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If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, (but not the personalised Form of Proxy), to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact immediately your bank, stockbroker, or other agent through whom the sale or transfer was effected. However, these documents should not be forwarded or transmitted in, into or from the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or any other state or jurisdiction in which release, publication or distribution would be unlawful and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any applicable requirements. Any failure to comply with these restrictions might constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares you should retain this document and the accompanying Form of Proxy.

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## **Microsaic Systems plc**

(Incorporated and registered in England and Wales with company number 03568010)

### **Share Reorganisation**

**Conditional Placing of 5,000,000,000 New Ordinary Shares at 0.1 pence per share,  
Conditional Broker Option of up to 500,000,000 New Ordinary Shares at 0.1 pence per share  
and  
Notice of General Meeting**

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**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.**

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed without amendment, it is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on or around 5 February 2021.

N+1 Singer, which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is acting as nominated adviser to the Company for the purposes of the AIM Rules. N+1 Singer is not acting for any other person in connection with the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of N+1 Singer or for giving advice in relation to the matters referred to in this document. N+1 Singer has not authorised the contents of this document for any purpose and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by N+1 Singer as to any of the contents or the completeness of this document and N+1 Singer does not accept responsibility for this document and accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document.

Turner Pope, which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is acting as placing agent to the Company. Turner Pope is not acting for any other person in connection with the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Turner Pope or for giving advice in relation to the matters referred to in this document. Turner Pope has not authorised the contents of this document for any purpose and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Turner Pope as to any of the contents or the completeness of this document and Turner Pope does not accept responsibility for this document and

accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document.

You are recommended to read the whole of this document but your attention is drawn in particular to the letter from the Chairman of the Company which is set out on pages 12 to 23 inclusive of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. A General Meeting to consider the Resolutions will be held at 10.00 a.m. on 4 February 2021 in no particular place. You are requested to complete, sign and return the enclosed Form of Proxy to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, United Kingdom or [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk) as soon as possible but in any event, in order to be valid, to arrive not later than 10.00 a.m. on 2 February 2021.

**As a result of the public safety measures introduced in response to the COVID-19 pandemic, and measures relating to the conduct of general meetings recently introduced by the Corporate Insolvency and Governance Act, the Board is adopting a number of changes to the traditional running of a General Meeting.**

**The meeting will not be held in any particular place, and shareholders will not be entitled to attend the meeting. Therefore, the Company strongly encourages all Shareholders to submit their Form of Proxy, appointing the Chairman of the General Meeting as proxy.**

Except pursuant to certain limited exceptions which will be determined solely by the Company and/or its advisers, this document may not be published, distributed, forwarded or transmitted, directly or indirectly, in whole or in part, in or into the United States. These materials do not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States.

The New Ordinary Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Ordinary Shares are being offered outside of the United States in reliance on Regulation S. The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Furthermore, the New Ordinary Shares have not been and will not be registered under the applicable laws of any of Canada, Australia, New Zealand, Japan or the Republic of South Africa and, consequently, may not be offered or sold to any national, resident or citizen thereof.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any person who is subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions might constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan, the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

## FORWARD-LOOKING STATEMENTS

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "predict" or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding, or which make assumptions in respect of, the planned use of the proceeds from the Transaction, the Company's liquidity position, the future performance of the Company, future foreign exchange rates, interest rates and currency controls, the future political and fiscal regimes in the overseas markets in which the Company operates, the Company's future financial position, plans and objectives for future operations and any other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals, and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgement and the information available to the Company at the date of this document and are not intended to give any assurance as to future results. These statements have not been reviewed by the Company's auditors. Except as required by the FCA, the London Stock Exchange, the AIM Rules or other applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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## CORPORATE INFORMATION AND ADVISERS

<b>Directors</b>	Peter Grant (Non-executive Chairman) Glenn Tracey (Chief Executive Officer) Bevan Metcalf (Finance Director) Eric Yeatman (Non-executive Director)
<b>Proposed Directors</b>	Gerard Brandon (proposed Non-executive Chairman) Dr. Nigel Burton (proposed Non-executive Director)
<b>Company Secretary</b>	Bevan Metcalf
<b>Company number</b>	03568010
<b>Company website</b>	<a href="http://www.microsaic.com">www.microsaic.com</a>
<b>Registered office</b>	GMS House Boundary Road Woking, GU21 5BX
<b>Auditors</b>	Saffery Champness LLP 71 Queen Victoria Street London, EC4V 4BE
<b>Bankers</b>	HSBC Bank plc 95 Gloucester Road London, SW7 4SX
<b>Solicitors to the Company</b>	Dorsey & Whitney (Europe) LLP 199 Bishopsgate London, EC2M 3UT
<b>Nominated adviser</b>	N+1 Singer 1 Bartholomew Lane London, EC2N 2AX
<b>Placing Agent</b>	Turner Pope Investments (TPI) Ltd 8 Frederick's Place London, EC2R 8AB
<b>Solicitors to the nominated adviser and to the Placing Agent</b>	Walker Morris LLP 33 Wellington Street Leeds, LS1 4DL
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen, B62 8HD

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the General Meeting	19 January 2021
Publication and posting of this document and Form of Proxy	19 January 2021
Latest time and date for exercise of the Broker Option	5.00 p.m. on 22 January 2021
Latest time and date for receipt of Forms of Proxy for the General Meeting	10.00 a.m. on 2 February 2021
Time and date of General Meeting	10.00 a.m. on 4 February 2021
Announcement of result of General Meeting	4 February 2021
Share Reorganisation effective	6.00 pm on 4 February 2021
Creation of the deferred shares	6.00 pm on 4 February 2021
<b>Admission and commencement of dealings in New Ordinary Shares</b>	<b>8.00 a.m. on 5 February 2021</b>
CREST accounts credited in respect of New Ordinary Shares in uncertificated form	5 February 2021
Despatch of definitive share certificates in respect of New Ordinary Shares to be issued in certificated form	week commencing 8 February 2021

### Notes:

- (1) If any of the above times and/or dates change, Shareholders will be notified of the revised times and/or dates by the Company via announcement through a Regulatory Information Service.
- (2) All of the above times refer to London time unless otherwise stated.
- (3) Admission and dealings in the New Ordinary Shares are conditional on, *inter alia*, the passing of the Resolutions at the General Meeting.
- (4) No new certificates will be issued in relation to the Existing Ordinary Shares.

## KEY STATISTICS

### Placing statistics

Existing Ordinary Shares	456,365,146
Nominal value of Existing Ordinary Shares	0.25 pence
Number of New Ordinary Shares following the Share Reorganisation	456,365,146
Number of Deferred Shares following the Share Reorganisation	456,365,146
Nominal value of the New Ordinary Shares following the Share Reorganisation	0.01 pence
Nominal value of the Deferred Shares following the Share Reorganisation	0.24 pence
New Ordinary Shares to be issued as Placing Shares	5,000,000,000
New Ordinary Shares to be issued in respect of the Fees Shares	120,000,000
Enlarged issued share capital following the Share Reorganisation and the issue of the Placing Shares and the Fees Shares	5,576,365,146
Placing Shares and Fees Shares as a percentage of the enlarged issued share capital	91.8 per cent.
Placing Price of New Ordinary Shares to be issued as Placing Shares	0.10 pence
Pro-forma market capitalisation (at the Placing Price) following the Share Reorganisation and the issue of the Placing Shares and the Fees Shares	£5,576,365
Gross proceeds of the Placing	£5,000,000

**Note:**

These placing statistics assume that no further Ordinary Shares or New Ordinary Shares are issued following the date of this document apart from the Placing Shares and Fees Shares, and that no Broker Option Shares are issued.

### Broker Option statistics

Maximum number of Broker Option Shares	500,000,000
Maximum additional gross proceeds from the full exercise of the Broker Option	£500,000
Potential enlarged issued share capital on Admission following the issue of the Placing Shares, Fees Shares and the Broker Option Shares if fully subscribed	6,076,365,146
Placing Shares and Broker Option Shares as a percentage of the potential enlarged issued share capital on Admission	92.5 per cent.

**Note:** These Broker Option statistics assume that no further Ordinary Shares or New Ordinary Shares are issued following the date of this document apart from the Placing Shares and the Fees Shares, and the maximum number of Broker Option Shares are issued.

### Fully Diluted Share Capital statistics

Number of New Ordinary Shares over which Broker Warrants will be issued	997,000,000
Number of New Ordinary Shares over which Director Options and Warrants will be issued	750,000,000
Potential fully diluted share capital assuming that the Broker Warrants and Director Options and Warrants are exercised in full	7,823,365,146

**Note:** These fully diluted share capital statistics do not take into account existing employee share options, which in practical terms have no likelihood of being exercised, or any new share options which may be issued to employees under the Company's existing share option schemes and authorities or any future such schemes.

