



PACIFIC EDGE 

INVESTOR UPDATE

OCTOBER 2021



Lux Selvanesan, New Product Development Scientist

REMINDER

The Retail Offer closes at 5.00pm on Wednesday 13 October 2021

**If you wish to participate in the Offer, you can do so online at
<https://pacifedge.capitalraise.co.nz>.**

To complete your acceptance online, you will need your Holder Number and the unique Entitlement Number sent to you in the initial communications. If you require your details to be sent to you again, please contact LINK Market Services on +64 9 375 5998.

FROM THE CEO DAVID DARLING



Dear Shareholder

As Australia and New Zealand tackle the recent spread of the Delta variant, we are reminded of the challenges that have faced our US team over the past 18 months and their innovative and agile response, that has enabled Pacific Edge to continue to grow during the resurgent pandemic. Many clinics and hospitals have been closed and access to urologists and testing has been at best restricted, and at times, not possible. Pacific Edge's Patient In-Home Sampling System, virtual sales tactics and the quick adaptation of our people to remote working have proved successful in this constantly evolving environment. While our momentum has been hampered by the Covid environment, our team has continued to deliver positive progress on key commercial initiatives over the FY22 year to date.

The positive momentum seen in FY21 and into the first quarter of FY22 has continued in the second quarter with continuing growth in both test numbers and cash receipts.

Q2 HIGHLIGHTS AND EVENTS

- Pacific Edge dual listed on the Australian Securities Exchange in September 2021 and, at the same time, we announced an equity raise to fund our growth strategy. The initial Placement was very well subscribed by existing and targeted new Australian and international investors. Given the strong demand, the Placement was subsequently upsized from \$60m to \$80m. The follow-on Retail Offer for existing eligible shareholders is currently underway and closes on 13 October 2021. The ASX dual listing combined with an equity raise offers a number of benefits for the Company and shareholders including an acceleration in commercial activity and growth, access to a wider pool of healthcare and other investors, increased liquidity and the opportunity for further analyst coverage.
- The adoption of our Cxbladder products by public healthcare providers in New Zealand has continued to expand, with Northland and Taranaki District Health Boards now offering coverage for their populations.
- We announced the acceptance for publication of a pivotal clinical paper outlining the significant increase in clinical resolution that can be achieved from using multiple Cxbladder products in the evaluation of a patient presenting to the clinic with haematuria. The paper demonstrates the significant clinical and patient benefits from the use of a combination of Cxbladder products to correctly identify haematuria patients, who have urothelial cancer and also, further segregate those patients with high-impact tumours requiring priority investigation. Our long-standing strategy has been to develop a suite of Cxbladder products that can be used alone or in combination across the entire clinical pathway for urothelial cancer, and this is the first time that the clinical benefits of this novel integration of Cxbladder products have been validated.
- On 30 July 2021, we held our Annual Shareholders Meeting. Fortunately this was prior to the Covid lockdown and allowed us to meet with a number of our shareholders in person in Dunedin. All resolutions were passed at the Meeting.

UPDATE ON GROWTH CATALYSTS

US Sales Team

Our specialist sales people are responsible for identifying, educating and converting urologists and healthcare institutions into commercial customers and are one of our most valuable assets. We currently have 28 specialised account managers, up from 16 that was maintained for most of the FY21 year, and are looking to further expand our team as we accelerate growth in the key US market. To compliment this, we have expanded into and staffed two new sales territories and will be investing in additional marketing activities.

Kaiser Permanente (KP)

KP started commercially using Cxbladder Monitor from December 2020, followed by Cxbladder Triage from August 2021. Test numbers continue to grow, although momentum has been hampered by the demands of Covid. This has impacted on patient numbers and the full electronic integration of the Cxbladder process into Kaiser Permanente's electronic medical records.

South East Asia

Recruitment of patients to the Singaporean study has concluded and analysis is underway. It is anticipated that the participating urologists will draft a paper for publication in an appropriate journal over the next few months.

CEO Recruitment

The recruitment process is well underway, with several high quality candidates now shortlisted. It is likely the new CEO will be based in New Zealand, providing access to South East Asia and in close proximity to Pacific Edge's research and development team, both of which remain an important focus for the company. While the US is currently Pacific Edge's largest target market, a strong in-country team is already in place with leadership from PEDUSA executive chair, David Levison and PEDUSA CEO, Jackie Walker.



