

integumen.



Integumen Plc Interim Report **2018**

29th August 2018

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

INTERIM RESULTS

Integumen (LSE: SKIN), the non-animal-testing, skin care and cosmetic businesses developing and commercialising technologies and products for consumer use today announces its interim results for the 6 months ended 30 June 2018.

Performance Highlights

- During the first half of 2018, Innovenn's Labskin, the non-animal-testing platform, transitioned from single sales of laboratory grown human skin test kits, to a fully integrated clinical test service provider. Service contracts are now in place with multiple clients ranging from £6,000 up to £35,000, in the first half of 2018 on a 50% upfront and 50% payment on completion later in the 2018. Medium to long term clients, that have taken some time to close are now capable of generating more than 25 times the average price of a Labskin test kit.
- One medium size biotechnology company contracted Labskin to assist in the development of a formulation for maximum efficiency for non-medical biological ingredients to treat eczema.
- A global hygiene and health company has engaged Labskin to address the odour causing bacteria on their products, along with alternative ingredients to reduce irritation. This is an ongoing service provision project that has allowed that client company to move away from the difficult and inconsistent human volunteers and animal testing in laboratories.
- 2 of the top 10 cosmetic corporations in the world have engaged Innovenn's Labskin team to test their products with skin friendly bacteria. This allows the client companies to check that their existing and future launch products keep a good skin balance and reduce the incidence of irritation reactions to their formulations. This is vital to their consumer customers.
- Sales and marketing efforts of Visible Youth failed to meet expectations.
- TSPRO sales forecasts did not meet the expectations of the Board.
- Stoer Skincare has seen sales commence after receiving an award for best Facial Cleanser/Exfoliators at Shortlist Men's Grooming Awards 2018.

Financial Results for the 6 months ended 30 June 2018

- Revenues of £149,000, EBITDA loss of £729,000, amortisation and depreciation of assets of £165,000 and an intangible asset impairment of £500,000;
- Operating loss of £1,454,000;
- During the period the Group raised £500,000 (before expenses) through a share placing, which we are using for product development, sales & marketing and working capital;

Post Period end

- A Share Purchase Agreement to conditionally acquire a 9.35% stake in Cellulac plc was signed on 2 August 2018 from Gerard Brandon and Camillus Glover in exchange for shares representing c19% of Integumen. Completion of this investment is expected at the end of September.
- In detailed RNS announcements of 16 July 2018 and 19 July 2018 the Company announced that it had conditionally raised £719,500 in aggregate, by way of a conditional placing to raise £219,500 and a conditional subscription to raise £500,000. £229,500 of the placing and subscription shares were allotted on 6 August, with the balance of £490,000 scheduled to complete on or around 24 of September.
- Gerard Brandon also subscribed for an additional c2% of Integumen shares in the above mentioned subscription.
- Integumen and Cellulac plc entered into a commercial agency agreement where:
 - Cellulac granted Integumen an exclusive licence to sell Cellulac's Algzym-branded and white labelled products (including Omega 3 and bioplastic ingredients) and to license Cellulac's technology to third parties;
 - Integumen has been granted exclusive 5-year licences for the territories of the United States, Canada and Mexico; and
 - Integumen and Cellulac will share revenues equally (after production costs) from Integumen's sales and licensing activities under the Licence Agreement.
- Gerard Brandon, who is CEO of Cellulac PLC joins the Board and took over as CEO of Integumen PLC on 6 August 2018.
- Camillus Glover the CFO and COO of Cellulac PLC joins the Board and took over as head of operations of Integumen PLC on 6 August 2018.

