

## **Emerald Clinics Limited**

### **March 2020 Quarterly Activity and Cashflows Report**

#### **Key Highlights**

- **Emerald Clinics listed on the ASX with Initial Public Offering raising \$6 million to develop its real-world evidence data platform, to provide insights into the safe and effective use of medicines, to improve patient care, and to identify novel uses of existing or new therapeutics**
- **Renowned UK-based thought leader Sir Professor John Tooke joined Emerald's board**
- **Emerald Clinics signed research agreement to accelerate Zelira Therapeutics' opioid sparing clinical trial**
- **Emerald Clinics launched a new real-world evidence data platform to support monitoring and management of COVID-19 patients and those self-isolating with suspected disease**
- **Emerald engaged Diamond Cyber to establish a state-of-the-art cyber monitoring program to safeguard and protect Emerald's data**
- **Emerald partnered with Three Springs Technology to enhance our data integrations and data analysis workflows**
- **Emerald Clinics MD and CEO Dr Michael Winlo presented at NWR Virtual Conference**

Emerald Clinics Limited (ASX: EMD) ('**Emerald**' or the '**Company**') is pleased to provide a report on the Company's activities for the quarter ending 31 March 2020.

#### **Emerald's Business**

Emerald listed on the Australian Securities Exchange (ASX) on 12 February 2020 after raising \$6 million in its Initial Public Offering (IPO).

Emerald's business 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. RWE is observational data (drawn from health records, patient vital sign tracking technologies, medicine usage patterns, side effect reporting and other useful data), that is obtained outside the context of the pharmaceutical industry's usual "randomised controlled trials" and is mostly generated during routine interaction with a patient in a real world setting.

During a clinical trial, patients meet very specific and narrow clinical and demographic criteria to participate, the pool of patients is homogeneous, they are not paying for the drug being tested and they are also being reminded frequently to take the new medicine by a clinician who records their adherence and condition. In the real world, the mix of patients taking a medicine is much broader, each patient is on a different collection of medicines, their personal compliance varies, and their lifestyle and pre-existing health conditions can greatly influence the effectiveness and safety of that medicine.

Emerald manages an independent clinical service and data platform. This combination of services is specifically designed to capture, analyse and provide new insights into these real-world issues and provide valuable anonymous data on a subscription payment, or data acquisition model, to pharmaceutical

companies, regulators and other health industry stakeholders.

Emerald's initial business focus has been on the development of high-quality real-world evidence around the safe and effective use of pharmaceutical-grade cannabinoid-based medicines (CBMs). While the medicinal cannabis sector has gained significant momentum globally, an almost complete lack of high-quality, product-specific clinical data has constrained the uptake of CBMs by clinicians, restrained approval by regulators and prevented reimbursement by insurance companies. 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. Since opening its first clinic in December 2018, Emerald has grown its patient base to over 1,000 within the first 12 months and investment, to date, on clinic operations is on track with estimated expenditure. 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 experience developing the RWE data platform for the CBM market, has now enabled a broader rollout of the technology in other exciting applications including those outlined below.

#### **Clinical trial research agreement with Zelira Therapeutics**

As announced in February, Emerald entered into a Clinical Trial Research Agreement with Zelira Therapeutics Ltd (ASX: ZLD) to greatly accelerate patient recruitment for a Zelira sponsored opioid reduction trial involving at-home pharmacokinetic measurements. The trial builds on a strategic data insights collaboration agreement signed between Emerald and Zelira in 2019 and demonstrates Emerald's capability to deliver clinical trials as well as RWE data insights.

The trial is designed with a primary endpoint assessing the efficacy of a full spectrum plant-derived cannabis formulation containing THC and CBD to reduce opioid dependence in chronic non-cancer patients. Dosing is expected to be completed in Emerald's Perth clinic by April 2020 with the final report expected to be provided by mid-2020. Emerald was able to leverage its data platform to recruit more than 75% of the patients to the study and is providing RWE monitoring and outcomes data back to Zelira from the study.

#### **COVID-19 Patient Monitoring and Triage System**

In March 2020, Emerald announced that it had extended its RWE data platform to existing patients and also to other health groups and service providers to assist in managing patient interaction and also monitoring and triage potential COVID-19 patients. Since the global outbreak of the COVID-19 virus, Emerald's business has remained stable despite social distancing restrictions being enforced across Australia. Emerald's patient count and referral numbers continue to grow thanks to a strong referral base and Emerald's telehealth capabilities.

Emerald's own patient appointments were fully moved to telehealth and that service was extended to integrate with remote patient health monitoring technology, patient medical records, medication management and other data gathering tools, to provide a much richer and more useful suite of information for suspected COVID-19 patients and their carers. An iteration of Emerald's RWE platform was also launched to help support the growing need to monitor patients diagnosed with COVID-19 and those required to self-isolate by improving the understanding of what symptoms, clinical signs and other clinical risk factors are

most relevant to enable rapid patient triage and help reduce unnecessary strain on the health system.

