



GreenState

Smart Modular & Vertical Farming

Newsletter | **September 2024.**

Dear **GreenState Supporter**

We're thrilled to share this newsletter with you, updating you on our company's recent progress and outlining our new goals for the future.

In this edition, we'll cover the following topics:

- 1 **Series A Financing**
- 2 **Yasai AG Integration**
- 3 **XL Farm in Switzerland**
- 4 **New Tech Stack: Operative Artificial Intelligence**
- 5 **Profitable Organizational Agility Mindset**

1 Series A Financing

After successful pre-seed and seed rounds, GreenState AG is officially launching its Series A financing round, open to institutional and qualified investors domiciled in Switzerland.

Approximately 40% of the raised funds will be allocated to building the XL Farm in Switzerland, which will have an annual production capacity of 150 tonnes of herbs and lettuce. Around 25% of the total raised amount is earmarked for the development of an ERP system, focusing on the first phase of operating software that integrates IIoT and IoT devices. Several ERP modules have already been developed, including a SCADA system, investor relations, CRM, and warehouse management system, alongside a complete UI/UX design system.



New consumer tech products, specifically hardware IoT devices for indoor farming such as home and gastro-growing units, will receive 14% of the Series A funds. Additionally, we plan to allocate 5% of new funds—combined with existing company funds—for the purchase of land in Switzerland to build a new farm on our own property. Marketing, salaries, legal services, and R&D will collectively account for 16% of the total Series A fundraising.

The timeframe for the Series A fundraise is 12 months.

The GreenState AG prospectus can be found at the following link:

<https://www.regservices.ch/veroeffentlichte-prospekte/greenstate-ag-winterthur-schweiz>



2 Yasai AG Integration

With the acquisition of Yasai, GreenState AG has become Switzerland's largest vertical farming company, boasting an operational growing space of 2,200m². Together, we have secured contracts with all major domestic retail chains and have received letters of intent for further expansion in 2025. Our current joint production stands at approximately 30 tonnes per year, with plans to increase to 40 tonnes by year-end. Additionally, we have confirmed purchase contracts for a total of 150 tonnes of herbs and lettuce once the new XL Farm is completed.



Yasai's integration marks a key milestone, bringing valuable knowledge of the Swiss retail market, packaging and delivery expertise, and in-depth "know-how" in hydroponic vertical farming systems. As of August 2024, Yasai AG has been fully integrated into the GreenState AG group, with both companies united under the strategic goal of creating the world's first vertical farming food cluster. GreenState will retain the Yasai brand for retail consumer products and expand its offerings, while shifting the GreenState brand's focus to software and hardware solutions.

Notably, 95% of Yasai's employees have remained with the company, and nearly all executives have retained their positions under the new ownership.

By integrating Yasai into our structure, we anticipate that the consolidated group balance sheet will reflect a seven-figure operating cash flow by year-end.




3 XL Farm in Switzerland

With secured purchase contracts and institutional support, we are ready to scale our fresh, local retail produce and once again reinvent the way healthy, pesticide-free food is produced locally, all while minimizing our CO2 footprint.

In its final stage, the XL Farm will feature 10,000 m² of operational growing space and is projected to produce 70 tonnes of herbs and 70 tonnes of lettuce annually. We are currently in negotiations with several Swiss municipalities for land acquisition. Our company requires industrial land with an existing building permit for structures at least 15 meters high, though 20 meters would be ideal. If we are unable to secure suitable land in time, we will rent land and production space in Canton Aargau, near the Canton Zürich border, within 20 minutes of retail distribution centers.





The new XL Farm will be a high-tech, state-of-the-art facility featuring fully automated production, including harvesting and packaging. This automation will significantly reduce both harvesting and packaging time, as well as resource consumption. Furthermore, the entire farm will be connected to the GreenState SCADA Cloud System and linked to gastro and home growing units, forming a central, intelligent herb-growing system accessible to consumers worldwide.

The estimated cost of the XL Farm, excluding land, ranges between CHF 8 and CHF 10 million, with projected annual operational cash flow at CHF 15 million. According to our cash flow and profit and loss projections, the new XL Farm is expected to be operationally profitable from day one.

Completion of the XL Farm is scheduled for Q1 2026, with full production capacity anticipated by Q2 2026. Once the XL Farm reaches full capacity, we plan to sell the first two farms located in Neuhausen am Rheinfall and Niederhasli.



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New Tech Stack: Operative Artificial Intelligence

All installed operating systems are functioning as expected. Our new mid-term strategic goal is to onboard Yasai AG farm into the GreenState AG Cloud SCADA System, merging two industrial operational farms into one central intelligent solution. In addition to these two industrial farms, we plan to integrate 10,000 home and gastro-growing units as "data feeders" to develop our first plant-oriented operational artificial intelligence system.

Mobile SCADA App



This technology is based on a vertical artificial intelligence system architecture, which focuses heavily on specific tasks, data utilization, and optimization. This approach will enable us to lower the costs associated with training learning modules and make our AI model accessible to other institutions worldwide via simple Open API implementation.

