



# **North Macedonia Cannabis Growing Facility**

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

## **Project Plan**

**May 2024**

**Not for Distribution**

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*Cover image: cannabis flowers*<sup>1</sup>

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<sup>1</sup> Source: Adobe Stock Images (licensed)

## 1. Executive Summary

**GOLD LEAF EUROPE LLC** (“Gold Leaf” or the “Company”) is a new venture created for pursuing the high-growth legal cannabis opportunities in Europe and around the world.

✦ **Gold Leaf’s growing license and Good Manufacturing Practices (GMP) certification** (click [here](#) to view the requirements and advantages of its GMP certification) **allow it to sell cannabis and cannabis products in 46 countries, including the European Union, United Kingdom, South Africa, South America, Australia, and Canada, with a combined population of 1 billion people.**

Gold Leaf has perfected the production of hydroponically grown cannabis in state-of-the-art growing facilities to produce high-quality cannabis flower at scale for regulated sellers of medicinal and recreational cannabis products, as described in **Sections 1.1 and 4** below.

Gold Leaf’s first facility is the first of four phases located in Skopje, the capital city of the Republic of North Macedonia, which is surrounded by Bulgaria, Greece, Serbia, Kosovo, and Albania in southeastern Europe.

Gold Leaf’s growing license was approved by the North Macedonia Legislature and issued by the North Macedonia Ministry of Health, which regulates cannabis cultivation, processing, and sale, on December 21, 2023.

✦ **It is the only growing license issued by North Macedonia in 2023.** You may view the license [here](#).

✦ **It also is one of only three GMP certified growing facilities in North Macedonia.**

**Gold Leaf is seeking a \$1,600,000 USD investment to complete the first phase of its North Macedonia growing facility and place it in operation.**

The growing license requires that Gold Leaf immediately order the balance of the equipment to complete the Phase 1 facility (the building, security fences, security systems, and utility hookups are in place), make timely payment for security, utilities, rent, taxes, insurance, construction workers, laborers, and employees.

The facility also must be in full operation and producing cannabis by mid-summer 2024, which means **it will be revenue producing in six months**. If these requirements are not met, on time, the growing license will be revoked.

✦ **The market into which Gold Leaf can sell its products is poised to become the world's largest and fastest growing.**

There is increasing demand for medical marijuana throughout the United Kingdom and EU. Several EU counties are moving toward the legalization of recreational marijuana, led by Malta, Luxembourg, and Georgia (which is pending acceptance into the EU), and most recently, as of April 1, 2024, Germany. Other countries, such as Switzerland, Spain, France, and the UK, are debating the issue.

A potential buyer, a large, multinational pharmaceutical firm, tested samples from Gold Leaf's pilot plant facility in late 2020 and found them to be of a higher quality and to contain higher levels of THC than any previous samples it had tested (see the [Laboratory Test Results](#)).

A broker for the pharmaceutical firm reached out to Gold Leaf immediately after its license was issued at the end of 2023 to negotiate **the purchase of 100% of the output from Phase 1**.

The initial output will be distributed in the United Kingdom for the first 12 months of the purchase agreement. It will be expanded to a long-term agreement encompassing all subsequent phases, providing that the samples produced by the full-size commercial facility match the test results from the pilot plant samples.

✦ **These results were obtained by Gold Leaf's re-design of existing lighting and equipment and modification of existing growing methods to maximize results.**

**KNOWING HOW TO DO THIS IS GOLD LEAF'S COMPETITIVE STRENGTH.**

## 1.1 Competitive Advantages

**THE COMBINATION** of the management's focus on becoming one of the most reliable, industrial-scale producers of high-quality cannabis plants plus the industry's high-growth make Gold Leaf a unique investment opportunity early in a young industry with enormous potential. The company's competitive advantages include:

- ✦ **Better growing technique** aimed at higher quality and volumes. Gold Leaf’s “controlled-environment agriculture” hydroponic practices focus on three key productivity factors:
  - Light
  - Environment
  - Nutrients
  
- ✦ **Gold Leaf’s business plan** concentrates on:
  - Flower and biomass production, avoiding the costs and distractions of retail product manufacturing and markets
  - An attractive market where the Gold Leaf’s first growing facility has passed inspection for issuance of a growing license that allows for exports to legal, licensed dealers in 46 countries
  
- ✦ **Strong growth** opportunities: young industry offering multiple avenues for expansion (e.g., new geographies, new products, vertical integration, and consolidation), both organically and via mergers and acquisitions
  
- ✦ **Experienced team** in the set-up and operation of successful hydroponic and aquaponic growing systems

## 2. Company Overview

**GOLD LEAF WAS ESTABLISHED BY ED CICHON** (the “Principal”), an experienced operator in the sector (see **Section 5 Management Team**, below). Gold Leaf’s plan is to focus activities on two areas that it considers the most attractive starting point:

- ✦ **LOWER PRODUCTION**, aimed at the production of high-quality cannabis flower for medicinal and recreational market applications<sup>2</sup>.
- ✦ **CAPSULES (EDIBLES)**, aimed at the production of slow-release dietary/medicinal supplements (pain relief, sleeping aides, etc.), as well as capsules for recreational users.

