BUDGET

In summary and as previously stated, Embarc has hundreds of pages of documents designed to conform with all State and local laws, regulations, industry best practices, and Embarc-specific proprietary procedures. The responses above are intended to provide a thorough overview of Embarc's comprehensive understanding of, and plans to conform to, pertinent State and local laws, but are not exhaustive of Embarc's ongoing efforts to maintain compliant operations.

Embarc has developed the following detailed budget and has sufficient capital in place to fully fund startup costs and initial operations. This budget is based on practical experience from a team that has operationalized dozens of dispensaries across careers spanning every element of the legal cannabis supply chain, as well as actual costs and best practices after opening and operating 17 Embarc dispensaries throughout California.

Our budget specifically contemplates costs associated with construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases, and other anticipated contingency costs.

We have more than enough working capital reserved to cover construction and operationalization for the proposed Sutter Creek dispensary. Below are anticipated costs associated with construction and initial operationalization. These figures are informed by actual costs from other communities and have been verified by our construction team, which led the execution of Embarc's unique retail vision across multiple projects to date.

Uses of Capital	Amount
Equipment	$100,000
Construction Costs, Leasehold Improvements	$400,000
Financing Cost	-
Operations, Inventory Purchases	$300,000
Operations, Maintenance	$72,000
Operations, Professional Fees	-
Operations, Insurance	$48,000
Operations, Other	$57,612
Employee Compensation and Related Expenses	$694,313
Property Lease, Security Deposit	$16,000
Property Lease, Rent	$72,000
Property Lease, Utilities	$19,000
Security Equipment and Staff	$120,000
Local Cannabis Business License and Application Fees	$10,306
State Cannabis Business License and Application Fees	$57,000
Total Startup Budget	**$1,966,231**
Excess Working Capital	$3,033,769
Total Uses of Capital	**$5,000,000**

PRO FORMA

Preparing a thoughtful pro forma is an important component of evaluating the long-term viability and economic potential of this project. Embarc has worked diligently to develop projections informed by practical operating experience, market research, and the City's goals and expectations for community benefit generation.

While every cannabis market is unique and actual performance may vary based on market conditions, regulatory changes, competition, and consumer behavior, the projections below reflect an intentionally aggressive yet thoughtfully developed model intended to demonstrate the long-term potential of the proposed operation and its potential benefit to the City. Importantly, the pro forma anticipates a ramp-up period as the business establishes itself within the community, builds customer awareness, and develops a stable customer base over time. As with most new retail operations, particularly in emerging or underserved cannabis markets, revenue growth is expected to increase progressively throughout Years 1 through 5 as operations mature and consumer awareness expands.

Our five-year pro forma demonstrates Embarc's strong financial position, operational discipline, and long-term solvency. The model reflects Embarc's proven ability to launch and operate compliant, financially stable cannabis retail businesses throughout California, supported by a leadership team with extensive financial and operational expertise.

These projections illustrate that Embarc has both the financial capacity and operational experience to meet its long-term obligations, maintain regulatory compliance, and work toward delivering meaningful economic and community benefits to the City of Sutter Creek over time.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue						
Retail	-	$6,228,954	$6,914,139	$7,536,411	$8,214,688	$8,954,010
Delivery	-	-	-	$1,381,675	$1,506,026	$1,641,569
Total Revenue	**-**	**$6,228,954**	**$6,914,139**	**$8,918,086**	**$9,720,714**	**$10,595,579**
Cost of Goods Sold						
Product COGS	-	$3,041,806	$3,526,211	$4,548,224	$4,957,564	$5,403,745
Other COGS	-	$31,145	$34,571	$44,590	$48,604	$52,978
Internal Community Investment Fund (1%)	-	$62,290	$69,141	$89,181	$97,207	$105,956
Community Benefit Fee to City (8% - Pass Through)	-	$498,316	$553,131	$713,447	$777,657	$847,646
Excise Taxes (15% - Pass Through)	-	$934,343	$1,037,121	$1,337,713	$1,458,107	$1,589,337
Total Cost of Goods Sold	**-**	**$3,446,688**	**$3,975,630**	**$5,127,900**	**$5,589,411**	**$6,092,458**
Gross Profit	**-**	**$2,782,266**	**$2,938,509**	**$3,790,187**	**$4,131,304**	**$4,503,121**
% Margin	*nmf*	*44.7%*	*42.5%*	*42.5%*	*42.5%*	*42.5%*
Operating Expenses						
Employee Compensation	$94,699	$1,199,229	$1,282,230	$1,674,910	$1,828,538	$1,986,652
Safety and Security	-	$240,000	$247,200	$254,616	$262,254	$270,122
Professional Fees	-	-	-	-	-	-
Advertising and Promotion	-	$155,724	$172,853	$222,952	$243,018	$264,889
Rent	$24,000	$96,000	$98,880	$101,846	$104,902	$108,049
Utilities	$6,000	$25,000	$24,720	$25,462	$26,225	$27,012
Repairs and Maintenance	-	$24,000	$24,000	$24,000	$24,000	$24,000
Custodian	-	$12,000	$12,000	$12,000	$12,000	$12,000

