



PACIFIC EDGE

FULL YEAR FY21
RESULTS PRESENTATION

FOR THE 12 MONTHS ENDED
31 MARCH 2021



PACIFIC EDGE
CANCER DIAGNOSTICS COMPANY

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We are a global cancer diagnostics company which specialises in developing and commercialising molecular diagnostic tests that address large unmet needs in the detection and management of cancer



FY21 WAS A CHALLENGING BUT SUCCESSFUL YEAR DESPITE COVID-19

Commercial milestones

- CMS coverage for Cxbladder Detect and Cxbladder Monitor
- Commercial agreement with Kaiser Permanente for all four Cxbladder tests
- Publication of additional clinical evidence highlighting the clinical utility of Cxbladder
- Scale up of US operations to accelerate revenue growth
- Inclusion in S&P/NZX50 Index

Financial milestones

- Strong growth in operating revenue
- Significant increase in cash reimbursement
- Significant reduction in Net Loss
- Strengthened balance sheet

FY21 PERFORMANCE SNAPSHOT

- COVID-19 had a significant negative impact on test volumes in April and May 2020
- COVID-19 restrictions eased, strong recovery in test volumes from June 2020 onwards
- Strong growth in operating revenue and cash reimbursement from July 2020 driven by CMS coverage and growing commercial adoption of Cxbladder
- Nine month contribution from the CMS reflected in full year result
- Strengthened balance sheet following \$22m placement to ANZ NZ Investments in July 2020
- Kaiser Permanente commercial relationship concluded, commercial uptake of Cxbladder started in late Q3 – uptake growing however anticipated timeline for uptake pushed out due to COVID-19 restrictions in the US
- Positive results from the scale-up of US commercial operations now starting to be seen with record test volumes and US cash receipts recorded in March 2021 and strong April results

