



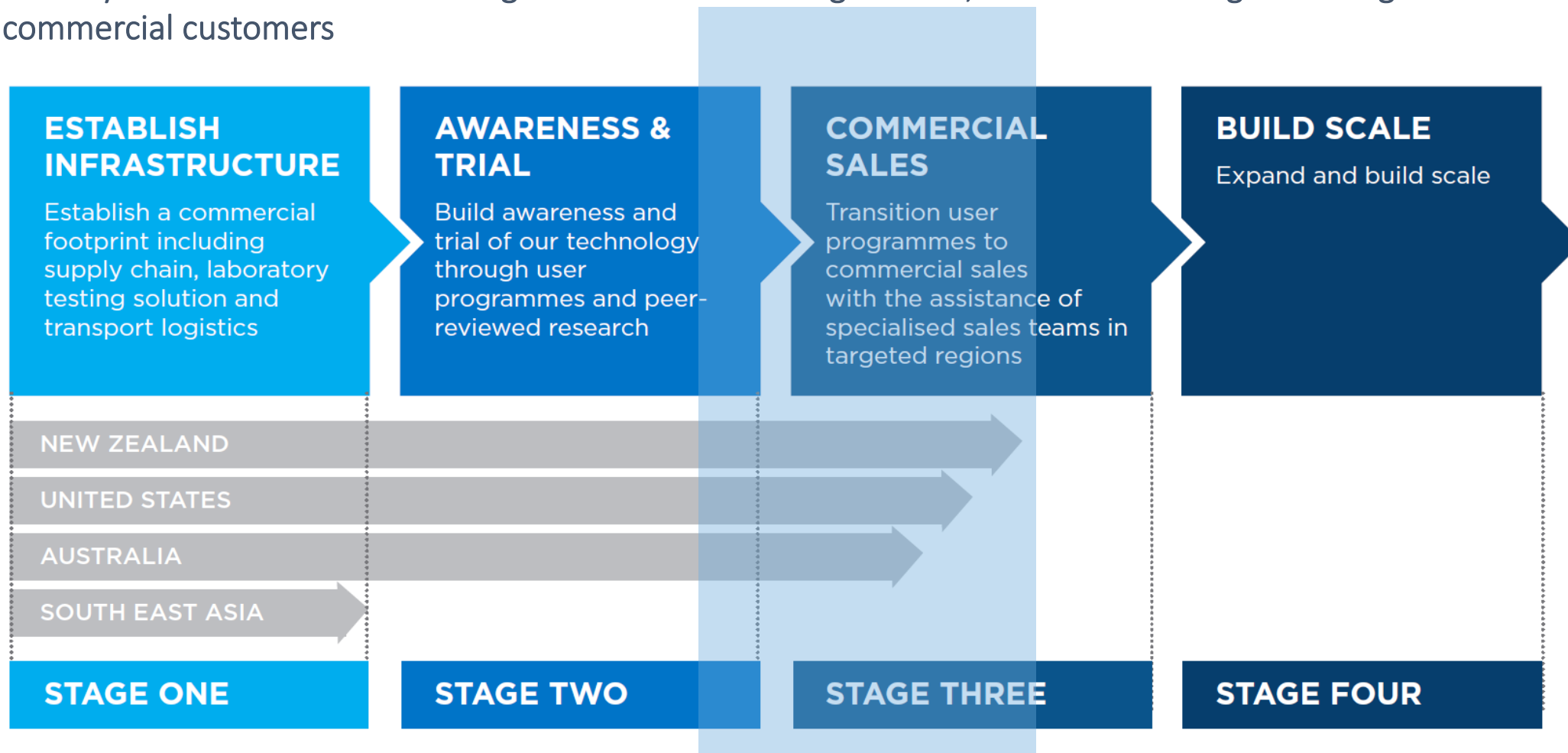
PACIFIC EDGE
Cancer Diagnostic Company

HY17 Interim Results Presentation
For the six months to 30 September 2016

24 November 2016
David Darling, CEO

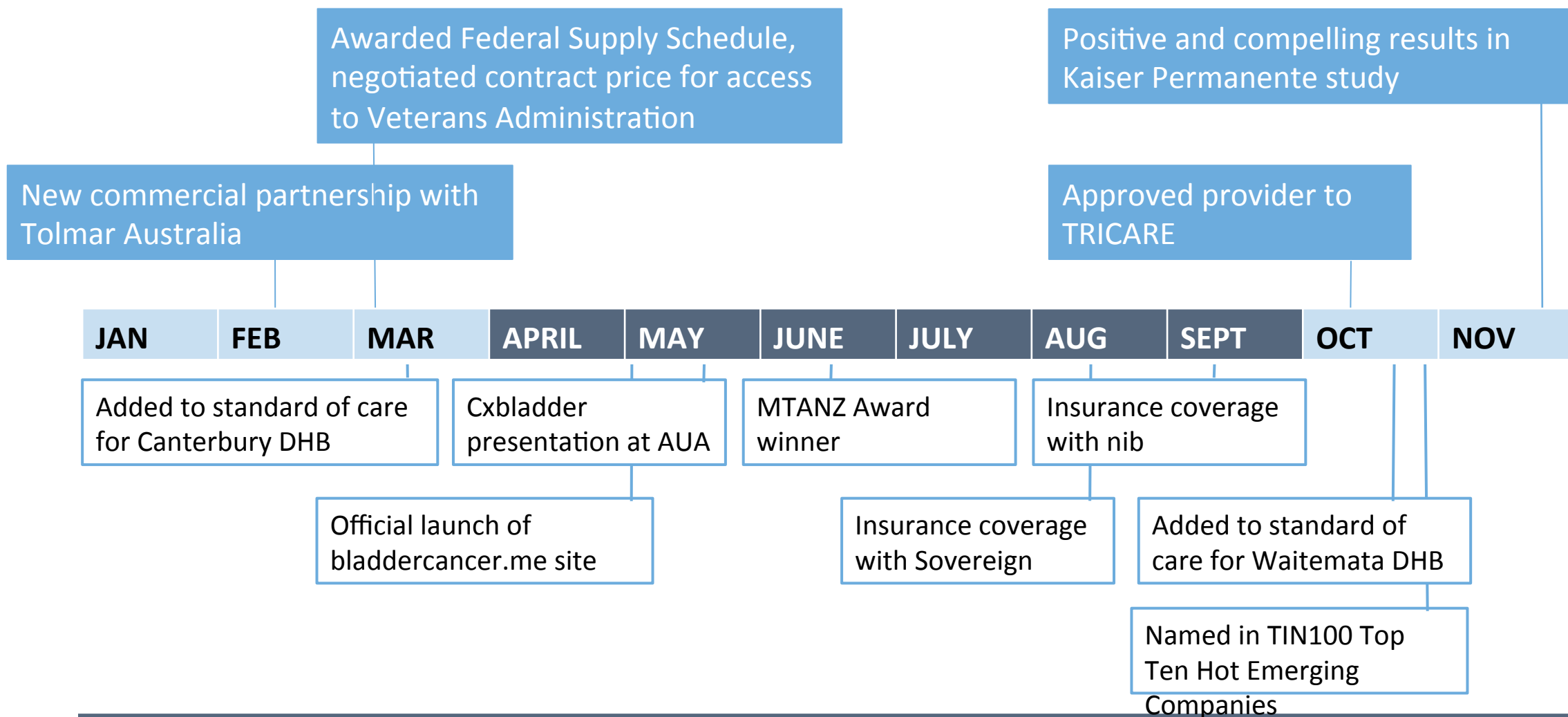
COMMERCIAL PATHWAY

Primary focus for 1H17: Continuing to establish User Programmes, transition existing User Programmes to commercial customers



2016 MILESTONES

Excellent Progress in 1H17



F17 FIRST HALF HIGHLIGHTS

Excellent Progress with Transformational Customers

Veterans Administration and TRICARE commercial underway; Kaiser Permanente User Programme successfully completed; CMS regulatory process in progress

Expanded Product Offer

Cxbladder Detect and Triage now available in all targeted markets.

Soft launch of Cxbladder Monitor underway in the USA. Cxbladder Resolve on track for launch in New Zealand end-2016

Extended private insurance cover and public healthcare uptake in New Zealand