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006;
<b>“Admission”</b>	the admission of: (i) the New Ordinary Shares as a result of the Share Reorganisation; (ii) the Placing Shares; (iii) the Fees Shares (iv) the Broker Option Shares (if any); and (v) any additional New Ordinary Shares as contemplated by this document, to trading on AIM becoming effective in accordance with the AIM Rules;
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>“Board” or “Directors”</b>	the directors of the Company as at the date of this document whose names appear on page 5;
<b>“Broker Option”</b>	the option granted to Turner Pope by the Company in the Placing Agreement to enable the Company to raise additional funds through the issue of the Broker Option Shares at the Placing Price (in addition to the Placing Shares), details of which are set out in Section 5 of the letter from the Chairman;
<b>“Broker Option Shares”</b>	up to 500,000,000 New Ordinary Shares in respect of which the Broker Option may be exercised;
<b>“Broker Warrant Instrument”</b>	the warrant instrument granting unlisted, transferable warrants over New Ordinary Shares to Turner Pope and to be entered into between the Company and Turner Pope on Admission; a summary of the key terms of which can be found in Section 5 of part 1 of this document;
<b>“Broker Warrants”</b>	transferable (but unlisted) warrants to be issued to JIM Nominees Limited (as nominee on behalf of Turner Pope) to subscribe for up to 997,000,000 New Ordinary Shares, equivalent to 20 per cent. of the Placing Shares, exercisable at the Placing Price for two years from Admission;
<b>“Business Day”</b>	any day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;
<b>“certificated” or “in certificated form”</b>	a share or other security not held in uncertificated form (i.e. not in CREST);
<b>“Company”</b>	Microsaic Systems plc (registered number 03568010);
<b>“CREST”</b>	a relevant system for paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including: (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations for the time being in force;

<b>“Deferred Shares”</b>	deferred shares of 0.24 pence each in the capital of the Company to be in issue upon the Share Reorganisation becoming effective;
<b>“Director Options and Warrants”</b>	the options and warrants over 750,000,000 New Ordinary Shares, to be issued to Directors and Proposed Directors as set out in Section 10 of the Letter from the Chairman in this document;
<b>“Enlarged Issued Share Capital”</b>	the entire issued share capital of the Company immediately following Admission (assuming that the Placing is fully subscribed, the Fees Shares are issued, no Broker Option Shares are issued and assuming that no further Ordinary Shares are issued following the date of this document and prior to completion of the Placing);
<b>“EIS”</b>	Enterprise Investment Scheme (as such term is used under Part 5 of the Income Tax Act 2007);
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Executive Directors”</b>	Glenn Tracey and Bevan Metcalf;
<b>“Existing Articles”</b>	the existing articles of association of the Company available via the Rule 26 information section of the Company’s website;
<b>“Existing Ordinary Shares”</b>	the 456,365,146 Ordinary Shares in issue on the date of this document, all of which are admitted to trading on AIM;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“Fees Shares”</b>	120,000,000 New Ordinary Shares to be issued in aggregate in respect of (i) fees due to Turner Pope for its first year of broking services to be provided to the Company; and (ii) the first year’s fees of the Proposed Directors in accordance with the Proposed Directors’ service contracts;
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting;
<b>“FSMA”</b>	Financial Services and Markets Act 2000 (as amended);
<b>“General Meeting”</b>	the general meeting of the Company convened for 10.00 a.m. on 4 February 2021, notice of which is set out at the end of this document;
<b>“IFRS”</b>	International Financial Reporting Standards, as adopted by the European Union;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Money Laundering Regulations”</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended);
<b>“Notice”</b>	the notice convening the General Meeting set out at the end of this document;
<b>“N+1 Singer”</b>	Nplus1 Singer Advisory LLP (and its affiliates) (registered number OC364131), acting as nominated adviser to the Company;

<b>“New Ordinary Shares”</b>	the ordinary shares of 0.01 pence each in the capital of the Company to be in issue upon the Share Reorganisation becoming effective;
<b>“Ordinary Shares”</b>	the existing ordinary shares of 0.25 pence each in the share capital of the Company;
<b>“Placees”</b>	subscribers for Placing Shares and/or Broker Option Shares;
<b>“Placing”</b>	the placing of Placing Shares at the Placing Price pursuant to the Placing Agreement to certain institutional and other investors;
<b>“Placing Agent”</b>	Turner Pope;
<b>“Placing Agreement”</b>	the conditional placing agreement dated 19 January 2021 between the Company, Nplus1 Singer Capital Markets Limited and Turner Pope relating to the Placing and the Broker Option;
<b>“Placing Price”</b>	0.1 pence per New Ordinary Share;
<b>“Placing Shares”</b>	5,000,000,000 New Ordinary Shares conditionally placed with certain investors pursuant to the Placing Agreement;
<b>“Proposed Directors”</b>	Gerard Brandon and Dr. Nigel Burton;
<b>“Registrar”</b>	Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD;
<b>“Regulation S”</b>	Regulation S under the Securities Act;
<b>“Regulatory Information Service”</b>	a service approved by the FCA for the distribution to the public of regulatory announcements and included within the list maintained on the FCA’s website;
<b>“Resolutions”</b>	the resolutions being put to Shareholders in order to give effect to the Transaction, which are set out in the Notice at the end of this document;
<b>“Restricted Jurisdictions”</b>	the United States, Canada, Australia, Japan and the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing would breach any applicable law;
<b>“Sale Shares”</b>	up to 54,629,838 existing Ordinary Shares to be sold by the Selling Shareholder;
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended;
<b>“Selling Shareholder”</b>	Parkwalk Advisors Ltd;
<b>“Share Reorganisation”</b>	the proposed subdivision, re-designation and consolidation of the Existing Ordinary Shares which will result in each Existing Ordinary Share with a nominal value of 0.25 pence becoming one (1) New Ordinary Share with a nominal value of 0.01 pence and one (1) Deferred Share with a nominal value of 0.24 pence, further details of which are set out in Section 5 of the Letter from the Chairman in this document;
<b>“Shareholders”</b>	holders of Ordinary Shares;

<b>“Transaction”</b>	the Share Reorganisation, the Placing, the Broker Option, the Broker Warrants, allotment of Fees Shares and the proposed Board changes;
<b>“uncertificated” or “uncertificated form”</b>	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“Turner Pope”</b>	Turner Pope Investments (TPI) Ltd (registered number 09506196), acting as placing agent to the Company;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions and the District of Columbia.
<b>“VCT”</b>	a venture capital trust under Part 6 of the Income Tax Act;
<b>“VCT/EIS Shares”</b>	such number of Placing Shares and/or Broker Option Shares to be allotted and issued to certain VCTs or to certain persons seeking to invest in “eligible shares” for the purpose of the EIS.

**PART 1 – LETTER FROM THE CHAIRMAN**

# **Microsaic Systems plc**

(Incorporated and registered in England and Wales with company number 03568010)

*Directors:*

Peter Grant (Non-executive Chairman)  
Glenn Tracey (Chief Executive Officer)  
Bevan Metcalf (Finance Director)  
Eric Yeatman (Non-executive Director)

*Registered office:*

GMS House  
Boundary Road  
Woking  
Surrey  
GU21 5BX

19 January 2021

**To Shareholders and, for information only, to the holders of options over Ordinary Shares**

Dear Shareholder,

## **Share Reorganisation**

**Conditional Placing of 5,000,000,000 New Ordinary Shares at 0.1 pence per share, Conditional Broker Option of up to 500,000,000 New Ordinary Shares at 0.1 pence per share and Broker Warrants of up to 997,000,000 New Ordinary Shares at 0.1 pence per share**

**and**

## **Notice of General Meeting**

### **1. INTRODUCTION**

The purpose of this document is to explain the background to, reasons for and details of the proposed Transaction, as announced on 19 January 2021 to raise between £5.0 million and £5.5 million before expenses for the Company through the issue of New Ordinary Shares. It also sets out why the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the forthcoming General Meeting.

