



SCALABLE GLOBAL SOLUTIONS JSC

2020 YEARLY BUSINESS REPORT

Date of paper: March 1st, 2021

We Work & You Grow



SGS BUSINESS REPORT

2020 YEARLY REPORT

SGS yearly business report provides the information about SGS company's business. The yearly overview, will be explained & supported by the financial data as well as by executive briefs and comments by the department leaders. It is showing continuous business development, agile development, R&D Progress as well as general enhancement and optimization according to the company strategy, mission and defined goals. The business focus in 2020 was:

1. Achieve outlined investments goals
2. SGS ONE: Further development of our own platform
3. Win first clients and sign annuity-based revenue
4. Create the web presence and establish us as a "Waas" [Workforce as a Service] & SaaS [Software as a Service] Provider

Investment: In 2020 SGS focused with top priority on winning new investors. To achieve this goal and the following once's we implemented an investment team. We focus on AI's [Angel Investors], VC's [Venture Capital] and Investment Consultancy firms equally. The last once's will help us to get a broader and faster scalable network. When we will go from the pre-seed phase this year into FY 2021 to the Seed phase and after that through the rounds A to C funding we need different interfaces/investors for those periods and prepare today for that future need.

Sales: Second main focus was to hire & train sales. Development of an assessment center and complete training and testing material to focus on the top talent that we need to sell a solution based service to an executive audience in clients. Winning the first revenues and annuity-based contracts with a minimum run time of one year in an auto renewal mode. The sales focus is on long term services with our end-to-end solutions to clients to deliver BPO, SaaS and WaaS as one service. That also includes the managed office space that will come with this.

SGS ONE: Furthermore, aim is to develop the complete SGS managed services portfolio as well as marketing strategy and market approach to make these services the main business of SGS with monthly reoccurring revenues. Negotiations with clients and signature of new contracts will allow much faster to reach the break-even point [currently in the plan for Q4/2021] and make a better and more reliable financial growth planning going forward. "Investors / Investment is in this phase of the startup the critical component"

FINANCIAL REPORT

The Financial report presents the overview of business results in 2020, by providing a clear overview of how business costs are managed. The goal is to be transparency in all activities of the company and the flow of cost. We outline the main elements of SGS such as: Finding & attracting investors, development of Corporate internet website, Business Development, MarCom, CRM software development, Mobile App development & new client projects and reoccurring revenues achievement. SGS goal in 2020 was to achieve team growth as well as increase team ability, sales pipeline and win new business, while dealing with the unpredictable circumstances of a global pandemic. The issue of Corona (Covid-19) virus and the implication for business where significant and the main reason why we could not achieve as outlined and planned revenues. Hence, we used the time to further develop the company and line up more clients for the aftermath of Corona.

2020 Financial summary

Facts and figures

During 2020 SGS company focused on reaching new clients, growing sales pipeline, negotiating and signing new agreements as well as empowering employees' positions in order to create stable working environment.

- ✓ Due to the situation with Covid-19, the clients have had their own business internal processes challenges and measurements to comply with and SGS faced delays in getting signed contracts with clients, as they postponed and delayed decisions. The first shut down everybody faced a situation that did not exist ever before. Despite that, we were able to successfully managed & continue negotiations with potential clients. The second shut down delayed again decisions but made also very clear that the future pipeline and business potential will increase dramatically due to the need of clients now more than ever saving cost and increase productivity.
- ✓ Due to uncertainty on the market, most of interested investors postponed decisions on investing in SGS business even though they found the opportunity and solutions impressive, innovative and unique on the market.
- ✓ In order to raise the quality of services provided, during the year SGS focused on quality internal development and structured and organized procedures within and between departments as well as developed full services portfolio which presents much more representative business solutions and raises the credibility on the market.

Regardless the market circumstances, SGS continued with digital tools development as ERP / PROJECT / CRM database system, mobile application and services development that is setting us apart from the potential competition. During 2020, taking into account uncertainty and volatility of the market, SGS had intention to optimize the business costs, and thereby reduce any potential financial risks and negative impact on the business. Activities for each Department are described in further paragraphs. We also took the liberty to negotiate for next year office space to facilitate the clients we will sign.

As stated further, SGS company was in 2020 one step closer to ensure both, further investment funds to support the business and new clients/company projects which can secure reoccurring revenues in the following year.