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<sup>2</sup> It is estimated that c.63% the global marijuana market in 2016 came from marijuana buds (flowers). By the end of 2025, it is estimated to still represent a majority of the market at c.56% (\$83 billion in value).  
*Source: Finances Online / Grand View Research, 2020.*

**Figure 2: Gold Leaf target products <sup>3</sup>**



Flower will be sold to other businesses (either engaged in the retail side of the business or the processing of cannabis material).

Gold Leaf's market approach with capsules will be to serve the "mature" cannabis consumers, with a high-quality, differentiated product and experience (as opposed to the "immature" segment of the market which emphasizes quantity rather than quality).

**Through its research, Gold Leaf believes that there are currently no comparable, powder-based THC capsules in the market, in the U.S. or EU.**

**In addition, Gold Leaf has a two-plus-year plus lead on any comparable product competitor <sup>4</sup>.**

<sup>3</sup> Adobe Stock images (licensed)

<sup>4</sup> PSL's production process (see **Section 5 Management**) is proprietary and confidential, yet not patented. Related IP opportunities (and threats) are to be evaluated by Gold Leaf.

*In this respect, Gold Leaf's strategy is akin to providing a top-line single-malt scotch (as opposed to a market-average blend).*

*As an indication of market use and potential, according to market surveys, 71% of consumers say they use cannabis for wellness purposes. Of this group, 53% claim that their use of over the counter (OTC) pain treatments has reduced, while 18% say they have stopped using OTC pain treatments completely.*




### 3. Market Analysis

#### 3.1 EU Cannabis Market Overview

**THE EU CANNABIS MARKET IS ONE OF THE YOUNGEST AND FASTEST GROWING INDUSTRIES IN THE WORLD.**

At the European market level, where Gold Leaf intends to participate via its North Macedonia facility, industry acceptance and growth stories are playing out.

According to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), and as shown in **Figure 3.1-1** below, **the average cannabis prices in Europe range from €5 per gram to more the €20 per gram:**

-  Cyprus, the Republic of Ireland, and Estonia are the highest (more than €20 per gram, or **more than \$9,706.87 per pound**)
-  Norway and Greece are the next highest (€15 to under €20 per gram, or **\$7,280.15 to under \$9,706.87 per pound**)
-  Sweden, Latvia, Germany, Austria, and Slovenia are the third highest (€10 to under €15 per gram, or **\$4,853.43 to under \$7,280.15 per pound**).

Wholesale prices are approximately half of these retail prices.

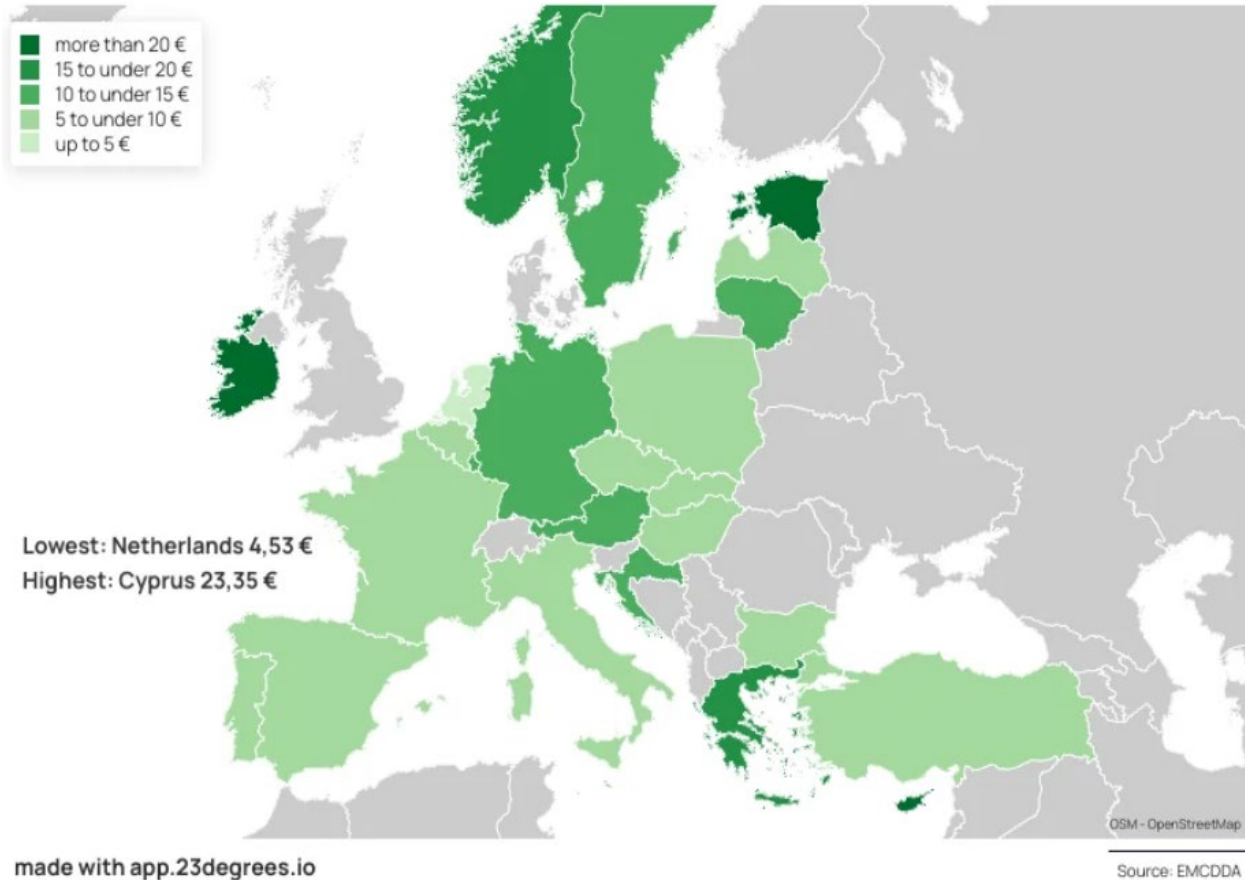
You may download the EMCCDDA's most recent report by clicking on: [European Drug Report 2023: Trends and Developments.](#)

