



Chairman and CEO Report

Dear **GreenState** investors, Partners, and Stakeholders

Firstly, I hope that you are all safe and that current global events are not negatively affecting your everyday lives. As the Chairman of the Board and CEO of GreenState AG, it is my duty to present to you the status of GreenState AG in 2025 and our strategy for 2026.

While we are currently awaiting the official audit from our partner PwC, in this report I would like to provide you with deeper insight into everything that has happened beyond the pure balance sheet numbers. At this moment we are also working with another “Big 4” partner, Deloitte, which is conducting a company evaluation.

This year we will cover the following topics:

1. Global Macroeconomics and Geopolitical Situation
2. GreenState AG in 2025: A Year of Challenges and Stabilization
3. GreenState AG in 2026: The Year of Business Implementation
4. Vertical Farming in General, XL Farm and YASAI AG
5. Software Development and ClickMind
6. Financing Activities and MetaSwiss
7. GreenState AG Leadership and Culture
8. Financial Strategy & IPO Plans
9. GreenState AG Global Scaling Strategy
10. Closing Remarks

Before we begin, I would like to express my sincere gratitude to the entire GreenState AG team who supported me during challenging times. I thank them for their extraordinary work over the past 12 months and their dedication to keeping GreenState on the right path. Their commitment and efforts have made remarkable progress possible, enabling us to overcome every challenge we faced and keep our vision alive and closer to realization.

Additionally, I am very grateful to all equity and bond investors for their trust and unwavering support during both positive and challenging periods.

For the first time, I would also like to officially thank my family for their understanding and support during my GreenState journey — through very long working days, weekends spent working, short holidays, and limited financial remuneration.



1

Global Macroeconomics and Geopolitical Situation

In this section, it is difficult to write something significantly different from last year, except to say that global leadership appears to have entered a new level of unpredictability, and as a company we must constantly find ways to adapt.

GreenState AG, as a start-up, is not immune to global events. This makes it essential for us to remain agile and responsive to both opportunities and challenges arising from the current geopolitical and economic landscape.

The current war situation in the Middle East is certainly affecting our business expansion in that region. However, at the same time it is strongly validating our local food production business model. In many ways it reminds us of the COVID crisis, which also highlighted the importance and potential of local food production.

The situation in the Middle East will most likely affect global energy prices, particularly oil, which will have a direct impact on transportation and increase the costs of imported goods. In this environment, GreenState plays an important role by supporting stable local food production and being able to scale production capacities based on market demand.



In this sense, Switzerland will always remain our primary and pilot market. It is our home market, where our products are already positioned and where strong customer relationships have been established. Our strategic goal remains clear: reducing dependence on imported goods and increasing local production capacity.

With rising global tensions, financial markets have also reflected increased uncertainty, with long-term stability being questioned in many sectors.

Finally, on a broader scale, I personally hope for an end to ongoing global conflicts — particularly the wars involving Ukraine and Russia, and the tensions in the Middle East. Global stability would not only bring humanitarian relief but also create a more predictable economic environment for businesses worldwide.



2

GreenState AG in 2025: A Year of Challenges and Stabilization

After a very successful 2024, the first quarter of 2025 started extremely well and initially indicated that 2025 would be a year of major achievements.

However, several challenges followed.

The first challenge we faced was the closure of relationships with several local banks. Due to rising financial tensions and tariffs involving the United States, stricter banking regulations were introduced and very few banks were willing to offer investment banking solutions for start-ups under the Capital Band Law.

We addressed this challenge by opening capital accounts with younger, more digitally oriented financial institutions in Switzerland and the European Union. In the end, this proved to be a beneficial development. These younger and more agile institutions were willing to collaborate on system integrations, cost reductions, and technical solutions that improved our operational efficiency.



The second challenge occurred in the second quarter of 2025, when the delivery of GrowBorg units was delayed due to tariffs affecting imports from China. Several key components were delayed by three months, forcing us to postpone the product launch.

This postponement caused us to miss the ideal marketing momentum and the optimal launch period before the summer season. The official launch eventually took place in June.

Despite the imperfect timing, we successfully sold more than 200 units on the launch day and reached a total of 4,000 sold units during 2025.

GrowBorg devices attracted significant attention during the GITEX technology fair in Dubai in October, where approximately 90% of the showcased units were sold during the event itself. The first device at the exhibition was purchased by the Swiss Ambassador to the UAE.