CASHFLOW OVERVIEW

All Numbers in €	Q1	Q2	Q3	Q4	2020 Total Q1-Q4	2020 PLAN
SALES FUNNEL (WITH 2FTEs)	17.000	147.000	150.000	175.000		489.000
REVENUES ACHIEVED	3.040	11.528	-	15.988	30.556	(458.444)
INVESTMENT PLANNED	118.000	200.000	200.000	450.000		968.000
INVESTMENT ACHIEVED	118.000	50.000	87.000	150.000	405.000	(563.000)
TOTAL REVENUES Achieved	3.040	11.528	-	15.988	30.556	
OUTFLOW, PAYMENTS TO SUPPLIERS	31.531	38.308	32.512	57.554	159.905	150.000
OUTFLOWS FOR SALARIES, TAXES AND CONTRIBUTIONS	61.234	42.589	74.287	81.489	259.598	205.000
OUTFLOWS FOR FEES (OKFŠ, PD, REIMBURSEMENTS)	1.741	497	7.377	1.466	11.081	11.000
DIRECTOR LOAN PAYMENT	50.667	-	-	4.265	54.931	80.000
BANKING AND OTHER FEES, EXCHANGE RATE DIFFERENTIALS	2.084	9.920	5.471	10.040	27.514	18.000
TOTAL OUTFLOW	147.257	91.314	119.647	154.813	513.029	455.000

Saldo 1.1.2020.					29.304	
Saldo 31.12.2020.						18.239

*amounts written in EUR

Delayed business impact in 2020:

- ✓ It was planned to sign DEKRA as a managed service with a monthly revenue of 8.500€/m. Due to the COVID-19 situation this contract was postponed into FY 2021. This means that we did not generate in Q3 a projected revenue of 25.500€.
- ✓ Scan Data: We started the engagement around SOS and they suggested to do the planning now and consider a start in 2021. However, we also have presented them Marketing and we are now offering in Q4 a Marketing proposal and an IT Proposal as the client is interested in our Programming capability. Due to the second shut down they postponed the decision into FY 2021.
- ✓ Romberg Sersa Group: Originally, they had planned to start the HR department for them with SGS ONE to be implemented in Q4 FY 2021. However due Corona Second wave in November and that they had to find a replacement for the CHRO
- ✓ Manpower Group: Executive placements in the range of 200.000€ which would be 4 Executive and Director Level positions. Due to Corona all the positions had been put on hold and than canceled.

The total sum of this reaches the amount of 365.500€ of potential not realized business if we would not have faced the corona pandemic. So the impact was significant during Q2.

2020 Facts and figures

According to the data presented in the Cashflow overview, SGS company has created a solid foundation during 2020 in order to start 2021. Furthermore, SGS proceed with aim close the ongoing negotiations with clients and thereby, to sign new client agreement. Further enhancement will significantly depend on acquiring new investments and sales team growth.



Detailed overview and accumulated financial data are stated at the end of the Report, in Annex of this document.

BUSINESS OVERVIEW

EUR	Achieved	Goal 2020
TCLAR (Total Contract Lifecycle Annual Revenue) Revenues*	105K	750K
Investments – Phase I Plan 1,25 M. 07/19-12/20 FOR further description please find description in Investor pitch-deck and plan	800K	1,25M
Corp Costs**	513K	

* This figure is based on existing clients that have been delayed due to Covid-19. We expect the contracts to be signed and executed within 2021 fiscal year.

**Planned corp. costs were in the amount of 455k eur, with the investments acquired, raised by 13% which was already announced in the previous reports. Additionally, more investments would lead to higher corp. costs as they are strictly correlated to departments growth (as stated in Monday.com online tool).

SGS power in numbers*	Achieved	Goal 2020
Clients	4	10
Sales team	3	10
Marketing team	1	1
Operations and Service team	1	2
BST	1,5	1,5
Finance team	4	3

Due to the corona crises and consequences of the pandemic we had to adjust the planned number down in FY 2020

SGS COMPANY GOALS facts and figures

EXECUTIVE SUMMARY

Business procedures and standards are in the phase of development & implementation. This is an ongoing process over the year. The accountability and responsibility of the 1st line will grow.

2020 key initiatives and activities are:

- ✓ New Investments: Implementing resources, processes and procedures to contact and attract new investors / investments from individuals, professional organizations and Venture Capital companies as well as Angel Investment professional consulting firms. This is a strategic initiative that will be a vital part in the next 24-month at least.
- ✓ Marketing: Setup, Plan, Execution of company strategy and first key presentations. Implementing an investor page with the aim to get more potential investors drawn to us. Implementing a chain of articles and investor blogs to further the message and unique business concept SGS has put in place.
- ✓ Implementing a result-oriented culture: Transitioning towards accountability of the department leaders. Tracking in Monday.com tool the handling, management and executing of all major tasks for the company.
- ✓ SGS APP: Development of the SGS APP that has been in testing for Android and IOS in Q3 quarter. Finalization and 1st client testing is planned for Q4.
- ✓ Sales: Aim is to grow Sales Department, negotiate and sign first long-term client agreements. We have set up a running recruitment process with onboarding plan for senior Salespeople as well as an Assessment Center for new hires. The initiative to have a full engaged sales team with manager in place for the next year stays in place.