New coverage with two private insurance providers. Included in standard of care for two large publicly funded District Health Boards

MARKETS

USA HEALTHCARE MARKET

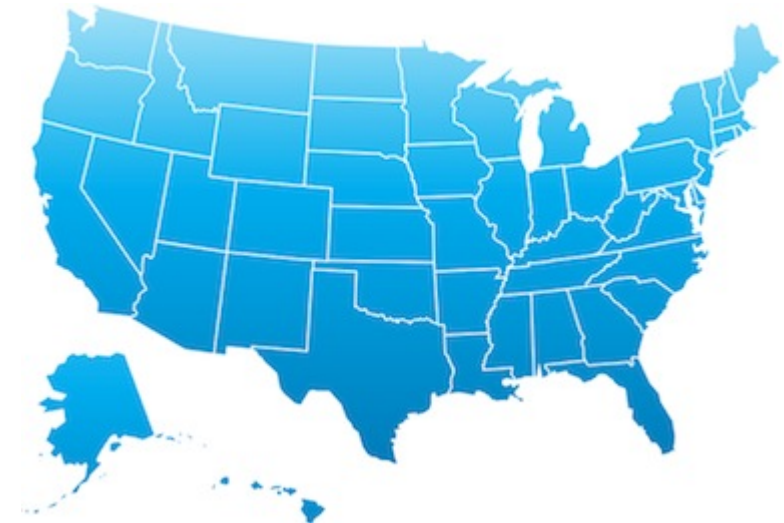
PROGRESS AND NEXT STEPS

COMPLETED ✓	18 sales executives focused on 19 targeted sales regions
COMPLETED ✓	VA: Entered into contract, set contract price, sales team building program for sales
COMPLETED ✓	TRICARE: Entered into contract. Set contract price; sales team building program for sales
In Progress	Large Urology Group practices; Key target for scale sales, now moving at pace, sales are starting to meet company expectations
In Progress	Primary focus on establishing new User Programmes as we build momentum in USA
In Progress	Transitioning existing User Programmes to commercial customers
In Progress	Targeting capture of next transformational customers – CMS, Kaiser Permanente

