



SCALABLE GLOBAL SOLUTIONS JSC

Business Report 2022

We Work & You Grow



SGS BUSINESS REPORT

2022 FULL-YEAR REPORT

This business report provides information about the company's business. The overview will be explained and supported by the financial data and by executive briefs and comments by the responsible department heads. The report shows continuous business development, agile development, R&D progress, general enhancement, and optimization according to the company strategy, mission, and goals. The business focus and key initiatives in 2022 are:

1. Win new incremental client revenues. We expect double-digit yearly growth.
2. Acquire additional Investments to secure the cash flow.
3. Go to Market: Creating and Implementing the Channel Strategy.
4. R&D: SGS platform and services further development.
5. Create a global web presence and establishment as the first "DaaS" [Department as a Solution] Global Provider.

The Future of Employment

DaaS [Department as a Solution] is an industry-agnostic, complete solution for creating and managing your own department, from talent selection to office decor and equipment. SGS has by now proved to be a unique and advanced solution for the SME & SMB market. Our Target audience is companies between 50 and 5000 employees. Investment Teaser: <https://sgs-daas.com/investment-teaser-2022/>

FINANCIAL REPORT

The Financial report presents the business results achieved in the first half of 2022 by providing a clear overview of how business costs are managed and streams of company revenues. The goal is to describe transparently all the company's financial impacts which have affected the business.

Preamble & Facts and Figures

- ✓ Past: In 2021 SGS focused on reaching clients who indicated an interest in SGS services. Remember that we hired at the end of Q4/2020 the first senior salesperson at. The covid-19 pandemic continued with lockdown in Q4/2020, stretching on and off into 2022.
- ✓ 2022: The current global situation is remote working, companies restructuring, clients realizing downsizing mid- and long-term office space, and working remotely / from a home office. So, working from Croatia is cost beneficial to the companies. Turning CAPEX to OPEX with up to 50% cost reduction potential. The appearance of vaccines will allow slowly returning to normality in the future. The impact was not to be seen until the end of 2021.
- ✓ **Current:** In 2020 and 2021, the pandemic set a delay in the client's decision for our business as no one had ever had to deal with such a virus and situation. **In the aftermath, the pandemic is the most significant enabler of DaaS** for SGS. SMEs & SMBs have always been conservative in their decision-making processes and working from home never existed in these client segments. Throughout the pandemic, they realized that running a company is not a problem when people are in remote office locations. That is a **significant milestone for our DaaS** solutions. Why? SMEs & SMBs never want to lose control, and DaaS is 100% accomplished.

In 2022 SGS, despite the past market challenges, SGS continued negotiations to sign multiple client agreements. The new clients ensure business growth with recurring monthly revenues.

With a newly organized investment team, it was possible to attract and find new investors for the company. New investor relations have been developed.

2022, SGS is in the optimal position to ensure business scalability going forward. The focus will be on monthly recurring client revenues and more significant investment funds that will support business development.

One last important point is that customers tend to start their teams small and grow them from there. Therefore, DaaS teams that begin with 2 or 3 people are expected to grow significantly. Currently, we saw a multiplier 3+ times.

FINANCIAL KPIs OVERVIEW

All Numbers in €	Q1	Q2	Q3	Q4	2022	2022 PLAN
REVENUES ACHIEVED	60.340,80	98.562,71	117.140,32	172.646,43	448.690,26	
INVESTMENT ACHIEVED	60.312,36	195.264,54	122.006,13	8.850,00	386.433,04	

We secured the necessary investments to pull through the critical phase of the end of the pandemic and signed strategic clients, contributing to the growth in 2022. Also, with the secured investment, we safely ensured cash flow stability for the organization during 2022 as we managed the cost. However, we did not secure the planned investment amount that would have allowed us to grow faster. The market potential [TAM & SAM] has doubled in that period alone.

The Cashflow overview in Annex I of this Report presents a detailed overview of inflows that SGS started to accumulate continuous monthly revenues. Furthermore, a detailed summary and accumulated P&L and financial data are stated in the Annex of the Report.

The main elements of SGS Financial KPIs target achievements are the following:

- ✓ Sales pipeline execution and annual-based client agreements signatures
- ✓ Sales team as well as sales pipeline growth
- ✓ Achieved the minimum investment amount
- ✓ Investment team growth achieved

Based on revenues and investments, SGS adjusted its focus further on business-, marketing-, channel- and R&D -development accordingly. Each department leader will ensure further business enhancement as we grow the business. We have significantly enhanced the New Corporate website, implementing investor documentation and investor corner, GTM, and Channel Program announcement. Further SGS ONE and Workforce APP development. Started the process for SGS ONE 2.0 by running a tender to find the best potential offer for programming and the most competent partner.

The following sections will present a business overview, achievements by each department, and KPIs for measuring further business advancement.

BUSINESS OVERVIEW

A business overview presents the general business targets specified by the department heads. FTEs (Full-Time Equivalent) will be tracked and changed/alterd based on the client revenues and, specifically, investments acquired.

