

#### Stock Data

Share Price:	1.73p
Market Cap:	17.0m
Shares in issue:	977.97m

#### Company Profile

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



Source: LSE

**Past performance is not an indication of future performance.**

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## Integumen plc

The acquisition of RinoCloud in April 2019 and recurring revenue from higher margin software services has reduced EBITDA losses compared to the previous period. Operationally, the Labskin business has also added a raft of new contracts including 4 blue-chip clients from the US and EU and six CBD (cannabidiol) test contracts with more in the pipeline. With the wider reorganisation of the company completed prior to the period end, we anticipate that the full impact of the operational and financial progress outlined in these results will be seen starkly in H2 and beyond.

Integumen reported an increase in interim revenue from continuing operations to £346,679 compared to £54,149 in H1 2018. This excludes £178,000 of RinoCloud revenue generated in between January and April 2019 prior to its acquisition by Integumen. The acquisition of RinoCloud for an all share consideration of £3.0m in April 2019 has provided an end-to-end science data management service to facilitate the efficient automation and scale-up of Labskin AI.

The EBITDA loss shrank from £544,278 in H1 2018 to £370,102 in H1 2019 as the impact of two profitable months from RinoCloud made an immediate impact on group financials. The collective impact of amortisation, depreciation and exceptional items implied a headline loss after tax of £925,063 which was reduced from a loss of £1,291,892 in the comparable interim period.

In April 2019, the company raised £2.52m before expenses, augmented by £0.25m from the exercise of warrants over the interim period. In the same month, Integumen also completed the corporate reorganisation of the business with the disposal of underperforming business Visible Youth Group, debt to equity conversions associated with Venn and Cellulac and the settlement of legacy litigation issues. This has eliminated a raft of future contractual liabilities in excess of £2m and reduced outstanding debt at the end of June 2019.

The Labskin business has been transformed in H1 whereby contract order prices have increased from £1,500-£12,000 in H1 2018 to £35,000-£210,000 in H1 2019. This has been facilitated by four blue-chip client agreements signed for test services on cosmetic products during the period with US and EU customers. Labskin has also signed six CBD test contracts in the period with more in the pipeline which are expected drive recurring revenues over the full year. Integumen's STOER For Men skin products business continues to trade at break even and the division has also come to represent an ideal test bed for 'proof of concept' claims for a range of product claims.

To accommodate the increasing volumes of new Labskin business, Integumen increased its York laboratory by 40% in H1 and will increase capacity by a further 50% in Q3 2019 as part of a £0.4m investment programme in hi-tech equipment.

Post the period end, Integumen has established an expanded Wound pHase CBD development collaboration with Cellulac and a breakthrough Labskin cloning study with human volunteers to test multiple skincare products as reported in our more detailed reports from 29 July 2019 and 5 September 2019 respectively.

**Strong progress in H1 coupled with several important post-period milestones, particularly the successful multiple cloning of human volunteers enabling multiple skincare products to be tested simultaneously on the same subject without the attendance of the original human volunteer, bode well for the next 12 months. With four global cosmetic companies already acquired as clients, a strong pipeline of future business, increased laboratory capacity and a strengthened management team, we are confident of continued strong progress over the next 6-12 months.**

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