STRONG FINANCIAL RESULT

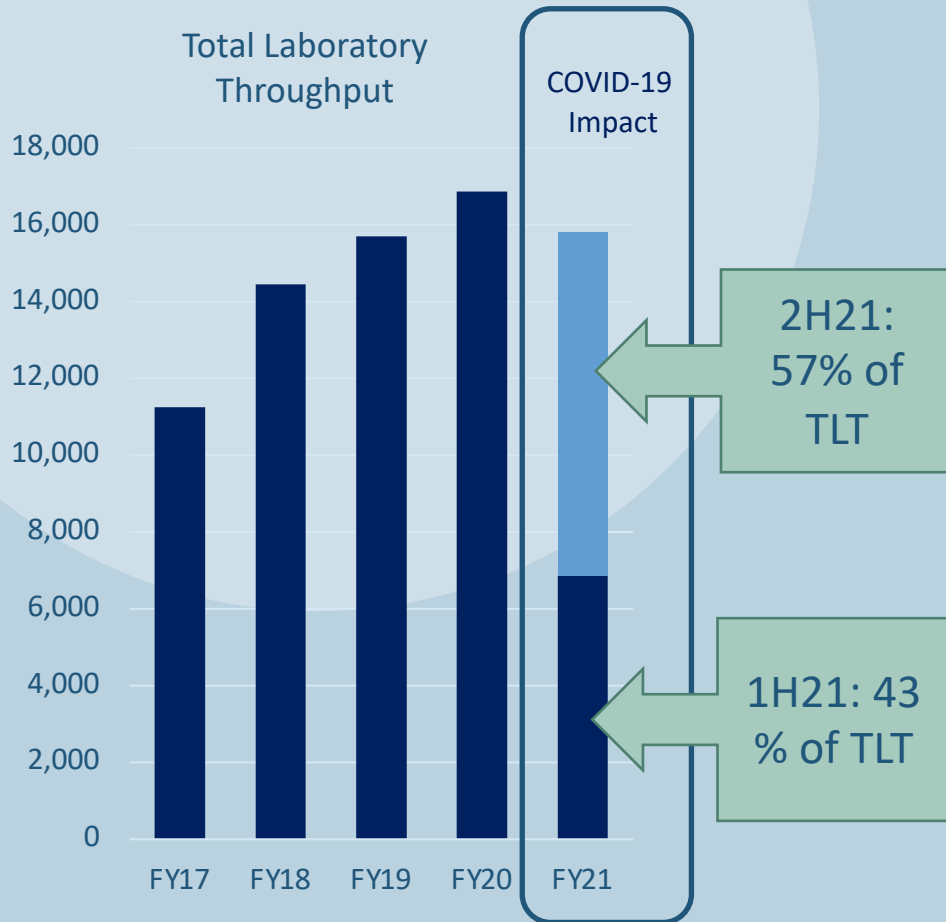
IN A COVID-19 IMPACTED YEAR

NZ\$m	FY21 ¹	FY20	% change
Total Revenue	10.4	5.2	101%
Operating Revenue ² (test sales)	7.7	4.4	76%
Operating Expenses	24.7	24.1	2%
Net Loss After Tax	(14.2)	(18.9)	(25)%
Cash Receipts from Customers	6.7	4.4	52%
Net Operating Cashflow	(13.6)	(15.4)	(12)%
Cash, cash equivalents and short term deposits	23.1	14.8	56%

1. Full Year ended 31 March

2 The Group has included in Operating Revenue an accrual for tests performed from 1 July 2020 (date at which Cxbladder was included within the LCD and reimbursement commenced) to 