Justin Harvey, Chief Technical Officer

SUCCESSFUL CAPITAL RAISE TO FUND ACCELERATED GROWTH

- Equity raising will allow Pacific Edge to capitalise on recent commercial milestones and to accelerate the execution of its growth strategy in markets of scale
- Successful Placement upsized to \$80m due to strong demand
- Placement price: \$1.35 per share
- **Retail Offer now underway; closing date 13 October 2021**

On 23 September 2021, Pacific Edge announced it was conducting an equity raise consisting of a placement of NZ\$60 million (A\$58.1 million) with a Retail Offer of up to NZ\$20 million (A\$19.4 million) to eligible investors to capitalise on recent commercial milestones and to accelerate the execution of its growth strategy in markets of scale.

The Placement was very well subscribed at the price determined in the bookbuild of NZ\$1.35 (A\$1.31) per share, resulting in Pacific Edge increasing the size of the Placement from NZ\$60 million (A\$58.1 million) to NZ\$80 million (A\$77.5 million).

We were very pleased with the demand shown for the Placement which we see as a strong endorsement of our strategy and growth plans. We had strong support from long-term institutional investors and were delighted to welcome several high value global growth funds to the register. The funds raised will enable us to accelerate the growing out of our business and realising Pacific Edge's potential.

The Retail Offer now underway will provide our existing shareholders an opportunity to further their investment and participate in our growth. Shares will be offered at the lower of NZ\$1.35, being the price paid for shares under the Placement, and the volume weighted average price of Pacific Edge's shares on the NZX over the 5-day trading period up to and including the closing date of the retail offer (being 13 October 2021).

Funds raised will be used as follows:

- The majority of the funds will be used to accelerate growth in the company's key US market;
- To further develop and grow the commercial process in Southeast Asia targeting both primary care and secondary care physicians;
- To further leverage the company's first mover advantage in the detection and management of urothelial cancer;
- To potentially develop and grow new product opportunities by leveraging the company's intellectual property across other cancers that can be detected in urine; and
- To maintain a prudent cash buffer for balance sheet management and working capital purposes as the company transitions to profitability.

CELEBRATIONS AS PACIFIC EDGE JOINS THE ASX



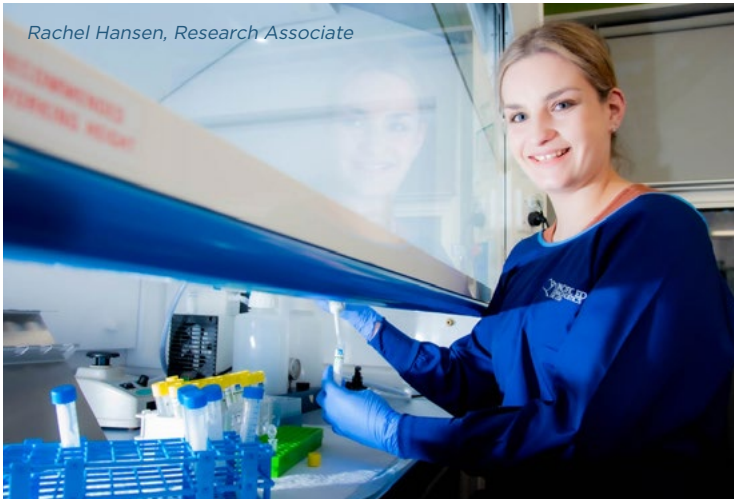
Pacific Edge CFO Grant Gibson and CEO David Darling ringing the bell in Dunedin to celebrate the company's dual listing on the ASX

We were delighted to join the Australian Securities Exchange (ASX) as a foreign exempt listing on 22 September 2021, with a virtual 'ringing of the bell' ceremony to celebrate this landmark event. You can watch the official virtual ceremony [here](#).

The dual listing means that our shares can now be traded on both the New Zealand stock exchange (the NZX) and in Australia on the ASX. Shareholders need to be registered for that particular region in order to trade shares on the relevant exchange.

The dual listing on the ASX is a logical progression for our company and a way of accessing a broader pool of institutional and retail investors who wish to share in Pacific Edge's success. Increasing the liquidity of our shares and widening our investor base have been consistent strategic objectives of the Board. Pacific Edge remains headquartered in New Zealand, with our primary listing on New Zealand Stock Exchange.