The Transaction is, amongst other things, conditional upon each of the Resolutions being passed at the forthcoming General Meeting and includes:

- a Placing with certain institutional and other investors, to raise £5.0 million before expenses through the issue of up to 5,000,000,000 New Ordinary Shares at the Placing Price of 0.1 pence per New Ordinary Share (referred to in this document as the “Placing Shares”). The Placing Price is at a discount of approximately 50 per cent. to the closing middle market price of 0.2 pence per Existing Ordinary Share on 15 January 2021, being the latest practicable date prior to the publication of this document;
- a Broker Option whereby Turner Pope may conditionally allocate up to 500,000,000 New Ordinary Shares (in addition to the Placing Shares) (the “Broker Option Shares”) at the Placing Price in order to give the flexibility to meet any additional demand for New Ordinary Shares arising during the period from the announcement of the Transaction up to 5.00 p.m. on 21 January 2021;
- the issuance of the Fees Shares, whereby (i) 35,000,000 New Ordinary Shares are to be issued at the Placing Price in respect of the first year of fees due to Turner Pope for the provision of its broking services to the Company and (ii) 85,000,000 New Ordinary Shares are to be issued at the Placing Price in settlement of the first year’s fees of the Proposed Directors;
- the issuance of Broker Warrants, whereby transferable warrants are issued to JIM Nominees Limited (as nominee on behalf of Turner Pope) for up to 997,000,000 New Ordinary Shares, equivalent to 20 per cent. of the Placing Shares issued, exercisable at the Placing Price for two years from Admission, as part of the consideration payable to Turner Pope for its services as placing agent to the Transaction;
- proposed Board changes (Proposed Directors being appointed on the terms summarised in Section 9 below), and proposed Director Options and Warrants over 750,000,000 New Ordinary Shares on the

terms and subject to the performance condition set out in Section 10 below; and

- a Share Reorganisation, further details of which are set out in Section 5 below, to enable shares to be issued at the Placing Price, which is below the current nominal value of the Ordinary Shares.

The proceeds receivable by the Company from the Transaction on Admission amount to £5.0 million (before expenses) and approximately £4.6 million (net of expenses) (assuming that no Broker Option Shares are issued). If the Broker Option Shares are issued in full, the proceeds receivable by the Company from the Transaction amount to £5.5 million (before expenses) and approximately £5.0 million (net of expenses).

At the end of this document, you will find a Notice of the General Meeting at which the Resolutions will be proposed to approve the Transaction. The General Meeting has been convened for 10.00 a.m. on 4 February 2021. As explained in the Notice, due to the current restrictions relating to COVID-19 the meeting will not be held in any particular place, and shareholders will not be entitled to attend the meeting but are encouraged to cast their votes by proxy to arrive no later than 10.00 a.m. on 2 February 2021. Instructions for voting can be found in Section 14 below.

If approved, the Resolutions would provide the Directors with the authority to allot the Placing Shares, the Fees Shares, the Broker Option Shares and to satisfy in full the prospective issuance of New Ordinary Shares arising from the exercise of the Broker Warrants, Director Options and Warrants, and to dis-apply statutory pre-emption rights in respect thereof. They also include Resolutions to appoint the Proposed Directors, as set out in Section 9 below and to approve the Share Reorganisation, including certain required amendments to the Existing Articles, as set out in Section 5 below.

The Transaction is conditional, *inter alia*, on: (i) the passing by Shareholders of all of the Resolutions at the General Meeting; (ii) the Placing Agreement not having been terminated and becoming unconditional in all respects save for Admission; and (iii) Admission having become effective by no later than 8.00 a.m. on 5 February 2021 (or such time and date as the Company, N+1 Singer and Turner Pope may agree, being no later than 8.00 a.m. on 19 February 2021). Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that Admission will occur on or around 5 February 2021.

**In the event that Shareholders do not approve all the Resolutions or the Transaction does not proceed for any other reason, and in the absence of any other transaction, the Company would be likely to be placed into administration or liquidation. In such circumstances, there can be no assurance that Shareholders would realise any value for their shares in the Company. Shareholders are, therefore, urged to vote in favour of the Resolutions, which the Directors consider to be in the best interests of the Shareholders of the Company as a whole.**

## 2. BACKGROUND

On 29 July 2020, the Company announced that it had appointed BDO LLP as its financial adviser to undertake a Strategic Review, including a formal sale process as defined under the City Code on Takeovers and Mergers.

On 22 December 2020, the Company announced the end of the formal sale process and the appointment of KRE Corporate Recovery Limited (“KRE”) to offer the business and assets of the Company for sale, a process expected to run until around the end of January 2021. The announcement noted that:

*“At this time, no party has been identified which is prepared to make an offer for the Company, or its business and assets and there can be no certainty that any transaction will be concluded, nor as to the terms on which any form of transaction would be made. A sale of the business and assets might involve an administration process.”*

*“It is possible (but not certain) that a sale of the Company's business and assets may be effected following the appointment of an administrator. In the event that KRE identifies that the sale of the Company's business and assets is unlikely to generate incremental value for creditors or other stakeholders, the Board would have to initiate steps to appoint a liquidator to wind-up the Company's affairs. Any appointment of an administrator or liquidator would be likely to trigger immediate suspension of the Company's shares from admission to trading on AIM. In addition, if the Company were to go into administration or liquidation, additional costs would be incurred*

*and liabilities may accelerate or crystallise which would diminish the potential realisations for stakeholders.”*

With the announcement of the Transaction today and the likelihood of substantial funding being available to the Company through the Placing, the Board has halted the process which was being run by KRE.

### **3. COMPANY OVERVIEW**

#### ***About the Company***

Founded in 2001, Microsaic Systems is a high technology company which develops point-of-need mass spectrometers (“MS”), designed to improve the efficiency of chemical and biological workflows.

The Company was initially established to develop miniaturised MS instruments based on micro-electro-mechanical systems (MEMS) technology originating at the highly regarded Optical and Semiconductor Devices Group at Imperial College London.

The Company has been based at headquarters in Woking, UK since September 2004 and its shares were admitted to trading on AIM in April 2011.

Since being established in 2001, the Company has invested substantially in core intellectual property specific to its miniaturised MS, with over 60 patents in chip based, compact MS. The Company has sold over 160 instruments to date.

To date the Company has signed over ten commercial partners, including in North America, Europe, China, SE Asia and Japan, with the majority of signings occurring in 2018 and 2019.

#### ***Recent trading***

In 2019 the Company increased its revenues by over 50 per cent. compared with 2018, and significantly improved its margins in the second half of 2019 through focus on key markets and targeted sales.

As announced with the interim results on 2 September 2020, despite the significant progress made in 2019, the performance in H1 2020 was significantly impacted by the COVID-19 pandemic, with travel restrictions, many customer sites being closed and investment decisions postponed. These conditions also prevailed throughout the second half of 2020.

Faced by these unprecedented conditions, the Company’s Directors and employees have supported steps taken to protect the future of the Company by agreeing to a temporary pay reduction and home working where possible. In addition, costs were saved during 2020 by making use of the UK Government’s furlough scheme and a number of staff and non-payroll cost reductions were implemented, whilst retaining appropriate skills and resources to be able to continue to sell products and to support new and existing customers and partners.

As a result of the COVID-19 pandemic, revenues in the first half year of 2020 were focused on the continuing sales of consumables, spare parts and service and support income to existing customers and partners and totalled £72k (H1 2019: £328k).

In the second half of 2020, although two unit sales were made, revenues continued to be focussed on the continuing sales of consumables, spare parts and service and support income to existing customers and partners. However, a growing pipeline of opportunities has been generated especially in markets which are currently less affected by the COVID-19 pandemic.

As at 31 December 2020, the Company had net cash of approximately £398k and the business has continued to be operated in a manner which conserves cash in order to protect the interests of creditors and other stakeholders.

### **4. USE OF PROCEEDS**

The Company intends to use the funds raised from the Transaction to:

- i. fund the commercialisation of Microsaic's current miniaturised products and services;
- ii. provide funds to further develop Microsaic's product and service portfolio; and
- iii. fund general working capital purposes.

Following the completion of the proposed Transaction, the new Board of Directors will explore options that may contribute to lower development costs and have the potential to increase higher value recurring revenue streams that include:

- collaboration, co-operation and joint development partnerships based on further advances to the Microsaic technology;
- investigation of greater use of maintenance contracts which are treated as operating expenditure for clients;
- development and in-licence of new services that offer advanced data aggregation and analysis which may support an increase in average revenue per client; and
- extending sales, marketing and distribution agreements on a shared revenue basis with existing clients and external partners in the life sciences and environmental services sector.

This reflects a belief that a natural next step for the Company goes beyond just selling equipment and includes many service-based opportunities across life and environmental science, with distribution channel partners which can provide global reach and form part of a supply chain that contributes to solving large scale problems.