- Chris Bell the current CFO of Integumen, will step down as CFO but will remain to support the transition through to the end of September. Chris is stepping down from the Board of Integumen, effective immediately.
- Camillus Glover is today appointed the new CFO of Integumen plc. Camillus will also remain as COO. Camillus was a former Operations Director at Campbell Bewley Group and COO at Alltracel Pharmaceuticals PLC. He is a member of the Institute of Chartered Accountants and has been COO and CFO in Cellulac plc since 2012.
- The Board has received an offer from director Donald Nicholson to acquire the Company's skin care businesses. Donald has resigned as a director and steps down as an advisor to the skin care divisions of Integumen with immediate effect, to avoid the conflict of interest that arises in relation to the Board's consideration of his offer.
- The Board, after reviewing the indicative terms, has declined the initial offer, however management remain in discussions on potential offers for one or more of the skin care assets.
- Since his appointment the new CEO has undertaken a strategic review of the different businesses within the Group. It is expected that the Board will seek to divest the Group of under-performing assets or those requiring significant funding. Such a course of action is likely to result in a charge to the statement of comprehensive income, so an impairment of £500k has been provided for, in anticipation of this outcome. Further announcements will be made shortly.

Integumen plc	Gerard J. Brandon, CEO	+44 (1223) 926 660
SPARK Advisory Partners Limited (Nominated Adviser)	Neil Baldwin/Andrew Emmott	+44 (0) 113 370 8974
Hybridan LLP (Broker)	Claire Noyce	+44 (0) 20 3764 2341
TB Cardew Group	Shan Shan Willenbrock Joe McGregor	+44 (0) 20 7930 0777 integumen@tbcardew.com

Integumen Plc

Chairman's Statement

Introduction

Since Integumen's admission to trading on AIM in April 2017, the integration of multiple isolated and diverse business units covering oral-care, cosmetics, wound care and supported by an animal-free laboratory grown human skin testing technology, has overcome many hurdles. However, funding of £2.25 million, plus a further £500,000 raised in January 2018, was insufficient to achieve the cohesive integration of all business units within the enlarged Group in a timely fashion to allow sales targets to be met. Management have been successful in cutting costs and achieving efficiencies on every level. Whilst this hindered sales and marketing expenditure, it did not curb the advances of Innovenn's Labskin business development to move from single product sales into a full service provider of animal-free skin testing to multi-national skin care companies.

Labskin (Innovenn)

The Labskin business unit has demonstrated its ability to move away from selling single animal-free laboratory grown human skin test kits, to a fully fledged service provider for biotech, skin-care, wound-care, cosmetics and personal hygiene companies. While revenue in H1 2018 amounted to £49k, contracted work of £160,422 is already invoiced with 50% paid upfront. This is actually 327% higher than reported revenues of H1, 2018. Revenue to mid-August is £98,370. Invoices for clinical test and formulation development for clients are reaching up to 25 times the average price of selling single test kits. The network of the new management team opens up an exciting expansion and collaboration partnership plan. In addition, late stage negotiations are underway for a shared revenue model, with external investment from the developers of virtual laboratory facilities in the form of an artificial intelligence platform for skin care clients.

WoundPhase

Having Labskin in the group with such accumulated knowledge and expertise allows us to identify markers on the skin (microbiome) for many skin related conditions. Laboratory analysis allows the Labskin team to see what happens on the skin with too much sun damage or what triggers acne, anti-aging, anti-fungal, anti-dandruff and in the case of "WoundPhase", Wound Healing.

Labskin and WoundPhase are combining technologies to create a Labskin Temporary Tattoo (LTT). Biology (triggers) and chemistry, use temporary tattoo ink that changes colour depending on what is happening to the skin. The first product is likely to be a temporary tattoo that changes colour as the skin is over-exposed to the sun to remind parents of children to cover up or apply more sun screen. Consumers will be able to match cosmetic products to their skin types based on the Labskin Tattoo. Health applications include visual monitoring of body temperature, without electronic devices or attaching monitors, on an infant or elderly patient.

The Labskin Tattoo is based on the core underlying technology of WoundPhase. New management have previously sold sticking plaster dressings in 43 countries. Contract manufacturing of dressings with an entire sales, marketing and distribution channel partners is in place to do the same with the Labskin tattoo. FDA or EU Class 1 product approvals are not required as inks are already approved in the EU and US for use on every temporary tattoo that children already apply. They are also inexpensive to manufacture.

Stoer Skincare

This award winning men's skincare brand was a recent acquisition in November 2017. Stoer was a winner of the best Facial Cleanser/Exfoliators at Shortlist Men's Grooming Awards 2018. On the back of the award and additional media coverage small quantities of sales occurred from retailers have begun. However, new management, who have had experience in consumer sales of skin care products across multiple continents are negotiating higher volumes for the Stoer range of products that are expected to see increased sales as we progress into H2 2018.

