

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2024



PacificEdge
CANCER DIAGNOSTICS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Consolidated Interim Financial Statements

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	NOTES	UNAUDITED SEPT 2024 6 MONTHS (\$'000)	UNAUDITED SEPT 2023 6 MONTHS (\$'000)	AUDITED MARCH 2024 12 MONTHS (\$'000)
REVENUE				
Operating Revenue	4	10,959	13,095	23,907
Total Operating Revenue		10,959	13,095	23,907
Other Income	4	385	859	1,322
Interest Income		1,193	1,892	3,433
Foreign Exchange Gain / (Loss)		(382)	734	631
Total Revenue and Other Income		12,155	16,580	29,293
OPERATING EXPENSES				
Laboratory Operations		5,958	6,141	11,751
Research		7,230	5,487	12,089
Sales and Marketing		8,245	14,339	25,590
General and Administration		5,225	5,865	9,398
Total Operating Expenses	5	26,658	31,832	58,828
NET LOSS BEFORE TAX		(14,503)	(15,252)	(29,535)
Income Tax Expense		-	-	-
LOSS FOR THE YEAR AFTER TAX		(14,503)	(15,252)	(29,535)
<i>Items that may be reclassified to profit or loss:</i>				
Translation of Foreign Operations		(155)	198	142
Disposal of Foreign Operation		-	-	(20)
TOTAL COMPREHENSIVE LOSS attributable to equity holders of the Company		(14,658)	(15,054)	(29,413)
Earnings per share for loss attributable to the equity holders of the Company during the year				
Basic and Diluted Earnings per share		(0.018)	(0.019)	(0.036)

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	NOTES	SHARE CAPITAL (\$'000)	ACCUMULATED LOSSES (\$'000)	SHARE BASED PAYMENTS RESERVE (\$'000)	FOREIGN CURRENCY TRANSLATION RESERVE (\$'000)	TOTAL EQUITY (\$'000)
UNAUDITED 6 MONTHS TO 30 SEPT 2023						
Balance as at 31 March 2023		294,317	(216,814)	4,418	842	82,763
Loss After Tax		-	(15,252)	-	-	(15,252)
Other Comprehensive Income		-	(8)	-	206	198
Total Comprehensive Loss attributable to equity holders of the Company		-	(15,260)	-	206	(15,054)
<i>Transactions with owners in their capacity as owners:</i>						
Share Based Payments - Employee Remuneration	7	38	-	-	-	38
Share Based Payment - Employee Share Options	7	-	-	555	-	555
Balance as at 30 September 2023		294,355	(232,074)	4,973	1,048	68,302
AUDITED 12 MONTHS TO 31 MARCH 2024						
Balance as at 31 March 2023		294,317	(216,814)	4,418	842	82,763
Loss After Tax		-	(29,535)	-	-	(29,535)
Other Comprehensive Income		-	-	-	122	122
Total Comprehensive Loss attributable to equity holders of the Company		-	(29,535)	-	122	(29,413)
<i>Transactions with owners in their capacity as owners:</i>						
Share Based Payments - Employee Remuneration	7	83	-	-	-	83
Share Based Payment - Employee Share Options	7	-	-	1,189	-	1,189
Balance as at 31 March 2024		294,400	(246,349)	5,607	964	54,622
UNAUDITED 6 MONTHS TO 30 SEPT 2024						
Balance as at 31 March 2024		294,400	(246,349)	5,607	964	54,622
Loss After Tax		-	(14,503)	-	-	(14,503)
Other Comprehensive Income		-	-	-	(155)	(155)
Total Comprehensive Loss attributable to equity holders of the Company		-	(14,503)	-	(155)	(14,658)
<i>Transactions with owners in their capacity as owners:</i>						
Share Based Payments - Employee Remuneration	7	58	-	-	-	58
Share Based Payment - Employee Share Options	7	-	63	571	-	634
Balance as at 30 September 2024		294,458	(260,789)	6,178	809	40,656

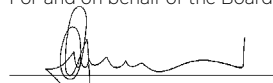
Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2024

