



Building Great Companies

Proposed acquisition of Pires
Investments plc

June 2022



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Our Vision

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

Key Market Drivers

Phones to Things

Smartphones
~6Bn in 2020¹

Smart "things"
~50Bn in 2030¹



CLOUD driving massive scale, data streaming, computation and storage



ANALYTICS empowering better business decisions. Data is the new currency



EDGE evolution of (autonomous) systems powered by machine learning / AI



SENSING of the physical world (pervasive)



WIRELESS connecting everyone and everything (5G, LPWAN, MESH)

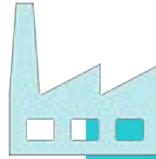
¹ Statista 2021

Investing in Key High Growth Markets



Healthcare

- The healthcare market IoT size is projected to reach **US\$446.5 billion** by 2028, expanding at a CAGR of 26% between 2021 and 2028¹



Industrial

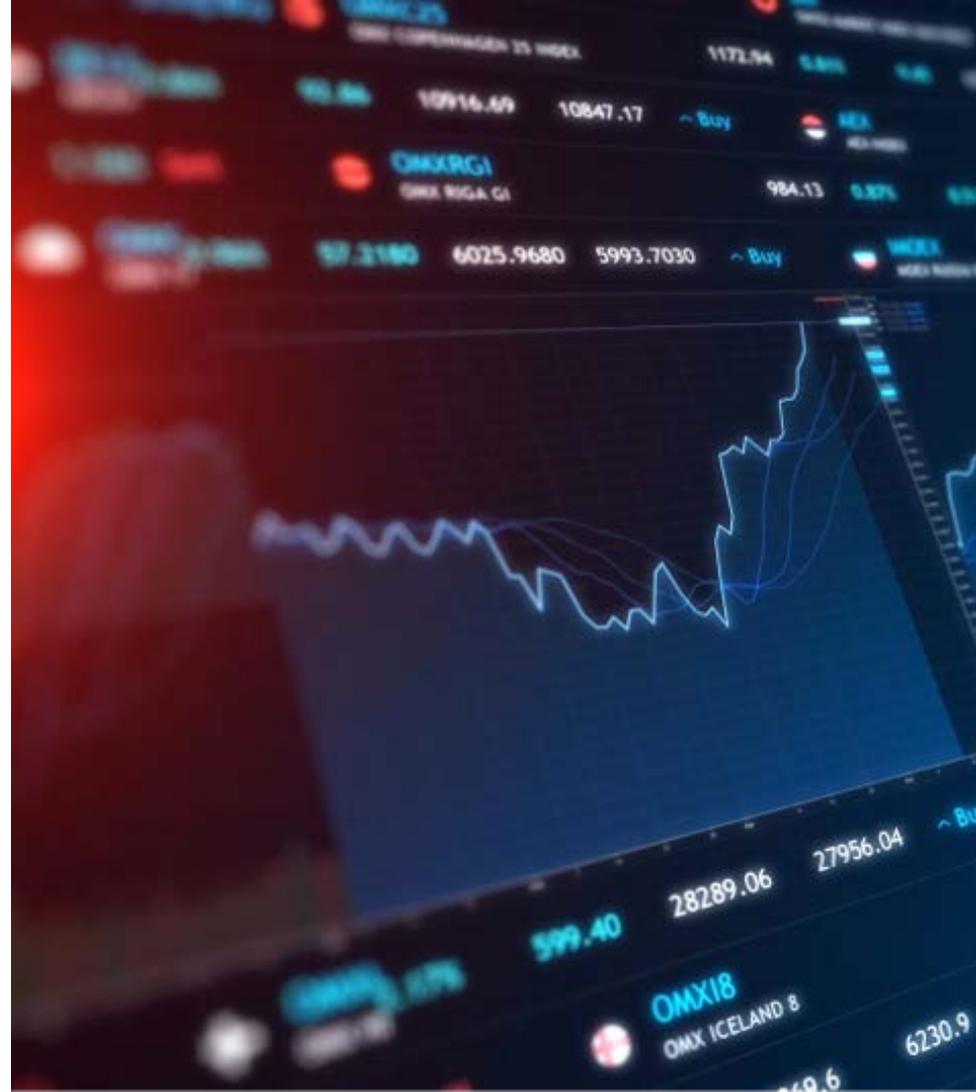
- The global Industrial Internet of Things (IIoT) market is expected to reach a value of **US\$106.1 billion** by 2026²

