



High-Profit, Low-Operating-Cost Cannabis Growing Facility

**An Advanced Technology Growing Facility
Located in Southern Europe**

The facility has been built to Good Manufacturing Practices (GMP) standards which will allow it to export to 52 non-U.S. countries including the European Union, United Kingdom, Canada, South Africa, Central and South America, Australia, and New Zealand

Project Plan

January 2025

Not for Distribution

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*Cover image: cannabis flowers*¹

¹ 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.

The project developer has designed and built premium cannabis growing facilities in the U.S. in New York and Oklahoma, refining and perfecting the growing practices that will be used in this premium growing facility.

Gold Leaf is seeking a \$1,551,000 USD investment for a 31% equity share in Phase 1 to complete the first phase of its four-phase North Macedonia growing facility and place Phase 1 in operation.

CHOOSING A LOCATION FOR THE FACILITY: After considerable research, the project director chose to locate Gold Leaf’s European growing facility in a country that has a previous reputation for corruption and a challenging business climate, a reputation that still hangs over the country.

The country, North Macedonia, has made considerable progress in addressing these issues, in fighting corruption, and offering foreign investors and companies an attractive, conducive business environment – which comes with very low costs – a major reason the world’s largest cannabis growing company, Canopy Growth, recently entered into a partnership with North Macedonia’s largest grower, Ohrid Organics and its 49% owner, London-based Hydrogen Utopia International².

The country, which shares borders with Bulgaria, Greece, Serbia, Kosovo, and Albania in southeastern Europe, currently has a Fitch BB+ credit rating with a Stable Outlook, as of October 4, 2024³.

North Macedonia attracted Gold Leaf’s interest shortly after medicinal cultivation and sale was approved by the North Macedonia Legislature because of the country’s extremely low costs of labor, utilities, taxes, and operations.

² Proactive News, “Hydrogen Utopia says medical cannabis business has landed Canopy Growth deal,” July 11, 2024, <https://www.proactiveinvestors.com/companies/news/1051674/hydrogen-utopia-says-medical-cannabis-business-has-landed-canopy-growth-deal-1051674.html>

³ Fitch Ratings, “Fitch Affirms North Macedonia a ‘BB+’; Outlook Stable,” <https://www.fitchratings.com/research/sovereigns/fitch-affirms-north-macedonia-at-bb-outlook-stable-04-10-2024>

The project director visited the other countries in Europe where it is legal to grow, distribute, and export cannabis, thoroughly researched the business climate in North Macedonia, discussed Gold Leaf's proposed project with the American Embassy in Skopje, and visited foreign companies that had located in North Macedonia and were exporting and selling products outside the country.

There are four factors that led to his decision to locate the Gold Leaf growing facilities in North Macedonia:

1. It is one of only a handful of European countries where it is legal to grow, distribute, and export medicinal cannabis;
2. It has adopted Canada's free market approach to cultivation, distribution, and sale, as opposed to setting up a state monopoly, a plus for investors;
3. It has a favorable climate and conducive growing conditions; and
4. It has extremely low costs for land, labor, and utilities, as well as a low corporate tax rate (10%), and it does not charge an excise tax on cannabis, thus operating costs are extremely low⁴. Based on January 2025 wholesale prices (50% of retail prices) in German dispensaries for 20% THC imported from North Macedonia⁵, **the facility's operating costs decline from 16% of net revenues in Year 2 to a little more than 3% of net revenues in subsequent years; see Section 6 Financials).**

According to Statistia, a global data and business intelligence platform based in Germany that covers 170 industries with 13 locations worldwide, "North Macedonia is fostering a growing Cannabis market, attracting investment and shaping regulations to capitalize on the industry's potential."⁶

As a result, "North Macedonia's medical cannabis market is rapidly expanding, attracting international investments and paving the way for future growth in the industry."⁷

⁴ John Domic, Ohrid Organics, "Growing in North Macedonia keeps our production costs very competitive," MMJDaily.com, <https://www.mmjdaily.com/article/9601990/growing-in-north-macedonia-keeps-our-production-costs-very-competitive/>

⁵ "Cannamedial Hybrid classic, North Macedonia," 20% THC, Cannabis Flower Pricing Options, Apotheke LUX 99, Cologne, Germany, <https://cannabis-apotheke.de/sorten?search=Gorilla%20Zkittlez>