**Figure 6.4: Range of Prices for 1 Gram of Cannabis in Europe**

## Average prices for 1g cannabis in Europe



Multi-year median 2015 - 2020 in €; 1g = 0,035 oz



**Prices for capsules, which Gold Leaf will begin producing in Phase 2, are even higher.**

The EU market also is poised to experience significant growth

As shown in **Figure 3.1-2** below, the size of EU cannabis industry in 2021 was estimated to be €0.4 billion per year and is expected to exceed €3.1 billion (\$3.52 billion) per year in 2025 (a staggering 65%+ compound annual growth rate in four years), in Europe alone.



**Figure 3.1-2: EU cannabis market size and evolution <sup>5</sup>**



These remarkable market growth figures highlight the attractiveness and potential of the cannabis industry in the EU.

## 4. Operations

### 4.1 The Unique Features of Gold Leaf’s Operations

**GOLD LEAF’S OPERATIONS** are geared to the production of high-yielding cannabis plants that produce high-quality flowers. Through observations and experience, Gold Leaf’s principal has determined that the key drivers behind consistent, high-yielding cultivation of hydroponic cannabis are:

- 🌿 **Light**
- 🌿 **Environment**
- 🌿 **Nutrients**

**LIGHT** is key for any agricultural endeavor. Through photosynthesis, plants capture light and together with water and carbon dioxide produce glucose, which is the energy source driving plant growth.

The selection of highly specialized lights for indoor agriculture is an important determinant of growth, especially those producing light both in the visible and

<sup>5</sup> Source: Prohibition Partners, Apr/21.

UVA spectrums (ultra-violet A, just below the visible light wave-length range). In addition, Gold Leaf's principal has determined that periodic plant exposure to UVB light makes an important contribution to healthy growth.

**Figure 4.1-a: Cannabis grow lights sample**



**As part of his work as project owner-developer in the cannabis space, Gold Leaf's principal co-designed what he believes to be one of the highest-quality, highest yielding indoor cannabis grow lights in the world<sup>6</sup>.**

He did this after studying the grow lights used by U.S. indoor cannabis growers as well as the other grow lights on the market.

His experience in Hawaii with building and operating what, at the time, was the largest aquaponics facility in North America, had taught him what yields were possible with leafy plants. He thus set out to develop grow lights that would produce similar yields.

**Figure 4.1-b** below shows a comparison of two cannabis plants grown in the same facility under the same conditions at the same time.

One plant (on the right) was grown with standard grow lights. The other plant (on the left) was grown with the Gold Leaf-developed grow lights.

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<sup>6</sup> Gold Leaf will purchase lights, which it has redesigned, from a related third-party, a Hong Kong based, Chinese company owned by one of the principal's family members.

**Figure 4.1-b: Growth comparison between cannabis plants grown under the same conditions, one with standard grow lights (right) and one with Gold Leaf grow lights (left)**



**ENVIRONMENT**, the second driver, is a combination of “climatic” attributes surrounding plant growth.

These attributes include controlled temperature and humidity, air flow, carbon dioxide concentrations, pest controls, and others, all optimized for high-quality and high yield.

The design of Gold Leaf’s standard production facility includes the deployment of an array of solutions to ensure the best environmental conditions for plant growth.

Equally important, the design has been optimized to achieve the desired outcomes at cost levels well below industry averages; these have been achieved through the creative application of off-the-shelf equipment to produce desired outcomes.

For example, Gold Leaf’s plan employs decentralized air conditioning units as shown below, to ensure target conditions in each grow room – versus industry approaches which typically focus on industrial deployment of large, centralized (and expensive) HVAC systems.

**Figure 4.1-c: Sample HVAC units (and sample installation)**



**The third key driver is NUTRIENTS.** Gold Leaf’s principal, by drawing on his aquaponics experience, designed a proprietary plant food formula, which is a methodical application via the hydroponic ebb-and-flow system that maximizes plant growth and the production of grade-A flower.

Gold Leaf’s standard production facility is designed to maximize the three key drivers of quality cannabis plant growth, together with other basic operational considerations like internal movements, nursery production to feed the grow rooms, curing, and inventory management.