NOTES	UNAUDITED SEPT 2024 6 MONTHS (\$000)	UNAUDITED SEPT 2023 6 MONTHS (\$000)	AUDITED MARCH 2024 12 MONTHS (\$000)	
CURRENT ASSETS				
Cash and Cash Equivalents	21,931	20,469	29,261	
Short Term Deposits	14,000	41,705	21,000	
Receivables	5,143	5,239	4,698	
Inventory	1,335	1,676	1,688	
Other Assets	1,905	1,688	1,228	
Total Current Assets	44,314	70,777	57,875	
NON-CURRENT ASSETS				
Property, Plant and Equipment	2,728	2,945	2,925	
Right of Use Assets	2,902	1,376	3,698	
Intangible Assets	907	1,156	950	
Total Non-Current Assets	6,537	5,477	7,573	
TOTAL ASSETS	50,851	76,254	65,448	
CURRENT LIABILITIES				
Payables and Accruals	6,869	6,539	6,753	
Borrowings	300	-	300	
Lease Liabilities	1,260	529	1,264	
Total Current Liabilities	8,429	7,068	8,317	
NON-CURRENT LIABILITIES				
Lease Liabilities	1,766	884	2,509	
Total Non-Current Liabilities	1,766	884	2,509	
TOTAL LIABILITIES	10,195	7,952	10,826	
NET ASSETS	40,656	68,302	54,622	
Represented by:				
EQUITY				
Share Capital	7	294,458	294,355	294,400
Accumulated Losses		(260,789)	(232,074)	(246,349)
Share Based Payments Reserve		6,178	4,973	5,607
Foreign Translation Reserve		809	1,048	964
TOTAL EQUITY	40,656	68,302	54,622	
FURTHER INFORMATION:				
Net Tangible Assets Per Share (\$)	14	0.049	0.083	0.066

For and on behalf of the Board of Directors:



Director

Director

Dated 25th day of November 2024

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

NOTES	UNAUDITED SEPT 2024 6 MONTHS (\$000)	UNAUDITED SEPT 2023 6 MONTHS (\$000)	AUDITED MARCH 2024 12 MONTHS (\$000)
CASH FLOWS TO OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers	11,125	13,576	24,137
Receipts from Research Tax Incentives and Grant Providers	16	1,371	1,856
Interest Received	995	1,228	3,441
	12,136	16,175	29,434
Cash was disbursed to:			
Payments to Suppliers and Employees	24,567	31,080	55,196
Net GST outflow (inflow)	43	87	(12)
	24,610	31,167	55,184
Net Cash Flows To Operating Activities	8	(14,992)	(25,750)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash was provided from:			
Proceeds from Short Term Deposits	34,000	35,703	83,084
	34,000	35,703	83,084
Cash was disbursed to:			
Purchase of Short Term Deposits	27,145	32,846	59,523
Capital Expenditure on Plant and Equipment	278	487	832
Capital Expenditure on Intangible Assets	252	302	540
	27,675	33,635	60,895
Net Cash Flows From Investing Activities	6,325	2,068	22,189
CASH FLOWS TO FINANCING ACTIVITIES:			
Cash was received from:			
Proceeds from Borrowings	-	-	300
	-	-	300
Cash was disbursed to:			
Repayment of Leases - Principal	614	675	1,268
Repayment of Leases - Interest	118	32	138
	732	707	1,406
Net Cash Flows To Financing Activities	(732)	(707)	(1,106)
Net Decrease in Cash Held	(6,881)	(13,631)	(4,667)
Add Opening Cash Brought Forward	29,261	33,229	33,229
Effect of Exchange Rate Changes on Net Cash	(449)	871	699
Ending Cash Carried Forward	21,931	20,469	29,261

Note: These Financial Statements are to be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. SUMMARY OF ACCOUNTING POLICIES