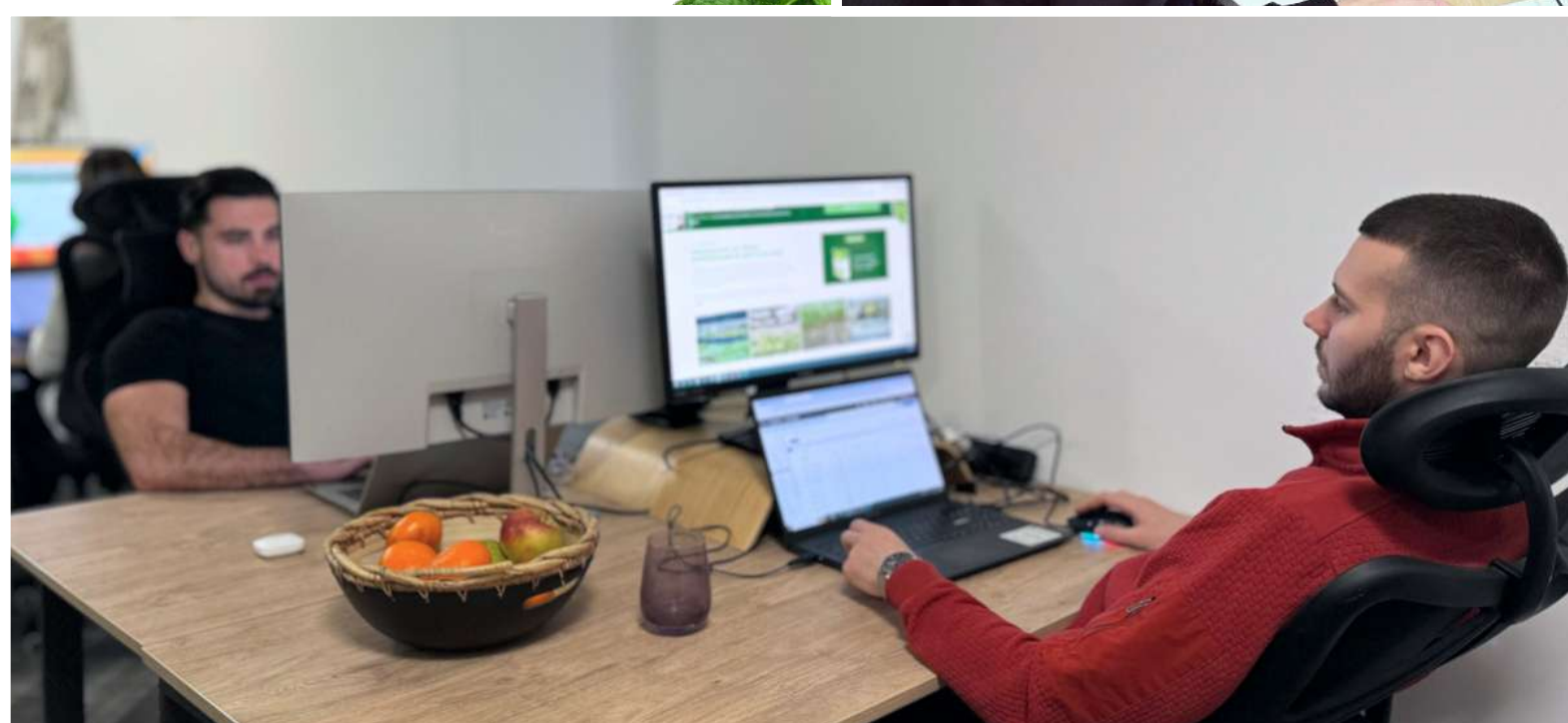
We are currently in negotiations with a global tech giant specializing in niche Cloud AI solutions and chip manufacturing to partner with us in implementing the new Operative AI System and training the first operational learning models. The project is expected to begin operations in about six months. To ensure its success, GreenState AG must prioritize data collection and expand its team of Software Development and DevOps engineers.



Pre-sales for home-growing units are scheduled for November 2024, with a promotional 20% discount, while gastro units are set to launch in Q1 2025. All engineering, development, and production have been conducted in-house, with full intellectual property ownership retained by GreenState AG.