## 5. Management Team

**Edward (Ed) Cichon**  
*Principal, Chief Executive Officer*

Ed Cichon is the former owner of a successful construction company based in Rochester, New York, and former CEO/President of Maui Aquaponics, LLC.

Ed was co-founder and manager of [NuPONIX Labs, Inc.](#), a New York and Oklahoma operator of aquaponics (hemp) and hydroponic (cannabis) facilities, respectively. Ed resigned from NuPONIX in the fall of 2021 and executed a buyout

agreement with its investors for his equity in Nuponix to start his own cannabis growing company Gold Leaf Europe, LLC (which also has operated as Sigma Plant Sciences in the U.S.).

Ed is 70% owner of Gold Leaf Europe which, as of the end of December 2024, holds a North Macedonia growing license. He also is 95% owner of Sigma Plant Sciences which holds an Oklahoma growing license and is a registered applicant for growing licenses in New York and New Jersey.

Ed has a B.S. in Economics from Rochester Institute of Technology. He is a former Series 7 and Series 63 General Securities Registered Representative. Ed has more than 30 years of diverse construction experience. Projects include:

- Developer/builder of numerous commercial and residential construction projects.
- Co-founder and builder of the largest aquaponics facility in North America in 2010 on the island of Maui, Hawaii.
- Recently completed construction of a 40,000 square-foot aquaponic facility in upstate New York.
- Project lead on a 200,000 square-foot indoor cultivation facility in Sarasota, Florida.
- Project lead for a 110-megawatt solar farm in Town Creek, Alabama.
- Has completed construction of a 12,000 square-foot hydroponics facility in Valliant, Oklahoma which, due to the saturation and shake out in the state's cannabis growing industry, he has been placed on hold.
- Owner/builder of the 6,000 Phase 1 square-foot hydroponics facility in The Republic of North Macedonia.

### **Ron Tisby, MT** *Chief Compliance Officer*

Ron is a New York State licensed medical technologist and field engineer with 30+ years' experience in a heavily regulated, compliance-centric healthcare environment. His experience includes:

- Developing and publishing standard operating procedures (SOPs)
- Participating in regulatory audits for the Food and Drug Administration (FDA) and Clinical Laboratory Improvement Amendments (CLIA)

- Proficiency in the Agile document change control process (DCCP)
- 15+ years' experience installing, maintaining, and repairing automated diagnostic instrumentation
- 6 years' experience managing a team of field engineers supporting laboratory diagnostics equipment for the largest reference and hospital laboratories in the U.S.
- 10+ years' experience as a laboratory technologist, operator, and applications specialist.

**Michael J. Barnhart**  
*Chief Science Officer*

Mike is president of Plant Science Laboratories LLC (PSL), which has operated since 2003 in Buffalo, New York. He:

- Is a cGMP, Cannabis cGMP, Organic certified nutritional product processor
- Holds a New York State hemp processing and growing permit
- Has been a member of the New York State Agriculture and Markets Hemp Committee since its inception
- Has been a member of the New York State Department of Health CBD committee since its inception

PSL operates a custom designed and built drum drying facility for the production of nutritional powder compounds at its Buffalo, New York facility.

PSL has developed unique approaches for manufacturing nutritional powder compounds and is familiar with and has operated drum dryers of all types, as well as spray dryers, vortex dryers, flash dryers, fluid belt dryers, vacuum dryers, freeze dryers, and cryogenic dryers.

PSL has several large nutritional product industry clients for which it has developed unique nutritional powder products.

## 6. Financial Highlights

### 6.1 Revenue Model

**GOLD LEAF’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. Gold Leaf 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 product<sup>7</sup>.

**Table 6.1: Gold Leaf’s North Macedonia Revenue Profile**

Macedonia - revenue profile est.					
(\$'000s)	2024	2025	2026	2027	2028
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	\$ 338	\$ 2,340	\$ 14,602	\$ 15,186	\$ 21,057
Capsules revenue	\$ -	\$ 585	\$ 3,650	\$ 3,796	\$ 5,264
<b>Total revenue</b>	<b>\$ 338</b>	<b>\$ 2,925</b>	<b>\$ 18,252</b>	<b>\$ 18,982</b>	<b>\$ 26,322</b>

### 6.2 Funding Requirements, Sources and Uses of Funds

**TABLE 6.2 BELOW** details the estimated sources and uses of funds to complete Phase 1 and place it into operation.

<sup>7</sup> The revenue projections above, including forward-looking statements, are based on the 2019 wholesale domestic price set by the German Government as cited in *VK Premium Medical Marijuana 2020* European Union (EU) domestic and imported prices and price trends (see footnotes on pages 20-22). The charts on pages 22 and 11 show ROI and revenue projections for \$1,125 per pound (per the above), as well as for price offers by a Swiss pharmaceutical firm and the April 2024 wholesale prices in Norway, Sweden, Austria, Slovenia, and Germany.

