



**CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS**

**FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2023**



PACIFIC EDGE LTD
CANCER DIAGNOSTICS COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Balance Sheet	6
Consolidated Statement of Cash Flows	7

Notes to the Financial Statements

1. Summary of Accounting Policies	8
2. Investment and Advances in Subsidiaries	10
3. Dividends	10
4. Revenue and Other Income	10
5. Operating Expenses	11
6. Segment Information	12
7. Share Capital	16
8. Reconciliation of Cash Flows to Operating Activities with Operating Net Loss	16
9. Contingent Liabilities	17
10. Capital Commitments	17
11. Subsequent Events	17
12. Related Parties	17
13. Proposed Local Coverage Determination (LCD) Changes - Potential Impact on Revenue	17
14. Net Tangible Assets	18

	NOTES	UNAUDITED SEPT 2023 6 MONTHS (\$'000)	UNAUDITED SEPT 2022 6 MONTHS (\$'000)	AUDITED MARCH 2023 12 MONTHS (\$'000)
REVENUE				
Operating Revenue	4	13,095	8,707	19,616
Total Operating Revenue		13,095	8,707	19,616
Other Income	4	859	761	1,417
Interest Income		1,892	1,099	2,761
Foreign Exchange Gain		734	3,026	2,330
Total Revenue and Other Income		16,580	13,593	26,124
OPERATING EXPENSES				
Laboratory Operations		6,141	4,467	9,349
Research		5,487	3,710	8,484
Sales and Marketing		14,339	11,375	25,123
General and Administration		5,865	4,612	10,133
Total Operating Expenses	5	31,832	24,164	53,089
NET LOSS BEFORE TAX		(15,252)	(10,571)	(26,965)
Income Tax Expense		-	-	-
LOSS FOR THE YEAR AFTER TAX		(15,252)	(10,571)	(26,965)
<i>Items that may be reclassified to profit or loss:</i>				
Translation of Foreign Operations		198	380	(99)
TOTAL COMPREHENSIVE LOSS attributable to equity holders of the Company		(15,054)	(10,191)	(27,064)
Earnings per share for loss attributable to the equity holders of the Company during the year				
Basic and Diluted Earnings per share		(0.019)	(0.013)	(0.033)

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	NOTES	SHARE CAPITAL (\$'000)	ACCUMULATED LOSSES (\$'000)	SHARE BASED PAYMENTS RESERVE (\$'000)	FOREIGN CURRENCY TRANSLATION RESERVE (\$'000)	TOTAL EQUITY (\$'000)
UNAUDITED 6 MONTHS TO 30 SEPT 2022						
Balance as at 31 March 2022		294,139	(189,849)	3,145	941	108,376
Loss After Tax		-	(10,571)	-	-	(10,571)
Other Comprehensive Income		-	-	-	380	380
Total Comprehensive Loss attributable to equity holders of the Company		-	(10,571)	-	380	(10,191)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of Share Capital	7	(2)	-	-	-	(2)
Share Based Payments - Employee Remuneration	7	93	-	-	-	93
Share Based Payment - Employee Share Options	7	-	-	567	-	567
Balance as at 30 September 2022		294,230	(200,420)	3,712	1,321	98,843
AUDITED 12 MONTHS TO 31 MARCH 2023						
Balance as at 31 March 2022		294,139	(189,849)	3,145	941	108,376
Loss After Tax		-	(26,965)	-	-	(26,965)
Other Comprehensive Income		-	-	-	(99)	(99)
Total Comprehensive Loss attributable to equity holders of the Company		-	(26,965)	-	(99)	(27,064)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of Share Capital	7	(4)	-	-	-	(4)
Share Based Payments - Employee Remuneration	7	182	-	-	-	182
Share Based Payment - Employee Share Options	7	-	-	1,273	-	1,273
Balance as at 31 March 2023		294,317	(216,814)	4,418	842	82,763
UNAUDITED 6 MONTHS TO 30 SEPT 2023						
Balance as at 31 March 2023		294,317	(216,814)	4,418	842	82,763
Loss After Tax		-	(15,252)	-	-	(15,252)
Other Comprehensive Income		-	(8)	-	206	198
Total Comprehensive Loss attributable to equity holders of the Company		-	(15,260)	-	206	(15,054)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of Share Capital	7	-	-	-	-	-
Share Based Payments - Employee Remuneration	7	38	-	-	-	38
Share Based Payment - Employee Share Options	7	-	-	555	-	555
Balance as at 30 September 2023		294,355	(232,074)	4,973	1,048	68,302