The third and most significant challenge occurred during the second quarter and had a much greater impact than the previous two. This involved our planned joint venture partner for building the XL Farm in Switzerland, which ultimately was unable to fulfill its financing commitments.

During the final stages of the agreement negotiations, the GreenState executive team insisted that the joint venture agreement be handled by a reputable Zürich-based legal office. The agreement required both companies to deposit CHF 7,500,000 each into a secured escrow account before construction could begin.



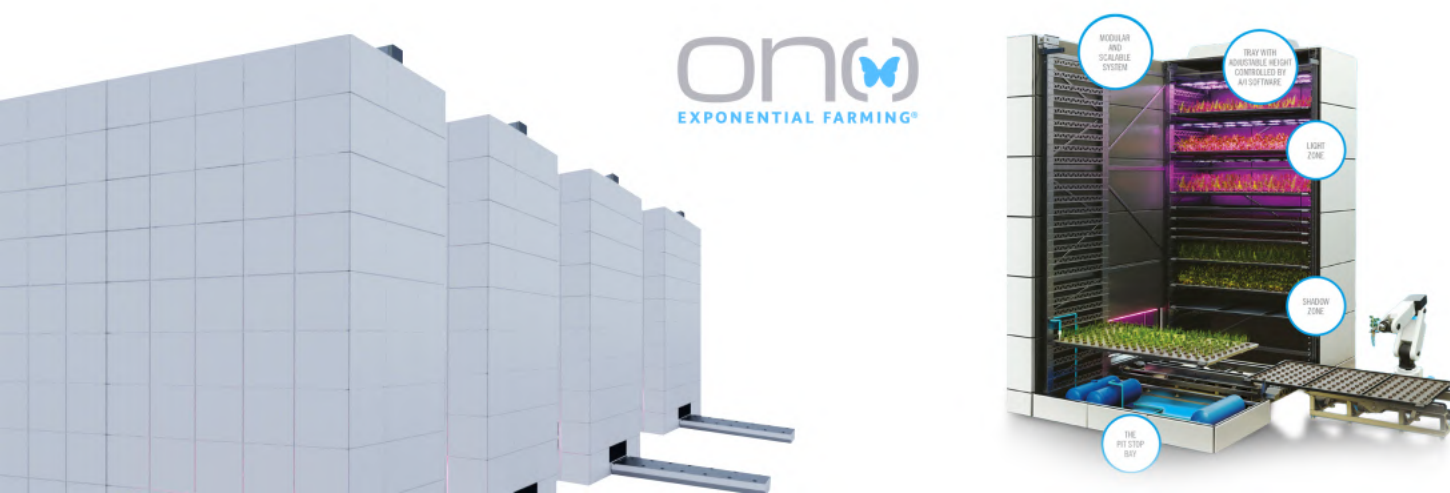
At that stage, our partner was unable to make this financial commitment. Entering such a partnership without secured financing would have posed unacceptable risk for GreenState.

As a result, we began exploring alternative solutions and new technologies for delivering the XL Farm project independently.

One of the first companies we approached was a well-known vertical farming company from Milan backed by a major Swiss asset manager. After three months of negotiations, the company decided not to proceed due to the relatively short geographic distance between their existing Italian farm and the proposed Zürich location.

Following this outcome, we decided to return to one of GreenState's original principles: modularity and profitability in vertical farming. Our goal became clear — reduce costs, maximize output, and achieve profitability both on the company level and within unit economics.

Eventually, we signed an agreement with ONO Exponential Farming from Italy, which will provide the growing tower technology for the XL Farm while GreenState will design and construct the remaining infrastructure based on our operational experience.



