



## ASX RELEASE

ASX Code: ESE

28 February 2018

### ESENSE-LAB LIMITED - PRELIMINARY FINANCIAL RESULTS

Life sciences company **eSense-Lab Limited** (“**eSense**” or the “**Company**”) (ASX: **ESE**) is pleased to report its maiden Annual Financial Results for the period 1 January 2017 to 31 December 2017. This period marked the first year since the company listed on the Australian Securities Exchange (“ASX”), which occurred in February 2017.

During this period, the Company focused on development and upgrade of its plant profiling technology. eSense technology “reverse engineers” rare or high-value plants, and reconstructs the terpene profile of that plant, using alternate natural sources, in a more cost-effective and sustainable way.

Terpenes are naturally occurring compounds which account for the flavour and fragrance of plants. eSense’s technology creates a reconstructed terpene profile replicates the flavour, fragrance and other desired characteristics of the targeted plant to a similarity of 99.9%.

eSense’s initial focus has been on the cannabis plant, however future high-value target plants include ginseng, saffron and other medicinal plants and spices.

eSense CEO Haim Cohen said: *“I am very pleased with the technology achievements and unique breakthroughs we’ve made in the past year. eSense continually achieves new research and development heights with abilities to significantly strength our IP, as well as entering new opportunities in across revenue-generating markets.”*

*“Marketing-wise, we’ve approached various markets and signed significant MOU and Joint Venture agreements to assure we continue to generate revenue in the years to come.”*

eSense’s achievements during the past year included:

- Ongoing sales to Allor Vaporizers
- Binding sales agreement with Singapore ATM for distribution of eSense’s product line in Singapore, valued a minimum of US\$540,000 in the first 12 months
- Binding sales agreement with IC Access to develop products for the United Arab Emirates market (*announced in January 2018*)
- Joint Ventures with two beer manufacturers – Young Henry’s in Australia and Progressive Brands which has a brewery in Greece (*announced in January 2018*)
- Production of first prototype of terpene-infused chocolate in the USA
- Opening of new research and customer support facilities in Israel.

With a growing customer base and the agreements eSense has entered into since the start of the 2017 financial year, the Company is confident of generating revenue and delivering value to its shareholders. The Company expects to make further developments using its cannabis technology in 2018 as the medicinal cannabis industry continues to grow.

At 31 December 2017, the Company had cash on hand of US\$2.425 million.

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**FOR FURTHER INFORMATION:**

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**About eSense-Lab**

eSense-Lab Ltd (ASX: ESE) is a life sciences company specialising in the commercialisation of the phytochemical profiling of plants. The Company combines genetics, mRNA, protein expression and phytochemical profiles to generate a comprehensive model of rare or high value plants. eSense-Lab can then use this model to 'reverse engineer' a terpene profile, which is a naturally occurring formulation of different individual terpenes which together account for many of the plant's health and medical benefits, whilst also exactly replicating the flavour, fragrance and other desired characteristics of the targeted plant, at a more sustainable and cheaper cost

To learn more about eSense-Lab, visit [www.esense-lab.com](http://www.esense-lab.com)

**eSENSE-LAB LIMITED**

**ARBN 616 228 703**

**PRELIMINARY FINAL REPORT  
FOR YEAR ENDED DECEMBER 31, 2017**

**eSENSE-LAB LTD**

ARBN 616 228 703

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

# Appendix 4E

## Preliminary final report

### 1. Details of reporting period

Name of entity	eSENSE-LAB LIMITED
ARBN	616 228 703
Reporting Year	31 December 2017
Previous Corresponding Year	31 December 2016

### 2. Results for announcement to the market

Key information	12 months ended 31 December 2017 US \$'000	12 months ended 31 December 2016* US \$'000	Increase/ (decrease) %*	Amount change \$*
Revenues from ordinary activities	84	-	-	84
Profit/(Loss) from ordinary activities after tax attributable to members	(2,112)	(3,656)	-42%	1,544
Net Profit/ (Loss) for the period attributable to members	(2,112)	(3,656)	-42%	1,544
Net tangible asset/(deficiency) per share	\$0.031	\$(0.031)	-	-

\* On 13 April 2016 the Company was incorporated and registered in Israel for the year ended 31 December 2016.