SGS COMPANY GOALS Facts and figures

<i>SGS power in numbers*</i>	Achieved	Goal 2022
Clients	9	12
Sales team	5	8
Recruitment team	5	6
Marketing team	2	1
Operations and Service team	3	2
Finance team	1	1

Based on the business enhancement, clients acquired and services to clients provided, SGS is planning continuous team growth. However, due to a lack of Investment needed, we did not grow the sales, R&D, recruitment, and finance teams as planned. When we get the needed investment, we ramp up the team as soon as possible.

The following sections show a detailed overview of each department written by the department leaders.

EXECUTIVE SUMMARY

Business procedures and standards are in the phase of further development & enhancement. This has been an ongoing process over the year. The accountability and responsibility of the 1st line are intended to grow. The business activities overview is presented in the following sections, aligned with each department's strategy and commitments.

SALES DEPARTMENT

Sales Funnel 2022 EST.

For the year 2022 and the prediction of signed contracts that will take effect in 2022 and the following fiscal year. The goal in 2022 is to get close to profitability and deliver the final proof of concept. We must get the necessary investment to ramp up the channel & sales team with experienced sales professionals. This will allow a ramp-up of the sales funnel as planned and possibly sign new client agreements even faster.



2022 Sales department achieved outcomes:

- ✓ Signed 9 long-term client agreements (12-36 months) in the following departments:
 - Sales
 - Operations
 - IT & Consulting
 - Marketing
- ✓ Implemented a result-oriented culture
- ✓ Generated SW, Services, and Maintenance Revenue
- ✓ Implemented Sales Training with an external trainer
- ✓ Reviewed & enhanced client contracts
- ✓ Created VAR [Value Added Reseller] Agreement
- ✓ Developed RTS Calculator and Contract
- ✓ Signed the first RTS client in Q3
- ✓ Signed the first DaaS contract targeted and found by our Channel Partner
- ✓ Client success stories implemented
- ✓ Replaced 2 team members in Q2
- ✓ Replaced 1 team member in Q4
- ✓ Developed video content and implemented YouTube: <https://www.youtube.com/@scalableglobalsolutions8150>
- ✓ Developed and implemented a yearly goal sheet for Account Management and Channel Account Management
- ✓ Defined the training program for Channel Partners
- ✓ Finished the Partner intranet and the certification procedure
- ✓ Implemented regular jour fixes with the Channel Partners
- ✓ Defined how to start with the joint Channel Partner jour fixes in 2023

- ✓ Implemented a Sales team of 2 Senior Account Managers, 2 Channel Account Managers, and 1 Head of Sales
- ✓ Implement outbound call reporting and weekly measurements on that
- ✓ Started programming DaaS web-based application calculator for partners. Completion expected Q1 2023
- ✓ Completed Online **SGS ONE** and **SWS APP** training tutorial for Channel

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

9 signed clients:

- ✓ 1st half year 4 contracts 2nd half year 5 contracts.
- ✓ ORBIS Austria
- ✓ Digipool
- ✓ Energy Dynamic
- ✓ Bechtle
- ✓ Olive House
- ✓ dSPACE
- ✓ SPARC EU
- ✓ 91 SOCIAL
- ✓ UVECO

Deals that are in the negotiation phase:

- ✓ TIMOCOM
- ✓ In-tech GmbH
- ✓ SMAPLY
- ✓ Actonic
- ✓ Striped Giraffe
- ✓ Deugro
- ✓ Reskub Ltd
- ✓ Ardencraft Technology
- ✓ Open Xchange
- ✓ Reis GmbH
- ✓ Digipool

TOTAL Sum of the deals in the negotiation phase = 3+ MIO €

Signed 8 Channel Partners, 7 Consultants, and 1 Basic Partner:

- | | |
|--------------------------|-----------------------------|
| 1. Tridente- Netherlands | 5. Kinkhorst & Krumme – GER |
| 2. SBFO Service- UK | 6. Maher Karoui - Belgium |
| 3. Digipool - Nordics | 7. Namasas – Germany |
| 4. InnKick - CH | 8. Sales Mentor UK |

Business client case:

ORBIS Austria GmbH: Current team of 8 FTE. The plan is to have 30 FTE till the end of 2023. The focus of ORBIS is now to hire strong Senior candidates before the second round of employing Juniors when the ram up will happen. Currently, we are using 2 offices and in Q1 2023 we expect 1 more.

When full capacity is reached for Austria, the monthly revenue will be 150.000 € which is 10 times the original signed contract per month.

Digipool - Finland: Currently using licenses for SGS ONE. Negotiating a DaaS Agreement for 2 IT Recruiters for 2023. The deal was signed for 3.600 € per year, software only, and when 2 HR people will be implemented the deal will have a 100.000 € yearly volume. The company also became a channel partner for FIN & SWE.

Energy Dynamic – Germany: Our first BPO Agreement, the owner of the Business is in the relocation process from Germany to Croatia, the current work was founding the company and all procedures related to that so that she can open a bank account. The plan is to have Back Office, Marketing and Customer Care implemented as a DaaS contract.