The unaudited consolidated interim financial statements (“Interim Financial Statements”) presented are those of Pacific Edge Limited (“Company”) and its subsidiaries (“Group”). The Company is registered and domiciled in New Zealand. The Group’s purpose is to research, develop and commercialise diagnostic and prognostic tools for the early detection and management of cancers. Pacific Edge Diagnostics New Zealand Limited and Pacific Edge Diagnostics USA Limited manage and operate the laboratories used for the detection of bladder cancer. Pacific Edge (Australia) Pty Limited’s purpose is to research and develop the Cxbladder products and other prognostic tools. Pacific Edge Diagnostics Singapore Pte Limited’s purpose is sales and marketing of bladder cancer products and assisting with research and development. Pacific Edge Analytical Services Limited is a dormant entity.

The Company is a for profit entity, registered in New Zealand under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Company is dual listed, with its primary listing of ordinary shares quoted in New Zealand on the NZX Main Board, and a secondary listing in Australia as a Foreign Exempt Entity on the ASX.

a) Basis of Preparation of Financial Statements

The Interim Financial Statements for the six months ended 30 September 2024 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and the Financial Markets Conduct Act 2013. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other guidance as issued by the External Reporting Board, as appropriate for entities, and with International Financial Reporting Standards.

The Interim Financial Statements have been prepared in accordance with NZ IAS 34 - Interim Financial Reporting. In complying with NZ IAS 34, these consolidated Interim Financial Statements also comply with IAS 34 - Interim Financial Reporting and should be read in conjunction with the Company’s 2024 Annual Report.

The Interim Financial Statements are prepared on the basis of historical cost, except where otherwise identified. The presentational currency used in the preparation of the financial statements is New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

b) Accounting Policies and Accounting Estimates

All material accounting policies have been applied on a basis consistent with those used in the audited financial statements of Pacific Edge Limited for the year ended 31 March 2024.

c) Authorisation

The Interim Financial Statements were authorised by the Board of Directors on 25 November 2024. The Annual Financial Statements for the year ended 31 March 2024 were authorised by the Board of Directors on 20 May 2024.

d) Audit

The Interim Financial Statements for the six months ended 30 September 2024 are unaudited. Comparative balances for 30 September 2023 are unaudited, whilst the comparative balances for 31 March 2024 are audited.

e) Basis of Consolidation

The following entities and the basis of their inclusion for consolidation in these Interim Financial Statements are as follows:

Name of Subsidiary	Place of Incorporation (or registration) and Operation	Principal Activity	Ownership Interests & Voting Rights	
			30 Sept 2024 (%)	30 Sept 2023 (%)
Pacific Edge Diagnostics New Zealand Limited	New Zealand	Commercial Sales and Diagnostic Laboratory	100	100
Pacific Edge (Australia) Pty Limited	Australia	Commercial Sales and Biotechnology Research & Development	100	100
Pacific Edge Diagnostics USA Limited	USA	Commercial Sales and Diagnostic Laboratory	100	100
Pacific Edge Singapore Pte Limited	Singapore	Dormant - In the process of being dissolved as at 30 September 2024 (FY24: Commercial Sales)	100	100
Pacific Edge Analytical Services Limited	New Zealand	Dormant Company	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2. INVESTMENT AND ADVANCES IN SUBSIDIARIES

The consolidated Interim Financial Statements incorporate the assets and liabilities and results of Pacific Edge Diagnostics New Zealand Limited, Pacific Edge (Australia) Pty Limited, Pacific Edge Diagnostics USA Limited, Pacific Edge Diagnostics Singapore Pte Limited and Pacific Edge Analytical Services Limited, all of which are 100% owned by the Company. Subsidiaries have a 31 March balance date. The investments in and advances to subsidiaries are eliminated on consolidation in the Group financial statements.

3. DIVIDENDS

The Company does not propose to pay dividends to shareholders similar to previous years. This policy continues.

