PACIFIC EDGE LTD
CANCER DIAGNOSTICS COMPANY

Dear Shareholder

The FY18 financial year was one of achievement and challenge for Pacific Edge.

Growing sales of our Cxbladder tests in the USA, the world's largest healthcare market, continues to be our primary focus. EY Parthenon, a leading international consulting firm, recently reviewed and endorsed our USA 'go to market' strategy. They confirmed the addressable market for Cxbladder in the USA to be more than US$1.2 billion and our progress relative to our peers to be very comparable.

While the pace of our progress has been steady, some areas are proving more challenging than anticipated. What we are seeking to achieve is not simple – we are bringing a new medical device to the international market, which has the potential to disrupt decades of established medical practice.

What a small company founded and headquartered in Dunedin, New Zealand, has been able to achieve so far, gives us cause for quiet celebration.

It is our belief that Pacific Edge owns world leading molecular diagnostic tests for the detection and management of urothelial cancer. The effectiveness and utility of our suite of products continues to be validated in user studies and peer reviewed publications and our tests continue to be adopted by physicians at an increasing rate globally. You can read about our achievements in FY18 in our annual report at https://www.pacificedgedx.com/investors/shareholder-reports/.

To drive our performance, we have identified a number of catalysts for FY19 which we believe will accelerate the uptake and adoption of our product and our commercial success.

- The US remains our primary focus for growth as we position Cxbladder as the preferred tests of choice for physicians and grow the number of customers and total sales.
- We are moving our focus to large institutional healthcare organisations, which may take longer to bring on board but provide us with access to a large population of patients with guaranteed payment terms and little ongoing input needed from our sales team.
- We will continue to seek the regulatory and commercial agreements required to operate effectively in the US and ensure timely reimbursement, particularly from the Centers for Medicare and Medicaid Services and large insurance providers such as Kaiser Permanente.

Our company is uniquely positioned to capitalise on the demand for better, more accurate, less invasive and more cost-effective tests for the detection and management of urothelial cancer. We believe that we have the right strategy, the right people to execute that strategy and we are well ahead of any expected competition.

We thank shareholders for your continued support.

Chris Gallaher
Chairman

David Darling
Chief Executive Officer

OUR YEAR AT A GLANCE

ACHIEVEMENTS AND SIGNIFICANT EVENTS

Continuing lift in test volumes and increasing percentage of billable tests
Laboratory throughput increased by 28% to 14,448 tests, including User Programmes and commercial sales, of which 82% of tests were billable. These are key indicators of business growth.

Increasing adoption of Cxbladder
Growing sales and revenue as more urologists and healthcare institutions adopt Cxbladder into use. Mid-Central DHB signs up to use all four Cxbladder products.

Achieved reimbursement milestone in the USA
Issue of CPT codes for Cxbladder products by the American Medical Association.

Good progress with transformational customers
Progressed commercial negotiations with targeted large scale healthcare organisations including Kaiser Permanente and the Centers for Medicare and Medicaid Services. Global first as Cxbladder enters guidelines with Canterbury District Health Board (DHB) in New Zealand.

Expanded market presence
Continued focus on building the customer base, specifically in the USA, the world's largest healthcare market. Commenced commercial operations in South East Asia.

Increased availability to full suite of products
Rollout of Cxbladder Monitor in the USA and launch of Cxbladder Resolve in New Zealand and Australia.

Growing clinical recognition and validation of Cxbladder
Multiple papers reflecting the high performance, clinical utility and cost benefits of Cxbladder.

Investment into building the business
Completed $21.3 million rights issue in November 2017.

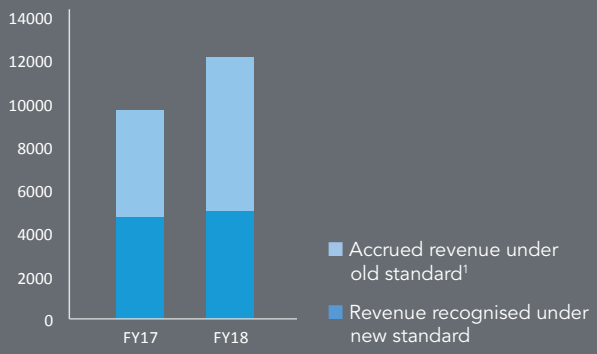
Strong growth in commercial sales in New Zealand
Majority of public healthcare providers DHBs now using Cxbladder, with New Zealand representing 14% of Pacific Edge's total laboratory throughput.

FINANCIAL SNAPSHOT

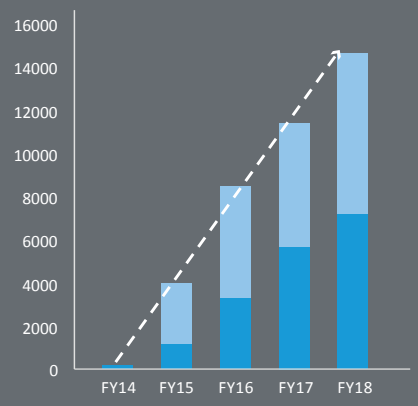
Adoption of new revenue reporting model for the FY18 financial year onwards, with revenue now recognised for US customers only when the cash payment is received.

- Total revenue $5.0M including test sales of $3.4M, up 6%
- Operating expenses reduced by 10% to $24.6M
- Revenue outgrowing expenses by a net 13% (FY18 on FY17)
- Operating cashflow of $(18.1)M, in line with expectations and the previous year
- Net Loss of $(19.7)M for the year, in line with management expectations and a 13% improvement on FY17
- Cash and cash equivalents $16.2M as at 31 March 2018
- Results in line with October 2017 forecasts

FY17 : FY18 REVENUE INCREASE



LABORATORY THROUGHPUT
Includes User Programmes and commercial tests



28% increase (FY17: FY18)
Total Lab Throughput: 14,448 tests
Approx. 82% of tests were billable in FY18 (74% in FY17)

NZ IFRS 15 revenue accounting standard adopted for FY18, with US revenue now recognised only on a cash basis. Prior year results have been restated in line with the new standard.

[1] 'Like-for-like' basis assumes the same accounting standards, calculations and assumptions as was used to define the October 2017 forecast