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30 October 2018

**Tern Plc ("Tern" or the "Company")**

### Additional Investment in Fundamental VR

This investment follows Fundamental's recent signing of a three year term joint development agreement with the Mayo Foundation for Medical Education and Research ("the Mayo Clinic"), the U.S. leading academic medical centre which was voted Best Hospital in 2018 U.S. News & World Report rankings of top hospitals in the USA, which will see the two parties collaborating on a range of simulation and education products with an initial focus on the General Surgery area. Additionally, the current release of the Fundamental Surgery platform is now live in the Mayo Clinic's world-renowned simulation centres located in Arizona, Florida and Minnesota.

This new alliance is expected to accelerate FundamentalVR's progress in building out its procedures portfolio and enables the FundamentalVR team to have access to leading surgical knowledge as well as 3D modelling, data scientists and simulation specialists at the Mayo Clinic. The Mayo Clinic and FundamentalVR are both ultimately focused on improving patient outcomes and share the belief that the comparative data insight and measurement collected and available through the FundamentalVR platform will have a profoundly positive impact on medical outcomes and products around the world.

Under the joint development agreement, the Mayo Clinic will receive royalties on the sale of jointly developed licensed products and will receive other consideration from FundamentalVR upon achieving certain milestones.

FundamentalVR's current revenues from its existing procedures and its pipeline of new procedures are expected to accelerate through the addition of new procedures and potential licensing areas emanating from this new partnership. Additionally, in the longer term FundamentalVR expects to build additional revenue sources from its data insight, accreditation and licensing of the development assets in complementary medical markets.

Based on FundamentalVR's latest statutory accounts for the year ended 31 December 2017, FundamentalVR had net assets of £886,019 and a loss for the year of £247,921.

**Tern CEO, Al Sisto, said,** "FundamentalVR has proven its agility to rapidly deliver on its strategy since our initial investment. We are really pleased to provide this follow-on investment in this innovative company. They have an ambitious strategy, forward revenue visibility and now, a prestigious content partner that recognises the ability of their platform to revolutionise surgical training and ultimately, patient outcomes. We are pleased with their execution and the value it is creating in the business and therefore delighted to have increased our ownership position."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

**\*\*ENDS\*\***

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