Olive House – Germany: BPO Agreement with a family organization for hospitality and traveling founded in 2014. In addition to having apartments at the seaside on Pag Island in Croatia, their guests have various organized activities throughout the year. Their growth plan includes setting up a base of operations in Zagreb, while the on-site operations will be conducted on the island of Pag.

dSPACE engineering d.o.o. - Croatia: Our first RTS agreement with a global leader in the development and testing of advanced technology for the automotive industry. dSPACE has faced a challenge in finding exceptional talent for its team. Using our extensive network and advanced recruitment techniques, we were able to identify and attract top talent to the company. Our partnership with dSPACE Engineering is a great example of how our talent acquisition solutions can help companies achieve their business goals.

SPARC- Germany: SPARC is a manufacturing company specializing in CMOS technology. We have a 3-year contract with them to create and maintain their web page and help with creating marketing materials, mostly 3D models. Our successful collaboration will soon expand with DaaS solution, meaning they will have a sales, marketing, and recruitment team in Croatia in the future.

UVECO GmbH – Germany: UVECO GmbH is a top provider of high-quality UV products for industrial and commercial use. We have a 3-year BPO contract with them, offering partly delivery and logistics support each day. In the future, our cooperation will expand by slowly transitioning their business to Croatia and having a DaaS team sitting in Zagreb.

91Social – India: 91Social is an IT company that aids fast-paced fintech and e-commerce businesses in scaling their tech ops. We have a 33-year DaaS contract with them, enabling their sales employee to work efficiently with our assistance. In the future, our contract will extend to further assist their business expansion with more sales team members in their DaaS team.

Bechtle – Germany: Bechtle AG is a multinational tech company that offers IT services, sells hardware and software products, and maintains IT infrastructure for industrial and public-sector clients. Through our 3-year DaaS-BPO agreement, Bechtle is aiming to strengthen its IT Department’s capabilities with a variety of IT positions to provide an even better service to their clients.

Due to missing investment not realized in the 2nd half of 2022:

- ✓ 2 FTE in Sales Account Managers
- ✓ 6 FTE in Channel Account Managers
 - Goal of signed Channel Partners in Q3 and Q4 of 2022 Failed:
 - 30 Consultant Partner
 - 8 Basic Partner
 - 2 Premium Partner
 - 1 Gold Partner
- ✓ To cover all planned geographic regions with Headcount.

MARKETING DEPARTMENT

SGS continued with Marketing Strategy realization. Accordingly, SGS started with an agile approach, refreshing old social media pages to spread the word about business and development. Furthermore, further promotion and a global system are planned according to business development.

2022 Marketing achieved outcomes:

- ✓ Implemented an agile approach to refresh old social media pages and generate awareness about SGS through web-based channels.
- ✓ Created business packages for clients and improved website content to present offers and help clients choose an exact package according to their needs.
- ✓ Developed Investor's Corner as a new landing page for investors and created video presentations for social media and future website use.
- ✓ Continued sales document development as part of branding, intranet development, partner registration, and sales materials and training.
- ✓ Translated the website to German and redesigned the SGS-DaaS landing page.
- ✓ Outlined a marketing plan for 2023 and created open positions for marketing, SEO, design, and social media.
- ✓ Implemented social media and video content creation and publishing strategies, including on YouTube, Facebook, Instagram, and Twitter.
- ✓ Provided support for other departments in creating digital marketing presentation content and designed office stickers and supplies.

Initiatives & Strategic further development in 2023

- ✓ Develop a design for the new SGS One web page
- ✓ Formulate a new marketing strategy with a focus on potential customers, investors, and employees
- ✓ Create new marketing materials for the sales department
- ✓ Develop a new pitch to promote SGS's products and services
- ✓ Create fresh (video) content for social media platforms to increase engagement and reach
- ✓ Enhance branding on social media channels to promote brand recognition and recall
- ✓ Explore opportunities to reach a wider audience by launching a presence on TikTok
- ✓ Conduct market research to identify new target audiences and adjust marketing strategies accordingly
- ✓ Expand the current product line and diversify services to cater to new markets
- ✓ Increase brand visibility through collaborations with other companies or influencers
- ✓ Implement a robust SEO strategy to improve online visibility and search engine rankings
- ✓ Measure the effectiveness of marketing campaigns through regular analysis and reporting to identify areas for improvement.

HR SERVICE (DELIVERY TEAM)

The recruitment team is responsible for all active projects in direct recruitment, building DaaS departments, interviewing, onboarding, training, reporting, and client communication.

The HR department, which includes the recruitment team, continuously ensures the implementation of gained DaaS deals, helping their growth and development.

2022 HR Department (Delivery Team) achieved outcomes:

- ✓ The SGS HR Department comprises 5 FTEs: one HR Generalist, one Senior Talent Acquisition Manager, one Talent Acquisition Manager, and two Talent Searchers.
- ✓ The department's primary focus is to structure the recruitment process and find suitable candidates for both external clients (DaaS and RTS services) and internal roles such as HR, Sales, and Operations.
- ✓ Based on the current workload, the current 5 FTEs can adequately support the recruitment needs of both internal positions and external clients.
- ✓ As the demand for new positions and clients grows, more FTEs will be added to the department.
- ✓ The recruitment and career page have been optimized to attract more candidates by improving the visualization and simplifying the application process.
- ✓ The SGS One platform has been developed for HR and clients, incorporating feedback from our experience and clients.
- ✓ The Job Portal Initiative has been launched to boost the recruitment process and employer branding. SGS has signed five job portals, including Joberty, Moj Posao, Posao.hr, LinkedIn, and Ding.
- ✓ A new recruitment process has been developed to make the entire process faster and more efficient, lasting between 3-4 weeks.
- ✓ SGS has signed agreements with five external recruitment agencies located in Azerbaijan, Greece, Croatia, and Ukraine.
- ✓ In 2022, 24 new employees joined SGS for internal positions, three for DaaS, and two for RTS.

