

PACIFIC EDGE FINANCIAL RESULTS FOR THE 12 MONTHS TO 31 MARCH 2021

Pacific Edge reports strong growth momentum despite COVID-19

Summary of performance for the period (% changes compared to prior comparative period (pcp)):

- Total revenue increased 101% to \$10.4m, with operating revenue from test sales up 76% to \$7.7m, despite the negative impact from COVID-19 on test volumes
- Cash receipts from customers increased 52% on pcp to \$6.7m
- Total operating expenses increased 2% on pcp to \$24.7m
- Net Loss After Tax improved 25% to \$(14.2)m
- Net cash, cash equivalents and short-term deposits increased 56% to \$23.1m as at 31 March 2021
- Operating revenue and cash receipts benefited from reimbursement coverage by Centers for Medicare and Medicaid Services (CMS) for Cxbladder Detect and Cxbladder Monitor from 1 July 2020
- Strong performance in 2H21 driven by CMS reimbursement coverage from 1 July 2020 and growing commercial adoption of Cxbladder following a significant negative impact on test volumes from COVID-19 pandemic in 1H21
- Commercial test use by Kaiser Permanente commenced in late 2020 at a slower rate than initially expected due to COVID-19 challenges and demands on physicians; demand is now starting to lift as restrictions ease
- Positive results from the scale-up of US commercial operations starting to be seen in late Q4 FY21 with record test volumes and U.S. cash receipts recorded in March 2021
- Positive growth outlook with opportunities being deployed in all target markets, particularly the U.S.
- Increasing test volumes expected to underpin strong revenue and operating cashflow growth in FY22 and beyond

Cancer diagnostics company, Pacific Edge Limited (NZX: PEB) is pleased to report accelerating revenue growth in its key markets as it starts to benefit from the major commercial milestones achieved in FY21 and despite the ongoing challenges and headwinds of COVID-19 throughout the year.

The company continues its focus on leveraging the key commercial milestones achieved during the year, particularly reimbursement coverage from the CMS from 1 July 2020 and commercial agreement with Kaiser Permanente, one of the largest integrated healthcare organisations in the U.S. Attaining these commercial milestones has had, and will continue to have, a significant positive impact on the Company's financial position and is also paving the way for the expansion of Cxbladder's reimbursement coverage with other private payers in the U.S. This has been highlighted by the recently announced coverage decisions from Facey Medical Group and United Healthcare, announced post-period end.

Commercial operations in the U.S. have been scaled up with an expanded sales team and a strengthened commercial leadership team. The value of this investment is now starting to be seen with record test volumes and U.S. cash receipts recorded in March 2021. These results have been achieved despite the ongoing stay at home restrictions impacting access to medical centres in certain states of the U.S.

COVID-19 has also impacted the speed of the rollout across the Kaiser Permanente network as California has been swamped with successive waves of new outbreaks. However, test demand from Kaiser Permanente is now starting to scale up as restrictions begin to ease and patient access to medical centres improves. Kaiser Permanente has commenced with commercial use of Cxbladder Monitor for monitoring their bladder cancer patients for recurrence of the disease and remain positive about expanding their commercial use to include additional Cxbladder products in the near future.

Outside the U.S., the New Zealand business continued to grow strongly in FY21, despite the impact from COVID-19 disruptions, particularly in Q1 FY21. Southeast Asia and Australia are both at an early stage in their commercial uptake and growth, with completion of clinical trials in Singapore also delayed due to COVID-19. Progress is now continuing and the goal remains to transition the public healthcare providers in these markets from their User Programme clinical trials to become commercial customers.

CEO of Pacific Edge, David Darling, commented: “Pacific Edge has delivered a strong result with a lift in momentum in our targeted markets, despite the impact that COVID-19 had on our business throughout the year. We delivered strong growth in operating revenue and operating cashflow, a reduction in our net loss and a significantly strengthened balance sheet, supporting the scale up of our U.S. commercial operations. We have strengthened our executive team in both New Zealand and the US to support Pacific Edge’s global growth aspirations. We are now seeing the benefits and monetisation from the significant effort and investment that has gone into commercialising Cxbladder and we believe this is just the start of a strong growth trajectory for our company.”

