

BUSINESS PLAN

Embarc is proposing to operate a retail dispensary in the City of Sutter Creek. As further detailed below, Embarc's operational plan has been designed to meet or exceed all State regulations.

Embarc has implemented industry-leading best practices perfected over decades of collective operational experience at some of the State's most respected dispensaries, along with input from our team which has been responsible for more than 2,000 retail stores across the globe, and valuable lessons learned from successfully operating Embarc's existing retail footprint of 17 operational stores.

Embarc's operating procedures and best practices are contained in our internal business plan, operating plan, employee handbooks, employee training program, and numerous other resources. In total, there are over **450 pages** of material specific to Embarc's operating procedures, policies, and best practices. Given that many of these materials are proprietary and this business permit application is subject to a Public Records Act request, and in deference to the need for succinct application materials, we have included a detailed overview of how Embarc's best practices have been included in the Standard Operating Procedures (SOPs) informing day-to-day operations.

PHYSICAL FUNCTIONALITY

Our layout and customer flow have been designed to maximize security, compliance, and an optimal consumer experience. It has been broken down into five sequential components, as further outlined below.

1. GREETED: Guests access the Screening Lobby, where they are welcomed by staff and undergo immediate identification and age verification protocols. While this is a strict compliance protocol to ensure patrons are appropriately aged to access the facility, staff are trained to ensure this feels like a warm and inviting experience.

2. INTRODUCED: Once identification and age are verified and based on customer flow in the Retail Sales Area, guests will either then be allowed to move directly from the Screening Lobby into the Retail Sales Area or asked to stay in the waiting area until space permits. The waiting area of the Screening Lobby has been designed with the customer in mind. Here you will find educational materials regarding cannabis as well as community-specific activations and installations.

3. GUIDED: After entering the Retail Sales Area, guests are greeted by a retail sales associate, called a "Guide." Guides take the guest through product selection, answer questions, and provide individualized suggestions. If there is a line of customers when a guest first enters the Retail Sales Area, the guest will queue appropriately.

4. CHECKOUT: Once the customer has selected products, their Guide will facilitate the transaction at a point-of-sale station. Purchased products are placed into an opaque exit package and guests are reminded to always keep their products stored in the product's compliant child-proof packaging to prevent accidental youth access. The easily identifiable exit package allows Security Officers to monitor customers exiting the building.

5. EXIT: Guests are thanked for coming and are directed to exit through the exit path. Pursuant to our neighborhood compatibility and operational policies, customers will not be permitted to loiter on the property.

CUSTOMER CHECK-IN PROCEDURES

Embarc utilizes state-of-the-art technology, onsite security, and customer experience protocols to ensure no person under the age of 21 (or 18 with a valid physician's recommendation and/or medical card) is permitted access. These protocols have been proven to ensure no person enters the Retail Sales Area until their identification has been verified, including age, identity, and validity of medical recommendation, if one is provided.

Guests will enter utilizing the designated main entrance to the building, where signs will be posted clearly and legibly stating that no person under the age of 21 is permitted to enter. The premises will have a clearly labeled entrance door, which will lead into the access-controlled reception area, functioning as a Screening Lobby.

A robust surveillance network complemented by viewing stations will allow for pre-screening of those approaching the business, ensuring only those who can be certainly identified on camera will be granted access into the Screening Lobby to initiate the check-in process and that youth are not able to access the facility.

Upon entry, a guest is greeted in the secure Screening Lobby area by an employee who visually inspects the guest's identification card before scanning it into Embarc's track-and-trace/point-of-sale software, which automatically inputs necessary identity verification and compliance information into our point-of-sale (POS) system. As a redundant layer of security, the reception employee may also scan the identification card using a portable age verification device such as the CAV-2000 (or a similar model, depending on technology at the time of operations). As defined by State law, acceptable forms of identification include:

- A document issued by a federal, State, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, height, gender, and photo of the person;
- A valid identification card issued to a member of the Armed Forces that includes the person's name, date of birth, and photo; or
- A valid passport issued by the United States or by a foreign government.

To protect against any guest accessing the Retail Sales Area prior to identification verification, the Screening Lobby physically prevents access to the

Retail Sales area until after identification verification is complete.