USA: The world's largest healthcare market

Over 10,000 urologists and millions of potential clinical opportunities for use of Cxbladder products

Growing knowledge base and understanding of the USA market



VETERANS ADMINISTRATION (VA)

ONE OF PACIFIC EDGE'S KEY CUSTOMERS

PROGRESS AND NEXT STEPS

COMPLETED ✓

Signed Federal Supply Schedule Agreement on (Feb 2016)

COMPLETED ✓

Negotiated contract price for tests (2016)

COMPLETED ✓

Identified leading VA centres with volume haematuria

COMPLETED ✓

Cxbladder test added to the VA schedule approved for sale to veterans:

- Cxbladder has a code which ensures ease of use and speedy recovery of revenue
- Cxbladder has a contracted price with the VA. Sites may negotiate to obtain a better rate (Volume).

In Progress

The Pacific Edge USA sales team are leverage existing relationships with high volume sites in targeted areas

Anticipate User Programmes for the larger key sites as per other large non-VA customers



VETERANS ADMINISTRATION

- Federal funded healthcare for veterans and their families
- Approximately 20 million people under cover including family members
- Network of its own clinics, hospitals and dedicated staff
 - 144 hospitals
 - 1,211 outpatient centres
 - 300 veterans centres
 - 56 regional offices
 - Pacific Edge targeting patients who present to the VA with haematuria

TRICARE

ONE OF PACIFIC EDGE'S KEY CUSTOMERS

PROGRESS AND NEXT STEPS

COMPLETED ✓

Approved as a provider (October 2016)

COMPLETED ✓

Negotiated contract price for tests (October 2016)

In Progress

The Pacific Edge USA sales team are leverage existing relationships with high volume sites in targeted areas

Anticipate User Programmes for the larger key sites as per other large non-VA customers



TRICARE

- Healthcare programme for USA uniformed service members and their families around the world
- Managed by the Defense Health Agency
- 9.4 million beneficiaries with 70.5 million outpatient visits in 2015
- 55 Military hospitals
- 373 military medical centres

KAISER PERMANENTE

POTENTIALLY TRANSFORMATIONAL FOR THE COMPANY

PROGRESS AND NEXT STEPS

COMPLETED ✓

Signed large scale User Programme

COMPLETED ✓

Recruitment of patients completed on time in 2016

COMPLETED ✓

Cleaning, validation and analysis of data

In Progress

Joint analysis: Pacific Edge completed its analysis with positive and compelling findings. Kaiser Permanente analysis underway

Next Steps

Study findings to be submitted for scientific and clinical publication

Next Steps

Following this, we will be working to transition Kaiser Permanente into a large scale commercial customer

KAISER PERMANENTE

- An integrated managed care provider, headquartered in California
- Fully integrated healthcare including insurance coverage of its patients
- One of the nation's largest not-for-profit health plans, serving more than 10.6 million members (approx. twice the size of New Zealand)
- More than 18,000 physicians employed across 38 hospitals and more than 600 medical offices and other facilities



CENTERS FOR MEDICARE AND MEDICAID/OTHER CUSTOMERS

FY17 OBJECTIVES AND PROGRESS

CMS

Continue to progress discussions with Centers for Medicare and Medicaid Services (CMS)

- Continuing to follow regulatory process to gain access to CMS

OTHER CUSTOMERS

Continue to initiate new User Programmes and transition early adopters into commercial customers

- USA sales team continuing to target individual urologists and large urology practices
- Work with hospitals to gain acceptance of Cxbladder into their care pathways



CENTERS FOR MEDICARE AND MEDICAID

- USA federal agency which administers Medicare and Medicaid
- Medicare is national social insurance program providing health insurance for over 46 million Americans aged 65 and older
- Medicaid is social health care program for low income American families and individuals

OTHER MARKETS

NEW ZEALAND, AUSTRALIA, SOUTH EAST ASIA

FY17 OBJECTIVES AND PROGRESS

AUSTRALIA

Work with Tolmar Australia to build awareness and increase sales of Cxbladder tests in Australia

- Tolmar Australia's nine dedicated urology sales executives leveraging their existing networks; targeting large hospitals as well as individual urologists
- Three products now available

SOUTH EAST ASIA

Establish a base in Singapore for further investigation into South East Asia, continue to support current User Programme in Singapore and initiate new User Programmes with targeted healthcare providers

- Initial logistics and test analysis successfully completed
- Commercial base now established in Singapore including distribution and logistics process to allow test analysis in New Zealand
- Working on signing up new User Programmes with large hospitals. Second User Programme agreed, with Singapore's largest hospital