Initiatives & Strategic further development

- ✓ External Recruitment Initiative: implementing an external recruitment agency platform service to boost passive search, to engage with 20+ external recruitment organizations in 2023.
- ✓ Implementing an Employee Satisfaction questionnaire in Q1 2023 and applying it every quarter to all active employees to identify potential and current issues in the company and fix them promptly.
- ✓ Implementing an Offboarding questionnaire for employees stepping out of SGS to understand their reasons for leaving and improve our company culture and daily work.
- ✓ Employee Referral Initiative: promoting new internal hiring across departments (Sales, Operations, and HR) to support clients' growth.
- ✓ Focusing on increasing customer satisfaction by providing quality candidates to our clients and implementing a client quality control & feedback survey in 2023.
- ✓ Increasing the interview rate from 3-5 per week to 12-15 weekly with new HR members joining.
- ✓ Working more closely with the Finance and Sales departments to ensure timely and quality payroll processing, including the implementation of a new payroll system and process for 2023.
- ✓ Conducting team-building activities every quarter in 2023 to boost teamwork, communication, bonding, and relaxation.
- ✓ Hiring a new LinkedIn recruiter account for the team to have more autonomy in candidate searches.
- ✓ Attending at least one job fair every quarter in 2023 to increase visibility and find new candidates.

As stated, the HR Department is proactively involved in all SGS departmental activities and supports the key 2023 upcoming SGS initiatives.

OPERATIONS DEPARTMENT

The Operations & IT department is the Business Support Team for SGS. It continuously ensures business operational quality, functional internal services, and further IT and Business Process Operations development. Operations provide support with SGS ONE and are responsible for SGS ONE database management and further development.

2022 Operations department achieved outcomes:

- R&D Project Launch: "SGS ONE 2.0" - road mapping: The enhancement and optimization of SGS ONE
- SGS ONE HANDBOOK: created and implemented the SGS ONE & Workforce APP handbook
- Creation of SLAs online for implementation in Client contracts
- Implement a roadmap and reporting tool for client DaaS implementation to ensure accurate information and smooth implementation of departments for clients
- Revision of the price calculator
- Implemented the Channel Partner Training Guide online
- Set up an internal IT team for software development [cancel external supplier contracts]
- Applied and won the Microsoft for Startups Founders Hub \$25K grant
- Opened SGS GitLab account for storing and reviewing our software source code
- Make the software revision of the Workforce App and rebuild it for iOS and Android
- Transition to a new domain without the Odoo extension – www.sgs-one.com
- Rearranged the Operations department into Operations & IT, where operations stand for dealing with office equipment over people and case handling of client issues, and IT stands for software R&D for clients and internal needs
- Started our own Started Apple and Android accounts in the store
- Applied for the EU funding Innovations 133K grant
- Create the passwords-locker on Azure
- Transition all the web-based software solutions to Azure servers that are much faster and safer.

Initiatives & Strategic further development

- SGS ONE 2.0 Programming Initiative:
 - ✓ - Develop a programming capacity in Egypt or Tunis
 - ✓ - Create Project initiation documents for the SGS 2.0 development
 - ✓ - Gather at least 5 Vendor offers for building the SGS 2.0
 - ✓ Make the market research and a cost-benefit analysis of opening an IT subsidiary in Thailand/Egypt
- Applying for a Microsoft for startups Founders Hub \$120K grant
- Developing the DaaS offer calculator web application
- Share point and Monday integration and redesign according to the company structure
- Improving the onboarding and offboarding processes
- Creating system inventory web application
- Redesigning Channel partner's intranet

- Finding the office equipment supplier on a lease base conditions
- Moving to a new office space
- Redesign the Team hierarchy module in SGS
- Creating the new **SGS web page**
- Creating SGS employee **INTRANET**.

As stated, the Operations Department is proactively involved in SGS company's continuous development and assists all SGS company departments in supporting the 2022 SGS Strategy.

FINANCE DEPARTMENT

The finance department continuously ensures proper finance management and execution of activities in cooperation with accounting, legal support, and other subcontracted vendors. Furthermore, the Finance department is responsible for developing set business procedures and legal and business documentation. Also, to ensure continuous support to Associates and Investors. Management of the investor page and investor communication support the investor team. Also, the entire payroll, invoicing, and unpaid invoice process.

2022 Finance department achieved:

- ✓ The Finance department and management revised current employees' Bonus agreements for sales to motivate sales team members with appropriate targets and KPI metrics.
- ✓ The Finance department implemented a new Bonus scheme with KPIs for Investment team members. The aim is to motivate the team and recognize their effort and accountability according to achieved results.