5 Profitable Organizational Agility Mindset

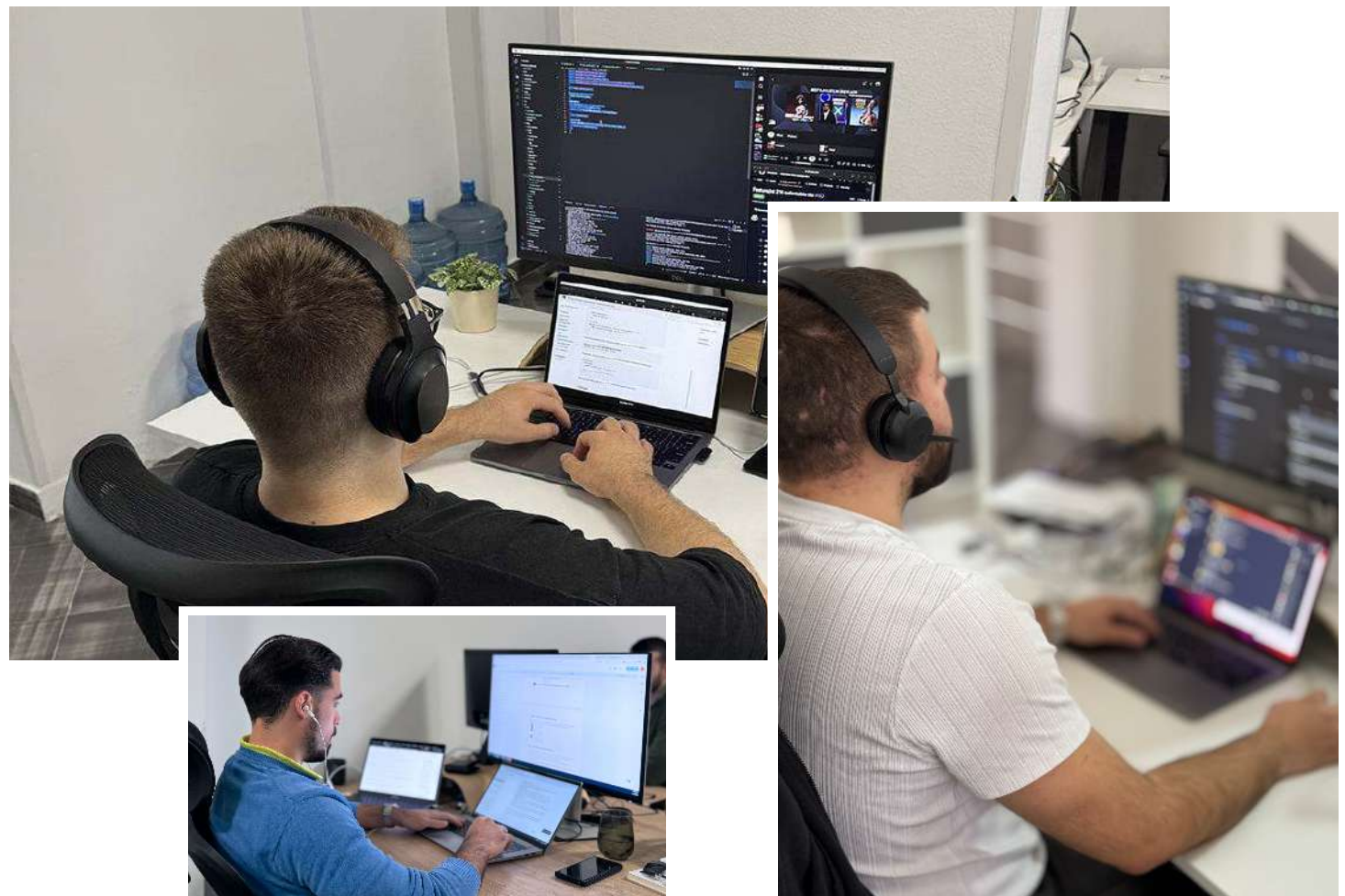
Since its incorporation, GreenState has embraced an agile mindset in company management. For both management and employees, this approach has involved extensive brainstorming, discussions, swift decision-making, decentralization of authority, frequent A/B testing, and freedom in decision-making—as long as these decisions align with company culture and drive progress, without fear of mistakes. Over the past three years, while some employees have struggled to adapt to this culture or misused it, many others have developed new business-oriented skills tailored to their specific industry expertise.



This approach has resulted in several team leaders who are now prepared to become managing directors of various business divisions, leading their teams to produce or provide services for other clients under the GreenState AG umbrella.

What does this mean, exactly?

It means GreenState is positioned to offer a wider range of products and services to global markets, thanks to highly effective operational teams. For example, our hardware development team is now capable of creating new electronic consumer products that align with our business focus, establishing a new operational cash flow stream for GreenState AG. One such product line includes our home and gastro-growing units. Another example is our rapidly expanding software development team in Novi Sad, Serbia, which is now fully prepared to operate as an outsourcing software development company for clients beyond GreenState AG. Over the past two years, the Novi Sad management has built a highly efficient software engineering team capable of handling the full lifecycle of new software applications.



We made this decision because we believe that operational cash flow is "king," and that a company grows best when operational and financial cash flows increase in tandem. Furthermore, by implementing this strategy, we will be closer to our customers and clients, gather more market data, feed our cloud systems with additional operational insights, improve decentralized group financial liquidity, and incentivize performance through performance-based compensation. The ultimate strategic goal is for each business unit to become self-sustaining and generate profit for GreenState AG as a significant project.

We will continue to keep you updated on the new products and services that stem from GreenState AG's existing solutions.