Medical Patients & Caregivers

If the potential customer is between 18 and 20 years old (and thus only able to access the facility as a medical patient or caregiver), Embarc will confirm the customer's possession of a valid identification card utilizing the identification verification process previously outlined as well as a physician's recommendation and/or Medical Marijuana Identification Card using our Medical Patient and Caregiver Access Verification Protocol. Pursuant to State law, physician's recommendations will not be obtained or provided at our location. No person under the age of 21 will be allowed access to the Retail Sales Area without the following verification protocol:

1. If the patient produces a physician's recommendation, staff will verify that the doctor's license is active and in good standing using the California Medical Board's online license verification program, BreEZe; and upon verification that the physician's license is in good standing and active, the staff member will utilize the online verification system provided by the doctor to verify that the medical recommendation is valid. If no online platform is available, the staff member will call the physician's office and manually verify the recommendation.
2. If the patient produces a State-issued medical identification card, the staff member will utilize the official website administered by the California Department of Public Health to verify the patient's identification card using the assigned nine-digit Unique User Identification Number.

Once the above procedures are complete, the following outcomes are possible:

- The patient is properly verified, their information is entered into Embarc's POS system, and their records are stored in a

HIPAA-compliant database to meet State guidelines for record retention, or

- The patient's verification fails, and they are asked to promptly leave the premises and only return with valid documentation.

Once age and identity verification are complete, the reception employee completes the guest's profile. This information is properly stored pursuant to all cannabis and general advertising laws and regulations. The guest is then provided access into the Retail Sales Area, where they are greeted by a Guide (retail sales associate) or, if at capacity, are invited to wait in the Screening Lobby seating area. The patient will be asked to show the government-issued identification and, if applicable, a doctor's recommendation or MMIC card again at the POS station at the time of purchase.

POINT-OF-SALE

Embarc intends to utilize Treez as its point-of-sale (POS) system in Sutter Creek. Treez is an enterprise-quality retail management software built using the most sophisticated security systems available to increase security and productivity, resulting in faster transaction times and more secure monitoring.

Treez tracks and reports on all aspects of commercial cannabis activity, including but not limited to, cannabis tracking, inventory data, gross sales (by weight and by sale), and other information deemed necessary by the City. Embarc will ensure that the Treez system is compatible with the City's record-keeping systems and can produce historical transactional data for review.

Treez POS software manages and stores transaction information, including records, reports, manifests, and any other documents generated by Embarc. Per State requirements, this data is stored both physically and electronically in the cloud for a period of at least seven years. Importantly, Treez maintains the confidentiality of all customer and patient data and records.

Treez is an integrated software platform that automatically enforces best practices with a focus on compliance and loss prevention. Unique features of the Treez system include, but are not limited to, the following:

ACCURACY: Customizable inventory locations mirror the physical workings of the store and segment inventory by medical or recreational status, fulfillment type, or sales channel to ensure accurate inventory at all times.

FULFILLMENT: A centralized dashboard streamlines processes across in-store, express, and pick-up orders and captures orders from all e-commerce marketplaces and fulfills them from a single place to ensure real time inventory management.

COMPLIANCE: Built-in tools to safeguard against selling over State-specific purchase limits, dynamic tax collection based on product type, customer classification, and delivery destinations, real time sale reporting to CCTT-Metrc, and insulation from track-and-trace outages using the proprietary TraceTreez automation layer.

Treez Interaction with CCTT-Metrc

Embarc will create and maintain an active and functional account within the CCTT-Metrc system prior to engaging in any commercial cannabis activity. The CCTT-Metrc system, often referred to as METRC or Metrc, is the State's selected track-and-trace provider – a standardized and centralized database for the State of California tracking all cannabis from seed to the point-of-sale.

Once the Embarc accounts and systems are linked, the Treez system utilizes an Application Programming Interface (API) to facilitate a direct online connection to Metrc.

Treez will then automatically interface with and push all the sales data to CCTT-Metrc in real time. This enables sales data from Treez to be uploaded directly to CCTT-Metrc, reducing the risk of diversion, loss, and theft while maintaining the integrity

and safety of cannabis products as they move through the supply chain. Furthermore, Treez allows Embarc to remain compliant with requirements that commercial cannabis businesses must have an accounting software system in place to provide POS data as well as audit trails for both product and cash, where applicable.

Embarc will designate one individual owner as the CCTT-Metric account manager. The account manager may authorize additional owners or employees as system users and will ensure that each user is trained on the system prior to its access or use. This designated track and track account manager will be responsible for ensuring that the Treez system conducts all required reporting to the DCC.

Embarc will monitor all compliance notifications from the system and timely resolve the issues detailed in the compliance notification. Embarc will keep a record, independent of the system, of all compliance notifications received from CCTT-Metric, and how and when compliance was achieved.

