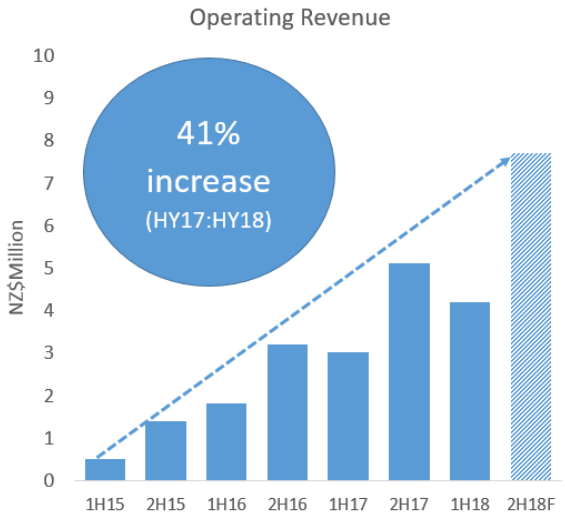
Company Announcement
29 November 2017

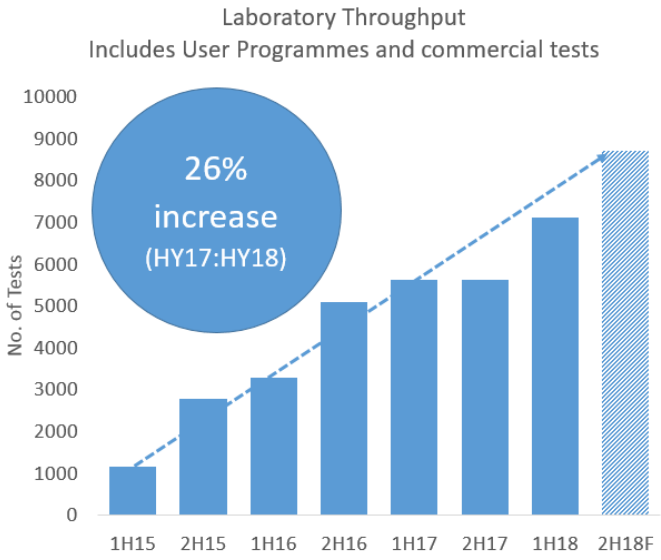
PACIFIC EDGE FY18 INTERIM RESULTS

Results for the six months to 30 September 2017

Performance snapshot

Increase in Revenue	Year on year increase in operating revenue, up 41% from 1H17 to $4.2m
Increase in Tests	Laboratory throughput up 26% on 1H17 to 7,107 tests
Reduction in Operating Expenditure	Total operating expenses reduced to $13.5m, a reduction of 11% on 1H17
Reduction in Net Loss	Reported loss of $8.9m for the six months, a reduction of 23% on the loss in 1H17





Interim Results Commentary

Cancer diagnostics company, Pacific Edge Limited (NZX: PEB) has delivered a strong first half, year on year increase in revenue as it continues to build momentum and target large scale customers in the United States and other markets.

Total revenue for 1H18 was up 27% on the prior comparative period to $4.9m, and included operating revenue of $4.2m which was up 41% on 1H17. A strong second half of the year is expected in line with normal trends[1].

[1] The first half of the financial year is traditionally softer for Pacific Edge, due to the USA summer holiday period and also as it is usually before Americans with private health insurance reach their deductible level (the amount a patient must pay before their insurance kicks in).

Laboratory throughput, which includes both commercial sales and tests from User Programmes, increased to 7,107 tests, up 26% on 1H17. This has had a corresponding effect on receivables which have increased in line with the higher test numbers. Lab Throughput is an important metric for Pacific Edge as it reflects the increasing trial and adoption of Cxbladder by key urologists and healthcare providers.

Total operating expenses reduced to $13.5m, a reduction of 11% on 1H17 which included expenses related to the winding up of the Employee Incentive Scheme. Net operating cashflows remain in line with expectations and were $(10.2)m for the six months (1H17: $9.1m). Receipts in 1H18 reflect the number of tests completed in 2H17 due to the time lag between completion of tests and the receipt of payment from relevant US payers. This time to cash receipt will improve when the company is included in the Centers for Medicare and Medicaid Services (CMS) Local Coverage Determination (LCD).

