

**ASX Announcement
31 July 2020**

**Emerald Clinics Limited
June 2020 Quarterly Activity and Cashflows Report**

**Emerald finishes quarter with record appointment volumes and
enhanced RWE platform**

Emerald Clinics Limited (ASX: EMD) (Emerald or the Company) is pleased to provide a report on the Company's activities for the quarter ended 30 June 2020.

Highlights

- **Emerald expand Real World Evidence technology platform beyond cannabinoids into other therapeutic areas and bolsters Artificial Intelligence (AI) functionality**
- **Emerald selected by Linear Clinical Research to remotely monitor 150 participants involved in a two-year COVID-19 vaccine trial**
- **Emerald appointed program manager of a national Clinical Data and Analytics Platform**
- **Patient appointments continue to grow month-on-month with a record month in June, and services revenue steady through quarter despite COVID-19**

Emerald's CEO Michael Winlo said: "Our strong end to 2020 is pleasing given the challenges posed by COVID-19 to both patients and our clients. We continue to make progress against our IPO goals, see increasing numbers of patients and new referrals each month and also invest in new and innovative patient monitoring technologies, that both assists patients and increases the value of our data assets. We are also being recognised for our thought-leadership in the Real World Evidence (RWE) space through earning key roles in a number of COVID-related projects. We look forward to continued growth, expanding our data deals and further developing our Openly offering in the year ahead."

Expansion of digital health platform with new technology

In June, Emerald announced it had signed new agreements to enhance its current data capture technology platform and support the launch of a new digital health and clinical monitoring service called "Openly" (renamed from "Sentinel Plus").

The Company secured an agreement with artificial intelligence technology provider Binah.ai to incorporate its world leading smartphone technology, enabling the collection of contactless vital signs, into Emerald's Real-World Evidence (RWE) platform.

The enhanced platform will allow Emerald to incorporate vital signs alongside other clinical and symptom data already collected, through Emerald's current RWE platform. This platform increases the depth of clinical evidence captured from Emerald's patients and, when validated, could support companies, universities, governments and other large populations to screen and monitor the health of their personnel remotely, as communities re-open internationally. Application of Artificial Intelligence (AI) functionality also allows the monitoring system to learn and adapt the screening and care pathway capabilities of the Openly system.

Emerald is targeting organisations in Australia and the US for implementation of Openly, where

transmission of COVID-19 remains a challenge to safety and productivity.

Emerald was also engaged by Linear Clinical Research (Linear) to support the remote evaluation of more than 150 volunteer participants over a two-year period for a Phase 1 COVID-19 vaccine study.

Appointment as program manager of CDAP targeted at COVID-19 response

As announced in May, Emerald was appointed as Program Manager for the development of a National Clinical Data and Analytical Platform (CDAP) of COVID-19 patient cases in a partnership between several Australian state health bodies, the Federal Government and universities.

The CDAP aims to collect clinical data from confirmed COVID-19 patients, from a variety of sources, in close to real time. It is then analysed to form predictive models that can support point-of-care decision making by clinicians across likely disease progressions as well as treatment options for each patient.

Emerald Clinics was selected by the University of Sydney to lead the program management across the entire project including coordinating the data integration efforts across multiple health services and the analytical model design.

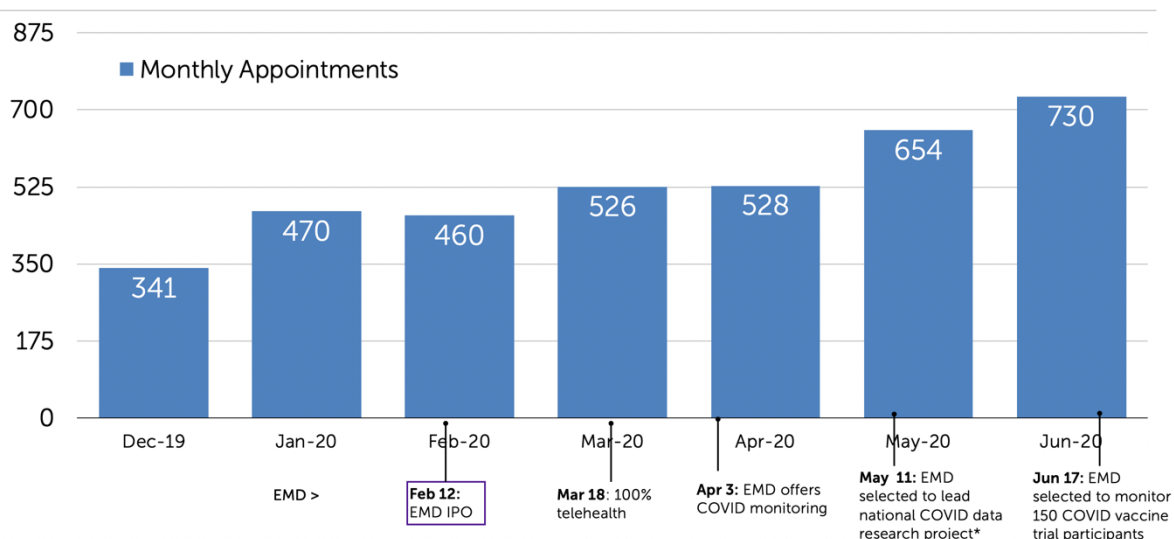
This initial work order will deliver revenue to Emerald of \$100,000 within 12 months. The Emerald platform will be managed in close association with frontline clinicians across participating institutions. It will also utilise state and territory resources and digital capabilities.