⁶ Statistia, Market Insights, "Cannabis – North Macedonia," <https://www.statista.com/outlook/hmo/cannabis/north-macedonia>

⁷ Statistia, Market Insights, "Medical Cannabis – North Macedonia," <https://www.statista.com/outlook/hmo/cannabis/medical-cannabis/north-macedonia>

NEXT STEPS: Of the 64 growing licenses originally approved by the North Macedonia Legislature and issued by the Ministry of Health since 2016, 35 are no longer active⁸. Recent additions have brought the number of active growing licenses back up to around 70⁹. However, only a handful of these facilities have been built to meet the European standards for Good Agricultural and Collecting Practices (GACP) for medicinal cannabis and pharmaceutical quality Good Manufacturing Practices (GMP).

Without these certifications, it is not possible to export cannabis outside North Macedonia, although many growers have tried and, when caught, have had their growing licenses revoked¹⁰.

GMP certified facilities must be built at the onset to meet these standards. Cannabis cultivation in open fields and greenhouses will not qualify. If a facility is not built to meet these standards, it is very difficult, and expensive, to retrofit it at a later date to meet the GMP certification standards (click [here](#) to view the requirements and other advantages of a GMP certification).

🌿 **Gold Leaf's growing facility has been built to meet these standards.**

Thus, once it is ready to go into operation and its GACP and GMP certifications are awarded following a final inspection, it will be able to sell cannabis and cannabis products in 52 non-U.S. countries worldwide with a combined population of more than 1 billion people¹¹.

🌿 **Gold Leaf already has a buyer in the EU** interested in purchasing 100 percent of its output from all four of its planned North Macedonia facilities as

⁸ Cannabis Business Plan, "Cannabis Market in North Macedonia," March 8, 2024, <https://cannabusinessplans.com/cannabis-market-macedonia/>

⁹ There now are only a limited number of growing licenses being issued (one in 2023 and only two more that the project developers are aware of in 2024), which have stringent requirements and multiple inspections to ensure each requirement has been met. The requirements include building a facility, employing the necessary personnel (including a security guard and a minimum of four other employees, including a certified pharmacist and agronomist), and installing sophisticated security measures and equipment, which represents a significant investment for project developers who must make these investments to apply for a growing license, without a guarantee of receiving a license.

¹⁰ Global Initiative Against Transnational Organized Crime, Risk Bulletin #19, "The legalized medical cannabis business in North Macedonia is at risk of criminal diversion," August 2024, <https://riskbulletins.globalinitiative.net/see-obs-019/06-legalized-medical-cannabis-north-macedonia.html>

¹¹ Albania, Argentina, Australia, Barbados, Bermuda, Brazil, Canada, Chile, Columbia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Finland, Georgia, Germany, Greece, Ireland, Israel, Italy, Jamaica, Lebanon, Luxembourg, Malawi, Malta, Mexico, Morocco, Netherlands, New Zealand, North Macedonia, Norway, Panama, Peru, Poland, Portugal, Rwanda, Saint Vincent and the Grenadines, San Marino, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Ukraine, United Kingdom, Uruguay, Vanuatu, Zambia, and Zimbabwe.

well as from its future expansions. This will be a direct sale agreement, meaning the buyer will handle all logistical details from the growing facility to market.

- ✦ **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. Its 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](#).
- ✦ **To the project developers' knowledge**, only two more growing licenses were issued in 2024.

The building, security fences, security systems, and utility hookups are in place. The growing license requires that Gold Leaf immediately order and install the balance of the equipment to complete the Phase 1 facility (see **Section 6.2 Sources and Uses** below) and 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 2025.

Phase 1 will be revenue producing 8 weeks after it goes into production.

Gold Leaf has fallen behind in meeting these requirements because its lead investor, a U.S. sports team owner, did not go forward with his investment when he learned that he would run afoul of anti-drug laws and put his team in jeopardy if he went ahead with his \$1.551 million investment in the project. The loss of this investment and not having another investor in line has put the project at risk of having its growing license revoked. **Hence, time is of the essence.**

- ✦ **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 (UK) and European Union (EU). Several EU countries 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.

Three additional EU countries are considering legalization, including Switzerland, The Netherlands, and the Czech Republic. Twenty European countries permit the use medicinal cannabis. Seven other countries have decriminalized the possession of small amounts of cannabis “for personal use.”

A potential offtake 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 than many of the 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 find out when the Phase 1 facility would begin production.

