



PACIFIC EDGE
Cancer Diagnostic Company

Capital Raising Presentation

11 October 2017

DISCLAIMER

Important Notice

This presentation has been prepared by Pacific Edge Limited (*PEL*).

Information of a general nature

The information in this presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in PEL or that would be required in a product disclosure statement for the purposes of the New Zealand Financial Markets Conduct Act 2013 (*FMCA*). PEL is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (*NZX*) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/PEB. This presentation should be read in conjunction with PEL's other periodic and continuous disclosure announcements released to NZX.

Offer

This presentation has been prepared by PEL in relation to the proposed rights offer of fully paid ordinary shares in PEL (*New Shares*) to eligible shareholders under clause 19 of Schedule 1 to the *FMCA* (the *Offer*). PEL reserves the right to vary the dates of the Offer (either generally or in particular cases) or to withdraw the Offer without prior notice.

NZX

An application has been made to NZX for the quotation of the rights issued under the Offer and PEL expects that the rights will be quoted on the NZX Main Board upon completion of allocation procedures. The New Shares have been accepted for quotation by NZX and will be quoted on the NZX Main Board following completion of allotment procedures. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Main Board is a licensed market regulated under the *FMCA*.

Not financial product advice

This presentation does not constitute legal, financial, tax, financial product advice or investment advice or a recommendation to acquire PEL securities, and has been prepared without taking into account the objectives, financial situation or needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and consult an NZX Firm, solicitor, accountant or other professional advisor if necessary.

Forward-looking statements

This presentation contains forward-looking statements that reflect PEL's current views with respect to future events. Forward-looking statements, by their very nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond PEL's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative. The information speaks only as at the date of this presentation. Except as required by law or regulation (including the NZX Main Board Listing Rules), PEL undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. To the maximum extent permitted by law, the directors of PEL, PEL, the underwriter and any of its related bodies corporate and affiliates, and their respective officers, partners, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or the likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Financial data

All dollar values are in New Zealand dollars unless otherwise stated.

This presentation should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in the announcements relating to the results, and annual report, for the year ended 31 March 2017.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

DISCLAIMER

Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future PEL performance, including future financial position or share price performance.

Investment risk

An investment in securities of PEL is subject to investment risk and other known and unknown risks, some of which are beyond the control of PEL. PEL does not guarantee any particular return or the performance of PEL.

Not an offer

This presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. Any decision to purchase New Shares in the Offer must be made on the terms set out in a separate offer document (*Offer Document*). Any shareholder who wishes to apply for New Shares under the Offer will need to apply in accordance with the instructions contained in the Offer Document.

Distribution of presentation

This presentation must not be distributed in any jurisdiction to the extent that its distribution in that jurisdiction is restricted or prohibited by law or would constitute a breach by PEL of any law. The distribution of this presentation in other jurisdictions outside New Zealand, Australia or Singapore may be restricted by law, and persons into whose possession this presentation comes should observe any such restrictions. Any failure to comply with such restrictions may violate applicable securities laws. None of PEL, any person named in this presentation or any of their affiliates accept or shall have any liability to any person in relation to the distribution or possession of this presentation from or in any jurisdiction.

Not for distribution or release in the United States

This presentation is not for distribution or release in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The rights and the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act of 1933, as amended, and applicable US state securities laws.

Disclaimer

Neither the underwriter, nor any of its or PEL's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and, except to the extent referred to in this presentation, none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

To the maximum extent permitted by law, PEL, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents:

- exclude and disclaim all liability for any expenses, losses, damages or costs incurred by investors as a result of investors' participation in the Offer and the information in this presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise; and
- make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this presentation and, with regards to the underwriter, its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents take no responsibility for any part of this presentation or the Offer.

All information included in this presentation is provided as at 11 October 2017.



At Pacific Edge we are focused on providing patients better, faster and less invasive diagnostic tests.

Our number one priority is the effective implementation of our strategy in the markets we operate through continued strong growth in sales of the suite of Cxbladder products.

Financially we are striving to achieve a break-even cash flow operating position in FY19, before utilising our strong and established platforms internationally to maximise profitability going forward.