OPENING & CLOSING PROCEDURES

Embarc has established comprehensive opening and closing procedures designed to ensure safe, secure, and compliant operations while protecting employees, customers, inventory, and the surrounding community. These procedures have been developed collaboratively by Embarc's security, operations, and compliance teams and are informed by operational best practices refined through the company's existing operations throughout California.

Opening procedures begin approximately one hour prior to business operations and include coordinated security and management inspections of the premises, verification of alarm and surveillance systems, inspection of all entry points and emergency exits, and confirmation that all safes, locks, and secure storage areas are functioning properly and free of tampering.

Employee access to the building is controlled through secured access systems with role-based permissions to ensure that only authorized personnel may enter designated operational areas. Prior to opening, staff conduct store preparation activities including sanitation and cleaning of customer-facing areas, setup and testing of point-of-sale and operational systems, inventory restocking, cash drawer verification, and employee briefing meetings focused on operational updates, product education, customer service expectations, and daily responsibilities.

Closing procedures are overseen by store management and on-site security personnel and are designed to ensure that all inventory, currency, records, and operational systems are properly secured at the conclusion of business each day. These procedures include final customer transaction management, cash reconciliation and secure storage, inventory organization, sanitation and cleaning of the facility, shutdown and verification of operational systems, and inspection of surveillance, lighting, and alarm systems prior to arming the premises. Employees exit the facility in coordination with security personnel to maintain staff safety during closing operations.

All opening and closing activities are documented through standardized operational checklists and employee training procedures to ensure consistency, accountability, and compliance with all applicable state and local cannabis regulations. Embarc regularly reviews and updates these procedures as part of its ongoing commitment to operational excellence, public safety, and regulatory compliance.

HOURS OF OPERATION

The State restricts operating hours to between 6 am and 10 pm daily. Embarc anticipates operating between the hours of 8 am and 10 pm in Sutter Creek.

RECEIVING DELIVERIES

Embarc has developed proven delivery receipt protocols through existing operations that maximize public health and safety and eliminate impacts to neighboring uses. Embarc will confirm that we have already received the specific shipping manifest and certificate of analysis (COA) via CCTT-Metric prior to a scheduled delivery of a shipment of cannabis goods.

Embarc will not accept any delivery of cannabis or cannabis products without receiving a copy of the shipping manifest and COA containing necessary and accurate information from the licensed distributor or licensed microbusiness authorized to engage in distribution responsible for making the delivery.

Embarc will receive shipments of cannabis goods only from licensed distributors and/or licensed microbusinesses authorized to engage in distribution and only during business hours with advance notice. Shipments will enter the licensed premises through the rear of the building so as not to be visible to, or accessible by, the public.

Distribution schedules will be varied and will be maintained in confidence and only released to those with a business need-to-know in the moments prior to receipt of a distribution. Distributors will be required to notify Embarc of the approximate delivery time and shall include the name and photos of the distribution drivers scheduled as part of the pre-scheduling process.

Upon arrival, a Security Guard will allow the distributor into the licensed facility. The Manager will proceed to the Loading & Unloading Area. The Security Guard will remain in the area to monitor the delivery.

The vendor will be logged. Goods will be inspected for completeness, condition, and compliance. Compliant goods will be accepted and transferred into the track-and-trace account of Embarc. The door from the Loading & Unloading Area to the

Intake Area will remain closed and locked until the distributor has vacated the premises following the transfer. The Security Guard will escort the distributor out of the building and thereafter, the Security Guard will resume their duties.

Shipments of cannabis goods will be inspected for freshness and cannabis goods that have exceeded their expiration or sell-by date will not be accepted. Per State regulations, a shipment will either be accepted or refused in full.

Embarc will only accept deliveries during daylight hours and at staggered times to prevent predictability. Embarc will not allow shipments of cannabis goods to enter the licensed premises through an entrance or exit that is available to the public and will only accept deliveries through the secure vendor entrance.

Embarc will not engage in any packaging or labeling of cannabis or cannabis products and will not accept any cannabis or cannabis products from a distributor that are not packaged for final sale in a compliant manner. Embarc will not accept goods that have not passed laboratory testing as documented by a COA.

Inventory Management

When a shipment of cannabis goods arrives, Embarc will inspect the scheduled delivery's inventory and verify that the distributor or microbusiness authorized to engage in distribution has provided a hard copy shipping manifest. The hard copy shipping manifest will be inspected to verify that the shipping manifest contains the following information: name and type of the cannabis goods, UIDs of the cannabis goods, amount of cannabis goods by weight or count, total wholesale cost of the cannabis goods, estimated times of departure and arrival, actual time of departure and arrival, name, license number, and address of all licensees involved, such as the cultivator, the transporter, driver's license number of anyone driving the transport vehicle and make, model, and license plate number of the vehicle used for transport.