The broker indicated that the initial output will be distributed in the UK 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 outcomes are the result of Gold Leaf’s re-design of existing lighting, nutrition, and HVAC (heating, cooling, and humidifier) modifications to 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 Gold Leaf’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 techniques 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, and

- An attractive market where Gold Leaf’s first growing facility has received a growing license and passed the initial inspections for issuance of a certificate of Good Manufacturing Practices (GMP) which will allow it to export to legal, licensed dealers in 52 non-US countries worldwide.
- ✦ **Strong growth opportunities** in a young industry that offers multiple avenues for expansion (e.g., new geographies, new products, vertical integration, and consolidation), both organically and via mergers and acquisitions.
- ✦ **An 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 on two areas that it considers the most attractive starting point:

- ✦ **LOWER PRODUCTION COSTS**, aimed at the production of high-quality cannabis flower for medicinal and recreational market applications ¹².
- ✦ **CAPSULES (EDIBLES)**, aimed at the production of slow-release dietary/medicinal supplements (pain relief, sleeping aides, etc.), as well as capsules for recreational users.



Figure 2: Gold Leaf target products ¹³

¹² It is estimated that approximately 63% the global marijuana market in 2016 came from marijuana buds (flowers). By the end of 2025, it is estimated that buds still will still represent a majority of the market at approximately 56% (\$83 billion in value). *Source: Finances Online / Grand View Research, 2020.*

¹³ Adobe Stock images (licensed)

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 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, a Harris Poll survey released on June 5, 2024 found that 91% of adults who have consumed cannabis have done so for health and wellness purposes. Of this group, 62% said that they prefer to use cannabis rather than a pharmaceutical drug for pain, help with sleep, relieving stress, and reducing anxiety ⁶.

In addition, Gold Leaf believes it has at least a one-plus-year lead on any comparable product competitor ¹⁴.

3. Market Analysis

3.1 European Cannabis Market Overview

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

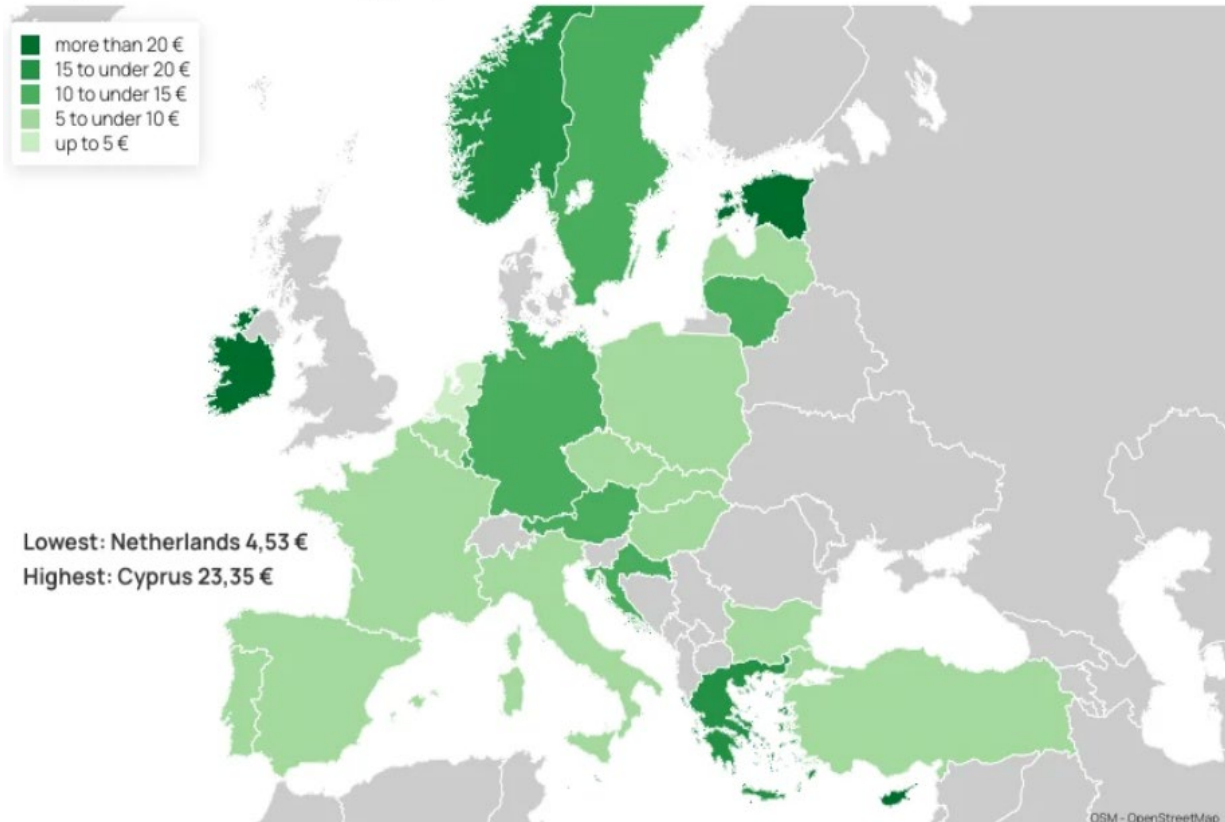
At the European market level, where Gold Leaf intends to participate via its North Macedonia facility, industry acceptance and growth stories are playing out. According to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), and as shown in **Figure 3.1-1** below, **the average retail cannabis prices in Europe range from €5 per gram to more the €20 per gram** (wholesale prices are approximately half of the retail prices).