#### **Data asset investment**

During the quarter, Emerald engaged Diamond Cyber to develop comprehensive and best-in-class cyber security infrastructure and monitoring services to keep Emerald's clinical data assets secure. Emerald also partnered with Three Springs Technology - a leading artificial intelligence and data science company - to develop automated integration, quality control and data analysis workflows.

These partnerships enhance the security, quality and value of Emerald's Real-World Evidence while helping preserve patient privacy.

Investments towards Emerald's data platform are on-track with estimates.

#### **CORPORATE**

##### **Director appointment**

Renowned UK-based thought leader in learning health systems - Sir Professor John Tooke - joined the Company's board, in conjunction with its listing on the ASX in February.

Sir Professor Tooke brings 30 years' experience as a clinician scientist and outstanding expertise from numerous board seats and university positions. This includes his current roles as an Independent Director of BUPA Chile and Chairman of Collaboration for the Advancement of Sustainable Medical Innovation (CASMI), University College London. He was knighted in the UK in 2007 for services to medicine.

Sir Professor Tooke was also formerly an independent director of the BUPA main Board, Chair of the BUPA Medical Advisory Council, Head of the School of Life and Medical Sciences at University College London, past President of the Academy of Medical Sciences in the UK, a director at the Francis Crick Institute, a Member of the Council for Science & Technology reporting to the Prime Minister (UK) and served as a member of Google DeepMind Health's Independent Review Board.

##### **Director buying and remuneration**

Executive Chairman Dr Stewart Washer through related entities, purchased an additional 550,499 Emerald shares via on-market trades during February and March 2020. The shares were valued at between \$0.061 and \$0.090 per share with total consideration paid for the shares being \$46,250.

The board of directors were paid \$418,000 for the quarter ended 31 March 2020 (as disclosed in section 6 of the 4C quarterly report) and this comprised wages, fees, superannuation and bonuses (as disclosed in the Company's Prospectus on 11 December 2019).

##### **NWR Conference**

On 26 March, Emerald Clinics Managing Director and CEO Dr Michael Winlo provided an update on the Company's activities as part of the NWR Small Cap Virtual Conference. A replay can be viewed at:

<https://www.youtube.com/watch?v=u4xNp5JB9rI&t=1312s>

## Cash

Emerald Clinics had A\$5.018M in cash as at 31 March 2020.

## USE OF FUNDS AS AT 31 MARCH 2020

	Use of Funds reported in Prospectus on 11 Dec 19	Expenditure period 11 Dec 19 to 31 Mar 20
	\$'000s	\$'000s
Clinic Operations - Existing	2,500	418
Develop Data Platform	800	165
Clinical Trials	800	-
Clinics Development - New and Existing	800	-
Corporate Overheads*	1,600	612
Business Development	-	176
Cost of the Offers	682	776
Working Capital	518	590
<b>Total Expenditure</b>	<b>7,700</b>	<b>2,737</b>

\*One-off item incurred during the expenditure period include bonuses of \$150k.

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 may potentially-impact on future allocation of expenditure for the Company. At this point in time, due to the uncertainty on the length of time of the Federal and State government’s social distancing measures undertaken in response to COVID-19, the Company cannot make a determination of how this will impact on the Company’s operations in the future however, the Company is currently on track with respect to planned capital investment and timings and will continuously monitor and review its operations and update the market accordingly.

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

### For further information:

Dr Michael Winlo  
CEO  
(08) 6559 2800  
[investors@emeraldclinics.com.au](mailto:investors@emeraldclinics.com.au)

Matt Wright  
Media/investor relations  
+61 (0) 451 896 420  
[matt@nwrcommunications.com.au](mailto:matt@nwrcommunications.com.au)

**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 results 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 represents 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")**

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	286	713
1.2 Payments for		
(a) research and development (includes allocated salaries)	(370)	(685)
(b) clinic operating costs (includes allocated salaries)	(519)	(1,457)
(c) advertising and marketing	(40)	(162)
(d) leased assets	(46)	(159)
(e) staff costs (unallocated salaries)	(376)	(1,059)
(f) administration and corporate costs	(461)	(926)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid	(3)	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	468
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,526)</b>	<b>(3,269)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(29)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(29)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,000	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	(606)	(743)
3.5	Proceeds from borrowings	-	-
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)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>5,394</b>	<b>5,707</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,162	2,609
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,526)	(3,269)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(28)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,394	5,707
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,018</b>	<b>5,018</b>

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	3,018	1,162
5.2	Call deposits	2,000	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,018</b>	<b>1,162</b>

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	418
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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,526)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,018
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,492
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	3.3

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: N/A

## 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: 30 April 2020

Authorised by: Simon Robertson  
(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.