

Stock Data

Share Price:	1.76p
Market Cap:	17.2m
Shares in issue:	980.0m

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.

Turner Pope contact details

Turner Pope Investments (TPI) Ltd
8 Frederick's Place
London
EC2R 8AB

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Attention is drawn to the disclaimers and risk warnings at the end of this document.

This is a non-independent marketing communication. The analyst who has prepared this report is aware that TPI has a relationship with the company covered in this report. Accordingly, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

TPI acts as joint broker to Integumen PLC.

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Barney Gray Research analyst
Tel: 0203 657 0050
barney@turnerpope.com

Integumen plc

Integumen has signed multi-year agreements with two major international cosmetics companies for recurring LabskinAI services. These framework agreements are already being rolled out in the US, Asia and the EU markets and low six-figure aggregate payments have been received by the company. With Integumen also anticipating contract extensions with existing clients in the near-term, the management is confident that group revenue will exceed £1.0m in the current financial year.

Under the initial agreements with the two global cosmetics companies, R&D teams in the US, Asia and the EU will connect and collaborate with Integumen's LabskinAI virtual lab in regard to testing existing products and developing new products. Integumen's new clients will be able to make full use of the company's healthy and diseased living skin models and benefit from the analysis generated by the LabskinAI platform.

Both of these benchmark agreements are data driven and recognise that non-animal testing on Labskin human skin equivalents, in combination with AI analysis, represents a paradigm shift for the skincare industry. Integumen notes that clients are able to assess how topical skincare formulations react both on top of and deeper inside the skin microbiome in order to create safer and more cost-effective products that also meet exacting international compliance standards.

In separate news, the Labskin AI combined teams of microbiology and computer science recently disclosed the completion of an artificially intelligent, virtual psoriasis skin model at the AI Awards 2019 in Dublin.

The company used 671 anonymous patient samples taken from psoriasis lesions on the patients' skin with the goal of generating a generalised solution for diseased skin. Following genomic sequencing of the samples, the datasets generated identified 216 species of microbiota (bacteria, virus and fungi) which were all confirmed using several different AI algorithms.

Following testing of the various types and a cross-validation process, the company identified a reliable psoriasis model. Within this, 33 species were identified that are critical to the success of the LabskinAI diseased skin model for analysing psoriasis. Addition of further data is expected to increase the accuracy of the model and the AI dataset can be used as the framework to develop other diseased skin models including rosacea and acne.

Psoriasis is believed to afflict some 4.8% of the global population and burden on health service providers is significant. In the US alone, the annual cost of psoriasis was estimated to be \$11.25bn in 2008 representing only one of many large potential markets for advances in the treatment of this disease.

Integumen is making progress on a broad front as the commercial potential of LabskinAI is delivering both sales in the current year and a substantial pipeline of future opportunities. Coupled with extensions to existing contracts and new laboratory capacity in York expected to be operational soon, the management expects that new business will drive group revenue beyond £1.0m in the current financial year, as outlined previously, with the annualised benefit expected to drive sales momentum significantly in 2020 and beyond.

THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.

Conflicts

This is a non-independent marketing communication under the rules of the Financial Conduct Authority (“FCA”). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited (“TPI”) has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

Risk Warnings

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPI’s research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.

Specific disclaimers

TPI acts as joint broker to Integumen plc (“Integumen”) which is listed on the AIM Market of the London Stock Exchange (“AIM”). TPI’s private and institutional clients may hold, subscribe for or buy or sell Integumen’s securities.

This document has been produced by TPI independently of Integumen. Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. TPI has no authority whatsoever to make any representation or warranty on behalf of Integumen.

General disclaimers

This document, which presents the views of TPI's research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPI's judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPI's prior written consent.

Copyright © 2019 Turner Pope Investments (TPI) Limited, all rights reserved.