Initiatives & Strategic further development:

- ✓ New Investment: In 2022, SGS strives to focus on professional investment/advisory companies with a much more extensive network and can support our business in a shorter timeframe. These more prominent and professional organizations will cost money and charge a fee for successful investment.
- ✓ We are also considering the possibility of raising funds for our Seed round through crowdfunding,
- ✓ SGS Investment Team: Implementing resources, business tools, business processes, and procedures to contact and attract new investors/investments from individuals and professional organizations (Venture Capital companies, Angel Investment professional consulting firms, Family offices, etc.). This strategic initiative will be a vital part of going forward. The performance needs to get much better.
- ✓ To scale on a much higher level, Investors / Investments are the critical components in this startup phase.
- ✓ Investment campaigns: redesigning the Investor's Corner website and investment campaigns in coordination with the Marketing department.
- ✓ Investor Newsletter: creating more frequent monthly newsletter updates for investors and interested parties.
- ✓ Company Documentation and Reporting: Raising the quality and visibility of company data.

However, the overall team results are not producing what is expected and, therefore, will have to be revised in structure, setup, and focus.

As mentioned above, we plan to add senior employees to the roster and have decided not to employ students anymore. It would be beneficial to have a team leader to oversee daily tasks, activities, and monthly and quarterly goals.

INVESTMENT DEPARTMENT [Part of the Finance Department]

The Investment Department of SGS is responsible for finding and securing new investors and investments for the company. Maintaining investor relations with the existing investors/shareholders in the form of regular monthly reporting. The team has complete control, management, and leadership in analyzing new potential investors, designing, and presenting the pitch materials, updating the financial information of the company, as well as serving as continuous support to company Advisors and existing Investors.

2022 Investment department achieved:

- ✓ **Seed Phase:** With the start of 2022, we have continued our ongoing Seed round. Back in 2021, SGS started the “Seed Phase”, aiming to acquire €5m within 2 years. During 2021, we reevaluated the ask to €2.9m. In Q1 of 2022, SGS acquired €255k of new investments from our existing investors. This investment was necessary for SGS to run, grow and operate. In 2022 we reevaluated the ask again to €1m. Till the end of the year, we raised €450K.
- ✓ **Team Size:** Started the year with 2 FTEs. At the end of March, we had 1 FTE and 1.4. We received a new FTE on board.
- ✓ In November 2021, SGS signed a 1-year contract with **Wholesale Investor**, an investment platform from the UK that streamlines the process of finding investment. As a part of the 1-year subscription, SGS has gained access to their network of over 30.000 investors worldwide, a dedicated customer success manager that helps us with our pitching, quarterly newsletters, TV interviews, and in-person investor events.
- ✓ On January 14, we successfully launched our first virtual Deal Room, CRIISP, in partnership with Wholesale Investor.
- ✓ At the end of March, we participated in the **Emergence 2022** investor event in London, UK, hosted by Wholesale Investor. Our Founder and CEO had the opportunity to present our investment opportunity to in-person and online attendees. For this purpose, we have created a specialized presentation, business cards with pitch materials, promo materials such as Licitar hearts, and roll-up banners.
- ✓ The event proved useful for meeting new potential partners and clients, but not actual investors, who were scarce at this event.
- ✓ In July, we also attended the **Venture & Capital Investment Conference** organized by Wholesale Investor. Among all the people we meet, we gain useful relationships and one great Channel Partner who already brought us, new clients.
- ✓ In October we attended two startup investor events. **Wolves summit** in Vienna, event-oriented for startups to meet investors, and **WBAF (World Business Angel Investment Forum)** in Turkey, Antalya. That event was oriented toward investors, and we gained a lot of valuable contacts. We participated in workshops and our CEO had the chance to present our solution on the main stage.
- ✓ **Data Room:** The Investment team is continuing to do the planned monthly updates for the Data Room and Cash Flow updates, in association with the Finance Department. These reports are used for internal and external purposes (presenting to Shareholders and potential new investors).
- ✓ **Valuation and Share Price:** We started the year at a valuation of €10.580.000 and a share price of €75,57. We finished the year with a Company valuation of – €12.390.000 and a share price of €88,50.
- ✓ **Advisors** – exploring options with various, accredited advisors on a retainer basis. We have narrowed the choice to 3 advisors, and we waited for a larger investment to come before engaging with them. During the year we decided not to go with none of them but focus on finding our Advisors and reconnecting to our previous ones for a success fee.

- ✓ **Faster Capital** – We reconnected with Faster Capital, the startup advisory firm from UAE, about their paid Advisory Services. Since the last time we spoke in 2021, they have increased their costs, while slightly increasing the number of investors contacted on our behalf. We could not drive the price down and have decided to pass on their offer.
- ✓ In December we started to create our new, more attractive pitch materials with the Marketing and Operations Department. Expecting to be done in Q2 2023.
- ✓ We created an offer for the **Convertible loan**, with stimulative interest. We offer it to our existing as well as potential investors.

