

14 January 2025

**Microsaic Systems plc**

("Microsaic", "Microsaic Systems" or the "Company")

**Operational Update**

Microsaic Systems plc (AIM: MSYS), an international developer and provider of testing solutions for unique and underserved public health and environmental markets, is pleased to present an operational update.

The Company is focused on developing a strong business in the water and environmental testing markets. Given the unique position of its small-scale technologies the Company believes it can become a leading mobile and point-of-use water testing technology provider. The Company's technologies are versatile and can provide testing results in minutes rather than hours and can be characterised as a "lab in a box".

The Company is working on the following operational and product development projects in the water and environmental testing markets, focused on generating early revenues and improvements in gross margins.

**Qatar project update**

The Company is pleased to confirm that we have been advised that a phase two tender for 17 further (in addition to the 27 already installed) Continuous Toxic Monitoring systems (CTMs) is expected after full commissioning and handover to Kahramaa, the client public water utility in Qatar. To comply with this timeline and project funding release by Kahramaa the Company has agreed a modified payment schedule with our installation partner Avanceon. A sum of €87k has been received from Avanceon as part payment of the first tranche invoice of €228k for phase one project installation. The remaining balance is to be paid after consumable items for the existing CTMs are installed. These items are in the process of being shipped to Doha for installation shortly after arrival. After installation of these items the second tranche payment of €228k for completion of phase one of the project will be due in Q1 2025. The phase one contract value is €456k in two tranches of €228k. An extra performance (warranty) amount of €114k is payable over three years giving a total value of €570k. Consumables including Microtox® reagents are supplied at additional cost.

**MicroTox® LX**

Production is ongoing at GX Group in Wales of our newly upgraded laboratory based MicroTox® LX device. We have received an increase from the initial firm orders of 8 units to 13 units. We also have preliminary order requests from our distributors of around 25 further units in H1 2025. We are delighted that substantial enquiries are coming in for this industry standard laboratory device for early screening of toxins in water which utilise the MicroTox® reagent consumables that we manufacture at our York laboratory.

We have also received a pre order payment for a MicroTox® LX from a new customer in Kuwait which is a target country for expanding our sales in GCC countries following on from success in Qatar.

**PFAS Systems**

Polyfluoroalkyl substances (PFAS) are a group of manmade chemicals designed to be non-stick, waterproof, and flame-resistant that have been linked to various health problems, including certain cancers which are of major concern in key markets like the US and increasingly worldwide. The Company sponsored a three and a half year PhD study at Swansea University in Wales which will complete in Q1 2025. The work at Swansea has demonstrated that the Microsaic PFAS analysis system (based on our MiD4500 mini mass spectrometer) is market leading and the only truly mobile unit 'point of use' system in the world for PFAS detection and measuring systems. It has demonstrated accuracy of testing (to levels within legislative limits) over all the commonly known PFAS chemicals including those of emerging concern. More specifically, our PFAS Detector has a unique leading edge capability as it can accurately detect Fluorotelomer Alcohols

specifically our PFAS detector has a unique leading edge capability as it can accurately detect fluoroteromer Alcohols (FTOHs), precursors to many common PFAS species which conventional testing techniques cannot accurately measure. These emerging FTOH chemicals can take generations to break down and have been identified as a "developmental toxicant" damaging to human health particularly children.

With miniaturisation offering portability and a much lower energy usage and carbon footprint, the Microsaic analysis system offers a highly sustainable PFAS Detection system that can be flexibly operated within a laboratory or field environment to help future-proof such pollution measurement. The PFAS Detector is being modified to detect PFAS in both water and soils for comprehensive testing use.

### **Industrial Effluent Discharge Monitoring**

The Company has identified a potentially large but underserved market in online live data monitoring of industrial effluent water discharge. Certain industries utilise large amounts of water and discharge the post usage water into the environment. The Company has a unique CTM technology that can detect toxins within minutes enabling fast shutdown at the point of water discharge if such toxins are detected. As part of our business development strategy, marketing of our CTM technology for this industrial usage is underway.

### **Board Composition**

The Company recognises that good corporate governance is important both for the interests of shareholders and to support the future growth of the business. The Board is committed to strengthening the Board through the addition of at least one sector and UK public company experienced independent non-executive director to the board in early 2025 and discussions are taking place with prospective candidates.

### **Cash**

Save for the changes to the Avanceon payment plan notified above, the Company confirms there has been no material change to its current cash position and cashflow forecasts remain as presented in its H1 2024 Interim Update on 12 November 2024. Current opening cash as of 13 January 2025 is £259k.

Furthermore, the Company is applying for a £80k research and development tax credit for 2023 expenditure.

### **Bob Moore, Microsaic Systems' Acting Executive Chairman, commented:**

*"We are delighted that actual sales and forecast sales of our upgraded Microtox® LX instruments are showing strong growth from an international market. Also we have reinstigated the Qatar project having fully complied with the contract terms and have received an agreed interim payment for phase one. Following the significant investment in our compatible suite of technologies for toxic water testing and PFAS, and one year on from the acquisition of the Modern Water business, we are now demonstrating that the business reset and new model is bringing results with an optimistic outlook for 2025."*

**Microsaic Systems plc**  
Bob Moore, Acting Executive Chairman

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### **About Microsaic Systems Group**

Microsaic is highly experienced in the development, manufacture and supply of microelectronics instrumentation for markets requiring analytical testing in public and environmental health markets. The Company has recently acquired and integrated the assets of Modern Water with Microsaic Systems' technologies resulting in comprehensive water testing and other toxic testing capabilities. Microsaic's products and solutions are commercially available through global markets via a network of regional and country specific distributors and partners.

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