

ASX RELEASE

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eSense-Lab signs binding joint venture agreement with Wise Wine to produce and sell terpenes infused sanitiser products

Investment highlights:

- eSense has entered into a binding joint venture agreement with West Australian wine maker and distiller, Sassey Pty Ltd (the owner of the Wise Winery)
- The JV company plans to produce a new range of liquid sanitisers infused with eSense's proprietary terpene mix
- JV company to place a first order of 2 million terpenes units for infusion into the sanitiser products (which will generate approximately US\$600,000 revenue for eSense)
- Further research is continuing into terpenes' anti-viral qualities to reduce the ethanol content in sanitisers

eSense-Lab Limited (**ASX:ESE**) ("**eSense**" or the "**Company**") is pleased to announce that it has entered into a binding joint venture agreement ("**JV**") with Sassey Pty Ltd (the owner of Wise Winery) ("**Wise**"), a family-owned wine company based in Eagle Bay in the northern Margaret River Wine region.

In response to a nationwide short supply of ethanol-based sanitisers, Wise recently started producing surface and hand sanitiser products using ethanol distilled from its own Chardonnay wine at its Eagle Bay distillery (wisewine.com.au/sanitiser/). Under the JV structure, Wise will broaden its sanitiser product offering to include ethanol sanitisers infused with eSense's unique terpenes.

Under the agreement, eSense will provide its proprietary terpene mixes to the JV, specifically chosen for their anti-viral qualities, and a cash contribution of up to \$200,000 for JV operational expenses and Wise will contribute up to \$200,000 of sanitiser ingredients (base alcohol sanitiser and packaging) to the JV. Wise will also contract manufacture the terpenes infused sanitiser products on behalf of the JV.

The deal will see the new products widely available through Wise's distribution network via its online store.

Wise has already shipped 1.1 litres of ethanol produced from its distillery to Israel for R&D testing and formulation by eSense in its Israeli laboratory. Completion of the formulation specifications is anticipated to occur within 90 days, following which the JV company will be incorporated and the parties will work together to commence manufacture, distribution and sales of terpenes infused sanitiser products as soon as practicable.

Since the start of Covid-19 Wise has been supplying Sanitiser to State and Federal Government including Hospitals, State and Federal Police, Schools and aged care facilities. Wise was able to develop sanitiser products because of its experience and knowledge in the production of wine based spirits – Gin, Brandy and Pisco. Wise General Manager, Greg Garnish, sees the addition of eSense's terpenes to create a broader range of products and an effective marketing and sales strategy.



Wise has been producing and selling wine for over 20 years. Wise's existing brand, proven sales strategy and channels means, in eSense's opinion, that its product is well positioned within the growing sanitiser market.

Is it not anticipated that the terpenes infused sanitiser products will require TGA approval because they will be classified as cosmetics (and therefore exempt).

The key terms of the JV agreement are:

- the agreement remains subject to certain conditions precedent, including mutual due diligence, receipt of any regulatory and shareholder approvals, and executing certain definitive agreements, including a shareholder's agreement, supply agreements, manufacturing and distribution agreement
- the JV company will be owned 50% by eSense and 50% by Wise;
- if required, eSense will make additional loan funds available to the JV for working capital purposes;
- eSense to supply terpenes to the JV, on a non-exclusive basis, for an Initial 10-year term;
- the JV will place an initial order of 2 million units of terpenes for infusion into the hand sanitiser products (equivalent to US\$600,000 in value). It is anticipated that this order will only be partially funded upfront to an amount of \$150,000 to \$200,000 and the balance of the order will be paid for from the proceeds of products sales;
- terpenes sanitiser products to be manufactured exclusively by Wise and supplied to the JV on a cost plus basis;
- the product is to carry Wise's premium recognisable branding; and
- the products are to be distributed by Wise and other distribution partners who are anticipated to be appointed in due course.

The transaction was introduced to the Company through EverBlu Capital Pty Ltd, the Company's corporate adviser. Everblu Capital Pty Ltd is not entitled to any fees in relation to this introduction.

Itzik Mizrahi, CEO of eSense, said "We are so pleased to be working with Wise Wines, a brand that we consider to be strong in Australia, to produce sanitiser products. The joint venture agreement validates eSense's updated commercialisation model as well as the growing recognition of terpenes and their unique and varied qualities. This binding agreement will see eSense's terpenes used in a premium product to be delivered straight to consumers."

Continued research into anti-viral qualities of terpenes

eSense's lab continues researching and testing its gel-based, alcohol-free sanitiser Examining terpene's anti-viral synergistic effects. Discussions are ongoing with several Israeli universities several universities, hospitals and virology labs to establish further testing and research into the exact nature of terpenes as an anti-viral.

About Wise Wine

Ron and Sandra Wise established Wise Vineyards in 1993. The Wise property spans 60 hectares of pristine coastline in the award-winning Margaret River Wine Region. They produce a range of wines and gin. The Wise Gin Distillery is the only Margaret River distillery distilling its own chardonnay and other grape varieties on-site as the base for spirits and its sanitisers.

This announcement has been authorised by the Board of Directors of eSense.



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eSense-Lab Ltd (ASX:ESE) is a life sciences company creating virtual plant-based products for medicinal and recreational consumption. Headquartered in Israel, eSense-Lab combines genetics, mRNA expression, phytochemical characterisation and unique formulations to generate comprehensive models of rare or high value plants. With multi-disciplinary research and development expertise, eSense has game-changing techniques and unique reverse-engineering capabilities, placing it at forefront of the growing international terpene market. eSense has created virtual cannabis, with all the characteristics of the real plant, without the psychoactive and heavily regulated cannabinoid compound, for mass consumer consumption.

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