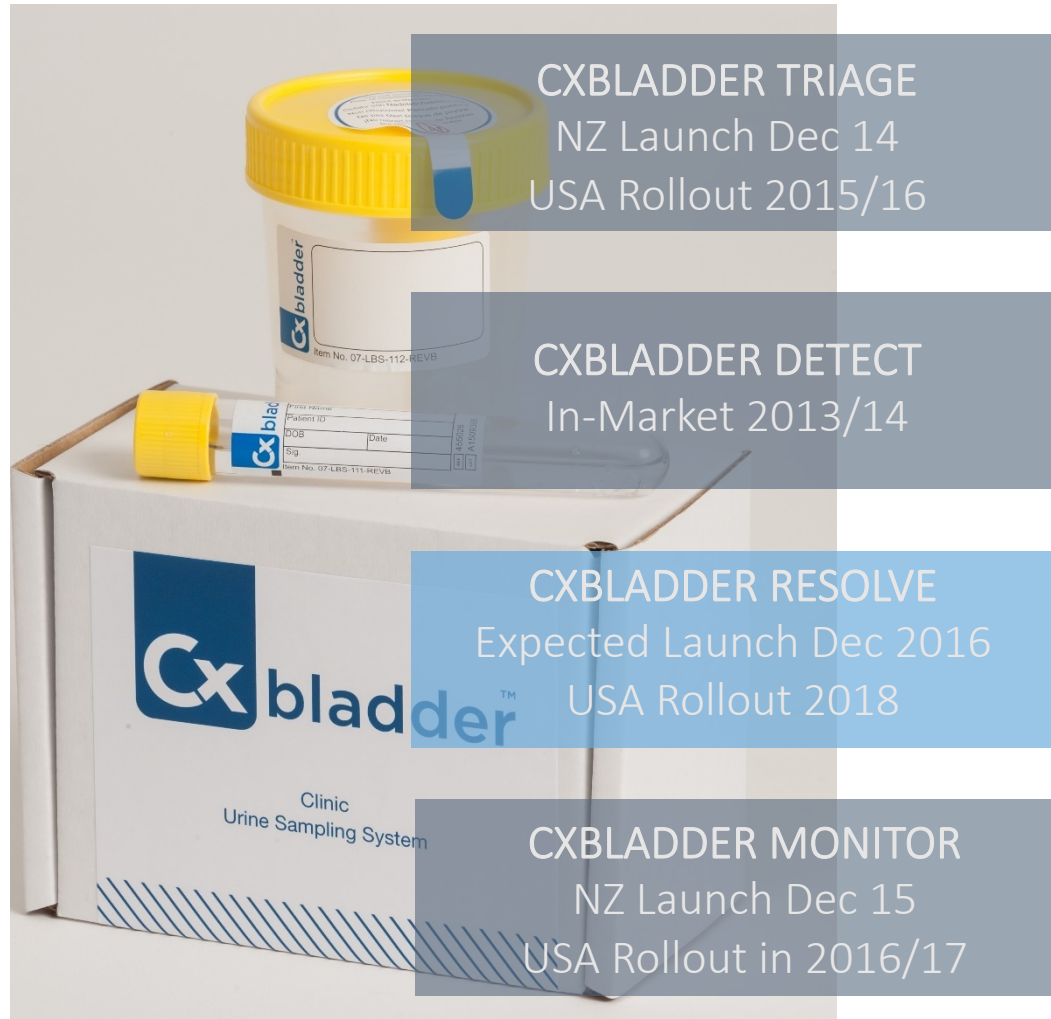
NEW ZEALAND

Continue to work closely with healthcare providers and urologists in New Zealand to encourage uptake of Cxbladder

- Agreements with several District Health Boards to include Cxbladder in clinical pathway
- Cxbladder under cover by two healthcare insurance providers

PRODUCTS

Our Products Now Span The Entire Clinical Pathway - A World First



FY17 OBJECTIVES AND PROGRESS

Rollout of Cxbladder Monitor into the United States and Australia

- Australia rollout completed
- USA rollout – soft launch underway to targeted urologists and opinion leaders
- Full USA launch due to coincide with publication of scientific paper
- Commercially available to all urologists by year-end