CONTEXT FOR CAPITAL RAISING

Over the last 16 years, Pacific Edge has been working towards commercialisation of its non invasive bladder cancer tests

The company has communicated to the market and been working towards a number of major milestones and expects to complete the last of those over the next 12 months

As the company's focus moves from completing those milestones to growing its commercial sales with its major customers, it needs to complete its funding for this phase of its commercial development

Pacific Edge is providing guidance for the first time as it moves to bring the company to a financial breakeven position and is raising \$21.3m to allow the company to focus entirely on its future growth



OFFER TERMS

PURPOSE:

The purpose of the offer is to ensure Pacific Edge has sufficient capital available as it targets cash flow breakeven in FY19

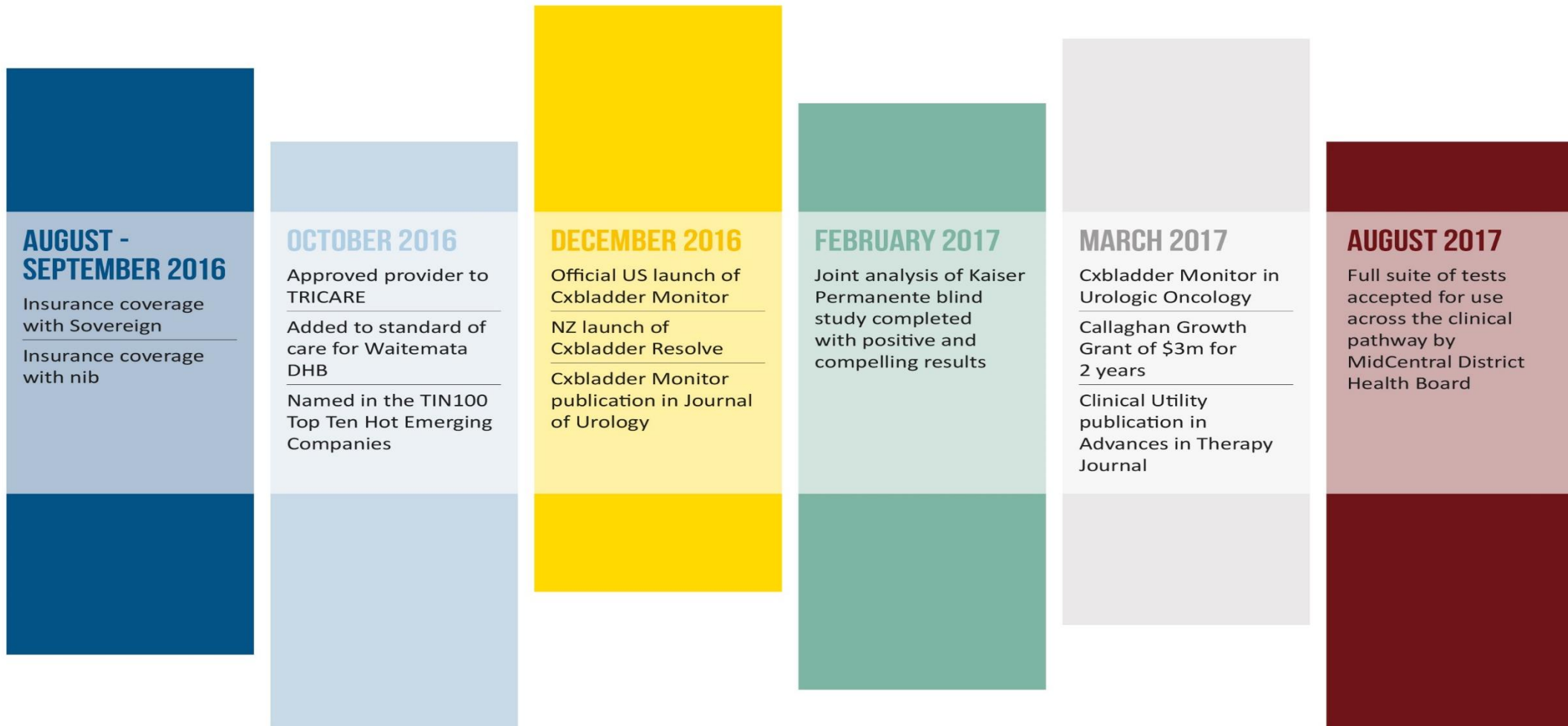
Beyond general working capital, funds will be applied specifically to executing and delivering significant opportunities with Kaiser Permanente, Centers for Medicare and Medicaid Services and the Veterans Administration

