

PACIFIC EDGE – ANNUAL SHAREHOLDERS MEETING

CHAIRMAN'S ADDRESS

It's great to be back in Auckland.

This year has been a curate's egg for Pacific Edge...we have experienced both significant achievements and notable challenges in the 2024 financial year.

I am proud of the work we've done as a team to navigate the complexities of our environment while at the same time remaining clear eyed and focused on delivering value to our patients and shareholders.

I will return to this in a moment but first – as today marks what is likely to be my final Annual Meeting as Chairman of Pacific Edge and I want to take a few moments to reflect on what has been an incredible journey and set out to you my confidence in the future of the business.

When I was first approached to join Pacific Edge back in 2016, I was intrigued. I had spent my career in senior leadership roles in industries far removed from bladder cancer diagnostics. But at the same time, I could see my corporate and governance expertise could add value. I was excited about the potential and its ambition to be a global leader.

I remember meeting Bryan Williams, then Director David Band and former CEO Dave Darling for lunch in Melbourne and their passion and excitement for what the global future could be for Cxbladder, a technology developed at Otago University, my old alma mater, by Professor Parry Guilford. Parry, as you know, remains our Chief Science Officer and his vision on the potential to detect cancers from urine biomarkers continues to underpin the vision for the company.

The clinching factor was that Pacific Edge is from and based in Dunedin, the city where I grew up and went to university. The role represented a great opportunity to get involved in a business that had the potential to be a global success story from Dunedin.

Shortly after joining the company – a personal experience cemented my conviction in our future.

A close mate of mine in Melbourne was diagnosed with bladder cancer. Over the years since, he has suffered 13 recurrences, endured 52 cystoscopies, a procedure that he - like many bladder cancer patients - has found invasive, painful with a heightened risk of infection and a bit un-dignifying. He reached a point where he was going to stop undergoing anymore cystoscopies.

I arranged for him to take one of our tests. However, because Cxbladder was not yet incorporated into the standards of care in Australia, his urologist wouldn't accept the results. His disappointment was real - here was a test that could have spared him the repeated pain and indignity of cystoscopy, yet he wasn't able to use it.

Thankfully, he is still alive today, but this experience reinforced for me the real-world impact of what we are trying to achieve at Pacific Edge. We are not just improving diagnostic accuracy; we are giving people a better quality of life.

It also made clear to me that it is not enough to have a very good test, we must also have the test that urologists will adopt and use. It is that second goal that has been the challenge and the focus of Pacific Edge for the company both before I started and ever since.

When I joined the company, the team led by former Chief Executive David Darling had made significant strides bringing the vision to reality.

We were already selling the test in New Zealand, had established operations in the US and gained certification for our US laboratory with a clear focus on gaining Medicare coverage in the US – the single largest reimbursement opportunity in the world.

One of the earliest achievements during my tenure that set us on the right path was the February 2018 adoption of Cxbladder Triage into the Canterbury Community Health Pathways for primary care referral. This milestone demonstrated that our product was not only clinically useful but also aligned with real-world healthcare needs.

Fast forward to 2020 when we achieved two of our most significant goals and it was clear that our vision of Cxbladder becoming incorporated into global standards of care was within our grasp.

The first achievement was after years of groundwork, principally by Dave Darling, the commitment by Kaiser Permanente, one of the largest healthcare providers in the US, to begin adoption and paying for our tests, a move that was later followed by the introduction of our in-home sampling kit during the covid 19 pandemic and later the integration of Cxbladder into its standard of care. These successive milestones represented a significant endorsement of our product and real reward for the years of effort by our team.

As Peter will set out shortly, we've seen consistent growth in test volumes from Kaiser, and we expect this relationship to be a key part of our US business into the future.

The second milestone achievement was the 2020 decision by Novitas, the Medicare Administrative Contractor for our laboratory in Hershey Pennsylvania, to approve Medicare reimbursement of our tests.

This decision not only provided an important validation of our technology, but it was also a decision that promised to underpin our drive towards financial sustainability, delivering on the commitments we had made to shareholders who had loyally supported us through multiple capital raisings.

It was in this environment in late 2021 that we asked investors for the capital to support the company to realize on these significant opportunities and others it surfaced around the world. After this, Dave Darling retired after a long career at Pacific Edge and we recruited Peter to Meintjes, a Kiwi working in Boston, to drive the growth that these two milestones promised.

Peter spent his first six months positioning the company for growth with the expansion of the sales team, the creation of a new medical affairs team to educate the urological community on the clinical value of our tests. He also reconfigured our clinical development program to entrench our coverage and position our tests for inclusion in guidelines – a goal which if achieved has the potential to rapidly accelerate test volume growth and adoption.

We were rewarded with a rapid acceleration in demand for our tests. And then the rug was pulled out from under us in 2022 when Novitas issued a draft decision to restructure how genetic testing is covered with a specific impact on Cxbladder, among others.

While we had always recognized the need to strengthen the basis on which our tests had Medicare coverage with new evidence, this new approach to determining coverage was a Black Swan event. It was completely unforeseen — and while it was not specific to Cxbladder — it has had a profound impact on the company. For over two years, we've been in a state of uncertainty, waiting for a final determination on whether Medicare will continue to reimburse our tests.