¹⁴ PSL's production process (see **Section 5 Management**) is proprietary and confidential, but not yet patented. Related IP opportunities (and threats) are to be evaluated by Gold Leaf.

- ✦ Cyprus, the Republic of Ireland, and Estonia have the highest prices: from €20 to more than €36 per gram (453.592 grams = 1 pound, €1 = \$1.04), resulting in retail costs of \$9,434.71 to \$16,982.48 per pound. **Wholesale prices are approximately \$4,717.36 to \$8,491.24 per pound.**
- ✦ Germany is the second highest. Licensed dispensaries in Germany, such as [Apotheke LUX 99](#) in Cologne, are selling cannabis with 20%-22% THC from two growers in North Macedonia (click [here](#) and [here](#) to see details) for €14.04 to €20.35 per gram (\$6,623.17 to \$9,599.82 per pound) retail. **Wholesale prices are around \$3,311.58 to \$4,799.91 per pound.**
- ✦ Norway and Greece are the third highest (€15 to a little under €20 per gram, or \$7,076.04 to a little under \$9,434.71 per pound retail. **Wholesale prices are approximately \$3,538.02.94 to \$4,717.36 per pound).**
- ✦ Sweden, Latvia, Austria, and Slovenia are the fourth highest (€10 to slightly under €15 per gram, or \$4,717.36 to slightly under \$7,076.04 per pound retail. **Wholesale prices are approximately \$2,358.68 to \$3,538.02 per pound).**

Figure 3.1-1: Range of Prices for 1 Gram of Cannabis in Europe

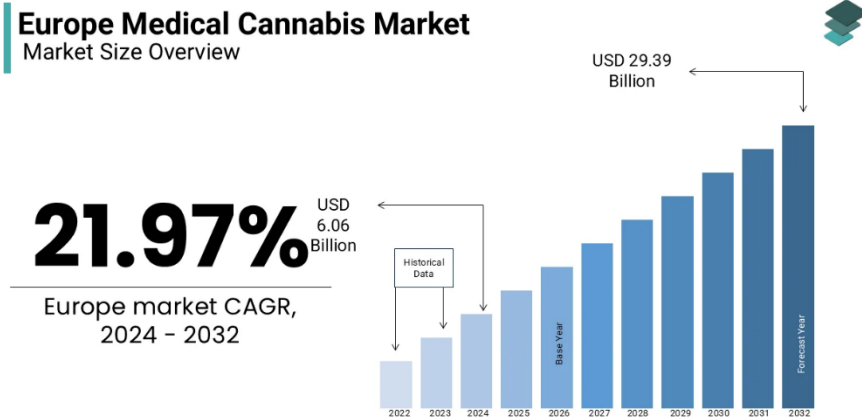
Multi-year median 2015 - 2020 in €; 1g = 0,035 oz



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

The medicinal cannabis market in Europe is poised to experience significant growth. Estimates of the compound annual growth rate (CAGR) over the next eight years, from 2024 until 2032, range from 19.35%¹⁵ to 33.6%¹⁶. The graph in **Figure 3.1-2** below shows a projected CAGR of 21.97%.