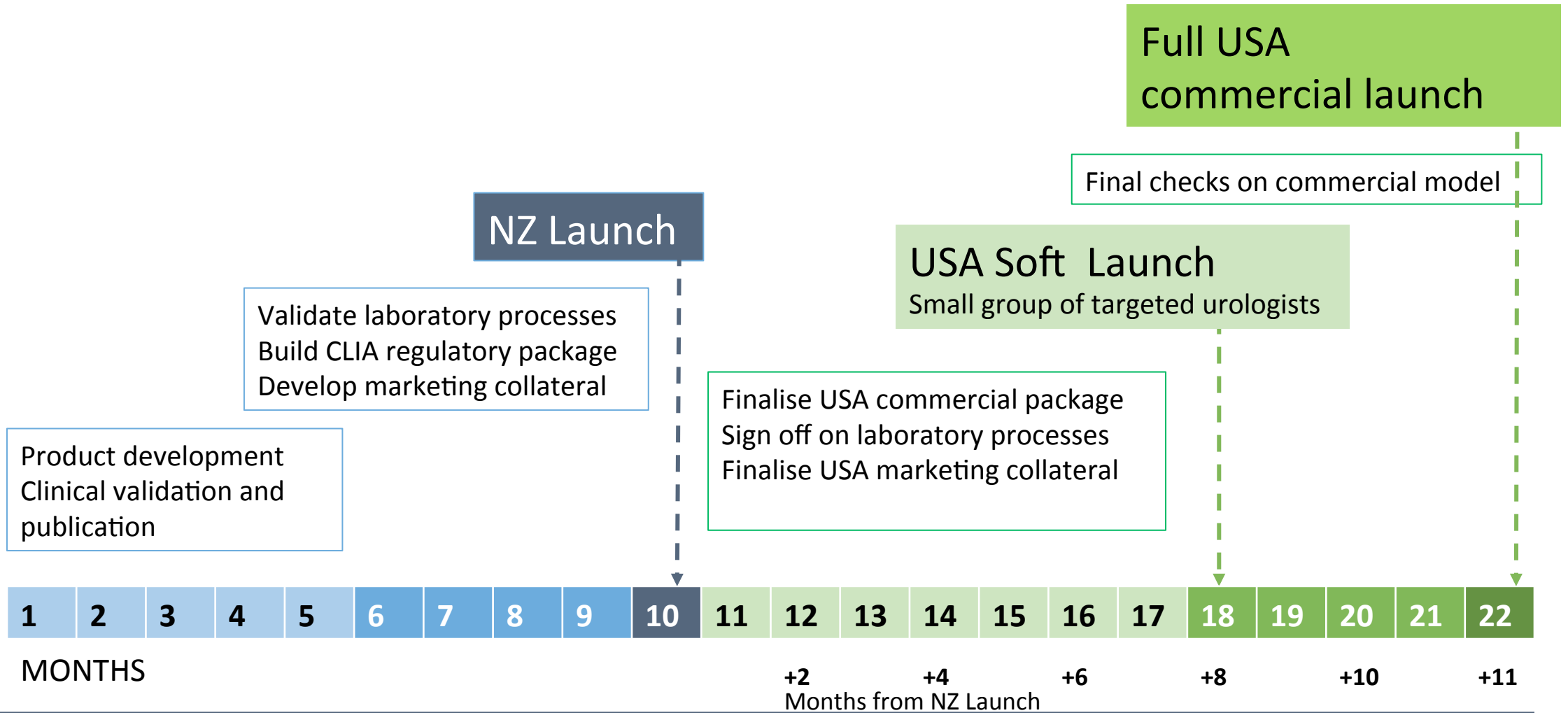
Launch Cxbladder Resolve in New Zealand

- On track to launch in New Zealand December 2016

Cxbladder included in Standard of Care and guidelines

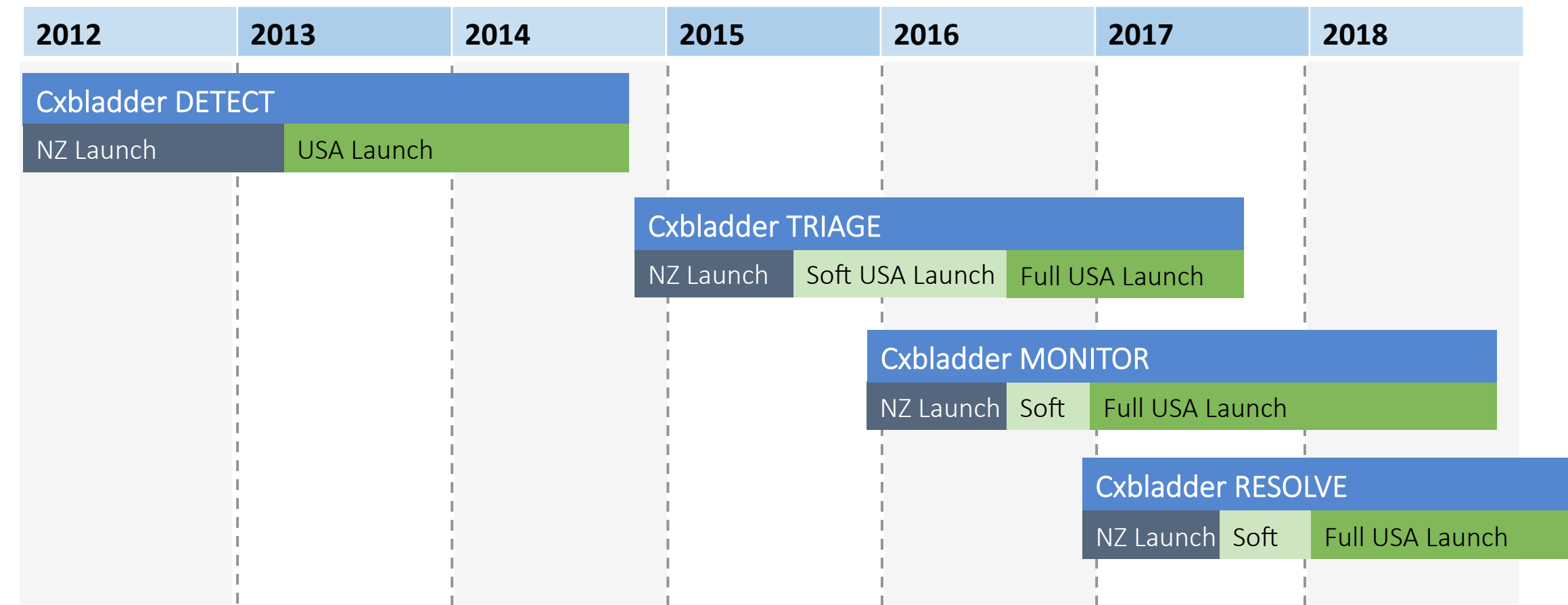
- Included in AUA guidelines as an alternative test
- Added to Standard of Care for publicly funded Canterbury District Health Board (CDHB) and Waitemata DHB