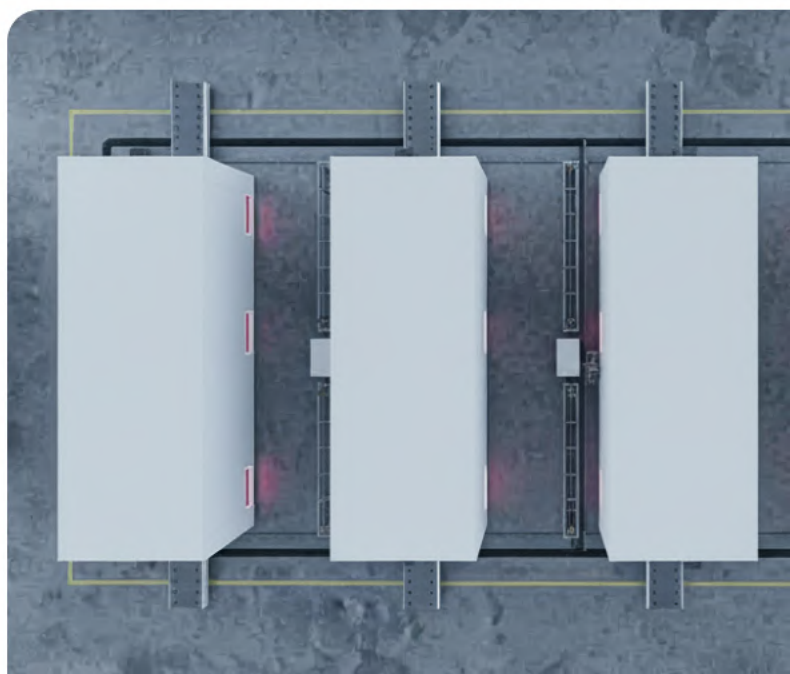
At the end of the year, after we had already secured the ONO agreement, the original Dutch partner unexpectedly returned with a new proposal. They offered to sell the entire Swiss vertical farming division YASAI AG — including its retail contracts and brand — as well as the Liechtenstein-based financing entity used for issuing green bonds in Europe.

The proposed total transaction value was in the low eight figures.

After extensive internal discussions and consultations with key stakeholders, the GreenState Board of Directors ultimately decided not to accept the offer. The decision was based on several factors including limited understanding of the Swiss market by the potential buyer, concerns about long-term commitment to the region, and reduced confidence following the failure of the original partnership agreement.

Following this decision, GreenState finalized its agreement with ONO Farms and scheduled the first construction phase of the XL Farm for the third quarter of 2026.

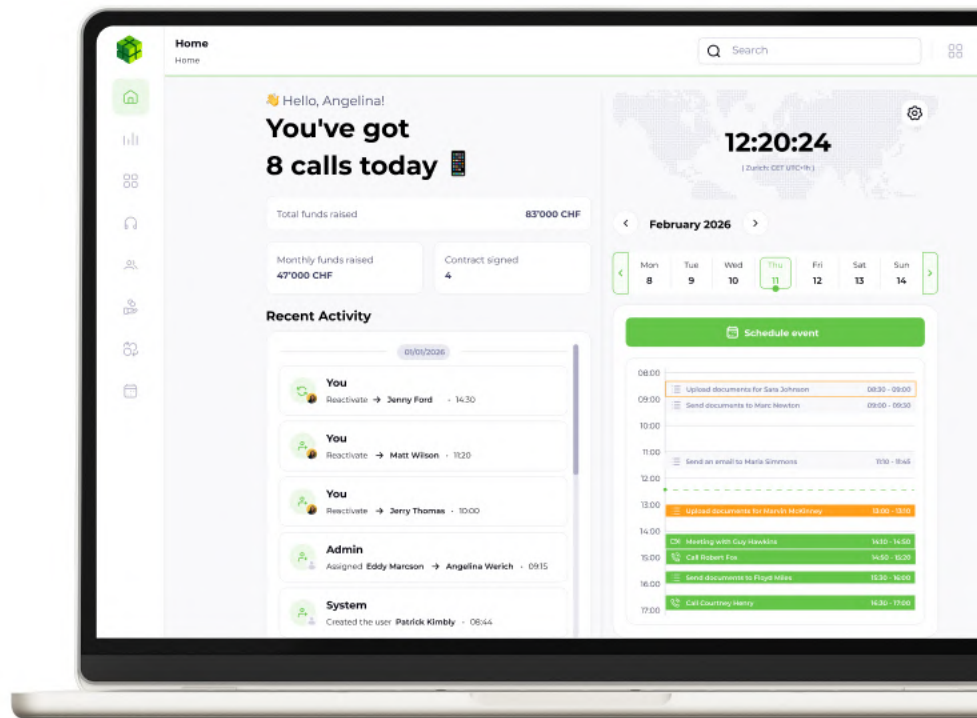
Despite all these challenges, the GreenState software development, marketing, and sales teams demonstrated remarkable resilience. Facing adversity ultimately strengthened the teams, and today they are performing even better than in previous years.



3 GreenState AG in 2026: The Year of Business Implementation

Having learned important lessons in 2025, we entered 2026 with a far more cautious and disciplined approach, with our feet firmly on the ground and ready to capitalize on the work and investments made in previous years.

