



Chairman and CEO Business Report

Dear **GreenState** investors, supporters and enthusiasts

I hope this report finds you in good health. As the Chairman of the Board and CEO of GreenState AG, I am pleased to provide you with an update on the current status of our company. While the official annual audit report by PwC will be completed by the end of April, I wanted to personally share this update in the spirit of transparency and our commitment to a "**GreenState of Mind**" in every aspect of our operations.

This year, I will be covering the following topics:

1. Global Macroeconomic and Geopolitical Situation
2. GreenState AG in 2024: A Year of Unprecedented Success
3. GreenState AG in 2025: A Defining Year for Growth and Expansion
4. Optimizing Local Fresh Food Production
5. Expanding Our Product Portfolio for Sustainable Growth
6. Bridging the Gap Between Traditional and Digital Agriculture
7. GreenState's Software Department: A Key Competitive Asset
8. GreenState AG Leadership and Culture
9. GreenState AG – Financial Strategy & IPO Plans for 2026
10. GreenState AG's Global Scaling Strategy
11. Closing Remarks



Before we begin, I would like to express my sincere gratitude to the GreenState AG team for their extraordinary work over the past twelve months. Their dedication and efforts have made great things possible, turning our vision into reality. Additionally, I extend my heartfelt thanks to our shareholders and bond investors for their trust and unwavering support of our corporate vision and mission. Lastly, I appreciate each of you for your continued support of GreenState AG and for taking the time to read this report.

1

Global Macroeconomic and Geopolitical Situation

Once again, we find ourselves at a crossroads of historic events that are shaping the future of our generation and those to come. As a start-up, GreenState AG is not immune to global events, making it essential for us to address both the opportunities and challenges arising from the current geopolitical and economic landscape.

Fortunately, as a Swiss-domiciled company, we benefit from Switzerland's strong economy, stable national currency, low inflation, and low unemployment rate. This is a significant advantage, as it ensures that our local market remains resilient with strong purchasing power for our products and services. The growing trend toward **local production and reduced reliance on imports ("no-flight import")** aligns perfectly with our vision, reinforcing our position as a future market leader in fresh food production.

In contrast, many of our neighboring European Union countries are facing economic difficulties, with some approaching full-scale economic crises. A closer look at **Germany's economy** reveals that it is nearing its lowest levels since the 2008 financial crisis, raising concerns about its ability to support both its large population and its crucial role as a pillar of the European economy.

On the other hand, **Asian and North American markets** show promising economic growth, at least in the short term. However, the ongoing **trade war between China and the United States** presents a unique opportunity for our Swiss start-up. Switzerland's neutral stance allows us to strategically position ourselves between these two global powerhouses, leveraging financial and business advantages as we enter the market.

The recent **U.S. election results**, with Donald Trump returning to office, signal a renewed focus on Big Tech and the **Artificial Intelligence race**, as well as new regulatory shifts, such as potential restrictions on **TikTok**. This could create opportunities for our technological solutions to establish a presence in the U.S. market. Meanwhile, Asian consumers have historically viewed Swiss products as **premium-quality** goods, making them willing to pay a higher price for Swiss excellence—another strategic advantage for us.

Regarding **vertical farming**, the past year has been challenging for large companies in the sector. Many have struggled due to excessive spending in **AgTech**, prioritizing costly hardware investments over profitability and scalable retail production. In my opinion, we are witnessing a **market correction** in AgTech, similar to the **dot-com bubble** or the **2008 housing crisis**. Only companies that focus on profitability and sustainable growth will survive and position themselves as leaders in the **Controlled Environment Agriculture (CEA) industry**.

Finally, on a broader scale, I personally hope for an end to ongoing global conflicts—particularly the wars between **Ukraine and Russia** and **Israel and Palestine**. Stability in these regions would not only bring humanitarian relief but also create a more predictable economic environment for businesses worldwide.





2 GreenState AG in 2024: A Year of Unprecedented Success

The year 2024 has been the most successful in GreenState AG's history.

Our first major milestone was securing **our first retail client, Manor**, where we successfully placed **basil, microgreens, and wasabi rucola** on store shelves. This achievement set the foundation for further growth and expansion.



Following this, GreenState AG made a significant move by **acquiring YASAI AG**, our largest Swiss competitor. This strategic acquisition allowed us to secure **Coop**, one of Switzerland's major retailers, as a key client. Shortly after, through our combined efforts, we also **onboarded Migros**, entering retail stores in **Canton Zürich** on a smaller but strategically important scale.

