

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement
18 September 2024

ECS Botanics to exclusively manufacture and sell Terphogz™ Medicinal Cannabis product range in Germany, Australia and New Zealand

Key highlights

- ECS to manufacture and supply under exclusive eight-year license, a range of Terphogz genetics' medicinal cannabis products for distribution across Germany, Australia and New Zealand
- Terphogz range - including "The Original Z™ (Zkittlez)" and its sought-after crosses - to launch in Germany under a B2B model and in Australia through a direct-to-consumer channel

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), is pleased to advise that it has entered into a binding Intellectual Property License and Services Agreement (**License Agreement**) with California based Terphogz LLC whereby it has been granted an exclusive eight-year license to manufacture and supply a range of Terphogz™ cannabis products for distribution in Germany, Australia and New Zealand.

Terphogz™ is an award-winning cannabis breeding group from Mendocino County, California. It owns a genetic library that is known for creating the popular cannabis strain "The Original Z™ (Zkittlez)". The unique terpene profile of "The Original Z™ (Zkittlez)" and its crosses makes them some of the most sought-after and desirable strains in the cannabis industry, and as such they have won many awards in multiple categories including numerous 1st place trophies at competitions such as The Emerald Cup.

The License Agreement leverages ECS' cultivation capabilities, licensed GMP facilities and global reach, along with Terphogz genetics, product portfolio, and brand to provide patients access to genetics and products previously limited to Californian medical and recreational markets. The collaboration with Terphogz™ aligns with ECS Botanics' ongoing strategy to broaden its portfolio and bring world-class cannabis products to the markets it operates in.

ECS intends to leverage its existing in-country relationships to access an established distribution network in Germany, where the cannabis market is forecast to reach \$7.4 billion by 2033¹, and where the Terphogz brand is already well-known and respected.

In Australia, ECS will launch Terphogz under a new direct-to-consumer channel. While relatively unknown in the emerging \$594 million² Australian medical cannabis market, demand is anticipated to

¹ <https://www.sphericalinsights.com/reports/germany-legal-cannabis-market>

² Statista Jul 2023



establish over time due to its current popularity in established markets. The most appropriate channel for New Zealand is still to be determined.

ECS Managing Director, Nan-Maree Schoerie commented:

"We are delighted to partner with Terphogz to bring The Original Z and other unique Terphogz products to a global market. The recent regulatory change in Germany provides a great opportunity to introduce the Terphogz GMP-certified products to patients, providing them access to one of the world's most iconic cannabis brands, with the assurance that it is produced under stringent quality standards.

"This partnership enables ECS to provide German, Australian and New Zealander patients access to high-quality medicinal cannabis with the unique Z terpene profiles and associated therapeutic benefits. Equally important is the shared values and commitment that ECS has with the Terphogz team, which provides a great foundation for a strong and long-term partnership.

Terphogz Managing Director, Jon "Jondo" Orantes said:

"We are so thrilled to have organically found a partner in ECS, who also cultivate organically to the highest standards, with living soil, just as our patients and followers have come to expect from us stateside.

Most importantly we really like the team at ECS, some of which we have known for many years, making this a great opportunity for us, as well as patients in emerging markets worldwide to taste the strains!"

Key Terms of License Agreement

Parties: ECS Botanics MC Pty Ltd and Terphogz LLC

Term: 5 years with automatic renewal of 3 years

License: Terphogz LLC grants an exclusive license for use of the intellectual property of Terphogz in connection with the Agreement.

Marketing: Terphogz to undertake, at Terphogz cost, marketing to support the sale of products in all territories.

Fees: ECS will pay Terphogz a 20% royalty and profit share of ECS' receipts from sales of Terphogz products.

Termination: Mutual termination rights customary for an agreement of this nature relating to breach, bankruptcy or government intervention.

If, after 18 months of active marketing in a territory, the financial returns are less than 50% of the projected amount, and no remedy is implemented within a 3-month cure period, either Party may request termination of the agreement in that territory.

Authorised on behalf of ECS Botanics Holdings Ltd by Nan-Maree Schoerie, Managing Director.



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ECS Botanic Holdings Ltd is an Australian medicinal cannabis cultivator and manufacturer located in Northwest Victoria. ECS utilises progressive and innovative cultivation methodologies to produce high quality medicine in a sustainable way, adopting regenerative and organic horticultural practices and renewable energy sources. Licenced by the Australian Therapeutic Goods Administration to manufacture GMP (equivalent to PIC/S, EU agencies are all PIC/S members) certified products, ECS has become a leading provider of high-quality, affordable medicinal cannabis.

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