

ASX RELEASE

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eSense-Lab signs joint venture agreement to develop and sell a new range of skin care, hair care and hand sanitiser products using terpenes

Investment highlights:

- eSense has entered into a binding joint venture agreement with 100% Australian-owned ANC Enterprises Pty Ltd
- Under the agreement, the Company plans to produce a new range of skin care, hair care and hand sanitiser products with eSense's proprietary terpene mix
- Further research is continuing into terpenes' anti-viral qualities to reduce the ethanol content in sanitisers
- 700,000 initial unit order of ESE's propriety terpene mixes to be split as into the following under the JV
 - 500,000 ESE terpene infused hand sanitiser units
 - 100,000 ESE terpene infused Skin care units
 - 100,000 terpene infused hair care products

eSense-Lab Limited (**ASX:ESE**) ("**eSense**" or the "**Company**") is pleased to announce that it has entered into a binding Joint Venture ("**JV**") with ANC Enterprises Pty Ltd ("**ANC**"), a manufacturer and wholesaler of high-quality Australian-made cosmeceutical products. The deal will see ANC formulate and manufacture a range of skin care, hair care and hand sanitiser products containing eSense's proprietary terpene mixes.

Under the agreement, eSense will provide specific terpenes uniquely developed for each product category and ANC will manufacture the resulting products.

ANC has had over 10 years of operating history and has significant experience in manufacturing unique products for uses including skincare, sports and nutritional supplements, infant milk powders, bath salts, essential oils and pharmaceuticals. Their 100% owned, 600 square-metre GMP certified facility is capable of producing 16,000 – 20,000 bottles from two 8-hour shifts per day, leading to 5 million bottles produced annually.

ANC currently manufactures natural plant focussed products including New Age Botanicals™, a skin-care brand which contains no artificial colours or ingredients. The range includes regenerating creams, nourishing creams, face masks and vitamin C creams.

ANC has invested heavily in innovative equipment and continues to make improvements to their processes so as to minimise waste and efficiently deliver more output to meet consumer demand from its GMP certified facilities. ANC operates a team of 6 full-time employees and between 10-20 casual employees at any one point in time.

ANC's existing product range can be found on its website at www.ancenterprises.com.au.

"The addition of eSense's terpenes allows us to manufacture products with an added layer of potential therapeutic benefits. We are excited to have access to eSense's terpene technology which will broaden and enhance the products we can make", said **Alex Blagojevic, CEO of ANC**.



The key terms of the 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 shareholders' agreement, supply agreements, manufacturing and distribution agreement
- the JV company will be owned 95% by eSense and 5% by ANC, based on an initial cash contribution to the JV of \$95,000 by eSense and \$5,000 by ANC;
- ANC shall have a 12 month option to increase its holding to 50% through an additional capital contribution. The amount that ANC will pay to acquire such shares will be \$90,000 after 1 month and increase by \$10,000 each calendar month thereafter, eg. if ANC exercises its option after 6 months, it will pay \$140,000;
- if required, eSense will make additional loan funds available to the JV for working capital purposes;
- eSense will supply terpenes to the JV Co for an Initial 10-year term on a cost plus arrangement;
- ANC will grant JV Co a royalty-free, irrevocable, perpetual, license for use throughout the world of any formulations, service marks, trademarks and trade names for the products produced for the JV purpose, provided the JV Co pays ANC a formulation fee for any product it develops. This fee will be agreed between ANC and the JV Co before the commissioning of any new products;
- on formation of the JV Co, the parties have agreed that the following minimum initial orders will be made:
 - 500,000 units of Terpenes for hand sanitiser
 - 100,000 units of Terpenes for skin care
 - 100,000 units of Terpenes for hair care

These minimum orders are based on the anticipated initial production run for products to be undertaken by the JV Co. Whilst the detail has not been agreed as yet, ESE anticipates that the payment terms for the supply of Terpenes to the JV Co will operate prior to sales occurring. It is anticipated the JV will pay \$100,000 upfront for the Terpenes and remainder upon sales occurring; and

- terpenes based skin care, hair care and hand sanitiser products to be manufactured exclusively by ANC under a cost-plus arrangement.

ANC was introduced to eSense-Labs Limited through EverBlu Capital. EverBlu was not paid any fees in relation to this transaction.

Itzik Mizrahi, CEO of eSense, said "ANC seemed like an obvious partner for eSense to further diversify its product offering. Its passion for natural, ethically made products aligns with our company's ethos and goals. The joint venture agreement validates eSense's updated commercialisation model as well as the growing recognition of terpenes and their unique and varied qualities in more markets. This agreement will see eSense's terpenes used in a premium Australian-made 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 with promising results of 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 ANC Enterprises Pty Ltd

Established in 2012, ANC Enterprises offers full-service contract manufacturing for products from creation of the formulation, packaging, design and manufacturing for third parties. ANC's proprietary products include sports and aged care supplements under the Crown Supplements™ and Isohealth™ brands, skincare products under the New Age Botanicals™ brand and soy candles, soaps, essential oils and herbal extracts under the Crown Collections™ brand.

ANC manufactures its products at its manufacturing facility in Victoria, Australia.

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.