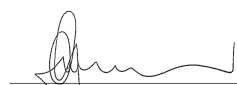
Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED BALANCE SHEET


AS AT 30 SEPTEMBER 2023

	UNAUDITED SEPT 2023 6 MONTHS	UNAUDITED SEPT 2022 6 MONTHS	AUDITED MARCH 2023 12 MONTHS	
NOTES	(\$000)	(\$000)	(\$000)	
CURRENT ASSETS				
Cash and Cash Equivalents	20,469	37,989	33,229	
Short Term Deposits	41,705	55,466	44,562	
Receivables	5,239	6,017	5,493	
Inventory	1,676	1,507	1,287	
Other Assets	1,688	1,734	1,400	
Total Current Assets	70,777	102,713	85,971	
NON-CURRENT ASSETS				
Property, Plant and Equipment	2,945	1,753	2,768	
Right of Use Assets	1,376	1,507	1,143	
Intangible Assets	1,156	784	1,031	
Total Non-Current Assets	5,477	4,044	4,942	
TOTAL ASSETS	76,254	106,757	90,913	
CURRENT LIABILITIES				
Payables and Accruals	6,539	5,983	6,928	
Lease Liabilities	529	1,267	811	
Total Current Liabilities	7,068	7,250	7,739	
NON-CURRENT LIABILITIES				
Lease Liabilities	884	664	411	
Total Non-Current Liabilities	884	664	411	
TOTAL LIABILITIES	7,952	7,914	8,150	
NET ASSETS	68,302	98,843	82,763	
Represented by:				
EQUITY				
Share Capital	7	294,355	294,230	294,317
Accumulated Losses		(232,074)	(200,420)	(216,814)
Share Based Payments Reserve		4,973	3,712	4,418
Foreign Translation Reserve		1,048	1,321	842
TOTAL EQUITY		68,302	98,843	82,763
FURTHER INFORMATION:				
Net Tangible Assets Per Share (\$)	14	0.083	0.121	0.101

For and on behalf of the Board of Directors



Director



Director

Dated 22nd day of November 2023

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	UNAUDITED SEPT 2023 6 MONTHS	UNAUDITED SEPT 2022 6 MONTHS	AUDITED MARCH 2023 12 MONTHS
NOTES	(\$000)	(\$000)	(\$000)
CASH FLOWS TO OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers	13,576	7,316	18,468
Receipts from Grant Providers	1,371	404	1,066
Interest Received	1,228	908	2,716
	16,175	8,628	22,250
Cash was disbursed to:			
Payments to Suppliers and Employees	31,080	22,611	47,869
Net GST outflow (inflow)	87	(11)	(44)
	31,167	22,600	47,825
Net Cash Flows To Operating Activities	8	(14,992)	(25,575)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash was provided from:			
Proceeds from Short Term Deposits	35,703	71,784	143,490
	35,703	71,784	143,490
Cash was disbursed to:			
Purchase of Short Term Deposits	32,846	57,310	118,107
Capital Expenditure on Plant and Equipment	487	504	1,870
Capital Expenditure on Intangible Assets	302	487	1,039
	33,635	58,301	121,016
Net Cash Flows From Investing Activities	2,068	13,483	22,474
CASH FLOWS (TO) FINANCING ACTIVITIES:			
Cash was received from:			
Proceeds from Borrowings	-	314	-
Ordinary Shares Issued	7	-	(4)
	-	314	(4)
Cash was disbursed to:			
Repayment of Leases - Principal	675	553	1,195
Repayment of Leases - Interest	32	46	83
Issue Expenses	7	2	-
	707	601	1,278
Net Cash Flows (To) Financing Activities	(707)	(287)	(1,282)
Net (Decrease) in Cash Held	(13,631)	(776)	(4,383)
Add Opening Cash Brought Forward	33,229	35,412	35,412
Effect of Exchange Rate Changes on Net Cash	871	3,353	2,200
Ending Cash Carried Forward	20,469	37,989	33,229

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1. SUMMARY OF ACCOUNTING POLICIES

The unaudited consolidated interim financial statements (“Interim Financial Statements”) presented are those of Pacific Edge Limited (“Company”) and its subsidiaries (“Group”). The Company is registered and domiciled in New Zealand. The Group’s purpose is to research, develop and commercialise new diagnostic and prognostic tools for the early detection and management of cancers. Pacific Edge Diagnostics New Zealand Limited and Pacific Edge Diagnostics USA Limited manage and operate the laboratories used for the detection of bladder cancer. Pacific Edge (Australia) Pty Limited’s purpose is to research and develop the Cxbladder products and other prognostic tools. Pacific Edge Diagnostics Singapore Pte Limited’s purpose is sales and marketing of bladder cancer products and assisting with research and development. Pacific Edge Analytical Services Limited is a dormant entity.