The year 2026 began very positively with new banking partnerships and the continued implementation of our software solutions in the FinTech space. Our CRM platform is now among the first systems capable of providing API integrations directly with core banking infrastructure, while simultaneously implementing new regulatory features in accordance with FIDLEG requirements.



At the same time, the ClickMind software platform has evolved significantly. With the integration of artificial intelligence, we are now capable of producing fully functional end-to-end mobile applications within a single day.



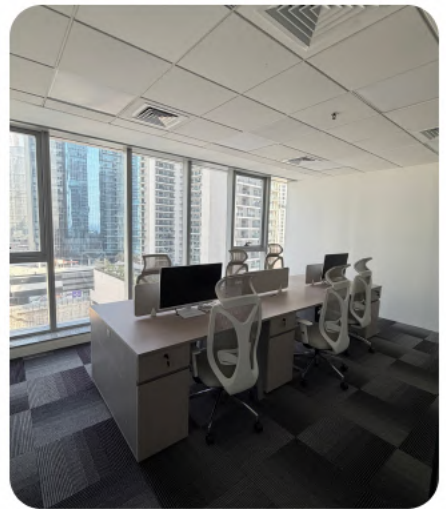
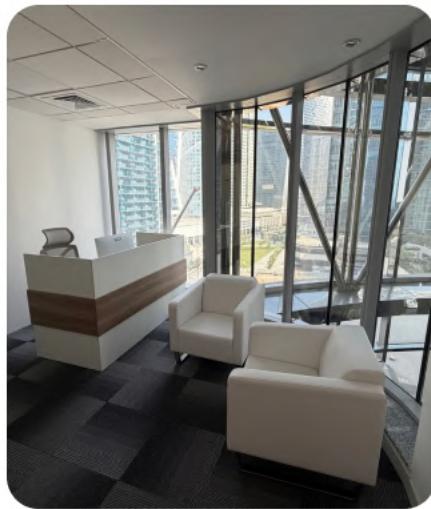
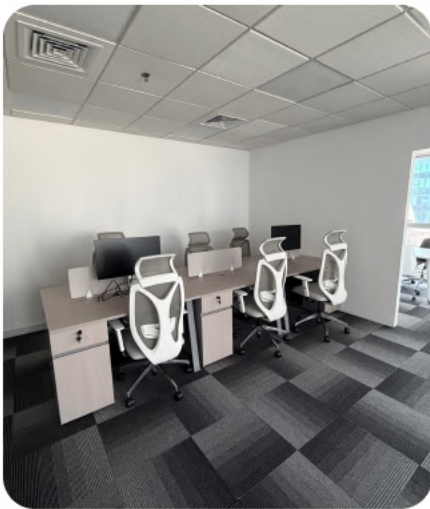
ClickMind®

Construction planning for the XL Farm is currently underway, and we are working to finalize the second phase of the XL Farm agreement. This would secure an additional CHF 8,000,000 in funding and expand the second phase of the facility, ultimately reaching production capacity of approximately 150 tons of locally produced fresh herbs.





The geopolitical situation in the Middle East, particularly tensions involving Iran, the United States, and Israel, has affected our expansion activities in the region. This occurred precisely at the time when we expanded our Dubai office with three additional employees. However, this situation will not prevent us from continuing our progress in the region. On the contrary, the need for local food production solutions in the Middle East has only become more evident.



Our operations in the United States have also been successfully established. During 2026 we expect a strong increase in demand from U.S. clients, particularly in areas such as digitalization, software development, digital marketing, and platform development.

For 2026 we have set a clear operational goal: to double the revenue from the previous year, reduce overall operational costs, and significantly lower the company's operational losses while targeting a turnover of at least CHF 10,000,000.

At this stage we are placing digital services on the same strategic level as vertical farming, with the goal of achieving high profitability and strengthening the overall valuation of the company.



4 Vertical Farming in General, XL Farm and YASAI AG

The Swiss market continues to show strong demand for vertical farming products. Together with YASAI, GreenState has built a strong brand that is recognized throughout Switzerland. Our products continue to be successfully sold despite being priced above imported alternatives, demonstrating that consumers clearly appreciate locally produced, healthy food.

This confirms our long-term vision: reducing dependence on imported food and building a system of strong local production.



The goal of the new XL Farm is to reach the same pricing level as imported goods while offering superior quality, branding, CO₂ balance, and local certifications such as **“Garantie Suisse”** and **ADR**.