Figure 3.1-2:
Projected Growth, European Medicinal Cannabis Market, 2024-2033¹⁷



One of the principal factors contributing to this growth is the progressive regulatory approach that European countries have taken toward medicinal cannabis as shown in **Figure 3.1-3** below.

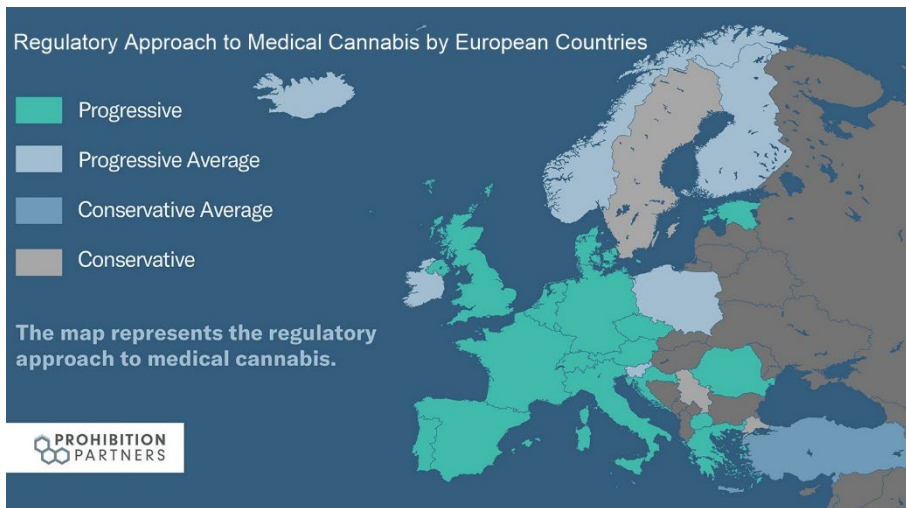


Figure 3.1-3:
Regulatory Approach to Medicinal Cannabis by Countries in Europe

¹⁵ Source: <https://www.biospace.com/europe-medical-cannabis-market-size-to-reach-usd-11-093-7-million-by-2032-impelled-by-the-need-for-pain-management>, August 2, 2024.

¹⁶ Source: <https://www.databridgemarketresearch.com/reports/europe-medical-cannabis-market>, January 2024.

¹⁷ Source: <https://www.marketdataforecast.com/market-reports/europe-medical-cannabis-market>, June 2024.

These growth projections highlight the attractiveness and potential of the cannabis industry in Europe

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 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 world¹⁸.

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.

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)



¹⁸ 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.

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 January 2025, 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, which gives it the ability to export to 52 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, such as the large, multi-national pharmaceutical firm mentioned above in **Section 1**, with which it will establish long-term business relations.

Table 6.1 below describes the estimated 5-year revenue profile for Gold Leaf's Phase 1 North Macedonia facility per product¹⁹.

¹⁹ The Gold Leaf revenue projections are based on the domestic wholesale prices set by the German government in 2019 which, at the time, were \$1,085 per pound. These prices have increased dramatically (see **Section 3.1** above). Gold Leaf has continued to use the 2019 \$1,085 per pound wholesale price to remain as conservative as possible and to show how the growing facility will remain profitable, with robust net earnings due to its low operating costs, should supply catch up to demand and prices return to 2019 levels.

Table 6.1: Gold Leaf’s North Macedonia Revenue Profile¹²

Macedonia - revenue profile est.					
(\$'000s)	2025	2026	2027	2028	2029
Flower output (lbs)	300	2,000	12,000	12,000	16,000
Flower price (\$)	\$ 1,085	\$ 1,128	\$ 1,174	\$ 1,220	\$ 1,269
<i>(\$'000s, below)</i>					
Flower revenue	\$ 326	\$ 2,257	\$ 14,082	\$ 14,646	\$ 20,309
Capsules revenue	\$ -	\$ 564	\$ 3,521	\$ 3,661	\$ 5,077
Total revenue	\$ 326	\$ 2,821	\$ 17,603	\$ 18,307	\$ 25,386
Less 20% discount for direct sale to pharmaceutical firm	\$ (65)	\$ (564)	\$ (3,521)	\$ (3,661)	\$ (5,077)
Net Revenue	\$ 260	\$ 2,257	\$ 14,082	\$ 14,646	\$ 20,309