### 3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached financial statements

### 4. Consolidated statement of financial position

Refer to attached financial statements

### 5. Consolidated statement of cash flows

Refer to attached financial statements

### 6. Consolidated statement of changes in equity

Refer to attached financial statements

### 7. Dividends/Distributions

No dividends declared in current or prior year.

## eSENSE-LAB LTD

ARBN 616 228 703

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

#### 8. Details of dividend reinvestment plans

N/A

#### 9. Details of entities over which control has been gained or lost during the period

N/A

#### 10. Details of associate and joint venture entities

N/A

#### 11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

Refer to 13. Commentary for results for period and Explanatory information and additional Notes following the preliminary report.

#### 12. Foreign entities

The Company is a foreign registered entity, refer to the financial statements.

#### 13. Commentary on results for period and explanatory information

eSense Lab Limited incurred a net loss from operations for the financial year ended 31 December 2017 of US\$2,112,000 (2016: US\$3,656,000 loss). The net cash outflow from operating activities for the financial year was US\$1,874,000 (2016: US\$ 267,000). At 31 December 2017, the company had a cash balance of US\$2,425,000 (2016: US\$477,000)

#### 14. Audit

This report is based on financial statements which are in the process of being audited.



**Mr Ilan Saad**  
**Non-Executive Chairman**

28 February 2018

**eSENSE-LAB LTD**

ARBN 616 228 703

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

**STATEMENTS OF FINANCIAL POSITION**

		<b>31</b>	<b>31</b>
	<b>Note</b>	<b>December</b>	<b>December</b>
		<b>2017</b>	<b>2016</b>
		<b>US \$ In thousands</b>	
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		2,425	477
Other receivables	2	212	191
<b>TOTAL CURRENT ASSETS</b>		<b>2,637</b>	<b>668</b>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment		152	4
<b>TOTAL NON-CURRENT ASSETS</b>		<b>152</b>	<b>4</b>
<b>TOTAL ASSETS</b>		<b>2,789</b>	<b>672</b>
<b>CURRENT LIABILITIES:</b>			
Derivative liability		199	-
Trade and other payables		375	337
Convertible loan		-	1,401
<b>TOTAL CURRENT LIABILITIES</b>		<b>574</b>	<b>1,738</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT):</b>			
Issued capital	3	5,832	439
Reserves		2,151	2,151
Accumulated losses		(5,768)	(3,656)
<b>TOTAL EQUITY (DEFICIT)</b>		<b>2,215</b>	<b>(1,066)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		<b>2,789</b>	<b>672</b>

**eSENSE-LAB LTD**

ARBN 616 228 703

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017****STATEMENTS OF COMPREHENSIVE LOSS**

		31 December 2017	31 December 2016
	Note	US \$ In thousands (except loss per share)	
Revenues		84	-
Cost of sale		45	-
<b>Gross profit</b>		<b>39</b>	<b>-</b>
<b>Operating Expenses</b>			
Selling and marketing expenses	4	423	-
Research and development expenses	5	294	258
General and administrative expenses	6	1,280	309
Share based payments expenses		63	2,403
<b>Operating loss</b>		<b>2,021</b>	<b>2,970</b>
Financial income		2	-
Financial expenses		93	686
<b>Total comprehensive loss for the period</b>		<b>2,112</b>	<b>3,656</b>
<b>Loss per share</b>			
Basic loss per share		(0.035)	(0.11)

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**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017****STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

	Issued Capital	Reserves	Accumulated Losses	Total
	US \$ In thousands			
<b>Balance at April 13, 2016 (Inception)</b>	-	-	-	-
Changes during the period:				
Issuance of shares	26	-	-	26
Share based payments	-	2,564	-	2,564
Exercise of employee stock options	413	(413)	-	-
Total comprehensive loss for the period	-	-	(3,656)	(3,656)
<b>Balance at December 31, 2016</b>	<b>439</b>	<b>2,151</b>	<b>(3,656)</b>	<b>(1,066)</b>
Changes during the period:				
Conversion of convertible loan to shares	1,538	-	-	1,538
Issuance of shares, net	3,792	-	-	3,792
Share based payments	63	-	-	63
Total comprehensive loss for the period	-	-	(2,112)	(2,112)
<b>Balance at December 31, 2017</b>	<b>5,832</b>	<b>2,151</b>	<b>(5,768)</b>	<b>2,215</b>



