



North Macedonia Cannabis Growing Facility

**Exporting to the European Union, United Kingdom,
Canada, South Africa, South America, and Australia**

Financial Highlights Excerpt

June 2023

Not for Distribution

6. Financial Highlights

6.1 Revenue Model

SIGMA’S BUSINESS PLAN FOR THE NEXT 24-48 MONTHS is to focus on establishing itself as one of the best hydroponic, high-productivity, and high-quality growers of cannabis plants, in the market provided by its North Macedonia growing license and GMP certification, supplying the flower and capsule needs of third-party offtakers, with the ability to export to 46 countries worldwide with a combined population of more than 1 billion people.

Sigma therefore expects to generate the bulk of its revenue from a small number of select clients with which it will establish long-term business relations.

Table 6.1 below describes the estimated 5-year revenue profile for its Phase 1 North Macedonia facility per product¹.

Table 6.1: SPS North Macedonia revenue profile

Macedonia - revenue profile est.					
(\$'000s)	2023	2024	2025	2026	2027
Flower output (lbs)	300	2,000	12,000	12,000	16,000
Flower price (\$)	\$ 1,125	\$ 1,170	\$ 1,217	\$ 1,265	\$ 1,316
(\$'000s, below)					
Flower revenue	\$ 337	\$ 2,340	\$ 14,601	\$ 15,185	\$ 21,056
Capsules revenue	\$ -	\$ 585	\$ 3,650	\$ 3,796	\$ 5,264
Total revenue	\$ 337	\$ 2,925	\$ 18,251	\$ 18,981	\$ 26,320

6.2 Funding Requirements, Sources and Uses of Funds

TABLE 6.2 BELOW DETAILS THE ESTIMATED SOURCES AND USES OF FUNDS for completing Sigma’s Phase 1 North Macedonia Facility:

¹ All revenue projections, including forward-looking statements, are based on *VK Premium Medical Marijuana* 2020 European Union (EU) domestic and imported prices and price trends (see footnotes on page 4).

Table 6.2 Sigma sources and uses (est.)

SOURCES		
Requested Investment		\$ 1,000,000
Total Sources		\$ 1,000,000
USES		
<i>Current Obligations</i>		
Payments to vendors, workers		\$ 56,500
Rent - Dec 2022 - July 2023		\$ 96,000
<i>North Macedonia</i>	Monthly	12 Months
Construction worker & labor payroll	\$ 6,000	\$ 72,000
General manager - American	\$ 5,000	\$ 60,000
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 12,000
Pharmacist	\$ 1,000	\$ 12,000
Aronomist	\$ 1,500	\$ 18,000
Labor	\$ 15,000	\$ 180,000
Equipment: HVAC system, grow lights, growing tables and structures	one time	\$ 91,000
Seedlings	one time	\$ 5,000
Security	\$ 5,000	\$ 60,000
Rent, taxes, insurance	\$ 24,000	\$ 288,000
Utilities	\$ 1,000	\$ 12,000
Shipping expenses	\$ 625	\$ 7,500
Operating expenses	\$ 2,500	\$ 30,000
Total Uses	\$ 62,625	\$ 1,000,000

6.3 Financial Projections

TABLE 6.3 BELOW SHOWS ESTIMATED INCOME STATEMENT PROJECTIONS for the Phase 1 North Macedonia growing facility. The projections show performance to EBITDA before (i) interest on debt, (ii) excise and sales taxes, (iii) depreciation, (iv) loan repayments, (v) local, federal, and country level income taxes, and (vi) central corporate expenses.

Table 6.3: SPS North Macedonia income statement (est.)

Macedonia - income statement est.						
(\$'000s)	2023	2024	2025	2026	2027	
Revenue ¹	\$ 337	\$ 2,925	\$ 18,251	\$ 18,981	\$ 26,320	
Expenses ²						
Labor	\$ (142)	\$ (398)	\$ (1,406)	\$ (2,014)	\$ (2,923)	
Supplies	\$ (8)	\$ (80)	\$ (480)	\$ (720)	\$ (1,080)	
Utilities	\$ (4)	\$ (100)	\$ (344)	\$ (516)	\$ (774)	
Shipping & delivery	\$ (3)	\$ (30)	\$ (180)	\$ (240)	\$ (300)	
Compliance	\$ (5)	\$ (100)	\$ (120)	\$ (150)	\$ (200)	
Rent, insurance, maint.	\$ (150)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	
Security	\$ (18)	\$ (96)	\$ (100)	\$ (104)	\$ (108)	
Total costs & expenses	\$ (330)	\$ (1,054)	\$ (2,880)	\$ (3,994)	\$ (5,635)	
EBITDA	\$ 7	\$ 1,871	\$ 15,371	\$ 14,987	\$ 20,685	

Notes:

