

DeepVerge PLC

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Integumen clinches partnerships to tackle coronavirus pandemic

What it does

Integumen PLC's (LON:SKIN) backbone of the company is a product called Labskin, a laboratory-grown skin that is used by cosmetics and pharmaceutical companies to see how their latest products will react with human skin.

Labskin gives scientists a much better idea of how their cream or gel or make-up will react in the real world.

Not only does it make animal testing redundant, the added accuracy it gives researchers reduces R&D costs by helping to improve success rates.

Other activities

It owns STOER, a premium skincare range for men and also has a 9.35% stake in Cellulac, which produces biodegradable plastic ingredients and natural oils.

Growth drivers

With the help of artificial intelligence firm Rinocloud, which it bought in April, Integumen is building Labskin-on-a-chip, which will record every treatment tested on the platform and store its effects in a database.

That will give every dermatology clinic with a computer the ability to take a swab of a patient's own skin bacteria, place it on the Labskin platform, run it against the database, and advise what the best course of treatment might be.

Then there's Labskin AI, a digital extension to the lab-grown skin to clone the skin of volunteers in clinical trials.

The company said the new test would cut the number of volunteers required for trials by 50%, reducing recruitment times and project management costs.

How it is doing

Revenue for the current year is expected to be £4mln said Integumen, which will soon be renamed DeepVerge PLC.

Achieving that target will see a significant ramp-up. The company generated some £1mln of revenue in the first six months of 2020, and it expected to bring in another £1mln in the third quarter and then the fourth.

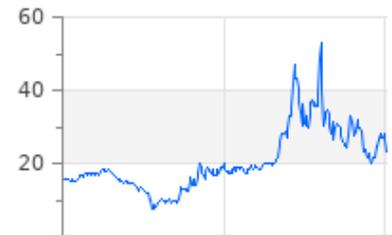
The company reported a £611,000 gross profit for the first half, it made a £552,000 underlying loss (EBITDA before exceptional items), and net profit was marked at £925,000.

Chief executive Gerard Brandon pointed out that the business continues to grow and evolve via collaboration and

Price: 25

Market Cap: £41.47 m

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: DVRG

Listing: AIM

52 week High Low
35 19

Sector: Medical technology & services

Website: www.deepverge.com

Company Synopsis:

DeepVerge is a scientific research and AI-as-a-Service company focused on production and analysis of bacteria, virus and toxins utilising artificial intelligent data analytics in regulatory technology, from scientifically proving the impact of skincare product claims on skin microbiome for top 10 global cosmetic company clients to remotely detecting water contamination in real-time.

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acquisition.

Most recently, in August, the company agreed to a £21.25mIn merger with Modern Water PLC (LON:MWG).

In September, it signed an MoU with the WaterRising Institute to supply equipment to detect pathogens including COVID-19 in the Great Lakes region in Michigan.

The WaterRising Institute is a not-for-profit organisation that aims to provide real-time alerts to identify sources of water pollution.

What the boss says: chief executive Gerry Brandon

"COVID-19 contamination detection in wastewater increasingly becomes an important tool in the fight against the disease,"

Video

What the broker says: Turner Pope

"Given the anticipated need for such safety equipment, this first-mover advantage derived from combination of proprietary technologies could potentially create a transformative future opportunity."

"Notwithstanding this, the addition of value and opportunity through the Group's [Integumen's] AI division is already opening other options to develop data analytic tools/facilities for Modern Water monitoring equipment, with the potential to include 'bolt-on' services in anticipation of new longer-term national requirements and scope to secure higher client revenues."

"This, together with ongoing expansion of Rinocloud's high margin data and AI services, Labskin's analytical/monitoring technologies and the extended customer reach being offered through ecowaterOS's multi-continental consortium, highlights the scale of opportunities being presented to Integumen in its underserved global markets."

Inflexion points

- **Sales start to accrue from Modern Water merger**
- **Partnerships with Avacta, Aptamer continue to develop**
- **Labskin sales gain momentum**
- **Revenue grows four-fold**

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