## **5. INFORMATION ON THE TRANSACTION**

### ***Details of the Share Reorganisation***

The Placing Price is below the nominal value of the Existing Ordinary Shares. The Company is not permitted by law to issue shares at a price which is below their nominal value. Therefore, in order to create a nominal value for a share which is below the Placing Price, the Board is proposing the Share Reorganisation. The proposed Share Reorganisation will comprise:

- a) the sub-division and re-designation of every Existing Ordinary Share of 0.25 pence each into: (i) one (1) ordinary share of 0.01 pence each; and (ii) twenty-four (24) deferred share of 0.01 pence each; and
- b) the immediate consolidation of every twenty four (24) deferred shares of 0.01 pence each arising under (a) above into one (1) deferred share of 0.24 pence.

Each New Ordinary Share will carry the same rights as each Existing Ordinary Share does at present under the Existing Articles. No new certificates will be issued in relation to the Existing Ordinary Shares, and the existing share certificates will remain valid entitling the registered holder to the same number of New Ordinary Shares. If you hold your Existing Ordinary Shares in uncertificated form (that is, in CREST), you should expect to have your CREST account adjusted to reflect your entitlement to New Ordinary Shares as soon as practicable after the Share Reorganisation takes effect. Existing Ordinary Shares credited to any stock account in CREST will be disabled and all Existing Ordinary Shares will be removed from CREST in due course.

Each Deferred Share will have very limited rights and will effectively be valueless. CREST accounts of Shareholders will not be credited in respect of any entitlement to Deferred Shares and no share certificates will be issued in respect of Deferred Shares.

The Deferred Shares will have the rights and restrictions as set out in the Amended Articles (as such term is defined in the Notice), which do not entitle their holders to receive notice of or attend or vote at any general meeting of the Company or to receive a dividend or other distribution and provide the Company with the

authority to transfer them at effectively nil consideration per Deferred Share to a custodian nominated by the Company.

Immediately following the passing of all of the Resolutions, the Company will implement the Share Reorganisation and make an application for admission of its New Ordinary Shares to trading on AIM, including the Placing Shares, the Fees Shares and any Broker Option Shares.

#### **Details of the Placing**

The Placing is conditional, *inter alia*, on:

- (i). all the Resolutions being passed without amendment at the General Meeting;
- (ii). the Company allotting, subject only to Admission, the Placing Shares and the Broker Option Shares (if any) in accordance with the Placing Agreement;
- (iii). Admission becoming effective by no later than 8.00 a.m. on 5 February 2021 (or such other time and/or date, being no later than 8.00 a.m. on 19 February 2021, as N+1 Singer, Turner Pope and the Company may agree);
- (iv). the conditions in the Placing Agreement being satisfied or (if applicable) waived; and
- (v). the Placing Agreement not having been terminated in accordance with its terms prior to Admission.

The Placing Shares will be credited as fully paid and will rank *pari passu* in all respects with the New Ordinary Shares then in issue, including the right to receive all future distributions, declared, paid or made in respect of the New Ordinary Shares from the date of Admission. The Placing Shares will represent approximately 89.7 per cent. of the Enlarged Issued Share Capital, if no Broker Option Shares are issued.

None of the Directors nor the Company give any warranty or undertaking that a subscription for VCT/EIS Shares (i) is a qualifying holding for the purposes of Part 6 of the Income Tax Act 2007, or that such qualifying status will not be withdrawn; or (ii) would be regarded as “eligible shares” for the purposes of Part 5 of the Income Tax Act 2007, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status or the status of any investment in New Ordinary Shares. Investors considering taking advantage of any of the reliefs available to VCTs or under EIS should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances and what they are required to do in order to claim any reliefs (if available). As the rules governing VCT and/or EIS reliefs are complex and interrelated with other legislation, if any potential investors are in any doubt as to their tax position, require more detailed information than the general outline above or as set out in Part 2 of this document, or are subject to tax in a jurisdiction other than the UK, they should consult their professional advisers.

Application will be made for the Placing Shares, the Fees Shares and the Broker Option Shares (if any) to be admitted to trading on AIM following the approval of the Resolutions. The Placing is expected to become effective by no later than 8.00 a.m. on 5 February 2021. Settlement of the Placing Shares and Broker Option Shares (if any) is expected to take place within the CREST system following Admission.

It is expected that CREST accounts of the Placees who hold their Ordinary Shares in CREST will be credited with their Placing Shares and/or Broker Option Shares (if any) on 5 February 2021. In the case of Placees holding Ordinary Shares in certificated form, it is expected that certificates will be dispatched during the week commencing 8 February 2021.

The Placing is not being underwritten and the Placing Shares and Broker Option Shares are not subject to clawback.

#### **Details of the Broker Option**

The Company has granted the Broker Option to Turner Pope to enable the Company to raise additional funds in the event of there being additional demand under the Placing. The Broker Option enables Turner Pope to procure subscribers for up to 500,000,000 Broker Option Shares, at the Placing Price, which they may use to

satisfy additional demand for New Ordinary Shares. Turner Pope may exercise the Broker Option during the period from the date of this document (on more than one occasion if partially exercising) at any time up to 5.00 p.m. on 22 January 2021. The allotment and issue of the Broker Option Shares is subject to the Placing proceeding and all Resolutions having been passed, amongst other things.

Any issue of Broker Option Shares will be made on the same terms and conditions as the issue of the Placing Shares. The Broker Option Shares are not being offered to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

The Broker Option Shares, if and when issued, will be credited as fully paid and will rank *pari passu* in all respects with the New Ordinary Shares then in issue, including the right to receive all future distributions, declared, paid or made in respect of the New Ordinary Shares from the date of Admission. If the Broker Option is fully exercised, the Broker Option Shares arising will represent approximately 8.2 per cent. of the Enlarged Issued Share Capital as further increased by the full issuance of the Broker Option Shares.

#### ***Details of the Fees Shares***

The Fees Shares comprise:

- (a) 35,000,000 New Ordinary Shares to be issued at the Placing Price in respect of £35,000 in the first year of fees, paid in advance, due to Turner Pope for the provision of its broking services to the Company following Admission, upon which it will be appointed as joint broker to the Company; and
- (b) 85,000,000 New Ordinary Shares to be issued at the Placing Price in respect of the first year's fees of the Proposed Directors, paid in advance, as set out in Section 9.

The issue of the Fees Shares reflects the agreement of Turner Pope and the Proposed Directors, in each case under the terms of the relevant agreements with the Company described below, to accept New Ordinary Shares in satisfaction of amounts owed to them by the Company for the provision of services. The Fees Shares will be issued shortly following Admission, credited as fully paid and will rank *pari passu* in all respects with the New Ordinary Shares then in issue, including the right to receive all future distributions, declared, paid or made in respect of the New Ordinary Shares from the date of Admission. The Fees Shares will represent approximately 2.2 per cent. of the Enlarged Issued Share Capital, if no Broker Option Shares are issued, or approximately 2.0 per cent. of the Enlarged Issued Share Capital as further increased if the Broker Option is exercised in full.

#### ***Details of the Broker Warrants***

Pursuant to the terms of the Broker Warrant Instrument, the Company will, conditional upon Admission, grant to JIM Nominees Limited (as nominee on behalf of Turner Pope) warrants to subscribe for up to 997,000,000 New Ordinary Share, which represents 20 per cent. of the Placing Shares excluding Director subscriptions. The exercise price of the Broker Warrants shall be the Placing Price and the Broker Warrants shall be capable of exercise for a period of two years from Admission. The Broker Warrants will not be listed, but are transferable and any transfers must be registered with the Company. The Broker Warrants are exercisable by new holders on the same terms as they could be exercised by Turner Pope, subject to such new holders having been registered as warrant holders in accordance with the transfer terms of the Warrant Instrument.

## **6. PLACING AGREEMENT**

The Company has entered into the Placing Agreement with each of N+1 Singer and Turner Pope, pursuant to which N+1 Singer has agreed to act as nominated adviser in connection with the Transaction and Turner Pope has agreed (as the Company's placing agent) to use reasonable endeavours to procure places for the Placing Shares at the Placing Price. The Company has also granted the Broker Option to Turner Pope, although Turner Pope is not obliged to use reasonable endeavours to procure places for Broker Option Shares. The Placing Price represents a discount of approximately 50 per cent. to the closing mid-market price of 0.2 pence per Ordinary Share on 15 January 2021, being the latest practicable date prior to the publication of this document.

The Placing Agreement contains customary warranties given by the Company to N+1 Singer and Turner Pope as to matters relating to the Company and its business and a customary indemnity given by the Company to N+1 Singer and Turner Pope in respect of liabilities arising out of or in connection with the Transaction. Each of N+1

Singer and Turner Pope is entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any of the warranties are found not to be true or accurate or to be misleading in any respect or on the occurrence of certain *force majeure* events.

