

NZX Announcement

30 May 2019

TruScreen FY19 results show sales up, costs down, reduced loss

Highlights

- Sales up 166% to NZ\$2.14m
- Total revenue up 43% to NZ\$3.11m
- Expanded presence in existing markets, China remains primary focus
- New distribution agreements in Russia, Zimbabwe
- Pilot manufacturing facility in Australia established, capacity to produce 200 units per month.

Cervical cancer technology company TruScreen Limited (NZX:TRU) (the Company) has released its preliminary unaudited financial results for the year ended 31 March 2019. The results show an increase in sales over the prior year, reduced costs and a reduction of the Company's annual net loss.

Financial Results for the year ended 31 March 2019

TruScreen generated a 166% increase in sales to NZ\$2.14 million (2018 : NZ\$0.8 million), driven by major sales in China, Russia and Zimbabwe.

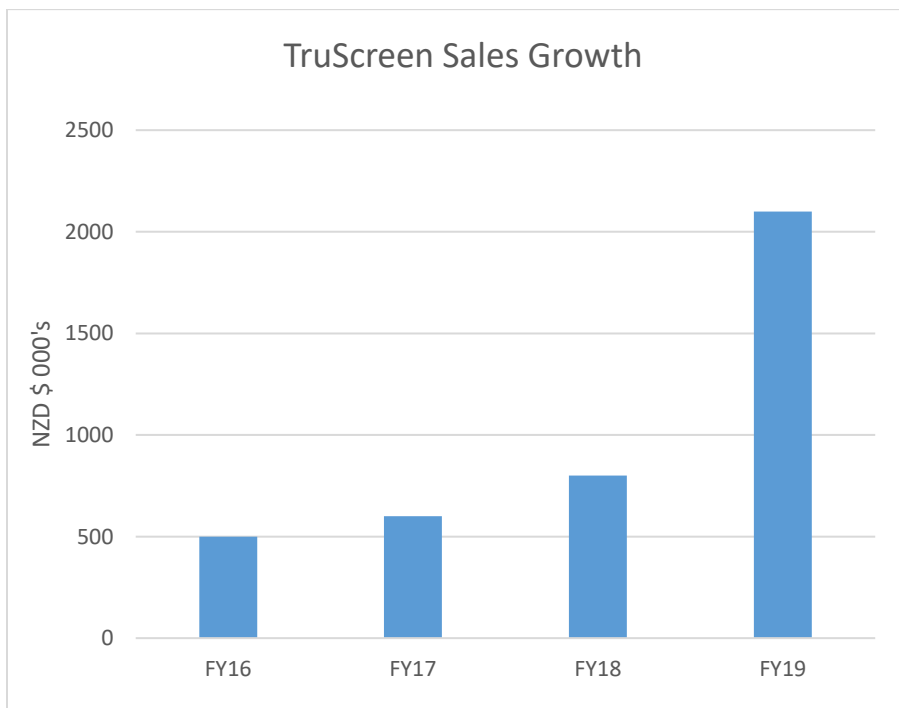
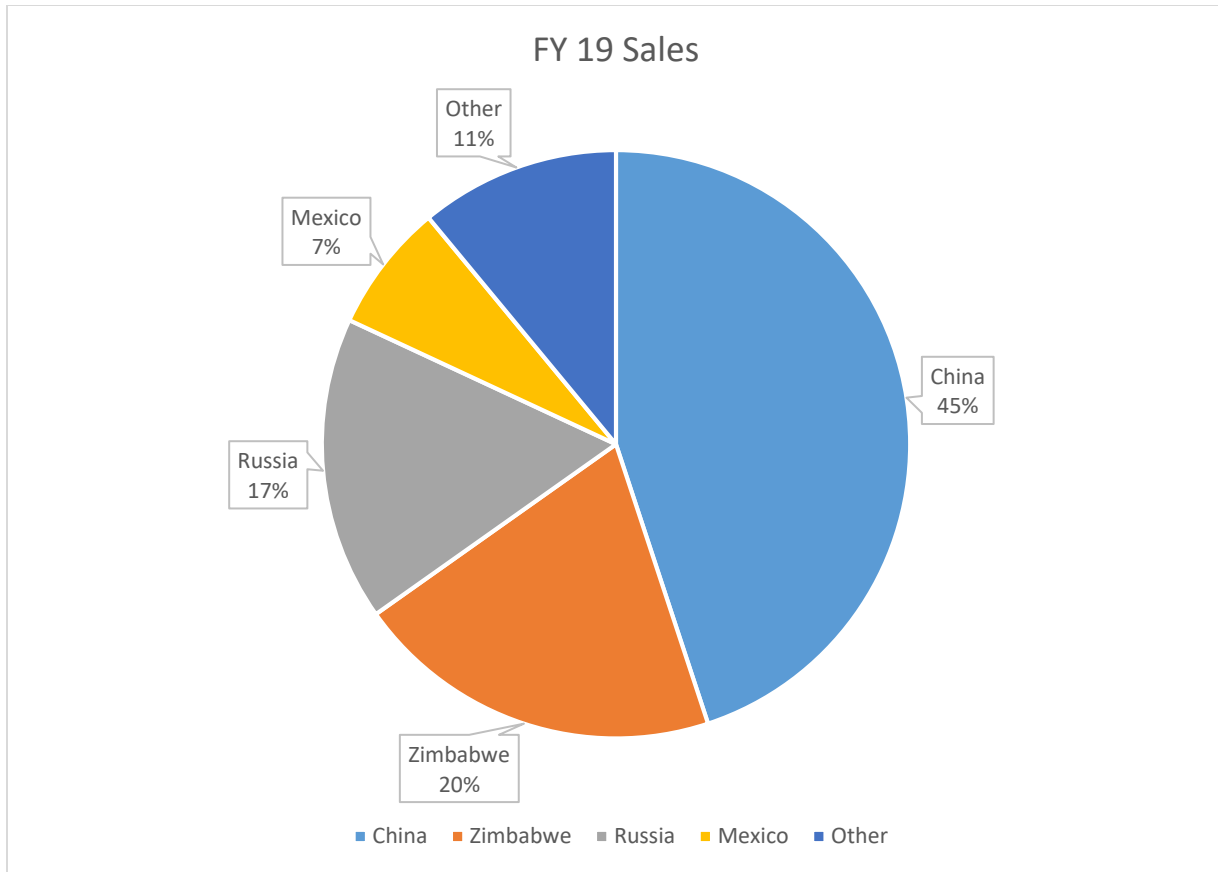
Other income, including a research and development tax offset, lifted total revenue to NZ\$3.11 million (2018 : NZ\$2.17 million) for the year, up 43%.