4. REVENUE AND OTHER INCOME

	Unaudited Sept 2024 6 Months (\$000)	Unaudited Sept 2023 6 Months (\$000)	Audited March 2024 12 Months (\$000)
Cxbladder Sales			
- US - Accrual Accounting	8,889	11,403	19,288
- US - Cash Accounting	1,178	1,062	3,214
- Total US Sales	10,067	12,465	22,502
- Rest of World	892	630	1,405
Total Operating Revenue	10,959	13,095	23,907
Other Income			
Grant Income	-	3	24
Research Rebates and Tax Incentives	385	856	1,298
Total Other Income	385	859	1,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

5. OPERATING EXPENSES

The note below highlights total expenses shown within total operating expenses. These items are then split across functions laboratory, research, sales and marketing and general and administration as reported in the annual report.

	Unaudited Sept 2024 6 Months (\$000)	Unaudited Sept 2023 6 Months (\$000)	Audited March 2024 12 Months (\$000)
Operating Expenses			
Amortisation	295	178	621
Auditors Remuneration			
- Group year end financial statements	99	97	194
- Half year review of financial statements	35	34	34
- Foreign statutory financial statements	-	25	-
Other services provided by PricewaterhouseCoopers New Zealand	1		2
Total Auditors Remuneration	135	156	230
Consultant Costs	1,149	1,366	2,432
Depreciation	390	370	716
Depreciation on Right of Use Assets	661	635	1,267
Directors Fees	247	247	500
Employee Benefits	12,784	15,700	29,097
Employee Share Scheme Expenses	58	38	83
Employee Share Options	635	555	1,189
Interest on Lease Liabilities	118	32	138
Legal Expenses	256	620	826
NZX / ASX / Registry Fees	124	146	274
Rental and Lease Expense	75	68	151
Site Fees - Clinical Studies	2,062	1,358	3,154
Other Operating Expenses	7,669	10,363	18,150
Total Operating Expenses	26,658	31,832	58,828

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Employee Share Scheme

Employee Share Scheme Expenses are a non-cash expense. These relate to shares issued to employees in lieu of cash bonuses.

Employee Share Options

Employee Share Options are a non-cash expense. Refer to Note 8 of the Annual Report for details of the accounting policy for Employee Share Schemes.

Other Operating Expenses

The major categories of expenditure which make up operating expenses, but are not disclosed separately above: Laboratory costs, Information Technology costs, Compliance and Regulatory costs, Investor Relations costs.

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

There are two operating segments at balance date:

- Commercial:** The sales, marketing, laboratory and support operations to run the commercial businesses worldwide; and
- Research:** The research and development of diagnostic and prognostic products for human cancer.

The reportable operating segment Commercial derives its revenue primarily from sales of Cxbladder tests and the reportable operating segment Research derives its revenue primarily from grant income. The Chief Executive Officer assesses the performance of the operating segments based on net loss for the period.

Segment income, expenses and profitability are presented on a gross basis excluding inter-segment eliminations to best represent the performance of each segment operating as independent business units. The segment information provided to the Chief Executive Officer for the reportable segments described above, for the six months ended 30 September 2024 is shown on the following page.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Unaudited 6 Months to 30 September 2024	Commercial (\$'000)	Research (\$'000)	Less: Eliminations (\$'000)	Total External Income (\$'000)
Income				
Operating Revenue - External	10,959	-	-	10,959
Other Income	617	785	(1,017)	385
Interest Income	7	1,186	-	1,193
Foreign Exchange Gain	-	(382)	-	(382)
Total Income	11,583	1,589	(1,017)	12,155
Expenses				
Expenses	15,814	10,516	(1,017)	25,313
Depreciation & Amortisation	890	455	-	1,345
Total Operating Expenses	16,704	10,971	(1,017)	26,658
Loss Before Tax	(5,121)	(9,382)	-	(14,503)
Income Tax Expense	-	-	-	-
Loss After Tax	(5,121)	(9,382)	-	(14,503)
Net Cash Flow to Operating Activities	(4,109)	(8,365)	-	(12,474)