The Placing Shares are not being offered to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

## 7. DIRECTORS' AND PROPOSED DIRECTORS' PARTICIPATION IN THE PLACING AND THEIR RESULTING INTERESTS IN THE COMPANY

The Executive Directors and Proposed Directors propose to subscribe for an aggregate of 135,000,000 Placing Shares, representing approximately 2.7 per cent. of the Placing Shares. Immediately following Admission (assuming the issue of the Fees Shares but that no Broker Option Shares are issued), the Executive Directors and Proposed Directors will together hold an aggregate of 222,350,000 Ordinary Shares, representing 3.99 per cent. of the Enlarged Issued Share Capital, as set out in the table below. This figure decreases to 3.66 per cent. of the Enlarged Issued Share Capital as further increased if the Broker Option is exercised in full.

<i>Director</i>	<i>Number of Ordinary Shares held as at the date of this document</i>	<i>Number of Placing Shares subscribed for</i>	<i>Number of Fees Shares to be paid</i>	<i>Resulting number of New Ordinary Shares held immediately following Admission<sup>1</sup></i>	<i>Resulting holding as a percentage of the Enlarged Issued Share Capital</i>
<u>Executive Directors</u>					
Glenn Tracey	800,000	5,000,000	-	5,800,000	0.10%
Bevan Metcalf	1,050,000	10,000,000	-	11,050,000	0.20%
<u>Proposed Directors</u>					
Gerard Brandon	-	90,000,000 <sup>2</sup>	50,000,000	140,000,000	2.51%
Dr. Nigel Burton	500,000	30,000,000	35,000,000	65,500,000	1.17%

<sup>1</sup> The above excludes the 9,420,000 unexercised but out-of-the-money options over Ordinary Shares held at the date of this document by Directors Glenn Tracey and Bevan Metcalf, as disclosed in the 2019 Annual Report. The intention is that these options will be cancelled prior to the options described in Section 10 below being granted.

<sup>2</sup> This figure includes a subscription of 50,000,000 shares by a person closely associated with Gerard Brandon.

## 8. RELATED PARTY TRANSACTIONS

The Directors' and the Proposed Directors' aggregate participation in the Placing and their aggregate incentivisation arrangements set out in Sections 9 and 10 below are deemed to constitute a related party transaction pursuant to Rule 13 and Rule 16 of the AIM Rules.

Furthermore, Unicorn Asset Management, a substantial shareholder in the Company (and therefore a related party of the Company for the purposes of the AIM Rules), has subscribed for 600,000,000 Placing Shares at the Placing Price. The participation by Unicorn Asset Management in the Placing is deemed to be a related party transaction pursuant to Rule 13 of the AIM Rules.

The Director independent of the Placing and the incentivisation arrangements, being Peter Grant (Non-executive Chairman), considers, having consulted with the Company's nominated adviser that the terms of the Directors' and the Proposed Directors' aggregate participation and incentivisation arrangements, and those of the participation of Unicorn Asset Management in the Placing, are fair and reasonable insofar as the Company's shareholders are concerned.

## 9. PROPOSED BOARD CHANGES

Conditional on the approval of the Resolutions at the General Meeting and Admission, and subject always to the satisfactory discharge by N+1 Singer of its obligations under the AIM Rules for Nominated Advisers in respect of the board changes, it is intended that Gerard Brandon will join the Board as Non-executive Chairman and Dr. Nigel Burton will join the Board as a Non-executive Director, in each case immediately upon completion of the proposed Placing, also at which time the current Non-executive Chairman, Peter Grant and Non-executive Director, Eric Yeatman, will step down from the Board. Eric Yeatman will be retained as a consultant. Peter Grant will receive three months' pay in lieu of notice on stepping down as a Director in line with his service agreement. Eric Yeatman will receive no termination payment for stepping down as a Director.

The proposed board recognises the importance of good governance arrangements. Following the changes detailed above, the Board intends to initiate a process to identify and appoint an independent Non-executive Director with a view to making an appointment as soon as reasonably practicable and ideally within 6 months following Admission, subject to finding an appropriate candidate with relevant experience. Further consideration will be given to appointing a second independent Non-executive Director following the anniversary of completion of the Transaction and before the Company's 2022 annual general meeting.

On their appointment to the Board, it is proposed that both the Finance & Audit and Remuneration Committees will be chaired by Dr. Nigel Burton, and Gerard Brandon will be a member of both committees. Dr. Nigel Burton will assume the responsibilities of Senior Non-Executive Director. These arrangements will be reviewed when an independent Non-executive Director joins the Board.

### Gerard Brandon

Gerard Brandon is Chief Executive Officer of both DeepVerge plc and Cellulac plc. In 1996 he became founder and CEO of Alltracel Pharmaceuticals PLC, where he built a team that oversaw numerous patents granted on refined cellulose. Alltracel was admitted to trading on AIM in 2001. In 2004, he was appointed as a Managing Partner for Farmabrand Private Equity. In March 2020, he was appointed as a Non-executive Chairman to Modern Water plc, which was subsequently acquired by DeepVerge plc in November 2020. He is a Fellow of the Ryan Academy of Entrepreneurs in Dublin.

### Dr. Nigel Burton

Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. Nigel is currently a Non-executive Director of LSE listed BlackRock Throgmorton Investment Trust plc as well as AIM quoted companies Digitalbox plc, eEnergy Group plc and Mobile Streams plc. In February 2020, he was appointed as a Non-executive Director of Modern Water plc, which was subsequently acquired by DeepVerge plc in November 2020 following which he became a Non-executive Director of DeepVerge plc.

### *Proposed remuneration and terms for the Proposed Directors*

Proposed Director	Position	Appointment term	Annual Remuneration	Number of Fees Shares to be issued on Admission for first year of service	Number of New Ordinary Shares to be issued for second year of service	Number of Director Warrants to be issued (see Section 10 below)
Gerard Brandon	Non-executive Chairman	Three years, subject to three months' notice*	£50,000	50,000,000	50,000,000	250,000,000
Nigel Burton	Non-executive Director, Chairman of the Finance & Audit Committee and Chairman of the Remuneration Committee	Three years, subject to three months' notice*	£35,000	35,000,000	35,000,000	200,000,000

- \* Notice cannot be given by the Proposed Directors during the first two years of their appointment except to the end of the period to which their fees have been paid in advance.

Summary details of the letters of appointment to be entered into between the Company and each of the Proposed Directors prior to Admission are set out below:

- To make the most effective use of the proceeds, each of the Proposed Directors has agreed that for each of the first two years of their appointment, the relevant fee will be paid annually in advance and the cash payment owed by the Company to each of the Proposed Directors will be satisfied by the issue of such number of New Ordinary Shares as equals the annual remuneration set out in the table above divided by the Placing Price (“Director Fees Shares”), subject to payment by the Proposed Director of all necessary employee’s taxes and social charges. Thereafter, fees will be paid in cash monthly in arrears.
- It is intended that the gross fees for the entire first year will be satisfied by issuing New Ordinary Shares to each of the Proposed Directors at the Placing Price on Admission, with each of the Proposed Directors reimbursing the Company in cash for the employee national insurance and PAYE taxes due in respect of those fees. A similar mechanism will apply for the second year fees.
- In the event that the appointment of a Proposed Director terminates for any reason within the first or second year of service, the relevant Proposed Director will reimburse the Company in cash for the gross value of any over-payment for that year calculated on a pro-rata basis.
- The appointment of each Proposed Director is for an initial term of three years and can be terminated by either party upon three months’ notice (although the Proposed Directors cannot give notice to terminate their appointment prior to the end of any twelve-month period during which they have been remunerated annually in advance in shares) or immediately by the Company in certain circumstances.
- In the event that a third-party takes direct or indirect beneficial ownership of more than 50 per cent. of the share capital, voting rights or assets of the Company or the right to direct the affairs of the Company (a “Change of Control”) for a consideration per share which is at least a 100% premium to the Placing Price, the annual fees for the second year’s service (to the extent that any amount has not already been paid) will become payable by the Company in cash as soon as the transaction leading to the Change of Control becomes unconditional and any reimbursement obligation of advance payment shall not apply in the event of termination after the Change of Control. This payment will be satisfied by the issuance to the Proposed Directors of Director Fees Shares.

The terms of appointment for each of Glenn Tracey and Bevan Metcalf remain as reported in the 2019 Annual Report. A temporary 20 per cent. reduction in pay implemented in April 2020 for all Directors and employees will cease to have effect from the date of Admission and for payments made after that time their remuneration, including that of Glenn Tracey and Bevan Metcalf, will revert to their normal contractual pay.