Beyond retail success, GreenState AG expanded into **Software as a Service (SaaS)** by securing **three clients** for our software solutions. By the end of the year, we successfully completed the **final development phase**, making our software fully market-ready for a larger client base.



In 2024, all GreenState AG subsidiaries collectively generated **CHF 1,400,000 in operational revenue**—an **increase of 14 times compared to the previous year and 100% more than our initial forecast**.



Breaking down this revenue:

- Our **software development company in Novi Sad** generated **CHF 500,000** through **digital marketing and software development services**.
- **Herb and fresh produce sales in Switzerland** contributed **CHF 700,000**.
- **Digital marketing and SaaS services** accounted for **CHF 200,000**.

Scaling Production to Meet Retail Demand

While our market entry in 2024 was highly successful, **we were only able to fulfill 10% of total retail demand**. This pushed our production capacity to its limits, but in the eyes of major retail chains, we are still seen as **underperforming**.

To address this challenge, our strategy includes **building an XL Farm in Switzerland**. This new facility will be **five times larger** than our existing vertical farming operations and will enable us to **increase herb and lettuce production tenfold**, ensuring we can meet the growing demand from Swiss retailers.

Diversification and High-Margin Products

Understanding both domestic and global market trends, we recognized that **vertical farming is a low-margin business**. As a result, 2024 became a pivotal year for the **development and design of new high-margin products**, including: **Herbal drinks, Home-growing devices, Software products**.



My goal was to complete the development of these solutions by **December 2024**, allowing us to **generate additional cash flow in 2025**. These new revenue streams will **strengthen our financial position** while leveraging our successful **digital marketing campaigns** to promote further product and service offerings.

Each of these solutions will be discussed in detail later in this report.



3 GreenState AG in 2025: A Defining Year for Growth and Expansion

This year marks a pivotal turning point for **GreenState AG** and all stakeholders, as we aim to **demonstrate the financial stability** of our business model. Over the past three years, we have successfully maintained a **10x growth model**, meaning our **operational cash flow has increased tenfold annually**. To sustain this trajectory, we must **reach CHF 10,000,000 in revenue** in 2025.

Given that our **vertical farming production remains limited** and the **XL Farm** is scheduled for launch in **2026**, this revenue growth will primarily come from: **herbal drinks, home-growing devices, software solutions, software development services, digital marketing**.



Scaling Operations and Profitability

To achieve our ambitious revenue goals, we will also need to **expand our workforce**, targeting a **team of at least 150 employees by year-end**. This growth will support the **development, marketing, and sales** of our **high-margin hardware and software solutions**, which will significantly enhance our **profitability** and strengthen our balance sheet.

Strategic Brand Positioning: GreenState as a Tech Company

A key shift in our corporate communication strategy **will be positioning GreenState AG as a pure tech company**. While **AgTech will remain a part of our portfolio**, the **vertical farming business will now operate exclusively under the YASAI AG brand**, which will continue to represent **fresh, locally produced agricultural products**. By leveraging **YASAI's strong brand recognition in Switzerland**, we will reposition **GreenState AG** as a leader in **digital and technical solutions**, focusing on **software development, IoT solutions, and innovative tech-driven services**.

Global Expansion: Entering New Markets

In 2025, we will take bold steps toward **international expansion**, requiring our team to **step outside their comfort zones** and establish a presence in key global markets.

Our plan includes:

- **Launching official representation offices in Dubai and New York** by the end of **Q2 2025**.
- Expanding our **client base in the United Arab Emirates and the United States** to drive growth in both digital solutions and AgTech.

Looking Ahead

This year will be instrumental in solidifying GreenState AG's position as a global technology-driven company. The following sections of this report will provide a **detailed breakdown of our business strategies and key focus areas** for 2025.

4 Optimizing Local Fresh Food Production

Our first and most fundamental operating pillar has always been **local fresh food production** and **product placement in domestic retail chains**. While we have achieved a major milestone by securing **over 70% of the domestic retail market**, we are far from being in a position to **slow down or become complacent**.

The initial victory—**proving our concept and market viability**—is now behind us. Moving forward, our focus must shift to **optimizing production processes, increasing output, stabilizing deliveries, and reducing production costs** to ensure long-term sustainability and profitability.