Unaudited 6 Months to 30 September 2023	Commercial (\$'000)	Research (\$'000)	Less: Eliminations (\$'000)	Total External Income (\$'000)
Income				
Operating Revenue - External	13,095	-	-	13,095
Other Income	276	1,403	(820)	859
Interest Income	14	1,878	-	1,892
Foreign Exchange Gain	-	734	-	734
Total Income	13,385	4,015	(820)	16,580
Expenses				
Expenses	21,791	9,678	(820)	30,649
Depreciation & Amortisation	801	382	-	1,183
Total Operating Expenses	22,592	10,060	(820)	31,832
Loss Before Tax	(9,207)	(6,045)	-	(15,252)
Income Tax Expense	-	-	-	-
Loss After Tax	(9,207)	(6,045)	-	(15,252)
Net Cash Flow to Operating Activities	(9,114)	(5,878)	-	(14,992)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Audited 12 Months to 31 March 2024	Commercial (\$000)	Research (\$000)	Less: Eliminations (\$000)	Total External Income (\$000)
Income				
Operating Revenue - External	23,871	-	36	23,907
Other Income	489	4,400	(3,567)	1,322
Interest Income	21	3,412	-	3,433
Foreign Exchange Gain	1	666	(36)	631
Total Income	24,382	8,478	(3,567)	29,293
Expenses				
Expenses	40,008	19,781	(3,567)	56,222
Depreciation & Amortisation	1,629	977	-	2,606
Total Operating Expenses	41,637	20,758	(3,567)	58,828
Loss Before Tax	(17,255)	(12,280)	-	(29,535)
Income Tax Expense	-	-	-	-
Loss After Tax	(17,255)	(12,280)	-	(29,535)
Net Cash Flow to Operating Activities	(14,447)	(11,303)	-	(25,750)

Eliminations

These are the intercompany transactions between the subsidiaries and the Parent. These are eliminated on consolidation of Group results. The Research segment of the business utilise consumables and other components that are purchased by the Commercial segments of the business, with the costs of these components allocated to Research segment, and the Commercial segment recognising revenue from the sale.

Total Laboratory Throughput:

Unaudited	Commercial # Tests	Research # Tests	Total # Tests
6 months ended 30 September 2024	12,323	1,910	14,233
6 months ended 30 September 2023	15,401	2,839	18,240
12 months ended 31 March 2024	27,347	5,286	32,633

Laboratory Throughput is a key metric for the Group. Laboratory Throughput provides evidence of the usage of Cxbladder products globally and the rates of adoption between different customer segments. Total Laboratory Throughput includes commercial tests, which are invoiced to customers, and research tests which are not considered to be billable as these tests relate to user programs or other non-chargeable activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Commercial test numbers are also a key metric for the Group: 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.

Segment Assets and Liabilities Information:

Unaudited as at 30 September 2024	Commercial (\$000)	Research (\$000)	Total (\$000)
Total Assets	10,359	40,492	50,851
Total Liabilities	6,106	4,089	10,195

Unaudited as at 30 September 2023	Commercial (\$000)	Research (\$000)	Total (\$000)
Total Assets	8,152	68,102	76,254
Total Liabilities	4,585	3,367	7,952

Audited as at 31 March 2024	Commercial (\$000)	Research (\$000)	Total (\$000)
Total Assets	11,443	54,005	65,448
Total Liabilities	6,871	3,955	10,826

Additions to non current assets for the six months ended 30 September 2024 include:

	Commercial (\$000)	Research (\$000)	Total (\$000)
Property, Plant & Equipment	274	4	278
Intangible Assets	252	-	252
Total Additions to Non Current Assets	526	4	530

The amounts provided to the Chief Executive Officer with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operation of the segment and the physical location of the asset.

There are no unallocated assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Segment Assets and Liabilities Information

The Group generates most of the operating revenue from Commercial tests from the US and New Zealand and also receives Grant revenue from New Zealand. Rest of World consists of Revenue from Australia and Southeast Asia.

