

Company Announcement

14 December 2018

TRUSCREEN SIGNIFICANT SALES INCREASE, REDUCED LOSS IN HALF YEAR

Cervical cancer technology company, TruScreen Limited (NZAX:TRU), announced its preliminary unaudited financial results for the six months to 30 September 2018.

The Company reported a 519% increase in sales compared to the corresponding period last year and a significantly reduced loss from the corresponding period in the prior year and the previous six months. TruScreen is benefitting from increasing demand in China, new distribution agreements leading to an expanded global presence and growing adoption by public and private healthcare providers.

Total revenue was \$2.2m, comprising sales of \$1.4m and other income of \$0.8m, being grants for research & development \$0.5m and an unrealised foreign exchange gain of \$0.3m.

Net operating cashflow outflow was \$0.8m, a significant improvement over prior periods attributable to receipts from sales and research & development grants.

TruScreen reports a net loss of \$1.15m for the six months, a significant improvement on the corresponding period in 2018 (1H18:\$1.8m) and the previous six month period (2H18: \$2.4m). Unrealised foreign exchange gain was \$0.3m compared with a foreign exchange loss of (\$.09m) in the corresponding period.

Gross margins improved to 42% (2H18:22%) following a focus on reducing manufacturing costs. A review is currently underway to reduce overheads.

As at 30 September 2018, the Company had cash and cash equivalents of \$1.48m. A well supported Share Purchase Plan raised \$1.56m in October 2018, increasing available cash to approximately \$2.3m as at 31 October 2018.

Half Year Commentary

TruScreen has continued to make significant commercial progress in the six months to 30 September 2018.

China remains the Company's focus with a number of important initiatives commenced during the half year. These have seen TruScreen selected for major screening programmes and for installation in both public and private hospitals and clinics. Hospitals in the public sector are expected to use an average of 150 Single Use Sensors (SUS) per month. This compares with some of TruScreen's customers who are now using over 1,000 SUS per month.

The company is also making good progress in other markets. Africa and India, in particular, have been identified as offering major opportunities for TruScreen, with a large addressable market of women of screening age and limited healthcare resources and infrastructure relative to population size.

In Africa TruScreen was selected by the National Aids Council of Zimbabwe for a pilot program to screen HIV affected women, who are 6 times more likely to develop cervical cancer than other women.

In East and Southern Africa there are an estimated 10.8 million women (UNAIDS data, 2017) suffering from HIV, all of whom have an increased need to be screened for cervical cancer.

The drafting of the interim report from the All India Institute of Medical Science has commenced, and its release in the first quarter of 2019 is expected to provide sales opportunity of TruScreen to the public sector in India.

The Company's global presence continues to grow with a new distribution agreement signed for the Middle East. TruScreen currently has distributors appointed in over 24 countries, which together have a screening addressable market size exceeding 1 billion women.

TruScreen's newly commissioned in-house manufacturing facility in Australia, is providing greater control over the supply and cost of the key optical electrical front end of the TruScreen device. Gross margin has improved as unit costs decreased. TruScreen is currently working to move additional key manufacturing processes in-house.

Regulatory and clinical evaluation of TruScreen is an important part of the adoption process. Ongoing results from the clinical trial at the Royal Hospital for Women in Sydney indicate that TruScreen is an important addition to screening capabilities in developing countries. TruScreen also continues to receive regulatory approval for import and sale in a growing number of countries.

Outlook

The company is making good progress to achieve a number of commercial goals for the 2019 financial year. Market awareness of the benefits of TruScreen is growing and would lead to increasing adoption and commercial sales around the world.

Sales growth is expected to continue in the 2H2019, and further improvement in margins as manufacturing efficiencies are realised.

Highlights for HY19:

- Sales of devices and Single Use Sensors (SUS) tracking well ahead of prior year, with 519% period on period growth in sales.
- Commissioned new optical electrical front-end manufacturing facility in Sydney.
- Strong demand continues from China and other markets.
- Commenced large scale evaluations in China with The Women's and Children's Division of the Centre for Disease Control; selection as the primary screening tool for up to 50 planned women's health clinics; and selected for major programme in Xinjiang Province, which will see TruScreen installed in 190 hospitals.
- Completed first stage of evaluation with the Chinese Obstetricians and Gynecologists Association, with approval to progress to second stage of the project.
- Gained approval for pilot screening programme in Zimbabwe, with initial \$450,000 sale to the National Aids Council which is running the programme.
- Signed new distribution agreement for the Middle East.
- Supplied devices and SUS for the conduct of a pilot study for the use of TruScreen in regional and remote locations by the Papua New Guinea government.
- Successful \$3.55m capital raise completed in September/October 2018.

Post Period End

- Included in Indonesia Ministry of Health purchase e-catalogue, providing opportunity to government hospital sales
- Appointment of Tony Ho as the new Chairman and Guy Robertson as the new Chief Financial Officer for TruScreen
- Began transition to NZX Main Board, with the Company to be relisted on NZX on 17 December 2018.

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About TruScreen:

[Watch the video on 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.

