

Tern PLC (TERN)

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14 May 2018

**Tern Plc ("Tern" or the "Company")
Raises £700,000 and Acquires Stake in Medical VR Company**

Tern Plc (AIM:TERN), the investment company specialising in the Internet of Things ("IoT"), is pleased to announce that it has raised £700,000 before expenses through an unconditional placing of 3,783,784 new ordinary shares of 0.02p each at a price of 18.50 pence per ordinary share (the "Placing").

This, together with the funds raised on 8 May, has facilitated the acquisition of a 18.3% holding (post new money) in FVRVS Limited ("FundamentalVR") for £798,309.

Highlights

- FundamentalVR has built an immersive simulation application training platform for surgeons which creates virtual reality ("VR") simulations of procedures
- Provides Tern with exposure to the rapidly growing medical simulation market, which is anticipated to grow to \$2.3 billion by 2021¹
- Based on FundamentalVR's latest statutory accounts for the year ended 31 December 2016, FundamentalVR had net assets of £96,940 and a retained profit of £63,768 for the year.
- Fundamental VR will use the funds to develop a SaaS delivery systems, enabling it to add to its surgical simulations and broaden its customer base.
- Represents the first of its kind for Tern due to FundamentalVR being in the IoT healthcare services market and given that its applications use VR and haptic (the sense of touch) devices
- The transaction is in line with the Company's strategy to increase its portfolio to circa 12 investments and brings the number of Tern's portfolio companies up to seven.

Tern CEO, Al Sisto, said, "We are truly excited to add FundamentalVR to our portfolio of potentially transformational companies. FundamentalVR is a highly disruptive company with the potential to improve patient outcomes in the medical industry. Its experienced management team has the credentials to steer FundamentalVR to capitalise on the rapidly growing medical simulation market and in the process create shareholder value for Tern.

"We look forward to working with them to help them achieve their ambitions of building a world leading SaaS based immersive surgical simulation platform using haptic intelligent feedback via VR to respond to surgeons in real-time. With a range of customers already engaged and generating revenue, they have a great platform from which to grow."

FundamentalVR CEO, Richard Vincent, said, "We are delighted to secure an investment from Tern. This investment in our business will help to accelerate us into market and build out a market leading SaaS based training business. Less than half of one percent of surgeons worldwide have any day-to-day access to surgical simulation. Through our platform, Fundamental Surgery we believe that our strategy of high-end simulation through low-cost immersive technology will help to dramatically change this over the coming years and put quality training within arm's reach of surgeons across the globe. "

1. "Healthcare/Medical Simulation Market by Product & Services (Patient Simulator, Task Trainers, Surgical Simulator, Web-based Simulation, Software, Dental Simulator, Eye Simulator), End User (Academics, Hospital, Military) - Global Forecast to 2021", published by MarketsandMarkets

Further Information

FundamentalVR's goal is to transform the way surgeons prepare, practice and refine their skills. It has built an immersive, surgical simulation application platform, Fundamental Surgery, to provide medical professionals with the opportunity to rehearse, practice and test themselves within a safe, controllable space that is as close to real life as possible.

Fundamental VR is led by surgical training experts and leading technologists with a mission to democratise surgical training by bringing simulation into the hands of medical professionals around the world, using low cost, readily available technology. FundamentalVR's unique software platform takes advantage of readily available VR software and devices, such as the FaceBook owned Oculus Rift, and combines it with cutting edge haptics to create a simulation system that can be used on any modern PC set up. Using computer learning, the software platform works together with haptic hardware devices to simulate the physical sensation of operating on human tissue. It also has the capability to provide AI driven real-time feedback, procedure correction data and best practise insight. The result is a simulation system that requires a low hardware investment and a simple ongoing licence fee that provides surgeons with more hands-on experience to be better prepared professionals, resulting in better patient outcomes.

Fundamental Surgery is currently sold as a 'closed' system to device manufacturers and pharma companies and the company will use the funds provided by this investment to develop a SaaS delivery systems. This will enable it to add to its surgical simulations and broaden its customer base.

Tern expects to increase its holding percentage over time, as FundamentalVR executes its strategy and meets its milestones. The transaction is in line with the Company's strategy to increase its portfolio to circa 12 investments and brings the number of Tern's portfolio companies up to seven.

Application for ordinary shares

Application will be made for the 3,783,784 new ordinary shares to be admitted to AIM and it is expected that admission will take place and trading in the new ordinary shares will commence on 17 May 2018.

In accordance with the Financial Conduct Authority's Disclosure, Guidance and Transparency Rules, the Company confirms that on completion of the Placing and following admission of the new ordinary shares to trading on AIM, the enlarged issued share capital will comprise 225,384,580 Ordinary Shares of 0.02p each. The Company does not hold any shares in Treasury. Therefore the total number of voting rights in the Company is 225,384,580. The above figure may be used by shareholders in the Company as the denominator for the calculations to determine if they are required to notify their interest in, or a change to their interest in the Company, under the Disclosure Guidance and Transparency Rules.

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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