31 March 2021 for which payment has not been received by 31 March 2021. The accrual included in both Operating Revenue in the Statement of Comprehensive Income and in Receivables in the Balance Sheet is NZ\$1.0m.

TOTAL LABORATORY THROUGHPUT (TLT)



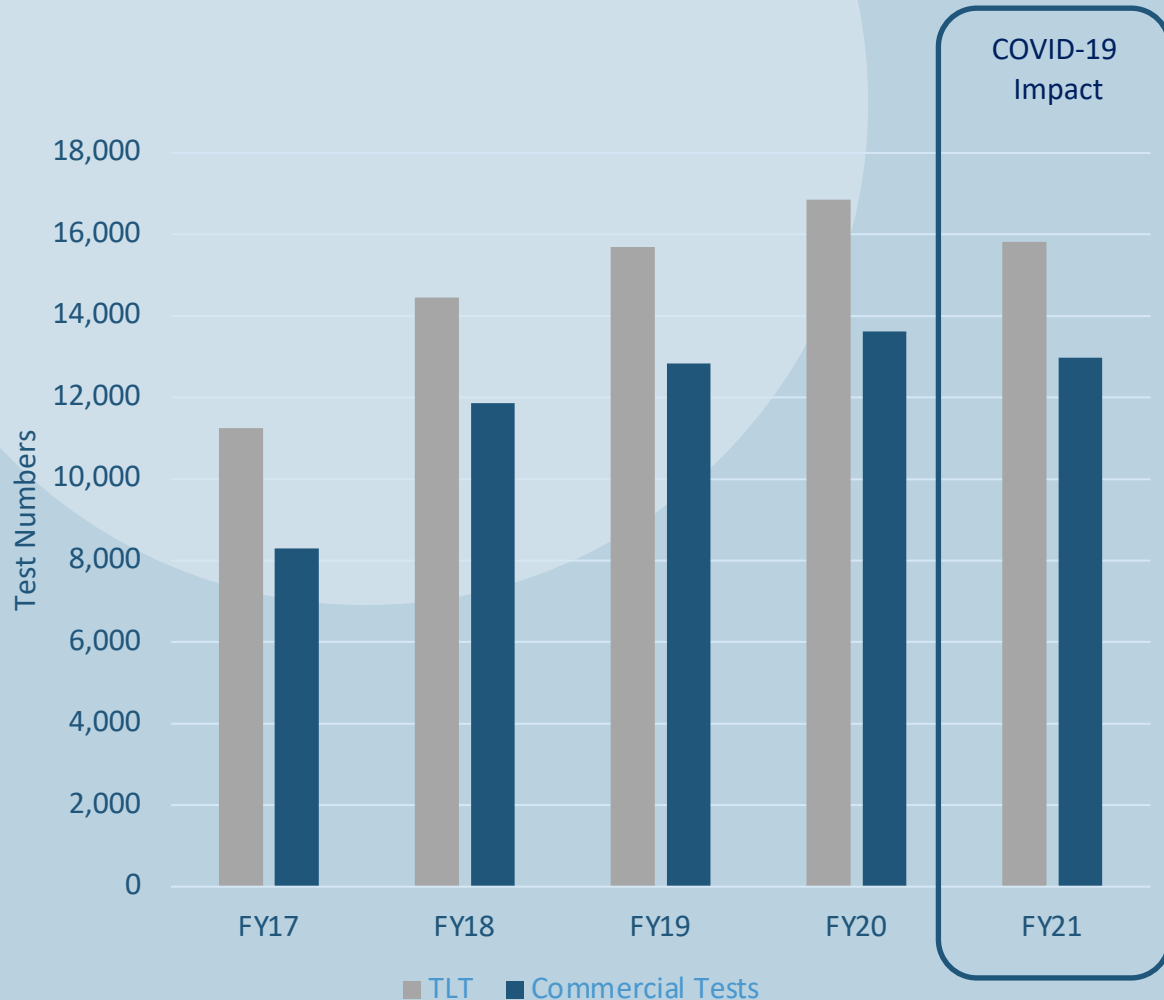
- COVID-19 restrictions affected access to urologist and testing for patients, particularly in April and May 2020
- Strong recovery seen from June 2020, driven by easing COVID-19 restrictions and growing commercial adoption
- Expansion of U.S. sales team starting to positively impact TLT and commercial test volumes.

