

Pacific Edge Limited

Proforma Statement of Financial Position – 31 March 2021

Overview

The proforma statement of financial position of Pacific Edge Limited (**“Pacific Edge” or the “Company”**) set out below has been prepared by the Directors solely for the purposes of satisfying the requirements of the Australian Securities Exchange (**ASX**) in relation to the Company’s application to be listed on the ASX by way of a Foreign Exempt Listing.

The Directors are responsible for the preparation and presentation of the proforma statement of financial position. The proforma statement of financial position has been prepared in accordance with the recognition and measurement principles of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and the Company’s accounting policies as set out in Notes (1) and (2) of the Audited Consolidated Financial Statements for the year ended 31 March 2021. The audited accounts are available at <https://www.nzx.com/announcements/372923>

The proforma statement of financial position is presented in an abbreviated form and does not include all the presentation and disclosures, statements or comparative information as required by NZ IFRS and other mandatory professional reporting requirements applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

The proforma statement of financial position reflects the historical statement of financial position of Pacific Edge as at 31 March 2021 as extracted from the audited Consolidated Accounts which were lodged with the New Zealand Stock Exchange on the 27th May 2021 adjusted to reflect the proforma adjustments primarily relating to the capital expected to be raised under the Private Placement and the Retail Offer that were announced on 23rd September 2021 (refer footnotes 1 – 3 to the proforma statement of financial position).

The proforma statement of financial position has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 (Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information) by PricewaterhouseCoopers Securities Ltd (**PwCs**). Investors should note the scope and limitations of the Investigating Accountant’s Report which is attached as Appendix 1.

Pacific Edge’s annual financial statements will continue to be prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (‘NZ IFRS’) and International Financial Reporting Standards (‘IFRS’) and audited in accordance with International Standards on Auditing (‘ISAs’) and International Standards on Auditing (New Zealand) (‘ISAs (NZ)’).

Pacific Edge Limited
Proforma Statement of Financial Position
As at 31 March 2021

	31-Mar-21	Proforma Adjustments		31-Mar-21		
NZD's in 000's	Audited	Private Placement (1)	Transaction Costs (2)	Unaudited proforma (assuming zero raised under RO)	Retail Offer (RO) (3)	Unaudited proforma (assuming \$20m raised under RO)
CURRENT ASSETS						
Cash and Cash Equivalents	4,129	60,000	(3,240)	60,889	20,000	80,889
Short Term Deposits	19,000			19,000		19,000
Receivables	2,866			2,866		2,866
Inventory	790			790		790
Other Assets	557			557		557
Total Current Assets	27,342	60,000	(3,240)	84,102	20,000	104,102
NON-CURRENT ASSETS						
Property, Plant and Equipment	688			688		688
Right of Use Assets	2,977			2,977		2,977
Intangible Assets	177			177		177
Total Non-Current Assets	3,842	0	0	3,842	0	3,842
TOTAL ASSETS	31,184	60,000	(3,240)	87,944	20,000	107,944
CURRENT LIABILITIES						
Payables and Accruals	3,197			3,197		3,197
Borrowings	0			0		0
Lease Liabilities	1,098			1,098		1,098
Total Current Liabilities	4,295			4,295		4,295
NON-CURRENT LIABILITIES						
Lease Liabilities	1,780			1,780		1,780
Total Current Liabilities	1,780			1,780		1,780
TOTAL LIABILITIES	6,075	0		6,075	0	6,075
NET ASSETS	25,109	60,000	(3,240)	81,869	20,000	101,869
EQUITY						
Share Capital	190,305	60,000	(3,240)	247,065	20,000	267,065
Accumulated Losses	(170,061)			(170,061)		(170,061)
Share Based Payments Reserve	4,038			4,038		4,038
Foreign Translation Reserve	827			827		827
TOTAL EQUITY	25,109	60,000	(3,240)	81,869	20,000	101,869

Notes:

(1) On 23rd September 2021 Pacific Edge Limited announced that it will seek to raise approximately NZ \$60m (AU \$58m converted at an assumed rate of \$NZ1: A\$0.9683) via a private placement to institutional, sophisticated and professional investors in eligible jurisdictions. To the extent a higher or lower amount is raised, this would result in a corresponding impact on the Unaudited Proforma cash and share capital balances presented above.

(2) Transaction costs (primarily JLM fees) of \$3.24m will be incurred as a result of the NZ \$60m capital raising which have been offset against the assumed value of the equity raised.

(3) On 23rd September 2021 Pacific Edge Limited announced it is seeking to raise up to a further NZ \$20m from existing shareholders via a non-underwritten Retail Offer. The proforma adjustment assumes the maximum amount sought to be raised under the Retail Offer is raised by the Company. To the extent there is a shortfall this would result in a corresponding decrease in the Unaudited Proforma cash and share capital balances presented above.

(4) As at 31 July 2021, Pacific Edge Limited held Cash and Cash Equivalents and Short Term Deposits of NZ\$17.7m (a reduction of NZ\$5.4m from the 31 March 2021 audited consolidated accounts balance of NZ\$23.1m).

(5) Between 31 March 2021 to 31 July 2021, cash receipts of NZ\$0.6m was received that related to settlement of staff and ex-staff converting options to shares.

Appendix 1: PwCs Investigating Accountants Report and financial services guide.



The Directors
Pacific Edge Limited
PO Box 56
Dunedin 9016
New Zealand

23 September 2021

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Pacific Edge Limited's proforma statement of financial position as at 31 March 2021

We have been engaged by Pacific Edge Limited (the **Company** or **you**) to report on the proforma statement of financial position of the Company as at 31 March 2021 for inclusion in the Company's application to be listed on the Australian Securities Exchange (**ASX**) as a foreign exempt listing (**ASX Document**) .

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services license under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services license under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the proforma statement of financial position as at 31 March 2021 of the Company (**the responsible party**) to be included in the ASX Document.

The historical financial information which forms the starting point for the proforma statement of financial position has been prepared in accordance with the recognition and measurement principles contained in New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and the Company's adopted accounting policies. The historical financial information has been extracted from the audited financial report of the Company for the year ended 31 March 2021. The historical financial information is presented in the ASX Document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572

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The pro forma statement of financial position has been derived from the historical financial information of the Company, after adjusting for the effects of pro forma adjustments described in the footnotes to the proforma statement of financial position as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position, financial performance, and cash flows.

Directors' responsibility

The directors of the Company are responsible for the preparation of the proforma statement of financial position, including its basis of preparation and the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma statement of financial position.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the pro forma statement of financial position. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Pro Forma statement of financial position

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma statement of financial position of the Company as at 31 March 2021 included in the ASX Document is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the footnotes to the proforma statement of financial position being the recognition and measurement principles contained in New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and the Company's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in the footnotes to the proforma statement of financial position, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.



This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we highlight this report has been solely prepared to accompany the proforma statement of financial position included in the ASX Document. As a result, the proforma statement of financial position and this report may not be suitable for use for another purpose.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the ASX Document. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the ASX Document.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report for which normal professional fees will be received.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Glen Hadlow'.

Glen Hadlow
Authorised Representative
PricewaterhouseCoopers Securities Ltd



Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 23 September 2021

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by **Pacific Edge Limited** (the **Company**) to provide a report in the form of an Investigating Accountant's Report in relation to the pro forma financial information (the "**Report**") for inclusion in the ASX Document dated 23 September 2021.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.



You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged as at the date of this Report amount to \$40,000.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (“**AFCA**”), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Glen Hadlow
One International Towers Sydney, Watermans Quay,
Barangaroo NSW 2000