Further mentioned notes show present situation and describe how planned results are being achieved.

Investors

- ✓ In total, 6 agreements for advisory services have been signed by the end of 2020. The advisors are: [Mazars Croatia](#); [Zero to One](#); [VentureXchange](#); [Actus Partners](#); [Phillip Baldwin](#); [Emanuele Pizzatti](#)
- ✓ Several investors have reached the stage of detailed conversations to evaluate a potential investment into the company. We have also implemented the presentation with the team & necessary documentation.
- ✓ From January 2020 onwards SGS focused on Marketing strategy implementation and a setup of Investor presentations and data in order to attract new investors / Investor advisory organizations and associates which will scale the business.
- ✓ With support of marketing Department, created new investor documents, web-based presentations, pitch-deck based on the input from investors and full 3-year P&L budgeting plan.
- ✓ Finance Department has triple its resources and by establishment of Investment team within Department has goals to spread the word about SGS opportunity and increase the number of Investor meetings with the intention to sign new Investor agreements and acquire new investments.

Strategic Alliance

Croatia:

- ✓ By the end of 2020 developed a joint solution with Bits4Bites who the developing party for our SGS Mobile App. They have extensive development and programming capabilities. As we have finalized SGS ITC Presentation and ready to tackle the first clients we plan to embed the capabilities of our supplier into our offerings. This allows us from the first day to deliver a wide range without the necessity to have the staff in the beginning on board. As this Lob grows, we will focus on integrating this into SGS. Long term could be a joint venture or full integration through acquisition via share transfer.

Asia:

- ✓ Strategic Alliance: ongoing discussions with www.prr.com for potential strategic alliance. Due to Covid-19 the company postponed their own going public plan by one year and we decided to continue the discussion after the boarder are open again and we can have the next meeting.

Channel Strategy [future partner network]

- ✓ The Associate agreement has been changed from a license payment to a shareholder investment. We believe that we have more commitment and lasting engagement when associates are also shareholder of the organization. The focus for this is postponed into the FY2022. We might go a different strategy with channel partners in the future.

Initiatives & Strategic development

Delivery:

- ✓ Bit 4 Bites: is a competent partner in delivering App development and Software development to our clients and will enrich our portfolio in ITC to our clients. As SW and APP development is a very profitable business for us in the market. Also, it enables us to open an additional door in IT space with our clients. In addition, we will turn over the new SGS ONE development to the company. That will enable us long term to run all offerings of our SW for all client departments on our source code. We will discontinue our Badoo.com based platform going forward. Also, the maintenance cost for SGS will be lower. This enables us to sell service and support solutions to our clients. Thus, enabling SGS for SLA's with the clients such as "Best Effort", "Next Business Day" and "8-17" services.
- ✓ Sales Strategy: As announced in previous communication we are now moving from a generalist sales team approach to a specializes sales team approach. That requires a phase II investment. In the transition we have the two sales people who are trained generalist but every new hire will be pointed out to a specialist in on of the 5 departmental solutions we offer. We need to hire, train and implement specialist teams for our various geographic regions in Europe.
- ✓ Develop now specialized training guides and test for the new hires.

D/A/CH:

- ✓ Further development of the sales pipeline and signing business that has already been developed towards a potential close for early 2020. We are making good process in developing more potential clients. The response on introduction calls and send offers has increased as our target audience is interested in revering their business while at the same time, they have to reduce cost.

- ✓ That is an excellent situation for SGS and the services we offer. We strongly believe that in the aftermath of Covid-19 hence the next 24 – 36 month we will see an increase in the market demand for our services. That is the reason why it is so important to be at the fore-front of this potential wave. The critical component for this is investment in order to ramp up significant the sales department and marketing to campaign for this.