The Company is a for profit entity, registered in New Zealand under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Company is dual listed, with its primary listing of ordinary shares quoted in New Zealand on the NZX Main Board, and a secondary listing in Australia as a Foreign Exempt Entity on the ASX.

a) Basis of Preparation

The Interim Financial Statements for the six months ended 30 September 2023 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and the Financial Markets Conduct Act 2013. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other guidance as issued by the External Reporting Board, as appropriate for entities, and with International Financial Reporting Standards.

The Interim Financial Statements have been prepared in accordance with NZ IAS 34 - Interim Financial Reporting. In complying with NZ IAS 34, these consolidated Interim Financial Statements also comply with IAS 34 - Interim Financial Reporting and should be read in conjunction with the Company’s 2023 Annual Report. The Interim Financial Statements for the six months ended 30 September 2023 are unaudited. Comparative balances for 30 September 2022 are unaudited, whilst the comparative balances for 31 March 2023 are audited.

The Interim Financial Statements are prepared on the basis of historical cost, except where otherwise identified. The presentational currency used in the preparation of the financial statements is New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

b) Accounting Policies

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of Pacific Edge Limited for the year ended 31 March 2023.

c) Authorisation

The Interim Financial Statements were authorised by the Board of Directors on 22 November 2023. The Annual Financial Statements for the year ended 31 March 2023 were authorised by the Board of Directors on 24 May 2023.

d) Audit

The Interim Financial Statements have not been audited. The comparative full year financial results for the year ended 31 March 2023 have been audited.

e) Basis of Consolidation

The following entities and the basis of their inclusion for consolidation in these Interim Financial Statements are as follows:

Name of Subsidiary	Place of Incorporation (or registration) and Operation	Principal Activity	Ownership Interests & Voting Rights	
			30 Sept 2023 (%)	30 Sept 2022 (%)
Pacific Edge Diagnostics New Zealand Limited	New Zealand	Commercial Sales and Diagnostic Laboratory Operation	100	100
Pacific Edge (Australia) Pty Limited	Australia	Commercial Sales and Biotechnology Research & Development	100	100
Pacific Edge Diagnostics USA Limited	USA	Commercial Sales and Diagnostic Laboratory Operation	100	100
Pacific Edge Singapore Pte Limited	Singapore	Commercial Sales and Biotechnology Research & Development	100	100
Pacific Edge Analytical Services Limited	New Zealand	Dormant Company	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

2. INVESTMENT AND ADVANCES IN SUBSIDIARIES

The consolidated Interim Financial Statements incorporate the assets and liabilities and results of Pacific Edge Diagnostics New Zealand Limited, Pacific Edge (Australia) Pty Limited, Pacific Edge Diagnostics USA Limited, Pacific Edge Diagnostics Singapore Pte Limited and Pacific Edge Analytical Services Limited, all of which are 100% owned by the Company. Subsidiaries have a 31 March balance date. The investments in and advances to subsidiaries are eliminated on consolidation in the Group financial statements.

3. DIVIDENDS

The Company does not propose to pay dividends to shareholders similar to previous years. This policy continues.

4. REVENUE AND OTHER INCOME

	Unaudited Sept 2023 6 Months (\$000)	Unaudited Sept 2022 6 Months (\$000)	Audited March 2023 12 Months (\$000)
Cxbladder Sales			
- US - Accrual Accounting	11,403	7,383	16,362
- US - Cash Accounting	1,062	916	2,388
- Total US Sales	12,465	8,299	18,750
- Rest of World	630	408	866
Total Operating Revenue	13,095	8,707	19,616
Other Income			
Grant Income	3	300	44
Research Rebates and Tax Incentives	856	461	1,373
Total Other Income	859	761	1,417

Refer to note 13 for details on a proposed Local Coverage Determination change that has the potential to negatively impact future revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

5. OPERATING EXPENSES

The note below highlights total expenses shown within total operating expenses. These items are then split across functions laboratory, research, sales and marketing and general and administration as reported in the annual report.

