



North Macedonia Cannabis Growing Facility

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

Financial Highlights Excerpt

May 2024

Not for Distribution

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 ¹.

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
<i>(\$'000s, below)</i>					
Flower revenue	\$ 338	\$ 2,340	\$ 14,602	\$ 15,186	\$ 21,057
Capsules revenue	\$ -	\$ 585	\$ 3,650	\$ 3,796	\$ 5,264
Total revenue	\$ 338	\$ 2,925	\$ 18,252	\$ 18,982	\$ 26,322

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.

¹ 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 8-10). The charts on pages 10 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			
Requested Investment	\$1,600,000		
Total Sources	\$1,600,000		
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	\$ 353,500 deferred expenses
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	
Subtotal	\$ 33,500	\$ 713,000	remaining expenses for January 2024
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	
Subtotal	\$ 45,500	\$ 70,500	remaining expenses for February 2024
March 2024	Monthly	w/ one-time costs	Notes
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	
Subtotal	\$ 46,000	\$ 46,000	remaining expenses for March 2024
TOTAL INVESTMENT NEEDED TO DATE		\$ 829,500	Remaining expenses for Q1 2024

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
April - June 2024 Subtotal	\$ 83,500	\$ 256,000

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
July - December 2024 Subtotal	\$ 86,000	\$ 514,500
BALANCE OF INVESTMENT FOR 2024		\$ 770,500

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		
Hydrotone (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
Total 2024 Estimated Cost:			\$250,000	

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 ¹	\$ 338	\$ 2,925	\$ 18,252	\$ 18,982	\$ 26,322
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, security	\$ (150)	\$ (250)	\$ (250)	\$ (250)	\$ (250)
Security	\$ (18)	\$ (96)	\$ (100)	\$ (104)	\$ (108)
Total costs & expenses	\$ (330)	\$ (1,054)	\$ (2,880)	\$ (3,994)	\$ (5,635)
EBITDA	\$ 8	\$ 1,871	\$ 15,372	\$ 14,988	\$ 20,687

Notes:

¹ and ² See footnotes on pages 8 -10

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	
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	\$ 337,500	\$ 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>
Total Revenue	\$ 337,500	\$ 2,925,000	\$ 18,252,000	\$ 18,982,080	\$ 26,321,818	
EXPENSES²						
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	
Total Expenses	\$ 330,000	\$ 1,054,000	\$ 2,879,760	\$ 3,993,990	\$ 5,634,710	= \$ 13,892,460 \$ 2,778,492 /yr average
EBITDA	\$ 7,500	\$ 1,871,000	\$ 15,372,240	\$ 14,988,090	\$ 20,687,108	= \$ 52,925,937 5 yr EBITDA
Sales and excise taxes ³	\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation (no deduction)	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	\$ -	
Earnings Before Taxes	\$ 7,500	\$ 1,871,000	\$ 15,372,240	\$ 14,988,090	\$ 20,687,108	
Corporate Income Tax: 10%	\$ -	\$ 187,100	\$ 1,537,224	\$ 1,498,809	\$ 2,068,711	
NET EARNINGS (estimated)	\$ 7,500	\$ 1,683,900	\$ 13,835,016	\$ 13,489,281	\$ 18,618,397	= \$ 47,634,093 5 yr Net Earnings
Margin	2.2%	57.6%	75.8%	71.1%	70.7%	

Footnotes for Revenues and Expenses above:

¹ 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), 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.