Leadership and Strategic Direction

In this crucial phase, **Dr. Christoph Lustenberger** plays a **pivotal role** in refining our production strategy. Having left his position at **ZHAW**, Dr. Lustenberger now serves as a **Project Manager at GreenState AG** while continuing his **consultancy work for major Swiss production facilities**.

His **core philosophy**—rooted in the **"Keep It Simple and Stupid" (KISS) approach**—focuses on:

- **Maximizing production space and resource utilization**
- **Optimizing production time**
- **Simplifying operational procedures**

By streamlining workflows and reducing planning errors, **Dr. Lustenberger** ensures that all production employees can:

- **Easily understand general production tasks**
- **Adapt to multiple roles across the production process**
- **Eliminate bottlenecks by increasing workforce flexibility**



Specialization and Increased Production Efficiency

To further enhance efficiency, we are implementing a strategic specialization model:

- **The Niederhasli farm** will focus exclusively on **basil and Thai basil production**.
- **The Neuhausen farm** will specialize in **coriander and microgreens**.

Both farms are now **Suisse Garantie certified**, enabling us to **produce, package, and distribute** from either location. This strategic shift is expected to:

- **Double basil and Thai basil production**
- **Significantly increase operational cash flow with the same resources**

Preparing for Future Expansion

Our goal is to **increase overall production capacity by 100%** while simultaneously preparing the market for the launch of our **XL Farm** and its expanded production capabilities. This **scalability-focused approach** will position us for sustainable growth and **secure our place as a leader in the Swiss fresh food industry**.

5 Expanding Our Product Portfolio for Sustainable Growth

Securing well-established and globally recognized supermarket chains as distribution partners has been a remarkable milestone for GreenState AG. However, a key short-term challenge remains—our current production capacity for herbs and lettuce is limited, preventing us from fully meeting market demand.

To address this, we have decided to **expand our product portfolio** and **diversify into additional healthy and sustainable food solutions**.



Introducing Locally Produced Herbal Beverages

One of our most promising innovations is the **repurposing of herbs and microgreens** that do not meet **retail quality standards**. Instead of discarding these products, we will:

- **Transform them into a high-quality substrate**
- **Use this substrate to produce healthy, locally crafted beverages**
- **Distribute these drinks through our existing retail partners**

This strategy will allow us to: **Enhance brand recognition, Stabilize operational cash flow**

Swiss Market as a Global Testing Ground

As with our previous innovations, Switzerland will serve as a pilot market for global expansion. This model will be replicated in each new international market, ensuring a scalable and adaptable business approach.

Beyond vertical farming and digital solutions, we are committed to distributing innovative, healthy food and beverage products, further solidifying GreenState AG's position as a leader in sustainable nutrition and AgTech solutions.

6 Bridging the Gap Between Traditional and Digital Agriculture

To support the transition from traditional farming to the digital world, we needed a solution that would make indoor farming accessible to the masses while fostering healthy competition in herb and lettuce production. This vision became the foundation of our "Platform for Life" strategy.

Development of Home Growing Devices

To bring this strategy to life, we developed **home growing devices**—compact, technology-driven farming units equipped with a **motherboard connected to our cloud-based systems**, the same systems that maintain our **two industrial farms**. We are now in the **final phase of production**, and we expect the **first 5,000 units** to be manufactured by **March of this year**. I am **extremely proud** of the **GreenState Tech team**, as they have developed this product **entirely in-house**, from **initial concept to final production**.

Their achievements include:

- **Plastic mold and part design**
- **Integration of sensors, motherboard, and camera**
- **Firmware, software, and mobile application development**
- **Wi-Fi and Bluetooth connectivity**
- **Establishment of a full business model**

In my view, **this breakthrough will enable GreenState to enter the consumer electronics industry**, opening opportunities to **apply our expertise to other innovative consumer products**.



Industrial Vertical Farming Solutions

When it comes to **industrial hardware solutions for vertical farming**, we must acknowledge that we may not currently have the **most advanced technology** in the market. Although our engineers developed the **GreenState 2.0 concept**, the intense demands of the past year prevented us from creating a **proof of concept and conducting necessary tests**.

While we remain **confident in the commercial potential** of our technology, we recognize that **time constraints prevent us from refining and commercializing** it at this stage.

