

14 June 2018

NZX ANNOUNCEMENT

TruScreen Unaudited Preliminary Results for the Year Ended 31 March 2018

Cervical cancer technology company, TruScreen Limited (NZAX: TRU) has released its preliminary results for the year ended 31 March 2018 and is forecasting a significant uplift in sales for the new financial year, after a strong performance in the first two months of the year to date.

The company, which is commercialising its real time cervical cancer screening solution, is gaining increasing recognition and validation for the benefits its technology offers, particularly in countries with limited laboratory infrastructure.

Distribution agreements are in place covering a combined screening population of approximately 1 billion women and TruScreen's focus remains firmly on the larger of these markets - China, India and Mexico - and capitalising on the work done over the past two years to gain acceptance of TruScreen in these countries. China remains the primary focus for the company and an important commercial opportunity.

Progress is being made to have TruScreen recommended for major screening programmes and health systems in these countries.

This is being reflected in increasing sales, with strong growth in the second half of the financial year, mainly as a result of gaining CFDA approval for the TruScreen2 device in China in late December 2017. This positive trajectory is expected to continue as commercialisation moves ahead in China and other focus markets.

To support its growth, TruScreen has established a new optical manufacturing facility in Sydney, which will provide up to four times more production capacity for the TruScreen device. This facility is expected to be commissioned within the coming months.

TruScreen chair, Mr Robert Hunter, said: "It is pleasing to be reaching the point where we will begin reaping the returns from our years of investment and R&D. We are now on the cusp of seeing our efforts translating into commercial progress and recent sales indicate that we have reached a major turning point for the company."

Financial Results for the year ended 31 March 2018

For the FY18 financial year, TruScreen reported a 37% increase in sales to \$0.8 million, primarily due to a strong second half following receipt of CFDA approval in December 2017.

The company notes that while total sales revenue for the year was below expectations after commercial performance was hampered in the first half due to ongoing product improvements and validation, and delays in gaining CFDA approval for the TruScreen device in China, it is pleasing to now be seeing a positive sales trajectory.

Other income including a refundable tax offset, took total revenue to \$1.9 million for the year, up 34% on FY17.

Total operating expenses increased as expected, as the company positions itself for the forecast growth in demand, with an increased investment into inventory, human resources and R&D related to technology improvements, as well as establishment of the new manufacturing facility in Sydney.

Net operating cash outflow for the period was \$(3.8) million. This is expected to significantly improve as sales increase and TruScreen expects to reach profitability by the end of FY19.

For the FY18 financial year, the company reported a Net Loss of \$(4.5) million, compared to \$(3.5) million in the prior year.

As at 31 March 2018, TruScreen had cash and cash equivalents of \$1.2 million (FY17: \$3.7m). As it has done previously, if required, TruScreen will seek shareholder support for its growth strategy as it works towards profitability.

| NZ Dollars | FY18 | FY17 | FY17: FY18 |
|---------------------------|-------------|-------------|------------|
| Sales | 804,062 | 585,388 | 37% |
| Other revenue | 1,070,058 | 810,202 | 32% |
| Total revenue | 1,874,120 | 1,395,590 | 34% |
| Operating expenses | (6,347,435) | (4,936,200) | 30% |
| Net operating cashflow | (3,729,191) | (2,575,584) | 45% |
| Net Loss | (4,473,315) | (3,540,610) | 26% |
| Cash and cash equivalents | 1,212,454 | 3,671,571 | -67% |

Outlook

TruScreen is making positive commercial progress and significant sales growth is expected, mainly from China, as well as further sales to Mexico, India and other smaller markets. The company expects to reach profitability during FY19.

In the two months since year end, sales have continued to grow. Total sales for the first two months of the FY19 year are approximately 50% of full year sales for FY18. As the company achieves maximum manufacturing capacity for its devices, further growth is expected.

The vast majority of these sales are to China, where devices are being stockpiled in preparation to being rolled out in a major program in the next few months.

Over time, as more devices enter the market, the company expects to see an increasingly large proportion of revenue being generated from the sales of the Single Use Sensors, providing a sustainable annuity income stream.

While China remains the primary opportunity, the company has identified a number of other markets which offer significant potential and will continue working with its distribution partners to encourage adoption of the TruScreen cervical cancer screening solution.

FY18 Key Events:

- Completed \$5.0m capital raising in May 2017.
- Signed major new sub-distributor in China to manage Government sales channels.
- Involved in two major evaluation programmes in China.
- Commenced research collaboration with All India Institute of Medical Science (AIIMS).
- Commenced evaluation with Ministry of Health in Mexico for inclusion in the Mexican Government's purchasing catalogue of preferred medical devices for public health. TruScreen is now awaiting the formal approval of the full committee.
- Approved for reimbursement by major health insurer in Jordan, a global first for TruScreen.

- Established distribution networks for several new territories.
- Initial results from clinical performance evaluation of TruScreen2 at the Royal Hospital for Women in Sydney indicate that TruScreen will substantially boost screening capabilities in developing countries.
- Increased manufacturing capability with establishment of new optical manufacturing facility in Sydney.

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About TruScreen:

TruScreen's real time cervical cancer technology utilises a digital wand which is placed on the surface of the cervix to measure electrical and optical signals from the surrounding tissue. A sophisticated proprietary algorithm framework distinguishes between normal and abnormal (cancerous and precancerous) tissue to identify precancerous change, or cervical intraepithelial neoplasia (CIN). A Single Use Sensor (SUS) is used for each patient to protect against cross-infection

