

Microsaic Systems plc ('Microsaic')

Stock Data

Share Price:	0.27p
Market Cap:	£16.4m
Shares in issue:	6,076m
52 week high/low:	1.28p/0.15p

Company Profile

Sector:	Electronic and Electrical Equipment
Ticker:	MSYS
Exchange:	AIM

Group website: www.microsaic.com/

DeepVerge plc ('Deepverge')

Stock Data

Share Price:	31.25p
Market Cap:	£55.8m
Shares in issue:	178.6m
52 week high/low:	70.0p/7.0p

Company Profile

Sector:	Healthcare
Ticker:	DVRG
Exchange:	AIM

Group website: www.deepverge.com

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Microsaic Systems plc DeepVerge plc

Microsaic has signed a non-binding Heads of Terms ('HoT') with Deepverge to enter a multi-year Framework Services Agreement ('Agreement'), which is expected to be signed on or before 31 March 2021. Microsaic will supply miniaturised mass spectrometry equipment and services across Deepverge's sales, marketing and distribution channels for the purpose of quality control and contamination detection in a range of markets. These include Human, Environmental Health and Diversified Industries in which Deepverge already commercially operates, including point of need and laboratory solutions for the chemical, biochemical, biofuel, brewing, biodegradable plastic, biologics and waste-water treatment industries. This highly complementary addition to Deepverge's sales portfolio also opens up opportunities to jointly develop new products, services and technologies, potentially including integration of its AI cloud-based data analytics plus best-in-class engineering. Reflecting further the long-term market opportunities identified through this agreement, Microsaic will also be joining the EcoWaterOS Consortium, an end-to-end real-time water contamination, monitoring, detection and decontamination solutions provider network that was originally launched by Deepverge back on 26 February 2020.

Proposed Framework Services Agreement

Deepverge has agreed a HoT for the sales, marketing and distribution of Microsaic equipment and technology through its global network. This includes provision for an initial order of two units, each worth £50,000, plus up to a £150,000 commitment by DeepVerge to install pilot facilities located in its expanded York, UK laboratories, as was announced on 10 February 2021. Under the Agreement, which is expected to have an initial period of three years, Microsaic will pay an agency commission based on the revenues received from customers introduced by DeepVerge. A Proposed Framework Services Agreement between the two companies will also include laboratory upgrades and product development, which will permit cooperation and collaboration between their respective scientific teams to jointly conceptualise innovations and minimise development costs while accelerating time to market.

The EcoWaterOS Consortium

EcoWaterOS ('Ecological Water Operating System'), is a green-tech data management eco-system that monitors and analyses water for bacterial contamination using artificial intelligence. The consortium, which already comprises Rinocloud AI, Acumen Software, The Nimbus Research Centre, Cork Institute of Technology, Cellulac plc, Modern Water plc, the tcBB Resource Centre, Dell Technologies and now Microsaic, provides a range of clients from water utilities to consumers with real-time monitoring and alerts for contamination of water supplies as well as the provision of services from a network of water decontamination solution providers. For its contribution, Microsaic sees opportunity to introduce knowledge and expertise built-up over 20 years covering the miniaturisation of microchip-based equipment, through which it might further enhance the accuracy and efficiencies of existing products, or alternatively extend the range, offered through the multi-continental consortium.

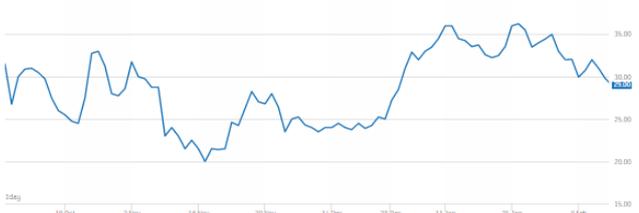
Anticipating evolution of a considerably heightened international focus by governments, their agencies and corporates on full-time monitoring, early/localised detection and alert systems/procedures in a post-Pandemic environment, innovative solutions developed, marketed and distributed through this consortium are expected play an important role in sustaining a healthier environment for global populations urgently seeking to return to some form of normality.

Microsaic delivering on its promises.

As part of its £5.5m equity placing and broker option (‘the Placing’) that was completed on 4 February 2021, Microsaic identified areas to immediately utilise funds raised through the transaction. These included improving commercialisation of its miniaturised product offering, as well as supporting their continued technological development and broadening their related portfolio of services. Today’s announcement confirms the first significant steps toward delivering on these promises, with the Company exploring options to reduce development costs while seeking to accrue higher value recurring revenue streams that are expected to result from heightened global usage and application of mass spectrometry. With two of Deepverge’s directors, Gerry Brandon and Nigel Burton, having also joined Microsaic’s Board as Non-Executive Chairman and Non-Executive Director respectively as part of a reorganisation undertaken at the same time as the Placing, the corporate ambitions of the two enterprises have clearly become highly aligned. The combined offering and related development of their complementary and innovative product ranges, into international markets that only now are starting to anticipate the challenges likely to be faced when trying to sustain a healthy post-Pandemic living environment for their populations, suggests both companies are ideally positioning themselves to secure a share of the long-term opportunity that will inevitably be presented.

In a research note published on 11 January 2021, TPI updated its financial valuation for Deepverge which indicates a revised figure of £140.6m, equivalent to a new share price target of 84.8p. At this time, however, TPI is yet to set a valuation or target share price for Microsaic.

(Please note that TPI’s valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone. Also please note that past performance is not a reliable indicator of future results.)

<p><u>Microsaic Systems plc: Activities</u></p> <p>Founded in 2001, Microsaic Systems plc (‘MSYS’, ‘the Company’) is a high technology company which develops point-of-need mass spectrometers, designed to improve the efficiency of chemical and biological workflows</p>	<p><u>DeepVerge plc: Activities</u></p> <p>DeepVerge plc (‘DVRG’, ‘the Group’), (formerly Integumen plc) is an environmental and life science group of companies that develops and applies AI and IoT technology to analytical instruments for the analysis and identification of bacteria, viruses and toxins.</p>
<p><u>Microsaic Systems plc 1-year share price chart</u></p>  <p style="text-align: right;"><i>Source: LSE</i></p>	<p><u>DeepVerge plc 1-year share price chart</u></p>  <p style="text-align: right;"><i>Source: LSE</i></p>

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