

ASX RELEASE

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eSense Streamlines Expenditure to Increase Focus on Product Development and Commercialisation Initiatives

Investment Highlights

- **Initiated cost rationalisation and reallocation plan to streamline expenditure**
- **Renewed focus on opportunities in the rapidly expanding global medicinal and recreational cannabis markets**
- **Research & Development team are working on new products**
- **Ongoing commercialisation activities provide opportunities to expand product distribution to new global markets**

Life science company **eSense-Lab Ltd** ("**eSense**" or the "**Company**") (**ASX:ESE**) is pleased to announce that it has taken steps to streamline expenditure and increase its focus on product development and commercialisation activities.

Cost rationalisation and reallocation plan initiated

eSense has undertaken a thorough review of its expenditure and cost rationalisation and reallocation plans have been initiated by the Board. The focus of the plan is to streamline corporate and administration expenditure whilst reallocating funds to other areas. The Company has identified the commercialisation of the existing suite of products and the development of new products as the key areas of focus for this capital.

A reduction in overall expenditure of approximately US\$0.6m per annum compared to the previous year is expected initially, with further reviews being undertaken. Significant reduction in external consultancy fees has been identified as the predominant driver of the initial cost savings.

Focusing on core strengths: Research & Development

eSense has a very strong Research & Development (**R&D**) team and a state-of-the-art research facility. The R&D team is currently working on existing products as well as developing various new products, with further emphasis on medicinal and recreational cannabis opportunities.

The R&D team have been focused on demonstrating its capabilities for combining eSense's terpene blends with cannabis-derived raw material to produce a variety of end products for a number of market segments.

For example, e-liquids, lotions for skin care, lotions for inflammation, ointments for local pain and wound healing, lip balms, and edible sweets have been combined with the Company's terpene blends. Based on the terpenes' chemistry profile, the result is a strong aroma and flavour- enriched experience coupled with the medicinal benefits provided by the combination of terpenes and cannabinoids (CBD and other cannabinoids).

The R&D team is striving to deliver innovative new formulations and medicinal specificity through the combination of cannabinoids, terpenes and other natural compounds.

Commercialisation Focus

eSense has recently signed several distribution agreements as previously announced [ASX Announcements: December 6 2018 and February 7 2019]. These agreements with distributors are maturing and, as a result, the Company is receiving further orders. Discussions with the distributors have indicated that the products have been well received to date and further expansion of the distribution is expected over the coming months, as well as other market and product opportunities.

The Company is proactively seeking further commercialisation opportunities in different jurisdictions and markets. To support this expansion, eSense will be attending various trade conferences to further promote the suite of products that have been developed.

In addition to the growing global vaping market in which eSense is already active via the marketing of its e-juice under white label products, the Company is also exploring other commercialisation avenues. This includes the expansion of its operations in the CBD markets to terpenes that add the aroma and flavour of various cannabis strains to products such as cosmetics, edibles, beverages and more.

This year, CBD products reached \$367 million in sales and New Frontier, a CBD market intelligence company that monitors the industry, expects the market to be worth \$1.2 billion by 2020. According to the data, over 25,500 acres of land were devoted to growing hemp in 2017. The hemp was grown in 19 states and the majority (70%) was devoted to CBD.

"The U.S. CBD market is primed for expansive growth across its three primary sectors, hemp-derived CBD, marijuana-derived CBD and pharmaceutical CBD...We project that by 2022, each of these three sectors will account for approximately one-third of the \$1.9 billion total market," said Giadha Aguirre de Carcer, CEO of New Frontier Data.

Commenting on the update, eSense's Chairman Mr Piers Lewis, stated:

"The technical team here at eSense has developed products that are being extremely well received in the market. The focus of the Company is to develop viable commercialisation plans for the products that have been developed and tested. This commercialisation focus, coupled with continued investment into our talented R&D team leads to an exciting remainder of 2019. Further work in the rapidly expanding medicinal and recreational cannabis market is well underway.

The cost rationalisation and reallocation plans were essential for the Company as it moves forward in its life cycle. We believe eSense's funds are better spent on commercialising and further developing our products, rather than on administration and corporate overheads.

Additionally, the medicinal and recreational cannabis market is vibrant and going from strength to strength. We will be reviewing opportunities that complement our current activities."

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About eSense-Lab

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eSense-Lab Ltd (ASX:ESE) is a life sciences research and development company creating natural plant-based products that heal and delight. Headquartered in Israel, eSense-Lab combines genetics, mRNA, protein expression and phytochemical profiles to generate a comprehensive model of rare or high value plants.

With multi-disciplinary R&D expertise, unique reverse engineering capabilities and game-changing techniques that enable re-engineering the chemical composition found in plants, e-Sense Lab reformulates these for numerous commercial applications.

Cannabis is the first plant eSense is targeting for re-engineering. eSense is creating a cannabis plant that has all the characteristics of the real thing but does not contain the psychoactive and more heavily regulated cannabinoid compound.

To learn more about eSense-Lab, please visit www.esense-lab.com