PRODUCT DEVELOPMENT AND LAUNCH TIMELINE



CXBLADDER NZ/USA LAUNCH TIMINGS

2016 has been the busiest year yet for product launches and rollout



SALES CHANNELS

BUILD AWARENESS, ENCOURAGE ADOPTION, TRANSITION TO COMMERCIAL CUSTOMER

FY17 OBJECTIVES AND PROGRESS

In Progress

Continue to initiate new User Programmes and transition early adopters into commercial customers

- Now starting to see traction as User Programmes transition to commercial customers

In Progress

Identify and investigate new sales channels

- Continue to identify new sales channels
- Enhanced e-commerce platform

In Progress

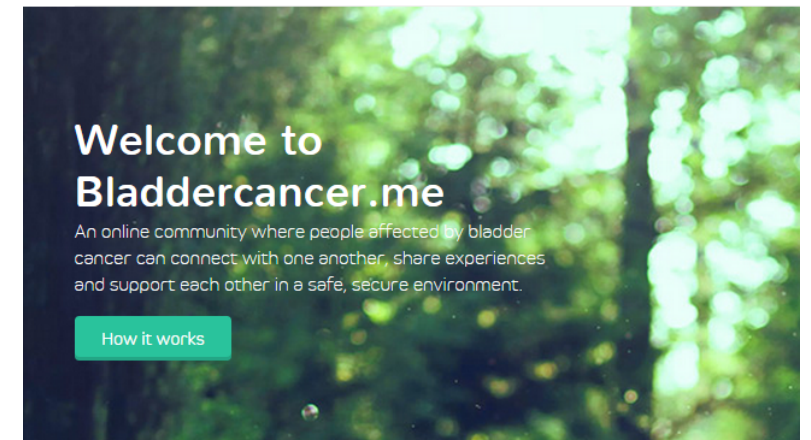
Increase online marketing and product awareness, including ongoing support for patient community, *bladdercancer.me*

Bladdercancer.me

Online patient community sponsored by Pacific Edge

Enables Pacific Edge to engage with the people that matter

bladdercancer.me offers marketing tool for urologists



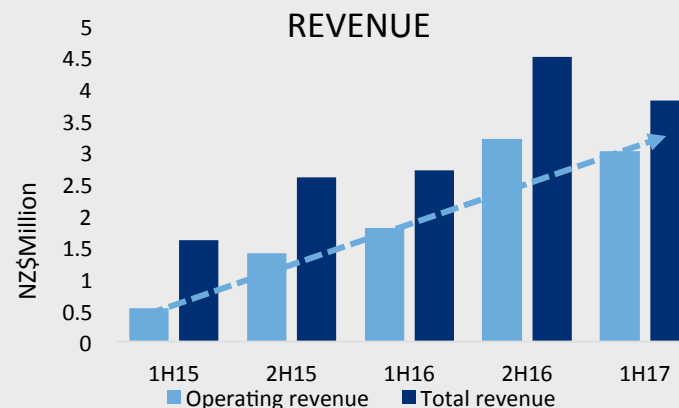
FIRST HALF FY17 REVENUE

Results consistent with previous growth and annual trends, with a softer first half year and a stronger second half year

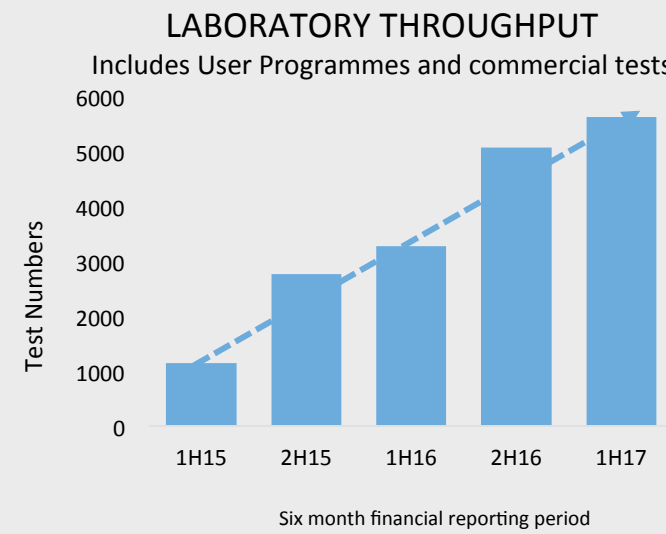
TOTAL REVENUE \$3.8M: Strong year on year growth, up 42% on pcp