	Unaudited Sept 2024 6 Months (\$000)	Unaudited Sept 2023 6 Months (\$000)	Audited March 2024 12 Months (\$000)
Operating and Grant Revenue			
US	10,067	12,465	22,502
New Zealand	1,228	1,436	2,641
Rest of World	49	53	86
Total Operating and Grant Revenue	11,344	13,954	25,229

	Unaudited Sept 2024 6 Months (\$000)	Unaudited Sept 2023 6 Months (\$000)	Audited March 2024 12 Months (\$000)
Non-Current Assets			
US	3,469	1,736	4,343
New Zealand	3,066	3,740	3,229
Rest of World	2	1	1
Total Non-Current Assets	6,537	5,477	7,573

7. SHARE CAPITAL

	6 Months Shares (000)	Unaudited Sept 2024 6 Months (\$000)	Unaudited Sept 2023 6 Months (\$000)	Audited March 2024 12 Months (\$000)
Opening Balance	811,271	294,400	294,317	294,317
Issue of Ordinary Shares				
- Employee Remuneration ¹	645	58	38	83
Movement	645	58	38	83
Closing Balance	811,916	294,458	294,355	294,400

¹ During the period 644,630 shares were issued as part of employees remuneration in lieu of cash payments at an average price of \$0.090 per share. (September 2023: 351,894 at \$0.107 and March 2024: 906,126 at \$0.091).

There are 811,915,974 (September 2023: 810,717,112 and March 2024: 811,271,344) ordinary shares on issue. All fully paid shares in the Company have equal voting rights and equal rights to dividends. All Ordinary Shares are fully paid and have no par value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

8. RECONCILIATION OF CASH FLOWS TO OPERATING ACTIVITIES WITH OPERATING NET LOSS

	Unaudited Sept 2024 6 Months (\$000)	Unaudited Sept 2023 6 Months (\$000)	Audited March 2024 12 Months (\$000)
Net Loss for the Period	(14,503)	(15,252)	(29,535)
Add Non Cash Items:			
Depreciation	390	370	716
Loss on disposal of Property, Plant and Equipment	-	2	14
Amortisation	295	178	621
Employee Share options	635	555	1,189
Employee bonuses paid in shares in lieu of cash	58	38	83
Depreciation on right of use assets	661	635	1,267
Interest on finance leases shown in lease repayments	118	32	138
Total Non Cash Items	2,157	1,810	4,028
Add Movements in Other Working Capital items:	(978)	(37)	964
(Increase) Decrease in Receivables and Other Assets	353	(389)	(401)
(Increase) Decrease in Inventory	116	(390)	(174)
Increase (Decrease) in Payables and Accruals	381	(734)	(632)
Total Movement in Other Working Capital	(128)	(1,550)	(243)
Net Cash Flows to Operating Activities	(12,474)	(14,992)	(25,750)

9. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 September 2024 (September 2023: Nil and March 2024: Nil). The Company and Group have not granted any securities in respect of liabilities payable by any other party whatsoever.

10. CAPITAL COMMITMENTS

There are no capital commitments at 30 September 2024 (September 2023: Nil and March 2024: Nil).

11. SUBSEQUENT EVENTS

There are no subsequent events.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

12. RELATED PARTIES

Details of all related party relationships have been disclosed in the annual report for the year ended 31 March 2024. No new transactions with directors occurred that would be considered a related party.

13. PROPOSED LOCAL COVERAGE DETERMINATION (LCD) CHANGES - POTENTIAL IMPACT ON REVENUE

On 3 July 2020* Pacific Edge received notice of inclusion in the LCD resulting in the Company receiving reimbursement for Cxbladder Monitor and Detect tests from that date.

On 29 July 2022*, Pacific Edge became aware of proposed changes to the LCD/LCA whereby if the proposed changes were issued as published then Cxbladder would no longer have coverage and the Company would not qualify for reimbursement.

On 2 June 2023* Novitas, the Medicare Administrative Contractor (MAC) with jurisdiction for Pacific Edge's US laboratory issued a final Local Coverage Determination (LCD) L39365 that governs the reimbursement of Cxbladder in the US by the US Centres for Medicare & Medicaid Services (CMS). The LCD determined that Cxbladder would not qualify for coverage from Novitas for tests reimbursed by the CMS from 17 July 2023. These tests represent a significant portion of Cxbladder testing revenue. Multiple companies that had existing coverage or are seeking coverage, were similarly impacted by this proposal.

