

## COMMUNICATION TO SHAREHOLDERS

January 8, 2021.

Dear friends and partners,

We hereby inform that a new raising of funds – investment by means of convertible debt – will be carried out by February 2021.

Our financial planning from August/September 2020 anticipated the company's expenditure needs up to the beginning of the following year (Jan/Feb 2021) when we expected to have all the licenses needed to start exporting. The outstanding licenses were granted in October (MSP Registration) and November (IRCCA's Manufacturing license), 2020.

In the course of November 2020 we started a small-scale production of extracts to fulfill MSP's requirements to validate our local GMP certification. At the same time, we made an inquiry to the Ministry of Industry about the export of small batches to Brazil (proposed to Dec/2020-Jan/2021). We were then informed that the Uruguayan National Tax Code had no guidelines for our product – Meroflex, which contains THC. Therefore, we had to hire lobbyist lawyers to facilitate the creation of a code to the product in order to enable our exports and E-commerce.

Due to the company's expenditure needs as of February/March 2021 and the unpredictability of Uruguay's bureaucracy regarding our request to create a new product code in the National Tax Code, we need to raise funds to cover our financial needs for the entire first semester of this year.

In Portugal, we are negotiating a bank loan of up to EUR 2 million to finance our local project. In Uruguay, we have approximately 400 kilos of flowers in stock (and already started our 4<sup>th</sup> harvest) but we have not yet had a firm offer for the flowers, which consequently are still due to be processed. For all the above reasons, we need to raise funds to secure our operation in the first semester of 2021. We have received an inquiry from a third party interested in investing in the company (equity). The parameter for investment was provided according to the figures from our Business Plan released in March 2020 when the group of companies (Burey S/A and Grünelabs Lda) was valued at USD 111,3 Million. The potential investor thus offered **EUR \$550,000 for 1% (hum percent)** of the GRÜNE GROUP and is ready to start transferring the funds in February 2021.

In compliance with our Shareholders Agreement we give priority right to our shareholders in case any one of them is interested in investing those funds to acquire the aforementioned share of the Company. If this is the case, we ask that the interested partner notify us as soon as possible.

Best regards,

Sergio Merofa Junior -CEO