Summary of Offer Terms:

Offer size	Approximately NZ\$21.3m
Offer ratio	1-for-6
Offer price	NZ\$0.32 per New Share
Offer price discount	26.6% discount to the theoretical ex-rights price of NZ\$0.44 as at 10 October 2017
Number of New Shares offered	66,617,400 New Shares
Eligible Shareholders	Any person who is recorded in Pacific Edge's share register as a Shareholder at 5.00pm (NZ time) on the Record Date: (a) whose address is shown in Pacific Edge's share register as being in New Zealand, Australia or Singapore; or (b) whose address is shown in Pacific Edge's share register as being in Hong Kong who Pacific Edge considers is a professional investor as defined in the Securities and Futures Ordinance (Cap.571) of the Laws of Hong Kong; and, in each case, to whom Pacific Edge, in its sole discretion, is satisfied that the Offer may lawfully be made under all applicable laws without the need for any registration, lodgement or other formality and who is not in the United States and is not acting for the account or benefit of a person in the United States.
New Shares	Ordinary shares in Pacific Edge of the same class as, and that rank equally with Pacific Edge's, existing quoted ordinary shares
No rights trading	The rights will not be quoted for trading on the NZX Main Board
Shortfall Bookbuild	Any New Shares not taken up under the Rights Offer, including the Rights of Ineligible Shareholders, will be offered under a Shortfall Bookbuild
Participation in the Shortfall Bookbuild	Eligible Shareholders who have taken up all of their Rights may subscribe for additional New Shares as part of their application under the Rights Offer. The Shortfall Bookbuild will also be open to institutional investors as set out in the Offer Document. The price of the New Shares will be set via the Shortfall Bookbuild and will be no less than the Offer price and no greater than the close price of ordinary shares on the day prior to the bookbuild
Underwriting	The Offer is fully underwritten

RECENT MILESTONES

Significant Progress Achieved



FY17 FINANCIALS (12 MONTHS TO 31 MARCH 2017)

62% Uplift in Product Sales

Positive growth in product sales from new and existing customers, particularly in North America and New Zealand

Sales and revenue expected to progress in FY18 as transformational customers come online progressively

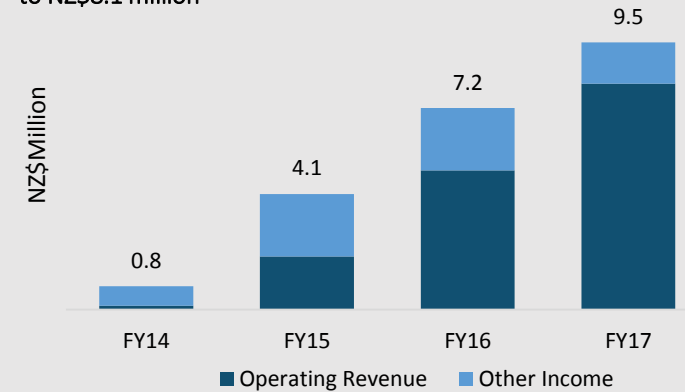
Net operating cashflow at a similar level to the previous year \$(17.9)m

Operating loss \$14.9 million (excluding \$6.2m of non-cash items), 4% down on FY16

Operating revenue outgrowing expenses

OPERATING REVENUE

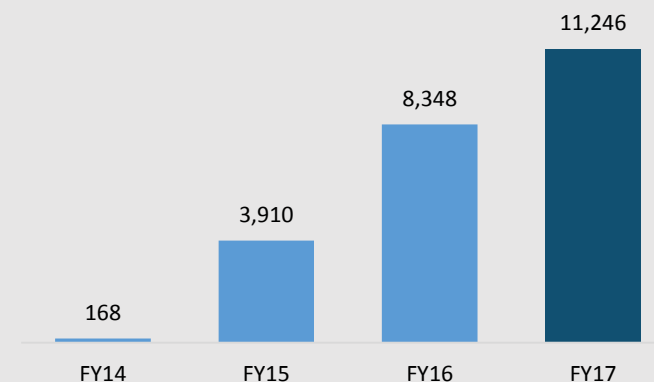
In the past four years, operating revenue has grown from NZ\$145,000 to NZ\$8.1 million