	Unaudited Sept 2023 6 Months (\$000)	Unaudited Sept 2022 6 Months (\$000)	Audited March 2023 12 Months (\$000)
Operating Expenses			
Amortisation	178	123	427
Auditors Remuneration			
- Group year end financial statements	97	69	184
- Half year review of financial statements	34	29	30
- Foreign statutory financial statements	25	13	12
Total Auditors Remuneration	156	111	226
Consultant Costs	1,366	858	2,019
Depreciation	370	206	527
Depreciation on Right of Use Assets	635	569	1,179
Directors Fees	247	247	495
Employee Benefits	15,700	10,797	26,107
Employee Share Scheme Expenses	38	93	182
Employee Share Options	555	567	1,273
Interest on Lease Liabilities	32	46	83
Legal Expenses	620	388	695
NZX / ASX / Registry Fees	146	225	305
Rental and Lease Expense	68	38	122
Site Fees - Clinical Studies	1,358	636	1,094
Other Operating Expenses	10,363	9,260	18,355
Total Operating Expenses	31,832	24,164	53,089

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Employee Share Scheme

Employee Share Scheme Expenses are a non-cash expense. These relate to shares issued to employees in lieu of cash bonuses.

Employee Share Scheme Options

Employee Share Options are a non-cash expense. Refer to Note 8 of the Annual Report for details of the accounting policy for Employee Share Schemes.

Other Operating Expenses

The major categories of expenditure which make up operating expenses, but are not disclosed separately above: Laboratory costs, Information Technology costs, Compliance and Regulatory costs, Investor Relations costs.

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

There are two operating segments at balance date:

- Commercial:** The sales, marketing, laboratory and support operations to run the commercial businesses worldwide; and
- Research:** The research and development of diagnostic and prognostic products for human cancer.

The reportable operating segment Commercial derives its revenue primarily from sales of Cxbladder tests and the reportable operating segment Research derives its revenue primarily from grant income. The Chief Executive Officer assesses the performance of the operating segments based on net loss for the period.

Segment income, expenses and profitability are presented on a gross basis excluding inter-segment eliminations to best represent the performance of each segment operating as independent business units. The segment information provided to the Chief Executive Officer for the reportable segments described above, for the six months ended 30 September 2023, is shown on the following page.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Unaudited 6 Months to 30 September 2023	Commercial (\$'000)	Research (\$'000)	Less: Eliminations (\$'000)	Total External Income (\$'000)
Income				
Operating Revenue - External	13,095	-	-	13,095
Other Income	276	1,403	(820)	859
Interest Income	14	1,878	-	1,892
Foreign Exchange Gain	-	734	-	734
Total Income	13,385	4,015	(820)	16,580
Expenses				
Expenses	21,791	9,678	(820)	30,649
Depreciation & Amortisation	801	382	-	1,183
Total Operating Expenses	22,592	10,060	(820)	31,832
Loss Before Tax	(9,207)	(6,045)	-	(15,252)
Income Tax Expense	-	-	-	-
Loss After Tax	(9,207)	(6,045)	-	(15,252)
Net Cash Flow to Operating Activities	(9,114)	(5,878)	-	(14,992)

Audited 12 Months to 31 March 2023	Commercial (\$'000)	Research (\$'000)	Less: Eliminations (\$'000)	Total External Income (\$'000)
Income				
Operating Revenue - External	19,616	-	-	19,616
Other Income	467	2,245	(1,295)	1,417
Interest Income	18	2,743	-	2,761
Foreign Exchange Gain	5	2,325	-	2,330
Total Income	20,106	7,313	(1,295)	26,124
Expenses				
Expenses	35,891	16,360	(1,295)	50,956
Depreciation & Amortisation	1,311	822	-	2,133
Total Operating Expenses	37,202	17,182	(1,295)	53,089
Loss Before Tax	(17,096)	(9,869)	-	(26,965)
Income Tax Expense	-	-	-	-
Loss After Tax	(17,096)	(9,869)	-	(26,965)
Net Cash Flow to Operating Activities	(15,908)	(9,667)	-	(25,575)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Unaudited 6 Months to 30 September 2022	Commercial (\$'000)	Research (\$'000)	Less: Eliminations (\$'000)	Total External Income (\$'000)
Income				
Operating Revenue - External	8,707	-	-	8,707
- Internal	-	-	-	-
Other Income	237	1,287	(763)	761
Interest Income	3	1,096	-	1,099
Foreign Exchange Gain	8	3,018	-	3,026
Total Income	8,955	5,401	(763)	13,593
Expenses				
Expenses	16,280	7,749	(763)	23,266
Depreciation & Amortisation	594	304	-	898
Total Operating Expenses	16,874	8,053	(763)	24,164
Loss Before Tax	(7,919)	(2,652)	-	(10,571)
Income Tax Expense	-	-	-	-
Loss After Tax	(7,919)	(2,652)	-	(10,571)
Net Cash Flow to Operating Activities	(8,478)	(5,494)	-	(13,972)