**eSENSE-LAB LTD**

ARBN 616 228 703

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017****STATEMENTS OF CASH FLOWS**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>US \$ In thousands</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the period	(2,112)	(3,656)
Adjustments to reconcile net loss to net cash Used in operating activities:		
Depreciation	8	-
Decrease (increase) in other receivables	70	(25)
Increase (decrease) in trade and other payables	(67)	337
Changes in fair value of convertible loan and derivative liability	164	674
Share based payments	63	2,403
<b>Net cash used in operating activities</b>	<b>(1,874)</b>	<b>(267)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(51)	(4)
Change in deposit	(159)	(5)
<b>Net cash used in investing activities</b>	<b>(210)</b>	<b>(9)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares upon inception	-	26
Convertible loan	21	727
Liability upon issuance of warrants	151	-
Issuance of shares, net	3,860	-
<b>Net cash provided by financing activities</b>	<b>4,032</b>	<b>753</b>
<b>Increase in cash and cash equivalents</b>	<b>1,948</b>	<b>477</b>
Cash and cash equivalents at the beginning of the period	477	-
<b>Cash and cash equivalents at the end of the period</b>	<b>2,425</b>	<b>477</b>

**APPENDIX – NON-CASH ACTIVITIES:**

Conversion of convertible loan into issued capital	1,538	-
Prepaid issuance costs	68	161
Acquisition of equipment	(105)	-

# eSENSE-LAB LIMITED

ARBN 616 228 703

## PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

### NOTE 1 – BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The Company has elected to present the statements of comprehensive income using the function of expense method.

### NOTE 2 – OTHER RECEIVABLES:

	December 31, 2017	December 31, 2016
Prepaid expenses	-	161
VAT authorities	35	17
Restricted deposit	165	5
Others	12	8
<b>Total</b>	<b>212</b>	<b>191</b>

### NOTE 3 – ISSUED CAPITAL:

#### Movements in fully paid ordinary shares

	2017	
	Date	Number
<b>Balance at inception</b>	<b>April 13, 2016</b>	5,338,334
Ordinary shares issued upon options exercise	November 21, 2016	472,000
Benefit shares (1:4.913827)	November 24, 2016	28,550,977
<b>Balance at end of the period</b>	<b>December 31, 2016</b>	<b>34,361,311</b>
Conversion of convertible loan	February 10, 2017	10,000,000
Issue of shares upon IPO	February 10, 2017	17,500,000
Issue shares for services rendered	September 29, 2017	300,000
Issue shares for placement	November 22, 2017	8,978,000
<b>Balance at end of the period</b>	<b>December 31, 2017</b>	<b>71,139,311</b>

Each Share of the Company confers upon the Shareholder:

- a) The right to one vote at a meeting of the Shareholders of the Company or on any Resolution of Shareholders;
- b) The right to an equal share in any dividend paid by the Company; and
- c) The right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

No dividends have been paid or declared by the Company since the beginning of the current reporting period.

**eSENSE-LAB LIMITED**

ARBN 616 228 703

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017****NOTE 4 – SELLING AND MARKETING EXPENSES:**

	December 31, 2017	Period from April 13 (inception) to December 31, 2016
Marketing	138	-
Consultants	133	-
Payroll and related expenses	88	-
Other expenses	64	-
<b>Total</b>	<b>423</b>	<b>-</b>

**NOTE 5 – RESEARCH AND DEVELOPMENT EXPENSES:**

	December 31, 2017	Period from April 13 (inception) to December 31, 2016
Raw materials	19	191
Payroll and related expenses	206	61
Patent	-	6
Consultants	17	-
Rent	8	-
Other expenses	44	-
<b>Total</b>	<b>294</b>	<b>258</b>

**NOTE 6 – GENERAL AND ADMINISTRATIVE EXPENSES:**

	December 31, 2017	Period from April 13 (inception) to December 31, 2016
Professional fees	288	186
Payroll, Directors and related expenses	250	87
Travel expenses	63	16
Management fee	219	-
Listing expenses	240	-
Other expenses	220	20
<b>Total</b>	<b>1,280</b>	<b>309</b>