

29 September 2017

Integumen plc
("Integumen", the "Group" or "Company")

INTERIM RESULTS

Integumen (LSE: SKIN), the personal health care company developing and commercialising technology and products for the human integumentary system today announces its interim results for the 6 months ended 30 June 2017.

Performance Highlights

- Completed the integration of the four acquired businesses and have continued to successfully commercialise the first series of products within skincare and oral care;
- Launched TSPRO's brand in South Korea through a strategic supply agreement with Mono Dent, a leading distributor of oral hygiene products in South Korea;
- Received orders from reputable blue chip clients with an ever-increasing focus on the human microbiome and R&D in skincare:
 - Conducted efficacy trials for La Prairie, a leading Swiss-based beauty company, which has been using Labskin, Integumen's human skin equivalent model, as a platform to test certain materials in their product range;
 - Signed a Labskin evaluation order with Merck, an international developer, manufacturer and distributor of pharmaceuticals;
 - Received an order from Galderma, a pharmaceutical subsidiary specializing in the research, development and marketing of dermatological treatments, which is a wholly-owned subsidiary of Nestlé testing of materials and formulations in their HQ in Lausanne, Switzerland.

Financial Results for the 6 months ended 30 June 2017

- Revenues of £124,310 and EBITDA loss of £740,167 after administrative costs of £1,476,057, which included one-off costs of £274,893 associated with the Company's listing on AIM, amortization and depreciation of assets of £371,727 and continued investment in Visible Youth, Labskin and TSPRO;
- Operating loss of £1,386,787;
- As at 30 June 2017 the Group had total assets of £9,872,563;
- During the period the Group raised £2.25m through our April flotation on AIM of the London Stock Exchange, which we are using for product development, sales & marketing and working capital;

Post Period end

- Received a Notice of Allowance ("NOA") for the trademark "Clarogel" in the United States of America. Clarogel is an antimicrobial formulation of usnic acid which is a late stage product designed for blemish control;
- Received NOA for Visible Youth patent in Canada, for the cosmetic composition for the treatment of skin. Visible Youth is a range of cosmeceuticals targeting the anti-ageing market;
- Received a patent in the United States for the manufacture and sale of TS1, a tongue vacuum cleaner;
- Signed a worldwide Patent Licence Agreement with Dr Gary Hack for his co-rights to various patents and know-how related to botulinum toxin (commonly known as Botox) treatments, dermal fillers and the "Botox Booster IP".

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Integumen Plc

Chairman's Statement

Introduction

I am pleased to report our half year results for the 6 months ended 30 June 2017, during which Integumen has undergone significant changes. The Group successfully integrated the four businesses acquired to assemble an attractive portfolio of products, technologies and associated know-how within skincare, oral care and wound care. Following our admission to trading on the AIM market of London Stock Exchange plc on 5 April 2017 from which we raised funds of £2.25 million, we continue to successfully commercialise the TS1 tongue sanitiser and Labskin, our human skin equivalent technology which targets the cosmetic product testing sector.

To date, approximately £15 million has been invested by various previous owners in developing the Group's products and technologies which are at the late stages of development, meaning the majority of risk associated with commercialisation was mitigated before we came to market. Additionally, our portfolio of products does not require traditional phases 1-4 clinical trials reducing further commercial and clinical risks.

Operational Performance

In oral care, we launched the TS1 brand in South Korea, a country with approximately 20,000 dental surgeries and a growing market driven by medical tourism and cosmetic dental surgery. During the period, we signed a strategic supply agreement with Mono Dent, a leading distributor of oral hygiene products to dental surgeries and dental universities in the country, for an initial term of three years. The agreement provides Mono Dent with the exclusive rights to distribute three products under the TS1 brand within South Korea; a disposable tongue vacuum cleaner for professional use in the dental surgery, a tongue gel and a handle which turns the tongue vacuum cleaner into a tongue cleanser for home-use. As part of the exclusive agreement, Mono Dent committed to a sales and marketing strategy for TS1 to penetrate further the South Korean market, with an initial delivery of 49,000 units

Demand from blue chip clients with an increasing focus on the human microbiome and R&D in skincare, has driven sales in Labskin during the period. Integumen signed three orders during the period. La Prairie, a leading Swiss-based beauty company, placed orders for Integumen to conduct efficacy trials, using Labskin as the platform to test certain materials in their product range.