Business activities overview is presented in the following sections, aligned with each department strategy and responsibilities

SALES DEPARTMENT

- ✓ We decided to go away from a general sales account management staff to a dedicated and specialized account management staff. As a consequence, we have terminated the exiting to junior inside sales account managers we had. We replaced them with senior account management staff. The focus is to get experts from the various industries / departments who will sell our services. [i.e. for RPO services and executive placement we are now seeking to hire senior Recruiters that have worked in acquiring clients. Candidates that have more than 7 years' experience in this field. The same approach we will take for IT, SALES, Operations and IT]
- ✓ We have implemented a direct client acquisition approach. The seniors will now also have a call target to decision makers by a minimum of 20 calls a day that have lasted for more than 30 seconds. This will ensure that we approach approximately 300 contacts a week per account manager. We will also focus on quality goals to have an Agile sales team and client approach.
- ✓ Sales Team: we have now the third senior sales person in training. The goal was to ramp up the team to 10FTE's by the end of the year, but due to budget limitations we can only hire more with the next investment coming towards the company, hence in 2021. That will of course delay the development of pipeline by one quarter.
- ✓ Sales Team selection process: We have implemented a 4 step recruitment plan. Three interviews with every candidate. Every candidate has to give at least two references from the past that will also be interviewed. Final we don't give out employment contracts in the first month. We give an assessment center contract. Where every candidate can be terminated basically on a daily bases. Ever week the candidate has to pass a test.
- ✓ Sales Training: Because we also have changed to senior specialist it allows to shorten the training cycle from before 4 weeks to now 2 weeks. When a candidate has passed the first month of that assessment, he will get an employment contract with a 6-month probation time.
- ✓ Business Development: Focus on transparent weekly reporting short and midterm of FC numbers and to hold sales accountable to deliver on the assigned goals by increasing the numbers of client contact The team has now to give weekly updates on their potential business in a FC for the month / quarter and rest of the year. Monday Reporting and FC commitment has also been implemented.
- ✓ Sales Funnel: we have now attracted with those changes bigger potential in project. The effect of those changes are immanent. Since the first senior sales joint in 09/2020 and the second one in 10/2020 the results in regard to approach and making phone calls have proven to be the right way to move forward. At the moment we have the following highlight in progress in the sales funnel. The volume of € 990.000 was developed with just 3 senior sales in operations. Highlights are:
 - Swisscom: SOS offer for € 240.000. prospect for 2021
 - Infinitl: SOS, Marketing offer for €240.000 for 2021
 - Rhomber Sersa: DRS offer for € 140.000 prospected for Q4 2020
 - GmbH: SOS € 50.000 expected for 2021
 - Lfondry: DRS placement of candidates. €50.000
 - Autohaus Michael Schmidt BMW: SOS and IT € 200.000 expected for 2021
 - Chemplas Holding AG: SOS € 120.000 expected for 2021
 - Kubermatic

Executed in Q4 2020:

In Q4 we continued and completed several marketing presentation and business documents for the LoB's of SGS. Please find below the list of the main points and conclusions:

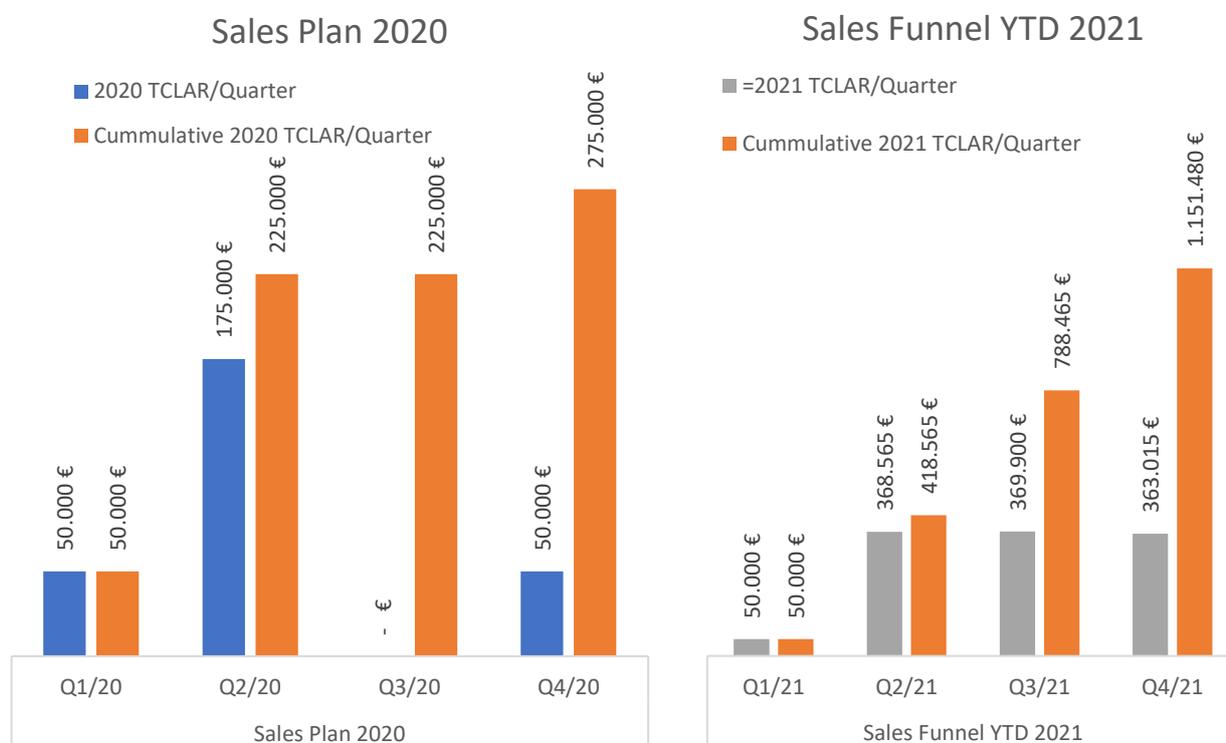
- ✓ Investor page
- ✓ Implementation of blog on our corporate web page