Eliminations

These are the intercompany transactions between the subsidiaries and the Parent. These are eliminated on consolidation of Group results. The Research segment of the business utilise consumables and other components that are purchased by the Commercial segments of the business, with the costs of these components allocated to Research segment, and the Commercial segment recognising revenue from the sale.

Total Laboratory Throughput:

Unaudited	Commercial # Tests	Research # Tests	Total # Tests
6 months ended 30 September 2023	15,401	2,828	18,229
12 months ended 31 March 2023	26,691	4,874	31,565
6 months ended 30 September 2022	12,422	2,495	14,917

Laboratory Throughput is a key metric for the Group: Laboratory Throughput provides evidence of the usage of Cxbladder products globally and the rates of adoption between different customer segments. Total Laboratory Throughput includes commercial tests, which are invoiced to customers, and research tests which are not considered to be billable as these tests relate to user programs or other non-chargeable activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Commercial test numbers are also a key metric for the Group. Commercial Tests are those tests for which the Company is actively seeking reimbursement and cash receipts, and tests performed at no charge in order to gain new customers.

Segment Assets and Liabilities Information:

Unaudited as at 30 September 2023	Commercial (\$'000)	Research (\$'000)	Total (\$'000)
Total Assets	8,152	68,102	76,254
Total Liabilities	4,585	3,367	7,952

Audited as at 31 March 2023	Commercial (\$'000)	Research (\$'000)	Total (\$'000)
Total Assets	9,375	81,538	90,913
Total Liabilities	5,853	2,297	8,150

Unaudited as at 30 September 2022	Commercial (\$'000)	Research (\$'000)	Total (\$'000)
Total Assets	8,906	97,851	106,757
Total Liabilities	5,990	1,924	7,914

Additions to non current assets for the period include:

	Commercial (\$'000)	Research (\$'000)	Total (\$'000)
Property, Plant & Equipment	479	10	489
Right of Use Assets	873	-	873
Intangible Assets	298	4	302
Total Additions to Non Current Assets	1,650	14	1,664

The amounts provided to the Chief Executive Officer with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operation of the segment and the physical location of the asset.

There are no unallocated assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

7. SHARE CAPITAL

	Sept 2023 6 Months Shares (000)	Unaudited Sept 2023 6 Months (\$000)	Unaudited Sept 2022 6 Months (\$000)	Audited March 2023 12 Months (\$000)
Opening Balance	810,365	294,317	294,139	294,139
Issue of Ordinary Shares				
- Employee Remuneration ¹	352	38	93	182
Less: Issue Expenses	-		(2)	(4)
Movement	352	38	91	178
Closing Balance	810,717	294,355	294,230	294,317

¹ During the period 351,894 shares were issued as part of employees remuneration in lieu of cash payments at an average price of \$0.107 per share. (2023: 277,985 at \$0.65).

There are 810,717,112 (September 2022: 810,180,218 and March 2023: 810,365,218) ordinary shares on issue. All fully paid shares in the Company have equal voting rights and equal rights to dividends. All Ordinary Shares are fully paid and have no par value.

8. RECONCILIATION OF CASH FLOWS TO OPERATING ACTIVITIES WITH OPERATING NET LOSS

	Unaudited Sept 2023 6 Months (\$000)	Unaudited Sept 2022 6 Months (\$000)	Audited March 2023 12 Months (\$000)
Net Loss for the Period	(15,252)	(10,571)	(26,965)
Add Non Cash Items:			
Depreciation	370	206	527
Loss on disposal of Property, Plant and Equipment	2	16	24
Amortisation	178	123	427
Employee Share options	555	567	1,273
Employee bonuses paid in shares in lieu of cash	38	93	182
Depreciation on right of use assets	635	569	1,179
Interest on finance leases shown in lease repayments	32	46	83
Total Non Cash Items	1,810	1,620	3,695
Add Movements in Other Working Capital items:	(37)	(2,493)	(1,641)
(Increase) in Receivables and Other Assets	(389)	(500)	(280)
(Increase) Decrease in Inventory	(390)	998	1,946
Increase in Payables and Accruals	(734)	(3,026)	(2,330)
Total Movement in Other Working Capital	(1,550)	(5,021)	(2,305)
Net Cash Flows to Operating Activities	(14,992)	(13,972)	(25,575)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

9. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 September 2023 (September 2022: Nil and March 2023: Nil). The Company and Group have not granted any securities in respect of liabilities payable by any other party whatsoever.