This challenge has tested the resilience of our team, our board, and our shareholders. We have been forced to make difficult decisions to preserve cash and restructure the business to ensure we can weather what we see as a decision by Novitas to deny patients continued access to tests deemed medically necessary by the physicians who order them.

It has not been easy, but I am proud of how we have responded.

Pacific Edge has shown remarkable resilience. Under the leadership of Pete, we have acted swiftly. We restructured our sales team, and while it was painful and regressive move it has made us more efficient and focused on profitability.

We have reconfigured the business to focus on the launch of our new tests enhanced with DNA biomarkers Detect⁺ and Monitor⁺.

We accelerated the publication of our STRATA study. This has meant the strongest evidence yet of Cxbladder's clinical value is not only included in Novitas' deliberations, but also the American Urological Association's review of its guideline related to hematuria evaluation.

We have meanwhile continued to build our clinical evidence base, positioning ourselves to regain coverage or secure new opportunities, no matter the outcome of the most proximate Medicare decision.

Our financial results for FY24 are a testament to our resilience.

Operating revenue grew by 22% to \$23.9 million, despite the challenges posed by the reduction in commercial test volumes in the second half of the year. Total laboratory throughput increased by 3%, and we saw a strong 18% improvement in the US average sales price.

We ended the year with \$50.3 million in reserves. Our cash burn fell sharply in the second half of the year, reflecting the difficult but necessary restructuring we undertook. I believe these results demonstrate the strength and potential of our business, even in the face of uncertainty.

The determination shown by our team, from the boardroom to the lab, has been nothing short of extraordinary and I want to thank everyone for this commitment and effort. I have every confidence that we are well-prepared for whatever comes next.

Looking ahead, we have several key catalysts that will shape the remainder of the year.

First is the pending decision from Novitas on Medicare reimbursement for our tests. We are confident that - over the longer term - our clinical evidence program will position the company for a positive Medicare decision. However, we remain uncertain if the recent developments

are sufficient to change the evidence review by Novitas, despite the concerns we have noted with that review and the support we have received from the urology community.

Secondly, the AUA's review of the hematuria guidelines. Clear and or positive language for the use of biomarkers such as ours would be used as the basis for a Medicare coverage reconsideration request (in the event of a non-coverage determination).

We are also awaiting the pricing decision for our new product, Detect+, the next step on our program to commercialise this test.

Any one of these decisions in our favour, as Pete will discuss shortly, could have significant positive outcomes for the Pacific Edge and our shareholders.

I want to pay tribute to our CEO Pete Meintjes and his team for the way they have dealt with the challenges the company has had to deal with since we first became aware of the Novitas draft ruling back in 2022.

Their persistence, perseverance, and optimism has been remarkable and a credit to Pete in particular who has never wavered in his commitment and belief in the long-term prospects for Pacific Edge.

Before closing, I want to touch on the changes in governance. Over my tenure which is into its 9th year, the Board has undergone significant evolution, benefiting greatly from the recruitment of Sarah Park, Anna Stove, Mark Green, and more recently, Tony Barclay. These Directors have brought diverse perspectives and expertise that have enriched our discussions and enhanced the quality of our decision-making.

Their contributions have been complemented by those of our longer-serving directors, Bryan Williams and Anatole Masfen, whose experience and deep institutional knowledge have been critical to Pacific Edge's growth and success. Bryan's expertise in cancer research and Anatole's strategic understanding of the business have provided continuity and stability during times of change.

The Board's supportive and collaborative culture has been a cornerstone of our ability to face challenges head-on while staying focused on long-term growth. This cohesion has ensured that, even in times of uncertainty, we remain steadfast in our mission and well-prepared for the future.

As I mentioned earlier, this is likely to be my final Annual Meeting as Chairman. I had originally planned to step down at the end of this year; I had advised the Board that when I got to 70 and after 9 years in the role it will be time to dial back my governance commitments (I have no desire to do a Warren Buffett).

The continuing uncertainty over our Medicare reimbursement coverage has understandably made recruiting a replacement for me difficult.

At the Board's request, I have agreed to remain as Chairman until we get clarity on the Medicare decision and can move forward with the recruitment process and a good handover.

Mark Green will be stepping down at the end of September, his wife has been appointed to a very big role with Suntory based in New York and his family have moved to the US.

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Mark has been a terrific Director who brought a different skill set and perspective to the Board table and we will miss him.

I do note that Directors have not had an increase to their fees for 3 years.

This year in our current circumstances the Board felt it was not appropriate to ask for shareholders for an increase.

However, we must move fees to a market level if we are going to attract excellent directors to our Board.

A big personal thank you to the current Board, and the previous Directors; you have been a fantastic group of people with whom to share the highs and lows of the last 8 and a bit years.

As I prepare to step back, I remain confident that Pacific Edge is well-positioned for success. With our world-leading products, Pete Meintjes and his committed team, and solid governance, we are on the path to achieving our long-term goals.

Finally, I want to express my deep appreciation to our shareholders.

Your unwavering support, particularly during challenging times, has been a source of strength for me and the company. Many of you have stood by us through periods of uncertainty, trusting in our vision and the potential of our technology.

Your patience has been remarkable.

It is this long-term commitment and belief in our mission that has enabled Pacific Edge to continue innovating and growing, even in the face of adversity. It has been a privilege to serve as your Chairman, and I am confident that, with your continued support, Pacific Edge will thrive in the years ahead.

Thank you and with that I would like to hand you back to Pete.

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