1. Fortune Business Insights "[Internet of things \(IoT\) in Healthcare Market](#)", and Regional Forecast, 2021-2028.

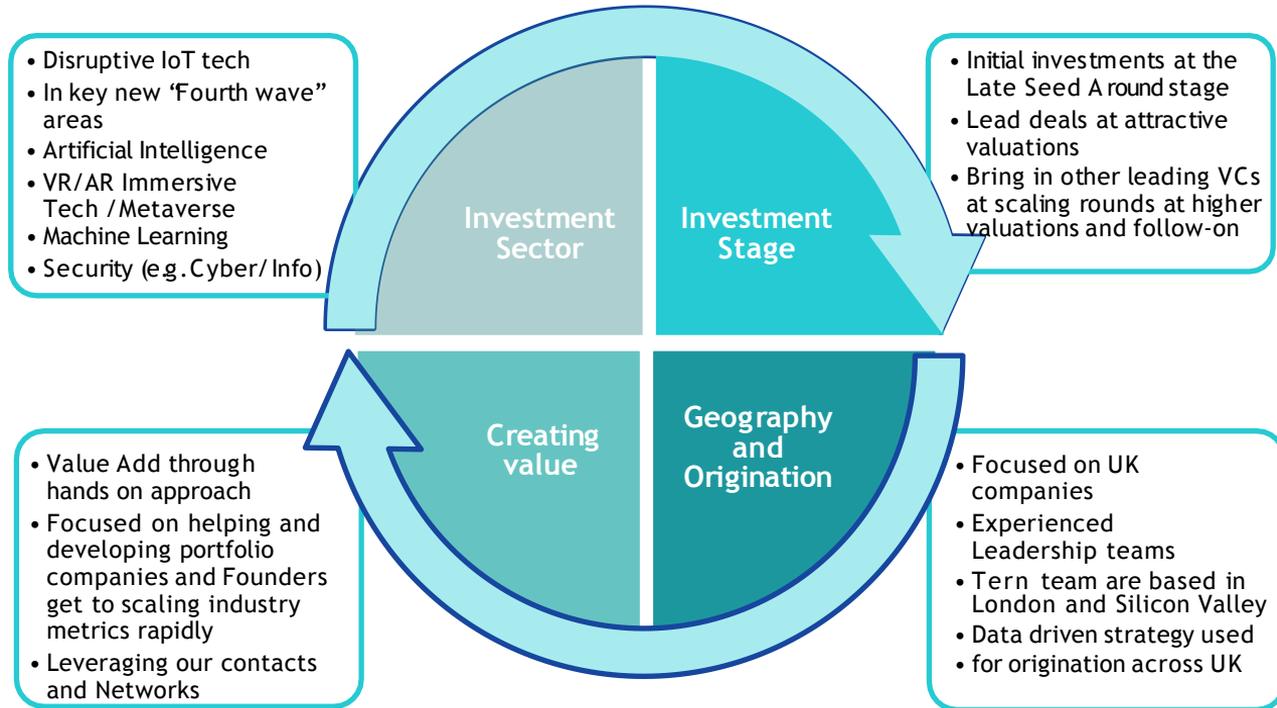
2. Marketsandmarkets Industrial IoT Market by Device & Technology, Connectivity Type, Software, Vertical (Manufacturing, Energy, Oil & Gas, Healthcare, Retail, Transportation, Metals & Mining, Agriculture), and Geography - Global Forecast to 2026

Targeting Attractive Markets for Long Term Growth as a Bigger Force

- Industrial digital transformation is underway and accelerating
 - Covid was the catalyst to create contactless environments
- Volumes of connected products are driving down costs and adoption barriers
- Healthcare and Industrial markets already have a large installed base of connect devices, collecting data and delivering better outcomes



Tern Investment Strategy



Late Seed to Series B via our hands-on methodology

Tern is focused on helping accelerate the growth of portfolio companies from the point of investment to Series A or B

Value Creation Steps

Business Imperatives

- ▶ **Setting potential exit targets** – who are the potential partners acquirers of the business
- ▶ **Product road map** – distillation of customer requirements are the imperatives for product led growth
- ▶ **IP and Patent strategy** – identifying the products and technologies that are key value drivers

Business development and growth

- ▶ **Revenue growth** – defining a rapid path to MRR growth
- ▶ **Revenue sources** – assume generate 40-50% revenues from existing customer growth, minimise churn (easier to sell to, cost of sale lower)
- ▶ **Pricing Imperatives** - Every pound of sales (and profit) is not worth the same

Financial improvements

- ▶ **Profit improvement** – key cost often staff, challenge to manage overheads to support sales growth whilst securing high performers; watch recruitment costs – minimise employee turnover

Value Creation Components

Operational improvements

- ▶ **Procedure/process** – support good governance and reporting
- ▶ **Human capital plan** – professionalise the organisation, create a plan to fill in the talent gaps. Establish org chart to match product road map
- ▶ **Communication** – create top to bottom culture by strong internal messaging, transparency of strategy and relevance to all.

