



truscreen  
a world without  
cervical cancer

## NZX/ASX Announcement

30 May 2022

## TruScreen FY22 Preliminary Results

(all numbers in New Zealand Dollars)

### Highlights

- **Product revenues up 48% YOY in a further difficult COVID year**
- **SUS units/revenues up 42% YOY with China market the key contributor**
- **TruScreen cervical cancer screening device installations increase by 24% YOY**
- **First sales recorded in Eastern Europe**
- **COGA trial completed with outstanding results, and National Pricing Approval achieved in China**
- **Firmware upgrade improves cybersecurity and reduces maintenance costs**
- **Decision to book a provision for impairment of remaining non-current assets given macro-economic uncertainty**

Cervical cancer technology company **Truscreen Group Limited (ASX/NZX: TRU)** (the Company) has released its preliminary unaudited financial results for the year ended 31 March 2022.

### Financial Results for the year ended 31 March 2022

Truscreen generated product sales of \$1.7m (2021: \$1.1m) a 48% increase on the prior year with China again being the major contributor. COVID continued to be an inhibiting factor in all countries with sales in both Vietnam and Eastern Europe deferred, and in Russia then compounded by the recent war in Ukraine.

SUS offtake increased by 42% YOY with China the major contributor. As a result of recent lockdowns in several major cities including Beijing and Shanghai, it is expected that China sales will remain at the current level in the year ahead, rather than achieve earlier anticipated growth. Device manufacture will remain unaffected with TruScreen now able to manufacture in both Australia and China.

Other income increased by 12% to \$0.97m (2021: \$0.84m) given an increase in the research and development tax offset and foreign exchange gain, offset by a fall in Australian government COVID assistance.

Total overhead expenses, excluding depreciation, amortisation and impairment were consistent at \$3.9m. Additional costs were incurred during the year in firmware upgrades and in regulatory costs readying the Group for the new Medical Device Regulation (MDR).

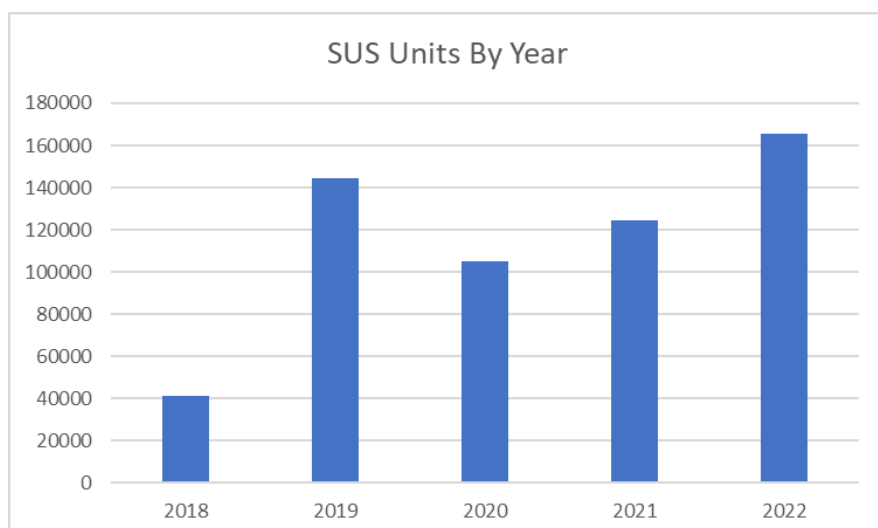
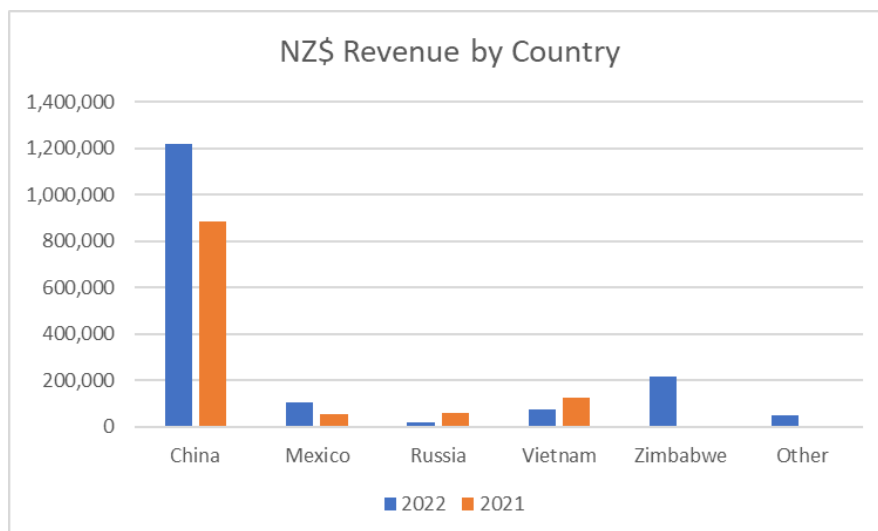
The Company incurred a total loss of \$7.9m (2021: \$3.5m), after booking a non-cash provision for impairment of the remaining carrying value of non-current assets in the amount of \$4.6m. (see NZX Announcement 27 May 2022). The disruptions experienced from COVID over the previous two financial years will continue and have been exacerbated in the markets where the Company operates, with increased global uncertainties from geopolitical tensions in Ukraine and China's zero COVID policy. The Chinese border remains closed from its ongoing COVID management. In arriving at the decision, the directors considered the impact of potential prolonged COVID lockdowns in major cities in China, ability to do business with Russia, and rising inflation and interest rates and disruption to international supply chains.