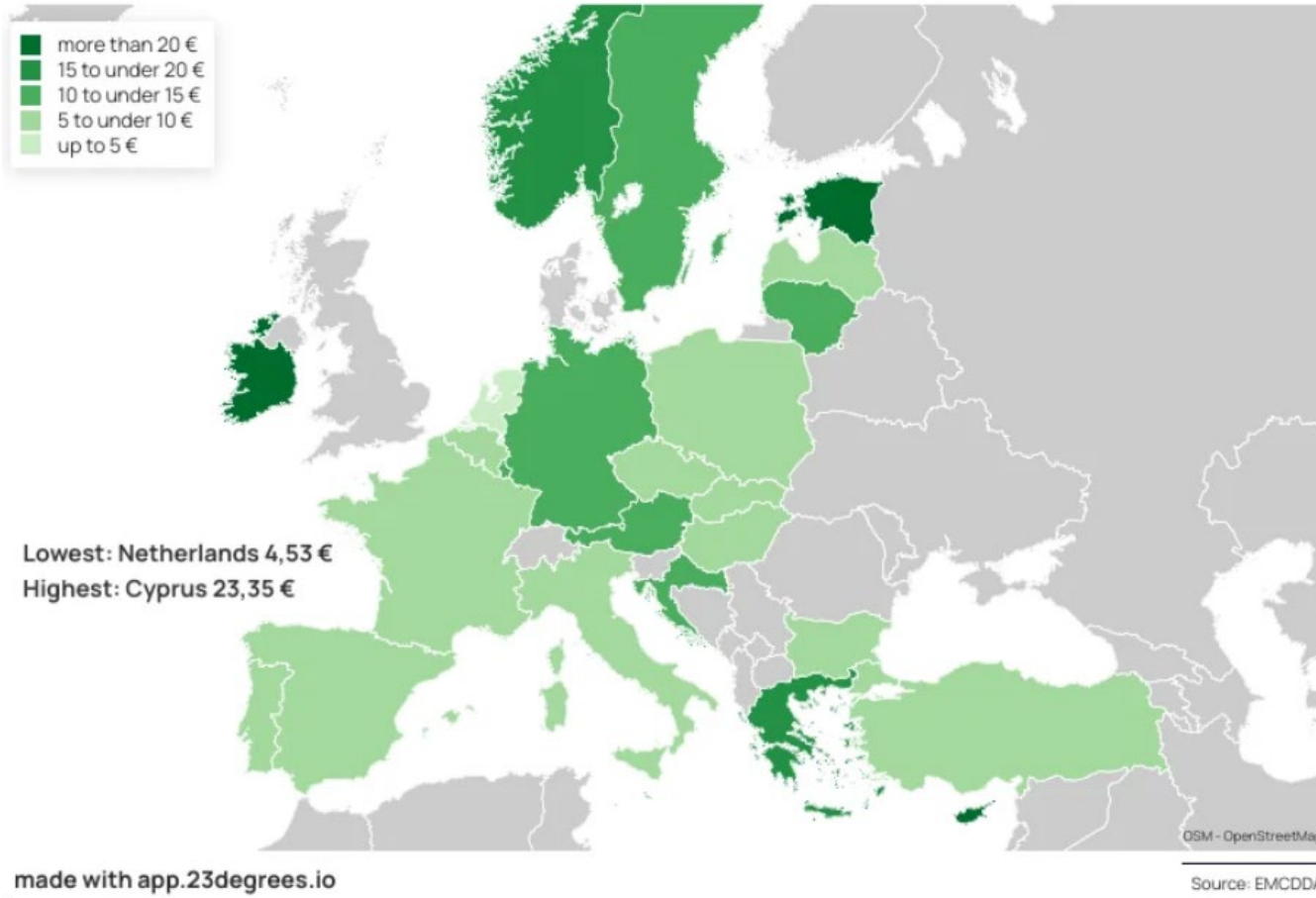
As can be seen in **Figure 6.4** below, showing the average prices for 1 gram of cannabis in Europe, prepared by the European Monitoring Centre for Drugs and Drug Addiction (you may download a copy of the EMCDDA's [European Drug Report 2023: Trends and Developments](#), **the average cannabis prices 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.

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

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 @ \$1,125/lb 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 @ \$1,818/lb 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 @ \$2,080/lb 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 @ \$3,640.08/lb 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 @ \$6,804/lb 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 @ \$1,125/lb 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 @ \$1,818/lb 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 @ \$2,080/lb 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 @ \$3,640.08/lb 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 @ \$6,804/lb 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%