6.2 Funding Requirements, Sources and Uses of Funds

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

Table 6.2-1: Gold Leaf Europe Sources and Uses

SOURCES		
Requested Investment		\$ 1,551,000
Total Sources		\$1,551,000
USES		
Deferred Expenses		Deferred Costs
Deferred rent - Dec 2022 - April 2024 @ \$8,200/mo		\$ 131,200
Security cameras payment		\$ 16,500
Vendor payments		\$ 58,400
Repayment of loans for 2023 & 2024 <i>monthly operating expenses 14 mos x \$6K</i>		\$ 84,000
Deferred payments - employees		\$ 118,400
Deferred operating expenses		\$ 28,500
Subtotal	\$ • -	\$ 437,000
Start Up Costs	Monthly	Start Up Costs
Retainer for legal services <i>investor LOI, preparation of term sheet, PPM, operating agreement, etc</i>	<i>one time</i>	\$ 50,000
Purchase of remaining equipment <i>HVAC systems, growing tables and structures, GMP laboratory equipment</i>	<i>one time</i>	\$ 73,000
Lighting and supplies	<i>one time</i>	\$ 250,000
Construction worker & labor payroll	\$ 6,000	\$ 36,000
Subtotal	\$ -	\$ 409,000

Table 6.2-1 (continued)

Operating Costs January - December 2025	Monthly	12 months
Legal and accounting	\$ 1,000	\$ 12,000
Rent, taxes, insurance	\$ 24,000	\$ 288,000
General manager - American - 1/2 salary, yr 1	\$ 6,000	\$ 72,000
Asst. general mgr - N. Macedonia	\$ 1,000	\$ 12,000
Master Grower - <i>estimated</i> - 6 months	\$ 15,000	\$ 90,000
Pharmacist	\$ 1,500	\$ 18,000
Agronomist	\$ 1,000	\$ 12,000
Labor - 6 months, following startup	\$ 12,500	\$ 75,000
Seedlings	<i>one time</i>	\$ 6,000
Security	\$ 4,000	\$ 48,000
Utilities	\$ 2,500	\$ 30,000
Armored delivery +shipping - 6 months	\$ 2,000	\$ 12,000
Maintaince and repairs - 6 months	\$ 1,000	\$ 6,000
Supplies (see Lighting and supplies above)	\$ -	\$ -
Contingencies	\$ 2,000	\$ 24,000
Jan - Dec 2025 Subtotal	\$ 73,500	\$ 705,000
TOTAL INVESTMENT FOR 2025		\$1,551,000

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		
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 shee	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		

Table 6.2-2 (continued):

North Macedonia Phase 1	SKU	Qty	Cost	Notes
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 2025 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 \$1,085/pound wholesale price)

Macedonia - income statement est.					
(\$'000s)	2025	2026	2027	2028	2029
Revenue ¹	\$ 260	\$ 2,257	\$ 14,082	\$ 14,646	\$ 20,309
Expenses ²					
Legal and accounting	\$ (12)	\$ (60)	\$ (62)	\$ (65)	\$ (67)
Rent, taxes, insurance	\$ (288)	\$ (288)	\$ (300)	\$ (312)	\$ (324)
General Mgr. (American)	\$ (72)	\$ (120)	\$ (125)	\$ (130)	\$ (135)
Asst. GM (Macedonian)	\$ (12)	\$ (36)	\$ (37)	\$ (39)	\$ (40)
Master Grower (estimated)	\$ (90)	\$ (180)	\$ (187)	\$ (195)	\$ (202)
Pharmacist	\$ (18)	\$ (24)	\$ (25)	\$ (26)	\$ (27)
Agronomist	\$ (12)	\$ (18)	\$ (19)	\$ (19)	\$ (20)
Labor	\$ (75)	\$ (100)	\$ (200)	\$ (225)	\$ (300)
Seedlings	\$ (6)	\$ -	\$ -	\$ -	\$ -
Security	\$ (48)	\$ (96)	\$ (100)	\$ (104)	\$ (108)
Utilities	\$ (30)	\$ (50)	\$ (100)	\$ (110)	\$ (150)
Armored delivery +shipping	\$ (12)	\$ (30)	\$ (60)	\$ (62)	\$ (80)
Maintenance and repairs	\$ (6)	\$ (12)	\$ (15)	\$ (16)	\$ (20)
Supplies	\$ -	\$ (60)	\$ (96)	\$ (100)	\$ (104)
Contingencies	\$ (24)	\$ (24)	\$ (25)	\$ (26)	\$ (27)
Total costs & expenses	\$ (705)	\$ (1,098)	\$ (1,351)	\$ (1,428)	\$ (1,605)
EBITDA	\$ (445)	\$ 1,159	\$ 12,732	\$ 13,218	\$ 18,703

