Company Announcement
24 May 2017

PACIFIC EDGE FULL YEAR RESULTS TO 31 MARCH 2017

Steady growth in sales and laboratory throughput; strong progress on targeted transformational customers

- Total revenue up 33% to $9.5m, including a 62% increase in operating revenue up to $8.1m with growth coming from new and existing commercial customers (excludes any revenue from transformational customers).
- Increase in Laboratory Throughput of 35% to 11,246 tests reflecting increasing sales as well as new User Programmes following the completion of the large scale Kaiser Permanente User Programme.
- Operating expenses of $24.3m comparable with $22.9m in FY16, reflecting continuing investment into the US sales and marketing strategy, and the development and launch of new products.
- Operating cashflow deficit of $(17.8)m, at a similar level to the previous year (FY16: $(17.0)m).
- Reported loss of $21.0m for the full year. After adjusting for $6.2m in one-offs and other expenses detailed below, the total loss is down 4% on FY16.
- Cash and cash equivalents of $14.6m as at 31 March 2017.

	FY17 (NZ'000)	FY16 (NZ'000)	% change
Operating Revenue	8,062	4,976	62%
Other Revenue	1,473	2,217	(34)%
Total Revenue	9,535	7,193	33%
Operating Expenses	24,342	22,870	6%
Other Expenses*	6,173	0	100%
Total Operating Expenses	30,515	22,869	33%
Total Comprehensive Loss	(21,048)	(15,453)	36%
Operating Cashflow	(17,837)	(16,952)	5%
Cash on hand as at 31 March 2017	14,564	24,160	(40)%

Notes:*Other Expenditure includes bad debts and doubtful debts expenditure of $3.2m and the one-off non-cash cost of winding up the Employee Incentive Scheme of $2.9m.

Cancer diagnostics company, Pacific Edge Limited (NZX: PEB) has increased its operating revenue by 62% and is expecting to see sales continue to grow in the FY18 financial year as the large scale organisations it has been working with in the United States transition into commercial customers.

Total revenue was up 33% to $9.5m, including operating revenue of $8.1m. Sales growth was from new and existing commercial customers and excluded any revenue from transformational customers, which are expected to come online commercially in FY18.

The company is now in contract with the TRICARE Health Plan Network and the Veteran's Administration (VA), which combined, provide healthcare cover to more than 20 million US military personnel and their families. Commercial negotiations with integrated healthcare insurer and provider, Kaiser Permanente, are expected to conclude shortly following the successful analysis of the large scale User Programme which delivered positive and

compelling results. Good progress is also being made with the regulatory process to obtain a Local Coverage Decision, which will enable reimbursement for patients covered under the Centers for Medicare and Medicaid (CMS).

While converting these opportunities into sales has proven to be more time consuming than anticipated, momentum is building steadily and Pacific Edge anticipates sales and revenue recovery to continue to grow in FY18 as these scale customers come online commercially.

User Programmes continue to be an essential part of Pacific Edge's adoption strategy and a growing number of clinicians across the US, New Zealand, Australia and Singapore are trialling Cxbladder. This is leading to increasing commercial sales and reimbursement from public and private healthcare organisations and insurers. More than 11,000 tests were processed through Pacific Edge's laboratories in FY17, an increase of 35% on the prior year.

In line with its growth strategy, Pacific Edge continues to invest in People, Product Development, Market Expansion and the protection of Intellectual Property. In particular, in FY17 Pacific Edge launched its fourth product Cxbladder Resolve in New Zealand, officially launched Cxbladder Monitor in the US, published a number of high impact studies validating the clinical performance and utility of its products and continued to expand its footprint in the US and its other targeted markets of Australia, New Zealand and South East Asia.

Operating expenses were $24.3m, comparable with $22.9m in FY16, with additional other non-cash expenses of $6.2m, relating to the windup of the Employee Incentive Scheme and the write off of bad and doubtful debts.

Overall, Pacific Edge reported a loss of $21.0m for the financial year (FY16: $15.5m). Excluding other expenses, the FY17 loss was down 4% on the prior comparative period.

A successful $8.75m capital raise was completed in February 2017 resulting in cash on hand of $14.6m as at 31 March 2017.

Chairman of Pacific Edge, Chris Gallaher, said: "Pacific Edge has established a strong platform upon which to progress our commercial journey, with four high performance and clinically validated tests, growing recognition of our products and increasing adoption by large scale customers in the US. The benefits of our investment over recent years is steadily being realised and we continue to be focused on delivering on our strategy, particularly in the US market."

Pacific Edge Chief Executive Officer, David Darling, commented: "We have made strong commercial progress in FY17, particularly with our targeted scale customers. Our revenue has grown and we continued to invest in our people, our markets, our products and our technology. Clinical recognition of the high performance of our products continues to strengthen with a number of peer reviewed publications and industry recognition during the year. Our focus continues to be on the execution of our strategy and encouraging adoption in our key markets.

"We are the only company in the world to have a suite of molecular tests in bladder cancer that address clinician and patients' needs throughout the diagnostic and treatment pathway, and our products continue to deliver compelling results in clinical studies. We are seeing increasing demand and uptake from both private and public healthcare providers and expect to see a ramp up in sales from new and existing customers in FY18."

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FY17 Business Highlights

- Identified and commenced selling to five targeted VA sites in the US, following award of Federal Supply Schedule and contract price.
- Confirmed as approved provider to TRICARE Health Plan Network.
- Successful completion of the large, blinded Kaiser Permanente User Programme with positive and compelling results.
- Presentation of positive Cxbladder Monitor study by Key Opinion Leader, Dr Yair Lotan, at American Urological Association 2016 Conference.
- Official US launch of Cxbladder Monitor and launch of Cxbladder Resolve in New Zealand.
- Increased private insurance coverage with nib Insurance and Sovereign Insurance in New Zealand.
- Added to Standard of Care for Waitemata District Health Board in New Zealand.
- Publication of peer reviewed papers in The Journal of Urology, Urologic Oncology and Advances in Therapy with follow-on recognition in key industry publications.
- Received an additional grant of up to $3m over three years, to the existing Growth Grant from Callaghan Innovation, to enable further research and development.
- Completion of successful $8.75m institutional share placement.
- Increased focus on marketing, particularly online, including launch of bladdercancer.me patient community.

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OVERVIEW 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 four proprietary, novel, accurate, molecular diagnostic products in-market providing actionable results, and better detection and management of urothelial cancer. Cxbladder Triage, Detect and Monitor are available through the company's dedicated CLIA-certified laboratories for customers in New Zealand, Australia, Singapore and the USA. Cxbladder Resolve launched in New Zealand in December 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.