Strategic Partnerships and Future Opportunities

Given the **risks and time limitations**, we have decided to **partner with leading companies in the vertical farming industry**. Through a **joint venture**, these partners will provide **hardware solutions**, while GreenState/YASAI will contribute:

- **Swiss market expertise and brand recognition**
- **Software solutions**
- **Innovative marketing strategies**

Although we may not have won the **race for the most advanced industrial farming technology**, we remain **attentive to market developments**. If the right opportunity arises, we are **open to launching our own solutions** once sufficient **testing and product finalization** have been completed. Additionally, we will explore the **acquisition of high-potential companies**, integrating them into the **GreenState ecosystem**.



7 GreenState's Software Department: A Key Competitive Asset

The software department is arguably GreenState AG's strongest asset. With a team of approximately 40 software engineers, we cover the entire software development lifecycle, including: **Business logic & initial concept development, Product design & user experience, Front-end & back-end engineering, DevOps & quality assurance, Software architecture**.

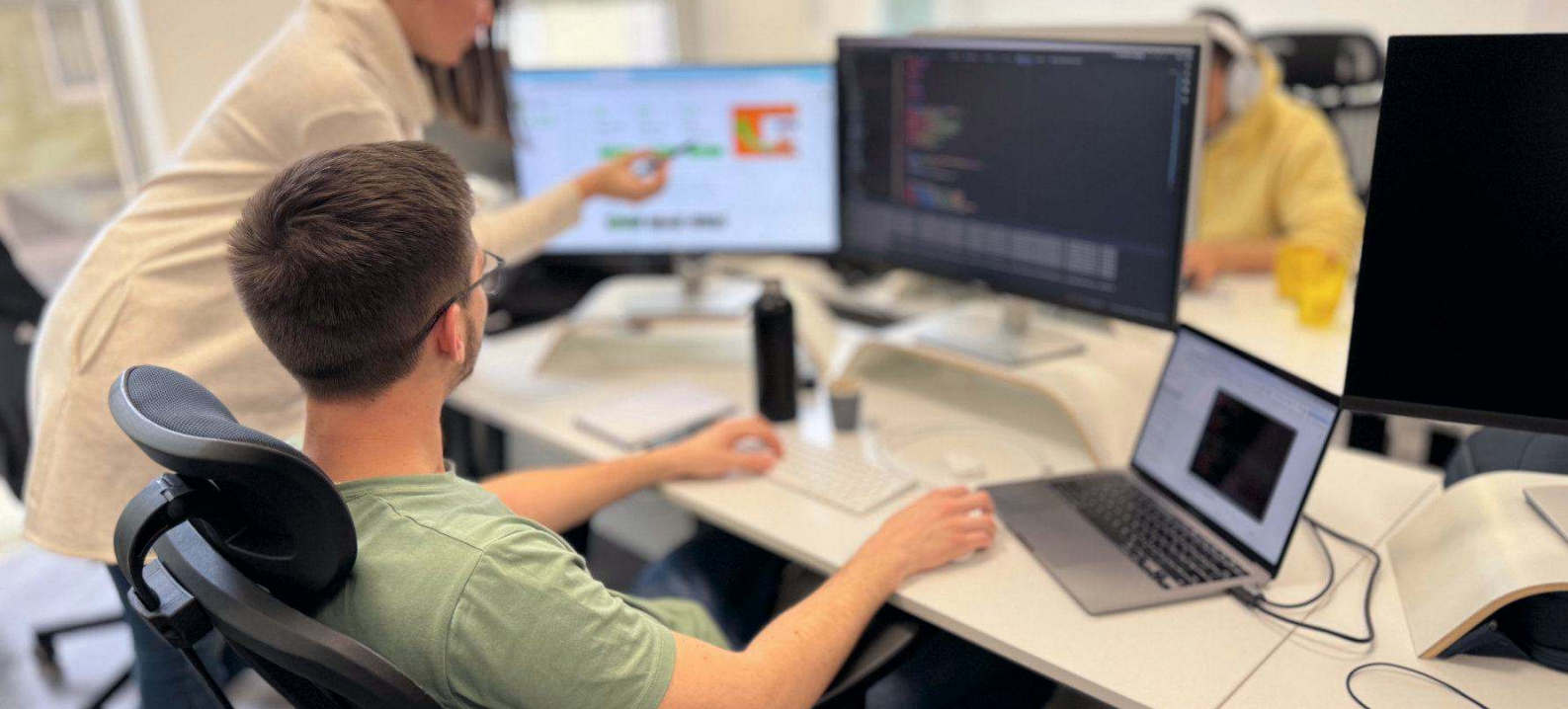
Our team's ability to **rapidly develop new software solutions** at **highly competitive costs** provides us with a **strong market advantage** in both **speed to market** and **profitability**.