FURTHER CLINICAL VALIDATION OF OUTPERFORMANCE OF CXBLADDER



Rachel Hansen, Research Associate

Pacific Edge's expanding portfolio of clinical evidence drives positive reimbursement decisions, inclusion in clinical guidelines, wide adoption by physicians and patient preference. Clinical papers continue to validate the outperformance of Cxbladder, with a further two important publications in a leading US urology journal over the last three months.

SIGNIFICANT BENEFIT FROM COMBINED USE OF CXBLADDER TESTS

[Published online](#) in the *American Urological Association's (AUA) Journal of Urology*

A pivotal, peer-reviewed paper demonstrates the significant clinical and patient benefits from the use of a combination of Cxbladder products. The paper confirmed that the combined use of three of our Cxbladder products for each patient, using just one urine sample, can:

- Firstly rule out those who do not have cancer;
- Then accurately identify those with cancer; and
- Finally, segregate out those with high-impact tumours for priority investigation.

This is a novel approach and integrates a number of separate molecular diagnostic analyses to yield enhanced clinical resolution for physicians - firstly evaluating patients who have haematuria for detection of bladder cancer and secondly, identification of patient who have High Impact Tumours (HIT) who are then able to be prioritised. This novel approach provides significant benefit to both physicians and patients, substantially reducing the number of patients requiring further work up while prioritising those patients with HIT.

Of significant importance, the study concluded that the sequential use of the Cxbladder products achieved 4.8 times greater efficiency in accurately assigning patients to the physician's prioritisation of investigation than the latest American Urology Association (AUA) 2020 guidelines.

Published Urologist reviewer commentary highlighted the potential for the study to **“change the diagnostic paradigm for patients presenting with hematuria, better identifying high-risk patients and decreasing the time to tumor diagnosis.”**

[Read the full announcement here](#)

OUTPERFORMANCE IN COVID SETTING

Published in the *AUA Journal of Urology*

This real world lookback in the USA, by the University of California San Francisco urologists, highlighted the clinical utility of Cxbladder being used in the Covid setting for managing patients outside the clinic.

The lookback publication highlighted that the use of Cxbladder Monitor and Pacific Edge's Patient-In-Home Sampling System:

- Could be used to further stratify low risk patients for decreased surveillance during the pandemic and beyond;
- Reduced the number of cystoscopies required; and
- Was feasible and safe for patients being monitored for urothelial cancer during the Covid-19 pandemic.

CAIRNS HOSPITAL JOINS AUSTRALIA-WIDE CLINICAL TRIAL



Cairns Hospital in Queensland, Australia, has been selected to participate in a trial of Cxbladder, which is being carried out at multiple locations across Australia.

Cairns Hospital staff specialist (urology) Dr Simon Pridgeon said it was great for the hospital to be selected for the trial, which is being carried out at multiple locations throughout Australia.

'This is an opportunity for us to be part of some novel research about a clinically useful tool,' he said.

'This tool will help us in the early detection of bladder cancer and reducing the need for unnecessary invasive tests.

'This means patients can be prioritised more effectively, and there are shorter waiting times for them, and by reducing the number of patients needing invasive tests and procedures, it frees up more time for us to assist more patients.'

Dr Pridgeon said the samples currently needed to be sent away to a laboratory for analysis, with test results typically reported within a week.

'We are expecting to have some results from the trial later this year, where the tests can then be used more widely across Queensland Health,' he said.

Read media coverage [here](#).

NEW ZEALAND LEADS THE WORLD IN ADOPTION OF CXBLADDER

New Zealand’s public healthcare providers (District Health Boards) are leading the global adoption of Cxbladder, and the majority have now added Cxbladder to their commercial mainstream use and their standard of care. This provides 70% of New Zealand’s population with access to Cxbladder through contract coverage by their public healthcare providers.

Pacific Edge’s suite of Cxbladder products are well-placed to extend their coverage under a national clinical pathway as New Zealand’s health system consolidates towards the Māori Health Authority and Health NZ next year.

