

3 July 2018
NZX Announcement

TRUSCREEN MAKES STRONG PROGRESS IN FIRST QUARTER FY19

- TruScreen's first quarter sales to 30 June 2018, surpass total sales in the previous financial year.
- Increased interest and uptake of TruScreen in China:
 - A major programme in Xinjiang Province will see TruScreen installed in 190 hospitals.
 - TruScreen chosen as primary screening tool by high tech private clinic group, with devices to be installed in up to 50 planned women's health clinics in China.
 - The company continues its penetration into hospitals in 16 other provinces and administrative regions.

Sales for cervical cancer technology company, TruScreen Limited (NZAX:TRU), have surged in the first quarter of the 2019 financial year and have already surpassed total sales for FY18.

The majority of these sales are to China, which has seen a significant uplift in demand following the receipt of CFDA approval for the TruScreen2 device in December 2017. A significant proportion of these have been sold to TruScreen's distributors for a major programme in Xinjiang province, which will see devices installed in 190 hospitals and fully operational over the next few months.

Programme in Xinjiang Province

TruScreen will be installed in 190 hospitals in the Xinjiang province, over the coming months. With a population of more than 22 million people, this initiative in the Xinjiang province will represent penetration into a new territory for TruScreen.

When fully deployed, each device is expected to utilise up to 150 Single Use Sensors each month, with a projected annuity income of up to \$2.6 million per year for the company.

Chairman of TruScreen, Robert Hunter, said: "This programme is an indication of the increasing recognition of our technology in China and the opportunities now open to us following CFDA approval for our TruScreen2 device. TruScreen successfully completed a rigorous evaluation in Xinjiang, as part of the approval process, and the programme's commencement will assist the company to initiate similar programmes in other provinces."

Selection by Chinese Female Health Clinic Group

In addition, TruScreen advises that it has been chosen as the primary screening solution for a chain of high tech female health clinics to be established in 50 municipal hospitals in China. Privately owned and operated, the majority of these new clinics will be located in government women's hospitals. They are established under the Two Cancers Centre Project and construction of the first five clinics has already commenced. The clinics aim to provide a 'one stop screening, diagnosis and treatment centre' for breast and cervical cancer.

Mr Hunter said: "These clinics will represent the most modern cancer screening and treatment centres in China, and to be selected as their cervical cancer screening device places us alongside the most modern and efficacious technologies available in the world today."

TruScreen has a number of users already in place in China and is focused on accelerating the sale and installation of its cervical cancer screening system to both existing and new customers. With the

support of its established and proven distributors, TruScreen is well positioned to strengthen its existing presence and increase usage of its technology across the region.

Outlook

As more devices enter the market, TruScreen expects that an increasingly larger proportion of its revenue from China will be annuity income generated from the sale of its consumable Single Use Sensors. It estimates that, for every 100 devices fully deployed in a hospital environment, a sustainable annuity income stream of approximately \$1.4 million will be generated every year.

The company's new manufacturing facility has now been commissioned and this increased manufacturing capacity will allow TruScreen to meet the projected growth in demand for its devices. The company's new facility supplements existing subcontract manufacturers and will result in increased capacity and profit margins.

The company anticipates that it will have more than 600 devices deployed in China by the end of FY19.

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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.

