

Stock Data

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| Share Price: | 2.24p |
| Market Cap: | 21.3m |
| Shares in issue: | 954.2m |

Company Profile

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| Sector: | Healthcare |
| Ticker: | SKIN |
| Exchange: | AIM |

Activities

Vertically integrated test services company focused on developing and commercialising technology and products that scientifically prove the impact of skin care product claims for healthcare, life sciences, clinical research, pharmaceutical and cosmetics industries.

Share price performance chart



Source: LSE

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Integumen plc

Labskin AI has entered into testing agreements with three exciting new clients. In aggregate, these contracts are worth approximately £290,000 with the value of all contract revenue expected to fall into the current year. In order to accommodate these agreements and anticipated new business, the company is also increasing its Labskin laboratory capacity by 50%. We believe that this latest news validates both Integumen's strategy to focus on larger contracts from Labskin AI services and also the company's expertise in Cannabidiol (CBD) based product testing.

Labskin AI has entered into testing agreements with three new clients which include a leading chain drug store, a European provider of beauty and household products and 'Femcare' female hygiene product brand, Your Daye, "the world's first cramp-fighting tampon" infused with Cannabidiol (CBD).

Daye is a start-up company aiming to build an exciting new brand for female health products. Its first product is a newly developed tampon that uses CBD to combat period cramps which are understood to affect 90% of women at some stage in life. Daye recently announced \$5.5m of funding from Silicon Valley investors and the collaboration with Integumen represents an initial foothold in a huge market estimated to be worth at least \$4.6bn per annum.

Integumen states that the three contracts combined are worth c.£290,000 in total with individual contract values ranging from £35,000 to £210,000. Of particular note is that Integumen expects that these contract revenues will fall into the current financial year ending December 2019. We note that the aggregate value of these three contracts alone exceeds the entire sales from continuing operations in the whole of 2018, announced to be £274,000 (see RNS dated 21 May 2019).

To accommodate these new agreements and additional contracts currently under negotiation, Integumen is increasing its Labskin laboratory capacity by 50%. This expansion is in addition to the expansion announced on 5 March 2019. When the latest expansion phase is complete, the company will have access to five high specification laboratory units to accommodate its growing new business volumes.

The additional space at Integumen's York facility will provide new client services including Mass Spectrometry Imaging, increased Labskin tissue culture capability and will also accommodate 3D tissue culture development and a location for Labskin technician training for clients.

Integumen's strategy to target larger, higher value contracts is starting to bear fruit as the company has transitioned from selling £2,000 test kits to securing six-figure service contracts in less than 12 months. In particular, eliminating the need for testing on animals, in compliance with EU Directive 2017/745 Rule 21, is driving a rapidly growing market of companies seeking to launch CBD-based products in the EU and Labskin AI's testing facility is proving to be a key service to clients seeking to clear regulatory hurdles for new products.

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