TSPRO

The oral-care TSPRO business unit saw a 20% fall-off in sales in the first half of 2018 to a level of £95k. Strong demand for this patented oral-hygiene product at professional level is obvious from repeat business, but an increase in the marketing budget is necessary to push this through to the consumer. While management believes the TSPRO hygiene product is likely to be successful in the future, the Board believes that it will require additional resources to achieve that goal. Given the resources available to the Company, and the Company's refocussing of its strategy, the Company will look to divest this business.

Visible Youth

Since Integumen's admission to trading on AIM in April 2017, Visible Youth has not launched any products. Hyaluronic acid is clearly in high demand, but the Board believes its exploitation requires significant additional development expenditure. Therefore, management are exploring the divestment of Visible Youth with a number of potential buyers, who we understand have an appetite for the intellectual property and the range of products that would be derived from further development. These potential buyers include Donald Nicholson who has today resigned from the board to avoid any conflict of the interest in the board's consideration of his offer. No guarantees are being made of the likely outcome of these discussions. Updates on this will be provided on any likely outcome.

Cellulac

The commercial licencing agreement, signed on 2 August 2018 with Cellulac, has enabled Integumen to engage buyers for the sale of wholesale volumes of human grade food supplements into the food sector. This includes protein enriched food into the animal feed sector, biodegradable plastic ingredients, all of which are to be provided by Cellulac. Negotiations that may lead to the first US distribution agreement are ongoing with a large US animal feed commodity supplier for sales of Omega 3. Further information will be released on the outcome of these negotiations.

New Commercial Focused Management Team

Cellulac was built over the last 6 years by the management team that has recently been appointed to the Board of Integumen and who are now the commercial team, running Integumen. As new management have already a well established presence in the US, through partners of Cellulac that same team are in effect the commercial arm of Cellulac for its product sales and technology licencing in the North American Continent.

Write down of Intangible asset value

A strategic review of the different businesses within the Group has been undertaken. As a result the Board will seek to divest the Group of under-performing assets or those requiring significant funding. Such a course of action is likely to result in a charge to the statement of comprehensive income, so an impairment of £500k has been provided for, in anticipation of this outcome. Further announcements will be made shortly.

Outlook

The Board, senior management team and the strategic direction has changed. The prospects for existing and new shareholders of Integumen are now being built on past successes, and lessons learned by overreaching. We are looking to divest assets that would offer better value and the potential for success for other interested parties who would be better placed with greater resources to fully exploit these assets.

Pivoting to a strategic collaboration partnership business model provides access to existing, well established, sales, marketing and distribution channels. This was absent from what was a struggling internal direct sales strategy. This provides for the sharing of costs, but importantly, increasing overall revenues. Longer term contract for services, larger distribution and supply agreements diversify the Group from a reliance on monthly or quarterly sales targets, to recurring annual revenues from multi-year sales agreements.

We are already seeing licensing-in opportunities with Cellulac, and licensing-out technology to third parties for Omega 3 and bioplastic ingredients. We are moving from the sale of Labskin testing kits to providing clinical test services to biotechnology companies with topical drug delivery and non-medical skin and wound care products. That list includes small, medium and Fortune 500 companies.

This strategy, which has been successful in the past for the new management team, is already increasing revenues as can be seen with Innovenn's Labskin, in H2 2018. We are eager to get on with the changes being put in place and look forward to updating shareholders as we progress on this more commercially focused journey.