Modular Software Architecture & Design System

A key milestone in our software evolution over the past year was the **introduction of a "design system" and "modular software architecture"**.

But what does that mean in simple terms?

Our software development team has built a **collection of independent software modules**, all designed within a **single, unified design system** using a **microservices architecture**.



Some of these **modular features** include:

- **Credit card payment systems**
- **Social media functionality**
- **Private user accounts**
- **Blog & portfolio management**
- **KYC (Know Your Customer) & AML (Anti-Money Laundering) compliance**
- **CRM (Customer Relationship Management) solutions**
- **Task management systems**

These modules **function as standalone systems** while sharing the **same design framework and core codebase**, allowing us to **rapidly deploy** customized software solutions for our clients.

For example:

- A company can **launch its own branded social media platform** through GreenState at a **fraction of the traditional development cost**.
- A business can **deploy a CRM system within 24 hours**.
- A specialized CRM system with an **AI chatbot** tailored for **Basil and Mint production** can be launched seamlessly.
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This **flexibility and affordability** empower **small and medium enterprises (SMEs)** to compete against **Big Tech giants** and **low-cost Asian platforms** like **Temu, AliExpress, and Alibaba**, enabling them to digitally transform their businesses with cutting-edge technology.

Artificial Intelligence & Smart Home Integration

Another core element of our **software strategy** is **advancing operational AI** through **smart home and IoT (Internet of Things) integration**.

This technology—developed on behalf of **GrowBorg**—aims to connect **home devices to cloud services**, allowing an **AI-powered home assistant** to manage everyday tasks for users.

For example:

- **Pre-cooling your home** during summer before you arrive from work.
- **Detecting if you forgot to turn off your oven** and either **shutting it down remotely** or notifying you.

By building **real-world AI applications** with practical benefits, we are not only enhancing user convenience but also pioneering **human-centric AI solutions** that improve everyday life.

8 GreenState AG Leadership and Culture

As I reflect on the incredible journey of GreenState AG, one thing is clear: achieving all the developments we've seen so far has been no small feat. It's not something that can be accomplished by one individual, and it stands as my personal greatest achievement. From the beginning, we've embraced an **agile, flat, and linear management system**, completely eliminating silos and bureaucracy.

This unique structure has enabled us to organize the company into **target-oriented, self-managed operating groups**. Each group is led by heads chosen for their expertise, leadership qualities, and experience. They are entrusted with full independence in project management, but always under the umbrella of the company's overarching policies. This setup encourages creativity and fosters a sense of ownership without compromising the company's core values.

One of the most crucial elements in this system is trust. Trust in the individuals who drive the projects. We have always believed in hiring the right people, giving them the freedom to execute, and empowering them to find the best solutions based on their skills, knowledge, and experience. This approach follows my core belief: **I don't need to tell engineers what their job is**. Instead, I provide them with a clear business vision and give them the autonomy to create the technical solutions. It's about allowing them to shine and demonstrating their leadership.

While this system is incredibly effective, it comes with challenges. **Mistakes do happen**, but we've seen that the mistakes are primarily linked to creativity rather than functionality. Issues such as design misunderstandings—like color, size, or shape—may arise, but they don't compromise the functionality of a project. The important thing is that the projects continue moving forward in the right direction.

However, one of the greatest challenges we face within this agile management system is trust. It's essential to give individuals **freedom in the long run**, to let them show their capabilities, their knowledge, and their commitment to the company's mission. But it's also vital to ensure that the right people remain aligned with the company vision. It's all about ensuring we have a team that's truly aligned with our goals.

There have been instances where around **20% of the team** struggled to adapt to this flat organizational structure or didn't fully embrace our company vision. For me, the central question was always: *Is this person working in the best interest of GreenState AG?* If the answer was yes, I made every effort to support them and find the right solution to keep them on board. If not, the person had to be replaced, as the company's future cannot be compromised.



Looking forward, I truly believe **GreenState AG is on the cusp of becoming self-operating**, with **self-driving intrapreneurs** leading various sectors of the company. These leaders will take charge based on their experience, business knowledge, and a shared vision of the company's growth. Our culture is one of autonomy, innovation, and mutual trust, and I'm proud to say we're on track to create a truly self-sustaining organization.

