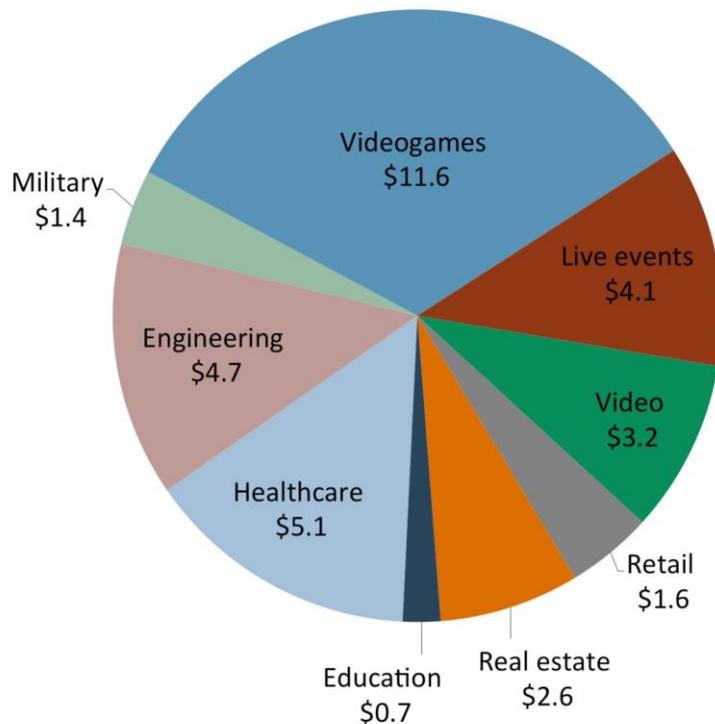
Companies will look to make the most of their IoT solutions by leveraging software and services to drive increased efficiency and more streamlined automation



VR Spending in Healthcare

Global 2025 VR/AR Market Share, By Use Case

In billions (USD)



Tern Headlines

June 2018

First Six Months of 2018 - Headlines

- Raised £3.1m and retired convertible loan note facility
- £1.5m invested in existing portfolio and new portfolio company FVRVS (FundamentalVR)
- Aggregate turnover of principal portfolio companies increased by 126% from 2016 to 2017 and forecast to increase 50% from 2017 to 2018, if one excludes impact of flexiOPS decrease due to EU grants ending in first half of 2018
- Aggregate employee numbers of principal portfolio companies increased by 55% from 2016 to 2017 and a further 12% to June 2018
- Monthly burn rate comparable to 2017, decrease in loss compared to June 2017 due to small increase in fair value of investments
- Net asset value per share down due to share issues early in the year. Most recent fundraises were achieved at an appreciative net asset value per share

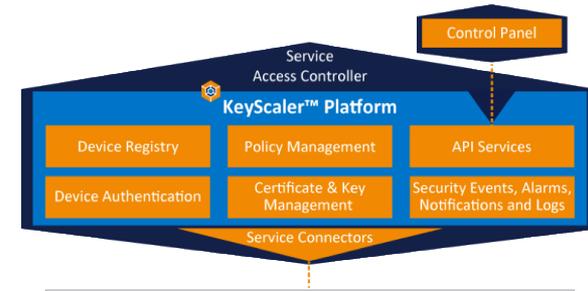
Tern Investment Portfolio

First half of 2018

Device Authority Limited

A UK company providing IoT applications policy driven encryption, strong device identity and automated credential management through Device Authority's KeyScaler™ Platform

- New partners: SyroCon Consulting, Eonti, LTI, Gemalto and support for Microsoft Azure IoT Hub
- Recognised as 2018 Emerging Star in IoT Security Market by Quadrant Knowledge Solutions
- Joint blueprint launched with Thales to secure connected health industry
- KeyScaler As A Service launched providing IoT security in the cloud



InVMA Limited

A product and systems integrator building IoT solutions for specific market needs

- Launched AssetMinder, a product that monitors and manages data from all types of sensors
- Integration of AssetMinder with Device Authority's KeyScaler
- New partnerships and contracts, including supporting ESAB, part of the Colfax Group, with the architecture of a new platform powered by Microsoft Azure IoT and PTC ThingWorx platform



flexiOPS/Wyld Technologies Limited

A UK company offering ad hoc mesh networking platform that creates resilient networks that enable broader use of IoT devices

- flexiOPS focused on aiding the growth and development of Wyld Technologies
- Wyld Technology is building out its development team and mesh networking product platform



FundamentalVR (FVRVS Limited)

- **A UK company developing a flight simulator for surgeons**
- Large market: Growth from \$25.9B in 2015 to \$38.4B in 2024* - shortage of physicians, nurses and other health workers worldwide increasing to 7.5 million by 2035
- Begun to use funds to refine SaaS model
- Focus on expansion into key health market in US
- Decrease in turnover 2016 to 2017 as model moved from bespoke sales to subscription based recurring revenue model
- Team already proven success in creating and exiting tech business



*Source: [Transparency Market Research](#)

Seal Software Group Limited



A leader in contract discovery and analytics

- Announced numerous new contracts and strategic partnerships, including global partnership with DocuSign
- Award winning:
 - Named 2018 Cool Vendor in Content Services by Gartner;
 - Won award for Outstanding Data Analytics Solution at annual Big Data Excellence awards in May 2018

Push Technology Limited



Delivering data in real time

- Strategic realignment including focus on reduced sales cycle, working more efficiently and controlling costs

Interim results

June 2018 Headlines

31 December	30 June 2018	30 June 2017	31 December 2017
	£'000	£'000	£'000
Net assets	13,943	10,787	10,581
ROI – value of investment portfolio	11,550	10,601	10,218
Total assets	14,222	11,031	11,069
Cash	1,539	336	274
(Loss)/Profit	(221)	(469)	(1,690)

Balance Sheet

	30 June 2018	30 June 2017	31 December 2017
	£'000	£'000	£'000
Investments	11,550	10,601	10,218
Current Assets	2,672	430	851
Total Assets	14,222	11,031	11,069
Current liabilities	279	169	277
Long term liabilities	-	75	211
Equity	13,943	10,787	10,581
Total Equity and liabilities	14,222	11,031	11,069



Questions?