- ✓ Writing Blog content
- ✓ Completion of Presentations for sales
- ✓ Creation of IT Manages Service Contract.
- ✓ Hosted investor meetings
- ✓ Implemented a better strategy for investment team
- ✓ App development completed and integration in SGS ONE ongoing

Some of those plants could not be executed due to sickness of our CMO. The person was from mid quarter a complete fall out. We might need to replace her given the personal situation.

Sales Funnel 2020 EST.

For 2020 year as well as the prediction of signed contracts that will take effect 2021. The goal is in 2021 to achieve the turnaround to profitability. It is immanent that we get the necessary investment to ramp up the sales team with senior sales professionals. This will allow to ramp up the sales funnel significantly as well as possibilities to sign new client agreements even faster.



Marketing Department

SGS started with Marketing Strategy realization in January 2020. Accordingly, SGS started with agile approach, refreshing old social media pages in order to spread the word about business and development. Furthermore, further promotion is planned according to company development. SGS Marketing department in Q4 2020 focused on the following activities:

- ✓ SGS website development – defining new tabs and sections specifically related to Investors relations and SGS News and Business Articles;
- ✓ Development of approach and generating awareness about SGS as a company and solutions through channels outside the company:
 - Marketing Strategy & Plans, Timeline development for social media
 - Perform searches and create actions at social networks that help to better understand the needs of users
 - SGS solutions web-based presentations and videos development.

- ✓ Marketing department provided valid content and timely updated presentation for Sales team for each of crucial SGS service (BPO, RPO, IM, ES, MARCOM, HR, SALES).
- ✓ Development and supporting a strategy with clearly defined goals and measurable results.
- ✓ Support to Finance Investment team, Investor presentations and web-based pitch deck creation.

By creating a Marketing strategy and documents as well as social media marketing development SGS strives to win new clients, investors and associates and get the message about SGS services and solutions out to the market.

HR Service (Delivery team)

Recruitment Team (HR Department) is continuously ensuring new business opportunities, development of existing clients & continual progress on executing active projects. Recruitment Team is responsible for all active projects in the areas of direct recruitment, building virtual departments, reporting, interviewing, training & Client communication. In Q4 2020 the key activities were:

- ✓ Proactive sales: In Q4 R&R team has engaged in direct sales activities resulting in 2 potential Clients for BPO services.
- ✓ Team Size: In Q4 SGS has a team of 2 experienced recruiters. With internal training sessions and procedure implementation, SGS strives to acquire new clients and to provide professional support to existing clients.
- ✓ Team Growth: For now, with existing clients and needs, there is no necessity to ramp up Recruitment team. New hires are planned to happen when new business comes into the company.
- ✓ Recruitment process and training: Within Q3 and Q4 period Recruitment process was revised, and positive changes have been made in communication between the recruitment team and management as well as between all SGS departments. Also, processes and procedures along with complete training guides were standardized for the recruitment department for easier Onboarding. Besides, new version of presentations for all Recruitment Services have been implemented. Furthermore, Recruitment team supported Sales department activities by giving input for new Sales processes, strategy and reorganization.
- ✓ Further development: In Q4 Recruitment team was focusing on finishing existing projects and to End2End communication with potential Clients. Accordingly, recruitment team has acquired new client and in cooperation with Sales department is working on new project assignments and negotiations with potential client in order to sign new agreements by the end of the year.
- ✓ Internal Placements have been a big focus in Q4 resulting in 2 new hires for the sales team and other 2 planned every 4 weeks.

