

#### Stock Data

Share Price: 1.27p  
Market Cap: £6.4m  
Shares in issue: 502.7m

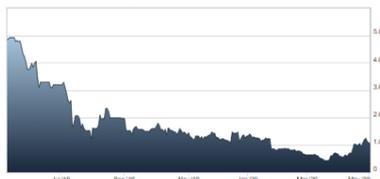
#### Company Profile

Sector: Elect. & Electr. Eq.  
Ticker: MWG  
Exchange: AIM

#### Activities

Modern Water ('the Company', 'MWG') is an AIM listed Water Technology Group that was established in 2006 by IP Group Plc to develop and commercialise IP and technologies related to the treatment of water. It has spent £20m over the last 14 years developing a portfolio of over 100 patents and cutting-edge technology focused on making the treatment and recycling of water more efficient.

#### Share price performance



Source: [LSE](#)

Past performance is not an indication of future performance.

#### Turner Pope contact details

Turner Pope Investments ('TPI') Limited  
8 Frederick's Place  
London EC2R 8AB

Tel: 0203 657 0050  
Email: [info@turnerpope.com](mailto:info@turnerpope.com)  
Web: [www.turnerpope.com](http://www.turnerpope.com)

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#### Barry Gibb

##### Research Analyst

Tel: 0203 657 0061  
[barry.gibb@turnerpope.com](mailto:barry.gibb@turnerpope.com)

#### Andrew Thacker

##### Corporate Broking & Sales

Tel: 0203 657 0050  
[andy.thacker@turnerpope.com](mailto:andy.thacker@turnerpope.com)

#### Zoe Alexander

##### Corporate Broking & Sales

Tel: 0203 657 0050  
[zoe.alexander@turnerpope.com](mailto:zoe.alexander@turnerpope.com)

## Modern Water plc

Following its signing of a three-year revenue-sharing manufacturing agency agreement (the 'Agreement') with Integumen plc (AIM:SKIN, 'Integumen') on [18th January 2020](#), and Modern Water's subsequent confirmation of a Q1 2020 spike in demand for its water contamination detection consumables, the Company has today announced the commencement of shipping to meet both back-orders and growing demand for water contamination detection bacteria from existing clients. Indeed, the recent increase of water hygiene controls by governments, utilities and agencies around the world in response to the COVID-19 public health crisis, appears to present the two companies with significant new short-and-longer-term sales opportunities. In response, a doubling of their originally planned production volumes to a list price value of £500,000 per batch has been agreed, with revenues from reagent sales produced under the Agreement being split 60%/40% in favour of Modern Water, after costs. The Company expects that that sales under the Agreement will have a value of at least US\$1.25m in the current financial year.

A significant outcome of the COVID-19 outbreak, has been for wastewater-based epidemiology to very quickly become a high priority for international governments seeking to monitor for infection hotspots. They have recognised the urgent need for SARS-CoV-2 (or any such future virus/infectious disease) that might be presented in wastewater to be identified rapidly, given that it enables critical action to be taken in order to prevent the spread of a potential pandemic across the wider community. Such actions have already been evidenced by a number of recent official moves, including the [US CDC monitoring human waste](#), the [Ministry of Ecology in China mandating the hygiene monitoring of water/wastewater](#), the environmental arm of [DEFRA](#) which is now looking at wastewater epidemiology, and also broad recognition that buildings dormant during the epidemic may also have built-up [contamination in their pipework](#).

Integumen and Modern Water have accelerated the integration of their respective water monitoring equipment and AI based contamination detection abilities following increased orders for Microtox equipment from Europe and SE Asia. This includes back fitting Integumen AI based capabilities to the 10 top-of-the-range Microtox CTM units to be shipped to China in the third quarter of 2020 (as announced on 23 December 2019). The equipment's modular and expandable hardware has been re-configured to include [RAWTest](#) AI real-time alert solution, in order to expand the capability of the instruments to include detection of bacteria, nitrates and phosphates. The roadmap for this integration includes the ability to detect viruses such as SARS-CoV-2.

Modern Water has implemented significant operational and management change to date in 2020, while also significantly broadening its corporate vision. The complementary integration of the two technologies demonstrates an ability to rapidly identify and respond to the urgent needs presented by the global Pandemic. Operating in an area of high international growth, its consumable reagents have historically enjoyed gross margins as high as 83%. Today's news confirms not only that its current products and services might ideally position it to assist in immediate detection and monitoring requirements related to the COVID-19 Pandemic, but also recognises the urgent need for more permanent and rigorous 'early warning' contamination detection programmes that are likely to be specified by international governments, in conjunction with water treatment/supply utilities, going forward. This could provide a major new, potentially transformative long-term source of ongoing demand for Modern Water's products and services, presenting cross-selling opportunities across both companies' respective sales, marketing and distribution channels. Its recent participation in the Integumen-led ecowaterOS consortium also recognises the urgent international need for an end-to-end water contamination, detection and decontamination provider network, that offers the ability to supply customers with instantaneous monitoring solutions. Altogether, recent news and initiatives reflect the new dynamism that has been injected into the Company both in terms of ambition, product offering and customer targeting, following its reorganisation.

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