Record month in March 2021 (69% higher than FY21 11-month average)

FY21 Total Laboratory Throughput (TLT):

- GROUP TLT decreased 6% on pcp to 15,814 tests.
 - ROW TLT: 3,956 tests, up 9% on pcp
 - U.S. TLT: 11,858 tests, down 10% on pcp

COMMERCIAL TEST VOLUMES

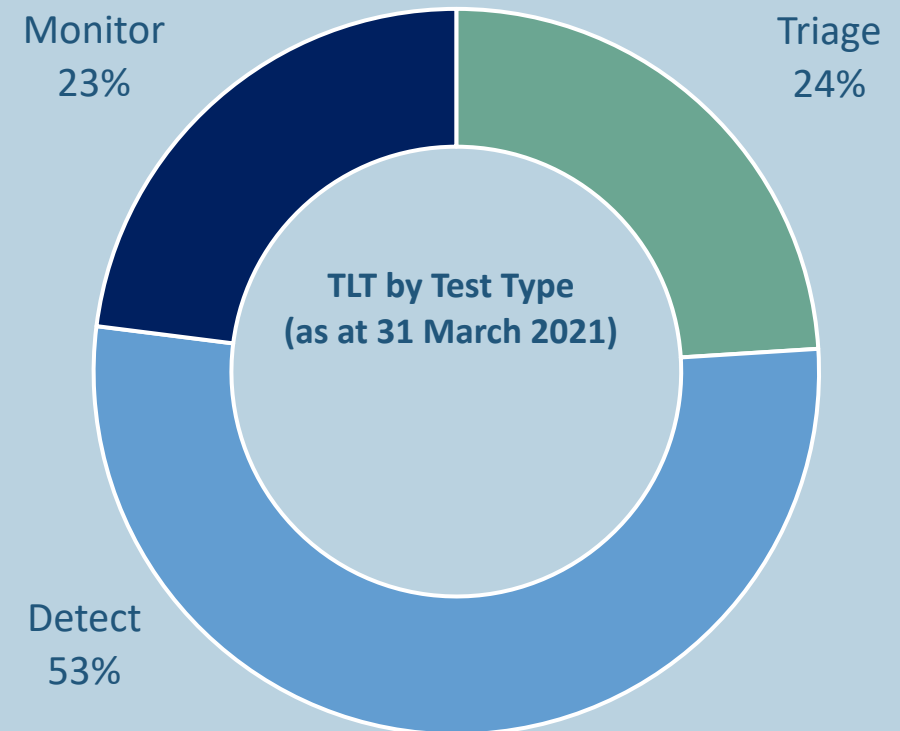
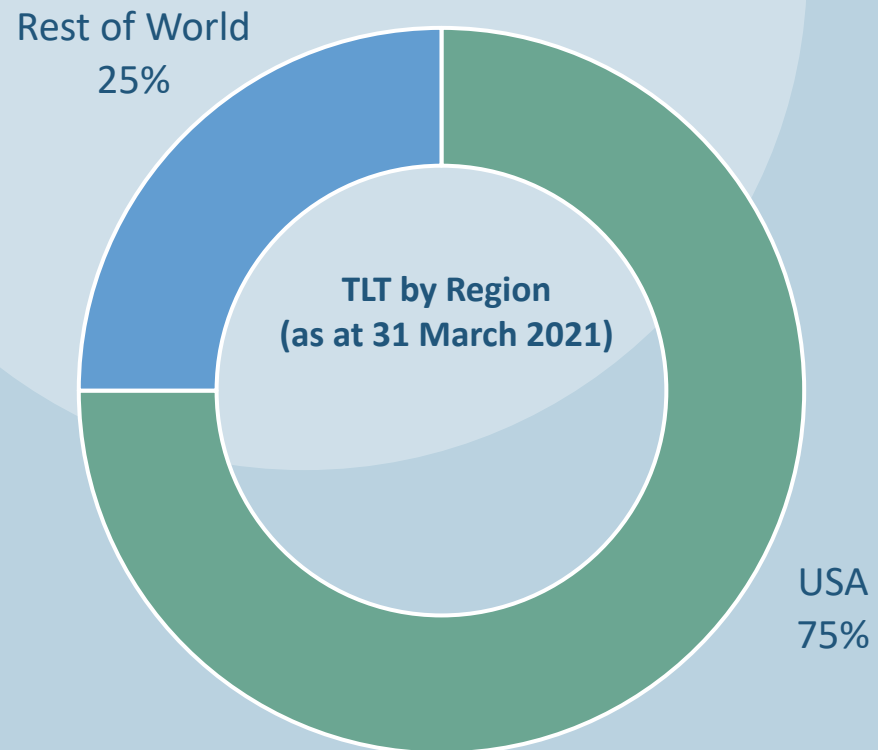