62% increase in operating revenue compared to the previous year

LABORATORY THROUGHPUT

Includes User Programmes and commercial tests



35% increase in test throughput compared to the previous year

TRANSFORMATIONAL CUSTOMERS

Strong progress with key target customers

VETERANS ADMINISTRATION

COMPLETED ✓ Signed Federal Supply Schedule Agreement (Feb 2016) and negotiated contract price for tests (2016)

In Progress Prioritising commercial activity with 14 large VA clinics. Two VA clinics now sending in tests



TRICARE

COMPLETED ✓ Approved as a provider and negotiated contract price for tests (October 2016)

In Progress The Pacific Edge US sales team are leveraging existing relationships with high volume military and veterans sites in targeted areas. Anticipate User Programmes for the larger key sites as per other large customers



KAISER PERMANENTE

COMPLETED ✓ Completion of large scale User Programme in first half FY17 and positive analysis with compelling findings

In Progress Well advanced in end stage negotiations with Kaiser Permanente including working with Kaiser on the implementation components necessary to start commercial sales when negotiations have been concluded



CENTERS FOR MEDICARE AND MEDICAID SERVICES

In Progress Regulatory process to gain a Local Coverage Determination with the CMS is well progressed



OTHER CUSTOMERS

ON-GOING US sales team building on existing customer base to target individual urologists and large urology practices to initiate new User Programmes, and transition early adopters into commercial customers. The focus will be on large practices in academic centres
Work with large academic centres and leading hospitals to gain acceptance of Cxbladder into their standard of care

OTHER MARKETS

Delivering results in Australia, New Zealand and South East Asia

AUSTRALIA

- Tolmar Australia - dedicated urology sales executives leveraging their existing networks
- Targeting large hospitals as well as individual urologists. Now underway with large hospital in South Australia
- Three Cxbladder products now available in market

NEW ZEALAND

- Agreements with several large public healthcare providers to include Cxbladder in clinical pathway
- Recently signed a third large public healthcare provider
- First customer signed for full suite of Cxbladder products
- Cxbladder under cover by two Australasian healthcare insurance providers

SOUTH EAST ASIA

- Commercial base now established in Singapore including distribution and logistics process to allow test analysis in New Zealand
- Signed up new User Programmes with two large hospitals, with the first User Programme completed
- Anticipate first commercial customer in FY18



REVENUE OUTLOOK AND DRIVERS

FY18 Revenue Uplift Expected In Line With Annual Trends

MARKETS

- United States: Remains the primary focus
- New Zealand: Continue to grow uptake by large public healthcare providers
- Australia: Conversion of User Programmes and greater sales coverage. Focus is on large hospital B2B sales
- Singapore: Grow User Programme base and initiate first commercial customer

PRODUCTS

- Increased product range entering the market, particularly in the US
- Rollout of Cxbladder Resolve (launched in NZ in December 2016)
- Launch Cxbladder Resolve in USA and Australia planned for FY18

CUSTOMERS

- Conversion of User Programmes to commercial customers
- Bring Kaiser Permanente on board as commercial customer
- Build commercial relationships and initiate User Programmes with targeted large scale VA facilities
- Complete the regulatory process to gain Local Coverage Determination for CMS

SALES DRIVERS

- Encourage inclusion of Cxbladder into guidelines in the USA and into the Standard of Care with more New Zealand public healthcare providers
- Obtain Local Coverage Determination from the CMS
- Commercial agreements with large scale organisations
- Initiate new User Programmes



ESTIMATED LAB THROUGHPUT (FY18 AND FY19)

Over 23,000 tests estimated to be undertaken in FY19

Our estimates are bottom-up estimates by customer account, aggregated by country to the total group level

Laboratory throughput estimates are an estimate of the commercial adoption of Cxbladder tests. The estimates include User Programmes and commercial tests for all customers and markets

