

Instem PLC

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Instem makes earnings-enhancing US\$4.6mIn US acquisition

Instem PLC (LON:INS) is moving into safety assessment software with a US\$4.6mIn, earnings-enhancing US acquisition.

It is buying Leadscope, which has developed a suite of products that use sophisticated artificial intelligence and machine-learning algorithms to predict potentially harmful drug side effects.

Users either subscribe to the various platforms or access them on a one-off, pay-per-use basis.

Instem is handing over a mix of cash and shares for the Columbus, Ohio-based firm, with US\$3.35mIn paid on the deal's completion. This will be followed by a deferred US\$750,000 and a US\$500,000 "earn-out".

Informatics growth

The acquisition builds on the firm's small but rapidly growing informatics operation.

Informatics is a natural extension for Instem, whose software is used by pharma companies making drug submissions.

By processing and storing data it has garnered, the company has been able to develop gene- or drug-specific target safety assessments (TSAs).

TSAs are used to assess unintended adverse consequences of potential treatments before expensive investment is made and, crucially, long before they are administered to people. In other words, it helps identify the 'failures' early.

Currently, this process is costly, particularly for small and mid-sized firms, which have to outsource it.

In silico approach

Instem's 'in silico' (computer-based) methodology is cheaper than the traditional, lab-based approach and brings with it an element of standardisation lacking currently.

"We run a technology-enabled service where we deliver a report on the safety of a gene," Gordon Smith Baxter, Instem's chief scientific officer told Proactive recently.

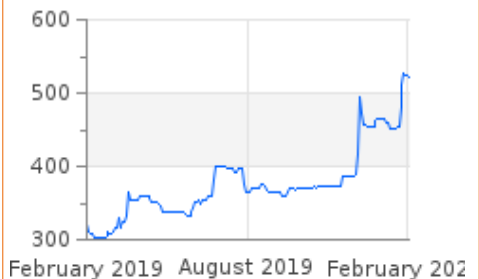
Instem's chief executive Phil Reason said Leadscope "aligns perfectly" with its strategy of expanding organically and acquisitively into "adjacent market areas".

"We have been in regular dialogue with Glenn [Myatt, CEO of Leadscope] and the team for over 10 years, looking for the right opportunity and timing to partner or acquire," Reason explained.

Price: 516

Market Cap: £86.04 m

1 Year Share Price Graph



Share Information

Code: INS

Listing: AIM

52 week	High	Low
	540	290

Sector: Software & services

Website: www.instem-iss.com

Company Synopsis:

We help our over 500 international clients efficiently access, capture, analyze, report and submit high quality regulatory data, while maintaining compliance for their products around the world. This is combined with our unique ability to generate new knowledge through the extraction and harmonization of public and proprietary sources of actionable scientific information.

action@proactiveinvestors.com

"They have built a deep relationship with the regulatory authorities, a fantastic client base and a profitable recurring revenue stream. We are looking forward to delivering the next stage of growth across the enlarged business and helping our clients to achieve a material reduction in the time taken to bring their life-changing products to market."

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