Total overhead expenses decreased to NZ\$5.3 million for the year (2018: NZ\$5.5 million).

The Company recorded a net loss of approximately NZ\$3.5 million – an improvement of 16% on the prior year (2018: NZ\$4.2 million) – as increased sales, cost management and further investment in developing new markets for the TruScreen cervical cancer screening device improved overall performance.

Net operating cash outflow for the period was lower at NZ\$2.7 million (2018: NZ\$3.7 million), reflecting an improved trading result and a higher research and development tax offset.

As at 31 March 2019, TruScreen had cash and cash equivalents of NZ\$1.7 million (2018: NZ\$1.2 million). As it has previously done, if required, TruScreen will seek shareholder support for its growth strategy as it works towards profitability.





Operational performance and update

In the year to 31 March 2019, TruScreen gained increased recognition and validation for the benefits of its device, particularly in low- and middle-income countries with limited laboratory infrastructure and high rates of cervical cancer.

Strong progress was made in low- and middle-income nations, where 90 per cent of global deaths from cervical cancer occur. TruScreen focused on building its presence in existing markets, with new distribution agreements in Russia and Zimbabwe, and strong growth in China.

China, which has 400 million women of screening age, remains TruScreen's primary market opportunity.

TruScreen has commenced large-scale Chinese evaluations with The Women's and Children's Division of the Centre for Disease Control (CDC) and with the China Obstetrics and Gynaecology Association. These programs are key platforms for adoption in the screening guidelines of both organisations, and for eventual inclusion in the screening guidelines for all 12,000 government hospitals in China.

Also, TruScreen will be assessed as a potential first-choice screening technology in rural areas in China, commencing with Xinjian province in the far west.