**Table 6.2-1: Gold Leaf Europe Sources and Uses**

SOURCES			
<b>Requested Investment</b>	<b>\$1,600,000</b>		
<b>Total Sources</b>	<b>\$1,600,000</b>		
USES			
January 2024	Monthly	w/ one-time costs	Notes
Deferred rent - Dec 2022 - Dec 2023 @ \$8,200/mo		\$ 98,400	
Security cameras payment		\$ 15,000	
Vendor payments		\$ 58,400	
Repayment of loans for 2023 <i>monthly operating expenses 10 mos x \$6K</i>		\$ 60,000	
Deferred payments - employees		\$ 96,000	
Deferred operating expenses		\$ 25,700	<b>\$ 353,500 deferred expenses</b>
Retainer for legal services <i>investor LOI, preparation of term sheet, PPM, operating agreement, etc</i>	<i>one time</i>	\$ 15,000	
Purchase of remaining equipment <i>HVAC systems, growing tables and structures, GMP laboratory equipment</i>	<i>one time</i>	\$ 61,000	
Lighting & supplies (see Table 6.2-2)	<i>1x in Year 1</i>	\$ 250,000	
Rent, taxes, insurance	\$ 24,000	\$ 24,000	
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 1,000	
Pharmacist	\$ 1,500	\$ 1,500	
Agronomist	\$ 1,000	\$ 1,000	
Security	\$ 5,000	\$ 5,000	
Utilities	\$ 1,000	\$ 1,000	
<b>Subtotal</b>	<b>\$ 33,500</b>	<b>\$ 713,000</b>	<b>remaining expenses for January 2024</b>
February 2024	Monthly	w/ one-time costs	Notes
Balance of legal services <i>preparation of term sheet, PPM, operating agreement, etc.</i>	<i>one time</i>	\$ 25,000	
Rent, taxes, insurance	\$ 24,000	\$ 24,000	



General manager - American	\$ 12,000	\$ 12,000	
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 1,000	
Pharmacist	\$ 1,500	\$ 1,500	
Agronomist	\$ 1,000	\$ 1,000	
Security	\$ 5,000	\$ 5,000	
Utilities	\$ 1,000	\$ 1,000	
<b>Subtotal</b>	\$ 45,500	<b>\$ 70,500</b>	remaining expenses for February 2024
<b>March 2024</b>	<b>Monthly</b>	<b>w/ one-time costs</b>	<b>Notes</b>
Rent, taxes, insurance	\$ 24,000	\$ 24,000	
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 1,000	
Pharmacist	\$ 1,500	\$ 1,500	
Agronomist	\$ 1,000	\$ 1,000	
Labor	\$ 12,500	\$ 12,500	
Security	\$ 5,000	\$ 5,000	
Utilities	\$ 1,000	\$ 1,000	
<b>Subtotal</b>	\$ 46,000	<b>\$ 46,000</b>	remaining expenses for March 2024
<b>TOTAL INVESTMENT NEEDED TO DATE</b>		<b>\$ 829,500</b>	<b>Remaining expenses for Q1 2024</b>

### Balance of 2024

April - June 2024	Monthly	3 months
Rent, taxes, insurance	\$ 24,000	\$ 72,000
Construction worker & labor payroll	\$ 6,000	\$ 18,000
General manager - American	\$ 12,000	\$ 36,000
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 3,000
Master Grower - <i>estimated</i>	\$ 15,000	\$ 45,000
Pharmacist	\$ 1,500	\$ 4,500
Agronomist	\$ 1,000	\$ 3,000
Labor	\$ 12,500	\$ 37,500
Seedlings	<i>one time</i>	\$ 5,000
Security - 2 mos @ \$5K, 2 mos @ \$4K	\$ 5,000	\$ 17,000
Utilities - 3 mo @ \$1K - 1 mo @2.5K	\$ 1,000	\$ 1,500
Operating expenses	\$ 2,000	\$ 6,000
Contingencies	\$ 2,500	\$ 7,500
<b>April - June 2024 Subtotal</b>	\$ 83,500	<b>\$ 256,000</b>

July - December 2024	Monthly	6 months
Rent, taxes, insurance	\$ 24,000	\$ 144,000
Construction worker & labor payroll	\$ 6,000	\$ 36,000
General manager - American	\$ 12,000	\$ 72,000
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 6,000
Master Grower - <i>estimated</i>	\$ 15,000	\$ 90,000
Pharmacist	\$ 1,500	\$ 9,000
Agronomist	\$ 1,000	\$ 6,000
Labor	\$ 12,500	\$ 75,000
Security	\$ 4,000	\$ 24,000
Utilities	\$ 2,500	\$ 15,000
Shipping Expenses - added at end of June	\$ 2,000	\$ 12,000
Operating expenses	\$ 2,000	\$ 12,000
Contingencies	\$ 2,500	\$ 13,500
<b>July - December 2024 Subtotal</b>	<b>\$ 86,000</b>	<b>\$ 514,500</b>
<b>BALANCE OF INVESTMENT FOR 2024</b>		<b>\$ 770,500</b>