Tony Richardson
Chairman
27 August 2018

Integumen Plc
Consolidated Statement of Comprehensive Income
For the 6 months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 £'000	Unaudited 6 months ended 30 June 2017 £'000	Audited Year ended 31 December 2017 £'000
Revenue	149	124	238
Costs of sales	(41)	(35)	(62)
Gross profit	108	89	176
Administrative Costs	(1,562)	(1,476)	(9,693)
Operating loss	(1,454)	(1,387)	(9,517)
Depreciation	37	32	75
Amortisation	128	340	788
Impairment of intangible assets	500	-	6,740
Exceptional items	60	275	335
EBITDA before exceptional items	(729)	(740)	(1,579)
Finance income	-	-	7
Finance costs	(25)	(19)	(71)
Loss before income tax	(1,479)	(1,406)	(9,581)
Income tax credit	187	27	941
Loss for the period	(1,292)	(1,379)	(8,640)
Other comprehensive income			
Currency translation differences	7	(164)	(218)
Total comprehensive loss for the period	(1,285)	(1,543)	(8,858)
Loss per share attributable to owners of the parent during the period			
Basic and diluted loss per ordinary share	0.6p	1.1p	5.8p

Integumen Plc
Consolidated Statement of Financial Position
As at 30 June 2018

	Unaudited As at 30 June 2018 £'000	Unaudited As at 30 June 2017 £'000	Audited As at 31 December 2017 £'000
Assets			
Non-current assets			
Intangible assets	1,359	8,712	1,979
Property, plant and equipment	203	281	241
Total non-current assets	1,562	8,993	2,220
Current assets			
Inventories	177	13	174
Trade and other receivables	66	355	140
Cash and cash equivalents	-	512	40
Total current assets	243	880	354
Total assets	1,805	9,873	2,574
Equity attributable to owners			
Share capital	2,237	1,659	1,904
Share premium account	2,230	1,751	2,075
Retained loss	(11,845)	(3,291)	(10,553)
Foreign currency reserve	(232)	(185)	(239)
Reverse acquisition reserve	(2,843)	(2,843)	(2,843)
Capital redemption reserve	9,519	9,519	9,519
Share based equity reserve	39	8	24
Total equity	(895)	6,617	(113)
Liabilities			
Non-current liabilities			
Deferred tax liabilities	85	848	212
Borrowings	419	636	509
Total non-current liabilities	504	1,484	721
Current liabilities			
Bank overdraft	85	-	85
Trade and other payables	1,921	1,369	1,666
Deferred tax liabilities	10	97	26
Borrowings	180	306	189
Total current liabilities	2,196	1,772	1,966
Total liabilities	2,700	3,256	2,687
Total equity and liabilities	1,805	9,873	2,574

Integumen Plc
Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 £'000	Unaudited 6 months ended 30 June 2017 £'000	Audited Year ended 31 December 2017 £'000
Cash Flow from operating activities			
Cash (used in)/generated from operations	(457)	(1,503)	(1,969)
Taxation	44	-	126
Interest paid	(25)	(19)	(64)
Net cash used in operating activities	(438)	(1,522)	(1,907)
Cash flow from investing activities			
Acquisition of investments	-	(63)	(63)
Payments to acquire intangibles	-	(52)	(179)
Purchase of property, plant and equipment	-	-	(2)
Net cash used in investing activities	-	(115)	(244)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	488	2,209	2,269
Capital element of finance lease	(12)	(12)	(24)
Repayments on borrowings	(87)	(78)	(136)
Net cash generated by financing activities	389	2,119	2,109
Net increase/ (decrease) in cash and cash equivalents	(49)	482	(42)
Cash and cash equivalents at beginning of period	(45)	30	30
Effects of exchange rate changes on cash and cash equivalents	9	-	(33)
Cash and cash equivalents at end of period	(85)	512	(45)
Analysis of Cash and cash equivalents			
Cash and cash equivalents	-	512	40
Bank overdraft	(85)	-	(85)
Cash and cash equivalents at end of period	(85)	512	(45)