As stated, HR Department is proactively involved in all SGS departmental activities and supports the key 2020 SGS initiatives.

BST Department

Business Support Team (BST Department) is continuously ensuring business operational quality and functional internal services along with further IT and Business Process Operations development. BST provides support with SGS CRM database and is responsible for CRM database management and further development.

In Q3 2020 BST had responsibilities and was a leader of activities:

- ✓ Onboarding and training for 3 new sales members.
- ✓ Starting with a roadmap for the development of SGS new software - workshops begin with budget approval
- ✓ Searching for potential new office space for the period 2021/2025, gathering offers, sightseeing, negotiation
- ✓ Setting up a first Pilot project for one global company
- ✓ Creating a new document for the calculation of SGS offers
- ✓ Finalizing partnership agreement with Bit4bytes company for development / new service for our customers
- ✓ SGS One database and server migration from one subcontractor to another
- ✓ Engagement around the acquisition of new customers with the new sales team members

As stated, BST Department is proactively involved in SGS company continuous development and as an assistance to all SGS company departments supports 2020 SGS Strategy.

Finance Department

Finance department is continuously ensuring proper finance management, execution of activities within cooperation with accounting and subcontracted vendors. Furthermore, Finance department has responsibility to ensure development of set business procedures, legal and business documentation. Besides, it is ensured continuous support to Associates and Investors, current and potential relations, in order to ensure further business advancement.

- ✓ From 2020 SGS team proactively uses Monday.com, cloud-based Work OS tool, for internal reporting and by that for tracking SGS business strategy goals realization, especially when talking about Investors approach, budgeting and planned tasks and activities. Therefore, activities such as finding advisors, investors, budgeting and projects realization tracking are fully monitored, managed and adjusted in this online tool.
- ✓ In Q4 2020, Finance Department started with planning and budgeting for 2021. From January onwards it is decided to track revenues and expenses on a monthly level, as well as, in order to stay attractive working place and realistic in the current stage of development, Finance department and management revised current employees Bonus agreements in order to motivate sales team members with appropriate weekly/monthly/quarterly/yearly targets and KPI metrics.
- ✓ Furthermore, considering COVID-19 situation and investors caution to support SGS with investments, Finance team continued to develop internal procedures in order to approach to investors on the best and effective way possible. Marketing department has supported Finance department by development of new sections on SGS website – News and Blog section where team started to create new content on the web, much more attractive to SGS clients, investors and partners. Investment team members were assigned to write about latest market and attractive topics in order to provide SGS website visitors an introduction to SGS solutions, goals and an overview of investment opportunity. Further development of SGS website planned in 2021 will be focused on refreshing SGS website Home page and on creation Investor relations page in order to present SGS business reports, past and future, to the potential investors and associates.
- ✓ Besides, Finance department with Investment team has the aim to increase the number of Investor calls, potential Investor relations and at the end new company investments. Despite market circumstances and COVID-19, SGS achieved greater approach, raised the number of investor calls on a weekly level, and attracted in Q4 much more interested investors than in last three quarters.
- ✓ Based on inputs from professional investors, Finance team, with support of Marketing department, created new Investor pitch deck development which outlines the solutions, uniqueness, financial outcomes of investments and the reason why SGS as a SaaS company is different on the market.
- ✓ With 31st of December 2020 SGS has closed Investment round I and started Investment period II where we have aim to acquire 5m euro within the period of 2 years. New 2021 started with Early-bird opportunity which will last only the first year in order to raise attractivity on the market.
- ✓ Investment team stayed in the contact with investors who consider their engagement with SGS during 2020 as they really see the business potential and unique opportunity on the market and are eager to receive new investors materials before they make an arrangement. These contacts and negotiations are continued in 2021. Now, SGS with more matured team members and developed approach has the procedures, clear steps and marketing materials for proactive and stable start i order to attract new investors in Investment phase II.

In addition, SGS Finance department in Q4 2020 continued with agile approach in order to achieve phase I, II and III targets. Investment goals and funds allocation is presented in Investor presentation (see corporate website/Investor proposal).

To conclude

By presenting this paper and key figures SGS management has a desire to present current values and foundations for business goals achievements. With business values and services SGS company offers, in 2020 a main goal was to establish a stable and continuous business structure which will be additionally supported by Investor relations, Associates and further business advancement.

