

Stock Data

Share Price: 1.95p
Market Cap: 19.1m
Shares in issue: 981.2m

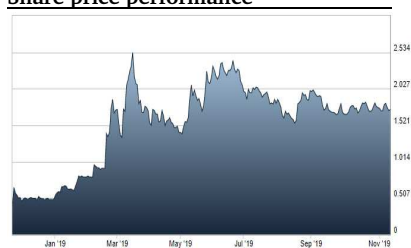
Company Profile

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 a Heads of Terms with Parity Group plc (AIM: PTY) to enter a multi-year Framework Agreement for the supply of AI software across Parity's NHS, Central Government and private institutional client base. This exciting news is augmented by a positive trading update from Integumen which states that the company expects 2020 revenue to be approximately £4m excluding any contribution from developments with Parity at this stage.

The agreement with Parity, which is expected to be completed on or before 18 December 2019, will create an opportunity to cross-sell intelligent data management, extracting value using analytics, with the aim of providing a return on investment to Parity's institutional clients which number in excess of 150 in the UK and Ireland.

Parity is a recruitment company with over 100 employees in the UK that sources the appropriate people, skills and data to support data-led business decisions by its clients. The company has over 45 years of accumulated expertise and generates income from a combination of long-term contracts with both public and private sector organisations.

Integumen's software includes full GDPR (General Data Protection Regulation) compliance with secure cloud data migration from existing legacy systems to a digital workplace. This is achieved through the military grade encryption 'Drive4Growth' AI platform which is powered by Rinodrive, which Integumen acquired in May this year.

Rinodrive's 'Drive4Growth' AI platform is a fully integrated set of software tools that can consume data in any volume, from any source and in any format and interact with it to unlock insights and conclusions. In particular Rinodrive can deliver big data, AI functionality and secure infrastructure to large companies which have potentially significant data problems.

The benefits of the agreement between Integumen and Parity include recurring shared revenue streams in 2020, a value added proposition in demand from Parity's clients and immediate access to 150 public and private sector clients for Integumen. Parity is a trusted vendor in both sectors and the deal will provide access to over 1,000 data experts and 100+ sales and office professionals.

With crossover access to educational research facilities and multiple industry, public and private sector distribution routes to market, Integumen believes that this is a well-defined roadmap to a major business opportunity for both companies.

Integumen's recent trading has been positive. By the end of June 2019, Rinocloud, acquired for £3m in May 2019, reached monthly profitability and between May and October 2019, Rinocloud's revenue exceeded Labskin sales. Since 2018, Integumen has overseen average Labskin sales grow from £5,000 for consumable, one-off sales to the current status in 2019 where sales contracts average £50,000 for ongoing services.

As Integumen approaches 2020, the company is engaging with a wide range of global skin and personal care companies and expects that average sales contracts will range between £100,000 and £500,000 for data as a service and multi-year skincare R&D framework agreements. Consequently, the company has good revenue visibility and excluding the likelihood of income that may be generated from the company's agreement with Parity, Integumen is providing guidance that revenue will be approximately £4m in 2020. With the company outlining in early October 2019 that 2019 revenue would exceed the £1m mark, we believe that it is evident that Integumen's AI focused strategy is gaining significant momentum.

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.