Notes:

¹ Reflects 20% discount for direct sale to a pharmaceutical firm; see footnotes on page 21

² See footnotes on page 21

6.4 Return on Investment

See next page

6.4 Return on Investment

Table 6.4-1: Projected Return on Investment (based on \$1,085/pound wholesale price)

REVENUE¹	2025	2026	2027	2028	2029
Flower Produced (pounds)	300	2,000	12,000	12,000	16,000
Flower Price Per Pound	\$ 1,085	\$ 1,128	\$ 1,174	\$ 1,220	\$ 1,269
Flower Revenue	\$ 325,500	\$ 2,256,800	\$ 14,082,432	\$ 14,645,729	\$ 20,308,745
Edibles (capsules)	\$ -	\$ 564,200	\$ 3,520,608	\$ 3,661,432	\$ 5,077,186
Cartridges	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 325,500	\$ 2,821,000	\$ 17,603,040	\$ 18,307,162	\$ 25,385,931
Less 20% discount for direct sale to pharmaceutical firm	\$ (65,100)	\$ (564,200)	\$ (3,520,608)	\$ (3,661,432)	\$ (5,077,186)
Net Revenue	\$ 260,400	\$ 2,256,800	\$ 14,082,432	\$ 14,645,729	\$ 20,308,745

EXPENSES²	2025	2026	2027	2028	2029
Legal and accounting	\$ 12,000	\$ 60,000	\$ 62,400	\$ 64,896	\$ 67,492
Rent, taxes, insurance	\$ 288,000	\$ 288,000	\$ 299,520	\$ 311,501	\$ 323,961
General Mgr. (American)	\$ 72,000	\$ 120,000	\$ 124,800	\$ 129,792	\$ 134,984
Asst. GM (Macedonian)	\$ 12,000	\$ 36,000	\$ 37,440	\$ 38,938	\$ 40,495
Master Grower (estimated)	\$ 90,000	\$ 180,000	\$ 187,200	\$ 194,688	\$ 202,476
Pharmacist	\$ 18,000	\$ 24,000	\$ 24,960	\$ 25,958	\$ 26,997
Agronomist	\$ 12,000	\$ 18,000	\$ 18,720	\$ 19,469	\$ 20,248
Labor	\$ 75,000	\$ 100,000	\$ 200,000	\$ 225,000	\$ 300,000
Seedlings	\$ 6,000	\$ -	\$ -	\$ -	\$ -
Security	\$ 48,000	\$ 96,000	\$ 99,840	\$ 103,834	\$ 107,987
Utilities	\$ 30,000	\$ 50,000	\$ 100,000	\$ 110,000	\$ 150,000
Armored delivery +shipping	\$ 12,000	\$ 30,000	\$ 60,000	\$ 62,400	\$ 80,000
Maintenance and repairs	\$ 6,000	\$ 12,000	\$ 15,000	\$ 15,600	\$ 20,000
Supplies	\$ -	\$ 60,000	\$ 96,000	\$ 99,840	\$ 103,834
Contingencies	\$ 24,000	\$ 24,000	\$ 24,960	\$ 25,958	\$ 26,997
Total Expenses	\$ 705,000	\$ 1,098,000	\$ 1,350,840	\$ 1,427,874	\$ 1,605,469

Table 6.4-1 (continued):

	2025	2026	2027	2028	2029
EBITDA	\$ (444,600)	\$ 1,158,800	\$ 12,731,592	\$ 13,217,856	\$ 18,703,276
Sales and excise taxes ³	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation (no deduction)	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Before Taxes	\$ (444,600)	\$ 1,158,800	\$ 12,731,592	\$ 13,217,856	\$ 18,703,276
Corporate Income Tax: 10%	\$ -	\$ 115,880	\$ 1,273,159	\$ 1,321,786	\$ 1,870,328
NET EARNINGS (estimated)	\$ (444,600)	\$ 1,042,920	\$ 11,458,433	\$ 11,896,070	\$ 16,832,948
COST OF PRODUCTION PER POUND AS A PERCENTAGE OF NET REVENUES PER POUND					
2019 wholesale price (per above)	270.7%	48.7%	9.6%	9.7%	7.9%
2025 wholesale price - 20% THC ⁴	88.7%	15.9%	3.1%	3.2%	2.6%
2025 wholesale price - 22% THC ⁴	61.2%	11.0%	2.2%	2.2%	1.9%
MARGIN (2019 wholesale price)	-136.6%	37.0%	65.1%	65.0%	66.3%

Footnotes for Revenues and Expenses above:

¹ The 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 four, nearly five years since the report was published have seen even greater increases in flower revenues than were projected. The 2019 prices from the report have nevertheless been used in Tables 6.1, 6.3, and 6.4.