¹ and ² See footnotes on page 14

6.4 Return on Investment

Table 6.4: Projected Return on Investment

	4% Inflation				
	2023	2024	2025	2026	2027
REVENUE¹					
Flower Produced (pounds)	300	2,000	12,000	12,000	16,000
Flower Price Per Pound	\$ 1,125	\$ 1,170	\$ 1,217	\$ 1,265	\$ 1,316
Flower Revenue	\$ 337,479	\$ 2,339,854	\$ 14,600,691	\$ 15,184,719	\$ 21,056,144
Edibles (capsules)	\$ -	\$ 584,964	\$ 3,650,173	\$ 3,796,180	\$ 5,264,036
Cartridges	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 337,479	\$ 2,924,818	\$ 18,250,864	\$ 18,980,899	\$ 26,320,180
EXPENSES²					
Legal & Accounting	\$ 5,000	\$ 100,000	\$ 120,000	\$ 150,000	\$ 200,000
Rent, taxes, insur., maint.	\$ 150,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Pharmacist	\$ 18,000	\$ 24,000	\$ 24,960	\$ 25,958	\$ 26,997
Agronomist	\$ 12,000	\$ 18,000	\$ 18,720	\$ 19,469	\$ 20,248
Security	\$ 18,000	\$ 96,000	\$ 99,840	\$ 103,834	\$ 107,987
General Mgr. (American)	\$ 60,000	\$ 120,000	\$ 124,800	\$ 129,792	\$ 134,984
Asst. GM (Macedonian)	\$ 12,000	\$ 36,000	\$ 37,440	\$ 38,938	\$ 40,495
Labor	\$ 40,000	\$ 200,000	\$ 1,200,000	\$ 1,800,000	\$ 2,700,000
Armored Delivery + Shipping	\$ 3,000	\$ 30,000	\$ 180,000	\$ 240,000	\$ 300,000
Taxes					
Utilities	\$ 4,000	\$ 100,000	\$ 344,000	\$ 516,000	\$ 774,000
Supplies	\$ 8,000	\$ 80,000	\$ 480,000	\$ 720,000	\$ 1,080,000
Total Expenses	\$ 330,000	\$ 1,054,000	\$ 2,879,760	\$ 3,993,990	\$ 5,634,710

to be added in Phase 2

	2023	2024	2025	2026	2027	
EBITDA	\$ 7,479	\$ 1,870,818	\$ 15,371,104	\$ 14,986,908	\$ 20,685,470	= \$ 52,921,780 5 yr EBITDA
Sales and excise taxes ³	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation (no deduction)	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	\$ -	
Earnings Before Taxes	\$ 7,479	\$ 1,870,818	\$ 15,371,104	\$ 14,986,908	\$ 20,685,470	
Corporate Income Tax: 10%	\$ -	\$ 187,082	\$ 1,537,110	\$ 1,498,691	\$ 2,068,547	
NET EARNINGS (estimated)	\$ 7,479	\$ 1,683,736	\$ 13,833,994	\$ 13,488,218	\$ 18,616,923	= \$ 47,630,350 5 yr Net Earnings
Margin	2.2%	57.6%	75.8%	71.1%	70.7%	

Footnotes for Tables 6.3 and 6.4:

¹ Flower revenue projections are based on a report by VK Premium, a medical cannabis consulting firm based in Athens, Greece, *European Medical Cannabis Market - Trends & Opportunities 2020* (<https://www.vkmedicalcannabis.com/european-medical-cannabis-market-trends-and-opportunities-in-2020/>). The revenue, EBITDA, and net earnings projections in this model are based on the average 2019 wholesale price set by the German government for the purchase of domestically grown medical cannabis (rather than the higher price for cannabis imported from North Macedonia). This price is €2.30 per gram (with 453.592 grams per pound and an exchange rate of €1:\$1.07), i.e., \$2.48 per gram -- or \$1,124.93 per pound -- for standard quality cannabis. The 2019 purchase price for imported cannabis was €4 (\$4.36) per gram, or \$1,997.70 per pound. **The \$1,124.93 price per pound is what is used in these calculations.** VK Premium notes that the Office of Medical Cannabis in the Netherlands "typically sells cannabis flower for between 5.40 and 5.80 euros per gram plus value-added tax (VAT)," which equates to \$2,620.86 to \$2,814.99 per pound. Prices of imported cannabis are projected by VK Premium to increase to €7 (\$7.63) per gram, or \$3,460.97 per pound, based on accelerating demand for medicinal marijuana and the trend toward the legalization of recreational marijuana in several EU countries. This price projection is borne out by a June 2021 report by The European Monitoring Centre for Drugs and Drug Addiction in Lisbon, Portugal (https://www.emcdda.europa.eu/media-library/cannabis-price-and-potency-european-union-updated-june-2021_en), for which the minimum price of herbal cannabis was €5 at the time of the report, with high quality cannabis selling for €13 - €20 per gram. **None of these potential higher prices are used in this model. Annual increases are based on a 4% per year increase of the 2019 domestic wholesale price of \$1,124.93 per pound.**

Edible (capsule) revenue estimates are based on one-half of projected output at wholesale domestic prices.

² **Because of North Macedonia's extremely low labor, utility, tax, and operating costs, which average 21% of revenues at full operation, ROI is greatly enhanced.** Expense estimates are based on prevailing costs in North Macedonia, including actual costs experienced to date by the project developer.

Footnote for Sales and excise taxes, above:

³ As a wholesale seller, Sigma is not subject to Macedonia's 12% sales tax, which is levied only on retail cannabis sales. There is, as yet, no excise tax on cannabis, only a 10% corporate tax on revenues

Projected Return

Equity Share of Year 1-5 Net Earnings for \$1,000,000 Investment

Projected Earnings	Equity	Equity Earnings Years 1-5	Average Annual Earnings	
North Macedonia	10.0%	\$ 4,763,035	\$ 952,607	Average annual return: 0.95 x \$1,000,000