Insurance	-	$24,000	$24,000	$24,000	$24,000	$24,000
California Cannabis Business License	-	$57,000	$96,000	$96,000	$96,000	$96,000
Local Cannabis Business License	$10,306	$32,000	$32,000	$32,000	$32,000	$32,000
Office Supplies	-	$6,000	$6,000	$6,000	$6,000	$6,000
Meals and Entertainment	-	$6,000	$6,000	$6,000	$6,000	$6,000
Vehicles	-	$12,000	$12,000	$12,000	$12,000	$12,000
Employee Training	-	$6,000	$6,000	$6,000	$6,000	$6,000
Uniforms	-	$2,500	$2,500	$2,500	$2,500	$2,500
IT	-	$18,000	$18,000	$18,000	$18,000	$18,000
Point of Sale	-	$18,000	$18,000	$18,000	$18,000	$18,000
Total Operating Expenses	**$135,005**	**$1,933,453**	**$2,082,383**	**$2,536,286**	**$2,721,438**	**$2,913,224**
EBITDA	**($135,005)**	**$848,813**	**$856,125**	**$1,253,901**	**$1,409,866**	**$1,589,896**
% Margin	*nmf*	*13.6%*	*12.4%*	*14.1%*	*14.5%*	*15.0%*
Federal Income Taxes	-	$584,276	$617,087	$795,939	$867,574	$945,655
State Income Taxes	-	$69,731	$70,377	$105,541	$119,328	$135,243
Depreciation & Amortization	-	$60,000	$60,000	$60,000	$60,000	$60,000
Total Income Taxes and D&A	**-**	**$714,007**	**$747,464**	**$961,480**	**$1,046,902**	**$1,140,898**
Net Income (Loss)	**($135,005)**	**$134,806**	**$108,661**	**$292,421**	**$362,964**	**$448,998**
% Margin	*nmf*	*2.2%*	*1.6%*	*3.3%*	*3.7%*	*4.2%*

TIMELINE

Below please find a timeline for operationalization. This was created by our internal Development team which possesses an in-depth understanding and extensive experience with local government entitlement processes, planning, building plan checks, and permitting – of which is crucial for the efficient opening of a cannabis business.

Our team members have successfully operationalized dozens of cannabis licenses from the ground up in various jurisdictions. By applying our direct knowledge of local and State regulatory frameworks, we consistently adhere to or surpass our projected operational timelines. Once approved, we act swiftly, aligning with aggressive schedules to ensure operations commence without delay.

To that end, Co-founder and Chief Compliance Officer Dustin Moore has managed the entitlement for all 17 existing Embarc locations and has overseen more than 100 project-specific entitlements throughout his career in communities across California and the country. This experience ensures he is intimately involved in every aspect of entitlement and operationalization to ensure the project not only conforms with all requirements but also participates meaningfully in each community's broader development goals. It is because of this nuanced approach that we open quickly and in true partnership with the cities we serve.

This track record is demonstrable. Across all Embarc's operational communities, we have consistently been the first or among the first to initiate operations—even during the height of the COVID-19 crisis—often months or even years ahead of other license recipients. Such efficiency isn't a coincidence; it is the result of a deliberate and strategic operational ethos. We don't just plan; we execute with precision and speed. This is a commitment we plan to uphold in Sutter Creek.

Based on our current understanding of the local development process, Embarc anticipates opening its doors in Sutter Creek in Q4 2026 and no later than early 2027. Because the building is currently developed and will only require basic tenant improvements, we anticipate construction can be completed quickly.

The schedule currently contemplates:

May, June	Staff Review of Application
July	Planning Commission
August	City Council
Sept	Submit Drawings Submit State & Local Licenses
Oct	Initiate Construction Initiate Hiring
Mid-Nov	Final Inspections Receive All Licenses In-Store Training Soft Opening
Dec	Grand Opening

The proposed tenant improvements for the conversion of the existing vacant bank building into a cannabis retail dispensary are anticipated to be minor in scope and completed within an estimated four (4) to six (6) week construction schedule following issuance of all required permits and approvals.

The project is primarily focused on interior cosmetic improvements, security enhancements, operational upgrades, and minor modifications necessary to support compliant cannabis retail operations while preserving the existing building footprint and primary building systems.

Given the property's prior use as a financial institution, the site already contains many physical and security-related features beneficial to dispensary operations, including an existing vault, teller counter infrastructure, secured access points, and a functional commercial layout. As a result, substantial structural modifications are not anticipated.

Proposed tenant improvements are expected to include:

- Interior painting, flooring, and general cosmetic upgrades;
- Installation of retail display fixtures, cabinetry, point-of-sale infrastructure, and customer queuing elements;
- Installation and integration of state-required security and alarm systems, including cameras, access controls, and monitoring equipment;
- Installation of exterior and interior signage consistent with local regulations;
- Limited partition modifications and finish carpentry associated with office, storage, and inventory areas; and
- Final health, safety, and life-safety inspections prior to occupancy.

Construction activities are expected to occur generally in the following sequence:

Week 1: Mobilization, demolition of minor non-structural elements.

Weeks 2–3: Interior finish work, installation of painting, cabinetry, retail fixtures, security infrastructure, and low-voltage systems.

Weeks 4–5: Final equipment installation, testing of surveillance and access-control systems, signage installation, punch-list completion, and cleaning.

Week 6 (if necessary): Final inspections, permit sign offs, staff setup and training, and preparation for operational readiness.

Because the project involves relatively limited tenant improvements within an existing commercial structure, construction impacts to surrounding businesses and adjacent properties are expected to be minimal and temporary in nature. No expansion of the existing building footprint or significant exterior site work is proposed.