OPERATING REVENUE \$3.0M: Up 67% on pcp

	HY17 NZ\$(000)	HY16 NZ\$(000)	Change (%)
Operating Revenue	2,999	1,797	67%
Other income (includes interest and foreign exchange gains)	814	895	(10)%
Total Income	3,813	2,692	42%



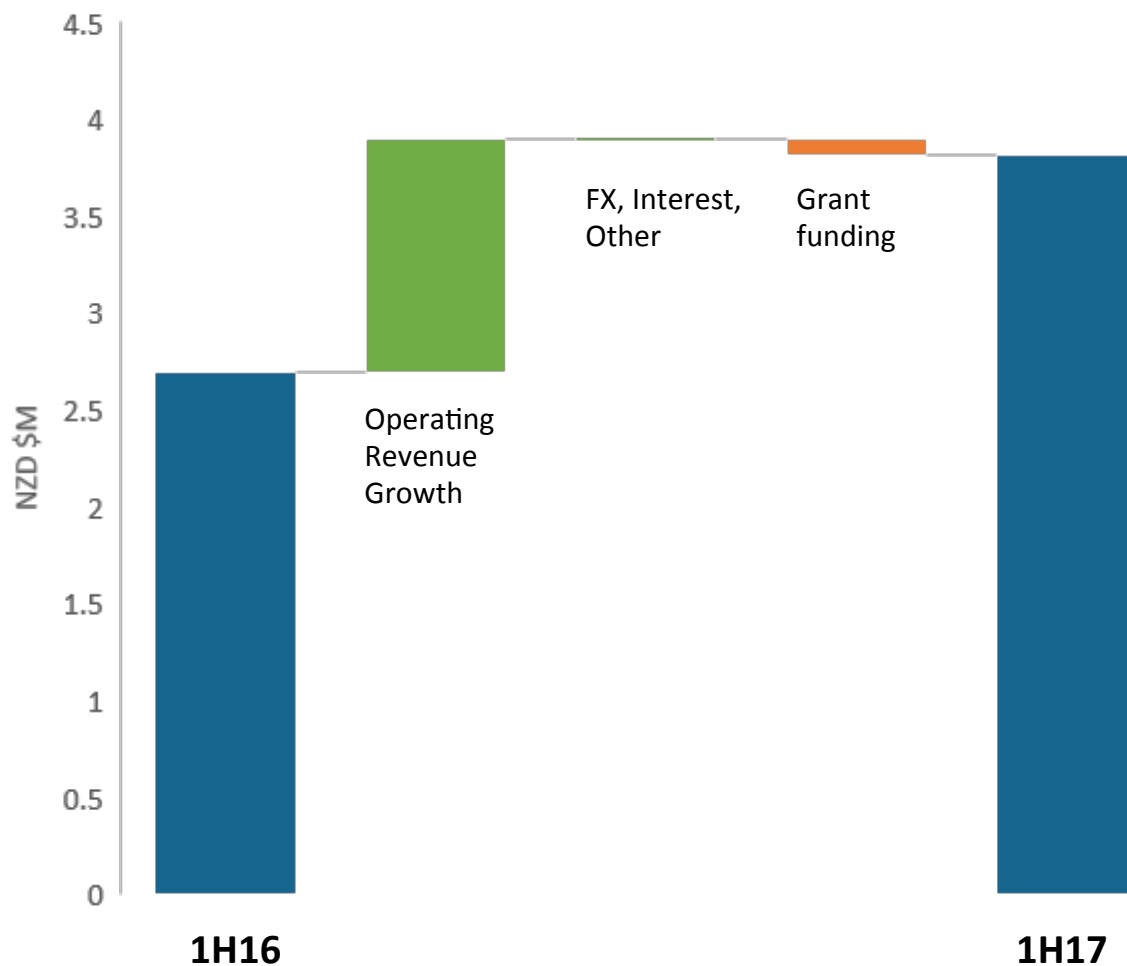
67% increase in operating revenue compared to pcp



72% increase in test throughput compared to pcp

1H16: 1H17 REVENUE BRIDGE

HY16: HY17 Revenue Bridge



REVENUE GROWTH

- Positive growth in product sales, predominantly in the USA:
 - No contribution yet from new customers – VA and TRICARE
 - USA product growth from one product only being fully available in market during the six month period
- Negative impact from stronger US dollar, with exchange rate moving between NZD/USD 0.63 to 0.76 over the period
- Changes In Callaghan Innovation Growth Grant scheme and lumpy R&D expenditure resulting in lower grant income

REVENUE OUTLOOK AND DRIVERS FOR SECOND HALF FY17

Revenue Uplift Expected In Line With Annual Trends

Growth will be driven by:

USA:

- Less seasonal impact in second half compared to first half which includes summer holidays
- Uplift as number of people with private healthcare insurance reach their deductible level
- Increased product range entering the market – full commercial launch of Triage now underway; full commercial launch of Monitor timed to coincide with expected upcoming publication of scientific and clinical paper
- Continuing transition of existing User Programmes to commercial customers
- Obtaining our Local Coverage Decision (LCD) from the Centers for Medicare and Medicaid (CMS)

New Zealand:

- Positive impact from recently signed agreements with several DHBs to include Cxbladder in their Standard of Care
- Positive impact from increased private insurance cover