10. CAPITAL COMMITMENTS

There are no capital commitments at 30 September 2023 (September 2022: Nil and March 2023: Nil).

11. SUBSEQUENT EVENTS

There are no subsequent events.

12. RELATED PARTIES

Details of all related party relationships have been disclosed in the annual report for the year ended 31 March 2023. No new transactions with directors occurred that would be considered a related party.

13. PROPOSED LOCAL COVERAGE DETERMINATION (LCD) CHANGES - IMPACT ON REVENUE

On 2 June 2023* Novitas, the Medicare Administrative Contractor (MAC) with jurisdiction for Pacific Edge's US laboratory issued a final Local Coverage Determination (LCD) L39365 that governs the reimbursement of Cxbladder in the US by the US Centres for Medicare & Medicaid Services (CMS). The LCD determined that Cxbladder would not qualify for coverage from Novitas for tests reimbursed by the CMS from 17 July 2023. These tests represent a significant portion of current Cxbladder testing revenue. Multiple companies that had existing coverage or are seeking coverage, were similarly impacted by this proposal.

On 6 July 2023* Pacific Edge Limited received notification that LCD L39365 would not become final and Novitas would propose it again as a draft LCD DL39365. The new draft would be subject to 'notice and comment for 45 days including an open public meeting and a written comment submission period.

On 27 July 2023* Pacific Edge Limited became aware that Novitas had published the LCD (DL39365) without any changes from LCD L39365, which if approved without further changes would mean Cxbladder (and multiple other products from various companies) would not qualify for coverage from Novitas for tests reimbursed by the CMS.

Novitas provided for the statutory requirement for a 45-day notice and comment period commencing 27 July 2023* and finishing 9 September 2023*, during which time all interested stakeholders were able to submit comments to Novitas. Pacific Edge, and a number of impacted parties submitted written submissions that argue Cxbladder Triage, Detect and Monitor tests should retain Medicare coverage based on the clinical value they offer to patients, clinicians, and healthcare payers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Novitas may take up to 365 days from the original publication date (27 July 2023*) to withdraw or finalize the LCD including a response to those comments. When finalized, Novitas must provide a minimum of 45 days' notice before the LCD becomes effective.

Pacific Edge received payment in line with the existing LCD/LCA (Local Coverage Article) for the six months ended 30 September 2023, and to the date of approval of these Consolidated Financial Statements. However, the Company is unable to determine the future impact, if any, at the date of approval of these Consolidated Financial Statements.

Refer to the Pacific Edge Limited 2023 Annual report issued 22 June 2023 for further history of the proposed Local Coverage Decision up to 22 June 2023.

*All dates with an Asterix refer to US dates

14. NET TANGIBLE ASSETS

Net Tangible Assets per share is a non-GAAP measure that is required to be disclosed by the NZX Listing Rules. The calculation of the Group's Net Tangible Assets per share and its reconciliation to the consolidated balance sheet is presented below.

	Unaudited Sept 2023 6 Months (\$'000)	Unaudited Sept 2022 6 Months (\$'000)	Audited March 2023 12 Months (\$'000)
Total Assets	76,254	106,757	90,913
Less Intangible Assets	1,156	784	1,031
Less Total Liabilities	7,952	7,914	8,150
Net Tangible Assets	67,146	98,059	81,732
Number of Shares Issued (000's)	810,717	810,180	810,365
Net Tangible Assets Per Share	\$0.083	\$0.121	\$0.101



Independent auditor's review report

To the shareholders of Pacific Edge Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Pacific Edge Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2023, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carried out other services for the Group in the area of generic treasury training. The provision of these other services has not impaired our independence.

Responsibilities of the Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Maxwell John Dixon.

For and on behalf of:

A handwritten signature in black ink that reads "Maxwell John Dixon".

Chartered Accountants
22 November 2023

Christchurch



PACIFIC EDGE LTD
CANCER DIAGNOSTICS COMPANY

87 St David Street, PO Box 56, Dunedin, New Zealand

P +64 3 577 6733 (overseas) | 0800 555 563 (NZ)

F +64 3 974 9393

www.pacificedgedx.com/