Please look at the investment documents:

- Teaser: <https://sgs-daas.com/investment-teaser-2022/>
- YouTube: [Scalable Global Solutions - YouTube](#)
- WBAF: [Pitch at World Business Angel Investment Forum 2022, Antalya - YouTube](#)
- Interview: [TV Interview SGS by Wholesale Investor with Markus Borlinghaus - YouTube](#)
- What is DaaS: [What is DaaS? - YouTube](#)

Initiatives & Strategic further development:

- ✓ Our first and most important strategic goal going forward in 2022 is to take on a more direct approach when it comes to our investors. This means reaching out to them via phone calls, not just emails, WhatsApp messages, or LinkedIn.
- ✓ Raise the necessary amount of €1M by the end of the year.
- ✓ Sign at least 2 verified retainer advisors that will help us find new incremental investments.
- ✓ Attend 4 more investor events.
- ✓ Start recontacting investors contacted in the past. We have a database of nearly 5.000 investors with whom we have had some sort of contact in the past years. The initiative is to contact them, give them a short update on the progress we have made since we last spoke, and arrange a follow-up meeting.

In addition, The SGS Finance & Investment Department 2022 continued with an agile approach to achieve the seed phase results. Investment goals and funds allocation are presented in the Investment presentation (see corporate website/Investment Presentation).

To conclude

By presenting this report and key figures, SGS focuses on giving our current values, foundations, and business goals execution. SGS's primary goal is to establish a stable and continuous business structure and report, which will be supported/enhanced by Investors, Associates, Board, and Advisory Board.

- ✓ To conclude, our investors made an effort and decision to invest in SGS company's business, and we are willing to provide them with the best support possible. Furthermore, to proceed with remarkable success and additional DaaS services. We are now in our second Investment round, the "Seed" round. We are open to the idea that any of our current investors would like to raise the investment amount with SGS. This will allow us to develop our SGS goals much faster.
- ✓ DaaS, as a long-term contractual relationship with clients, will allow SGS to be resilient and resistant to economic crises in the future. Invoicing monthly for a managed service is a plannable and scalable business. On top, it allows growth with DaaS in various departments with a high cross-selling potential once we enter a client.
- ✓ Client Feedback: The customers are thrilled about our solution, and we are in discussions & negotiations with clients from all over Europe. They appreciate our concept, and some of them,

significantly the bigger ones, want to go into planning with us in Q4 so that they could budget this for 2022. Smaller clients plan to start with us in 2022. They like this solution's concept, realization, implementation, operation, and cost-saving. Our average contact-to-signature time is 4,5 months.

- ✓ By continued assessment of planned activities in the pandemic period 2020-2022, SGS has presented as one of the examples of how a startup can be resilient in times of crisis. We react and adjust quickly to a changing environment. We keep all the critical success factors in focus, such as cash flow, client business development, solution, and service development, start the right initiatives, and prepare them at the right time like the GTM and Channel strategy. We always try to stay one step ahead of the situation at present.
- ✓ **The COVID-19 pandemic:** This ongoing challenge has two sides. Potential clients are experiencing their own restricting and reorganization processes to stay immanent and keep the business going. On the other hand, it is the most significant long-term business boost. All clients have stated that midterm, they are interested in our solutions as the nearshoring of 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. Therefore, SGS proceeded with negotiations with those clients. We focus on a three-way strategy for the end of 2022 and going into 2023:
 - Low Hanging Fruits: SMB companies that make decisions in less than 4 months. Mini Team starting with 2 to 3 seats
 - Mid Hanging Fruits: SMB & SME companies that make decisions in less than 6 months. Mid-teams start with 3 to 4 seats
 - Target Clients: SME companies that make decisions in less than 9 months. Starting with 5 - 7 seats.
- ✓ The Investment Team is an issue that needs to be resolved as we need the results. In the second half of the year, we restructured and refocused on the task of getting the needed funding in the seed phase. That resulted in additional investment.
- ✓ We finished the channel strategy and programmed the channel partner intranet to go live in the second half of 2022.
- ✓ Ramping up Channel & Sales Resources is a strategic must-win for sales and sign channel partners in 2022. Therefore, the focus is on finding and signing experienced employees.
- ✓ Customer Experience & Service Initiative 2023: The goal is to implement based on the client experiences we had in the 2022 CES (Customer Experience & Service team, to ensure excellent client service and satisfaction.

Note to readers

By writing this business report, SGS company is on the path to providing regular business reporting. For SGS, it is essential to provide the best quality information to its investors and associates. Mentioned activities and targets for 2022 show the business's plan, execution, and achievements to ensure long-term stability and sustainable business growth.

SGS is still a startup; to reach the break-even point and growth, we require and need investment. SGS is an investment round II, the "Seed" phase, and is seeking new investments, as outlined in the new investment plan in the Investor presentation. To acquire the planned funds, it would be appreciated if current investors could forward the SGS Investor presentation link to potential connections/investors.

The potential to help to find more new investments. It is important to emphasize that, in the case of investor agreement, a SPA agreement is signed, and an investment transaction with a new investor is successfully executed; the investor who recommended SGS new investor will be entitled to receive a commission from SGS.