When information in the shipping manifest is suspect or inaccurate, Embarc will seek clarification or correction from the distributor but refuse acceptance if warranted.

Embarc will reconcile all cannabis product package counts, labeling, and actual weights of the incoming shipment against the shipping manifest and CCTT-Metric. When there is a discrepancy in weight or package reconciliation, Embarc will record and document the discrepancy in the Treez system which also serves as its chosen internal seed-to-sale tracking system in CCTT-Metric and report the discrepancy to the Inventory Manager.

Embarc will inspect the shipment of cannabis or cannabis goods for freshness. When cannabis or cannabis goods have exceeded their expiration or sell-by date, Embarc will not accept them. Embarc will inspect the shipment's labeling and packaging and ensure that all cannabis or cannabis products are labeled and packaged for final sale. When there is a defect to a label or package, or any is missing, Embarc will refuse the shipment.

Embarc will confirm that cannabis goods in the shipment have all passed required testing. If the products have not passed testing, Embarc will refuse the shipment. If the physical shipment and the shipping manifest are accurate, Embarc will sign the manifest. If the products or paperwork do not meet the above standards and Embarc refuses the shipment, we will record the refusal in CCTT-Metric and indicate on the relevant manifest, invoice and/or sales receipt the specific reason for rejection.

Embarc will follow detailed steps as further outlined in our SOPs to accept a transfer in CCTT-Metric, will immediately place the inventory in the designated Secure Product Storage Room and will retain the manifest, bills of lading, any certificates of analysis, and any sales invoices or receipts in Embarc's inventory tracking records for seven years. We will ensure that all records are legible,

securely stored and are easily accessible upon request from local and/or State regulators.

Types of records produced and maintained when acquiring new inventory will include a shipping manifest, a sales invoice or receipt, a bill of lading, and a COA. The sales invoice or receipt will disclose, at minimum, Embarc's legal business name and license number.

Demonstrated Experience with the Department of Cannabis Control & Local Regulatory Agencies

Beyond standard regulatory compliance, Embarc has developed a uniquely collaborative working relationship with the California DCC. Over the past several years, the DCC has repeatedly engaged with Embarc for field training, regulatory education, and special event licensing, reflecting our reputation as a trusted operator with exemplary compliance systems. Our stores are recognized by the DCC as real-world examples of how regulated retail cannabis can operate safely, transparently, and in alignment with both the letter and spirit of state law.

EMBARC SACRAMENTO: Our Sacramento location, situated near the DCC's headquarters in Rancho Cordova, has become a hub for regulatory collaboration and education. DCC inspectors and staff frequently use the store as a live training environment, allowing new inspectors to observe compliant operations in real time, including age verification, inventory management, track-and-trace procedures, and sales transactions. In August 2025, the DCC filmed an educational video for its Retail ID Campaign inside the store, demonstrating how Metric's Retail ID system enhances transparency, traceability, and consumer confidence. The video highlights the consumer experience, showing how Retail ID QR codes link directly to certificates of analysis, ingredient lists, and product data.

EMBARC ALAMEDA: In October 2025, Embarc's Alameda store hosted the California Cannabis

Appeals Panel (CCAP) and DCC leadership for a comprehensive educational tour focused on real-world compliance execution. During the visit, our leadership team demonstrated how compliance is embedded into daily operations through technology, documentation, and oversight.

EMBARC WOODLAND: Our Woodland location exemplifies our proactive approach to public safety and local partnership through our collaboration with the Woodland Police Department. The store's exterior surveillance system is integrated with the City of Woodland's Flock Safety camera network, an advanced, citywide system that uses fixed and PTZ (pan-tilt-zoom) cameras to capture and securely share license plate and vehicle data with law enforcement. This integration allows the Woodland Police Department to access live and recorded footage from our exterior cameras in real time, supporting investigations, improving response times, and enhancing neighborhood safety. By linking our system directly into the City's Flock network, Embarc ensures full transparency and seamless coordination with local law enforcement while maintaining strict compliance with privacy and data security standards under both state and local law.

LOCAL LAW ENFORCEMENT: It is standard practice for Embarc to grant local law enforcement live feed access to our online surveillance viewing system. This access allows police departments to monitor our exterior and interior camera systems in real time, ensuring immediate visibility into store activity when needed for public safety or emergency response. All camera systems meet or exceed the DCC's security requirements and maintain continuous, high-definition recording for a minimum of 90 days. By granting direct access to local law enforcement agencies, Embarc promotes transparency, strengthens community trust, and enhances coordination in the event of incidents. This collaborative approach has been widely praised by law enforcement partners across multiple jurisdictions.