Since the EU ban on testing of cosmetics on animals, the Company has become ideally positioned to take advantage of the fact that human skin equivalents like Labskin are being increasingly used by developers operating in the dermatology space such as La Prairie.

Similarly, Merck, the international developer, manufacturer and distributor of pharmaceuticals, signed an evaluation order with Integumen for its Labskin human skin equivalent model, and Galderma, the pharmaceutical subsidiary specializing in the research, development and marketing of dermatological treatments, which is a wholly-owned subsidiary of Nestlé, ordered Labskin for testing materials and formulations in their HQ in Lausanne, Switzerland.

The Company continues to develop products that will target consumers in the skincare market. These products are in the late stages of development with Visible Youth, a premium cosmeceutical for the anti-ageing market, planned for launch in 2018; Clarogel, an over-the-counter cosmetic product for the treatment of blemishes, planned for commercialisation in 2019; and Wound pHase, a chronic wound diagnostic tool, and Hydrogel, a material used for the treatment of wounds, both scheduled for launch in 2020.

Since the period end, the Company was pleased to announce that it received a NOA for its base Visible Youth patent in Canada, for the cosmetic composition for the treatment of skin. These compositions include the combination of Hyaluronic acid and bioactive glass powder which form the basis of Integumen's line of Visible Youth products, a range of cosmeceuticals targeting the anti-ageing market. We also announced that we have received a NOA for the trademark of "Clarogel" in the United States of America, an anti-microbial formulation of usnic acid which is a late stage product designed for blemish control.

Since the period end, we also received a patent in the United States for the manufacture and sale of TS1, a tongue vacuum cleaner, and signed a worldwide Patent Licence Agreement with Dr Gary Hack for his co-rights to various patents and know-how related to enhancing and extending the cosmetic benefits of botulinum toxin (commonly known as Botox) treatments as well as dermal fillers and rosacea known as the "Botox Booster IP".

Outlook

The Board and senior management team are enthusiastic about the medium to long-term prospects of Integumen, which is a young company operating in markets that provide us with significant opportunities to sell our portfolio of quality products, and we look forward to updating shareholders as we progress on this exciting journey.

Tony Richardson
Chairman

29 September 2017

Integumen Plc
Consolidated Statement of Comprehensive Income
For the 6 months ended 30 June 2017

	Unaudited 6 months ended 30 June 2017 £	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2016 £
Revenue	124,310	27,315	52,062
Costs of sales	(35,040)	(44,337)	(62,716)
Gross (loss)/profit	89,270	(17,022)	(10,654)
Administrative Costs	(1,476,057)	(518,857)	(1,207,488)
Deemed reverse acquisition costs	-	-	141,064
Operating loss	(1,386,787)	(535,879)	(1,077,078)
Depreciation	31,972	17,005	33,747
Amortisation	339,755	26,742	85,214
Exceptional items	274,893	-	184,916
EBITDA before exceptional items	(740,167)	(492,132)	(773,201)
Finance costs	(18,689)	(2,698)	(17,523)
Loss before income tax	(1,405,476)	(538,577)	(1,094,601)
Income tax credit	26,946	47,129	48,440
Loss for the period	(1,378,530)	(491,448)	(1,046,161)
Other comprehensive income			
Currency translation differences	(164,475)	(22,543)	(20,657)
Total comprehensive loss for the period	(1,543,005)	(513,991)	(1,066,818)
Loss per share attributable to owners of the parent during the period			
Basic and diluted loss per ordinary share	1.1p	1.4p	2.6p