The Board is of the opinion that given the level of uncertainty, that a full provision for impairment of the remaining carrying value of non-current assets in the amount of ~\$4.6m should be made, until some stability returns to our international markets.

The provision for impairment, will be reviewed as uncertainties recede at future balance dates and reversed where applicable. The provision is non-cash and has no impact on the operations of the Company.

Net operating cash outflow for the year was higher at \$2.5m (2021: \$2.3m) reflecting lower receipts from customers (a \$0.3m receivable is expected to be received post year-end).

As at 31 March 2022, Truscreen had cash and cash equivalents of \$2.8m (2021: \$5.3m).



## Operational Key Performance and Update

Truscreen made solid progress in the 2022 financial year.

- ✓ Our China business continued to strengthen with good growth in revenues, outstanding clinical trial results, commissioning of the China device manufacturing facility and achieving National Pricing Approval.
- ✓ First sales in Eastern Europe and product registration received in 5 countries while CE mark allows the Company to sell product in a further 3 countries in the region.
- ✓ Marketing innovation with expanded opportunity in Vietnam and Mexico.
- ✓ A firmware upgrade implemented during the year now provides further enhanced cybersecurity and automated features which reduces device downtime.
- ✓ The Company continues to look for opportunities to expand its medical product range to provide our distributors with wider product access to their local markets.

TruScreen's large scale Chinese Obstetricians & Gynaecologists Association (COGA) trial completed in July 2021 with a total of 15,500 women from 9 provinces being screened. The positive findings were presented orally at the ASCCP and Eurogin congress and are expected to be published later in CY 2022. In addition, a new Chinese study (covering 458 women) published in the European Journal of Obstetrics and Gynaecology and Reproductive Biology concluded that TruScreen's cervical cancer screening device meets or exceeds the effectiveness of alternative cancer screening methods: human papillomavirus (HPV) and ThinPrep Cytology test (TCT).

The China device manufacturing facility was commissioned during the year and domestic product registration is showing promise in opening new sales channels and widening TruScreen distribution throughout the country including the growing Health Check sector. This development provides TruScreen with access to an initiative supported by provincial governments, private organisations, and non-government organisations. Major public hospitals have a separate Health Check department offering a wide range of medical checks, including cervical cancer screening. The Health Check departments in these hospitals provide cervical screenings to twice the number of women as the specialist gynaecological departments within the same hospital, increasing the throughput of usage of the TruScreen cervical cancer screening device.

Our distributors have continued to make good progress in the face of challenges of COVID. Of particular note:

- Our first sales in Eastern Europe and completion of registration and ability to sell in eight countries in this region
- TruScreen cervical cancer screening device being accepted as the primary cervical cancer screening method at the Hanoi Obstetrics and Gynaecology Hospital (HOGH) Vietnam
- IntelMed Systems (IMS) participating in the "Wave of Health" ship, promoting innovative technologies in nine Russian cities
- Mexico distributor partnered with a medical device financing company to increase the accessibility of the TruScreen cervical cancer screening device to its 3,000 strong client base of private and public hospitals
- A reinvigoration of the screening program sponsored by the National Aids Foundation in Zimbabwe



TruScreen completed verification and validation of a Firmware update during the year that is now progressively being released to TruScreen devices already in the market. The Firmware update enhances the device's cyber security framework. As well as enhancing data security the Firmware update also allows TruScreen devices to more effectively interface with compatible hospitals' systems. It incorporates a state-of-the-art optical calibration feature to reduce the need for the device to return to service centres for re-calibration. This reduced service-related downtime means clients have their devices online for longer time periods, boosting operational efficiencies.

TruScreen's International Experts Group now comprises representatives from United States, United Kingdom, Hong Kong and Nigeria, who have been active during the year in promoting the benefits of the TruScreen cervical cancer screening device in their markets.

### **Appointments**

The Board appointed Juliet Hull, a non-executive director, as Interim CEO in April 2021. The Board expects to appoint a full time CEO within the coming financial year.

Truscreen appointed Hubert Chan, a senior marketing executive with 15+ years' experience in the medical device field, as its Marketing & Communications Manager in January 2022.

Hubert holds a Master of Business Administration from the Australian Graduate School of Management and a Bachelor of Medical Science (Honours) from the University of Sydney.

This announcement approved for release by the Board.

-ENDS-

For more information, visit [www.truscreen.com](http://www.truscreen.com) or contact:

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### About TruScreen:

TruScreen cervical cancer screening device offers the latest technology in cervical screening, providing real-time, accurate detection of precancerous 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 intra-epithelial 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 conventional Pap tests, including failed samples, poor patient follow-up, patient discomfort and the need for supporting laboratory infrastructure. As such, TruScreen's target market is low and middle-income 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 CE-marked and certified for use throughout Europe and CFDA approved for sale in China. The global market potential for TruScreen is significant.