Appendix

2022 SGS cashflow data

	2022											
	ACHIEVED											
	Jan-22	Feb-22	Mar-22	Apr-22	May- 22	Jun- 22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
CUSTOMER INFLOWS	35.665	40.124	32.626	992	67.334	30.182	32.639	35.061	50.590	57.680	55.159	68.914
INVESTOR INFLOWS	0	0	60.312	195.265	0	0	0	122.006	0	0	0	8.850
FINANCIAL INFLOWS (share cap. Increase, etc.)	0	0	0	0	0	0	0	0	0	50.000	34.817	0
OTHER INFLOWS	0	6.471	0	2.401	2.360	0	3.341	6.806	3.579	3.612	2.800	0
TOTAL INFLOWS	35.665	46.595	92.939	198.657	69.694	30.182	35.980	163.873	54.169	111.292	92.776	77.764
OUTFLOW, PAYMENTS TO SUPPLIERS	-15.035	-20.330	-35.962	-31.954	-21.828	-52.452	-14.491	-33.938	-36.753	-65.359	-29.867	-25.956
OUTFLOWS FOR SALARIES, TAXES, AND CONTRIBUTIONS	-32.926	-28.586	-42.660	-42.458	-34.739	-55.764	-48.710	-71.142	-62.836	-67.400	-61.403	-74.229
FINANCIAL OUTFLOWS (share cap. Increase, etc.)	0	0	0	0	0	0	0	0	0	0	0	0
OTHER OUTFLOWS (institution's fees)	0	0	0	0	0	0	0	0	0	0	0	0
Exchange rates differentials, interests' repayment)	-2.882	-51	-3.347	-2.752	-2.763	-6.444	-2.135	-8.548	-225	-2.244	-154	-4.553
TOTAL OUTFLOW	-50.843	-48.967	-81.969	-77.164	-59.329	-114.660	-65.335	-113.628	-99.814	-135.003	-91.424	-104.738
Beginning Cash Balance	90.258	75.081	72.709	83.679	205.172	215.536	131.058	101.702	151.948	106.303	82.592	83.944
Cash Flow from Operations	-12.296	-8.792	-45.995	-73.421	10.767	-78.034	-30.562	-70.019	-48.999	-75.079	-36.111	-31.271
Cash Flow from Investing Activities	0	0	60.312	195.265	0	0	0	122.006	0	0	0	8.850
Cash Flow from Financing Activities	0	0	0	0	0	0	0	0	0	50.000	34.817	0
Change in Cash & Cash Equivalents	-2.882	6.420	-3.347	-351	-403	-6.444	1.206	-1.742	3.354	1.368	2.646	-4.553
Cash Balance	75.081	72.709	83.679	205.172	215.536	131.058	101.702	151.948	106.303	82.592	83.944	56.970

*All amounts are written in EUR

P & L 2021 vs 2022 Annual report summary

Profit and loss positions	2021	2022	%
BUSINESS REVENUES	149.223	449.907	301%
Sales revenues from entrepreneurs within the group			
Sales revenues	149.223	448.690	301%
Sales revenues based on consumption of own products, goods, and services			
Other operating revenues from entrepreneurs within the group			
Other operating revenues		1.217	100%
BUSINESS COSTS	473.096	784.624	166%
Changes in the value of work in progress and finished goods			
Raw material and material costs	15.047	14.783	98%
Costs of goods sold			
Other external costs	125.076	157.887	126%
Net salaries and wages	223.398	356.041	159%
Costs for taxes and contributions from salaries	45.337	127.472	281%
Contributions to gross salaries	30.225	61.563	204%
Depreciation	7.298	7.511	103%
Other costs	26.715	59.367	222%
of non-current assets (excluding financial assets)			
of current assets (excluding financial assets)			
Provisions for pensions, severance pay, and similar liabilities			
Provisions for tax liabilities			
Provisions for started court cases			
Provisions for natural resources refund			
Provisions for costs in warranty periods			
Other provisions			
Other operating expenses			
FINANCIAL REVENUES		8	100%
Income from investment in shares (stock) of entrepreneurs within the group			
Income from investment in shares (stock) of entrepreneurs with participating interests			
Income from other non-current financial investments and loans from entrepreneurs within the group			
Interest from entrepreneurs within the group			
Foreign exchange differences and other financial income from entrepreneurs within the group			
Income from other non-current financial investments and loans			
Interest		1	100%
Foreign exchange differences and other financial income		7	100%

Unrealized gains (income) from financial assets			
Other financial income			
FINANCIAL COSTS	33.419	34.914	104%
Interest and other similar expenses from entrepreneurs within the group			
Foreign exchange differences and other expenses from entrepreneurs within the group			
Interest and other similar expenses	33.419	25.385	76%
Foreign exchange differences and other expenses		3.451	100%
Unrealized losses (expenses) from financial assets			
Impairment of financial assets (net)			
Other financial expenses		6.078	100%
INVESTMENT SHARE IN PROFIT OF ENTREPRENEURS WITH PARTICIPATING INTERESTS			
INVESTMENT SHARE IN PROFIT OF JOINT VENTURES			
INVESTMENT SHARE IN LOSS OF ENTREPRENEURS WITH PARTICIPATING INTERESTS			
INVESTMENT SHARE IN LOSS OF JOINT VENTURES			
TOTAL INCOME	149.223	449.915	302%
TOTAL EXPENDITURE	506.515	819.538	162%
PROFIT OR LOSS BEFORE TAXES	-357.292	-369.623	103%
PROFIT BEFORE TAXES			
LOSS BEFORE TAXES	357.292	369.623	103%
PROFIT TAX			
PROFIT OR LOSS AFTER TAXES	-357.292	-369.623	103%
PROFIT AFTER TAXES			
LOSS AFTER TAXES	357.292	369.623	103%