The XL Farm is designed to be profitable from the first month of operation. The facility will reduce energy consumption by approximately 70% while increasing yield by roughly 100%.

The first phase of the XL Farm is expected to produce slightly more than **40 tons of herbs per year**. This initial phase should already be profitable, as the farm will be operated by only four employees with most operational processes fully automated.

Pricing discussions with major Swiss retail chains have already taken place. Our objective is clear: to offer locally produced herbs at the same price level as imported products while delivering superior quality.



The environmental advantage is also substantial. The CO₂ footprint of locally produced herbs will be significantly lower than products imported by truck or airplane, making local production increasingly attractive for Swiss retailers.

Once the first phase is operational, we plan to begin construction of the second phase, increasing production capacity to 120–160 tons per year. At that stage we will expand the product portfolio to include additional items currently supplied through imports.

After full implementation of the XL Farm, GreenState will focus on developing partnerships with traditional Swiss herb and lettuce producers. Our aim will be to provide technological solutions for yield optimization while sharing expertise in year-round herb production.

Before the farm enters full production, we will invite all interested stakeholders to visit the facility.



As mentioned many times before, the Swiss vertical farming industry can be highly successful if built correctly from the beginning. From the initial concept of GreenState, our focus was on developing small-scale modular vertical farming solutions that deliver stable results with reliable technology while minimizing energy consumption.

4.1 YASAI AG

YASAI, however, was originally built with a different approach and faced operational and financial difficulties from its early stages.



GreenState's intention after the acquisition was to stabilize operations, introduce technological and financial discipline, increase production, fully penetrate the Swiss market, and eventually expand the model internationally.

However, several serious issues became apparent only after the acquisition.

During negotiations and due diligence, not all financial obligations of YASAI were disclosed. The company's real operational numbers were also not fully presented. As a result, GreenState had to provide an additional **CHF 2,000,000** in financial support.

Furthermore, the bank that had previously financed YASAI terminated its loan immediately after the acquisition was completed. This required GreenState to repay **CHF 1,800,000** within a short period rather than over the originally planned four-year period.



The company also faced several legal disputes with former employees and other parties, resulting in additional financial and management costs.

Perhaps the most serious issue discovered was the absence of BVG insurance, which meant that newly appointed board members were personally liable for potential workplace accidents.

In addition, it took more than 12 months to finalize accounting and bring the financial books into proper order.

Operationally, the company also faced organizational and technical challenges. Team morale was low, efficiency was limited, and GreenState management had to implement strong structural changes to stabilize operations.

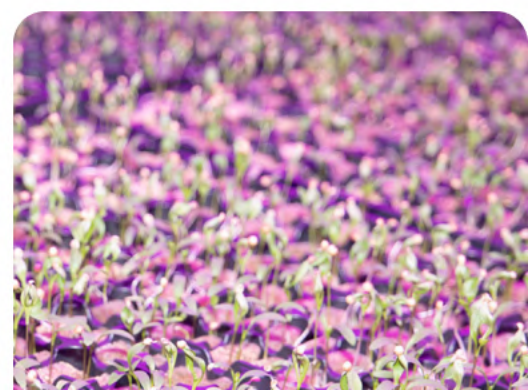
The farm also faced a major technical failure when the external operating software collapsed after ten months of stable production, leaving half of the farm without lighting for two weeks.



At that moment the GreenState Serbian software development team intervened immediately, rebuilt the necessary software infrastructure, and took control of the farm operating system.

Today the farm is once again running at full capacity, with daily monitoring procedures in place to ensure stability until the new XL Farm becomes operational in August 2026.

To date, the total investment of GreenState into YASAI amounts to approximately **CHF 6,000,000**.

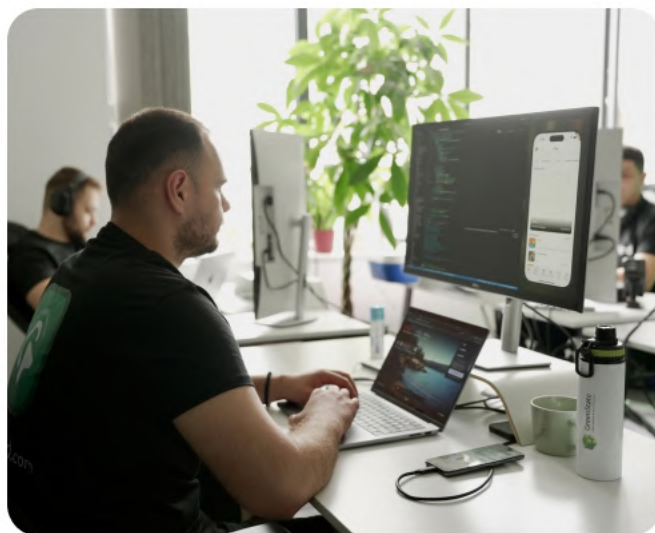


5 Software Development and ClickMind

The software department remains one of the strongest assets of GreenState AG.