The CDAP project is focused on the following goals:

- **Data capture** – to quickly and efficiently capture diagnostic and treatment data of COVID-19 patients across the Australian healthcare system
- **Real-time clinical decision support** – to assist clinicians treating or supporting COVID-19 patients
- **Supporting new clinical trials** – to quickly implement clinical trials with the best information and analytics to improve treatment allocations to trial patients; and
- **Long-term follow-up of patients** – to allow for continued monitoring and treatment of those diagnosed with, or recovering from, COVID-19 in the longer term

Clinical appointments and offerings continue to grow

Despite the challenges of COVID-19, monthly patient appointments continued to grow across Emerald's clinical network (see Chart 1).

Chart 1: Patient appointments as at 30 June 2020


*For further details, please see ASX Announcement of 11 May 2020

Investor Webinar

Emerald Managing Director and CEO Michael Winlo hosted a webinar in June to provide an update on the company's activities. This can be viewed at:

https://us02web.zoom.us/webinar/register/WN_BztxG89zQ9qUMcBzBtwW5w

Cash

Emerald Clinics had A\$3.7M in cash as at 30 June 2020.

During the quarter ended 30 June 2020, the company received \$240,000 of as an advance against its accrued R&D Tax Credit rebate under the facility with Radium Capital.

The board of directors were paid \$190,000 for the quarter ended 30 June 2020 (as disclosed in section 6 of the 4C quarterly report) and this comprised wages, fees and superannuation.

USE OF FUNDS AS AT 30 JUNE 2020

	Use of Funds reported in Prospectus on 11 Dec 19	Expenditure period 11 Dec 19 to 30 Jun 20
	\$'000s	\$'000s
Clinic Operations - Existing	2,500	629
Develop Data Platform	800	874
Clinical Trials	800	-
Clinics Development - New and Existing	800	-
Corporate Overheads*	1,600	1,219
Business Development	-	254
Cost of the Offers	682	743
Working Capital	518	590
Total Expenditure	7,700	4,308

Please note that the “Use of Funds” for the 12-month period post admission, disclosed above was prepared prior to the international spread of Covid-19. This significant external event, which is continuing to impact the operations of many companies and other organisations with which the Company engages, may potentially impact on future allocation of expenditure for the Company. At this point, due to the uncertainty on the length of time of the Australian Federal and State governments and other countries lockdowns, quarantine restrictions, social distancing and other measures undertaken in response to COVID-19, the Company cannot make a determination of how this will impact on the Company’s operations and allocation of funds in the future. The Company will continuously monitor its capital investment opportunities and review its operations and update the market accordingly.

Release authorised by:
Dr Michael Winlo, CEO and Managing Director

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About Emerald Clinics Limited

Emerald Clinics Limited (ACN 625 085 734) is an Australian incorporated company that is focused on developing valuable high-quality real-world evidence (RWE) data around the safe and effective use of medicines, to improve patient care, to identify novel uses of existing or new therapeutics and to explore the post-approval performance of certain medicines, all leveraging Emerald’s proprietary data platform.

Emerald’s initial business focus has been on the development of high-quality real-world evidence around the safe and effective use of cannabinoid-based medicines (CBMs). In support of its RWE data model development, the Company opened four patient-focused medical clinics to provide safe access to new cannabinoid medicines for suitably qualified patients, in collaboration with referring doctors. Emerald’s data model is providing new insights into how best to prescribe and use CBM’s and is already demonstrating benefits to patients by enabling reduced usage of opioids and improved health outcomes.

Emerald’s RWE platform is specifically designed to capture, analyse and provide data insights and provide this valuable data on a subscription payment, or data acquisition model, to pharmaceutical companies, regulators and other health industry stakeholders.

Cautionary Note on Forward-Looking Statements

Any statements in this press release about future expectations, plans and prospects for the Company, the company’s strategy, future operations, and other statements containing the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” and similar expressions, constitute forward-looking statements.

Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: the Company's ability to successfully develop its product candidates and timely complete its planned clinical programs and the Company's ability to obtain marketing approvals for its product candidates.

In addition, the forward-looking statements included in this press release represent the Company's views as of the date hereof. The Company anticipates that subsequent events and developments will cause the Company's views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

EMERALD CLINICS LIMITED

ABN

96 625 085 734

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	207	920
1.2 Payments for		
(a) research and development (includes allocated salaries)	(693)	(1,378)
(b) clinic operating costs (includes allocated salaries)	(397)	(1,854)
(c) advertising and marketing	(68)	(275)
(d) leased assets	(56)	(215)
(e) staff costs (unallocated salaries)	(309)	(1,368)
(f) administration and corporate costs	(94)	(974)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	12	20
1.5 Interest and other costs of finance paid	(3)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	468
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,401)	(4,668)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(174)	(202)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(174)	(202)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(743)
3.5	Proceeds from borrowings	240	240
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – net payments from cash backed guarantees	-	(50)
3.10	Net cash from / (used in) financing activities	240	5,947
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,021	2,609
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,401)	(4,668)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(174)	(202)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	240	5,947
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,686	3,686

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,686	3,021
5.2	Call deposits	2,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,686	5,021

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	190
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	240	240
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	240	240

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

During the quarter ended 30 June 2020, the Company secured a credit facility from Radium Capital. The Company drew down on this facility in accordance with Radium Capital processes. The facility is secured against, and repaid from, the R&D refund to be received. The interest rate is 15% per annum.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,401)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,686
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,686
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company will be able to continue to meet its operations and objectives on the basis that the Company continuously monitors and reviews the business.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: Simon Robertson
Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.