It's been a challenging but incredibly rewarding journey, and I'm confident in the future of GreenState AG and the people who will drive it forward.



9 GreenState AG – Financial Strategy & IPO Plans for 2026

We are excited to share that **GreenState AG** has secured **eight digit investment amount in Swiss Francs** from an institutional investor for the **XL farm project** in Switzerland. This investment will serve as a cornerstone for our **upcoming Initial Public Offering (IPO)**, slated for 2026, once the farm is fully operational and at capacity.

2024 Fundraising Achievements

In 2024, we successfully raised CHF 8,000,000 through our equity fundraising campaign, and CHF 2,700,000 through a bond placement via our subsidiary, GreenState AG in Liechtenstein. These funds have already played a pivotal role in driving the company's strategic goals and expanding our operational capacity.

2025 Fundraising Plans

Looking ahead, 2025 will be a pivotal year for GreenState AG as we aim to raise CHF 10,000,000 in equity and CHF 10,000,000 in bond placement. These funds will be directed toward:

- **Rolling out our Agent as a Service Software solution** globally
- Supporting **marketing and business development** efforts by establishing new offices in **Dubai/ Abu Dhabi (UAE), New York (USA), and Singapore** to cover key global markets

This international expansion will strengthen our position as we scale GreenState AG into a global leader in vertical farming and technical solutions.

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Planned IPO in 2026

The planned IPO is set to be a major milestone in our financial journey, allowing us to raise an additional CHF 30 million to CHF 50 million. This capital will help fuel further growth, including the development and deployment of new GreenState technical solutions.

It's important to note that the IPO will only proceed when GreenState achieves **financial sustainability**, ensuring that the company can cover all operational costs through its **cash flow**. Our ultimate goal is to not just go public but to establish **GreenState AG as a "Green Chip" stock**. A Green Chip stock is a company committed to **environmentally friendly** practices while offering robust security standards to investors.

I would like to take a moment to express my sincere gratitude to **Mr. Christian Hörler, GreenState AG's Board Member and CFO**, whose expertise has been instrumental in enabling us to build a scalable financial infrastructure that complies with Swiss and EU regulations.

Additionally, a special thank you goes to our **Investor Relations team**, whose unwavering dedication and expertise have been crucial in securing the financing needed for GreenState's growth.

Purpose of Going Public

The decision to go public is not just about raising capital. The IPO is an essential step in accessing additional resources for expanding our technical solutions, entering new markets, and acquiring new clients. This will allow GreenState to maintain its growth trajectory and continue leading innovation in the green tech and vertical farming industries.

As we look toward the future, we are excited about the path ahead and grateful for the continued support of our investors, partners, and team members.

Together, we are building a sustainable, innovative, and financially strong GreenState AG.

10 GreenState AG's Global Scaling Strategy

As we continue to evolve and grow, it's clear that the time has come for **GreenState AG** to step beyond our comfort zone and embrace the exciting challenge of expanding into foreign markets. This move is essential to our long-term success, and although it may begin on a small scale, we believe it's a critical first step that must happen.



Starting Small, Thinking Big

Our global expansion strategy will begin modestly, with the first representatives in each country working from shared office spaces or single offices. However, we're confident that this approach will lay the groundwork for sustainable growth. These early steps will be crucial for introducing our products and services to new markets and building relationships with local customers.

Our **first „ambassadors“ in foreign markets** will be current GreenState employees—individuals who embody our corporate culture and values. They will be tasked with not only representing GreenState but also mentoring and passing on our company culture to future, locally hired staff. This decision was not made lightly. However, there is no one better suited for this role than the current GreenState team, including myself. We are committed to ensuring that our global operations reflect the same innovation, integrity, and ambition that has driven our success in Switzerland.

Key Global Expansion Locations

UNITED ARAB EMIRATES (UAE) – END OF Q1 2025

Our first international office will be established in the UAE, with Dubai or Abu Dhabi as the likely locations. Here, we will launch our **Farming as a Service** offerings and apply for public tenders related to vertical farming opportunities. In addition, we will begin preparing the market for our **home growing units** and **healthy herbal drinks**. This will also be a key moment to introduce our **software products and services** in the region.

