



SkinBioTherapeutics plc
("SkinBioTherapeutics" or "the Group")

**Acquisition of Bio-Tech Solutions Ltd
and Financial Update**

- *Second acquisition in M&A strategy adding manufacture and packaging of health, hygiene and personal care products, and future development platform for topical products*
- *Cash and debt free acquisition, EBITDA profitable business*
- *Strategically beneficial to Dermatronics, the current business model and future targets adding further value*
- *Post acquisition, SkinBioTherapeutics has sufficient cash runway to support operations through to Summer 2026*

11 October 2024, SkinBioTherapeutics plc (AIM: SBTX), a life science company focused on skin health, announces the acquisition of the entire share capital of Bio-Tech Solutions Ltd ("BTS") for a total enterprise consideration of £1.25m payable in cash on closing. BTS is the second acquisition of the Group's M&A strategy and brings the capabilities of manufacturing and packaging of health, hygiene and personal care products, and a future development platform for advanced topical creams.

The acquisition is being funded by a loan of £950,000 with an existing shareholder and a subscription for 2,349,624 new Ordinary Shares at 10.64p raising £250,000, as well as utilisation of Group cash reserves. The terms of the loan are set out in the financing section below.

The Group has also provided an overall financial update for the period to the end of September 2024.

Acquisition of Bio-Tech Solutions Ltd

BTS is a well-established manufacturer and supplier of health, hygiene and personal care products based in Driffield, Yorkshire, founded by Ian Moulds.

The business has capacity to produce liquids, topical creams and lotions as well as tablets and capsules, manufactures to GMP standards, and the company is ISO certified - 9001-2015 and ISO 13485 - 2016 (Medical Devices) with quality control facilities. The company has 23 employees involved in manufacturing, packaging, formulation, regulatory affairs and back office.

BTS delivered £2.1m of revenue and £0.5m of EBITDA for the year ending 30 June 2024. Based on latest management accounts, it is forecasted to deliver £3.0m of proforma revenue and £0.9m of proforma EBITDA in the 2024/25 financial year. Management anticipates that it will provide cost synergies to the Group, initially through the manufacture of Dermatronics products which has been established as part of the due diligence process. This acquisition also provides the potential for a future development platform for advanced topical creams and capsules. Further details of BTS are set out in the Appendix below.

Financing of the acquisition through debt, equity and cash

The consideration for the acquisition is being funded through debt and equity provided by long term shareholder, David Brierwood, as well as Group cash reserves. The use of the loan and equity element preserves the Group's cash runway, and allows time for integration and realisation of synergies.

The terms of the loan are as follows:

Amount	£950,000
Term	3 years
Repayment	First 2 years quarterly interest payments, 3 rd year quarterly interest and capital payments
Interest	13%
Fees	2%
Warrants*	3,289,474 warrants exercisable at 10.64 pence per share.

In addition, the Company has entered into a subscription agreement with the same investor to subscribe for 2,349,624 new Ordinary Shares at 10.64p raising £250,000.

*The funds from the warrants on exercise will be used to reduce the debt from £950,000 to £600,000.

Financial Update

Following the fundraising in August 2024 the cash position of the Group at end September 2024 was £1.9m. Having acquired BTS, the Group now has sufficient cash runway to support its operations through to Summer 2026 without any additional income from Croda or other joint development agreements.

Following the successful completion of the clinical studies by Sederma (Croda plc) and the commencement of full commercialisation, the Group has not altered its view on forecasts and revenue expectations. Please note that any forecasts are in the control of Sederma and management cannot forward forecast, so must await the outcome of commercial discussions in October/ November.

Stuart Ashman, CEO of SkinBioTherapeutics plc, said:

"This is the second acquisition we have made as part of our buy and build strategy to generate immediate and longer-term benefits to the SkinBioTherapeutics Group.

"As with our acquisition of Dermatronics earlier this year, this deal brings in revenues, positive EBITDA and cash, as well as providing the Group with cost synergies. We gain access to an important and varied customer base in the healthcare space with an excellent team which we intend to retain. The main rationale for the deal is obtaining regulatory approved manufacturing facilities which will underpin the expansion of our product portfolio. BTS brings us the capability to manufacture products ourselves and supports our other pillars for the longer term.

"In December 2023, I talked about "transforming the Group". It may have taken slightly longer than we had intended to deliver the second acquisition, however with a projected annualised Group turnover in excess of £6.3m before any revenue from the Croda partnership these two acquisitions provide us with a strong product portfolio and integrated manufacturing. I believe we can claim that the "transformation" has well and truly begun. This is another building block to the solid scientific and financial foundations of the Group and, with the successful completion of the Croda clinical studies, we are moving rapidly towards Group profitability.

"I'd like to thank David Brierwood for his help in completing this deal. He has been a long-term supporter of both SkinBioTherapeutics and our strategy to transform the Group through acquisitions of complementary businesses."

Long-term shareholder, David Brierwood, said:

"I have long admired SkinBioTherapeutics' ambitions to transform the skin healthcare market, and have watched with increasing conviction as the business model has evolved over the past few years. I am delighted to have been able to support the Group to achieve this next milestone acquisition and enabling the transformation of SkinBioTherapeutics from an R&D company to a revenue-generating, profitable commercial Group."