**Table 6.2-2: Lighting and Supplies**

North Macedonia Phase 1	SKU	Qty	Cost	Notes
1/2" Shutoffs		6		
1/2" Vinyl Tubing		200		
1/4" Vinyl Air Tubing		500		
3/4" Shutoffs		20		
3/4" Vinyl Tubing		200		
4x8 tables		30		Alibaba
Ares 10 CO2 LP Generator w/controller	702869	4		Need extended hose for LP bottles outsi
Big Bud Powder (10 kg)	5000-57	2		
Botanicare 4x8 OD Trays	707350	28	see below	
Botanicare Cal Mag (15 gal)	732124	2		
Botanicare Pure Blend Pro (15 gal)	718464	4		
Botanicare Silica Blast (15 gal)	732493	2		
Botanicare Sweet Carbo Citrus (5 gal)	732269	2		
Calibrating Solution 7.0	722030	2		
Dehumidifiers		4		
Delta 4 Blockes w/hole (384/case)	RWP96490	10		
Dome Lights		10		
Duralastics 75 gallon reservoir	707925	28		

North Macedonia Phase 1	SKU	Qty	Cost	Notes
Extech EC500 PH/TDS Meter		2		
FS 3000 LED Flower Fixtures		52		
FS 3500 LED Veg Fixtures		10		
Grodan A-OK 1.5" x 1.5" Starter (30 sheets)	RWAO3640	1		
Humidity Dome + Trays		10		
Hydrofarm 9" Square Net Basket	HG9SQBK	960		
Hydrotan (pallet of 33)	714116	198		
Kool Bloom Powder (16 lb)	732535	2		
Lost Coast Plant Therapy (2.5 gal)	LCPT2.5GAL	3		
Olivia's Cloning Gel	OCG4	3		
Oscillating Fans		12		
PH Down	722125	8		
PH Up	722095	3		
Ratchets		250		
Trimming Shears		20		
Vivosum 800 GPH Submersible Pump		20		Amazon
<b>Total 2024 Estimated Cost:</b>			<b>\$250,000</b>	

Due to logistics, these items must be sourced in the U.S., packed in a shipping container and shipped to North Macedonia

## 6.3 Financial Projections

**Table 6.3: Gold Leaf North Macedonia Income Statement (based on \$1,125/pound wholesale price)**

Macedonia - income statement est.					
(\$'000s)	2024	2025	2026	2027	2028
Revenue <sup>1</sup>	\$ 338	\$ 2,925	\$ 18,252	\$ 18,982	\$ 26,322
Expenses <sup>2</sup>					
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,	\$ (150)	\$ (250)	\$ (250)	\$ (250)	\$ (250)
Security	\$ (18)	\$ (96)	\$ (100)	\$ (104)	\$ (108)
Total costs & expenses	\$ (330)	\$ (1,054)	\$ (2,880)	\$ (3,994)	\$ (5,635)
<b>EBITDA</b>	<b>\$ 8</b>	<b>\$ 1,871</b>	<b>\$ 15,372</b>	<b>\$ 14,988</b>	<b>\$ 20,687</b>

Notes:

<sup>1</sup> and <sup>2</sup> See footnotes on pages 20-22

## 6.4 Return on Investment

**Table 6.4-1: Projected Return on Investment (based on \$1,125/pound wholesale price)**

	4% Inflation					
	2024	2025	2026	2027	2028	
<b>REVENUE<sup>1</sup></b>						
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	\$ 337,500	\$ 2,340,000	\$ 14,601,600	\$ 15,185,664	\$ 21,057,454	
Edibles (capsules)	\$ -	\$ 585,000	\$ 3,650,400	\$ 3,796,416	\$ 5,264,364	
Cartridges	\$ -	\$ -	\$ -	\$ -	\$ -	<i>to be added in Phase 2</i>
<b>Total Revenue</b>	<b>\$ 337,500</b>	<b>\$ 2,925,000</b>	<b>\$ 18,252,000</b>	<b>\$ 18,982,080</b>	<b>\$ 26,321,818</b>	
<b>EXPENSES<sup>2</sup></b>						
Legal & Accounting	\$ 5,000	\$ 100,000	\$ 120,000	\$ 150,000	\$ 200,000	
Rent, insurance, maintenance	\$ 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	
<b>Total Expenses</b>	<b>\$ 330,000</b>	<b>\$ 1,054,000</b>	<b>\$ 2,879,760</b>	<b>\$ 3,993,990</b>	<b>\$ 5,634,710</b>	= \$ 13,892,460 \$ 2,778,492 /yr average
<b>EBITDA</b>	<b>\$ 7,500</b>	<b>\$ 1,871,000</b>	<b>\$ 15,372,240</b>	<b>\$ 14,988,090</b>	<b>\$ 20,687,108</b>	= \$ 52,925,937 5 yr EBIDTA
Sales and excise taxes <sup>3</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation (no deduction)	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Earnings Before Taxes</b>	<b>\$ 7,500</b>	<b>\$ 1,871,000</b>	<b>\$ 15,372,240</b>	<b>\$ 14,988,090</b>	<b>\$ 20,687,108</b>	
Corporate Income Tax: 10%	\$ -	\$ 187,100	\$ 1,537,224	\$ 1,498,809	\$ 2,068,711	
<b>NET EARNINGS (estimated)</b>	<b>\$ 7,500</b>	<b>\$ 1,683,900</b>	<b>\$ 13,835,016</b>	<b>\$ 13,489,281</b>	<b>\$ 18,618,397</b>	= \$ 47,634,093 5 yr Net Earnings
<b>Margin</b>	<b>2.2%</b>	<b>57.6%</b>	<b>75.8%</b>	<b>71.1%</b>	<b>70.7%</b>	

## Footnotes for Revenues and Expenses above:

<sup>1</sup> The flower revenue projections in the financial calculation above 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, EBIDTA, and net earnings projections in this model are based on the average 2019 wholesale price set by the Federal Institute for Drugs and Medical Devices (BFARM) in the German government for the purchase of domestically grown medical cannabis** (rather than the higher price for cannabis imported from North Macedonia). This price was set at 2.30 Euros (€) 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, 43 percent higher.