In the second half of FY2019, TruScreen signed a new distribution agreement for the Russian market with IMSystems JSC, including an initial order for multiple TruScreen devices and Single Use Sensors (SUS) of NZ\$364,000.

Russia has more than 44 million women of cervical cancer screening age.

IMSystems has extensive expertise in the distribution of medical equipment and devices in Russia and has partnerships with global brands and manufacturers, including GE Healthcare.

Earlier in the year, TruScreen announced its African HIV initiative, which includes discussions with senior African health officials regarding the screening of women generally and the specific need for screening HIV-affected women. Additionally, TruScreen received an initial order of NZ\$450,000 from the National Aids Council of Zimbabwe to supply cervical cancer screen systems.

TruScreen cervical cancer screening systems will be used in Stage 1 of a pilot program to provide cervical cancer screening to more than 800,000 HIV-affected women in Zimbabwe.

TruScreen also gained product registration in Saudi Arabia and Israel, thereby increasing its capability to sell the TruScreen device across the Middle East.

The Company completed a NZ\$3.075 million capital raising in October 2018.

Appointments

To support company growth, TruScreen has appointed new members to the board and executive, including Anthony (Tony) Ho as Chairman. Tony brings over 25 years' experience as a company director across the resources, services, biotech and consumer goods sectors. Mr Con Hickey, an experienced marketing executive of medical device products to global markets, also joined the board in August 2018.

In the second half of FY2019, TruScreen appointed Guy Robertson as Chief Financial Officer and Company Secretary. Guy has previously held leadership roles as CFO, Company Secretary and Director for companies in Australia and Hong Kong, managing large teams at Franklins, Colliers International and Jardine Lloyd Thompson.

Outlook

TruScreen is making positive commercial progress in its key markets, and significant sales growth is expected.

"We are making good progress to achieve a number of our commercial goals for the FY2020 financial year," TruScreen CEO Martin Dillon said.

"TruScreen expects to increase sales by leveraging our key partnerships, endorsements from Key Opinion Leaders, global NGOs and government adoption, and by strengthening the path to profitability by reducing our manufacturing costs."

The roll-out of devices into key programs in China, including the installation of devices across Xinjiang province and into the Two Cancers screening clinics, is expected to generate steady growth in Single Use Sensor sales, which will underpin continued sales growth throughout FY2020.

China remains TruScreen's primary focus. However, TruScreen is now receiving recognition from key NGOs for its ability to provide point-of-care screening services in low- and middle-income countries. At the World Health Assembly in Geneva in late May, UNITAID, the World Health Organisation and the Clinton Health Access Initiative advised that TruScreen has been included in their screening landscape.

TruScreen is executing on its strategic plan after accounting for all costs relating to the establishment of an in-house electro optical assembly (EOA) manufacturing facility in Australia. This has increased production capacity (expandable to 200 units per month) and lowered the manufacturing cost per device. The Company is investigating further cost-reduction strategies.

For more information visit www.truscreen.com or contact:

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About TruScreen:

Watch our video on TruScreen: <http://truscreen.com/truscreen-the-company/truscreen-ultra-video/>

TruScreen is a Cervical Cancer Screening Device which offers the latest technology in cervical screening, providing real-time, accurate detection of pre-cancerous and cancerous cervical cells to help improve the health and well-being of women around the world. 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 tissues. A sophisticated proprietary algorithm framework is utilised to detect pre-cancerous change, or cervical intraepithelial neoplasia (CIN), by optical and electrical measurement of cervical tissue.



TruScreen offers an alternative approach to cervical screening, resolving many of the ongoing issues with Pap tests including failed samples, poor patient follow up, patient discomfort and the need for supporting laboratory infrastructures. As such, TruScreen target market is developing countries where no large scale cervical cancer screening programs and infrastructure are in place, such as; China, Mexico, Africa, Russia and India. TruScreen's cervical cancer screening device is EC certified for use throughout Europe and CFDA approved for sale in China. The global market potential for TruScreen is significant. At saturation, hundreds of millions of women could benefit from this accurate and inexpensive cervical cancer screening model.

For more information, visit our website at www.truscreen.com