



# **North Macedonia Cannabis Growing Facility**

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

## **Financial Highlights Excerpt**

**January 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 <sup>1</sup>.

**Table 6.1: Gold Leaf’s 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	
<i>(\$'000s, below)</i>						
Flower revenue	\$ 337	\$ 2,340	\$ 14,601	\$ 15,185	\$ 21,056	
Capsules revenue	\$ -	\$ 585	\$ 3,650	\$ 3,796	\$ 5,264	
<b>Total revenue</b>	<b>\$ 337</b>	<b>\$ 2,925</b>	<b>\$ 18,251</b>	<b>\$ 18,981</b>	<b>\$ 26,320</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>1</sup> 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 7) with the revenue projections above based on \$1,125 per pound.

Table 6.2 Gold Leaf sources and uses

SOURCES			
Requested Investment			\$ 1,600,000
<b>Total Sources</b>			<b>\$ 1,600,000</b>
USES			
January 2024	Monthly	Jan 2024	
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 9 mos x \$6K</i>		\$	54,000
Deferred payments - employees		\$	72,000
Deferred operating expenses		\$	25,200
		<b>\$ 323,000</b>	<b>total deferred payments</b>
Retainer for legal services <i>investor LOI, preparation of term sheet, PPM, operating agreement, etc</i>	<i>one time</i>	\$	10,000
Purchase of remaining equipment <i>HVAC systems, growing tables and structures, GMP laboratory equipment</i>	<i>one time</i>	\$	60,000
Lighting & supplies (see tab 2)	<i>1x in Year 1</i>	\$	250,000
Rent, taxes, insurance	\$ 24,000	\$	24,000
Construction worker & labor payroll	\$ 6,000	\$	6,000
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
Operating expenses	\$ 2,000	\$	2,000
Contingencies	\$ 2,500	\$	2,500
<b>January 2024 Total</b>	<b>\$ 56,000</b>	<b>\$ 699,000</b>	<b>\$ 699,000</b>
		<b>\$ 474,400</b>	<b>less deferred payments except for deferred rent</b>

<b>February 2024</b>	<b>Monthly</b>	<b>Feb 2024</b>		
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		
Construction worker & labor payroll	\$ 6,000	\$ 6,000		
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		
Operating expenses	\$ 2,000	\$ 2,000		
Contingencies	\$ 2,500	\$ 2,500		
<b>February 2024 Total</b>	<b>\$ 56,000</b>	<b>\$ 81,000</b>	<b>\$ 81,000</b>	<b>\$ 305,600</b> with remaining deferred payments from January
<b>March - June 2024</b>	<b>Monthly</b>	<b>4 months</b>		
Rent, taxes, insurance	\$ 24,000	\$ 96,000		
Construction worker & labor payroll	\$ 6,000	\$ 24,000		
General manager - American	\$ 12,000	\$ 48,000		
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 4,000		
Master Grower - beginning in May - <i>estimated</i>	\$ 15,000	\$ 30,000		
Pharmacist	\$ 1,500	\$ 6,000		
Agronomist	\$ 1,000	\$ 4,000		
Labor	\$ 12,500	\$ 50,000		
Seedlings	<i>one time</i>	\$ 5,000		
Security - 2 mos @ \$5K, 2 mos @ \$4K	\$ 5,000	\$ 18,000		
Utilities - 3 mo @ \$1K - 1 mo @2.5K	\$ 1,000	\$ 2,500		
Operating expenses	\$ 2,000	\$ 8,000		
Contingencies	\$ 2,500	\$ 10,000		
<b>March - June 2024 Total</b>	<b>\$ 83,500</b>	<b>\$ 305,500</b>	<b>\$ 305,500</b>	
<b>July - December 2024</b>	<b>Monthly</b>	<b>6 months</b>		
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>June - December 2024 Total</b>	<b>\$ 86,000</b>	<b>\$ 514,500</b>	<b>\$ 514,500</b>	
				<b>\$ 1,600,000</b>

### 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: 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, maint.	\$ (150)	\$ (250)	\$ (250)	\$ (250)	\$ (250)
Security	\$ (18)	\$ (96)	\$ (100)	\$ (104)	\$ (108)
<b>Total costs &amp; expenses</b>	<b>\$ (330)</b>	<b>\$ (1,054)</b>	<b>\$ (2,880)</b>	<b>\$ (3,994)</b>	<b>\$ (5,635)</b>
<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 page 7

## 6.4 Return on Investment

### Table 6.4-1: Projected Return on Investment

	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> 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, EBIDTA, 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.** (Please note that the 2019 cannabis domestic wholesale prices in Germany, which are cited above, have reportedly increased by 40% due to the lack of supply, increasing the wholesale price in Germany for domestically grown cannabis to \$1,574.90/pound, which increase the 5-year net earnings for Phase 1 to \$71,702,217 and the 5-year return on a \$1.6M investment to \$11,472,355). **As further support for this increase**, 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](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.

<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**

Projected Earnings	Equity	Equity Earnings Years 1-5	Average Annual Earnings	
North Macedonia Cannabis Growing for Export Project - Phase 1	1.0%	\$ 476,341	\$ 95,268	1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$1,125/lb</b>
		\$ 604,169	\$ 120,834	1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$1,364/lb</b>
		\$ 846,990	\$ 169,398	1% Equity Share of Year 1-5 Net Earnings for a \$100,000 USD Phase 1 Investment @ <b>\$1,818/lb</b>