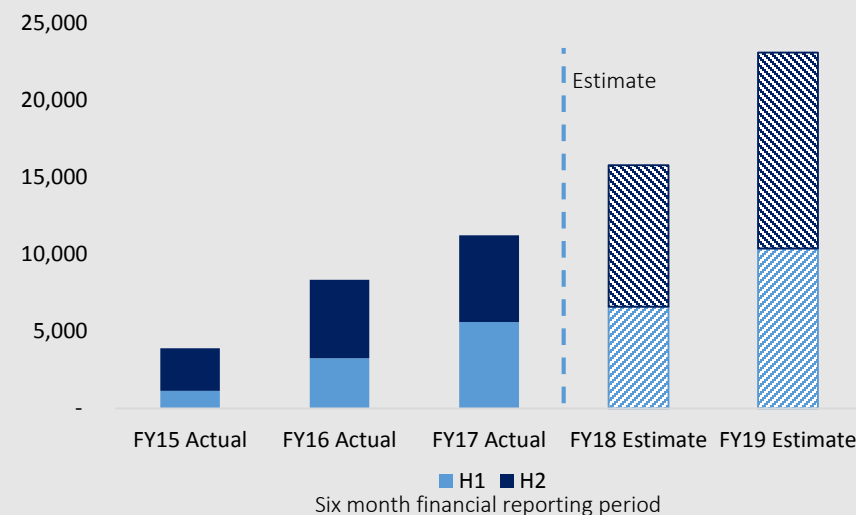
Overall laboratory throughput is expected to grow over FY19 and is directly influenced by the number of tests processed for large scale, non-CMS, customers such as the VA centres and Kaiser Permanente, along with growth in tests from large urology practices and any large academic centres

FY19 estimates include an estimate of throughput for both Kaiser Permanente and the CMS

	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Estimate	FY19 Estimate
Total	3,910	8,348	11,246	~15,800	~23,100
% Change FY to FY		114%	35%	40%	46%

LABORATORY THROUGHPUT

Actual and estimate throughput includes User Programmes and commercial tests



Lab throughput estimated to more than double from FY17 to FY19, from 11,246 to over 23,000

This presentation includes prospective financial information for FY2018E and FY2019E, based on Pacific Edge's directors' assessment of events and conditions existing at the date of this presentation. Prospective financial information by its nature is inherently uncertain. It is a prediction of future events which cannot be assured. It involves risks and uncertainties many of which are beyond our control. Actual results are likely to vary from the information presented and variances may be material. Accordingly, neither the directors of Pacific Edge nor any other person can provide any assurance that the prospective financial information will be achieved and readers are cautioned not to place undue reliance on the prospective financial information

PACIFIC EDGE TEST THROUGHPUT VERSUS CASH RECEIPTS

Break even targeted in FY19

Currently approximately 75% of throughput tests are billable. This is expected to improve gradually as User Programmes are transitioned to commercial relationships (User Programme tests are not included in billable tests)

There is a considerable delay between Pacific Edge completing the analysis of a patient's sample and payment by the relevant US payer (insurer)

Time to cash receipt will improve significantly with the award of the Local Coverage Determination (LCD) as Pacific Edge will then enter into contract with individual payers. Once in contract with private payers, their normal payment terms apply

When the LCD has been awarded, Pacific Edge will be able to be fully reimbursed for all on-going tests for CMS patients. Pacific Edge will also enter into negotiations with CMS for the payment of tests that have already been completed for CMS patients and not previously paid for (an assumption for this has been included in the FY19 estimates)

	FY17 Actual	FY18 Estimate	FY19 Estimate
Laboratory Throughput (Cxbladder tests)	11,246	~15,800	~23,100
Total Billable Tests ⁽¹⁾	8,302	~12,400	~19,900
Billable %	74%	78%	86%
Total accrued revenue (NZ\$000)	8,062	~12,600	~27,900
Total testing cash receipts (NZ\$000)	3,247	~4,000	~25,700
Other operating cash inflows (grants, other revenue) (NZ\$000)	2,101	~1,600	~1,500
Operating cash outflows (NZ\$000)	(23,185)	~(23,600)	~(23,700)
Net operating cash inflow / (outflow) (NZ\$000)	(17,837)	~(18,000)	~3,500

The table above reflects Pacific Edge's estimates at the date of this presentation. A number of variables may impact the timing and quantum of test throughput and cash receipts. These are noted over the page. The estimates above should be read together with the sensitivity analysis over the page.

