

TERN PLC

SOFTWARE AND COMPUTER SERVICES

12 November 2019

TERN.L

9.2p

Market Cap: £23.5m

SHARE PRICE (p)



12m high/low 19.5p/7.1p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£1.9m
Enterprise value	£21.6m
Index/market	AIM
Next news	Interim results
Shares in Issue (m)	254.3
Chairman	Ian Ritchie
Chief Executive	Albert E Sisto
Finance Director	Sarah Payne

COMPANY DESCRIPTION

Tern predominantly invests in software companies, with proven technology, based in the UK but with global ambition.

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TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

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Portfolio update reiterates progress

Tern has issued an update on the activities of its portfolio companies so far in the second half of 2019. It follows recent fundraises both for Tern itself (of £1.75 million) and one of its investee companies – see our note “Dual fundraises endorse Tern’s strategy”. The Group confirms that it has invested £1.1 million in its portfolio companies since the end of June 2019, mainly in the form of convertible debt. It also says that turnover of Tern’s four principal portfolio companies for the nine months ended 30 September 2019 was ahead of last year. If the four businesses conclude certain outstanding opportunities, their turnover should meet Tern’s expectations of a 50% increase for the full year. Tern is in the earlier stages of discussions regarding several potential new investments. We note the recognition of the investee companies by investors and clients which is reflected in the fundraisings, contract wins and participation in projects by the businesses.

- Tern has a 56.8% holding in Device Authority Limited (“DA”) which specialises in IoT security. Following additions of \$315,000 in September and US\$583,000 in November, Tern’s total convertible secured loan note position with DA is US\$3,313,650. All the outstanding loans are repayable on 31 March 2020. In September, DA announced its latest KeyScaler software release with more support for Microsoft Azure IoT and a new solution for managing Hardware Security Modules. In October, DA was accepted into the Venafi Machine Identity and Protection Development Fund, a US\$12.5 million initiative to protect all machine identities.
- Tern has a 26.9% shareholding in Healthcare IoT company, FundamentalVR (FVR), with a current valuation of £3.0 million. FVR provides a suite of online simulations which combine virtual reality experience with feedback via sense of touch to create a near-real operating experience. FVR has received Continuing Professional Development accreditation from the Royal College of Surgeons and has previously announced a c. £0.5 million contract with a leading pharmaceutical company. FVR recently closed a £4.3 million fundraising which included investment from institutions and trade players. That included the conversion, by Tern, of £0.5 million in convertible loan notes.
- Tern has a 50% holding in InVMA, which delivers IoT products and applications based on the PTC/Thingworx development platform. InVMA has a strong level of in-house intellectual property. The business designs, develops and deploys applications and hardware that improve or transform the way organisations do business. InVMA has announced that it is one of the initial companies to work on the £20 million Made Smarter project to help support technology implementation, using its *AssetMinder* solution on its initial project, in conjunction with Heatsense Cables.
- Tern owns 100% of Wyld Networks, a company providing unique, scalable device-to-device mesh networking. Mesh technologies are low-energy, low-cost solutions for transmitting and collecting information. Since the end of June 2019, a new CEO has joined the company. Wyld Networks has also announced a framework contract with Delta-T Devices with an initial purchase order valued at £105,000 to develop and supply Low-Power Wide-Area Network (LPWAN) connectivity for Delta-T’s soil moisture sensors.

Disclaimers and Disclosures

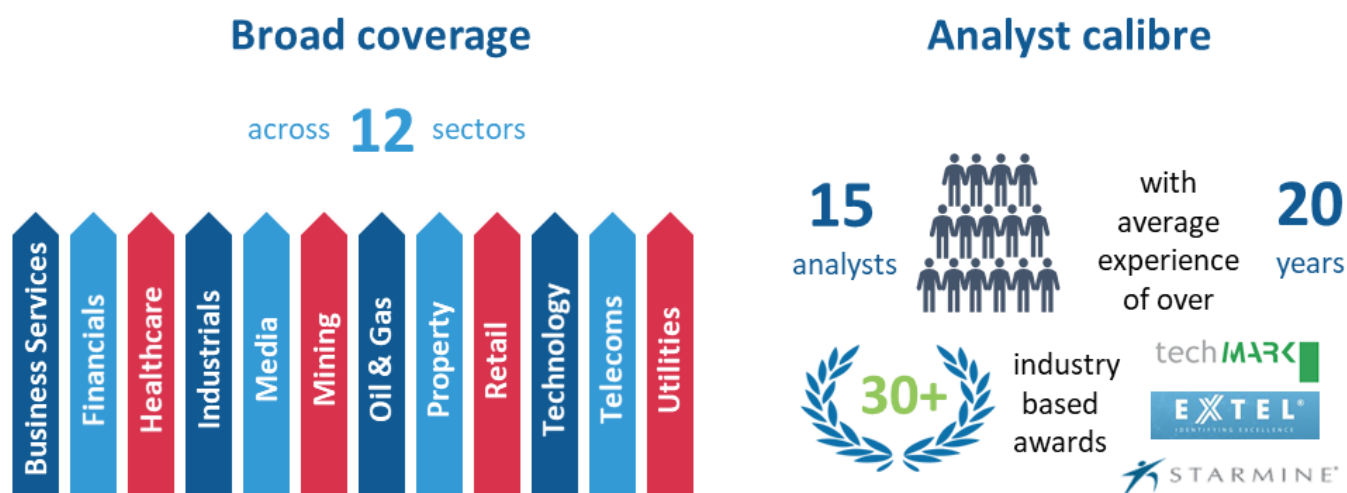
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