On 6 July 2023* Pacific Edge received notification that LCD L39365 would not become final and Novitas would propose it again as a draft LCD DL39365. The new draft would be subject to 'notice and comment' for 45 days including an open public meeting and a written comment submission period.

On 27 July 2023* Pacific Edge became aware that Novitas had republished the LCD (DL39365) without any changes from LCD L39365, which if approved without further changes would mean Cxbladder (and multiple other products from various companies) would not qualify for coverage from Novitas for tests reimbursed by the CMS.

Novitas provided for the statutory requirement for a 45-day notice and comment period commencing 27 July 2023* and finishing 9 September 2023*, during which time all interested stakeholders were able to submit comments to Novitas. Pacific Edge, and a number of impacted parties submitted written submissions that argue Cxbladder Triage, Detect and Monitor tests should retain Medicare coverage based on the clinical value they offer to patients, clinicians, and healthcare payers.

Novitas was expected to withdraw or finalize the LCD within 365 days from the original publication date (27 July 2023*) and include a response to those comments. On 26 July 2024* Novitas confirmed it had been granted an extension to finalize or withdraw the LCD. At the time of signing these interim financial statements, the Board does not have a revised date that Novitas will finalize or withdraw the LCD.

If finalized, Novitas must provide a minimum of 45 days' notice before the LCD becomes effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Pacific Edge received payment in line with the existing LCD/LCA (Local Coverage Article) for the six months ended 30 September 2024, and to the date of approval of these consolidated interim financial statements.

In the six months to 30 September 2024, tests processed through our laboratory for Medicare and Medicare Advantage patients represented approximately 54% of US commercial test volumes and generated approximately NZ \$6.5m, or 59% of Pacific Edge's total operating revenue.

During the six months to 30 September 2024, Pacific Edge continued to progress initiatives that will assist in mitigating reimbursement risk, including the development of further clinical evidence validating the performance of Cxbladder and providing the catalyst for language supportive of Cxbladder in the American Urological Association microhematuria guideline currently under review. In addition, the company has continued to progress commercialization of Triage Plus which has demonstrated improved performance characteristics and has the expectation of delivering an improved margin.

Whilst the LCD has yet to be finalised and the full impact on the Group is unable to be determined, management and the Board have modelled a number scenarios relating to possible LCD outcomes. Under all modelled scenarios there is sufficient liquidity in the form of cash and short term deposits to meet obligations and continue for the foreseeable future, being at least 12 months from the date of approval of the consolidated interim financial statements. Accordingly, it is the Board's view that there are no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern for the purpose of these financial statements.

*All dates with an asterisk refer to US dates

14. NET TANGIBLE ASSETS

Net Tangible Assets per share is a non-GAAP measure that is required to be disclosed by the NZX Listing Rules. The calculation of the Group's Net Tangible Assets per share and its reconciliation to the consolidated balance sheet is presented below.

	Unaudited Sept 2024 6 Months (\$'000)	Unaudited Sept 2023 6 Months (\$'000)	Audited March 2024 12 Months (\$'000)
Total Assets	50,851	76,254	65,448
Less Intangible Assets	907	1,156	950
Less Total Liabilities	10,195	7,952	10,826
Net Tangible Assets	39,749	67,146	53,672
Number of Shares Issued (000's)	811,916	810,717	811,271
Net Tangible Assets Per Share	\$0.049	\$0.083	\$0.066



Independent auditor's review report

To the shareholders of Pacific Edge Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Pacific Edge Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended on that date, and notes, comprising material accounting policy information and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2024, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group including training workshop. The provision of this other service has not impaired our independence.

Responsibilities of Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.



Who we report to

This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Maxwell John Dixon.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers
25 November 2024

Christchurch



Pacific Edge
CANCER DIAGNOSTICS

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