- ✓ To conclude, our investors made an effort and decision to invest in SGS company's business and by that we are willing to provide them the best support as possible. Furthermore, to proceed with great success and additional business advancement we are in the second Investment period and open if any of current investors would like to raise the investment amount. Accordingly, it will develop our business in a much more scalable way and provide us a support for achieving SGS goals much faster.
- ✓ By continued assessment of planned activities in 2020, SGS business has presented as one of the examples of how a startup can be resilient in times of crisis. SGS business, by planning, continuous tracking the environment, market and continuous development strives to be and sustain innovative and adaptable approach as well as to create stable business environment and specifically customized solutions for clients.
- ✓ Corona Virus / COVID-19: This is an ongoing challenge that has two sides to it. At the moment it, potential clients are experiencing its own restricting and reorganization processes in order to stay immanent and keep the business going. On the other hand, it is the greatest business boost ever. All clients have stated that midterm they are interested in our solutions as the nearshoring the business to Croatia and business optimization would lead to cost efficiency and give the possibility to grow their business as well, specifically in this challenging time period. Therefore, SGS proceeded with negotiations with those clients and in the midterm has aim to adopt the strategy where we do not reduce floor/office space but also to have some departments done and implemented in our HQ like our services. In conclusion, Corona delayed some projects in short-term but will be a business boost to us mid and long-term.

Note to readers

By writing this business report, SGS company has a desire to provide best quality information to its associates and investors. Mentioned activities and targets set up for 2020 show a plan of business in order to ensure long term stability and scalable business.

To conclude, as SGS is in the process of seeking new investments, as outlined in new investment plan in Investor presentation, it would be appreciated if current investors can forward SGS Investor presentation link to potential connections/investors. It is important to emphasize that, in case of investor agreement, SPA agreement, is signed and investment transaction with new investor is successfully executed, the investor who recommended SGS new investor will be entitled to receive a commission from SGS.

Description	January 31, 2020	February 29, 2020	March 31, 2020	April 30, 2020	May 31, 2020	June 30, 2020	July 31, 2020	August 31, 2020	September 30, 2020	October 31, 2020	November 30, 2020	December 31, 2020
2. Interests, exchange rate differentials and other expenses with non-associated companies	825	835	-	5.473	2.299	2.054	1.990	2.071	363	3.754,77	2.896,68	3.374,43
3. Unrealized loss (expenses) from financial assets	-	-	-	-	-	-	-	-	-	-	-	-
4. Other financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
V. SHARE IN PROFIT OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	-	-	-	-	-	-	-	-	-	-	-	-
VI. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	-	-	-	-	-	-	-	-	-	-	-	-
VII. OTHER INCOME	-	-	-	-	-	-	-	-	-	-	-	-
VIII. OTHER EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-
IX. TOTAL INCOME	1.057	992	4.509	9.043	3.733	19.407	(15.042)	-	613	5.374,27	5.373,69	9.038,48
X. TOTAL EXPENSES	(28.816)	(32.589)	(37.973)	(29.383)	(36.083)	(43.547)	(34.888)	(43.402)	(42.912)	(42.616,05)	(35.780,17)	(41.185,86)
EBITDA	(26.656)	(30.483)	(33.191)	(14.587)	(29.771)	(22.370)	(47.684)	(41.075)	(41.761)	(32.753)	(27.120)	(28.557)
EBIT	(26.936)	(30.763)	(33.471)	(14.867)	(30.051)	(22.625)	(47.939)	(41.998)	(41.998)	(33.487)	(27.510)	(28.963)
NET Financial result	(824)	(834)	7	(5.473)	(2.299)	(1.515)	(1.990)	(2.071)	(301)	(3.755)	(2.897)	(3.184)
PROFIT/LOSS	(27.759)	(31.597)	(33.464)	(20.340)	(32.350)	(24.140)	(49.930)	(43.402)	(42.299)	(37.242)	(30.406)	(32.147)
TAX 12%	-	-	-	-	-	-	-	-	-	-	-	-
XI. NET PROFIT/LOSS	(27.759)	(31.597)	(33.464)	(20.340)	(32.350)	(24.140)	(49.930)	(43.402)	(42.299)	(37.242)	(30.406)	(32.147)