## 10. PROPOSED DIRECTOR OPTIONS AND WARRANTS

To incentivise the new Board appropriately, the following Director Options and Warrants will be awarded subject to the Transaction being unconditional in all respects save for Admission. These options and warrants will be exercisable at the Placing Price for 5 years from the Admission, provided that the New Ordinary Shares have traded at a Volume Weighted Average Price (VWAP) at or above a 50 per cent. premium to the Placing Price for 20 consecutive Business Days, or on a change of control of the Company.

Director	Number of New Ordinary Shares subject to Director Options	Number of New Ordinary Shares subject to Director Warrants
Glenn Tracey	150,000,000	
Bevan Metcalf	75,000,000	
Eric Yeatman <sup>1</sup>		75,000,000
Gerard Brandon		250,000,000
Dr. Nigel Burton		200,000,000

<sup>1</sup> Following completion of the Transaction, Professor Eric Yeatman, a founder director of the Company, will step down from the Board but will be retained as a consultant.

The Director Options and Warrants will be subject to the terms of the Company's Share Option Schemes, which contains customary conditions including in respect of good/bad leavers and change of control of the Company.

In aggregate, the 750,000,000 New Ordinary Shares subject to Director Options and Warrants represent 13.4 per cent. of the Enlarged Issued Share Capital (i.e. after the issue of the Placing Shares and the Fees Shares). This figure reduces to 9.6 per cent. of the Enlarged Issued Share Capital as further increased by the exercise in full of the Broker Option, the Broker Warrants, and the Director Options and Warrants (and assuming no other issuance, including such as that which may arise from the exercise of other options which may be granted to other employees in future).

## **11. SELLING SHAREHOLDER**

Turner Pope has agreed (as the Selling Shareholder's agent) to use reasonable endeavours to procure places for the Sale Shares at the Placing Price. The placing of the Sale Shares is conditional on Admission. The Placing is not conditional on the placing of the Sale Shares. The Selling Shareholder has undertaken to the Company and Turner Pope that it will vote all the Ordinary Shares it controls in favour of the Resolutions.

## **12. RISK FACTORS**

The attention of Shareholders is drawn to the risk factors set out in Part 2 of this document, which provide additional information on the Transaction and the context in which it is taking place.

## **13. GENERAL MEETING**

A Notice convening the General Meeting for 10.00 a.m. on 4 February 2021 is set out at the end of this document. The business to be considered at the General Meeting is set out in the Notice.

### ***Explanation of the Resolutions***

The Placing Price is below the nominal value of the Existing Ordinary Shares. The Company is not permitted by law to issue shares at a price which is below their nominal value. Additionally, the Company does not currently have sufficient authority to allot shares under the Companies Act 2006 (the "Act") to effect the Transactions. Accordingly, the Resolutions, summarised below, are being proposed at the General Meeting to approve the Share Reorganisation and to ensure that the Directors have sufficient authority to allot and issue the New Ordinary Shares to be issued on a non-pre-emptive basis.

Resolution 1 is a special resolution, the passing of which is conditional on the passing of Resolutions 2 to 6, to amend the articles of association of the Company to reflect the rights and restrictions attaching to the Deferred Shares;

Resolution 2 is an ordinary resolution, the passing of which is conditional on the passing of Resolutions 1 and 3 to 6, to approve the sub-division, re-designation and consolidation of each Ordinary Share into (a) one ordinary share of 0.01 pence each in the capital of the Company and (b) one (1) deferred share of 0.24 pence in the capital of the Company;

Resolution 3 is an ordinary resolution, the passing of which is conditional on the passing of Resolutions 1, 2 and 4 to 6, to grant the Directors authority pursuant to section 551 of the Act to issue equity securities up to an aggregate nominal amount of £800,000;

Resolution 4 is a special resolution, the passing of which is conditional on the passing of Resolutions 1 to 3 and 5 and 6, to empower the Directors, pursuant to section 570 of the Act, to allot equity securities up to a maximum aggregate nominal amount of £800,000 on a non-pre-emptive basis (i) pursuant to the Transaction; (ii) for the purpose of issuing Director Fees Shares for the Proposed Directors' second year of service; (iii) to grant further options and/or warrants under the Company's Share Option Schemes; (iv) for general corporate purposes; and/or (v) for acquisitions or specified capital investments;

Resolution 5 is an ordinary resolution, the passing of which is conditional on the passing of Resolutions 1 to 4 and 6, to approve the appointment of Gerard Brandon as a director of the Company; and

Resolution 6 is an ordinary resolution, the passing of which is conditional on the passing of Resolutions 1 to 5, to approve the appointment of Nigel Burton as a director of the Company.

The authorities to be granted to the Directors by the Resolutions will be in addition to the authority to allot shares given at the Company's annual general meeting held on 25 June 2020 and will only be used in connection with the Transaction.

Resolutions 2, 3, 5 and 6 are ordinary resolutions and require a majority of more than 50 per cent. of the Shareholders voting to be passed. Resolutions 1 and 4 are special resolutions and require the approval of not less than 75 per cent. of the Shareholders voting to be passed.

#### **14. ACTION TO BE TAKEN**

##### ***In respect of the General Meeting***

A Form of Proxy for use at the General Meeting is enclosed with this document. You are requested to return the duly completed Form of Proxy to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD or email to [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk) as soon as possible and in any event, so as to be valid, to arrive before 10.00 a.m. on 2 February 2021.

Under normal circumstances, the Board greatly values the opportunity to meet the Company's Shareholders in person. However, as a result of the public safety measures introduced in response to the COVID-19 pandemic, and measures relating to the conduct of general meetings recently introduced by the Corporate Insolvency and Governance Act, the Board is adopting a number of changes to the traditional running of a General Meeting.

**The meeting will not be held in any particular place, and shareholders will not be entitled to attend the meeting. Therefore, the Company strongly encourages all Shareholders to submit their Form of Proxy, appointing the Chairman of the General Meeting as proxy.**

Should a Shareholder have a question that they would have raised at the General Meeting, the Company asks that it be sent to [info@microsaic.com](mailto:info@microsaic.com) by 10.00 a.m. on 2 February 2021. The Company will publish relevant questions received, together with answers, on the Company's website as soon as practicable after the deadline for receipt. The questions may be grouped into generic classes as the Board deems appropriate and answers will not include any price-sensitive information that has not previously been made public in a Regulatory News Service announcement ("RNS").

Shareholders can vote on the General Meeting resolutions without being physically present by appointing the Chairman of the General Meeting as their proxy to attend the General Meeting and vote on their behalf. A hard copy Form of Proxy is enclosed for use at the General Meeting. The Company recommends that shareholders complete, sign and return a Form of Proxy to the Company's registrars Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. Forms of Proxy must be returned so as to be received by Neville Registrars Limited by 10.00 a.m. on 2 February 2021. Further details as to how to complete and return a Form of Proxy are set out in the notes to the Notice at the end of this document and also on the Form of Proxy itself. Forms of proxy may be sent either by post or to [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk).

At the General Meeting, instead of the usual practice of each Resolution being voted on initially by a show of hands, the Chairman of the General Meeting shall exercise his right to demand a poll on each Resolution which shall be taken immediately. This will enable those votes cast by those shareholders of the Company who have submitted a Form of Proxy to be recorded and used as the basis for determining whether or not a Resolution has been passed at the General Meeting. Results of the votes cast on each Resolution will be disclosed in the RNS that follows the General Meeting confirming the outcome of the General Meeting.

#### **15. RECOMMENDATION**

The Directors consider that the Transaction is in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolutions, as each Board member

intends to do in respect of his own beneficial holdings of Ordinary Shares, which in aggregate represent 1.59 per cent. of the Ordinary Shares in issue at 15 January 2021, being the latest practicable date prior to the publication of this document.

**The Transaction is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Transaction will not proceed in any respect. If the Transaction does not proceed, and in the absence of any other transaction, the Company would be likely to be placed into administration or liquidation (see Section 2 above for recent developments). In such circumstances, there can be no assurance that Shareholders would realise any value for their shares in the Company. Shareholders are therefore urged to vote in favour of the Resolutions, which the Directors consider to be in the best interests of the Shareholders of the Company as a whole.**

Yours faithfully,

**Peter Grant**  
*Chairman*

## PART 2 – RISK FACTORS

Shareholders should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including (but not limited to) the risk factors described below and those referred to in the Company's 2019 Annual Report. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. If any of the following risks were to materialise, the Company's business, financial condition, results, prospects and/or future operations might be materially adversely affected. In such case, the value of the New Ordinary Shares might decline and investors might lose all or part of their investment.

### GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

In addition to all of the other information set out in this document, the following specific risk factors should be carefully considered by any person in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a personal adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant. However, the risks listed do not comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of the Company's shares could decline and an investor may lose part or all of their investment.

