

Annual Report 2022/23 - Review of recent developments

Dear Cooperative Members

In view of our General Assembly on 26.9.2023, I am summarising the latest developments of our Glaernish Textile cooperative in this annual report. In doing so, I will start from my letter at the turn of the year 2022/23 and briefly review what I wrote there:

In Line with the Character of Hemp

A year ago, we said goodbye to the approach of centralised production for processing industrial hemp, i.e. to the original view that hemp straw can be reliably and continuously processed on large, powerful machines into large quantities of wool and shives, let alone from pressed bales of straw into long fibres suitable for textiles.

This doesn't correspond with the character of hemp. He doesn't allow this approach.

Since then, we have been pursuing the effectively goal-oriented approach of distributed, decentralised production. To this end, farmers are invited and empowered to properly grow and harvest industrial hemp and process it in corporations into the semi-finished products that the processing industries increasingly demand: clean, short shives for the construction industry, clean tangled wool for fleeces and insulation mats, long parallel fibres for textile applications and as scrim for composite products.

We have developed the principles for the light agricultural equipment required for this and have applied for European patents for them. As described on hanfner.net and hempner.net respectively, the implements are to be pre-financed and made available to the farmers free of charge. Training, maintenance, and distribution will remain in the hands of the Glaernish organisation. The proceeds from the products produced (clutches, cards, insulation wool, shives) are distributed 66% to the farmers, 11% to the pre-financing investors and 23% to us as the originator and organiser.

Today, about one year later, i.e. in August 2023, the first 15 ha of winter hemp have been *correctly* cultivated in Switzerland using this approach, i.e. with the correct seed density of 45-50 kg of hemp seed per ha based on old sources and empirical experience: just under 6 ha with three Glarus farming families in the Linth valley, 4 ha in the canton of Zurich and 5-6 ha in the canton of Bern. The first set of equipment required for harvesting and processing, costing CHF 170,000, is being financed from Glarus sources alone - 60% from the state and 40% from private sources. The Glarus Director of Agriculture has contributed significantly to the achievement of this milestone with a rich bouquet of elaborate persuasion work.

Strengthening regions with integrated agriculture - key to a regionally beneficial circular economy - response to migration pressure

The start-up in the Balkans communicated at Christmas, however, had to take another diversion before we now became concrete with a branch in Pirot, Serbia, with the strong support of the embassy and government. This special effort corresponds to the overriding intention to stimulate world regions in such a way that they can find their way back to strong, suitable living spaces with a sustainable economy (based on the newly positioned agriculture as a key element of the circular economy), efficient structures, continuous education, secure supply, affirming, native culture, ... in

short, everything so that the country and its people are able to live in peace. in short, everything to ensure that the country and its people can thrive. In this way, we can counteract the enormous pressure of migration. Because what we are currently experiencing in terms of migration is not pleasing to anyone on either side.

Unbundling of shares

Our cooperative members and investors often do not agree with the change in strategy from centralised production to decentralised empowerment of agriculture as a direct feeder to the processing economy, even outside the Glarus region and Switzerland. The long learning, experience and development periods also strain the belief in a good result in the sense of the original objective. Many cooperative members and creditors who wished to do so have had their paid-in capital returned on a 1:1 basis. I remain personally committed to the remaining issues and am taking great steps to resolve them by the end of 2023 at the latest.

Clear focus, sharp corporate communication

The realisation has matured that it is imperative to sharpen the focus of corporate communication, to align it with clear values and with significant, eye-catching target products and target markets. The values and the associated new image of the company were elaborated by Paul Alexander Stolle and impressively defined in the enclosed SIMSAL documents. This also reveals the decision and proposal - as explained below - to transfer the Glaernish Textile cooperative to SIMSAL GmbH.

May I first go into the concretisation of the target products, which is as follows:

Concretisation 1: Hemp car

On repeated occasions in England, we have seriously accepted the order to put the first hemp car on the road by July 2024. We see this as a self-speaking, ambitious prestige project and consider its realisation quite possible based on our prior knowledge, partial developments and partners.

Concretisation 2: Hemp jeans

After we finally get the enzymes needed to make the long fibres of winter hemp supple, we will be able to support the jeans project of the partners in Ticino and northern Italy with the products from Swiss production.

Concretisation 3: Hemp bricks and hemp insulation

The provision of hemp shives and wool to produce new types of building materials is directly in line with agricultural production, which is now being realised for the first time in the canton of Glarus. The demand from the construction industry is enormous.

Concretisation 4: Agricultural installation and equipment

The beginning described above with the corporately operated production lines in the canton of Glarus and the first 15 ha of correctly cultivated and harvested winter hemp in Switzerland is the powerful basis for the further provision of the high-quality hurds and fibres.

More agile with SIMSAL

To do justice to the expansion and complexity that has arisen, the Glaernish Textile cooperative is to be replaced by the subsequent SIMSAL GmbH. This transition is an important item on the agenda of

the General Assembly. With SIMSAL GmbH, the achievements of the Glaernish Textile cooperative will be transformed into the trendy, streamlined form.

SIMSAL GmbH is currently being prepared with four developments launched:

- 1) **Concept** for marketing and design of our company for circular economy, renewable resources, strong economic regions, and serious ethics.
- 2) **IT platform** for inviting business simulation, effective networking, transparent business management, fair compensation, and environmental impact.
- 3) **Organisation and equipment of** agricultural production - well prepared and started in Switzerland and slightly delayed in Pirot, Serbia.
- 4) Incorporation **of the company** and registration in the Commercial Register with transfer of the assets and liabilities from the Glaernish Textile cooperative to SIMSAL GmbH.

SIMSAL GmbH owes its values, appearance, and image to Paul Alexander Stolle.

The IT platform is currently being created by IT professionals in Belgrade and Zurich.

The agricultural implements and machines will be designed and built in Switzerland and Pirot until February 2024, and the mowing binders will be purchased.

Securing funding for these developments remains a major, difficult task, although the concretisations that have been made and the successive visibility of the emerging results are facilitating this.

Transition: Request and invitation

At this latest stage in our company's history, I will propose to you, dear members of the cooperative, at the General Meeting, in consultation with the Board of Directors and the internal control, that the Glaernish Textile cooperative be replaced by SIMSAL GmbH.

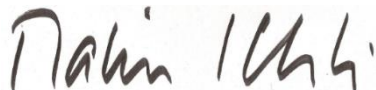
I offer you two options for the settlement of your property shares:

Option 1: You are welcome to transfer your shares to SIMSAL GmbH and thus remain directly invested in emerging markets.

Option 2: I understand your wish to the contrary and want to return your capital to you in full by the end of 2023.

With this, our extraordinary story may continue to run its course in a purposeful way. From the bottom of my heart, I thank you for your great trust, your helpful friendship, and your constructive support.

Kind regards



Martin Klöti