CALIFORNIA STATE FAIR CANNABIS EXHIBIT – EMBARC EVENTS: Embarc is proud to operate the nation's first state-licensed cannabis sales and consumption venue at the California State Fair in Sacramento, in partnership with the DCC and the City's Office of Cannabis Management. Launched in 2024 and continuing through 2025 and beyond, this historic activation has required an unprecedented level of coordination between our compliance team, DCC licensing officials, and multiple state and local enforcement agencies. Every aspect of the operation, from access control and ID verification to inventory tracking, odor mitigation, and waste management, undergoes multiple rounds of pre-event inspection and onsite review. DCC inspectors work directly alongside Embarc staff during event setup and live operations to verify compliance in real time.

OUTSIDE LANDS GRASS LANDS – EMBARC EVENTS: Since 2021, Embarc has served as the licensed operator of Grass Lands, the cannabis area of the annual Outside Lands Music Festival in San Francisco's Golden Gate Park. This partnership involves close coordination with the DCC, the San Francisco Office of Cannabis, law enforcement, and public health officials. Our team works through multiple pre-event inspections and rigorous compliance walkthroughs to ensure every aspect of sales, storage, and consumption adheres to both local and state regulations. The scale of Grass Lands, one of the largest and most visible regulated cannabis events in the country, requires exacting coordination and operational precision. DCC inspectors routinely conduct onsite evaluations during the festival, and our continued record of compliance has positioned Embarc as the benchmark for safe, responsible, and community-integrated event operations statewide.

Complying with State Law

We will ensure that Embarc is operating in a manner compliant with all applicable State and local laws, including the Medical Cannabis Collective Laws, the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), any subsequently

enacted State law or regulations, licensing requirements, City Cannabis Ordinances and Zoning requirements.

The Department of Cannabis Control (DCC) has established nearly 250 pages of detailed regulations governing commercial cannabis activity, and Embarc has deep experience managing compliance with these regulations across 17 operational storefronts. Our team's proven track record demonstrates our ability to navigate these extensive regulations, ensuring that all operations meet the highest standards of safety, compliance, and efficiency. We understand the State and local regulatory landscape has been designed to protect the health and safety of employees and the community at large.

For brevity, the following briefly summarizes compliance with the most relevant regulatory requirements.

§15000.1. GENERAL REQUIREMENTS: Embarc will obtain and maintain a valid license from the DCC for the premises at which commercial cannabis activity is conducted and will only conduct commercial cannabis activity between licensees. Embarc will only conduct commercial cannabis activities authorized by the license and on the premises licensed for the activity and all transfers of cannabis and cannabis product will be conducted by a licensed distributor. Embarc license will not be transferable or assignable to another person or premises, except as provided in §26050.2 of the California Business and Professions Code (CA BPC), and in the event of the sale or other transfer of the commercial cannabis business, changes in ownership will be made in accordance with §15023. Embarc will use its legal business name on all documents related to commercial cannabis activity.

§15000.5. RESPONSIBILITY FOR ACTS OF EMPLOYEES AND AGENTS: Embarc acknowledges that the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by Embarc, within the scope of their employment

or office, will in every case be deemed the act, omission, or failure of Embarc.

§15000.6. AGE RESTRICTION: Embarc will not retain or employ anyone under the age of 21.

§15000.7. STORAGE OF INVENTORY: Embarc will store all inventory on the licensed premises and within a limited-access area. No cannabis goods will be stored outdoors. Employee break rooms, changing facilities, and bathrooms will be separated from all storage areas.

§15002. ANNUAL LICENSE APPLICATION REQUIREMENTS: Embarc will comply with all license submission and maintenance requirements as specified by the DCC.

§15025. ADDITIONAL PREMISES REQUIREMENTS FOR RETAILERS AND MICROBUSINESSES AUTHORIZED TO ENGAGE IN RETAIL: Embarc will only serve customers who are within the licensed premises, or at a delivery address that meets DCC requirements. Embarc will not sell or deliver cannabis goods through a pass-out window or slide-out tray to the exterior of the premises and will not operate as or with a drive-in or drive-through. No cannabis goods will be sold to any person within a motor vehicle, except for curbside delivery conducted pursuant to §15504. Alcoholic beverages will not be stored or consumed on the premises. Cannabis goods will not be dispersed in the air by an oil diffuser or any other vaporizing device. No cannabis consumption will occur onsite unless expressly permitted as a cannabis lounge and with appropriate State and local licensing.