Integumen Plc

Consolidated Statement of Changes in Shareholders' Equity

Group	Share capital £'000	Share premium £'000	Retained earnings £'000	Foreign currency reserve £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Share based equity reserve £'000	Total £'000
At 1 January 2017	7,365	-	(1,913)	(21)	(2,843)	-	-	2,588
Changes in equity for the 6 months ended 30 June 2017								
Loss for the period	-	-	(1,379)	-	-	-	-	(1,379)
Currency translation differences	-	-	-	(164)	-	-	-	(164)
Total comprehensive loss for the period	-	-	(1,379)	(164)	-	-	-	(1,543)
Transactions with the owners								
Shares issued during the period	3,812	1,832	-	-	-	-	-	5,644
Costs of Share Issue	-	(81)	-	-	-	-	-	(81)
Cancelled Shares	(9,519)	-	-	-	-	9,519	-	-
Share option based charge	-	-	-	-	-	-	8	8
Total contributions by and distributions to owners	(5,707)	1,751	-	-	-	9,519	8	5,571
At 30 June 2017	1,659	1,751	(3,291)	(185)	(2,843)	9,519	8	6,617
Changes in equity for the 6 months ended 31 December 2017								
Loss for the period	-	-	(7,261)	-	-	-	-	(7,261)
Currency translation differences	-	-	-	(54)	-	-	-	(54)
Total comprehensive loss for the period	-	-	(7,261)	(54)	-	-	-	(7,315)
Transactions with the owners								
Shares issued during the period	245	355	-	-	-	-	-	600
Costs of Share Issue	-	(31)	-	-	-	-	-	(31)
Share option based charge	-	-	-	-	-	-	16	16
Total contributions by and distributions to owners	245	324	-	-	-	-	16	585
At 31 December 2017	1,904	2,075	(10,553)	(239)	(2,843)	9,519	24	(113)
Changes in equity for the 6 months ended 30 June 2018								
Loss for the period	-	-	(1,292)	-	-	-	-	(1,292)
Currency translation differences	-	-	-	7	-	-	-	7
Total comprehensive loss for the period	-	-	(1,292)	7	-	-	-	(1,285)
Transactions with the owners								
Shares issued during the period	333	167	-	-	-	-	-	500
Costs of Share Issue	-	(12)	-	-	-	-	-	(12)
Share option based charge	-	-	-	-	-	-	15	15
Total contributions by and distributions to owners	333	155	-	-	-	-	15	503
At 30 June 2018	2,237	2,230	(11,845)	(232)	(2,843)	9,519	39	(895)

Integumen Plc

Notes to the Financial Statements

For the 6 months ended 30 June 2018

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 on 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 2017 and which will form the basis of the 2018 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 and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The Auditor's report did include a matter to which the auditor drew attention by way of emphasis without qualifying their report. The group was dependent upon receiving additional fundraising and that the directors were satisfied that this would be completed. As detailed in note 9 to this report, additional fundraising was completed on 6 August 2018. The financial information for the half years ended 30 June 2018 and 30 June 2017 is unaudited and the twelve months to 31 December 2017 is audited.

3. Exceptional items

Included within administrative expenses are exceptional items as shown below:

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017	Audited Year ended 31 December 2017
Exceptional items include:			
– Transaction costs relating to listing, raising funds and business acquisitions	60	275	335
Total exceptional items	60	275	335

Integumen Plc
Notes to the Financial Statements (continued)
For the 6 months ended 30 June 2018

4. 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 period.

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017	Audited Year ended 31 December 2017
Loss attributable to owners of the parent	£1,292,000	£1,379,000	£8,640,000
Weighted average number of Ordinary Shares in issue	222,764,422	124,567,456	148,000,464
Basic loss per share	0.6p	1.1p	5.8p

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017	Audited Year ended 31 December 2017
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	222,764,422	124,567,456	148,000,464
Adjustments for calculation of diluted earnings per share:			
Warrants	59,627,213	12,330,120	19,196,336
Total	282,391,635	136,897,576	167,196,800
Potential diluted loss per share	0.6p	1.1p	5.8p

5. Dividends

There were no dividends paid or proposed by the Company.

Integumen Plc
Notes to the Financial Statements (continued)
For the 6 months ended 30 June 2018

6. Intangible fixed assets

Group	Development Costs and Intellectual Property Rights £'000	Total £'000
Cost		
At 1 January 2018	9,635	9,635
Exchange differences	65	65
At 30 June 2018	9,700	9,700
Amortisation		
At 1 January 2018	7,657	7,657
Charge for the period	128	128
Impairment	500	500
Exchange differences	56	56
At 30 June 2018	8,341	8,341
Net book value		
At 1 January 2018	1,979	1,979
At 30 June 2018	1,359	1,359

Integumen Plc
Notes to the Financial Statements (continued)
For the 6 months ended 30 June 2018