The revenue, EBITDA, and net earnings in these tables are based on the average 2019 wholesale price set by the German government for the purchase of domestically grown medicinal cannabis (rather than the higher price for cannabis imported from outside of Germany). This price was €2.30 per gram (with 453.592 grams per pound and an exchange rate of €1:\$1.04), i.e., \$2.39 per gram – or \$1,084.99 per pound. The 2019 purchase price for imported cannabis was €4 (\$4.66) per gram, or \$1,886.94 per pound, \$801.95 per pound more than domestically grown cannabis.

The \$1,084.99 price per pound was used in these calculations, with annual increases in Table 6.4 based on 4% per year. This was done to be as conservative as possible, with the intent of showing how the Gold Leaf Europe facility will remain profitable, with robust net earnings due to its low operating costs, should supply catch up with demand and should prices return to their 2019 levels.

These prices have increased dramatically, as described in **Section 3.1** of the Project Plan. Cannabis imported from North Macedonia with 20% THC was being sold for €14.04 per gram and 22% THC cannabis was being sold for €20.35 per gram (**see links in Section 3.1**) in German dispensaries in January 2025⁴.

This equates to \$6,623.17 per pound for 20% THC cannabis and \$9,599.82 per pound for 22% THC cannabis, **with an estimated wholesale price (at 50% of the retail price) of from \$3,311.58 to \$4,799.91 per pound.** Should these prices remain firm during the first five years of Phase 1 operations, the 5-year yield on a \$1,551,000 investment will range from \$53,165,751 to \$77,837,182.

None of these potential higher prices are used in the calculations in Tables 6.1, 6.3, and 6.4 above. The 5-year yield on a \$1,551,000 investment at the 2019 German domestic wholesale prices would be \$16,241,506.

- 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, and only a 10% corporate tax on revenues.

Footnote for January 2025 German Dispensary Prices for North Macedonia Cannabis

- ⁴ "Cannamedial Hybrid classic, North Macedonia," 20% THC and 22% THC, Cannabis Flower Pricing Options, Apotheke LUX 99, Cologne, Germany, <https://cannabis-apotheke.de/sorten?search=Gorilla%20Zkittlez> (the wholesale price is estimated at 50% of the retail price).

Table 6.4-2: Projected Return for a \$1,551,000 Investment with a 31% Equity Share in Phase 1 (based on 2% per \$100,000)

Wholesale Cannabis Price Per Pound	Investment Amount	Equity Share of Phase 1	Equity Earnings Years 1-5	Average Annual Earnings	Average Annual ROI	5-Year ROI
31% Equity Share of Year 1-5 Net Earnings for a \$1,551,00 USD Phase 1 Investment @ \$1,085/lb wholesale per the Gold Leaf Europe financial model based on 2019 domestic wholesale price in Germany (see footnotes above on page 21) with a 20% discount for direct sale to a pharmaceutical firm	\$1,551,000	31.0%	\$ 12,643,589	\$ 2,528,718	163%	815%
31% Equity Share of Year 1-5 Net Earnings for a \$1,551,00 USD Phase 1 Investment @ \$3,312/lb wholesale based on January 2025 German dispensary prices for 20% THC cannabis imported from North Macedonia with a 20% discount for direct sale to a pharmaceutical firm	\$1,551,000	31.0%	\$ 42,182,985	\$ 8,436,597	544%	2720%
31% Equity Share of Year 1-5 Net Earnings for a \$1,551,00 USD Phase 1 Investment @ \$4,799.91/lb wholesale based on January 2025 German dispensary prices for 22% THC cannabis imported from North Macedonia with a 20% discount for direct sale to a pharmaceutical firm	\$1,551,000	31.0%	\$ 61,918,936	\$ 12,383,787	798%	3992%

7. The Facility

7.1 The 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