§15034. SIGNIFICANT DISCREPANCY IN INVENTORY: Embarc will determine whether a discrepancy in inventory is significant based upon a five percent difference between the physical inventory and the inventory recorded in the track-and-trace system.

§15036. NOTIFICATION OF THEFT, LOSS, AND CRIMINAL ACTIVITY: Embarc will notify the DCC

and local law enforcement within 24 hours of discovery of any of the following: a significant discrepancy, as defined in §15034, in inventory; diversion, theft, loss, or any other criminal activity pertaining to operations; diversion, theft, loss, or any other criminal activity by an agent or employee pertaining to operations; loss or unauthorized alteration of records related to cannabis or cannabis products, customers, or employees or agents; or any other breach of security.

§15037. GENERAL RECORD RETENTION REQUIREMENTS: Embarc will keep and maintain the following records related to commercial cannabis activity for at least seven years: financial records, personnel records, training, contracts with other licensees, permits, licenses, and other authorizations to conduct commercial cannabis activity, security records, records relating to the composting or destruction of cannabis goods, documentation for data in the track-and-trace system, and all other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business. All required records will be legible and will be stored in a secured area where they are protected from debris, moisture, contamination, hazardous waste, fire, and theft. All records are subject to review by the DCC as well as other governmental agencies.

§15039. LICENSE POSTING REQUIREMENT: Embarc will prominently display all licenses on the premises where they can be viewed by agencies and within plain sight of the public. Embarc will post its DCC-issued QR Code, where it can be scanned from outside of the premises, at the size indicated in this section and of sufficient clarity that the code can be read by a smartphone or device capable of reading QR Codes from a distance of at least three feet.

§15040. ADVERTISING PLACEMENT & PROHIBITIONS: Any advertising or marketing that is placed in broadcast, cable, radio, print, and digital communications will only be displayed after Embarc has obtained reliable up-to-date audience

composition data (as defined in regulations) demonstrating that at least 71.6% of the audience viewing the advertising is reasonably expected to be 21 years of age or older; will not use any depictions or images of minors or anyone under 21 years of age; will not use any images that are attractive to children; will not imitate candy packaging or labeling or utilize the terms “candy” or “candies” or variants in spelling; and will not advertise free cannabis goods or cannabis accessories. Embarc will provide the DCC audience composition data for advertising or marketing upon request. If the DCC determines that audience composition data for advertising or marketing provided does not comply with these requirements, Embarc will remove the advertising or marketing placement. Any outdoor signs, including billboards, will be affixed to a building or permanent structure, will comply with the provisions of the Outdoor Advertising Act, commencing with §5200 of the CA BPC, if applicable, and will not be located within a 15-mile radius of the California border on an Interstate Highway or on a State Highway that crosses the California border.

§15040.1. MARKETING CANNABIS GOODS AS ALCOHOLIC PRODUCTS: Embarc will not market, advertise, sell, or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage.

§15041. AGE CONFIRMATION IN ADVERTISING: Prior to any advertising or marketing involving direct, individualized communication or dialogue, Embarc will use age affirmation to verify that the recipient is 21 years of age or older. Direct, individualized communication or dialogue may occur through any form of communication and a method of age verification is not necessary for a communication if Embarc can verify that it has previously had the intended recipient undergo a method of age affirmation and is reasonably certain that the communication will only be received by the intended recipient. Embarc will use a method of age affirmation before having a potential customer

added to a mailing list, subscribe, or otherwise consent to receiving direct, individualized communication or dialogue from Embarc.

§15041.1. BRANDED MERCHANDISE: Branded merchandise (non-consumable consumer goods utilized for advertising and marketing purposes) will include Embarc’s license number in a manner that is permanently affixed to the merchandise, legible, and clearly visible from the outside of the merchandise. It will not be designed in a manner attractive to children.

§15041.2, §15041.3, §15041.4, §15041.5, §15041.6 AND §15041.7. TRADE SAMPLES: Embarc will obtain trade samples in compliance with all pertinent regulations.

§15042. PREMISES ACCESS REQUIREMENTS: Only employees and other authorized individuals can access the licensed premises. All permitted non-employee individuals will be escorted by an employee at all times, and Embarc will maintain a record of all such access, including the name, company, reason for entry, date, and times entered and exited. These records will be available upon request. Embarc will never obtain compensation for such access.

§15043. LICENSEE EMPLOYEE BADGE REQUIREMENT: All agents, officers, or other persons acting for or employed by Embarc will display a laminated or plastic-coated identification badge issued by Embarc at all times while engaging in commercial cannabis activity. The identification badge will, at a minimum, include Embarc’s “doing business as” name and license number, the employee’s first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee’s face and that is at least 1” in width and 1.5” in height.