**The \$1,124.93 price per pound is what is used in these calculations.** (Please note that the 2019 cannabis domestic wholesale prices in Germany, which are cited above, have increased by 40% due to the lack of supply, increasing the wholesale price in Germany for domestically grown cannabis to €5.80/per gram, or \$2,814.99 per pound, effective July 1, 2023). **The reason for using the lower, verifiable, price point in these calculations is to demonstrate the viability and profitability of the Gold Leaf Europe cannabis growing facility even at this lower price.**

**As further support for this price point,** VK Premium notes that the Office of Medical Cannabis in the Netherlands "typically sells cannabis flower for between €5.40 and €5.80 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](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 per gram at the time of the report, with high quality cannabis selling for €13 - €20 per gram.

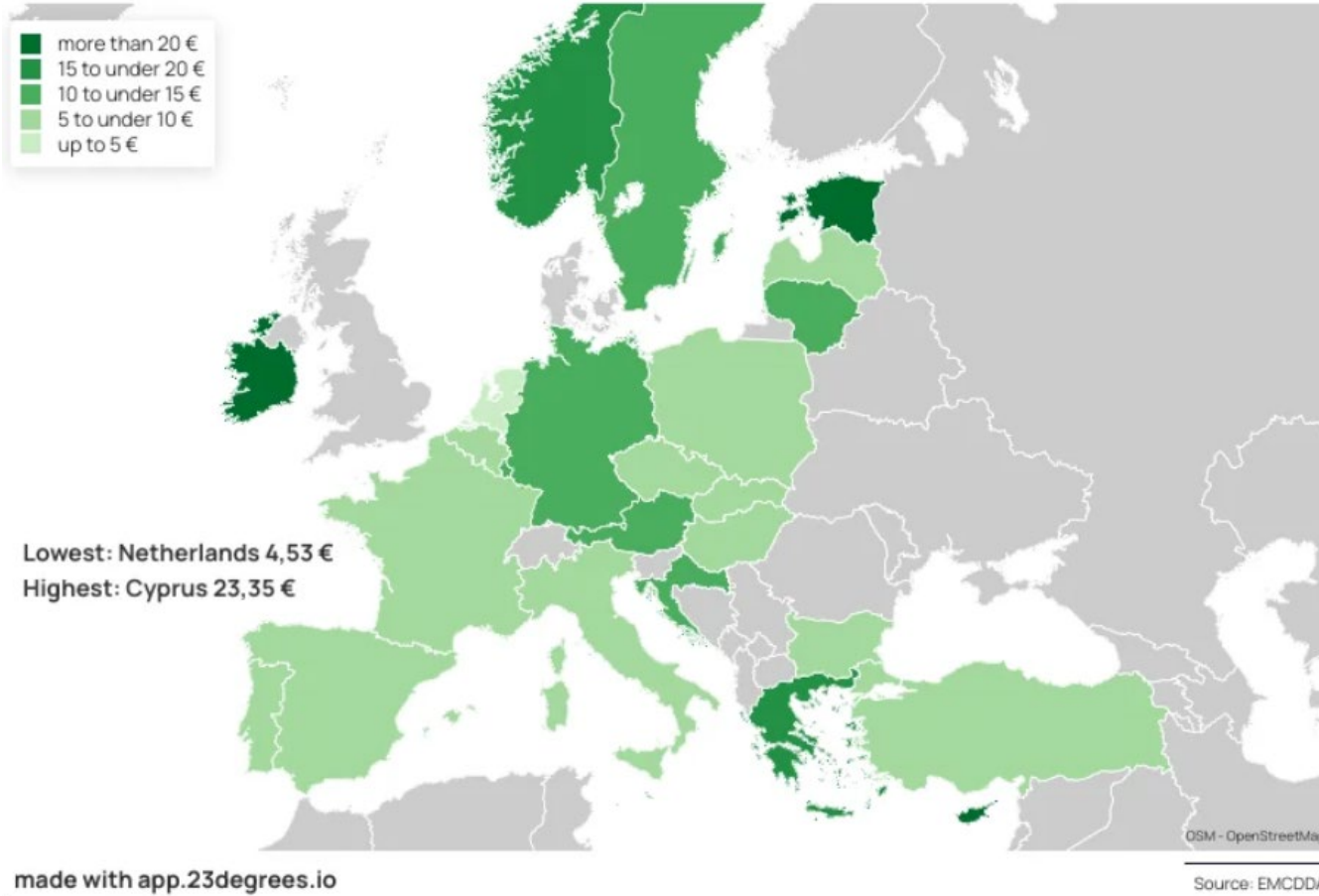
As can be seen in **Figure 6.4** below, showing the average prices for 1 gram of cannabis in Europe, prepared by the European Monitoring Centre for Drugs and Drug Addiction (you may download a copy of the EMCDDA's [European Drug Report 2023: Trends and Developments](#), **the average cannabis prices in Europe range from €5 per gram to more the €20 per gram**, with Cyprus, the Republic of Ireland, and Estonia being the highest (more than €20 per gram, or more than \$9,706.87 per pound), followed by Norway and Greece (€15 to under €20 per gram, or \$7,280.15 to under \$9,706.87 per pound), then Sweden, Latvia, Germany, Austria, and Slovenia (€10 to under €15 per gram, or \$4,853.43 to under \$7,280.15 per pound).