- Total Commercial Test volumes accounted for 82% of TLT (FY20: 81%)
- CMS Medicare tests accounted for 42% of US Commercial Test volumes (FY20: 43%)
- CMS Medicare plus Medicare Advantage account for 68% of U.S. commercial test volumes

Commercial Tests (CT):

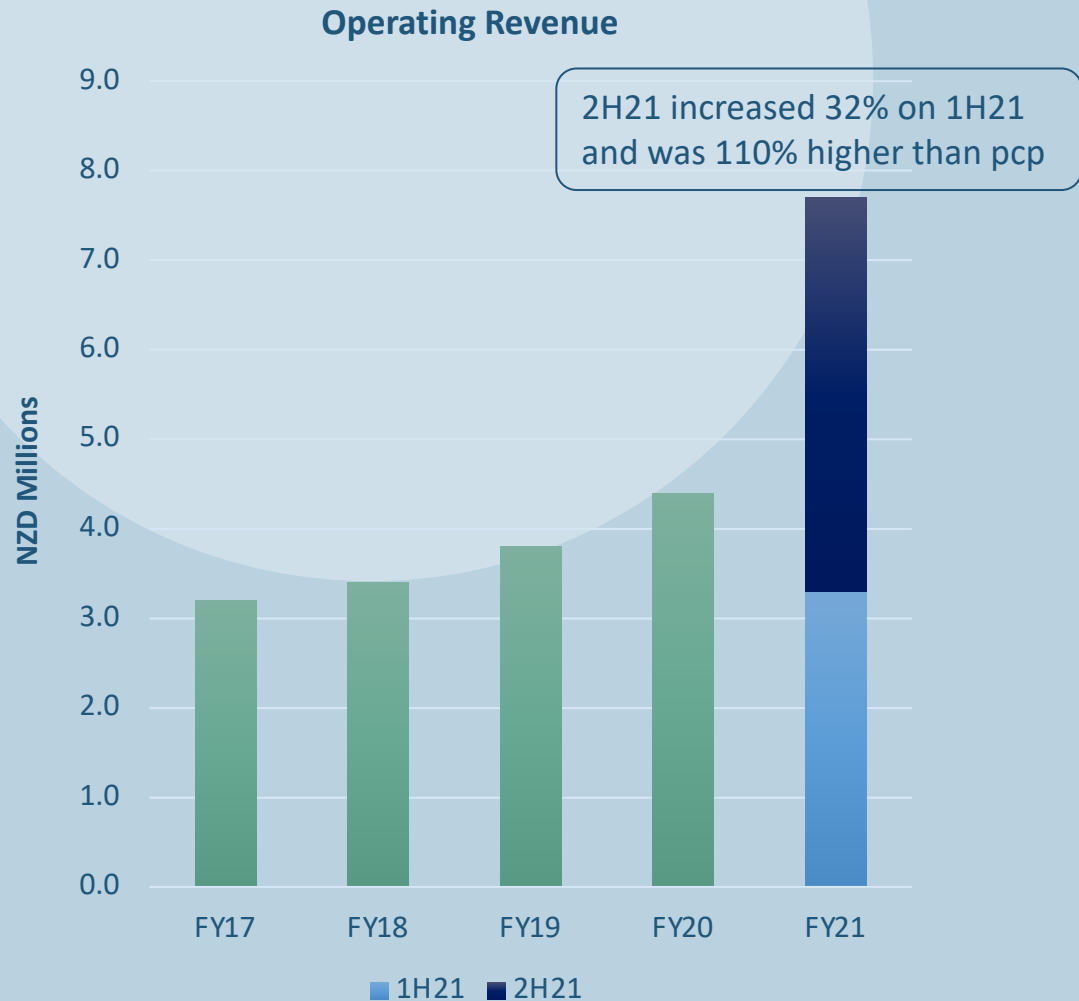
- GROUP Total CT down 5% on pcp to 12,976 tests
 - ROW CT up 25% to 3,264 tests
 - US CT down 12% on pcp to 9,712 tests