### RISKS RELATING TO THE COMPANY

#### Insolvency

If the Transaction does not proceed, and in the absence of any other transaction, the Company would be likely to be placed into administration or liquidation. In such circumstances, there can be no assurance that Shareholders would realise any value for their shares in the Company.

The Placing is and will be conditional on, and accordingly the Transaction as a whole is and will be conditional on, amongst other things, the passing of all of the Resolutions to be proposed at the General Meeting. Shareholders should be aware that if all of the Resolutions are not approved at the General Meeting, the Transaction will not proceed in its entirety.

## **COVID-19**

The outbreak of COVID-19 (commonly referred to as the coronavirus) has negatively impacted economic conditions globally and is having an adverse and disruptive effect in every country in which the Company operates. As a direct result of the current pandemic, the Company's sales of products have been materially adversely affected. Despite a number of vaccines being approved in various markets, whilst the pandemic continues it remains difficult to predict when markets will return to a more normal situation and the Company. Due to the pandemic, there is a heightened risk of bankruptcy of suppliers and customers of the Company, with a consequential risk for the financial position of the Company. In addition, there is risk to the health and wellbeing of employees and others working alongside the Company. Any of these risks could adversely affect the Company's business, financial condition, results or future operations. The Company has adapted its operating methodology in general and in specific response to national, regional, and local conditions and government rules and regulations. If the pandemic worsens significantly or if promised vaccines fail to have the desired effect in 2021, the Company's business, cash flow, profitability, and overall financial condition could be adversely affected as it was in 2020.

### **Implementation of business strategy**

The future success of the Company will depend on the Directors' ability to implement effectively its business strategy. In particular, the pursuit of that strategy may be affected by, *inter alia*, changes in government legislation, regulatory environment or changes in the competitive environment in the markets in which the Company currently operates or expects to operate. If such changes were to materialise this could result in the Company being unable to grow sales of the Company's products and services in line with the Directors' plans to achieve breakeven. Any such delay may mean that the Directors decide to change certain aspects of the Company's strategy. This might entail the development of alternative products and services, which would place additional strain on the Company's capital resources and may adversely impact on the revenues and profitability of the Company.

### **Dependence on key executives and personnel**

The Company's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The Directors cannot give assurances that members of the senior management team, the executive Directors and other key personnel will continue to remain with the Company. The loss of the services of any of the executive Directors, members of senior management or other key employees could have a material adverse effect upon the Company's business and results of operations. Finding and hiring any such replacements can be a time consuming and costly process.

### **Research and development capabilities**

The Company's business strategy is dependent on the continued success and growth of its research and development capabilities to ensure that its products are competitive. Its current strategy includes collaborations with CPI and MIT for research of the Company's technology in the bioprocessing field. If there was any delay or any detrimental action in connection with such research and development activities, this could delay the ultimate commercialisation of the Company's technology for the bioprocessing market which could adversely affect the Company's business, financial condition, results or future operations.

### **Reliance on third party manufacturing facilities and component supplies**

The Company has fully outsourced the assembly of the products to a third party, in order to allow the Company to react more quickly to any future increases in sales volumes. As a result, the Company has a very limited capacity to assemble its products in house and loss of the services of the third party could have a material adverse effect upon the Company's business and results of operations. Should it be necessary to find a replacement or should there be delays with the current provider, the Company's ability to fulfil sales orders could be adversely affected. A number of components of the Company's products are bespoke to those products and depend on specialist third party suppliers being able and willing to continue to supply them. Should it be necessary to find a replacement supplier for any of the key components or should there be delays with any of the current suppliers, the Company's ability to fulfil sales orders could be adversely affected.

## **Loss of competitive position**

New entrants to the market for miniaturised detection or existing competitors may develop technologies and systems such that they are in direct competition with the Company or provide competitive alternative solutions in its key market and application areas. Although the Company continues to invest in research and development to develop new intellectual property in order to ensure that its products are competitive in its chosen markets, developments by other companies of competing products could be introduced which would have a material adverse effect on the Company's business, financial condition, results or future operations.

## **Brexit**

The United Kingdom's exit from the European Union ("Brexit") has resulted in economic volatility, including with respect to the share price of UK-based enterprises, depreciation of the pound sterling and additional friction in trading arrangements. Potential long-term uncertainties with respect to its effects on existing and future contractual arrangements and economic relationships, may result in a slowdown in foreign and domestic investment in the UK economy, which may adversely impact the Company's trading and ability to raise any further financing which may be required. The Company cannot guarantee that its business plans and projections will not be directly or indirectly adversely impacted by Brexit.

## **Use of net proceeds and potential requirement for further investment**

The use of net proceeds from the Transaction set out in this document is based on management's current expectations. Whilst there are some restrictions on the Company's use of net proceeds, it is possible that the Company may deviate from this. Investors will not have the opportunity to evaluate the economic, financial or other information on which the Company bases its decisions on how to use the net proceeds of the Transaction. The failure of the Company's Board to apply these funds effectively could harm investor confidence and cause the price of the Ordinary Shares to decline.

In addition, any future expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities or convertible securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Company to be secured in favour of the lender, which security may be exercised if the Company were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, many of which are outside the Company's control. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon any planned acquisition opportunities, expansion, activity and/or business development. The above could have a material adverse effect on the Company.

## **VCT/EIS status**

The status of the VCT/EIS Shares as a qualifying holding for VCT purposes or as "eligible shares" for EIS purposes is conditional, amongst other things, on the Company and its trade satisfying the requirements of VCT/EIS (as applicable) throughout the period the New Ordinary Shares are held as a qualifying holding for VCT and/or EIS purposes and on the investor that is seeking to avail itself of VCT qualifying status, or the reliefs available under EIS, satisfying certain conditions.

Neither the Directors nor the Company give any warranty or undertaking that: (i) VCT qualifying status is or will be available; (ii) New Ordinary Shares will be "eligible shares" for the purposes of Part 5 of the Income Tax Act 2007; or (iii) that the Company will conduct its activities in a way that qualifies for or preserves its status or the status of any investment in New Ordinary Shares.

If the law regarding the reliefs available to investors in VCTs and/or EIS change, any qualifying status previously obtained (if any) may be lost or withdrawn.

Investors considering taking advantage of any of the reliefs available to VCTs or under EIS should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances and what they are required to do in order to claim any reliefs (if available). As the rules governing VCT and EIS reliefs are complex and interrelated with other legislation, if any potential investors are in any doubt as to their

tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the UK, they should consult their professional advisers.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Dilution**

The proportionate ownership and voting interest in the Company of Existing Shareholders who do not participate in the Placing or the Broker Option will be significantly reduced pursuant to the Transaction.

### **Access to further capital**

The Company may require additional funds to respond to business challenges or to enhance existing products and services. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing Shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current Shareholders. Any debt financing secured by the Company in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the Company may not be able to obtain additional financing on terms favourable to it, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it, when the Company requires it, the Company's ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

### **Investment in AIM-traded securities**

Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less liquid, than shares in companies which are listed on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

## NOTICE OF GENERAL MEETING

### Microsaic Systems plc ("Company")

Notice is hereby given that a General Meeting of the Company will be held at 10.00 a.m. on 4 February 2021. In accordance with the provisions in the Corporate Insolvency and Governance Act 2020 the meeting will not be held in any particular place. The meeting is to consider and, if thought fit, pass the following resolutions:

#### Special Resolution

1. THAT, subject to and conditional upon the passing of resolutions 2 to 6 (inclusive), with effect from 6.00 p.m. on the date that this Resolution is passed, the existing articles of association of the Company be amended by:
  - 1.1. the addition of a definition of "Deferred Shares" as follows:  
"Deferred Shares" means deferred shares of 0.24 pence each in the capital of the Company;
  - 1.2. the definition of "Ordinary Shares" will be deleted and replaced as follows:  
"Ordinary Shares" means ordinary shares of 0.01 pence each in the capital of the Company;
  - 1.3. the addition of a new article 6 as follows:  
"Deferred Shares"
    - 6.1 The rights of the Deferred Shares and the limitations and restrictions to which each are subject are as follows:
      - a) no right to receive notice of, or to attend or vote at, any general meeting of the Company;
      - b) no right to participate in the profits of the Company whether by way of dividend, distribution, return of capital (whether or not upon a winding-up) or otherwise, save that, upon a return of capital upon a winding-up, the holders of Deferred Shares shall be entitled to the return of the nominal value of each Deferred Share held after £10,000,000 has been returned on each Ordinary Share; and
      - c) no right to any share certificate in respect of the Deferred Shares.
    - 6.2 The Company shall (pursuant to the authority given by the passing of the special resolution to adopt this Article) have irrevocable authority at any time after the adoption of this Article to appoint any person to execute, on behalf of any of the holders of the Deferred Shares, a transfer of any such shares and/or an agreement to transfer any such shares to such person as the Company may determine as custodian of the same and/or to purchase the same (in accordance with the provisions of the Act and all other legislation), in any such case for not more than 1 penny for all of the Deferred Shares and without obtaining the prior sanction of the holder(s) of the Deferred Shares, and, pending such transfer and/or purchase, to retain the certificate(s) for such shares.
    - 6.3 The rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to the Deferred Shares.
    - 6.4 In the event of any conflict or inconsistency between this Article and any other provisions of these Articles, this Article 6 shall prevail in respect of any matter relating to the Deferred Shares.",  
  
and the numbering of the articles of association (as amended, the "Amended Articles") be renumbered accordingly.