Integumen Plc
Consolidated Statement of Financial Position
As at 30 June 2017

	Unaudited As at 30 June 2017 £	Unaudited As at 30 June 2016 £	Audited As at 31 December 2016 £
Assets			
Non-current assets			
Intangible assets	8,711,850	583,424	4,558,194
Property, plant and equipment	281,023	104,459	87,601
Investments in subsidiaries	-	-	-
Loan to subsidiary undertaking	-	-	-
Total non-current assets	8,992,873	687,883	4,645,795
Current assets			
Inventories	12,803	8,854	11,203
Trade and other receivables	354,946	270,967	309,129
Cash and cash equivalents	511,941	46,201	30,039
Total current assets	879,690	326,022	350,371
Total assets	9,872,563	1,013,905	4,996,166
Equity attributable to owners			
Share capital	1,658,602	194	7,365,324
Share premium account	1,750,537	745,645	-
Retained loss	(3,291,170)	(1,357,926)	(1,912,639)
Foreign currency reserve	(185,132)	(22,543)	(20,657)
Reverse acquisition reserve	(2,843,135)	-	(2,843,135)
Capital redemption reserve	9,519,063	-	-
Share based equity reserve	7,857	-	-
Total equity	6,616,622	(634,630)	2,588,893
Liabilities			
Non-current liabilities			
Deferred tax liabilities	847,413	-	93,069
Borrowings	636,113	32,240	667,024
Total non-current liabilities	1,483,526	32,240	760,093
Current liabilities			
Trade and other payables	1,368,969	1,586,534	1,445,407
Deferred tax liabilities	97,296	-	10,486
Borrowings	306,149	29,761	191,287
Total current liabilities	1,772,414	1,616,295	1,647,180
Total liabilities	3,255,941	1,648,535	2,407,273
Total equity and liabilities	9,872,563	1,013,905	4,996,166

Integumen Plc
Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2017

	Unaudited 6 months ended 30 June 2017 £	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2016 £
Cash Flow from operating activities			
Cash (used in)/generated from operations	(1,503,070)	52,009	(975,267)
Taxation	-	47,129	6,930
Interest paid	(18,689)	(2,698)	(17,523)
Net cash (used in)/generated from operating activities	(1,521,759)	96,440	(985,860)
Cash flow from investing activities			
Payments to acquire intangibles	(51,788)	(70,391)	(945,032)
Purchase of property, plant and equipment	-	(1,604)	(1,604)
Payments to acquire subsidiary undertakings	(63,150)	-	-
Net cash used in investing activities	(114,938)	(71,995)	(946,636)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	2,208,553	-	1,144,468
New loans	-	-	858,402
Repayment of loans	(76,133)	-	-
Capital element of finance lease	(12,271)	-	(24,542)
Repayments on borrowings	(1,551)	(1,400)	(38,949)
Net cash generated by financing activities	2,118,598	(1,400)	1,939,379
Net increase/ (decrease) in cash and cash equivalents	481,901	23,045	6,883
Cash and cash equivalents at beginning of period	30,039	23,156	23,156
Cash and cash equivalents at end of period	511,941	46,201	30,039

