



Dear fellow shareholders,

First of all, as CEO of the HAPA pharm Group, I would like to thank you for your trust and patience as shareholders over the last few years. HAPA pharm Group is 100% owned by European Cannabis Corporation Limited.

Like many businesses in our sector, it has been a long journey of adapting our business strategy to changes in the regulatory rules, but also in more recent times to the challenges of the COVID pandemic in our two main sites of operation – Germany and Macedonia. In the last 12 months in particular, the COVID pandemic has demanded a lot from us and the HAPA Group was hit just as hard. Among other things, our planned EU-GMP audit from Germany could not take place and some pending projects could not be completed. Therefore, the company strategy had to be adjusted.

We have overcome many hurdles in the pharmaceutical cannabis world over the past three years, so we knew that this was just one more hurdle that we must use to our advantage.

What have we done regarding this in the HAPA Group over the past 12 months:

NORTH MACEDONIA:

Many of our ambitious goals were planned in North Macedonia (NM) and have now been successfully implemented with delays. The team around Dimitar Miladinov as GM did an excellent job here and thus ensures a continuous supply chain with flowers and extracts for us and this will be the basis for our success in the next few years. A flexible and continuous supply of our products will be an immense competitive advantage, especially for the European market.

What kind of crucial assets do we have in NM:

- Since March this year we have a 100% HAPA owned producing GMP compliance and GACP certified Greenhouse facility with a total annual capacity of 15 tons of dried cannabis flower located in Spanchevo, Macedonia;
- We have a 55% controlling interest in a GMP certified CO2 extraction facility that started the first THC extraction of our own flowers this month in May2021 located in Skope, Macedonia;
- We have 85 trained employees, some with an agricultural science background, in our greenhouse facility;
- We have 8 pharmaceutical employees working in our 55% owned CO2 extraction facility; and
- We have 15 qualified employees, mostly with pharmaceutical training, at the HAPA-NM headquarters.

Further optimisations are planned in our production facilities in NM over the next 12 months. After the successful import to Germany and the sale of our products in the EU imminently, we will begin the necessary upgrades and developments to reach our target of 15 tpa production of dried cannabis flower. These optimisations will ensure our know-how advantage over our competitors and will mean we can ideally expand the facility to up to 60 greenhouses should we chose to and the market permits.



Current crop in production at HAPA 100% owned Growth Facility Spanchevo, NM.



Dried flower at HAPA 100% owned Growth Facility Spanchevo, NM.



Current crop HAPA 100% owned Growth Facility Spanchevo, NM.



Facility located at Spanchevo being 1 hour from the capital city of Skopje and 1 hour from the International Airport. Land directly to the North of the Facility is company owned allowing for up to a total of 60 Greenhouse expansion. Small local towns provide a stable workforce.



Macedonian greenhouse facility – 10 x Greenhouses, 1 x Plant & Equip, 1 x Mother Room in Spanchevo, NM.



Internal working corridor of the greenhouses.



55% company owned extraction facility built to EU GMP spec in Skope, NM.



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GERMANY

What have we achieved in our headquarters in Germany, a lot!

- We have the pharmaceutical wholesale license as well as the necessary and important narcotics license and at the same time also have the manufacturer's license. All important fundamentals to even be able to put our products on the EU market at all.
- We have a professional team of currently 12 employees, mostly with a pharmaceutical background, who meet all the necessary legal requirements for the most important sales market in the world - Germany.
- We have been selling our HAPA THC test strips to pharmacies very successfully in Germany since the middle of last year. Due to higher demand, we will add a CBD test strip to the HAPA portfolio next month.
- We are now in the final steps of importing our products. We expect that we will bring our first 200kg THC flowers and around 15,000 60 ml bottles of THC extracts to Germany in July 2021. It is planned to produce and import to Germany a further 800kg of THC flowers this calendar year.
- Now that the COVID-19 pandemic is weakening in the EU, little stands in the way of our success as a pharmaceutical cannabis company and we will use the next 12 months to get to know Germany, the most important sales market in the EU, if not worldwide, and to become one of Europe's most important players in the medical cannabis market.

FUNDING/IPO

The business is fully funded through to first production, post which we will evaluate the options for a liquidity event into a suitable market. At this stage we are unsure what location this may be and what this event looks like. Once COVID eases in Europe further, we will begin discussions with relevant parties.

Kind Regards,

A handwritten signature in blue ink, appearing to read 'Ricardo Pendon', is written over a light blue horizontal line.

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