FY21 Financial Result Summary (audited results for the year ending 31 March 2021)

NZ\$m	FY21	FY20	% change
Total Revenue	10.4	5.2	101%
Operating Revenue (test sales)	7.7	4.4	76%
Operating Expenses	24.7	24.1	2%
Net Loss After Tax	(14.2)	(18.9)	(25%)
Cash Receipts from Customers	6.7	4.4	52%
Net Operating Cashflow	(13.6)	(15.4)	(12%)
Cash, cash equivalents and short term deposits	23.1	14.8	56%

Total Revenue increased 101% on pcp to \$10.4m, which included \$2.7m of COVID-19 related support payments, grant revenue, research rebates and interest income.

Operating revenue from test sales increased 76% on pcp to \$7.7m. The strong revenue growth was primarily driven by reimbursement of CMS tests from 1 July 2020 onwards (9 month revenue contribution in FY21). The strong second half result, up 110% on pcp, reflected the easing of COVID restrictions, progressive commercial adoption of Cxbladder and growing reimbursement of CMS tests from 1 July 2020 onwards.

U.S. operating revenue increased 82% on pcp to \$6.9m and accounted for 89% of total operating revenue. CMS related tests (Medicare and Medicare Advantage) accounted for approximately 67% of total U.S. commercial test volumes.

Rest of World operating revenue increased 37% to \$0.8m, primarily driven by increasing adoption by public healthcare providers in New Zealand.

Total Laboratory Throughput (TLT) reduced by 6% on pcp to 15,814 tests as COVID-19 restrictions affected access to urologists and testing for patients, particularly in 1H21. A good recovery was seen from June 2020 as stay at home restrictions eased in some locations and commercial adoption of Cxbladder continued to grow. TLT in the second half of the year increased 30% on 1H21 and 3% on pcp, which was a strong result considering it was achieved in an environment where many COVID-19 restrictions were still in place in the U.S, Pacific Edge's largest market. A record month was reported in March 2021 with TLT 37% higher than pcp.

Commercial test volumes reduced 5% on pcp to 12,976 tests but were up slightly as a percentage of TLT. Despite the Covid19 challenges, strong volume growth from New Zealand customers (up 21% on pcp) who switched to multiple Cxbladder products and saw restrictions ease earlier than the US, partially offset the decline in test volumes from the U.S. (down 12% on pcp). The US market continued in FY21 to suffer from restrictions by patients to access clinics.

Total operating expenses increased 2% on pcp to \$24.7m. Operating expenses in 1H21 were lower than normal because of the COVID-19 related impact on levels of business activity. Operating expenses increased in 2H21, primarily driven by the investment in our expanded U.S. sales team and increased marketing activity. Research and Development expenses increased 17% on pcp to \$4.6m as a result of our ongoing investment in clinical studies to support Cxbladder's inclusion in U.S. guidelines and wider adoption. We expect total operating expenses to increase marginally in FY22 as we continue to invest in scaling up our U.S. commercial operations to take advantage of our growth opportunities.

Cash receipts increased 52% on pcp to \$6.7m, with strong receipts in the second half of the year up 64% on the first six months of the year, and up 102% on the pcp. Net operating cashflow improved 12% to \$(13.6)m. The positive impact of cash reimbursement from the CMS from 1 July 2020 saw the average monthly cash burn reduce by 10% on pcp.

Strengthened balance sheet: The \$22m placement to ANZ New Zealand Investments in July 2020 significantly strengthened the Company's balance sheet. As a result, net cash, cash equivalents and short term deposits increased to \$23.1m as at 31 March 2021.

Outlook

Pacific Edge has a strong outlook for FY22 and beyond and is well positioned to capitalise on the opportunities available to the company. Growth initiatives are being deployed in all Pacific Edge's target markets, with the U.S. remaining the primary focus.