TOTAL LABORATORY THROUGHPUT BY REGION AND TEST TYPE



ACCELERATING REVENUE GROWTH

DRIVEN BY INCREASING REIMBURSEMENT AND ADOPTION



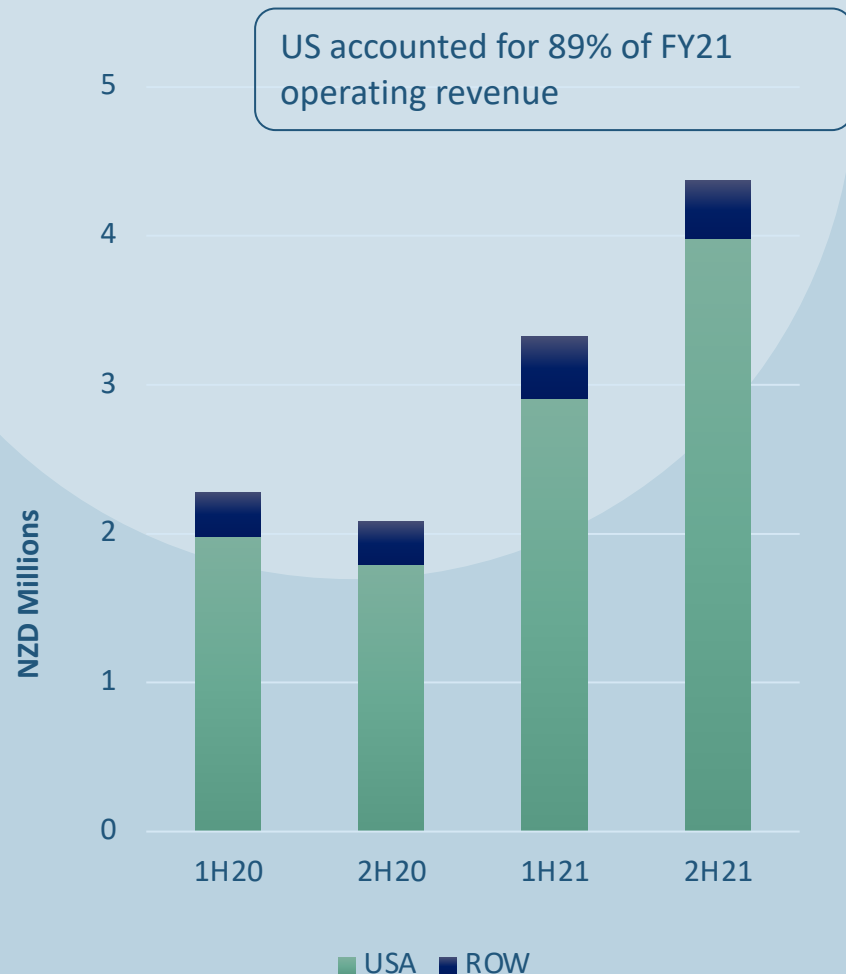
Operating revenue: Up 76% to \$7.7m

- Growth primarily driven by reimbursement of CMS tests from 1 July 2020 onwards (9 month revenue contribution in FY21)
- Strong second half – up 32% on 1H21 and 110% higher than pcp
- Revenue accruals in FY21 added \$1.0m to Operating Revenue

Total Revenue: Up 101% to \$10.4m

Revenue	NZ\$m	% change
Operating Revenue	\$7.7m	+ 76%
Other Revenue COVID-19 support, grant revenue and research rebates	\$2.4m	+309%
Interest and forex income	\$0.3m	+41%
TOTAL REVENUE	\$10.4m	+101%

OPERATING REVENUE BY REGION



U.S. operating revenue up 82% to \$6.9m:

- Accounted for 89% of total operating revenue
- Growth driven primarily by reimbursement of CMS tests from 1 July 2020 onwards
- Demand from Kaiser Permanente now starting to scale up – anticipated timeline for uptake pushed out due to COVID-19 restrictions in the US

ROW operating revenue up 37% to \$0.8m:

- Accounted for 11% of total operating revenue
- Growth driven by increasing adoption by public healthcare providers in New Zealand

OPERATING EXPENSES

(NZ\$M)	FY21	FY20	% Change
Laboratory Operations	5.5	5.2	6%
Research	4.6	3.9	17%
Sales and Marketing	9.2	8.6	7%
General and Administration	5.4	6.4	(16)%
TOTAL	24.7	24.1	2%

- Total operating expenses increased 2% on pcp to \$24.7m
- 1H21 costs were lower than normal run-rate due to COVID-19 restrictions impacting on business activity
- Increase in 2H21 primarily driving by investment into expanded sales team and marketing activity
- Six sales reps added to U.S sales team - 22 sales reps as at 31 March 2021
- Increased Research and Development costs - further clinical studies to grow Cxbladder adoption, usage and provide evidence for inclusion in US guidelines
- Expect US costs to increase marginally as business slowly re-opens and Pacific Edge continues to add sales resources and expand commercial operations to leverage growth opportunities

- Cash receipts from customers increased 52% on pcp to \$6.7m
- Net operating cash outflow improved 12% on pcp to \$(13.6)m
- CMS tests paid in approximately 30 days
- Other U.S. customers average 1 to 3 months
- Average monthly cash burn for the full year reduced 10% on pcp
- Strong cash receipts have continued in 1H FY22

STRONG GROWTH IN CASH RECEIPTS FROM CUSTOMERS

Average Days to Payment on U.S. Tests



STRONG BALANCE SHEET

- Cash and cash equivalents of \$23.1m as at 31 March 2021
- Successful \$22m placement to ANZ Investments, providing additional growth capital to accelerate global growth initiatives