UNITED STATES (USA) – END OF Q2 2025

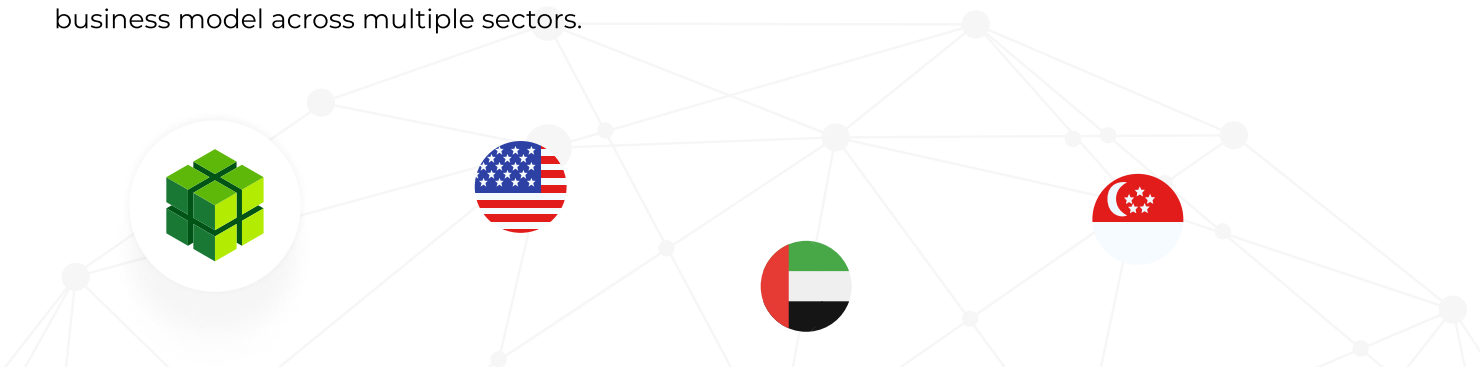
By the end of Q2, we will have set up an office in **New York City**, with a major focus on placing **Software as a Service (SaaS)** products and offering **digital tools** to the North American market. The potential for growth in this region is enormous, and we are excited to introduce GreenState's innovative solutions to this dynamic and tech-savvy market.

SINGAPORE – END OF 2025

Finally, towards the end of the year, we will expand into **Asia**, starting with **Singapore**. This location will serve as the hub for all our previously mentioned products and services, where we will continue expanding our presence and reach in the Asian market.

The Risk and Reward of Global Expansion

Entering several major global markets presents both opportunities and risks. While the path ahead will not be easy, the rewards far outweigh the risks. By planting our roots in key international markets, we open doors to numerous growth opportunities for GreenState, allowing us to scale our business model across multiple sectors.



The financial investment in each market will remain lean—mainly covering a desk at a shared office space or a small, independent office, along with a modest salary increase for existing employees. The greatest risk would be to **not take this chance** and continue limiting ourselves to a single market. The potential for growth, the chance to expand our reach, and the opportunity to share our innovative products and services worldwide are far too significant to overlook.

Looking Ahead

In conclusion, GreenState AG's entry into these major global markets is not only about expanding geographically but also about scaling our business model to new heights. While challenges are inevitable, the drive for success, innovation, and sustainability will guide us through. We are excited to embark on this journey and bring GreenState's vision to the world.

Thank you for being part of this incredible journey as we expand and grow together.

11 Closing

In light of the current global political landscape, I find it fitting to quote **Mahatma Gandhi**: *"Be the change you wish to see in the world."* This quote resonates deeply with me, as it serves as a reminder that to lead by example, we must first embody the change we want to see. As I prepare to take the next step in GreenState's journey, I am committing myself to be the first to **leave Switzerland** and establish our presence in global markets. My initial focus will be on the **UAE market**, followed by an expansion into the **US market**. However, as with any international endeavor, the path may require a significant amount of travel between these countries until we have a solid operational structure and business foundation in place.

I am confident that the **current GreenState management structure** provides me with the security and trust that everything we have built in Switzerland will continue to flourish. Our progress will not only be preserved but will continue to evolve and expand, ensuring that GreenState stays on the right track.

Finally, I would like to express my deepest gratitude to all of you for giving me the opportunity to live the **GreenState dream**. None of our achievements would have been possible without your unwavering support and commitment. From my side, I promise that I will continue to work at the same high level of dedication and passion for the coming years, ensuring that GreenState's journey toward success remains strong and resolute.

Thank you for your trust and for being a part of this incredible journey.

Best regards,

Arsenije Grgur
Chairman and CEO

GreenState AG