Integumen Plc

Consolidated Statement of Changes in Shareholders' Equity

Group	Share capital £	Share premium £	Retained earnings £	Foreign currency reserve £	Reverse acquisition reserve £	Capital redemption reserve £	Share based equity reserve £	Total £
At 1 January 2016	194	745,645	(866,478)	-	-	-	-	(120,639)
Changes in equity for the 6 months ended 30 June 2016								
Loss for the period	-	-	(491,448)	-	-	-	-	(491,448)
Currency translation differences	-	-	-	(22,543)	-	-	-	(22,543)
Total comprehensive loss for the year	-	-	(491,448)	(22,543)	-	-	-	(513,991)
At 30 June 2016	194	745,645	(1,357,926)	(22,543)	-	-	-	(634,630)
Changes in equity for the 6 months ended 31 December 2016								
Loss for the period	-	-	(554,713)	-	-	-	-	(554,713)
Currency translation differences	-	-	-	1,886	-	-	-	1,886
Total comprehensive loss for the year	-	-	(554,713)	1,886	-	-	-	(552,827)
Transactions with the owners								
Shares issued during the year	7,365,400	1,144,392	-	-	-	-	-	8,509,792
Reverse acquisition arising	(270)	(1,890,037)	-	-	(2,843,135)	-	-	(4,733,442)
Total contributions by and distributions to owners	7,365,130	(745,645)	-	-	(2,843,135)	-	-	3,776,350
At 31 December 2016	7,365,324	-	(1,912,639)	(20,657)	(2,843,135)	-	-	2,588,893
Changes in equity for the 6 months ended 30 June 2017								
Loss for the period	-	-	(1,378,530)	-	-	-	-	(1,378,530)
Currency translation differences	-	-	-	(164,475)	-	-	-	(164,475)
Total comprehensive loss for the year	-	-	(1,378,530)	(164,475)	-	-	-	(1,543,005)
Transactions with the owners								
Shares issued during the period	3,812,341	1,832,000	-	-	-	-	-	5,644,341
Commission on Share Issue	-	(81,463)	-	-	-	-	-	(81,463)
Cancelled Shares	(9,519,063)	-	-	-	-	9,519,063	-	-
Share option based charge	-	-	-	-	-	-	7,857	7,857
Total contributions by and distributions to owners	3,812,341	1,750,537	-	-	-	-	7,857	5,570,735
At 30 June 2017	1,658,602	1,750,537	(3,291,170)	(185,132)	(2,843,135)	9,519,063	7,857	6,616,622

Integumen Plc

Notes to the Financial Statements

For the 6 months ended 30 June 2017

1. General information

Integumen Plc is a company incorporated in England and Wales. The Company is a public limited company admitted to trading on the AIM market of the London Stock Exchange since 5 April 2017. The address of the registered office is Sand Hutton Applied Innovation Campus, Sand Hutton, York, North Yorkshire, YO41 1LZ.

The principal activity of the Group is that of developing technologies in the skin industry. The Group has a presence in the UK, Ireland and Germany.

The financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group's trading companies operate.

The registered number of the Company is 10205396.

2. Basis of preparation

The financial information in these interim results is that of the holding company and all of its subsidiaries. It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2016 and which will form the basis of the 2017 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2016 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2017 and 30 June 2016 is unaudited and the twelve months to 31 December 2016 is audited.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary and associated undertakings. Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than fifty per cent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in the comprehensive income with a corresponding adjustment in the carrying amount of the investment.

(a) Acquisition accounting

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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Notes to the Financial Statements (continued)

For the 6 months ended 30 June 2017

On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

(b) Reverse acquisition accounting

The acquisition of Innovenn UK Limited and its subsidiary by Integumen Plc on 17 November 2016 has been accounted using the principles of reverse acquisition accounting. Although the Group financial statements have been prepared in the name of the legal parent, Integumen Plc, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, Innovenn UK Limited. The following accounting treatment has been applied in respect of the reverse accounting:

The assets and liabilities of the legal subsidiary, Innovenn UK Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement of fair value. The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Innovenn UK Limited immediately before the business combination and the results of the period from 1 January 2014 to the date of the business combination are those of Innovenn UK Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, Integumen Plc, including the equity instruments issued in order to effect the business combination.

The Group's comparative figures for the 6 months ended 30 June 2016 presented in these financial statements are therefore the consolidated numbers of Innovenn UK Limited.

4. Exceptional items

Included within administrative expenses are exceptional items as shown below:

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016	Audited Year ended 31 December 2016
Exceptional items include:			
– Transaction costs relating to listing and business acquisition	274,893	-	325,980
– Deemed credit on reverse acquisition	-	-	(141,064)
Total exceptional items	274,893	-	184,916

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Notes to the Financial Statements (continued)

For the 6 months ended 30 June 2017

5. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016	Audited Year ended 31 December 2016
Loss attributable to owners of the parent	£1,378,530	£491,448	£1,046,161
Weighted average number of Ordinary Shares in issue	124,221,627	34,839,803	40,584,133
Basic loss per share	1.1p	1.4p	2.6p

(b) Diluted

There were no dilutive potential ordinary shares in issue at the period end.