Net Cash and Cash Equivalents





GROWTH CATALYSTS AND OUTLOOK

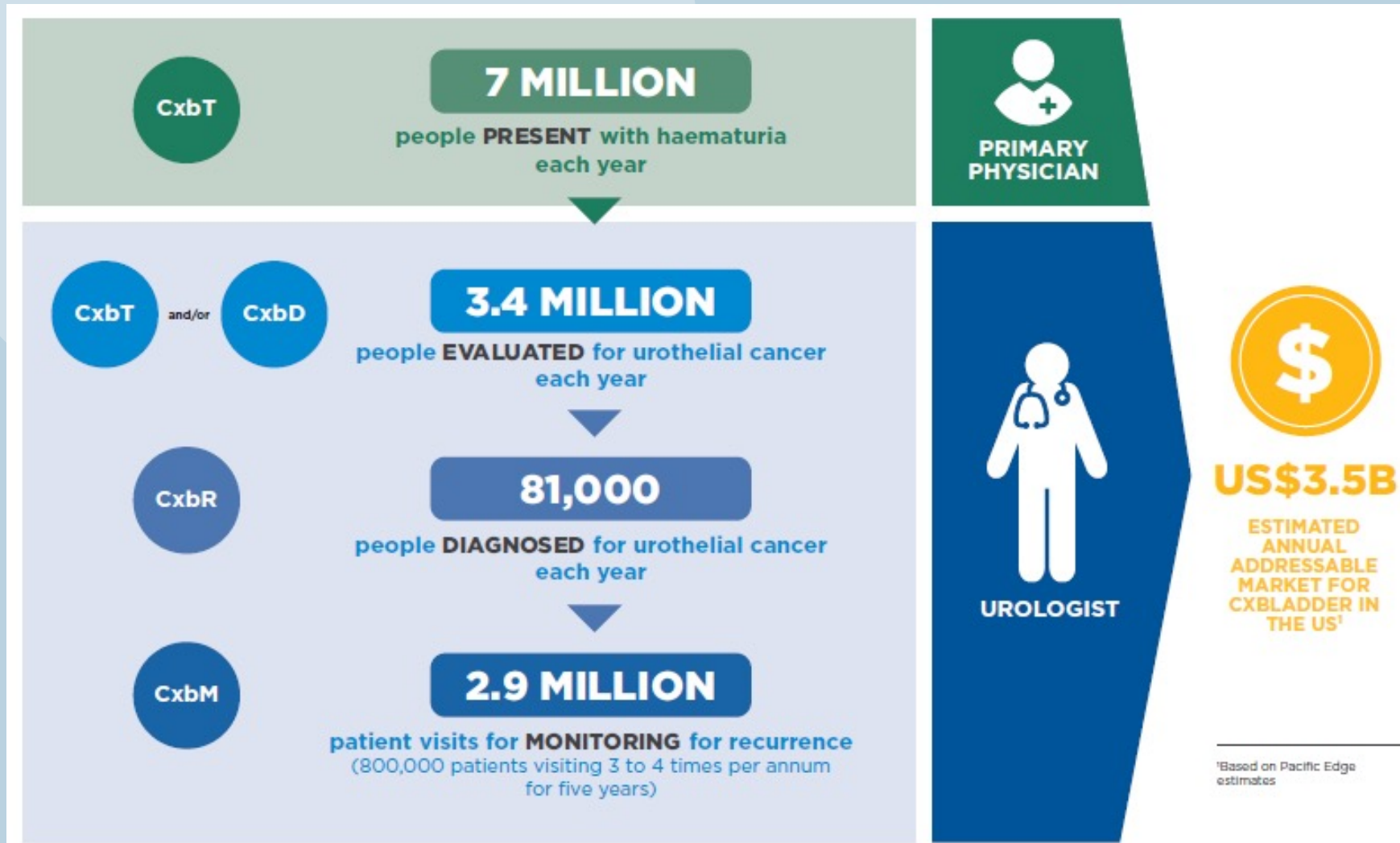
CATALYSTS TO DRIVE GROWTH IN FY22 AND BEYOND

- Scaled up U.S. commercial operations providing capacity and resource to drive revenue growth
- Ramp up in demand from Kaiser Permanente
- Commercial agreements completed with other healthcare institutions of scale
- Expansion of reimbursement coverage with other private payers in the U.S.
- Publication of new clinical evidence supporting additional US guideline inclusion and greater adoption of Cxbladder
- Publication of the increased advantage from using multiple Cxbladder products in clinical evaluation of haematuria to support adoption
- U.S. commercial launch initiated with key customers for the fourth Cxbladder test (Cxbladder Resolve)



THE US MARKET: A SCALE OPPORTUNITY

IN BOTH THE EVALUATION OF HEMATURIA AND MONITORING FOR UC RECURRENCE



MULTIPLE CXBLADDER PRODUCTS ADD DEPTH TO OUR MARKET

SCALE-UP OF U.S. COMMERCIAL OPERATIONS

Strengthened senior management and sales team to accelerate adoption of Cxbladder