Management and KPIs/OKRs

- ▶ **KPI/OKR reporting** – strive to focus effort, foster co-ordination and enhance workplace performance, transparent to whole organisation.
 - Focus and commit to priorities
 - Align and connect for teamwork
 - Track for accountability (annual objectives with quarterly execution measurement)
 - Set stretch goals for positive outcomes

PROVEN REALISATIONS

Investment strategy has already returned cash

▶ Flexiant/Concerto

- In November 2016 Concerto, a Multi Cloud Management software business, was sold to Ingram Micro Inc, the world's largest technology distributor and a leading technology sales, marketing and logistics company for the IT industry worldwide
- Exit achieved five months after acquiring the business as part of the acquisition of Flexiant Research

▶ Seal Software

- Seal Software Group Limited was acquired by DocuSign Inc in March 2020
- The exit provided Tern shareholders with a positive return on one of its earliest investments

▶ Wyld Networks

- Listed on NASDAQ First North Growth Market in Stockholm in July 2021, raising over £2m in the IPO
- Tern continues to have an influential holding, enabling the company to benefit in the growth of the business

Current Portfolio Status

Portfolio Company	% Share Ownership
<p>Device Authority </p> <p>Security automation IoT platform addressing the challenges of the life cycle management of IoT exiting and new applications and their devices</p>	53.8%
<p>Fundamental VR (FVRVS) </p> <p>VR haptic 'flight simulators' for surgery creating a safe, measurable & repeatable space to develop, market and refine skills</p>	20.0%
<p>Konektio (InVMA) </p> <p>Industrial IoT and Industry 4.0 design, build and support solutions to improve performance though contactless measurement</p>	36.8%
<p>Wyld Networks AB </p> <p>LoRa and Mesh connectivity solutions that provide internet access to locations where access is unavailable or usage congested</p>	49.2%
<p>Talking Medicines </p> <p>Capturing the unstructured global voice of the patient using ML, NLP, And AI to provide actionable intelligence on patient sentiment.</p>	23.8%

SVV UK Software Technology Fund

New growth opportunity with proven model and team



- ▶ Investment in new SVV fund which will focus on investing in private UK software companies in the Metaverse, Artificial Intelligence and Cybersecurity sectors
- ▶ Alongside principal investor the British Business Bank (“BBB”), an investment arm of the UK government, with the fund created as part of the BBB’s Enterprise Capital Funds programme
- ▶ First close of the fund amounted to £85m, initial investment from Tern of c. £90,000 to fund first investment
- ▶ Fund is managed by the same team as the existing SVV1 fund, which has been highly successful in achieving several cash realisations from, and upward revaluations of, companies within the portfolio
- ▶ Tern and other non-BBB investors to receive significantly enhanced share of total return generated by the fund compared to industry standard
- ▶ First investment made in RETİNÍZE Limited, an award-winning creative-tech company, successfully raising £2m. Seed round led by the SVV2 Software Fund, which invested £1m