Balance Sheet 2021 vs 2022 report*

Balance Sheet positions	2021	2022	%
Assets			
SUBSCRIBED AND UNPAID CAPITAL RECEIVABLES			
Assets development			
Concessions, patents, license fees, merchandise and service brands, software, and other rights			
Goodwill			
Prepayments for the purchase of intangible assets			
Intangible assets in preparation	146.473	208.814	143%
Other intangible assets		182	100%
Land			
Buildings			
Plant and equipment	17.054	19.685	115%

Instruments, plant inventories, and transportation assets			
Biological assets			
Prepayments for tangible assets			
Tangible assets in preparation			
Other tangible assets			
Investment in buildings	455		-100%
Investment in shares (stock) of entrepreneurs within the group			
Investment in other securities of entrepreneurs within the group			
Loans, deposits, and similar receivables from entrepreneurs within the group			
Investment in shares (stock) of entrepreneurs with participating interests			
Investment in other securities of entrepreneurs with participating interests			
Loans, deposits, and similar receivables from entrepreneurs with participating interests			
Investment in securities			
Loans, deposits, and similar			
Other investments calculated with the equity method			
Other non-current financial assets			
Receivables from entrepreneurs within the group			
Receivables from entrepreneurs with participating interests			
Accounts receivable			
Other receivables			
DEFERRED TAX ASSETS			
Raw material			
Manufacture in progress			
Finished goods			
Trade goods			
Prepayments for inventories			
Non-current assets held for sale			
Biological assets			
Receivables from entrepreneurs within the group			
Receivables from entrepreneurs with participating interests			
Accounts receivable	71.237	31.189	44%
Receivables from employees and shareholders	7.625	13.779	181%
Receivables from the government and other institutions	9.488	13.347	141%
Other receivables		125.772	100%
Investment in shares (stock) of entrepreneurs within the group			
Investment in other securities of entrepreneurs within the group			
Loans, deposits, and similar receivables from entrepreneurs within the group			
Investment in shares (stock) of entrepreneurs with participating interests			
Investment in other securities of entrepreneurs with participating interests			
Loans, deposits, and similar receivables from entrepreneurs with participating interests			
Investment in securities			

Loans, deposits, and similar	5.589	7.206	129%
Other current financial assets			
CASH AT BANK AND IN CASHIER	89.148	56.998	64%
PREPAID EXPENSES AND ACCRUED INCOME		75	100%
ASSET	347.069	477.047	137%
OFF-BALANCE SHEET NOTES			
Liabilities			
CAPITAL & RESERVES	-58.198	-50.444	87%
SUBSCRIBED CAPITAL	185.812	235.955	127%
CAPITAL RESERVES	728.935	1.056.169	145%
Legal reserves			
Reserves for treasury stock			
Treasury stock and shares (deduction)			
Statutory reserves			
Other reserves			
REVALUATION RESERVES			
The fair value of financial assets held for sale			
The effective part of the cash flow hedge			
The effective part of net investment hedge abroad			
Other fair value reserves			
Exchange rate differences from the conversion of foreign operations (consolidation)			
Retained earnings			
Accumulated loss	615.653	972.945	158%
Profit for the current year			
Loss for the current year	357.292		-100%
MINORITY (NON-CONTROLLING) INTEREST			
Provisions for pensions, severance pay, and similar liabilities			
Provisions for tax liabilities			
Provisions for started court cases			
Provisions for natural resources refund			
Provisions for costs in warranty periods			
Other provisions			
Liabilities to entrepreneurs within the group			
Loans, deposits, and similar liabilities to entrepreneurs within the group			
Liabilities to entrepreneurs with participating interests			
Loans, deposits, and similar liabilities to entrepreneurs with participating interests			
Loans, deposits, and similar liabilities	368.367	503.855	137%
Liabilities to banks and other financial institutions			
Liabilities for received prepayments			
Accounts payable			

Liabilities arising from securities			
Other non-current liabilities			
Deferred tax liability			
Liabilities to entrepreneurs within the group			
Loans, deposits, and similar liabilities to entrepreneurs within the group			
Liabilities to entrepreneurs with participating interests			
Loans, deposits, and similar liabilities to entrepreneurs with participating interests			
Loans, deposits, and similar liabilities			
Liabilities to banks and other financial institutions			
Liabilities for received prepayments			
Accounts payable	13.079	806	6%
Liabilities arising from securities			
Liabilities to employees	15.289	11.200	73%
Liabilities for taxes, contributions, and similar fees	8.532	4.326	51%
Liabilities to share-holders			
Liabilities for non-current assets held for sale			
Other current liabilities		7.304	100%
ACCRUED EXPENSES AND DEFERRED REVENUE			
OFF-BALANCE SHEET NOTES			

* Balance sheet data was validated and accessible, all the items were harmonized and balanced after we completed the transition from the previous accounting and bookkeeping services provider to a new one.