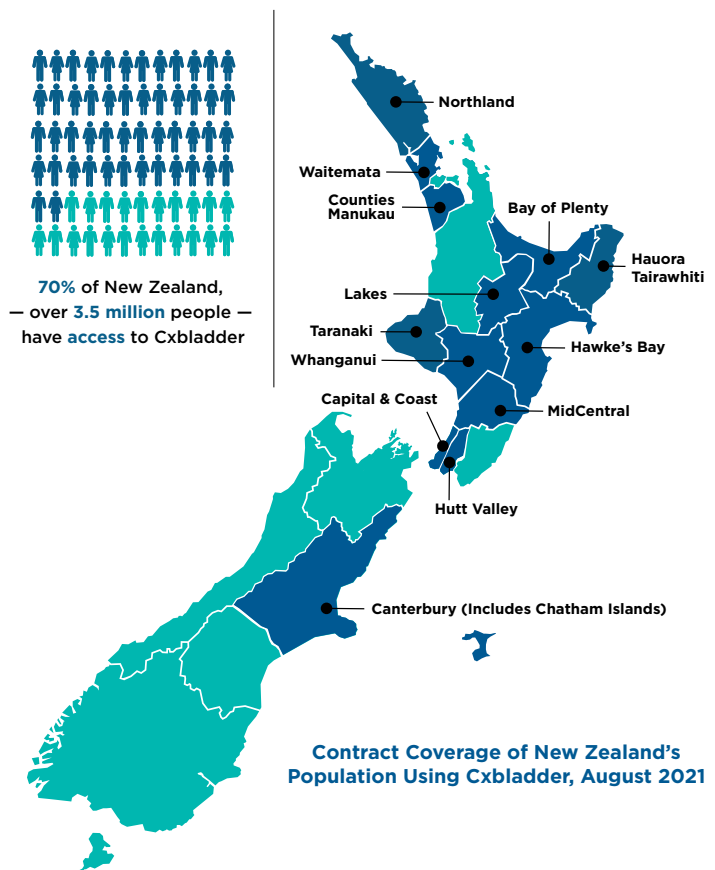
Taranaki DHB and Northland DHB are the two latest public healthcare providers to deploy Cxbladder into mainstream commercial use.

TARANAKI DHB is based in New Plymouth and serves a population of over 124,000, with a higher than average number of people aged 50 years or older, a predominantly rural population and a strong Māori presence. Under the agreement, Taranaki DHB will provide access to Cxbladder Triage, Detect, Resolve and Monitor tests for patients throughout the region.

NORTHLAND DHB covers the northernmost part of New Zealand, serving a population of over 190,000, of which approximately one-third are Māori and with a higher than average number of people aged 50 years or older. Under the new program, patients with blood in their urine (haematuria) will now be referred by their primary care physician (GP) for the Cxbladder Triage test and will be able to provide a urine specimen at their local diagnostic lab, potentially avoiding the need to travel long distances to the urology clinic or hospital for investigation.

“The Northland DHB agreement highlights Cxbladder’s reach in New Zealand and draws attention to the utility of Cxbladder for Māori and for those in more remote parts of New Zealand. Instead of travelling all the way to Whangarei to the hospital or waiting for a regional urology clinic to be scheduled, patients in the Far North can get the Cxbladder test locally under the care of their GP thereby enabling local physicians to make timely referral decisions.”

Brent Pownall, VP Commercial and Franchise, Pacific Edge.



WELCOME TO MARK GREEN, INDEPENDENT DIRECTOR



Mark Green was appointed by the Board as an Independent Director in May 2021 and elected by shareholders at the recent Annual Meeting.

Mark is an experienced corporate finance professional, with significant capital markets and corporate finance experience. He was an Executive Director for Investment Banking at Goldman Sachs where he worked for nearly 20 years and has been involved in many large prominent New Zealand transactions including the IPOs of Meridian, Mighty River Power and Vector. He has also been involved in many domestic and international mergers, acquisitions, financings and debt issues.

Mark is a Director of a number of entities including being Chair of Astrolab VC Investment Committee and a Director of Mariposa Holdings (a large charitable organisation supporting underprivileged women and girls).

He is looking forward to working with the Pacific Edge team to add further value to all stakeholders involved in the business.

STAY IN TOUCH

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CONTACT US

87 St David Street

P O Box 56, Dunedin, New Zealand

+64 3 479 5800

investors@pacifiedge.co.nz



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CANCER DIAGNOSTICS COMPANY