§15044 – §15047. VIDEO SURVEILLANCE SYSTEM, SECURITY PERSONNEL, LOCKS, & ALARM SYSTEM:

Embarc will comply with all regulations pertaining to security as outlined in §15044. – §15047.

§15047.1. – §15051. TRACK-AND-TRACE: Embarc will comply with all regulations pertaining to CCTT-Metrc, as outlined in §15047.1. – §15051.

§15052. RETURNS: Embarc may return cannabis and cannabis products to the originating licensee for lawful business purposes in accordance with the following:

- Cannabis and cannabis products will not be reprocessed, rebranded, relabeled, physically repackaged, have their expiration dates amended, or be modified in any way without prior approval from the DCC.
- Returns of cannabis and cannabis products will be recorded in the track-and-trace system on a return manifest that will contain the reason for the return.
- Cannabis and cannabis products will not be transported pursuant to a return unless Embarc and the licensee receiving the cannabis and cannabis products have both consented to the return.

§15052.1. ACCEPTANCE OR REJECTION OF SHIPMENTS: Embarc will accept or reject, in whole, shipments of cannabis or cannabis products. If Embarc receives a shipment containing any cannabis/products that were damaged during transportation, Embarc will reject that portion of the shipment that was damaged. If Embarc receives a shipment containing cannabis or cannabis products that is non-compliant with labeling requirements or exceeds its provided expiration date, Embarc will reject the portion of the shipment that is non-compliant with labeling requirements or expired. When rejecting a shipment of cannabis or cannabis products, whether in whole or in part, Embarc will record in the track-and-trace system and indicate on any relevant manifest, invoice, or sales receipt the specific reason for rejection.

§15400. ACCESS TO RETAILER PREMISES: Access will be limited to those over the age of 21.

§15402. CUSTOMER ACCESS TO THE RETAIL AREA:

Customers will only be granted access to the retail area to purchase cannabis goods after an Embarc employee has confirmed the individual's age and identity. At least one employee will be physically present in the retail area at all times a customer is present. Sales will only occur in the retail sales area, or via authorized delivery.

§15403. HOURS OF OPERATION: Embarc acknowledges that pursuant to State law, cannabis retail storefronts may operate between the hours of 6 am and 10 pm, but the business intends to operate between the hours of 8 am and 10 pm in Sutter Creek.

§15403.1. REQUIREMENTS WHILE NOT OPEN FOR BUSINESS: The licensed premises will be securely locked with commercial-grade, nonresidential door locks and equipped with an active alarm system at any time it is not open for retail sales.

§15404. RETAIL CUSTOMERS: Embarc will only sell cannabis goods to individuals after confirming their age and identity via an acceptable form of identification.

§15405. CANNABIS GOODS DISPLAY: Cannabis goods for inspection and sale will only be displayed in the retail area. Cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection but will not be readily accessible to customers without the assistance of an employee, who must provide the container to the customer for inspection. Goods removed from their packaging for display will not be sold or consumed and will be destroyed when no longer used for display.

§15406. CANNABIS GOODS FOR SALE: Embarc will not make any cannabis goods available for sale or delivery to a customer unless they were received from a licensed distributor or licensed microbusiness authorized to engage in distribution and Embarc has verified that the cannabis goods have not

exceeded their best-by, sell-by, or expiration date if one is provided. In the case of manufactured cannabis products, the product must comply with all requirements of CA BPC §26130. The cannabis goods must have undergone laboratory testing as required by the DCC; the batch number must be labeled on the package of cannabis goods and must match the batch number on the corresponding Certificate of Analysis for regulatory compliance testing; the packaging and labeling of the cannabis goods complies with CA BPC §26120 and all applicable regulations within the Division as well as California Code of Regulations; and the cannabis goods comply with all applicable requirements found in the California statute and applicable State and local regulations.

§15407. SALE OF NON-CANNABIS GOODS: In addition to cannabis, Embarc may sell only cannabis accessories and branded merchandise and may provide promotional materials.

§15408. SALE OF LIVE PLANTS AND SEEDS: Embarc will only sell live, immature cannabis plants and cannabis seeds if all of the following requirements are met: the plant is not flowering, is shorter and narrower than 18 inches, and the plant or seed originated from a nursery that holds a valid license from the DCC or a licensed microbusiness authorized to engage in cultivation. Embarc will not sell any other live plants and will never apply nor use any pesticide, nor cause any pesticide to be applied nor used, on live plants.