*values in EUR, course EUR/HRK=7,5

P & L 2020 report

VAT NUMBER: 85470532354; SCALABLE GLOBAL SOLUTIONS d.d.	Reporting period 31.12.2020 EUR
I. OPERATING INCOME	43.088
1. Sale income from Group companies	0
2. Sale income from Non-Group companies	28.618
3. Sale income from internal usage of own goods and services	0
4. Other sale income from Group companies	0
5. Other sale income from Non-Group companies	14.470
II. OPERATING EXPENSES	421.163
1. Changes in inventory	0
2. Material expenses	127.845
a) Raw material used	4.728
b) Cost of goods sold	0
c) Other external expenses	123.117
3. Personnel expenses	271.408
a) Salaries and wages	164.861
b) Taxes and contributions from salaries	69.086
c) Contributions on salaries	37.461
4. Depreciation and amortisation	3.912
5. Other expenses	17.797
6. Impairment allowances	0
a) Non-current assets (except financial assets)	0
b) Current assets (except financial assets)	0
7. Provisions	0
8. Other business expenses	200
III. FINANCIAL INCOME	799
1. Dividend income from a Group transactions	0
2. Dividend income from associated undertakings	0
3. Income from long term financial investment and loans in Group transactions	0
4. Other interest income from a Group transactions	0
5. Income from foreign exchange differences and other financial income from a Group transactions	0
6. Financial income from long term financial asset and loans given	0
7. Other interest income	799
8. Income from foreign exchange and other financial income	0
9. Unrealized gains on financial assets	0
10. Other financial income	0
IV. FINANCIAL EXPENSES	25.813
1. Interest expenses from Group companies	0
2. Foreign exchange difference and other expenses in a Group	0
3. Interest expense and other similar expenses	23.618
4. Foreign exchange differences and similar expenses	2.195
5. Unrealized loss (expense) from financial assets	0
6. Value adjustments of financial investment (net)	0
7. Other financial expenses	0
V. SHARE IN PROFIT IN ASSOCIATES	0
VI. SHARE IN PROFIT IN JOIN VENTURE	0
VII. SHARE IN LOSS IN ASSOCIATES	0
VIII. SHARE IN LOSS IN JOIN VENTURE	0
IX. TOTAL INCOME	43.887
X. TOTAL EXPENSES	446.976
XI. PROFIT OR LOSS BEFORE TAXATION	(403.089)
1. Profit for the year	(403.089)
2. Loss for the year	0
XII. Income tax expense	0
XIII. PROFIT OR LOSS FOR THE YEAR	(403.089)
1. Profit for the year	
2. Loss for the year	(403.089)

Balance Sheet 2020 Report

VAT NUMBER: 85470532354; SCALABLE GLOBAL SOLUTIONS d.d.	Report on date 31.12.2020 EUR
ASSETS	
A. RECEIVABLES FOR SUBSCRIBED, BUT NOT PAID IN CAPITAL	0
B. NON CURRENT ASSETS	7.468
I. INTANGIBLE ASSETS	727
1. Research and development	0
2. Software, licenses, patents, rights, concessions	0
3. Goodwill	0
4. Advance payments for intangible assets	0
5. Intangible assets under construction	0
6. Other intangible assets	727
II. TANGIBLE FIXED ASSETS	6.740
1. Land	0
2. Buildings	0
3. Plant and equipment	0
4. Tools, equipment and vehicles	6.740
5. Biological assets	0
6. Advance payments for tangible fixed assets	0
7. Tangible fixed assets under construction	0
8. Other tangible fixed assets	0
9. Investment property	0
III. LONG TERM FINANCIAL ASSETS	0
IV. LONG TERM RECEIVABLES	0
V. DEFERRED TAX ASSETS	0
C. CURRENT ASSETS	97.726
I. INVENTORIES	0
II. RECEIVABLES	79.576
1. Receivables from related parties	0
2. Trade receivables	21.288
3. Receivables from joint ventures	0
4. Receivables from employees	3.628
5. Receivables from state and other institutions	53.137
6. Other receivables	1.522
III. SHORT TERM FINANCIAL ASSETS	0
IV. CASH AND CASH EQUIVALENTS	18.150
D) PREPAID EXPENSES AND ACCRUED REVENUES	1.600
E) TOTAL ASSETS	106.794
F) OFF BALANCE SHEET ITEMS	0
EQUITY AND LIABILITIES	
A) CAPITAL AND RESERVES	(395.476)
I. SUBSCRIBED CAPITAL	106.144
II. CAPITAL RESERVES	150.386
III. RESERVES FROM RETAINED EARNINGS	0
IV. REVALUATION RESERVES	0
V. RETAINED EARNINGS	(248.918)
1. Retained earnings	0
2. Accumulated loss	248.918
VI. PROFIT/LOSS FOR THE YEAR	(403.089)
1. Profit for the year	
2. Loss for the year	(403.089)
VII. MINORITY INTEREST	0
B) PROVISIONS	0
C) LONG TERM LIABILITIES	463.030
D) SHORT TERM LIABILITIES	39.240
E) ACCRUED EXPENSES AND DEFERRED REVENUES	0
F) TOTAL EQUITY AND LIABILITIES	106.794
G) OFF BALANCE SHEET ITEMS	0