- Strengthened leadership team: David Levison moved across from the Board to take up the role of Executive Chair PEDUSA
- Additional 6 sales reps added to total 22 sales reps as at end-March 2021. Target of 25 sales reps in total by end of FY22
- Continued focus by specialist sales executives to focus on converting other large healthcare institutions into customers
- Dedicated team of reimbursement specialists to carry out negotiations with the top private payers to gain coverage and reimbursement
- Expansion of customer services liaison team to support Kaiser Permanente and others who are using the Cxbladder patient in-home sampling program
- Sufficient US lab capacity exists to support the expected increase in demand for Cxbladder with a design capacity of 260,000 test per annum

UNITED HEALTHCARE COVERAGE IS A SIGNIFICANT REIMBURSEMENT MILESTONE

Coverage has facilitated reimbursement for Cxbladder Detect and Cxbladder Monitor tests performed on United Healthcare patients* from 1 April 2021 at US\$760 per test

*Medicare Advantage policy holders

- United Healthcare is the largest private health insurer in the U.S.
- United Healthcare partners with 6,500 hospitals and care facilities nationwide, and more than 1.3 million physicians and other providers
- United Healthcare has over 50 million members with more than 5.7 million Medicare Advantage members
- Coverage is for Cxbladder tests with CPT codes (currently Detect and Monitor) for Medicare Advantage policy holders
- Cxbladder is being covered as a 'medically necessary bladder tumor marker test'
- Coverage effective from 1 April 2021

CONTINUING OUR PROGRESS IN REST OF WORLD

New Zealand going forward

- Increasing number of Cxbladder tests used by each public healthcare provider customer and expanded coverage
- Position Cxbladder for use as preferred bladder cancer diagnostic tool in proposed new single nationwide health service (Health NZ)
- Publication of additional clinical evidence supporting the clinical utility of Cxbladder to drive further reimbursement
- Increase the number of urologist providers to use multiple Cxbladder products

Australia and Southeast Asia (SEA)

- Growth into these markets has been delayed due to COVID-19 limiting ability to complete clinical trials and user testing, but progress is now continuing.
- Transition public healthcare providers in Australia and Singapore from user programs to commercial customers
- Facilitate commercial discussions with large healthcare providers to grow Pacific Edge's SEA business
- Publication of a white paper summarising the recently completed user programs from five public hospitals in Singapore



POSITIVE GROWTH OUTLOOK

- Opportunities for growth being deployed in all target markets with the U.S. our primary focus
- Strengthened balance sheet provides additional growth capital to scale-up the U.S. business
- Increasing number of commercial tests from CMS and Kaiser Permanente expected to underpin strong revenue and operating cashflow growth in FY22 and beyond
- Continued leverage of positive reimbursement across to other targeted institutional customers of scale
- Positive coverage decision from United Healthcare provides opportunity to grow adoption of Cxbladder with United Healthcare and other private payers in the U.S.
- Strong growth continues in New Zealand with customers moving to multiple Cxbladder products in mainstream use
- Southeast Asia expected to become a market of scale over time with an accessible population base larger than the U.S.
- Australia expected to start significant positive commercial use of Cxbladder



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 **Cx bladder**[®]

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CANCER DIAGNOSTICS COMPANY

GLOSSARY

- **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.
- **Total laboratory throughput (TLT)** includes commercial tests and non-commercial tests related to customer's start-up User.
- **CMS** - Centers for Medicare and Medicaid Services.
- **Medicare** – the federal health insurance programme for people who are 65 or older administered by the CMS or CMS's contractors
- **Medicare Advantage** – part of the Medicare programme. A type of Medicare health plan offered by Medicare-approved private insurance companies, rather than the federal government. Often includes policy advantages over the standard Medicare policy
- **Changes to CMS test revenue recognition:** LCD inclusion has allowed Pacific Edge to start accruing revenue (under NZ IFRS 15) for tests that are performed on CMS patients (Medicare and Medicare Advantage) in the U.S. CMS tests performed after 1 July 2020 have been recognised on an accrual basis based on expected future cash receipts (previously cash basis). Tests for other non-CMS payers continue to be accounted for on a cash basis. The accrual included in the FY21 result was \$0.973m.