

#### Stock Data

Share Price:	1.50p <sup>1</sup>
Market Cap:	16.1m <sup>2</sup>
Shares in issue:	1072.4m <sup>2</sup>

<sup>1</sup>Issue Price

<sup>2</sup>Pro forma until c.16 December 2019

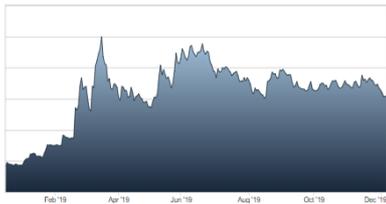
#### Company Profile

Sector:	Healthcare
Ticker:	SKIN
Exchange:	AIM

#### Activities

Integumen plc ('the Group') is a 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

In a placing and subscription led by Integumen's broker Turner Pope, the Group has raised gross proceeds of £1.368 million (c.£1.245 million net) through the aggregate issuance of 91.25 million new shares at a price of 1.5p per share. Admission of the new shares is expected to be no later than the 16th December 2019. Funds raised will provide working capital and investment in laboratory space, new equipment and marketing, in response to a sharp increase in demand for Labskin services. Product development supported by successful incorporation of Rinocloud's AI platform, in tandem with pressure for compliance with the EU's medical device regulation (2017/745) by international skin product producers, has sufficiently improved visibility for management to reiterate its full year revenue guidance for both 2019 and 2020 at £1 million and £4 million respectively. New funds raised are designed to sustain and support the current pace of growth throughout 2020. More specifically, they will be applied as follows:

- Providing working capital to help deliver £4 million in revenues, guided for 2020
- Intending to double the size of the Labskin laboratory in York, which could provide an estimated 10-fold increase on 2019 turnover capacity
- Managing tenders of approximately £10 million in grant supported research partnerships
- Hiring additional laboratory, sales and data scientists
- Increasing average sales per client to between £100,000 and £500,000 for physical and AI services
- Engaging technical support professionals to support Rinodrive and its intelligent data management and analytics software services in connection with the framework agreement to be entered into between Integumen and Parity Group plc
- Increasing the financial robustness of the Group's balance sheet in order to assist diligence assessments from larger corporations adopting Group services for first time

As part of the Offering, executive directors, Gerard Brandon, Camillus Glover and Fionan Murray have agreed an aggregate subscription for 3,253,531 new Ordinary Shares, pursuant to the Subscription. The issue of 91.25 million Ordinary Shares pursuant to the Placing and Subscription is the maximum the Group is permitted to issue without the need to convene a further general meeting.

Integumen also provided an unaudited trading update for its first nine months ended 30<sup>th</sup> September 2019 (excluding discontinued operations). During this time, it achieved turnover of £0.591 million (compared with just £0.116 million in the comparative period in 2018) with gross margins of 78%, while posting an EBITDA loss of £0.668 million, a reduction of £0.134 million on the same period in 2018. Overheads for the nine-months totalled £1.129 million (9M'2018: £0.88 million), having incorporated Rinocloud since 2 May along with additional laboratory staff and management. As at 30 September 2019, the Group had cash balances of £0.477 million.

**Integumen has been transformed since Gerard Brandon was appointed its new CEO back in August 2018. Having recognised both the unique nature of Labskin's products and the need to incorporate automation, data analytics and AI services capable of offering real-time skincare test results to an industry that finds itself burdened both by excessive data and strict new EU regulatory demands, his Group has met an upsurge in demand. Guidance already provided by the Board suggests a roughly four-fold revenue increase anticipated for this year compared with 2018, will be matched by a further similar improvement in 2020. The incorporation of Rinocloud's high margin AI services offers potential for the Group to be generating positive monthly cash flows within the next six months, with the weight of anticipated demand from global-scale manufacturers potentially even testing the Group's expanded laboratory capacity by the period end.**

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