Over the past three years, our modular software solutions have been consolidated under a new brand: **ClickMind**. This branding decision was made to avoid diluting the sustainability-focused GreenState brand while creating a dedicated identity for digital and AI-driven solutions.

All strategic software goals set for the previous year were successfully implemented.



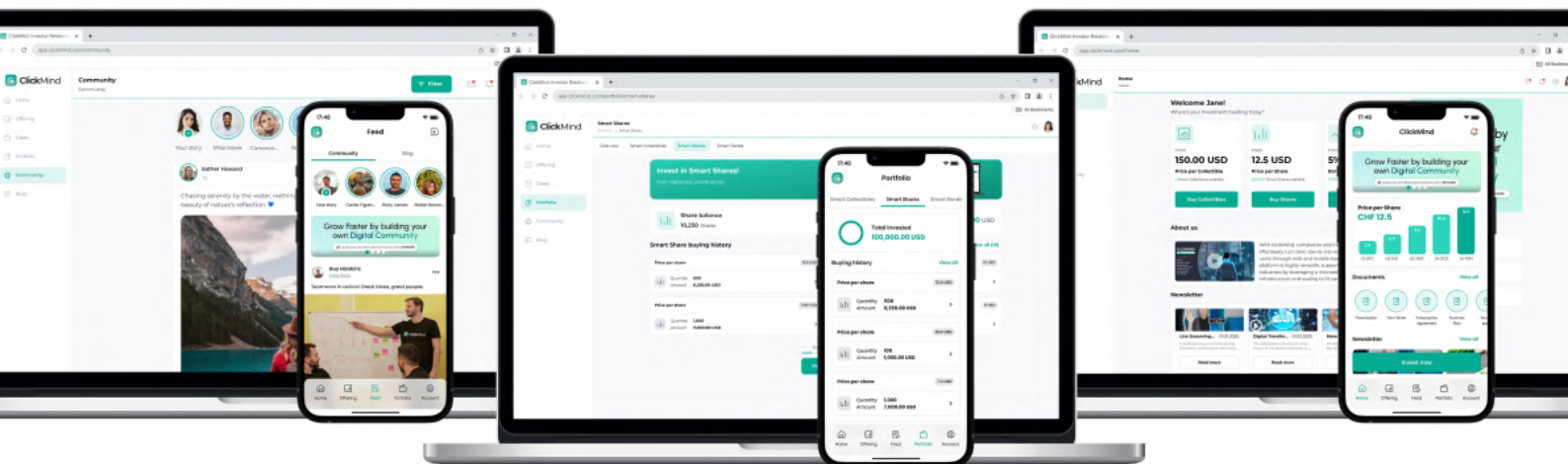
Today the company offers modular digital solutions for several industries:

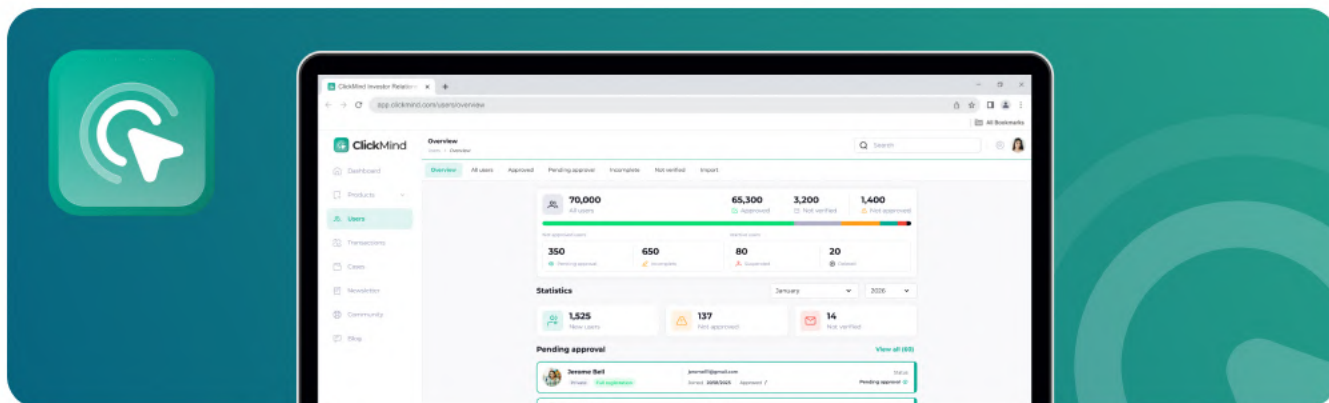
1. Investor Relations
2. FinTech
3. E-commerce with integrated payment systems
4. Social media platforms
5. CRM systems specialized for the financial industry with banking and KYC integrations