Figure 6.4: Range of Prices for 1 Gram of Cannabis in Europe

### Average prices for 1g cannabis in Europe



Multi-year median 2015 - 2020 in €; 1g = 0,035 oz



While none of these potentially higher prices are used in the financial calculations above, they are reflected in **Tables 6.4-2** and **6.4-3** below. Annual increases are based on 4% per year.

- <sup>2</sup> 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:

- <sup>3</sup> 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

**Table 6.4-2: Projected Return per \$100,000 Investment**

Wholesale Cannabis Price Per Pound	Investment Amount	Equity	Equity Earnings Years 1-5	Average Annual Earnings	Average Annual ROI	5-Year ROI
1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$1,125/lb</b> per the financial model above based on 2019 domestic wholesale price in Germany per footnotes	\$100,000	1.0%	\$ 476,341	\$ 95,268	95%	476%
1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$1,818/lb</b> Original offer by Novartis - December 2023	\$100,000	1.0%	\$ 846,990	\$ 169,398	169%	847%
1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$2,080/lb</b> Increased Novartis offer prior to legalization of recreational cannabis use in Germany	\$100,000	1.0%	\$ 987,120	\$ 197,424	197%	987%
1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$3,640.08/lb</b> current estimated wholesale (1/2 of retail) price of cannabis in Norway, Sweden, Austria, and Slovenia	\$100,000	1.0%	\$ 1,725,209	\$ 345,042	345%	1725%
1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$6,804/lb</b> per April 2024 wholesale price in Germany following the legalization of recreational cannabis use	\$100,000	1.0%	\$ 3,513,739	\$ 702,748	703%	3514%

**Table 6.4-3: Projected Return for a \$1,600,000 Investment**

Wholesale Cannabis Price Per Pound	Investment Amount	Equity	Equity Earnings Years 1-5	Average Annual Earnings	Average Annual ROI	5-Year ROI
1% Equity Share of Year 1-5 Net Earnings for a \$1.6 million Phase 1 Investment @ <b>\$1,125/lb</b> per the financial model above based on 2019 domestic wholesale price in Germany per footnotes	\$1,600,000	16.0%	\$ 7,621,455	\$ 1,524,291	95%	476%
1% Equity Share of Year 1-5 Net Earnings for a \$1.6 million Phase 1 Investment @ <b>\$1,818/lb</b> Original offer by Novartis - December 2023	\$1,600,000	16.0%	\$ 13,551,840	\$ 2,710,368	169%	847%
1% Equity Share of Year 1-5 Net Earnings for a \$1.6 million Phase 1 Investment @ <b>\$2,080/lb</b> Increased Novartis offer prior to legalization of recreational cannabis use in Germany	\$1,600,000	16.0%	\$ 15,793,920	\$ 3,158,784	197%	987%
1% Equity Share of Year 1-5 Net Earnings for a \$1.6 million Phase 1 Investment @ <b>\$3,640.08/lb</b> current estimated wholesale (1/2 of retail) price of cannabis in Norway, Sweden, Austria, and Slovenia	\$1,600,000	16.0%	\$ 27,603,344	\$ 5,520,669	345%	1725%
1% Equity Share of Year 1-5 Net Earnings for a \$1.6 million Phase 1 Investment @ <b>\$6,804/lb</b> per April 2024 wholesale price in Germany following the legalization of recreational cannabis use	\$1,600,000	16.0%	\$ 56,219,824	\$ 11,243,965	703%	3514%

## 7. The Facility

See next page



## 7. The Facility

### 7.1 The North Macedonia Cannabis Growing Facility

**GOLD LEAF'S NORTH MACEDONIA FACILITY** is located on a 12.5 acre leased site, near Skopje (North Macedonia's capital city), with pre-existing and new infrastructure funded by Gold Leaf.

**The Phase 1 facility is comprised of a 6,000 square-foot building with approximately 1,000 square feet of canopy, 1,000 square feet of processing, and a 1,000 square-foot nursery.**

The site can accommodate multiple expansions of the current growing facility.

Key to the numbered site overview (below):

1. New building (initial production module);
2. Offices and apartment;
3. Phase 2 grow modules;
4. Phase 3 grow modules (existing infrastructure to be demolished/replaced);
5. Courtyard;
6. Additional space available for further expansion.

**Figure 7.1: North Macedonia cannabis growing facility**