The focus for FY22 is on growing the commercial adoption of Cxbladder by Kaiser Permanente and other large healthcare organisations, further increasing reimbursement coverage from private payers, like United Healthcare, and achieving a positive shift in guideline inclusion language following the publication of new clinical evidence further supporting the clinical utility of Cxbladder. The scaled up U.S. commercial operations provide the capacity

and resource to drive growth opportunities and positive results from this investment are now starting to be seen. An increasing number of commercial tests from the CMS and Kaiser Permanente are expected to underpin strong revenue and operating cashflow growth in FY22 and beyond.

New Zealand continues to be an important growth market for Pacific Edge. The continued adoption and increasing test use by New Zealand public healthcare providers is driving growth and momentum is expected to continue. With more than 65% of New Zealand's population covered through contracts with the public healthcare providers, Cxbladder products, with their proven clinical utility and performance benefits for patients, are well positioned for wider adoption under New Zealand's proposed new nationwide health service (Health NZ).

The published results from the clinical trials in Singapore will form the basis of Pacific Edge's planned commercial rollout in Southeast Asia, which is expected to become a market of scale for Cxbladder over time with an accessible population base larger than the U.S. In Australia, customers have continued their User Programmes during FY21, post-Covid restrictions, with the expectation that on successful conclusion, they will progress to commercial customers.

Chair of Pacific Edge, Chris Gallaher, said: "The strong revenue growth we have reported for FY21 highlights the value we are now starting to see as we advance the positioning of Cxbladder products as the preferred diagnostic tests for detecting and managing bladder cancer globally. The recent commercial reimbursement milestones concluded by the company in FY21 provide the strong foundations for growth in the U.S. and we are focussed on building scale as quickly as possible to deliver revenue growth and value creation for our shareholders in FY22 and beyond."

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OVERVIEW www.pacifiedge.co.nz www.pacifiedgedx.com

Pacific Edge Limited (NZX: PEB) is a New Zealand publicly listed, cancer diagnostic company specialising in the discovery and commercialisation of diagnostic and prognostic tests for better detection and management of cancer. Its Cxbladder suite of non-invasive, simple to use and accurate diagnostic tests provide actionable results, and better detection and management of urothelial cancer. The company is developing and commercialising its range of Cxbladder bladder cancer tests globally through its wholly owned central laboratories in New Zealand and the USA. The company's products have been tested and validated in international multi-centre clinical studies.

ABOUT Cxbladder Triage www.cxbladder.com

Cxbladder Triage combines the power of the genomic biomarkers with additional phenotypic and clinical risk factors to accurately identify patients with haematuria who have a low probability of bladder cancer and may not require a more extensive urological evaluation. Cxbladder Triage is a tool for use by clinicians and physicians in primary evaluation of patients with haematuria and is intended to reduce the need for an expensive and invasive work-up in patients who have a low probability of having urothelial carcinoma.

ABOUT Cxbladder Detect www.cxbladder.com

Cxbladder Detect enables the non-invasive detection of bladder and other urinary tract cancers from a small volume of a patients' urine. Cxbladder Detect provides clinicians with a quick, cost effective and accurate measure of the presence of the cancer as an effective adjunct to cystoscopy.

ABOUT Cxbladder Monitor www.cxbladder.com

Cxbladder Monitor allows urologists to monitor bladder cancer patients for recurrence of the disease. Bladder cancer has a recurrence rate of 50-80% and requires life-long surveillance. Cxbladder Monitor accurately identifies patients with a prior history of urothelial cancer (UC) whose Cxbladder Monitor score shows that they have a low probability of recurrent urothelial carcinoma. Cxbladder Monitor is designed to be used as the preferred adjunct test to cystoscopy in the management of patients for ongoing evaluation of recurrent bladder cancer.

ABOUT Cxbladder Resolve www.cxbladder.com

Cxbladder Resolve identifies those patients who are likely to have aggressive or more advanced bladder cancer. Cxbladder Resolve, when used as part of the primary evaluation of haematuria and/or in conjunction with other Cxbladder tests (Triage, Detect), is designed to assist clinicians by accurately identifying patients with a high probability of having high grade or late stage bladder cancer, for whom alternative or expedited treatment options may be warranted, or who can be prioritised for further investigation in high throughput settings.

Refer to www.cxbladder.com for more information.