

NZX Announcement

28 November 2019

TruScreen Unaudited Preliminary Results for the Half Year Ending 30 September 2019

- **Reported 37% improvement in bottom line result compared to the corresponding period last year**
- **Total revenue of \$1.8m**
- **Strengthening presence in existing markets. China remains the primary focus**
- **Capital raise of \$1.1m completed in July and September 2019**

Cervical cancer technology company, TruScreen Limited (NZX:TRU) (the Company) announces its preliminary unaudited half yearly results for the period ending 30 September 2019. TruScreen continued to make commercial progress throughout the period.

Unaudited Preliminary Half Yearly Financial Results for the period ended 30 September 2019 (1H 2020)

The Company reported a 37% improvement in bottom line result compared to the corresponding period last year, with lower sales being offset by a favourable tax offset adjustment relating to the prior period and a reduction in operating costs.

TruScreen reports a reduced loss of \$0.7m (1H 2019: Loss \$1.1m).

Total revenue was \$1.9m (1H 2019: \$2.2m), comprising sales of \$0.8m and other income of \$1.1m, being grants for Research & Development of \$0.9m and an unrealised foreign exchange gain of \$0.2m.

Net operating cash outflow for 1H 2020 was \$1.7m (1H 2019 - \$0.8m). This would be significantly improved when taking into account the late receipt of the Research and Development tax offset (R&DTO) refund of \$1.7m received in November 2019 (1H 2019 includes R&DTO of \$1.4m). Operating costs were 12% lower at \$2.2m (1H 2019: \$2.5m). The loss for the six months included a non-cash amortisation and depreciation charge of \$0.3m (1H 2019 - \$0.27m).

As at 30 September 2019, the Company had cash and cash equivalents of \$0.99m, with the R&DTO receipt of \$1.7m subsequent to half year end.

A capital raise of \$1.1m was completed in July and September 2019. The funds will be used to support the Company's growth to meet the expanding demand from countries where the Company has already established distribution and sales network, and for developing new markets.

Operational Performance and update

- **WHO recognises TruScreen device**

During the period, the TruScreen device was clinically validated with recognition by the World Health Organisation (WHO). TruScreen was acknowledged in a joint publication between Unitaaid, the World Health Organisation and the Clinton Health Access Initiative, reporting on available screening and treatment technologies and advantages for its use in low- and middle-income countries. The report was presented at the 72nd World Health Assembly in Geneva, Switzerland on 20 May 2019.

- **China screening results exceed expectations**

China remains the Company's focus (400m women of screening age) with a number of important initiatives underway during the half year. TruScreen was selected for major screening programmes and for installation in both public and private hospitals and clinics. TruScreen's large-scale evaluation programme with China's Obstetrics and Gynaecology Association (COGA) is progressing well, with Hunan being the first province in China to complete and report on their participation in the project. Interim screening results from 2,065 women across seven hospitals in Hunan, reported results that exceeded expectations. The Company looks forward to updating the market on results from other provinces when available.

- **TruScreen installation on "Two Cancer Centres" progressing well**

Sixteen of the planned 50 "Two Cancer Centres" are established and installed with TruScreen. During FY19, TruScreen was selected as the primary screening solution for the high-tech, privately owned and operated clinics, which provide a 'one-stop' screening diagnosis and treatment for breast and cervical cancers to the growing middle class of China.

- **CDC data analysis under way**

The Women's and Children's Division of the Centre for Disease Control (CDC) in China is currently analysing clinical data from the large-scale evaluation that was completed in late FY2019. This evaluation initially included the screening of over 12,000 women throughout China and has been extended to include a further 5,000 patients, to enable the TruScreen screening technology to be included in the CDC's screening guidelines for the 3,000 hospitals under its management.

- **Vietnam pilot programme secured**

In other markets, the Company is reporting good progress, securing approval in Vietnam to conduct a pilot cervical cancer programme. The Hanoi Obstetrics and Gynaecology Hospital – Vietnam's prestigious government hospital – has commenced a pilot cervical cancer screening programme as approved by the Vietnam Ministry of Health's Professional Advisory Committee.



The stage 1 programme is to screen 1,000 women and stage 2 is for a further screening of 5,000 patients.

- **\$1.1m capital raise successfully completed**

The Company successfully raised \$1.1 million in July and September 2019. Together with the receipt of research and development tax offset of approximately \$1.7 million in November 2019 the funds will fund working capital as the business grows to meet the expanding demand for TruScreen screening devices.

Subsequent to 30 September 2019, Mr. Martin Dillon resigned as CEO, effective 31 December 2019. A recruitment process has commenced for an experienced CEO to lead the company to its next phase of growth. Mr Dillon will continue to be associated with TruScreen as a consultant.

Mr Robert Hunter, a long serving non-executive director of the Company stepped down from the board effective 31 October 2019.

Operational Update

- ✓ China screening programmes and trial underway
- ✓ Screening results from COGA study in Hunan, China exceeded expectations
- ✓ WHO recognises TruScreen
- ✓ WHO draft cervical cancer elimination strategy opens up TruScreen's market opportunity
- ✓ Vietnam pilot cervical cancer screening programme secured
- ✓ Successful \$1.1m capital raising completed in July and September 2019
- ✓ Increase in SUS consumable sales

Outlook

Looking ahead, the Company's distribution network will continue to drive the sales growth strategy. This will also improve the wellbeing of women in developing markets with the latest real-time technology in cervical cancer screening for accurate detection of pre-cancerous and cancer cells.

With the support and endorsement from Key Opinion Leaders and government adoption of major screening programmes in the public health system, the Company will continue to widen its market presence.

The Company continues to improve the efficacy of the TruScreen device with improved performance relative to alternative lab-based screening methodologies.

TruScreen has also commenced an Australian Securities Exchange listing process for 1H Calendar 2020.



Commenting on the outlook, TruScreen Chair Mr Tony Ho said, *“the WHO strategy to eliminate cervical cancer worldwide and the inclusion of TruScreen’s technology in the WHO landscape report to member countries in May 2019, opens up a favourable macro environment and market opportunity for the Company’s screening technology. Market awareness of the benefits of TruScreen is growing and would lead to increasing adoption and commercial sales around the world”*.

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- ENDS -

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About TruScreen:

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's target market is lower- and middle-income countries (LMICs) where no large-scale cervical cancer screening programs and infrastructure are in place. These LMICs include China, Vietnam, Russia, Mexico, India and countries in Africa. TruScreen's cervical cancer screening device is CE- certified for use throughout Europe and CFDA approved for use in China. Under the proposed WHO global strategy for cervical cancer elimination, the global market potential for TruScreen is significant.

For more information, visit our website at www.truscreen.com. Watch our video on TruScreen: <http://truscreen.com/truscreen-the-company/truscreen-ultra-video/>