In line with the conservative approach taken by Board at the end of the FY17 year, bad debts of $0.7m and doubtful debts of $0.8m have been recognised in 1H17, to account for additional long standing receivables. Pacific Edge is striving to obtain the necessary insurance contract coverages to guarantee terms of payment from insurance payers and will seek recovery of payments that have been written off, once insurance coverage is obtained. Pacific Edge is no longer accruing revenue for tests completed for CMS patients. CMS tests account for approximately 50% of current Laboratory Throughput, indicating a significant number of tests which will be added to the annual revenue when the company receives its expected LCD.

For the six months ended 30 September 2017, Pacific Edge reported a net loss of $8.9m, a reduction of 23% on the $11.6m reported in 1H17.

Pacific Edge had $4.0m in cash and cash equivalents at 30 September 2017 and, following the completion of the recent capital raising on 10 November 2017, has received the additional $21.3m of capital raised.

Pacific Edge's primary focus remains on growing revenue by commercialising large scale customers, including the Veterans Administration (VA), Kaiser Permanente and the CMS in the US, as well as District Health Boards (DHBs) in New Zealand and other large healthcare providers. While the administration and clinical sign off for commercial use by these large organisations can be long and time consuming, the scale and long term sales opportunity they present is significant.

A Federal Supply Schedule was received in 2017, allowing access to the VA, and early sales are starting to be seen from two of the initial five clinics being targeted. The company's focus has now expanded to include a number of the larger VA centres.

Commercial negotiations are progressing positively with Kaiser Permanente, following the compelling and positive results of the large scale evaluation of Cxbladder User Programme in late 2016. Contemporaneously with this, Pacific Edge has been working with Kaiser's staff on the necessary business elements to ensure that the start-up of commercial tests can occur expediently following the completion and signing of the agreement.

In addition, Pacific Edge is continuing to work through the process required to gain inclusion in the LCD from the CMS. Once this is received, it will enable consistent and timely reimbursement for Medicare patients, on normal CMS payment terms. The inclusion into the LCD and the commensurate pricing negotiation will provide the catalyst for Pacific Edge to negotiate agreements with other private payers which view the CMS pricing as a benchmark, providing further certainty on price and payment terms for Pacific Edge.

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New Zealand urologists continue to lead the way globally in the adoption and commercial use of Pacific Edge's novel molecular diagnostic tests, with the majority of the large DHBs now offering their patients access to Cxbladder. The recent global first was the signing by Mid-Central DHB to make the full suite of Cxbladder tests available to their patients. While a good infrastructure is now in place in Australia, uptake has been slower than in New Zealand and Pacific Edge is working closely with its distribution partner, Tolmar Australia, to drive adoption. The investigations into South East Asia continue to progress, with three User Programmes in large scale hospitals now running in Singapore, of which one is expected to transition to a commercial customer in the near future. Additional User Programmes are expected to commence in the second half of the year.

Chairman of Pacific Edge, Chris Gallaher said: "We are working hard to achieve our goal of being cash-flow positive. The rate that we progress is entirely driven by the contribution to revenue from the large scale customers that we are targeting and we are working hard to convert these transformational customers into revenue and cash."

CEO of Pacific Edge, David Darling, said: "There is no doubt that Cxbladder is a breakthrough product – more and more urologists and healthcare providers are now recognising this and are looking to adopt our products into clinical use with some of the large public healthcare providers in New Zealand adding Cxbladder to their standard of care. Momentum is building and the full efforts of everyone in the company are focused on transforming Pacific Edge into a globally recognised and successful New Zealand business."

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OVERVIEW www.pacificedge.co.nz www.pacificedgedx.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. 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.

Pacific Edge has three proprietary, novel, accurate, molecular diagnostic products in-market providing actionable results, and better detection and management of urothelial cancer. Cxbladder Detect and Cxbladder Triage are available through the company's dedicated CLIA certified laboratories for customers in New Zealand, Australia and the USA. Cxbladder Monitor launched in New Zealand in December 2015 and is anticipated being available in the US in 2016.

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 was launched in 2013 in the USA and is commercially available in New Zealand, Australia and the USA as a Laboratory Developed Test (LDT) from the company's CLIA certified laboratories. 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, the third test in the Cxbladder portfolio for urologists, is a proprietary, non-invasive, molecular diagnostic test that combines genomic biomarkers measured from a small quantity of a patient's urine, with patient specific clinical factors to better monitor bladder cancer patients for recurrence. 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 is a proprietary, non-invasive, molecular diagnostic test that combines genomic biomarkers measured from a small quantity of a patient's urine, with patient characteristics for the identification of 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.