7. Deferred income tax

Deferred tax liabilities

Deferred tax balances were as follows:

	Unaudited 6 months ended 30 June 2018 £'000	Unaudited 6 months ended 30 June 2017 £'000	Audited Year ended 31 December 2017 £'000
Deferred tax liability to be recovered after more than one year	85	848	212
Deferred tax liability to be recovered within one year	10	97	26
	95	945	238

Deferred tax liabilities were made up as follows:

Accelerated tax depreciation	95	945	238
	95	945	238

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

	Unaudited 6 months ended 30 June 2018 £'000	Unaudited 6 months ended 30 June 2017 £'000	Audited Year ended 31 December 2017 £'000
Balance at beginning of period	238	104	103
On acquisition of subsidiary	-	868	950
Income statement movement	(143)	(27)	(815)
	95	945	238

8. Share capital

	Unaudited 6 months ended 30 June 2018 £'000	Unaudited 6 months ended 30 June 2017 £'000	Audited Year ended 31 December 2017 £'000
190,351,899 Ordinary shares of £1 each	-	-	1,904
165,860,248 Ordinary shares of 1p each	-	1,659	-
223,685,232 Ordinary shares of 1p each	2,237	-	-
Total	2,237	1,659	1,904

Integumen Plc

Notes to the Financial Statements (continued)

For the 6 months ended 30 June 2018

On 5 January 2018:

- the Company issued 33,333,333 ordinary shares of 1p each at a placing price of 1.5p per ordinary share raising a total of £500,000.
- the Company granted warrants over 33,333,333 ordinary shares of 1p to subscribers in the placing which are exercisable at 1.5p per ordinary share of 1p at any time during the five years from 5 January 2018.
- the Company granted warrants over 1,000,000 ordinary shares of 1p each to Hybridan LLP which are exercisable at 1.5p per ordinary share of 1p at any time during the five years from 5 January 2018.
- the Company granted warrants over 300,000 ordinary shares of 1p each to Turner Pope Investments (TPI) Ltd which are exercisable at 1.5p per ordinary share of 1p at any time during the five years from 5 January 2018.

As at 30 June 2018, the Company had an issued share capital of 223,685,232 ordinary shares of 1p each.

9. Post balance sheet events

On 2 August 2018, each existing ordinary share of 1p each was sub-divided into one new ordinary share of 0.01p and one deferred share of 0.99p.

This resulted in the Company having an issued share capital of 223,685,232 ordinary shares of 0.01p each and 223,685,232 deferred shares of 0.99p each.

On 3 August 2018:

- the Company announced a Share Purchase Agreement to conditionally acquire a 9.35% stake in Cellulac plc ("Investment") in exchange for the issue of 82,844,388 new ordinary shares of 0.01p each in the Company had been signed. Completion of the Investment is expected to take place on or around 24 September 2018.

On 6 August 2018:

- the Company issued 39,923,095 ordinary shares of 0.01p each at a placing price of 0.65p per ordinary share raising a total of £259,500 (before expenses)
- The Company granted warrants over 5,846,154 ordinary shares of 0.01p each to SPARK Advisory Partners Limited which are exercisable at 0.65p per ordinary share of 0.01p at any time during the two years from 6 August 2018
- SPARK Advisory Partners Limited surrendered its existing warrants (granted 5 April 2017) over 1,650,602 ordinary shares of 1p each
- Gerard Brandon and Camillus Glover joined the Board as Chief Executive Officer and Chief Operations Officer, respectively, and Paul Kennedy and Helmut Schlieper resigned from the Board.

As at 6 August 2018, the Company had an issued share capital of 263,608,327 ordinary shares of 0.01p each and 223,685,232 deferred shares of 0.99p each.

The Company expects to issue a further 75,384,604 ordinary shares of 0.01p each at a placing price of 0.65p per ordinary share raising a total of £490,000 (before expenses) on or around 24 September 2018.

In addition, the Company expects to grant further warrants on or around 24 September over 1,846,154 ordinary shares of 0.01p each to Hybridan LLP which are exercisable at 0.65p per ordinary share of 0.01p at any time from three months to five years post-grant.

10. Availability of announcement

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