Australia:

- Conversion of User Programmes with early adopters
- Greater sales executive coverage of customers

Singapore:

- Initiate first commercial customer

FIRST HALF FY17 INVESTMENT INTO GROWTH

	HY17	HY16	Change
TOTAL REVENUE	3,813	2,692	42%
Laboratory Expenses	654	394	66%
Research	2,470	1,932	28%
Sales and Marketing	707	446	59%
Other	8,367	6,930	21%
NET EXPENSES	12,198	9,702	26%
Wind up of Employee Incentive Scheme (non-cash)	2,925	-	-
NET (LOSS) BEFORE TAX	(11,310)	(7,010)	61%

OPERATING EXPENSES

Continued investment into four strategic areas:

- People – expanded sales team from 12 to 18 sales executives compared to pcp)
- Products – development of Cxbladder Resolve
- Market expansion – investment into South East Asia; launch of new products in the USA
- Intellectual Property

Expenses include non-cash, non-recurring expense of \$2.9m in relation to the wind up of the Employee Incentive Scheme

Revenue outgrowing expenses:

Total Revenue +42%; Net Expenses +26%

Overall, Pacific Edge reported a \$11.3m loss for the half year period, in line with management expectations.

FUNDING FOR GROWTH

NET OPERATING CASHFLOWS	HY17	HY16
Receipts from customers and grant providers	2,727	821
Interest received	316	194
Payments to suppliers and employees	12,170	9,864
Net GST change	(31)	(14)
NET CASH FLOWS TO OPERATING ACTIVITIES	(9,096)	(8,835)

NET OPERATING CASHFLOW

Net operating cashflow at a similar level to the previous two six month periods

232% increase in receipts from revenue and grant income compared to 1H16, offsetting the higher 1H17 expenses

Cash and cash equivalents \$14.6 million as at 30 September 2016

Debt free with funding from capital and technology grants for new product development, commercialisation, USA rollout and investigation into South East Asia

LOOKING FORWARD

PRIORITIES FOR 2H16

MARKETS

- Primary focus on USA
- NZ: Continue to encourage uptake by DHBs
- Australia: Conversion of User Programmes with early adopters
- Singapore: Grow User Programme base with new urology practices and hospitals

PRODUCTS

- Commence commercial launch of Cxbladder Monitor in USA, to coincide with publication of scientific paper
- Launch Cxbladder Resolve in New Zealand
- Leverage the combined power of the Cxbladder suite across the haematuria and urology pathways affecting the Standard of Care

CUSTOMERS

- Complete joint analysis of Kaiser Permanente User Programme study, submit for publication, bring on board as commercial customer
- Initiate User Programmes with targeted Veterans Administration sites
- Build commercial relationships with targeted large scale VA facilities and urology practices that service the active military
- Continue to progress Centers for Medicare and Medicaid Services
- Transition early adopters into commercial customers

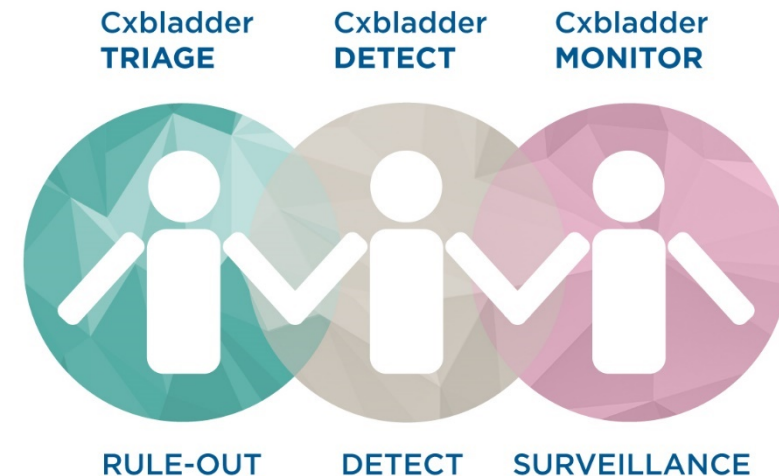
SALES CHANNELS

- Continue to initiate new User Programmes
- Promotion of *bladdercancer.me*

CXBLADDER NOW DOMINATES THE CLINICAL PATHWAY

Pacific Edge is the only company in the world to offer a suite of proprietary molecular diagnostic tests for bladder cancer, from assessment and detection to management and monitoring for recurrence of the disease

- Pacific Edge is the only company to have three products serving multiple clinical needs, across the haematuria and bladder cancer clinical pathways
- Provides a huge opportunity and significant competitive advantage for Pacific Edge
- Cxbladder leading to a step change in the clinical pathways for haematuria and bladder cancer
- Increasing adoption by large District Health Board organisations in New Zealand
- Benefits: Accurate, Non-invasive, Simple to Use, Cost Effective



QUESTION AND ANSWER



www.pacifedge.co.nz
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This interim results presentation dated 24 November 2016 provides additional comment on the 2017 financial half year results media statement and financial materials released by Pacific Edge on 24 November 2016. As such, it should be read in conjunction with, and subject to, the explanations and views provided in that material.