6. Dividends

There were no dividends paid or proposed by the Company.

7. Intangible fixed assets

Group	Development Costs and Intellectual Property Rights £	Total £
Cost		
At 1 January 2017	4,689,566	4,689,566
On acquisition of subsidiary	4,600,649	4,600,649
Additions ¹	51,788	51,788
Exchange differences	(164,081)	(164,081)
At 30 June 2017	9,177,922	9,177,922
Amortisation		
At 1 January 2017	131,372	131,372
Charge for the year	339,755	339,755
Exchange differences	(5,054)	(5,054)
At 30 June 2017	466,073	466,073
Net book value		
At 31 December 2016	4,588,194	4,588,194
At 30 June 2017	8,711,850	8,711,850

¹Additions are development costs capitalised during the period

Integumen Plc
Notes to the Financial Statements (continued)
For the 6 months ended 30 June 2017

8. Deferred income tax

Deferred tax liabilities

Deferred tax balances were as follows:

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016	Audited Year ended 31 December 2016
Deferred tax liability to be recovered after more than one year	847,413	-	93,069
Deferred tax liability to be recovered within one year	97,296	-	10,486
	944,709	-	103,555

Deferred tax liabilities were made up as follows:

Accelerated tax depreciation	944,709	-	103,555
	944,709	-	103,555

The movement on the deferred income tax account is as follows:

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016	Audited Year ended 31 December 2016
Balance at beginning of period	103,555	-	-
On acquisition of subsidiary	868,100	-	104,866
Income statement movement	(26,946)	-	(1,311)
	944,709	-	103,555

9. Share capital

	Unaudited 6 months ended 30 June 2017 £	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2016 £
7,365,324 Ordinary shares of £1 each	-	-	7,365,324
194 ordinary shares £1 each	-	194	-
165,860,248 Ordinary shares of 1p each	1,658,602	-	-
Total	1,658,602	194	7,365,324

Integumen Plc

Notes to the Financial Statements (continued)

For the 6 months ended 30 June 2017

The Group's comparative figures for share capital for the 6 months ended 30 June 2016 presented in these financial statements are the consolidated numbers of Innovenn UK Limited.

During the period ended 30 June 2017, the following changes to the company's share capital took place:

- On 24 March 2017, the Company issued 3,354,325 ordinary shares of £1 to acquire the shares in TSPRO GmbH.
- On 24 March 2017, the Company issued 16 ordinary shares of £1 to certain shareholders of the company.
- On 24 March 2017, each ordinary existing share of £1 was sub-divided into one deferred share of 84.32p and one ordinary share of 15.68p. Each ordinary share of 15.68p was then subdivided into 56 ordinary shares of 1.4p each for every 5 in issue, and all of the deferred shares were cancelled and extinguished. Each ordinary share of 1.4p was then sub-divided into 1 ordinary share of 1p each and 1 deferred share of 0.4p, and all of the deferred shares were cancelled and extinguished.
- On 5 April 2017, the Company's ordinary shares of 1p each were admitted to trading on the AIM market of London Stock Exchange plc with ISIN number GB00BYWJ6269. On Admission the Company issued 45,000,000 ordinary shares of 1p each at a placing price of 5p per ordinary share raising a total of £2.25 million.
- On 11 April 2017, the Company issued 800,000 ordinary shares of 1p each.

As at 30 June 2017, the Company had an issued share capital of 165,860,248 ordinary shares of 1p each.

10. Post balance sheet events

There have been no significant events affecting the company since the period-end

11. Availability of announcement

A copy of this announcement is available from the Company's website, being www.integumenplc.com.