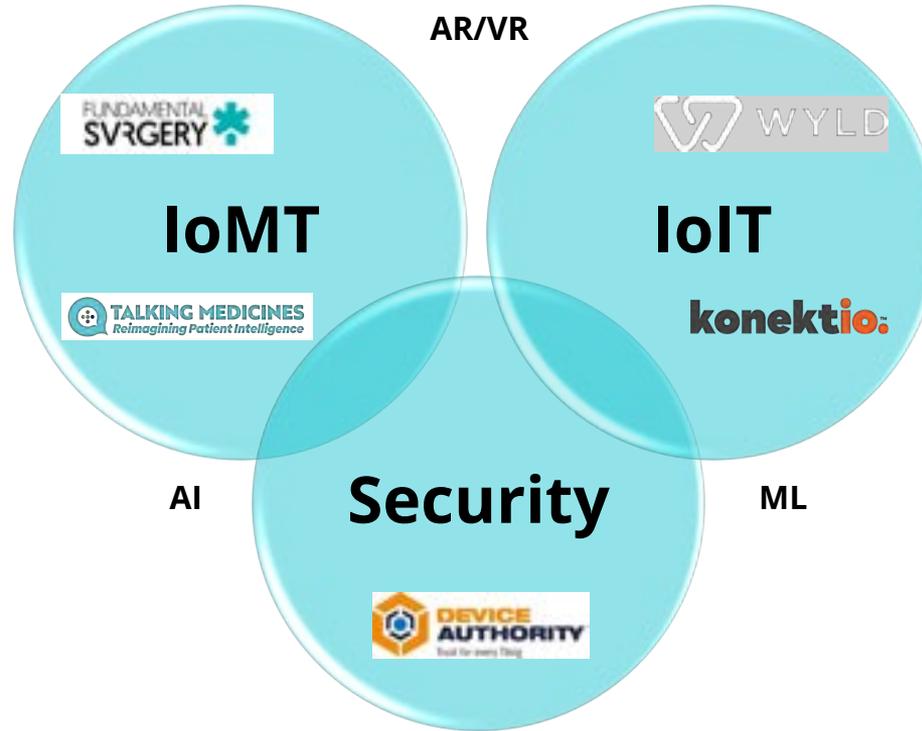


Managed by same team as
SVV fund

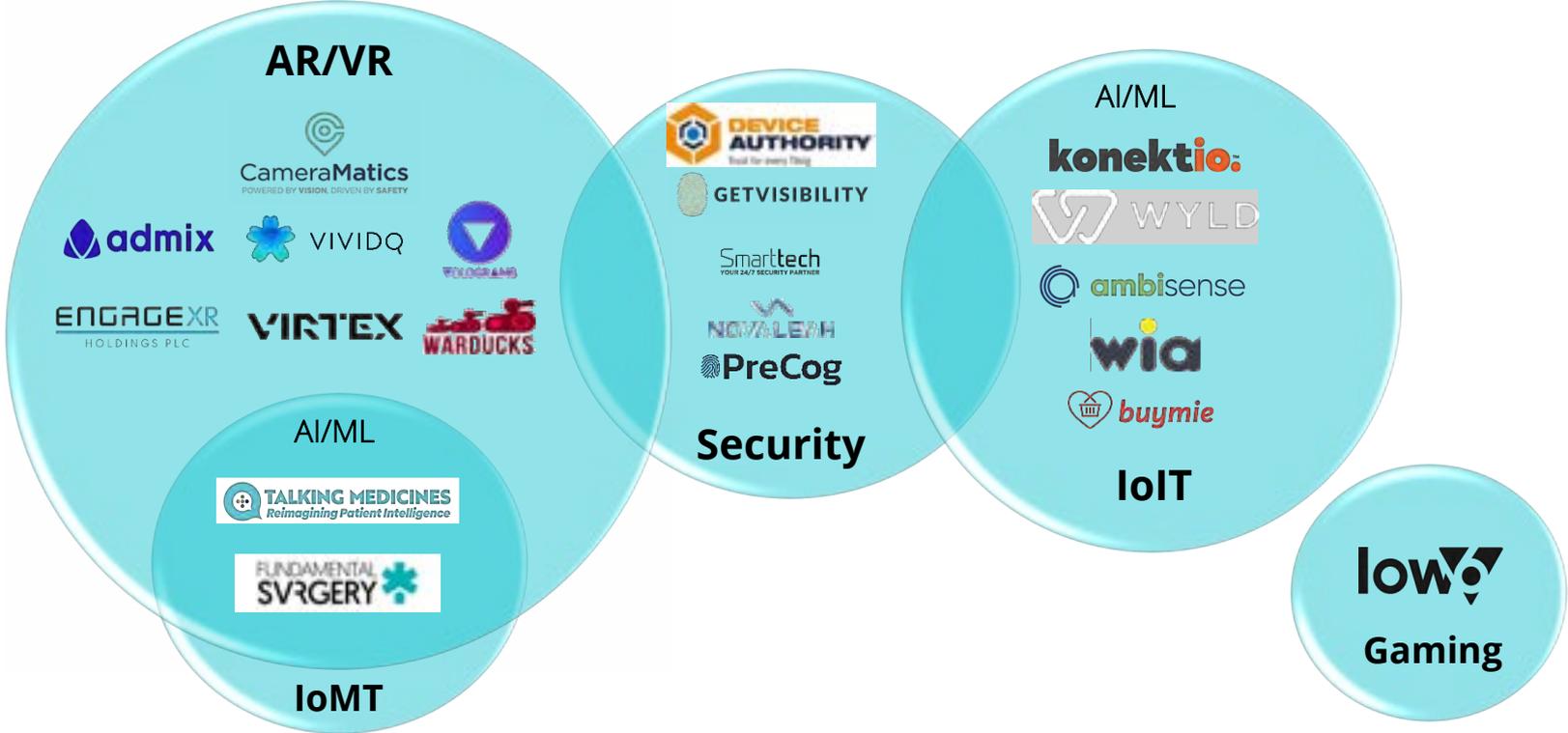
Targeting Metaverse, AI
and Cybersecurity sectors

Significantly enhanced
returns

Tern Technology Portfolio Synergies



Pires/SVV/Tern Synergistic Portfolio



Transaction Rationale

Creating value for all shareholders



Focused strategy

IoT, VR/AR and AI giving diversity, but focus



Funding flexibility

Increased access to different forms of funding both from external and internal sources



Complementary portfolio

Aids the development of portfolio companies given synergistic nature. Stronger relationship with SW



Geographical spread

Presence in UK, Europe and the US, providing greater ability for Pires investee companies to expand internationally



Scale

More attractive to institutional investors. Clear corporate synergistic benefits and cost savings



Exciting potential

Through potential realisations, uplifts in valuation and new investments providing real returns to investors, aided by Tern's hands on approach and wide network



Thank you



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