(1) Excludes User Programmes and non-chargeable tests

This presentation includes prospective financial information for FY2018E and FY2019E, based on Pacific Edge's directors' assessment of events and conditions existing at the date of this presentation. Prospective financial information by its nature is inherently uncertain. It is a prediction of future events which cannot be assured. It involves risks and uncertainties many of which are beyond our control. Actual results are likely to vary from the information presented and variances may be material. Accordingly, neither the directors of Pacific Edge nor any other person can provide any assurance that the prospective financial information will be achieved and readers are cautioned not to place undue reliance on the prospective financial information

CASH GENERATION SENSITIVITY

Cash receipts impacted by key contract timing and other variables

There are five main variables that can significantly impact the timing and quantum of Pacific Edge's FY19 estimated annual cash receipts. These sensitivities should be read in conjunction with the footnote below.

The sensitivities to FY19 estimated annual cash receipts include:

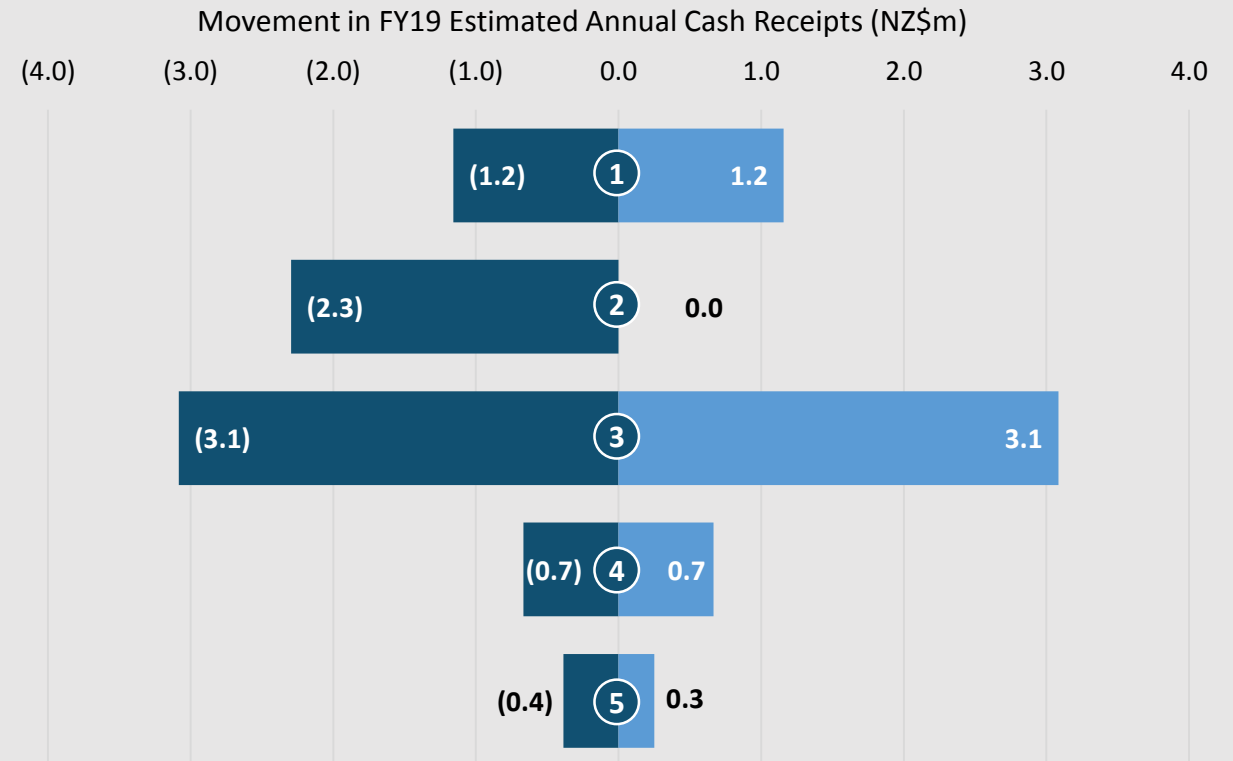
- 1 Non-CMS commercial test volume decreases/increases of -20% to +20% from commercial sales estimates

- 2 Obtaining a CMS LCD 4 months later than is currently estimated

- 3 Average test price for the key customers (KP, VA, CMS) (-20% to +20%)

- 4 An increase/decrease in the overall billable percentage of tests by -5%/+5%

- 5 Beginning commercial sales to Kaiser Permanente 2 months later or 1 month earlier than is currently estimated