#### Ordinary Resolutions

2. THAT, subject to and conditional upon the passing of Resolutions 1 and 3 to 6 (inclusive):
  - 2.1. in accordance with section 618 of the Companies Act 2006 (the "Act"), each ordinary share of 0.25 pence in the capital of the Company ("Existing Shares") be sub-divided into: 25 ordinary shares of 0.01 pence

in the capital of the Company (“**Sub-Divided Shares**”), having the same rights and being subject to the same restrictions as the Ordinary Shares in the Amended Articles;

- 2.2. subject to and conditional upon the passing of Resolution 2.1, 24 out of every 25 Sub-Divided Shares arising from each Existing Share be re-designated as “Deferred Shares”, having the same rights and being subject to the same restrictions as the Deferred Shares in the Amended Articles;
- 2.3. subject to and conditional upon the passing of Resolutions 2.1 and 2.2 above, in accordance with section 618 of the Act, every 24 Deferred Shares be consolidated into 1 Deferred Share of 0.24 pence in the capital of the Company, having the same rights and being subject to the same restrictions as set out in the Amended Articles,

in each case with effect from 6.00 p.m. on the date this Resolution is passed.

3. THAT, subject to and conditional upon the passing of Resolutions 1, 2, and 4 to 6 (inclusive), in addition to any other powers granted to the directors of the Company at any other general meeting or annual general meeting of the Company at or after the Company’s last annual general meeting on 25 June 2020, in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to allot equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £800,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date falling 15 months from the passing of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

#### **Special Resolution**

4. THAT, subject to and conditional upon the passing of Resolutions 1 to 3 (inclusive), 5 and 6, the Directors be given the general power to allot equity securities (as defined by section 560 (1) of the Act) for cash, either pursuant to the authority conferred by Resolution 3 or by way of a sale of treasury shares, as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £800,000.

The power granted by this resolution will expire 15 months from the date this resolution is passed or, if earlier, at the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

#### **Ordinary Resolutions**

5. THAT, subject to and conditional upon the passing of Resolutions 1 to 4 (inclusive) and 6, Gerard Brandon be appointed as a Director of the Company with immediate effect.
6. THAT, subject to and conditional upon the passing of Resolutions 1 to 5 (inclusive), Nigel Burton be appointed as a Director of the Company with immediate effect.

By order of the Board

Bevan Metcalf  
*Company Secretary*

19 January 2021

*Registered Office:*  
GMS House  
Boundary Road  
Woking  
Surrey  
GU21 5BX

## IMPORTANT COVID-19 INFORMATION

**In light of the COVID-19 pandemic, and to ensure adherence to current Government requirements, attendance in person at the meeting will not be possible. The meeting will be run as a closed meeting. Shareholders are requested to appoint the Chairman of the meeting as his or her proxy as any other person so appointed will not be permitted to attend the meeting. The below notes are to be read subject to this COVID-19 related proviso.**

### NOTES:

1. The quorum for the Meeting shall be two shareholders present in person or by proxy. If, within fifteen minutes from the appointed time for the Meeting, or such longer interval not exceeding an hour as the Chairman in his absolute discretion thinks fit) a quorum is not present, then the Meeting will stand adjourned to the same day in the next week (or if that day is a public holiday to the next working day thereafter) at the same time and place or to such other day, time or place as the Directors may determine and no notice of such adjournment need be given. At an adjourned Meeting, shareholders present in person or by proxy will form a quorum. The meeting will not be held in any particular place, and shareholders will not be entitled to attend the meeting. Therefore, the Company strongly encourages all Shareholders to submit their Form of Proxy, appointing the Chairman of the General Meeting as proxy. If restrictions on gatherings and social distancing are relaxed or lifted by the UK Government prior to the date of the Meeting, the Company will notify shareholders of any resulting change which may affect their ability to attend the Meeting by way of a RNS and/or on the Company's website.
2. Information regarding the Meeting, including information required by section 311A of the Companies Act 2006, is available from [www.microsaic.com](http://www.microsaic.com).
3. Only those holders of ordinary shares of 0.25p each in the capital of the Company ("Shares") registered on the Company's register of members at 6.00 p.m. on 2 February 2021 shall be entitled to vote at the Meeting.
4. Members entitled to attend, speak and vote at the Meeting (in accordance with Note 3 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the form of proxy enclosed with this document (the "Form of Proxy"). The Board encourages all shareholders to exercise their votes by appointing the Chairman of the Meeting as their proxy rather than another person who will not be permitted to attend the Meeting given the current restrictions in place due to the Covid-19 pandemic. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. Although the completion and return of the Form of Proxy will not stop you attending and voting in person at the Meeting should you wish to do so, at the current time shareholders other than those forming the quorum will not be permitted to attend the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of the Form of Proxy (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.
5. You can appoint the Chairman of the Meeting, or any other person, as your proxy. As previously stated, in light of Covid-19, the Board encourages all shareholders to exercise their votes by appointing the Chairman of the Meeting as their proxy rather than another person who will not be permitted to attend the Meeting. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.
6. You can instruct your proxy how to vote on each resolution by ticking the "For" and "Against" boxes as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution, please tick the box which is marked "Withheld". It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.

If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the Meeting.

A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint the Chairman of the Meeting to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 4 to 5 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles and the relevant provisions of the Companies Act 2006.

A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy

7. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD no later than at 10.00 a.m. on 2 February 2021 in respect of the Meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Neville Registrars Limited no later than 48 hours (excluding non-working days) before the rescheduled Meeting. Forms of proxy may be sent either by post or by email to [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk).

On completing the Form of Proxy, sign it and return it to Neville Registrars Limited at the address shown on the reverse of the Form of Proxy. As postage has been prepaid no stamp is required. You may, if you prefer, return the Form of Proxy in a sealed envelope to the following address: FREEPOST NEVILLE REGISTRARS (this is all that is required on the envelope).

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD.

In the case of a member which is a company incorporated in England and Wales or Northern Ireland, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

If you attempt to revoke your proxy appointment but the revocation is received after the time of the Meeting or the taking of the vote at which the proxy is used, then, subject to the paragraph directly below, your proxy will remain valid.

If you submit more than one valid proxy appointment in respect of the same Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Completion of a Form of Proxy will not, of itself, preclude a member from attending and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will be automatically terminated. However, as outlined above, given the current restrictions in place due to the Covid-19 pandemic, shareholders and persons other than the Chairman of the Meeting and the other person chosen to form a quorum at the Meeting will not be permitted entry to the Meeting.

9. The total number of Shares in issue in the capital of the Company as at close of business on the last practical date prior to the printing of this Notice is 456,365,146 Shares.

On a vote by a show of hands, every holder of Shares who (being an individual) is present in person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Shares who is present in person or by proxy shall have one vote for every complete Share held by him and such proportion of a vote that represents the number of fractions of a Share so held.

Given the Covid-19 pandemic and the restrictions as to attendance at the Meeting, it is proposed that instead of the usual practice of each resolution being voted on initially by a show of hands, the Chairman of the Meeting shall exercise his right to demand a poll on each resolution that shall be taken immediately. This will enable those votes cast by those members who have submitted a Form of Proxy to be recorded and used as the basis for determining whether or not a resolution has been passed at the Meeting.

10. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

- calling the Neville Registrars Limited shareholder helpline (lines are open from 9.00 a.m. to 5.00 p.m. Monday to Friday, excluding public holidays):
  - (i) From the UK: 0121 585 1131;
  - (ii) From outside the UK: +44 (0) 121 585 1131 (calls from outside the UK are charged at applicable international rates); or
  - (iii) in writing to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD.

You may not use any electronic address provided either:

- in this notice of Meeting; or
- any related documents (including the Form of Proxy for this Meeting)

to communicate with the Company for any purposes other than those expressly stated.