All systems are developed under the GreenState design architecture and can now be deployed using our low-code AI platform within a single day.

For 2026 we plan to implement several new developments:

- Investor Relations and FinTech stock exchange integration
- Real estate digitalization solutions
- Expanded cross-platform functionality

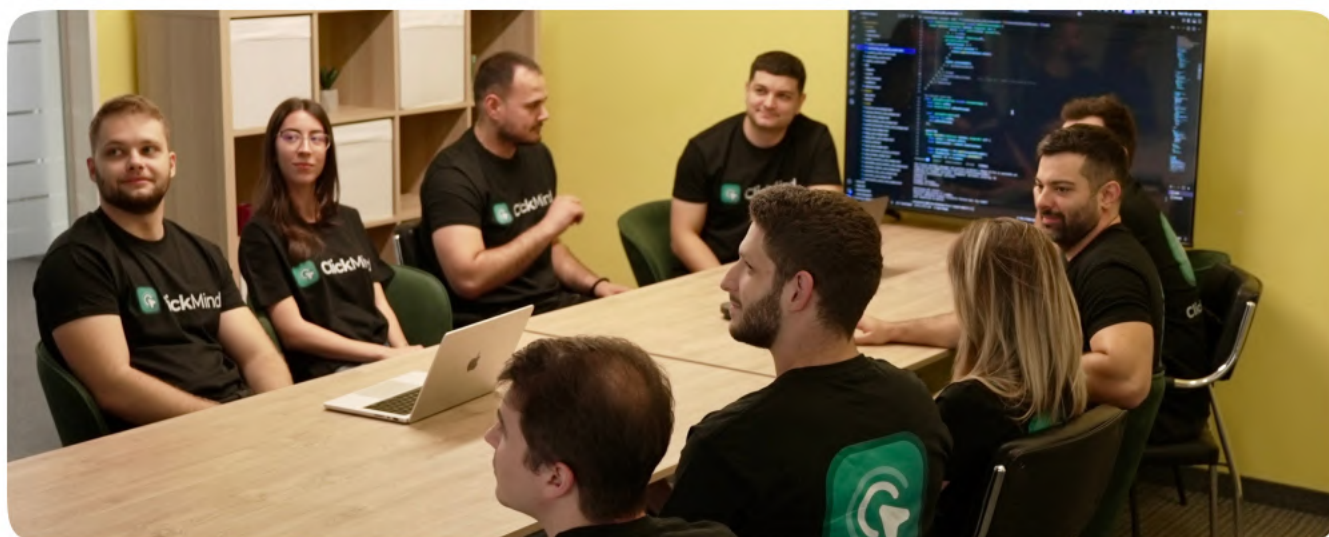




Currently more than **70,000** users are using platforms developed by GreenState across six different custom projects. Digitalization revenues have become an increasingly important component of the company's income.

To maintain financial stability during the transition period until the XL Farm becomes operational, GreenState reduced the software development team by 20% and lowered development costs by approximately 30% on a monthly basis.

Once financial stability is fully achieved, the company plans to expand the software development team again.



In 2026 we will also invest more resources into promoting ClickMind as a standalone brand providing digital products and services including software development, marketing, sales, and legal support.

Our target is to achieve **CHF 3,000,000 in turnover from digital services alone.**

6

Financing Activities and MetaSwiss

Due to more precise FIDLEG regulations, we have decided to outsource our financing activities to a separate company.

Because GreenState AG had historically raised its own investment capital, continuing this practice directly would have become legally problematic.

To address this, all fundraising and investment advisory activities were transferred to MetaSwiss Group AG, which is registered as an investment advisory company.



