

Microsaic Systems plc

AGM Questions posed by Shareholders

Q Is the Company planning to apply for any Government grant for research into COVID-19, or related areas?

A The Company would certainly consider applying for grants on its own or as part of a consortium for research into COVID-19 and related areas which involved the use of its products. However, as with all funding opportunities, it would depend on the criteria set by the funding provider.

The Company has joined a world-wide consortium which is seeking to further the use of mass spectrometry in tackling COVID-19, and believes its MS technology has considerable potential utility in supporting drug or vaccine development.

Q Is the Company still facing logistical difficulties in exporting its products due to COVID-19?

A As indicated in our announcement in May, COVID-19 has affected the Company's indirect distribution channels including logistics. As restrictions have begun to ease, logistics are less of an issue and we continue to have active dialogue with existing and prospective partners using remote communications tools. With encouraging ongoing partner activity through remote communications and good progress having been made in 2019, Microsaic looks forward to increased business development activity as restrictions ease in due course.

Q Has manufacturing capacity returned to normal or are there still problems due to COVID-19?

A Our manufacturing partner has excellent COVID-19 measures in place, so our ability to manufacture was not affected per se. However, because of weaker demand the Company scaled back production to preserve cash.

Q How much has COVID-19 impacted our Direct Sales strategy in Europe, and do you see any recovery?

A Our direct sales strategy in selected European markets remains the same, but it hasn't been possible to carry out normal direct sales activities during lockdown, which would include physical demonstrations and technical sales support. We have continued to develop a new family of liquid chromatography ("LC") bundled systems, including the nano LC-MS (see RNS, "Collaboration with Axcend") and LC-MS systems.

Q Do you expect the benefit to exceed costs of joining the MS coalition for a COVID-19 solution, and how long is expected for this benefit to accrue?

The Company is a member of the newly formed COVID-19 Mass Spectrometry Coalition and we believe we can contribute to a number of areas, especially in situ analysis where our MS technology has specific advantages. The Company does not see significant costs associated with membership of the coalition and the coalition has identified areas where MS would make a difference including: Omics (proteomics, metabolomics, glycomics and lipidomics); Protein dynamics and interactions; In situ analysis; Data processing curation and open data.

Q Do you expect a permanent decrease in some expenses after the lockdown e.g. reduced travelling, reducing office space? Has this been quantified?

A We implemented cash conservation measures in mid-March to make significant savings across all areas of the business. Some changes are temporary, such as the 20% reduction in staff wages and some office related expenses while on lockdown, and overseas travel (which is likely to remain below historic levels in the short-term). Other changes are of a more permanent nature including: a reduction in planned staff levels, closure of our Oxford facility and a reduction in advisors. The Board believes that these actions have effectively offset the effects of the COVID-19 pandemic on lower sales, with overall net neutral impact on the cash runway to late 2020. With more staff working from home in the future there is the potential for savings on office space in due course. The measures taken have required a sacrifice from our employees and from many of our suppliers, and the Board greatly appreciates the understanding shown by all our stakeholders during this very challenging time.

Q Do you expect a no deal Brexit to impact sales?

A This is a business risk that the Company has considered over recent years. We are still hopeful that the EU and UK can negotiate new trade arrangements by the end of 2020. Apart from any potential macro-economic impact from a no deal Brexit, the Board does not anticipate there will be a material impact on the Company's operations or financial performance. However, there are likely to be extra costs in the form of tariffs and increased administration around logistics if there is a no deal Brexit. The Board is keeping the impact of Brexit under review and will update shareholders as more information becomes available.

Q When can we reasonably expect the first status report from the CPI project?

A As announced in May, the CPI project is running behind schedule due to the response to COVID-19. However, we would hope to give an update in the second half of 2020. We remain excited about this important validation on product and metabolite workflows in bioprocessing and see this as an excellent opportunity to apply our small footprint technology in real time analysis to enable better process and quality control.