Commenting on the deal, Ian Moulds, Founder of Bio-Tech Solutions said:

"Building up BTS has been a life's work. As I reach retirement, I'm very happy to be handing it over to the SkinBioTherapeutics team, where it can become a fundamental part of a bigger entity. Stuart and his team have done extensive due diligence and during this process we have got to know each other very well. I fully support SkinBioTherapeutics' growth plans in the skin and personal healthcare sectors; BTS and its team are passing into good hands."

-Ends-

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Reminder of Shareholder presentation and Q&A

CEO, Stuart Ashman, and CFO, Manprit Randhawa, will provide a live presentation about the terms and rationale of the acquisition of Bio-Tech Solutions and the financing details via the Investor Meet platform at 10am Friday 11 October 2024.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet SkinBioTherapeutics at the link [HERE](#).

Investors who already follow **SkinBioTherapeutics** on the Investor Meet Company platform will automatically be invited.

A recording of the presentation will be available shortly afterwards on the SkinBioTherapeutics investor

relations section of the website [HERE](#).

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Notes to Editors

About SkinBioTherapeutics plc

SkinBioTherapeutics is a life science company focused on skin health. The Company's proprietary platform technology, SkinBiotix®, is based upon discoveries made by the translational dermatology team at the University of Manchester.

The Company is targeting a number of skin healthcare sectors, the most advanced of which are cosmetic skincare and food supplements to modulate the immune system by harnessing the gut-skin axis. In each area SkinBioTherapeutics plans to exemplify its technology through human studies. The Company's first product, AxisBiotix-Ps™, a food supplement to address the symptoms of mild to moderate psoriasis.

The Company listed on AIM in April 2017 and is based in Newcastle, UK. For more information, visit: www.skinbiotherapeutics.com.

Additional details about the acquisition of Bio-Tech Solutions

Overview

As stated in the FY results on 30 November 2023, SkinBioTherapeutics announced a dual growth strategy which comprised organic growth of its own portfolio and inorganic growth through the acquisition of companies that either manufacture or sell a variety of branded topical products for common dermatological conditions to NHS hospitals, dispensing practices and national pharmacy chains.

The criteria for acquisition included the following features:

- Accretive from a revenue and earnings perspective from day one in order to reduce the operating cash burn
- Providing synergies operationally and strategically

The overall goal of the Group is to become a cash generating entity as swiftly as possible.

Dermatonics was the first acquisition completed in early 2024 which provided a full range of healthcare products with access to a number of commercial routes, including a partnership with the Umesh Modi Group across Asia, the Middle East, and Africa.

Today's announcement about the acquisition of Bio-Tech Solutions (BTS) provides the manufacturing element of the growth strategy. The Directors believe that the BTS business and financial performance fulfils the criteria set by SkinBioTherapeutics and provides a significant growth opportunity for the Company.

Introduction to Bio-Tech Solutions

BTS specialises in the manufacture of health, hygiene and personal care products. This acquisition provides the platform for SkinBioTherapeutics to further develop the products on offer as well as gaining a good level of market penetration through its established links with hospitals and care homes.

BTS was founded in 2002 and is a family business located in Driffield in Yorkshire, owned by Mr and Mrs Moulds (the Vendors). The Company's aim and purpose is to provide contract manufacturing for infection control, cosmetics, hygiene and dental care. The type of products range from liquids, creams, lotions, etc. The manufacturing facilities are to GMP standards and ISO certified, and the Company has quality control (QC) facilities, including HPLC (high-performance liquid chromatography) analysis service and can also deal with flammables.

The business employs 23 staff, split between office and factory. Mr Moulds has been working part time and is looking to retire. To date, he has still been involved in the running of the business and he will stay on in a part-time consultant role post-acquisition.

Financial performance*

For the financial year ended 30 June 2024, BTS reported unaudited revenues of £2.1 million and EBITDA of £0.5 million. Over the last four financial years, BTS has grown both revenue and EBITDA. Post year end, the business has performed well, and financially, it is expected to reach £3.0m in proforma revenues and £0.9m in proforma EBITDA pre-synergies.

** Based on unaudited management accounts*

Manufacturing operation

The factory is run under the supervision of the Operations Manager, who has been in the post for four years.

The facility is to GMP standards and BTS are ISO 9001 & ISO 13485 certified. Within the building there are quality control facilities, including HPLC analysis service, and it is authorised to deal with flammables.

The operation currently works one 8 hour shift in a 4.5 day week, but has the capacity to significantly increase this.

Rationale for acquisition

SkinBioTherapeutics aims to develop and market systems of products which aim to heal skin from within (Gut-Skin Axis) and heal from outside (using a range of topicals). Within the R&D pipeline are a range of programmes and cost centres which aim to develop topicals using the SkinBioTherapeutics technologies over the coming years as new products/applications are launched.

BTS is a profitable company and this acquisition would ultimately increase SkinBioTherapeutics' revenue and EBITDA. The business manufactures many products such as skin creams and lotions and as a result, there is a synergistic opportunity for the Group to manufacture its own products in the future.

BTS also produces products for hygiene and infection control which could create potential synergies with the Group's CleanBiotix pillar.

At the senior level, the operations manager, Andrew Tindall, will report into Stuart Ashman, CEO of SkinBioTherapeutics. He is responsible for day-to-day management of overall operations.

In summary, management believes that the BTS acquisition has solid rationale and meets all the Group's criteria as a synergistic transaction and to be additive.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Group's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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