§15409. DAILY LIMITS: Embarc will not sell more than the following amounts to a single adult-use cannabis customer in a single day:

- 28.5 grams of non-concentrated cannabis.
- 8 grams of cannabis concentrate as defined in CA BPC §26001, including cannabis concentrate contained in cannabis products.
- 6 immature cannabis plants.

Embarc will not sell more than the following amounts to a single medicinal cannabis patient, or to a patient's primary caregiver purchasing

medicinal cannabis on behalf of the patient, in a single day:

- 8 ounces of medicinal cannabis in the form of dried mature flowers or the plant conversion as provided in Health and Safety Code section 11362.77.
- 12 immature cannabis plants.

If a medicinal cannabis patient's valid physician's recommendation contains a different amount than the limits listed in this section, the medicinal cannabis patient may purchase an amount of medicinal cannabis consistent with the patient's needs as recommended by a physician and documented in the physician's recommendation.

The limits provided will not be combined to allow a customer to purchase goods in excess of any of the limits provided. We will be responsible for determining the amount of cannabis concentrates found in manufactured cannabis products sold to customers comply with the requirements set forth above.

§15410. CUSTOMER RETURN OF CANNABIS GOODS: Embarc will only accept returns of cannabis goods purchased from Embarc. We will not resell products that have been returned and will treat any cannabis goods abandoned on the premises as a return. Defective manufactured cannabis products returned by customers to Embarc will be destroyed pursuant to approved waste disposal practices or returned to the licensed distributor from which they were obtained.

§15412. PROHIBITION ON PACKAGING AND LABELING BY A RETAILER: Embarc will not accept, possess, or sell cannabis goods that are not packaged as they will be sold at final sale and will not package or label cannabis goods. We may place a barcode or similar sticker on the packaging of a cannabis good to be used in inventory tracking, but a barcode or similar sticker will not obscure any other required labels.

§15413. CANNABIS GOODS PACKAGING AND EXIT PACKAGING: All cannabis goods sold will comply with packaging. All purchases will not leave the premises unless placed in an opaque exit package. Immature plants and seeds are not required to be placed in resealable, tamper-evident, child-resistant packaging.

§15422. RECEIVING SHIPMENTS OF INVENTORY: Embarc will only receive a shipment of cannabis goods from a licensed distributor or licensed microbusiness authorized to engage in distribution and only within hours allowable by State law and local conditions. Shipments of cannabis goods will not enter the licensed premises through an entrance or exit that is available for use by the public.

§15423. INVENTORY DOCUMENTATION: Embarc will maintain an accurate record of its inventory and will be prepared to provide the DCC with the record of inventory immediately upon request. The record will include a description of each item such that the goods can be easily identified; the date and time the goods were received; the sell-by or expiration date (if any); the name and license number of the distributor; and the price paid for the goods (including taxes, delivery costs and any other costs).

§15424. INVENTORY RECONCILIATION: Embarc will be able to account for all its inventory. In conducting a reconciliation, Embarc will verify that the physical inventory is consistent with the records pertaining to inventory. The result of inventory reconciliation will be retained in our records and will be made available to the DCC upon request. If Embarc identifies any evidence of theft, diversion, or loss, we will notify the DCC and law enforcement.

Under California law, a Type 10 Retailer license authorizes both storefront retail sales and cannabis delivery from the licensed premises. Embarc's proposed operations will initially be limited to storefront retail sales. Prior to commencing any delivery operations, Embarc will provide the City Manager

and City staff with all applicable standard operating procedures, security protocols, and compliance documentation related to delivery activities to ensure compliance with all State and local requirements.

In summary and as previously stated, Embarc has hundreds of pages of documents designed to confirm 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 laws. It is not exhaustive of Embarc's ongoing efforts to maintain compliant operations.

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 (5%)	-	\$311,448	\$345,707	\$445,904	\$486,036	\$529,779
Excise Taxes	-	-	-	-	-	-
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
<i>% Margin</i>	<i>nmf</i>	<i>44.7%</i>	<i>42.5%</i>	<i>42.5%</i>	<i>42.5%</i>	<i>42.5%</i>
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
<i>% Margin</i>	<i>nmf</i>	<i>13.6%</i>	<i>12.4%</i>	<i>14.1%</i>	<i>14.5%</i>	<i>15.0%</i>
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 & Amortiation	-	\$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
<i>% Margin</i>	<i>nmf</i>	<i>2.2%</i>	<i>1.6%</i>	<i>3.3%</i>	<i>3.7%</i>	<i>4.2%</i>

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.