Under MetaSwiss, all GreenState employees involved in fundraising have been educated, insured, and officially registered as investment advisors under FIDLEG regulations.

Our activities in this sector have already attracted interest from other Swiss companies, and we have been approached to provide fundraising services. So far we have supported three external Swiss companies, successfully completing two fundraising projects.

We are currently negotiating with additional service providers to secure an asset management license and to integrate our digital platform with a European digital bank in order to provide a roader service offering.

The future expansion of MetaSwiss will remain closely connected to the success of GreenState and the XL Farm project.



7

GreenState AG Leadership and Culture

In late 2024 I personally introduced an agile management model based on a flat organizational structure in which operational groups manage themselves according to their capabilities and expertise.

This system functioned extremely well during stable periods. However, once major challenges emerged, it became clear that approximately 20–30% of employees struggled to operate effectively under high pressure.

Most team leaders were able to identify problems quickly and react accordingly. For example, when the YASAI farm operating system failed, Dr. Christoph Lustenberger immediately organized the required resources and implemented a solution while simultaneously informing retail partners about temporary delivery limitations.

In other cases, less experienced team leaders found it more difficult to manage crisis situations.

As a result, leaders who performed well during challenging times were promoted, while others either left the company or were replaced.

One important lesson from this period was the need for more structured crisis management procedures and clearer communication processes between teams and management.

We are currently investing time and resources into implementing these procedures to ensure that future crises can be managed more effectively.



8

Financial Strategy and IPO Plans

Despite the challenges of 2025, thanks to the dedication of the GreenState team and the support of our investors, we successfully secured more than CHF 6,000,000 in financing. This allowed us to overcome financial obstacles and begin 2026 from a position of stability.

Together with our new banking partners we have begun discussions regarding a potential Initial Public Offering on BX Digital, which could position GreenState as one of the first digitally listed companies in the world.

To prepare for this step we have secured a new paying agent bank and payment provider. Together with PwC we have appointed Deloitte as the company valuation partner.

We have already held preliminary discussions with Swiss stock exchanges and investment banks regarding their interest in a GreenState IPO. Initial feedback has been encouraging.

Before becoming publicly listed, however, GreenState must complete several administrative preparations. A Zürich-based legal firm specializing in banking law is currently reviewing all company documentation.

One major issue concerns several transactions from 2021 and early 2022 during the COVID period that were not booked correctly. These will be fully reviewed and corrected together with PwC.

At the same time we launched a Pre-IPO fundraising campaign in December 2025. Within two months more than 2,000 investors requested documentation, and subscriptions reached CHF 1,200,000 in a single month, demonstrating strong interest in investments related to local food production.

However, global geopolitical instability has created uncertainty in financial markets. Several investors have expressed concerns about conducting an IPO under such conditions.

For this reason, while we will continue completing all preparations for a potential public listing in 2026, the final decision will be made only once the process is complete and both internal company strength and external market conditions are evaluated. The final decision may also be presented to shareholders during the annual general meeting.

In addition, to ensure a successful IPO, the company aims to raise an additional **CHF 15,000,000 during 2026.**



9

GreenState AG Global Scaling Strategy

In 2025 we achieved two out of three of our global scaling objectives.

GreenState successfully established a software development presence in the United States, where operations have already begun and will expand significantly during 2026.

In the United Arab Emirates, our focus has been primarily on vertical farming, with the long-term objective of developing a second XL Farm once the Swiss facility becomes fully operational.

While geopolitical tensions create certain challenges, they also present opportunities. As global supply chains experience disruptions similar to those seen during COVID, demand for locally produced food continues to increase.

Based on these developments, GreenState will continue expanding its presence in key markets and investing resources into international growth.

I would also like to take this opportunity to send my greetings to our first U.S. employee **Dejan Durasevic** and our first UAE employee **Luca Rissi**.

10

Closing Remarks

Given the continued geopolitical uncertainty, I will once again quote former U.S. President John F. Kennedy:

“If not us, who? If not now, when?”

My focus remains the same as last year — to do everything possible for GreenState and to go the extra mile in achieving our company goals.

Finally, I would like to express my deepest gratitude to all of you for giving me the opportunity to pursue the GreenState vision.

None of our achievements would have been possible without your dedication, trust, and support.

I promise that I will continue working every day in the best interest of the company and its shareholders.

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

Best regards,

Arsenije Grgur

Chairman of the Board and CEO
GreenState AG



GreenState
Technology Embedded in Nature