A summary of the likely effect that variations to certain assumptions may have on the FY19 Estimated cash receipts is detailed above. The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes but are for information purposes to allow potential investors to gain an understanding of potential sensitivities of financial outcomes to changes in key assumptions

Care should be taken in interpreting the sensitivity information set out above. Each movement in an assumption is treated in isolation from possible movements in other assumptions, which is not likely to be the case. Movements in one assumption may have offsetting effects or compounding effects on other variables, the impact of which is not reflected in the estimate. In addition, it is possible that more than one assumption may move at any point in time, giving rise to cumulative effects, which are not reflected in the estimate

This presentation includes prospective financial information for FY2018E and FY2019E, based on Pacific Edge's directors' assessment of events and conditions existing at the date of this presentation. Prospective financial information by its nature is inherently uncertain. It is a prediction of future events which cannot be assured. It involves risks and uncertainties many of which are beyond our control. Actual results are likely to vary from the information presented and variances may be material. Accordingly, neither the directors of Pacific Edge nor any other person can provide any assurance that the prospective financial information will be achieved and readers are cautioned not to place undue reliance on the prospective financial information

CASH SUFFICIENCY SUPPORTED BY CAPITAL RAISE

\$21.3m raised under this offer to support working capital while cash flow breakeven is targeted

- As at 31 March 2017, Pacific Edge had NZ\$14.6m of available cash
- Over the first half of FY18 Pacific Edge is operating at an average monthly cash flow deficit of NZ\$1.8m. Cash outflows over the first half of each year are front-loaded relative to the balance of the year and the annualised expectation is for this monthly deficit to be NZ\$1.6m in-line with the FY17 average monthly net deficit
- Pacific Edge is targeting cash flow break even in FY19, and as such, it is estimated that the \$21.3m raised under this offer will be sufficient to fund its operations until it achieves cash flow breakeven. Accounting break-even will be achieved earlier than cash-flow breakeven given the delays in timing of cash receipts

This presentation includes prospective financial information for FY2018E and FY2019E, based on Pacific Edge's directors' assessment of events and conditions existing at the date of this presentation. Prospective financial information by its nature is inherently uncertain. It is a prediction of future events which cannot be assured. It involves risks and uncertainties many of which are beyond our control. Actual results are likely to vary from the information presented and variances may be material. Accordingly, neither the directors of Pacific Edge nor any other person can provide any assurance that the prospective financial information will be achieved and readers are cautioned not to place undue reliance on the prospective financial information

APPENDIX: NOTES TO THE FORECAST

US revenue makes up approximately 90% of Pacific Edge's total revenue and remains our focus

US revenue makes up approximately 90% of Pacific Edge's total revenue with two significant contributors: Centers For Medicare and Medicaid Services (CMS) and private insurance companies (Private Payers)

Pacific Edge's revenue model is common in the US while companies build commercial volume and apply for their Local Coverage Determination (LCD)

Pacific Edge is making good progress towards obtaining its LCD, however it made the decision to write off some of the aged invoices in the FY17 financial statements. This does not mean that these invoices cannot be followed up on following the LCD. Until the LCD is attained, it is possible that the company may make other revenue adjustments over time

REIMBURSEMENT AND PAYMENT PROCESS FOR CMS AND PRIVATE PAYERS

CMS: Currently accounts for 50% of the US tests. Proportion will decrease as Private Payers enter into contract

Application for LCD: All companies seeking reimbursement from CMS must obtain an LCD, which is a long, iterative process

Process Cxbladder test for CMS patient

Invoice CMS and held on account until LCD received

Receive LCD which enables reimbursement for CMS patients

Negotiate contract price – based on commercial transactions i.e. historical tests for Private Payer funded patients

Seek reimbursement for CMS tests previously processed and invoiced

Normal terms of trade for all future CMS transactions

Private Payers: Many different types of cover; will provide the majority of Pacific Edge's revenue in future

Out of contract: Higher price per test is achieved but slow payment terms anywhere between 1 to 12 months

Process Cxbladder test for Private Payer funded patient

Invoicing and collection of revenue managed by Pacific Edge's billing and reimbursement contractor, Quadax

Time lag between processing of test and payment creates distortion between matching of revenue accruals to cash receipts

Negotiate contract and highest possible price

Normal terms of trade for all future Private Payer transactions