

Stock Data

Share Price:	20.25p
Target Price	94.70p
Market Cap:	£43.6m
Shares in issue:	215.16m
52 week intraday high/low:	70.0p/20.0p

Company Profile

Sector:	Healthcare
Ticker:	DVRG
Exchange:	AIM

Activities

DeepVerge plc ('DeepVerge', 'DVRG', 'the Group'), (formerly Integumen plc) is an environmental and life science group of companies that develops and applies AI and IoT technology to analytical instruments for the analysis and identification of bacteria, viruses and toxins.

www.deepverge.com

Share price chart since 25 March 2017



Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

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TPI acts as sole broker to DeepVerge plc.

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DeepVerge plc

DeepVerge's consumer skin test subsidiary brand, Skin Trust Club, has announced further significant growth of its platform. Since mid-January, 10 leading skincare manufacturers have enlisted on the Skin Trust App marketplace to sell their skincare product catalogues, including Tula, a recently acquired brand of Procter & Gamble. With a total of 23 Labskin clients requesting to have their products tested in just the past four months, the Club's full partners list can be expected to continue to expand throughout 2022. Moreover, given that an exceptional 82% of registered Club members (>1,500) who received Home Test Kit results since the marketplace opened subsequently purchased 'high ticket' recommended skincare products via the Skin Trust Club App, which realistically can be expected to enjoy a wholesale margin similar to, for example, the 48% enjoyed by leading health & beauty retailer, Boots UK Limited, the long-term value of the recurring revenue streams generated through this unique service could become very significant. This news reinforces TPI's confidence in the ambitious forecasts and valuation that it published back on 3 August 2021, suggesting a target price for the Group, which presently trades at less than 7.5x its 2022E EBITDA multiple, of 94.7p/share.

(Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone. Also please note that past performance is not a reliable indicator of future results.)

Skin Trust Club's current full partner line-up includes:

- TULA Skincare (recently acquired by Procter & Gamble)
- Aurelia London
- Gallinée Microbiome Skincare
- Plantkos
- ESSE
- High Beauty
- Nunaia
- BE+Radiance
- Better For You Wellness
- DERMALA

Skin Trust Club generating multiple revenue streams

The fact that Skin Trust Club has rapidly accumulated over 30,000 registered members, some 58% of which have underlying skin conditions, suggests DeepVerge has identified a significant international, longer-term unmet consumer need for scientifically-based personalised care. This incorporates an artificial intelligence Skincare App and Home Test Kit that provide simple, at-home skin microbiome testing for personalised skincare and skin health tracking. The self-administered skin swab is a remote trial and allows the participant to conduct each stage without professional third-party interaction. Skin Trust Club's DNA and skin microbiota test generates a report that consumers can use to manage their custom morning and evening skincare routine. Analysis of an individual's skin attributes provides information to create hundreds of different product combinations to suit a person's unique skin microbiome. Recognising the demand such a service has potential to generate, home test processing capacity is already at 20,000/month in each of the UK, Ireland and US laboratories (with more gene sequencing equipment being installed in the US laboratories in Q2 2022), although this can be expanded rapidly should it be demanded through a spike in demand.

Since mid-January 2022, success of this unique, bespoke service has been demonstrated

by Club members utilising skincare products recommended for their daily personalised routines by home testing kits purchased through the Skin Trust Club marketplace service. This new in-app and web-based sales channel promotes skincare manufacturers, Labskin partners and consumer test clients, generating wholesale revenue on products sold through its marketplace platform. With strong customer endorsement and social media influencers facilitating momentum in tandem with Skin Trust Club expanding its line-up of leading skincare partners, the fact that Club members are now purchasing follow-on Home Test Kit Plans priced at £170 (for three tests over a 12-month period), provides evidence of just how quickly the brand can become firmly established.

Expanding its offering still further, just a little over a month ago DeepVerge announced Skin Trust Club's launch of video medical consultations and diagnostic service. This new opt-in remote offering is expected to provide additional revenue from a complementary extension to the consumer-based Skin Trust Club, which incorporates an Artificial Intelligence Skincare App and Home Test Kit. Expected to be rolled out in Q2 2022, this new service will provide video consultants that include Dermatologists, General Practitioners and Clinical Nursing personnel.

Recognising the scale of the opportunities now being presented

Today's news reinforces confidence that DeepVerge's recent record of delivering triple digit annual revenue growth will be sustained in 2022. As the year progresses, high margin, recurrent returns are expected from surging demand for both Skin Trust Club home test kits and subsequent App-based purchases. It is also expected to witness the beginnings of a step-change in both international need and longer-term demand for Modern Water's unrivalled pathogen testing equipment. In tandem with this, Microtox BT's regulatory tests and joint venture negotiations with China Resources remain ongoing. Recognising the scale of the opportunities being presented and in anticipation of further significant news releases in coming weeks/months, TPI has retained its ambitious 2022 forecasts for DeepVerge along with a DCF-based valuation that implies a share price target of 94.7p.

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